
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, was enacted to: (1) remove the university
3 president's full authority to act as chief procurement officer
4 for the university for all procurement contracts under chapter
5 103D, Hawaii Revised Statutes, (2) transfer authority to the
6 administrator of the state procurement office to act as chief
7 procurement officer with respect to university construction
8 contracts and university professional services contracts
9 relating to construction, and (3) address concerns about the
10 prudent and transparent management of public funds appropriated
11 by the legislature and expended by the university for
12 construction. Since its enactment, Act 87 has resulted in a
13 bifurcated procurement system at the university wherein a
14 different set of rules and procedures applies depending on
15 whether the procurement involves construction or construction
16 related professional services for university construction
17 projects. Requirements for construction or professional



1 services furnished by licensees under chapter 464, Hawaii
2 Revised Statutes, must comply with the Hawaii public procurement
3 code and procedures governing state executive branch agencies,
4 while requirements for goods and services must comply with the
5 Hawaii public procurement code and university executive and
6 administrative procedures governing university transactions.

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



1 The purpose of this Act is to reinstate and restore full
2 authority to the university president to act as the university's
3 chief procurement officer for all procurement contracts under
4 chapter 103D, Hawaii Revised Statutes.

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

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

- 9 (1) The judiciary--the administrative director of the
10 courts;
- 11 (2) The senate--the president of the senate;
- 12 (3) The house of representatives--the speaker of the house
13 of representatives;
- 14 (4) The office of Hawaiian affairs--the chairperson of the
15 board;
- 16 (5) The University of Hawaii--the president of the
17 University of Hawaii; [~~provided that, except as~~
18 ~~specified in section 304A-2672(2), for contracts for~~
19 ~~construction and professional services furnished by~~
20 ~~licensees under chapter 464, the administrator of the~~
21 ~~state procurement office of the department of~~



1 ~~accounting and general services shall serve as the~~
2 ~~chief procurement officer,]~~

3 (6) The department of education, excluding the Hawaii
4 public library system--the superintendent of
5 education;

6 (7) The Hawaii health systems corporation--the chief
7 executive officer of the Hawaii health systems
8 corporation; and

9 (8) The remaining departments of the executive branch of
10 the State and all governmental bodies administratively
11 attached to them--the administrator of the state
12 procurement office of the department of accounting and
13 general services."

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

16 "**§304A-2672 Powers of the board.** Notwithstanding any law
17 to the contrary, the board may:

18 (1) Designate as a university project, any undertaking,
19 improvement, or facility on any one or more of the
20 areas in one or more of the educational institutions
21 under the jurisdiction of the board;



- 1 (2) Construct and maintain university projects, including
2 a university project included or to be in a university
3 system; [~~provided that all procurements for~~
4 ~~professional services furnished by licensees under~~
5 ~~chapter 464 for construction projects shall be~~
6 ~~coordinated with the department of accounting and~~
7 ~~general services on behalf of the board; provided~~
8 ~~further that the department of accounting and general~~
9 ~~services shall not be responsible for procurements~~
10 ~~determined by both the University of Hawaii and the~~
11 ~~department of accounting and general services to be~~
12 ~~professional services furnished by licensees under~~
13 ~~chapter 464 for repair and maintenance;]~~
- 14 (3) Combine two or more university projects into a
15 university system on one or more of the areas on any
16 one or more of the educational institutions under the
17 jurisdiction of the board, and to maintain the system;
- 18 (4) Combine two or more university projects, university
19 systems, or university projects and university systems
20 into a network, on any one or more of the areas on any
21 one or more of the educational institutions under the



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



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. The university of Hawaii shall submit an annual
9 report to the legislature detailing a list of all capital
10 improvement projects approved by the board of regents
11 prioritized by each campus no later than twenty days prior to
12 the convening of each regular session.

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken.

15 SECTION 6. This Act, upon its approval, shall take effect
16 on July 1, 2018; provided that this Act shall repeal on June 30,
17 2021.

18



Report Title:

University of Hawaii; Procurement

Description:

Reinstate the President of the University of Hawaii as the chief procurement officer for contracts for construction and construction related professional services furnished by licensees under chapter 464, Hawaii Revised Statutes. Requires the University of Hawaii to submit an annual report to the legislature detailing a list of all capital improvement projects approved by the Board of Regents prioritized by each campus no later than twenty days prior to the convening of each regular session. Repeals 6/30/2021. (SD1)

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