

House District 05

Senate District 03

**THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND 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:
Friends of Kona Pacific Public Charter School

Dba:

Street Address:
79 7595 D Mamalahoa Hwy, Kealahou, HI 96750-7909

Mailing Address:
PO Box 115, Kealahou, HI 96750-0115

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name CHRIS HECHT

Title Board Secretary

Phone # 808-895-3030

Fax # 808-322-4906

e-mail chris@kppcs.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:

Friends of Kona Pacific Community Food Service Facility and Classroom Building Construction

4. FEDERAL TAX ID #: [REDACTED]

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ 1,500,000

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 \$1,500,000

FEDERAL \$0

COUNTY \$0

PRIVATE/OTHER \$0

TYPE, NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

[REDACTED]
AUTHORIZED SIGNATURE

Chris Hecht, Board Secretary
NAME & TITLE

January 28, 2014
DATE SIGNED



APPLICATION FOR GRANT IN AID 2014

I. Background and Summary

1. Applicant Background

This application is submitted by Friends of Kona Pacific Public Charter School (Friends), a 501c3 nonprofit corporation. Friends was founded in 2006 as an affiliated support organization for Kona Pacific Public Charter School.

Friends' operations are based on our 40-acre property, the Kanaeue Learning Center, located in the town of Kealahou, district of South Kona, on Hawai'i Island. The 40-acre site hosts Kona Pacific Public Charter School, a production farm, and several other educational and community social service initiatives.

Friends has successfully demonstrated the ability to identify, assess and respond to community needs by leveraging our resources on behalf of the community we serve. Friends utilized state and federal startup grant funding to develop an innovative educational model for Kona Pacific, developing programs that directly address the urgent needs of our rural, underserved community. Ongoing needs assessments ensure that Friends continues to optimize its activities to best serve our community.

About Kona Pacific Public Charter School. Kona Pacific Public Charter School was established by an act of the Charter School Review Panel in July 2008 and opened its doors to students that Fall. Kona Pacific serves a student body that is representative of the diversity of North and South Kona.

In economically depressed South Kona, there is a particular need for *public* education opportunities. As of the 2010 U.S. Census, the percentage of school-age children living in South Kona in households that were considered not to be self-sufficient was 44%. These families are unable to explore private schooling options. In this context, the need for non-traditional public school options in South Kona is apparent. Kona Pacific is well suited to meet this need for a non-traditional school that can serve residents with a diverse range of socio-economic backgrounds.

Kona Pacific offers a developmentally appropriate education that integrates Hawaiian cultural and agricultural studies into a Waldorf academic curriculum. The school's socially inclusive learning environment enables students to achieve high standards, while nurturing a strong sense of compassion and community responsibility – inspiring the students not only to successfully meet the future, but also to help shape it.

Each year, Kona Pacific provides educational services to 230 students, as well as important supplemental social services to at least 100 school families.

Kona Pacific's 100% enrollment the last two years and 98% historical enrollment clearly demonstrate the school's success at providing academic and learning support services to the community. These enrollment figures would be considered outstanding for any school, but are extraordinary for a period that includes the founding year, with subsequent annual growth of at least 25%. Throughout that time, student retention averaged 88%, also an extremely high figure in a state with a very transient population and resultant student attrition. This is also an indicator of a high level of parent satisfaction with the school.

Kona Pacific is the only public Waldorf school in the state of Hawai'i. As such, the school is uniquely positioned to contribute significantly to Hawaii's ongoing efforts to achieve effective public school innovation.

About Friends. Friends' mission is to support the continuing development and operations of Kona Pacific, and to develop sustainable natural resource management systems and community-based food production and educational opportunities on the Kanaeue Learning Center.

Securing a permanent campus for Kona Pacific has been our initial focus, and over the past 3 years we have successfully purchased our 40-acre property and expanded the campus, tripling the square footage in response to enrollment demand. Projects currently in development include increasing the production of the 13-acre farm, restoring a 5-acre section of the ancient Kona Field System for cultivation of traditional Hawaiian foods, and planting a demonstration forest of native trees, with trails and interpretive signage.

Friends' strategic plan seeks to leverage its ownership of the Kanaeue Learning Center property to develop a number of community-based educational initiatives that will provide numerous and diverse educational benefits to the children of Kona Pacific and area public and private schools, and numerous benefits to our rural, underserved community.

Currently, community events are regularly hosted on site, including educational presentations, concerts and other performing arts, and children's recreation programs.

The property is also used daily by the employees of Kona Community Hospital and the Kona Courthouse, which are located immediately makai (downhill) from the project site. These neighbor staff members utilize the existing rock roads and trails on the property for health benefits and quiet time during their work breaks. Our Kona community is significantly under-

served in terms of public parks and natural resource use areas. The Kanaeue Learning Center provides open space and recreational benefits for our community at no cost to the state or county.

Friends intends to continue the success begun with the launch of Kona Pacific Public Charter School, identifying and responding to significant community needs by providing a wide array of integrated programs uniquely suited to our rural, underserved population.

2. Goals and Objectives Related to the Request

On behalf of its community, Friends respectfully requests a \$1.5 million capital grant from the State of Hawai'i for the construction of two buildings: 1) a new school building with two classrooms, and 2) a community kitchen that will house the school's food service program, which not only serves Kona Pacific, but also provides critical nutritional support for hundreds of at-risk children and elders in our community. The community kitchen will also be available to local farmers for value-added processing. The grant will also fund the installation of the necessary infrastructure to support these new facilities.

The Project Goal is to increase our capacity to feed community members who are at risk for hunger and food insecurity through the construction of an on-site community food service kitchen, and to improve our community's access to an innovative public school education through the construction of expanded educational facilities for Kona Pacific Public Charter School.

The project objective, expressed in S.M.A.R.T. (Specific, Measurable, Achievable, Realistic and Time-bound) terminology, is:

Objective: By the end of the 13-month project, 2 new buildings will be constructed on Friends' 40-acre Kanaeue Learning Center, one to house a community food service kitchen and the second for classrooms for Kona Pacific Public Charter School.

3. Public Purpose and Need to be Served

The public purposes that will be served by this project fall into two categories: 1) Educational purposes and 2) Social service needs.

Educational purposes. Nationwide, facilities funding is the greatest challenge facing public charter schools. Historically, the State of Hawai'i has not prioritized facilities funding for charter schools, and while neighboring public schools utilize state-owned facilities, Kona Pacific must dedicate more than ten percent of its operating budget to facilities costs.

While capital development is an ongoing challenge for public charter schools, Friends has been proactive in meeting the needs for educational facilities through an approach that utilizes both creative improvisation on site (e.g. tent classrooms and outdoor learning) combined with focused development of federal grant and loan funds. Despite these strategic approaches, however, an inordinate proportion of the school's budget is diverted from funding the primary mission of education.

The public benefit of charter schools, particularly in regards to educational innovation, is well recognized on a national level. U.S. Education Secretary Arne Duncan has stated that, “charter schools are laboratories of innovation in education, quality, accountability, cost efficiency and transparency.” The administration urges charter schools to scale their successful innovations throughout the education system in order to facilitate overall improvement in the country’s academic environment.

Of Hawaii’s 31 charter schools, 13 are located on Hawai’i Island, providing important school choice for families while acting as incubators for innovation and best practices in education. Kona Pacific embraces the philosophy of a rising tide lifting all boats, and is firmly committed to improving the overall educational landscape of our island communities. With this desired result in mind, we actively develop and disseminate best practices on an ongoing basis. The school administration collaborates closely with and provides assistance to other Hawai’i public charter schools, and has developed both a state and national reputation as a source of innovative strategies for successful operation.

Social Services. We strive towards a greater vision of service, reaching beyond the core educational mission to provide essential services to our rural, underserved community. The most critical social service provided to our community is our food service program. Currently operating out of leased kitchen facilities, the WHOLE (West Hawai’i Ono Local Eats) Food Service provides meals for 450 vulnerable community members at risk for hunger and food insecurity.

The WHOLE Food Service program launched in Fall 2012, when the previous nutrition program vendor ceased operations with just 30 days notice. As the only federally approved food service vendor for nutrition programs in West Hawai’i, their closure endangered the health and well-being of 450 impoverished citizens, mostly young children and elders. We immediately responded to this emergency need by developing a new food service in time to ensure that none of these at-risk residents went hungry.

The WHOLE Food Service feeds Kona Pacific students daily, 68% of them for free or reduced price. Many of these children consume a significant portion of their daily nutrition at school; we provide them a healthy morning snack, lunch, and after school snack. We will add full breakfast once approved by the USDA.

In partnership with community social service organizations, the food service feeds an additional 250 other at-risk West Hawai’i residents, from nine months to 90 years old. The menu provides optimally healthy meals, made with fresh, locally-grown ingredients wherever possible, all scratch cooking, and no added refined flours or sugars.

Our partner organizations purchase complete meals, which are subsidized by state and federal programs such as the National School Lunch Program. The price for a school lunch with milk, for example, delivered to the client’s site, is \$5.00. The price represents the actual cost of the meal; we operate the program to meet urgent community need and aim for break-even while doing so.

For the school lunch example above, partner organizations are reimbursed \$3.68. The partner organization subsidizes the difference between what they receive for reimbursement and the price of the meal, and that subsidy can be challenging for some schools and community service agencies. Recognizing this challenge to our partner organizations, we actively control costs to keep prices as low as possible, while offering very high quality, nutritious meals. The closer that our price approaches the reimbursement rate offered, the more meals our partner organizations can purchase and provide to citizens in need.

Our WHOLE Food Service program is the only approved vendor of federally subsidized meals in West Hawai'i. Having launched a successful program, we are uniquely positioned and eager to increase services and feed more citizens at risk for food insecurity. Expansion will be facilitated by reducing the price charged to our partner organizations. We have identified two areas with the potential for significant cost savings: 1) lowering the facilities cost for food production, and 2) creating an integrated regional supply chain that will reduce food costs for the high-quality ingredients used in our menus.

The requested Grant in Aid funding for construction of the kitchen will directly and immediately remediate the high cost of facilities, allowing us to lower prices, and feed additional at-risk citizens.

We are also leveraging the tremendous agricultural resource of our 40-acre property, developing a comprehensive farm to food service initiative to radically increase production on the 13-acre farm. The farm will provide a large proportion of the ingredients used each day by the food service, at a substantially lower cost than market price, and the savings will enable a reduction in meal pricing. Farm products will also be available directly to low-income residents.

A value-added program, providing kitchen access that will allow local family farms to increase the value of their agricultural production, will contribute to the success of the food service as well. Value-added products that can be incorporated into the food service menus will be purchased at significant savings, further reducing food costs. In addition, the revenue generated from leasing the kitchen facilities to local farmers and other small food businesses will positively affect the program's bottom line and further enable us to keep the meal price as low as possible.

Several USDA studies emphasize the importance of nonprofit community kitchens in supporting local agriculture, family farms and small businesses. On Hawai'i Island, there are only three of these kitchens: one in Hilo, and two in Hamakua, all on the East Side of the island, nearly three hours' drive time from Kona.

The need for this food service program is clear and well documented. Food insecurity in our small rural community has become a public health crisis, and strong proactive approaches are required to ensure that the most vulnerable members of our community, particularly children and the elderly, do not continue to go hungry.

Throughout all of Hawaii's islands, a shared set of complex conditions, including high rates of poverty and homelessness, and low rates of educational success, have contributed to the development of a serious public health crisis. A 2012 study by the North Hawai'i Outcomes Project, "Community Health Profile Hawai'i County," highlights many of the realities of Hawai'i Island's diet- and hunger-related indices.

Hawai'i Island has higher death rates than other islands in the state across all categories, including heart disease and stroke. The rates of adult and child poverty are much higher than the state average, and the per capita income is lower than average. Currently, Hawai'i Island, a very rural island with a population density of only 45 persons per square mile, has a shocking poverty rate of almost 20% – nearly one in five of our residents living below the poverty level.

The ongoing economic struggles of families in Hawai'i are well known, and these challenges have led to a 40% increase in the need for emergency food assistance since 2006. The Hawai'i Food Bank estimates that statewide, 15% of our population receives emergency food assistance through their agency. While faith-based and other organizations have stepped up to help with the enormous task of feeding the homeless, the "working poor" and elderly continue to be under-served.

The WHOLE Food Service Program is an essential social service program that we are able to operate with efficiencies of cost and manpower while achieving quality outcomes. In the absence of this program, the burden of ensuring that our children and elders do not go hungry would fall largely on the network of state-operated social and human service agencies. Our project represents a cost-effective, local and sustainable approach to providing these services.

4. Target Population to be Served

The community to be served by this project includes the districts of North and South Kona, and the southern parts of Ka'u. The area's population, according to the 2010 U.S. Census, is 52,635, with a diverse ethnic and racial mix, of which White (44%), Asian (20%) and Native Hawaiian (18%) are the dominant representatives.

West Hawai'i, and South Kona in particular, are rapidly growing. Between 2000 and 2010, South Kona experienced the highest rate of growth (19%) of all districts in Hawai'i County. This growth brings with it an increased need for educational resources. Demographic data from the Hawai'i Department of Education shows that within Kona Pacific's service area, K-5 student population growth is projected to be slightly greater than 4% annually. This growth, resulting in a student population increase of 50 elementary students per year in our service area, represents a burgeoning need.

The community demographics regarding food insecurity, as described above, indicate that up to 32% of our community members, or more than 11,700 individuals, suffer from food insecurity, and approximately 40% of these – mostly children and elders – are potential beneficiaries of our food service program.

5. Geographic Coverage

Friends and Kona Pacific serve a geographic area that stretches roughly 50 miles along the western side of Hawai'i Island, from Kailua-Kona in the north to Ocean View in the south, and includes the towns of Keauhou, Honalo, Kainaliu, Kealahou, Captain Cook, and Honaunau – approximately a 100-mile radius.

Beyond the families and individuals served by Kona Pacific's educational and social service programs and the WHOLE Food Service, a significant part of Friends' mission is to develop and disseminate best practices and share how-to methodologies with collegial groups of educators and program managers wanting to implement new strategies. Kona Pacific is actively involved in the Hawai'i Public Charter Schools Network and the Alliance for Public Waldorf Education, both of which provide dynamic platforms for the sharing of resources, strategies and best practices, thus extending the geographic coverage of our project and its outcomes throughout Hawai'i and the U.S.A.

II. Service Summary and Outcomes

1. Scope of Work, Tasks and Responsibilities

In order to accomplish the project goal of constructing a food service kitchen and a new school building, Friends will engage a project team with proven qualifications and expertise to complete all project activities. These individuals are described in detail in Section V. The core team of Project Manager, Project Architect, and Site Manager will oversee the general contractors selected via open bidding to carry out the site preparation and construction activities.

The project scope of work includes four distinct stages, each of which entails a number of activities:

- 1) Design, Permits and Bids
- 2) Site Preparation
- 3) Infrastructure construction
- 4) Building construction

The project includes the construction of a school building ("G") containing two classrooms, a building housing a community food service kitchen, and necessary infrastructure. Details of these project elements may be found in the table on the following page.

Building	Purpose	Approx. Size	Estimated Cost
Building G	Instructional: 2 nd & 3 rd grades	2,000 sq. ft.	\$300,000
Community Food Service Kitchen	Food service breakfast, lunch and snack production; processing of produce from school farm; available to locals farmers for value-added processing	2,350 sq. ft	\$1,000,000 Including \$300,000 of kitchen equipment
Infrastructure	Utilities for the two buildings, access road, parking lot	n/a	\$200,000

The school building G is a “shovel-ready” project: building permits are in hand, and grading has been completed. The Community Food Service Kitchen was included in the Master Plan & Schematic Design process, and is ready for design development.

Environmental studies, archeological studies, traffic studies, and related processes were completed as part of the Special Use Permit process, allowing for an expedited timeline for this project. The project team has a successful track record of rapidly completing complex projects ahead of schedule and under budget. The Project Work Plan’s aggressive schedule reflects our confidence in our experienced team. The plan is described in detail in the following tables, one for each phase of the overall scope of work:

Design, Permits and Bids

Activities	Lead Position(s) Responsible	Begin	End
Master Plan & Schematic Design	Project Manager		Complete
Architectural Plans	Architect	1-15-12	4-1-14
Building Permits for Kitchen	Project Manager	4-1-14	6-1-14
Bids Out	Project Manager	4-15-14	5-14-14
Bid Review and Selection	Project Manager/Architect	5-15-14	5-20-14
Contract Finalization/Execution	Project Manager	5-21-14	6-1-14

Site Preparation

Activities	Lead Position Responsible	Begin	End
Grading for Building G	Site Manager, Contractor		Complete
Drainage for Building G	Site Manager, Contractor	6-1-14	6-30-14
Grading for Kitchen	Site Manager, Contractor	7-1-14	8-11-14
Drainage for Kitchen	Site Manager, Contractor	8-12-14	9-22-14

Infrastructure construction

Activities	Lead Position(s) Responsible	Begin	End
Water	Site Manager, Contractor	9-23-14	11-02-14
Electric	Site Manager, Contractor	11-03-14	12-13-14
Septic for Kitchen	Site Manager, Contractor	12-14-14	1-24-15

Tank & gas line for Kitchen	Site Manager, Contractor	1-25-15	2-25-14
Road, Parking	Site Manager, Contractor	9-23-14	2-1-15

Building Construction

Activities	Lead Position(s) Responsible	Begin	End
Building G	Project Manager, Contractor	7-1-14	12-31-14
Kitchen	Project Manager, Contractor	8-12-14	3-15-15

2. Projected Annual Timeline

As detailed in the table above, the project is scheduled to commence on February 15, 2014 and be completed before March 15, 2015. This timeline is based on the outcome of our most recent campus expansion project, which was completed in four and a half months and included site preparation, infrastructure development, and construction of two buildings with a total of 6,000 sq. ft. of classroom space, as well as expansion of restroom facilities.

3. Quality Assurance and Evaluation Plans

Friends has a set of comprehensive policies in place to ensure that all compliance, reporting, monitoring, and evaluation activities are carried out for grant projects.

The Friends board will oversee all stages of the project and ensure that the project moves forward on schedule and in compliance with all grant requirements. The Project Manager and Architect will review all bid proposals and make recommendations to the board according to Friends' construction management policy. The Project Manager will make weekly progress reports to the board and ensure that any unanticipated project challenges are resolved optimally.

The Project Manager and Site Manager will work together with the Architect to 1) review the progress of construction; 2) review the quality of construction; 3) process clarification requests and product submittals; 4) approve contractor payment requests; 5) provide ongoing and final inspections of all construction.

4. Measures of Effectiveness

The primary performance indicators used for measuring the success of this project will be the standard construction evaluation tools involving analyses of timeline compliance, cost predictability, and construction quality.

Adherence to the stated project timeline and estimated costs will be evaluated quarterly, with adjustment in project activities made as necessary. Quality control will also be an ongoing measure; the Project Manager, Site Manager, and Architect will inspect contractor progress closely to ascertain that quality of materials and construction are maintained throughout the life of the project.

III. Financial

1. Budget

Friends has submitted a budget utilizing the GIA budget forms, which are included with this application.

2. Anticipated Quarterly Funding Requests

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$1,500,000				\$1,500,000

3. Fiscal Year 2015 Funding Sources

Friends has a successful history of fund development, originally for startup operations, subsequently for capital projects. Long-term relationships with repeat funders provides a stable inflow of financial resources to support our facilities-building program.

We plan to leverage this Grant in Aid to attain further funding from with regional private philanthropic funders such as the Atherton Foundation, Weinberg Foundation, and Omidyar Foundation for support in finishing the Kona Pacific campus, including landscaping, playground expansion, and a remodel of an existing building to provide for additional administrative office space.

In the event that this Grant In Aid request is not funded, we will apply for a third round of federal direct loan funding. Loan funding is not ideal, as debt service must be funded out of the school's operations budget, diverting resources away from the primary mission of education.

4. State and Federal Tax Credits

Not applicable.

5. Balance of Unrestricted Current Assets

As of December 31, 2013, the balance of unrestricted current assets was \$36,099.

IV. Experience and Capabilities

A. Necessary Skills and Expertise

Friends has a solid and reliable base of experience and relevant skills in the management of federal funds and major capital projects, and will retain experienced, qualified consultants for specific stages of the project.

Organizational Capacities. Friends is governed by a six-member Board of Directors who are representative of the community to be served by this project and bring a wide range of relevant skills and experience in project development and management. The board includes

professional educators with facilities development experience, financial advisors and managers, Native Hawaiian cultural practitioners, and an agriculture expert. The Friends board manages an annual operational budget averaging roughly \$240,000, which is substantially increased in some years by grants and contributions for specific projects. Revenue sources include lease rent from the charter school and five houses (reserved for school and farm staff) that are located on the property, as well as development activities.

Friends has a high level of fiduciary capacity, with comprehensive financial policies and procedures that reflect best practices for nonprofit organizations, and a strong background in the management of government grants and loans.

Recent Projects

In October 2006, the state of Hawai'i awarded Friends \$150,000 for initial research and feasibility studies of the development of Kona Pacific Public Charter School. Friends' proposal was one of three funded out of thirteen applicants statewide. This preliminary work was so successful that Friends was encouraged by the leadership of the state Department of Education to apply directly to the federal government for further funding. The project audit confirmed that all state funds were expended appropriately, and the audit was closed with no findings.

In October 2007, the USDE awarded Friends \$300,000 for startup research and development of Kona Pacific Public Charter School. Final reports showed that all federal funds were expended in service of the project objectives, with substantial community benefit. An example of the value returned on investment is that the school's charter was scored at 96%, the highest score for a charter submission in Hawai'i to date.

In April 2011, Friends was awarded a \$3M direct loan by the USDA Rural Development Community Facilities program. Friends purchased the previously leased 40-acre parcel on which the 2.5-acre school campus is located, and constructed two new school buildings containing six classrooms, which were completed in late 2012. The OMB A-133 audit confirmed that all federal funds were expended appropriately, and the audit was closed with no findings.

Friends has also received and successfully managed many smaller grants from private foundations.

Financial activities are conducted in accordance with generally accepted accounting principles, using QuickBooks to maintain accurate and secure financial records. Monthly reports are reviewed by the Financial Officer, and quarterly reports are presented to the full board for oversight.

Project Capacities. Friends has selected an experienced project team to carry out and oversee all project activities. Details of the team's capabilities and experience may be found in Section V.

B. Facilities

The purchase of the 40-acre Kanaeue Learning Center in 2011, and the subsequent transfer from private ownership to public stewardship, was a significant benefit for the community and a milestone for Friends. The opportunity presented by community ownership of this valuable resource contains within it a challenge – to utilize the resource in a manner that provides the greatest benefit to the community. We are mindful of the *kuleana* (responsibility) to be led by our community in determining the best and highest uses of the land.

The previous owner obtained a Special Use Permit (SUP) in 2001 for construction of school facilities and related improvements on the property. The SUP also affirmed the plan to further develop agricultural facilities on the property. In 2012, the Hawai'i County Planning Department granted a Special Permit Extension, allowing construction activities through August of 2021.

Existing campus facilities, which Friends leases to the school, include a 2.5-acre campus with 6 permanent buildings that house 10 classrooms, 4 bathrooms, and administrative offices, for a total of 9,300 sq. ft. The campus has passed multiple ADA compliance reviews, exceeding federal accessibility requirements. Temporary buildings provide space for cafeteria, aftercare, and special education support services.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

Friends has a solid track record of experience in successful financing and management of construction projects of this scale. We have successfully completed two construction phases of the campus, both of them ahead of schedule and under budget, and the same reliable, experienced staff will manage this project.

Ultimate responsibility and accountability for project success rests with the Friends Board of Directors. The board will delegate day-to-day responsibility to the Project Manager, who will supervise all project staff.

Project Staff

Project Manager. Friends has selected as its project manager Mr. Chris Hecht. Mr. Hecht has successfully led the financing, design, and construction of all campus development to date. His experience in construction management and fiscal oversight of high value projects ensures productive use of project resources, efficient construction processes, and high quality finished product. The Project Manager provides oversight of all phases and aspects of the project, representing Friends in design meetings, developing the project budget, working with the Architect to review and select competitive construction proposals, overseeing construction, and supervising construction finances.

Contracted Staff

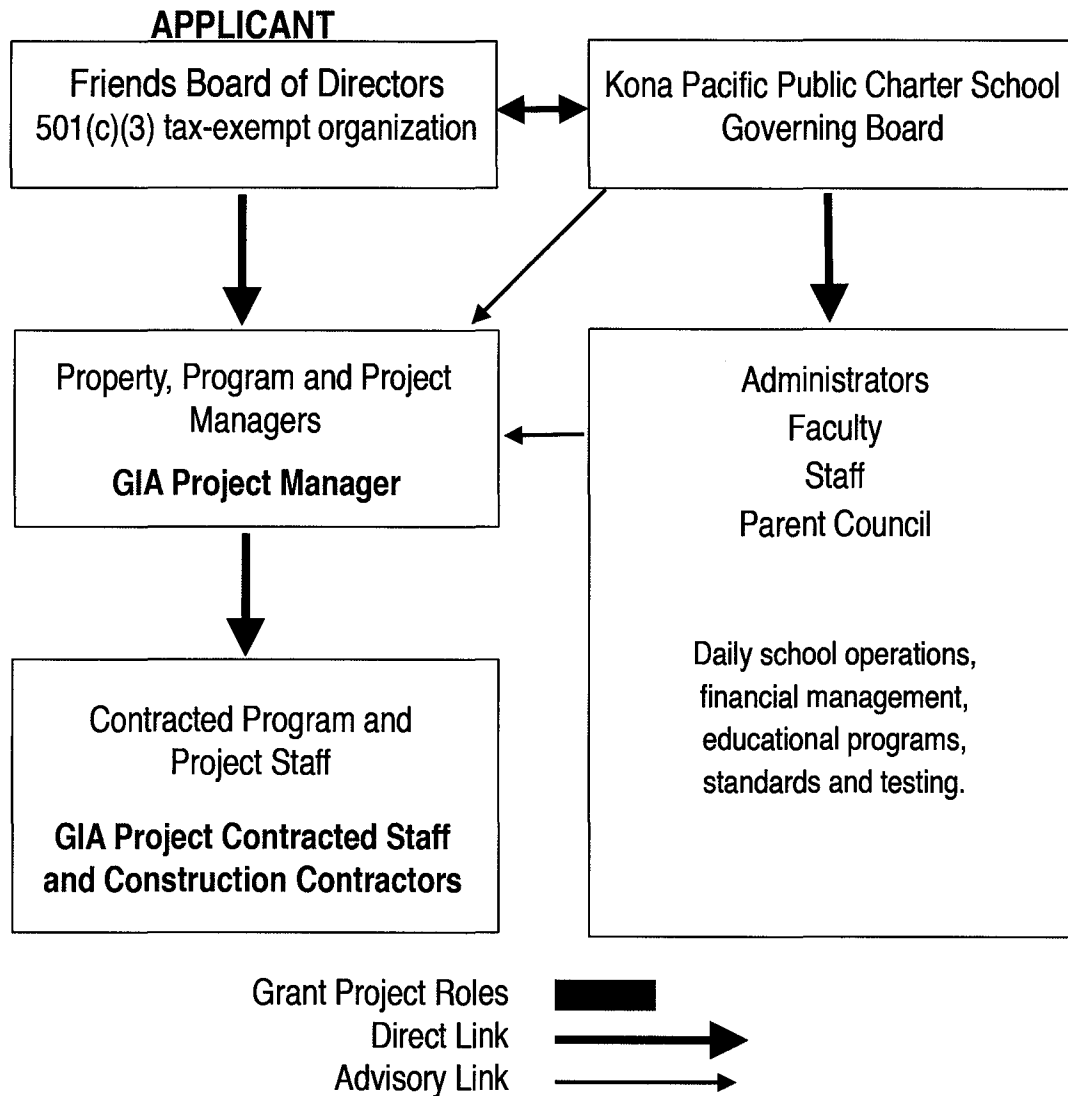
Project Architect. Mr. Rohn Marvick will serve as architect for the project and will be responsible for all project design, engineering, and drafting of detailed construction documents. In addition he will guide selection of competitive construction proposals, and oversee construction. He has more than 25 years of architectural design experience and founded the Weingang Marvick & Associates architectural design firm in 2000. The partnership of architect Mr. Marvick and architectural designer Mr. Bill Weingang provides a high level of complete architectural services for projects ranging from up-scale custom residential to mid-size commercial ventures. Mr. Marvick has served as the architect for all previous Kona Pacific construction projects and has designed and obtained building permits for Building G, to be constructed as part of this project.

Site Manager. Friends' property manager Tom Howard will serve as the owner's day-to-day site representative, overseeing the daily activities of all project contractors. Mr. Howard has been responsible for oversight of all Kanaeue Learning Center improvement projects and property maintenance for more than 14 years. His current responsibilities include supervision, oversight and control of all on-site development and maintenance, hiring and supervising contractors, managing procurement and budget, maintenance and monitoring of the water system, farm operations, tree care and grounds keeping, and tractor operation and maintenance. He has served as Site Manager of the two previous construction phases on the property and has detailed knowledge of all site improvements to the property, including the placement of underground utilities and other infrastructure.

Construction Contractors. Contractors will be selected through a competitive bidding process requesting, via public advertising, bids from at least three qualified bidders on the basis of identical sets of bidding documents. Friends' procurement policies include equal opportunity principles. The bidder selection process includes an analysis of each bidder's demonstrated management competency, financial condition, labor compliance, relevant experience, and safety record.

B. Organization Chart

The chart on the following page illustrates the position of project staff and the lines of responsibility and supervision of project activities.



C. Compensation

Friends does not compensate any officers, directors or employees. It is staffed by members of the Kona Pacific Public Charter School community who provide expert service pro bono.

VI. Other

A. Litigation

Not applicable.

B. Licensure or Accreditation

Kona Pacific was duly chartered by the State Board of Education in 2008; Friends was awarded federal 501c3 tax exempt status in 2012.

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

Applicant: Friends of Kona Pacific Public Charter School

BUDGET CATEGORIES	Total State Funds Requested (a)	(b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	0			
2. Payroll Taxes & Assessments	0			
3. Fringe Benefits	0			
TOTAL PERSONNEL COST	0			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island	0			
2. Insurance	0			
3. Lease/Rental of Equipment	0			
4. Lease/Rental of Space	0			
5. Staff Training	0			
6. Supplies	0			
7. Telecommunication	0			
8. Utilities	0			
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	0			
C. EQUIPMENT PURCHASES	300,000			
D. MOTOR VEHICLE PURCHASES	0			
E. CAPITAL	1,200,000			
TOTAL (A+B+C+D+E)	1,500,000			
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	1,500,000	Chris Hecht	808-895-3030	
(b)		Name		
(c)		(
(d)		Signature of Authorized Official	Date	
TOTAL BUDGET	1,500,000	Chris Hecht, Board Secretary		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Friends of Kona Pacific Public Charter School

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
Kitchen equipment	1.00	\$300,000.00	\$ 300,000.00	300000
			\$ -	
			\$ -	
			\$ -	
TOTAL:	1		\$ 300,000.00	300,000

JUSTIFICATION/COMMENTS: A detailed inventory of proposed kitchen equipment purchases is available upon request.

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				

JUSTIFICATION/COMMENTS:

BUDGET JUSTIFICATION CAPITAL PROJECT DETAILS

Applicant: Friends of Kona Pacific Public Charter School

Period: July 1, 2014 to June 30, 2015

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: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS			4,000			
LAND ACQUISITION			0			
DESIGN			60,000			
CONSTRUCTION			1,136,000			
EQUIPMENT			300,000			
TOTAL:			1,500,000			
JUSTIFICATION/COMMENTS Land was acquired by applicant in 2011 using \$2,000,000 of federal direct loan funds. Design and plans for the classroom building were provided pro-bono by the project architect, and permits were issued in 2012. It is shovel-ready. Funds for design, plans, and construction of the kitchen building are included in this funding request.						

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISSED 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'i 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'i 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'i 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'i 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.

Friends of Kona Pacific Public Charter School

(Typed Name of Individual or Organization)


(Signature)

January 28, 2014

(Date)

Chris Hecht

(Typed Name)

Board Secretary

(Title)