

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

December 29, 2020

The Honorable Ronald D. Kouchi, President
and Members of the Senate
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Scott K. Saiki, Speaker
and Members of the House of Representative
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting a copy of the annual report on the "Pilot Project for Lease of Public School Lands," pursuant to Act 155, Session Laws of Hawaii 2013. In accordance with Section 93-16, Hawaii Revised Statutes, I am also informing you that the report may be viewed electronically at:
<http://www.hawaiipublicschools.org/VisionForSuccess/SchoolDataAndReports/StateReports/Pages/Legislative-reports.aspx>.

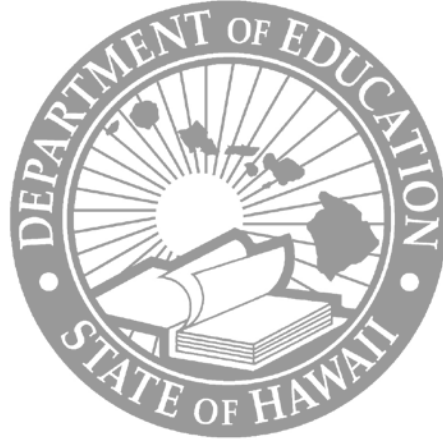
Sincerely,

A handwritten signature in blue ink, appearing to read "Christina M. Kishimoto".

Dr. Christina M. Kishimoto
Superintendent

CMK:ri
Enclosure

c: Legislative Reference Bureau
Office of Facilities and Operations



State of Hawaii
Department of Education

Annual Report on Pilot Project for Lease of Public School Lands

December 2020

Act 155, Session Laws of Hawaii 2013, requires the Hawaii State Department of Education (Department) to annually report on the Public School Land Pilot Program, a pilot program started in June 2013 to allow the Department to explore the possibility of managing public school properties to generate revenue for modern improvements to its educational facilities.

Annual Report on Pilot Project for Lease of Public School Lands

Project Timeline

Section 302A-1151.1, HRS, requires the Hawaii State Department of Education (Department) to evaluate its underutilized assets to enhance the educational benefit to students statewide.

Since the enactment of Section 302A-1151.1, HRS, the Department has been working:

- With the Hawaii Housing Finance Development Corporation (HHFDC) to establish a process that will allow HHFDC to assist the Department in the redevelopment of Department facilities using the existing HHFDC staff and procedures;
- To evaluate prospective project sites;
- In collaboration with a demographer, projecting student enrollments along the transit corridor;
- To develop a process specific to public-private projects; and
- In collaboration with the City and County of Honolulu (City) on transferring City-owned school lands to the Department.

Late 2019 Update

The Hawaii State Board of Education (BOE) Finance and Infrastructure Committee (FIC) previously asked the Department to proceed with due diligence on four (4) sites:

- 475 22nd Avenue
- 1106 Koko Head Avenue
- 3633 Waialae Avenue
- 4087 Diamond Head Road

At the November 21, 2019 FIC meeting, the Department reported that it received a letter from the Hawaii State Department of Budget and Finance (B&F) indicating that there may be an issue with entering into a long-term lease of public school land pursuant to Act 155, Session Laws of Hawaii (SLH) 2013, where appropriations of proceeds of outstanding tax-exempt general obligation (GO) bonds were used for the acquisition, construction, or improvement of such land. The federal statutes are complex and the Department continues to work with B&F and its bond counsel to understand the restrictions associated with tax-exempt GO bonds.

Another topic for discussion at the November 21, 2019 FIC meeting involved the Department's Memorandum of Understanding with HHFDC. The Department is re-evaluating its partnership because HHFDC's main focus is on affordable housing.

2020 Actions

At its January 16, 2020 meeting, FIC discussed replacing two of the three sites approved by the BOE on January 17, 2019, the 475 22nd Avenue and 4087 Diamond Head sites, with Kaimuki High School and Queen Kaahumanu Elementary School. The Department determined that the

redevelopment of both the 475 22nd Avenue and 4087 Diamond Head Road sites was not feasible and not in its best interest based on an evaluation of their highest and best use. After a lengthy discussion, FIC dropped the Queen Kaahumanu Elementary School proposal and approved the replacement of 475 22nd Avenue and 4087 Diamond Head with Kaimuki High School. The Department is currently in discussions with the City and County of Honolulu (City) Department of Land Management on the transfer of land ownership from the City to the Department.

At its January 16, 2020 BOE meeting, the full Board confirmed the appointment of Randall M. Tanaka as the Assistant Superintendent of the Office of Facilities and Operations. Since his appointment, Assistant Superintendent Tanaka has initiated a re-evaluation of the Act 155 program. A new team is now evaluating the program's efforts and is expected to develop an implementation plan.

Since March 2020, the ongoing Coronavirus Disease 2019 (COVID-19) pandemic has frustrated the Department's ability to collaborate with its partners in evaluating and further developing the Act 155 program. Much of the Office of Facilities and Operations' efforts have been focused on the system-wide response to COVID-19 for the 257 Department schools, 37 public charter schools, 175,000 students, and over 22,000 employees.

On September 15, 2020, Senate Bill 3103 became law as Act 72, Session Laws of Hawaii 2020. Under this act, a School Facilities Agency was created to assume the responsibility for all public school development, planning, and construction related to capital improvement projects assigned by the Legislature, Governor, or BOE. Management and execution of the 21st Century Schools Program will be transferred to the School Facilities Agency. As of the date of this report, the program is still under Department management while the School Facilities Agency works to become fully operational.