

**HCDA/Kewalo Ocean Activities Meeting**  
**June 18, 2008 5:30 p.m.**  
**University of Hawaii John A. Burns School of Medicine, Room MEB 301**  
**Meeting Summary**

**I. Call to Order**

The meeting, facilitated by Anthony Ching, HCDA Executive Director, was called to order by Mr. Ching introducing himself and asking each of the attendees to do the same. Mr. Ching told attendees that the purpose of this meeting was to review the outcome of the May 21, 2008 meeting and to discuss the repair and maintenance issues for the Kewalo Basin harbor. Attendees would be asked to participate in augmenting a list of possible improvement projects and to help the HCDA to prioritize the needed improvements.

**II. Prior Meeting**

The attendees' attention was directed to the sheets posted on the board listing the industry-wide and harbor/facilities issues identified by the attendees of the May 21, 2008 meeting. For the benefit of those persons who did not attend the May 21<sup>st</sup> meeting, Mr. Ching explained that the industry-wide issues are caused by external factors, which are beyond the control of HCDA, and the harbor/facilities issues are related to the harbor and/or the facilities that can be addressed by HCDA in its operation and management of Kewalo Basin.

At the May 21<sup>st</sup> meeting, a joint State Department of Transportation and HCDA statement regarding the financial matters was read to the attendees. Mr. Ching summarized that statement and directed the attendees to a sheet posted on the board called "Review of Past Accounts", which stated the following:

- Date of transition from DOT to HCDA has not been set
- DOT willing to provide maintenance and management services on a contract basis until replacement found
- HCDA understands the need for a security plan
- DOT/HCDA will review financial statements for accuracy to identify receipts and expenditures
- Expectation that no significant amounts of money to be transferred to HCDA

At the last meeting, attendees prioritized the harbor/facilities issues. Mr. Ching reviewed the prioritized harbor/facilities issues listed below in order of priority:

- Adopt DOT rules "as is" (16)
- Preserve commercial fishing uses in harbor (12)
- Pedestrian access to harbor  
Improve ingress/egress to harbor (10)
- Fees (moorage, application, parking, % rent, drop, etc.) (10)
- Establish revenue generating activities, "activity generators" (9)

- HCDA's lack of harbor operating experience (4)
- Have KOA manage the harbor (3)
- Deferred maintenance of facilities (2)
- No transfer fee; visibility from Ala Moana; crime and homelessness; security response; access for vessel maintenance (loading zone) (1)

HCDA's operating principles for Kewalo Basin, posted on the board, were then reviewed with the attendees:

- Support existing commercial harbor activities
- Address deferred maintenance items
- Ensure monies earned in Kewalo stay in Kewalo
- Provide efficient and fiscally responsible management
- Work with stakeholders to make sure that Kewalo remains a viable asset to the State of Hawaii

Mr. Ching reviewed with the attendees the May 21, 2008 meeting summary which was attached to the agenda for this meeting. Ms. Elaine Tamashiro suggested two corrections to the summary:

- In Item III, Harbor/Facilities Issues, that the word, "negatively", be deleted from the sentence, "CPAC findings will negatively affect harbor". Mr. Ching acknowledged Ms. Tamashiro's suggestion but noted that the summary will not be revised because the word "negatively" was written on the meeting sheets.
- In Item III, Harbor/Facilities Issues, that the text starting with, "Group feels that there should be no vacancies in the harbor" should be presented separately, as this was part of a discussion that occurred after the voting was completed. Mr. Ching concurred.

Mr. Ching said that in Item IV.C, "Cost of A Private Harbor Manager", the percentage rate should be "40%" instead of 4%. A corrected summary will be distributed.

The agenda and the ground rules for this meeting were also posted on the board for the attendees.

### **III. Repair and Maintenance**

The next item on the agenda was then explained to the attendees by Mr. Ching.

A list of possible repair projects was included as an attachment to the meeting agenda. Posted on the board are possible repair projects described generally as (i) the repair of Piers A, B, and C, demolition of Pier D, related electrical, security, and other work with an estimated cost of \$4.9 million; (ii) design and construction for improving pedestrian/vehicular access and ingress/egress to the harbor with an estimated cost of \$2.0 million; (iii) fuel dock; (iv) restrooms; (v) convenience/bait shop; (vi) relocate fish auction back to Kewalo Basin; (vii) marketing support; (viii) enhanced harbor security program; (ix) loading zones/maintenance

access for vessels; and (x) dry dock facilities. These projects were listed as a starting point. Cost estimates for the first two projects are listed only because information was available for those projects and it was not to be taken as approval or that funding is available for those projects.

The attendees were then asked to augment the list by including other possible projects, to rank the projects in terms of importance (as indicated by the number of tally marks), and then to vote for a project or projects. The summary of the tallying and voting is shown below:

TALLY	PROJECT	ESTIMATED COST	VOTES
√√√√√√√√√√ √ (11)	Replacement and extension of Piers A, B, and C, and demolition of Pier D, including related electrical work (220v), installing telephone lines, installing security gates at the head walk, and doing minor bulkhead repairs	\$4.9 million	7
√√√√√√√√√√ √ (10)	Design and construction for improving Ewa/Diamond Head and Mauka/Makai pedestrian access, vehicular ingress/egress to harbor, improving visibility of harbor from Ala Moana Boulevard	\$2.0 million	7
	Sewage pump out facilities		
√ (1)	Fuel dock		
√√√√ (4)	Restrooms		
	Convenience/bait shop		
	Relocate fish auction back to Kewalo Basin		1
√√√ (3)	Marketing support		
	Enhanced harbor security program		1
√√√ (3)	Loading zones/maintenance access for vessels		
	Dry dock facilities ramp		
√√√√ (4)	Sewer pressure pump out throughout harbor		2
√√√√√√√√√√ √ (11)	Front row improvements: -Wooden header -Electrical/telephone service -Expand security or install gates (similar to Ala Wai Boat Harbor)		6

Mr. Ching informed the attendees that the results will be summarized, distributed to all on our invitation list, and then reported at the next meeting. Some of the attendees wanted more specificity with respect to the various projects, but Mr. Ching referred to one of HCDA's guiding

principles posted on the board and assured the attendees that HCDA would consult with stakeholders on the details of a project while the scope of work is being developed.

With the priority established by the stakeholders, HCDA now needs to develop a business plan to determine how these projects fit in with expected revenues and available financing.

#### **IV. Informational Items**

The following were presented to the attendees to put the repair and maintenance discussion into context:

Harbor Budget Categories. Mr. Ching asked the attendees to review the sheet posted on the board, labeled “Harbor Budget Categories”. The budget categories for fiscal years 2005, 2006, and 2007 illustrate that the expenses for Kewalo Basin are allocated to “all tenants”, “commercial building tenants”, and the Herringbone and C piers. During each of those fiscal years, the harbor operated at a deficit. Mr. Ching said that these numbers are based on information, believed to be reliable, and provided to HCDA by the DOT, but is subject to a joint financial review as part of the transition.

Slip Inventory. A list showing the inventory of the rented and “no rent/out of service” slips was posted on the board to illustrate the need to put the out of service slips back into service. The information was provided to HCDA by DOT and, while the information was believed to be reliable, questions about the reliability of the information were raised, especially as to whether or not active permit and/or temporary permits were included in the numbers. As part of the transition due diligence, HCDA will need to physically verify the inventory of slips and the status of slip permittees.

Means of Financing. Mr. Ching informed the attendees that in order to proceed on projects for Kewalo Basin, the method of financing must be determined. HCDA’s preliminary plan for financing the proposed projects is to pay for the first project out of HCDA’s revolving funds. HCDA’s revolving funds are derived from revenue generated within the Kaka’ako district and must be used for projects within the Kaka’ako district and repaid with interest. Mr. Ching then went on to describe the four other means of financing Kewalo Basin projects as shown on the sheet posted on the board (general funds, capital improvement project funds, general obligation funds, special purpose revenue bonds) and the features of each method of financing.

HCDA is committed to being fiscally responsible and prudent in its management of Kewalo Basin and will:

- Look closely at all possible projects
- Verify the revenue generated from the harbors
- Review the various methods of financing
- Verify the number of slips in and out of service

## **V. Next Meeting**

The discussion at the next meeting on June 30, 2008 will focus on the proposed rules as HCDA needs to prepare for the transition in management. The meeting was scheduled for June 30<sup>th</sup> because the 30-day notice period to Kewalo Ocean Activities and Kahala Catamarans, Inc. will have expired before that date.

Mr. Ching indicated that the following guiding principles would govern HCDA's activities at Kewalo Basin.

- Supporting existing commercial harbor activities
- Addressing deferred maintenance items
- Ensuring that monies earned in Kewalo Basin, stay in the harbor
- Managing Kewalo Basin efficiently and in a fiscally responsible manner
- Working with stakeholders to make sure that Kewalo Basin remains a viable commercial harbor asset for the State of Hawaii

Finally, Mr. Ching noted that HCDA encourages the continued input and participation of all Kewalo Basin stakeholders. He stated that a summary of tonight's meeting would be distributed to all stakeholders and HCDA welcomes any additional comments or input.

Attachment: Exhibit A – Attendance List