

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
KALAELOA

Honolulu, Hawaii 96813

August 2, 2017

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

HCDA Board Members:

SUBJECT

Shall the Authority Authorize the Executive Director to secure Special legislation allowing the United States Secretary of Navy to convey all remaining Navy owned assets in the Kalaeloa Community Development District to the Local Redevelopment Authority known as the Hawaii Community Development Authority.

SUMMARY

In order for the Authority to facilitate reliable energy in the Kalaeloa Community Development District that supports the Kalaeloa Community Development Plan, the Authority needs control over the energy utility assets currently held by the U.S. Navy.

If this motion is approved, the Authority will work with the U.S. Navy and Hawaii's Congressional Delegation to insert a special legislative provision into the National Defense Authorization Act, that would allow the Secretary of the Navy to transfer the utility parcels and other remaining parcels to the Authority, the designated Local Redevelopment Authority (LRA).

This would not require the transfer of the property. It would take some time to complete due diligence and related technical work regarding the transfer in support of the interests of the Authority and the U.S. Navy.

Similar legislation was introduced for other parcels in the District in 2009, which passed through Congress and became law as part of the National Defense Authorization Act for Fiscal Year 2010 (NDAA). NDAA Section H2852, is attached as Attachment A.

A proposed special legislation for NDAA 2018 is attached as Attachment B.

AUTHORITY

The Authority is a public entity created by the Hawaii State Legislature to establish community development plans in community development districts; determine community development programs; and cooperate with private enterprise and the various components of federal, state, and county governments to bring community development plans to fruition. The Authority's work should result in economic and social opportunities and aim to meet the highest needs and aspirations of Hawaii's people.

The Authority was designated the local redevelopment authority to facilitate the redevelopment of the Kalaeloa Community Development District, consistent with the Base Realignment and Closure (BRAC) process for the Barbers Point Naval Air Station (BPNAS) closure.¹

The Authority is granted various tools by the legislature for implementing redevelopment in the District, including the following:

- HRS § 206E-191(b)(3), "Working with the Navy and others to ensure that infrastructure support is provided to the existing developed area, referred to as the "downtown area", and other federally retained areas";
- HRS § 206E-191(b)(4), "Developing the infrastructure necessary to support the implementation of the Barbers Point Naval Air Station community reuse plan"; and
- HRS § 206E-194(5), "Planning, re-planning, rehabilitation, development, redevelopment, and other preparation for reuse of Barbers Point Naval Air Station under this chapter are public uses and purposes for which public money may be spent and private property acquired[.]"

BACKGROUND

In 1993, the U.S. Department of Defense, through the BRAC process, designated the BPNAS for closure. As part of the closure process, roughly 1,050 acres were retained by the Navy; 472 acres were declared as excess and transferred to other Federal agencies; and the remaining 2,165 acres were declared as surplus, making them available for conveyance to state and local government agencies. Certain lands are still retained by the Navy, including the electrical distribution system for the District.

Because the Navy no longer has an active military mission at Kalaeloa, they have not made any investment in the system. The Navy is interested in transferring or selling the electrical system in its entirety to another entity in the next few years. At transfer, the entity that obtains the electric grid will be required to maintain service to the current users, while also upgrading the system to modern commercial electric utility operational and safety standards. In the past, the

¹ The former Barbers Point Naval Air Station, is the "Kalaeloa community development district." See HRS §§ 206E-192 and -193.

Hawaiian Electric Company, Inc. (HECO) has expressed an unwillingness to accept the existing Navy system due to concerns regarding the condition, compliance, and potential environmental liabilities associated with the electrical system.² the system does not meet current utility standards and the overall reliability of the system is considered of marginal by comparison with regulated systems.

In a report of the conditions of the electrical system by Sandia National Laboratories commissioned by the Department of Business, Economic Development and Tourism, Sandia found that major energy infrastructure replacement and maintenance and operational changes are needed to bring the existing electrical system at Kalaeloa into compliance with current utility standards. This will be significant from a cost, time, and liability standpoint for anyone taking over the electric grid. These issues have been a major stumbling block over the last two decades between the Navy and HECO, and it has negatively impacted the timely redevelopment of Kalaeloa.

Special legislation is one way to facilitate the transfer of the electrical distribution system in the District to the Authority. As discussed above, this approach has been used previously for other property in the District. Specifically, the legislation would allow the Secretary of the Navy to convey all right, title, and interest of certain real property, including any improvements thereon to the Authority. It is important to note that Congressional authority allowing the transfer does not require the transfer. The Navy and the Authority will need to complete due diligence and address various real property transactional issues, such as existing site contamination and liabilities. Some of these issues were addressed in NDAA Section H2852, see Attachment A.

ANALYSIS:

Although NASBP has been closed for over 16 years, some properties that have been declared not part of the Navy's mission remains under Navy ownership. Consequently, no federal funding is available to address the deteriorating conditions of the utility systems.

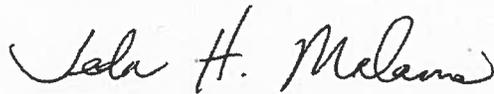
Navy representatives have asked the Authority, as the LRA, to assume the responsibilities for the utilities. However, there is no instrument available to allow this conveyance to happen without charging fair-market-value for the systems and utility rights of way. This special legislation would be a tool that could help expedite the conveyances. With control of the assets, the Authority can better plan, design, and finance reliable energy solutions for District in partnership with community, public, and private stakeholders.

² See M. Baca, M. Hightower, C. VanderMey, "Kalaeloa Energy System Redevelopment Options Including Advanced Microgrids," Sandia National Laboratories, Feb. 2017, *available at* <https://dbedt.hawaii.gov/hcda/files/2017/03/Kalaeloa-Final-Report-SAND2017-2216.pdf>.

RECOMMENDATION:

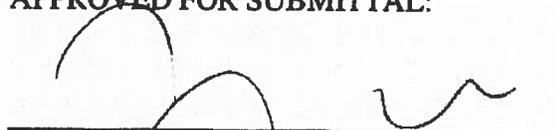
HCDA staff recommends that the Authority: Authorize the Executive Director to secure Special legislation allowing the United States Secretary of Navy to convey all remaining Navy owned assets in the Kalaeloa Community Development District to the Local Redevelopment Authority known as the Hawaii Community Development Authority.

Respectfully submitted,



Tesha H. Malama
Kalaeloa Director of Planning and Development

APPROVED FOR SUBMITTAL:



Jesse K. Souki, Executive Director
Hawaii Community Development Authority

- Attachment A – National Defense Authorization Act for Fiscal Year 2010
- Attachment B – Proposed Legislation for the National Defense Authorization Act
For Fiscal Year 2018
- Attachment C – Kalaeloa Landowners Map

1 **SEC. [H2852 SRw/a]. LAND CONVEYANCES, NAVAL AIR STA-**
2 **TION, BARBERS POINT, HAWAII.**

3 (a) **CONVEYANCES AUTHORIZED.**—The Secretary of
4 the Navy may convey all right, title, and interest of the
5 United States in and to the parcels of real property, in-
6 cluding any improvements thereon, described in subsection
7 (b) and located at former Naval Air Station, Barbers
8 Point, Oahu, Hawaii—

9 (1) to the Hawaii Community Development Au-
10 thority (in this section referred to as the “Author-
11 ity”), which is the local redevelopment authority for
12 former Naval Air Station, Barbers Point; or

13 (2) to the Department of Hawaiian Homelands
14 (in this section referred to as the “Department”).

15 (b) **COVERED PARCELS.**—The real property author-
16 ized to be conveyed under subsection (a) includes the fol-
17 lowing:

18 (1) An approximately 10.569-acre parcel of
19 land identified as “Parcel No. 13126 B” and further
20 identified by Oahu Tax Map Key No. 9–1–031:047.

21 (2) An approximately 145.785-acre parcel of
22 land identified as “Parcel No. 13058 D” and further
23 identified by Oahu Tax Map Key No. 9–1–013:039.

1 (3) An approximately 9.303-acre parcel of land
2 identified as "Parcel No. 13058 F" and further
3 identified by Oahu Tax Map Key No. 9-1-013:041.

4 (4) An approximately 57.937-acre parcel of
5 land identified as "Parcel No. 13058 G" and further
6 identified by Oahu Tax Map Key No. 9-1-013:042.

7 (5) An approximately 11.501-acre parcel of
8 land identified as "Parcel No. 13073 D" and further
9 identified by Oahu Tax Map Key No. 9-1-013:069.

10 (6) An approximately 65.356-acre parcel of
11 land identified as "Parcel No. 13073 B" and further
12 identified by Oahu Tax Map Key No. 9-1-013:067.

13 (7) Any other property at former Naval Air
14 Station, Barbers Point identified for closure through
15 the base closure process.

16 (c) CONSIDERATION.—

17 (1) AUTHORITY CONVEYANCES.—Any convey-
18 ance under subsection (a)(1) to the Authority shall
19 be made without consideration if the conveyed real
20 property is to be used for public benefit, as deter-
21 mined by the Secretary.

22 (2) DEPARTMENT CONVEYANCES.—Any convey-
23 ance under subsection (a)(2) to the Department
24 shall be made to mitigate further claims associated
25 with the Hawaiian Home Lands Recovery Act (title

1 II of Public Law 104-42; 109 Stat. 357; 48 U.S.C.
2 491 note prec.).

3 (d) PAYMENT OF COSTS OF CONVEYANCES.—

4 (1) PAYMENT REQUIRED.—The Secretary shall
5 require the Authority or the Department, as the case
6 may be, to cover costs to be incurred by the Sec-
7 retary, or to reimburse the Secretary for costs in-
8 curred by the Secretary, to carry out a conveyance
9 under subsection (a), including survey costs, costs
10 related to environmental documentation, and other
11 administrative costs related to the conveyance. If
12 amounts are collected in advance of the Secretary in-
13 ccurring the actual costs, and the amount collected
14 exceeds the costs actually incurred by the Secretary
15 to carry out the conveyance, the Secretary shall re-
16 fund the excess amount to the Authority or the De-
17 partment, whichever entity paid the excess amount.

18 (2) TREATMENT OF AMOUNTS RECEIVED.—
19 Amounts received as reimbursements under para-
20 graph (1) shall be credited to the fund or account
21 that was used to cover the costs incurred by the Sec-
22 retary in carrying out the conveyance. Amounts so
23 credited shall be merged with amounts in such fund
24 or account and shall be available for the same pur-

1 poses, and subject to the same conditions and limita-
2 tions, as amounts in such fund or account.

3 (e) SAVINGS PROVISION.—Nothing in this section
4 shall be construed to affect or limit the application of, or
5 any obligation to comply with, any environmental law, in-
6 cluding the Comprehensive Environmental Response,
7 Compensation, and Liability Act of 1980 (42 U.S.C. 9601
8 et seq.) and the Solid Waste Disposal Act (42 U.S.C. 6901
9 et seq.).

10 (f) DESCRIPTION OF PROPERTY.—The exact acreage
11 and legal descriptions of the parcels of real property to
12 be conveyed under subsection (a) shall be determined by
13 a survey satisfactory to the Secretary.

14 (g) ADDITIONAL TERMS AND CONDITIONS.—The
15 Secretary may require such additional terms and condi-
16 tions, including easements or covenants to protect cultural
17 or natural resources, in connection with the conveyances
18 under subsection (a) as the Secretary considers appro-
19 priate to protect the interests of the United States.

1 **Proposed National Defense Re Authorization Act for Fiscal Year 2018**

2
3
4 **LAND, UTILITY AND ALL REMAINING ASSETS CONVEYANCES, NAVAL AIR**
5 **STATION, BARBERS POINT, HAWAII.**
6

7 (a) CONVEYANCES AUTHORIZED.—The Secretary of the Navy may convey all remaining
8 right, title, and interest of the United States in and to the parcels of real property, including
9 buildings, any improvements and right-of-ways thereon, described in subsection (b) and located
10 at former Naval Air Station, Barbers Point, Oahu, Hawaii

11 (1) to the Hawaii Community Development Authority (in this section referred to as the
12 “Authority”), which is the local redevelopment authority for former Naval Air Station, Barbers
13 Point;

14 (b) COVERED PARCELS - The real property authorized to be conveyed under subsection (a)
15 includes the following:

16 (1) the electrical utility system,

17 (2) Barber Point Golf Course and Riding Stables Parcel# 13058-A, Tax Map Key No. 9-1-013:
18 018, approximately 275 acres.

19 (3) White Plains Beach and Cottages Parcel#13074-E, Tax Map Key No. 9-1-013: 074,
20 approximately 15 acres.

21 (4) Nimitz Beach and Cottages Parcel# 13074-B, Tax Map Key No. 9-1-013: 071, approximately
22 21 acres.

23 (5) Defense Reutilization Management Offices commonly known as the downtown parcels.
24 Parcel# 13061-D-2, Tax Map Key No. 9-1-013: 098, approximately 42 acres in downtown
25 Kalaeloa.

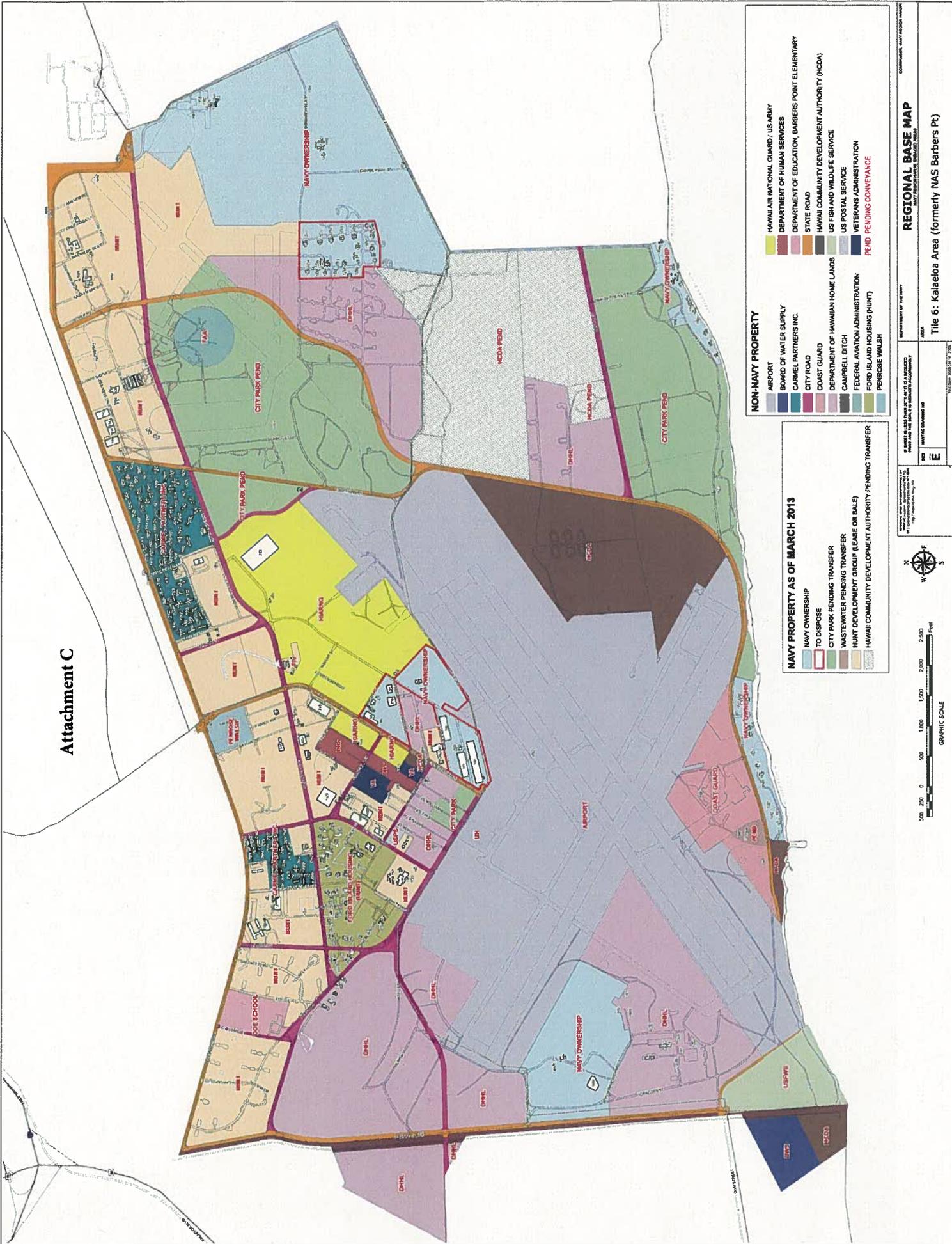
26 (6) Bio-solid field Parcel# 13069-B, Tax Map Key No. 9-1-013: 060, approximately 73 acres.

27 (c) PAYMENT OF COSTS OF CONVEYANCES- Since the Barbers Point has been
28 decommissioned in 1999 and redevelopment has stalled the Secretary may convey all of the
29 remaining Navy assets without consideration of costs and no requirements of reimbursements.

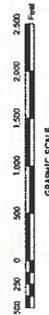
30 (d) DESCRIPTION OF PROPERTY. The exact acreage and legal descriptions of the parcels of real
31 property to be conveyed under subsection (a) shall be determined by a survey satisfactory to the
32 Secretary.

33 (e) ADDITIONAL TERMS AND CONDITIONS. The Secretary may require such additional terms
34 and conditions, including easements or covenants to protect cultural or natural resources, in
35 connection with the conveyances under subsection (a) as the Secretary considers appropriate to
36 protect the interests of the United States.
37
38

Attachment C



- NON-NAVY PROPERTY**
- AIRPORT
 - BOARD OF WATER SUPPLY
 - CARMEL PARTNERS INC.
 - CITY ROAD
 - COAST GUARD
 - DEPARTMENT OF HAWAIIAN HOME LANDS
 - CAMPBELL BITCH
 - FEDERAL NATIONAL ADMINISTRATION
 - FORD ISLAND HOUSING (HUNT)
 - PENROSE MULSH
- NAVY PROPERTY AS OF MARCH 2013**
- NAVY OWNERSHIP
 - TO DISPOSE
 - CITY PARK PENDING TRANSFER
 - WASTEWATER PENDING TRANSFER
 - HUNT DEVELOPMENT GROUP (LEASE OR SALE)
 - HAWAII COMMUNITY DEVELOPMENT AUTHORITY PENDING TRANSFER
- NAVY OWNERSHIP**
- HAWAII AIR NATIONAL GUARD / US ARMY
 - DEPARTMENT OF HUMAN SERVICES
 - DEPARTMENT OF EDUCATION, BARBERS POINT ELEMENTARY
 - STATE ROAD
 - HAWAII COMMUNITY DEVELOPMENT AUTHORITY (HCDA)
 - US FISH AND WILDLIFE SERVICE
 - US POSTAL SERVICE
 - VETERANS ADMINISTRATION
 - PENDING PENDING CONVEYANCE



GRAPHIC SCALE

NO SCALE IS USED FOR THE AIRPORT AND THE ISLANDS TO THE SOUTH OF BARBERS POINT.

DATE: 11/15/12

BY: [Signature]

FOR: [Signature]

PROJECT: [Signature]

REVISION: [Signature]

COMMISSIONER: NAVY RECORDS

REGIONAL BASE MAP

Title 6: Kalaeloa Area (formerly NAS Barbers Pt)