



STATE OF HAWAII
DEPARTMENT OF EDUCATION
KA 'OIHANA HO'ONA'AUAO
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OFFICE OF THE SUPERINTENDENT

March 2, 2023

TO: The Honorable Lynn Fallin
Chairperson, Finance and Infrastructure Committee

FROM: Keith T. Hayashi
Superintendent 

SUBJECT: Update on Status of Department's Capital Improvement Projects and Repair and Maintenance

1. EXECUTIVE SUMMARY

- For Fiscal Year (FY) 2022-2023, the Hawaii State Department of Education (Department) was appropriated \$581 million in general obligation bonds and \$256 million in general funds to maintain the state's maintenance of effort (MOE) required as a recipient of federal coronavirus relief funds.
 - The Hawaii State Legislature (Legislature) appropriated the \$256 million dollars in two categories – repair and maintenance (R&M) and line-item projects.
 - The goal of the MOE-funded projects is to expend by June 30, 2023, however, the funds lapse on June 30, 2024.
 - R&M has obligated \$80.3 million of the \$125 million allocation.
 - Line item projects have obligated \$2.6 million of the \$130 million allocation.
- The Department is currently managing 682 Capital Improvement Projects (CIP) valued at more than \$1.52 billion.
 - The Department is currently awaiting the release of FY 2022-2023 CIP bond funds.
 - The Department's Office of Facilities and Operations (OFO) has been focusing on three high-priority special projects:
 - Central Kitchen Proof-of-Concept and Center for Workforce Excellence in Whitmore Village;
 - Acquisition of the former St. Francis School property in Manoa Valley; and
 - Improved classroom ventilation using Corsi-Rosenthal air purifiers.
 - To manage the deferred maintenance projects, the Department continues to utilize the Facilities Asset Management (FAM) and Hawaii Facilities Inspection Tool (HI-FIT) to prioritize projects.

AN AFFIRMATIVE ACTION AND EQUAL OPPORTUNITY EMPLOYER

2. DESCRIPTION

The Department provides quarterly updates on the status of CIP and deferred maintenance projects to keep the Hawaii State Board of Education (Board) apprised of its use of CIP and R&M funds.

This update provides the status of the CIP and deferred maintenance projects for the partial third quarter of FY 2022-2023 ending January 31, 2023. Also provided is information regarding the MOE funds appropriated to the Department and the special projects the Department is focusing on to address its needs.

3. UPDATE

Through Act 248, Session Laws of Hawaii 2022, the Department was appropriated \$581 million in general obligation bonds and \$256 million in general funds to maintain the state’s MOE required to comply with the assurances made as a recipient of the Elementary and Secondary School Emergency Relief (ESSER) funds. These funds will be used in accordance with [Board Policy 301-10, Equitable Allocation of Facilities Resources](#).

Maintenance of Effort

To meet the MOE requirements, the Legislature appropriated \$256 million in two categories: R&M and line-item projects. Projects that qualify for MOE funding strive to be completed, with the goal to expend funds by June 30, 2023, however, the funds lapse on June 30, 2024. The Department has obligated \$80.3 million and expended \$18 million of the \$256 million MOE funds.

OFO prioritized identifying and assigning the work that could be expended by the June 30, 2023 deadline. The planning process began in May 2022, anticipating that funds would be approved by the Governor in July 2022. The funds were released in early September and has caused a delay in the procurement of design and construction.

CIP Status

The following table outlines the encumbrances and expenditures of CIP funds for each fiscal year:

CAPITAL IMPROVEMENT PROJECTS ALLOTMENT STATUS REPORT				
Budget Fiscal Year	Received Funds	Encumbered Funds	Additional Expenditures	Available Funds
2019	\$286,739,067.62	\$236,272,243.15	\$47,984,426.59	\$2,482,397.88
2020	\$299,365,161.38	\$222,930,171.87	\$73,518,277.68	\$2,916,711.83
2021	\$382,728,109.71	\$81,908,308.81	\$7,351,668.41	\$293,468,132.49
2022	\$249,910,000.00	\$6,730,383.27	\$2,065,598.46	\$241,114,018.27
Grand Total	\$1,218,742,338.71	\$547,841,107.10	\$130,919,971.14	\$539,981,260.47

Scheduling of the allotment requests are based on priority and the following factors:

- A. On-going projects that require funds to bid shortly are scheduled highest;
- B. Projects that require more time for permitting and travel are scheduled higher;
- C. Projects that are large in dollar values and are more complicated are scheduled higher;
- D. Projects that have political risks of being canceled are scheduled higher; and
- E. Design-only projects that have little risk of lapsing are scheduled low.

Currently, there are a total of 682 CIP, valued at more than \$1.51 billion, which are being managed by the Department. Of this total, there are more than 522 projects that are in design or actively being constructed, totaling nearly \$1.18 billion. There are 160 projects that are currently being planned or scoped for design at a preliminary contracted cost of \$331 million.

Project Milestones	Number of Projects	Contracted Cost
Planning	28	\$42,695,000
Scoping	132	\$288,641,000
Design Contract	88	\$157,395,000
Design	61	\$166,394,000
Bid	9	\$5,925,000
Construction Contracting	91	\$219,834,897
Construction	273	\$634,974,317
TOTAL	682	\$1,515,859,214

CIP Variance

The Department received an additional \$85 million in BFY 2021-2022. The available balances increased a total of \$65 million.

Special Projects

In addition to the prioritized school and line-item CIP, the Department is focusing on three special projects to increase efficiency and improve work and learning environments:

- **Wahiawa Center for Workforce Excellence and the New Central Kitchen – Whitmore Village, Wahiawa, Oahu**
 A consultant contract has been executed for criteria architect support services for the design-build procurement process of the Wahiawa Center for Workforce Excellence.
- **St. Francis School – Manoa Valley, Honolulu, Oahu**
 The former St. Francis School site has been available for the past three years, and the Department is exploring the feasibility of acquiring the property. Purchase of this property requires an education element. The planning team has been working to improve efficiency by concentrating operations in a contiguous space such as St. Francis. Opportunities for

training facilities (large space for meetings), business offices, and possible lodging for staff from neighboring islands attending meetings and conferences on Oahu are being considered. The property's adjacency to the University of Hawaii creates a synergy that will benefit both organizations. This opportunity will also reduce the need to rent office space in private facilities. HB 0258 appropriates monies to the University of Hawaii for the acquisition of St. Francis School.

- **Ventilation – 377 Classrooms in Seven Schools**

Improving ventilation for 377 classrooms at seven schools will address concerns regarding air quality of the classrooms classified in tiers 3, 4 and 5. We have identified and provided expanded air purifiers (Corsi-Rosenthal air purifiers). Tiers 4 and 5 have been provided with the purifiers which will take them off the list. All tier 3 purifiers have been delivered.

Deferred Maintenance Program (R&M)

The Department continues to transition its method of prioritizing school-level priorities to an overall statewide ranking of deferred maintenance projects based on assessments (HI-FIT) and an assets and projects database (FAM).

The Department will continue to use the HI-FIT school and infrastructure assessments to evaluate:

- Exterior building envelopes;
- Fire alarm systems;
- Electrical systems;
- Structural systems;
- Mechanical systems; and
- Civil infrastructure (water, sewer, drainage).

Should you have any questions, please contact Randall M. Tanaka, Assistant Superintendent of the Office of Facilities and Operations, at (808) 784-5000 or via email at randall.tanaka@k12.hi.us.

Thank you for your continued support of public education.

KTH:esi

c: Curt T. Otaguro, Deputy Superintendent of Operations
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