

---

---

## A BILL FOR AN ACT

RELATING TO PROCUREMENT FOR THE UNIVERSITY OF HAWAII.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Act 87, Session Laws  
2 of Hawaii 2013, limited the President of the University of  
3 Hawaii's full authority to act as chief procurement officer for  
4 the university for all procurement contracts by transferring  
5 that authority to the administrator of the state procurement  
6 office for university construction and construction-related  
7 professional services contracts in order to address concerns  
8 about the prudent and transparent management of public funds  
9 appropriated by the legislature and expended by the university  
10 for construction.

11           Since its enactment, Act 87 has resulted in a bifurcated  
12 procurement system at the university wherein a different set of  
13 rules and procedures applies depending on whether a particular  
14 procurement involves construction or construction related  
15 professional services for university construction projects.  
16 Procurements for construction or professional services furnished  
17 by contracting or construction licensees must comply with the



1 Hawaii public procurement code and procedures governing state  
2 executive branch agencies, while procurements for other goods  
3 and services must comply with the Hawaii public procurement code  
4 and university executive and administrative procedures governing  
5 university transactions.

6 In January 2016, the state procurement office issued its  
7 report to the legislature as required under Act 87. The report  
8 documents extensive oversight, reviews, and coordination between  
9 the university and the state procurement office on procurements  
10 involving construction and professional services related to  
11 construction. The conclusion of the state procurement office in  
12 the report was that "based on SPO's review of 102 UH  
13 construction solicitations, UH's Administrative procedures, and  
14 14 post-award Site Visits, SPO finds that UH is conducting  
15 construction procurements in a compliant, efficient and  
16 transparent manner." In the report, the state procurement  
17 office further set forth minimal recommendations for improvement  
18 and mentioned several university specific procedures as best-  
19 practices.

20 The purpose of this Act is to restore the authority of the  
21 University of Hawaii president to act as the university's chief



1 procurement officer for procurement contracts for construction  
2 and professional services that do not exceed \$ .

3 SECTION 2. Section 103D-203, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) The chief procurement officer for each of the  
6 following state entities shall be:

7 (1) The judiciary--the administrative director of the  
8 courts;

9 (2) The senate--the president of the senate;

10 (3) The house of representatives--the speaker of the house  
11 of representatives;

12 (4) The office of Hawaiian affairs--the chairperson of the  
13 board;

14 (5) The University of Hawaii--the president of the  
15 University of Hawaii; provided that, except as  
16 specified in section 304A-2672(2), for contracts  
17 exceeding \$ \_\_\_\_\_ for construction and professional  
18 services furnished by licensees under chapter 464, the  
19 administrator of the state procurement office of the  
20 department of accounting and general services shall  
21 serve as the chief procurement officer;



- 1           (6) The department of education, excluding the Hawaii  
2           public library system--the superintendent of  
3           education;
- 4           (7) The Hawaii health systems corporation--the chief  
5           executive officer of the Hawaii health systems  
6           corporation; and
- 7           (8) The remaining departments of the executive branch of  
8           the State and all governmental bodies administratively  
9           attached to them--the administrator of the state  
10          procurement office of the department of accounting and  
11          general services."

12          SECTION 3. Section 304A-2672, Hawaii Revised Statutes, is  
13          amended to read as follows:

14          "**§304A-2672 Powers of the board.** Notwithstanding any law  
15          to the contrary, the board may:

- 16          (1) Designate as a university project, any undertaking,  
17          improvement, or facility on any one or more of the  
18          areas in one or more of the educational institutions  
19          under the jurisdiction of the board;
- 20          (2) Construct and maintain university projects, including  
21          a university project included or to be in a university



1 system; provided that [all] procurements exceeding  
2 \$ \_\_\_\_\_ for professional services furnished by  
3 licensees under chapter 464 for construction projects  
4 shall be coordinated with the department of accounting  
5 and general services on behalf of the board; provided  
6 further that the department of accounting and general  
7 services shall not be responsible for procurements  
8 determined by both the University of Hawaii and the  
9 department of accounting and general services to be  
10 professional services furnished by licensees under  
11 chapter 464 for repair and maintenance;

12 (3) Combine two or more university projects into a  
13 university system on one or more of the areas on any  
14 one or more of the educational institutions under the  
15 jurisdiction of the board, and to maintain the system;

16 (4) Combine two or more university projects, university  
17 systems, or university projects and university systems  
18 into a network, on any one or more of the areas on any  
19 one or more of the educational institutions under the  
20 jurisdiction of the board, and to maintain the  
21 network;



- 1           (5) Prescribe and collect rents, fees, and charges for the  
2           use of or services furnished by any university project  
3           and the facilities thereof, and pledge any  
4           appropriation to any university project and the  
5           facilities thereof that in aggregate, produces revenue  
6           of the university at least sufficient to comply with  
7           section 304A-2681;
- 8           (6) With the approval of the governor, issue revenue bonds  
9           under this subpart in such principal amount as may be  
10          authorized by the legislature from time to time to  
11          finance in whole or in part the cost of construction  
12          or the cost of maintenance of any university project,  
13          including funding reserves therefor;
- 14          (7) Pledge to the punctual payment of revenue bonds and  
15          interest thereon, all or any part of the revenue of  
16          the university, including any appropriation, in an  
17          amount sufficient to pay the revenue bonds and  
18          interest as the same become due and to create and  
19          maintain reasonable reserves therefor;



# H.B. NO. 1887

- 1 (8) Establish a loan program or a commercial paper program
- 2 upon terms and conditions that the board may
- 3 determine; and
- 4 (9) Advance moneys of the university, not otherwise
- 5 required, and do any and all other lawful acts as may
- 6 be necessary, convenient, or desirable, for carrying
- 7 into execution and administering this subpart."

8 SECTION 4. Statutory material to be repealed is bracketed  
 9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval.

11

INTRODUCED BY:

*[Signature]*  
Richard Long  
*d.a. s*  
Mark J. Hall  
*[Signature]*

JAN 18 2018



# H.B. NO. 1887

**Report Title:**

University of Hawaii; Procurement; Construction

**Description:**

Reinstates the President of the University of Hawaii as the chief procurement officer for contracts for construction and construction related professional services provided that the contract does not exceed a certain amount.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

