

**STATE OF HAWAI'I  
SCHOOL FACILITIES AUTHORITY  
BOARD MEETING**

**BOARD MEMBERS**

Harold Edwards, Vice Chairperson

Edmund Aczon      Jan Iwase      Logan Okita      Kimo Unten

**NOTICE OF MEETING**

Tuesday, September 3, 2024  
9:00 a.m.

**Public Meeting Location**

Pauahi Tower  
1003 Bishop Street, Suite 2395  
The Wilhelm Group Conference Room  
Honolulu, Hawai'i 96813

**Courtesy Virtual Meeting Information\***

*\*This is **not** a remote meeting under Section 92-3.7, Hawai'i Revised Statutes. This virtual option is provided as a courtesy to the public. Board members will be participating in person at the public meeting location. Any loss of connectivity to the courtesy virtual option will not stop or cancel the in-person meeting.*

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## AGENDA

- I. Call to Order**
  - II. Roll Call and Determination of a Quorum**
  - III. Approval of Meeting Minutes of August 6, 2024**
  - IV. Public Testimony**
  - V. Workgroup and Subcommittee Reports**
    - A. Subcommittee on Learning Spaces
    - B. Subcommittee on Workforce Housing
    - C. Subcommittee on Operations
  - VI. Report of the Executive Director**
    - A. Programs
      1. Preschools
      2. School Modernization: Central Maui
      3. Workforce Housing
    - B. Operations
  - VII. Public Testimony**
  - VIII. Action Items**
    - A. Board action on Learning Spaces Subcommittee recommendation concerning plans to construct new pre-kindergarten learning hubs, continue renovating and converting existing classrooms to pre-kindergarten classrooms, and execute other strategies to increase pre-kindergarten student capacity
    - B. Board action on Learning Spaces Subcommittee recommendation concerning the lapsing of funds allocated to the redevelopment of Queen Lili'uokalani Elementary School property
    - C. Board action on Workforce Housing Subcommittee recommendation concerning criteria for selecting workforce housing sites
    - D. Board action on Fiscal Biennium 2025-2027 budget requests
    - E. Board action on selection of board officers and appointment of subcommittee membership
  - IX. Adjournment**
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Meeting material is available online at <https://www.hisfa.org/>.

The Board accepts written testimony on any agenda item and strongly encourages it as the primary means of submitting testimony. Written testimony received 24 hours before the meeting will be posted publicly and distributed to Board members before the meeting. Individuals may submit written testimony in advance of the meeting via email to [sfboard@hisfa.org](mailto:sfboard@hisfa.org), or by mail addressed to: School Facilities Authority, 2759 S. King Street, H201, Honolulu, Hawaii 96826.

Individuals may provide oral testimony in-person at the meeting or virtually. Individuals interested in signing up to provide oral testimony at the meeting or virtually may submit their name, email, and phone number to [sfboard@hisfa.org](mailto:sfboard@hisfa.org). If signing up for virtual testimony, individuals may request to be visible to board members and other meeting participants.

In accordance with Hawai'i's Sunshine Law (Hawai'i Revised Statutes, Chapter 92), all testimony, whether written or oral, should be related to an item that is on the agenda.

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Harold Edwards, School Facilities Authority Board Vice Chairperson

SCHOOL FACILITIES AUTHORITY BOARD

MEETING MINUTES

Date: August 6, 2024

Time: 9:00 a.m.

Teleconference via Zoom  
Queen Lili'uokalani Building  
1390 Miller Street, Room 404  
Honolulu, Hawai'i 96813

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

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

**Members Present:**

Harold Edwards, Vice Chairperson  
Edmund Aczon  
Jan Iwase

**Members Excused:**

Alan Oshima, Chairperson

**Staff Present:**

Riki Fujitani, Executive Director  
Cindy Watarida, Business Management Officer  
Kenyon Tam, Administrative Services Officer  
Douglas Cullison, Project Manager  
Cheri Nakamura, Policy & Program Officer

**AGENDA**

**I. Call to Order**

Vice Chairperson Harold Edwards called the meeting to order at 9:00 a.m.

**II. Roll Call and Determination of a Quorum**

Vice Chairperson Edwards and Members Edmund Aczon and Jan Iwase were present at roll call. Quorum was established.

**III. Approval of Meeting Minutes of June 4, 2024**

**Motion: Move to approve the June 4, 2024 meeting minutes**

**(Aczon/Iwase). 3 Ayes (Edwards, Aczon, Iwase), 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 Chairperson Iwase reported that the subcommittee met on July 25, 2024 and agreed to meet every two weeks on Thursday's for at least 30 minutes. The meeting also included an update from School Facilities Authority (SFA) staff on pre-kindergarten classrooms and Maui schools.

**B. Subcommittee on Workforce Housing**

1. Subcommittee Chairperson Edwards reported that the subcommittee has met several times in the past month. Subcommittee Chairperson Edwards deferred to the Executive Director Report on workforce housing.

**C. Subcommittee on Operations**

1. Subcommittee Member Aczon confirmed the subcommittee has no report.

**VI. Report of the Executive Director**

**A. Programs**

1. **Preschools:** Reported by SFA Project Manager, Doug Cullison

- a) Fiscal Year 2024 cohort: 46 classrooms (116 seats) currently in progress and scheduled to open this month.

- (1) There have been issues with flooring, but the manufacturer agreed to fix them at no cost to the State. Floor replacement will need to take place next summer. Safety is not a concern; however, the SFA will continuously inspect the classrooms throughout the year.

- b) New buildings, traditional construction: Funds were transferred to Pearl City Library, Children's Center at the University of Hawai'i (construction 40% complete), and the State Public Charter School Commission for Mālama Honua Charter School at Waimanalo.
- c) New buildings, prefabricated off-site construction: Currently working on the design and allocated (8) sites for hubs with at least 4-8 classrooms per hub.
  - (1) A steering committee was formed consisting of the Lieutenant Governor's Office, DOE, EOEL, Charter Commission.
  - (2) An estimated 30-40 candidates was proposed but a demand-model for scoring will be set in place to rank the selections.
- d) Allocation breakdown:
  - (1) Minor renovations: \$20 million.
  - (2) Major renovations: \$11 million. A couple of candidates are in the running (e.g. charter school).
  - (3) Traditional buildings: \$4 million. Plan to be allocated for Waimea Public Library.
  - (4) Prefabricated buildings (hubs): \$48 million.

**2. New Schools: Central Maui:** Reported by Executive Director Fujitani

- a) Currently in planning phase
  - (1) Assessed the impact of the Maui wildfires (which displaced about 4,500 households).
  - (2) Assessment shows Central Maui schools being overcrowded (specifically middle schools with a 13 classroom deficit and high schools a 24 classroom deficit).
  - (3) Development of standards:

- (a) Draft of educational specifications is scheduled for this month.
- (b) Next step on the development of standards is design guides, construction specifications, standard technical drawings, and commissioning plan.
- (c) Development of standards is currently focused on classrooms as the immediate need is to alleviate the overcrowding.
- (d) Drafts will be shared with the Department of Education (DOE) (e.g. DOE's design and maintenance teams) for review and comments to ensure it meets their requirements.

(4) Development of a six-year budget

- (a) To address and alleviate overcrowding issues immediately in Central Maui
  - (i) Currently, \$19 million appropriated for Central Maui does not specify classrooms. The SFA intends to submit an allotment request to the governor to direct the funds to classrooms.
  - (ii) Executive Director Fujitani added the standards for these classrooms can be modeled or replicated to address DOE's classroom issues. (Based on a 2017 study commissioned by the DOE, 1.8 million square feet of DOE classrooms need to be replaced as it reaches the end of life. Based on a conservative estimate of \$750 square feet, this would entail a \$1.3 billion capital renewal budget).

(b) To address long-term need in Central Maui:

- (i) Currently nine developers are in the process of building permits for an estimate of 7,000 new housing units in Central Maui. The projections show a need for a Central Maui middle school and additional capacity at the high schools. This data will also be included in the biennium budget request package to legislators.
- (ii) Currently existing Central Maui schools: five elementary, two middle, and two high schools.
- (iii) Board Member Aczon questioned if schools are part of the development plan of the current nine developers. Executive Director Fujitani responded that part of the school impact fee process requires developers to contribute (e.g. land). SFA consultants are Maui-based firms (supplemented by national expertise firms) and are able to identify potential sites.

**3. Workforce Housing:** Reported by Executive Director Fujitani

a) Pilot project (Mililani High School Teacher Housing)

(1) Recap: Posted in 2023, proposal due May 2024, best and final offer due July 2024, and tentative award date is August 2024.

(a) Board Member Aczon questioned if the award date is confirmed. Executive Director Fujitani confirmed the estimated award date is August 23, 2024.



b) Phase 1: Potential five new sites. SFA is currently developing criteria to determine prioritization and sequencing. A draft will be presented to the SFA Board for board approval.

(1) Executive Director Fujitani provided insight on the impact and need of workforce housing. For 5% of the DOE workforce, an estimated 1,000 units will need to be developed.

(2) Executive Director Fujitani provided background on workforce housing. The road to workforce housing started through Act 155 (2013).

**B. Operations:** Reported by Executive Director Fujitani

1. Ending Fiscal Year 2024

a) Of the \$106 million the governor released to the SFA, the SFA was able to encumber or spend all of the funds (preschool, new school, and housing).

2. Fiscal Year 2025 will be challenging as funds will be bond funds, not general funds, with a two-year lapsing date.

3. Office space: As part of repurposing space, the SFA canceled its private lease negotiation and is now housed at Kūhiō Elementary School. This helps reduce an annual lease expenditure of \$80k-\$90k.

4. Personnel: SFA currently has 12 positions, of which eight are exempt from civil service. Of the eight exempt positions, two are currently vacant. For the four civil service positions, there are some interpretation discrepancies SFA is currently attempting to resolve. Thus, civil service positions will not get filled until then. However, Executive Director Fujitani assured all exempt positions should be filled by Fall 2024.

5. Six-year budget approval: Executive Director Fujitani referenced the Board packet of the details. A new program added to the budget is statewide planning. A comprehensive statewide plan will need resources and positions. An abbreviated plan will be made just for Central Maui; however, it will need to be replicated across all school complexes.

**VII. Public Testimony**

There was no public testimony.

**VIII. Action Items**

**A. Board action on selection of chairperson and vice-chairperson of the board and appointment of chairpersons and members for each subcommittee (Subcommittee on Learning Spaces, Subcommittee on Workforce Housing, and Subcommittee on Operations)**

1. Vice Chairperson Edwards directed board members to the report in the Board packet.

**Motion: Move to Move to:**

1. **Select (elect) Alan Oshima as chairperson and Harold Edwards as vice-chairperson of the Board;**
2. **Appoint Jan Iwase as chairperson of the Subcommittee on Learning Spaces;**
3. **Appoint Harold Edwards as chairperson of the Subcommittee on Workforce Housing;**
4. **Appoint Edmund Aczon as chairperson of the Subcommittee on Operations (Iwase/Aczon).**

**3 Ayes (Edwards, Aczon, Iwase), 0 Nos, 0 Abstentions. Motion carries.**

**IX. Adjournment**

**Motion to adjourn the meeting (Aczon/Iwase). 3 Ayes (Edwards, Aczon, Iwase), 0 Nos, 0 Abstentions. Motion carries; meeting adjourned at 9:25 a.m.**

# Report of the Hawai'i School Facilities Authority Executive Director

September 2024

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- VI. Report of the Executive Director
    - A. Programs
      - 1. Preschools
      - 2. School Modernization: Central Maui
      - 3. Workforce Housing
    - B. Operations
- 

## WHAT?

- The Hawai'i School Facilities Authority (HISFA) is a state agency established in 2020-21 and authorized in 2022-24 with program funding for (1) Preschools, (2) School Modernization Central Maui and (3) Workforce Housing.

## WHY?

- Historically in Hawai'i, planning, design and construction of public schools were shared between the Department of Education (DOE) and the Department of Accounting and General Services (DAGS). Those functions were consolidated in the DOE for accountability by Act 51, the Reinventing Education Act of 2004.
- The idea for a separate HISFA evolved from efforts by legislators dating back to 2013 with the passage of Act 155, a pilot program for the DOE to redevelop three public school land sites in public-private partnerships (P3s) to generate revenue for education. No sites were started by the DOE.
- Further changes are underway. Act 72 (2020) established the HISFA. Act 271 (2021) clarified HISFA powers and responsibilities. Act 61 (2023) authorized the HISFA board to appoint the executive director.

## HOW?

- Using industry standards, innovative designs, latest construction methods, maintainability of buildings and sensible budgets, HISFA programs construct modern learning and living environments for Hawai'i's public school system.
  - Examples: [New Mexico](#), [Massachusetts](#), [Rhode Island](#), [Arizona](#), [NYCSCA](#), and [California](#)
- 

## A. Programs

### 1. Preschools

#### a. Renovations

- 1) Renovations Completed:
  - (a) August 2023 = 11 classrooms with 213 new seats
  - (b) August 2024 = 46 classrooms with 799 new seats
  - (c) TOTAL 2023-2024 = 57 classrooms with 1,012 new seats
- 2) New Renovations
  - (a) August 2025 = 15 classrooms with 516 new seats
  - (b) August 2026 = Goal is 10 classrooms with 500 new seats

#### b. New buildings traditional construction

- 1) University of Hawai'i at Mānoa
- 2) Pearl City Library
- 3) Mālama Honua Charter School (Waimānalo)
- 4) Investigating potential additional sites

#### c. New buildings prefabricated construction

- 1) Conceptual and schematic pre-design for preschool buildings
  - (a) 4,000 square foot building

- (b) 4 preschool classrooms; bathrooms; support areas
- (c) \$6M per site
- 2) Preschool hubs in pre-design = 8 with 600 seats

**d. Fiscal Year (FY) 2024-2025 \$100M capital improvement program (CIP) funds plan**

<b>Project Type</b>	<b>FY24-25 CIP 06.30.26</b>
(A) Minor Renovations Budget: \$15K-\$20K/seat	\$20,000,000
(B) Major Renovations Budget: \$50K - \$100K/seat	\$11,000,000
(C) Traditional Buildings Budget: \$50K - \$100K/seat; shovel ready projects	\$4,000,000
(D) Prefabricated Buildings Budget: \$50K - \$100K/seat	\$48,000,000
Contingency	\$17,000,000
<b>Total</b>	<b><u>\$100,000,000</u></b>

**2. School Modernization: Central Maui**

**a. Phase I: Central Maui Planning**

- 1) Impact of Lahaina Fires to Central Maui schools → 4,500 households displaced
  - (a) Validation of Classroom Capacity Assessment (CCA) data model. Basis for data driven decision making.
  - (b) Classroom capacity initial analysis.
    - (i) Five (5) elementary schools (ES) = 40 classrooms surplus
    - (ii) Two (2) intermediate schools (IS) = 13 classrooms deficit
    - (iii) Two (2) high schools (HS) = 24 classrooms deficit
- 2) Standards based design and construction. Five (5) standards need to be developed for Hawai'i schools.
  - (a) Educational Specifications. Structured documentation substantiated by calculations and diagrams defining the physical environment needed to support teaching and learning.

- (b) Design Guides. “How to” guide for architects and engineers for projects, highlighting standards and technical requirements. Guidelines provide direction and instructions about how to approach designs for schools.
- (c) Construction Specifications. Comprehensive documentation defining materials and manufacturers acceptable for use in schools. Key specifications for maintainability of buildings.
- (d) Standard Technical Drawings. Detailed drawings of buildings and structures that follow specific industry standards and buildings codes to ensure uniformity and correctness. Streamlines county permitting.
- (e) Commissioning Plan. Procedural plan that outlines the steps and responsibilities required to ensure a building or system is functioning properly before it is put into use.

## **b. Phase II: Medium-Term Capacity 2027**

- 1) Overcrowding at Central Maui IS and HS schools = 37 classrooms deficit.
  - (a) Sites for additional classrooms capacity at existing Central Maui schools.
  - (b) FY 2024-2025 CIP \$19M potential to be used for medium-term capacity 2027. Requires governor approval of allotment request process.
- 2) Pre-Design and Design of additional classroom capacity
- 3) Prefabricated Construction of additional classrooms capacity

## **c. Phase III: Long Term Capacity 2030**

- 1) 7,000 new homes Central Maui
  - (a) 4,781 housing starts 10 years
  - (b) 3,320 new students 10 years
  - (c) 184 additional classrooms
- 2) Pre-Design and Site Options
- 3) Project Delivery Methods for Construction
  - (a) Design Assist
  - (b) Integrated Product Delivery
- 4) Center of Community Life (WCCL)
  - (a) Multi-use facility: Education, community and resiliency services

## **3. Workforce Housing**

### **a. Pilot: RFP-SFA-23-01 Mililani HS**

- 1) Published Date: 12.15.2023
- 2) Proposal Due Date: 05.31.2024
- 3) Best and Final Offer Due Date: 07.12.2024
- 4) Award Date: 08.23.2024
  - (a) Selected offeror: Pacific Housing Assistance Corporation
- 5) Next step: Negotiation of development agreements

**b. Phase I: Five (5) Sites FY 2025-2026 and FY 2026-2027**

- 1) Site selection criteria by HISFA Board: 09.03.2024
- 2) Workforce Housing Steering Committee: Site due diligence prioritization

**B. Operations**

**1. FY 2024-2025 Budget**

**a. Operating**

SCHOOL FACILITIES AUTHORITY EDN450	FY25 Lapse 06.30.2025
Positions - Exempt	8
Positions - Civil Service	4
Operating	\$1,716,193 A

**b. Investment Capital**

SCHOOL FACILITIES AUTHORITY EDN450	FY 2023-2024 Lapse 06.30.2026	FY 2024-2025 Lapse 06.30.2026
LILIUOKALANI CAMPUS, OAHU	100,000 C	
NEW CENTRAL MAUI ELEMENTARY AND MIDDLE SCHOOL, MAUI	10,000,000 C	9,000,000 C
LUMP SUM CIP – PRE-KINDERGARTEN CAPACITY		100,000,000 C
TOTAL	10,100,000 C	109,000,000 C

**2. Organization**

- a. Exempt positions – 8

- 1) Program Manager (School Modernization Central Maui) –  
joji.matsumoto@hisfa.org
  - 2) Program Manager (Workforce Housing) –  
brian.canevari@hisfa.org
  - 3) Policy and Program Officer – cheri.nakamura@hisfa.org
  - 4) Program Manager (Preschools) – doug.cullison@hisfa.org
  - 5) Business Management Officer – cindy.watarida@hisfa.org
  - 6) Administrative Services Officer – kenyon.tam@hisfa.org
  - 7) Executive Director – riki.fujitani@hisfa.org
  - 8) Planning Officer – open
- b. Civil services positions – 4
- 1) Hold up due to statutory construction interpretations of HRS Sections 302A-1702 and -1703
  - 2) The Department of Human Resources Development will be able to assist with recruitment, but it could take a while.

### **3. Administrative Rules**

- a. “School Facilities Authority Rules of Practice and Procedure” (Chapter 8-600, Hawai’i Administrative Rules) adopted by the HISFA on 06.04.2024.
- b. Received approval “as to form” from deputy attorney general and submitted to the Office of the Governor
- c. Awaiting governor approval

JOSH GREEN, M.D.  
GOVERNOR

RIKI FUJITANI  
EXECUTIVE DIRECTOR



STATE OF HAWAII  
SCHOOL FACILITIES AUTHORITY  
2759 S. KING STREET, ROOM H201  
HONOLULU, HAWAII 96826

September 3, 2024

## MEMORANDUM

TO: School Facilities Authority Board

FROM: Jan Iwase  
Chair, Subcommittee on Learning Spaces

SUBJECT: Board action on Learning Spaces Subcommittee recommendation concerning plans to construct new pre-kindergarten learning hubs, continue renovating and converting existing classrooms to pre-kindergarten classrooms, and execute other strategies to increase pre-kindergarten student capacity

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### I. **BACKGROUND**

Act 257, 2022 Session Laws of Hawai'i (SLH), appropriated \$200 million in general funds for Fiscal Year (FY) 2022-2023 for the School Facilities Authority (SFA) to expand access to pre-kindergarten to eligible children throughout the state. Act 175, 2023 SLH, transferred the \$200 million in general funds to the school facilities special fund for FY 2023-2024.

Although Act 257, 2022 SLH, as subsequently amended by Act 175, 2023 SLH, appropriated \$200 million as described above, Governor Josh Green approved the release of only \$81,685,613 in special funds for preschool expansion projects. In discussions with the Department of Budget and Finance (B&F), B&F explained that the State needed the cash to address the Maui wildfires. B&F offered to seek a replacement of funds through a legislative bill introduced in Governor Green's administrative package for the 2024 legislative session, which ended up being HB2384. As introduced, HB2384 would have converted \$100 million of the \$200 million in general funds appropriated for pre-kindergarten expansion into general obligation bond funds. HB2384 did not pass out of the legislature; however, the



SFA still received additional funds for pre-kindergarten expansion through Act 230, 2024 SLH.

The funding that Governor Green released has been utilized to expand pre-kindergarten capacity as summarized below:

1. In 2023, the SFA completed the renovation of 11 pre-kindergarten classrooms, increasing Hawai'i's pre-kindergarten capacity by 213 seats.
2. In 2024, the SFA completed the renovation of 45 pre-kindergarten classrooms, increasing Hawai'i's pre-kindergarten capacity by 800 seats.
3. The SFA's investment in the Children's Center Project at the University of Hawai'i, now 50% complete, is on track to add 120 seats in 2025.
4. Two new construction projects (a new Pearl City Library and a new campus for Mālama Honua Public Charter School) are expected to deliver three preschool classrooms financed by the SFA, adding 60 seats in the next few years.

Act 230, 2024 SLH, appropriated \$100 million in general obligation bond funds to the SFA. These funds are designated for pre-kindergarten capacity expansion, including planning, design, construction, land acquisition, and improvements to existing school facilities. These capital improvement program (CIP) appropriations will lapse unless the SFA encumbers the funds by June 30, 2026.

## **II. SUMMARY**

The SFA has formed a steering committee with the Office of the Lieutenant Governor, the Executive Office on Early Learning, the State Public Charter School Commission, and the Department of Education to find alignment on overall Ready Keiki program goals and identify sites for new pre-kindergarten hubs. The steering committee is in the process of identifying eight new pre-kindergarten hubs, which are projected to provide over 30 classrooms and increase capacity by more than 600 seats by 2027. The SFA plans to continue renovating existing classrooms, with up to 25 new classrooms expected in 2025 and 2026, potentially expanding capacity by 500 seats each year. The SFA is also open to other strategies and opportunities for expanding pre-kindergarten capacity, such as investing in shovel-ready projects to include preschool classrooms.

## **III. RECOMMENDATION**

The subcommittee recommends the School Facilities Authority Board approve the use of the \$100 million of the CIP appropriations related to pre-kindergarten capacity expansion to:

1. Construct new pre-kindergarten learning hubs, adding over 30 new classrooms and 600 seats by 2027;
2. Continue the renovation and conversion of existing classrooms into pre-kindergarten classrooms, targeting the delivery of up to 25 new classrooms annually in 2025 and 2026; and
3. Execute any other strategies appropriate to increase pre-kindergarten student capacity within the state.

**Proposed Motion: “Move to approve the use of \$100,000,000 in general obligation bond funds appropriated by Act 230, 2024 Session Laws of Hawai‘i, to continue expanding pre-kindergarten student capacity within the state as described in Learning Spaces Subcommittee Chair Jan Iwase’s memorandum dated September 3, 2024.”**



**STATE OF HAWAII**  
**SCHOOL FACILITIES AUTHORITY**  
2759 S. KING STREET, ROOM H201  
HONOLULU, HAWAII 96826

September 3, 2024

**MEMORANDUM**

**TO:** School Facilities Authority Board

**FROM:** Jan Iwase  
Chair, Subcommittee on Learning Spaces

**SUBJECT:** Board action on Learning Spaces Subcommittee recommendation concerning the lapsing of funds allocated to the redevelopment of Queen Lili'uokalani Elementary School property

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**I. BACKGROUND**

Act 164, 2023 Session Laws of Hawaii (SLH), appropriated \$100,000 in general obligation bond funds to the School Facilities Authority (SFA) for “plans and designs for redevelopment of Queen Lili’uokalani Elementary School property to pre-kindergarten classrooms and teacher housing, including traffic studies, community outreach, and utilities/sewer assessments.” These capital improvement program (CIP) appropriations will lapse unless the SFA encumbers the funds by June 30, 2026.

**II. FINDINGS**

The Subcommittee on Learning Spaces finds that redeveloping the Queen Lili’uokalani Elementary School property is not the most efficient use of the School Facilities Authority's (SFA) time and resources. Although legislators saw the property as a promising site for redevelopment, they may have lacked information regarding the costs associated with relocating the existing Department of Education (DOE) operations or the investments the DOE has already made in the property's infrastructure. A 2019 report from the DOE Office of Facilities and Operations, attached as Exhibit A, indicated that the Queen

Lili'uokalani Elementary School was not a suitable option for redevelopment. In addition to the sunk costs from building renovations completed after the school's closure, significant expenses for moving and lease rent would also need to be covered.

### **III. RECOMMENDATION**

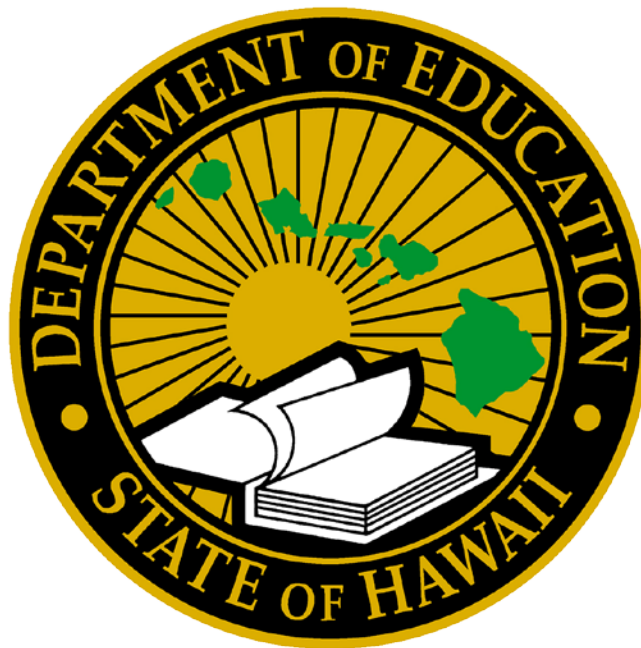
The subcommittee recommends that the School Facilities Authority Board approve the lapsing of the CIP appropriations related to the redevelopment of the Queen Lili'uokalani Elementary School property.

**Proposed Motion: “Move to approve the lapsing of \$100,000 in general obligation bond funds appropriated by Act 164, 2023 SLH, for ‘plans and designs for redevelopment of Queen Liliuokalani Elementary School property to pre-kindergarten classrooms and teacher housing, including traffic studies, community outreach, and utilities/sewer assessments.’”**

**Exhibit A**

**“Act 155 – Use Scenarios” October 21, 2019, Report from Facilities Development  
Branch, Office of Facilities and Operations, Department of Education**

# Act 155 – Use Scenarios



Office of Facilities and Operations  
Facilities Development Branch

10/21/2019

# ACT 155 – USE SCENARIOS

## CONTENTS

3633 Waialae Avenue, “Kaimuki Property” .....	1
Property Information .....	1
Existing Buildings.....	1
Parking .....	1
PV systems .....	1
Existing utility systems .....	1
Existing Use .....	1
Proposals.....	1
Request for Interest .....	2
Department Expectations .....	<b>Error! Bookmark not defined.</b>
Proposal 1 .....	2
Proposal 2 .....	2
Proposal 3 .....	2
State Fund Expenditures .....	2
Campus Renovation – Early 2000 .....	2
Repair and Maintenance - Ongoing .....	<b>Error! Bookmark not defined.</b>
PV Microgrid - 2017 .....	2
475 22 <sup>nd</sup> Avenue.....	3
Property Information .....	3
Existing Buildings.....	3
Parking .....	3
Existing utility systems .....	3
Existing Use .....	3
Proposals.....	3
Request for Interest .....	4
Department Expectations .....	<b>Error! Bookmark not defined.</b>
Proposal .....	4
State Fund Expenditures .....	4
Repair and Maintenance - Ongoing .....	4

## **3633 WAIALAE AVENUE, “KAIMUKI PROPERTY”**

### **Property Information**

- 2.7 acres
- Fee Ownership Department of Land and Natural Resources with an Executive Order to the Department of Education
- Acquired 1912 from the County
- The property is bound by Koko Head Avenue to the east, Waialae Avenue to the north, 13<sup>th</sup> Avenue to the east, and Mahina Avenue to the south.

### **Existing Buildings**

- Approximately 11,000 sf gross floor area
- Existing buildings constructed in between 1965 to 1970
- Single story converted cafeteria to data center on the southwest corner
- Renovated two story office building in the middle of the property
- Three story converted classroom to office building on the north side of the property
- A pair of two story converted classroom to office buildings on the east end of the property
- A three story converted classroom to office building on the south side of the property

### **Parking**

- An 83 stall at grade parking lot is located on the northeast corner of the property
- A 19 stall at grade parking lot is located on the south side of the property

### **PV systems**

- Canopy system over the northeast parking lot
- Rooftop systems over three of the five office buildings

### **Existing utility systems**

- Water, electric, and communication services are generally provide from the Koko Head, Waialae, and Mahina Avenue frontages
- Sewer and drainage service is provided at the 13<sup>th</sup> Avenue frontage

### **Existing Use**

- The property currently houses 140 administrative staff from three separate Department of Education Offices – Office of Information and Technology Services, Office of Facilities and Operations, and Data Governance.

## **PROPOSALS**

The Kaimuki property is proposed to be utilized for the Act 155 Pilot Program. Generally, the site will be made available for private party development and use in exchange for monetary consideration.

The intent of Act 155 is to generate revenue for the Department to supplement repair and maintenance and CIP funding sources. As such, it is envisioned any proposal would general lease rent from which the Department could expend directly, or use as debt service to a revenue bond.



Sunk capital costs in recent building renovations and PV systems are expected to be compensated.

Equivalent replacement office space, monetary compensation, or other Developer proposal is expected to mitigate the displacement of staff caused by the development.

### **Request for Interest**

In October 2018, several developers submitted letters of interest for properties identified as candidates for the Act 155 Pilot Program. Three proposals were submitted for the Kaimuki Property.

### **Proposal 1**

- Redevelopment of 75% of the site for a mixed-use condominium tower
- The Department to retain the east half of the property including the data center, south parking lot, and two story office building in the middle of the property.
- Compensation
  - Annual lease rent
  - Department ownership of residential units valued up to a fixed dollar amount

### **Proposal 2**

- Redevelopment of the entire site to accommodate low density residential development with retail components
- Possible re-use of existing structures, dependent on securing of certain land entitlements
- Compensation – long term ground lease rent

### **Proposal 3**

- Redevelopment of the entire site to accommodate a mixed-use condominium tower
- Compensation - commercial ground lease with net percentage of rent derived from the property

## **STATE FUND EXPENDITURES**

### **Campus Renovation – Early 2000**

- \$1.6M of CIP funds was expended to convert existing classroom spaces into office spaces
- \$6.0M of CIP funds was expended to establish the data center

### **PV Microgrid - 2017**

- \$1.3M in general funds expended for the canopy and roof top systems installed on campus.
- The system is owned and operated entirely by the Department. All power generated is consumed on-campus.

## 475 22<sup>ND</sup> AVENUE

### Property Information

- 6.5 acres
- Fee Ownership Department of Land and Natural Resources with an Executive Order to the Department of Education
- The property is bound by 22nd Avenue to the east, Puu Panini Avenue to the north, Palekaua Street to the east, and neighboring properties to the south.

### Existing Buildings

- Approximately 83,000 sf gross floor area
- Two story office building in the northeast corner of the property
- Two single story warehouses on the south side of the property
- Single story converted warehouse to meeting spaces south side of the property
- A single story warehouse on the east end of the property

### Parking

- An 60 stall at grade parking lot is located on the south side of the property adjacent to the warehouses and meeting space
- A 32 stall at grade parking lot is located adjacent to the office building

### Existing utility systems

- Water, electric, and communication services are generally provide from the Koko Head, Waialae, and Mahina Avenue frontages
- Sewer service is provided at the Palekaua Street frontage

### Existing Use

- The property currently houses 150 administrative staff from Department of Education Office of Curricular Services.
- 40,600 sf of warehouse and meeting space.

## PROPOSALS

The 22<sup>nd</sup> Avenue property is proposed to be utilized for the Act 155 Pilot Program. Generally, the site will be made available for private party development and use in exchange for monetary consideration.

The intent of Act 155 is to generate revenue for the Department to supplement repair and maintenance and CIP funding sources. As such, it is envisioned any proposal would general lease rent from which the Department could expend directly, or use as debt service to a revenue bond.

Sunk capital costs in recent building improvements are expected to be compensated.

Equivalent replacement office space, monetary compensation, or other Developer proposal is expected to mitigate the displacement of staff caused by the development.

### **Request for Interest**

In October 2018, several developers submitted letters of interest for properties identified as candidates for the Act 155 Pilot Program. One proposal was submitted for the 22<sup>nd</sup> Avenue Property.

### **Proposal**

- Redevelopment of the entire site to accommodate low density residential development
- Compensation – long term ground lease rent

## **STATE FUND EXPENDITURES**

### **Repair and Maintenance - Ongoing**

- Approximately \$1.5M of CIP funds were expended for various repair and maintenance projects has been made since 2008.

JOSH GREEN, M.D.  
GOVERNOR

RIKI FUJITANI  
EXECUTIVE DIRECTOR



STATE OF HAWAII  
SCHOOL FACILITIES AUTHORITY  
2759 S. KING STREET, ROOM H201  
HONOLULU, HAWAII 96826

September 3, 2024

## MEMORANDUM

TO: School Facilities Authority Board

FROM: Harold Edwards  
Chair, Subcommittee on Workforce Housing

SUBJECT: Board action on Workforce Housing Subcommittee recommendation concerning criteria for selecting workforce housing sites

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### **I. BACKGROUND**

Act 172, 2023 Session Laws of Hawai'i (SLH), established that "Hawaii continues to suffer from a shortage of licensed teachers as Hawaii's teacher salaries continue to trail the nation when adjusted for cost of living. Providing financial incentives and affordable options for teacher housing are key strategies for teacher recruitment and retention. Teacher housing is also a well-established tool for teacher recruitment and retention of educators serving in hard-to-fill areas. As housing represents a significant portion of each teacher's paycheck, the legislature recognizes that sites should be developed to provide affordable housing options to teachers to address the ongoing teacher shortage."

Act 172, 2023 SLH, provides that its purpose is to "(1) provide the school facilities authority with powers necessary to develop housing projects on school lands; and (2) appropriate funds, out of the school facilities special fund for the construction of housing prioritized for teachers, educators, and staff and classrooms."<sup>1</sup>

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<sup>1</sup> Act 164, 2023 SLH, appropriated \$50 million towards teacher housing (after a line-item veto reduced the original amount of \$170 million appropriated by the legislature). The governor released \$5 million of the

The School Facilities Authority (SFA) issued a request for proposals (RFP) for a pilot workforce housing project at Mililani High School. SFA received three responsible offers and made an award on August 23, 2024.

## II. ANALYSIS

As the legislature found in 2023, teacher housing is a key tool for educator recruitment and retention. The Department of Education also views teacher housing as an important strategy to fill teacher positions, identifying it as an action item in its 2023-2029 Implementation Plan “partner[ing] with the [SFA] and other organizations to make teacher housing available.”<sup>2</sup>

To continue to move educator workforce housing forward, the Subcommittee on Workforce Housing finds that criteria are necessary for identifying, prioritizing, and selecting sites for the next workforce housing projects. The SFA, with assistance from its workforce housing consultant The Wilhelm Group (TWG), developed criteria, attached as Exhibit A. TWG analyzed the pilot RFP and the questions received from prospective offerors, and SFA and TWG determined elements that would attract offerors.

Working with the SFA, the subcommittee will use the criteria to select and propose the next workforce housing sites to this board at a future meeting.

## III. RECOMMENDATION

The subcommittee recommends that the School Facilities Authority Board approve the criteria for prioritizing site selection for workforce housing, attached as Exhibit A, to allow the SFA to identify sites for the next workforce housing RFPs.

**Proposed Motion: “Move to approve the criteria for prioritizing site selection for workforce housing on school property, attached as Exhibit A to Workforce Housing Subcommittee Chair Harold Edwards’ memorandum dated September 3, 2024.”**

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appropriated funds and restricted \$45 million to use for emergency purposes to address the Maui wildfires of 2023.

<sup>2</sup> The Department of Education’s 2023-2029 Implementation Plan is available here: <https://www.hawaiipublicschools.org/DOE%20Forms/Advancing%20Education/2023-29-ImplementationPlan.pdf>. The referenced action item is on page 11 of the plan under Desired Outcome 2.1.1., “All teacher positions are filled with qualified hires.”

## Exhibit A

### **Criteria for Prioritizing Site Selection of Workforce Housing on School Property**

#### **1. Location and Accessibility**

- a. Teacher Housing Demand: Evaluate demand for affordable teacher housing throughout the state.
- b. Enrollment: Priority for low enrollment to capacity ratio (ECR).
- c. Project Site: Available parcel is on the outskirts of school grounds.
- d. Proximity to School: Proximity to elementary, middle, and high school for adult and children residents to walk or bike to school.
- e. Access to Public Transport: Well-served by public transportation, eliminating the need for vehicle ownership.
- f. Neighborhood Amenities: Near essential services like grocery stores, healthcare, car share, bike share, and parks.
- g. Recreational Facilities: Access to parks, sports facilities, and cultural centers for a balanced lifestyle.

#### **2. Zoning and Land Use Regulations**

- a. Current Zoning: Complies with residential use zoning, can be rezoned, or seek HRS 201H exemption.
- b. Cultural and Historical Impact: Respect for sacred sites, cultural heritage, and traditional land use.
- c. State-owned Land: Preference for land that is owned by the State.

#### **3. Infrastructure**

- a. Utilities: Availability and capacity of water, electricity, sewage, and internet.
- b. Stormwater Management: Effective systems to manage stormwater and prevent flooding.

#### **4. Environmental and Natural Hazard Considerations**

- a. Land Condition: Suitable topography and soil quality, free of environmental hazards.
- b. Impact on Ecosystem: Minimal impact on local wildlife and natural habitats.
- c. Tsunami Zones: Consideration of tsunami inundation and tsunami-safe zones.



**STATE OF HAWAI'I  
SCHOOL FACILITIES AUTHORITY**  
2759 S. KING STREET, ROOM H201  
HONOLULU, HAWAI'I 96826

September 3, 2024

MEMORANDUM

TO: School Facilities Authority Board

FROM: Riki Fujitani  
Executive Director, School Facilities Authority

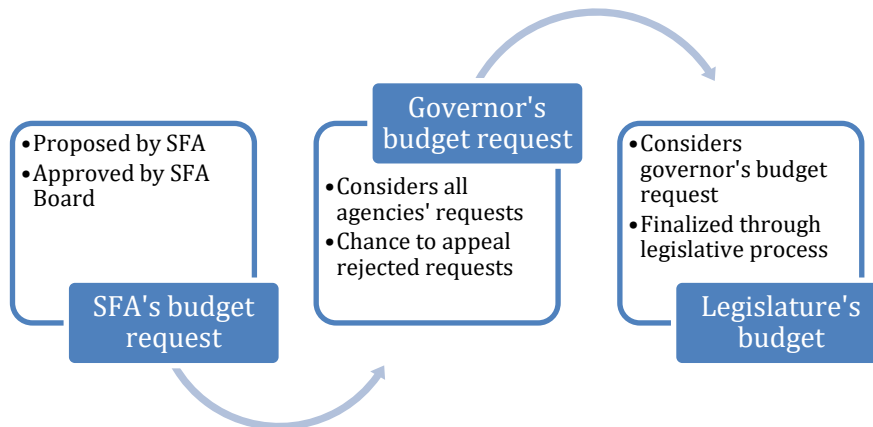
SUBJECT: Board action on Fiscal Biennium 2025-2027 budget requests

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**I. BACKGROUND**

Every two years the legislature develops and passes a state budget for the Executive Branch of the State of Hawai'i. The next state biennium budget will cover Fiscal Years (FY) 2025-2026 and 2026-2027.

Each state department and agency submits a budget request to the governor for consideration to include in the governor's biennium budget request to the legislature. The flowchart below illustrates the general budget process.



## II. ANALYSIS

A summary of the Schol Facilities Authority's (SFA) biennium budget request is attached as Exhibit A. SFA consulted with each of the board's subcommittees on the relevant items within the budget request. Explanations for the items within the budget request are below.

Operational budget request. The requested operating budget is mostly unchanged. SFA's FY 2024-2025 budget is \$1,761,193, of which \$65,000 is nonrecurring funds leaving a base budget of \$1,696,193. The only adjustment in the budget request is an increase of \$103,612 to SFA's base budget to account for compensation adjustments and to better align the payroll and personnel positions with SFA's current staffing.

Capital improvement program (CIP) budget request: pre-kindergarten capacity. The CIP budget request to expand pre-kindergarten capacity statewide would be for plans, design, and construction for new facilities and renovation, improvement, and expansion of existing school facilities, including ground and site improvements and equipment and appurtenances. The table below breaks down the scope of work by cost element.

<b>Cost Element</b>	<b>Work to done</b>	<b>FY 25-26</b>	<b>FY 26-27</b>
Construction	Converting 14 existing classrooms over two years into pre-kindergarten classrooms through renovations. <sup>1</sup>	\$5,550,000	\$1,750,000
Construction	Construction of four new pre-kindergarten classrooms as part of larger shovel-ready projects. <sup>2</sup>	\$4,000,000	\$4,000,000
Construction	Construction of four new pre-kindergarten sites, each containing four classrooms and support spaces, over two years through prefabricated construction. <sup>3</sup>	\$23,400,000	\$7,800,000
Equipment	Initial equipment and furnishings necessary for the proper functioning of 30 new kindergarten classrooms. <sup>4</sup>	\$1,050,000	\$450,000

<sup>1</sup> Assuming 10 minor renovations at \$250,000 per classroom and four major renovations at \$1.2 million per classroom over the two years.

<sup>2</sup> Assuming financing contribution of \$2 million per classroom.

<sup>3</sup> Assuming construction costs of \$7.8 million per site or \$1.95 million per classroom, inclusive of support spaces.

<sup>4</sup> Assuming equipment and furniture costs of \$50,000 per classroom.



<b>Cost Element</b>	<b>Work to done</b>	<b>FY 25-26</b>	<b>FY 26-27</b>
Equipment	Playground equipment for 18 new pre-kindergarten sites over two years. <sup>5</sup>	\$2,400,000	\$1,200,000

CIP budget request: Central Maui school capacity. The CIP budget request for Central Maui school capacity would be for plans, design, and construction for new facilities and/or expansion of existing school facilities in Central Maui, including equipment and appurtenances. The table below breaks down the scope of work by cost element.

<b>Cost Element</b>	<b>Work to done</b>	<b>FY 25-26</b>	<b>FY 26-27</b>
Design	Design of classroom modules with support spaces using prefabricated construction.	\$2,400,000	\$0
Construction	Construction of three modules, each containing four classrooms and support spaces, for each year through prefabricated construction to address school capacity issues in Central Maui. <sup>6</sup>	\$15,600,000	\$7,800,000
Equipment	Initial equipment and furnishings necessary for the proper functioning of the modules. <sup>7</sup>	\$400,000	\$200,000

Note that this budget request is not the same project as the new Central Maui middle school for which SFA has received appropriations.

CIP budget request: education workforce housing. This CIP budget request for education workforce housing would be for plans and design for housing prioritized for teachers, educators, and school-based staff. The request would cover the following for five workforce housing sites over two years at a cost of \$4 million per site:

- \$300,000 for pre-engineering site work;
- \$300,000 for professional services to manage the solicitation and award of each public-private partnership; and
- \$3.4 million for post-award contract negotiations.<sup>8</sup>

CIP budget request: statewide planning and pre-design. This budget request for statewide planning could potentially be for planning, pre-design, due diligence, site analysis, surveys, geotechnical reports, zoning, budgeting, value

<sup>5</sup> Assuming playground equipment costs of \$200,000 per site.

<sup>6</sup> Assuming construction costs of \$7.8 million per site.

<sup>7</sup> Assuming equipment and furniture costs of \$50,000 per classroom.

<sup>8</sup> Assumption based on estimated costs of similar public-private partnership projects.

engineering, land entitlements, infrastructure analysis, utilities analysis, physical access, environmental issues, educational programming, and schematic designs for school lands and assets statewide. A statewide planning program would assist SFA in its other programs and better inform the State (including the governor, legislature, Board of Education, and Department of Education) of the needs and opportunities that exist related to school facilities and real property.

### **III. RECOMMENDATION**

I recommend that the Board approve the budget request attached as Exhibit A for submission to the governor.

**Proposed Motion: “Move to approve the Fiscal Biennium 2025-2027 budget request attached as Exhibit A to Executive Director Riki Fujitani’s memorandum dated September 3, 2024.”**

**Exhibit A**

**School Facilities Authority Fiscal Biennium 2025-2027 Budget Request**

**Operating Budget Request**

	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
Personnel – Permanent Positions	12	12
Personnel – Temporary Positions	0	0
Personnel – Payroll	\$1,299,804	\$1,299,804
Other Expenses	\$500,001	\$500,001
<b>Total</b>	<b>\$1,799,805</b>	<b>\$1,799,805</b>

**Investment Capital Budget Request**

<b>Project</b>	<b>MOF*</b>	<b>FY 2025-2026</b>	<b>FY 2026-2027</b>
Pre-kindergarten capacity	C	\$36,400,000	\$15,200,000
Central Maui school capacity	C	\$18,400,000	\$8,000,000
Teacher housing	A	\$12,000,000	\$8,000,000
Statewide planning and pre-design	C	\$6,000,000	\$4,000,000
<b>Total</b>		<b>\$72,800,000</b>	<b>\$35,200,000</b>

\*MOF = Means of finance

A = general revenue funds

C = general obligation bond funds



**STATE OF HAWAI'I  
SCHOOL FACILITIES AUTHORITY**  
2759 S. KING STREET, ROOM H201  
HONOLULU, HAWAI'I 96826

September 3, 2024

**MEMORANDUM**

**TO:** School Facilities Authority Board

**FROM:** Harold Edwards  
Vice-Chairperson, School Facilities Authority Board

**SUBJECT:** Board action on selection of board officers and appointment of  
subcommittee membership

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**I. BACKGROUND**

At its August 6, 2024, meeting, the School Facilities Authority Board (the “Board”) selected Alan Oshima as chairperson of the Board. Mr. Oshima resigned from the Board on August 8, 2024.

According to the Bylaws of the School Facilities Authority Board (the “Bylaws”), the officers of the Board are the chairperson and vice-chairperson. The Board selects the chairperson and vice-chairperson from its membership.<sup>1</sup> The Bylaws further state that the chairperson and vice-chairperson serve a one-year term or until their successor is selected.<sup>2</sup>

Also at its August 6, 2024, meeting, the Board appointed chairs of its subcommittees but no other members. Board members concurred that the Board

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<sup>1</sup> Section 3.2 of the Bylaws provides, “The Board shall select the Chairperson and Vice-Chairperson from among its members by a majority vote. The Board shall annually select its officers during the first regular or special meeting held after July 1 of each year, and the officers selected shall take office immediately following their selection. Should the office of the Chairperson or Vice-Chairperson become vacant, the Board shall fill the vacancy at its next regular or special meeting.”

<sup>2</sup> Section 3.3 of the Bylaws provides, “The terms of office of the Chairperson and Vice-Chairperson shall be for one calendar year from the date of their selection or until their successors are duly selected, or in the case of an officer selected to fill a vacancy, for the unexpired term of the officer thus succeeded.”

should revisit the membership of the subcommittees once the governor appointed new members to the Board. August 12, 2024, Governor Josh Green appointed Logan Okita and Kimo Unten to the Board.

According to the Bylaws, the Board appoints all members of its subcommittees, including a chairperson who will facilitate the work of the subcommittee. The Board must appoint less than a quorum of Board members to each subcommittee pursuant to Section 7.3 of the Bylaws and Hawai'i Revised Statutes Section 302A-1704.<sup>3</sup>

Because the Board has five members, three Board members are a quorum. As such, each subcommittee cannot have more than two Board members. Note that the Board may appoint individuals who are not Board members to any subcommittee.

## II. RECOMMENDATION

I recommend that the Board consider the slate of officers and subcommittee members stated in the proposed motion below.

### **Proposed Motion: "Move to:**

- (1) Select Board Member Kimo Unten as chairperson of the Board;**
- (2) Appoint Board Member Jan Iwase as chairperson and Board Member Edmund Aczon as a member of the Subcommittee on Learning Spaces;**
- (3) Appoint Board Member Harold Edwards as chairperson and Board Member Logan Okita as a member of the Subcommittee on Workforce Housing; and**
- (4) Appoint Board Member Kimo Unten as chairperson and Board Member Harold Edwards as member of the Subcommittee on Operations."**

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<sup>3</sup> Hawai'i Revised Statutes Section 302A-1704(e) provides:

"(e) The board may form workgroups and subcommittees that include individuals who are not board members, to:

- (1) Obtain resource information from construction and education professionals and other individuals as deemed necessary by the board;
- (2) Make recommendations to the board; and
- (3) Perform other functions as deemed necessary by the board to fulfill its duties and responsibilities.

Two or more board members, but less than a quorum, may discuss matters relating to official board business in the course of their participation in a workgroup or subcommittee, and these discussions shall be a permitted interaction as provided for in section 92-2.5; provided that all other provisions of chapter 92 shall apply." (Emphasis added).