

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

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KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
RYAN K.P. KANAKA'OLE
Acting Chairperson

Before the House Committee on
LABOR

Thursday, February 5, 2026
9:30 AM
State Capitol, Conference Room 309

In consideration of
HOUSE BILL 2514
RELATING TO STATE CONSTRUCTION PROJECTS

House Bill 2514 proposes to establish an Office of the State Construction Manager within the Department of Accounting and General Services, overseen by the State Construction Manager, to organize, manage, and oversee design, review, and issuance of design approvals for State construction projects. The bill also proposes to exempt State construction projects from county building permits, inspection, and certificate of occupancy requirements under certain circumstances, as determined by the State Construction Manager. **The Department of Land and Natural Resources (Department) appreciates the intent of this measure and offers the following comments.**

The State and counties are participating communities in the National Flood Insurance Program (NFIP) and are subject to compliance with federal regulations set forth under the National Flood Insurance Act of 1968 (42 U.S.C. §§4001). Pursuant to 44 CFR § 60.3, all proposed development and subdivisions encroaching within Special Flood Hazard Areas (SFHA) identified as "A" or "V" type flood zones on the Federal Emergency Management Agency's Flood Insurance Rate Maps must be reviewed for floodplain management compliance and issued a building and/or development permit prior to construction by the applicable community official.

The establishment of an Office of the State Construction Manager would help to support the State's requirements for participation and continued eligibility in the NFIP, provided that the duties of the State Construction Manager include oversight of floodplain development compliance of State construction projects.

Therefore, the Department recommends the following amendments to paragraph 2 on page 3, lines 8 - 12:

(2) Ensure conformance with all building codes or county, national, or international prescriptive construction standards, including floodplain management, construction, electrical, energy-conservation, plumbing, and sidewalk standards, as applicable;

Mahalo for the opportunity to comment on this measure.

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



KEITH A. REGAN
COMPTROLLER
KA LUNA HO'OMALU HANA LAULĀ

MEOH-LENG SILLIMAN
DEPUTY COMPTROLLER
KA HOPE LUNA HO'OMALU HANA LAULĀ

STATE OF HAWAII | KA MOKU'ĀINA O HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES | KA 'OIHANA LOIHELU A LAWELAWÉ LAULĀ
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
KEITH A. REGAN, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE

COMMITTEE ON LABOR

FEBRUARY 05, 2026, 9:30 A.M.
CONFERENCE ROOM 211 AND VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 2514

RELATING TO STATE CONSTRUCTION PROJECTS

Chair Sayama, Vice Chair Lee, and members of the Committee, thank you for the opportunity to submit testimony on H.B. 2514.

The Department of Accounting and General Services (DAGS) **opposes** H.B. 2514. which establishes a new Office of the State Construction Manager and amends Chapter 46 of the Hawaii Revised Statutes to exempt state construction projects from county building permit requirements.

Establishment of a new Office of the State Construction Manager would create a new layer of bureaucracy which may not effectively address the issues encountered by State projects. It may be more effective to examine the staffing needs of the CIP agencies, with a view to strengthening the agencies' internal abilities to address the concerns this draft bill seeks to address.

The CIP agencies currently have internal design review processes similar to those addressed in this measure, and it is likely that those internal reviews would be required to continue to be conducted prior to submitting for the Construction Manager's review. The Construction Manager's review process will probably result in comments / questions / concerns communicated from the Construction Manager to the agency responsible. It cannot be expected that the Construction Manager will be conversant in all aspects of every project undertaken by the State and, therefore, it must be assumed that many of the Construction Manager's comments / questions / concerns will be the products of a lack of familiarity with the details underlying each project. Nevertheless, staff of the agency responsible will have to respond to those comments / questions / concerns, requiring more staff time, adding time to each project schedule, and slowing the delivery of projects. As it is, it can be difficult for agencies to complete the design of projects within the time allowed by the statutory provisions governing the lapsing of CIP funds: adding time to the design process cannot be expected to ease that difficulty and should be expected to cause more project appropriations to lapse.

The department believes aspects of the draft bill may be overly broad. For example, the draft bill would require the Construction Manager to approve design documents is not in the best interests of the state, as such approval may be construed as relieving the designer of record of liability for the errors and omissions or acts of gross negligence incorporated into the approved design documents.

The scope and volume of work assigned to the Construction Manager would require the creation of a significant organization, with staffing of perhaps 100 or more people, including both technical staff and administrative/clerical/accounting support

staff. The draft bill provides funding for the Construction Manager through both appropriations and assessments of fees against projects. Until FY2019 the department's Public Works Division was similarly funded, with technical staff costs paid through the "Public works project assessment fund" established under HRS 107-1.5 and overhead staff costs paid through annual operating appropriations. In FY2019, apparently in response to concerns regarding the use of GO bond proceeds to fund the operating costs represented by staff salaries, funding for all staff costs was converted to annual general fund appropriations. It may be somewhat curious, therefore, that a similar mix of GO and GF funding is proposed for the Construction Manager.

Section 2 (starting on page 6) of the draft bill amends HRS 26-6(b) by addition of a new paragraph "(14) Provide exclusive centralized design review services for state construction projects and issue design approvals through the state construction manager." This may conflict with existing paragraph (6) ("Undertake the program of centralized engineering and office leasing services, including operation and maintenance and lease buyback processing pursuant to subsection (d) of public buildings, for departments of the State;"). We note that, over the decades, the "centralized" aspect of paragraph (6) has eroded, with several departments and agencies establishing stand-alone engineering functions intended to be more directly responsive to the specialized requirements of those agencies, i.e., more responsive than may be possible through a centralized agency. It would seem likely that a similar erosion would occur to the Construction Manager's centralized functions; and it would seem prudent for this bill to anticipate that erosion now rather than requiring that erosion be accommodated over an extended period.

Section 3 (starting on page 9) of the bill seeks to amend Chapter 46, Hawaii revised Statutes, to exempt state construction projects from county building permit requirements, provided the Construction Manager finds those projects to be in compliance with “applicable building codes or county, national, or international prescriptive construction standards, including construction, electrical, energy-conservation, plumbing, and sidewalk standards, as applicable” (subsection (a) of the proposed amendment, starting on line 16 of page 9 and ending on line 5 of page 10). Under current practices the counties perform final reviews for code compliance, and those reviews require extensive properly qualified staff resources and time. Requiring the Construction Manager to perform those reviews instead will also require the Construction Manager to essentially duplicate staffing now provided by the counties and will add to competition for those properly qualified personnel.

While such exemption from applicable building codes, etc., might be intended to shorten the time required to execute state construction projects Subsection (b) of the proposed amendment (lines 6-16 of page 10) makes it clear that such exemption would not extend to many other laws, ordinances, rules, and regulations of the State and counties. It is often those other laws, etc., (including but not limited to establishing compliance with county zoning laws, the state laws administered by the State Historic Preservation Division that contribute, and the provisions of Chapter 343, Hawaii Revised Statutes), that significantly contribute to delays in executing state construction projects, and it is perhaps curious that the bill does not also address those delays in its considerations.

The length of time required to achieve approval of a county building permit is a

significant issue that affects not only state construction projects but also private construction projects, ranging from simple single-family home renovations to construction of major multi-family residential and commercial projects. Construction is a primary driver of Hawaii's economy, and the issue of permitting delays is a significant factor in depressing the construction industry while contributing to the perception that Hawaii is unfriendly to business. While exempting state construction projects from county building permit requirements may help to alleviate some of the delays in the processing of permits for private construction, the department suggests that a more comprehensive approach in which the state and counties work together to address those delays (perhaps including greater state support to the counties to improve and strengthen their abilities to process permits timely) may accrue greater benefits to the state's construction economy.

Thank you for the opportunity to provide testimony on this measure.



Iron Workers Stabilization Fund

T. George Paris
Managing Director

February 5, 2026

Chair Sayama
Vice Chair Lee
Committee on Labor
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for HB 2514 – Relating to State Construction Manager

Hearing Date: February 5, 2026 at 9:30 am

Aloha Chair Sayama, Vice Chair Lee and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Workers Stabilization Fund in **STRONG SUPPORT** of HB2514 – RELATING TO STATE CONSTRUCTION MANAGER. This legislation would establish a state construction manager tasked with organizing, managing, and overseeing all state construction projects. This bill represents a commonsense reform that will improve state project delivery and reduce waste on taxpayer-funded construction work.

Hawaii's public construction projects have consistently experienced delays, cost overruns, and change orders resulting from fragmented oversight. Mistakes in design and insufficient manpower for continued review of projects in the process often result in wasted time, materials, disputes, and contested claims that ultimately increase costs — sometimes dramatically — at the expense of Hawaii's residents and businesses. A unified oversight framework, led by a central state construction manager with professional experience, will help prevent inefficiencies before and during construction and prevent continuous change orders.

By centralizing design oversight, HB2514 will promote:

- **Consistency and Quality Control** – A state construction manager with expertise in planning, supervising projects and construction budgets will ensure that all state projects meet consistent standards and compliance with bidding.



Iron Workers Stabilization Fund

- **Transparency and Accountability** – The state construction manager will assist in ensuring one central point of communication between architects, engineers and workers to ensure accountability. The annual report required by the bill will provide the Legislature and the public with insight into how state projects are performing, helping to inform better budgeting and planning.
- **Better Use of Skilled Labor** – When state projects are well designed and coordinated, union craftworkers can work efficiently and safely, maximizing productivity and minimizing idle time caused by design conflicts or changes.

Hawaii's taxpayers deserve assurance that state construction dollars are spent wisely. HB2514's establishment of a professional state construction manager is a proactive step toward reducing waste on public projects and ensuring that the final product reflects thoughtful planning and stewardship of public funds. At the same time, this reform supports quality workmanship and good union jobs by decreasing unnecessary disruptions and improving project predictability.

For these reasons, we respectfully ask the committees to pass HB2514. Mahalo for the opportunity to testify.

Sincerely,

T. George Paris
Managing Director



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Third Legislature, State of Hawaii
House of Representatives
Committee on Labor

Testimony by
Hawaii Government Employees Association

February 5, 2026

H.B. 2514 – RELATING TO STATE CONSTRUCTION PROJECTS

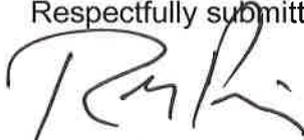
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes **H.B. 2514, specifically page 3 lines 18 through 21**, which allows the state construction manager to employ or contract with qualified architect and engineers without regard to Hawaii Revised Statutes Chapter 76.

While we have no objections to the creation of the Office of the State Construction Manager, we do have concerns about the need to grant the State Construction Manager the authority to unilaterally hire architects and engineers without regard to civil service law – effectively opening the door to create exempt positions within this proposed office, and generally, more exempt positions within state government. Over these past few years, we have seen an increase in the use of exempt positions, which in large part, is due to our lethargic civil service hiring process, our states inability to increase civil service pay to a competitive rate, and frankly, some managers just looking to assert more control over their employees by making them 'at-will'.

Across of all jurisdictions, architects' and engineers' duties have been historically provided by civil serve employees. Exempt employees do not have the same rights compared to civil service employees as they are considered "at-will" by the employer. Furthermore, exempt employees do not go through any merit-based hiring which opens to door for managers to hire unqualified individuals. Given to what we are witnessing with the current federal administration, where they have been mass firings and controversial appointments to positions without regard to proper process, and seeing how that has embolden other employers to think the same, we find this proposal even more concerning.

Thank you for the opportunity to testify and to oppose H.B. 2514.

Respectfully submitted,



Randy Perreira
Executive Director

February 3, 2026

Chair Jackson D. Sayama
Vice Chair Mike Lee
Members of the House Committee on Labor
Thirty-Third Legislature, Regular Session of 2026

RE: **STRONG SUPPORT** for HB 2514 – Relating to State Construction Projects

Hearing Date: February 5, 2026, at 9:30 AM

Aloha Chair Sayama, Vice Chair Lee and Members of the Committee,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in **STRONG SUPPORT** of HB 2514. This bill takes an important step toward improving the efficiency and fiscal discipline of state construction projects by establishing a centralized State Construction Manager.

From the perspective of construction workers who build state projects every day, one of the largest sources of public waste is not labor or materials — it is poor budgeting, inconsistent oversight, and avoidable project delays. Too often, state construction projects move forward without clear accountability for schedules, sequencing, constructability, or coordination among agencies, designers, and contractors. When no single entity is responsible for managing the construction process holistically, inefficiencies compound and costs escalate.

HB 2514 directly addresses this problem by creating a State Construction Manager whose role is focused on managing projects from a construction standpoint, not just on paper. A dedicated construction manager brings practical, real-world understanding of how projects are built — ensuring that timelines are realistic, scopes are coordinated, and construction issues are identified early on.

Centralized construction management reduces waste by minimizing change orders, work stoppages, and rework caused by miscommunication or poor sequencing. When construction is properly managed, labor and materials are used efficiently, and projects are far less likely to experience costly delays that burden taxpayers. This approach promotes smarter use of public funds without sacrificing quality or safety.

The bill's emphasis on reporting and transparency further strengthens accountability. By requiring regular reporting on project performance, HB 2514 allows policymakers to better

understand where delays and cost overruns occur and how future projects can be improved. This level of oversight helps ensure that state construction dollars are spent as intended and that systemic problems are corrected rather than repeated.

For construction workers, effective project management means safer job sites, clearer direction, and more predictable work flows. For the public buildings, roads and other infrastructure that are delivered on time and within budget. HB 2514 aligns these interests by focusing on construction management as a tool to prevent waste before it happens, rather than reacting after costs have already ballooned.

For these reasons, we strongly urge this committee to pass HB 2514 in support of Hawai'i's working men and women.

Mahalo,

A handwritten signature in black ink, appearing to read "Michael L. Iosua". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael L. Iosua

OCG LLC

Onipa'a Consulting Group 3535 Maluhia Street * Honolulu, Hawaii 96816 * Phone (808) 808*381*9529

February 4, 2026

Chair Jackson D. Sayama
Vice Chair Mike Lee
Members of the House Committee on Labor

RE: HB 2514 Relating to State Construction Projects

Aloha Chair, Vice Chair and Members of the House Committee on Labor,

Mahalo for the opportunity to submit testimony on behalf of the Hawaii Iron Worker's Stabilization Fund in **Support** of HB 2514. In summary, the bill is intended to centralize State construction projects under the responsibility of the State Construction Manager to promote efficiency, consistency, transparency and fiscal accountability.

Currently many state projects are developed and managed in silos throughout many individual State Departments which often lack the expertise to properly develop and manage complex projects. Departments may have expertise in engineering and design, however, lack project management and fiscal oversight or vice versa leading to project time delays and cost overruns.

We recognize that staffing shortages among the Departments also contribute to ineffective project implementations. Many of the staffing shortages are results of vacant positions being unfunded or unfilled. Many of the positions required for the Office of the State Construction Manager already exist within Departments and consolidation into one central agency will leverage resources without dramatically increasing costs, promoting consistency and efficiency.

It is not unreasonable for taxpayers to ask for projects to be delivered on a timely and cost-effective basis, and HB 2514 is working in the right direction. For these reasons, we strongly support Bill 2514 and we ask the committee to pass HB 2514. Thank you for the opportunity to testify.

Mahalo,



Gary T. Kurokawa