

**AMENDED**  
SUMMARY - MEETING NO. 308  
HAWAII COMMUNITY DEVELOPMENT AUTHORITY  
State of Hawaii

August 2, 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); C. Scott Bradley; Amanda Chang; Grady Chun; Barry Fukunaga (for Rodney Haraga, DOT); Michael Goshi; Paul Kimura; Jonathan Lai; Kay Mukaigawa; Stanley Shiraki (for Georgina Kawamura, B&F); and Katherine Thomason (for Russ Saito, DAGS).

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

Members Absent: William Aila, Jr. and Evelyn Souza (Kalaeloa Members)

Others Present: Daniel Dinell; Melvin Nishimoto (Deputy AG); Matthew Akamu; Stanton Enomoto; Pearlyn Fukuba; 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 August 2, 2006, by Chairperson Michael Goshi at 9:00 a.m. with the following roll call:

Chairperson Goshi	Present
Member Anderson	Present, Arrived at 9:08 a.m.
Member Bradley	Present, Left at 11:01 a.m.
Member Chang	Present

Member Chun	Present
Member Fukunaga	Present
Member Kimura	Present
Member Lai	Present, Left at 11:00 a.m.
Member Mukaigawa	Present, Arrived at 9:06 a.m.
Member Shiraki	Present
Member Thomason	Present
Member Chinn	Present, Left at 10:30 a.m.
Member Sokugawa	Present, Left at 10:30 a.m.
Member Timson	Present, Left at 10:30 a.m.

## MATERIALS DISTRIBUTED

1. Agenda for August 2, 2006, Meeting;
2. Summary Minutes of Authority Meeting of July 5, 2006;
3. Summary of Public Hearing on July 5, 2006;
4. Report of the Executive Director;
5. Kalaeloa Status Report;
6. Information Item: Briefing on the Options and Status of the Honolulu High Capacity Transit Corridor (HHCTC) Project;
7. Action Item: Recommend Approval to Authorize the Executive Director to Enter into Extension of Office Lease with CEP Hawaii Investors LLC;
8. Action Item: Recommend Approval on Ground Lease Annual Base Rent Adjustment for the University of Hawaii John A. Burns School of Medicine;
9. Action Item: Recommend Approval of the Request by Cooke Clayton LLC for the 720 Kapiolani Boulevard NCR Building Renovation for Modification from the Kakaako Community Development District Mauka Area Rules (M 1-06), Joint Development and Development Permit (MUZ 72-06);
10. Action Item: Recommend Approval to Revise Joint Development and Planned Development Permit for the Moana Vista Project (PD 2-05) and to Authorize the Executive Director to Revise the Letter of Agreement to Extend the Provision of Temporary Parking on Parcel 40; and
11. Proposed Corrections to the July 5, 2006, HCDA Minutes (Distributed at the meeting).

## II. APPROVAL OF MINUTES

### 2. Minutes and Summary

Chairperson Goshi asked whether there were any corrections to the minutes of the regular meeting of July 5, 2006. Mr. Dinell offered clarifications to the

minutes on page 28 based on input he received from Ms. Michelle Matson, which were distributed to the Members. Chairperson Goshi asked whether there were any corrections to the summary of the public hearing of July 5, 2006. There were none. It was moved by Member Bradley and seconded by Member Chang to approve the minutes of the July 5, 2006 regular meeting as corrected and the summary of the July 5, 2006 public hearing as written. The motion passed 12 to 0, with 2 excused (Members Anderson and Mukaigawa).

#### IV. 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 in April, staff reported to the Authority a list of concerns from the Children's Discovery Center about park rules, as well as impacts from nearby construction, vandalism and other undesirable activities. Staff met with the Center's President and a comprehensive action plan list was developed. The Authority requested that broader community input be sought, so a questionnaire was developed and distributed to 70 identified community park stakeholders including:
  - a. Frequent park users and park permittees;
  - b. Tenants in the park vicinity such as Children's Discovery Center, medical school, and National Oceanic and Atmospheric Administration;
  - c. Government officials;
  - d. Government agencies; and
  - e. Interested parties, including the Ala Moana/Kakaako Neighborhood Board, Friends of Kewalo Basin Park, Kakaako Improvement Association, and the Save Our Kakaako coalition.

The questionnaire contained 27 open-ended questions/items in order to solicit top-of-mind, candid comments. A summary is attached to the Report of the Executive Director.

Mr. Dinell explained that the feedback gives HCDA a baseline of how its management of the parks is perceived by those responding. It also gives

HCDA staff an opportunity to identify specific areas of improvement and address them as applicable.

Given the small sample size and low response rate, HCDA is cautious about taking specific actions, except in cases where there is no cost or falls under HCDA's control and easy to implement.

Staff has shared with State Parks personnel, who are contracted to perform maintenance services, the comments regarding better restroom cleaning. Some of the issues relate to the homeless population and staff has been working with the Next Step management on these issues.

HCDA Asset Management staff is planning an informational meeting, inviting all 70 community stakeholders, to review the results of the questionnaire. Additionally, the meeting date and time will be posted on the new community bulletin boards located in the parks for anyone interested in attending. The primary purpose is to report back and continue to collect input with a goal to better communicate with the park users and other interested stakeholders. Mr. Dinell welcomed any input from the public or Authority Members about the conditions of the parks at any time.

- The Pohukaina Parking Lot was offered for lease under an Invitation for Bid (IFB) for a term of one-year with 2 one-year options. The highest responsible bid was submitted by District Parking for \$31,680 per month, plus 0.5% of gross revenue over \$29,700. The concession was awarded effective, August 1, 2006.
- Staff is in the process of issuing an IFB for the repair and lease of Pier B at Kewalo Basin. The pier is mostly vacant since it has been condemned and needs to be replaced before it can be returned to service. The Department of Transportation – Harbors Division intends to cease management of Kewalo Basin effective July 1, 2007, at which time HCDA will assume responsibility. A strategic review and plan including current occupancy and demand levels of the pier will be reported at a future Authority meeting.
- Staff also continues to work on effectuating the land transfer of Piers 1 and 2 to the Department of Land and Natural Resources.
- Mr. Dinell updated the Authority on the University of Hawaii's developments in the Makai Area. The University has not executed the Agreement for Exclusive Negotiations for the Cancer Research Center of Hawaii (CRCH) that was provided to them after approval at the December 7, 2005 Authority meeting. However, staff remains confident that UH is committed to the site

since the funding mechanism was approved by the 2006 Legislature and the Governor. In response to staff's inquiry, Dr. Gary Ostrander, Vice Chancellor for Research – UH Manoa, indicated that there continues to be a desire on the part of the University to first address the John A. Burns School of Medicine (JABSOM) Phase I funding concerns, then focus on the CRCH and Regional Biosafety Laboratory (RBL) projects.

In addition, staff met with the UH team for the RBL and had a subsequent discussion with Townsend Capital, the company chosen by UH to develop JABSOM Phase II and CRCH. These discussions indicated that planning for Phase II and the RBL had yet to begin in earnest; although the National Institute of Health approved the relocation of the RBL to the JABSOM site. Staff further continues to stress to University officials involved of the need to address relocation of the Pacific Biosciences Research Center (PBRC) which occupies a prominent site at Point Panic. A parking analysis is being coordinated with the University through the Makai Area Parking Study, which staff will bring to the Authority in the near future.

Staff suggests that the University be allowed to make the necessary decisions and develop a definitive and substantive program before making any progress reports to the Authority.

- At the September Authority meeting, staff expects to present a framework for the Waterfront next steps such as the Advisory Committee and public involvement.
- Staff held a Strategic Planning Session on July 27, 2006, and will continue to work on this effort that will lead into annual work plans and HCDA's biennium budget requests.
- Mr. Dinell reviewed the June 2006 financial report as well as the annual administrative expenditure budgets for both community development districts.
  - Highlights of the fiscal year that just ended included \$8.9 million in contract work. These include:
    - ID-12 (Ahui, Ohe, Olomehani Streets Improvement): In the FY05-06 HCDA spent \$7.13 million, Project To Date \$8.2 million, with work about 56 percent complete;
    - ID-11 (Queen Street Improvements): a total of \$251,000 was expended in FY05-06, and Project to Date \$477,000. Expenses

continue to accrue, including some postponement costs, but budget contingencies will cover this;

- The Kalaeloa Master Plan was completed at a total expense of \$624,300 -- 50 percent of which was federally funded;
  - The \$3 million appropriation to fix the Honuakaha Housing Complex includes design work completed in FY05-06. Repair work started in July 2006; and
  - Other projects that are ongoing include the Mauka Plan and Rules amendments, Queen Street Park project, and various other smaller projects.
- HCDA is no longer carrying any revenue bond debt since the Improvement District assessment bonds floated in the late 1980s/early 1990s with corresponding high interest rates were prepaid. The last bonds were due July 1, 2010, but as of January 2006, all bonds were paid off, resulting in over \$100,000 in interest savings.
  - Operationally, HCDA expends approximately \$650,000 annually to maintain the Kakaako Waterfront, Makai Gateway and Kewalo Basin Parks. The annual breakdown includes:
    - \$208,000 to the Department of Land and Natural Resources Park Division;
    - Supplemental park maintenance to a private contractor of \$267,000;
    - Security for private and Honolulu Police Department special duty officers totaling \$110,000; and
    - \$65,000 in routine repair and maintenance.

Common Area Maintenance (CAM) collection of \$280,000 covers part of the total expenditure and more intensive hardscape repairs that were put off pending the Waterfront development.

- For the coming fiscal year, HCDA is holding administrative expenses flat. Highlights include: Legislative ceilings of \$450,000 for Kakaako and \$83,050 for Kalaeloa; these include all non-salary administrative expenses and are funded out of each district's revolving funds.

- Both districts are stable with regard to personnel with an increase due to collective bargaining. While early yet, staff sees a need for increased resources for Kalaeloa in the coming biennium that starts July 1, 2007; possibly adding a staff member. HCDA has already notified landowners in Kalaeloa to expect an assessment in July 2007 pursuant to HRS 206E in order to fund needed administrative expenses.
  - The largest non-personnel expense is office rent in Kakaako. There is an Action Item to discuss the possibility of extending the office lease.
  - Kalaeloa has budgeted a modest monthly office expense in order to value the Department of Hawaiian Home Lands office space as well as participate in an allocation of the main office expense.
- The next Authority meeting will be held on September 6, 2006.

Chairperson Goshi requested that the record reflect that Members Mukaigawa and Anderson joined the meeting.

Chairperson Goshi asked whether there were questions on the Executive Director's Report.

Member Sokugawa inquired as to the types of dues HCDA pays for.

Mr. Dinell responded that the dues are for organizations such as the American Planning Association and Urban Land Institute as well as subscriptions to professional journals and publications.

Member Fukunaga asked whether the dedication to the City on the box drain was being held up pending the satisfaction of the Department of Facility Maintenance (DFM).

Mr. Dinell answered that the DFM had some concerns about the design of the drainage canal that separates Kakaako Waterfront Park from the Office of Hawaiian Affairs site. HCDA has design funds; thus, will engage the City in discussions on a design that they would be comfortable in accepting. Mr. Dinell noted that the drainage canal not only services Kakaako, but services Makiki and the Capitol District as well other areas. Staff is working closely with DFM to find out their specific concerns.

Member Fukunaga restated that DFM is giving a general indication, but not giving specific information as to their reasoning.

Mr. Dinell responded that staff is hopeful that with future dialogue with DFM that specific objections will be brought out and then addressed one-by-one. The City's Department of Planning and Permitting has said that they are deferring to DFM.

Member Fukunaga asked whether the drainage canal would be linked to OHA's development and their facility and whether they would be willing to participate in the cost.

Mr. Dinell replied that he couldn't speak for OHA, but that he would assume that they would want to make sure that the drainage canal was safe if their building was adjacent to it. One of the City's specific concerns was the fence. They are worried that people could climb over the 6-foot chain link fence and get into the canal. Mr. Dinell was not sure what would alleviate this worry; whether it was to build a taller fence or put barb wire on it, but neither is aesthetically pleasing.

Member Bradley referred to the negative comments raised in the park users' questionnaire on the maintenance and questioned whether it would be the responsibility of the supplemental contractor to address those concerns. He also wanted to know what action HCDA would take to mitigate the problems.

Mr. Dinell explained that the routine maintenance of the restrooms is conducted by the State Parks and the supplemental contract is for landscaping. Staff communicated to the State Parks personnel about keeping the condition as best as they can, but staff is also looking at ways to provide a better quality service.

Member Thomason asked whether the supplemental contract covers the grassy area that was neglected and asked whether the contractor was notified.

Mr. Dinell responded in the affirmative.

Member Kimura expressed his concern about the graffiti covering the wall of the Children's Discovery Center and asked whether the Center could be included as part of the park so that it could be cleaned up.

Mr. Dinell answered that the Center is not in the park's service contract, but it could be looked into. The genesis of this was at the April 2006 Authority meeting when the Children's Discovery Center aired a lot of its concerns. Staff has been working with the President of the Center to obtain community volunteers to paint over the graffiti, but that is just a temporary fix because the vandals might come back to vandalize the wall again.

Member Kimura commented that it sets a bad example for young children to go to a place where it is full of graffiti.

Mr. Dinell asked Loretta Yajima, President of the Children's Discovery Center, whether she had any comments or suggestions to address the graffiti problem.

Ms. Yajima explained that the Diamond Head wall is entirely covered in graffiti. With the construction taking place, it makes it an attractive display area. The Center is raising money to buy the paint and asking for donation of supplies and trying to obtain volunteers to do the work. However, their fear is that as soon as it is painted over, the graffiti taggers will be back again. Thus, she does not have a solution. Ms. Yajima said that she tried to do a stakeout, but was threatened by the homeless. Therefore, she is thinking of hiring security and perhaps contact the same security company as the park to see whether they could afford to enter into an agreement with them.

Mr. Dinell replied that staff would take a look into that and report back. Staff has put some community groups in touch with Ms. Yajima, but it is a never ending struggle.

Member Kimura suggested that HCDA encompass the Children's Discovery Center area as part of the park.

Member Fukunaga questioned whether HCDA needed to do that and asked whether HCDA could just help the Children's Discovery Center.

Member Kimura commented that perhaps the contractor that is improving the road might be able to pitch in a little.

Mr. Dinell responded that staff would take a look at the possibilities and report back. He noted that since the Center is a 501(c)(3) organization there might be other issues, specifically State procurement law and policies that govern direct assistance. The Center leases a certain demised area that is under their control and they are responsible for the property. The important thing is that it has been brought to HCDA's attention.

Chairperson Goshi asked whether there was any video surveillance. If the vandals knew that it was being taped it might prevent them from vandalizing the property.

Mr. Dinell replied that he hadn't thought about that and would check into it.

Ms. Yajima commented that they had video surveillance, but the cameras were ripped off. She stated that it gets expensive to replace the equipment and to paint over the mess. Ms. Yajima said that the Center has been plagued by graffiti for the past five to six years. The Center tries to cover up the graffiti as quickly as possible, but it is too massive and costly on their operating budget, which is why they haven't painted it yet.

Chairperson Goshi asked whether there are signs posted about the video surveillance.

Ms. Yajima responded in the affirmative and commented that the signs are also torn off the walls.

Dexter Okada commented from the audience that his company has a similar problem, but they cover it up right away. He commented that if there were to be a crack down near the Children's Discovery Center, the vandals would go back to his area.

## V. ITEMS FOR INFORMATION

### A. Kalaeloa Status Report

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

Mr. Enomoto reported that the Kalaeloa Master Plan is still pending action with the Governor and the Navy. With regard to the community development rules, Townscape is standing by to begin work. The Notice to Proceed is pending the Governor's approval of the Master Plan.

Unfortunately, there was a tragic car accident that occurred in the corner of Kalaeloa at the Waianae end of Roosevelt Avenue in which two teenagers died. Staff continues to coordinate with Honolulu Police Department (HPD), the Navy's Public Safety Office, and State Department of Transportation (DOT) to look at measures that can prevent this kind of thing from occurring in the future.

Additionally, there was a brush fire, of about one-acre in size, near the intersection of Coral Sea Road and Independence Road. While Mr. Enomoto noted that the brush fire count in Kalaeloa is down from last year, he noted that staff is working with the appropriate agencies to take measures to reduce brush fires. A City/State fire task force that will oversee brush fire prevention and control has been set up and staff understands that HPD will include them in those discussions.

The Navy informed staff that the community center and swimming pool -- located in downtown Kalaeloa -- would be closed on October 1, 2006. Staff is working with the Navy to explore options to keep that facility open. Staff has received concerns from area elected officials and there is a petition circulating in the community asking to keep the facility open.

On July 20, 2006, staff had a meeting on public safety issues with HPD, the Navy Public Safety Office, the State DOT, and the City Department of

Transportation Services (DTS). Through these meetings the group explores ways to make improvements to the district such as working with DOT to include Roosevelt Avenue and Enterprise Road in the State highway system. If this were to happen, DOT would be eligible for federal road maintenance and improvement funds.

Staff is also working with DOT on unauthorized access points along Roosevelt Avenue. In addition to the break in the gate at the end of Roosevelt Avenue there was also a break at the intersection of Hornet and Roosevelt where people were getting in and out of the district along the railroad tracks. This break has also been closed. The City is being consulted on road maintenance issues such as lighting and signage near the elementary school as well as at the City's licensed beach park. Staff is also trying to move forward in an initiative to improve the entrances at Kalaeloa by removing the guard shacks at Geiger Gate and Fort Barrette.

The next meeting of the group to discuss public safety issues is scheduled for August 24, 2006.

Mr. Enomoto noted that Kalaeloa has been in the news recently with regard to the homeless issue. Staff has met with Kaulana Park, the Governor's lead on homeless issues. The Administration is working with the Navy and looking at various buildings including the former Base Exchange, furniture store, and the shopping complex. However, those discussions are ongoing so there is nothing firm at this point. Staff is also aware that the Department of Accounting and General Services in conjunction with the Hawaii Public Housing Authority is working to increase its capacity for homeless services by renovating Building 50 and relocating the National Guard Youth Challenge Program that currently occupies the first floor. Staff is staying in touch with the appropriate agencies and is closely monitoring the situation.

There has been no change in status from July with respect to the National Defense Authorization Act of 2007. The bill is still in conference, between the U.S. Senate and the U.S. House. A few months ago, the House version included a provision that required the Navy to sell or convey lands in Kalaeloa by September 30, 2008.

Member Timson commented that she feels that Kalaeloa is in such a deteriorated state and no one is doing anything to get it moving faster. She said that the accidents are just the beginning; they will not prevent more. Member Timson said that another accident was reported the night after the fatal crash. It is an ongoing problem. She questioned who was patrolling the area.

Member Timson stated that there was a report that the fence was broken down, but nobody knew about it until the group got together to report it. No one knows about a lot of things that are happening because whoever is responsible or should be responsible isn't doing it. Member Timson stated that she would call Pearlyn Fukuba, Kalaeloa Program Specialist, to report things and that Pearlyn would go to check it out, but Member Timson wanted to know who is responsible for what. It seemed to Member Timson that no one was acting responsibly to prevent things, but acting more on reaction.

Mr. Dinell responded that HCDA's responsibility is to work in partnership in planning the advocacy and the stewardship of the district. Staff is trying to do that by bringing the parties together to enhance the communication. Staff recognizes that there is much more work to be done and is trying to take a proactive approach.

Member Timson commented that she realizes that staff is trying to bring the parties together because she was involved in bringing the security together and knew how important that was. She expressed her concern that people need to step up quicker and whoever is responsible should be held accountable. If HCDA needs to coordinate the people who are responsible then it needs to do a better job.

Member Timson expressed her concerns about the attendance from the other Kalaeloa representatives. She asked the Chairperson to talk to them whether they are still interested in participating on the Authority because she felt that she was the only one representing the area.

Chairperson Goshi commented that from time to time he drives through the area and recently visited the site where the accident occurred. It occurred to him that Kalaeloa is a very large area and that it is so accessible. He commented that it is always difficult to ascertain what resources are required to provide the level of care that is necessary. Chairperson Goshi stated that if the resources are not available, then maybe staff should look at making Kalaeloa less accessible; cordon off sections rather than trying to constantly monitor and that might also be cost effective.

Member Timson agreed with Chairperson Goshi. Many of the sections in Kalaeloa are unusable. In the area where the accident happened, there was no reason to go pass the elementary school because there is nothing there. Member Timson reported that in the past, when the area was under the Barbers Point Redevelopment Commission, security was provided. Security set up at sundown and although it was expensive, they were able to curtail a

lot of potential problems. The security roamed the area. No one needs to be in many of those parts in the evening, but now there is no one there to tell them not to be there.

Chairperson Goshi suggested that this be looked into.

Member Shiraki understood Member Timson's concerns and suggested that staff compile a list of all the things related to health and safety issues and a wish list. He stated that the list should be prioritized, and then maybe the Authority can request to put it into the budget. Member Shiraki didn't know whether it would pass the Department of Budget and Finance, but at least the Authority would be saying that something should be done.

Mr. Dinell appreciated all the comments.

B. Kalaeloa Navy Report

Mr. Enomoto introduced Ms. Lynn Tanaka from the U.S. Navy.

Ms. Tanaka explained that her report is similar to Mr. Enomoto's report since the Navy is in constant dialogue with him. She reconfirmed that the Navy will be closing the fitness center on October 1, 2006, because of limited resources and a desire to consolidate operations. The Navy is exploring ways for an entity to run the center because they know once the building is vacated, it will be vandalized.

One of the fire hydrants was leaking, so the Navy ordered inspections of all the fire hydrants in the district. That work has been completed.

The Navy funded clean up efforts near the Barbers Point Elementary School and some of the other buildings that are vacant.

Ms. Tanaka reported that there is an increase in activity working with the State on the homeless situation on the Leeward Coast. A meeting was held with the participation of the U.S. Pacific Command, the State Administration and the Department of Accounting and General Services (DAGS) and they will meet again with DAGS to discuss the details. The State is looking at the furniture store and the exchange in the downtown area. However, there is a large initial cost to renovate the facilities in order to house an emergency shelter for about 500 – 700 people. It is a large investment and the State is looking at a longer term than the Navy is willing to accept. Thus, the parties will meet again to discuss the issue.

Member Timson stated that she received a complaint that people are not happy about the area the Navy leased to SWR to house the cars of the deployed service men and women. The structure that SWR put up obstructs certain driving routes. Member Timson wanted to know the status on that.

Ms. Tanaka responded that SWR was instructed to work with Carmel Partners, which owns the adjacent housing areas. She didn't hear anything, but she would check on it. Unfortunately the area that was leased does include the road so the Navy is hoping that Carmel and SWR can move the fence out. Another possibility is to pave the makeshift road in between the two warehouses where people are cutting through.

C. Briefing on the Options and Status of the Honolulu High Capacity Transit Corridor (HHCTC) Project

Teney Takahashi introduced Toru Hamayasu, Chief of the Transportation Planning Division of the City and County of Honolulu Department of Transportation Services (DTS); Mark Scheibe, Project Manager from Parsons Brinkerhoff, the primary project consultants; and Pat Lee, DTS's public outreach consultant for the Honolulu High Capacity Transit Corridor Project.

Mr. Takahashi explained that at the July 2006 Authority meeting, Member Kimura raised the question regarding preferred alignments and station locations for the transit project through the Kakaako Community Development District and staff felt it was an appropriate time to ask the City DTS for a progress report on the project.

The location of the stations and the alignment will have a significant impact on any development program for Kakaako and Kalaeloa. Mr. Takahashi noted that the preferred alternative through Kalaeloa (Alternative 4d), and the several alternatives through Kakaako, are included in the Members' packets. Also included was a joint letter expressing the preferred alignment over the Ewa plain by the University of Hawaii at West Oahu, Department of Hawaiian Home Lands, D.R. Horton, and HCDA.

Mr. Hamayasu thanked the Authority for inviting them to talk about the project. The project is a major transit investment and it could be the biggest single public works project in the history of the State. Currently, the project is in the process of what the Federal government calls "alternatives analysis." When an agency is considering a major investment on a transit, they usually seek federal funding. The Federal government requires an analysis process.

The first step is to find out whether investing in a certain system is cost effective.

Mr. Hamayasu explained that when Mayor Hannemann came into office, he asked about purchasing a rail system. DTS told him that it was not that simple, the first thing they would need to do is an alternatives analysis in order to justify the expenditure and investment in such a big system and that's where the project is currently.

A technical analysis and conclusion is due by the end of October. The City Council requested that they produce a recommendation and have the analysis done by November 1, 2006. Therefore, the Council would have two months to make the decisions regarding the various options.

The General Excise Tax will go up by a one-half percentage point to be dedicated to pay for transit. It was the intent of the City Council to show the public what the monies are going to pay for. The State is going retain a private consulting software firm to change the tax payment programming to add that half percent. The contractor requested that they be guaranteed a payment. The company wanted to see a guarantee and that is what the City is going to provide. Currently, the resolution to guarantee the fund has passed two readings at the City Council. On August 16, the third reading will be heard and if it passes, the money will be guaranteed for the contractor.

Mr. Scheibe explained the background of the process and then focused on the alternatives, specifically the fixed guide way alternative alignments that will serve Kalaeloa and Kakaako.

Mr. Scheibe explained that the corridor that DTS is studying runs from Kapolei to UH Manoa and Waikiki. It is the location of the majority of the population and employment on the island and its share of population and employment is expected to grow over the next 25 years. While DTS is focusing on this corridor, they are also looking at connections to other parts of the island, both in the short term and in terms of providing good access to bus and other connections. DTS is looking at designing the fixed guideway alternatives in such a way that further extensions could be developed in future years.

The purpose of the DTS study is to examine different transportation solutions specifically focused on transit. DTS is trying to provide more reliable transit that would have exclusive rights-of-way either for buses or for fixed guideway vehicles so that the transit service would not be impacted by congestion of the highway system. Transit can serve as an alternative to private vehicles and to

some degree, alleviate traffic congestion, or at least the growth of congestion over the next 25 years. It will also serve to provide linkages between the currently developed urban area and developing areas, particularly in Kapolei and Ewa. The alternatives analysis process is defined by federal regulations. There is a range of alternatives and DTS will provide this information to the City Council to give them the ability to choose among the alternatives. They are examining benefits of the different alternatives; cost of construction and operation; where the money will come from to pay for it; and environmental and social economic impacts. There are four alternatives.

The first is the No Build alternative. In this scenario, the transit system is essentially kept as it is today with some expansion of newly developing areas. While it assumes essentially “no build” on the transit side, it does assume that all of the currently planned transportation improvements over the next 25 years will be implemented. That includes a set of nearly \$3 billion worth of investments in new and improved highway facilities and other projects such as a commuter ferry.

The second alternative is the Transportation System Management. This is one that is required by the Federal Transit Administration. Essentially it is an attempt to do the best in providing transit service without making major capital investments and new facilities. In terms of Honolulu, that means expanding the bus system, providing more service and more routes and some construction of relatively low cost facilities such as transit centers.

The third is Managed Lane alternative, which focuses on using the bus solution for higher capacity transit. It would involve building a managed lane facility from the Waiawa interchange between H-1 and H-2 to Iwilei. This facility would be designed so that it would accommodate buses. It could accommodate carpools and also, if sufficient capacity is available, toll paying single occupant vehicles. The toll would serve as a management tool so that it would be maintained with relatively free flowing conditions. If traffic is congested slowing down the buses, then the tolls would be raised to limit the number of cars that get on to the system.

The final alternative is the Fixed Guideway. This looks at providing high-capacity reliable travel times by being an exclusive right-of-way and a system that would be well-integrated with a restructured bus system, parking at certain facility/stations and access for bicycling and walking to all stations. DTS is examining several different technologies. A choice has not been made yet in that regard.

In terms of the transit technology, DTS is looking at developing alignment options that could be served by several different types of facilities - light rail, rapid rail, monorail, and maglev. These all have relatively similar characteristics in terms of speed and capacity and DTS is laying out alignments that could be served by any one of these technologies.

The corridor is divided up into five sections. All of the fixed guideway alignment options would have a terminus. There are four different options through the Ewa Plain with a terminus in Kapolei.

- One route would follow Farrington Highway.
- A second option would follow Kapolei Parkway to North South Road to Farrington Highway.
- The third option would enter into Kalaeloa and then go along North South Road.
- The fourth option would go through Kalaeloa and continue to Fort Weaver Road.

DTS has looked at the relative cost and ridership of each of the alignment options. They have also mapped out possible locations of stations and locations of park and ride lots and also identified potential locations for a transit rail maintenance facility. There would just be one single location for the maintenance facility.

The alignment option that would serve Ewa Villages and go up Fort Weaver Road is the longest and hence, the most expensive. The shortest path that follows Farrington Highway would be the least expensive. On the other hand it provides the least service and thus, lowest ridership. There are two possible alignments that travel through the heart of the area serving UH West Oahu Campus, Department of Hawaiian Home Land's development, and D.R. Horton's development, which would have the highest expected ridership.

Chairperson Goshi asked about the alignment 4d.

Mr. Schiebe replied that DTS received a letter from the various parties recommending that alignment as their choice and that information will be passed on to the City Council as they deliberate on a preferred alternative. However, they are still looking at all four of the alignment options.

Member Chun asked whether there were any other alternatives for a baseyard outside of the one in Kalaeloa.

Mr. Scheibe answered that there are several options. One being the former Ewa drain storage site that is now under DHHL's control, which is on the Makai side of the Waiawa Interchange.

There is only one alignment option in the next section, which goes through Waipahu and Pearl City along Farrington and Kamehameha Highways. It would be an aerial guideway structure throughout. There would be a couple of stations in Waipahu, and Pearl Highlands near Pearlridge. A designated station would be the primary interconnection point for both bus services and potential park and ride passengers coming from central Oahu. New connections would be created to facilitate bus connections from H-2 and Kamehameha Highway into this station site.

The next section travels from Aloha Stadium to the Keehi Interchange. There are two primary alignment options, one that would go through Salt Lake Boulevard and the other would continue on Kamehameha Highway and pass by the Honolulu International Airport, with several different alignment options to the airport.

- Option 1 would be on the Mauka side of the freeway and requires a bus shuttle into the airport.
- Option 2 would be on the Makai side of the H-1 and would connect to a proposed extension of the inter-island terminal.
- Option 3 would have a station adjacent to the existing parking garage.

In terms of cost, the two that directly serve the airport are the most expensive partially because they have to be located high enough to get over the airport access ramps from the H-1 freeway. On the other hand, those routes also are the ones that would have the highest ridership.

Member Chang questioned whether the Salt Lake Boulevard alignment would go to the airport.

Mr. Schiebe responded in the negative; that alignment would continue to follow Salt Lake Boulevard. Access to the airport would have to be by bus either from a station or probably from the Middle Street area. A possible alignment that could go to the airport and then travel to Salt Lake was

explored; however, the route went through Navy property and the Navy expressed a lack of interest in pursuing that option.

There are two primary alignment options in the next segment -- Kalihi to Iwilei -- Dillingham Boulevard; and King Street.

Both are similar in terms of cost and ridership and there would be a similar number of stations. Both alternatives propose an aerial guideway that would have columns located in the street that would affect turns as well as parking.

There are two primary paths in the final section from downtown to UH and Waikiki.

- One would travel from downtown to UH following Beretania and King Street, and not serving Kakaako.
- The other alignment would travel through downtown and go through Kakaako past Ala Moana Center and continue on to Kapiolani Boulevard and University Avenue.

Both alternatives would have the option of branching to Waikiki as well as to UH.

Through Kakaako there are several different alignments on different streets, from Waimanu, Kawaiahao, Queen and Halekauwila Streets. All the routes would come together onto Kona Street and go past Ala Moana Center. As it is being planned, it would all be aerial guideways within Kakaako. Through the downtown area, there would be aerial guideways along Nimitz Highway as well as a potential tunnel alignment on Beretania and then a possible at-grade section along Hotel Street transit mall and then a tunnel under the Capitol District, which would come out either on Waimanu or Kawaiahao Street.

In terms of ridership, all four of the alignments that go through Kakaako and Ala Moana Center are similar. The alignment that is on King Street has a noticeably lower ridership. In terms of cost, it depends on a tunnel, at-grade or aerial through downtown, with the tunnel being more expensive. The aerial routes following Nimitz Highway and then on to Queen or Halekauwila are the least expensive.

Member Kimura questioned if the route were to travel through Waimanu or Queen, which are two lane roads, what would have to be done in order to

build the rail, and would the street need to be expanded to four lanes or six lanes? Also what would be the impact to the businesses on those streets?

Mr. Hamayasu responded that any street which is selected as the route would have to give up one lane because the columns for the elevated structures are six feet in diameter and to provide a safety buffer on both sides would be equivalent to one lane. It would either be in the center lane or, wherever possible, in the sidewalk area. If it were in the sidewalk area, DTS would probably have to widen the sidewalk.

The economic impact would be during construction. If any properties are displaced, there is a federal process that needs to be followed in terms of relocation. In the 1992 project, DTS was able to avoid any residential displacement. There may be some residential property in Kalihi and on Dillingham Boulevard that would need to be acquired this time. In order to widen the sidewalk, a few feet of frontage may have to be taken, but the system doesn't touch any structures. There may be some business properties and structures that may have to be acquired. For instance, transitioning from Waimanu Street to Kona Street the route will go through the Gasco property. In previous transit plans this was done mutually with the property owner.

Chairperson Goshi asked whether the ridership was based on existing population or projected growth.

Mr. Hamayasu replied that it is being projected for the year 2030, consistent with the Oahu Metropolitan Planning Organization's (OMPO) long-range plans. The Federal government requires a minimum 20 year planning horizon.

Chairperson Goshi commented that in Hawaii there isn't much mixed-use. The land use pattern on Oahu is generally residential on the Mauka side and businesses on the Makai side. He questioned whether the route placed more emphasis on residential or business accessibility.

Mr. Hamayasu replied that they are trying to balance that. However, in their current development plan, the established transit corridors are Kapiolani Boulevard, King Street and Dillingham Boulevard. Thus, those areas are expected to have high-density development with or without the HHCTC system.

Member Fukunaga asked whether the guideways were single lanes or spur stations for passing or running on parallel tracks.

Mr. Hamayasu replied that there are two tracks, one in each direction. However, in some areas the tracks might be stacked instead of side-by-side. For instance, Queen Street is narrow. For the station, it needs to have space for the platform. It may need about 50 feet so they wouldn't be able to put it in an existing width in the streets. Thus, the station may have to be stacked.

Member Fukunaga asked how it affects a bypass.

Mr. Hamayasu answered that there wouldn't be a bypass.

Member Fukunaga asked whether there was a crossover track to allow for a disabled train.

Mr. Hamayasu responded that there could be a crossover, but not a bypass track.

Chairperson Goshi questioned what is the guideline for the comfort level for people to walk to get to the station.

Mr. Hamayasu replied as a general rule of thumb, a quarter mile. People walk as far as half a mile. So DTS circled half a mile as a broader base and a quarter mile as a more dense walking distance.

Chairperson Goshi asked whether there was a plan for buses and parking structures for areas like Aiea, Waipahu and Pearl City.

Mr. Hamayasu responded that there are some park and ride locations, but that is primarily beyond Kalihi or Middle Street. From Middle Street to downtown it would be too expensive to build a parking structure where land costs are also high.

Mr. Schiebe commented that they are also looking at restructuring the bus system so there would be a bus nearby that could take people to the nearest station. The City is planning to make it easy for people to not have to use a car at all to access the system.

Mr. Hamayasu added that the City is not planning to replace the current bus fleet. The current fleet is 525 buses and the City expects to increase the fleet to 650 or more to support the system.

Member Fukunaga asked what is the capacity of the system.

Mr. Hamayasu stated that they don't have that information yet. However, in 1992, the capacity of the vehicles at a comfortable level is about 200. The train would be about 200 feet long.

Member Fukunaga asked about the frequency of the train service.

Mr. Hamayasu responded that it could go as low as 90 seconds; however, in three or four years, they don't expect a 90-second interval.

Member Fukunaga asked whether it would be a couple of minutes.

Mr. Hamayasu replied that his guess would be as long as 5 minutes.

Member Chang requested the timeframe for completion.

Mr. Hamayasu explained that the groundbreaking for the first phase could be in the year 2009 and construction could take about three years for the first part of the construction. The target date for the testing to start is 2012 when the first car could be rolling on the track. They would continue construction and it would take six or seven years to complete the whole project or system.

Member Fukunaga questioned whether any segment could be done for use by conventional vehicles as opposed to a train, like a hybrid.

Mr. Hamayasu stated that the City is trying not to make that decision now because they want the market to compete. They know that rail, steel tracks that are available today is going to work because it has been around since the 1800s. Magnetic levitation is a brand new system. There is only one system that is currently operating commercially in Nagoya. It is a developing thing and there are pros and cons of buying something brand new. You don't want to be the one testing out the system, but at the same time, the pricing could be attractive.

Member Chang noted that the system would be done in phases with the first phase starting in 2009. The whole expansion could be at least 10 years. Member Chang asked if the first phase is completed, could the rest of the phases be altered based on the actual experience of the first phase and whether the plan would be flexible/amendable or would it all be planned out for the next 10 to 12 years.

Mr. Hamayasu replied that engineering wise it could be flexible. They would learn as it is built, designed and constructed. However, once the technology is

selected, it would be locked in and the system could not change half way through from, for example, steel to magnetic levitation.

Member Chang asked whether the alignments would be flexible.

Mr. Hamayasu responded that the alignment could be changed; however, it would mean revisiting and redoing the environmental impact statement if it were not covered in the beginning.

Member Timson commented that she did not see the transit system as a solution to the traffic problems. She questioned why the City could not use the ferry or expand lanes.

Mr. Hamayasu stated that the DTS and DOT are working together to get a ferry operating next year. The City and State will be spending \$3 billion in highway construction concurrent with the transit system.

Member Timson commented that the ferry system was in place for about three or four months; however, the problem was that once the people got off the ferry, they were on their own. She didn't want people to think this system would solve the traffic problem, because it will not.

Mr. Hamayasu responded that the transit system would just be a part of it and that the City and State would be doing other things concurrently.

Member Kimura asked how far apart will the columns be located.

Mr. Hamayasu replied that the stations in some areas are as near as 2,000 feet in town, but in the outside areas a little over a mile.

Member Fukunaga asked what would be the initial segment for construction.

Mr. Hamayasu responded that the key to making that decision is where the baseyard would be set up. All of the proposed sites are in the West end, so that is where it would most likely start. How far the system would go, depends on the money. The half percent surcharge will be collected from January 1, 2007. If construction starts in 2009, there will be some money, but they are not sure how far it will go.

Member Chang commented that the whole purpose of the transit system is to alleviate traffic congestion. She asked whether there was a study done on the ridership and how realistic was it.

Mr. Hamayasu responded that traffic or traveling forecast methodology skills have come a long way since the 1980s when they first studied the rail system. He stated that most places are meeting or beating the forecasted numbers. The reason why there is some level of confidence is because their simulation is calibrated using 2005 numbers. They first did the study in 1995 and updated it with 2005 numbers. They will be updating the base to better simulate forecasting. They will base it on how many people use the system and the value judgment of the people today.

Member Bradley asked what is the current thinking for land use around the stations.

Mr. Hamayasu stated that the transit-oriented corridor is established as Kapiolani Boulevard, and King Street, and other transit alignments identified in the development plan. When the City Council makes the decision toward the end of the year, DTS would then establish the station locations. The engineers would look at the routes more carefully. Currently, DTS is spending \$5 million in engineering and planning. The total project cost of this phase is \$10 million, but a lot of that goes to administrative cost and public outreach. In the next phase, DTS will spend 10 times that amount in engineering to get a better idea of where the stations can be constructed. They will then coordinate with the Department of Planning and Permitting to come up with the land use ordinance that would establish the transit oriented development (TOD) around the station.

Member Bradley asked how would the transit oriented development work with HCDA.

Mr. Hamayasu answered that DTS would have to work with HCDA so that the TOD fits into HCDA's plan. There might be a possibility to increase the density around the station to make the maximum use of the quarter mile walking radius. In a lot of places, that has happened. However, the people in the Moiliili and McCully district don't want that. They would rather stay in the building they live in. They are against redevelopment and the City is going to honor that. The TOD is going to be up to the community surrounding the area.

Member Fukunaga commented that the route with the potential for the greater capacity is the more expensive alternative. Therefore, the dilemma would be whether to go with the lower cost alternative, although it wouldn't have the same capacity.

Mr. Hamayasu explained that if you expanded the bus fleet, it would choke up the streets unless something is done to the streets and a dedicated lane for buses only is provided. He conducted a study in the 1980s. The capacity of a street for the buses is about 150 buses per hour, beyond that buses would come to a complete halt. In 1978, the City did a demonstration on Hotel Street with 158 buses and everything came to a stop. So that is the problem with adding more buses.

Member Fukunaga commented that if the first segment were Kapolei to Waipahu, the ridership would be low because there wouldn't be that many people transiting over that particular segment.

Mr. Hamayasu stated that it might surprise Member Fukunaga.

Member Fukunaga commented that the bigger bang for the buck would be when the alignment is extended. People have to understand that there is a period of time when the forecast is realized for that development.

Mr. Hamayasu noted that currently, there is one project from Kapolei to the University. The segment is more like a construction phasing. While DTS is constructing the first phase, they are going to continue the planning and designing efforts of other segments.

Member Fukunaga commented that the ridership would be based on only the segment that is completed.

Mr. Hamayasu stated that when the Washington, D.C. Metro first opened, the first three station lengths were in the middle of nowhere. Still, the ridership actually exceeded expectations. As the system expanded, the ridership increased. So it may be possible to have enough users in the first segment.

Member Fukunaga questioned whether the alternative portions of the plans could be adapted and implemented at the same time without affecting the funding.

Mr. Hamayasu stated that the City Council is expected to make one decision on one system. If that were not enough, the highway option would be a State project, not a City project.

Mr. Schiebe restated that they plan to have the alternatives analysis completed by the end of October to be in the City Council's hand on November 1, 2006, and the Council is committed to make a selection of an alternative by the end of this calendar year.

There being no further comments, Chairperson Goshi thanked them for their presentation and called for a recess at 10:30 a.m. to allow the Kalaeloa Members (Members Chinn, Sokugawa, and Timson) to depart, as the remaining agenda items were Kakaako related.

The meeting reconvened at 10:40 a.m.

#### V. ITEMS FOR ACTION – DISCUSSION AND/OR DECISION MAKING

Chairperson Goshi suggested the deferment of item #6 – Recommend Approval to Revise Joint Development and Planned Development Permit for the Moana Vista Project (PD 2-05) and to Authorize the Executive Director to Revise the Letter of Agreement to Extend the Provision of Temporary Parking on Parcel 40.

Chairperson Goshi explained that while he didn't see any issues with the physical design in terms of the changes, due to the issues of affordable housing on Lot 40, he thought it was best to look at it a little further.

Mr. Dinell stated that staff would review it and bring back a complete package the following month.

Member Shiraki wanted to know what staff was going to look at.

Mr. Dinell stated that concerns were raised at the July meeting about reserved housing and Parcel 40. Details have not been finalized and staff would like to get a more definitive program to present to the Authority.

Member Shiraki requested that staff look into providing more reserved housing and what can be done with Parcel 40. He stated that the Administration's role is to provide housing for the people and especially for workforce housing. From the original proposal 24 reserved housing units are being lost. He thought that there should be some way to get them back.

Chairperson Goshi commented that the other issue is parking. He agreed that housing is critical, but he thought that Lot 40 has the potential to provide parking for people in the area and that others in the area could provide the housing. That is why there needs to be some time to review all the issues.

Member Anderson added that there is a desire to provide affordable housing and staff should examine if there is any incentive that HCDA can provide to accomplish this public goal.

Member Shiraki commented that he remembered from the last meeting that because of the parking requirement on Parcel 40, the developer would have to mobilize a second time.

Allan Leong of KC Rainbow stated that with Parcel 40 not only is there loss in floor area, but also the deferment of when the developer could start building because of HCDA's request to extend the parking agreement until the end of 2008. Based on their schedule, the Moana Vista tower is expected to be complete by March 2009. However, based on the parking agreement, the developer wouldn't be able to get on to Parcel 40 until the start of 2009, which means there would be a break between finishing up the major residential tower and then getting on to Parcel 40. Even if HCDA said that the developer could have the floor area to do the 56 units, there would be a major break to do the 56 units on the 30,000 square foot Parcel 40. The economics of doing the 56 reserved housing units with rent control for 15 years will go up substantially.

Mr. Leong noted that today was the first time that he heard that this Action Item was going to be deferred. He didn't know what staff was considering as far as how they could develop more reserved housing. With a rule change, that could take months to pass through the Authority. If the project is delayed, it costs the developer money. Mr. Leong was concerned that if there was a rule change to offer the developer floor area to develop Parcel 40, the project would be delayed for months. Currently, there was nothing to respond to as far as what HCDA wants to develop on Parcel 40.

Chairperson Goshi asked Mr. Leong whether he understood that the Authority was decoupling the tower from Parcel 40. The issue now is how to make the best of the situation on Parcel 40 and the Authority is looking at providing affordable housing and parking.

Member Bradley stated that he thought the issue was going to be deferred. However, since it was being discussed, he would like to recuse himself from the discussion as his firm represented KC Rainbow in the sales of Moana Pacific and since there is a transfer of industrial use between the Moana Pacific and Moana Vista projects, there is a potential conflict of interest. Member Bradley stepped out of the meeting at 10:44 a.m.

Chairperson Goshi stated that since the Authority decoupled Parcel 40 from the tower, he didn't think that it would create any hardship.

Mr. Leong commented that technically they do not have a planned development permit for their project, which was the reason for the action to approve the revised project so that staff and the developer could work on drafting, signing and recording a planned development permit. He wasn't sure the importance of holding up the tower for Parcel 40.

Chairperson Goshi questioned whether he had two permits - one for the tower and one for Parcel 40.

Mr. Leong replied that he only anticipated one planned development permit.

Mr. Dinell explained that there was a joint development that was approved on December 7, 2005, which included Obun Hawaii. Since Obun dropped out of the joint development, that agreement can't be consummated. It is his understanding that the Authority wants staff to work with the developer to finalize the reserved housing and parking issues so that in September a more definitive package is brought before the Authority.

Member Shiraki stated that if the development on Parcel 40 can't happen because of pushing back the parking agreement due to the delay of ID-11 that he would be willing to trade off with ID-11 moving forward now to obtain the 25 or 30 more reserved housing.

Member Anderson cautioned that there are a lot of issues to consider.

Mr. Leong restated that the issue is trying to get Parcel 40 developed sooner rather than later and to have more total reserved housing units in the project above and beyond the 100 units, which currently meets the minimum requirements under HCDA rules.

Chairperson Goshi stated that the goal is to provide more affordable housing.

Chairperson Goshi moved on to the Action Item.

3. Recommend Approval to Authorize the Executive Director to Enter into Extension of Office Lease with CEP Hawaii Investors LLC

Richard Kuitunen summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Kuitunen explained that the lease is for HCDA's office. HCDA has been at its location since the 1980s. The lease came up for extension in 1998 and at that time, the staff intended to relocate to the Brewery building. However, due to the building problems, HCDA opted to extend its lease in the 677 Ala Moana Building.

It is still the desire of HCDA to relocate from a third-party facility to a space that either HCDA, or another State entity, owns. Staff has looked at a number of different locations. Staff continues to work with DAGS to see whether there would be space for HCDA in the AAFES building. The Housing and Community Development Corporation of Hawaii (HCDCH) currently occupies space in the Pohulani building. However, when HCDCH splits up, part of the agency will be relocating to School Street. If problems at the Brewery building can be resolved, that is a possible location. Since the Fisherman's Wharf Restaurant will be transferred to HCDA as of July 2007 that could also be a possibility.

Mr. Kuitunen explained that the main problem is that most of the State buildings are occupied and with the entities not paying rent, it is not very easy to relocate them without a sound business or operational reason. Staff will continue to work with DAGS to locate to identify suitable space. In the interim, staff talked with representatives of CEP Investors, the owner of the building where HCDA currently is located. Originally CEP Investors proposed a two-year extension converting HCDA from a gross lease to a triple net lease where HCDA would pay Common Area Maintenance (CAM) cost. The proposed rent was a \$1.15 per square foot triple net and then \$1.25 per square foot triple net for the second year, with estimated CAM of \$1.03 per square foot. The current gross rent is \$1.97 per square foot.

Staff countered their proposal for a one-year extension continuing the rent at a \$1.97 per square foot gross. CEP Investors originally asked HCDA to relinquish 9 of the 14 below-market price parking stalls in the building with the remaining at a slightly higher rate. Staff agreed to relinquish 6 of those stalls and the rates for the stalls will remain the same.

Member Bradley re-entered the meeting at 10:51 a.m.

The recommendation of staff is that the Executive Director be authorized to execute a one-year extension of the lease through December 31, 2007 for Suite 1001 in the 677 Ala Moana Building at a lease rent of \$13,998.82 per month and relinquish 6 of the below-market parking stalls.

Chairperson Goshi requested, for discussion purposes, a motion to adopt staff's recommendation. It was moved by Member Thomason and seconded by Member Lai to adopt the staff's recommendation.

Chairperson Goshi asked whether there were any questions.

Member Shiraki questioned whether DAGS property management branch was agreeable to leasing the parking too because in the past they denied parking in the lease.

Mr. Dinell replied that the parking spaces in the lease are paid separately; it is just identification of the right to rent a certain number of stalls.

Member Shiraki asked whether it was in the lease.

Mr. Kuitunen responded that HCDA has the right to lease.

Mr. Dinell interjected that it is paid outside of the lease by individual staff.

Chairperson Goshi asked how many square feet the space is.

Mr. Kuitunen replied that the square footage was just less than 7,000 square feet.

Chairperson Goshi commented that the space would be under parked because it is normally 400 square feet for a stall.

Mr. Kuitunen responded that for this building it is one stall per 500 square feet.

Member Mukaigawa asked where would the employees park.

Mr. Kuitunen explained that a small parking lot is being constructed on the site of the Historic Pump Station. The areca palms that were fronting Ala Moana have been relocated, to define where the parking lot is going to be. Staff struck an agreement with a contractor to consolidate rubble from a project and when the rubble is removed from the site, they will also remove the topsoil in that location. Underneath the two inches of topsoil, is cold plane. After it is removed it will be paved over and striped for parking. There will be approximately 22 parking stalls, including 2 handicap stalls. The primary purpose of this small lot is to fulfill the goal of generating modest revenue from parking and events to help maintain the pump station until a comprehensive plan can be implemented.

Member Shiraki suggested using the University of Hawaii's parking lot since it is always empty and HCDA only charges them \$1 a year.

Mr. Kuitunen responded that staff is talking with UH about Lot C, for alternative arrangements that will increase the cash flow on the property for HCDA.

Member Mukaigawa asked whether there is an option for HCDA to relocate there.

Mr. Dinell responded that the medical school has no space for the agency's needs.

Member Shiraki noted that the University has plenty parking spaces.

Mr. Dinell replied that staff can explore parking there.

Member Fukunaga commented that the lease was only for a year and asked whether it was the intent to look for another space.

Mr. Kuitunen responded that staff continues to look for another space and the landlord advised that at the end of the one-year period, they would hold HCDA to a triple net lease.

Chairperson Goshi asked whether there was anyone in the audience who wished to comment on the subject matter. There were none.

There being no further discussion, Chairperson Goshi reminded Members that there was a motion on the table and called for a vote. The motion was unanimously approved 11 to 0, excluding Kalaeloa Members.

4. Recommend Approval on Ground Lease Annual Base Rent Adjustment for the University of Hawaii John A. Burns School of Medicine

Richard Kuitunen summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Kuitunen explained that at the July Authority meeting, this item was presented as an Information Item. The John A. Burns School of Medicine (JABSOM) would like to lease approximately 193 square feet to a company called HiBEAM which will assist in bringing to market the products of the researchers and the faculty at JABSOM.

The JABSOM ground lease provides for usage that is not related to research and education, but HCDA has the right to adjust the \$1 per year rent in such situations. The stated adjustment is 6 percent of the fair market value of the space. The lease does not provide for a definition of how the fair market value would be calculated. Furthermore, staff does not recommend ordering an appraisal for such a small space.

At the July 2006 meeting, the Authority members expressed the concern that they did not want to make this a precedent for any future subleases that JABSOM enters into.

Mr. Kuitunen explained that based on the foregoing, staff is recommending, in this instance, that the rent redetermination based on the HiBEAM lease use the stated 6 percent capitalization rate applied to a prorata fair market value of the land only. The prorata share of the land would be determined by the square footage being subleased over the total square footage of the floor area.

The fair market value will be the City and County of Honolulu's assessed value of the land. The contemplated lease is a one-year term. Should the lease go beyond that, staff recommends having a right to adjust the rent based on the then current property tax assessment. The calculation illustrated on the last page of the Action Item shows that the calculated adjustment to the rent would be \$1,210 per year based on this sublease.

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

Chairperson Goshi asked whether there were any questions.

Member Shiraki reiterated his previous point that parking at the University be explored for the staff at employee rates.

Mr. Kuitunen responded that it could be discussed with the University when staff negotiates on the parking lot. He also noted that Lani Matsuo from the University was in the audience if the Authority had any questions.

Chairperson Goshi asked whether there was anyone in the audience who wished to comment on the subject matter. There were none.

There being no further discussion, Chairperson Goshi called for a vote. The motion was unanimously approved 11 to 0, excluding Kalaeloa Members.

Member Lai departed at 11:00 a.m.

5. Recommend Approval of the Request by Cooke Clayton LLC for the 720 Kapiolani Boulevard NCR Building Renovation for Modifications from the Kakaako Community Development District Mauka Area Rules (M 1-06), Joint Development and Development Permit (MUZ 72-06)

Member Bradley recused himself from this item as his firm has a potential conflict of interest in this project and departed the meeting at 11:01 a.m.

Arnold Imaoka summarized the Action Item distributed to the Authority and presented the staff's recommendation.

Mr. Imaoka explained that the 720 Kapiolani Boulevard NCR renovation project has been before the Authority over the past several months. On June 7, 2006, the initial concept was presented for information. Subsequently, a public hearing for modifications was conducted on July 5, 2006.

The project site is located on the Mauka portion of the Kakaako Community Development District. The site is bound by Kapiolani Boulevard, Cooke Street, and Clayton Street. To the Diamond Head side of the project is the Hawaiian Electric Company (HECO) Ward Avenue facility.

The applicant, Cooke Clayton LLC, is requesting approval for modification relating to height and rear yard setbacks. Additionally, the applicant is requesting approval for a joint development and development permit.

A public hearing was conducted on July 5, 2006, on the modification request. At that time, information by the applicant and staff findings were provided to the Authority. Oral and written public testimony was submitted by Joseph Viola of HECO and is attached to the Action Item. In his testimony, HECO was not opposed to the request for modification or to the project. It was HECO's intent to note conditions and operations at its Ward Avenue facility that the developer should take into consideration in designing and marketing the project. The testimony also noted that HECO conducted a tour of the facility for Mr. Chris Deuchar of the Cooke Clayton LLC on June 29, 2006. Following the HECO testimony, Mr. Deuchar informed the Authority that disclosure of HECO operations will be included in all future real estate documents to mitigate any future concerns between HECO operations and future residents of the project.

With regard to application for joint development and development permit, the project was found to be in compliance with the Mauka Area Plan and Rules with the exception of the modifications for height and rear yard setback.

Mr. Imaoka noted that a recommendation on the modification is included in the Members' packet as well as a draft development permit.

Staff is recommending approval of the proposed modifications pertaining to heights and rear yards. Furthermore, staff recommends that a joint development and a development permit be approved as drafted and that the Authority authorize the Executive Director to finalize and issue the development permit MUZ 72-06 and M 1-06.

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

Chairperson Goshi asked whether there were any questions.

Member Chun seemed to recall that there were other projects similar to this and asked if there were other projects the developer has done in Kakaako.

Mr. Dinell responded that this project is a base zone development. It is a low-rise, loft type apartments that is unique in the sense that it is renovating an existing building. There are some other low rise residential projects that have been done and there have been some initial discussions by other developers to do similar types of projects, but nothing concrete at this stage. So it is a very unique project. For those that are familiar with the NCR building, it is an eyesore that lays abandoned on Kapiolani Boulevard. The project adapts some of the pedestrian orientation and the design of the type that HCDA is trying to encourage. The fact that it is a low-rise structure adds to the fabric. There is nothing exactly like this, but it is a good example of where HCDA is trying to go with smaller Mauka lot developments.

Member Mukaigawa pointed out that the senior housing in Honuakaha is somewhat similar as far as size and loft type.

Mr. Dinell stated that Honuakaha is a good example and Na Lei Hulu Kupuna is another example, both of which are State projects. Staff would like to see more private sector projects like this.

Chairperson Goshi commented that the project is low-rise, more affordable and adds character to the neighborhood.

Member Shiraki asked for a timeline on the project.

Mr. Chris Deuchar of Cooke Clayton LLC responded that construction could begin as soon as he could get a permit.

Member Mukaigawa asked for the pricing of the units.

Mr. Deuchar replied that they have not finalized pricing yet. If all goes well, they intend to conduct their first owners/architect/consultants meeting to start the full-blown design. They hope to apply to the City for a foundation permit within 90 days and submit for other necessary permits within 120 days. They would like to start construction in the first quarter of 2007.

Chairperson Goshi asked whether there was anyone in the audience who wished to comment on the subject matter. There was none.

There being no further discussion, Chairperson Goshi called for a vote. The motion was unanimously approved 9 to 0, with 1 excused (Member Lai), 1 recused (Member Bradley), and excluding Kalaeloa Members.

V. ADJOURNMENT

There being no further business, it was moved by Member Mukaigawa and seconded by Member Thomason to adjourn the meeting at 11:08 a.m. The motion passed 9 to 0, with 2 excused (Members Bradley and Lai) and excluding the Kalaeloa Members.

Respectfully submitted,

/s/

Jonathan Lai  
Secretary