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WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 660, H.D. 1, S.D. 1

April 6, 2023

10:00 A.M.

Room 211 and Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR NOT-FOR-PROFIT CORPORATIONS THAT PROVIDE HEALTH CARE FACILITIES TO THE GENERAL PUBLIC.

The Department of Budget and Finance offers the following comments on House Bill No. 660, H.D. 1, S.D. 1, which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Hawaii Pacific Health, a Hawaii nonprofit corporation, to finance the costs of construction of, improvements to, and equipping of health care facilities including the following: 1) design, construction, furniture, fixtures, equipment, and information technology of Phase 1 of a multi-phase redevelopment project to existing health care facilities at Straub Medical Center (Straub); 2) construction of a new parking facility, conference and meeting center, and employee wellness center and the acquisition of equipment, including solar panels; 3) planning and design related to Phase 2 (new sixteen-story hospital tower and low-rise structure); and 4) other related projects for Straub pursuant to Part II, Chapter 39A, Hawaii Revised Statutes.

The Department would like to inform the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance and conduit loan will require further review of the financing proposal to ensure compliance with all federal, state and credit underwriting requirements. For additional information, please consult our FAQ located at the following link: <http://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>.

Thank you for your consideration of our comments.

Thursday, April 6, 2023 at 10:00 AM
Conference Room 211 & Via Video Conference

Senate Committee on Ways and Means

To: Senator Donovan Dela Cruz, Chair
Senator Gil Keith-Agaran, Vice Chair

From: Michael Robinson
Vice President, Government Relations & Community Affairs

**Re: Testimony in Support of HB 660, HD1, SD1
Relating to The Issuance Of Special Purpose Revenue Bonds For Not-For-
Profit Corporations That Provide Health Care Facilities To The General
Public**

My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes in SUPPORT of HB 660, HD1, SD1 which authorizes the issuance of special purpose revenue bonds in a total amount not to exceed \$240,000,000 to assist Hawai'i Pacific Health (HPH) in financing the costs related to construction of, improvements to and equipping of existing health care facilities at Straub Medical Center (Straub) to create a future-forward medical facility to serve the people of Hawai'i in the years ahead.

We appreciate the amendments to the bill made by the Senate Committee on Health and Human Services and the inclusion of an effective date of upon approval. We respectfully request that HB 660, HD1, SD1 be passed as is.

As HPH embarks on this multiphase, multiyear modernization and redevelopment of Straub, the special purpose revenue bonds requested at this time will be applied to execution of Phase 1 and planning and design related to Phase 2. Phase 1 involves construction of a new parking facility to triple the number of parking stalls which will ease congestion and improve accessibility to Straub and additional renovations, including solar panels to create a more environmentally-friendly medical facility.

Planning and design of Phase 2 will focus on a new 16-story hospital tower and low-rise structure. The new tower will include an expanded emergency department, larger patient rooms and more space to provide exceptional quality care.

HPH is committed to reducing inpatient admissions; no additional beds will be added to the existing number. Our goal is to facilitate outpatient use by creating flexible space which may be adapted as circumstances and the needs of the community arise. This strategy results in a reduction of inpatient costs and greater emphasis on preventive intervention and care.

Between 2019 to the present, in preparation for the Straub redevelopment project, HPH met on multiple occasions with community and neighborhood stakeholders. Those stakeholders include but are not limited to the State Health Planning and Development Agency (SHPDA); Department of Planning and Permitting (DPP); Board of Directors of King Manor, President and Board of Directors of One Archer Lane (neighboring properties); Ala Moana/Kakaako Neighborhood Board; Makiki/Lower Punchbowl/Tantalus Neighborhood Board; O'ahu Island Burial Council; and members of the Honolulu City Council.

SHPDA approval of a Certificate of Need for the Straub modernization and redevelopment project has been obtained. On April 14, 2020, SHPDA approved and issued a Certificate of Need, finding that:

- There is a public need for the proposal; and
- The cost of the proposal will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

On December 16, 2020, HPH made an application to the DPP for a Plan Review Use (PRU) Permit to implement the multiphase 15-year Master Plan for the redevelopment of Straub. By Resolution No. 21-219, CD1 dated November 10, 2021, the Honolulu City Council approved the issuance of the PRU permit.

The redevelopment of Straub is crucial to providing high quality health care to the community considering the evolution and changes in the way care is provided.

Thank you for the opportunity to testify.