
Management Audit of Student Housing Services at the University of Hawai‘i at Mānoa Part I

A Report to the
Governor
and the
Legislature of
the State of
Hawai‘i

Report No. 07-03
February 2007



THE AUDITOR
STATE OF HAWAI‘I

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THE AUDITOR

STATE OF HAWAII

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OVERVIEW

Management Audit of Student Housing Services of the University of Hawai'i at Mānoa

Report No. 07-03, February 2007

Summary

This audit was conducted in response to Senate Concurrent Resolution No. 97 of the 2006 legislative session. The resolution resulted from concerns expressed by legislators and various stakeholders within the University of Hawai'i at Mānoa regarding the conditions of the student housing facilities, the safety provided to students living in the facilities, and the overall due process afforded to student residents concerning alleged infractions of the rules of student housing services or the student conduct code.

Because of delays in gaining access to student disciplinary records, we plan to issue two reports. This report addresses the maintenance of student housing, planned acquisition of new housing, and safety and security at the student housing facilities and on campus as a whole. The second report will address the application of the community standards of student housing services and the student conduct code as they apply to students residing in Mānoa student residential facilities.

The University of Hawai'i at Mānoa's Student Housing Services operates and maintains nine residence halls and two apartment complexes which collectively accommodate slightly over 3,000 students. According to the Board of Regents' student affairs policy, Student Housing Services should promote independent living, responsibility, community standards, and academic commitment through the operation of adequate, clean, safe and secure, and well-maintained housing for students.

We found that conditions in the dormitories and on campus do not meet the Board of Regents' standards for housing and are not conducive to student academic achievement or individual growth and development.

According to student housing industry standards, the recommended monetary level of repairs and maintenance should be approximately 2 to 4 percent of the estimated dollar amount that would be needed to replace the student housing facilities, commonly known as replacement costs. However, the university generally spends far less than the recommended amounts, resulting in an estimated \$45 million backlog of repairs and maintenance projects. One of the causes of this deficiency is that Student Housing Services does not generate sufficient revenues from the rental income of its dormitories and apartments. Insufficient revenues are in part due to low occupancy rates, which in turn is caused partially by outmoded, inefficient operations.

We also found that the university's desire to expand student housing by about 2,000 beds was not based on a demonstrated need. In addition, the procurement process of the current 814-bed dormitory construction of Frear Hall may have been



unduly restrictive and unfair to a large portion of developers and contractors. When the project changed from a “finance, design, build, and possibly manage” project to a “design and build” construction project, the university did not re-solicit proposals, which may have excluded developers and contractors that were either unable or unwilling to provide the financing and managing specifications in the request for proposals. Lacking full and open competition, the \$71 million contract to design and build Frear Hall may not be reasonable.

Lastly, Student Housing Services has not made necessary safety and security improvements to the dormitories and apartments and has not emphasized safety procedures. Moreover, leaders on the Mānoa campus have only recently begun taking action to protect student housing residents from dangers on campus such as criminal acts, accidents, and disasters. Critical work in this area remains to be done.

Recommendations and Response

To immediately improve the condition of the dorms, we recommend that the Board of Regents and the University of Hawai‘i System continue with an initiative to use portions of its authorized revenue bonds to upgrade the residence halls and apartments. In order to increase income to cover maintenance costs in the future, we recommend that the board and the university system assist Student Housing Services in achieving higher occupancy rates and setting higher, but affordable residence hall fees.

We also recommend that the University of Hawai‘i System re-evaluate its contract for an 814-bed Frear Hall and consider whether it would be cost-prohibitive to terminate the contract and, if not, re-solicit interest from developers in a scaled down project. Finally, to improve safety and security, we recommend that the University of Hawai‘i introduce legislation for Campus Security to be given arrest authority and authority to carry weapons. Moreover, we recommend that the many initiatives started as a result of an Ad Hoc Committee on Campus Security be completed, such as convening a task force to come up with a workable plan for keeping trees and shrubs trimmed and burned-out light bulbs replaced and putting the finishing touches on the emergency response plan.

In its response, the university agreed that the neglect and lack of maintenance to its facilities had a negative impact on students. The university disagreed, however, with our conclusions regarding its expansion plans for student housing, our assessment of its procurement process for Frear Hall, and the unsafe conditions on campus. After a careful review of the university’s comments, we stand by our findings. We made some minor changes and clarifications to our final report, none of which affected our overall findings and conclusions.

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Hawai‘i

Submitted by

THE AUDITOR
STATE OF HAWAI‘I

Report No. 07-03
February 2007

Foreword

We conducted this management audit of Student Housing Services at the University of Hawai‘i at Mānoa, Part 1, in response to Senate Concurrent Resolution No. 97, Senate Draft 1, of the 2006 legislative session. Our audit focused on whether the University of Hawai‘i provides students on its Mānoa campus with housing that offers living conditions conducive to high academic achievement as well as individual growth and development.

We wish to express our appreciation for the cooperation and assistance extended to us by officials of the University of Hawai‘i and others whom we contacted during the course of the audit.

Marion M. Higa
State Auditor

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Chapter 1

Introduction

Prompted by student concerns expressed by the leadership of the Associated Students of the University of Hawai‘i, the 2006 Legislature requested the Auditor, in Senate Concurrent Resolution No. 97, Senate Draft 1, to conduct a management audit of Student Housing Services at the University of Hawai‘i at Mānoa.

The Legislature found that there are significant problems at the residence halls that provide on-campus housing for about 3,000 Mānoa students. Students give low ratings to many aspects of residence hall life. They allege being subjected to highly questionable searches that show disregard for their rights to privacy, an absence of due process in disciplinary actions, inconsistent application of student housing rules, untimely responses to complaints and appeals, and harassment of students who file for complaints. Students are also concerned about their safety while living on campus and about the severely worn condition of the residence halls.

Our report on Senate Concurrent Resolution No. 97 is due to the 2007 Legislature. Because of delays in gaining access to student disciplinary records, we will issue two reports. The first report will address the maintenance of student housing, the planned acquisition of new housing, and safety and security on campus. The second report will address the fair treatment of students.

Background

The University of Hawai‘i is a postsecondary education system made up of three university campuses, seven community colleges, and numerous training and education centers distributed across six islands at more than 70 sites throughout the state. The common mission of the University of Hawai‘i System is to serve the public by creating, preserving, and transmitting knowledge in a multicultural environment. The University of Hawai‘i is the sole state public university system and is governed by a Board of Regents.

Board of Regents

The Board of Regents manages and controls the affairs of the university and is responsible for the successful operation and achievement of the board’s purposes as prescribed in the Hawai‘i Revised Statutes. The Board of Regents student affairs policy identifies the desired conditions for student housing. Student housing should provide clean, safe, secure, and well-maintained surroundings. The policy stresses having an

effective preventive maintenance program to assure maximum utilization of finances and facilities. Students should be treated fairly and be given the opportunity for individual growth, including the opportunity to lead, volunteer, self-govern, manage personal finances, develop human relations skills, solve practical problems, participate in campus life, and learn to be a good citizen. The president of the University of Hawai‘i System responds to the direction of the Board of Regents and presides over graduate and research, baccalaureate, and community campuses as well as the training and education centers. Exhibit 1.1 shows the organizational structure of the University of Hawai‘i System.

University of Hawai‘i at Mānoa

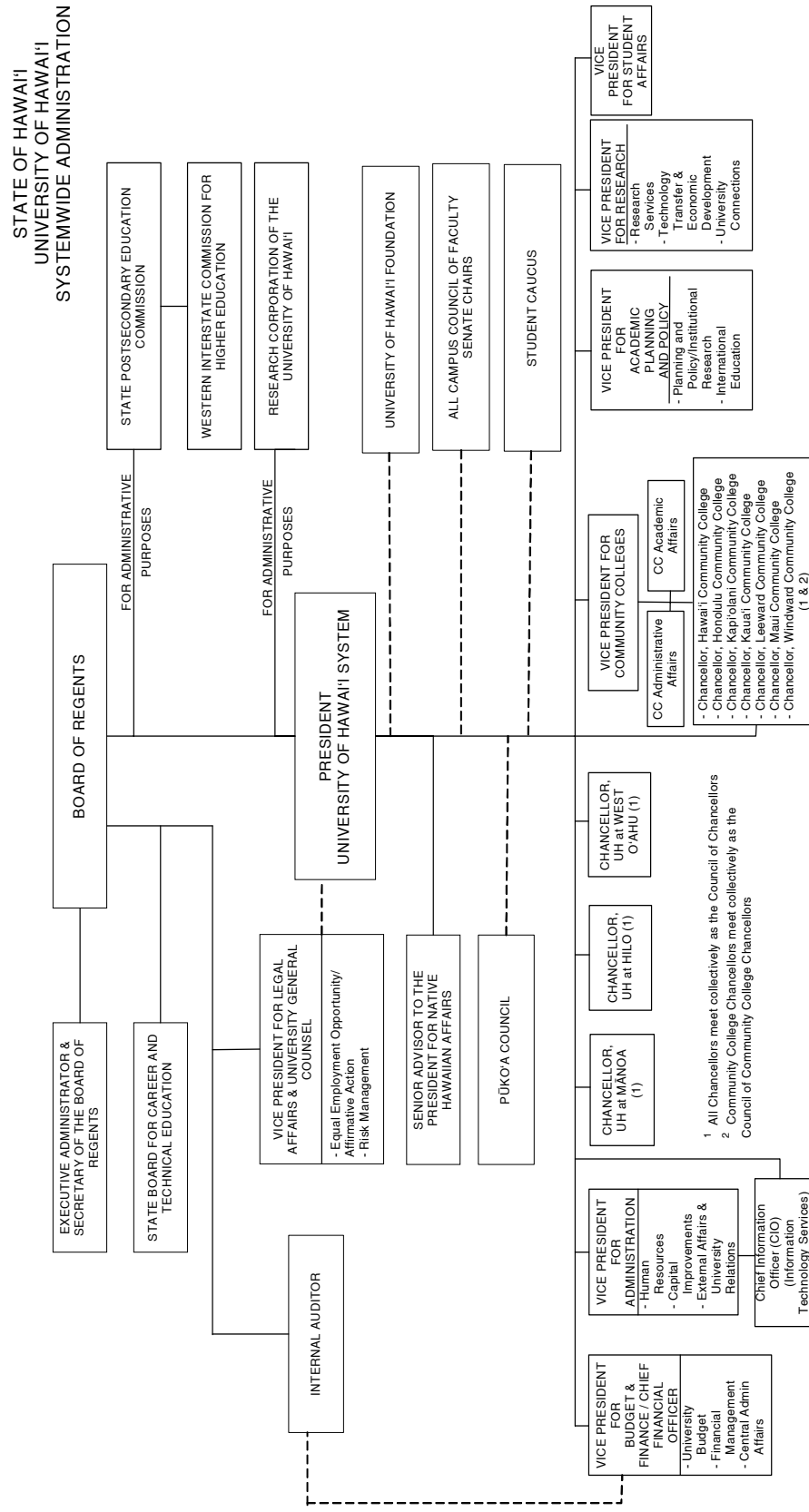
The University of Hawai‘i at Mānoa, the flagship campus of the University of Hawai‘i System, is a research university of international standing that offers bachelor’s degrees in 87 fields of study, master’s degrees in 86, doctorates in 53, and professional degrees in three, as well as various certificates. The University of Hawai‘i at Mānoa is widely recognized for its strengths in tropical agriculture, tropical medicine, oceanography, electrical engineering, volcanology, evolutionary biology, comparative philosophy, comparative religion, Hawaiian studies, Pacific islands studies, Asian studies, and Pacific and Asian regional public health. The chancellor for Mānoa responds to the direction of the Board of Regents and the president of the University of Hawai‘i System while making sure that academic, instructional, and research excellence is achieved on the campus. Exhibit 1.2 shows the organizational structure of the University of Hawai‘i at Mānoa.

The University of Hawai‘i at Mānoa chart shows an organization approved in February 2005. Although approved, many organizations such as Student Housing Services are still using their old names rather than their new names. Student Housing Services’ new name is the Residential Life Office. Likewise, the Co-curricular Activities, Programs, and Services Office’s new name is the Campus Life Office.

The University of Hawai‘i at Mānoa’s strategic plan for the academic years 2002-2010, which was approved by the Board of Regents in November 2002, identifies its core commitments in research; educational effectiveness; social justice; Hawaiian sense of place; economic development; culture, society, and the arts; and technology. The plan also identifies a series of strategic imperatives for each core commitment. The following strategic imperatives address life in residence halls or life on campus:

- Enhance the social, intellectual, cultural, residential, and recreational quality of student life;

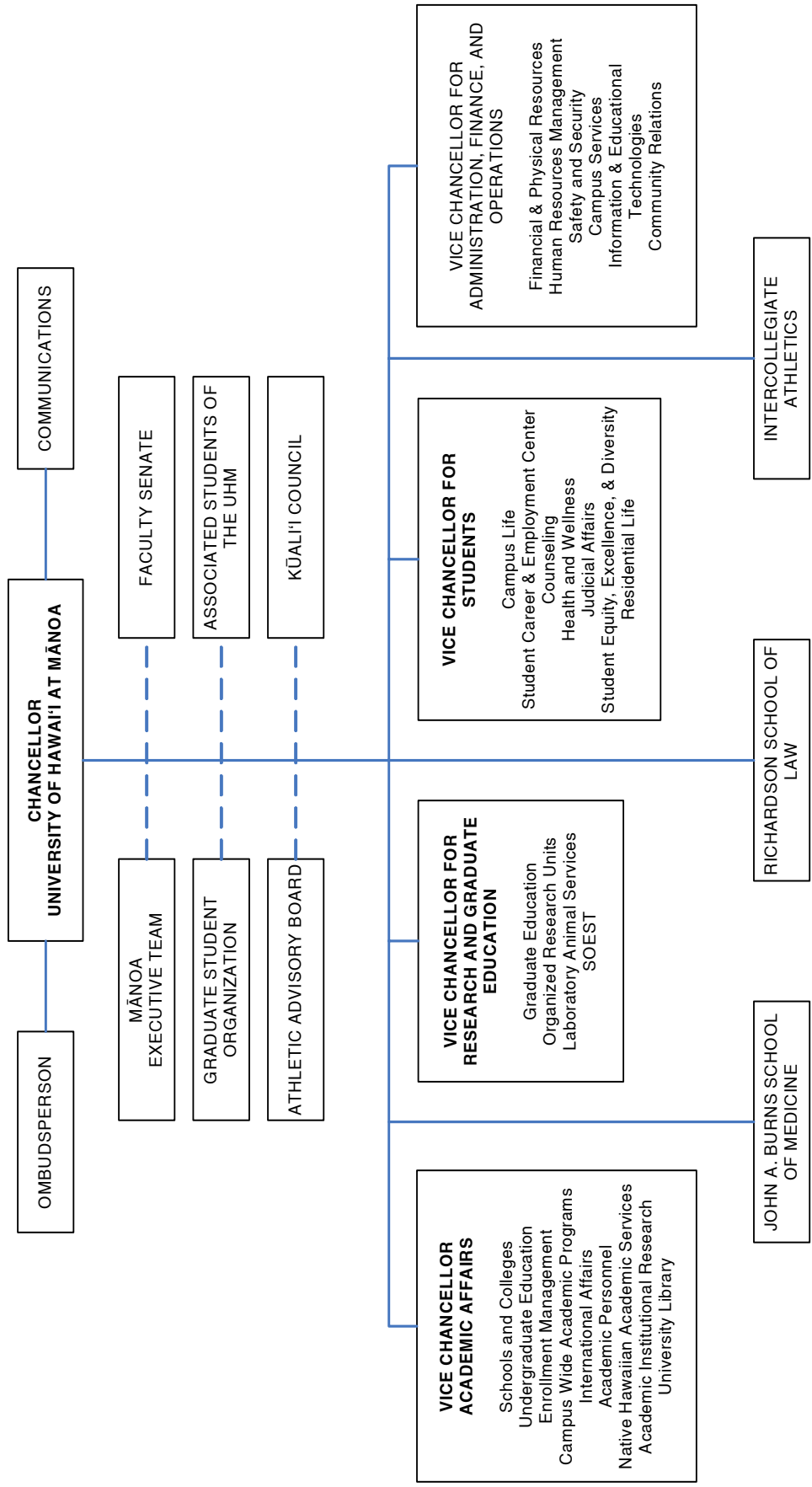
Exhibit 1.1
Organizational Structure of the University of Hawai'i



2006 orgchartupdate systemwide admin.vsd

Source: University of Hawai'i

Exhibit 1.2
Organizational Structure of the University of Hawai‘i at Mānoa



Source: University of Hawai'i
--- Dotted lines denote Advisory relationships

- Instill respect for human diversity and gender equity across the campus and the curriculum;
- Create a positive, respectful, safe, and productive learning environment, free from harassment and discrimination;
- Expand and improve upon on-campus housing services with mixed-use communities;
- Maintain exceptional campus facilities that service the diverse social needs of students, faculty, and persons with disabilities;
- Enhance campus life with popular entertainment including movies, concerts, and plays;
- Provide an attractive variety of dining opportunities, including late night venues, coffee shops, and a faculty club; and
- Provide efficient and reliable technology and wireless network capabilities in classrooms, libraries, student housing, offices, and high public access locations.

The vice chancellors for students and for administration, finance, and operations oversee the offices with primary responsibility for life in the residence halls and life on campus.

Vice chancellor for students

The vice chancellor for students oversees and develops programs to serve students, develops and promulgates student policies, and takes action to improve student services as well as the climate on the campus. Offices that carry out these services include: Student Housing Services, Co-curricular Activities, Programs, and Services, and Judicial Affairs.

- The Student Housing Services Office promotes independent living, responsibility, community standards, and academic commitment through the operation of adequate, clean, and safe housing for students. It performs repair and maintenance for student housing facilities, providing prompt service to residents 24 hours a day and coordinates the implementation of a preventative maintenance plan. It establishes an appropriate security presence and coordinates with Campus Security and the Honolulu Police Department to provide a safe environment for residents.
- Planning and programming to develop a vibrant campus atmosphere is the major function of the Co-curricular Activities, Programs, and Services Office. It supports leadership training

and development and also provides co-curricular programs, services, and learning opportunities which contribute to the quality of campus life. Further, it supports chartered student organizations, registered independent organizations, as well as intramural sports.

- Overseeing formal judicial affairs involving students, the Judicial Affairs Office conducts fact-finding investigations and adjudicates disputes involving the student conduct code. It works with both the students who have been accused of violating University of Hawai‘i at Mānoa standards and the victims of such violations.

Vice chancellor for administration, finance, and operations

The vice chancellor for administration, finance, and operations establishes policies and procedures pertaining to campus financial management, physical planning and development, human resources, information technology services, auxiliary services, facilities management, and relations with community, alumni, and the public. Offices that perform these services include: Auxiliary Enterprises, Facilities Management, Campus Security, and Environmental Health and Safety.

- The Auxiliary Enterprises Office has functional responsibility for major services needed to operate the campus, including transportation services, parking operations, food services, bookstore operations, and faculty housing.
- Facilities Management conducts and coordinates the construction, repair, and maintenance of physical facilities in accordance with long-range development plans and applicable building codes and standards.
- Campus Security assures a safe and secure campus environment. It responds to incidents which may result in personal injury or property damage and coordinates with the Honolulu Police Department when enforcement of laws is necessary.
- The Environmental Health and Safety Office is responsible for administering biological, fire, radiation, diving, and laboratory safety programs.

Student residence halls and apartments

Student Housing Services operates and maintains nine residence halls and two apartments which collectively accommodate slightly over 3,000 students. With a cost of about \$50.8 million, we estimate the replacement cost to be about \$213 million. The oldest building currently

in use is Johnson Hall, which was placed in service in 1958, while the newest buildings, the Hale Wainani towers, were placed in service in 1979. In the summer of 2006, the University of Hawai‘i at Mānoa tore down Frear Hall, which had been placed in service in 1952. It had been used to house 144 students up until 1997, when its electrical and sewage systems became inoperable. The University of Hawai‘i at Mānoa plans to build a new Frear Hall using much of the old Frear Hall’s footprint. The new hall will consist of two high-rise towers accommodating about 814 students at a cost of \$71 million. An example of the student living accommodations is Hale Aloha, comprising four towers, which is identified in Exhibit 1.3.

Exhibit 1.3

HALE ALOHA



Source: University of Hawai‘i at Mānoa

The Hale Aloha complex, built in the early 1970s, provides a transitional experience for freshmen. A variety of learning communities enhance the learning experience through co-curricular and curricular activities, both in and out of class. Hall staff resides in each tower to provide a fun, educational, worthwhile first-year experience. Throughout the year, a variety of programs build community, help residents with personal growth, enable residents to meet new people, and create opportunities to establish lifelong relationships. The Hale Aloha complex consists of four towers and a dining hall. All towers are co-ed and each tower accommodates 266 freshmen residents. Each fully-carpeted floor accommodates 26-28 students in double rooms. There are ten single rooms in each building.

The 2006-07 academic year contract provides housing for the fall and spring semesters with prices for traditional doubles starting at \$3,092 per student and apartment units starting at \$4,094 per student. Unlike apartment residents, dormitory room residents must select a dining plan. Dining plans are handled by a contractor with prices starting around \$975 per semester, or \$1,950 for the academic year.

Resources

During FY2005-06, the University of Hawai‘i at Mānoa’s Student Housing Services Office had revolving fund revenues, primarily from room rentals, of about \$12.7 million and expenditures of about \$12.5 million. The Student Housing Services Office was authorized 42 positions paid for out of the revolving fund. Of those, 18 were vacant as of June 2006.

Prior audits

Our office has done several audits at the University of Hawai‘i, but none of them focused on student housing.

Public accounting firms, however, have done annual financial audits of the University Bond System. The University Bond System was created in 1973 for the purpose of issuing revenue bonds to finance construction and maintenance of university housing projects and other university auxiliary enterprise projects. The University Bond System is composed of ten projects including the revolving fund for student housing on the Mānoa campus. Most recently, a public accounting firm did the annual audit of the University Bond System’s financial statements for 2004 and 2005. The public accounting firm, in its January 2006 audit report, rendered an unqualified opinion on the University Bond System as a whole. However, the report showed that Student Housing Services, one of the ten auxiliary enterprises in the bond system, is not self-sustaining because it deferred paying for about \$37.8 million in accumulated maintenance costs.

Objectives

1. Determine whether the University of Hawai‘i provides students on its Mānoa campus with housing that offers living conditions conducive to high academic achievement as well as individual growth and development.
2. Make recommendations as appropriate.

Scope and Methodology

The audit covered the University of Hawai‘i’s management practices affecting the student housing program on the Mānoa campus. Our audit focused on 2005 and 2006, but included previous years as necessary.

We reviewed relevant documents on the management of the student housing program to determine whether it was effectively and efficiently managed. We conducted interviews, reviewed pertinent laws, rules, policies, and procedures, and toured the campus at all times of night and day. We also reviewed the results of several student surveys conducted by the university, most notably the student resident surveys taken in spring 2005 and again in spring 2006. We contacted national college and university professional organizations and other state universities to identify best practices. Our audit was conducted from May 2006 to December 2006 according to generally accepted government auditing standards.

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Chapter 2

UH Mānoa Students Live in Worn and Neglected Dormitories on an Unsafe Campus

Though the University of Hawai‘i at Mānoa aspires to be a premier research institution whose scholars are leaders in their disciplines and whose students are prepared for leadership roles, the university has done little over the years to enhance the quality of residential life. Conditions in the dormitories and on campus do not meet Board of Regents’ standards for housing and are not conducive to student academic achievement and individual growth and development. Contrary to the imperatives in the University of Hawai‘i at Mānoa’s strategic plan, the leadership has not maintained exceptional campus facilities, reduced the amount of unnecessary paperwork and streamlined business services, or created a safe environment. Residence halls and apartments on the Mānoa campus are in a general state of disrepair. Rather than maintaining the existing dormitories, leaders are preoccupied with their desire to expand student housing capacity. Further, students living on the Mānoa campus are exposed to the normal dangers generally found in a city, but are not well protected from these dangers.

Summary of Findings

1. Mismanaged for years, the student housing program at Mānoa does not generate enough income to perform needed maintenance and provide students with clean, attractive, and well-maintained residence halls and apartments.
2. University leadership’s plan to expand student housing capacity, starting with the procurement of a new 814-bed Frear Hall, is not justified by a demonstrated need for the additional beds. In addition, the procurement process has been restrictive and unfair.
3. University leaders have only recently begun improving campus safety and security to protect housing residents from such dangers as criminal acts, accidents, and disasters.

Mismanaged for Years, the Student Housing Program Does Not Generate Enough Income To Adequately Maintain Dormitories

Residence halls and apartments are dirty, unattractive, and sorely deteriorated

Student housing on the Mānoa campus is in extremely poor condition primarily because the housing program lacks a comprehensive maintenance program and does not generate enough income to adequately maintain the facilities. In several surveys, students expressed dissatisfaction with these conditions that may be hazardous to their health and safety. The housing program does not generate enough income from dormitory fees because bed spaces are not fully occupied and the rates charged are too low. The housing program also suffers because rather than following sound business practices, Student Housing Services is entrenched in outmoded, inefficient methods of operation.

On numerous occasions throughout the audit, we visited the nine residence halls and two apartment complexes and found them to be in a general state of disrepair. We observed the grounds, the building exteriors, common areas inside the dormitories, and selected student rooms and apartments. Many of the dormitories are in need of interior and exterior painting, re-roofing, new carpets, storm water and drainage facilities repairs, plumbing repairs, new electrical wiring, window replacement, plaster wall and ceiling replacement, bathroom tile replacement, water damage repairs, door replacement, and door lock replacement.

One of the more visible defects that we observed in the dormitories is the missing, torn, and sometimes taped ceiling tiles in many of the Hale Wainani apartments. An example of missing ceiling tiles in a laundry room is shown in Exhibit 2.1.

Student dwellings do not meet the high standards for cleanliness, security, safety, and physical plant environment of the Board of Regents' student affairs policy. Our observations were similar to those documented in a February 2004 report of the Office of the Vice Chancellor for Administration, Finance and Operations and mirrored student responses to surveys.

When surveyed, students gave dormitories poor ratings

Students were generally dissatisfied with living conditions in the residence halls and apartments. According to the Board of Regents student affairs policy, life in the residence halls and apartments and life on campus should be conducive to student academic achievement and individual growth and development. The reality of the living conditions may detract from rather than contribute to such achievement and growth.

In November 2005, students expressed a low level of satisfaction with student housing in response to the "Year of the Student" survey

Exhibit 2.1 Hale Wainani Laundry Room



Laundry room is missing drop ceiling tiles.

Photograph courtesy of the Office of the Auditor.

conducted by the Mānoa Chancellor's Office. Only 25 percent agreed with the statement that "living conditions in student housing are adequate." Sixty percent of the respondents disagreed.

According to *The Princeton Review: The Best 361 Colleges, 2007 Edition*, many students at the University of Hawai'i at Mānoa rated the dormitories "like dungeons" when asked about dormitory comfort. In contrast, students from some of the 361 colleges surveyed rated their dormitories "like palaces." Students from the University of Hawai'i at Mānoa gave their dormitories a lower rating than the students from all but two other colleges.

In residential life surveys conducted by the Office of the Vice Chancellor for Students in Spring 2006, students expressed discontent with the dormitory conditions. Responses to the 2006 student survey are provided in Exhibit 2.2. Student Housing Services asked apartment residents more questions than students living in residence halls. Therefore, the responses to some questions from students living in residence halls are listed as not applicable (N/A).

Exhibit 2.2

2006 Survey Results: Student Satisfaction With Residential Life

Question	Percentage of Students Dissatisfied or Very Dissatisfied	
	Residence Halls	Apartments
Cleanliness	32	51
Electrical wiring	25	37
Furniture	30	68
Insects and pests	53	62
Common area	33	36
Maintenance	46	60
Overall condition	28	57
Carpeting	51	62
Appliances	N/A	52
Living room	N/A	44
Kitchen	N/A	59

Source: University of Hawai'i

Living conditions in some dormitories may be hazardous to student health and safety

When we visited the nine residence halls and two apartment complexes, we found some of them to be hazardous to student health and safety.

We observed that fire sprinklers are installed in all of the residence halls and apartments, except for Johnson Hall. Although state law requires automatic sprinkler systems for all new residence halls, it does not require retrofitting residence halls already in use. This situation raised concerns at the federal and state levels, and beginning in the early 1990s, funds were allocated to the university to retrofit the other residence halls and apartments with fire sprinklers. Johnson Hall was not retrofitted because it was scheduled for then imminent renovation or replacement. Now, that work is not planned until Fall 2008 or later, if at all. In the meantime, about 190 students will be living in Johnson Hall without the benefit of fire sprinklers. To put this situation in perspective, nationwide, approximately 1,700 fires, some of which have caused multiple deaths and injuries among students, are reported at campus housing facilities each year. The National Fire Protection Association reports that fire sprinklers are one of the most effective methods of controlling a fire and protecting the occupants.

Student Housing staff accompanied the audit team on a tour of housing facilities during which we observed water damage due to leaking pipes or rain seepage at several residence halls. One of the conference rooms in Hale Aloha Ilima, for example, has gaping holes in the ceiling and peeling paint near those holes caused by water leaks. The audit team also observed dark residue, most likely mold, in the gaping holes. We were also told by the housing staff that mold in the Hale Aloha complex bathrooms is an on-going condition. At International Gateway House, we observed a large hole in one of the bathrooms near pipes in the walls that are apparently leaking. The audit team also observed a large water-soaked crack in the exterior wall of Hale Kahawai in addition to severe damage to the exterior paint.

After the tour, we asked the campus environmental health and safety office about possible mold infestation. The office replied that mold is prevalent on the Mānoa campus. For example, Mānoa's Kennedy Theatre was closed temporarily for about five weeks starting in August 2005 because green, fuzzy splotches of mold covered the walls, carpets, and some seats. According to the U.S. Environmental Protection Agency, mold is typically caused by water damage, and exposure to invisible spores released into the air from the mold can cause asthma, sinusitis, and infections. Mold also gradually destroys the things that it grows on, such as ceilings and interior and exterior walls.

Additionally, the audit team observed that many elevated walkways at the Hale Noelani apartment complex are propped up with wood and metal beams. University of Hawai'i consultants indicated that propped walkways are designed to resist further damage due to termite infestation as well as structural settling. The damage to Hale Noelani was first noticed in May 2002 on an exterior wall. At that time, consultants recommended that the walkways be propped up for no longer than three months. Four years later, in November 2006, the temporary beams were still in place. Although we did not see any visible signs of termite infestation, the structural settling was quite pronounced; one walkway seam has shifted approximately four to six inches so that the pathway is no longer level. While we are not structural engineers or architects, we question the continued use of these walkways by several hundred students.

In the past, primarily due to the lack of funds, Student Housing Services has not completed projects needed to make the dormitories healthy and safe. Because living conditions were such that we did not wish to wait until the issuance of this report, we sent a letter to the university in August 2006 advising it of our observations of apparently unsafe and unhealthy conditions in some of the dormitories. The letter identified the need for fire sprinklers in Johnson Hall, water damage due to leaking pipes in several residence halls and apartments, and elevated walkways

of questionable stability at the Hale Noelani apartments. In response to our letter, university leaders acknowledged the unsafe and unhealthy conditions in the dormitories and said that they would use part of \$100 million in authorized revenue bonds to hire a consultant to serve as a project manager and implement a comprehensive project to upgrade the existing inventory of residence halls and apartments. The vice chancellor for students provided us with a list of the safety and security projects that the university intends to complete:

- Hale Noelani walkway replacement;
- Hale Noelani and Hale Wainani window replacement;
- Plumbing replacement in all residence halls and the Hale Noelani and Hale Wainani apartments;
- Room door lock replacement in the Hale Aloha towers and the apartments;
- Building access lock replacement with card access system in all residence halls and apartments, except Gateway House, which already has access cards;
- Installation of fire sprinkler system in Johnson Hall; and
- Elevator modernization in Hale Wainani (high rise) apartments.

This initiative, if continued, will eliminate most of the safety and health hazards.

Student Housing Services lacks a comprehensive maintenance program

Student Housing Services uses few, if any, of the best practices to keep the dormitories in good condition and extend their useful life. The housing program does little maintenance other than routine repairs in response to student requests. Even though the Board of Regents student affairs policy stresses having an effective preventive maintenance program to assure maximum utilization of finances and facilities, a preventive maintenance program does not exist. We identified the best practices for facilities maintenance in the Association for Higher Education Facilities Officers' Facilities Management: A Manual for Plant Administration, Part II Maintenance and Operations of Buildings and Grounds and the Office of the Legislative Auditor of the State of Minnesota's A Best Practice Review for Local Government Buildings. Best practices such as preventive maintenance, building component replacement, and capital renewal are not followed by Student Housing Services. For example, no major maintenance projects were completed during Summer 2006.

In the absence of a comprehensive maintenance program, routine repairs become more frequent and extensive. Further, the useful life of buildings and their components is shortened. For example, Student Housing Services stopped using the 144 bed spaces in Frear Hall in 1997 due to inoperable sewer and electrical systems. Frear Hall was never returned to service as a dormitory and was eventually demolished in Summer 2006. It was only 54 years old but had been expected to last more than 75 years. In another example, Student Housing Services was forced to close the 230 bed spaces in International Gateway House for the entire 2004 spring semester because of an inoperable electrical transformer. As a result, Student Housing Services lost about \$400,000 in revenue.

Moreover, the backlog of maintenance continues to escalate. As of September 2006, the Mānoa vice chancellor for students estimated that deferred maintenance that has accumulated over the years would cost about \$45 million to complete. If the maintenance practices that led to these sub-standard conditions are followed in the future, Mānoa's new Frear Hall, scheduled for completion by late calendar year 2008, will likely face a similar destiny.

Student Housing Services does not generate enough income to cover maintenance costs

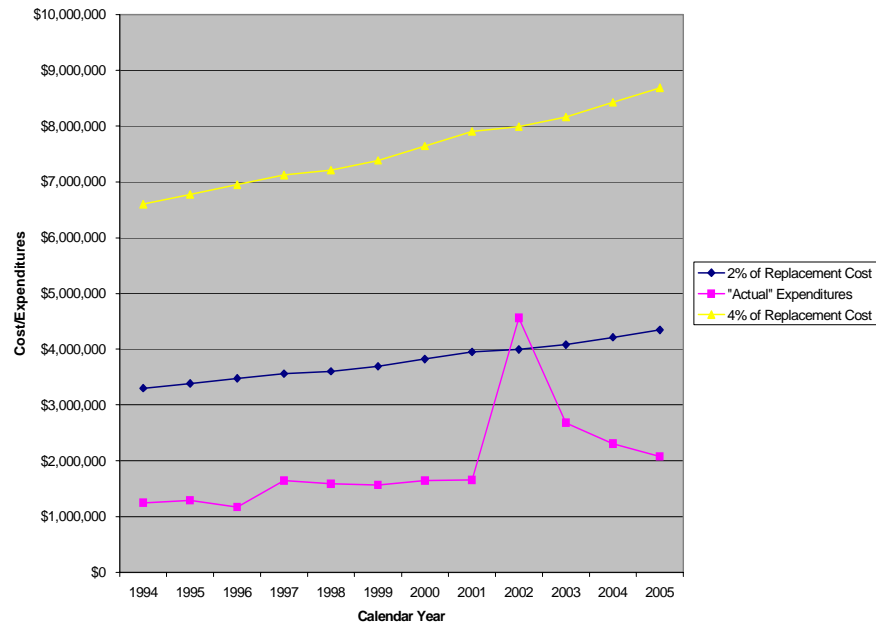
Housing operations are not self-sufficient, that is, the income generated is not sufficient to cover the cost of operations, service the debt, and implement a comprehensive maintenance program. The university expects the housing program to be self-sufficient and therefore does not subsidize the housing program in any way. In fact, the university's actions reduce the amount of funds available for the housing maintenance program. Income from housing operations is not sufficient to cover maintenance costs primarily because bed spaces are not fully occupied and the rates charged are too low.

Funds available for maintenance are not sufficient to keep facilities up to standard

According to the Association for Higher Education Facilities Officers' Facilities Management: Manual for Plant Administration, Student Housing Services should annually spend about 2 to 4 percent of facility replacement costs on a comprehensive maintenance program that includes preventive maintenance, building component replacement, and capital renewal. We estimated the 2005 replacement costs for the residence halls and apartments to be about \$217.2 million. Therefore, to meet the standard, about \$4.5 million to \$9.0 million should have been spent during 2006 on a comprehensive maintenance program. However, Student Housing Services has been spending only an average of less than \$2 million annually for the past 12 years. Exhibit 2.3 shows the amount that was actually spent on maintenance over the past 12 years in

comparison with the amount that Student Housing Services should have spent to achieve the 2 to 4 percent of replacement costs standard.

Exhibit 2.3 Maintenance Expenditures Compared to Standard



Source: University of Hawai'i

As the chart shows, expenditures on maintenance have been far below the industry standard for all years, except 2002, when expenditures were within the acceptable range. If Student Housing Services had spent enough to meet the standard, it would not be faced with a \$45 million backlog in deferred maintenance.

Additionally, Student Housing Services' spending on maintenance would not only need to meet its current needs, but also address its maintenance backlog. Unfortunately, Student Housing Services' income exceeded expenditures (including transfers) in only six of the past 12 years, leaving few or no funds available for additional maintenance. It had losses in four of the past six years for a net decrease of \$347,000.

The University Bond System, which is made up of ten auxiliary enterprise projects including Student Housing Services, requires its revenue-generating activities to be self-sufficient. Student Housing Services, however, is not self-sufficient because it does not generate enough income to properly maintain its facilities. According to Section 306-9, Hawai'i Revised Statutes (HRS), university projects such as the student housing program on the Mānoa campus shall impose and collect

fees for the use of facilities and shall revise fees whenever necessary to remain self-supporting. Self-sufficiency means that fees shall produce revenues at least sufficient to pay for the cost of operations, debt service, and maintenance. Section 306-9 does not, however, preclude new appropriations or the use of other funds to pay all or part of the cost of construction or maintenance.

University's actions reduce funds available for maintenance

Section 306-9, HRS, permits the Board of Regents to use other funds to pay for construction or maintenance in support of the student housing program. However, we found that neither the Board of Regents nor the system president provided other funds to Student Housing Services. In fact, university actions reduced the funds available for maintenance.

In June 2002, at the direction of the former university president, the university procured the design and installation of high speed data cabling and equipment for Student Housing Services without competition from a contractor at a cost of \$5.3 million. The project provided students in the dormitories with internet access and cable television.

Instead of soliciting proposals from the many contractors capable of providing this service, the university issued modification #80 to an existing contract that had been originally awarded in 1988 to furnish telecommunications systems on campus. Without full and open competition, the \$5.3 million price paid to the sole source provider for the cabling was higher than necessary.

Before the former president interceded with the insistence that the sole source provider be used, Student Housing Services had contacted other contractors who offered the same services at significantly lower prices. Further, rather than making funds available to Student Housing Services, the president directed the housing program to obtain a loan from the University Bond System. The loan never materialized and Student Housing Services used funds reserved for maintenance to pay for the cabling project.

In May 2002, with the Board of Regents' approval, the University of Hawai'i System also transferred about \$3.1 million of Student Housing Services' funds intended for housing maintenance projects, to pay for a student management information system project. In July 2002, the University Bond System executed an interfund master loan agreement, with the student management information system project covering a seven-year period. Total advances made under the agreement amounted to \$15 million, \$3.1 million of which came from Student Housing Services. The financial statements showed that, as of June 30, 2005, \$13 million of the original \$15 million loan was still not repaid. Student

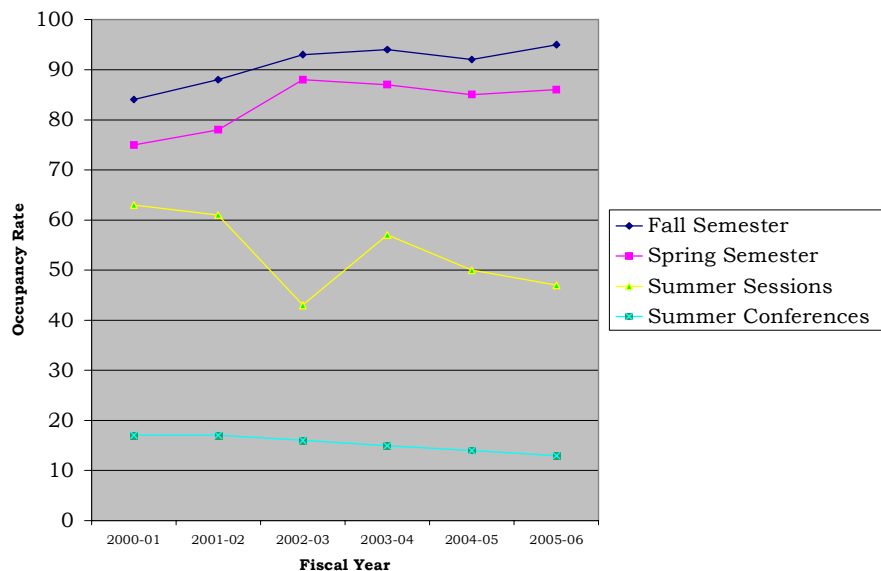
Housing Services' portion of the unpaid balance was reported in the financial statements to be \$2.2 million.

Low occupancy rates reduce housing's income

The primary source of income for Student Housing Services comes from the rental of rooms to students. Therefore, revenue projections are closely tied to anticipated occupancy rates. Unlike hotels, it is reasonable to expect occupancy rates in residence halls to approach 100 percent. According to *Student Housing and Residential Life: A Handbook for Professionals Committed to Student Development Goals*, however, a university should expect to have some no-shows and therefore should plan on achieving only a 95 percent occupancy rate.

Although improvements have been made in occupancy rates, Student Housing Services averaged about 87 percent occupancy for the fall and spring semesters combined over the past six years. Occupancy rates were even lower during the summer sessions and summer conferences. Student Housing's occupancy rates by semester are shown in Exhibit 2.4.

Exhibit 2.4
Student Housing Occupancy Rates

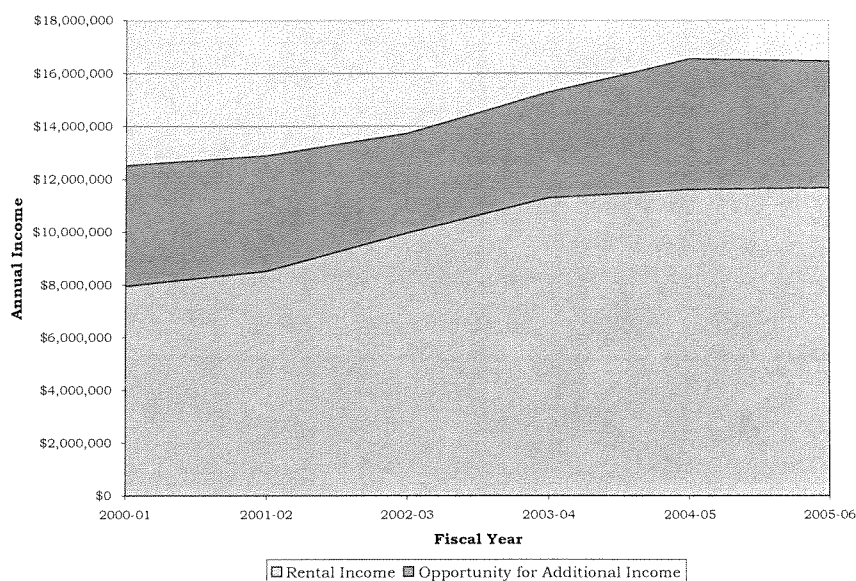


Source: University of Hawai'i

As the chart shows, Student Housing Services achieved 95 percent occupancy in only one semester, Fall 2005. For all other semesters, especially the summer sessions and summer conferences, Student Housing Services had occupancy rates far below 95 percent. Keeping the vacancies and the prevailing dormitory rates in mind, we determined that the opportunity for making additional income through full

occupancy for the entire year averaged more than \$4 million each year as shown in Exhibit 2.5.

Exhibit 2.5 Opportunity for Additional Income



Source: University of Hawai'i

Similar to the University of Hawai'i at Mānoa, we found that other colleges such as Oregon State University had low occupancy rates, but some colleges were achieving high occupancy rates. For example, at Louisiana State University, we found that the combined fall and spring semester occupancy rate was at 96 percent during the 2004-05 academic year. As another example, at the University of Oregon, the annual fall, winter, and spring term occupancy rate was 99.4 percent during the 2004-05 academic year. These high occupancy rates show that it is possible to achieve high occupancy rates above 95 percent for both the fall and spring semesters.

Student Housing Services does not fill rooms to capacity in the fall semester for several reasons

The key to achieving a high occupancy rate is timely and effective execution of room assignments for the fall semester. The fall semester occupancy rate sets the tone for the rest of the academic year. Although Student Housing Services has had a sufficient number of applicants to fill bed spaces in the fall semester for the past several years, the cumbersome and archaic mostly manual room assignment process prevents it from achieving full occupancy. In academic year 2006-07, for example, 3,868

Student Housing Services' room assignment process, though partially automated, accepts only paper-based applications. It does not accept on-line applications, does not interface with other student management information systems, and rooms are assigned in accordance with a priority system approved by the Board of Regents.

The academic year 2006-07 assignment priorities, for example, start with traditional freshmen and first-year undergraduate transfer students followed by students who are permanent residents of the neighbor islands, mainland U.S., and foreign countries. Student Housing Services manually categorizes all student applicants into the appropriate priority group and then assigns each student a lottery number to establish a fair way of allocating rooms within each priority group. Next, Student Housing Services offers rooms to students in a series of rounds. For example, in 2006, the first round consisted mostly of freshmen applicants along with some applicants who reside off the island of O'ahu.

Besides the length of time involved with a paper-based, mostly manual assignment process, starting the assignment process in late spring adds to the problem. In 2006, the application deadline was delayed until May 22. With the deferred start, Student Housing Services did not make the first round of room offers until late June. By the time Student Housing Services offers a room to a student and waits for the student to accept the offer and pay the \$225 room deposit, several weeks or another month may have passed. Because an advance deposit is not required, Student Housing Services must follow the cumbersome process of offering a room, waiting for acceptance, and then waiting to receive the deposit from every applicant.

The process not only results in many vacancies, but also delays room assignments, causing many to be made as late as July and early August. Some assignments were not made until after the start of the fall semester. The late assignments have caused many students to complain and secure housing off-campus.

Student Housing Services has the goal to acquire a new automated assignment system in 2007, but it also needs to begin the assignment process earlier and require an advance deposit. Not requiring an advance deposit means that students can compete for a dormitory room and turn down an offer without any financial penalty except the loss of the \$25 application fee. A former director of Student Housing Services characterized the situation as "cheap insurance" some students will readily pay against the risk of not finding off-campus housing for the following fall.

Student Housing Services has more vacancies during the spring semester than in the fall semester

Over the past six years, occupancy rates have dropped by an average of 8 percent between fall and spring semesters. However, Student Housing Services has not taken action adequate to reduce the vacancies in the spring semester. According to the interim director for Student Housing Services, many spring semester vacancies are caused by:

- Students who graduate or drop out of school;
- Exchange students who stay for only one semester; and
- Students who are dissatisfied and find off-campus housing or choose to move back home.

Because certain vacancies such as student graduations or exchange student departures are predictable, Student Housing Services should attempt to identify expected vacancies in the fall and actively publicize room availability in the upcoming spring semester.

To prevent students from departing because they are dissatisfied with their living situation, Student Housing Services should make dormitories available only for the full academic year, as is done at many other institutions. Although financial incentives are given for signing a contract for a full academic year, students are currently permitted to apply for housing one semester at a time. Student Housing Services should also increase cancellation fees. Students are currently charged dormitory fees only for the actual occupancy period plus a \$150 cancellation fee. This fee is not high enough to discourage students from moving out of the dormitories mid-semester.

Student Housing Services has its highest vacancy rate during the summer

Few students require dormitories during the summer sessions because the University of Hawai‘i at Mānoa has a small student population during this time. Also, Student Housing Services does not attain a significant amount of summer conference business. However, there is a high potential for increasing conference business given the fact that the campus is located in one of the world’s premier tourist destinations. The potential is untapped, however, because the housing program’s marketing effort is limited.

Student Housing Services currently does not have the operational systems, such as an automated reservation and billing system, policies,

and procedures to accommodate summer conference business similar to a hotel. Instead, it uses an electronic spreadsheet to handle the few large groups that visit each summer. Potential conference business customers are frustrated by a non-responsiveness staff. For example, one customer—a youth soccer coach—told us that he called the housing office for days seeking a reservation for his group without getting an answer.

We expected the University of Hawai‘i Conference Center to be one of Student Housing Services’ chief customers for summer conference business. The Conference Center is a program affiliated with the Outreach College which organizes, manages, and evaluates conferences and brings in a large volume of conference attendees year-round. However, we found that the Conference Center does not refer business to the housing program for numerous reasons, including the poor condition of the dormitories as well as the non-responsiveness of the reservation system and the lack of policies and procedures.

Given past occupancy rates, dormitory fees are too low

Student Housing Services has not set dormitory fees high enough, given the past occupancy rates, to provide the income needed to be self-sufficient. Dormitory fees for academic year 2006-07 range from a low of \$3,092 per person for double occupancy in Johnson Hall to a high of \$5,956 per person for single occupancy with bath in Hale Aloha-Lokelani.

If published dormitory fees for academic year 2006-07 are used and year-long full occupancy is achieved, revenues which come predominantly from room rentals would increase from about \$12 million to about \$17 million—enough to make the housing program self-sufficient, with funds to cover all operating costs, debt service, and maintenance for academic year 2006-07. The assumption of full occupancy is probably not realistic given past management practices. Therefore, Student Housing Services should raise dormitory fees substantially to generate the income needed to be self-sufficient.

Before Student Housing Services raises dormitory fees, however, it must make every effort to keep the fees affordable in accordance with the Board of Regents student affairs policy. According to the policy, dormitory fee increases will be considered only after:

- Operating costs and vacancy rates are reviewed and efforts are made to reduce them;
- Increases in revenue from other sources such as conferences and food service are considered; and

- Efforts are made to obtain funds elsewhere within the University Bond System.

Student Housing Services also must remain competitive with the private rental market off-campus as well as with benchmark institutions. The purchase prices for Honolulu real estate are high, but rental rates for real estate near campus are relatively low in comparison with benchmark institutions. Rental rates are lower in Honolulu than they are at 13 of 14 of Mānoa's benchmark institutions. With relatively low rates on the private rental market, students are more likely to move off-campus. The out-of-state cost for tuition and room and board at the University of Hawai'i at Mānoa is \$15,563 per year—the fourth lowest among the 14 benchmark institutions. This suggests that out-of-state students are not likely to select another institution exclusively on the basis of the cost of dormitory living.

Because the university is a state institution, the time and effort required to get approval of dormitory fee increases will be extensive. The need for such increases must be carefully documented, and a convincing presentation must be made to the public as well as to the Board of Regents. Therefore, it is advisable to seek dormitory fee increases stretched over multiple years and tied to an inflation index so that anticipated cost increases will be covered.

Student Housing Services is entrenched in outmoded, inefficient practices

Key leadership positions and many full-time staff positions are vacant or are filled with interim appointees. The interim leaders are unable to think strategically about the housing program's future. Furthermore, all sections within Student Housing Services are severely understaffed, which seriously limits their ability to provide services on a timely and efficient basis. Student Housing Services clings to inefficient past practices and therefore finds itself unable to make the changes necessary to become self-sufficient.

Leadership and full-time staff positions are vacant or have interim appointees

Effective February 2005, as a result of reorganization, the vice chancellor for students oversees Student Housing Services' operations and evaluates the performance of its director. Prior to reorganization, the dean of students oversaw Student Housing Services' operations and evaluated the director. However, University of Hawai'i at Mānoa officials permitted the vice chancellor for students' position to remain vacant or be filled by an interim appointee for 17 months before they made a permanent appointment in August 2006.

Additionally, after dismissing the last permanent director of Student Housing Services in August 2003, University of Hawai‘i at Mānoa officials filled the director’s position with an interim appointee. Over the past three years, there have been three different interim appointees, and upon this writing a permanent appointment has still not been made. The first appointee lacked experience managing a student housing program. The other two interim appointees were long-time employees of Student Housing Services, but because of personnel shortages, were responsible for accomplishing their former duties in addition to directing the organization. One former interim appointee stated that she managed operations day-to-day rather than assuming the long-term perspective of a permanent director.

Further, during this three-year period, the interim directors did not achieve adequate staff levels for full-time positions. Student Housing Services is authorized 42 full-time positions paid for out of the revolving fund. In June 2005, 14 of the 42 positions were vacant, largely because of a hiring freeze. A year later, 18 of the 42 positions (43 percent) were vacant. The essential positions of physical plant officer, architect, and fiscal officer positions were vacated by seasoned veterans in the past couple of years and are difficult to replace. The physical plant officer and fiscal officer positions were filled with individuals having limited experience, while the architect position has not yet been filled. High turnover has prevented the personnel posture from improving, with 16 of 42 positions still vacant as of November 2006. Because of these personnel shortages, all sections within Student Housing Services are severely understaffed—a situation which seriously limits their ability to provide services on a timely and efficient basis. Further, interim directors focus on addressing day-to-day problems rather than systematically managing operations.

Additionally, interim directors did not take the time to evaluate employee performance annually as required. Guidance applicable to civil service personnel (Department of Human Resources Development’s Supervisory Manual), as well as administrative, professional, and technical personnel (Board of Regents Personnel Policy A9-170) states that supervisors should communicate performance expectations at the beginning of each performance appraisal period, monitor and coach employees during the performance period, and complete an appraisal at the end of the performance period. The purpose of an appraisal system is not only to give employees feedback on their performance, but to improve performance. Contrary to the guidance, the interim directors had not prepared any appraisals for the full-time administrative, professional, and technical employees reporting to them over the past three years. Other Student Housing Services’ supervisors prepared appraisals only sporadically.

Absent permanent leadership, student housing program lacks direction for the future

Interim directors of Student Housing Services do not employ strategic planning in the management of the housing program. Student Housing Services currently does not have a vision, mission, goals, objectives, or strategies with action plans or performance measures that are part of a strategic plan. Short of personnel, the housing program relied upon the University Bond System controller to prepare the FY2006-07 Business Plan for Student Housing Services. Although the housing program's business plan included mission, goals, objectives, and strategies, the program neither planned nor implemented specific actions to achieve its stated goals and objectives. It also did not identify and use benchmarks (performance measures) to track progress in achieving the goals and objectives included in the business plan.

In 1999 and 2000, Student Housing Services participated in a strategic planning process facilitated by a consultant. Student Housing Services identified its strengths, weaknesses, opportunities, and challenges at that time. Some of the weaknesses included the need for: long term planning; streamlined processes; clarifying roles and responsibilities; eliminating duplication of services; understanding customer needs; and responsiveness to new ideas. Student Housing Services began addressing these weaknesses by developing strategies and action plans to implement those strategies. The process ended, however, before Student Housing Services completed a strategic plan.

If Student Housing Services were able to develop a comprehensive strategic plan, it would be able to ascertain the changes that it needs to make to become self-sufficient. As part of the process, it would also realize that it needs to abandon its outmoded, inefficient practices.

Housing is not organized to accomplish the necessary maintenance

Student Housing Services has neither the organizational structure nor the personnel strength to establish a comprehensive maintenance program that includes preventive maintenance, building component replacement, and capital renewal. Although there is an industry standard of one maintenance person per 100 living units, Student Housing Services, which must contend with 1,332 units and slightly more than 3,000 bed spaces, is staffed with one person per 266 units, or a total of five full-time personnel. According to its functional statement, Student Housing Services coordinates with the University of Hawai'i at Mānoa's Facilities Management to implement a preventive maintenance program; however, such is not the case. Facilities Management is not staffed to handle

Student Housing Services only on a reimbursable basis. Therefore, major work, beyond routine maintenance, is usually done on contract. Facilities Management has an architect position, paid for by Student Housing Services' revolving fund, which is dedicated to housing projects, but the position has been vacant since 2004.

Assuming Student Housing Services increases its income and can afford to implement a comprehensive maintenance program, it will need to develop an organization that is adequately staffed for managing and executing that program. The additional maintenance positions could be added to Student Housing Services' authorizations or to Facilities Management's authorizations or combinations thereof.

Student Housing Services will also need to develop or acquire an automated maintenance management system to replace the manual, labor-intensive processes in use. Currently, there is no standard maintenance management system in use throughout Student Housing Services, and there are no standard reports. Instead, each building maintenance worker has manual records or spreadsheets documenting work requests and work accomplished. The housing program is in need of an integrated maintenance management system capable of performing the following functions: receive, identify and categorize work; authorize funds for work; plan work and estimate costs; schedule work on a long-term, weekly, and daily basis; track and report work; and survey customers. Such a system would lower its costs and make more funds available for needed maintenance.

The University's Desire To Expand Student Housing Capacity by 2,000 Beds Is Not Justified, and the Procurement Process Was Unduly Restrictive and Unfair

The university's desire to expand student housing capacity at the Mānoa campus from slightly over 3,000 beds to over 5,000 beds in the next five to seven years, starting with the procurement of the new 814-bed Frear Hall, was announced by the university president to the 2006 Legislature in January 2006. Although this expansionary move is based on the Board of Regents' policy, our analyses reveal that the university's desire to expand student housing by 2,000 beds is only partially supported by a demonstrated need.

In addition to not having a demonstrated need to expand student housing capacity by 2,000 beds, we found that, contrary to general procurement principles, the procurement process used for the new 814-bed dormitory was unduly restrictive and unfair to developers who are capable of satisfying contract requirements. Without full and open competition, the contract price may not be reasonable. Furthermore, developers who did not have the opportunity to participate may file protests challenging the award of the contract.

The university's desire to expand on-campus housing is based on a questionable need

The university desires to expand student housing by about 2,000 beds over the next five to seven years based on a Board of Regents policy. But university studies supporting the need for expanding capacity by 2,000 beds are not based on facts. The actual need is much less. Weaker demand for on-campus housing is due, in part, to the availability of more off-campus housing. Additionally, the need for on-campus housing may be further reduced by expansion of the West O'ahu campus. Expanding on-campus housing may result in unused capacity while the more compelling need is to upgrade existing housing.

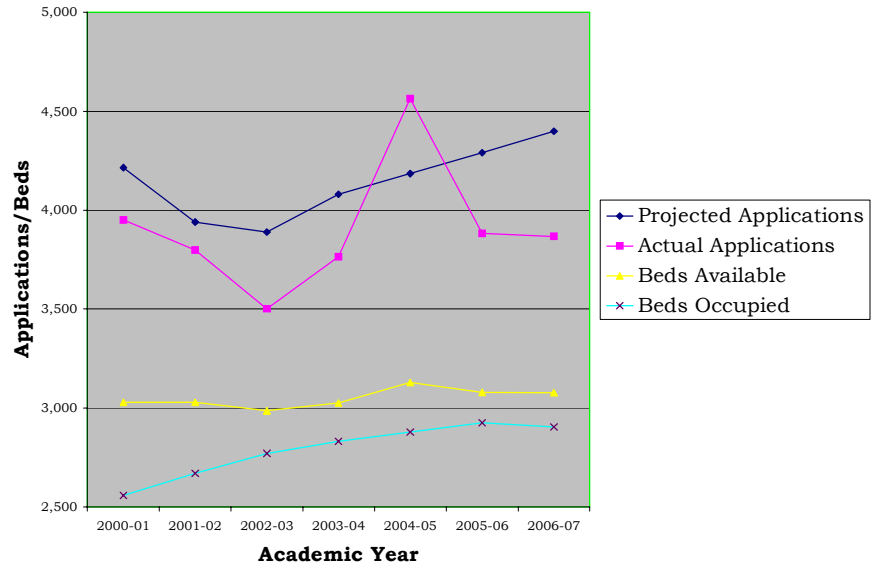
The desire to expand student housing by about 2,000 beds is not documented in a current long range development plan for the Mānoa campus, although we were told that such a plan is in development. The latest approved long range development plan for the Mānoa campus was published in 1987 and identified a need for a total of 5,750 beds—2,905 more than existed at that time. The desire for increased capacity in 1987 and in 2006 was based on a longstanding Board of Regents' student affairs policy which states that Mānoa should minimally provide student housing accommodations equivalent to 25 percent of its total full-time day enrollment. The computation of the number of needed beds is based upon changes in the projected full-time day enrollment. Our analyses showed, however, that the university's desire for 2,000 more beds is not supported by a demonstrated need.

University sponsored studies suggesting a “dire” need for expanded capacity are not based on facts

A 2003 study done for the university stated that there was a “dire” need for residence halls because the demand exceeded the supply by about 30 percent over the past several years. The study estimated that the spread between demand and supply would continue to grow to the point where about 1,500 additional beds would be needed by academic year 2007-08. Based on our analyses, the level of actual demand was not as strong as predicted in the study as is shown in Exhibit 2.6.

Though the demand for 3,868 bed spaces in 2006 appears to exceed the supply of 3,078 beds by 790 beds, this number is based on housing applicants, including many who are not sincere about renting on-campus. Because of the small \$25 application fee, many applicants are encouraged to “game” the assignment system to see which rooms are available. If they do not get the room that they want, they rent off-campus apartments. For example, 468 of the 3,868 applicants for housing in academic year 2006-07 were not sincere candidates, that is, they were offered a room in one of the residence halls and turned down the offer, only losing their \$25 application fee. Therefore, the demand was 468 less than the 3,868 applicants or 3,400. The spread between the demand for 3,400 beds and supply of 3,078 beds was only 322 beds, not

Exhibit 2.6 Student Housing Applications



Source: University of Hawai'i

the 1,322 beds that had been projected. In the academic year 2005-06, students turned down offers for 462 bed spaces and in academic year 2004-05, students turned down offers for 716 bed spaces.

Additionally, a 2004 market analysis done for the university in support of the long range student housing plan estimated, based on a survey of students living off-campus, that there was demand for an additional 2,007 beds. The estimate is highly suspect, in our view, because of questionable assumptions used in making the estimate. The estimate assumed that residence hall rooms would satisfy all the criteria specified by the students who responded to the survey. Respondents were told to assume that dormitory rooms were available in the preferred configuration, at the preferred price, and that improvements were made to the dormitories, eliminating all objectionable features.

Of the 2,007 beds, the study estimated that 1,059 students would definitely be interested in living in on-campus housing while it estimated that 948 students might be interested. First, it would not be possible to build a dormitory satisfying all the students' preferences and eliminating all their objections. Second, it would not be prudent to build a new dormitory based on an estimated number of students that might be interested in living there. And finally, it may be difficult to keep dormitory prices at a level satisfactory to most students without subsidizing the cost in some way.

Developers have responded to the demand and made more student housing available off-campus

Weaker demand for on-campus housing results, in part, from the large number of units in hotels, apartments, and condominiums that have been converted into off-campus dormitories. One developer, for example, offers about 800 beds to rent in three off-campus buildings—646 more beds than last year. Though they are generally more expensive than on-campus dormitories and less convenient, these off-campus alternatives are satisfying part of the need for student housing at Mānoa.

University's plan to expand the West O'ahu campus may further reduce the demand for student housing on the Mānoa campus

Additionally, the university's plan to expand the West O'ahu campus, which is currently housed on the Leeward Community College grounds, into a new four-year undergraduate campus on a 500 acre tract near Kapolei will further weaken the demand for expanded student housing at Mānoa. West O'ahu currently serves about 900 students.

Groundbreaking for the new campus is scheduled for late 2007 with completion of the first phase in 2009. The university plans to serve 1,520 students at the new West O'ahu campus by 2009 and 7,600 students by 2015. The project is expected to cost about \$377 million. If the West O'ahu campus is built as planned, there will be a reduced need for undergraduate academic spaces at Mānoa—which will also reduce the need for student housing. As long ago as the 1994 update to the long range development plan for Mānoa, concern has been expressed about the impact that the new West O'ahu campus will have on the need for student housing at Mānoa. More recently, an interim director of Student Housing Services expressed the same concern.

Board of Regents policy encouraging expanded capacity is not aligned with actual need

The expansionary drive to increase student housing capacity at Mānoa by 2,000 beds is based upon a longstanding policy that is no longer aligned with the actual need, especially with the increased availability of off-campus housing and the plans to expand the West O'ahu campus. With Mānoa's full-time enrollment at about 16,575 in academic year 2005-06, 25 percent equates to accommodations for 4,143 full-time students or about 1,065 more than the current capacity. The Board of Regents should review its policy to make sure it is still relevant.

Furthermore, university officials did not administer the policy correctly. University officials thought 5,000 beds were needed per the policy because they used total enrollment in their calculations. Total enrollment

for Mānoa in 2005 was 20,644 students, while full-time day enrollment was 16,575 students.

Expanding student housing could result in unused capacity

Increasing the number of beds in student housing from slightly over 3,000 to more than 5,000 may result in unused capacity. In 1997, full-time day enrollment at Mānoa dropped to about 13,800 students from its previous high of 15,600 students in 1994. The lower enrollment was influenced by substantial tuition increases, combined with the availability of low cost off-campus housing. The lower enrollment caused the demand for residence halls to dip. In comparison with the year before, Student Housing Services had 378 more empty beds, and its revenues dropped about \$700,000. Further, Student Housing Services was forced to close two dormitories, converting one to conference housing and closing the other one permanently. History could unfortunately repeat itself, especially if more beds are added to the inventory. For example, enrollment at Mānoa dipped slightly in Fall 2006—the beginnings of what some see as a possible trend as the tuition rises 140 percent over the next six years.

More compelling need is to upgrade existing housing

Expanding student housing capacity by a small amount might be justified if the existing inventory of residence halls were in good condition, but such is not the case. The 3,000 bed spaces are in residence halls and apartments that are dirty, unattractive, and sorely deteriorated. The latest estimate of deferred maintenance for the residence halls was about \$45 million. To the extent feasible, Student Housing Services should bring the existing residence halls up to standards through modernization, restoration, or renovation before spending millions on added capacity.

Upgrading existing housing can be more cost-effective. One study showed, for example, that rehabilitating old structures generally costs 25-33 percent less per square foot than comparable new construction. A September 2006 residence hall study concluded that Johnson Hall (191 beds) and Hale Noelani apartments (533 beds) should be demolished, while the remaining residence halls and apartments should be retained with renovations and upgrades addressing building deficiencies. Though the study conclusions may be valid, they were not based on a detailed engineering assessment of the buildings. Instead, the conclusion was based on Student Housing Services' response to a questionnaire about the age of the buildings and the extent and nature of the maintenance backlog. Before demolishing and replacing these dormitories, the university should have a detailed engineering assessment done.

The university's procurement process for Frear Hall was unduly restrictive and unfair to developers

Without a current, relevant long range plan validating the need for student housing expansion, the university proceeded to worsen matters with a questionable procurement. Frear Hall is a new 814-bed residence hall to be built on the site of the old 144-bed Frear Hall that was demolished this past summer. After already selecting a developer, but before awarding a contract, the university changed its strategy from a public-private partnership to a more traditional design and build contract. Because of the change in strategy, the specifications in the original solicitation did not promote competition, were unduly restrictive, and did not provide a fair and equal opportunity for every supplier that was able to meet the university's needs. Without full and open competition, the contract price may also not be reasonable. Furthermore, developers who did not have the opportunity to participate may file protests challenging the award of the contract.

Solicitation targets only developers who offer financing

To initiate the procurement action, the university issued a two-step competitive solicitation in December 2004. The first step consisted of a request for qualifications which was issued to real estate developers to identify those who were most qualified. Eleven developers responded to the solicitation. The second step consisted of a request for proposals issued to five of the 11 developers—those who were determined to be most qualified. For developers to be considered qualified, they needed to have successfully financed and completed at least three residential projects of similar size and scope to the Frear Hall development project within the past five years. According to the solicitation, the initial project would be the reconstruction of Frear Hall to accommodate a minimum of 400 students in a semi-suite configuration. To be responsive to the solicitation, developers' proposals were required to address a public-private partnership whereby the university would provide the land and the developer would finance, design, build, and possibly manage Frear Hall. Under this privatized model, the developer accepts most of the risk. The university sought interest in a privatized model primarily because it did not have the public funds necessary to finance a project of this size at the time the solicitation was issued.

University learns that public funds are available and decides that private financing is no longer needed

After learning that public funds had become available for the Frear Hall reconstruction, the university decided, in Fall 2005, to finance the project with a combination of \$25 million in general obligation bonds and as much as \$100 million in revenue bonds. Under the new strategy, developers are no longer required to finance or manage the project. The risk shifts back to the university because developers are now only expected to design and build Frear Hall. Meanwhile, the university had

already selected a developer—based on the developer’s proposal for a privately financed project.

Nevertheless, in January 2006, the university proceeded with the procurement by issuing a letter contract on a cost-reimbursable basis which permitted the selected developer to begin work. Although the university reserved the right to have the developer cease activities at any time, the letter contract served to keep the project moving forward until the university negotiated a contract to design and build Frear Hall. The Board of Regents later approved a contract with a \$71 million maximum at its meeting on October 19, 2006. The contract was awarded on November 17, 2006 and construction began shortly thereafter.

Because the university changed its approach without re-soliciting other developers, the procurement became unduly restrictive and unfair

After the university changed its approach and decided to publicly finance the real estate development project and have Student Housing Services manage Frear Hall—a change which we consider to be material—the university should have canceled the original solicitation and re-solicited all developers having the capability to design and build Frear Hall. The change in approach is material because, in the original solicitation, the university had restricted the procurement to developers who were willing and experienced in financing real estate projects and managing facilities under partnership agreements—a restriction that was no longer necessary and unfair to potential competitors.

Contrary to general procurement principles noted in the State Procurement Office’s Public Procurement Manual, this bid process discouraged those developers from competing who did not have experience or were not willing to offer private financing for real estate projects and manage the facilities afterwards. Said another way, the procurement did not offer developers a fair and equal opportunity to participate in the procurement. The solicitation, while it mentioned the possibility of a publicly financed project, included evaluation factors that disqualified or gave low scores to any developer who did not have experience or was not willing to offer private financing.

Absent full and open competition, the \$71 million contract price for Frear Hall development may not be reasonable

With additional competition, the university would have had the opportunity to negotiate a more reasonable price. The generally recognized benefits of competition are lower prices, higher quality, and more responsive service in the supply of goods and services. The developer’s initial proposal, presented to the university in May 2005,

outlined development costs for a 707-bed residence hall with 156,124 gross square feet of about \$39 million. By the time of award, in November 2006, the contract had been altered to an 814-bed residence hall with 197,568 square feet at a price of \$71 million. Adjusting for the additional beds, extended square footage, and changes in building cost index increases over the 18 month period, we estimated that the \$39 million development costs should have grown only to about \$61 million by November 2006—about 14 percent less than the agreed upon price of \$71 million.

Furthermore, the developer's \$71 million price includes about \$57.6 million for construction costs, which is the largest component of development costs. The \$57.6 million estimate for construction costs is approximately \$17.2 million above the high end of the RS Means estimate for constructing a 197,568 square foot college dormitory in Honolulu. RS Means is a nationally recognized cost estimating tool used by architects and planners, and its construction cost estimates, adjusted for inflation, are in Exhibit 2.7.

Exhibit 2.7

Construction Cost Estimates

High	\$40.4 million
Medium	\$32.2 million
Low	\$29.2 million

Source: RS Means

With the growth in the price over the past 18 months, the developer's estimate of \$57.6 million for construction costs is now far above the RS Means high end, indicating that the construction costs may not be reasonable.

At a cost of \$71 million for Frear Hall, the university will have difficulty setting the rates for residence halls low enough to attract students and high enough to service the debt and adequately maintain the facility. Thus, the deterioration process mentioned in the first finding will continue.

University neglect of procurement principles to avoid construction delays may lead to developer protests

The university hopes to build its new residence hall by August 2008. Given the ambitious completion date, the university began the

procurement process without a long range student housing plan for Mānoa. Further, the university officials did not cancel the original solicitation and re-solicit proposals from other developers after it changed strategies because the re-solicitation would have added another year to the process. Without a re-solicitation, however, the university is vulnerable to protests by developers who were capable of satisfying the contract requirements but were unfairly excluded from the competition. In addition to the 11 developers who participated in this procurement, there are many other developers who are capable of designing and building an 814-bed residence hall.

University disagrees with our letter

In September 2006, we sent a letter to the University of Hawai‘i president expressing our concerns about the procurement of Frear Hall. In response, university leaders said the procurement in question was not covered by the State Procurement Code. They believed it was a competitive, efficient, effective, and fair process. Accordingly, they proceeded to award the contract in November 2006.

The Frear Hall procurement process commenced with a solicitation issued December 20, 2004, about ten days before the university’s exemption from the Hawai‘i Public Procurement Code expired. Though the University of Hawai‘i’s exemption dates back to 1999, this exemption was subsequently revoked by Act 216, Session Laws of Hawai‘i 2004, effective January 1, 2005. Thus, the university’s position is that its December 2004 procurement process is exempt. Even assuming the university’s position is correct, it is nevertheless encouraged to incorporate the “spirit” of the code in its procurement processes.

Although the contract has already been awarded, it contains a clause that permits the university to terminate the contract for the university’s own convenience and without cause. If the university terminates the contract, it would owe the developer for development and construction management fees and other sums incurred to date. Thereafter, the university could re-solicit interest from other developers for a scaled down, design-build project. This new solicitation would vary dramatically from the university’s initial request for proposals to finance, design, build, and possibly manage new Frear Hall. Unless the university terminates the contract, however, it should anticipate that one or more developers may contest the contract award.

University of Hawai‘i at Mānoa Leaders Have Only Recently Begun To Improve Campus Safety and Security

Students are not provided a safe and secure environment on campus

Leaders have recently begun focusing on preventing and responding to dangers on the Mānoa campus including criminal acts, accidents, and disasters, but critical work remains to be done. Until this work is done, dangers present on campus could cause harm to students or to their property and detract from high academic achievement and individual growth and development.

Though the Board of Regents student affairs policy and the University of Hawai‘i at Mānoa’s strategic plan encourage maintenance of a safe living and learning environment, leaders on the Mānoa campus have only recently begun taking action to protect dormitory residents from the dangers on campus. The campus security force does not have police powers and has too few officers on its staff to deter and react to the various threats. Facilities Maintenance does not keep campus walkways well lit at night. Also, although Auxiliary Enterprises has posted an emergency response plan to the Mānoa website, the plan is not complete and has not been rehearsed. Further, Student Housing Services lacks the funds needed to make necessary safety and security improvements to the dormitories.

According to surveys, students do not feel safe on campus

Students expect the university to provide a safe campus, perhaps even safer and more secure than the surrounding community. However, the campus is open to the public and students living on-campus in the dormitories are exposed to the same dangers as people living in the surrounding community. Exposed to these dangers on campus without adequate protection, many students feel unsafe and insecure.

In response to the “Year of the Student Survey” conducted in November 2005, only 54 percent of the students agreed with the statement “I feel safe on campus.” Forty-six percent of the students disagreed with the statement. One of the items selected by students participating in the survey as the most significant way to improve their educational experience was to have better campus security so they would feel safer while on campus.

A student satisfaction survey conducted by the Office of the Vice Chancellor for Students in Spring 2006 showed relatively high ratings for security within the residence halls. For example, 94 percent of students living in residence halls and 90 percent of students living in apartments who responded to the 2006 survey said they were satisfied or very satisfied with the safety inside their rooms. Fewer students living in Johnson Hall and the Hale Noelani apartment complex were satisfied

with the safety in their buildings than students living in other residence halls and apartments. Forty-three percent of the residents in Hale Noelani who responded to the survey said they were dissatisfied or very dissatisfied about the security of their possessions in their rooms.

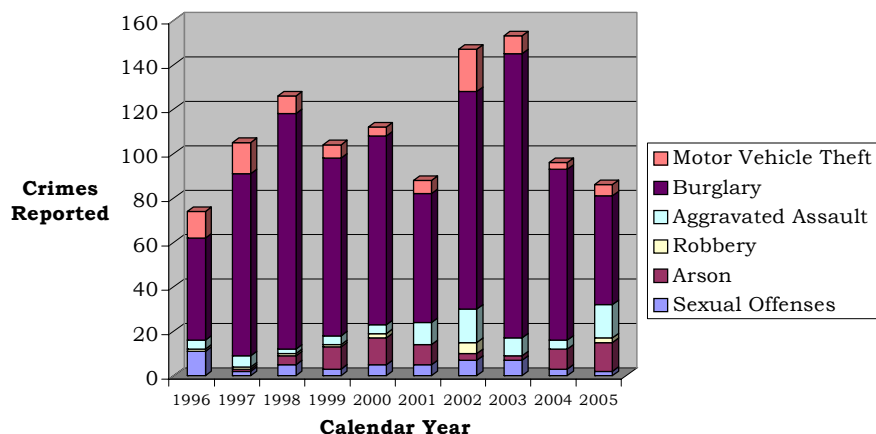
Additionally, students living in both the residence halls and the apartments are not satisfied with support from security officers, hired security guards, and housing staff in emergency situations. For example, 34 percent of students living in residence halls and 49 percent of students living in apartments said they were dissatisfied or very dissatisfied relying on Campus Security in emergency situations. Similarly, 34 percent of students living in residence halls and 53 percent of students living in apartments said they were dissatisfied or very dissatisfied relying on hired security guards in emergency situations. The survey was referring to security guards hired by Student Housing Services on weekends to supplement Campus Security's security officers.

Finally, students living in both the residence halls (23 percent) and the apartments (37 percent) are somewhat dissatisfied with support from housing staff (residential life coordinators, hall directors and resident advisors) in emergency situations.

Unsafe conditions on campus and in some dormitories may harm students

Because leaders have only recently begun focusing on preventing and responding to criminal acts, accidents, disasters, and other dangers, exposure to these dangers may harm students or their property. Our review of the crime statistics shows that crime occurs quite frequently on campus and in the dormitories. Burglary is the most widespread crime on campus as is shown in Exhibit 2.8.

Exhibit 2.8
Crimes at University of Hawai'i at Mānoa

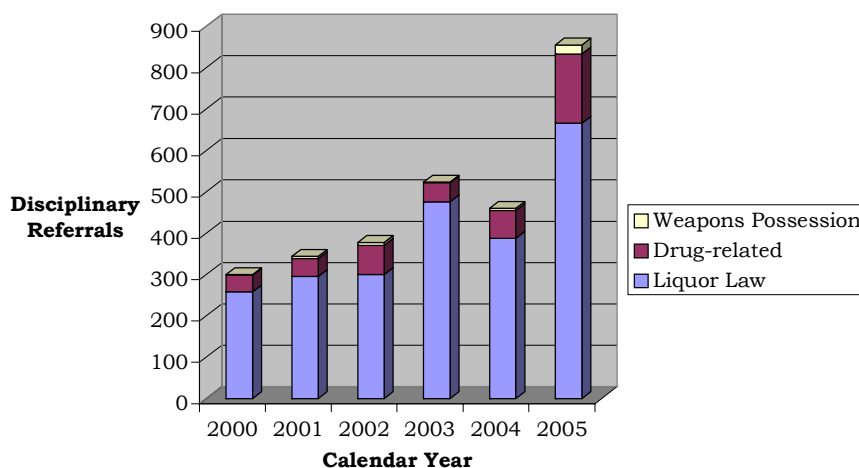


Source: University of Hawai'i

We were told that many burglaries occurred in the classroom buildings a couple of years ago. However, crimes against people such as assault, robbery, arson, and sexual offenses also occurred. For example, seven sexual assaults occurred in 2002 followed by seven more sexual assaults in 2003.

Starting in the late 1990s, Campus Security also began reporting drug-related and liquor law violations as shown in Exhibit 2.9. These violations are technically crimes although they are generally, except in the most egregious cases, handled as on-campus violations of the student code of conduct.

Exhibit 2.9 Crimes at University of Hawai‘i at Mānoa Handled As Disciplinary Violations



Source: University of Hawai‘i

University officials stated that the significant rise in liquor law violations in 2005 was due to a ban on alcohol in the Hale Noelani apartment complex beginning in the fall of that year. Liquor law violations caused a student death in 2002 from the toxic mixture of alcohol and methadone. In 2004, several students were also taken to hospital emergency rooms with alcohol poisoning. Galvanized by these incidents, Student Housing Services banned alcohol altogether in the Hale Noelani apartment complex.

We also compared the crime rate on the University of Hawai‘i at Mānoa campus to the crime rate at its 12 peer institutions for 2003 through 2005. The crime rate for the University of Hawai‘i at Mānoa was highest among the 12 peer institutions as shown in Exhibit 2.10.

Exhibit 2.10**Crime Rate at the University of Hawai'i at Mānoa
Compared To Its Peer Institutions**

	<u>Students</u>	<u>Average Crimes Per Year (2003- 2005)</u>	<u>Crimes Per Thousand Students</u>
University of Hawai'i at Mānoa	20,549	112	5.45
Colorado State University	27,973	54	1.93
Iowa State University	26,380	55	2.08
Louisiana State University	32,241	92	2.85
Oregon State University	19,153	58	3.03
University of California at Davis	29,210	116	3.97
University of Georgia	33,405	37	1.11
University of Kentucky	25,686	126	4.9
University of Missouri-Columbia	27,003	52	1.92
University of North Carolina at Chapel Hill	26,878	60	2.23
University of Tennessee	27,792	33	1.19
University of Utah	28,933	32	1.11
University of Virginia	23,341	117	5.01

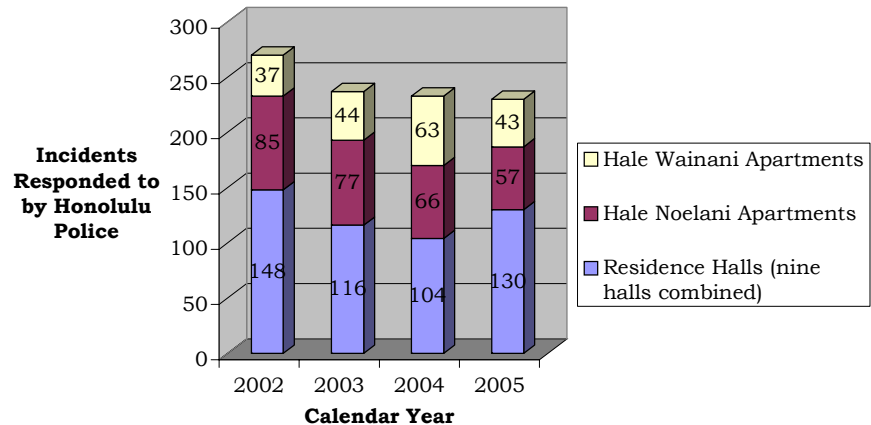
Source: U.S. Department of Education

One possible reason for the high crime rate at Mānoa, which we will discuss in more detail later, is that all the other campuses have given their security officers police powers.

Crime in the dormitories is most prevalent at Hale Noelani and Hale Wainani. Although statistics reported by Campus Security are not broken down by dormitories, the Honolulu Police Department provided us with information on the incidents that it responded to over the past four and a half years. Based on the information provided, we determined that the police responded most frequently to incidents at the Hale Noelani and Hale Wainani apartment complexes as shown in Exhibit 2.11.

The incidents that the Honolulu Police Department responded to included arguments, simple assault, burglary, disorderly conduct, drugs and narcotics, theft, rape, sexual assault, and trespassing.

Exhibit 2.11 Incidents at Residence Halls and Apartments



Source: Honolulu Police Department

Leaders of Mānoa campus have taken action to improve campus safety and security, but critical work remains to be done

Prompted by the Final Report of the Ad Hoc Committee on Campus Security, published in April 2005, leaders began to improve safety and security on the Mānoa campus. The report, based primarily on work done in 2004, concluded that campus safety and security was not adequate and included recommendations in ten different issue areas. Issue areas pertaining to dormitory residents included Campus Security's operations, campus lighting, emergency response plans, and Student Housing Services' operations. According to an August 2005 press release, additional funds were set aside for campus security projects, and a task force was formed to implement the recommendations of the ad hoc committee on campus security. Although progress has been made in implementing the recommendations, critical work remains to be done.

Campus Security is expected to enforce laws without having police powers

Campus Security's primary duty is to enforce "pertinent laws, rules and regulations" for the protection and security of people and property on campus. Campus Security's officers are not called police officers because they do not have police powers and are not authorized to carry firearms. Similar to private citizens, they may detain persons who clearly violate laws, but may use force only to defend themselves. Therefore, campus incidents requiring an arrest are usually referred to the Honolulu Police Department. Said another way, security officers are given the responsibility to enforce the law without the tools necessary to carry out their mission.

The lack of police powers was identified as an issue in the 2005 Final Report of the Ad Hoc Committee on Campus Security. The report

pointed out that security officers often deal with criminals, but are unable to enforce the laws like their counterparts on the mainland. A separate report, Sexual Relationship Violence at the University of Hawai'i at Mānoa, noted that all 12 of the peer institutions have a campus police force with the power to make arrests. Unlike the University of Hawai'i at Mānoa, none of the other institutions relies solely on security officers.

In August 2005, the university president announced a plan to introduce legislation to request that Campus Security be granted arrest authority. However, the plan was abandoned, apparently because of resistance from some leaders and educators to having armed officers on campus. Instead, the campus leaders developed another plan to have officers from the Sheriff Division, Department of Public Safety, patrol on campus during selected periods each week. This plan did not materialize, however, because the university and the Sheriff Division have not come to an agreement.

Too few security officers are on duty to deter and react to crimes

Campus Security does not have a large enough presence to deter and react to crimes, which was noted as a matter of concern in the Final Report of the Ad Hoc Committee on Campus Security. Campus Security consists of 35 personnel: one chief, one captain, five sergeants, 27 patrol officers, and one administrative assistant. Campus Security patrols the Mānoa campus 24 hours a day, seven days a week and therefore has only about five or six officers on-duty at any one time. These officers patrol a campus with 278 buildings situated on 320 acres and is populated during the day by as many as 20,000 students along with about 5,100 faculty and staff. In addition, 3,000 of the students reside on-campus in student housing at night.

Because there are too few security officers, the university requested \$480,000 from the 2006 Legislature to hire an additional 16 security officers. A Mānoa vice chancellor testified that 37 personnel could not provide adequate coverage to the Mānoa campus. Moreover, she reported over 7,600 hours of overtime worked by Campus Security during FY2004-05, straining the staff. The Legislature partially approved the request, providing funds for another eight officers. Campus Security planned to begin interviewing candidates for these positions in November 2006.

Campus Security does not properly direct, evaluate, and equip its security officers

Though additional security officers should improve coverage, Campus Security also needs to better manage the officers that are already assigned. Campus Security's mission statement and its policies and

procedures are outdated and do not provide adequate direction to the security officers in the workforce. The mission statement available at the time of our review, for example, was dated 1968. Many of the policies and standard operating procedures are equally as obsolete. Many of the concepts contained in these documents are still relevant, but the detailed facts about buildings, alarm locations, and phone numbers have changed over time due to events such as demolitions, fires, and new construction.

Further, Campus Security does not evaluate its employees annually as required by the Department of Human Resources Development. According to the department's Supervisory Manual, supervisors of civil service employees should communicate performance expectations at the beginning of each performance appraisal period, monitor and coach employees during the performance period, and complete an appraisal at the end of the performance period. The purpose of an appraisal system is not only to give employees feedback on their performance, but to improve performance. We found that Campus Security's supervisors prepared appraisals only occasionally. And just a few security officers have received annual appraisals since the late 1990s. For example, two security officers, one hired in 2000 and one hired in 2001, have never received appraisals.

Additionally, Campus Security's security officers are not properly equipped. At the time of our review, Campus Security did not have bicycles to patrol the many pathways crossing the campus. Mobility is necessary, particularly at night. According to the Final Report of the Ad Hoc Committee on Campus Security, Campus Security's officers ride around in their vehicles on the main thoroughfares through campus, unaware of events taking place elsewhere on campus, making them largely useless. Providing bicycles for the security officers would solve this problem—making them more visible and permitting them to see what is happening.

Many of the problems within Campus Security persisted for years because of the absence of good leadership. After being vacant or filled with an interim appointee for several years, the chief of campus security position was recently filled in July 2006. With 18 years of law enforcement experience, the new chief has already made significant headway. He now has a new mission statement and is working on revising policies and procedures. He has already developed an ambitious training program and is working on acquiring bicycles.

Responsibility for contract guards is diffused among various organizations on campus

Because of Campus Security's past personnel shortages, several organizations on the Mānoa campus, including Campus Security itself, hire guards on contract intermittently to provide various kinds of security services. These organizations include Parking, Athletics, Libraries, and Campus Center. Additionally, Student Housing Services previously hired guards to provide security for the dormitories on weekend nights.

Contract guards are separately contracted for by each organization and Campus Security has no control over them. The guards are spread over campus each day wearing different uniforms. In their testimony in support of the resolution requesting this audit, students expressed concerns about the reliability of these contract guards. There were questions about whether the contract guards had crime-free backgrounds and were otherwise well-qualified and trained to provide security. One female student even complained that a contract guard sexually harassed her. We were told, however, that the guard who was charged with making the sexual advances was fired. In another instance, a female student asked a contract guard for assistance and the guard told her to call Campus Security.

To rectify this situation, the director of auxiliary enterprises, who temporarily oversees Campus Security, told us that guard services contracts will be consolidated to provide for more uniformity and consistency. Although a step in the right direction, this does not go far enough to centralize security services.

Campus Security should be the only organization on campus that provides security services. Funds used to pay for contract guards should be transferred to Campus Security so it can use its own security officers or hire its own contractors in order to centralize the provision of guard services that are needed intermittently. Campus Security could then assure that its contractors provide consistent services using reliable, well-trained guards. If problems arise with contract guards, campus personnel or students will have a single point of contact.

Facilities Management does not make sure the campus has well-lit pathways for walking safely at night

The Final Report of the Ad Hoc Committee on Campus Security identified campus lighting as a major problem that should be addressed immediately to reduce the opportunity for deviant behavior and make students feel safer. The report stated there was an urgent need to improve campus lighting by:

- Adding more lights;
- Making some of the existing lights brighter;
- Aggressively trimming trees and shrubs to make lights more visible; and
- Replacing burned-out light bulbs.

According to the interim chancellor, a task force was formed to implement the ad hoc committee's recommendations. However, the task force, if formed, has apparently not made much progress.

On a Friday night in November 2005, the interim chancellor took a "walk in the dark" (actually a ride in a golf cart) along with several other campus leaders to inspect lights and walkways. According to the interim chancellor, the group traveled from Energy House to Gateway, through the athletic complex and Zone 20, across University Avenue to the library, Varney Circle and the newly opened FedEx Kinko's. Along the way, they critiqued lighting, landscaping, and walkways, identifying many well-traveled dark and dangerous places. The group concluded that they could do much more to make the campus safer after dark. The group observed dingy yellow lights that emit a dull glow that, while generally sufficient to light a pathway, do not reveal the features or clothing colors of passersby. Certain areas around lower and west campus are not lit at all, yet many from the campus community cross these paths daily. The group also observed bushes and trees blocking lamp posts.

Our audit team took "walks in the dark" during Fall 2006 and made observations similar to those made by the campus leaders. The recommendations made by the ad hoc committee in 2005 concerning lighting had still not been implemented. We found numerous tree branches obstructing light posts, burned out light bulbs, light bulbs that flickered on and off intermittently, broken light fixtures, and lights that were too dim for us to see the features of passersby. For example, the campus center, an area frequented by students, had half of its exterior lamp lights burned out on the night of our visit. A major plaza between the Marine Science Building, Watanabe Hall, the Pacific Ocean Science and Technology Building, and the Hawai'i Institute of Geophysics was also almost completely dark. The entire back side of the Hale Noelani and Hale Wainani low-rise apartments was also extremely dark. The grounds surrounding Hale Kahawai and Hale Laulima were also dim in many spots because flood lights mounted on the dormitories were burned out or not turned on.

As far as we could tell, the task force that was expected to implement recommendations made by the ad hoc committee on campus security was not created. Although there are projects estimated to cost about \$1.2 million in progress to enhance lighting on the Mānoa campus, leadership has yet to find a way of keeping the trees and shrubs trimmed and replacing burned-out bulbs. Landscaping and light bulb replacement duties are divided among Facilities Management, Student Housing Services, the Athletics Department, and others. Facilities Management and Student Housing Services do not have the funds needed or the systems in place to keep the trees and shrubs trimmed and the burned-out light bulbs replaced. For example, Facilities Management told us its efforts to trim trees and shrubs and replace burned-out bulbs were hindered by the availability of only one mobile elevated work platform (cherry picker) that is necessary to do the job. Student Housing Services had identified the need for lighting on the back side of the Hale Noelani and Hale Wainani low-rise apartment complexes, but the project was awaiting funds.

Auxiliary Enterprises has not completed or tested a campus-wide emergency response plan

The 2005 Final Report of the Ad Hoc Committee on Campus Security identified campus emergency response plans as another critical area with major weaknesses. The report stated that all aspects of the emergency response plan posted to the website in 2005 were grossly inadequate and outdated and needed immediate updating. The report further stated that the University of Hawai'i at Mānoa campus is in great need of a comprehensive, campus-wide plan to manage emergencies or disasters that have the potential to seriously disrupt campus activities. Careful planning is necessary to coordinate the actions of various campus, city, state, and federal agencies in response to emergencies or disasters such as the flash flood that hit the Mānoa campus in October 2004. Furthermore, the Mānoa campus must provide training in emergency operations procedures and periodically rehearse (test) various parts of the emergency plan.

Recently, the emergency management coordinator drafted a Mānoa emergency response plan and posted it to the Mānoa campus website. Although the plan provides a general framework necessary for managing and responding to major emergencies, it lacks the critical elements of an effective plan and has not been rehearsed. The plan omits the detailed action plans necessary to ensure that members of the campus leadership team and campus first responders know what to do in specific emergencies. Without detailed action plans, campus leaders will not be any more prepared in the future than they were in the past.

The emergency management coordinator also naively expected campus organizations such as Student Housing Services to develop their own emergency response plans without providing the campus organizations with detailed campus-wide action plans. Not knowing any details about what to expect from the campus leadership team or from the campus first responders in the event of an emergency, Student Housing Services and the other campus organizations prepared their plans in a vacuum. Lacking guidance, the plans had understandable deficiencies.

The primary missing element in both the campus-wide and Student Housing Services' emergency response plans is a hazards analysis. The Department of Homeland Security's Federal Emergency Management Agency, the national agency tasked with disaster mitigation, preparedness, response and recovery planning, published an independent study course on emergency planning in February 2006. The course describes the four steps of the planning process: hazard analysis, plan development, plan testing, and plan maintenance and revision. Although a plan was published, the emergency management coordinator has not completed the first step which is to do a hazard analysis. Hazards analysis determines what hazards can occur, how often they are likely to occur, the likely damage, and vulnerability to the hazard. Hazards analysis helps identify and prioritize actions and resources needed to deal with the hazards. In the absence of hazards analysis, it is difficult to identify the tasks that will need to be accomplished in the event of an emergency.

The lack of an adequate rehearsed emergency response plan became apparent during the recent earthquake in October 2006. Neither Mānoa's campus-wide emergency response plan nor Student Housing Services' emergency procedures handbook provided the guidance and direction necessary to respond to the earthquake and its related side effects. The earthquake shook the Hawaiian Islands at 7:07 a.m. on a Sunday morning. Many campus buildings sustained structural damage, and shortly afterwards, the power went out. Six of the nine residence halls and the high rise portion of the Hale Wainani apartment complex have standby power generator systems. However, only one of the generator systems worked automatically after the power outage, and several hours passed before hall directors and resident advisers, with campus security officer assistance, were able to get three more of the power generator systems to work. According to several students, an on-line video, and an article in the student newspaper, residents of the Hale Noelani and Hale Wainani low-rise apartments, where there was no standby power, were restless by nightfall with electricity still not restored. Neither the campus-wide nor Student Housing Services emergency plans provided for lighting backup or included emergency procedures to be followed in the event of an extended blackout.

To be more prepared for the next emergency, the University of Hawai‘i at Mānoa and other organizations such as Student Housing Services must develop more detailed plans, train their personnel to perform the detailed tasks included in the plan, rehearse the plans under various scenarios, and continuously update the plans.

Preventing or responding to dangers affecting student safety has not been a priority for Student Housing Services

Student Housing Services also has not adequately emphasized safety and security to its staff. The Final Report of the Ad Hoc Committee on Campus Security not only identified problems with the Student Housing Services emergency response plan and the testing of the plan, but it also identified problems with training pertinent staff on the procedures to be followed when responding to the various emergencies. We learned that the hall directors and resident advisors train during the break before each semester, and safety and security topics are on the training schedule. At most dormitories, the training consists of less than two hours of instruction on emergency procedures. It is apparently not sufficient because, as we noted earlier, many students responded to the student satisfaction survey conducted in Spring 2006 indicating that they are dissatisfied with reliance on hall directors and resident advisors in emergency situations. Training on the procedures to be followed in response to emergencies needs to be bolstered.

As evidence of the lack of emphasis on safety and security, many dormitories do not conduct fire drills as frequently as required. Campus administration requires Student Housing Services to conduct two fire drills at the start of each semester, one announced and one unannounced, and prepare a written report afterwards on the results of each drill. However, only four of the residence halls completed reports showing that fire drills were conducted as required at the start of the 2006 fall semester. Five residence halls and the two apartment complexes did not complete reports indicating that the fire drills had been conducted.

Conclusion

As the flagship campus of the University of Hawai‘i System, the University of Hawai‘i at Mānoa is the state’s premier research institution, offering a comprehensive array of undergraduate, graduate, and professional degrees. The Mānoa campus vision to prepare its students for leadership roles in society and create a Hawaiian sense of place makes it necessary to pay closer attention to providing quality student housing and a safer campus.

Living conditions in student housing interfere with rather than offer conditions encouraging students to grow and develop. The general state

of disrepair and longstanding problems due to years of neglect distract students from their studies and encourage disrespect for their surroundings.

Furthermore, the university administration's drive to expand student housing capacity instead of upgrading existing facilities neither addresses the causes of the deterioration nor bodes well for the financial burden to be borne by students and taxpayers.

Recommendations

General recommendations are provided below. Detailed recommendations for the Board of Regents, University of Hawai'i System, University of Hawai'i at Mānoa, and Student Housing Services are provided in Appendix A.

Relating to increasing income to cover maintenance costs

1. The Board of Regents and the University of Hawai'i System should:
 - a. Continue with the initiative to use part of the \$100 million in authorized revenue bonds to hire a consultant to serve as a project manager and implement a comprehensive project to upgrade the residence halls and apartments.
 - b. Assist Student Housing Services in achieving higher occupancy rates and setting higher, but affordable residence hall fees. If necessary, subsidize Student Housing Services' income with funds from other sources.
2. The University of Hawai'i at Mānoa should hire a permanent director for Student Housing Services as soon as possible.
3. Student Housing Services should:
 - a. Acquire a new automated assignment system to help accelerate the process and ensure that occupancy rates are improved during the fall and spring semesters.
 - b. Make sure that the performance of all full-time personnel is evaluated annually as required.
 - c. Improve occupancy rates in the fall semesters.
 - d. Improve occupancy rates in the spring semester.

- e. Prevent students from departing because they are dissatisfied with their living situation.
- f. Establish an aggressive marketing campaign for summer conference business to improve occupancy of the residence halls.
- g. Hire permanent personnel to fill Student Housing Services' numerous, longstanding vacancies.
- h. Identify the changes that need to be made to become self-sufficient. Develop a strategic plan providing Student Housing Services with a direction for the future.
- i. Revise Student Housing Service's organizational structure and the position descriptions to include a structure with positions capable of accomplishing a comprehensive maintenance program through a combination of in-house and contractual support.
- j. Acquire an automated maintenance management system to assist in achieving a comprehensive maintenance capability.

Relating to expanding student housing capacity

- 4. The Board of Regents should review the policy pertaining to the required number of beds needed for student housing in Mānoa and make necessary revisions.
- 5. The University of Hawai'i System should:
 - a. Before demolishing Johnson Hall and Hale Noelani, have a detailed engineering assessment done to determine whether it might be more cost-effective in the long run to upgrade or renovate the dormitories.
 - b. Re-evaluate its contract for an 814-bed Frear Hall and consider whether it would be cost-prohibitive to terminate the contract for its own convenience and without cause. In the event the contract is terminated, it should re-solicit interest from developers for a scaled down design-build project for its new dormitory.
- 6. The University of Hawai'i at Mānoa should complete the long range student housing plan for Mānoa.

Relating to safety and security

- 7. The University of Hawai'i System should:

- a. Put the University of Hawai‘i at Mānoa on an equal footing with its 12 peer institutions and introduce legislation to grant Campus Security police powers including arrest authority and the authority to carry firearms.
 - b. Convene a task force consisting of representatives from Facilities Management, Student Housing Services, and Athletics to come up with a workable plan for keeping trees and shrubs trimmed and replacing burned-out light bulbs.
8. The University of Hawai‘i at Mānoa should:
 - a. Have Campus Security proceed to promptly hire the eight additional security officers that were authorized and funded by the 2006 Legislature, proceed with plans to update its mission statement and policies and procedures, and become the only organization on campus that provides security services.
 - b. Have Facilities Management promptly complete campus lighting projects currently in progress.
 - c. Have Auxiliary Enterprises make sure that the emergency management coordinator completes the campus-wide emergency response plan promptly.
9. Student Housing Services should place more emphasis on safety and security in the residence halls and apartments.

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Appendix A

Detailed Recommendations for the Board of Regents, University of Hawai‘i System, University of Hawai‘i at Mānoa, and Student Housing Services

Relating to increasing income to cover maintenance costs

The Board of Regents and the University of Hawai‘i System should:

- a. Continue with the initiative to use part of the \$100 million in authorized revenue bonds to hire a consultant to serve as a project manager and implement a comprehensive project to upgrade of the residence halls and apartments.
- b. Assist Student Housing Services in achieving higher occupancy rates and setting higher, but affordable residence hall fees. If necessary, subsidize Student Housing Services’ income with funds from other sources.

The University of Hawai‘i at Mānoa should hire a permanent director for Student Housing Services as soon as possible.

Student Housing Services should:

- a. Acquire a new automated assignment system to help speed up the process and ensure that occupancy rates are improved during the fall and spring semesters.
- b. Make sure that the performance of all full-time personnel is evaluated annually as required.
- c. Improve occupancy rates in the fall semesters. Begin the assignment process by late April or early May and require students to pay an advance deposit before processing their applications.
- d. Improve occupancy rates in the spring semester. Identify the expected vacancies beforehand and actively publicize the availability of rooms in advance of the upcoming spring semester.
- e. Prevent students from departing because they are dissatisfied with their living situation. Only make dormitories available for the full academic year as is done at many other institutions rather than permitting students to apply for housing one semester at a time. Also, raise cancellation fees above \$150, high enough to discourage students from moving out of the dormitories mid-semester and going elsewhere.
- f. Establish an aggressive marketing campaign for summer conference business to improve occupancy of the residence halls. Also, acquire automated systems for reserving rooms and billing customers and develop separate policies and procedures similar to those used by hotels for handling summer conference business.
- g. Seek authority to raise residence hall and apartment fees covering a period of several years based on an inflation index. While the fees must remain competitive, they must be high enough to provide Student Housing Services with the income needed to establish a comprehensive maintenance program including preventive maintenance, building system replacements, and capital renewal.

- h. Eliminate severe understaffing. Hire permanent personnel to fill Student Housing Services' numerous, longstanding vacancies.
- i. Identify the changes that need to be made to become self-sufficient. Develop a strategic plan providing Student Housing Services with a direction for the future. At a minimum, include a vision, mission, goals, objectives, policies, and strategies, along with action plans and performance measures.
- j. Revise Student Housing Service's organizational structure and the position descriptions to include a structure with positions capable of accomplishing a comprehensive maintenance program through a combination of in-house and contractual support.
- k. Acquire an automated maintenance management system to assist in achieving a comprehensive maintenance capability.

Relating to expanding student housing capacity

The Board of Regents should review the policy pertaining to the required number of beds needed for student housing in Mānoa and make necessary revisions.

The University of Hawai'i System should:

- a. Before demolishing Johnson Hall and Hale Noelani, have a detailed engineering assessment done to determine whether it might be more cost-effective in the long-run to upgrade or renovate the dormitories.
- b. Re-evaluate its contract for an 814-bed Frear Hall and consider whether it would be cost-prohibitive to terminate the contract for its own convenience and without cause. In the event the contract is terminated, re-solicit interest from developers for a scaled down design-build project for its new dormitory.

The University of Hawai'i at Mānoa should complete the long range student housing plan for Mānoa. As part of the plan, reduce the number of new beds needed from 2,000 down to a number more closely aligned with the actual demand.

Relating to safety and security

The University of Hawai'i System should:

- a. Put the University of Hawai'i at Mānoa on an equal footing with its 12 peer institutions and introduce legislation to request that Campus Security be granted police powers including arrest authority and the authority to carry firearms.
- b. Convene a task force consisting of representatives from Facilities Management, Student Housing Services, and Athletics to come up with a workable plan for keeping trees and shrubs trimmed and replacing burned-out light bulbs.

The University of Hawai‘i at Mānoa should:

- a. Have Campus Security proceed to promptly hire the eight additional security officers that were authorized and funded by the 2006 Legislature.
- b. Have Campus Security proceed with plans to:
 - Update its mission statement and policies and procedures;
 - Evaluate the performance of each security officer annually to provide them with feedback on their performance and help them improve; and
 - Purchase bicycles and provide them to security officers for use in patrolling the many pathways on campus.
- c. Have Campus Security become the only organization on campus that provides security services. Transfer funds used by other organizations to pay for contract guards to Campus Security so that it can use its own security officers or hire its own contractors to provide centralized guard services that are needed intermittently.
- d. Have Facilities Management promptly complete campus lighting projects currently in progress.
- e. Have Auxiliary Enterprises make sure that the emergency management coordinator completes the campus-wide emergency response plan promptly. Make sure the plan includes detailed action plans for each scenario with specific directions to campus leaders and campus first responders. Make sure that regular tests of the plan are scheduled and completed. Have the coordinator make sure that campus organizations including Student Housing develop their own detailed plans conforming with the overall plan.

Student Housing Services should place more emphasis on safety and security in the residence halls and apartments. Specifically:

- a. After the campus emergency management coordinator revises the campus-wide emergency response plan, revise emergencies procedures within Student Housing Services to conform to the campus-wide plan. Schedule training for the staff on the detailed procedures included in the plan. Periodically test the plan under various scenarios.
- b. Make sure all the dormitories conduct required fire drills at the start of each semester. Prepare reports documenting the completion of the drills.

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Responses of the Affected Agencies

Comments on Agency Responses

On January 8, 2007, we transmitted a draft of this report to the Board of Regents, the president of the University of Hawai‘i, and the interim chancellor of the University of Hawai‘i at Mānoa. A copy of the transmittal letter to the president is included as Attachment 1. Similar letters were sent to the board chair and the interim chancellor. The University of Hawai‘i at Mānoa provided a consolidated response which is included as Attachment 2. The board and the university did not respond separately.

In the consolidated response, the University of Hawai‘i at Mānoa noted its appreciation for the time we spent on the Mānoa campus performing the work represented in this report. The University of Hawai‘i at Mānoa agreed with the majority of the findings and with many of the recommendations, noting that many of the recommendations have already been implemented or corrective actions are planned. It disagreed with several findings and some recommendations, including the findings that plans to expand the capacity of student housing are not justified, that the procurement process for the construction of Frear Hall has been restrictive and unfair, and that the campus is unsafe. We considered the comments, but we were not dissuaded from our original findings and recommendations in the draft report.

The University of Hawai‘i at Mānoa agreed that the neglect and lack of maintenance of the residence halls and apartments has had a negative impact on students’ abilities to benefit as much as possible from living on campus. However, it disagreed with our assertion that the cause of that neglect or lack of maintenance was a preoccupation with a desire to expand student housing capacity.

Based on our analysis, it is accurate to ascribe part of the cause of neglected maintenance to a preoccupation with expanding student housing capacity. The residence halls and apartments have been in a state of disrepair for a long time. As far back as 12 years ago, the funds available for maintenance of student housing fell short of the amounts needed, resulting in an accumulation of \$45 million in deferred maintenance. Further, the university leadership watched the student housing decay without subsidizing operations in any way. During that same period, there were at least two attempts to expand student housing, the most recent being the Frear Hall construction project. Revenue bonds amounting to \$100 million were authorized in June 2005 for the repair of student housing and/or new construction. Plans for the Frear

Hall construction project moved ahead while there were no plans to use a portion of the funds for the repair of student housing. It was not until the latter part of 2006, after we brought the poor living conditions to the president's attention in a letter, that plans were made to fund repairs.

The University of Hawai'i at Mānoa also strongly disagreed with the finding that the plans for expanding housing capacity are not justified. It stated that students have demanded, and the administration wishes to offer, additional on-campus housing options for the new students. In support of its Frear Hall project, the university assured that the new dormitory will provide 814 additional beds in Fall 2008 and that these additional beds will allow it to accommodate additional students, and give it the flexibility to temporarily close down existing facilities for repairs and refurbishment if necessary.

In response, we reiterate that our analyses of documents supporting the demand for student housing reveal that the university's desire to expand student housing by 2,000 beds is only partially supported by a demonstrated need. In its comments, the University of Hawai'i at Mānoa has offered no new information to dispute our analysis. In fact, plans for the new West Oahu campus, which recently came to our attention, include several hundred student housing units. Given this, student housing at West Oahu will likely reduce demand on Mānoa's campus, which lends further support to our position. We stand by our conclusion that expanding on-campus student housing at Mānoa may result in unused capacity while the more compelling need is to upgrade existing housing.

In support of its procurement process for Frear Hall, the University of Hawai'i at Mānoa stated that it chose to comply with the "spirit" of the procurement code when it issued a competitive request for proposals. It maintains that the request for proposals stated that a change in the source of funding and financing was possible and therefore all potential developers were on notice of this and could have addressed the possibility in their proposals. Consequently, the university does not believe that its final decision to use public financing for the Frear Hall project was so drastic a change as to warrant stopping and resoliciting the project.

We disagree with the university and assert that the change in financing was material. Had it followed general procurement principles and resolicited the project, the university would have offered developers a fair and equal opportunity to participate in the procurement and may have benefited from a more reasonable price. Although the solicitation mentioned the possibility of a publicly financed project, it nonetheless included "finance, design, build, and possibly manage" in its specifications, as well as evaluation factors that disqualified or gave low

scores to any developer who did not have experience with private financing or was not willing to offer private financing. Therefore, many potential developers who would participate on a “design and build” only project did not have a meaningful opportunity to bid. In our opinion, a change of this magnitude on a \$71 million contract was a material change that warranted a re-solicitation.

The University of Hawai‘i at Mānoa also firmly disagreed with the finding that describes the campus as unsafe and called the characterization of the campus as “unsafe” inaccurate and inflammatory. On the contrary, the university stated that the campus is a safe place to study, to live, and to attend events and classes.

Safety is defined as “freedom from danger, risk, or injury.” By this definition and according to our research and analysis, the Mānoa campus is not safe from criminal acts, accidents, and disasters. In fact, many students feel unsafe and insecure as was indicated in student surveys.

Finally, the University of Hawai‘i at Mānoa refutes our statement that funds for student housing maintenance projects were not available due to the inter-fund loan for the university’s Student Information System (SIS) project. According to the university, the loan to the SIS project was intended to be treated as a “pooled” investment for the entire Bond System and not charged against specific Bond System accounts. However, in order to administer the pooled investment/loan, software modifications to the university’s financial system were required to generate and record the investment/loan interest. Pending completion of the software modification, the Bond System temporarily charged the loan against the Bond System reserve accounts that had the largest cash balances and informed the programs involved of the accounting entry and that it would not affect their ability to spend.

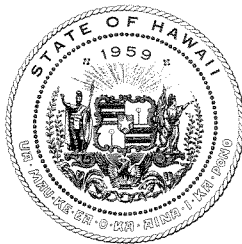
According to the former director and other records that we reviewed, the inter-fund loan of \$3.1 million of Student Housing Services’ funds was made by the university without the former director’s knowledge. In fact, the former director did not hear of the loan until about two months after the transfer of funds. Because of the transfer, the former director believed that money primarily for repairs and maintenance was not available and hence, he withheld spending for such projects.

Although the explanation provided by the university may describe the transaction as it was viewed at the time by the vice president for budget and finance, that view was not communicated to others, including the former director of Student Housing Services. In fact, the software modifications required by the university to generate and record the loan as a “pooled” investment have not been completed to date. After more than three years and contrary to the university’s explanation, the loan

was still shown as \$2.2 million loan receivable on Student Housing Services' financial statements as of June 30, 2005, not as a loan receivable to a "pooled" account. Thus, the university's explanation of the inter-fund loan is not consistent with its representations in its audited financial statements.

STATE OF HAWAII
OFFICE OF THE AUDITOR

465 S. King Street, Room 500
Honolulu, Hawai'i 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

January 8, 2007

C O P Y

The Honorable David McClain
President
University of Hawai'i
Bachman Hall
2444 Dole Street
Honolulu, Hawai'i 96822

Dear Dr. McClain:

Enclosed for your information are three copies, numbered 6 to 8, of our confidential draft report, *Management Audit of Student Housing Services at the University of Hawai'i at Mānoa*. We ask that you telephone us by Wednesday, January 10, 2007, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Wednesday, January 17, 2007.

The University of Hawai'i's Interim Chancellor, Board of Regents, Governor, and presiding officers of the two houses of the Legislature have also been provided copies of this confidential draft report.

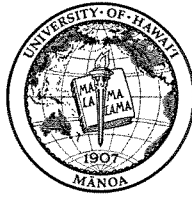
Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, reading "Marion M. Higa".

Marion M. Higa
State Auditor

Enclosures



UNIVERSITY OF HAWAII AT MANOA

DENISE EBY KONAN
INTERIM CHANCELLOR

(revised 01-19-07)
January 17, 2007

RECEIVED

The Honorable Marion Higa
Auditor, State of Hawai'i
Office of the Auditor
465 S. King Street, Room 550
Honolulu, Hawaii 96813-2917

2007 JAN 19 PM 3:57

OFC. OF THE AUDITOR
STATE OF HAWAII

Dear Ms. Higa:

Thank you for the opportunity to comment on the findings and recommendations in your draft report, "Management Audit of Student Housing Services at the University of Hawaii at Manoa."

We want to express our appreciation to the staff of the Auditor's office that spent time on the Manoa campus performing the work represented in this report. The University of Hawaii, Manoa administration is in agreement with a majority of the findings and with many of the recommendations put forth in the Auditor's report. We want to note that the report documents many of the same conditions that we are already addressing and made many of the recommendations that have already been implemented. However, we find ourselves in disagreement with several findings, interpretation of findings, and some recommendations.

We agree that the neglect and lack of maintenance of our residence halls and apartments have had a negative impact on students' abilities to benefit as much as possible from living on campus. However, it is not accurate to ascribe the cause of that neglect or lack of maintenance to a preoccupation with a desire to expand student housing capacity. The campus leadership is concerned both with properly maintaining current housing and building new residence halls in order to accommodate more Manoa students.

Over the last year and a half the Manoa campus has moved aggressively to address the issues mentioned in the report. The University has already broken ground on a new residence hall to be completed in Fall, 2008. This new hall will provide excellent accommodations for 814 students. In addition, we have received funding for and have established an aggressive timeline for completing several major renovation projects beginning in Spring, 2007. By the Fall, 2009 we will have invested more than \$40 million to improve the physical conditions of our residence halls.

The Regents have approved a proposal to allow the Manoa Chancellor the authority to increase rental rates up to 5% a year for the next five years in order to have the funds for a new residence hall, major renovations and repairs for the existing residence halls, plus additional reserve funds for future maintenance and repair needs. We feel that this proposal will meet the chief concern found in the report finding that the “student housing program does not generate enough income to adequately maintain dormitories.”

We are in strong disagreement with the finding that the plans for expanding our housing capacity are not justified. Students have demanded, and the administration wishes to offer, additional housing options for our students. We have not yet met the need for additional housing for undergraduate students wanting to live on campus. We have also not yet met the demand by graduate students for affordable housing on or near the campus. These needs are a clear reason for planning for additional housing on campus. We plan to offer well-kept and affordable housing options for the current residents and for others who will need the housing in the future.

We firmly disagree with the finding that describes the campus as unsafe. We believe that the characterization of the campus as “Unsafe” is not accurate and inflammatory. Such a characterization unfairly describes the present conditions on the campus. The issue of campus safety and security is one that requires constant monitoring and action. Our efforts to improve campus safety and security have been ongoing. Like other urban campuses with open access to the public, we are faced with complex issues related to ensuring the general safety of our students. We have hired additional staff, added lighting for nighttime foot traffic, and created more opportunities for students to attend nighttime events and also to study in our libraries. The campus is a safe place to study, to live, and to attend events and classes.

We also strongly disagree with the finding that the procurement process that led to the construction of Frear Hall “has been restrictive and unfair.” As you are aware, the University was not obligated to comply with the procurement code for the Frear Hall project. The University chose to comply with the “spirit” of the procurement code when it issued a competitive RFP. The RFP stated clearly that a change in the source of funding and financing was possible and therefore all potential developers were on notice of this and could have addressed this possibility in their proposals. Consequently, the University does not believe that its final decision to use public financing for the Frear Hall project was so drastic a change as to warrant stopping and resoliciting the project.

The following are our specific responses to the findings and recommendations contained in this report.

Summary of Findings

- *When surveyed, students gave dormitories poor ratings*
- *Living conditions in some dormitories may be hazardous to student health and safety*
- *Funds available for maintenance are not sufficient to keep facilities up to standard*

We agree that the residences of our student housing give low ratings to the quality of our housing physical plant. Our facilities are in need of repair and renovation. We note that the same surveys gave very high marks to the contributions made by our staff.

This spring, we will begin several projects to refurbish our residence halls and apartments. These projects are the beginning of a major effort to significantly improve the conditions of our residence halls. The renovation projects will focus first on safety issues then proceed to the repair of plumbing and electrical systems. We will upgrade the living conditions in the residence halls and apartments through refurbishing the floors and furniture in the student rooms.

- *University's actions reduce funds available for maintenance*

The auditor's report states that funds for student housing maintenance projects were not available due to the inter-fund loan for the University's Student Information System (SIS) project. This is not the case. The loan to the SIS project was intended to be treated as a "pooled" investment for the entire Bond System and not charged against specific Bond System accounts. However, in order to administer the pooled investment/loan, software modifications to the University's financial system were required to generate and record the investment/loan interest. Pending completion of the software modification, the Bond System temporarily charged the loan against the Bond System reserve accounts that had the largest cash balances and informed the programs involved of the accounting entry and that it would not affect their ability to spend. They were informed that any resulting cash deficit on this accounting basis would be allowable so long as it did not exceed the amount deducted for the loan. The former Housing Director knew the situation and continued to expend funds on repair and maintenance projects on this basis even though the available cash balance of the account reflected a deficit. This is evidenced by the fact that on June 30, 2003, the unencumbered cash balance for the Housing Renewal and Replacement account showed a deficit balance of \$1.8 million. Accordingly, the SIS loan did not, in fact, reduce funds available for maintenance.

- *Low occupancy rates reduce housing's income*
- *Student Housing Services does not fill rooms to capacity in the fall semester for several reasons*

- *Student Housing Services has more vacancies during the spring semester than in the fall semester*
- *Student Housing Services has its highest vacancy rate during the summer*
- *Given past occupancy rates, dormitory fees are too low*

One of our major priorities is to maintain a high occupancy level in all of our residence halls. Planned refurbishment of residence halls will increase occupancy rates. As housing assignments are closely tied to admission to the University, we will review acceptance and commit deadlines to determine if earlier dates will contribute to increased utilization of bed spaces. Providing available housing to UH Community College students will also be revisited. Furthermore, we will increase occupancy during the summer through an aggressive campaign and by adding staff for our summer conference services.

As noted earlier, at the January meeting, the Board of Regents approved providing the Manoa Chancellor authority to increase room rates up to five percent a year through 2012. This action provides the flexibility to continue to address maintenance and repair needs as well as enhance educational programs within the halls. Any increases will only be initiated after appropriate due diligence and consultation. We are convinced that we can maintain high occupancy levels when we refurbish the residence halls.

- *Leadership and full-time staff positions are vacant or have interim appointees*
- *Absent permanent leadership, student housing program lacks direction for the future*
- *Housing is not organized to accomplish the necessary maintenance*

We concur that interim and vacant positions have had a negative impact on housing operations. In Fall, 2006 we began the process of filling vacant positions. That process will be complete by June 2007. The University has also included seven new student housing positions in its biennium budget request.

A nationwide search for a permanent director is currently underway. This person will be expected to shepherd facility improvements already initiated, ensure adequate repair and maintenance, and enhance residential learning opportunities for students residing in the halls. We are confident that with permanent leadership and additional staff, housing services will be improved.

Student Housing is currently reviewing its organizational structure. Centralized maintenance, repair, and landscaping services are being considered to replace area specific services. The review will be focused on finding ways to improve our maintenance program and to make more efficient use of our personnel.

- *University sponsored studies suggesting a “dire” need for expanded capacity are not based on facts*
- *Developers have responded to the demand and made more student housing available off-campus*
- *University’s plan to expand the West Oahu campus may further reduce the demand for student housing on the Mānoa campus*
- *Board of Regents policy encouraging expanded capacity is not aligned with actual need*
- *Expanding student housing could result in unused capacity*
- *More compelling need is to upgrade existing housing*

The issues related to housing demand are very complex as witnessed by the findings put forth in the Auditor’s report. The University is concerned about the housing demands of students who want to be in University residence halls and apartments as they are configured now. We are equally concerned about providing additional housing options to meet other student needs. Surveys conducted with our students clearly indicate that more students would live in University sponsored housing if we offered housing in different configurations. The new Frear Hall meets part of that demand by offering housing designs that include single bedrooms as well as shared bedrooms. We are confident if we offer more single bedrooms for our upper-division and graduate students we can increase the number of students who live in University housing.

The availability and affordability of off-campus housing is often the result of economic conditions beyond the control of the University and its constituents. Board of Regents Policy seeks to establish guidelines for a stable provision of residential opportunities for Manoa students. Current guidelines fall within normal parameters for large, public Universities.

We are very mindful of the competition of local developers and of the options for students to attend other UH campuses. However, we seek to provide additional housing options as well as improving our current housing resources. Given the costs of travel to the campus, the need for internet connectivity, the need for 24 hour access to student services, and the desire for 24 hour security, we feel confident that students will continue to find University housing a viable and popular option as they consider where to live while they study at the University.

The new Frear Hall will provide 814 additional beds in Fall, 2008. These additional beds will allow us to accommodate additional students, and allow us the flexibility to temporarily close down existing facilities for repairs and refurbishment if necessary.

- *Solicitation targets only developers who offer financing*
- *University learns that public funds are available and decides that private financing is no longer needed*
- *Because the university changed its approach without re-soliciting other developers, the procurement became unduly restrictive and unfair*
- *Absent full and open competition, the \$71 million contract price for Frear Hall development may not be reasonable*
- *University neglect of procurement principles to avoid construction delays may lead to developer protests*
- *University disagrees with our letter*

In our response to your letter of September 27, 2006, we noted that your recommendation appeared based at least in part on the premise that the University should have conducted the procurement in accordance with chapter 103D, Hawai'i Revised Statutes (procurement code). We emphasized that the procurement code did not apply to this procurement because the University initiated its request for proposals (RFP) process on December 20, 2004, during a time when the procurement code was not applicable to the University.

We would like to reemphasize that the University did not commit any violations of the procurement code because the procurement code did not apply to this procurement. There is no question that the Frear Hall project procurement was clearly exempt from any and all requirements of the procurement code. There was no requirement that the University even use a competitive process to retain a developer. Nevertheless, the University, in an attempt to incorporate the "spirit" of the procurement code, decided to use a competitive process to retain a developer and issued a request for proposals for the Frear Hall project. While it was not a HRS chapter 103D RFP (and was not required to be one), we believe it was a competitive, efficient, effective, and fair process.

One of the concerns noted in the Audit is that once the University decided to use public financing, the University should have cancelled the existing RFP and issued a new solicitation based on using public financing. You indicated that this change in approach was significant enough to warrant a new solicitation.

As acknowledged in the Audit, however, the RFP did mention that public financing for the Frear Hall project was a possibility. All prospective proposers were thus put on notice that the source of funding and financing approach for the Frear Hall project might change. Each proposer had the option of addressing this possibility in the proposal it submitted. None can plausibly claim that they did not have a chance to address this potential funding and financing change in its proposal.

The University was not obligated to comply with the procurement code for the Frear Hall project. The University complied with the “spirit” of the procurement code when it issued a competitive RFP. The RFP stated that a change in source of funding and financing was possible. Consequently, the University does not believe that its final decision to use public financing for the Frear Hall project is so drastic a change as to warrant a resolicitation.

Furthermore, in the course of finalizing the development agreement, the components comprising the \$57.6 million of construction costs were the results of competitive bids from prospective sub-contractors. Accordingly, contrary to the statement in the audit report that the construction costs may not be reasonable, they were in fact the most reasonable costs available, based on real time bidding, considering also that this is in an environment with construction costs throughout the nation escalating at an estimated one and a half percent per month.

- *Campus Security is expected to enforce laws without having police powers*
- *Too few security officers are on duty to deter and react to crimes*
- *Campus Security does not properly direct, evaluate, and equip its security officers*
- *Responsibility for contract guards is diffused among various organizations on campus*
- *Facilities Management does not make sure the campus has well-lit pathways for walking safely at night*
- *Auxiliary Enterprises has not completed or tested a campus-wide emergency response plan*
- *Preventing or responding to dangers affecting student safety has not been a priority for Student Housing Services*

The University response can be found in the section on campus safety found in the Report Recommendations.

Report Recommendations

General recommendations are provided below.

Relating to increasing income to cover maintenance costs

1. *The Board of Regents and the University of Hawai'i System should:*
 - a. *Continue with the initiative to use part of the \$100 million in authorized revenue bonds to hire a consultant to serve as a project manager and implement a comprehensive project to upgrade the residence halls and apartments.*

The Board of Regents and the University of Hawai'i System has already approved the borrowing of \$100 million and has already designated the funds to be used to upgrade the residence halls and apartments.

- b. Assist Student Housing Services in achieving higher occupancy rates and setting higher, but affordable residence hall fees. If necessary, subsidize Student Housing Services' income with funds from other sources.*

The Board of Regents has already approved a proposal to allow the Manoa Chancellor to increase residence hall fees by 5% per year for the next five years in order to have funds available to operate housing on the Manoa campus. We do not foresee a need to subsidize Student Housing Services.

- 2. The University of Hawai'i at Mānoa should hire a permanent director for Student Housing Services as soon as possible.*

The Manoa campus will hire a permanent Housing Director after an aggressive national search and also plans to task that new Director with the recommendations and sub-recommendations put forth in this document.

- 3. Student Housing Services should:*

- a. Acquire a new automated assignment system to help accelerate the process and ensure that occupancy rates are improved during the fall and spring semesters.*

Housing Services staff is currently assessing current and future assignment needs to finalize an RFP for a new software program. The advantages and disadvantages of packaged versus custom designed programs are being reviewed in order to determine the costs and benefits of creating a new assignment system.

- b. Make sure that the performance of all full-time personnel is evaluated annually as required.*

Housing personnel have so been reminded of their responsibility in this area and will comply with University procedures.

- c. Improve occupancy rates in the fall semesters.*
- d. Improve occupancy rates in the spring semester.*

Student Housing Services is committed to maintaining full occupancy rates throughout the academic year. Currently, a variety of approaches are being considered in order to

reach, and maintain, healthy occupancy rates. Some of these approaches include: (1) providing assignments only to those students who have committed to the University by paying their tuition deposit, (2) requiring increased application fees to decrease "no shows", (3) reinstituting a guaranteed return option to students requesting academic year housing, (4) increased penalties for contract cancellation, and (5) providing UH community college students appropriate assignment priority.

- e. Prevent students from departing because they are dissatisfied with their living situation.*
- f. Establish an aggressive marketing campaign for summer conference business to improve occupancy of the residence halls.*

Summer is the only time available to complete major repair and replacement projects without undue impact on residents. Many of the major projects funded will be completed during the next two summers. In order to avoid a sudden drop in summer occupancy, Housing Services will establish closer collaborations with Outreach College Conference Planning. Also partnerships with other University summer programs will be enhanced. Additional staff will be assigned to provide improved summer conference services. Current assignment software (CBORD) does not adequately address short term, conference usage. New software programs that better accommodate both long and short-term facility use are currently being evaluated.

- g. Hire permanent personnel to fill Student Housing Services' numerous, longstanding vacancies.*

Recruitments are underway for numerous positions including: (1) a permanent director, (2) associate director for residential life, plus (3) various clerical and clerk positions. Recent hires include: (1) residential life coordinator positions, (2) physical plant manager, and (3) IT specialist. Adequate staffing levels will continue to receive priority attention.

- h. Identify the changes that need to be made to become self-sufficient. Develop a strategic plan providing Student Housing Services with a direction for the future.*

Student Housing is a unit within the Office of Student Affairs (OSA). OSA has embarked on a strategic planning effort to be completed by the close of Spring, 2007. As part of this effort, Student Housing will complete its own strategic plan including a review of procedures, practices and management systems as well as future growth and development. Housing will hire outside consultants to complete the strategic plan that will include improving residential services, dining services, and co-curricular activities.

- i. Revise Student Housing Services' organizational structure and the position descriptions to include a structure with positions capable of accomplishing a comprehensive maintenance program through a combination of in-house and contractual support.*

Student Housing has already begun several activities to address this issue. Position descriptions for building maintenance workers and groundskeepers are being revised to create centralized housing services rather than facility specific services. It is our belief that increased efficiency and productivity will result from this approach. Contracts with external service providers (e.g., roof maintenance and repair) are being aggressively pursued. In addition, we have begun conversations regarding a maintenance internship program with trainees enrolled at Honolulu Community College.

- j. Acquire an automated maintenance management system to assist in achieving a comprehensive maintenance capability.*

Housing Services is examining appropriate software programs as recommended.

Relating to expanding student housing capacity

- 4. The Board of Regents should review the policy pertaining to the required number of beds needed or student housing in Mānoa and make necessary revisions.*
- 5. The University of Hawai'i System should:*
 - a. Before demolishing Johnson Hall and Hale Noelani, have a detailed engineering assessment done to determine whether it might be more cost-effective in the long run to upgrade or renovate the dormitories.*

Included in the \$40 million expenditures to improve current facilities will be structural and feasibility studies for Johnson and Noelani Complexes. This will assist with the decision to renovate or replace these facilities. The impact of the new beds at Frear Hall will also be a major consideration in future directions for these facilities.

- b. Re-evaluate its contract for an 814-bed Frear Hall and consider whether it would be cost-prohibitive to terminate the contract for its own convenience and without cause. In the event the contract is terminated, it should re-solicit interest from developers for a scaled down design-build project for its new dormitory.*

The recommendation that the University terminate its present contract with the developer, pay sums to settle with the developer, and "resolicit interest from other developers for a

scaled down, design-build project” is unrealistic. Implementing such a course of action could result in the University completing a smaller project with significantly fewer rooms, that is delayed by at least one year, and result in costs more than the present contract amount, particularly after factoring in potential settlement costs for the existing developer and increased construction costs due to the delay. This does not seem to be a viable alternative given that the University (a) committed no violation of the procurement code and (b) used a competitive procurement process to retain a developer although this was not required of the University.

6. The University of Hawaii at Manoa should complete the long range student housing plan for Manoa.

The Manoa campus will complete a student housing plan that will contain targets for providing additional housing and methods for the repair and maintenance of current housing.

Relating to safety and security

7. The University of Hawaii System should:

- a. Put the University of Hawaii at Manoa on an equal footing with its 12 peer institutions and introduce legislation to grant Campus Security police powers including arrest authority and the authority to carry firearms.*

While we consider the University of Hawaii at Manoa to be a safe campus for students to learn and grow as individuals, we agree that improvements can be made. We are committed to continuing our efforts to provide an even safer environment for our students. However, it is important to note that the statistical comparison to the crime rate of peer institutions used to make the statement that “the University of Hawaii at Manoa was highest among the 12 peer institutions” is misleading. While the 12 institutions listed in the report may have approximately the same number of students that we do, none of these institutions is located within the close proximity of a major metropolitan city. Therefore the Manoa campus cannot be considered as a peer institution in comparing crime statistics that include the surrounding areas of a campus.

The last complete survey of Campus Law Enforcement agencies was conducted in 1995, by the U.S. Dept. of Justice. The survey indicates that 93% of public institutions of higher education used sworn law enforcement officers that have police powers to affect arrests and carry firearms. A number of institutions also utilize a mix of sworn law enforcement officers and non-sworn law enforcement officers to operate their campus security programs.

Manoa Campus Security currently apprehends and holds individuals suspected of violating the law for the Honolulu Police Department (HPD) to come and affect an arrest. It is HPD that decides whether to issue a citation or actually affect an arrest. Providing Campus Security Officers (CSO) with arrest powers and the ability to carry a firearm may be an additional deterrent to facilitate their authority to intervene on the institutions behalf within Student Housing facilities but, arrangements would have to be made for the booking process, a holding facility, investigation and prosecution of the cases. Providing Campus Security with arrest powers may also have a significant financial impact to the program. The use of firearms will require initial and continual training in the proper use and proficiency in firearms and ammunitions discharge. Additional costs to the program are also likely to occur in the purchase of equipment for initial firearms and ammunition, as well as in the area of proper storage and maintenance. We are reviewing alternative approaches to have sufficient security including arrest powers available for the safety of our campus faculty, staff, and students.

- b. Convene a task force consisting of representatives from Facilities Management, Student Housing Services, and Athletics to come up with a workable plan for keeping trees and shrubs trimmed and replacing burned-out light bulbs.*
- c. Have Campus Security proceed to promptly hire the eight additional security officers that were authorized and funded by the 2006 Legislature, proceed with plans to update its mission statement and policies and procedures, and become the only organization on campus that provides security services.*

We agree that we should implement a plan for keeping trees and shrubs trimmed and replacing burned-out light bulbs. We have a committee charged with addressing the organizational issues of Facilities Management and we will ensure that Student Housing Services and Athletics are represented on that committee. We will also ensure that the committee's charge includes developing a plan for keeping trees and shrubs trimmed and replacing burned-out light bulbs.

Eight new Campus Security Officer positions were approved by the Legislature in May 2006. The State Dept. of Human Resource and Development (DHRD) did not announce the positions until August 2006. Testing was conducted in October 2006. We completed interviews of six candidates from the first list in November 2006. Three of the six were offered a position, of which only one accepted and is being processed. A second list of qualified candidates has been made available from DHRD and we are scheduled to interview five individuals from the second list on January 16, 2007. In addition, we have received two completed applications for Emergency Hire positions. We have also sent

out six additional applications to people to begin the process of applying for a permanent position.

Under the direction of the Chief of Campus Security, existing policies and procedures of the department are currently under review. The Captain of the department and a select few Sergeants were tasked with the review process and to generate a list of recommended changes for improvement. The Chief will submit a draft of revised policies and procedures for approval by the Manoa administration.

All security concerns and contracts will be reviewed by the Chief of Campus Security who is in the process of completing a draft for an Administrative Policy/Procedure stating that all security contracts and requests for service shall be sent to the Chief of Campus Security for approval. Additionally, plans are underway to transfer the oversight of Parking Enforcement to Campus Security by May 2007. This should end some of the confusion of campus oversight. It should also provide us with additional eyes and ears around campus, as Campus Security will train the new Parking Enforcement Officers that will have direct radio contact with central dispatch and the network of officers on duty.

- d. Have Facilities Management promptly complete campus lighting projects currently in progress.*
- e. Have Auxiliary Enterprises make sure that the emergency management coordinator completes the campus-wide emergency response plan promptly.*

Manoa currently has two major projects underway addressing lighting. Both projects are a top priority for the campus and we are committed to completing them as soon as possible. The first project is to upgrade exterior lighting in various buildings, exterior corridors, courtyards, and walkways. Final design specifications for this project will be completed in February 2007. We expect to go out for formal bid process in March with a projected award in June 2007. Completion date for this project is Fall, 2008.

The second project will provide additional exterior lighting improvements for selected walkways, roadways, parking lots, and grassy areas on campus. The estimated completion date is Fall, 2009.

The current UH Manoa Emergency Response Plan (ERP) was revised on October 25, 2006 and Action Plans for Specific Emergencies/Disasters were added. These Action Plans are somewhat general in nature, but they do anticipate emergency/disaster situations. The revised ERP was sent to State Civil Defense (SCD) and the O'ahu Civil Defense Agency (OCDA) for review and their comments were incorporated. The primary guidance for the ERP comes from the Federal Emergency Management Agency

(FEMA) and the National Incident Management System (NIMS). The UHM ERP is in compliance with FEMA guidelines and thus eligible for Federal funds in the areas of planning, hazard mitigation, shelters, and emergency equipment. The ERP provides general guidance for all the organizational entities at UHM and was never intended to be specific to respond to the needs of individual programs as different entities have different emergency requirements.

With guidance from OCDA, it is the opinion of the emergency management coordinator that any large organization plan that is too specific becomes overwhelmingly voluminous and unwieldy. Our plan for the next phase calls for developing emergency plans and procedures for the campus Emergency Management Team (EMT) organization identified in the ERP and emergency plans and procedures for colleges, schools and departments in the UHM organization. We are currently in the process of implementing this phase and the emergency management coordinator is currently working directly with the College of Social Sciences, the School of Nursing and Student Housing. The emergency management coordinator has estimated that emergency plans and procedures for all UH Manoa Colleges, Schools and Departments will be completed by the end of December 2007. Our planning process requires hands-on and interactive participation by departmental leadership in development. When completed these separate emergency plans and procedures will provide the specific responses to the different types of emergencies/disasters and will be maintained and updated on a regular basis by colleges, schools and departments in coordination with the emergency management coordinator.

Training in emergency response is currently underway. Community (Campus) Emergency Response Team (CERT) training has been provided to 52 UHM employees and another CERT class is scheduled February 12-14, 2007. CERT training is an essential tool for implementation of a successful ERP and we will continue to administer ongoing training in this area. We have not yet advanced our emergency plans and procedures to the point of being prepared to host real time exercises. Until that time, the emergency management coordinator will be scheduling "desktop" exercises and participating in State Civil Defense statewide exercises.

8. Student Housing Services should place more emphasis on safety and security in the residence halls and apartments.

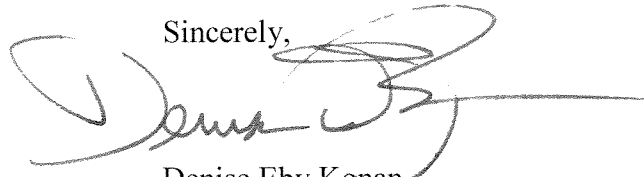
Student Housing Services already places great emphasis on safety and security in the residence halls and apartments.

Auditor Marion Higa
January 17, 2007
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The University of Hawaii is committed to providing a safe and comfortable living environment for our students. We have already taken many aggressive actions to address this pressing need over this last year and a half. We greatly appreciate the support of our State Legislature in helping us meet the needs of our students. We will continue to work diligently to provide quality student housing, and will continue to provide the Legislature with timely reports on our progress.

Thank you, once again, for the opportunity to respond to the draft report. If you have any questions or require further information, we would be happy to discuss them with you.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise Eby Konan", with a long horizontal flourish extending to the right.

Denise Eby Konan
Interim Chancellor