

Information and Discussion re: Re-Development of Three Development Lots Surrounding Kewalo Basin Harbor

Staff Report

July 9, 2015

Background: On March 2, 2015, the Hawaii Community Development Authority (“HCDA”), issued solicitations for the re-development of three Lots surrounding Kewalo Basin Harbor. Pursuant to the Solicitation, proposals were due on May 1, 2015. These proposals were distributed to the Authority prior to its June 3, 2015 General Meeting with a preliminary summary.

Through these Solicitations, the HCDA would seek to enter a public private partnership (P3) with a developer to re-develop under-utilized parcels surrounding the only commercial small boat harbor in the State and further detailed below:

- **Development Lot #1** (Former McWayne Marine Site) – Current surface parking in the site’s boundary includes 94 stalls. Prior to the conveyance to OHA, 148 additional stalls were made available and regularly used on the Fisherman’s Wharf site. As the HCDA no longer controls the Fisherman’s Wharf site and parking is no longer available there, additional parking stalls are needed to better service Kewalo Basin operations. The HCDA has received feedback that a greater number of stalls would be utilized if made available in the harbor, particularly if other sites are activated.
- **Development Lot #2** – Currently, the Charter Boat Building sits vacant and has been vacant since 2012. Originally designed to support activities in Kewalo Basin, the HCDA has been unsuccessful in securing viable long-term tenants in the 3,000 square foot building. The building is in good condition and could be re-purposed for utilization.
- **Development Lot #3** – After the National Oceanic and Atmospheric Administration vacated in 2014, this parcel is largely vacant with the exception of offices for the City & County of Honolulu Lifeguards and the Kewalo Basin Harbor Master which only utilizes around 10% of the lot. The existing structure is in fair condition where replacement cost and rehabilitation costs are about even.

The financial constraints of the HCDA and State of Hawaii, make a P3 an ideal vehicle to realize the improvements. The P3 brings financing, sustains the improvements for the lease term and provides a viable funding source for sustaining the improvements in the long-term. To make a P3 viable however involves a commercial aspect. Under existing zoning, commercial use is permitted along with adequate floor, the Solicitation seeks to identify an appropriate P3 project.

The HCDA received 4 proposals prior to the deadline to submit on May 1, 2015 as described in the Solicitations as follows:

1. Development Lot #1 – Victoria Ward Limited and Kewalo Waterfront Partners
2. Development Lot #2 – Victoria Ward Limited
3. Development Lot #3 – Victoria Ward Limited

Discussion: Board question and answer should be limited to public materials presented by the developers as not to divulge confidential materials otherwise provided in the proposal.

Purpose of the presentation is to provide Solicitation Respondents with an opportunity to make a public presentation on their respective proposals. Developers have been informed that Authority Members have been given copies of their full proposal, and that they have been allotted fifteen (15) minutes each to present each of their proposals.

Victoria Ward Limited has opted to pool its presentation time for each of its three (3) proposals to make one presentation.

Recommendation: Based on public presentations and proposal contents, the Board may opt to pursue and schedule in Executive Session time for further direct question and answer with each Developer to discuss confidential sections contained in their proposals.