

Report of the Executive Director

Kalaeloa Report

October 7, 2015

The Hawaii Community Development Authority (“HCDA”) has established four groups to address and advise the HCDA with respect to various concerns and issues within the Kalaeloa Community Development District (“District”). The four groups are: the Kalaeloa Community Network (“KCN”), Kalaeloa Public Safety Group (“KPS”), Kalaeloa Advisory Team (“KAT”), and the Kalaeloa Heritage and Legacy Foundation (“KHLF”). The following is a summary of these groups’ efforts and other HCDA projects/initiatives over the past several months.

2015 Kalaeloa Strategic Plan Workshop



- On September 17, 2015, HCDA’s four advisory teams, the KCN, KPS, KAT and the KHLF participated in a joint workshop to review, update and extend the Kalaeloa Strategic Plan (“KSP”) timeline to year 2020.

The workshop agenda included the following:

- The Kalaeloa Airport provided an overview of their planned facility improvements;
- HCDA staff provided the KSP’s historical background and components, which includes the vision, mission, core values, guiding principles, challenge and opportunities and a timeline of near-term priority actions;
- HCDA staff presented a photographic presentation that featured “Kalaeloa Jewels,” which highlighted the many unique tenants, businesses, industries and community resources that are found in Kalaeloa; and,

- Attendees participated in two breakout sessions that focused on (1) Partnerships and Planning; and (2) Advocacy and Stewardship.

The workshop results were compiled and emailed to all members of the advisory groups for their review and comment. The final draft KSP timeline extension is expected to be presented for the HCDA Authority’s (“Authority”) review and adoption at its November 2015 meeting.

The four advisory teams will resume their respective meetings in November 2015.

Kalaeloa Assessments:

- As provided by Hawaii Revised Statutes §§206E-195 and 206E-196 and approved by the Authority at its June 9, 2015 meeting, HCDA staff issued the Kalaeloa Assessment packets to non-federal land users for fiscal year 2015-2016. The majority of the landowners submitted early payments and on September 10, 2015, the Department of Hawaiian Home Lands submitted their assessment payment. Therefore, the 2015-2016 assessment payments are up-to-date.

Kalaeloa Assessments Status FY2016 - ANNUAL BUDGET \$200,000

Landowner	Number of Acres July 1, 2015	Proportionate Share-to-Date	Assessment FY 2016 \$200,000/yr	PAYMENT STATUS	AMOUNT
City Board of Water Supply	20.029	1.63%	\$ 3,268.66	PAID IN FULL AUGUST 10, 2015	\$ 3,268.66
Eagle River Investors	10.000	1%	\$ 1,631.96	PAID IN FULL JULY 13, 2015	\$1,631.96
Hunt Companies	539.752	44%	\$ 88,085.46	PAID IN FULL JULY 20, 2015	\$ 88,085.46
RP Kalaeloa Land Owner LLC	77.926	6.36%	\$ 12,717.22	BI-ANNUAL PAYMENT AUGUST 13, 2015	\$6,358.61
State Department of Hawaiian Home Lands	545.285	44.49%	\$ 88,988.42	PAID IN FULL SEPTEMBER 10, 2015	\$ 88,988.42
State Hawaii Homeless Programs Office	13.549	1.11%	\$ 2,211.14	PAID IN FULL JULY 23, 2015 (JV: JMO191, 7/23/15)	\$ 2,211.14
State Department of Education	14.458	1.18%	\$ 2,359.49	PAID IN FULL AUGUST 17, 2015	\$ 2,359.49
University of Hawaii - HCC	4.520	0.37%	\$ 737.65	PAID IN FULL JULY 16, 2015	\$ 737.65
TOTAL	1,225.519	100%	\$ 200,000.00	TOTAL AS OF JULY 13, 2015	\$ 193,641.39

\$200,000

Kalaeloa Heritage Park:

- On September 9, 2015, the Authority voted to authorize HCDA’s acting executive director to execute a 40-year lease, with a 20-year option to extend, with the Kalaeloa Heritage and Legacy Foundation (“KHLF”). The lease provides for the operation and development of the Kalaeloa

Heritage Park (“KHP”), a 77-acre parcel that is located west of Coral Sea Road and north of Tripoli Road.

- The KHLF is in the process of having their legal counsel review the final version of the lease document and a follow-up meeting with HCDA’s acting executive director will be scheduled to finalize the document by the end of the year.
- On September 17, 2015, the HCDA, Department of Health (“DOH”) and KHLF representatives met at the KHP for a follow-up site inspection of the stockpile in the maintenance yard. The DOH confirmed that the compost filter socks have been installed and the dust controls are in place. The DOH requested that the construction-related debris be removed and delivered to the PVT Land Company, Ltd. landfill in Nanakuli. The KHLF reported that they are in the process of developing a scope of work and securing a contractor to complete the work. The HCDA will be sending a letter to the DOH to confirm the action steps and corresponding timeline.

Infrastructure Matters:

- Kalaeloa Enterprise Energy Corridor: On August 3, 2015, the HCDA initiated a solicitation for competitive sealed bids.
 - On September 3, 2015, sealed bids from six (6) bidders were publicly opened. Bids ranged from a low of approximately \$8,100,000 to a high of \$24,900,000.
 - The total amount of funds available is \$6,672,900.00. However, after Hawaiian Electric Company, Inc. (“HECO”) and other project-related costs are deducted, the net amount of available funds is approximately \$5,200,000.00.
 - Therefore, the HCDA has made the determination that the solicitation of the project should be cancelled and on September 23, 2015, the HCDA issued letters to the bidders that the project has been cancelled.
 - Staff is working to reduce the scope of work and repackage the project. The new bidding process is estimated to commence by the end of 2015.
 - Staff is in the process of requesting additional legislative appropriations from the 2016 Legislature that will allow the

HCDA to complete the project in its original scope of work for an underground electrical and telecommunications system from the intersection of Kapolei Parkway and Fort Barrette Road to the intersection of Enterprise Avenue and Midway Street.

- Kalaeloa East Energy Corridor: In 2012, the Legislature appropriated \$3.5 million to build the estimated \$5.5 million energy corridor. In addition to the legislative appropriation, the HCDA expected to contribute an additional \$2 million to replace the U.S. Navy's ("Navy") substandard electrical system with HECO-standard systems. The project plans and the completed Environmental Assessment are still being reviewed by the Navy and the following issues remain:
 - Due to the U.S. General Services Administration requirements, the Navy is requesting that the HCDA pay \$1 million per acre for access to the Navy-owned utility easements. There are 8 acres of utility easements needed to construct the Kalaeloa East Energy Corridor project. Therefore, an additional \$8 million is needed for use of the easements.
 - In addition to the easement cost, the Navy is requesting an additional \$1 million to conduct surveys, the Section 106 process and other related costs prior to approving the construction of the project.
 - The HCDA does not have an additional estimated \$9 million for the project. Staff has briefed area legislators and Hawaii's congressional team's staff. Staff is requesting their assistance to have the Navy waive the additional costs or to pursue special legislation which would allow the Secretary of the Navy to convey all remaining Navy-owned assets to the HCDA in its capacity as the local reuse authority. This would free the Navy from all of its Kalaeloa district obligations while still retaining any environmental liabilities that originated with the Navy. The HCDA would not proceed with acquisition without HECO's support.

Administrative Matters:

- On August 26, 2015, staff provided a briefing and District site tour for Congresswoman's Mazie Hirono's staff. The briefing included the status of the Base Realignment and Closure conveyances, HCDA's two

electrical energy projects and collaboration efforts with the other congressional team members.

- On August 28, 2015, staff met with the new management company of the Kalaeloa Rental Homes. In 2014, the property was sold to RP Kalaeloa Land Owner LLC and the management company is Apartment Management Consultants LLC.
- On September 8, 2015, staff met with developers who would like to build the Kuponu Race and Aloha International Speed Way in Kalaeloa. The HCDA has helped to identify other landowners and agencies that would have input and/or recommendations for the international speed way project.
- On September 22, 2015, staff met with Representative Andria Tupola and her staff regarding District issues. Tupola requested a status of several projects, including the Kalaeloa East Energy Corridor Project and the Kalaeloa Enterprise Energy Project.
- On September 25, 2015, staff met with developers who are interested in leasing HCDA's Parcel 13126-B, an appropriately 10-acre oceanfront parcel that is bordered by the Pacific Ocean and the drainage canal. They would like to establish a small photovoltaic solar farm.

Attachment: August 2015 Financial Report