

SUMMARY - MEETING NO. 325
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
State of Hawaii

January 9, 2008 – 9:00 a.m.

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

ATTENDANCE

Members Present: C. Scott Bradley; Amanda Chang; Grady Chun; Michael Formby (for Barry Fukunaga, DOT); Paul Kimura; Christopher Kobayashi; Jonathan Lai; Kay Mukaigawa; Dexter Okada; Robert Piper (for Georgina Kawamura, B&F); and Russ Saito (DAGS).

Members Absent: Joseph Dwight, IV; and Theodore Liu (DBEDT).

Others Present: Anthony Ching; Diane Taira (Deputy AG); Matthew Akamu; Pearlyn Fukuba; Neal Imada; Richard Kuitunen; Tesha Malama; Steve Miyamoto; 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 January 9, 2008, by Chairperson Lai at 9:01 a.m. with the following roll call:

Chairperson Lai	Present
Member Bradley	Present
Member Chang	Present
Member Chun	Present, arrived at 9:13 a.m.
Member Formby	Present
Member Kimura	Present
Member Kobayashi	Present, arrived at 9:09 a.m.
Member Mukaigawa	Present
Member Okada	Present
Member Piper	Present
Member Saito	Present

MATERIALS DISTRIBUTED

1. Agenda for January 9, 2008 Meeting;
2. Summary Minutes of Authority Meeting of December 5, 2007
4. Report of the Executive Director;
5. Executive Session: Discussion on Potential Acquisition Issues of 1226 Waimanu Street for Purposes of Reserved Housing for the 404 Piikoi Phase IV Project (Confidential material); and
6. Information Item: Queen Street Resurfacing Options.

Chairperson Lai introduced Anthony Ching as HCDA's Executive Director. Mr. Ching was named HCDA Executive Director at the last meeting and his official start date was January 2, 2008, but has been hard at work since being named to the position in December juggling his time between the Land Use Commission and at HCDA.

Chairperson Lai also announced that Deputy Attorney General Melvin Nishimoto retired on December 31, 2007. He introduced Diane Taira who is the Supervising Deputy Attorney General filling in at the meeting. No replacement for Mr. Nishimoto has been named yet.

II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of December 5, 2007

Since ten Members were needed to approve the minutes and there were only nine Members present, Chairperson Lai deferred the approval of the minutes until enough Members were in attendance.

III. EXECUTIVE SESSION

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

2. Discussion on Potential Acquisition Issues of 1226 Waimanu Street for Purposes of Reserved Housing for the 404 Piikoi Phase IV Project pursuant to Section 92-5(a)(3) and 92-5(a)(4), Hawaii Revised Statutes, to discuss the acquisition of public property or conduct of such negotiations, and to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities.

It was moved by Member Mukaigawa and seconded by Member Piper to enter into Executive Session. The motion carried 9 to 0 with 2 excused (Members Chun and Kobayashi).

Chairperson Lai requested that Executive Director Anthony Ching; Supervising Deputy Attorney General Diane Taira; Director of Planning and Development Deepak Neupane; and Project Manager Teney Takahashi join the Executive Session discussion.

Since the Executive Session would be held in the small conference room, Chairperson Lai informed the audience that they could remain in the room.

The Hawaii Community Development Authority entered into Executive Session at 9:04 a.m.

Member Kobayashi joined the Executive Session at 9:09 a.m.

Member Chun joined the Executive Session at 9:13 a.m.

It was moved by Member Saito and seconded by Member Piper to reconvene the regular meeting. The motion was carried 11 to 0.

The meeting was reconvened at 9:59 a.m.

Chairperson Lai noted that Members Chun and Kobayashi were in attendance. Since there were now enough Members to approve the minutes, Chairperson Lai took up the approval of the minutes.

II. APPROVAL OF MINUTES

1. Minutes of the Regular Meeting of December 5, 2007

Chairperson Lai asked whether there were any corrections to the minutes of the December 5, 2007 meeting. There were none offered by the Members. It was then moved by Member Bradley and seconded by Member Mukaigawa to approve the minutes as written. The motion passed 10 to 0 with 1 excused (Member Saito, who stepped out of the meeting).

Member Saito rejoined the meeting.

Chairperson Lai called a recess at 10:02 a.m. to begin the Public Hearing on the Proposed Modifications to 1226 Waimanu by K2 Investors LLC.

Chairperson Lai reconvened the meeting at 10:18 a.m.

IV. ITEMS FOR INFORMATION

A. Queen Street Resurfacing Options

Anthony Ching presented the staff report. Pictures of the current flooding conditions on Queen Street were shown. Mr. Ching reported that staff had completed a feasibility analysis exploring potential remediation projects for sections of Queen Street subject to flooding. The report was provided to the Authority for their information. The analysis included estimated costs, considerations and identified related issues.

Possible scenarios included:

1. Allowing the City and County to address the issue and repave the street at its own timing and resources;
2. HCDA to overlay the existing roadway (HCDA Scenario 1);
3. HCDA improves the base course of the roadway and repaves the street (HCDA Scenario 2);
4. HCDA improves the base course, repaves and constructs grated drainage inlets, but would not include sidewalks, curbs and gutters (HCDA Scenario 3); and
5. HCDA establishes a comprehensive Improvement District Project (HCDA Scenario 4).

If the City and County were allowed to address the flooding problem, there would be no required action by HCDA. The estimated cost would be unknown. The result if the City chose to repave and not fix the subsurface layers would be cosmetic and a short-term fix; it would not address the flooding problems, and the timeframe for action would be uncertain.

In HCDA Scenario 1, HCDA would overlay the existing roadway at an estimated cost of \$80,000 to establish a crown thereby diverting water to the side of the road. The result is a short-term fix where flooding of adjacent properties and the roadway would be likely because the storm water runoff would not have been disposed. Since improvement to the base course and drainage problem would not have been addressed, at the next big rain, sinkholes or potholes could develop. HCDA is mandated to do improvement projects not maintenance, which Scenario 1 would fall under. The questions of who would underwrite the maintenance project and the precedence of

HCDA taking on a maintenance issue rather than seeking to make long-term improvements would be created in this scenario. Without improvements to base course and construction of drainage system, continued flooding would likely produce road hazards, which would expose HCDA to significant liability. HCDA's statutes also require that where specific benefits would occur, these properties would have to be subject to an assessment.

In HCDA Scenario 2, HCDA would improve the base course and repave the roadway at an estimated cost of \$600,000. The result would be a moderate term fix and produce a roadway less prone to flooding and a smoother road surface. However, flooding of adjacent properties remains a near certainty. Questions relative to whether HCDA should provide improvements or maintenance and the risk of liability would remain. As with HCDA Scenario 1, an assessment to offset some of the cost would be necessary.

In HCDA Scenario 3, HCDA would develop a drainage system, fix subsurface and roadway layers at an estimated cost of \$4.3 million. The result would be a moderate to long-term fix which would reduce the threat of flooding and produce a smooth road surface and grated inlet for drainage. However, there would be no curb or gutter constructed. As there would be no additional engineering features (e.g., curbs) to control the runoff during severe weather events; flooding of the roadway or adjacent properties would still be possible. The liability and risks would still remain and an assessment to offset the benefits of the project would have to be levied. Should an Improvement District (ID) eventually be established, the improvements might be lost and HCDA would incur additional costs related to with demolition of what was previously done.

In HCDA Scenario 4, HCDA would create an ID project at an estimated cost of \$17.3 million. The result would be a long-term fix with a smooth/wide roadway with curbs and gutters and landscaping. An assessment would have to be levied. There would also be a loss of parking and need to acquire property for the roadway right of way. The HCDA would once again have to fight for public acceptance.

Mr. Ching's preference is to be comprehensive and efficient in how projects are pursued. There are serious issues that have to be addressed prior to any action.

Chairperson Lai asked whether Members had any questions.

Member Kimura asked what issues should be addressed.

Mr. Ching responded that in the various scenarios there are various cost issues and also precedence and liability to consider.

Member Okada asked what would be HCDA's liability if HCDA does not do anything.

Mr. Ching responded that since he just started with HCDA, he was unsure of the ownership of the roadway, but believes that is not HCDA's responsibility to provide the maintenance. If HCDA were to do the project, then the agency should be responsible in doing it properly because the liability would fall on HCDA if it was done wrong.

Member Okada asked if someone hits a pothole and causes an accident, would the City, State or HCDA be responsible.

Mr. Ching replied that it would depend on the control of the roadway. In this particular area, it is considered privately owned. HCDA may still have certain liability or risk and exposure. However, once a project is undertaken, HCDA would definitely be exposed to liability because HCDA would be underwriting the project.

Member Bradley commented that Queen Street is a main artery. If HCDA spent the time and resources to do a band-aid fix and get a product that was not worth the effort, then HCDA should pursue starting the ID again. HCDA is mandated to assess properties that benefit from an ID, but how the assessments are determined is subjective. Member Bradley believed that the previous assessment undervalued the benefit for the public and skewed the benefit for the property owners adjacent to the ID. Thus, HCDA should review its assessment methodology and establish a fair assessment system which is sensitive to small businesses.

Mr. Ching responded that he agrees that a review of the HCDA assessment methodology remains an outstanding issue.

Member Bradley expressed his appreciation for the staff's quick response to the Authority's discussion of this issue.

Member Kimura commented that the area between Ward and Kamakee Street was in bad shape and for HCDA to do nothing, but wait for an ID to happen was not going to help the public. While he thought in the long-term that an ID project would be needed, improvements to make the road safer need to be undertaken.

Chairperson Lai asked whether it would help for staff to transmit the Authority's concerns in a letter to the City and County, while staff explores the idea of an ID.

Member Bradley expressed support for that approach to avoid the creation of a precedent that HCDA would become responsible for a function which is outside of HCDA's mandate. He agreed with Member Kimura that something needed to be done to create a safe street and echoed the Chairperson's suggestion that the Authority should urge the City to improve the road.

Mr. Ching recapped that staff would send a letter to the City and County to advocate for improvements for that particular area.

Chairperson Lai noted that Executive Director Ching left the meeting to appear before the Senate Ways and Means Committee. He asked Teney Takahashi to present the Executive Director's report.

V. REPORT OF THE EXECUTIVE DIRECTOR

Teney Takahashi 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. Takahashi noted that the Executive Director's written report indicated that the Townsend/University of Hawaii development team for the Cancer Research Center of Hawaii (CRCH) had deferred for now, pursuing a Makai Parking Memorandum of Understanding (MOU). While the team continues to pursue parking solutions in the planning for the CRCH, the team felt that the project had not been developed to the point that a meaningful MOU could be drafted. This meant that the two developers in question (which included KUD International LLC, for the Asia-Pacific Life Sciences Center) would continue to develop their respective projects independently and revisit the parking issue when the projects are better defined. A December 21, 2007, letter from Townsend/UH was attached to the Executive Director's written report.
- On December 7, 2007, the University of Hawaii requested that the Authority consider conveying the fee title of the 5 ½ acre lot set aside for the CRCH to the UH. The stated logic was that such a conveyance would ultimately benefit the entire State of Hawaii. Staff will review the request and provide the Authority with points for consideration in the near future. A copy of the letter from the UH is also attached to the Executive Director's report.

Chairperson Lai asked whether Members had any questions.

Member Saito asked whether the John A. Burns School of Medicine land had been conveyed to the University of Hawaii.

Mr. Takahashi indicated that the land currently occupied by JABSOM was still under lease for one dollar a year.

VI. ADJOURNMENT

There being no further business, it was moved by Member Saito and seconded by Member Kimura to adjourn the meeting at 10:38 a.m. The motion passed 12 to 0.

Respectfully submitted,

Amanda Chang
Secretary