

SUMMARY - MEETING NO. 302  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
State of Hawaii

February 1, 2006 – 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, DBEDT); Grady Chun; Michael Goshi; Paul Kimura; James Kometani; Jonathan Lai; Stanley Shiraki (for Georgina Kawamura, B&F); and Katherine Thomason (for Russ Saito, DAGS).

Kalaeloa Members: Linda Chinn (for Micah Kane, DHHL); Henry Eng (DPP); Evelyn Souza; and Maeda Timson.

Members Absent: Rodney Haraga (DOT); Gary Kondo; Kay Mukaigawa; and William Aila, Jr. (Kalaeloa Member)

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Stanton Enomoto; Neal Imada; Arnold Imaoka; Richard Kuitunen; Cal Machida; Deepak Neupane; 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 February 1, 2006, by Chairperson James Kometani at 9:04 a.m. with the following roll call:

Chairperson Kometani	Present
Member Anderson	Present, Left at 11:10 a.m.
Member Chun	Present, Arrived at 9:30 a.m.
Member Goshi	Present
Member Kimura	Present, Left at 11:10 a.m.
Member Lai	Present, Arrived at 9:55 a.m.

Member Shiraki	Present, Arrived at 9:09 a.m.
Member Thomason	Present
Member Chinn	Present, Left at 10:08 a.m.
Member Eng	Present, Left at 10:08 a.m.
Member Souza	Present, Left at 10:08 a.m.
Member Timson	Present, Left at 10:08 a.m.

## MATERIALS DISTRIBUTED

1. Agenda for February 1, 2006, Meeting;
2. Summary Minutes of Authority Meeting of January 11, 2006;
3. Report of the Executive Director;
4. Kalaeloa Status Report;
5. Information Item: Summary of Final Revisions to the Draft Kalaeloa Master Plan;
6. Information Item: Kakaako Waterfront Project: Additional Presentation by Save Our Kakaako Makai on its “People’s Preferred Plan”;
7. Executive Session Item Pursuant to Section 92-5(a)(4), HRS: Proposed Settlement in the American Brewery Lawsuit with Media Five’s Subcontractor, CJS Group – Architects, Ltd.;
8. Kakaako Makai – The People’s Preferred Plan by Save Our Kakaako Makai (distributed at the meeting);
9. Kakaako Makai – The People’s Preferred Plan Financial Supplement by Save Our Kakaako Makai (distributed at the meeting);
10. Testimony from Chuck Pearson (distributed at the meeting); and
11. Testimony from Charles Palumbo (distributed at the meeting).

## II. APPROVAL OF MINUTES

Approval of the minutes was deferred until there were enough Kakaako Members in attendance to approve the minutes. Chairperson Kometani requested the Executive Director to present his report.

### III. REPORT OF THE EXECUTIVE DIRECTOR

Daniel Dinell noted that the full Executive Director's report was enclosed in the packet distributed to the Authority Members, and highlighted and updated the following:

- Mr. Dinell reported that staff is continuing review of the Mauka Area Plan and Rules. The next steps include consulting with key stakeholders on issues and opportunities through an Advisory Committee. The first committee meeting is anticipated in February 2006.
- The Housing Subcommittee was appointed on August 3, 2005, and consists of Members Lai and Mukaigawa along with Kawamura and Liu or their designees. The Subcommittee will determine how HCDA can contribute to the development of workforce/affordable housing. It is anticipated that the Subcommittee will meet again in February 2006 and make its report to the full Authority in March 2006 or soon thereafter.
- The Kewalo Basin Administrative Rules have been drafted with the assistance of an Advisory Task Force that includes representatives from the tour boat operators, longline fishing industry, and fishing charter boat operators, along with A&B Properties, Inc., Department of Transportation - Harbors Division, and HCDA. The Advisory Task Force met twice in January, and is scheduled to meet again on February 3. HCDA presented the draft rules to the Small Business Regulatory Review Board (SBRRB) on January 10. The SBRRB had some comments and suggestions, and recommended the Governor's approval for HCDA to conduct a public hearing.
- The contract to sell unit 1606 at 1133 Waimanu Street to a qualified reserved housing buyer should close in February 2006.
- Mr. Dinell pointed out that staff has not received the executed Exclusive Negotiations Agreement document for the Cancer Research Center of Hawaii sent to the University of Hawaii (UH) on December 14, 2005. Nor has the University sent in their monthly progress report or business plan for the clinical portion for the Center.
- There are various measures that have been introduced into the 2006 Legislature that affect HCDA, impacting both the Kakaako and

Kalaeloa districts. Mr. Enomoto will report separately on the Kalaeloa items.

Legislation impacting all of HCDA:

1. Amending HCDA's power as it relates to disposition of property;
2. Changing the composition of the Board by adding two Members, one from a list submitted by the Senate President, and the other from a list submitted by the Speaker of the House;
3. Requiring legislative approval of HCDA's Master Plans; requiring posting of meeting notices, proceedings and meeting minutes (something that is already in practice); mandating public hearings be held separately from decision-making; and not expending any funds on new infrastructure projects without legislative appropriation; and
4. Abolishing HCDA and returning jurisdiction over lands under the Authority's control to the City and County of Honolulu.

Legislation impacting Kakaako only include:

1. Redefining the geographic area covered in the Kakaako Community Development District – carves out a portion of central Kakaako and places a moratorium on infrastructure and street improvements until the end of this year. Another bill, an Administration Bill, removes Piers 1 and 2 from HCDA's jurisdiction and transfers it to the Department of Transportation;
2. Directing HCDA to establish a high technology district of at least 50 acres centered on the medical school;
3. Relating to the Waterfront Request for Proposal, one measure would reimburse A&B Properties, Inc. for the costs of creating its proposal for the Kakaako development, while another would allow HCDA to issue revenue bonds to pay for development of Kakaako Makai; and

4. Authorizing the University of Hawaii to construct a parking structure in Kakaako Makai.

Staff is also tracking numerous measures, including the issue of eminent domain in the case of economic development, which the U.S. Supreme Court case ruled on last year. Mr. Dinell pointed out that HCDA does not currently have the powers of condemnation for economic development. The only condemnation power HCDA has is for public facilities such as roadways, schools, and similar public facilities. Staff's general approach to these measures are to recognize the Legislature's prerogatives; point out the results HCDA has achieved in its legislatively mandated mission; and inform the public and Legislators on the implication of each particular proposal.

Chairperson Kometani asked if there were any questions for the Executive Director.

Member Kimura expressed his concerns regarding the ID-11 section of the Executive Director's Report. His first issue was acting before the Mauka Area Plan review was finished, which would defeat having the plan. The second issue was that he wanted to wait until the rules were completed. Member Kimura stated that the rules can be changed, but the road cannot be changed once it is done. If a mistake is made, the State cannot go back and redo the road. He suggested waiting until after the rules were completed and approved by the Authority. Member Kimura asked if the 60-foot right-of-way was taken from the preliminary report and if the Authority had to adopt it or whether it could be changed.

Mr. Dinell replied that the Authority can change it; however, the City has already indicated that the right-of-way is what they want in terms of the traffic lanes and the sidewalk. Mr. Dinell stated that by law, HCDA has to dedicate the improvements to the City which is what staff is doing.

Member Kimura stated that he saw parking meters on the three-lane street on Queen Street near Kamakee Street and asked whether that meant that the City had accepted that portion.

Mr. Dinell responded that HCDA was not collecting the money for the parking meters and that it was probably the City, but he didn't think that the City had accepted that portion.

Member Kimura expressed his opinion that a fourth lane on Queen Street was unnecessary. He stated that the East to West traffic gets jammed because of the Mauka to Makai streets, which aren't adequate to handle the traffic, and that it wouldn't matter if the roadway contained four, three or two-lanes. Member Kimura

believes that it would be counterproductive to the community and harmful to the businesses to have a four-lane street.

Member Kimura expressed his concern that the process was “not public enough.” He complained that the hearings were held after the plan was finished. He stated that there were a lot of business owners that do not want or like the things that came out of the project. Although hearings were held, the businesses’ concerns were not adequately addressed.

Member Kimura sees the ID-11 project as a “loss” for small businesses. The small business will lose because of the construction time, which is estimated between 18 months to two years; they will lose business; they will lose parking; and they are going to be assessed for the improvements. Member Kimura believes that this will harm the businesses.

Member Shiraki questioned the status of the contract.

Mr. Dinell responded that the contract has been awarded and notice to proceed has been given.

Member Shiraki asked when was the notice given and what is the current status.

Mr. Dinell replied that it was issued in July 2005 and that staff is currently waiting for the final plan approval from the City.

Member Shiraki questioned why it went out to bid without the plan approval.

Mr. Dinell responded that the contractors bid on the set of plans that were drawn up and taken to the City several times for preliminary review. The City has not given their final approval on the construction documents yet.

Member Shiraki stated that he agreed with Member Kimura and questioned the four-lane street versus three lanes and asked if that issue was closed.

Mr. Dinell replied that it was addressed on page three of the “Recap of the Issues and Concerns.” Building anything less than four lanes would be short sighted because it is four lanes at Cooke and Kamakee Streets; creating an intentional bottleneck seems counterproductive. The right-of-way width is also in line with the recommendation of the various traffic studies.

Member Shiraki asked whether there was parking on the street in a four-lane configuration.

Mr. Dinell responded in the affirmative, that there would be parking along the curbed lanes in both directions.

Member Shiraki asked for clarification whether it was four lanes plus an additional two parking lanes.

Mr. Dinell answered that it is a total of four lanes - two traffic lanes and two parking lanes in the 60-foot right-of-way. The two parking lanes could have the possibility of peak hour tow-away zone similar to King Street. Although it is called a four-lane street, it is two traffic lanes and two curbed parking lanes.

Member Kimura stated that Queen Street is a dead end street because it ends at Ala Moana Center and at Bethel Street and questioned why a dead end street is considered a major thoroughfare.

Mr. Dinell replied that is what the Mauka Area Plan calls for and that Queen Street is considered to be a major street.

Member Kimura asked how it could be considered a major street if it dead ends at both sides.

Mr. Dinell responded that the street carries a certain amount of capacity that is necessary for the Kakaako development plan.

Member Kimura didn't agree with that. He stated that Kapiolani Boulevard and Ala Moana are main thoroughfares and Queen Street is a community street. In the afternoon, traffic backs up at Mililani Street because commuters want to get on to Nimitz Highway or onto Bethel or Alakea Streets.

Mr. Dinell pointed out that at the last meeting, testimony presented by a business owner stated that traffic was backed up on Queen Street in the Diamond Head direction in its existing configuration in the afternoon.

Member Kimura stated that it was because the street dead ends at Piikoi. He reiterated that he couldn't see it as a main thoroughfare.

Member Shiraki voiced his concern that he voted for the project but later found out that it was based on a City requirement that was done in 1982. He thought it was based on a recent traffic study.

Mr. Dinell pointed out that on page two of the "Recap," it states that a traffic study was completed in 1997 as well as 2005. Although the right-of-way was set many years ago, recent traffic studies show the continual need for the capacity.

Member Kimura commented that there are two issues: the assessment and the four-lane street. If the two issues were resolved, then the problem would go away. Traffic is backed up on Queen Street because commuters cannot get onto the Mauka to Makai Streets. Concessions have been given to big businesses and Member Kimura suggested the same be done for the small businesses.

Chairperson Kometani asked whether there were any other comments.

Member Timson suggested that the Housing Subcommittee should also look at Kalaeloa as one of the options for affordable housing.

Mr. Dinell replied that it was a good point and that he would ensure that it be included.

Member Anderson questioned whether there was cause for concern that the University of Hawaii has not responded to inquiries regarding the Cancer Research Center.

Mr. Dinell replied that he wanted to inform the Authority that staff did not receive the agreement or the monthly status report from the University. However, staff will continue to work with the University and provide an update next month.

Member Timson commented that the Executive Director's Report stated that the date the agreement was sent was listed as December 2006 and questioned if that was a typo.

Mr. Dinell responded that it should have been 2005.

Chairperson Kometani stated with Member Shiraki's arrival, there were now enough Kakaako Members present for the Authority to take the approval of the minutes into consideration.

## II. APPROVAL OF MINUTES

### 1. Minutes and Summary

Chairperson Kometani asked if there were any corrections to the minutes of the regular meeting of January 11, 2006. There were no corrections and it was moved by Member Thomason and seconded by Member Anderson to approve the minutes as written. The motion passed 6 to 0 with 2 excused (Members Chun and Lai).

#### IV. ITEMS FOR INFORMATION

##### A. Kalaeloa Status Report

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

Mr. Enomoto deferred his report regarding the Master Plan as an Informational Item would follow.

Mr. Enomoto announced the appointment of Pearlyn Fukuba as the Kalaeloa Program Specialist. Ms. Fukuba was previously with Department of Land and Natural Resources (DLNR) where she worked for 15 years in positions ranging from the Office of the Chairperson to, most recently, the Division of Boating and Ocean Recreation. She is expected to start on Thursday, February 9.

Equipment and furniture will be moved to the Kalaeloa field office, located at Building 1756, which is at the intersection of Yorktown and Enterprise. It is anticipated that the office will be set up by the end of February.

Mr. Enomoto reported that there have been a number of reports in the newspaper regarding an aircraft carrier strike group being stationed in Hawaii. It is anticipated that the news will be released on February 6, in the Quadrennial Defense Review. Staff hopes there will be some indication of the Department of Defense's intentions. The Department of Defense will also release its FY2007 annual budget around the same time, so that could also serve as an indication whether the carrier strike group will be coming to Hawaii.

It was reported by Mr. Enomoto that there are several bills in the Legislature dealing with Kalaeloa. One of them is Senate Bill 2541, which appropriates \$5 million for infrastructure improvements to the district. Since there is no administration request for funding, this is the only legislative funding measure for Kalaeloa.

The other series of bills carried over from last year's session deal with the tax credit associated with the establishment of a racetrack or motor sports facility in Kalaeloa. No hearings have yet to be scheduled on any of these bills. Last session, informational testimony was submitted noting that the parcel was owned by Department of Hawaiian Home Lands (DHHL) and that it was a business relationship between the developer and DHHL. Also, testimony

deferred to the Department of Taxation on the merits of the tax credits. Mr. Enomoto reported that the racetrack was included in the Master Plan as a recreational use.

Chairperson Kometani asked whether there were any questions or comments regarding the Kalaeloa Status Report.

Member Timson welcomed Ms. Fukuba. She also commented that it is more than just a racetrack issue, but that it also deals with the homeporting issue and the fact that there is a non-decision on moving forward from the Navy. Member Timson suggested getting the Navy on board because the plan is worthless if nothing can be done with it.

Member Timson noticed on her last visit to Kalaeloa that the area is deteriorating and the squatters are back on the beach. She also mentioned that there was a concern about road safety because people are cutting through Roosevelt Avenue and using it as a main thoroughfare between Ewa Beach and Kapolei, creating a dangerous situation.

Member Anderson asked for the definition of eco-industrial zoning.

Mr. Enomoto replied that it is a catchall land use designation in the Master Plan, for the areas near the flight paths of the runway, where vertical development is restricted. The Planning Team thought that there was an opportunity for “green” research and development. Thus, land was set aside where this could be explored not only for alternative energy, but ocean-related work as well. The Board of Water Supply has its reverse osmosis facility in the southwest corner. These types of activities could be expanded. The Planning Team did not want to limit it to alternative energy so the catchall phrase “eco-industrial” was adopted.

Member Goshi wondered whether there were warehouse facilities that could accommodate indoor facilities for volleyball, soccer and basketball. He noticed that this practice was done in California. This would give youth an opportunity to play since there were limited facilities currently available.

Mr. Enomoto reported that the Navy notified him that they are now in the process of conducting a short-term leasing program through Colliers Monroe and Friedlander. Since the Navy is freeing up some of its facilities, there may be a possibility for sports related functions.

Mr. Enomoto brought up a safety issue with the Navy in regards to street lighting in Kalaeloa. The street lights do not work at night except in some

sections of the downtown area. Hope Chapel just moved from Kapolei High School to Barbers Point Elementary School and they complained it was pitch black at night. Mr. Enomoto is working with the Navy to get those lights turned on, but the issue is complex because the federal government owns the light poles, yet some of the roads are owned by the State Department of Transportation and other roads are owned by the City Department of Transportation Services.

Member Timson agreed with Mr. Enomoto that there are a lot of possibilities. The Navy has an agreement with the City for use of some of the ballparks that they lease for a \$1 a year, but pointed out that there is no public transportation in Kalaeloa. Thus, even if the facilities are provided, it will be difficult for kids to get there. Member Timson commented that she personally wouldn't want any of her children going there if there wasn't any lighting and the area looked like a dump.

Chairperson Kometani commented that since the Navy is starting to lease out properties, they must have a plan to provide power and electricity. He asked Mr. Enomoto to obtain a report of the Navy's marketing strategies because that should trigger some questions on utilities and infrastructure.

Member Goshi commented that there is tremendous parent support to drive the kids around, but the point is that they just need a place to play and it would be nice to see a facility on West Oahu.

Member Eng commented that as the leases are being negotiated, some consideration should be given to the possibility of securing some community benefits. Businesses may be energized to add some improvements that will benefit the companies as well.

Mr. Enomoto responded that he would follow up on Member Eng's points with the Navy and perhaps have them provide an informational update to the Authority on the details and specifics of its recent program.

Member Souza commented that there has been talk for many years about the raceway park facility. Mike Oakland has been trying to secure funding from the Legislature for the raceway facility, but so far has been unsuccessful. Belt Collins reported on alternative uses for Parcel 9 for the National Guard and Coast Guard. She asked whether it would benefit the community to look at the alternative of expanding the National Guard and Coast Guard instead of having a raceway park should the plans not come to fruition.

Mr. Dinell answered that the Master Plan provides that flexibility because the landowner of Parcel 9 is DHHL. The plan states that should a raceway park occur on this parcel it is compatible and should it not occur, something else could be accommodated. Military and eco-industrial uses are available near the runway. There currently is an existing agreement between DHHL and the Hawaii Raceway Park that HCDA is not a party to.

Member Souza questioned how long we would have to wait because it has been many years.

Mr. Dinell replied that he didn't know if there was an answer to that. The Master Plan is a 20-year plan that could accommodate either a raceway park or other facilities on Parcel 9.

Member Timson interjected that the issue was not about the raceway park, but not having the capability to move forward. The raceway park issue is between DHHL and Hawaii Raceway Park and the Authority shouldn't get involved. The issue is more about trying to move forward in providing opportunities no matter what activity occurs on that parcel.

Chairperson Kometani stated that those points were well taken.

B. Summary of Final Revisions to the Draft Kalaeloa Master Plan

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

Mr. Enomoto reported that the Draft Kalaeloa Master Plan was completed in September 2005 and distributed the report to the public and other government agencies for review. A public hearing was held on November 2, 2005, at which time oral and written testimony was provided from various agencies and concerned individuals. At the December 2005 Authority meeting, Mr. Enomoto provided the Authority with a table listing the various comments and corresponding responses. At that time, he recommended to the Authority to postpone the final approval of the Master Plan until early 2006 to wait for impending word from the Department of Defense on the carrier strike group homeporting issue.

The comments received on the Draft Master Plan were by and large supportive of the Plan and HCDA's efforts to pursue redevelopment of the area. Of the concerns that were raised, many of them pertained to follow on actions on timing and implementation which is beyond the scope of the

Master Plan document, but would be addressed in follow on steps. The Master Plan and Appendices were also reviewed for consistency and most of the revisions revolved around the details of the infrastructure improvements and costs associated with that. Mr. Enomoto noted that the text changes were included in the Members' packet as Exhibits A & B.

Mr. Enomoto highlighted some of the changes that were made at the request of the reviewing agencies. The U.S. Coast Guard requested part of its text to be deleted, which was subsequently done. DHHL had some concerns about designating the road where North South Road ends and ties into Keoneula Boulevard extending into Ocean Pointe. Mr. Enomoto asked whether the Authority Members had any suggestions as to names, otherwise it will be referred to as "Keoneula Connector Road." Pending the Navy's decision, amendments will be made to update the text to reflect the Quadrennial Defense Review and 2007 Department of Defense budget.

Concerns raised by the City and County of Honolulu (City) included: HCDA's statutory authority through rule making to establish land use entitlements or zoning in Kalaeloa; High Capacity Transit Corridor alignment and its relation to the Ewa Development Plan; and overall consistency between what is being proposed for Kalaeloa and the City's existing land use ordinance and design standards. Mr. Enomoto followed up with the Attorney General's office and reaffirmed that HCDA pursuant to Chapter 206E-7 does have the authority to establish zoning through adoption of administrative rules. Mr. Enomoto had discussions with the City Department of Transportation Services and they included the Master Plan's alignment as one of the alternatives in their planning study for the transit route. Staff is trying to maintain the greatest degree of flexibility on the right-of-way because the goal is to get people into the district. Staff acknowledged that there are differences between the existing City Land Use Ordinance and the Urban Design Guidelines contained in the Master Plan. However, staff considers these guidelines as a means for HCDA to further collaborate with the City on a set of standards that can be codified into administrative rules for the district.

In the Chamber of Commerce of Hawaii's comments to HCDA, it believed that HCDA had not done sufficient consultation with the Navy, Coast Guard and other government entities particularly regarding the homeporting issue. In November of 2005, the Navy had not submitted formal comments to the Master Plan. However, on December 19, 2005, Admiral Mike Vitale, Commander of the Navy Region in Hawaii, sent in comments that stated, in part, that "the plan is an excellent endeavor in providing vision and the means for achieving center of excellence for the community." Admiral Vitale further went on to acknowledge that the Navy had no major objections or concerns

with the Master Plan at that time. He did, however, note that should the Department of Defense and the aircraft carrier come, they maybe able to provide more specific comments at that time.

Over the next month, Mr. Enomoto will be making the final revisions to the Master Plan and reviewing both documents for inconsistencies. The results of the 2005 Quadrennial Defense Review report will be integrated into the Master Plan and final edited version will be posted on HCDA's website. Mr. Enomoto will contact those who submitted testimony and inform them of the final plan that will be brought up for adoption on March 1. Once the Master Plan is adopted, copies will be sent to the Governor and Navy for approval and concurrence. That will set the groundwork for the next phase of activity in Kalaeloa and, most importantly, preparation of the administrative rules.

Member Eng commended Mr. Enomoto for considering the comments from the City and County. He informed the Authority of a bill in the Legislature that would require 60-day notification to the military prior to public hearings for projects of this type. The City and County is somewhat concerned about that, as it might conflict with other processing schedules; the City and County notice is usually 10 days prior to the public hearing. If the legislation should pass, it might affect some of the Authority's activities.

Chairperson Kometani inquired about the process, assuming the Master Plan is adopted on March 1, 2006. The Plan would then go to the Governor for signature. He asked if after the Governor approves the Plan, would it then be expected that Administration bills or budget requests would provide funding for the infrastructure to carry out the plan.

Mr. Enomoto responded that there is legislation, introduced by Senator Espero, this session that proposes \$5 million for infrastructure. Once the Plan is adopted the next key document is the administrative rules, which will set the zoning in Kalaeloa.

At the March 1 Authority meeting, Mr. Enomoto will also be asking the Authority's approval to release funds to enter into a contract for preparation of administrative rules.

Chairperson Kometani asked whether the lands that are being brokered are spoken for and whether it was possible for HCDA to receive some lands.

Mr. Enomoto replied that it is a possibility. There are about 280 acres of unallocated land. It is mostly undeveloped, open space. Initially land was set

aside for DLNR, but they have since retracted their interest and there is no other government entity stepping forward. If the Authority desires, there could be a possibility to negotiate for receipt of these lands to retain as open space, which would be consistent with the Master Plan.

Member Timson commented that the Housing Subcommittee would have more work for them to look at a piece of land before the Navy moves on it. In the old redevelopment plan the Navy gave the agencies the land for free and if it went to a State agency it would be used for the public.

Chairperson Kometani welcomed Pearlyn to the HCDA staff. He requested that the minutes reflect that Members Chun and Lai were in attendance. He also acknowledged Representative Anne Stevens in the audience.

There being no further comments, Chairperson Kometani called a recess at 10:08 a.m. to allow Kalaeloa Members (Members Chinn, Eng, Souza, and Timson) to depart, as the remaining agenda items were Kakaako related.

The meeting reconvened at 10:14 a.m.

C. Kakaako Waterfront Project: Additional Presentation by Save Our Kakaako Makai on its "People's Preferred Plan"

Deepak Neupane summarized the Information Item distributed to the Authority concerning this matter.

Member Anderson questioned whether it was proper to evaluate the People's Preferred Plan since HCDA is in the middle of a Request for Proposal (RFP) process, which is quite specific and must comply with State law. He asked what the Authority Members' responsibilities were during the presentation, whether they are just gathering information or supposed to evaluate the plan.

Mr. Dinell replied that staff checked with the Deputy Attorney General for the Department of Accounting and General Services who specializes in procurement. She stated that the Authority cannot entertain the People's Preferred Plan because it is an unsolicited proposal that is outside of the RFP process. However, the Deputy Attorney General's advice was to consider it as constructive public criticism. In terms of the Authority's responsibility, it would be to listen and ask questions. The Authority's options are still guided by the RFP, which allows coming to terms with A&B Properties, Inc. (A&B) or moving to the second ranked offeror or canceling the RFP. Selecting the People's Preferred Plan is not an option. The Deputy Attorney General

recommended in the interest of the public to listen to the input since the group asked to present their plan. Staff sent a letter to Save Our Kakaako Makai representative asking for further information to understand the plan better, and the group is here to present that additional information. Mr. Neupane will first give an outline on the status of the RFP process.

Chairperson Kometani commented that since the additional details on the plan was just received; he didn't expect that Members had the opportunity to read through it. He suggested that Members just listen to the presentation.

Member Anderson asked if it was proper to evaluate the presentation or just absorb the information.

Chairperson Kometani stated that if there were any questions, he would direct the group to work with the staff and questions would be directed through the staff.

Mr. Neupane reported that on September 14, 2005, the Authority selected A&B as the master developer of the Kakaako Waterfront. In December 2005, A&B submitted a revised proposal and in January 2006, the Waterfront Subcommittee presented its recommendations to the Authority on the revised plan. On the same day, Save Our Kakaako Makai presented its "People's Preferred Plan" for the waterfront. Staff provided a response to the plan as attached in the Members' packet as Exhibit A.

The procurement process precludes the Authority from considering any proposal outside of the RFP, but that does not prevent any other interested groups from submitting a proposal. The Authority may or may not comment on it. Staff provided to the group a guideline for the minimum requirements of such a proposal. The recommendations from the Subcommittee have been provided to A&B for their review. Staff is currently working on a Letter of Intent (LOI) with outside legal counsel and will be transmitting that document to A&B for their review. Staff could possibly return to the Authority in March to present the LOI.

Member Anderson questioned if staff provided the guidelines to the group, and that it sounded like HCDA was asking for a proposal.

Mr. Neupane replied that the guidelines were sent with the response to the Save Our Kakaako Makai group. There are certain standards for minimum information needed in the proposal and that was provided as a guideline.

Chairperson Kometani stated that at last month's meeting, there were questions asked of the presenters and those questions went in writing to the group.

Mr. Neupane commented that the letter was clear that it is considered as an unsolicited proposal and that the Authority could not consider the proposal.

Mr. Dinell added that the last paragraph of the letter states, "we trust that you understand that under State law, HCDA can not legally consider the unsolicited plan presented at our January 11, 2006 meeting." Staff was conveying that if the group wanted to pursue the plan, it would be at their own risk because it was outside the RFP process. Staff tried not to encourage or discourage them by saying that in order to have a competent proposal the guidelines provided was the type of information necessary. Since the procurement process is very specific, all the Authority can do at this stage is either to consummate an agreement with A&B, begin negotiations with the second ranked offeror or cancel the RFP.

Member Anderson said that he raised the question because he wanted to make sure that the Authority wasn't breaking State law.

Mr. Dinell suggested asking the group if they understand that it is an unsolicited proposal.

Member Lai asked if any of the groups (finalist or presenters), would have the same opportunity that the Save Our Kakaako Makai group is having.

Mr. Dinell responded that the advice from the Deputy Attorney General is that they can, and an example of that is the letter Kewalo Nui sent in January 2006, reiterating their interest in the project. The feeling was that this is of such major public interest that the Authority should not discourage public input and, in fact, encourage public input with the recognition that HCDA is bound by State procurement law. He asked Michelle Matson, who represents Save Our Kakaako Makai, whether the group understood what was transmitted in the letter and discussed today.

Michelle Matson stated that she is part of the Save Our Kakaako Makai Group and that they are clear on the RFP procurement process. She stated that they understand that A&B prepared a plan and put in certain amount of effort to the plan. However, the community feels strongly that HCDA needed to do proper outreach with the community. Ms. Matson stated that there is a misconception; they are not master developers, but are people of Honolulu, the users of the shoreline, the advocates for a better quality of life.

Ms. Matson went on to explain that the People's Preferred Plan centers on open landscape, green space that sweeps the shoreline. It is a plan for recreational and educational opportunities and cultural experiences. The plan is low profile and low impact, costing approximately one-tenth of A&B's plan. It places public value over private money. It is a plan for the people and for the public benefit of the residents and visitors.

An estimated 25,000 to 30,000 people will be living and working in Kakaako Mauka. According to planning standards, they will need at least 50 acres of usable and level park land to ensure a healthy quality of life. The area provides a landscape green open space for recreational activities, barbecues, and native Hawaiian trees and plants will renew and refresh the land. Local residents will be able to get away from the density and congestion of the city to soak in the shoreline surf and enjoy the spectacular sunsets.

There is enough room in the unused portion of the Waterfront Park for a Hawaiian Performing Arts Center. It will be near the planned Office of Hawaiian Affairs' (OHA) center and will provide a free place for the Hawaiian community to practice and host public performances. The Performing Arts Center could also be rented for other major cultural events. It would be a centerpiece of Hawaiian architecture set back from the shoreline and easily accessible by residents and visitors alike.

The Gateway Park and new Bandstand is ideal for multi-cultural celebrations and festivals with ethnic foods and crafts. There would also be plenty of parking in the surrounding area adjacent to this landscape open space.

The Kakaako Community Center is a facility for gatherings and functions for the entire community. The Farmers Market and Fish Market will combine wholesale and retail operations to provide fresh produce and fish to local restaurants and to the people of Honolulu. The symbolic combination conveys the Hawaiian cultural practice of trading within the ahupuaa from the mountains to the sea.

Across the park, Kewalo Basin provides a shelter boat bay for keiki fishing, and launching canoes where a new paddling club might be born. A seafaring shrine graces the channel to serve as a beacon and monument to both paddlers and canoes, boats and sailors, restrooms and a concession building complete the park to serve the users. On the peninsula beyond, improvements will also include a pavilion with restrooms and native Hawaiian landscaping. The Kewalo Boaters Association has expressed the need and desire for additional appropriate ancillary facilities.

The traditional Hawaiian Village encompasses cultural and educational experiences for both residents and visitors. Points of interest are:

- Bike path called, “Lei of the Land” that hugs the promenade along the water and meanders out into the park grounds and beyond;
- Menehune fishpond, which flows along the boundary and surrounds the recess of the basin;
- Mauka Makai stream that meanders through and around the central area of the village interspersed with kalo and loi and adjacent to large boulders for sitting and talking among the native plants;
- Makahiki area within a native Hawaiian tree forest where there will be demonstrations of Hawaiian games and martial arts;
- Storytelling of Hawaiian history and legends that would take place in the Na Hale story huts, each with a different era including that of the monarchy and also multi-ethnic immigrants from many lands. The experience would be enhanced with dramatic lighting and comfortable and formal seating;
- Ancient chants and hula performed and demonstrated at the Alii court mound in the open area nearby;
- Heiau;
- Traditional Hawaiian canoe building shack where there would be Hawaiian sailing canoes being built, repaired or sheltered. Demonstrations could also include participation by visitors in traditional ways of crafting canoes and materials used;
- Native Hawaiian practices of reading the stars to navigate and marine conservation management could be taught; and
- Surfing and water sports and exhibition hall would offer permanent and rotating exhibits centered on famous Hawaiian waterman and Olympic champions. Reciprocal packages might be offered within the maritime museum with a shuttle traveling between. The exhibition hall would be no more than three stories tall with a panoramic view from a seafood restaurant located on the top floor. On the ground floor will also be a gift shop for books, local products and memorabilia associated with the various exhibits.

An informal restaurant and refreshment concession will serve the needs of those planning to stay only a while between shopping and leaving for the airport. An all day pass would be provided with the admission fee for those wishing to spend the whole day.

Ms. Matson believes that this is a viable project both financially and functionally. The group has consulted with City and State personnel on budgetary financing and maintenance questions. The cost for the user for this cultural and educational experience is economically reasonable in comparison to different all day attractions further away from the urban center.

Ms. Matson noted that the financial supplement shows that a non-profit partner could provide additional benefits and the financial forecast listed shows admissions and rent revenue with OHA's 20 percent share and the cost of construction and its funding along with operations and maintenance. The projections of income flow begin with the project's first complete year and the pay down of principal and interest in the 20<sup>th</sup> year.

Ms. Matson explained that Ala Moana and Kapiolani Parks are crowded and over burdened and visitors will be able to get a little culture in their lives. School children will learn through stories and exhibits, the history of the land and about the traditional practices of their host culture. Unlike other proposals, the People's Preferred Plan respects the aina and communities direct needs.

Save Our Kakaako Makai group believes that it is important that the Hawaiian community have a major part in the replication of the village because it is their expertise and knowledge of their heritage and historic legacy that will be preserved and remembered in all facets of the cultural experience.

Ms. Matson concluded by stating that this was an informational presentation and welcomed the Authority to review the materials provided and get back to them with any questions.

Member Anderson stated that he had a chance to review the plan and noticed that the Hawaiian Fishing Village was a key component of the plan. Since an admission fee would be charged to get into the Hawaiian Fishing Village and additional admission fees for each of the attractions will be charged, he asked Ms. Matson whether the group envisioned a fence around the Hawaiian Fishing Village.

Ms. Matson replied that she didn't think that would be in keeping with the native Hawaiian landscape and also the mana that they wanted to create. The group would want an open landscape for all the people to use the parks, but understand that is not feasible because revenues are needed to support public facilities. The State is conscious of this and has helped with Diamond Head but there is only so much the State can do and the same goes for the City. Currently, the Diamond Head Advisory Committee is moving into a non-

profit foundation structure to be able to secure revenues and move forward on the master plan which is very expensive. Admissions for the Hawaiian Village are nominal, \$20 for adults and \$10 for children. The inside storytelling hale are optional for people to choose at \$5 a piece for adults and free for children. The fees are necessary to maintain the facilities and pay for performers and people who will be working there. The group would like to share this cultural experience with everyone.

Chairperson Kometani asked if there were any other questions. There were none. He thanked Ms. Matson for her presentation. Chairperson Kometani asked if there was anyone else who would like to make comment.

Nancy Hedlund stated that she serves on the neighborhood board for Kakaako and Ala Moana. She commented that everyone did a lot of work for the presentation and that she is also been part of the group. The argument was made that State lands need to be sold for expensive condos to pay for the public facilities. Ideas are coming forward because the group felt that couldn't be the only solution to the problem. The planning shows that there are other ways to think about the use of the land and how to make it pay for itself. The group does not completely understand why parks have to pay for themselves because no one is proposing high rises in Kapiolani Park or on Magic Island. The group wants the Authority to hear that there are other viable alternatives.

In a master planning process, the people come forward with ideas before they actually start writing the RFP. A master plan should resonate what the community wants. If the RFP is cancelled, there are some good ideas to start with.

Chairperson Kometani stated that there were individuals signed up to testify and he would take them in order of sign up. He reminded them that their comments were limited to three minutes.

Bill Littell stated that he is a private citizen who has lived in Hawaii for 35 years and has seen Kakaako during its darkest hour. He stated that everybody has good ideas but nothing gets done. Mr. Littell thinks that A&B has come up with a good proposal and the Save Our Kakaako Makai has too. His concern is having tourists pay for everything. Currently, the parks are not taken care of and there is no money to take care of the harbors. Mr. Littell was looking at the overall picture, not just Kakaako, but Fort Armstrong to Keehi Lagoon. The important part is that there is a developer that is putting money on the table to build something. He is supportive of that, but thinks that the lands should be leased to them. He also stated that whatever is done

should be maintained because most of the parks in Hawaii have not been maintained. Everything that has been done in the last 10 years, the State hasn't provided maintenance to take care of those facilities. The State is overtaxed and the City and County are overtaxed to pay for maintenance because the facilities don't hold up after wear and tear. Mr. Littell concluded by saying that it didn't matter which group develops the land, but if the State pays for it, it should be able to take care of it. It also must be bonded so that in five years it doesn't look like a garbage dump again.

Chuck Pearson stated his perspective as a private citizen. He believed that this was a process of community planning. However, the trap was which community was being responded to: the people, the visitor, the surfing community, the cultural community, the emerging community, or residents of the medical school and future research complex. Several of these communities are fighting over Kakaako. All of these individuals are saying it's theirs. Planning is about the future; Kakaako has been developed over the past 100 years. So it is about redevelopment, not "no development."

Mr. Pearson stated that the people of Hawaii voted a long time ago by virtue of electing the Legislature. The Legislature in turn created a community development authority with the mandate to envision alternative futures professionally planned, then implemented. Mr. Pearson hoped that the HCDA professionals would be left free to carry out that mandate. He advised the Members of a conflict of interest, he is employed part time by one of HCDA's past consultants; however, he noted that he was not personally involved in any of his firm's HCDA work.

Mr. Pearson said that questions have been raised on the appropriate height limits and financial return to the State of Hawaii. Regarding the height limits, there seems to be a growing consensus that the height is inappropriately high, at least near the ocean. Mr. Pearson suggested a graduated height envelope starting with open space near the ocean and increasing gradually as it moves inland. Regarding the financial return, questions range from the negative financial return of an all park use, to a maximum of immediate financial satisfaction of high rise luxury condominiums. The former would be a cash drain and the latter would become part of the frenzy which recent publicity describes as 500 percent gain created by flipping a condominium purchase of a year earlier. The live, work, and play model is successfully implemented in hundreds of university communities across the U.S. This approach takes a longer view of return and includes the economic development which will flow through the creation of a Kakaako campus of the University of Hawaii. This approach would create a residential community of rental apartments of low to mid-rise to serve future students, teachers, researchers and service employees

in the medical research complex. There would be plenty of space for the passive enjoyment of the ocean and the active enjoyment of ocean sports. Mr. Pearson cited the University of California, San Diego community, as an example of the world's most foremost educational scientific research organizations with plenty of space for passive enjoyment of the ocean.

Member Goshi asked whether Mr. Pearson was suggesting diversity and balance of uses.

Mr. Pearson responded that he was suggesting the development of Kakaako Makai to reinforce and supplement the creation of the medical school and research complex by creating residential use implemented in a manner in which would be architecturally compatible with the larger concern about heights. A community is established for the people living and working in the area. He likes the concept of live, work, and play and stressed that it is implemented at campuses all across the U.S.

Mr. Lawrence Chun speaking as a private citizen stated that the People's Preferred Plan was well thought out with the attractions. However, a proposal cannot just list attractions; each attraction has to be justified on factual basis preferably by a qualified knowledgeable professional with background acceptable to the HCDA.

Mr. Chun stated that the Office of Hawaiian Affairs (OHA) was mentioned and asked if the proposal was discussed with OHA. The financial analysis mentioned millions of dollars of grant money is available, but it doesn't mean that grant funds will be provided. Sources of funds are listed but no commitments have been received. The State of Hawaii and City and County of Honolulu, are listed as possible sources of funds, and he questioned if they had been approached. Mr. Chun stated that the State and City are not going to put money into this project. The City's source of revenue is real property taxes. Mr. Chun stated that the plan was well thought out and contains many desirable objectives. However, each objective needs to be assessed, many elements contained in the plan are very expensive. The funding is iffy and there is no mention of who will operate the proposal. Mr. Chun questioned if the plan operator had the background and personnel to manage and operate such an ambitious proposal. It seems that the plan was intended for HCDA to finance, operate and implement, which Mr. Chun didn't think HCDA could accomplish.

Traffic wasn't addressed and parking was minimal. Mr. Chun stated that there are 14 developers in the area, and HCDA's proposal would shoot their projects down with all the facilities being offered. He said if he was one of

the developers, he would get 10 people to come to every meeting and say, “don’t do the project.” He cited that one condominium that just closed, 75% of the people who bought units were full or part-time residents, 10% were from California, 10% were from Japan and 5% were other which proves that local residents are buying these units, not outsiders.

Mr. Chun concluded by saying that if he owned the property he knew which plan he would choose and asked the audience to answer in their minds, which they would choose.

Chairperson Kometani asked for Dr. Chalsa Loo who signed up to testify. However, no one responded and no written testimony was submitted.

Mr. Jack Hamada spoke as a private citizen, opposed to the Makai development. He asked the Authority why did HCDA change the charter and amend the master plan below Ala Moana Boulevard to permit residential building high rises by developers.

Chairperson Kometani responded that it was to satisfy the agency’s vision of making Kakaako a place to live, work and play and the residential component was missing.

Mr. Hamada asked if it was to get extra income.

Chairperson Kometani replied that it could possibly make income for the State.

Mr. Hamada stated that in other words it was political.

Chairperson Kometani answered that the decision wasn’t made for political purposes. The Authority is trying to do the best for the State.

Mr. Hamada stated that a lot of people said that the Authority’s plan is not the best.

Chairperson Kometani responded that Mr. Hamada was being given the opportunity to comment on the project and that it was his prerogative to participate with the Save Our Kakaako Makai group. He asked Mr. Hamada to make a statement, but that the Authority was not obligated to answer his questions. At the last meeting, Mr. Hamada was advised to write a letter of his concerns so that staff could respond to him.

Mr. Hamada replied that staff responded but didn’t answer his question.

Chairperson Kometani again requested Mr. Hamada to write again and if he felt that his question was not addressed to his satisfaction, then he should request a meeting.

Mr. Hamada commented that he thought that Member Kimura was right and stated that Hokua and Koolani would not be permitted by the City for a building permit without the widening of Queen Street.

Representative Anne Stevens stated that the People's Preferred Plan and other input should have been allowed before the RFP process was introduced. Had the public's input been allowed, perhaps the formulation of the RFP could have been designed differently. There are bills before the Legislature that are aiming to change the way HCDA does business. The selection of A&B was probably the best developer that could have been chosen because they were responding to the RFP that was issued.

Representative Stevens saw the same thing emerging for the Kalaeloa district and urged the Authority to open the process as much as possible for public input before entering into any long-term plan or contracts with the Navy. For the Kakaako Makai area, she urged the Authority to consider not moving forward until the outcome of the legislation has been decided. Then move forward to do the best development that people want for the area.

Mr. Dexter Okada stated that he represents the Kakaako Business and Landowners Association, a group of landowners that are affected by ID-11. He explained that he felt the Makai development was the same with ID-11 that people weren't allowed input in the planning process, which is why he became involved in the Save Our Kakaako Makai group. A lot of effort was put into the plan and he never saw it as a proposal to go against the A&B proposal, but as an example of what the community can do and the vision of the community. He hoped that the People's Preferred Plan would not be rejected as an unsolicited proposal, but suggested to terminate the RFP and go back with the input of Save Our Kakaako Makai group to develop a new RFP.

Mr. Dinell stated that written testimony was received by e-mail. The Office of Information Practice requires that it be entered into the record. He summarized Mr. Charles Palumbo's comments. Mr. Palumbo is an architect and he attached his plan for the Kakaako area that he worked on years ago. Mr. Palumbo thinks the pedestrian promenade is essential to link Ward retail to Aloha Tower and he thinks there are architectural gems that are needed on both sides of the peninsula. His plan gets rid of Piers 1 and 2 for cargo handling and turns it into a Sydney Opera House type, performance hall. A

first class business hotel is envisioned and he also recommends residential development occur in the Makai side of the Ala Moana Boulevard, although he stresses that it should not be geared towards California boomers but for Honolulu professionals. Mr. Palumbo underscores the point of living, working, biking and walking. Interestingly, the plan that he developed several years ago, included a Hawaiian Fishing Village and cultural interpretation. However, the location is at Kewalo Basin Park, because Mr. Palumbo states, a fishing village should be next to the reef where people can experience the ocean first hand.

Chairperson Kometani thanked everyone testifying and for their participation.

V. EXECUTIVE SESSION

Chairperson Kometani asked for a motion to enter into Executive Session to discuss the following item:

Proposed Settlement in the American Brewery Lawsuit with Media Five's Subcontractor, CJS Group – Architects, Ltd., Pursuant to Section 92-5(a)(4), HRS, to consult with the board's attorney on matters relating to the American Brewery Lawsuit.

Chairperson Kometani requested that the following individuals join the Executive Session: Deputy Attorney General, Melvin Nishimoto; Deputy Attorney General, Cora Lum; Special Deputy Attorney General, David Louie; Executive Director, Daniel Dinell; and Asset Manager, Richard Kuitunen.

It was moved by Member Thomason and seconded by Member Goshi to enter into Executive Session. The motion carried 8 to 0 excluding Kalaeloa Members. Members Anderson and Kimura departed before the Executive Session started.

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The Hawaii Community Development Authority entered into Executive Session at 11:10 a.m.

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It was moved by Member Chun and seconded by Member Goshi to reconvene the regular meeting. The motion was carried 6 to 0 with 2 excused (Members Anderson and Kimura) and excluding Kalaeloa Members.

The meeting was reconvened at 11:35 a.m.

VII. ADJOURNMENT

There being no further business, it was moved by Member Lai and seconded by Member Thomason to adjourn the meeting at 11:35 a.m. The motion passed 6 to 0 with 2 excused (Members Anderson and Kimura) and excluding Kalaeloa Members.

Respectfully submitted,

/s/

Paul Kimura  
Secretary