

**Information and Discussion: Amendment of Certain Terms and Conditions of
General lease No 14-1 between the Hawaii Community Development Authority and
the Kewalo Harbor LLC to Allow the Lessee the Option to Make the Necessary
Improvements to the Fisherman's Wharf Loading Dock**

Staff Report

March 2, 2016

Background: In January 2013 the Authority authorized the Executive Director to retain a consultant for the design of repairs to the Kewalo Basin Harbor Fisherman's Wharf deck. Fisherman's Wharf is located in the northwest corner of the Kewalo Basin Harbor along the waterfront side of the former Fisherman's Wharf Restaurant. The wharf structure is a pile-supported wharf, of concrete construction, historically built to support the tuna packing operations that used to be located at Kewalo Basin. The wharf was constructed in two phases. The original wharf deck was constructed in 1924 and is approximately 25 feet wide and 460 feet long. The deck was extended further south in 1968. The addition is approximately 60 wide and 190 feet long. With the tuna packing operation discontinued, the wharf is currently used to accommodate large transient vessels in Kewalo Basin Harbor at prescribed mooring rates provided for in the Harbor Rules.

Inspection of the wharf structure revealed that the original 1924 portion is in an advanced state of deterioration with extensive concrete spalling and corrosion damage. Repairs done in the mid-1980s have failed and the extent of the visible damage had spread. The 1968 portion of the wharf addition was observed to be not as severe as the damage on the original wharf. However, moderate to advanced corrosion was observed on portions of this segment of the wharf. There are neither records nor any visible evidence of repairs done to this portion of the wharf. Due to the deteriorated condition of the 1924 portion of the wharf, vehicle access to the bulkhead is restricted. Further, loading is limited to pedestrian loading. No restrictions have been placed on the 1968 portion of the wharf. Repairs to the wharf are needed to extend its useful service life and once again, allow pedestrian/passenger vehicle loading. Also, the repairs would allow for access by emergency vehicles such as fire trucks and ambulances.

In June 2014 the Authority authorized the Executive Director to enter into a lease agreement with Kewalo Basin LLC (Lessee) for development and management of Kewalo Basin Harbor. In August 2014 a lease with the Kewalo Basin LLC covering the development and management of Kewalo Basin Harbor and certain fast land parcels surrounding the harbor was executed. Section 5.3 of the lease provides that the Hawaii Community Development Authority (HCDA) will be responsible for making certain necessary repairs/improvements to Fisherman's Wharf.

Discussion: The HCDA had retained Moffat & Nichol, a global infrastructure/engineering consultant with expertise in harbor design, to prepare construction design and specifications, as well as to process various Federal and State permits necessary for the wharf repair work. Moffat & Nichol has completed construction design and specifications and completed the construction bid documents. It has also prepared an order of magnitude cost estimate for the repairs, which is close to \$3.9 million. The HCDA had anticipated a much quicker turn around on the repairs, however, permitting took much longer than expected.

Pursuant to the lease, the management of Kewalo Basin, including the loading dock at Fisherman's Wharf, is the responsibility of the Lessee. As contemplated in the lease, the improvements to the Fisherman's Wharf loading dock is essential to the initiation and phasing of harbor improvements providing mooring for boats temporarily displaced while improvements are underway. Our Lessee has informed us that they will be ready soon to pursue the necessary HCDA development permit and start work.

To move the project forward, the Lessee has expressed an interest to the HCDA to possibly take on the Fisherman's Wharf deck repair to move the project forward by amending the current lease. There are several possible benefits to this:

- Eliminate the need for coordination between two different contractors/projects in the harbor
- Mitigate confusion and operational disruptions for harbor tenants by having one point of contact for the Harbor improvements
- Realize efficiencies that would expedite the overall timeline of the harbor improvements
- Conserve current HCDA resources as effectively, assignment of the project is effectively financing the project through the lease.

If the lease were amended to allow the Lessee take on these improvements, the construction documents completed by Moffat & Nichol as well as all the permits obtained to date could be used by the Lessee.

The HCDA has only recently initiated these discussions with the Lessee and would need more time to identify further implications and the necessary lease amendments. Any implications would be brought back for board approval along with the necessary lease amendments.