



Ko'olauloa Community Health and Wellness Center

Letter of Transmittal

To: House Committee on Finance
State Capitol, Rm. 306
Honolulu, HI 96813
Attn: Susan Fernandez

Senate Committee on Ways and Means
State Capitol, Rm. 208
Honolulu, HI 96813
Attn: Rod Becker

From: Oreta Tupola, Chief Operations Officer

Re: Grant in Aid proposal

Attached please find our application to the Grant in Aid program. Please do not hesitate to contact me at 293-5377 if you have any questions.

House District 46

Senate District 23

**THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS & SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES**

Log No: _____

For Legislature's Use Only

Type of Grant or Subsidy Request:

GRANT REQUEST – OPERATING

GRANT REQUEST – CAPITAL

SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): _____

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Ko'olauloa Community Health and Wellness Center

Dbas:

Street Address: 54-316 Kam Hwy, P.O. Box 136, Hauula, HI 96717-9539

Mailing Address: P.O. Box 136, Hauula, HI 96717-9539

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name BENJAMIN PETTUS

Title Chief Executive Officer

Phone # 808-232-2000

Fax # 808-293-5390

e-mail bpettus@koolauloachc.org

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
- FOR PROFIT CORPORATION
- LIMITED LIABILITY COMPANY
- SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

KO'OLAULOA COMMUNITY HEALTH AND WELLNESS CENTER RENOVATION AND EXPANSION OF THE KAHUKU HEALTH CENTER

4. FEDERAL TAX ID #: _____

5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2014: \$4,000,000

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
- EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ 0

FEDERAL \$ 0

COUNTY \$ 0

PRIVATE/OTHER \$ 0

[Redacted Signature]

BENJAMIN F. PETTUS, CHIEF EXECUTIVE OFFICER
NAME & TITLE

1/30/2013
DATE SIGNED

**POS Proposal Application
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Application for Grants and Subsidies

I. Background and Summary

1. A brief description of the applicant's background;

Ko'olauloa Community Health and Wellness Center (KCHWC) was organized in 2003 by community members in response to the need for affordable, quality, culturally appropriate health care for the residents of Ko'olauloa. Since opening its doors ten years ago as a Federally Qualified Health Center (FQHC), it has steadily increased the number of residents served as well as expanded its service array to address the unique needs of the residents in the community. In 2011 KCHWC served 6,029 patients through 22,406 encounters.

KCHWC is the sole organization in the 35-mile service area of Ko'olauloa that provides primary medical, dental, behavioral health and pharmaceutical services regardless of ability to pay. This area *has the greatest shortage of primary medical doctors and dentists in the entire State of Hawaii*, as determined by the U.S. Department of Health and Human Resource, Health Resources Services Administration (HRSA).

2. The goals and objectives related to the request;

Goals and objectives. The goal for this project is to develop facilities for KCHWC in Kahuku so that it can meet the need for quality health care by the residents of Ko'olauloa. It is currently working out of a structure that is inadequate due to the lack of space and age of the building.

The objective is to renovate and expand the existing structure from 5,040 sq. ft. to over 15,367 sq. ft. on the land purchased by KCHWC in 2010. This project will enable KCHWC to meet the needs of the community by increasing its capacity to provide a greater range of clinical and enabling services to more patients through more encounters, and also lend KCHWC greater financial stability.

The new space will enable KCHWC to add two more physicians (total five) and three more dentists (total five), enabling KCHWC to serve at least 2,000 more patients with medical services, and at least 3,300 more patients with dental services.

3. State the public purpose and need to be served;

Ko'olauloa was designated a Medically Underserved Area (MUA) by HRSA in 2003, and has the highest Health Personnel Shortage Area (HPSA) scores in the entire state for primary medical and dental care. This means that *the Ko'olauloa*

community has the most severe shortage of primary care doctors and dentists than any other community in the State of Hawaii.

Up until two years ago when KCHWC began providing dental services, there were no dentists in Ko'olauloa, and only a single part-time dentist located at the border of the service area. Many residents travel outside of Ko'olauloa for employment and specialized healthcare, taking an average of 1 hour by car and up to 2 hours by city bus, one way. The recent recession together with the increasing cost of gas have made transportation out of the area even more of a barrier to healthcare for low and middle income residents.

In addition, over 51% of residents live below 200% of the Federal Poverty level, and KCHWC is the only FQHC in Ko'olauloa, and the only organization that will provide medical, dental, behavioral health and pharmaceutical services regardless of ability to pay. No other organization in the community utilizes a sliding scale fee and has eligibility workers on staff to assist with securing government health insurance and social service benefits.

4. Describe the target population to be served; and

Poverty. Ko'olauloa is home to 21,406 residents.¹ Of these residents, 51% or 9,287 are low/moderate income. However, this statistic is skewed by a small population of high income landowners and a large number of vacation rentals in the community. In census tract 102.01 alone, over 57% are low/moderate income residents.² Utilization of public benefits among Ko'olauloa residents has consistently exceeded statewide rates: 8.8% received financial aid (4.9% statewide) and 16.3% received food stamps (12.9% statewide).³ The rate of uninsured in Ko'olauloa is 7.9%, compared to 6.1% statewide.⁴

Ethnic mix. Over 46% of residents are Native Hawaiian or Other Pacific Islanders.⁵ Native Hawaiians have some of the poorest health indicators, including the highest death rate, of all ethnic groups in Hawaii.

Health disparities. The major health care needs of area residents include asthma, poor dental health, drug abuse, obesity, high teen birth rates, diabetes, stroke, asthma, low immunization rates, low medical utilization rates, inadequate prenatal care, high percentage of mothers with pre-existing medical conditions, and the need for community based support for the elderly.⁶ Substance abuse is a continuing concern, with high rates of smoking and binge drinking. These rates are even higher among Native Hawaiians and Pacific Islanders.

¹U.S. Department of Commerce, U.S. Census Bureau, 2010 Census, Summary File 1.

²US Census Bureau, 2010 Census, accessed on the web at www.census.gov.

³2012 Primary Care Needs Assessment Databook, Hawaii State Department of Health.

⁴State of Hawai'i Primary Care Needs Assessment Databook 2012

⁵US Census Bureau, 2010 Census, assessed at www.census.gov.

⁶State of Hawai'i Primary Care Needs Assessment Databook 2012

KCHWC patient population. Over 24% of KCHWC patients are uninsured, and over 40% are insured by government insurance programs (Medicaid/QUEST or Medicare). A majority of KCHWC patients, over 4,000, are served at the Kahuku Health Center site, and the remaining at the smaller Hau'ula Health Center.

Anticipated population growth. Over the coming years, the population of Ko'olauloa is anticipated to increase, and this will bring an even greater need for quality, affordable healthcare in the area:

- *Turtle Bay* plans an expansion of its facility, including housing for its hotel staff.
- *Brigham Young University (BYU)* is in the process of expanding its campus to double their enrollment and faculty. Although BYU has its own health center, many students and faculty access KCHWC family planning services and other healthcare needs not covered by BYU health insurance.

5. Describe the geographic coverage.

The KCHWC serves the 35-mile coastal north/northeastern shore community of Ko'olauloa on the main island of Oahu. The service area includes the three census tracts of 101.00, 102.01 and 102.02, also delineated by the seven Census Designated Places (CDP⁷) of Ka'a'awa, Punalu'u, Hau'ula, Laie, Kahuku, Kawela Bay and Pupukea).

⁷ U.S. Department of Commerce, U.S. Census Bureau

II. Service Summary and Outcomes

1. Scope of work, tasks and responsibilities;

Scope of work and tasks. KCHWC seeks funding to develop the Kahuku Health Center. The total cost of the project is \$8.3 million. Tasks include:

- Select an architect experience in designing healthcare facilities through a competitive bid process;
- Work the architect and engineers to develop plans and specifications for the renovation and expansion;
- Secure the necessary building permits and approvals to proceed with construction;
- Select a contractor through a competitive bid process; and
- Renovate and expand the Kahuku Health Center.

Responsibilities. This project will be directed by Chief Executive Officer (CEO) Benjamin Pettus. He will supervise the Facilities Project Manager, Mike Gary, to manage the day to day tasks necessary to complete the project. The Facilities Project Manager will work with a project manager (consultant) to coordinate the activities among the architect, engineers, general contractor and other consultants retained for this project. Within the organizational structure, this project falls within the administrative operations of KCHWC.

The Facilities Project Manager will work with the Chief Financial Officer (CFO), Mary Joy De Jesus, to manage the procurement process and ensure that funds are expended on a timely basis and in compliance with HUD regulations.

2. The applicant shall provide a projected annual timeline for accomplishing the results or outcomes of the service;

The project is broken down into two phases:

- Phase 1 – Expansion of existing clinic. The new construction will proceed first so that current operations can continue without disruption. These operations will be moved into the new area of the facility during Phase 2.
- Phase 2 – Renovation of existing clinic. The existing facility will be completely renovated, with improved infrastructure, and be seamlessly integrated into the new facility.

Timeline	Year 1				Year 2			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Competitive bid process for architect, project manager	X							
Develop plans and specifications		X	X					
Competitive bid process for general contractor			X					
Bldg permits (building construction, grading, bonding			X	X				
Phase 1								
Sitework, clearing, grading, asphalt, concrete				X				
Construction of new clinic				X	X	X		
Purchase and install equipment for Phase 2						X		
Phase 2 new construction complete						X		
Phase 2								
Renovate existing structure						X	X	X
Purchase and install equipment for Phase 1								X
Phase 1 renovation of existing structure complete								X

3. Quality assurance and evaluation plans for the request

The CEO Benjamin Pettus and Facilities Project Manager Mike Gary, together with the architect and general contractor, are responsible for monitoring and evaluating the renovation project. Quality assurance includes the following:

- Weekly status meetings of the CEO, Facilities Project Manager, architect, project manager and general contractor.
- Monthly reports by the CEO to the Board of Directors of both KCHWC to ensure that the project is proceeding in the forecasted timeframe and within the budget and scope approved by the Board of Directors.
- Ongoing oversight and evaluation by the general contractor to ensure that construction standards are as required by the State of Hawaii and applicable code and that the facility is being constructed per specifications.
- Oversight by the CFO to ensure compliance proper documentation of expenditures and accounting procedures.

In addition to the ongoing monitoring of the project, each year KCHWC undergoes a financial audit by certified public accountants to ensure that the organization complies with Generally Accepted Accounting Principles.

4. Measure(s) of effectiveness

Effectiveness of this project will be determined by the completion of tasks within the projected timeline, as evaluated by the CEO, Facilities Project Manager, and project manager. See the tasks and timeline for specific details.

III. Financial

Budget

1. Budget

All required budget forms are attached to this request.

2. Quarterly funding requests for the fiscal year 2012-2013

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,000,000

3. Other sources of funding for fiscal year 2012-2013

The total cost of the project is \$8.3 million, and KCHWC will aggressively seek funding for the balance from the City and County of Honolulu Community Development Block Grant (CDBG) Program, Harold K. L. Castle Foundation, The Harry and Jeanette Weinberg Foundation and several other private sources. KCHWC does not anticipate accumulating any debt for this project.

4. State and federal tax credits

KCHWC has not applied for or been granted any state or federal tax credits.

IV. Experience and Capability

A. Necessary Skills and Experience

KCHWC has the skills, abilities, knowledge and experience to successfully implement and complete this project. In the past year it has completed a renovation of rooms at Kahuku High and Intermediate School to be the first school-based student health center in the State of Hawaii.

Board Governance. The Board of Directors has a Building Committee comprised of four board members plus the Chief Executive Officer. They meet at least once a month and are responsible for evaluating all matters regarding facilities, and for reporting to the full Board. One board member, Maria Pacheco, is the property manager of Kuilima East Estates, one of the largest resort residential developments on the North Shore of the island of Oahu.

Benjamin F. Pettus, Jr., MSW, Chief Executive Officer, will be in charge of this project. He has a Masters Degree in Social Work in Comprehensive Health Care Delivery Systems from Washington University, and over 35 years of experience with community health centers across the country. His work includes terms as Executive Director of Lakeside Community Health Center and Samuel U. Rodgers Health Center, both in Missouri. He has also been chief executive to a number of organizations that support the work of community health centers, including the Missouri Coalition for Primary Health Care, National Association of Community Health Centers, Inc., and the Florida Association of Community Health Centers. In his work with community health centers, he has also managed construction projects, including one \$2 million renovation. He is currently managing the renovation project at Kahuku High and Middle School to convert a classroom into a school based clinic with medical and dental services.

B. Facilities

KCHWC has rapidly expanded over the past eight years and now operates out of two sites, one is a freestanding structure in Kahuku, and the other in Hau'ula Shopping Center. These facilities are not sufficient to house all of personnel and resources necessary to provide the medical, dental, behavioral health and enabling services needed by the residents of Ko'olauloa.

The new facilities, subject of this proposal, will be ADA compliant and will involve renovation of the existing structure and construction to create new facilities:

Improve the existing structure. The current structure will receive much needed improvements to its infrastructure and be reconfigured to accommodate two more medical providers. The facility is 5,040 sq. ft, and

was built in stages, beginning in the 1960's, and is a patchwork of offices set up for individual private providers, and not a medical clinic with integrated and comprehensive health care services.

The existing structure will receive necessary infrastructure improvements, including a new roof and wiring for the electrical system and IT. It requires a complete redesign of the interior to improve the workflow as well as a new roof, new wiring, and installation of energy efficient lighting and air conditioning to reduce the cost overhead and maintenance of the building. Energy savings for recurring utility expenses are anticipated to be 30% to 35%.

The interior will be reconfigured to improve and modernize the workflow and efficiency. The space will house the medical, behavioral health and pharmacy services. This will include 15 exam rooms to accommodate the work of five medical providers (internist, family practitioner, pediatrician, OB/GYN, and psychologist) and the pharmacy. There will be sufficient space for contract part time specialists including a podiatrist to provide foot exams for patients with diabetes.

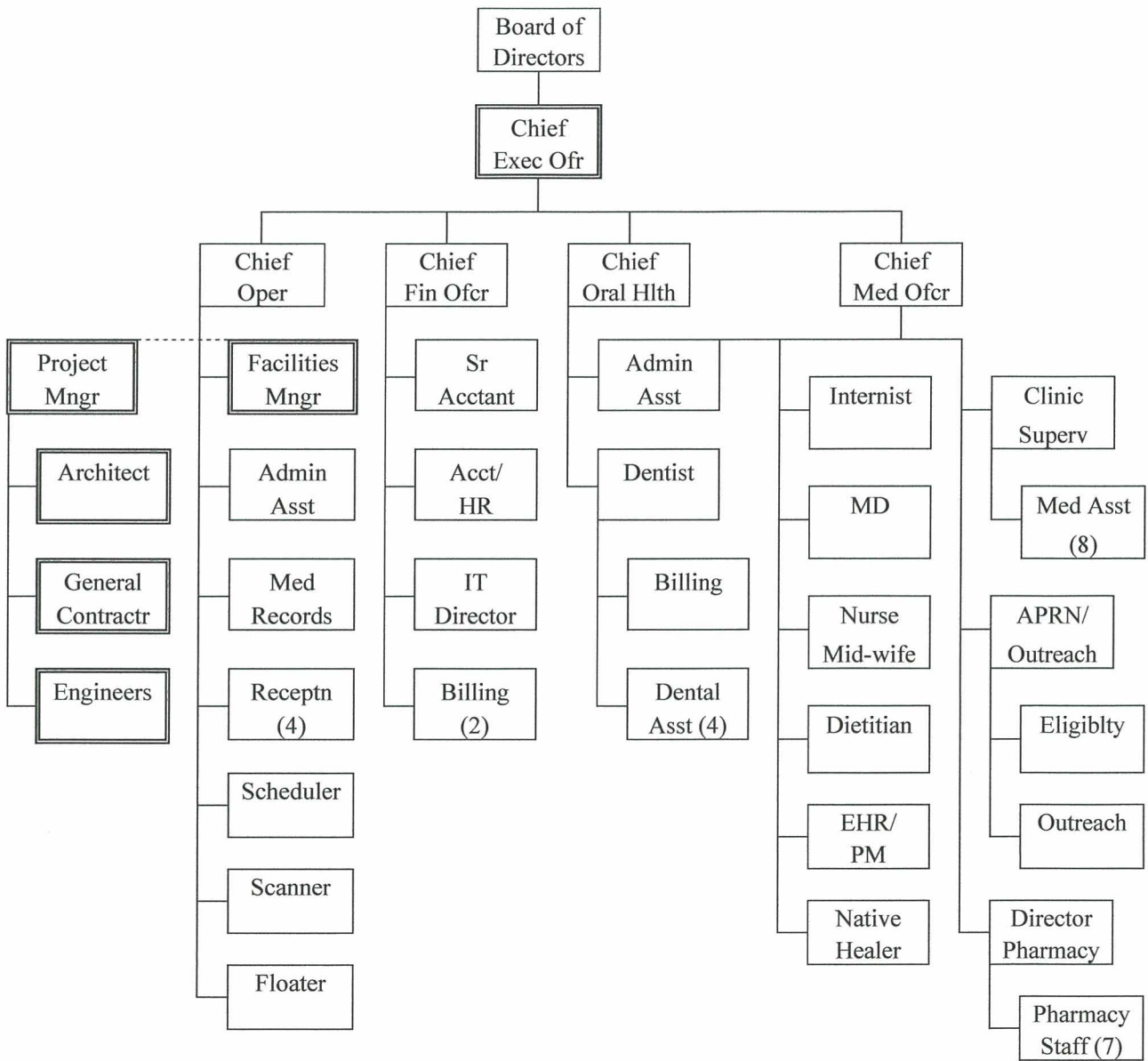
Expansion to increase capacity. The Kahuku Clinic will be expanded to create approximately 10,000 more sq. ft. in a two-story addition. This addition will provide new space for all administrative functions on the second floor, and on the first floor a new dental clinic with 8 operatories for 2.0 FTE dentists and 2.0 FTE hygienist will be built. The new dental clinic will also have adjacent ancillary staff support spaces, with patient waiting rooms and men's and women's restrooms. The second floor will also include a conference room for staff meetings, patient support groups and health prevention education. A small hydraulic elevator will be installed so that the building is ADA compliant and conveniently accessible to all.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

For this project KCHWC will hire a project manager to coordinate the construction, and secure the services of an architect, engineers and contractors through a competitive bid process to maximize funding received from the Grant in Aid program. These contract positions are noted in the organizational chart.

B. Organization Chart



VI. Other

A. Litigation


KCHWC is not involved in any litigation and does not have any outstanding judgement.

B. Licensure or Accreditation

KCHWC is a Federally Qualified Health Center as designated by the U.S. Department of Health, Health Resources and Services Administration, and a nonprofit 501(c)3 organization as designated by the U.S. Internal Revenue Service.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2013 to June 30, 2014)

Applicant: Ko'olauloa Community Health and Wellness Center

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries				
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES				
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL	4,000,000			
TOTAL (A+B+C+D+E)	4,000,000			
SOURCES OF FUNDING		Budget Prepared By: 		
(a) Total State Funds Requested	4,000,000			
(b)				
(c)				30, 2013
(d)				
TOTAL BUDGET	4,000,000	Benjamin F. Pettus Name and Title (Please type or print)		

BUDGET JUSTIFICATION PERSONNEL - SALARIES AND WAGES

Applicant: Ko'olauloa Community Health and Wellness Center

Period: July 1, 2013 to June 30, 2014

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Not applicable				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
				\$ -
TOTAL:				
JUSTIFICATION/COMMENTS:				

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Ko'olauloa Community Health and Wellness Center

Period: July 1, 2013 to June 30, 2014

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Not applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
Not applicable			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:			\$ -	
JUSTIFICATION/COMMENTS:				

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: Ko'olauloa Community Health and Wellness Center

Period: July 1, 2013 to June 30, 2014

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2011-2012	FY: 2012-2013	FY:2013-2014	FY:2013-2014	FY:2014-2015	FY:2015-2016
	PLANS			\$100,000	\$110,000	\$100,000
LAND ACQUISITION						
DESIGN			\$300,000	\$218,000	\$100,000	
CONSTRUCTION			\$3,600,000		\$3,272,000	
EQUIPMENT				\$250,000	\$250,000	
TOTAL:			\$4,000,000	\$578,000	\$3,722,000	
JUSTIFICATION/COMMENTS:						

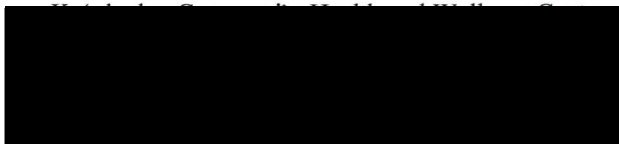
**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**

The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.



Benjamin F. Pettus
(Typed Name)

January 29, 2013
(Date)

Chief Executive Officer
(Title)