

SUMMARY - MEETING NO. 265

HAWAII COMMUNITY DEVELOPMENT AUTHORITY

State of Hawaii

September 4, 2002 - 9:00 a.m.

Hawaii Community Development Authority
677 Ala Moana Boulevard, Suite 1000, Conference Room
Honolulu, Hawaii 96813

ATTENDANCE

Members Present: Lori Ann Lum; James Kometani; Christine Camp; Patrick Kubota; Allan Los Banos, Jr.; Gary Kondo; Lloyd Nekoba (for Stanley Shiraki); Brian Minaai; Dean Seki (for Mary Alice Evans); Sharon Narimatsu (for Seiji Naya)

Raynard Soon; Randall Fujiki; Maeda Timson (Kalaeloa Members)

Member Absent: Michael Goshi

Others Present: Jan Yokota; Melvin Nishimoto; Teney Takahashi; Matthew Akamu; Cal Machida; Neal Imada; Steve Miyamoto; Marvin Uehara; Miko Dargitz; Aileen Fukunaga (also, see Meeting Attendance Record)

Maeda Timson, former Barbers Point Naval Air Station Redevelopment Commissioner, was welcomed to the Authority as a new Member for Kalaeloa.

I. ROLL CALL

The meeting of the Hawaii Community Development Authority was called to order on September 4, 2002 by Chair Lori Ann Lum at 9:00 a.m. with the following roll call:

Member Camp	Present
Member Seki	Present
Member Kondo	Present
Member Kubota	Present
Member Los Banos	Present
Member Minaai	Present
Member Narimatsu	Present
Member Nekoba	Present
Member Fujiki	Present
Member Soon	Present
Member Timson	Present
Chair Lum	Present
Member Kometani	Arrived at 9:05 a.m.
Member Goshi	Absent

MATERIALS DISTRIBUTED

1. Agenda for September 4, 2002 Meeting;
2. Summary Minutes of August 7, 2002;
3. Special Summary Minutes of July 17, 2002;
4. Information Item: Navy Report for Kalaeloa and HCDA Actions Required;
5. Action Item: Approval to Enter into a Joint Development Agreement with M.K. Management, LLC for a Planned Development Project at 1288 Ala Moana Boulevard;
6. Action Item: Approval to Authorize the Executive Director to Execute a Memorandum of Understanding and Amendment to the Lease with the University of Hawaii to Withdraw the Area Occupied by Look Laboratory; and
7. Action Item: Approval to Authorize the Executive Director to Enter into an Agreement with the Corps of Engineers for Funding Assistance and to Expend Funds for an Environmental Assessment for the Kakaako Waterfront.

II. APPROVAL OF MINUTES

1. Regular Meeting of August 7, 2002.

Chair Lum asked if the Members had any corrections to the minutes.

There were none.

It was moved by Member Camp and seconded by Member Minaai that the Regular Minutes of August 7, 2002 be approved, as written. The motion passed unanimously.

2. Special Minutes of July 17, 2002.

Chair Lum asked if the Members had any corrections to the special minutes.

There were none.

It was moved by Member Kondo and seconded by Member Minaai that the Special Minutes of July 17, 2002 be approved, as written. The motion passed unanimously.

III. REPORT OF THE EXECUTIVE DIRECTOR

Ms. Yokota highlighted portions of the Executive Director's report.

A. UH JABSOM/Biomedical Research Center.

1. The Department of Agriculture has relocated to its replacement facility at the former Kapalama Military Reservation on Sand Island. The Produce Center mauka building will be vacated in a couple of days. Some of the tenants in the mauka building will be relocated into the makai building and will be allowed to remain in the makai building until January 15, 2003. The schedule is on track. A groundbreaking ceremony for the JABSOM complex will be held on October 24 at 10:00 a.m.

B. November Authority Meeting.

1. The November meeting may be postponed to the second Wednesday of the month. The Members will be polled regarding their availability on the new meeting date.

C. MUZ Permits.

1. Member Camp inquired about the nature of the 6 MUZ permits that were approved in July 2002.

Ms. Yokota said that these permits involved only minor renovations to existing buildings.

D. Relocation of Produce Center Tenants and the City Baseyards from Kakaako.

1. Member Minaai wanted to know whether the report addresses the City's current relocation plans. For example, the City originally intended to move some of its operations to a site under H-3, which is no

longer feasible. He asked whether the City was able to find another suitable site.

Ms. Yokota said that the City has been able to find another suitable site.

Member Minaai asked about the status of the other relocations.

Ms. Yokota said that, with respect to the refuse operations, the City is planning to move to a site next to the Keehi Transfer Station and is working on a revocable permit for that site with DOT. She said that two of the Produce Center tenants have been approved for month-to-month tenancies at Kapalama.

E. Honuakaha and Na Lei Hulu Kupuna.

1. Member Camp asked whether staff has ever considered selling these properties and getting out of the property management business.

Ms. Yokota said this would be difficult, as these projects are low-income projects financed by tax credits. HCDA's partners in these projects, Bank of Hawaii and First Hawaiian Bank, will receive tax credits on the properties over the next 20 years or so. Selling the properties would result in the loss of tax credit benefits.

Chair Lum requested that the record reflect that Vice Chair Kometani had joined the meeting.

IV. ITEM FOR INFORMATION

2. Navy Report for Kalaeloa and HCDA Actions Required.

Mr. Roger Au, the Navy liaison for Kalaeloa, was introduced to the Authority. He distributed copies of a report titled: "Conveyance Status, Former NAS Barbers Point, 4 September 2002" to the Authority. (See Exhibit A.)

Mr. Au reported that he represents both: (1) the Department of Defense, Office of Economic Adjustment; and (2) the Navy. The Office of Economic Adjustment provided a grant to the Barbers Point Redevelopment Commission for all of the planning studies and staff

costs. That grant has since diminished and there is currently no additional participation by the OEA.

Mr. Au's primary role is to represent the Navy with respect to Kalaeloa and he is the officer in charge of the caretaker site office for the surplus property that has not yet been conveyed by the Navy under the base closure. Some of these parcels have either not been assigned land uses or have land uses that will be changed.

For example, the Heritage Park parcels were originally requested by DLNR for a passive park to protect the archaeological features on the properties. DLNR has since retracted its request and there is no potential owner at this time.

Another example is the park parcel that was originally requested by the Fish and Wildlife Service for an endangered plant habitat. Because the Fish and Wildlife Service and the Navy were unable to arrive at an agreement regarding environmental cleanup issues and perpetual indemnification, the Navy discontinued the negotiations. This property has been officially declared surplus by the Federal government and is being offered to local agencies for use. One-sixth of the parcel is currently contaminated from the former skeet and trap range and the Navy is proposing to clear and grub most of the 23 acres. There are also endangered plants on the site, so the Navy is working with Fish and Wildlife on mitigating measures to protect these plants. Currently, the Navy is requesting that HCDA designate a use for the parcel so it can move forward with the eventual conveyance of the parcel.

Member Camp wanted to know what land use the Navy would like HCDA to designate for the parcel.

Mr. Au said that the Authority Members should make that decision. The Navy will provide information relating to the environmental constraints, in terms of natural and cultural resources, and ask for a land use designation from HCDA.

Vice Chair Kometani wanted to know whether, in the past, agencies have simply accepted the lands with the existing contamination.

Mr. Au said that the Navy, by law, is responsible for the environmental cleanup. The Navy will clean up the land for the intended use. With respect to the Fish and Wildlife parcel, the land was intended for use as a

preserve, so the Navy's primary concern was for human health. This parcel is being cleaned up for unrestricted use. About 15 acres within the parcel will be completely cleared and grubbed and there will be no constraints on the parcel.

Member Minaai wanted to know who owns the title to the parcels that have not yet been conveyed.

Mr. Au said that the Navy owns the title to these lands.

Member Minaai asked whether there is a timeframe by which these lands have to be turned over to a user.

Mr. Au replied affirmatively. He said that, with the change in the Administration and the subsequent change in the Navy leadership, there is a very strong push for the earliest possible disposal of the properties. He noted that he had discussed, with a top Navy official in Washington, the possibility of redesignating a portion of the Kalaeloa lands for other uses, as HCDA has only recently assumed responsibility for Kalaeloa. The official's response was that the State has been involved in the redevelopment of the properties since 1993 and that, in 1995, early transfer of the lands was requested and so the Navy prepared deeds and documents accordingly. To date, a number of the parcels still have not been transferred. The official noted that his direction from Washington is that these properties appear headed towards a public auction, which would be the last means for property disposal if the properties cannot be conveyed by other means.

Member Narimatsu wanted to know whether there are endangered species on these lands that would constrain any kind of economic development.

Mr. Au said that one of the parcels in Kalaeloa is heavily encumbered by archaeological features and, on this parcel, only about 5 or 7 acres could be used for some type of commercial or retail development. With respect to another parcel, although debris has been cleaned up from a prior skeet and trap range operation, the archaeological features are scattered, so only about 15 to 17 acres along Tripoli Road remain unencumbered. On a third parcel, if the Navy is able to come to an agreement with Fish and Wildlife Service on mitigating measures, there will be at least 12 unencumbered acres. On other parcels, HCDA would have to conduct archaeological and intensive biological or

botanical studies to determine how much of the lands could be unencumbered.

Member Timson requested a clarification as to whether the land uses designated by the Barbers Point Redevelopment Commission could be changed.

Mr. Au said that the designated land uses will remain until HCDA decides to redesignate the parcels.

Member Timson asked whether the Authority could undo what the Commission had previously approved and what is also a part of the Ewa General Plan.

Mr. Au replied affirmatively. He added that, if HCDA redesignated portions of the land for commercial or retail use, the Navy would have to do a supplemental Environmental Impact Statement (EIS).

Member Timson said that she was one of the original members of the Barbers Point Commission and recalls that they were informed that, once a parcel designation was made, it could not be changed. Subsequently, the City incorporated this plan into its development plans. She added that, because the infrastructure does not meet City standards, it will cost millions of dollars to upgrade the infrastructure. Finally, she asked Mr. Au whether the Navy has been trying to sell part of its interest in the retained lands.

Mr. Au clarified that lands in the northern portion of Kalaeloa were designated in 1993 to be retained by the Navy for multi-family service housing. Since then, special legislation has been passed to allow the Navy to divest ownership of this property in exchange for development on Ford Island. The Navy recently entered into a contractual agreement with Fluor Hawaii, with Fluor having the option to either lease or purchase most of the property in the northern area in exchange for development on Ford Island.

Member Fujiki wanted to know where the boundaries of HCDA's jurisdiction were for Kalaeloa.

Ms. Yokota indicated the area on a map and noted that it included the Navy-retained lands.

Member Narimatsu asked how many parcels in Kalaeloa are zoned for commercial use or can otherwise be used to generate revenues.

Mr. Au said that the parcels that are designated for commercial use are primarily the parcels to be conveyed to the Department of Hawaiian Home Lands.

Member Timson reiterated her concern that the present infrastructure in Kalaeloa does not meet minimum standards. Therefore, the Navy, in working with Fluor, must look at the development needs of the entire area, rather than just for its retained lands.

Chair Lum thanked Mr. Au for his report.

Ms. Yokota followed up by discussing the portion of the report relating to HCDA actions that would be needed. Copies were distributed to the Authority. The topics included: (1) the sewage lift station; (2) the "akoko" parcel; (3) the Heritage Park parcels; (4) infrastructure; and (5) planning. (See Exhibit B.)

(1) Sewage Lift Station.

A public meeting to redesignate the land use for the sewage lift station has been scheduled for October 24th at 6:00 p.m. The current land use designation is for "park" use and this should be changed to "public facilities" use. At Member Timson's request, the meeting time was changed to 7:00 p.m. to allow residents who work outside the Kapolei area to attend the meeting.

(2) "Akoko" Parcel.

Ms. Yokota said that the Authority could pursue an economic development conveyance (EDC) for this parcel. An EDC would allow for the kinds of commercial uses mentioned by Member Narimatsu. Alternatively, the parcels could be made available to nonprofit organizations, if legislation currently being considered by Congress is approved.

(3) Heritage Park Parcels.

The process would be the same as for the "Akoko" parcel.

(4) Infrastructure.

With respect to the infrastructure, Ms. Yokota said the water and wastewater systems must be conveyed to the Board of Water Supply (BWS) and the City Department of Environmental Services

(ENV). A license agreement is in place between the Navy and the BWS and an agreement is close to being signed between the Navy and ENV.

(5) Planning.

Member Camp asked whether staff has an estimated operating budget for Kalaeloa.

Ms. Yokota replied affirmatively. She said that the estimate is about \$200,000 per year.

Member Minaai suggested that, with respect to infrastructure costs, HCDA should be looking at how much we can afford to pay for the infrastructure, because a number of the potential landowners would not be able to afford the upgrades.

Ms. Yokota said that one thought is to focus the infrastructure on the downtown area initially, because that is where most of the uses are and will be in the near term. Staff has been meeting with the various utility companies to coordinate their efforts with respect to infrastructure in the downtown area. It may be much more effective to focus on one area for the infrastructure improvements.

Ms. Yokota also mentioned a bill relating to impact fees for roads in the Ewa region that is currently being considered by City Council. One of staff's concerns was that agencies or developers in the Kalaeloa area would be included and assessed for these impact fees.

Member Minaai said the intent of the bill is to get more private developers to participate in the costs of constructing public facilities.

Member Camp expressed concern that, if HCDA is trying to attract economic drivers to Kalaeloa, these impact fees may discourage potential developers. Member Camp suggested that it may be more appropriate to pursue legislative funding for the infrastructure costs, thereby easing the burden on private developers.

Member Minaai said that, with respect to costs that may be assessed to public agencies for impact fees, DOT would cover their fees.

Member Timson noted that, since 1993, the Commission has attempted to get funding for major roads within the region. She emphasized that infrastructure needs for Kakaako should not be viewed within a vacuum, but within the context of the entire region. Member Timson also expressed a concern that there has been significant deterioration in Kalaeloa. She said that the community is disappointed because the area has fallen short of expectations.

Mr. Au noted that the existing infrastructure may be able to support commercial development for the immediate future. For many years, there were 10,000 people living and working at Barbers Point. When the Barbers Point Redevelopment Commission prepared its infrastructure development plan based on the land uses proposed at that time, no infrastructure improvements were actually planned for the next 17 years.

Member Camp wanted to know what the Authority's first priority should be for Kalaeloa.

Ms. Yokota said that the first priority would be to develop a funding plan to present to the Legislature at the next session. She said that, over the next few months, staff will focus on formulating a strategy that would include: (1) funding for a drainage study to determine whether a full drainage system would be needed in Kalaeloa or whether a more rural system would suffice, such as the systems in place on the Big Island; (2) hiring a botanist to determine the extent of the areas that need to be reserved for the akoko plants; and (3) possibly hiring a consultant who is familiar with base closures on the mainland to review the particular circumstances in Kalaeloa and recommend a redevelopment strategy.

Member Soon suggested that a presentation be scheduled to allow the stakeholders to share their master plans for Kalaeloa and to help put everything into context.

Chair Lum said that scheduling these presentations is an excellent idea. She thanked everyone for their comments and input.

Member Camp added that it would also be important to review all of the studies relating to

infrastructure and work towards obtaining the necessary funding.

Member Narimatsu also noted that one of HCDA's primary responsibilities with respect to Kalaeloa is to oversee and coordinate between and among the different landowners.

Chair Lum thanked Mr. Au and Ms. Dargitz for their report.

The meeting was recessed at 9:55 a.m.

Vice Chair Kometani left the meeting during the recess.

The meeting resumed at 10:00 a.m.

V. ITEMS FOR ACTION

3. Approval to Enter into a Joint Development Agreement with M.K. Management, LLC for a Planned Development Project at 1288 Ala Moana Boulevard.

Mr. Akamu summarized the Action Item report distributed to the Authority concerning this matter.

Member Kubota asked whether a rendering of the project was available.

Mr. Akamu replied affirmatively. He said that a conceptual plan has been submitted to the City for a project eligibility review and that a copy could be made available to Member Kubota.

It was moved by Member Minaai and seconded by Member Camp to allow the Executive Director to negotiate for a joint development of the Project site and the Phase 2 Makai Park site under the guidelines and terms described in the Action Item. In the event that negotiations result in mutually acceptable terms, staff recommends approval to allow the Executive Director to enter into a Joint Development Agreement with M.K. Management, LLC.

There being no further questions, Chair Lum called for a vote.

The motion passed unanimously.

Note: Vice Chair Kometani returned to the meeting.

4. Approval to Authorize the Executive Director to Execute a Memorandum of Understanding and Amendment to the Lease with the University of Hawaii to Withdraw the Area Occupied by Look Laboratory.

Mr. Uehara summarized the Action Item report distributed to the Authority concerning this matter.

It was moved by Member Kondo and seconded by Member Narimatsu to authorize the Executive Director to: (1) execute the Memorandum of Understanding for the withdrawal of the Look Laboratory site from the Lease with the University of Hawaii in substantially the form attached to the Action Item; and (2) amend General Lease No. S-3864 to be consistent with said withdrawal.

There being no questions, Chair Lum called for a vote.

The motion passed unanimously.

5. Approval to Authorize the Executive Director to Enter into an Agreement with the Corps of Engineers (COE) for Funding Assistance and to Expend Funds for an Environmental Assessment for the Kakaako Waterfront.

Mr. Uehara summarized the Action Item report distributed to the Authority concerning this matter.

It was moved by Member Los Banos and seconded by Member Minaai to authorize the Executive Director to: (1) enter into an agreement with the COE for funding assistance; and (2) expend up to \$150,000 for environmental assessments in the Kakaako Waterfront, subject to the availability of appropriated funds and approval of the Governor.

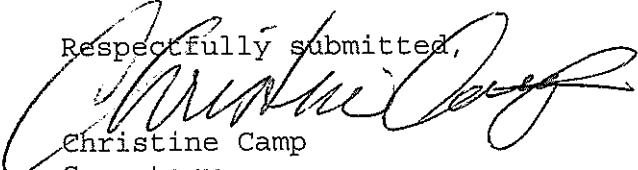
There being no questions, Chair Lum called for a vote.

The motion passed unanimously.

V. ADJOURNMENT

There being no other business, it was moved by Member Camp and seconded by Member Minaai to adjourn the meeting at 10:20 a.m. The motion passed unanimously.

Respectfully submitted,


Christine Camp
Secretary