

SCHOOL FACILITIES AUTHORITY BOARD

MEETING MINUTES

Date: March 5, 2024

Time: 9:00 a.m.

Teleconference via Zoom

2759 South King Street, Room C5

Honolulu, Hawaii 96826

**This meeting was a remote meeting under Section 92-3.7, Hawaii Revised Statutes. The meeting recording is available on our website at*

<https://www.hisfa.org/board-meetings/>

Members Present:

Alan Oshima, Chairperson

Harold Edwards, Vice Chairperson

Edmund Aczon

Jan Iwase

Bettina Mehnert

Staff Present:

Riki Fujitani, Interim Executive Director

Alison Kunishige, Deputy Executive Director

Cindy Watarida, Business Manager

Kenyon Tam, Policy and Program Officer

Douglas Cullison, Project Manager

Wilmurf de Vera, Project Manager

Jiaping Fouse, Project Manager

AGENDA

I. Call to Order

Chairperson Alan Oshima called the meeting to order at 9:00 a.m.

II. Roll Call and Determination of a Quorum

Chairperson Oshima, Vice Chairperson Harold Edwards, and Members Edmund Aczon, Jan Iwase, and Bettina Mehnert were present at roll call. Quorum was established.

III. Approval of Meeting Minutes of February 6, 2024

Motion: Move to approve the February, 2024 meeting minutes (Aczon/Mehnert). 5 Ayes (Oshima, Aczon, Edwards, Iwase, Mehnert), 0 Nos, 0 Abstentions. Motion carries; minutes are approved.

IV. Public Testimony

There was no public testimony.

V. Workgroup and Subcommittee Reports

A. Subcommittee on Learning Spaces

1. Subcommittee Chair Iwase reported that the Learning Spaces Subcommittee held a meeting on February 22, 2024 where Doug Cullison, SFA Project Manager, provided a presentation on the status of SFA's pre-k projects.
2. Subcommittee Chair Iwase stated that the Learning Spaces Subcommittee received the University of Hawaii Community Design Center's (UHCDC) revised preliminary report refocused on Department of Education (DOE) affiliated properties. She stated that subsequently SFA staff put this project on hold, with the approval and consent of the Learning Spaces Subcommittee.
3. Subcommittee Chair Iwase reported that the Learning Spaces Subcommittee received a proposal from SFA staff recommending approval to begin planning for the construction of a Central Maui middle school, including identifying a site for the school. She stated that the Learning Spaces Subcommittee agreed with the SFA staff recommendation and that the Learning Spaces Subcommittee's recommendation would be taken up by the board later in the meeting.
4. Subcommittee Chair Iwase reported that the Learning Spaces Subcommittee received a proposal from SFA staff recommending approval to lapse appropriations related to a new East Kapolei high school. She stated that the Learning Spaces Subcommittee agreed with the SFA staff recommendation and that the Learning Spaces Subcommittee's recommendation would be taken up by the board later in the meeting.
5. Subcommittee Chair Iwase reported that the Learning Spaces Subcommittee approved legislative testimony for HB2384 HD1,

which would convert an unspecified amount of the \$200M in general funds for pre-K classrooms into general obligation bonds. She reported that SFA submitted testimony and the bill was recently passed with amendments.

B. Subcommittee on Workforce Housing

1. Workforce Housing Subcommittee Chair Edwards reported that the Workforce Housing Subcommittee continues to meet weekly.
2. Workforce Housing Subcommittee Chair Edwards reported that Addendum No. 2 for the Mililani High School educator workforce housing project was recently released, which addressed the first batch of questions from potential developers. He stated that the addendum also disclosed the school's desire for a future performing arts center and its request to consider reserving space for the center in any proposed site plans.
3. Workforce Housing Subcommittee Chair Edwards reported that the Workforce Housing Subcommittee received an email from SFA staff notifying it that it was putting the UHCDC project on hold.
4. Workforce Housing Subcommittee Chair Edwards reported that the Workforce Housing Subcommittee approved legislative testimony for HB1631 HD1 and HB2091.

C. Subcommittee on Operations

1. Subcommittee Chair Mehnert reported that the Operations Subcommittee received an email from SFA staff with UHCDC's revised preliminary report refocused on DOE-affiliated properties. She stated that originally, SFA staff asked the Operations Subcommittee to identify properties that might be opportunities for generating revenue and/or reducing operating costs of public education properties, that the subcommittee recommended stopping work on the project as the objectives were not entirely clear; nor was the board involved in the original initiation of the project. Subcommittee Chair Mehnert reported that SFA staff agreed with the subcommittee's recommendation and withdrew its request.

2. Subcommittee Chair Mehnert reported that the Operations Subcommittee received a proposal from SFA staff recommending changes to the board's bylaws to further clarify the roles and responsibilities of the board and SFA. She stated that the Operations Subcommittee agreed with the SFA staff recommendation and that the subcommittee's recommendation would be taken up by the board later in the meeting.

VI. Report of the Executive Director

A. Update on Expanding Inspiring Learning Spaces

1. Pre-K Learning Spaces:

- a) Project Manager Cullison provided a report on the pre-k program roadmap, which is broken into several categories: minor renovations, major renovations, modular buildings, and traditional buildings. He provided the amount of funding that SFA plans to allocate to each category.
- b) Project Manager Cullison reported on pre-k progress and the number of classrooms that are in each stage.
- c) Chairperson Oshima requested clarification on the Memorandum of Agreement (MOA) between SFA and the DOE relating to SFA's pre-k work. Riki Fujitani, Interim Executive Director, provided background information on the MOA and clarified that the current MOA allows SFA to use DOE's contract vehicles. Interim ED Fujitani stated that as of last Thursday, SFA posted and awarded four critical contracts to drive the preschool renovations. He stated that once SFA issues these contracts, SFA will not need to rely on the MOA, with the exception of the DOE's prequalified contractors program, which is needed to complete the current construction projects by August 2024. Interim ED Fujitani stated that SFA is also working on developing its own prequalified contractors program, which will be in place by March 2024.
- d) Chairperson Oshima requested clarification on project management. Interim ED Fujitani confirmed that SFA handles all project management.

2. New Schools:

- a) Interim ED Fujitani reported on the destination and the roadmap for new schools, specifically, building a new middle school in Central Maui. He stated that SFA has requested its allotment of \$20 million for planning (which lapses in four months) and that the request is currently with the State Office on Budget and Finance (B&F) and Governor Josh Green. Interim ED Fujitani emphasized the importance and urgency of this project because of the fires in West Maui, which resulted in a large number of people moving to Central and South Maui. He stated that based on the data, there is enough elementary school capacity, so the need is for middle schools. Interim ED Fujitani stated that Central Maui only has two middle schools and they are projected to be overcrowded within 2-3 years.
- b) Interim ED Fujitani shared his short-term goal, build capacity at existing Central Maui middle schools within three years and his long-term goal, build capacity by building a permanent new school. He estimated that the cost of a new school would be over \$120 million and may take as long as 10 years.
- c) Interim ED Fujitani stated that planning funds would be used, in part to develop standards and guidelines for the construction of modern and innovative new schools.
- d) Interim ED Fujitani stated that although there is currently no legislative funding for a Central Maui high school, the data show the need for high school capacity in Central Maui, particularly as middle school students move to high school.
- e) Interim ED Fujitani also shared the need to replace the aging infrastructure of schools statewide and pointed out that at least 16% or 3.3 million square feet in DOE schools needs to be replaced because the structures have reached the end of their usable life.

B. Update on Spearheading Housing Solutions

1. Interim ED Fujitani reported on his goal for housing solutions. He stated that the data show that there is 23% or 6.2 million square feet of underutilized DOE space that can be repurposed for things like housing, private development, or State offices. Interim ED Fujitani stated that the data show that at least 23 schools should be closed and that 57 schools should be repurposed.
2. Interim ED Fujitani reported on his roadmap for housing solutions. He stated that SFA began with the Mililani Request for Proposal (RFP). Interim ED Fujitani stated that going forward he would like to use a framework to identify opportunities statewide. He stated that criteria may include things like whether there are any general obligation bond issues, low enrollment, and land entitlements and zoning
3. Chairperson Oshima requested a report on the status of land transfers from the counties to the DOE, including an update on land tenure and title and an estimate of when SFA will have access to lands for development.

C. Update on Laying an Operational Foundation

1. Impact Fees.
 - a) Kenyon Tam, SFA Policy and Program Officer, provided an update on impact fees. He stated that the legislature transferred the responsibility of school impact fees to the SFA, but that DOE has been administering the School Impact Fees. Policy and Program Officer Tam reported that DOE currently has two full-time employees focused on school impact fees and that SFA does not have two full-time positions to dedicate to the school impact fee program. He stated that the short-term solution was an MOA between the SFA and the DOE to allow DOE to temporarily continue administering the school impact fee until SFA can build its capacity to take over the program. Policy and Program Officer Tam confirmed that there are funds in the school impact fee program accounts, \$18 million divided into four impact fee districts. He stated that DOE has not used any impact fee funds to date.

(1) Chairperson Oshima requested clarification on the total funds. Policy and Program Officer Tam

confirmed the total amount of funds is \$18 million, with an estimated \$5 million for Central Maui.

b) Policy and Program Officer Tam stated that the original version of HB2091 would have repealed school impact fees. He reported that the House Committee on Housing amended the bill to keep the school impact fee program, but to add that certain kinds of projects were exempt from the fees.

(1) Chairperson Oshima asked whether the bill would allow the fees already collected to be used for more projects. Policy and Program Officer Tam stated that the current form of the bill would not change what impact fees could be used for.

2. Alison Kunishige, Deputy Executive Director, reported that SFA terminated negotiations for office space at Kapiolani. She reported that SFA is focusing on two other locations for a permanent office, Waialae, where SFA currently has four workspaces and Kuhio Elementary. Deputy Executive Director Kunishige clarified that SFA maintains its workspace at Hilo. Interim ED Fujitani explained that SFA terminated negotiations for the Kapiolani space because he had concerns with using funds for leasing space instead of using underutilized state-owned space. Board Member Aczon asked for clarification on whether basic services like receiving mail was handled by the Hilo office. Interim ED Fujitani confirmed the Hilo office is the official location for SFA.
3. Policy and Program Officer Tam reported that HB3328, which reorganizes the DOE and repeals the SFA will cross from the Senate to House this week. Board Member Aczon asked how the House is expected to respond to the legislation. Policy and Program Officer Tam stated that there is an assumption House leadership is not in favor of this legislation. Chairperson Oshima inquired about the legislative procedures related to the bill. Policy and Program Officer Tam stated that there are several ways a bill can be killed, but that after crossover the bill will go to the Speaker of the House who will refer it to House committees.

4. Policy and Program Officer Tam reported that HB1631, which requires DOE and SFA to collaborate and prioritize housing projects, also requires DOE to report to the legislature the status of land transfers, which addresses Chairperson Oshima's earlier comments requesting the status of land transfers. Chairperson Oshima stated that if the SFA is allowed the opportunity to provide input, it should stress the importance and prioritization of the land transfers.

VII. Public Testimony

There was no public testimony.

VIII. Action Items

- A. Board Action on Operations Subcommittee recommendation concerning amendments to the bylaws to require board approval on projects

1. Operations Subcommittee Chair Mehnert stated the amendments are needed to clarify the roles and responsibilities of the SFA Board and the Executive Director. She added that these amendments help make SFA leaner and more effective. Chairperson Oshima agreed and thanked SFA staff for their work.

Motion: Move to adopt the proposed amendments to the Bylaws of the School Facilities Authority Board, attached as Attachment A to Subcommittee on Operations Chair Mehnert's memorandum dated March 5, 2024 (Mehnert/Aczon). 5 Ayes (Oshima, Aczon, Edwards, Iwase, Mehnert), 0 Nos, 0 Abstentions. Motion carries; amendments to the bylaws adopted.

- B. Board Action on Learning Spaces Subcommittee recommendation concerning the lapsing of funds allocated to a feasibility study and East Kapolei High School plans and design

1. Learning Spaces Subcommittee Chair Iwase stated that the subcommittee is recommending that SFA lapse the funds for the new East Kapolei high school because according to the most recent census data, the area is no longer considered a rural district and would not qualify for United States Department of Agriculture Rural Development (USDA RD) funds. She further stated that the legislature originally appropriated funds

to DOE to construct this school. Interim ED Fujitani confirmed legislators also appropriated funds to the DOE.

Motion: Move to approve the lapsing of:

- 1. \$100,000 in general obligation bond funds appropriated by Act 248, Session Laws of Hawaii 2022, for “plans and design for a feasibility study to build a new high school in East Kapolei, Oahu, including consideration of leveraging potential federal funding from USDA rural development and other sources”; and**
- 2. \$355,000,000 in federal funds appropriated by Act 248, Session Laws of Hawaii 2022, for “plans and design for master planning for a new high school in East Kapolei; including all campus and community related improvements, renovation, renewal, refurbishment, and new construction; ground and site improvements; equipment and appurtenances” (Iwase/Mehnert). 5 Ayes (Oshima, Aczon, Edwards, Iwase, Mehnert), 0 Nos, 0 Abstentions. Motion carries.**

C. Board Action on Learning Spaces Subcommittee recommendation concerning initial plan to identify a site for a Central Maui middle school

1. Board Member Aczon asked if these funds are the ones that SFA has asked B&F and Governor Green to release. Interim ED Fujitani confirmed these are the same funds. Chairperson Oshima inquired about the deadline for Governor Green to release these funds. Interim ED Fujitani replied that there is no deadline for the Governor to release funds, but the funds will lapse this June. Chairperson Oshima stated that SFA is looking at the middle school because the data show there is a need for a middle school in Central Maui. Interim ED Fujitani agreed and also added there is a greater need due to the impact of the Maui fires. He stated that the SFA will continue to make data-driven decisions and that these decisions would be supported by demographics and capacity data.

Motion: Move to approve the use of \$20,000,000 in general obligation bond funds appropriated by Act 248, Session Laws of Hawaii 2022, for the initial planning for the construction of a new Central Maui middle school, including identifying a site for the school, and the planning for expansion of middle school capacity at existing Central Maui schools (Iwase/Aczon). 5 Ayes (Oshima, Aczon, Edwards, Iwase, Mehnert), 0 Nos, 0 Abstentions. Motion carries.

IX. Adjournment

Motion to adjourn the meeting (Edwards/Aczon). 5 Ayes (Oshima, Aczon, Edwards, Iwase, Mehnert), 0 Nos, 0 Abstentions. Motion carries; meeting adjourned at 9:48 a.m.