Chairperson and Members
Hawaii Community Development Authority
State of Hawaii
Honolulu, Hawaii

HCDA Board Members:

SUBJECT: Shall the Authority Authorize the Executive Director to Expend an Amount Not to Exceed $28,500 for the Services of a Consultant to Evaluate the Asset Portfolio, from the Leasing and Management Subaccount?

SUMMARY:
The Financial Position Task Force, is requesting board approval to expend up to $28,500 for the services of a consultant to evaluate the performance of the HCDA’s real estate portfolio and make recommendations to optimize the performance of these assets. Task force members and staff do not have the capacity or expertise to perform this analysis.

This work is consistent with one of the objectives assigned to the task force, formed at the May 3, 2017 board meeting.

AUTHORITY:
At its February 16, 2011 meeting, the board delegated to the Executive Director the authority to enter into contracts and make purchases up to $25,000. This establishes a threshold, requiring board approval for contracts and purchases in excess of $25,000.

BACKGROUND:
At its May 3, 2017 board meeting, the board voted to form a Financial Position Task Force and one of the named objectives of the task force was to evaluate the performance of the HCDA’s assets and the potential for further revenue generation. During an update provided by the Financial Position Task Force, at the June 7, 2017 meeting, Member Mary Pat Waterhouse indicated that the Task Force would enlist the services of a consultant as task force members and staff lack the capacity and expertise to perform the evaluation.

Staff utilized the scope of services, included as Attachment A to solicit these services.
After an initial solicitation through a small purchase procurement, however, upon identifying that the scope of work for these services would exceed $15,000, proceeded with a request for quotes, using the State’s on-line system, HiLePro.

The HCDA received four responses to its solicitation, with the low responsive bid of $27,000, excluding Hawaii General Excise Taxes.

ANALYSIS:

The scope of services provided for under this solicitation, meets one of the main objectives and goals of the Financial Position Task Force. The work is deemed necessary as staff and task force members do not have the capacity or expertise to accomplish this work. Further, the procurement of these services has been done in accordance with the State Procurement Code, Hawaii Revised Statutes § 103D.

RECOMMENDATION:

HCDA staff recommends that the Authority authorize the Executive Director to expend up to $28,500 for a consultant to evaluate the performance of the HCDA’s asset portfolio.

Respectfully submitted,

[Signature]
Aedward Los Banos
Administrative Services Officer

APPROVED FOR SUBMITTAL:

[Signature]
Jesse K. Souki, Executive Director
Hawaii Community Development Authority

Attachment A – Scope of Services
REQUEST FOR QUOTES
(Chapter 103D, Hawaii Revised Statutes)

Evaluation the Performance of the
Hawaii Community Development Real
Estate Portfolio

Scope of Services:

Evaluate the performance of Hawaii Community Development Authority’s (HCDA) portfolio of owned and managed properties, in its Kakaako and Kalaeloa Community Development Districts, with current and prospective market conditions, and:

1. For the entire portfolio as a whole, recommend an overall strategy to optimize portfolio performance in compliance with existing HCDA plan and rules;

2. For properties currently leased or otherwise encumbered, recommend opportunities to enhance management and operation of properties; and

3. For underutilized properties and properties subject to short-term encumbrances, recommend opportunities to implement the overall strategy.

The consultant is encouraged to provide creative solutions to meet the HCDA’s unique mission. In addition to strategy and recommendations, your report should also include in the report basis (e.g. summary of information considered as it relates to existing uses and market conditions).

To inform the development of quotes, attached as “Exhibit A” is a listing of HCDA assets in Kakaako. Attached as Exhibit “B” is the HCDA’s assets in Kalaeloa.

Qualifications

Responsive bidders shall have no less than 10 years of experience of specialized research, analysis, and/or valuation of commercial real estate over a variety of property types, including vacant land.

Award of Contract:

The contract will be awarded to the lowest responsive and responsible quote, subject to the availability of funds.

Submittal of Quotes:

The offeror’s quote, together with proof of the required qualifications as above and Certificate of Vendor Compliance, shall be electronically submitted via HHePRO, no later than 3:00 p.m. on Friday, June 20, 2017.