

STATE OF HAWAII
HAWAII COMMUNITY DEVELOPMENT AUTHORITY
KAKAAKO
Honolulu, Hawaii 96813

April 4, 2018

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

HCDA Board Members:

SUBJECT: Information and Discussion: Possible Transfer of Kakaako Makai Park Lands to the City and County of Honolulu.

Action: Shall the Authority Continue to Fund the existing Service Contracts for the Kakaako Makai Parks (Kewalo Basin, Kakaako Waterfront, Kakaako Mauka Gateway and Kakaako Makai Gateway), Until June 30, 2019 for Use by the City in the Management of These Parks?

SUMMARY:

The HCDA is interested in transferring its park assets in Kakaako Makai to the City and County of Honolulu. This would not only drastically reduce HCDA expenditures, but would also cause the parks to be more efficiently managed by the City's existing departments. The City is agreeable to the transfer if the HCDA continues to fund park maintenance until the end of fiscal year 2019.

BACKGROUND:

The HCDA developed Kewalo Basin Park, Kakaako Waterfront Park, and Gateway Park in 1990, 1992, and 1998; respectively. These 41 acres of park lands were intended to be transferred and dedicated to the City and County of Honolulu shortly after their development, as the HCDA was not created with a park management function. However, the transfer never occurred, and the HCDA has managed the parks through a series of contracts for the past two decades.

Initially, the HCDA contracted with the state Department of Land and Natural Resources to manage the Kakaako Makai Parks; however, the reduction in force eliminated those agreements in 2009. Since then, the HCDA has managed the maintenance of its parks through half a dozen contracts worth approximately \$640,000 annually. When factoring in utility payments for electricity and water/sewer, the total cost to operate and maintain HCDA's parks in Kakaako totals over \$1 million each year.

Some of these costs are offset by several revenue generating parcels currently zoned for park use located in Kakaako Makai. These parcels include the following:

1. Ohe St. Parking Lot

2. Look Lab Lot
3. Wastewater Lot

Together, these parcels generate roughly \$17,000 monthly for the HCDA's asset management functions. However, this is still insufficient to sustain the expenditure of roughly \$83,000 monthly to maintain and manage the Kakaako Makai parks. Moreover, the HCDA was never created or intended to manage and maintain parks; therefore, the HCDA does not have a parks maintenance department, adequate staff, or resources to fulfill such a role.

In contrast, the City and County of Honolulu's Department of Parks and Recreation oversees the management, maintenance, and operation of about 300 public parks across Oahu with a staff of 750 employees.

The City and County of Honolulu's Department of Enterprise Services is responsible for the rental of all city facilities and equipment, including the Blaisdell Center and Waikiki Shell. It also oversees the management of the Honolulu Zoo and municipal golf courses.

The City and County of Honolulu's Department of Facilities Maintenance maintains all city roads, streetlights, bridges, streams, city buildings and office facilities, city vehicles and heavy equipment, mechanical/ electrical/ electronic equipment for parks, and facilities for parks. This department also provides property management services and security for other City properties.

These three City departments easily possess the requisite knowledge and experience to maintain and operate HCDA's parks and roadways in Kakaako Makai. Given their resources and expertise, these City departments would also likely be able to lower costs and maintain and manage HCDA's parks more efficiently.

In March 2018, the HCDA and the City discussed entering into a short-term Right of Entry agreement for the subject park parcels. This ROE would give the City jurisdiction over the park parcels to allow City laws and rules to be enforced by the Honolulu Police Department. This ROE would remain in place until the land transfer to the City officially occurs.

The City requests the HCDA continue to fund the operation and maintenance of the subject parcels until June 30, 2019. This will allow adequate time for the City to seek funding and positions to maintain the parks. The City and County and the HCDA are poised to execute the aforementioned ROE following the board's approval of the action item referenced in this staff report.

ANALYSIS:

As the HCDA has already budgeted for the future maintenance of the Kakaako Makai park lands, continuing to fund such an expenditure for the next fiscal year should not have an adverse impact on HCDA operations. In addition, the HCDA would also continue collecting lease rent on the three revenue generating properties until June 30, 2019 to further offset the maintenance cost. Upon the start of fiscal year 2020, all leases for revenue generating parcels will be transferred to the City, and the City will assume all maintenance contracts and management expenditures.

HCDA staff recommends imposing a deadline on its funding of park maintenance and operations, as the HCDA cannot finance this for an indeterminate amount of time. HCDA staff believes the deadline of June 30, 2019, to coincide with the end of the fiscal year, is a fair compromise and will allow both the HCDA and the City to achieve their desired outcomes.

HCDA staff anticipates an action item on the May 2, 2019 to approve granting the park lands to the City. Should the board approve the action item at that time, the actual transfer of the parks will occur shortly thereafter.

The Governor and Mayor were instrumental in bringing all sides together to discuss the transfer of Kakaako Makai park lands. This transfer would relieve the HCDA of the fiscal burden of operating and maintaining the parks, and it would also benefit the people of Oahu, as the parks would be more appropriately managed under the City and County of Honolulu.

Following the transfer of Kakaako Makai park lands and revenue generating parcels, it is also the HCDA's intent to transfer its remnant road parcels throughout Kakaako to the City and County of Honolulu. These remnant parcels represent liabilities for the HCDA, as unlike the City, the HCDA does not have the staff or resources to properly maintain them. It is in the public's best interest to facilitate the transfer of these parcels as quickly as possible.

RECOMMENDATION

HCDA staff recommends that the Board:

Shall the Authority Continue to Fund the existing Service Contracts for the Kakaako Makai Parks (Kewalo Basin, Kakaako Waterfront, Kakaako Mauka Gateway and Kakaako Makai Gateway), Until June 30, 2019 for Use by the City in the Management of These Parks?

Respectfully submitted,



Lindsey Doi
Asset Manager

APPROVED FOR SUBMITTAL:



Garett Kamemoto, Interim Executive Director
Hawaii Community Development Authority

Attachments

Exhibit A – Summary of HCDA C&C Transfer Parcels and Map

HCDA Kakaako Makai Land Transfer Parcels

1. Kakaako Waterfront Park

a. **Park and Parking Lot**

- i. TMK 1-2-1-060-008 and 1-2-1-060-029 (por.)
- ii. Address: 102 Ohe St.
- iii. Size: Approximately 25 acres
- iv. Encumbrance: None, public park and park parking

b. **Maintenance Shed**

- i. TMK: 1-2-1-060-008 (por.)
- ii. Address: 709 Kelikoi St., 100 Cooke St.
- iii. Size: 10,000 square feet
- iv. Encumbrance: Lease to DHS for Family Assessment Center until September 15, 2018 (18-month extension requested)

c. **Ohe St. Parking Lot**

- i. TMK: TMK: 1-2-1-060-030 (por.)
- ii. Address: 135 Ohe St.
- iii. Size: Approximately 12,000 square feet
- iv. Encumbrance: Short term ROE to JABSOM for parking until Aug. 31, 2018 (60-day termination clause)

d. **Look Lab Lot**

- i. TMK: 1-2-1-060-029 (por.)
- ii. Address: 98 Koula St., 40 Ahui St.
- iii. Size: Approximately 2 acres
- iv. Encumbrances: ROE with Reuse Hawaii for Look Lab Warehouse until April 12, 2018 (30-day termination clause)

e. **Wastewater Lot**

- i. TMK: 1-2-1-060-029 (por.)
- ii. Address: 98 Koula St.
- iii. Size: Approximately 2.2 acres
- iv. Encumbrances: ROE with Pasha Hawaii until Feb. 28, 2019 (with 60-day termination clause)

f. **Koula Stub**

- i. TMK: 1-2-1-060-029 (por.)
- ii. Address: 98 Koula St.
- iii. Size: Approximately 13,000 square feet
- iv. Encumbrances: None, private closed driveway

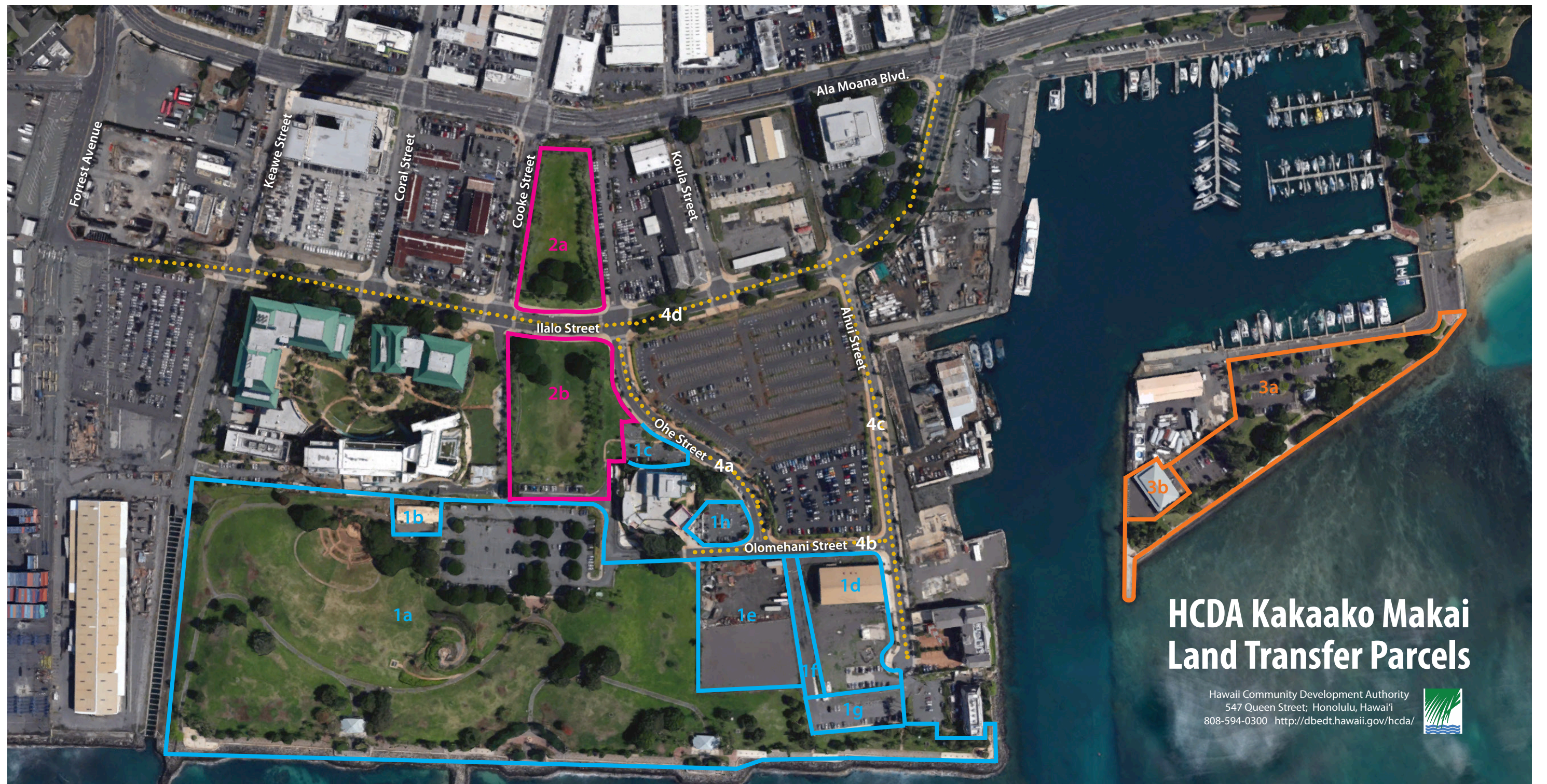
g. **Point Panic Parking Lot**

- i. TMK: 1-2-1-060-029 (por.)
- ii. Address: 40 Ahui St.
- iii. Size: Approximately 15,000 square feet
- iv. Encumbrances: None, public park parking

- h. Olomehani St. Parking Lot (Near Children’s Discovery Center)**
 - i. TMK: 1-2-1-060-25
 - ii. Size: Approximately 21,500 square feet
 - iii. Encumbrances, None, public park parking

- 2. Kakaako Gateway Parks**
 - a. Gateway Mauka Park**
 - i. TMK: 1-2-1-059-026, 1-2-1-059-025, 1-2-1-059-024, 1-2-1-059-023
 - ii. Approximately 2.1 acres
 - iii. 747 Ala Moana Blvd., 240 Ohe St., 235 Cooke St., 742 Ilalo St.
 - iv. Encumbrances: None, public park
 - b. Gateway Makai Park and Kelikoi Parking Lot**
 - i. TMK 1-2-1-060-007 (por.)
 - ii. Address: 741 Ilalo St.
 - iii. Approximately 3.3 acres
 - iv. Encumbrances: None, public park

- 3. Kewalo Basin Park**
 - a. Park and Parking Lot**
 - i. TMK: 1-2-1-058-137
 - ii. Address: None, Kewalo Basin Harbor
 - iii. Size: Approximately 4.3 acres
 - iv. Encumbrances: None, public park and park parking
 - b. Net Shed**
 - i. TMK: 1-2-1-058-136
 - ii. Address: None, Kewalo Basin Harbor
 - iii. Size: Approximately 19,500 square feet
 - iv. Encumbrances: 35-year lease with Kupu



HCDA Kakaako Makai Land Transfer Parcels

Hawaii Community Development Authority
 547 Queen Street, Honolulu, Hawai'i
 808-594-0300 <http://dbedt.hawaii.gov/hcda/>



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 - h. Olomehani St. Parking Lot (Near Children's Discovery Center)**
 - i. TMK: 1-2-1-060-25
 - ii. Size: Approximately 21,500 square feet
 - iii. Encumbrances, None, public park parking
- 2. Kakaako Gateway Parks**
- a. Gateway Mauka Park**
 - i. TMK: 1-2-1-059-026, 1-2-1-059-025, 1-2-1-059-024, 1-2-1-059-023
 - ii. Approximately 2.1 acres

- iii. 747 Ala Moana Blvd., 240 Ohe St., 235 Cooke St., 742 Ilalo St.
 - iv. Encumbrances: None, public park
 - b. Gateway Makai Park and Kelikoi Parking Lot**
 - i. TMK 1-2-1-060-007 (por.)
 - ii. Address: 741 Ilalo St.
 - iii. Approximately 3.3 acres
 - iv. Encumbrances: None, public park
- 3. Kewalo Basin Park**
- a. Park and Parking Lot**
 - i. TMK: 1-2-1-058-137
 - ii. Address: None, Kewalo Basin Harbor
 - iii. Size: Approximately 4.3 acres
 - iv. Encumbrances: None, public park and park parking
 - b. Net Shed**
 - i. TMK: 1-2-1-058-136
 - ii. Address: None, Kewalo Basin Harbor

- iii. Size: Approximately 19,500 square feet
 - iv. Encumbrances: 35-year lease with Kupu
- 4. Kakaako Makai Roads**
- a. Ohe Street**
 - i. Between Ilalo St. and Olomehani St.
 - ii. Approximately 19,000 square feet
 - b. Olomehani Street**
 - i. Between Waterfront Park parking lot entrance and Ahui St.
 - ii. Approximately 12,000 square feet
 - c. Ahui Street**
 - i. Between Ilalo St. and Point Panic
 - ii. Approximately 30,000 square feet
 - d. Ilalo Street medians (City already owns, but HCDA maintains)**
 - i. Between Ala Moana Blvd. and Forrest Ave.