

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

November 7, 2018

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

HCDA Board Members:

SUBJECT: Management and Operation of Kewalo Basin Harbor Diamond Head Parking Lot

SUMMARY:

HCDA staff would like to include the “Diamond Head Parking Lot” at Kewalo Basin Harbor within the Kewalo Basin Harbor General Lease. The “Diamond Head Parking Lot” is considered a harbor amenity because it provides the only parking and restrooms for harbor tenants and patrons.

AUTHORITIES:

Such an increase in leased premises would require the approval of the board and the harbor lessee, Kewalo Harbor LLC.

BACKGROUND:

Kewalo Basin, a harbor of approximately 55 acres including ocean acreage, was first constructed in the 1920s to ease the congestion in the Honolulu Harbor and provide docking for lumber schooners. Today it is the only commercial small boat harbor in the State, occupied by a mix of commercial, charter and recreational vessels.

Act 86, Session Laws of Hawaii 1990, transferred state-owned land and facilities makai of Ala Moana Boulevard, including Kewalo Basin, to the HCDA. These lands were designed to serve the public and users of Kewalo Basin Harbor.

The “Diamond Head Parking Lot” is a paved, approximately 34,500 square foot lot that consists of 76 marked parking stalls adjacent to Ala Moana Beach Park. The lot also includes a public comfort station that services Kewalo Basin Harbor. The lot was constructed to serve the harbor tenants and visitors. A map of the lot is attached as Exhibit A.

In 2014, the HCDA executed a long-term lease with Kewalo Harbor LLC to manage and operate the Kewalo Basin Harbor facilities. The “Diamond Head Parking Lot” and two other fastland portions of Kewalo Basin Harbor were withheld from the leased premises because the HCDA was in exclusive negotiation agreements with three different parties for the redevelopment of

those sites. These parties proposed redeveloping the sites into mixed-use developments. A map of the three fastland sites are attached as Exhibit B. The negotiations with these parties eventually fell through and the board directed HCDA staff to instead solicit proposals to develop these lots through the proper channels.

In 2015, the HCDA issued Requests for Proposals (RFP) to redevelop the three fastland sites, and the proposals from the Howard Hughes Corporation (HHC) were selected for two of the lots. The board later withdrew the RFP for the "Diamondhead Parking Lot," and HHC has managed and operated the parking lot in the interim to service harbor tenants and their patrons.

HHC upgraded the "Diamond Head Parking Lot" with an electronic payment system and parking revenue has steadily increased.

In August 2018, HCDA staff briefed the board about the potential of soliciting a Request for Proposals (RFP) for the management of the "Diamond Head Parking Lot." However, a further review by staff determined the "Diamond Head Parking Lot" was intended as an amenity for Harbor tenants and their customers.

ANALYSIS:

The "Diamond Head Parking Lot" and comfort station are primarily used by harbor tenants and their patrons. Such users are not allowed to park in the free Kewalo Basin Park Parking Lot, as that parking lot is reserved for park users.

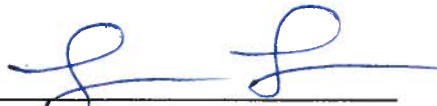
The "Diamond Head Parking Lot" and comfort station are the only nearby facilities available to harbor users. Because of this, HCDA staff believes it is a harbor amenity and should be included in the general harbor lease.

Adding the "Diamond Head Parking Lot" to HHC's lease for Kewalo Basin Harbor would ensure cohesion between all harbor amenities and would provide for a better experience for harbor users. HCDA would have included the "Diamond Head Parking Lot" in the original leased premises if it was known that an RFP for developing the lot would not be pursued.

HCDA may wish to redevelop the parcel in the future. Adding the "Diamond Head Parking Lot" to the harbor lease would not affect the HCDA's ability to redevelop the parcel if it is added as a withdrawal area. Per the current harbor lease, HCDA may remove a withdrawal area from the leased premises at any time with proper notice to the lessee. The harbor lease currently includes a small withdrawal area adjacent to the "Diamond Head Parking Lot" as noted in Exhibit C. This withdrawal area contains a few metered parking stalls outside of the "Diamond Head Parking Lot" and was intended to be part of the redevelopment of that fastland site. Adding the "Diamond Head Parking Lot" to this withdrawal area would have no effect on the HCDA's rights to redevelop the area.


Under this proposal, the parking lot and comfort station would remain. HHC would not be permitted to redevelop the parcel or have incompatible uses under the terms of the lease agreement.

Respectfully submitted,



Lindsey Doi
Asset Manager

APPROVED FOR SUBMITTAL:

for 

Aedward Los Banos, Executive Director
Hawaii Community Development Authority

Attachments

- Exhibit A – Map of the Kewalo Basin Lot
- Exhibit B – Map of Fastland Lots 1, 2, and 3 for RFP
- Exhibit C – Kewalo Harbor Lease Premises

(1) Diamond Head paved parking lot consisting of 76 marked parking stalls that is approximately 34,500 square feet ; (2) adjacent Diamond Head comfort station

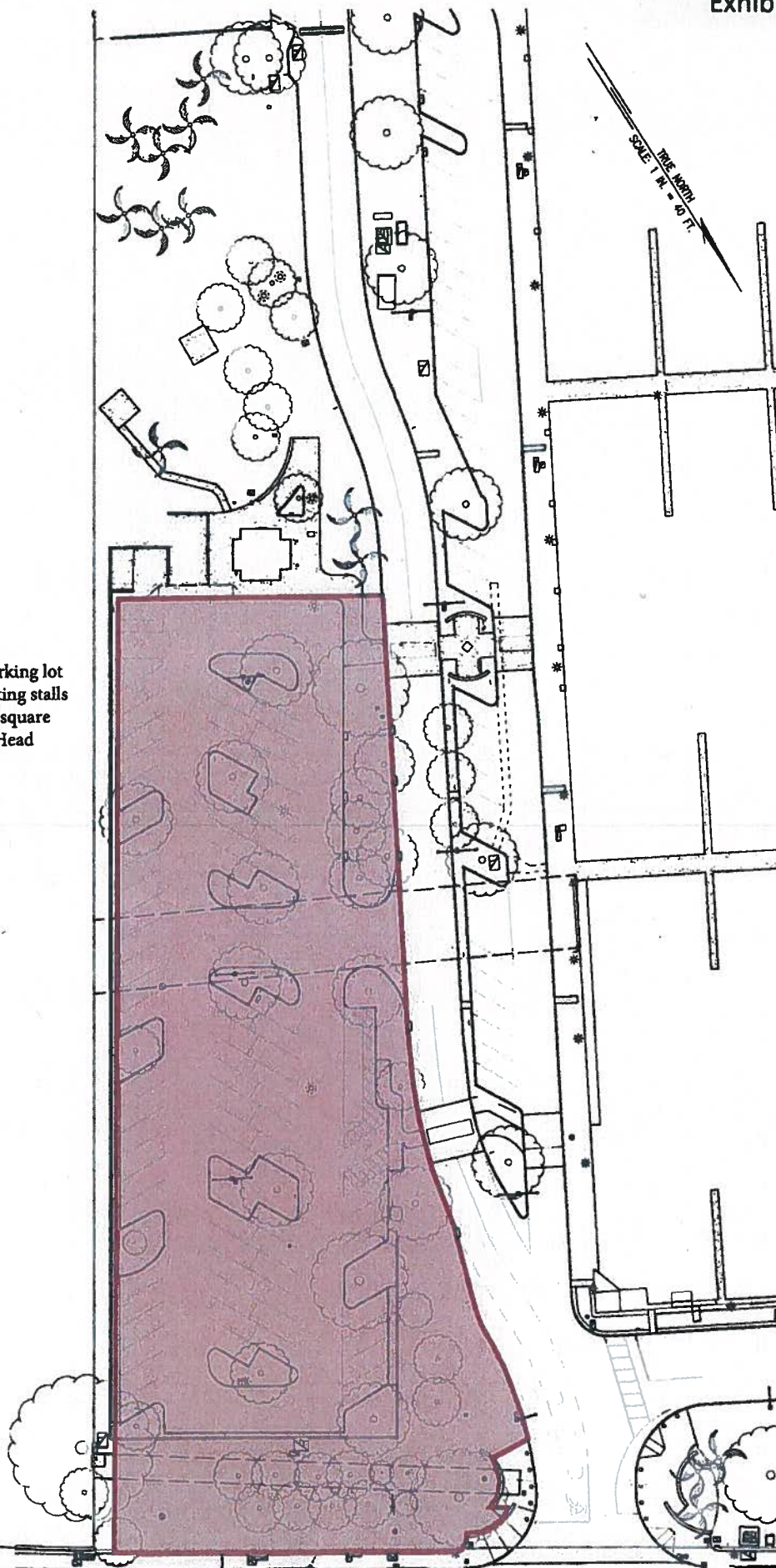
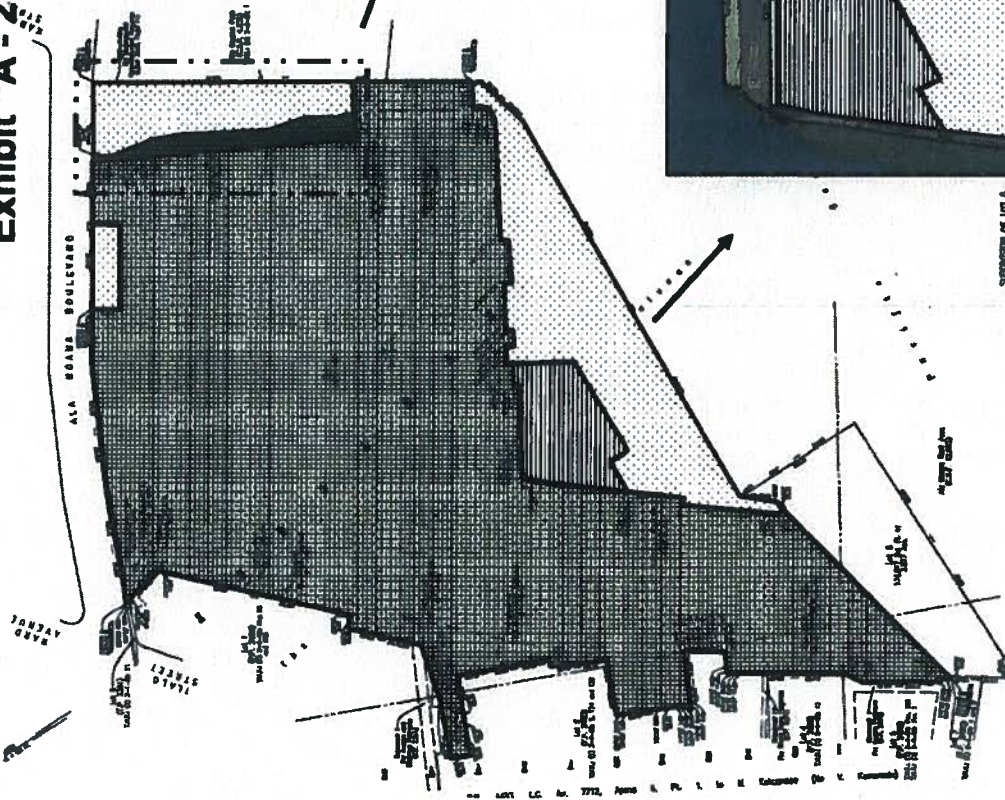
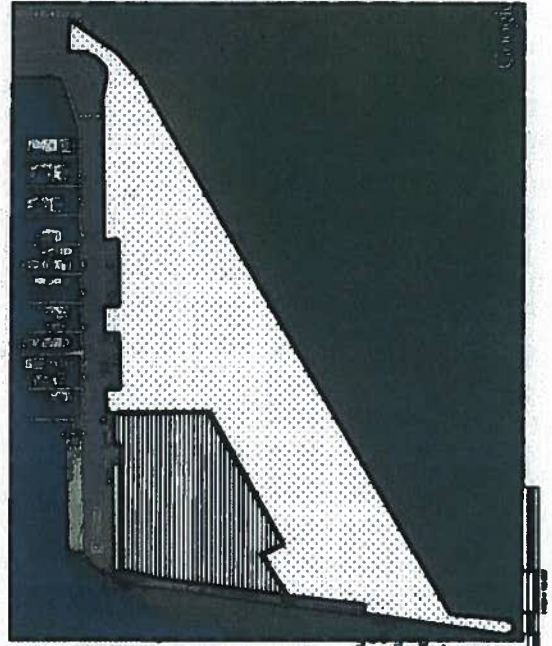
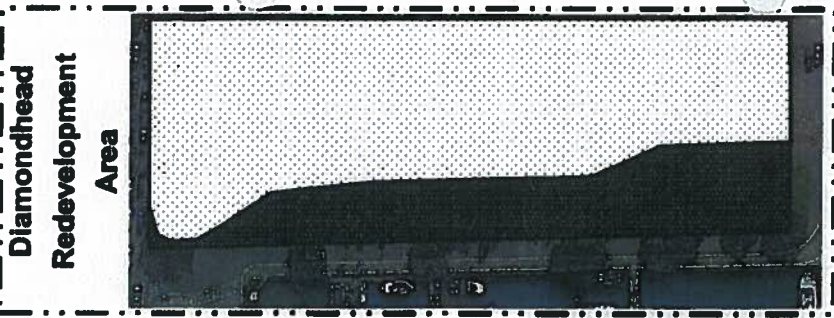




Exhibit "A - 2"



	Lease Area
	Excluded Areas
	Potential Withdrawal Area
	NOAA Parcels (Excluded)



SECTION OF LOT 6
 OF BAYVIEW LIND TRACT (LIT. 14)
 BEING ALSO PART OF THE BAYVIEW TRACT
 AS SHOWN ON THE MAP OF THE BAYVIEW TRACT
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