



**STATE OF HAWAII
BOARD OF EDUCATION
PAPA HO'ONA'AUAO
FINANCE AND INFRASTRUCTURE COMMITTEE MEETING**

MINUTES

Queen Liliuokalani Building
1390 Miller Street, Room 404
Honolulu, Hawaii 96813
Thursday, August 13, 2026

PRESENT:

Ken Kuraya, Chairperson
Elynne Chung, Vice Chairperson
Kahele Dukelow
Mary Hattori
Wesley Lo
Bill Arakaki, Ex Officio
Sylvia Lee, Ex Officio
Roy Takumi, Ex Officio

ALSO PRESENT:

Micah Kalauli, Board Student Representative
Keith Hayashi, Superintendent, Department of Education
Jesse Souki, Deputy Superintendent of Operations, Department of Education
Richard Fajardo, Assistant Superintendent, Office of Facilities and Operations,
Department of Education
Sean Tajima, Assistant Superintendent, Office of Campus Operations and Support,
Department of Education
Anneliese Tanner, School Food Program Administrator, Department of Education
Jadine Urasaki, Public Works Administrator, Facilities Development Branch, Department
of Education
Wimmie Wong Lui, Board Analyst
Keli Houston, Board Analyst
Lady Garrett, Secretary

I. Call to Order

Committee Chairperson Ken Kuraya called the Finance and Infrastructure Committee (Committee) meeting to order at 3:00 p.m. A roll call vote was conducted to establish quorum. Committee Chairperson Kuraya, Committee Vice Chairperson Elynne Chung and Committee Members Mary Hattori and Wesley Lo were present. Committee Member Kahele Dukelow participated remotely pursuant to section 92-3.5(d), Hawaii Revised Statutes.

II. Approval of meeting minutes of the March 12, 2026, Finance and Infrastructure Committee meeting

Committee Chairperson Kuraya called for oral testimony. No testimony was provided.

ACTION: Approve the meeting minutes of the March 12, 2026, Finance and Infrastructure Committee meeting. (Chung/Lo). The motion carried unanimously by all members present voting aye.

III. Department of Education update on its capital improvement portfolio

Committee Chairperson Kuraya called on Keith Hayashi, Superintendent, to provide an update on the Department of Education's (Department) capital improvement projects (CIP) portfolio. Hayashi introduced Jesse Souki, Deputy Superintendent of Operations, and Richard Fajardo, Assistant Superintendent, Office of Facilities and Operations (OFO), to present.

Souki provided an overview of the CIP portfolio, which is valued at approximately \$1.8 billion. He reported that, in Fiscal Year (FY) 2026, the Department closed 299 construction projects valued at approximately \$386 million. He expressed appreciation to the Facilities Development Branch (FDB) for its efforts in advancing projects.

Fajardo reported that the Department has continued to review and reduce project balances since the May 2026 update. There are 50 projects with balances exceeding \$1 million, totaling \$318.2 million, with most projects under construction or in design. There are 554 projects with balances under \$1 million, totaling \$106.3 million, with most projects completed, in the process of closing, or under construction.

Regarding Act 164, Session Laws of Hawai'i (SLH) 2023, and Act 230, SLH 2024, Fajardo reported that, of the \$771.3 million appropriated, \$565 million was obligated and \$128.9 million was expended as of June 30, 2026. Design and construction funds had been secured, with the exception of one pending design contract. Nine projects lapsed during the biennium due to project completion, design balances no longer being needed, school-level project declines, or construction bids exceeding available budgets.

Fajardo reported that Act 250, SLH 2025, has \$323.3 million appropriated, of which \$35.1 million has been obligated and \$6.6 million expended, leaving \$278.9 million in

the allotment balance. He also reported that Act 175, SLH 2026 has an appropriation of \$490.1 million available through June 30, 2028.

Committee Chairperson Kuraya called for oral testimony.

Susan Pcola-Davis, member of the public, testified regarding the Department's CIP portfolio.

Alice Luck, HE'E Coalition, testified regarding the Department's CIP portfolio.

Committee Member Lo commented on the limitations of the legacy project layout and recommended implementing an aging schedule and stoplight risk management system for projects. He also recommended separating project management information from legislative appropriation discussions to improve clarity. Committee Member Lo commended the Department's progress while noting that the current reporting does not provide a complete picture.

Board Member Roy Takumi, Ex Officio, inquired about the Department's two-year average lapse rate of approximately 4.4 percent and whether it was within the typical range for other state agencies. Souki stated that the lapse rate was within an acceptable margin. Jadine Urasaki, Public Works Administrator, added that state departments are not completely lapse-free, particularly given the volume of funding.

Board Member Takumi, Ex Officio, inquired about the Department's ability to provide information requested by legislators. Souki explained that the Department uses separate budget and project-tracking platforms and that reconciling information between the platforms is a manual process.

Board Member Takumi, Ex Officio, asked about potential efficiencies between the Department and the School Facilities Authority (SFA). Souki explained that the Department and SFA have distinct statutory missions and authorities and emphasized the importance of building upon existing systems.

Hayashi stated that the Department is committed to building schools for educational purposes and cited the completion of the East Kapolei school within three years as an example of a fully funded project. He added that a return to lump-sum funding buckets would provide greater flexibility to prioritize school needs.

Committee Member Lo asked about the allotment and obligation columns in Chart 5. Fajardo explained that the Department's goal is to obligate all allotted funds to prevent lapses and that the increased capacity of lump-sum funding buckets assists in achieving this goal.

Committee Chairperson Kuraya suggested that the Department develop a revised reporting format incorporating project aging and risk schedules.

IV. Department of Education update on status of schools' fire alarm systems

Committee Chairperson Kuraya called on Hayashi to provide an update on the status of fire alarm systems at Department schools. Hayashi invited Souki and Fajardo to provide the presentation.

As of July 22, 2026, five schools remained on fire watch: (1) Hilo Intermediate School, where an upgrade had been awarded and was pending contract execution; (2) Pāhoa High & Intermediate School, where the design was in permitting; (3) Lanakila Elementary School, where underground circuit troubleshooting was scheduled; (4) Aiea High School, where circuit testing was scheduled; and (5) Waikele Elementary School, which was awaiting repair parts. The Department completed seven fire alarm replacement projects during the past year. There are currently 20 projects under construction, 10 in design, and seven being scoped, for a total of 44 projects in progress or completed. Current condition assessments identified three critical systems (1 percent), 120 poor systems (45 percent), 73 fair systems (28 percent), and 68 good systems (26 percent). The Department also successfully tested a wireless fire alarm solution at Kapālama Elementary School.

Fajardo reported that the capital improvement project (CIP) health and safety funding bucket received no funding in FY 2023 and 2024. The health and safety bucket received \$40 million in FY 2025 and \$85 million in FY 2026, enabling additional fire alarm system upgrades.

Committee Chairperson Kuraya called for oral testimony.

Susan Pcola-Davis, member of the public, and Alice Luck, HE'E Coalition, testified regarding the status of schools' fire alarm systems.

Board Student Representative Micah Kalauli asked about the 120 schools with fire alarm systems rated as poor and the Department's plans to address those systems. Urasaki explained that a poor rating indicates that a system remains operational but may be unreliable due to its age. She stated that fire alarm systems are continually tested while the Department awaits funding through the health and safety lump-sum funding bucket.

Committee Member Lo commended the spotlight format of the report and suggested establishing clear annual internal goals for addressing systems rated as poor.

Committee Chairperson Kuraya clarified that the three critical systems are located at Hilo Intermediate School, Waikele Elementary School, and Pāhoa High & Intermediate School. He recommended color-coding spreadsheets to correspond with the charts and emphasized the importance of prioritizing systems rated as poor to prevent system failures.

V. Department of Education update on school facilities repair and maintenance

Committee Chairperson Kuraya called on Souki and Fajardo to present the update on school facilities repair and maintenance (R&M).

The Department received 55,532 work orders statewide and completed 44,861. Completion rates were 82 percent on O'ahu, 85 percent in Maui County, 82 percent on Kaua'i, and 72 percent on Hawai'i Island. The deferred maintenance backlog is valued at approximately \$1.2 billion and is tracked separately from routine work orders. Routine work orders accounted for 66.69 percent of the total work order volume. Emergency and trouble calls were resolved within established response timeframes.

The Department uses IBM Maximo to track work orders and conducted statewide training on July 23, 2026, to standardize work order entries. The Service Level Agreement (SLA) with the Department of Accounting and General Services (DAGS) for neighbor island maintenance was updated in February 2026 to clarify performance and response expectations. Fajardo acknowledged data quality issues in neighbor island reporting and emphasized the importance of improving data quality to support facilities management and decision-making.

Committee Chairperson Kuraya called for oral testimony.

Susan Pcola-Davis, member of the public, testified regarding the update on school facilities repair and maintenance.

Committee Member Hattori asked for clarification regarding the data quality issues identified in the presentation. Fajardo explained that some neighbor island work orders were closed prematurely due to misaligned expectations when certain items were transferred to deferred maintenance. He stated that additional training and implementation of the updated SLA with DAGS are being used to address communication issues and improve reporting.

Committee Chairperson Kuraya expressed appreciation for the Department's efforts to improve school facilities repair and maintenance.

VI. Update on the State's goal of 30% of school meals consisting of locally sourced products (section 302A-405.6, Hawaii Revised Statutes)

Committee Chairperson Kuraya called on Sean Tajima, Assistant Superintendent, Office of Campus Safety and Operations, and Anneliese Tanner, School Food Program Administrator, to present the update on the State's goal of 30% of school meals consisting of locally sourced products (section 302A-405.6, Hawaii Revised Statutes).

The total amount of spending for school food was \$66,912,799, with \$5,144,477 or 7.69% spent on local food which represents an increase from prior years that fluctuated

between 5.43% and 6.10%. Fresh local produce purchasing jumped to 23% in School Year (SY) 2026, up from 14% in SY 2023. The Department is driving institutional change through a three-pronged strategy focused on culinary innovation, modernized procurement, and regional infrastructure expansion. Menu development is transforming food service by introducing local items, such as replacing broccoli with bok choy and piloting regional juices and ahi (tuna) for SY 2027. To support this initiative, a partnership with the Culinary Institutes of America and the Pacific are actively training cohorts of food service managers, who have already deployed innovative options like the local sweet potato breakfast bun at Kalihi-Kai. The Department is shifting toward farm-direct procurement through fresh produce bids, localized micro-purchases, and campus gardens, specifically targeting domestic pineapple, citrus, and meats for upcoming menus. The infrastructure for the first regional kitchen remains on track to open in June 2027, and the operational models, commodity forecasting, and equipment procurements are underway, which will trigger a significant spike in local sourcing. The Department will launch eTriton inventory software in October 2026, pilot dedicated food budgets, and advance statewide expansion plans for these regional hubs.

Committee Member Lo left the meeting at 4:17 p.m.

Committee Chairperson Kuraya called for oral testimony.

Susan Pcola Davis, member of the public, testified on the update on the State's goal of 30% of school meals consisting of locally sourced products (section 302A-405.6, Hawaii Revised Statutes).

Committee Member Hattori commended the Department's progress since the food program audit issued five months prior, and asked how many of the 20 corrective actions had been addressed. Tanner responded that eight corrective actions have been completed, with the remaining in progress.

Board Member Sylvia Lee, Ex Officio also commended the Department's progress and noted that she would be sharing the report.

Board Member Takumi, Ex Officio asked about the calculation of the widely quoted \$9 per meal cost of school lunches compared to out-of-state central kitchens reporting costs under \$3. Tanner clarified that the \$3.75 represents raw food cost, whereas the \$9 figure is all-inclusive of labor and operational overhead. Committee Chairperson Kuraya noted this is a critical distinction for an apples-to-apples comparison.

Board Student Representative Micah Kalauli expressed appreciation for the local food offerings, noting long lines when local options are served at his school cafeteria.

Committee Chairperson Kuraya expressed appreciation that food operations are moving in a positive direction.

VII. Adjournment

Committee Chairperson Kuraya adjourned the meeting at 4:50 p.m.

For written testimony see the following link:

https://boe.hawaii.gov/wp-content/uploads/20260813_fic_testimony20260811.pdf