

SUMMARY - MEETING NO. 292
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

April 6, 2005 – 9:00 a.m.

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

ATTENDANCE

Members Present: Mark Anderson (for Theodore Liu); Michael Goshi; Paul Kimura; James Kometani; Gary Kondo; Jonathan Lai; Allan Los Banos, Jr.; Bruce Matsui (for Rodney Haraga); Stanley Shiraki (for Georgina Kawamura); Katherine Thomason (for Russ Saito); Linda Chinn (for Micah Kane); Evelyn Souza; and Maeda Timson.

Members Absent: William Aila, Jr.; and Henry Eng.

Others Present: Daniel Dinell; Melvin Nishimoto; Miko Dargitz-Hallett; Stanton Enomoto; Neal Imada; Arnold Imaoka; Richard Kuitunen; Cal Machida; Teney Takahashi; and Jill Sugihara; (also, see Meeting Attendance Record).

I. ROLL CALL

The meeting of the Hawaii Community Development Authority (HCDA) was called to order on April 6, 2005, by Chairperson James Kometani at 9:05 a.m. with the following roll call:

Chairperson Kometani	Present
Member Anderson	Present
Member Goshi	Present
Member Kimura	Present
Member Kondo	Present
Member Lai	Present
Member Los Banos	Present
Member Matsui	Present
Member Shiraki	Present

Member Thomason	Present
Member Chinn	Present, Left at 9:17 a.m.
Member Souza	Present, Left at 9:17 a.m.
Member Timson	Present, Arrived at 9:13 a.m., Left at 9:17 a.m.

MATERIALS DISTRIBUTED

1. Agenda for April 6, 2005 Meeting;
2. Summary Minutes of Regular Meeting of March 2, 2005;
3. Report of the Executive Director;
4. Kalaeloa Status Report;
5. Status Update on Management Audit for Honuakaha and Na Lei Hulu Kupuna;
6. Advising the Authority of the Intention of the Office of Hawaiian Affairs to Perform a Feasibility Analysis for a Headquarters Office Building and Cultural Center on Lot 1 of the Kakaako Waterfront;
7. Authorizing the Executive Director to Execute a Memorandum of Agreement for the Use of Piers 1 and 2 with the State Department of Transportation;
8. Approval to Expend Funds for a Policy and Development Strategy Plan for the Ala Moana Historic Pump Station and Developable Lands in the Ewa Portion of Kakaako Makai Area; and
9. Approval to Expend Revolving Funds for Landscape Maintenance Services on Ilalo Street and Queen Street Extension.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Kometani asked if Members had any corrections to the minutes of the March 2, 2005 meeting. Staff suggested the following corrections to two typographical errors found on page seven of the minutes. The first correction was in the second paragraph; second to the last line “Kalaeloa” was misspelled. The second correction was on the second bullet; the “s” in “needs” should have been deleted so that the sentence reads, “... the archaeological sites need to be honored and recognized.” There were no further corrections and it was moved by Member Thomason and seconded by Member Los Banos to approve the minutes as amended. The motion passed 12 to 0, with 1 excused (Member Timson).

III. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Dinell noted that the Executive Director's report was enclosed in the packet distributed to the Authority Members but highlighted and updated the following:

- Mr. Dinell reported that the University of Hawaii met the conditions of the Authority with regard to exclusive negotiations on the 5.5-acre site for the Cancer Research Center just Ewa of the medical school. On March 18, the University issued a Request for Qualifications (RFQ) for Phase II of the medical school and on March 30, the Board of Regents selected a developer for the Cancer Research Center. Staff will be working on a development agreement with the University as the period for exclusive negotiations ends on July 31, 2005. Staff continues to discuss parking needs with University officials and recently expanded discussions to include Kamehameha Schools since they are a Waterfront area landowner. The Governor and Lt. Governor were scheduled to tour the medical school on the afternoon of April 6.
- Relative to legislation, staff is working on moving the Concurrent Resolution necessary for Department of Land and Natural Resources (DLNR) to lease submerged lands to Honolulu Marine in order to relocate Honolulu Marine from Kewalo Basin. Staff testified against Senate Bill 1721, which would mandate a cultural marketplace in Kakaako Makai, because it is not consistent with the Request for Proposals (RFP) that was issued on January 12, 2005, which seeks to elicit the best ideas from developers rather than to mandate inclusion of specific facilities. Resolutions urging HCDA to consider a cultural and/or farmers' market will likely pass the Legislature. Since the RFP already suggests inclusion of a farmers' market the resolutions are not a problem. The fate of the bill is unclear. One of today's Action Items, on Piers 1 and 2 was prompted by House Bill 85, legislation that proposed transferring that area from HCDA's jurisdiction to the Department of Transportation (DOT), will be discussed later in the meeting.
- There are no new developments on Improvement District 11 since meeting with the Governor last month. Notice to proceed on ID-12 for Ahui, Ohe and Olomehani Streets was given on April 4.
- There will be a special Authority meeting on April 27, 2005. Two sub-committee reports will be presented; one for the Kalaeloa Strategic Plan and the other for the Task Force recommendations for finalists in the Kakaako Waterfront RFP. At the same special meeting, a public hearing will be held on the amendments to the Mauka Rules and the new Park Rules. Action on all of these items will take place at the regularly-scheduled Authority meeting on May 4, 2005.

- A Member recently asked Mr. Dinell how items are placed on the agenda. Mr. Dinell's explanation was included in the Executive Director's report on page five. In summary, staff examines the issue and makes a recommendation, and then the Executive Director reviews the item with the Chairperson to determine whether it will be placed on the agenda.
- Mr. Dinell informed the Members that he will be on vacation from May 13 through the 30th. During that period Teney Takahashi will be in charge of the office.
- Included in the Authority meeting packet were the financial reports for December 2004, January 2005 and February 2005. At the June meeting, staff is planning a mini-workshop on financial issues in conjunction with the presentation of the budget for Fiscal Year 2006.

Chairperson Kometani asked if there were any questions for the Executive Director. There were none.

IV. ITEMS FOR INFORMATION

A. Kalaeloa Status Report

Stanton Enomoto summarized the Information Item distributed to the Authority concerning this matter.

Mr. Enomoto reported that he attended neighborhood board meetings in Ewa, Kapolei, Makakilo/Honokai Hale and Waianae to encourage participation in a community workshop that would be held on the evening of April 6, 2005, at the Kapolei Middle School, where the draft Kalaeloa Strategic Plan will be presented. Workshops for stakeholders and landowners in and around Kalaeloa as well as an informational briefing for elected officials were also held to solicit their input. Both of those meetings were well attended. Copies of the meeting notes were included in Members' packets. Presentations were also given to the Mayor as well as the Governor.

On March 7, 2005, based on the recommendation from the RFP evaluation committee, the Executive Director selected the consulting team of Belt Collins Hawaii for the award of the master plan contract. A site visit and kick off meeting with Belt Collins were held on April 4 and 5.

Staff is continuing to track two bills in the Legislature related to the establishment of a tax credit for a motor sports complex in Kalaeloa. HCDA's

testimony has been mostly to provide factual information about Kalaeloa; and has deferred to the Department of Taxation and Hawaiian Home Lands regarding the substance of the bill. Recent amendments to the bill have removed reference to Kalaeloa providing opportunities for a motor sports complex elsewhere on the island or in the state.

HCDA received a letter on March 29, from a firm representing a prospective buyer of the Ford Island Housing properties. In that letter, concerns and questions were raised regarding the applicability of the City and County zoning variance that was passed in July 2004 as well as HCDA's rule-making process. A response was prepared and a copy of that letter was included in the Members' packets. In the letter, HCDA reiterated the process for redevelopment and noted that until the rules for Kalaeloa are adopted, the variance would remain in effect.

Mr. Enomoto made a presentation to the Ewa Transportation Coalition at the end of March regarding the status of roads and future planning in the area. During that meeting, questions were raised with regard to the Kamokila Boulevard extension which would extend from the planned Judiciary building and connect to Roosevelt Avenue at the northwest end of Kalaeloa, creating a new gateway into the Kalaeloa district for a total of three avenues. Some of the funding for this project has been stalled; however, within the City there is interest to move it forward.

Mr. Enomoto also discussed the Fort Barrette Road widening project. Currently, this intersection is inundated with traffic everyday at rush hour and throughout the day. DOT has federal funds to improve Fort Barrette Road from two-lanes into a four-lane road. However, those improvements stop short of the entrance into Kalaeloa at the railroad track. Four-lanes would narrow into two-lanes before entering a major intersection. In December 2004, HCDA requested DOT to extend that roadway improvement into the intersection. Mr. Enomoto met with DOT's consultant and was informed that doing so would be out of DOT's scope of work. Staff will continue to work on trying to get those improvements extended to ease traffic congestion at the Fort Barrette/Roosevelt Roads intersection.

Mr. Enomoto asked Members if there were any questions.

Chairperson Kometani asked what is the third avenue into Kalaeloa.

Mr. Enomoto replied the Geiger gate entrance. Extending Kamokila Boulevard would open up another way. Eventually North South Road would connect with Kapolei Parkway. The old redevelopment plan shows an

extension of the North South Road into Kalaeloa and connecting into Coral Sea Road. But planning and design still needs to be done. The near-term opportunity would be the Kamokila Boulevard extension.

Mr. Dinell gave DOT fair warning that staff will be aggressive on pushing to get Fort Barrette improvements extended all the way to Roosevelt Avenue because staff thinks it is an important connection to the community.

Chairperson Kometani asked if Members had any further questions. There were none.

Chairperson Kometani called a recess at 9:17 a.m. to allow the Kalaeloa Members (Members Chinn, Souza, and Timson) to depart as the rest of the agenda was related to Kakaako issues.

The meeting reconvened at 9:20 a.m.

B. Status Update on Management Audit for Honuakaha and Na Lei Hulu Kupuna

Richard Kuitunen summarized the Information Item distributed to the Authority concerning this matter.

The Authority approved a management audit for Honuakaha on July 16, 2004. Subsequently on August 4, 2004, the Authority approved inclusion of a management audit of the Na Lei Hulu Kupuna Project. Nishihama and Kishida CPA's completed the audit and it was distributed to Authority Members in December 2004.

Staff has worked on implementing the recommendations that the auditors came up with. Exhibits A, B and C show the action plan. The various columns indicate the items that were identified in the audit, the actions that should be taken, and the agreed upon timing for taking those actions. Staff met with the property management team (Prudential Locations Hawaii) on February 25 to discuss the procedural audit and to establish the action plan for Na Lei Hulu Kupuna and Honuakaha partnerships. Staff also met with the Honuakaha Association Board of Directors and Prudential Locations Hawaii on March 29. The last column on the spreadsheet indicates the status of the action items.

Staff feels that Prudential Locations Hawaii is performing according to the action plan and is correcting the recommendations that were required in the audit.

The Association property management agreement is a month-to-month agreement and the Honuakaha Seniors and the Na Lei management agreements are due to expire in September 2005. Staff is working with Prudential Locations Hawaii to update the management agreement. Staff intends to receive other proposals including Prudential Locations Hawaii's before the agreement expires.

Mr. Kuitunen asked Members if they had any questions.

Member Thomason pointed out on page two, item number seven of the action plan that there was a due date of April 1 to receive collection procedures, and inquired whether it had been completed.

Mr. Kuitunen replied in the affirmative that the collection procedures were e-mailed to him after the March 29 meeting, but that update could not be included in the packets because the materials for the Authority packets had already been reproduced by that time.

Mr. Dinell stated that the intent is for the action plan to be a living document that will be updated every two weeks. Staff wanted to report to the Authority on what was being done about the recommendations in the audit.

Member Thomason questioned about the comment in the status column that says, "noted and date" and inquired what it meant.

Mr. Kuitunen explained that those items were discussed with the property manager at the Board of Directors meeting and that the property manager agreed to follow those noted items and that no paper trail is required for those items.

Chairperson Kometani asked what the make-up of the Association Board of Directors was and inquired if HCDA staff sits on the Board.

Mr. Kuitunen replied that the condominium unit is composed of 96 different CPR units – one of the units is the elderly housing for which HCDA has a Board seat. One is the Brewery Building, which HCDA owns and for which it has a Board seat. The other is the commercial unit with the Legal Aid Society as tenant, for which HCDA has a seat. In total, HCDA has three Board seats. The other 93 units are the individual condominiums that were sold in fee and collectively, they have two Board seats.

Chairperson Kometani asked if there was a problem filling the two Board seats allocated to the residents.

Mr. Kuitunen responded that one of the residents serves as Association President and has been on the Board since the project has been built. The President has requested that someone else take over for him. The other Board Member was just elected at the last annual election.

There were no further questions.

C. Advising the Authority of the Intention of the Office of Hawaiian Affairs to Perform a Feasibility Analysis for a Headquarters Office Building and Cultural Center on Lot 1 of the Kakaako Waterfront

Teney Takahashi summarized the Information Item distributed to the Authority concerning this matter.

Mr. Takahashi reported that in 2004, the Office of Hawaiian Affairs (OHA) completed a feasibility study on Lot 5 which includes the Ala Moana Historic Pump Station site, as well as all adjacent 3-acre sites. Their feasibility study attempted to determine whether or not it was feasible to develop a headquarters building and a cultural facility for OHA there. Toward the end of 2004, OHA determined that it was not feasible and instead indicated an interest in Lot 1.

Lot 1 is a 5.2-acre oceanfront site with very low allowed Floor Area Ratio (FAR) of .6. Before proceeding with the feasibility study, OHA wanted to advise the Authority of its intention so that if the Authority has any concerns, they could be voiced before OHA expends a lot of effort and money on the new study. Previously, OHA spent about \$75,000 for the study on Lot 5 and would like to avoid spending that money again if the Authority had any concerns on the Lot 1 site.

Mr. Takahashi introduced Clyde Namuo, the Administrator from OHA, and Wesley Yoon from Architects Hawaii to make their presentation on their general master plan as it was presented to OHA's Board.

Mr. Namuo explained that OHA embarked on developing a strategic plan in 2001. During that process, they went out into the community and asked the Hawaiian community exactly what they were interested in and what the priority should be for OHA. During those discussions, one of the most important points that Hawaiians stressed was that OHA needed to have its own facility; there needed to be a sense of place. Based on that input, OHA has been looking for a site that would be appropriate.

Given the current climate with construction, OHA came to the conclusion that Lot 5 was not feasible. OHA's Board is instead very interested in Lot 1 and has again retained the services of Architects Hawaii for a new feasibility study for that parcel.

With the discussions about federal recognition for Hawaiians in the Akaka Bill, people are wondering what is OHA's role and how long OHA will be in business. Mr. Namuo stated that OHA's Trustees are committed to the notion that the Board is transitional which indicates that once the Hawaiian governing entity is in place, OHA will go out of existence. However, even if Congress were to act on the Akaka Bill today, it would still be 10 years before a transition would occur. Mr. Namuo stated that the Trustees of OHA are very clear that any facility that would be built would be transferred to the Hawaiian governing entity.

Mr. Wesley Yoon from Architects Hawaii presented the concept of the project. He explained that the presentation was Architects Hawaii's interpretation of what would be fitting with OHA's goals and that the Trustees had not yet provided its input.

OHA's mission statement is "To *malama* (protect) Hawaii's people and environmental resources and OHA's assets, toward ensuring the perpetuation of the culture."

The *kumulipo* or the creation chant is very explicit as to where the native Hawaiians came from and is basically a theory of evolution, which is conveyed in the design of the building.

Mr. Yoon pointed out some of the outdoor functions of the design. It would include a place for *Lua* or the Hawaiian martial arts, *lomi lomi*, *Kula Waho* (outdoor classroom), taro fields, *Hale Waa* or canoe house where the community can be taught canoe making and *hookele* (navigation) a place to learn navigation.

An *imu* will be provided next to the kitchen functions to teach indoor and outdoor cooking. A performance area will be provided in the center for hula.

The indoor community functions provide offices and space for hula performances and practices. There will be a food service area next to the outdoor *imu*.

The second floor will contain office space and the third floor would house the Trustees and upper management of OHA with their boardroom facing makai.

Vehicular entry will be off of Keawe Street. Vehicular and pedestrian traffic comes to one point, the lobby area. A split-level parking structure that accommodates 180 stalls has been designed to accommodate OHA and indoor and outdoor community functions.

Chairperson Kometani asked Members if there were any questions.

Member Lai asked Mr. Namuo why the Lot 1 site was more feasible than Lot 5, the Ala Moana Pump Station site.

Mr. Namuo responded that the density of the Ala Moana Pump Station site would mean that the building would have to be 200,000 square feet for them to make money or break even on the site. It was estimated that the construction cost alone would be \$200 million.

Mr. Namuo mentioned that OHA has a request to the Legislature for partial funding for the building. The Trustees felt that because there would be a community center that there should be a State contribution to the building as well. OHA is asking for a 50% split between OHA and the State. The State wasn't that generous but has given a \$6 million appropriation that is currently in the Senate version of the budget and the House subject matter committee budget, but not in the House Finance Committee version.

The rough estimated cost of the building is \$32 million. If the State contributes \$6 million, the balance would come out of OHA. Mr. Namuo stated that OHA is looking at different alternatives for financing the building since the law permits OHA to float bonds as well.

Chairperson Kometani asked Mr. Namuo if OHA intends to present the plan to all the different groups of Hawaiians before it comes to the Authority.

Mr. Namuo replied that once OHA receives a tentative commitment from HCDA that the concept looks okay, OHA would ask for input from its constituents. He thought that the Hawaiian community would embrace the concepts presented. The only downside he said was that the site lacks visibility.

Mr. Dinell reminded the Members that the item was for information only. Staff felt it was difficult to make an Action Item when it was not known what the lease terms would be. However, Members should provide candid feedback if they feel it is not a good idea, or offer some suggestions to help OHA determine how to proceed.

Member Shiraki commented that Mr. Namuo thought the site lacked visibility but he thought that the area is a high profile area with beach and waterfront. With the Legislature mandating a cultural center in the harbor area there would be two cultural centers in the same area. He asked how it would be integrated.

Mr. Dinell said that relative to the legislation regarding the cultural marketplace, it is more commercial in nature. This site would be OHA's home headquarters and the cultural aspect is not necessarily for visitors but more for the constituent group.

Mr. Namuo responded that the site is considered for cultural use and not for commercial. The "Point Panic" site would be much more commercial and the vision for both parcels is very different.

Mr. Dinell commented that there would be bookends of activity on either side of the park. He questioned Mr. Yoon if they looked at bridging over the drainage canal to the park to activate that area. Since the site falls in the tsunami inundation zone, Mr. Dinell asked Mr. Yoon to comment on those two things from an architectural point of view.

Mr. Yoon responded that they looked at the drainage situation there and bridging over into the park. His understanding was that the drainage easement would need to be engineered to accommodate a bridge. In response to the question regarding the tsunami inundation zone, the building sits on a base with a height up to 10 feet to address that.

Member Shiraki asked if it would be an open or closed facility.

Mr. Namuo responded that they envisioned the building to be used in the evening as well as during the day for cultural activities. It is not envisioned to be a public site where people would come and picnic. He stated that there isn't any Hawaiian cultural center on the islands. They expect the facility to be well used but not public in terms of a park.

Chairperson Kometani asked if it would be similar to the Japanese or Filipino Cultural Centers.

Mr. Namuo responded that it would be similar but represent more of an actual living culture instead of a museum. OHA would look for people interested in running the canoe facility, as an example.

Chairperson Kometani thanked them for their presentation.

V. ITEMS FOR ACTION

2. Authorizing the Executive Director to Execute a Memorandum of Agreement for the Use of Piers 1 and 2 with the State Department of Transportation

Daniel Dinell summarized the Action Item distributed to the Authority concerning this matter.

Mr. Dinell pointed out that the Memorandum of Agreement (MOA) was attached as an exhibit. The last page was a map delineating the area covered by the agreement.

Since 1990, HCDA has had ownership of the Fort Armstrong Piers 1 and 2 area. The State DOT and the Foreign-Trade Zone (FTZ) has had operational control of their respective portion of that area. HCDA has had discussions with DOT since December 2004 to reach agreement to formalize this arrangement.

There is a bill moving through the Legislature that would transfer jurisdiction of the area from HCDA to DOT. Staff believes that would be a mistake because there would be no holistic planning of the roads, utility infrastructure and public facilities in the Waterfront area. Staff has been working diligently on an agreement to grant a lease to DOT in order to formalize the present arrangement as well as provide comfort to the existing users.

Staff believes that this MOA is the best course of action. However, indications are that the Legislature would move the bill forward this afternoon despite this agreement. Staff believes that it would still be useful to review the pros and cons of the agreement. Staff recommends at this point to defer action on this item until it becomes clear what action the Legislature will take.

This agreement was intended to lead to a formal lease between HCDA and DOT. It is further intended to serve as a mechanism to focus energy on addressing the medium and long-term needs of the harbor users. Simply changing jurisdiction will not solve the cargo and passenger space problems at Honolulu Harbor. The terms of the agreement are summarized on the beginning of page 3 of the Action Item.

One of the key factors in the agreement was that HCDA would continue to own the property. Additional major points include: 1) FTZ and other areas

not currently being used by DOT are not part of the agreement; 2) DOT would have full authority and authorization in the lease and sublease area and could write debt service on those lands; 3) DOT would own all capital improvements and at termination should DOT not be utilizing the maritime facilities and lease area, HCDA would pay DOT the unamortized amount of any structures not readily removable; 4) the term proposed was 20 years but a key condition is that every two years, DOT would report to HCDA regarding its strategy, progress, timeline and lease term needs to address the maritime requirements; 5) there was recognition of how important the Punchbowl Street extension was to the Waterfront development area and that HCDA would work with DOT to provide planning, which could occur anytime, but construction wouldn't occur for at least 5 years; 6) the agreement included standard clauses on environmental issues and necessary remediation; 7) the State would work to obtain the U.S. General Services Administration parking lot with the intent that DOT should get the land for harbor use and then eventually for the Punchbowl extension that would go through a portion of it; and 8) the two agencies would establish a dispute resolution process.

The recommendation was to defer but Mr. Dinell welcomed any discussion on the matter. Piers 1 and 2 have a long uninterrupted pier face and that is very valuable in Honolulu Harbor. It also has a 40 feet deep draft. There is no other use than maritime in the future but the real question is what kind of maritime – is it cargo or is it passenger use or a mixture of the two?

Member Shiraki asked for clarification on the following sentence found on page 3 of the MOA, “unamortized amount of any structures not readily removable.”

Mr. Dinell said his understanding was that, in the unlikely event that HCDA terminated the agreement, and if there was a cruise ship terminal there that DOT wouldn't operate in the future, DOT would want the unamortized portion of its improvements. Mr. Dinell said that he objected vehemently to that as well, but lost the argument.

Member Shiraki asked if that was normal language.

Member Matsui responded that it is not often that DOT is the lessee, but in contracts that they've done with concessionaires, it is included, such as with the airport concession.

Member Shiraki commented that HCDA has no money to pay.

Chairperson Kometani asked for clarification whether the piers from Ala Moana Boulevard to the oceanfront are HCDA lands.

Mr. Dinell responded in the affirmative.

Chairperson Kometani asked if Piers 1 and 2 were always cargo and then added passenger ships.

Member Matsui responded that he did not know when they started allowing passenger ships at Piers 1 and 2. He noted, however, that the original intent wasn't to accommodate the cruise lines at Pier 1 because DOT is building a cruise terminal at Pier 2 to accommodate the cruise ships.

Member Kondo asked if there was concern by cargo companies.

Mr. Dinell responded in the affirmative. He thought the MOA balanced the needs and provided comfort but also put pressure on DOT to expand Kapalama, Sand Island and other areas in Honolulu Harbor as well as areas outside of Honolulu Harbor. But Kalaehoa is currently not suitable for container cargo.

Chairperson Kometani asked if the legislation specifies what lands would be taken.

Mr. Dinell responded that in the bill's current form, it mentions 29 contiguous acres at Piers 1 and 2. There are a lot of details to be determined. It seems prudent to review the MOA and to defer it because it is clear that the Legislature is going to move the bill forward regardless of what action the Authority takes.

Chairperson Kometani asked if it might affect the next Action Item on how to use the ewa side of the Makai Area including the five acres that OHA wants.

Mr. Dinell replied in the affirmative and stated that he mentioned it to Mr. Namuo. He concluded that if the legislation dies, and HCDA ends up proceeding with the MOA, staff would welcome any comments on the terms as Member Shiraki had already done so by pointing out the discomfort on the language relative to the unamortized portion.

3. Approval to Expend Funds for a Policy and Development Strategy Plan for the Ala Moana Historic Pump Station and Developable Lands in the Ewa Portion of Kakaako Makai Area

Teney Takahashi summarized the Action Item distributed to the Authority concerning this matter and made the staff recommendation.

In 1991, the Ala Moana Historic Pump Station site was proposed for use as a heritage education center. The project was subsequently withdrawn by the applicant following concerns by the Office of Hawaiian Affairs (OHA) regarding the proposed lease rent as some of the buildings are on ceded lands. Everything ewa of Keawe Street is on ceded lands. Thereafter, there were several aborted attempts to develop or redevelop the Historic Pump Station site.

The Historic Pump Station site is difficult to develop because it requires the restoration of the existing building. Nonetheless, there have been many proposals for various uses of the site. Staff determined that the best thing to do was to decide what is wanted first so that it would be easier to review and evaluate the proposals that were being received. Therefore, staff is suggesting that an outside consultant be hired to evaluate the Historic Pump Station site, the adjacent sites moving seaward including the Cancer Research Center site and the proposed OHA site and decide what the best course of action might be for the redevelopment of those parcels.

Mr. Takahashi stated that the Action Item requests the Authority's approval to expend funds for a policy and development strategy plan for the Ala Moana Historic Pump Station and developable lands in the ewa portion of the Kakaako Waterfront in an amount not to exceed \$25,000.

Chairperson Kometani requested, for discussion purposes, a motion to adopt the staff's recommendation. It was moved by Member Anderson and seconded by Member Shiraki to adopt staff's recommendation.

Member Anderson asked what kind of consultant expertise is being required that is not available in-house. He added that it also seems that it is a small study to look at the area.

Mr. Takahashi responded that a planning consultant is needed for services that cannot be performed in-house. As an example, economic analysis may be necessary which HCDA does not have the capability to perform. Regarding the related question of whether \$25,000 is adequate for that purpose but it is a best guess at this point.

Mr. Dinell further explained that staff felt that it was important to get an outside perspective and return to the Authority with a matrix of choices and trade-offs. There have been 79 proposals for the Pump Station site ranging from coffee shop to museum. Staff thinks the Authority needs to set its policy first to determine how all the different components - medical school, Cancer Research Center, Office of Hawaiian Affairs - relate to each other.

Mr. Takahashi stated that there have been several brainstorming sessions internally, but there are too many different proposals to address. The array of the proposals is so great that it is very difficult to determine what the best use for the site is unless some kind of analysis is done.

Member Thomason commented that the OHA group already spent \$75,000 in consulting fees for that area and was wondering if there was any attempt made to determine if OHA would be willing to disclose some of the things that would be pertinent for HCDA to know.

Mr. Takahashi said that it would be up to OHA but he would ask for that information. He mentioned that OHA's focus was to look at a commercial office building because of the assigned density of the site and because of the location. Also there is a sewer easement running through the center of this 3.2-acre site that was not evident in the previous dialogue, but it has a big impact on what can and can't develop on the site.

Member Los Banos stated that about two years ago the UH School of Business Administration did a feasibility study of the same area on the potential uses for the Pump Station. This might be helpful to refer to.

Mr. Takahashi stated that the School of Architecture is currently doing a similar study.

Member Goshi commented that he was curious to find out the development criteria that would force the building to cost \$200 million.

Mr. Takahashi responded that the high density zoning creates the problem because it needs a large floor area to maximize the use of the site to pay the market rents.

Mr. Dinell stated that all are good suggestions and staff will follow up with OHA to ask them if they would share their information. The UH School of Architecture is currently doing a design charette program that will be released next month and staff will follow up with the School of Business

Administration. The site should not be looked at in isolation, but should also address how it relates to the immediate adjacent activity.

There being no further comments, Chairperson Kometani reminded the Members that a motion was on the floor. A vote was taken and staff's recommendation was approved 10 to 0, excluding Kalaeloa Members.

4. Approval to Expend Revolving Funds for Landscape Maintenance Services on Ilalo Street and Queen Street Extension

Richard Kuitunen summarized the Action Item distributed to the Authority concerning this matter and made the staff recommendation.

Mr. Kuitunen stated that landscape maintenance services are required on Ilalo Street from Forrest Street to Ala Moana Boulevard and Queen Street extension from Kamakee Street to Waimanu Street. Ilalo Street improvements were substantially completed in December 2003. Since that time, the section from Forrest to Ahui Street has been maintained by Green Thumb under the improvement district funding which is due to expire at the end of April. The Department of Accounting and General Services (DAGS) has maintained the section from Ahui Street to Ala Moana under a Memorandum of Agreement dated October 25, 2000. A copy of the agreement was included in the Members' packets. In exchange for maintaining that portion of the Ward Avenue extension, DAGS is also entitled to the parking rights to the Fisherman's Wharf and other areas surrounding that area because the extension itself took away their pre-existing parking.

The Queen Street extension was substantially completed in September 2004. Kiewit Pacific has maintained it under the improvement district funding also due to be closed out soon.

Mr. Kuitunen noted that at this time, Ilalo Street has been accepted by the City and County for dedication. The dedication process for the Queen Street extension has not yet commenced. In the dedication process, the prior City administration had indicated that if the City were to take over the landscaping, the hibiscus hedge would be eliminated and would either be grassed-over or concreted. The new City administration has no more favorable outlook to hibiscus hedges and landscaping medians than the prior administration. Parks and recreation maintenance supervisor Chuck Allen reiterated that they have neither the funding nor personnel to maintain the medians in the present condition.

The concern is for the continuation of the maintenance of the medians with the makai area development and other projects. Staff feels that the hibiscus hedge provides a valuable amenity to the area. It improves the visual appeal and also softens the view planes of the concrete and the asphalt and provides a sound and dust barrier and also increases public safety by keeping people from crossing the street other than at designated intersections.

Currently, the cost for maintaining the Ilalo Street extension is \$4,000 a month and for the Queen Street extension it is \$2,400 a month. It is anticipated that the combined cost would be around \$5,000 to \$7,000 a month.

Ilalo Street is part of the common area cost of the Waterfront Association. The cost of which would be picked up by all of the potential lessees as they received their certificates of occupancy. Currently, the medical school is the only entity that has received its temporary certificate of occupancy, which was issued on March 8, 2005. The medical school's total share of the Waterfront Association as it now stands is just over 33 percent.

Staff has scheduled a meeting with DAGS to discuss the inclusion of the DAGS portion of the lot. The parking at Fisherman's Wharf will also be discussed, as it is part of the Waterfront RFP.

Staff recommends that the Authority authorize the Executive Director to expend revolving funds for the maintenance of Ilalo Street and Queen Street extension, based upon the lowest responsible bid from the sealed invitation for bids. The contract is for a one-year term with a two-12 month extensions, which would have to be approved by the Authority prior to execution. The annual fee is not to exceed \$96,000 per year.

Chairperson Kometani requested a motion to adopt staff's recommendation for approval. Member Anderson moved to adopt staff's recommendation. Member Lai seconded the motion. Discussion ensued.

Member Anderson commented that it seemed like a high amount. A full-time staff member could be hired to take care of it. A vigorous bidding process should be done in order to get a lower price. He also suggested that when going out for the bid that the estimated range should not be disclosed otherwise companies might inflate the price.

Chairperson Kometani asked what was the requirement to bid.

Mr. Kuitunen replied that a C27 landscape license is needed to maintain the grass, hibiscus, tree trimming and irrigation system. The landscaper would

have to control the weeds and fertilize the landscape. The area also includes the grass area between the sidewalk and the street.

Chairperson Kometani asked who sets the licensing requirements.

Mr. Kuitunen responded that it was the State regulatory board because it's a contractor's license.

Mr. Dinell added that the company would need to pay a certain wage level.

Mr. Kuitunen stated that the prevailing wage rate is \$13.25 per hour.

Mr. Dinell reported that the staff had already come to the same conclusion that Member Anderson had. Staff figured that by bidding it out, the private sector might do it for less.

Mr. Kuitunen stated that the contract would be for a one-year period with a 60-day cancellation cost.

There being no further questions, a vote was taken and the motion was approved 10 to 0, excluding Kalaeloa Members.

VI. ADJOURNMENT

There being no further business, it was moved by Member Kondo and seconded by Member Los Banos to adjourn the meeting at 10:30 a.m. The motion passed 10 to 0, excluding Kalaeloa Members.

Respectfully submitted,

/s/

Paul Kimura
Secretary