

SUMMARY - MEETING NO. 290
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

January 5, 2005 – 9:00 a.m.

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

ATTENDANCE

Members Present: Michael Goshi; Rodney Haraga; Paul Kimura; James Kometani; Gary Kondo; Jonathan Lai; Allan Los Banos, Jr.; Stanley Shiraki (for Georgina Kawamura); Katherine Thomason (for Russ Saito); Warren Wegesend, Jr.; Linda Chinn (for Micah Kane); Henry Eng; and Maeda Timson

Members Absent: Theodore Liu; William Aila, Jr.; and Evelyn Souza

Others Present: Daniel Dinell; Melvin Nishimoto; Teney Takahashi; Matthew Akamu; Miko Dargitz-Hallett; Stanton Enomoto; Richard Kuitunen; Susan Tamura; 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 January 5, 2005, by Chairperson James Kometani at 9:00 a.m. with the following roll call:

Chairperson Kometani	Present
Member Goshi	Present
Member Haraga	Present, Arrived at 9:31 a.m., Left at 11:25 a.m.
Member Kimura	Present
Member Kondo	Present
Member Lai	Present, Arrived at 9:02 a.m.
Member Los Banos	Present, Arrived at 10:20 a.m.
Member Shiraki	Present, Arrived at 9:10 a.m.
Member Thomason	Present
Member Wegesend	Present

Member Chinn	Present, Left at 9:25 a.m.
Member Eng	Present, Left at 9:25 a.m.
Member Timson	Present, Left at 9:25 a.m.

MATERIALS DISTRIBUTED

1. Agenda for January 5, 2005 Meeting;
2. Summary Minutes of Regular Meeting of December 1, 2004;
3. Summary Minutes of Public Hearing of December 1, 2004;
4. Report of the Executive Director;
5. Kalaeloa Status Report;
6. City Council Resolutions 04-357 and 04-358;
7. Adoption of Hawaii Community Development Authority Revised Bylaws;
8. Approval to Issue a Request for Proposals for Development of the Waterfront and to Expend up to \$80,000 for Consultant;
9. Approval to Authorize the Executive Director to Negotiate and Execute a Lease for a Portion of CFS3 Access Drive and Pier 1 Egress Lane for a Radiation Portal Monitoring System;
10. Approval of Modifications, Joint Development and Planned Development Permit for the 909 Kapiolani Project (PD 1-04);
11. HCDA Meeting Schedule for 2005;
12. HCDA Annual Report for fiscal year 2004;
13. Honolulu Advertiser Editorial of Friday, December 31, 2004;
14. Disaster Preparedness Info from Verizon Oahu SuperPages October 2004;
15. Letter from Senator Gordon Trimble dated March 8, 2004 and HCDA's Response dated March 17, 2004; and
16. Business Parking Survey and Parking Sites.

Chairperson Kometani introduced Henry Eng, the Acting Director of the City Department of Planning and Permitting, who will be serving on the Authority as the ex-officio Member on Kalaeloa issues. Mr. Eng introduced himself saying that he spent approximately 15 years working in the City Planning Department and the City Department of Land Utilization, which is now known as the Department of Planning and Permitting. He gained five years of legislative experience while working for the City Council. He later joined Campbell Estate working on the City of Kapolei project. As part of his duties with Campbell Estate, he also provided support services to the Barbers Point Redevelopment Commission. He thanked the Members for a warm welcome.

Member Timson added that Mr. Eng would be a great asset to the Authority because of his background and planning experience.

Chairperson Kometani announced Warren Wegesend, Jr. will be resigning from the Authority effective January 31, 2005, because he is assuming a position at the Department of Land and Natural Resources. Chairperson Kometani thanked Member Wegesend for his profound contribution and his insights and enthusiasm while serving the Authority and wished him well.

II. APPROVAL OF MINUTES

1. Minutes and Summary

Chairperson Kometani asked if Members had any corrections to the minutes of the December 1, 2004 meeting and summary of the Public Hearing of December 1, 2004. There were no corrections and it was moved by Member Kondo and seconded by Member Wegesend that the minutes of the regular meeting of December 1, 2004, and summary minutes of the Public Hearing of December 1, 2004, be approved. The motion passed 11 to 0 with 2 excused (Members Haraga and Los Banos).

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 and reported on the following additional items:

- Mr. Dinell stated that Members were given the 2005 schedule for the Authority meetings. They will remain at 9:00 a.m. on the first Wednesday of each month. Mr. Dinell asked each Member to note the dates on their calendars.
- Also distributed to Members was HCDA's Annual Report for fiscal year 2004.
- Mr. Dinell reported that in response to the Authority's request, park rules have been drafted and are being reviewed by the Attorney General's Office and pending approval by the Governor, he anticipates that the rules would be ready for Public Hearing in March.
- According to Mr. Dinell, parking remains a top area of concern. A new contract has been awarded for the Kauhale Kakaako Parking Garage. Staff is reviewing operations including the parking rates for indoor covered and secured parking at just \$60 per month for the

public and \$40 per month for residents, both of which have not been adjusted since the garage opened a decade ago.

Staff is also looking at opportunities to increase available public parking to help support existing businesses; one such example is the surface lot on Cooke Street between Queen and Halekauwila Streets that is partially used by residents and employees of Na Lei Hulu Kupuna Senior Housing. HCDA has entered into a month-to-month agreement for 10 stalls at \$80 per month for neighboring businesses and is looking at another agreement with the dive shop next door.

- The Small Business Regulatory Review Board (SBRRB) held a hearing on December 7, 2004, on the Improvement District 11 (ID-11), improvements to Queen Street from Kamakee Street to Ward Avenue. The Board's recommendations to the Governor included: 1) appropriate parking for the ID-11 affected businesses be provided before construction commences; 2) the new City Administration be contacted to participate financially in the project through property tax relief during construction and a freeze on present property tax levels for the duration of the assessment; 3) affected businesses receive relocation incentives; and 4) a complete review of the proposed Rules by the Governor's Office take place.

On item #1, Mr. Dinell reported that with regard to parking, staff has completed a parking survey that will be administered door-to-door beginning January 6, 2005. The survey along with identified parking sites was passed out to Members.

With regard to item #2, Mr. Dinell will attempt to brief the new City Managing Director and/or Budget and Fiscal Services Director on the issue and advocate once again for a powerful redevelopment tool that is available under Hawaii State law called "Tax Increment Financing," whereby a portion of landowners property tax payments would go toward paying for improvements in the tax increment district.

On item #3, Mr. Dinell explained to the SBRRB that HCDA will pay to relocate businesses if their property is acquired by HCDA. Staff is undertaking a further review of relocation benefits to see if other provisions can be made within HCDA's established rules.

Relative to the last item #4, staff has received a list of questions from Linda Smith, Senior Policy Advisor to the Governor. A response is being prepared.

- The Authority requested staff analyze parking needs for both Kakaako Mauka and Kakaako Waterfront. Included in the Executive Director's report are the highlights of the parking study for the Kakaako Waterfront. Parking demand will be accommodated by a combination of on-street, surface and off-street parking facilities; with the latter developed in conjunction with specific projects. A table was included in the Executive Director's report but will change because of the Kakaako Makai Area land use amendment currently being processed.
- Environmental pre-consultation inquiries and solicitations have begun for the Kakaako Makai Area land use amendment. Issues for consideration include allowing residential uses and height adjustment from 45 feet to 65 feet to accommodate residential units over retail/commercial space. The number and type of units anticipated and the response to the Kakaako Waterfront Request for Proposals (RFP) will impact parking numbers, so an update will be provided in the future.
- Discussions have started between HCDA and the State Department of Transportation – Harbors Division (DOT-Harbors) on a lease or use agreement for HCDA lands utilized by DOT-Harbors at Piers 1 and 2. Until a lease/agreement is worked out, HCDA continues to cooperate with DOT-Harbors, for instance, in the proposed lease with the US Department of Homeland Security on use of HCDA lands, for installation of a Radiation Portal Monitoring System.
- On December 31, 2004, the Honolulu Advertiser printed a Letter to the Editor from State Senator Gordon Trimble regarding development in or adjacent to a tsunami inundation zone. The UH John A. Burns School of Medicine (JABSOM) and the proposed Cancer Research Center are not within the zone, although the area in the proposed Kakaako Waterfront RFP is. Senator Trimble's Letter to the Editor, a map from the State Civil Defense, an earlier inquiry from Senator Trimble, and HCDA's response were distributed to Members.
- Mr. Dinell concluded his report by informing Members that staff is meeting with Legislators one-on-one to discuss HCDA's budget requests and to update them on HCDA activities.

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 has been moving forward on the Economic Development Administration (EDA) grant. HCDA recently awarded a small purchase to Townscape, Inc. for development of HCDA's strategic plan for Kalaeloa. The strategic planning process is intended to develop a vision and mission statement with articulated goals and objectives for Kalaeloa for the next five years. A Kalaeloa Subcommittee meeting will be convened next week to start the process. Mr. Enomoto introduced Bruce Tsuchida from Townscape.

In addition to the strategic plan, Mr. Enomoto compiled a RFP package for the broader Economic Master Planning for Kalaeloa. The RFP will be submitted to the EDA for approval. Once it is approved, staff will proceed with implementing planning activities.

Mr. Enomoto received letters from the State Department of Transportation (DOT) and Federal Aviation Administration (FAA) requesting comments on projects at Kalaeloa. The DOT letter was regarding the Fort Barrette Road widening project. HCDA's response to the DOT strongly recommended extending its improvement project to include the Fort Barrette and Roosevelt intersection, as the improvements appeared to stop short of the entrance to the Kalaeloa Community Development District. Staff believes that extending improvements into Kalaeloa would allow for greater safety and enhanced traffic flow.

The FAA letter was in regards to an instrument landing system at the Kalaeloa Airport. Staff found the FAA's installation of the instrument landing system at the airfield to be consistent with DOT's master plan for the Kalaeloa airfield. However, HCDA encouraged the FAA to consult with the US Navy in the event the airwing is stationed there. Both letters were included in the Authority's packet.

Mr. Enomoto also received a request for comments from the City Department of Planning and Permitting on the Kaloι Gulch Drainage Improvements. The proposed improvements will primarily impact the Ewa Marina and Ewa Beach areas. The proposed drainageway will run through Ewa Villages Golf Course down through Coral Creek and exit through Oneula Beach Park. A shallow

depression would allow storm flow to run out to the ocean. Mr. Enomoto will review the draft EIS focusing in particular on any impacts that the discharge may have on the shoreline at Kalaeloa. Members will receive a copy of his letter once his analysis is completed.

Mr. Enomoto received confirmation that Ford Island Properties (FIP) is selling its rental housing. FIP has developed a marketing plan and has been soliciting various developers around the State.

Mr. Enomoto is working with the US Navy as it moves forward on the short-term leasing of the retained lands along Roosevelt Avenue, as well as the latest updates on the status of the aircraft carrier strike group decision. A meeting with Rear Admiral Michael Vitale is also being scheduled for later this month.

Chairperson Kometani asked if there were any questions.

Member Timson asked Mr. Enomoto to include as part of his monthly report to the Authority, a follow-up on the sales of the FIP rental units.

Chairperson Kometani stated for the record that Member Shiraki was in attendance.

B. City Council Resolutions 04-357 and 04-358 Adopted on December 1, 2004

Mr. Dinell summarized the Information Item distributed to the Authority concerning this matter.

Mr. Dinell explained that the two resolutions 04-357 and 04-358 were introduced by Council Chair Donovan Dela Cruz and were adopted unanimously by the City Council on December 1, 2004.

Both resolutions urge the development of pedestrian-friendly neighborhoods within Kakaako and Kalaeloa. At the hearing, staff pointed out that HCDA has long advocated this approach in Kakaako, but for Kalaeloa the planning is more complex due to changing circumstances, the largest uncertainty being the pending decision regarding the possible homeporting of an aircraft carrier at Pearl Harbor and the location of a supporting airwing. Mr. Dinell informed the City Council that HCDA must approach the establishment of development guidelines for Kalaeloa based on the specific conditions that exist within the district such as substandard infrastructure, disproportionate public land ownership, endangered species, significant remaining federal land ownership,

and possible military uses. Mr. Dinell interpreted the resolution as encouraging better connectivity between Kalaeloa and the surrounding areas of Kapolei, Ewa Marina and Campbell Industrial Park, an approach staff has embraced since presenting its Kalaeloa framework plan to the Authority in April 2004.

HCDA testimony at the City Council pointed out that certain potential uses within the Kalaeloa Community Development District may preclude integration of the specific guidelines set forth in the resolution. However, the Council Members felt strongly about the resolution and passed the measure and requested it to be transmitted to all Members of the Authority.

With regard to Kakaako, Mr. Dinell noted that recent actions by the Authority such as approval of the Victoria Ward Village Shops proposal support the sentiment of the City Council expressed in Resolution 04-358. Of special note given the 909 Kapiolani action item on today's agenda, is encouraging development of ground level retail/outdoor dining; discouraging blank concrete walls adjacent to sidewalks and parking garages that face the street; encouraging the use of awnings and other shading devices; promoting pedestrian use of Kapiolani Boulevard; and minimizing the placement of driveways along this major thoroughfare.

Chairperson Kometani asked if there were any questions, there were none.

IV. ITEMS FOR ACTION

3. Adoption of Hawaii Community Development Authority Revised Bylaws

Mr. Dinell summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Dinell explained that the Department of Attorney General through the Governor's Office advised all State boards and commissions that the Legislature passed a bill during the 2004 Regular Session that the Governor signed into law mandating expiration of a Member's term if he/she should have three consecutive unexcused absences and if the board failed to reach a quorum. This provision does not apply to ex-officio Members. Additionally, it also only applies if the Member's absence is not excused by the Chairperson; an absence can be excused by notifying the Chairperson ahead of time.

Staff recommended the Authority approve the revision of Article III, Section 3 of the HCDA bylaws as presented in the proposed language that was underscored and included with the Action Item.

Chairperson Kometani requested a motion to adopt staff's recommendation for approval. Member Thomason moved to adopt staff's recommendation. Member Goshi seconded the motion. There being no discussion, a vote was taken and the motion was approved 11 to 0 with 2 excused (Members Haraga and Los Banos).

Chairperson Kometani called a short recess at 9:25 a.m. to allow the Kalaeloa Members (Members Chinn, Eng, and Timson) to depart as the rest of the agenda was related to Kakaako issues.

The meeting was reconvened at 9:31 a.m. Chairperson Kometani stated for the record that Member Haraga was in attendance.

4. Approval to Issue a Request for Proposals for Development of the Waterfront and to Expend up to \$80,000 for Consultants

Teney Takahashi highlighted the key points of the draft Request for Proposals (RFP) distributed to the Authority concerning this matter.

Mr. Takahashi stated the goals for the Kakaako Waterfront development are:

- To create a mixed-use destination and a people-oriented "gathering place" to address the recreation, economic, and social needs of Hawaii's people in an appropriate Hawaiian setting;
- To preserve and enhance the natural environment, with special attention to landscaping, environmental sustainability the Hawaiian lifestyle, and public access to ocean and shoreline;
- To serve as a catalyst for future growth, diversification and stimulation of Hawaii's economy; and
- To provide an economic balance between revenue and non-revenue projects.

Mr. Takahashi then presented the major milestones of the project timeline:

- The release of the RFP package on January 12, 2005
- Informational meeting and site inspection on January 25, 2005
- Deadline to submit Intent-to-Offer by February 2, 2005
- Deadline for priority list submittal on March 11, 2005

- Authority approves priority list on May 4, 2005
- Notification of people on priority list on May 11, 2005
- Community presentation and input on May 23, 2005
- Deadline for best and final offer on July 11, 2005
- Presentation of proposal to Authority on August 3, 2005
- Authority selects master developer on September 7, 2005

The process to finalize the documents is anticipated to begin on September 14, 2005 and concluding with the Authority's approval of the documents on March 1, 2006.

Mr. Takahashi explained that major changes to the draft have been procurement related, noting that negotiations have been eliminated since they are not allowed under State procurement law. He explained the three different types of allowable contracts: 1) fixed specifications where price is the sole factor; 2) performance is as important as specifications where the best value (quality and price) is the determining factor; and 3) professional qualifications and skills are more important, but the price should be reasonable. Staff concluded that the second type or the "sealed proposal" was the most appropriate.

The "scope of work" is the core of the contract and becomes the responsibility for the Master Developer. That includes all predevelopment duties including: site investigation and due diligence activities, planning, designing and permitting the project, preparing and processing environmental analyses, and obtaining all necessary entitlements and government approvals. HCDA would continue to work toward the land use amendment to allow residential use in the Kakaako Waterfront but it doesn't guarantee successful completion.

The developer would have to conduct a community outreach and involvement program to obtain the public's input. The developer is also required to provide financing for the entire project without subordinating the land. Staff is hoping the developer will build a mixed-use project as well as construct any additional on-site and off-site infrastructure improvements necessary for the project. Finally, the developer is expected to market, manage and operate the facilities including leasing, management and maintenance at the highest standards.

Mr. Takahashi explained the role and tasks of the Authority or designated Task Force, should the Authority desire to create one, for the evaluation process.

- Issue the RFP;

- Review and Evaluate the Priority List Submittals;
- Develop Priority List based on Evaluation Factors;
- Review Best and Final Offers (BAFO) from Priority List Offerors (PLO);
- Interview, clarify, request information to adequately complete BAFO;
- Evaluate BAFO and select Master Developer;
- Upon Authority's selection of the Master Developer, make publicly available all notes, documents, evaluations, etc.;
- Discuss and finalize all documentation as it relates to the real estate documentation; and
- Execute and approve those documents.

Mr. Takahashi explained the options regarding the evaluation process.

1. Authority can evaluate all proposals; receive recommendations from the Task Force, but each Member has to rate every proposal for both phases.
2. Authority assigns a task force to determine only Priority List for Authority's approval/disapproval; all Members evaluate the Best and Final Offer only.
3. Authority appoints a task force to serve as Evaluation Committee to Evaluate proposals for both Priority List and Best and Final Offer; Authority approves/disapproves recommendations in total.

Mr. Takahashi reminded Members that all documents would become available to the public upon request after the award is made, including the evaluation sheets.

On the Best and Final Offer evaluation there will be input from the HCDA architectural review committee to evaluate the design aspects. The committee currently consists of Member Goshi, Julie Kimura from Walters, Kimura, Motoda Inc., and John Hara, of John Hara Associates, Inc.

Mr. Takahashi expressed his appreciation to Member Thomason for her input on the procurement procedures.

Staff's recommendation is for the Authority to authorize the Executive Director to issue the RFP on January 12, 2005, with direction provided by Members and under the guidance of the Deputy Attorney General as well as the State Procurement Office; secondly, approval to expend up to \$80,000 for

the use of consultants who will also be able to serve on the evaluation committee if that is the desire of the Authority.

Mr. Takahashi asked for Member input on the Evaluation Committee and the evaluation factors since both are items that should be decided prior to the issuance of the RFP.

Discussion ensued on: 1) the role of the proposed Task Force and the Authority in the evaluation process; 2) the evaluation factors and weighting; and 3) various facets of the RFP process.

With regard to the evaluation process, Member Shiraki expressed his opinion that this was an important project and felt that the Authority should play an active role in the selection. Member Thomason referred to the procedures used by the federal government that allowed for an Evaluation Committee to report to a Selection Authority that would make the final determination. Member Kimura felt that Members should participate in the process and not simply have a subset of the Authority make the decisions.

Member Goshi expressed his concern that for many Members, conflicts of interest may arise and that the evaluation process should be designed to also alleviate any political pressure. Mr. Dinell stated that the RFP specifically provides for quantifiable evaluation factors as well as states that there should be no direct communication with Authority Members and knowingly doing so would be cause for disqualification.

Through consensus, the Members agreed that a task force would act as the Evaluation Committee for the Priority List phase of the RFP.

Mr. Dinell explained that the Task Force can be made up of any number of people including outside consultants, but it needs a minimum of three state employees who have experience in construction and procurement. The Sunshine Law limits Authority Members to five on a task force. Members also agreed that the Task Force should organize itself, and break up into subsets in the review process if that was the desire.

It was decided through consensus that the Task Force would make a recommendation of between 3 to 5 offerors, although such number may be increased or decreased depending on the specific circumstances. The full Authority would retain the ability to instruct the Task Force in writing to further evaluate the proposals to address any questions or concerns. During the Best and Final Offer phase, the entire Authority would act as the Evaluation Committee and each Member present at the meeting would fill out

an evaluation sheet. Conflicts of interest should be disclosed and guided by the State Ethics Code.

Mr. Dinell noted that the cost of the RFP package is \$1,000 which will help to eliminate non-serious bidders.

Members Thomason and Kimura pointed out that financing ability was either a “yes” or “no” item and as such, if an offeror had no ability to perform it was not necessary, nor prudent, to evaluate the proposal during the Priority List phase. Member Goshi suggested to delete the bullet item “high level of quality” under the qualification section as it was redundant.

The changes to the evaluation factors and weights agreed to by the Authority through consensus are as follows:

First, key responsibility is sufficient financial capability of developer to complete required scope of work either a “yes” or “no” answer.

If “yes,” the proposal would continue to be evaluated on the following factors:

Financial Responsibility <ul style="list-style-type: none"> • Viability and profitability • Estimated Revenues to the State of Hawaii 	30
Qualifications and Experience <ul style="list-style-type: none"> • Experience in Similar Mixed Use Projects • Construction Value of Projects Exceed \$50 million • Size of Prior Projects that Exceeded \$1 million square feet • Marina Experience • Success of Previous Projects • Reference Check 	30
Appropriateness of the Project <ul style="list-style-type: none"> • Appeal of the “gathering place” • Iconic Public Facility Statement • Public Benefit • “Urban Village” Character • Parking Treatment and Adequacy 	20
Property Management Experience and Capability	10
Reasonable and Realistic Timeline	5
Experience in working with communities, public agencies and anticipated compatibility with HCDA and the State of Hawaii	5
Total	100

The evaluation factors for the “Best and Final Offer” phase were discussed and it was agreed through consensus to keep the weights/factors as proposed. However, Member Thomason requested that the “viability of proposal” factor be clarified. Mr. Dinell suggested that “(e.g. marketing)” be added after viability of proposal to make it a little clearer.

Member Goshi suggested, and the other Members present concurred that to make the task of reviewing proposals more manageable, the RFP should specify a submittal limit of no more than 75 pages excluding financial exhibits and visual representations.

Mr. Dinell summarized the changes and stated that these items would be incorporated in the final RFP pursuant to the Action Item that contemplated changes to be made under the direction and counsel of the Deputy Attorney General.

Mr. Takahashi again presented the staff recommendation requesting the Authority to authorize the Executive Director to issue the RFP and authorize the contracting of outside consultants to assist in the evaluation process and the expenditure of funds for that purpose. He stated that the RFP would be released one week after today’s meeting to allow for this final input to be incorporated into the RFP.

Chairperson Kometani asked for a motion to adopt staff’s recommendation with the RFP to be amended as agreed to during the discussion. Member Haraga moved to adopt staff’s recommendation. Member Los Banos seconded the motion. There being no further questions, a vote was taken and the motion was approved 10 to 0, excluding Kalaeloa Members.

Chairperson Kometani appointed the following Members: Members Goshi, Kimura, Liu, Thomason and himself to serve on the Task Force to review and evaluate the proposals as discussed.

5. Approval to Authorize the Executive Director to Negotiate and Execute a Lease for a Portion of CFS3 Access Drive and Pier 1 Egress Lane for a Radiation Portal Monitoring System

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

Mr. Kuitunen explained that the system is similar to an airport’s passenger security system except that instead of screening for metal, the containers are

screened for radiation. As the truck proceeds through the portal, the radiation detector on either side will detect if there is any radiation and what type it is. At this time the US Customs agent will check the manifest of the truck and see if the radiation reading is consistent with the manifest. Certain everyday products including floor tiles and certain crops such as bananas give off radiation. If the detection is consistent with the manifest the agent will let the truck pass. If it is detecting radiation that should not be in that container, then they have a second drive-thru for confirmation, and if it still does not pass, the truck will be directed to pull over and the driver instructed as to what to do.

Mr. Kuitunen identified where the station would be located on the HCDA access road to CFS3 warehouse. A booth will be placed next to the portal for the US Customs inspector allowing for easy access for the inspector to talk to the driver. This system is part of the Homeland Security requirements. The Pacific Northwest National Laboratory under the US Department of Energy is in charge of building the system, and US Customs will operate it. The actual lease will be with US Customs, which is asking HCDA to sign a lease for both portions of the property identified in the Action Item since HCDA owns both. The lease will be concurred to by the State Department of Transportation as the operator of Piers 1 and 2. Completion of construction is scheduled for June 2005.

Mr. Kuitunen explained that the federal government is not willing to pay any rent for use of the property, and is demanding a one year lease with four 1-year options followed by five 5-year options to extend. Eventually the federal government believes that the technology will improve and allow containers to be monitored as they are taken off the ships. In the future, the monitoring system will be located on the crane and would obviate the need for the portal. Both parties will have a right to cancel the lease with 30-day notice. HCDA will also have a right to cancel the lease for a portion of the access drive on 90-day notice if HCDA wants to redevelop that area. In that circumstance, an area has been designated for relocation of the Customs' booth to allow the Customs agent to talk remotely to the truck drivers, thus eliminating the need for the Customs booth at that location.

Mr. Kuitunen stated that it is HCDA's desire is to cooperate with the federal government and while the lease of the land needed is tied up for a length of time; the options to cancel will mitigate that factor, and as such should not impede further development of the area. The driveway will still be approximately 20 to 24 feet wide, which would allow vehicles to pass in both directions.

Staff's recommendation is to authorize the Executive Director to negotiate and execute the lease with U.S. Customs and Border Protection for a portion of CFS3 access road and egress lane at the Foreign-Trade Zone.

Member Haraga moved to adopt staff's recommendation. Member Kondo seconded the motion. There being no questions, a vote was taken and the motion was approved 10 to 0, excluding Kalaeloa Members.

6. Approval of Modifications, Joint Development and Planned Development Permit for the 909 Kapiolani Project (PD 1-04)

Matthew Akamu summarized the Action Item distributed to the Authority concerning this matter and made the staff recommendation.

Mr. Akamu explained that this is a follow up to the public hearing that was held on November 3, 2004 on the 909 Kapiolani Project by POSEC Hawaii. The site is located on Kapiolani Boulevard and Ward Avenue across the street from the Neal Blaisdell Center. The Project is a mixed-use planned development including residential, commercial and industrial uses and is a joint development between POSEC Hawaii and the Musicians' Association.

The Project is a 29 story tower with 225 residential units; 10,000 square feet of commercial area; 12,000 square feet of industrial area; and 457 parking stalls. It also calls for 7,000 square feet of open space.

The commercial aspect will be fronting Ward Avenue and Kapiolani Boulevard. The Musician's Association would have a rehearsal studio built in the new Project, which is considered as the industrial use. The existing Musician's Association building will remain as is, to be connected with the new Project. The Musician's Association building is a two-story structure. The first floor is designated for parking, the second floor holds offices and rehearsal studios.

The Project's open space is located on Kapiolani Boulevard and Ward Avenue. This is intended to create a plaza that is pedestrian-friendly and would complement the activity that occurs at the Blaisdell Arena across the street.

Specifically, the modifications as proposed by the developer include: reducing the Waimanu Street front yard to five feet to allow the building to encroach into the 15 foot front yard by 10 feet; allowing various encroachments into the Kapiolani Boulevard front yard and view corridor; extending two feet over the

45 foot height level of the podium; and reducing the size of a loading space from a large to a small size space. In addition, the applicant would like to have the storefront overhangs considered as open space which would allow the Project to conform to the 10 percent requirement for open space.

Mr. Akamu explained that in order for HCDA to approve the modifications, the applicant must fulfill the criteria for the modification. The applicant must demonstrate that: 1) the modifications provide flexibility and result in a development that is practically and aesthetically superior to the rigid enforcement of the Rules; 2) the modifications would not adversely affect adjacent developments or uses; and 3) the modifications will be consistent with the intent of the Mauka Area Plan.

Staff's evaluation of the project found that it provides an active, pedestrian-friendly environment with shops and open space along Kapiolani Boulevard and Ward Avenue. However, the 47-foot podium along Waimanu Street makes the proposed reduction of the yard along Waimanu Street from 15 feet to 5 feet objectionable. Staff finds that such a reduction of this yard would adversely affect adjacent developments or uses.

Staff recommends the yard along Waimanu Street be reduced to no less than 10 feet to help mitigate the "wall effect" created by the adjacent podium. Staff recognizes that this revision to the proposed modifications will require a redesign of the podium, and may also necessitate the addition of an extra level of parking.

Therefore, staff recommends approval of the modifications as proposed by the developer with some revisions. The revisions include: 1) reducing the Waimanu Street front yard to ten feet instead of five feet; 2) allowing additional encroachments into the Kapiolani Boulevard view corridor; and 3) adding approximately 11 feet to the height of the podium for an additional parking level, if needed.

Staff approved the other requested modifications to allow encroachments into the Kapiolani Boulevard front yard; include storefront overhangs as open space to meet the open space requirement; and reduce the size of the loading space.

Mr. Akamu explained the joint development portion of the project. The joint development includes: coordinated design of the podium with the Musicians' Association building; two driveways of the Musicians' Association would be closed and two new driveways would be shared; a new rehearsal studio with loading spaces would be provided for the Musicians' Association in the

podium; and the façade of the new rehearsal studio would be coordinated with the existing façade of the Musicians' Association building.

Staff concluded that the applicant appears to have satisfied the criteria for approval of a joint development, and staff therefore recommends approval.

Other permit requirements recommendations include: 1) the Project qualifies for a waiver from the reserved housing cash-in-lieu fee which has since expired; 2) the Project must pay HCDA public facilities dedication fee of approximately \$1.5 million (or combination of land and fee equivalent to the \$1.5 million); 3) address traffic circulation with a redesign of the Kapiolani driveway to include a median that would separate ingress and egress by restricting left turns onto and off of Kapiolani Boulevard and to provide safety for pedestrians crossing the driveway; and 4) other recommendations in the staff report proposed for approval (regarding comments as to the special urban design which would require the applicant to coordinate its design with the City on the bus stop and the Kapiolani Driveway, as well as providing the appropriate street trees along all frontages of the property, etc.).

In summary, staff is recommending approval: 1) of the proposed modifications of the Planned Development Rules for front yards, view corridors, open space and loading with revisions as described in the staff report; 2) of the joint development between POSEC Hawaii and Musicians' Association; and 3) to authorize the HCDA Chairperson to issue a planned development permit which would be approved after the applicant has submitted an appropriate redesign of the Project based on the requested revised modifications.

Chairperson Kometani asked for a motion to approve staff's recommendation. Member Lai moved to adopt staff's recommendation. Member Kondo seconded the motion. Discussion ensued.

Member Goshi questioned if the revisions were in agreement with the developer.

The developer's representative Mr. Hong Lee, responded in the affirmative.

There being no further questions, a vote was taken and the motion was approved 9 to 0, with 1 excused (Member Haraga) also excluding Kalaeloa Members.

VI. ADJOURNMENT

There being no further business, it was moved by Member Thomason and seconded by Member Goshi to adjourn the meeting at 11:47 a.m. The motion passed 9 to 0 with 1 excused (Member Haraga) and excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Paul Kimura
Secretary