

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, Inc.

Db: Ko'olauloa Health Center

Street Address: 56-119 Pualalea St., Kahuku, HI 96731

Mailing Address: P.O. Box 395, Kahuku, HI 96731

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name TERRENCE ARATANI

Title Interim Chief Executive Officer

Phone # 808-792-3840

Fax # 808-293-5390

e-mail taratani@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 2015: \$2,000,000

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 \$1,139,462

COUNTY \$ _____ 0

PRIVATE/OTHER \$15,793



RECEIVED

1/29/15

K. Aratani

TYPE NAME & TITLE OF AUTHORIZED REPRESENTATIVE:

AUTHORIZED SIGNATURE

TERRENCE ARATANI, INTERIM CHIEF EXECUTIVE OFFICER

NAME & TITLE

1/29/2015

DATE SIGNED

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Application for Grants and Subsidies

I. Background and Summary

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

Ko'olauloa Health Center (KHC) 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 which spans from Haleiwa to Kahalu'u. Since opening its doors eleven 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. Over the past three years, on average, KHC has served 5,756 patients through 18,426 encounters per year.

KHC is one of two organizations in the 35-mile service area of Ko'olauloa that provides primary medical services, dental, behavioral health and pharmaceutical services regardless of ability to pay and on a sliding discount. 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 construct a facility for KHC in Kahuku so that it can meet the needs of the community by providing comprehensive quality health care by the residents of Ko'olauloa. The current facility is in much need of being updated as the current structure was built in . Although KHC does operate other clinics at Hau'ula and Kahuku Middle and High School, KHC has been renting additional space just to meet current needs.

The objective is to construct a new structure at Kahuku from the existing 5,040 sq. ft. to approximately 20,000 sq. ft. on the land purchased by KHC in 2010. The additional space will allow for increases in providers including additional physicians and dentists as well as improve the overall flow of patient services for improved capacity and efficacy. Space for preventive care is also included in the current plan.

The primary goal is to expand our services and allow greater access to health care services that are lacking in the region.

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 entire State of Hawaii.

In addition, over 51% of Ko'olauloa residents live below 200% of the Federal Poverty level, and KHC 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 residents 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, obesity, 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.

KHC 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 KHC patients, over 4,000, are served at the Kahuku Health Center site, and the remaining at the smaller Hau'ula Health Center.

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

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 workforce 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 KHC family planning services and other healthcare needs not covered by BYU health insurance.

5. Describe the geographic coverage.

KHC 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. KHC seeks funding to modernize and expand its Kahuku Clinic. The total cost of the project is approximately \$10 million. Tasks include:

- Select an architect experience in designing healthcare facilities through a competitive bid process;
- Work in Team fashion with 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), Terrence Aratani, working with the KHC Board of Directors. He will work with the Chief Operations Officer (COO), Bryan Talisayan, and the Facilities Project Manager, Michael 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 KHC.

The Facilities Project Manager will work with the Chief Financial Officer (CFO), Joseph Evans, to manage the procurement process and ensure that funds are expended on a timely basis and in compliance with applicable County, State and Federal regulations.

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

The Kahuku project is broken down into two phases:

- Phase 1 – Construct new medical, dental, and office space. The construction of the new facility is planned to initiate a smooth transition without interrupting current operations. Once completed, current operations will move into the new area.
- Phase 2 – Demolish the existing clinic and continue construction of the new building. The existing facility will be completely demolished and construction of the building will proceed until completion of 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 1						X		
Phase 1 new construction complete						X		
Phase 2								
Demolish existing structure and continue construction						X	X	X
Purchase and install equipment								X
Phase 2 construction complete								X

3. Quality assurance and evaluation plans for the request

The CEO, COO, and Facilities Project Manager, together with the architect, project manager and general contractor, are responsible for monitoring and evaluating the project. Quality assurance includes the following:

- Weekly construction status meetings of the CEO, COO, Facilities Project Manager, and project manager. From time to time, the group will also include the architect, engineer and general contractor.
- Monthly reports by the CEO to the Board of Directors of KHC to ensure that the project is proceeding in a timely manner, notify the board of any unanticipated delays, and project falls within the budget and scope approved by the Board of Directors.
- Ongoing oversight and evaluation by the architect and 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 Chief Financial Officer to ensure compliance and proper documentation of expenditures and accounting procedures.

In addition to the ongoing monitoring of the project, each year KHC 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 and approved budget, as evaluated by the CEO, Facilities 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 2015-2016

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$500,000	\$300,000	\$700,000	\$500,000	\$2,000,000

3. Other sources of funding for fiscal year 2015-2016

The total cost of the project is approximately \$10 million, and KHC will aggressively seek funding for the balance from the City and County of Honolulu Community Development Block Grant (CDBG) Program, USDA Rural Development Programs, Harold K. L. Castle Foundation, The Harry and Jeanette Weinberg Foundation and other private sources.

4. State and federal tax credits

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

IV. Experience and Capability

A. Necessary Skills and Experience

KHC has the skills, abilities, knowledge and experience to successfully implement and complete this project. KHC has renovated existing class 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 CEO. They meet at least once a month and are responsible for evaluating all matters regarding facilities, and for reporting to the full Board.

B. Facilities

KHC has expanded over the years, and now operates out of three sites, one is a freestanding structure in Kahuku that KHC owns in fee, a clinic and administrative office leased at the Hau'ula Kai Shopping Center, and the newest addition, the first school-based health clinic in the State located on the campus of Kahuku Middle and High School. These facilities are not sufficient to house all of personnel and resources necessary to provide the medical, dental, behavioral health and enabling services currently needed by the residents of Ko'olauloa.

The planned facility will be ADA compliant and will involve renovation of the existing structure and construction of new building space on KHC property.

Improve the existing structure. The current structure will receive much needed improvements to modernize its interior spaces 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. The facility is not conducive to modern medical clinical operation that provide integrated and comprehensive health care services.

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

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 and the pharmacy.

Expansion to increase capacity. The Kahuku Clinic will be expanded to create approximately 20,000 more sq. ft. in a new 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 6 operatories for 2.0 FTE dentists and 2.0 FTE hygienists will be built. KHC is also working with a kidney dialysis company to accommodate the needs of the community and is intending to provide space for this purpose. The second floor will also include a conference room for staff meetings, patient support groups, health prevention education and record storage. A small hydraulic elevator will be installed so that the building is ADA compliant and conveniently accessible to all.

VI. Other

A. Litigation

KHC is currently involved in litigation with a former employee and has been placed on notice of potential litigation with the former CEO.

B. Licensure or Accreditation

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

**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.

Ko'olauloa Community Health and Wellness Center, Inc.
(Typed Name of Individual or Organization)


(Signature)

January 29, 2014
(Date)

Terrence Aratani
(Typed Name)

Chief Executive Officer
(Title)

GOVERNMENT CONTRACTS AND/OR GRANTS

Applicant: Ko'olauloa Community Health & Wellness Center, Inc.

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S. / State / Haw / Hon / Kau / Mau)	CONTRACT VALUE
1.	330e Grant	01/01/2015 – 12/31/2015	HRSA	US	940,462.00
2.	Primary Care - Reimbursement based on patient activity, similar to a PPS rate. No fixed award amount given.	07/01/2014 – 06/30/2015	DOH	US/State	
3.	Family Planning – Clinical & Educational	06/30/2014 – 06/29/2016	DOH	US/State	199,000.00
4.					
5.					
6.					
7.					
8.					
9.					
10.					
				TOTAL	1,139,462.00