

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

September 4, 2019

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

HCDA Authority Members:

SUBJECT: Shall the Authority Authorize the Executive Director to Provide Up to \$2,249,100.00 from the Public Facilities Dedication Fund for Restoration of the Hawaii Community Development Authority Kakaako Parks and Complete the Transfer of the Parks to the City and County of Honolulu?

SUMMARY:

Since early 2018, the Hawaii Community Development Authority (HCDA) has been working with the City and County of Honolulu (City) to transfer certain park properties located in Kakaako Makai along with various road remnants. During two inspections of the properties over the past two months, the City noted a number of items of concern that would either prevent them from accepting all of the parks or result in the closure of significant portions of the parks. The City estimates that it would require at least \$2,249,100 to make baseline restorations to the park for health and safety, and immediate activation of the area. The City notes that activation is essential to both the near-term and long-term sustainability of the parks. The Mayor has committed to accept conveyance of the parks if the HCDA agrees to provide such funding.

Even before this discussion however, it is important to also note that as early as 2014, the HCDA recognized that its aging parks required significant capital investment and activation. This resulted in the commissioning of the Kakaako Makai Parks Active Use Master Plan (Parks Plan), which was subsequently finalized and approved by the board in 2017. Going into the 2018 session, the Authority had requested as much as \$4,000,000 from the legislature to implement portions of the plan. However, instead of activating the parks as the plan intended, park conditions have deteriorated due to continued vandalism.

AUTHORITY:

Hawaii Revised Statutes (HRS) § 206E-4 broadly establishes the Authority's powers regarding real property, granting the HCDA the ability to acquire, sell, convey, and assign any interest held.

HRS § 206E-31.5 further allows the authority to sell or assign the fee simple interest in any of its lands in the Kakaako Community Development District for the following purposes:

- (A) Utility easements;

- (B) Remnants as defined in section 171-52;
- (C) Grants to any state or county department or agency

At its, March 6, 2019 meeting the Authority authorized the Executive Director to make the necessary expenditures and execute the necessary agreements to execute the transfer of the parks and roads to the City.

At its April 4, 2018 meeting, the Authority authorized the Executive Director to pursue the conveyance of its fee interest of certain properties located makai of Ala Moana Boulevard in addition to various roadways and remnants in the Kakaako Community Development District.

At its August 7, 2019 meeting the Authority authorized the Executed Director to expend up to \$800,000 for major maintenance repairs in the parks to effectuate the transfer of the parks to the City.

BACKGROUND:

As early as January 2014, the HCDA realized the aging parks required significant improvements. The Authority authorized the HCDA to commission the Parks Plan with the intent to make a meaningful investment in the parks that would optimize its utilization. The Parks Plan was adopted by the Authority in 2017, and a permitted interaction group was formed to take a closer look at implementation. The HCDA also proceeded with a capital improvement project request of \$4,000,000 during the 2018 legislative session.

Activation of the parks was a critical component of the Parks Plan to passively address the issues caused by illegal campers and increasing vandalism in the parks. While vandalism and property damage levels are currently below the peak that HCDA has experienced in previous years, any damage is enhanced due to the age of the underlying systems. It is also noted that recurring vandalism has led to conscious decisions by the HCDA to not replace items such as water fountains and lighting in areas where damage was too severe. As a result of the continued vandalism, the HCDA has seen park operating costs regularly exceed the \$1,000,000 baseline for ordinary operations in recent years.

In 2018, the City offered to accept conveyance of the parks and roads from the HCDA, and since then, both parties have been working to actively negotiate the transfer of these properties. The City is substantially complete and satisfied with the results of its due diligence in order to accept the conveyance of the parks and roads, however, based on recent site visits, expressed grave concerns over their ability to operate the parks in the near-term, without supplemental funding from the HCDA. Substantial improvements are necessary for the City to keep the parks open and get them activated. Much like the HCDA's Parks Plan, the City's plan to stabilize and sustain the parks requires park activation. The City expects it can achieve park activation in the near-term, having far more expertise and capacity to program the parks and make the necessary improvements.

Over the course of two recent site visits, the City compiled a listing of baseline improvements necessary for daily operation of the park which total \$2,249,100. The breakdown of

improvements is attached as Exhibit A. This includes repairs to the electrical system, irrigation system, and comfort stations. A detailed breakdown of the \$877,100 in electrical repairs to Kewalo Basin Park and Waterfront Park is provided as Exhibit B. HCDA notes that some of the City's observations are consistent with the challenges cited and conditions depicted in Figure 10 of the Parks Plan, attached as Exhibit C.

Following the transfer, the City has plans for longer-lead capital improvements that total \$27,817,982. The City's breakdown of these projects is attached as Exhibit D. Note that this funding is not being requested of HCDA, as such projects are a function of the City operating and maintaining aging park facilities.

Instead, the City's request for \$2,249,100 from the HCDA is intended to address the baseline improvements only. The City further notes that these costs primarily pay for parts and equipment, as City maintenance crews will complete the majority of this work, so labor costs are largely excluded.

The City has otherwise indicated to the HCDA that the pending park transfer has generated excitement among those who commonly utilize City parks, such as athletic groups. The City is confident that this interest will allow them to be successful in activating the parks in the near-term. However, the City stresses that the restoration of water fountains, lighting, and irrigation are essential to realizing that activation. The City's desire to accept conveyance of the parks is primarily driven by this activation to maximize the parks' full potential.

ANALYSIS:

Conveyance of these properties is consistent with the Community Development Plan for Kakaako and would relieve significant financial burdens and liabilities associated with HCDA's ownership of these assets. On an annual basis, the HCDA expends over \$1,000,000 to operate the parks and has been unsuccessful at sustaining long-range activation or the overall condition of the parks. The City's due diligence otherwise gives us an idea of some of the interim and long-term carrying costs as seen in their lists of necessary park improvements.

Implementation of the HCDA Parks Plan would involve an investment of well over \$44,000,000 in new and improved facilities and do not include many of the capital projects identified in the City's figure of \$27,817,982. Implementation of HCDA's Parks Plan, also contemplates public private partnerships that would develop and lease out portions of the park.

This is in contrast to the City's plan, which currently provides for the preservation of existing open space and activation through public programming in connection with the City Department of Parks and Recreation's community partners. The significant difference between both plans is the City currently has the capacity and expertise to manage parks, whereas the HCDA model requires privatization of portions of the park, albeit for public use. Despite the differences in approach, staff does note that both the City and HCDA have the same objective: to activate the parks and restore a valuable community resource. Our approaches differ based on our areas of expertise and available capacity and resources.

If the HCDA authorizes the requested \$2,249,100 in funding, the City is prepared to accept conveyance of the park properties and proceed with closing the land transfer. Honolulu Mayor Kirk Caldwell is expected to make this commitment in writing through a letter that we expect to distribute at the board meeting. The actual conveyance document is not yet finalized for distribution.

If an amount less than the requested \$2,249,100 were approved, the City may reconsider which parks it could take on, or may accept conveyance with the intent of closing significant portions of the park until improvements can be made. Based on discussions with the City, most of the requested funding would be allocated towards Kakaako Waterfront Park, which HCDA concurs is the more problematic and difficult to manage of the parks. The hilly terrain requires a robust irrigation system (uphill water pressure) and creates line of sight issues, which has resulted in recurring vandalism and costly property damage.

Should the HCDA continue to own and maintain the parks, the HCDA should expect to make investments similar to what has been outlined by the City as detailed in Exhibits A, B, and D. The HCDA should also look to bolster its budget for park operations to gain requisite expertise and capacity in the near-term. Despite these actions, it should also be recognized that the HCDA would still retain the risks associated with owning and operating the parks. If the Authority opts to retain the parks, the HCDA would work with an experienced party such as the City to develop such a budget and identify necessary resources.

RECOMMENDATION:

HCDA staff recommends that the Authority Authorize the Executive Director to Provide Up to \$2,249,100.00 from the Public Facilities Dedication Fund for Restoration of the Hawaii Community Development Authority Kakaako Parks and Complete the Transfer of the Parks to the City and County of Honolulu.

Attachments:

Exhibit A – Restoration Cost Estimates

Exhibit B – Electrical Cost Breakdown

Exhibit C – Figure 10 of Parks Plan


Exhibit D - Capital Improvement Project Cost Estimates

Respectfully submitted,



Lindsey Doi
Asset Manager

APPROVED FOR SUBMITTAL:



Aedward Los Banos, Executive Director

Exhibit A

Kakaako Parks Daily Maintenance
 Estimated Costs - 8/23/2019

| | |
|---|--------------------|
| Irrigation | \$870,000 |
| <ul style="list-style-type: none"> •Sections valves •Gate valves •Rebuild irrigation system -controller, booster pumps, electrical wiring •Sprinkler heads •Irrigation lines •Backflow preventer •Water fountains - replacement | |
| Comfort Station and showers | \$180,000 |
| <ul style="list-style-type: none"> •Light fixtures •Outlets •Wiring •Loose pipes •Holes in the walls •Sinks, faucets •Toilets, urinals •Angle valves •Drain pipes •Floor drains and covers •Extensive cleaning due to pigeon droppings •Screens to keep the birds out •Grates for showers •Showers at the Ewa end - total replacement | |
| Landscaping | \$22,000 |
| <ul style="list-style-type: none"> •Trimming and pruning of existing trees •Removal of dead trees •Removing hanging fronds and fruits from coconut trees | |
| Parking and Fencing | \$300,000 |
| <ul style="list-style-type: none"> •Repavement of parking lot •Restriping of stalls •Fencing •Cattle gates | |
| Electrical | \$877,100 |
| <ul style="list-style-type: none"> •Unable to determine costs dues to no electrical power •Repair broken light poles •Security lighting | |
| Walkways/Pergolas | |
| <ul style="list-style-type: none"> •This would be a CIP project-pavers and concrete | |
| Miscellaneous Repairs/Replacement | |
| <ul style="list-style-type: none"> •Charcoal bins •Barbeque pits •Park benches •Tables | |
| Total | \$2,249,100 |

Exhibit B

Waterfront Park

Promenade

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Poles (44 each) | 0 | n/a | #VALUE! |
| Fixtures (44 each) | 44 | \$ 2,100 | \$ 92,400 |
| Electrical (Lump Sum) | 1 | \$ 45,000 | \$ 45,000 |
| Total | | | \$ 137,400 |

Pathway

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Poles (40 each) | 9 | \$ 3,500 | \$ 31,500 |
| Fixtures (40 each) | 40 | \$ 2,000 | \$ 80,000 |
| Foundations | 3 | \$ 1,500 | \$ 4,500 |
| Pullboxes | 3 | \$ 1,200 | \$ 3,600 |
| Electrical (Lump Sum) | 1 | \$ 75,000 | \$ 75,000 |
| Total | | | \$ 194,600 |

Waterfront Park Lighted Sign

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (6 each) | 6 | \$ 1,500 | \$ 9,000 |
| Electrical (Lump Sum) | 1 | \$ 5,000 | \$ 5,000 |
| Total | | | \$ 14,000 |

Amphitheatre

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Poles (20 each) | n/a | \$ - | #VALUE! |
| Fixtures (20 each) | 20 | \$ 2,000 | \$ 40,000 |
| Electrical (Lump Sum) | 1 | \$ 25,000 | \$ 25,000 |
| Total | | | \$ 65,000 |

Observation Area (Ehime Maru Memorial)

| Items | Quantity | Unit Cost | Total Cost |
|------------------------------|----------|-----------|------------|
| In-ground Fixtures (44 each) | n/a | \$ - | #VALUE! |
| Wall Fixtures (3 each) | 3 | \$ 1,000 | \$ 3,000 |
| Electrical (Lump Sum) | 1 | \$ 25,000 | \$ 25,000 |
| Total | | | \$ 28,000 |

Comfort Stations (2 each)

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (22 each) | 44 | \$ 500 | \$ 22,000 |
| Electrical (Lump Sum) | 2 | \$ 25,000 | \$ 50,000 |
| Total | | | \$ 72,000 |

Trellis A

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (56 each) | 56 | \$ 350 | \$ 19,600 |
| Electrical (Lump Sum) | 1 | \$ 50,000 | \$ 50,000 |
| Pullbox | 1 | \$ 1,200 | \$ 1,200 |
| Total | | | \$ 70,800 |

Trellis B (3 each)

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (16 each) | 48 | \$ 350 | \$ 16,800 |
| Electrical (Lump Sum) | 3 | \$ 25,000 | \$ 75,000 |
| Total | | | \$ 91,800 |

Parking Lot

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (17 each) | 17 | \$ 400 | \$ 6,800 |
| Electrical (Lump Sum) | 1 | \$ 5,000 | \$ 5,000 |
| Total | | | \$ 11,800 |

| | | | |
|--------------------|--|--|------------|
| Grand Total | | | \$ 685,400 |
|--------------------|--|--|------------|

Exhibit B

Kewalo Basin Park

Promenade

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Poles (25 each) | 25 | \$ 3,500 | \$ 87,500 |
| Fixtures (25 each) | 25 | \$ 2,500 | \$ 62,500 |
| Concrete Foundation | 3 | \$ 1,500 | \$ 4,500 |
| Pullbox | 1 | \$ 1,200 | \$ 1,200 |
| Electrical (Lump Sum) | 1 | \$ 50,000 | \$ 50,000 |
| Total | | | \$ 118,200 |

Comfort Station

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (15 each) | 15 | \$ 500 | \$ 7,500 |
| Electrical (Lump Sum) | 1 | \$ 15,000 | \$ 15,000 |
| Total | | | \$ 22,500 |

Trellis

| Items | Quantity | Unit Cost | Total Cost |
|-----------------------|----------|-----------|------------|
| Fixtures (32 each) | 32 | \$ 500 | \$ 16,000 |
| Electrical (Lump Sum) | 1 | \$ 35,000 | \$ 35,000 |
| Total | | | \$ 51,000 |

| | | | |
|--------------------|--|--|------------|
| Grand Total | | | \$ 191,700 |
|--------------------|--|--|------------|

Exhibit C



LACK OF VISUAL & PEDESTRIAN CONNECTIVITY

VANDALISM & DETERIORATION

HEALTH & SAFETY CONCERNS

HOMELESSNESS

FIGURE 10 CHALLENGES

KAKAAKO MAKAI PARKS
HCDA
ISLAND OF OAHU



Exhibit D

Kakaako Parks - Capital Improvement Projects (CIP)
 Estimated costs - 8/6/2019

Kakaako Waterfront Parks

| Item | Estimated Costs | | | | Grand Total |
|---|--------------------|---------------------|------------------|--------------------|---------------------|
| | Design | Construction | Equipment | Inspection | |
| Site Work | \$360,000 | \$10,756,250 | \$107,562 | \$1,075,562 | |
| <ul style="list-style-type: none"> • Parking lots • Walkways • Drain lines • Sewer lines • Concrete spalls • Showers • Amenities • Promenade • Utility | | | | | |
| Architectural | \$175,000 | \$5,750,000 | \$57,500 | \$575,000 | |
| <ul style="list-style-type: none"> • Comfort Stations • Arbors • Maintenance Building | | | | | |
| Electrical | \$685,500 | \$2,285,000 | \$22,858 | \$228,500 | |
| Total for Waterfront Parks | \$1,220,500 | \$18,791,250 | \$187,920 | \$1,879,062 | \$22,078,732 |

Kakaako Gateway Parks

| Item | Estimated Costs | | | | Grand Total |
|---|------------------|--------------------|-----------------|------------------|-------------|
| | Design | Construction | Equipment | Inspection | |
| Site Work | \$480,000 | \$1,600,000 | \$16,000 | \$160,000 | |
| <ul style="list-style-type: none"> • Irrigation • Parking lot • Walkway • Drain Line • Misc. | | | | | |
| Total for Gateway Parks | \$480,000 | \$1,600,000 | \$16,000 | \$160,000 | |

Kewalo Basin Park

| Item | Estimated Costs | | | | Grand Total |
|--|------------------|--------------------|-----------------|------------------|--------------------|
| | Design | Construction | Equipment | Inspection | |
| Site Work | \$500,000 | \$1,655,000 | \$16,500 | \$165,500 | |
| <ul style="list-style-type: none"> • Parking lots • Sewer lines • Irrigation • Promenande • Misc. | | | | | |
| Electrical | \$175,000 | \$875,000 | \$8,750 | \$87,500 | |
| Total for Kewalo Basin | \$675,000 | \$2,530,000 | \$25,250 | \$253,000 | \$3,483,250 |

| | | | | | |
|----------------------------------|--------------------|---------------------|------------------|--------------------|---------------------|
| Grand Total for all Parks | \$2,375,500 | \$22,921,250 | \$229,170 | \$2,292,062 | \$27,817,982 |
|----------------------------------|--------------------|---------------------|------------------|--------------------|---------------------|