

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON WATER, LAND, AND OCEAN RESOURCES
ON
SENATE BILL NO. 2534, S.D. 2

March 12, 2012

RELATING TO PUBLIC SCHOOL FACILITIES

Senate Bill No. 2534, S.D. 2, establishes the school facilities special fund and requires income generated by the public land development corporation from public school lands to be deposited into the school facilities special fund for the purpose of new construction, upgrades, and repairs and maintenance of public facilities.

The Department of Budget and Finance takes no position on the impact of the expanded use of funds from the Hawaii Public Land Development Revolving Fund; however, as a matter of general policy, the department does not support the creation of any special fund which does not meet the requirements of Section 37-52.3 of the Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 2534, S.D. 2, it is difficult to determine if the new fund meets the requirements of a special fund.

I encourage the Legislature to scrutinize the fiscal and operational plan for this program to ensure that it does conform to the requirements of Section 37-52.3, Hawaii Revised Statutes.

Date: 03/12/2012

Committee: House Water, Land & Ocean Resources/House Energy & Environmental Protection

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: SB 2534,SD2 (sscr 2637) RELATING TO PUBLIC SCHOOL FACILITIES.

Purpose of Bill: Establishes the school facilities special fund. Requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and repair and maintenance of public school facilities.

Department's Position:

The Department of Education supports this bill. This would be beneficial to the Department to create this revolving fund that supports the development of new facility improvements, as well as the repair and maintenance of existing facilities.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



LLOYD M. HARAGUCHI
EXECUTIVE DIRECTOR

**STATE OF HAWAII
PUBLIC LAND DEVELOPMENT CORPORATION**

POST OFFICE BOX 2359
HONOLULU, HAWAII 96804

**Testimony of
LLOYD M. HARAGUCHI
Executive Director**

**Before the House Committee on
WATER, LAND & OCEAN RESOURCES**

**Monday, March 12, 2012
9:15 a.m.
State Capitol, Conference Room 325**

**In consideration of
SENATE BILL 2534, SENATE DRAFT 2
RELATING TO PUBLIC SCHOOL FACILITIES.**

The Public Land Development Corporation (PLDC) supports Senate Draft 2534, Senate Draft 2, which proposes to establish a Schools Facilities Special Fund into which proceeds from any revenue generated from former public school lands and facilities would be deposited for use by the Department of Education to construct, upgrade, and retrofit school facilities meeting modern school standards.

Thank you for the opportunity to testify.



SB2534 SD2
RELATING TO PUBLIC SCHOOL FACILITIES
House Committee on Water, Land, & Ocean Resources and
House Committee on Energy & Environmental Protection

March 12, 2012

9:15 a.m.

Room 325

The Office of Hawaiian Affairs (OHA) offers the following comments on SB2534 SD2, which would establish the school facilities special fund into which all proceeds from public school lands and facilities would be deposited. OHA points out that the bill's proposal to restrict the use of revenues generated on public trust land solely to public schools violates the State's obligation and standing policy to provide OHA with a pro-rata share of public land trust revenue.

A review of the State Land Information Management System (SLIMS) shows that at least 1,515 acres of state land set aside for public education purposes are part of the public land trust, and therefore are ceded lands. Notably, SLIMS only provides public land trust status for *state* lands, not county lands. Therefore, we are unable to ascertain how many acres of county lands set aside for public school uses are ceded. However, of the 254 public schools in Hawai'i, at least 79 schools sit fully or partially on public trust land.

Section 5(f) of the Admission Act, Article XII of the Hawai'i Constitution, Chapter 10 of the Hawai'i Revised Statutes, Act 178 (2006), and Executive Order 06-06 impose trust obligations with respect to the public land trust on all state agencies. Act 178 sets OHA's interim share of public land trust revenues at \$15.1 million per year. Executive Order 06-06 requires state agencies to transfer 20 percent of the revenues generated from their use of public trust land in order to meet OHA's annual \$15.1 million public land trust payment.

To ensure these obligations are satisfied, we recommend that the following provision be added to Section 1:

Nothing in this section shall diminish the revenues owed to the office of Hawaiian affairs pursuant to Act 178, session laws of Hawaii 2006, or any other law providing for the office of Hawaiian affairs' pro rata portion of the public land trust, pursuant to article XII, section 6, of Hawaii's constitution.

Mahalo for the opportunity to testify on this important measure.

BIA-HAWAII
BUILDING INDUSTRY ASSOCIATION

Testimony to the House Committees on Water, Land & Ocean Resources
And, Energy and Environmental Protection
Monday, March 12, 2012
9:15 a.m.
State Capitol - Conference Room 325

S.B. 2534 SD2 RELATING TO PUBLIC SCHOOL FACILITIES

Chairs Chang and Coffman, Vice Chairs Har and Kawakami, and members of the committees:

My name is Gladys Marrone, Government Relations Director for the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, BIA-Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii **strongly supports** S.B. 2534 SD2. The bill proposes to establish the school facilities special fund and require that any income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities.

Essentially, the proposal will create a dedicated funding source for the development of new, and retrofitting of, existing public schools to meet twenty-first century school standards, based on funds generated from the redevelopment of existing school sites. The proposal allows for better "asset management" of public school sites. There exist many of these sites in the urban core suitable for redevelopment simply based on the age of the existing school facility and location of the property. The bill will allow for private investment in redevelopment opportunities and fund new school construction or retrofitting of existing school sites.

Thank you for this opportunity to express our views.



**Testimony to the House Committees on Water, Land & Ocean Resources
And, Energy and Environmental Protection
Monday, March 12, 2012
9:15 a.m.
State Capitol - Conference Room 325**

SENATE BILL NO. 2534 SD2 RELATING TO PUBLIC SCHOOL FACILITIES

Chairs Chang and Coffman, Vice Chairs Har and Kawakami, and members of the committees:

The Chamber of Commerce of Hawaii is the largest business organization in Hawaii, representing more than 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber strongly supports S.B. No. 2534 SD2. The bill proposes to establish the school facilities special fund and require that any income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities.

Essentially, the proposal will create a dedicated funding source for development of new and retrofitting of existing public school based on funds generated from the redevelopment of existing school sites. The proposal allows for better "asset management" of the public school sites with many sites in the urban core suitable for redevelopment simply based on the age of the existing school facility and location of the property. The bill will allow for private investment in redevelopment opportunities and fund new school construction or retrofitting of existing school sites.

Thank you for this opportunity to express our views.

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

March 12, 2012

TO: HONORABLE REPRESENTATIVES JERRY CHANG, CHAIR, SHARON HAR,
VICE CHAIR AND HOUSE COMMITTEE ON WATER LAND & HOUSING

SUBJECT: **SUPPORT OF S.B. 2534, SD2, RELATING TO PUBLIC SCHOOL FACILITIES.**
Establishes the school facilities special fund. Requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities. Effective 7/1/2050. (SD2)

HEARING

DATE: Monday, March 12, 2012
TIME: 9:15 AM
PLACE: Conference Room 325

Dear Chair Chang, Vice Chair Har and Members of the Committee:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80th anniversary this year; GCA remains the largest construction association in the State of Hawaii whose mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest. GCA is submitting testimony in **support** of S.B. 2534, SD2, Relating to Public School Facilities.

S.B. 2534, SD2 proposes to add a new section to the Hawaii Revised Statutes which would create a school facilities special fund whose funds will consist of proceeds from leases, permits, interest income generated from public school lands and facilities, and other revenue generated from the non-permanent disposition of public school lands and facilities. The bill limits the use of the fund exclusively for the new construction and upgrade of twenty-first century school facilities, and the retrofit and upgrade of existing school facilities that meet twenty-first century standards. The measure does not define twenty-first century school. The Department of Education in conjunction with the Board of Education would be in charge of the fund.

Per the testimony of the Hawaii Institute for Public Affairs there are a number of characteristics that describe a twenty-first century school which support individual project and technology-based learning, including, among other characteristics, special school designs that incorporate flexible spaces; facilities that accommodate community uses during non-school hours and maximize benefits; and natural lighting and good air quality. These are all qualities that would improve the learning environment for Hawaii's children.

GCA is in support of this measure's concept and its commitment to improving the public school facilities of Hawaii's children.

Thank you for the opportunity to testify on this measure.

The House of Representatives
The Twenty-Sixth Legislature
Committee on Water, Land, and
Ocean Resources
March 12, 2012
9:15 a.m., Room 325

Statement of the Hawaii Carpenters Union on SB 2534, SD 2

The Hawaii Carpenters Union strongly supports SB 2534 to enable the development of 21st Century Schools with the proceeds from public-private development partnerships utilizing public school lands.

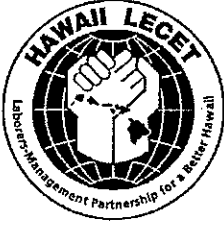
Awareness has grown that school facilities have great impact on learning, in addition to curriculum, the craft of teaching, community support, etc. Beyond the basic condition of buildings, the design of schools can enhance learning, or inhibit learning. Hawaii's ranking as 51st out of 51 in spending on school facilities indicates that this investment is long overdue.

The dilemma presented by underutilized or vacant school sites becomes an opportunity for the generation of capital funds where the sites are in desirable, marketable locations. Multi-use development can bring private financing and new funds for new or upgraded school facilities, including schools on the same sites. At the same time, "urban village" planning can be implemented on appropriate sites.

This Bill, by establishing a schools facilities special fund, will further these purposes. While working within the Public Lands Development Corporation, this special fund will be administered by the Department of Education for the construction of new 21st Century Schools, or transformative construction to upgrade existing facilities to 21st Century designs.

The special fund should be looked at as an addition to the ongoing investment in education from general funds, not as taking the place of it. Current conditions of lower financing costs and lower construction bids, coupled with a desire for innovative urban redevelopment, make this a prime period for action on new school facilities.

The children of our members overwhelmingly attend public schools. We commend legislators for recognizing this opportunity to advance Hawaii on a path we simply must take. Thank you for consideration of our testimony.



Testimony of Clyde T. Hayashi
Director
Hawaii LECET
1617 Palama Street
Honolulu, HI 96817

HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Monday, March 12, 2012
9:15 a.m., Conference Room 325

SB 2534 - RELATING TO PUBLIC SCHOOL FACILITIES

Aloha Chair Chang, Chair Coffman, Vice Chair Har, Vice Chair Kawakami, and
Members of both Committees:

My name is Clyde Hayashi and I am the director of Hawaii LECET (Laborers-Employers
Cooperation and Education Trust). Hawaii LECET is a partnership between the Hawaii
Laborers' Union, Local 368 and our union contractors.

I am submitting this testimony in **strong support** of the intent and purpose of SB 2534.

Hawaii LECET supports the concept of redevelopment of excess school land and
the establishment of the schools facilities special fund. All proceeds deposited into
this special fund should be used to fund upgrades and the new 21st century school
development.

The exciting opportunities that new 21st century school development will provide
for our keiki is enormous. The new innovations and best practices in education
that fit Hawaii should be made available to our children.

We urge that it be clearly established that the proceeds will be overseen by the
DOE for new construction and renovation.

Thank you for the opportunity to submit this testimony.

The Pacific Resource
PARTNERSHIP



Testimony of Mike Kido
External Affairs
The Pacific Resource Partnership

House Committee on Water, Land, & Ocean Resources
Representative Jerry Chang, Chair
Representative Sharon Har, Vice Chair

House Committee on Energy & Environmental Protection
Representative Denny Coffman, Chair
Representative Derek Kawakami, Vice Chair

Monday, March 12, 2012
9:15 a.m.
Conference Room 325

SB 2534, SD2 – Relating to Public School Facilities

Aloha Chair Chang, Chair Coffman, Vice Chair Har, Vice Chair Kawakami, and Members of the Committees:

My name is C. Mike Kido, External Affairs of the Pacific Resource Partnership (PRP), a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters, formerly the Hawaii Carpenters Union.

PRP supports the intent SB 2534, SD2 – Relating to Public School Facilities, which establishes the school facilities special fund. The measure requires that income generated by the public land development corporation from public school lands and facilities be deposited into the school facilities special fund for the purposes of new construction, upgrades, and retrofit and upgrade of public school facilities.

PRP supports the concept of the redevelopment of excess school land to fund school facility upgrades and new 21st century school development and that the proceeds from development to be overseen by the Department of Education [in consultation with the Board of Education] for the new construction and renovation, however, we'd like to request an amendment be made to the effective date-- from 7/1/2050 to "upon its approval".

Thank you for the opportunity to share our views with you and we respectfully ask for your support on SB 2534, SD2.