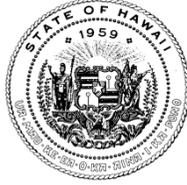


JOSH GREEN, M.D.
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STATE OF HAWAI'I | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

February 4, 2025
10:00 A.M.
State Capitol, Room 430

H.B. 960
RELATING TO TRANSPORTATION

House Committee on Transportation

The Department of Transportation (DOT) **supports** of this measure. This measure proposes to increase the current limits on capital advancement contracts and is similar to H.B. 1157 that was introduced as part of the Governor's Package.

The existing law authorizes DOT to enter into capital advancement contracts with private parties for any public improvement to or construction of a state port facility when the director determines that a capital advancement contract promotes the best interest of the State. In recent years, this tool has proven effective in expediting project delivery, especially for projects that increase port resilience and operational efficiency.

The current cap of \$2,000,000 per contract or aggregate \$5,000,000 per party limits the scope and type of work and number of projects that can be done under a capital advancement contract. By increasing these caps to at least \$5,000,000 and \$20,000,000, respectively, DOT can accomplish more in improving port facilities through these contracts. DOT anticipates escalating project costs due to inflation and rising costs of materials and labor and the higher limits will facilitate improved project delivery given these factors.

DOT requests the committee's consideration of amending the reporting timeline to align with the fiscal year instead of the proposed reporting period of December 1 through November 30.

Thank you for the opportunity to provide testimony.



February 4, 2025

Representative Darius K. Kila, Chair
Representative Tina Nakada Grandinetti, Vice Chair
House Committee on Transportation

RE: House Bill 960 – RELATING TO TRANSPORTATION
Hearing date: February 4, 2025, 10:00 a.m.

Aloha Chair Kila, Vice Chair Grandinetti, and Members of the Committee:

Thank you for the opportunity to submit testimony on behalf of Young Brothers, LLC (“YB”)¹ offering **STRONG SUPPORT** for House Bill 960 – Relating to Transportation.

This measure would increase the annual cap for the total contract value for any single Capital Advancement Contract (“CAC”) from \$2M to an unspecified amount and the annual cap for the total aggregate value of all CACs entered into by the Department of Transportation (“DOT”) from \$5M to an unspecified amount. This measure would also create a new requirement that DOT submit an annual report to the legislature of all executed CACs in the prior year.

YB notes that CACs allow the DOT to enter into an agreement with a private entity for the improvement of State harbor properties or other State-owned waterfront properties in situations where private development is likely to be cheaper, faster, or allows for more readily available funds than any other type of contract. CACs are also required to ensure that public works and procurement laws are followed. These agreements have been capped at \$2M per CAC for over 20 years. This measure would raise this cap to an unspecified amount, recognizing inflation and other design and construction costs that have escalated over time. Increasing the limit will also help support our harbors by strengthening public-private partnership agreements for certain federal grant funding.

For the reasons stated above, YB offers **STRONG SUPPORT** for this measure.

Thank you for your service to the State of Hawaii, and for the opportunity to testify offering comments on this measure.

Sincerely,

Kris Nakagawa
Vice President, External and Legal Affairs

¹ YB is a common carrier by water, transporting property by tug and barge between the islands of O‘ahu, Hawai‘i, Kaua‘i, Maui, Moloka‘i, and Lāna‘i. YB is currently the only water carrier authorized to transport property under Chapter 271G, Hawaii Revised Statutes (“HRS”) (i.e., the Hawaii Water Carrier Act), subject to the regulatory authority of the Public Utilities Commission of the State of Hawaii (“PUC”). Since 1900, customers across Hawaii have relied on YB’s frequent, regular, and universal sailings to serve as the bridge that connects all communities in this island-state.

**Testimony to the House Committee on Transportation
Representative Darius K. Kila, Chair
Representative Tina Nakada Grandinetti, Vice Chair**

**Tuesday, February 4, 2024, at 10:00AM
Conference Room 430 & Videoconference**

RE: HB960 Relating to Transportation

Aloha e Chair Kila, Vice Chair Grandinetti, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports House Bill 960 (HB960), which increases the maximum value of capital advancement contracts that may be executed by the Department of Transportation without legislative approval, and repeals the requirement for the Department of Transportation to obtain legislative approval through concurrent resolution for capital advancement contracts greater than \$2,000,000. This bill also increases the total aggregate value of capital advancement contracts that the Department of Transportation may enter into in a fiscal year, and establishes certain reporting requirements related to capital advancement contracts.

HB960 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Maritime. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

This bill seeks to streamline capital advancement projects for state harbor facilities by increasing the maximum value of contracts that the Department of Transportation can execute without needing legislative approval. The current cap limits the scope and number of projects, which hinders the department's ability to improve harbor resilience and operational efficiency. The bill proposes raising the threshold for contracts and repealing the requirement for legislative approval for contracts over \$2 million. Additionally, the bill increases the total aggregate value of capital advancement contracts that the department can enter into within a fiscal year.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass House Bill 960. Thank you for the opportunity to testify.