


STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE DEPUTY SUPERINTENDENT OF OPERATIONS

February 8, 2024

TO: The Honorable Ken Kuraya
Chairperson, Finance and Infrastructure Committee

FROM: Curt T. Otaguro 
Deputy Superintendent of Operations

SUBJECT: Review of Status of Department Capital Improvement Projects

1. EXECUTIVE SUMMARY

- The Hawaii State Department of Education (Department) has been fortunate to be appropriated Capital Improvement Program (CIP) funds every year towards improvements to our facilities. It is a continuous cycle of funds coming in and funds being spent. Currently, the Department has approximately \$2.1 billion in CIP funds that are not spent, which is broken down as follows.
 - \$865 million in CIP projects are obligated in a contract or purchase order
 - \$895 million in CIP projects were appropriated in 2021 and 2022 with a funding lapse date of June 30, 2024
 - \$336 million in CIP projects were appropriated in 2023 with a funding lapse date of June 30, 2026
- For the projects with a funding lapse date of June 30, 2024, the Department began to identify at-risk projects with the intent to request to lapse and re-appropriate funding for those projects in the 2024 legislative session.
- Following a meeting with the Department of Budget & Finance (B&F) on November 22, 2023, the Department was asked to identify \$465 million in General Obligation (GO) Bond funded CIP projects and \$68 million in General Funded Repair and Maintenance projects for early lapses.
- The Department continues to work on CIP projects that have the potential to be encumbered prior to the June 30, 2024 funding lapse date and that can be completed with its original appropriation.

2. DESCRIPTION

Status update on the Department's CIP projects with a funding lapse date of June 30, 2024, and the new Bright Line Rules.

3. UPDATE

The Department understood the need to review its overall internal processes related to CIP projects in the spring of 2023. Supply chain challenges experienced in the construction industry have caused concern for the timing and delay of projects. Additionally, the Department has frequently seen cost escalations that exceeded the original appropriations and has encountered general project risks associated with permitting delays by the counties.

The Department met with the B&F in March of 2023 to advise the B&F of the Department's intent to conduct an analysis of the CIP projects in progress. The analysis intended to define which projects would be categorized as "high risk" to complete with the existing appropriations or to identify projects where the Department was unable to contract or encumber funds before the funding lapse date of June 30, 2024.

During the 2023 legislative session, the Department was advised that the Lump Sum Project Completion funding source used to offset funding shortfalls to complete obligated projects may not be available. As the session ended, the Department was not afforded this appropriation to augment funding shortfalls.

As a result, the Department is in the process of implementing a new discipline called Bright Line Rules. These new rules define a new standard of objective factors for projects to begin before issuing a notice to proceed. This new discipline was discussed with the Office of Facilities and Operations, Facilities Development Branch. The Department also began to socialize this new discipline and intent to review CIP projects with members of the Board of Education, the Hawaii State Legislature, and internally with Department leadership. At that time, the intent of identifying at-risk projects was to request for a lapse and re-appropriation of funds in the next legislative session.

There were various iterations of proposed lapse lists that were provided. In late November, the B&F required the Department to identify \$465 million in GO Bond funded CIP projects and \$68 million in General Funded Repair and Maintenance projects. The Department provided a list of identified projects, which was then formalized by B&F in the Finance Memorandum No. 23-19, dated November 28, 2023.

The Department continues to work closely with state legislators and the B&F on lapsing funds. The Department also continues to work on CIP projects that are deemed as low risk or can be completed with the original appropriation and/or can meet the criteria established.

For the total unspent CIP funds of \$2.1 billion, the following updates are provided.

- \$865 million in CIP projects are obligated in a contract or purchase order which are in progress of design and/or construction. As services and materials are provided, the funds will be spent.
- \$895 million in CIP projects were appropriated in 2021 and 2022 with a funding lapse date of June 30, 2024, which are either being proposed for lapse or are proceeding towards the encumbrance deadline.
- \$336 million in CIP projects were appropriated in 2023 with a funding lapse date of June 30, 2026, which is in the process of requesting the release of funds from the Governor's Office. Following the release of funds by project then the procurement process for professional design services will be initiated.

During the summer of 2023, the Department was able to complete 88 construction projects for an approximate total value of \$43,000,000. The focus was on deferred maintenance projects, i.e. reroofing, resurfacing pavement, and air conditioning replacement. Contractors were able to make efficient progress during this time with students not on campus.

The Department continues to work on CIP projects which will obligate and spend funding in the course of design and construction activities completed. When the 2024 legislative session ends, additional CIP funds are anticipated to be appropriated to the Department which will increase the amount of CIP funds for the Department's execution. This is the normal course for the Department. CIP funds have funding lapse dates on even years, thus obligation activities increase on even years. As construction represents a majority of the project funds, the larger spending amount occurs in the back half of a project duration. The CIP projects funded from BFY 2019 and 2020 are in construction now. As these projects wrap up this year, the amount of funds spent will increase but this will be offset with the new BFY 2024 funds that will be coming in. Thus, it is a continuous cycle with funds coming in and funds being spent by the Department.

CTO:dg

Attachment: 1) Summer 2023 Construction

c: Keith T. Hayashi, Superintendent
Audrey Hidano, Interim Assistant Superintendent, Office of Facilities and Operations
Facilities Development Branch

	School Name	Job No.	Job Name	Total Job Cost
1	Ahrens Elem	P86263-22	Building H Reroof	\$407,413.45
2	Ahuimanu Elem	P91201-23	Portable P-2 Renovation	\$155,543.84
3	Aliiolani Elem	P24293-23	Campus Improvements	\$311,828.36
4	Aliiolani Elem	Q24231-21	Covered Walkway (Building A to Cafeteria)	\$526,963.00
5	Aliiolani Elem	P24264-23	Various Buildings Replace Carpets & Abatement	\$452,509.45
6	Baldwin High	Q51223-19	Building B Reroof	\$2,178,882.79
7	Castle High	P91204-22	Reroof Portable- P1	\$36,694.91
8	Castle High	P91238-23	Building J Reroof	\$230,386.50
9	De Silva Elem	P11255-22	Trailer TB2 Remove Heater Replace Air Conditioner	\$81,810.94
10	De Silva Elem	P11213-23	Facility & Infrastructure Improvements	\$275,280.87
11	Dole Middle	P21265-23	Buildings C & D Install Air Conditioner Window Units	\$376,294.39
12	Eleee Elem	P43217-23	Area 02 Resurface Parking	\$852,188.52
13	Farrington High	P21003-11	Miscellaneous Repair & Maintenance for FY2010-FY2011	\$940,107.36
14	Farrington High	P21209-23	Building H Reroof	\$987,551.50
15	Fern Elem	P21210-23	Building J Reroof	\$159,732.11
16	Haiku Elem	P53004-07	Building E Staff Room Renovation Interior	\$78,322.70
17	Hauula Elem	P92220-23	Area 02 Resurface Parking	\$161,773.55
18	Highlands Inter	P84245-21	Building J Reroof	\$594,582.84
19	Hilo High	P11239-21	Building E Reroof	\$919,656.81
20	Holualoa Elem	P15284-23	Buildings C & D Improvements	\$759,075.13
21	Holualoa Elem	P15311-23	Portables Interior Improvements	\$455,928.00
22	Hookena Elem	P17219-22	Buiding D Emergency Fuel System Repair Phase 1	\$290,363.57
23	Iao Inter	P51219-23	Security Cameras Installation	\$167,896.93
24	Iliahi Elem	P72228-22	Building C Reroof	\$535,678.52
25	Jarrett Middle	P24290-23	Building, Ground & Site Improvements	\$866,255.18
26	Kaala Elem	P72206-23	Area 01 Resurface Parking Lot	\$380,963.50
27	Kahaluu Elem	P91221-23	Building C Reroof	\$626,796.21
28	Kahuku Elem	P92266-23	Building A Reroof	\$319,336.68
29	Kahuku High & Inter	P92200-23	Building J Reroof	\$502,114.84
30	Kaimiloa Elem	P81201-21	Miscellaneous Repair & Maintenance for FY16 Phase 2	\$489,199.41
31	Kaimuki Middle	P25236-22	Building A Replace Air Conditioner & Reroof	\$406,412.27
32	Kaiser High	P26224-23	Building G Reroof	\$480,507.51
33	Kalaheo High	P94249-21	Buiding I Reroof	\$676,861.78
34	Kalakaua Middle	P21246-22	Buildings M & J Reroof and Termite Rprs	\$754,394.87
35	Kalakaua Middle	P21252-23	Library Recarpet	\$276,378.15
36	Kalama Inter	P53282-23	Building M Install Scoreboard	\$34,314.00
37	Kalihi Elem	P21258-23	Building B Reroof Lower Section	\$325,546.18
38	Kaneohe Elem	P91221-22	Building H Cafeteria Reroof	\$689,943.80
39	Kapaa High	P41206-23	Building H Reroof	\$575,704.04
40	Kapiolani Elem	P11213-22	Building E Replace Kitchen Water Heaters	\$102,740.92
41	Kauluwela Elem	P23229-22	Campus Reroof Covered Walkway	\$115,850.60
42	Kawananakoa Middle	Q22266-20	Building J Repair Railings	\$718,034.43
43	Keaau Middle	R14214-20	Air Conditioner Efficiency Replacement	\$531,036.35
44	Kealakehe High	P15220-23	Remove Demolish Portable Next to Parking	\$37,155.66
45	Keonepoko Elem	P18000-18	Campus Replace Fire Alarm	\$791,045.00
46	Kihei Elem	P55002-16	Miscellaneous Repair & Maintenance for FY16	\$499,712.77
47	King Inter	P91218-23	Areas 05 & 06 Install Sport Surfacing	\$409,443.95

48	Kipapa Elem	P73221-22	Building C Reroof	\$475,982.06
49	Kohala High	P16243-22	Building D Replace Waterline	\$90,992.32
50	Kohala High	P16231-22	Buildings C & N Replace Siding	\$106,586.69
51	Lahainaluna High	P54242-22	Building I Reroof	\$469,547.67
52	Laie Elem	P92227-21	Campus Reroof Repair Covered Walkways	\$477,753.96
53	Leilehua High	P72229-22	Buildings A to S Reroof Covered Walkways	\$350,159.48
54	Leilehua High	P72235-22	Building U Reroof	\$258,321.84
55	Liholiho Elem	P25274-21	Area 01 Playcourt Resurface	\$171,125.36
56	Likelike Elem	P23004-16	Building D Replace Library Air Conditioner	\$207,936.43
57	Liliuokalani Campus	P25263-23	Building C Resurface & Replace Gutters	\$696,684.77
58	Maili Elem	P85204-23	Building C Reroof	\$416,699.06
59	Manana Elem	P84220-22	Building F Reroof	\$360,675.36
60	McKinley High	P23231-22	Building F Structural Repairs	\$303,596.22
61	Mililani High	P73201-23	Building VV Synthetic Track & Field Turf Replacement	\$4,985,545.88
62	Mililani Mauka Elem	P73240-21	Building D Reroof	\$878,695.36
63	Mililani Middle	P73210-23	Building B Replace Folding Doors	\$280,558.33
64	Mililani Middle	P73011-16	Miscellaneous Repair & Maintenance for FY16	\$563,211.95
65	Nimitz Elem	P75223-22	Building B Reroof	\$445,325.00
66	Palolo Elem	P24012-16	Miscellaneous Repair & Maintenance for FY16	\$413,388.16
67	Pearl Ridge Elem	P71262-21	Building A Recoat Roof	\$222,697.67
68	Scott Elem	P71230-22	Building G Reroof	\$357,078.46
69	Sunset Beach Elem	P92229-23	Portables Resurface Walkways	\$228,593.10
70	Various	P61227-23	Various Kamehameha III Nahienaena Replace Plumbing & Fans	\$79,462.00
71	Wahiawa Elem	P72213-23	Building E Reroof	\$107,762.73
72	Wahiawa Elem	P72214-23	Portable P-1 & Portable P-2 Reroof	\$112,311.09
73	Wahiawa Middle	P72218-22	Area 03 Reroof Covered Playcourt	\$250,646.54
74	Waiahole Elem	P91218-22	City and County to Building H Reroof Covered Walkways	\$176,854.08
75	Waialua Elem	P76217-23	Portable P0477 Reroof 5 Portables	\$252,001.61
76	Waialua High & Inter	P76225-22	Building W Reroof	\$515,615.13
77	Waialua High & Inter	P76319-23	Accessibility Route Various Repairs	\$76,629.60
78	Waialua High & Inter	P76317-23	Building I Remove Paint Booth for STEM	\$29,820.00
79	Waihee Elem	P51224-23	Renovate H201 Classroom	\$151,146.19
80	Waikiki Elem	P25275-21	Building C Reroof	\$459,010.48
81	Wailuku Elem	P51007-11	Miscellaneous Repair & Maintenance for FY10-11	\$1,373,630.37
82	Wailuku Elem	Q51221-19	Buildings G and J Reroof	\$1,827,044.21
83	Waimea Canyon Middle	P43201-22	Building F Refurbish Boys and Girls Restrooms	\$247,263.94
84	Waipahu Elem	P86272-23	Building C Exterior Improvements	\$76,622.00
85	Waipahu Inter	P86264-22	Building K Reroof	\$601,370.02
86	Washington Middle	P24295-21	Building C Reroof	\$312,634.89
87	Washington Middle	P24296-21	Resurface Playcourts	\$572,869.55
88	Wheeler Middle	P72226-22	Building C Reroof	\$555,166.87

Total \$43,085,230.57