

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
Kalaeloa Community Development District
Honolulu, Hawaii, 96813

December 6, 2017

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

HCDA Board Members:

SUBJECT: Shall the Authority Authorize the Interim Executive Director to Execute a Lease Agreement with Aloha Solar Energy Fund II, ECC Energy Solutions, LLC, to Develop a 5 Megawatt Photovoltaic Solar Farm on Parcel 13073-E, Tax Map Key (1) 9-1-013: 070 at Kalaeloa, Oahu, Hawaii?

SUMMARY:

The Authority is being asked to authorize the Interim Executive Director to execute a lease with Aloha Solar Energy Fund II (ASEF II) to develop a 5 megawatt PV solar farm (Project) on Parcel 13073-E, TMK (1) 9-1-013: 070 at Kalaeloa, Oahu, Hawaii. At its March 1, 2017 meeting the Authority authorized the Executive Director to enter lease negotiations with ASEF II. The final draft version of the lease is attached as Exhibit A - Confidential.

At its October 4, 2017 meeting the Authority approved the Finding of No Significant Impact for the Final Environmental Assessment conducted for the proposed ASEFII Project in the Kalaeloa Community Development District, Tax Map Key Parcel: 9-1-013:070 and Portion of 30-foot-wide State of Hawaii, Department of Transportation Highway along Coral Sea Road, in Accordance with Hawaii Revised Statutes Chapter 343.

AUTHORITIES:

Hawaii Revised Statutes (HRS) § 206E-194, Kalaeloa Community Development District; development guidance policies.

- (3) Development shall seek to promote economic development and employment opportunities by fostering diverse land uses and encouraging private sector investments that utilize the opportunities presented by the receipt of property from the base closure consistent with the needs of the public;
- (4) The authority may engage in planning, design, and construction activities within and outside of the district; provided that activities outside of the district shall relate to infrastructure development, area-wide drainage improvements, roadways realignments and improvements, business and industrial relocation, and other activities the authority deems necessary to carry out redevelopment of the district

and implement this chapter. Studies or coordinating activities may be undertaken by the authority in conjunction with the county and appropriate state agencies and may address facility systems, industrial relocation, and other activities;

- (5) Planning, replanning, 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;
- (6) Hawaiian archaeological, historic, and cultural sites shall be preserved and protected. Endangered species of flora and fauna and significant military facilities shall be preserved to the extent feasible;
- (7) Land use and redevelopment activities within the district shall be coordinated with and to the extent possible complement existing county and state policies, plans, and programs affecting the district; and
- (8) Public facilities within the district shall be planned, located, and developed to support the redevelopment policies established by this chapter for the district, the reuse plan approved by the governor, and rules adopted pursuant to this chapter. [L 2002, c 184, pt of §2]

BACKGROUND:

In 2010, through a Federal special legislation the Navy conveyed Parcel 13073-E and five other land parcels to the HCDA titled *National Defense Authorization Act for Fiscal Year 2010*. The following section applies to Kalaeloa Community Development District (Kalaeloa):

Section 2855, Land conveyances, Naval Air Station, Barbers Point, Hawaii. (a) CONVEYANCES AUTHORIZED. —The Secretary of the Navy may convey all right, title, and interest of the United States in and to the parcels of real property, including buildings, any improvements and rights-of-way thereon, described in subsection (b) and located at former Naval Air Station, Barbers Point, Oahu, Hawaii.

In 2011, ASEF/Sunetric, proposed to enter into a 20-year lease to establish a 5 megawatt PV solar farm project on 35 acres of the 44.28 acres on Parcel 13073-E.

Since 2012, ASEF/Sunetric was purchased by ASEFII, which is currently a wholly-owned subsidiary of ECC Energy Solutions. ECC intends to satisfy all of the Plan measures.

ANALYSIS:

- ASEF II/ECC has secured agreements with Hawaiian Electric Company (HECO) to establish the Project;
- ASEF II/ECC is in good standing and has executed similar projects in Hawaii and across the United States;
- Parcel 13073-E is zoned for Transect 2, Rural/Open Space Zoning,
- The Project is a permitted use for Parcel 13073-E;
- The Project also includes an interconnect Hawaiian Electric Company (HECO) standard 12 kilovolt (KV) line extension along Coral Seas from HECO's Kapolei Parkway sub-station to the intersection of Coral Seas and Tripoli; and

- ASEFII has fulfilled all environmental and state historic preservation division requirements to date.

BENEFITS:

- The 12-KV line extension will provide the opportunity for the City and County of Honolulu’s Department of Parks and Recreation (Parks), State of Hawaii Department of Hawaiian Homes Land, (DHHL), HCDA’s current and future tenants, United States Coast Guards (USCG) and the Navy to request electrical service directly from HECO and allow for the transition off the current Navy owned electrical grid;
- Since the existing electrical system is sub-standard, currently Parks is using portable toilet facilities at the campgrounds, DHHL and HCDA has no electrical power to their parcels along Coral Seas and the USCG and the Navy are experiencing consistent power outages on their parcels;
- ECC would be required to complete additional SHPD’s requirements for an environmental assessment, executed preservation plan and data recovery prior to the lease execution;
- The lease would generate revenue for the Kalaeloa Revolving Fund, that would be used on future infrastructure and preservation efforts in the district;
- The execution of the Project would move Kalaeloa closer to achieving its goal for developing reliable electrical power for its stakeholders in the district; and
- The realization of the Project would also move the State of Hawaii closer to its goal of achieving the use of 100% renewable energy by year 2045.

RECOMMENDATION:

The staff recommends the Authority Authorize the Interim Executive Director to Execute a Lease with Aloha Solar Energy Fund II, ECC Energy Solutions, LLC to Develop a 5 Megawatt Photovoltaic Solar Farm on Parcel 13073-E, Tax Map Key (TMK) (1) 9-1-013: 070 at Kalaeloa, Oahu, Hawaii.

Respectfully submitted,

Tesha H. Malama,
Kalaeloa Director of Planning and Development

APPROVED FOR SUBMITTAL:

Garett H. Kamemoto, Interim Executive Director
Hawaii Community Development Authority

Exhibit A: Draft Lease