



STATE OF HAWAII
DEPARTMENT OF EDUCATION
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OFFICE OF THE SUPERINTENDENT

September 1, 2022

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 and Anticipated Challenges for 2022-2023 School Year**

1. Executive Summary

- The Hawaii State Department of Education (Department) stands committed to execute on its funded Capital Improvement Program (CIP) and deferred maintenance projects.
- The Department is currently managing 760 CIP projects valued at more than \$1.75 billion.
- Through Act 248, Session Laws of Hawaii 2022, the Department was appropriated \$581 million in general obligation bonds and \$256 million in funds to maintain the state's maintenance of effort 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 Hawaii State Board of Education (Board) Policy 301-10, Equitable Allocation of Facilities Resources.
- To manage the deferred maintenance projects, the Department is utilizing the Facilities Asset Management (FAM) and the Hawaii Facilities Inspection Tool (HI-FIT) to prioritize projects.
- While funding is available for CIP and deferred maintenance projects, the Department is concerned about the anticipated challenges resulting from the impact of the COVID-19 pandemic on the construction industry.

2. Description

This memorandum is an update on the status of CIP and deferred maintenance projects, previously known as repair and maintenance, projects for the 2022-2023 school year.

3. Update

The Department's Office of Facilities and Operations (OFO) currently manages approximately 20.7 million square feet in 263 schools, including five conversion public charter schools, spread across fifteen complex areas and seven islands to support public education.

Department CIP Categories

Planning for CIP projects begins by bundling capital improvements into several broad project-type categories. These categories direct how projects are prioritized, funded, and eventually executed. Funds appropriated are expended in the following areas:

CAPACITY

These projects provide student seats to alleviate classroom crowding and excessive commute distances. The need for new schools is based on population density changes and the anticipation of population growth from new housing subdivisions. Determination of new classroom buildings on existing campuses is based on projected population, campus capacity estimates, geographic exceptions, quantity and age of portables, master plans, overall school deficiencies, and capacity of nearby schools.

DEFERRED MAINTENANCE PROJECTS

These projects include major replacements or repairs of major building components such as roof replacements, structural improvements, renovations that extend the life of the facility, and other projects over the capitalization threshold, and therefore are eligible for bond funding. The periodic renewal of campus-wide systems such as water lines, electrical infrastructure, and fire alarm systems are also included.

INSTRUCTIONAL

These projects provide modernizations, renovations, and new facilities at existing campuses to support instructional needs. Additionally, Special Education, Career Technology Education, and elective programs with unique facility needs, including modernization and appropriate spaces at older schools are addressed.

SUPPORT

These projects address support areas on campuses. These include administration facilities, libraries, food service, and athletics. The projects would address facilities that are beyond their useful life or are either significantly short of required areas, facilities, or other components as required by Department-adopted educational specifications.

COMPLIANCE

These projects address compliance with the Americans with Disabilities Act or Title IX gender equity federal laws or regulations.

HEALTH AND SAFETY

These projects address heat abatement, safety and security vulnerability upgrades, and traffic and pedestrian safety needs at schools across the state. The funds are for assessments and to identify solutions on an on-going basis.

PROJECT COMPLETION

This lump sum amount is in addition to deferred maintenance projects, the four program areas, and health and safety. The amount covers supplemental consultant services, equipment costs for new facilities, and unanticipated costs.

OFFICE OF INFORMATION TECHNOLOGY SERVICES BELLS AND PAGING REPLACEMENTS

The Office of Information Technology Services has identified schools needing improvements to or replacements of their bell and paging systems in the next two years. Future funding is anticipated for on-going system replacements.

Facilities Asset Management and the Hawaii Facilities Inspection Tool

As reported at the Hawaii State Board of Education (Board) Finance and Infrastructure Committee meeting on June 2, 2022, the Department has implemented two new programs to support compliance with Board Policy 301-10, Equitable Allocation of Facilities Resources – Facilities Asset Management (FAM) and the Hawaii Facilities Inspection Tool (HI-FIT). Together, FAM and HI-FIT are used to determine the needs and priorities for the deferred maintenance plan of Department schools.

The Department implemented the FAM initiative by ramping up the pilot Job Order Contracting (JOC) program in 2018. JOC allows the Department to contract several vendors through competitive bidding for commonly encountered projects over the life of a multi-year contract. This has expedited work on repairing school roofs, the largest category on the Department's deferred maintenance plan.

HI-FIT is vital to ensuring that Hawaii's schools are clean, safe, and functional and that school facilities and sound maintenance practices continue to provide a positive contribution to teaching and learning. It is a visual inspection tool that uses a rating system to evaluate various components of learning and administrative environments and the overall condition of school facilities. External inspectors use this HI-FIT tool to assess interior and exterior building conditions, building systems, and cleanliness. HI-FIT allows school leaders to provide input on the deferred maintenance needs and priorities of their schools.

Status of Active CIP Projects

There are a total of 760 CIP projects, valued at more than \$1.75 billion, that are currently being managed by the Department. Of this total, there are more than 528 projects that are currently in design or actively being constructed, totaling nearly \$1.5 billion. There are 114 projects that are currently being planned or scoped for design at a preliminary contracted cost of \$3.2 million and 118 projects that are in the process of being closed out.

PROJECT MILESTONES	NUMBER OF PROJECTS	CONTRACTED COST
Planning	20	\$31,150.00
Scoping	94	\$3,174,785.05
Design Contract	103	\$83,384,646.92
Design	53	\$38,596,441.91
Construction Contracting	106	\$131,848,139.73
Construction	266	\$1,243,605,627.19
Closed	118	\$246,823,498.92
TOTAL	760	\$ 1,747,464,289.72

Status of Fiscal Year 2022-2023 Projects Funded by Hawaii State Legislature (Legislature)
The Governor signed Act 248 on July 7, 2022 for Fiscal Year 2022-2023. The Legislature funded projects with two large funding sources: \$581 million in traditional general obligation bonds and \$256 million in what is referred to as the Maintenance of Effort.

Immediately after Act 248 was signed into law, the Facilities Development Branch developed a schedule for the allotment requests. The highest priority, or special consideration, was given to Title I schools, which are schools with a larger population of students from low-income families, and schools designated for comprehensive support and improvement or targeted support and improvement schools; projects that are time sensitive or will supplement ongoing projects; Lump Sum CIP line items; and the Department's requested priorities based on [Board Policy 301-10, Equitable Allocation of Facilities Resources](#), adopted by the Finance and Infrastructure Committee on December 3, 2021.

As of August 24, 2022, the Facilities Development Branch has re-engaged schools with newly funded projects to further define their needs and maximize the project scope within the legislative intent of the appropriation and budget. The school-confirmed scope information is then uploaded to the CIP Project Tracking System, known as CPT. Within the last week, the first batch of allotment requests were submitted to the Department of Budget and Finance for the Governor's approval. The Department intends to request all remaining Act 248 allotments before December 31, 2022.

Status of Deferred Maintenance Projects

By utilizing the FAM and HI-FIT programs identified above, the Department is well positioned to spend down the \$87 million appropriated by Act 88 (2021) for deferred maintenance projects in a more efficient and timely manner.

Anticipated Challenges

Over the last two years, the COVID-19 pandemic has created a changing and unstable economic environment for the Department's CIP and deferred maintenance projects. Many projects faced delays due to worldwide supply chain issues and cost escalations due to the uncertainties. Even as the nation emerges from the pandemic, the Department's CIP and

deferred maintenance projects will no doubt continue to be impacted by the following industry challenges:

- Due to increased uncertainty, bids are coming in higher than estimated.
- Construction material and supplies are still limited.
- The construction industry is working beyond capacity.
- Project execution is increasingly challenged by the small construction window while school is in session.
- Building permits are slow and more difficult to obtain.
- Contingency funds are being depleted sooner due to the uncertainties identified above.

Despite the above, the Department will continue to work with industry partners to facilitate the timely delivery of the Department's CIP and deferred maintenance projects. The Department is appreciative of the generosity of the Legislature and will execute its CIP and deferred maintenance budgets efficiently, responsibly, and in a timely manner.

For more information on the status of CIP and deferred maintenance projects, please visit the Department's facilities portal at the Improving Hawaii School Facilities website: <https://www.hidoefacilities.org/>.

Should you have any questions regarding the status of CIP and deferred maintenance projects, 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.

KTH:esi
c: Office of Facilities and Operations