

1. INTRODUCTION/BACKGROUND

Act 241 (Act) of the 2016 Regular Legislative Session, directs the Comptroller to conduct annual training for all project management personnel of executive departments and State agencies that manage their own capital improvement projects (CIP) to ensure compliance with state adopted standards and best practices. In addition, each department and agency shall provide orientation training for new employees subject to this Act and who are hired during the interim between annual trainings.

This legislation is in response to Report No. 15-13, November 2015 by the Office of the Auditor, which found that there is a general lack of consistency in how executive departments and agencies manage their projects relative to legislative concern (namely, timelines, contract payment tracking, and ensuring end-user satisfaction). More than a third of the departments and agencies do not keep timelines as required by best practices; they do not consistently track deliverables and payments according to State Procurement Office guidance; and almost half do not measure or monitor stakeholder satisfaction in accordance with best practices.

This intent of this training is to make sure that all CIP project management personnel:

- Use timelines that include a comprehensive list of all activities required on a project, and not simply rely on consultant or contractor timelines, which may not reflect all project phases. At a minimum, the list shall include all phases in a project's life cycle, namely, the initiation, planning, design, bid, construction, and post construction phases;
- Follow state procurement office guidance for tracking payments and deliverables by using a contract administration worksheet that includes milestones or deliverables, which are marked off as items are completed; and
- Ensure end-user satisfaction with their capital improvement projects by identifying and involving stakeholders throughout a project's execution and closing, including providing information about project costs, schedules, and performance.

The goal is to ensure that all agencies are consistently utilizing best industry practices for State CIP projects to be on time, within budget, and of high quality to the satisfaction of clients. The uniform methodologies included in the training program will provide a basis for future project funding authorizations, and create a more consistent bidding environment across all agencies. The latter benefit will help reduce confusion on bidding requirements and should help increase bidding participation and competition.

The Comptroller is required to submit a status report to the legislature on the implementation of practices required by this Act, no later than twenty (20) days prior to the convening of the Regular Session of 2017.

2. Listing of executive departments and state agencies that manage their own capital improvement projects. The departments and agencies identified by the State Auditor in Audit Report 15-13, dated November 2015 are as follows:

- Department of Accounting and General Services (DAGS)
- Department of Agriculture - Agricultural Resource Management Division
- Department of Business Economic Development and Tourism (DBEDT) - Foreign-Trade Zone Division

- DBEDT - Hawaii Community Development Authority
- DBEDT - Hawaii Housing Finance and Development Corporation
- DBEDT - Natural Energy Laboratory of Hawaii Authority
- DBEDT - High Tech Development Corp.
- Department of Defense (DOD) - Department of Defense Engineering Office
- DOD - Hawaii Air and Army National Guard Division (HIANG)
- DOD - Hawaii Emergency Management Agency (HIEMA)
- Department of Education - Facilities Development Branch - Office of School Facilities and Support Services.
- Department of Hawaiian Home Lands - Land Development Division
- Department of Health - Hawaii Health Systems Corporation
- Department of Human Services - Hawaii Public Housing Authority
- DHS - Hawaii Public Housing Authority
- Department of Land and Natural Resources (DLNR) - Engineering Division
- DLNR - State Parks Division
- DLNR - State Historic Preservation Division (SHPD)
- Department of Transportation (DOT)- Highways Division
- DOT - Harbors Division
- DOT - Airports Division
- University of Hawaii (UH) System
- UH-Hilo Office of Facilities Planning and Construction
- UH-Manoa Office of Planning and Facilities
- UH-Manoa Community Colleges Office of Facilities and Environmental Health
- UH Office of Capital Improvements (OCI)
- Hawaii State Judiciary - Capital Improvements Branch

3. INTRODUCTORY MEETING AND TIMEFRAME FOR FIRST TRAINING SESSION

All of the above departments and agencies were invited to an introductory meeting on November 18, 2016 to discuss the training requirements of this Act and to solicit feedback on how this training will be conducted.

DAGS intends to conduct two annual in-person training sessions for all the departments and agencies to attend. An on-demand webinar will also be developed for any new personnel hired in the interim between in-person training sessions. Training materials will be updated annually to include any new required procedures or best practices. The first training session is tentatively set for May/June 2017. On-demand webinars should be available shortly thereafter.

DAGS intends to have monthly working group meetings to develop the agenda until the training is implemented in May or June of 2017.

4. TENTATIVE TRAINING AGENDA

The first working group meeting to discuss the training agenda was held on December 15, 2016. Staff from the DAGS, DOT, DOD, DHS – Hawaii Public Housing, DLNR, and the Judiciary attended. The three main topics mentioned in this Act were discussed and expanded upon. The following is a tentative training agenda:

Tentative Agenda

1. Standard Project Timeline - Flowchart

- a. Planning - formal planning step
 - i. Planning: Scope, schedule, budget
 - ii. Site Selection
 - iii. Land/Subdivision acquisition
 - iv. Initiation, allotment
 - v. Planning entitlements: Checklist. Go through list and check off things that apply. (e.g. 50 year old building – needs to go through DLNR - State Historic Preservation Division).
 1. Environmental Assessment/Environmental Impact Statement
 2. Plan Review Use
 3. Conservation District
 4. State Historic Preservation Division - Historic/Cultural
 5. Federal - 106 Process. Archaeological, Architectural
- b. Design
 - i. Selection, scope assessment, fee negotiation
 - ii. Schematic design, preliminary design, pre-final design
 - iii. Final design
 - iv. Building Permit
- c. Bidding - solicitation, award
- d. Construction
 - i. Preconstruction
 - ii. Notice To Proceed
 - iii. Execution and Control
 - iv. Acceptance and Closeout

2. Tools to manage budget, funding, and contracts

- a. Budgeting. (DAGS Table A8a Contingency, Design and Inspection Costs)
- b. Consultant fee computation guidelines and forms
- c. Payment tracking and deliverables. Worksheets.
- d. DAGS - Project Management Task Manual
- e. Construction - Schedule of values, Monthly payment estimate, Change Order Estimate Forms

3. Stakeholder identification and involvement

- a. “What is project management”? Sitting at your desk or getting into the trenches?
- b. Lines of Communication
- c. Managing user expectations.
- d. Every milestone, user is involved: Scope, budget, schedule.
- e. Design Charrettes - team buy-in. Less complaining later from stakeholders.

- f. National Environmental Policy Act - also stakeholder involvement.
- g. Meetings during construction – Owner, Architect/Engineer, Contractor
- h. Stakeholder feedback surveys.