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# 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 minimum 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 shall take effect on July 1, 2050;  
16 provided that on June 30, 2021, this Act shall be repealed and  
17 sections 103D-203(a) and 304A-2672, Hawaii Revised Statutes,  
18 shall be reenacted in the form in which they read on the day  
19 prior to the effective date of this Act.



**Report Title:**

UH; Procurement

**Description:**

Reinstates 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 20 days prior to the convening of each Regular Session. Repeals 6/30/2021. Effective 7/1/2050. (SD2)

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

