School Impact Fee Working Group
(Established by Act 246, Session Laws of Hawai`i 2005)
State of Hawai`i
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Minutes of Meeting

The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Section 92-7(b), Hawai`i Revised Statutes.

Date: Thursday, April 6, 2006

Time: 9:00 a.m.

Place: State Capitol
415 South Beretania Street
Conference Room 224
Honolulu, Hawai`i

Present: Senator Sakamoto, President of the Senate Designee
Austin Imamura, Designee for the Mayor of the City & County of Honolulu
Randy Moore, DOE, Superintendent of Education Designee
Councilmember Dain Kane, President of the Hawai`i Association of Counties
Duane Kashiwai, DOE Employee whose primary area of responsibility is repair and maintenance, capital improvement projects, and land use planning
Patricia Park, DOE, Central Oahu Complex Area Superintendent
Dean Uchida, Executive Director, Land Use Research Foundation
Bob Bruhl, Development Community Member

Jan Yamane, Deputy Auditor/In-House Counsel, Office of the Auditor
Pat Mukai, Secretary, Office of the Auditor

Ralph Portmore, Group 70 International
Jim Duncan, Duncan Associates
Clancy Mullen, Duncan Associates

Absent: Representative Takumi, Speaker of the House of Representatives Designee
Anthony Ching, Executive Director, State Land Use Commission

Call to Order: Chair Sakamoto called the meeting to order at 9:10 a.m., at which time quorum was established.

Chair's Report: **Announcements, Introductions, Correspondence, and Additional Distribution**
Chair Sakamoto welcomed guests in the audience and asked Working Group members and guests to introduce themselves. Guests from the developer community included Carlton Ching, Alan Arakawa, and Laurie Kodama, Castle & Cooke; and Pat Liu, Gentry.

Letter dated February 27, 2006, from Senator Suzanne Chun Oakland
Chair Sakamoto asked members to refer to correspondence in the handouts. Senator Chun Oakland sent a letter asking the Working Group to consider how Kakaako development can contribute to neighboring schools. Vice-Chair Kane asked if Ms. Yamane could provide any guidance on whether the Senator's request falls within the scope of Act 246 and, if it does, whether the Working Group can incorporate the request into the Group's work and pass it on to the consultant. If not, Vice-Chair Kane suggested that the Working Group determine an appropriate response to the Senator. Ms. Yamane stated that Act 246 directs the Working Group to carry out a case study on Central Oahu. Since the Senator's request relates to Kakaako, it appears to be beyond the scope of the act.

Member Moore stated, however, that Act 246 asks the Working Group to look at differing school facilities, infrastructure needs, and how best to address issues regarding infill.

Member Bruhl offered that the case study in Act 246 is meant to be somewhat focused on Central Oahu. Member Moore stated that infill development like Kakaako is one of the subjects this group should look at and develop recommendations for. The reply to Senator Chun Oakland should reflect that while a specific study in Kakaako is beyond the scope of the act, the concept of what to do in Kakaako-type situations is appropriate. Member Moore continued that the mandate is to look at Central Oahu as an example. This does not, however, carve out issues such as infill development. In fact, although a Kakaako study is not mandated, the group should be developing recommendations about issues such as infill development. Member Uchida stated that the purpose of the act is to try to develop a methodology. After a methodology is developed, it can be applied to Kakaako.

Chair Sakamoto noted that Mr. Ralph Portmore, Group 70 International, is officially the Working Group's consultant and asked for his comments. Mr. Portmore replied that infill such as Kakaako is complicated. While the consultant can take a look at it within the scope of the work, an in-depth study would probably be beyond scope. Chair Sakamoto expressed concern that the issue might cause the study to stray from issues raised in Central Oahu. He suggested that the response to Senator Chun Oakland reflect the scope of the study, which is focused on Central Oahu.

Ms. Yamane described Act 246 as having two parts. The first part asks the group to examine issues, including the infill issue. The second part—the case study—directs the working group to focus on Central Oahu issues. She offered to work with the Chair on crafting the response to Senator Chun Oakland. Vice-Chair Kane stated that the letter should reflect that the group is receptive to her request and that it will do what it can, even given the focus of the case study on Central Oahu.

Chair Sakamoto asked for other suggestions. He suggested that Ms. Yamane work with Vice-Chair Kane on drafting the letter. On a motion by Vice-Chair Kane, seconded by Member Moore, the Working Group voted unanimously to have Vice-Chair Kane work with Ms. Yamane on drafting a response to Sen. Chun Oakland that reflects the discussion at this meeting.

Minutes of Previous Meetings
On a motion by Vice-Chair Kane, seconded by Member Moore, the Working Group voted unanimously to approve the minutes of the February 23, 2006 meeting, unamended.

2006 Legislature

Legislative Measures Relating to School Impact Fees
Chair Sakamoto notified members that the measure to extend the work of this body is moving through the Legislature and is now in the House. It is assumed that it will be approved. Member Uchida asked if there is funding in the measure. Chair Sakamoto answered that the measure will need to be amended to include an amount. He indicated that he would work with the Auditor's Office on the appropriate amount. Ms. Yamane referred to the meeting handouts and pointed out that there is currently a blank for appropriations.

Presentations:

Presentations by Central Oahu Developers
Castle & Cooke (Koa Ridge)
Mr. Alan Arakawa, Executive Vice President, Castle & Cooke of Hawai`i, presented an overview of the Koa Ridge Community and Mililani and how public schools fit in to the future master plan. As part of the presentation, Mr. Arakawa offered a general map of Central Oahu. Koa Ridge has three different parcels--Koa Ridge Makai, Castle & Cooke Waiawa, and Koa Ridge Mauka. Koa Ridge Makai has 572 acres, consisting of 2,500-3,000 units. Waiawa has 191 acres, with 1,200-1,500 units. Koa Ridge Mauka has 485 acres, with 3,000 units. Mililani Town has about 14,000 homes and will be completed in 2008. All of Koa Ridge, including all parcels, is roughly the size of Mililani Mauka. Mililani Mauka took about 17 years to develop. Development there began in 1991 and will finish in 2008. Koa Ridge is the flagship community for Castle & Cooke.

The project has been in planning since 1995. In 2002, the entire project was not approved by the State Land Use Commission. It approved Koa Ridge Makai and Castle & Cooke Waiawa, but not Koa Ridge Mauka. Castle & Cooke needs to go back to the Land Use Commission for approvals.

Construction is projected to begin in 2008, with the first home delivery in 2010. From the start of planning until first home delivery, the company is projecting about 15 years.

Mr. Arakawa then described schools in Mililani Town, so as to provide a framework for projected schools in Koa Ridge. Mililani now has one high school, one middle school, and five elementary schools. The Mililani Town area has three elementary schools and one high school. Mililani Mauka has two elementary schools and one middle school. Early on in the project, Castle & Cooke was required to set aside land for schools, which the State purchased from Castle & Cooke. The State and county shared park space, which is used on weekends for community sports.

For Mililani Mauka, there was a significant change. Castle & Cooke began dedicating the land to the State; the State no longer purchased the land. In addition to that, Castle & Cooke provided both park and school facilities in the community. Based on experiences in Mililani, Castle & Cooke knew that schools are an important part of any community. Going forward, it knows it will need to work with the State to get schools built. Castle & Cooke is dealing with community efforts to push a concept called "concurrency." Concurrency means different things to different people. In Central Oahu, concurrency, with respect to schools, means that a school should be there when the first home is built. Castle & Cooke does not agree that this is the best thing to do. It also does not think it is possible. It is really up to the State Department of Education (DOE) to look at enrollment at surrounding schools and the needs of the area, and determine whether these schools should be built. In the case of Mililani Mauka, Mililani Mauka Elementary School was built two years after the first home was built. It is uncertain what the situation will be with Koa Ridge. There are elementary schools nearby such as Kanoelani with high enrollments like Mililani Town. Castle & Cooke is willing to do its fair share and work closely with the department to provide projections.

In addition to dedicating the land for the schools, Castle & Cooke understands that impact fees are an issue. Schools are an important part of any community and Castle & Cooke supports fees, but only if it is fair. Koa Ridge is not entitled by the State Land Use Commission. As developers, Castle & Cooke questions how impact fees should be applied, not only in Central Oahu, but across the state. Impact fees should be used only for schools serving the community. In the case of Koa Ridge, improvements can be made to Kanoelani that would serve Koa Ridge students. Certainly, impact fees generated from Koa Ridge should be applied to facilities serving Koa Ridge. Castle & Cooke would like to see the DOE put a program in place for additional funding and implementation of new facilities. Castle & Cooke indicated that it would like to be involved in the planning.

Member Imamura asked how Castle & Cooke views the word "fair." Mr. Arakawa responded, with respect to schools, $4,000 is workable. If the numbers are applied uniformly, it is appropriate, but it is difficult to say in more general terms. Member Imamura asked whether $4,000 would cover one-half or one-third the cost of the school. Mr. Arakawa answered that it would be in addition to the approved land. Member Imamura asked if impact fees were collected, say, for Koa Ridge Elementary School, he does not think it would be an issue if students outside of Koa Ridge attended. Member Park said, from DOE's perspective, there are rules and regulations about attending your home school. The individual family can ask for a geographic exception but it is not a given. Member Moore asked if Koa Ridge will have three elementary schools. Mr. Arakawa said that two are projected. Member Moore stated that a high school, middle school, and two elementary schools, in order of magnitude, $225,000,000. Seven thousand units in order of magnitude, 35,000 for everything above the ground and off-site infrastructure.

Chair Sakamoto asked who calculates the number of students. Mr. Arakawa indicated that the developer does not do the calculations. Instead, the developer would sit down with DOE to show

it what is being planned and what types of homes are being built. Chair Sakamoto asked from Castle & Cooke's perspective, 4-bedroom homes equal 1.2 students; 3-bedroom homes equal .8 students; studios equal 0 students, and luxury, golf course homes equal 2 students. Mr. Arakawa responded that Castle & Cooke would do some rough calculations, then sit down with DOE.

Member Park asked what is the timeline for the two elementary schools, middle, and high school, and whether they are going to be concurrent. Mr. Arakawa answered he does not know at this point. Member Park indicated part of the dilemma schools face is that anytime there's an assumption, there's going to be a new family. For example, Mililani Ike is already bursting at the seams. So, it is very hard not to do a K-12 look at the family, not just the elementary school for any development. Chair Sakamoto asked, with the history you have with Mililani, whether the company says these were the assumptions. Chair Sakamoto said, at some point, there were some estimates and it took some time before Mililani built some schools. He also asked whether there were 400, 600, or 800 students projected at the front end. Has anyone gone back to say whether those were good estimates? Mr. Arakawa replied that Castle & Cooke has looked at that in connection with the department. In the case of Mililani Mauka, enrollments are a little higher than projected. There are more kids per household on average. Member Uchida asked about the estimated value of the construction cost. Mr. Arakawa answered, approximately $500,000.

Member Bruhl said it would be helpful to hear a little bit about the process Castle & Cooke has gone through with DOE. Mr. Arakawa replied that planning started in the mid-90s. It is important to start coordination and planning years in advance. Member Moore stated the developer and the department come to an understanding of the school needs because these developments go on for so long. There is the Mililani example where initially all the Mililani students went to Wheeler for middle school. Even though the development is built exactly as planned, the school needs can turn out to be different.

Chair Sakamoto shared an example when he grew up in Palolo Valley and all of the kids went to Palolo Elementary. At first, the school was too big, then it got too small, then, they built Anuenue School, and by that time, all of the kids were passed elementary school. Member Bruhl said it's a question of fairness. The answer may be very different if perhaps, schools were not built to DOE's specs. Everyone points to Le Jardin in Kailua as an example. Le Jardin is a school built with private funds. Mr. Schuler was involved and that school cost around $7-10 million to build.

Chair Sakamoto stated that construction costs vary tremendously. He asked whether the department, maybe Member Kashiwai, had been invited to look at Le Jardin to compare where construction differs between public and private. Chair Sakamoto asked whether Member Bruhl would want to help arrange a sub-group to at least look at this issue. Member Bruhl answered that he would.

Vice-Chair Kane said because there's a component in Act 246 that talks about potential county ordinances, he would like to ask both presenters to provide at least some comment in the area of county ordinances. He wants to insure that this is not left out since the counties are included specifically to engage in that part of the discussion.

The Gentry Companies

The next presenter was Ms. Patrice Liu, Waiawa Project Director, The Gentry Companies. Gentry has been planning Waiawa for over 20 years. The project is located in Central Oahu and spans 3,700 acres. It is located at the junction of the H-1 and H-2 freeways, adjacent to Pearl City. Waiawa is envisioned as a full service community with a variety of residential designs and densities, extensive recreational amenities, an employment center adjacent to the project's entrance, as well as retail and public facilities. Approximately 1,600 acres are planned for urban development, 350 acres for recreational uses, and over 1,700 acres for natural open space. The community master plan provides for approximately 10,000 housing units, schools, parks, golf courses, and a town center.

Waiawa's initial development phase is approximately 1,000 acres and Gentry has approvals for 500 acres of single family and apartment dwellings, 90 acres of commercial and industrial mixed uses, two golf courses, and school and park sites. Approximately 5,000 units are planned in this phase. Access will be provided from the H-2 freeway at the Waipio interchange in order to accommodate Waiawa. Gentry will be building all new on- and off-site utilities to serve the project areas. There is tremendous up front investments in this project, approximately $250 million. Groundbreaking for the infrastructure plan is scheduled for later this year, with the first homes delivered in 2009.

With respect to the educational requirements, Gentry received its State Land Use approvals in 1988. At that time, the commission did not impose any education conditions. City zoning approvals followed much later in 1998 and 2003. The zoning ordinances provide for the following school conditions: 1) the dedication of two 8-acre elementary school sites to DOE; 2) coordination with DOE to facilitate timely construction of public school facilities and exploration of construction alternatives; and 3) execution of a fair share agreement to support DOE's provision of school facilities. Gentry has been meeting with DOE since the early 1990s. In 1991, Gentry agreed with DOE on the number of schools to serve the area. At that time, Gentry projected 14,000 housing units at Waiawa. Gentry was told that projections included 3 elementary schools, 1 middle school, and expansion of Pearl City High School. A high school was not a requirement at that time.

Since then, conditions have changed and now projections include 3 elementary schools, 1 middle school, and a high school. Waiawa is envisioned as one school complex. Phase I has about 5,000 units. It has sites for 2 elementary schools and a middle school. The third elementary school and high school are planned in future phases.

Gentry was told by the State Land Use Commission that it needs to get the project entitled. At this point, Gentry only has guaranteed development area of approximately 1,000 acres and 5,000 units, but it is planning for the full development. Under the DOE's current land contribution formula based on the number of units projected, Gentry will have a significant number of retirement housing in its project. Gentry's contribution of land will be on the order of 52-plus acres. As far as the school construction fee, Gentry will be paying $2,541 per single family unit and $997 per multi-family unit. These fees are collected at time of closing for each unit. For Phase I, Gentry has offered to accelerate payment of school construction fee at a discounted rate. This will enable DOE to have access to the funds earlier and thereby accelerate timely construction of the schools in Waiawa. If Gentry were to pay on a per unit basis, payment would be spread across 9 or 10 years of development.

Ms. Liu indicated that Gentry would like to see school impact fees paid to be used in Gentry communities. Further, Gentry would like to see schools built as soon as possible and wants to cooperate with DOE to try to accelerate the process. It feels that it is important to have the schools built early. In fact, Gentry changed its land use plan to accommodate DOE. Ms. Liu also indicated that Gentry is at a point where just meeting its infrastructure requirements for the project is very challenging. Gentry based its project formula on the dedication of the land and the school fees identified at this point for Phase I. Vice-Chair Kane asked for both developers to provide comments on county components and what the county can contribute to the discussion to make it easier for everyone to function or get these things accomplished.

Group 70 International and Duncan Associates

The consultants, Group 70 and Duncan Associates, were asked to present their project and address some of the questions raised by the development community. Group 70 and Duncan Associates were paired together in 2000-2001 for the initial impact fee study. Mr. Jim Duncan and his group conduct impact fee studies on the mainland, both educational/schools and other types of impact fees.

Mr. Duncan has been a city planner for 45 years. He got involved with impact fees 30 years ago. He happened to be working in Florida, Broward County, one of the first counties to establish school impact fees. When he moved back to Texas in 1984, impact fees had arrived in Texas and the Texas Legislature adopted an act. Thereafter, a lot of states followed Texas' lead. Mr.

Duncan introduced Mr. Clancy Mullen, who has worked with Mr. Duncan for 20 years. The firm sponsors and maintains a website: www://http.impactfees.com. This is an educational and informational website that monitors what's going on throughout the United States in the area of impact fees.

Mr. Duncan referred to a handout that provided a map of the firm's experience. The firm does only two things – regulations on impact fees and code units. Some of the firm's notable school fee plans include Broward County, the first school fee in the entire United States. This fee has been in place for 30 years. In 1995, Miami/Dade County, Florida contacted the firm to see if they could do an impact fee study. Lee County has also worked with them for several years. Most of school fees have been in Florida.

Mr. Duncan provided some history on school impact fee litigation throughout the country, including cases in Florida, Arizona, and Colorado. There are currently 27 states that have passed impact fee enabling acts. In 2001, when the initial study was conducted, there were only 21 states. The recent states are Montana, Colorado, Arkansas, Delaware, and Rhode Island. Florida, which has the most impact fees than any other state, has no enabling act. This is a very big issue in Florida this year.

Referring to a handout, Mr. Duncan compared Hawai`i's act with the other 26 states that have acts. To highlight some of the features of Hawai`i's act, it authorizes counties or water boards. In terms of facilities, the act is very specific and identifies the components of a "needs assessment study." It also goes into eligible costs. One of the most important things is "proportionate fair share," which makes sure that similar projects in similar locations pay similar fees. It also sets forth certain administrative procedures. Currently, there is only one application and two ongoing, one in Ewa and one on Maui.

Mr. Portmore stated this is an act that enables counties to adopt fees. This is not an act to enable school fees and that's what this group is working on creating. Right now, there is no school impact fee. Mr. Duncan stated that there is an array of fees and school fees are different. One of the first ones, known as "Broder Benefits," required impact fees to show the need for benefits. In the early days, back in the 1960s, there was a phrase called "substantial benefit," which basically means benefit had to be real close to the project. It has moved away from that. All the court cases now use the term "reasonable benefits." Obviously, when you get into school fees, the issue is that a lot of families have children and hence need schools.

The courts are interested in societal benefits. A school district has to work in concert with local government. About one-half of the enabling acts were encouraged and started by home builders associations. Another issue is "lumpy facilities," which is a phrase used by economists. For example, when there's a road fee, you put in a $250,000 traffic light. But with a school, you have to wait until you have enough money to build that $15-30 million school.

School fees are all over the place in terms of amounts. There is no specific methodology. There are a lot of methodologies--by unit type, single family, or townhomes. Or, you could go by bedrooms--3, 4, 5 bedrooms, or you can go by floor. Florida is one of the best examples of what's happening. In Florida, 72 percent of all local jurisdictions that have impact fees are assessed a school fee. At the present time, 33 counties in Florida have school fees. According to a report that came out about a month ago, the average school fee in Florida for 2005 increased by 50 percent--from $2,600 to $4,000. The four counties in the heart of the state are at the bottom of the chart on page 13 of the consultant's handout--Orange, Lake, Osceola, and Polk. Those are counties that are around Orlando, where the heaviest growth has been occurring. Osceola goes up to almost $10,000. That was the one that was litigated. It was actually requested by a judge to be held back and is about $8,000 right now. The highest fee in Florida is Polk, which is about $8,300 - $8,500. There are counties all over the state that are rapidly increasing their fees and we expect fees to probably increase by 50 percent in 2006.

The scope of the consultant's services for the Working Group includes looking at studies, school infrastructure costs, a national funding source overview, current assessment practices, school funding sources, and facility need projections. Duncan Associates has been doing a lot of

research, trying to get up to speed on the school system in Hawaii since the last study was conducted in 2001. The consultant knows that growth is lumpy. They did look at the Central Oahu area, which was the directive, and they did take a look at the districts over the last five years. They also noticed that the Leeward district is showing significant increase, especially in Ewa and those areas. Mr. Duncan asked if the Working Group had any questions.

Vice-Chair Kane asked whether Duncan Associates will be able to cite parallels between some of the strengths and/or weaknesses in the current impact fee or what we have available in Hawai`i, and whether it will be able to identify things the Working Group needs to look at as far as exposure and closing up those loopholes. Also, we should be looking at strengths and identifying those so it can be utilized and spread over the various counties. Mr. Duncan replied that they could do that.

Member Bruhl thanked Mr. Duncan for his presentation. He asked whether there are any particular challenges Hawaii needs to be aware of because of the way schools are managed in the state. Hawaii is the only state that has a state-managed system. Mr. Duncan answered that this is what makes Hawai`i unique. It's not just the structure, this is the only state where the State plays such a lead role in education. It could be a benefit. But it's the growth that the study needs to look at. For example, Duncan Associates just came back from the Big Island and have already experienced the differences between Kona and Hilo. On Oahu, they will need to determine where growth is happening. Hawaii needs a system that recognizes that and brings the benefits of fees into the area. If you're talking about infill, you don't want to overlook those issues.

Mr. Portmore stated it's a complicated issue because if you look at the 2001 study, it really divided the state up into what are known as assessment districts. Based on the law, if you have an area where school population is not growing, you cannot charge someone who built a house in that area a fee. The consultants need to try to distinguish areas where growth is occurring. How they deal with infill is another issue. Costs are different in various areas. For example, the cost to build a school on Lanai is different from Central Oahu and that was reflected in the initial study. It basically cuts areas in the state up into logical areas that have distinctive characteristics in terms of school construction costs. Mr. Duncan mentioned one of the nice things about impact fees are you can focus on a service area.

Members Imamura and Uchida asked about Polk County. Mr. Duncan responded that fees were assessed per single family home, on average 2000 square feet. In some areas, fees go up because they have larger homes. Member Imamura asked if there's a table to display the percentage of actual costs of single family homes. Mr. Duncan answered that one would have to go back to the specific study and that's a question because it's a credit issue. The consultant that actually did two of those fees in Central Florida had a very liberal idea on credits. Member Imamura asked whether the fees were intended to pay 100 percent of the costs of the schools. Mr. Duncan answered no. There will be other types of financing. It's not 100 percent, but it's getting close to it. The fees the consultants have been doing are much more conservative.

Vice-Chair Kane asked Mr. Duncan to elaborate on the differences between Hawai`i's state jurisdiction versus county jurisdiction, which was brought up by Member Imamura. A comment was made that statewide jurisdiction may be a good thing. Mr. Duncan answered that Hawaii has a lot more latitude at the state level than a city or county. Member Bruhl asked if credit is ever given for private schools. Mr. Duncan said it's an issue that has come up in Florida. However, they have not done any work that takes into consideration private schools. Mr. Clancy stated student generation factors out the student fee. He has never heard of impact fees going to a private school. Mr. Duncan suggested that an independent study would be needed to answer that question.

Member Park asked whether the average cost of the house is a consideration. Mr. Duncan indicated, in Florida, housing costs have gone sky high. For example, there may be a $10,000 impact fee on a $600,000 home, with a lesser impact fee for a $300,000 home. Mr. Portmore responded that the earlier study took into account costs. Member Bruhl asked if there is any way to judge the actual price of the home or construction cost. Mr. Duncan answered, if you look at

the Dade County fee, it is the only fee ever done that is per square foot. Vice-Chair Kane stated that cost is a serious issue because in Hawai`i, especially on the neighbor islands, they are experiencing more high-end buyers. Chair Sakamoto said that the big difference in Hawai`i is that the property tax someone would pay in whatever other county would go to fund the school. The property tax here funds the schools this much. So, the higher cost house in Hawai`i doesn't help the school. But the higher cost house in 98 percent of this nation, schools would thank you for your expensive house.

Member Uchida asked whether conveyance or transport tax were mentioned in Florida. Mr. Duncan said this study requests the consultant to come up with a recommendation for state transport tax. Chair Sakamoto said that Hawai`i has a conveyance tax but it is currently not used to fund schools. Some goes to fund affordable housing and to buy legacy land, which the state deems to preserve. Some goes to the general fund, which ends up funding schools. Chair Sakamoto asked whether part of the conveyance tax be dedicated to go to schools.

Mr. Duncan asked how "Central Oahu" is defined. Mr. Portmore said these are issues that came out from preliminary discussions with DOE. The consultants just heard presentations from Koa Ridge and Waiawa and they have also learned about the Leeward end of Oahu. The Central district does not include Waipahu. It goes over to Aiea and skips over to Mililani. Then you have a Leeward district that doesn't include the Waiawa area. The consultants are not sure what the study area should be for this case study.

Member Moore stated if you're looking at Pearl City High School as part of Waiawa, Pearl City High School is in the Leeward district. Vice-Chair Kane said going back to Act 246, it may be good if Ms. Yamane and the Auditor's staff can go back and look at what the intent of Act 246 and how we arrived at using Central Oahu because it might not be in the context of DOE. We need to go back and identify the area of study.

Mr. Portmore said they are due back to make a presentation of the results in about four months--sometime in July. It's a five-month study, with a wrap-up at the end of August. Draft findings should be available about a month before wrap-up. Chair Sakamoto asked if we need a meeting prior to the draft study or should we schedule it to coincide when that might be available. Mr. Portmore responded that it would be a good idea to have a meeting in between. Chair Sakamoto asked to leave it open.

Member Imamura asked for clarification about the use of fees and existing schools. Mr. Portmore said impact fees are directly attributable to a generation of a need for a school. You cannot collect an impact fee to fix up old schools. Member Imamura asked if impact fees need to be subsidized by taxes. Mr. Duncan replied that's what they're finding in communities that do get impact fees use those monies in growth areas; general funds are then used for maintenance. It's a money shift. Chair Sakamoto stated, in an infill area, the school may have been built five years ago and may need a bigger library or may want to build a technology computer center to bring the school and its electrical requirements into the 21st century. Member Imamura asked whether impact fees would be inappropriate in that instance. Mr. Portmore answered that impact fees are supposed to be used to expand the capacity of the school. To add a library to an existing school may not be a legitimate use because it does not increase enrollment. It would be a difficult call as to whether it's a legitimate use. Chair Sakamoto concluded the discussion and thanked everyone for their presentations and comments.

Next Meeting: To be determined.

Adjournment: With no further business to discuss, Chair Sakamoto adjourned the meeting at 11:07 a.m.

Reviewed and approved by:

Patricia O. Martini for

Jan Yamane
Deputy Auditor/In-House Counsel

September 7, 2006

[ ] Approved as circulated.

[X] Approved with corrections; see minutes of September 1, 2006 meeting.

SIFWG/040606