

Minutes of a Regular Meeting  
of the Members of the  
Hawaii Community Development Authority,  
State of Hawaii

MEETING NO. 395  
Wednesday, March 5, 2014

**KAKAAKO**

**I. CALL TO ORDER/ROLL CALL**

A regular meeting of the Kakaako Members of the Hawaii Community Development Authority ("Authority" or "HCDA"), a body corporate and public instrumentality of the State of Hawaii, was called to order by Mr. Brian Lee, Chairperson of the Authority, at 10:59 a.m. on Wednesday, March 5, 2014, at the Authority's principal executive offices at 461 Cooke Street, Honolulu, Hawaii, pursuant to Article IV, Section 1 of the Authority's Bylaws.

Members Present: Mary Alice Evans (DBEDT)  
Randy Grune (DOT)  
Miles Kamimura  
Brian Lee  
Lois Mitsunaga  
Luis Salaveria (DBF)  
Brian Tamamoto

Members Absent: Dean Seki (DAGS)

Others Present: Anthony Ching, Executive Director  
Lori Tanigawa, Deputy Attorney General  
Lindsey Doi, Compliance Assurance & Community Outreach  
Officer  
Loretta Ho, Asset Management Specialist  
Deepak Neupane, Director of Planning & Development-Kakaako  
Chris Sadayasu, Asset Manager  
Shelby Hoota, Program Specialist  
Patricia Yoshino, Secretary  
Holly Hackett, Court Reporter

**MATERIALS DISTRIBUTED:**

1. Report of the Executive Director;
2. Summary Minutes of Regular Kakaako Authority Meeting of February 5, 2014;
3. Summary Minutes of Special Kakaako Authority Meeting of February 19, 2014;

4. Decision Making: Shall the Authority Authorize the Executive Director to Enter into an Exclusive Negotiations Agreement with The Seagull School for Development of an Early Childhood Education Facility in Kakaako Makai on a Portion of Land Parcel Identified as TMK 2-1-06:008;
5. Decision Making: Shall the Authority Authorize the Executive Director to Enter into Contract for the Repair and Maintenance Services of Sewage Pump Systems at Kakaako Waterfront, Kakaako Makai Gateway and Kewalo Basin Parks and Expend up to \$45,000.00 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount;
6. Decision Making: Shall the Authority Authorize the Executive Director to Prepare and Issue a Request for Proposals to Rehabilitate the Historic Ala Moana Pump Station for Use as a Community Resource Center and Expend an Amount not to Exceed \$1,000,000.00 in Capital Improvement Program Grant Funding.

## II. APPROVAL OF MINUTES

### 1. Kakaako Regular Meeting of February 5, 2014

Chairperson Lee asked whether there were any corrections to the minutes of the February 5, 2014 meeting. There no comments or corrections from Members, and the minutes were approved as presented.

### 2. Kakaako Special Meeting of February 19, 2014

Chairperson Lee asked whether there were any corrections to the minutes of the February 19, 2014 special meeting. There no comments or corrections from Members, and the minutes were approved as presented.

## III. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Ching reported stated he would defer to the report presented during the preceding Authority Business meeting.

## IV. KAKAAKO MATTERS

3. Decision Making: Shall the Authority Authorize the Executive Director to Enter into an Exclusive Negotiations Agreement with The Seagull School for Development of an Early Childhood Education Facility in Kakaako Makai on a Portion of Land Parcel Identified as TMK 2-1-60:008?

Chairperson Lee noted for the record that there was an error on the agenda listing the tax map key for the land parcel as TMK 2-1-06-008. The correct TMK is 2-1-60:008.

Mr. Ching explained that the Seagull Schools (“Seagull”) is a private nonprofit corporation that has been operating early childhood education facilities since 1971 and

is one of the state's largest child care providers. Seagull is proposing to rehabilitate an existing warehouse structure in an area of the Kakaako Makai Waterfront Park currently used by the HCDA as a maintenance yard. The Makai Area Plan and the Kakaako Makai Conceptual Master Plan envision civic uses in the Makai area, and an early childhood educational facility is consistent with those plans. Seagull's current facility was located above the City and County of Honolulu ("City") parking garage and will potentially be closed when the City renovates the parking garage. He noted that Ms. Cheryl Soon, president of the board, and Ms. Janine Clifford, vice president, of Seagull were present to answer any questions.

Member Tamamoto asked whether a Request for Proposals ("RFP") was done for the endeavor.

Mr. Ching replied that there was no RFP, since entering into a real estate development or lease situation does not require an RFP or competitive bid process.

Member Tamamoto stated that he would prefer an RFP when it is state property. His concern was public perception that we are not sole sourcing to a specific provider.

Mr. Ching acknowledged Member Tamamoto's position and the need for transparency and accountability were duly noted. In this case, the reason for direct negotiation was the imminent loss of a significant amount of child care capacity, which would be felt throughout the community.

Member Tamamoto responded that he understood; however, the Authority was being reactive rather than proactive.

Member Evans stated that Chapter 102 is not a procurement chapter. Only Chapter 103D and Chapter 103F set out methods of procurement that include an RFP method and have the concept of sole source. She wanted to be sure there was no confusion that what the Authority was being presented was clearly following the process set out in statute for handling direct negotiations for land leases.

Member Tamamoto stated he was not alluding that the Authority was doing anything improper or illegal. He was just making the point for public perception to have more transparency with the community by making some kind of public notice that applicants were being accepted for this endeavor.

Member Kamimura asked Ms. Soon whether getting approval from the Authority would allow them to continue uninterrupted without missing a school year.

Ms. Soon replied that they could not be specific about the timing at their current location because the City did not know its timetable for reconstruction of the garage. They were hoping to sign a lease with the HCDA and construct in time to

make it for the 2015 entry class. Seagull was unusual in that they not only operate schools, but also have developed several preschool sites.

Member Kamimura asked how the plans submitted would compare to the number of students accommodated in the current location.

Ms. Soon replied that it was half for Phase 1.

Member Kamimura asked if they would accommodate the same number if they were to go to the second phase.

Ms. Soon replied in the affirmative. However, the second phase would take more time and construction.

Ms. Clifford explained that part of the phasing plan goes along with the way the school operates. They matriculate a good number of students at the end of the semester. So Phase 1 would be suitable if they if they did not fully fill the school, and then draw as the project's need arises. She noted that have a 2-year waiting list for the school.

Member Kamimura asked if the school would be open to the public and would there be a preference for certain children.

Ms. Soon replied that it would be totally open and there was no preference for children of government workers.

Member Kamimura disclosed that his granddaughter had attended Seagull and they do a good job.

Chairperson Lee asked about the tuition.

Ms. Soon stated that slides according to age, but was about \$800 per month. In an annual survey of all other schools, Seagull was the lowest. Their mission was to provide quality care at an affordable price. They were nationally accredited at all of their schools.

Chairperson Lee asked if there was an advantage in doing negotiations this way.

Mr. Ching replied that there was an extenuating circumstance of the potential disruption for 265 children, which cannot be accounted for in an RFP or competitive bid situation. Seagull's mission to provide the most affordable quality care was somewhat contrary to the principles of a competitive RFP since you would typically be seeking maximum return instead of tuition affordability.

Chairperson Lee asked whether any other preschools had approached or asked for information.

Mr. Ching replied there had been none.

Chairperson Lee stated that he shared Member Tamamoto's concerns, but he understood the situation.

Member Tamamoto stated that it was not necessary to go through a competitive bid. However, some kind of public announcement should be made so other interested applicants could come forward. That would take care of the transparency issue. He supported the master plan, and early childhood education was included. He wondered if there should be a consideration for a lower rate offered to those who are in the affordable area, so there would be something being returned back to the community.

Ms. Soon explained that the Seagull has tuition assistance programs. Close to a third of students are also Pauahi scholars who are subsidized by Kamehameha Schools. Seagull has an urgent need to build something, and they have the proven capacity to do so. The discussion was not about a facility being put out to bid to potential operators, since Seagull would be both building and going through all the development expenses to do so.

Ms. Clifford added that the early education community is a very tight knit group, and Seagull has met with most of the large child care providers and showed them the plans. They were all supportive since no one wants to see a school close and nowhere for the children to go.

#### PUBLIC TESTIMONY:

Chairperson Lee noted that written testimony in support of the project was received from Cheryl Soon, Michael G. Buck and Kevin Doyle.

*Mr. Dexter Okada*, with the Kakaako Business and Landowners Association, commended Member Tamamoto on the idea of being open.

Chairperson Lee entertained a motion for the Authority to authorize the executive director to enter into an exclusive negotiations agreement with the Seagull School for development of an early childhood education facility in Kakaako Makai on a portion of land parcel identified as TMK 2-1-60:008.

A motion was made by Member Grune and seconded by Member Salaveria.

A roll call vote was conducted.

Ayes: Members Evans, Grune, Kamimura, Lee, Mitsunaga and Salaveria.

Nays: Member Tamamoto.

The motion passed 6 to 1 with 2 excused (Member Seki and 1 vacant position).

Member Grune exited the meeting at 11:35 a.m.

4. Decision Making: Shall the Authority Authorize the Executive Director to Enter into Contract for the Repair and Maintenance Services of Sewage Pump Systems at Kakaako Waterfront, Kakaako Makai Gateway and Kewalo Basin Parks and Expend up to \$45,000.00 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount?

Mr. Ching summarized the report in the packet distributed to Members. He explained that the current contract with Doonwood Engineering would conclude on April 20, 2014. Although there was approval from the Authority for an additional 12-month extension, explicit funding was not allocated at that time. The HCDA will be advertising an Invitation for Bid to furnish repair and maintenance for the Parks' sewage pump systems.

Member Evans asked if the grinder pumps were located in or adjacent to the pump station building.

Mr. Ching replied that they were totally separate.

Member Tamamoto asked for the age of the pumps and the normal lifetime of a pump.

Mr. Ching replied that the parks were constructed in 1990, 1992 and 1998, so the age of the pumps vary. The existing contractor Doonwood Engineering felt it was more cost effective to repair the pumps with annual maintenance at about \$3,000.

Member Tamamoto asked at what point in time would we stop maintaining and purchase a new pump.

Mr. Ching stated that the actual maintenance cost would probably not exceed \$5,000 per year, and the \$10,000 is a contingency in the event major repair is needed.

Member Tamamoto asked if any pump has been down in the past 12 months.

Ms. Loretta, asset management specialist, explained that there are alarms in the sewage pumps when the levels are too high. Within the past year, approximately \$9,500 was expended for the Kakaako Waterfront Park system. Previously, no more than \$5,000 a year was spent on actual repairs. When the alarms go off, the malfunction could either be the pump or the mechanism that triggers the alarms. It was not only a matter of replacing the sewage pump system, but all the mechanism

that goes together to help the sewage keep going through the park. If the sewage overflows, it becomes a health and safety issue.

Member Tamamoto asked if it was better to start planning for a replacement period.

Ms. Ho replied that a consultant would be needed to advise on that type of work.

Member Tamamoto asked about the performance of the current contractor.

Mr. Ching replied that the current contractor has been responsive and responsible. However, since the contract would be going out for procurement, we cannot name or assume that Doonwood would be awarded the same contract.

Member Tamamoto recommended that information should be gathered ahead of time in the event the system needed to be replaced.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to enter into contract for the repair and maintenance services of sewage pump systems at Kakaako Waterfront, Kakaako Makai Gateway and Kewalo Basin Parks and expend up to \$45,000 from the Hawaii Community Development Revolving Funds Leasing and Management Subaccount.

A motion was made by Member Evans and seconded by Member Mitsunaga.

A roll call vote was conducted.

Ayes: Members Evans, Kamimura, Lee, Mitsunaga, Salaveria and Tamamoto.

Nays: None.

The motion passed 6 to 0 with 3 excused (Member Grune, Seki and 1 vacant position).

5. Decision Making: Shall the Authority Authorize the Executive Director to Prepare and Issue a Request for Proposals to Rehabilitate the Historic Ala Moana Pump Station for Use as a Community Resource Center and Expend an Amount not to Exceed \$1,000,000.00 in Capital Improvement Program Grant Funding?

Mr. Ching summarized via a PowerPoint presentation (see Exhibit A). He explained that the Ala Moana Pump Station is listed as a historic site in the Kakaako Makai Conceptual Master Plan, as well as the state and national registers of historic places. The Pacific Gateway Center ("PGC") proposes to rehabilitate the pump station and use the building as a community resource center. The PGC is a 501(c)(3) non-profit organization whose operations include social, economic and environmental initiatives that create opportunities and build skills to help their targeted immigrant populations achieve self-sufficiency. The Department of Labor and Industrial Relations ("DLIR") was named as the expending agency for \$1 million in Capital Improvement Program

("CIP") grant funding designated for the PGC. They propose to restore the pump station using the existing CIP appropriation, which will lapse by June 30, 2014 if not used.

Member Evans stated it was a wonderful opportunity to find a re-use for this historic building. The PGC is a stable long-time non-profit that has done tremendous community service over the decades. If the lease for the site is long enough, the PGC would be eligible for federal Economic Development Administration public works grants based on a 50% matching formula. They could possibly come in and match the \$1 million, match the value of the property, and provide additional money to help with the rehabilitation of the property.

Member Kamimura stated it seemed like a sole source. He wondered how the PGC would be able to renovate the property for \$1 million when we have gotten bids for \$4 million to renovate it.

Member Tamamoto noted that the legislative bill had named the specific recipient. The only thing being determined was who can be the expending agency.

Member Evans stated that the grant in aid is to the PGC and not to the HCDA or DLIR. The funds would not be available to the HCDA except as the PGC determines that they want to expend it on this site.

Member Kamimura asked if the grant was specific to this site.

Mr. Ching replied that the Legislature did not designate a site, and the PGC could determine the appropriate site.

Member Salaveria stated that the grant in aid application in all likelihood had a site designation.

Mr. Ching replied that the original site was designed at Ke'ehi, but it fell through and legislative action was taken. Staff had confirmed that the CIP award was now generic to the PGC without naming a site. As far as the estimate of \$4 million, it was envisioned to rehabilitate all 3 buildings on the site: the pump house as well as the main facility and smaller facility.

Member Salaveria exited the meeting at 12:06 p.m.

Member Kamimura asked what would happen to the other buildings that would not be rehabilitated.

Mr. Ching replied that the PGC has exhibited an ability to raise funds, and have indicated their willingness to seek more funds to restore the other buildings. In the meantime, they envisioned the site as an intergenerational senior center with counseling services and other activities. Their near-term plan is to have



landscaping done and create an atmosphere where people will come and conduct activities under tents, in addition to the renovated pump station.

Member Tamamoto stated that when the Legislature created the HCDA, the pump station was designated as a historic place that would be preserved. He was also pleased that an RFP would be issued. Given the short period of time before the CIP would lapse, he wondered how you could do an RFP and still be able to expend and encumber monies for the CIP.

Mr. Ching explained that a scope of services for a design/build RFP has been prepared. Within 3 months, the RFP would have to be issued and the design/build contract awarded in an amount not to exceed \$1 million. If successful, we would receive a blanket encumbrance on the \$1 million, allowing us to expend it appropriately over time.

Chairperson Lee asked what would happen to the timeline if there is a bid challenge.

Mr. Ching replied that it could potentially happen and that was why 3 months was needed.

Chairperson Lee asked if it would be done under Chapter 103-D procurement rules and Chapter 104 prevailing wage rules.

Mr. Ching stated he could not verify the citation, but it would be done according to procurement rules and prevailing wage rules.

Chairperson Lee asked if it would be a public works project.

Mr. Ching replied in the affirmative.

Chairperson Lee asked what lease terms would be considered for the PGC.

Mr. Ching replied that the terms are still to be negotiated.

Member Kamimura asked if the lease would be a fair market rent deal.

Mr. Ching replied that if there is commercial activities and income is being generated, the HCDA would negotiate a reasonable return from a landowner's standpoint. In this case, they are bringing the cost of development to us, so it is a ground lease, and we are not giving them a ready facility.

Chairperson Lee asked if the lease would be coming back to the Authority for approval.

Mr. Ching replied in the affirmative.

Member Tamamoto noted that since the pump house was on the national, state and county historic registers, the RFP has to be carefully worded. As a historic site, it would be subject to rules and regulations for renovation and rehabilitation.

Chairperson Lee asked if HCDA or outside construction management would be managing the project, and if an architect would be involved in the management.

Mr. Ching replied that the HCDA would be the project manager, but the contractor would also have construction management responsibilities. He expected that the winning bidder would have architectural design capacity.

Chairperson Lee entertained a motion for the Authority to authorize the Executive Director to prepare and issue a request for proposals to rehabilitate the historic Ala Moana Pump Station for use as a community resource center and expend an amount not to exceed \$1,000,000.00 in capital improvement program grant funding.

A motion was made by Member Tamamoto and seconded by Member Evans.

A roll call vote was conducted.

Ayes: Members Evans, Lee, Mitsunaga and Tamamoto.

Nays: Kamimura.

The motion failed 4 to 1 with 4 excused (Members Grune, Salaveria, Seki and 1 vacant position).

Chairperson Lee asked if the motion could be brought up again.

Mr. Ching explained that a motion for reconsideration can be entertained by the Authority. Otherwise, the DLIR would retain the funds and seek to have it reauthorized or undertake the project.

Member Tamamoto made a motion to convene in Executive Meeting pursuant to Section 92-5(a)(4). The motion was seconded Member Evans. By a voice vote, the motion passed unanimously.

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Pursuant to Section 92-5(a)(4), Hawaii Revised Statutes, the Authority convened in Executive Session at 12:25 p.m.

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The regular meeting was reconvened at 12:42 p.m.

Member Kamimura made a motion to reconsider the motion that was just voted on.  
Member Tamamoto seconded the motion.

A roll call vote was conducted.

Ayes: Members Evans, Kamimura, Lee, Mitsunaga and Tamamoto.

Nays: None.

The motion to reconsider passed 5 to 0 with 4 excused (Members Grune, Salaveria, Seki and 1 vacant position).

A roll call vote was conducted on the original motion.

Ayes: Members Evans, Kamimura, Lee, Mitsunaga and Tamamoto.

Nays: None.

The motion to reconsider passed 5 to 0 with 4 excused (Members Grune, Salaveria, Seki and 1 vacant position).

## V. ADJOURNMENT

Member Tamamoto suggested that strategic planning be placed on the agenda for the next meeting.

The meeting was adjourned at 12:45 p.m.

Respectfully submitted,

/s/

Miles Kamimura  
Secretary

Attachments: Exhibit A - Pacific Gateway Center

Note: The transcript of this meeting contains a verbatim record and should be consulted if additional detail is desired.

## Transfer of CIP Funds

- Department of Labor & Industrial Relations Requests Transfer of Delegation for Available Funds
  - \$1M in CIP Funds
  - Designated for Pacific Gateway Center
- Pacific Gateway Center Has Requested Opportunity to Restore Historic Pump Station & Establish Senior Resource Center
  - Request Sponsored by Senator Galuteria

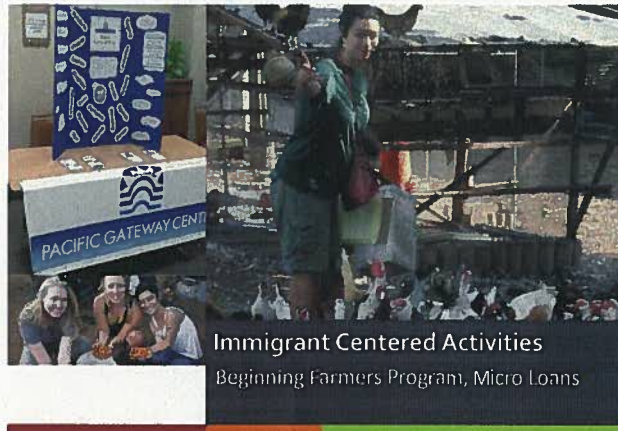
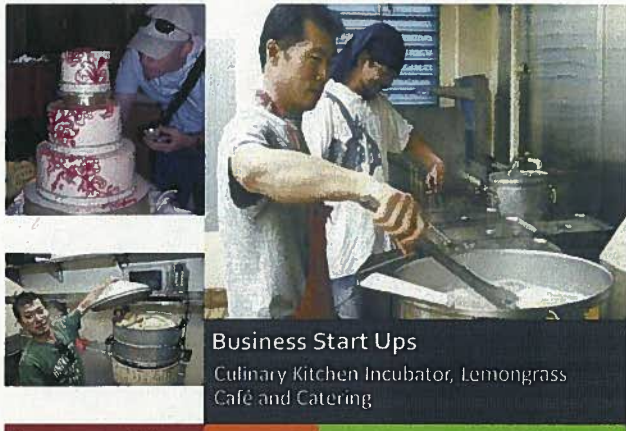
## Pacific Gateway Center

## Pacific Gateway Center History

- Founded in 1973 by the Palama Council of Churches
- 1984 – Established as 501(c)(3) – Kalihi-Palama Immigrant Service Center
  - Later Renamed as Immigrant Service Center
- 1999 – Immigration Center officially changed its name to Pacific Gateway Center
- 25 Full & Part-Time FTE
- Services Provided to Approximately 5,000/year

## Pacific Gateway Center Mission

- To Help Immigrants, Refugees and Low-Income Residents of Hawaii Gain Access to Opportunities and Services Through the Building of Skills that Lead to Self-Sufficiency
  - Respect for Integrity of Diverse Cultures & Communities Served
- Organizational Values
  - Aloha, Creativity, Diversity, Humor, Integrity
  - Mutual Respect, Teamwork & Food Needed to Sustain Life



## Development at Historic Pump Station

- **Utilize Legislative CIP Appropriation (\$1M) to Restore Historic Pump Station for PGC Senior Center**
  - **Replace Roof**
  - **Grade Yard to Eliminate Back Flow into Pump Station**
  - **Construct Toilet Facility**
  - **Restore Interior to Allow Operations of the PGC Senior Center**
- **Upon Completion of Restoration Work – Negotiate Lease w/Pacific Gateway Center**
- **Will Preserve & Restore Historic Pump Station to Useful Activity**