

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

November 6, 2019

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

HCDA Board Members:

SUBJECT: Shall the Authority Authorize a Transfer of Up To \$1,000,000.00 from the HCDA Revolving Fund, Improvement District Subaccount to the Kalaeloa Community Development Revolving Fund, for the Removal of Materials Stockpiled at the Kalaeloa Heritage Park?

SUMMARY:

HCDA currently retains a stockpiling permit for material located at the Kalaeloa Heritage Park that will expire in April 2020. To close the stockpiling permit, the material must be either utilized on site, taken off site, or a combination of both. Additionally, once the stockpiles are removed, the area must be grassed. After pursuing other options, it was determined that the only viable alternative would be to dispose of all the material at the PVT Land Company LTD. in Nanakuli. Bids were solicited and opened on October 25, 2019. The lowest, responsible bidder was Henry's Equipment Rental & Sales, Inc. with a bid of \$875,076.00. Of this amount, \$700,000 is an allowance for disposal fees that must be paid to the PVT Land Company LTD. Allowing for a contingency of \$124,924.00, the total budget for the project would be \$1,000,000.00. This contingency would only be used in the event of unforeseen conditions such as; greater quantities than estimated, material is found that is not acceptable to the PVT Land Company LTD. that the contractor would have to dispose of elsewhere, etc. are encountered.

Currently, there is no funding for this work in the Kalaeloa Community Development District. The transfer of funds would allow this work to proceed.

AUTHORITY:

At its August 3, 2016 General Meeting, the Authority voted to review and approve all procurement requests that exceed \$25,000.00.

The subject solicitation was conducted pursuant to Hawaii Revised Statutes (HRS) Chapter 103D-302 Competitive Sealed Bidding. HRS §103D-302(h) specifies, "the contract shall be awarded to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids.

BACKGROUND:

Prior to September 2013, KHLF accepted the import of soil to the area from multiple off-site sources. Unfortunately, it was later learned that not all the material is considered to be “acceptable fill material” per applicable Hawaii Department of Health (HDOH) regulations. It is unknown how much of the material is acceptable. A complete screening of all the material would need to be done to segregate what is acceptable and unacceptable.

Failure by KHLF to resolve the stockpile violation, resulted in the termination of its lease in May 2019. As a result of the termination, the HCDA has taken on the responsibility for remediation.

On July 23, 2019, HCDA staff met with HDOH to discuss the possibility of keeping all material on site and utilizing it like the Kakaako Waterfront Park. DOH staff explained that rules regarding utilizing this type of material on site have changed since the park was developed. To be able to keep the material on site would require the site be designated as a landfill. DOH staff said it was unlikely that the department would approve a landfill on the site, and noted the best way to proceed with the stockpile would most likely be to take it to PVT, because other options could end up being more expensive.

ANALYSIS:

HCDA staff had hired a consultant to prepare a rough order of magnitude cost estimate for the removal of the stockpiles. The alternatives considered were to either utilize the acceptable material on-site and take the unacceptable material to the PVT landfill, utilize the acceptable material off-site and take the unacceptable material to the PVT landfill or take all the material directly to the PVT landfill. Unless all the material is screened, it is unknown how much of the material is acceptable/unacceptable. Therefore, an assumption was made that half the material is acceptable and the other half unacceptable. The estimates ranged from \$757,200 to \$859,900. The \$757,200 estimate involved utilizing the acceptable material off-site and taking the remainder to the PVT landfill. The \$859,900 estimate is to take all the material directly to the PVT landfill. However, the low estimate assumes that half the material is acceptable. After screening all the material, if more than half is considered unacceptable, the cost could increase and possibly be higher than the cost to take all the material directly to the PVT landfill.

Further, HCDA staff had discussed with a neighboring project contractor if they would be interested in the material. The contractor commented that it is cheaper for them to purchase material from another source than to screen, load and haul the material at the Kalaeloa Heritage Park. This would indicate that it may not be possible to dispose of the acceptable material off-site. It would then have to remain on-site or taken to the PVT landfill. If the material remained on-site, it would have to be graded. The cost to grade the material on-site, depending on the quantity, may make this option costlier than taking all the material directly to the PVT landfill.

A contingency of \$124,924.00 is budgeted for unforeseen conditions. The contingency will only be expended in the event the unforeseen conditions result in additional costs to the contractor.

Additionally, having the contingency will expedite the project by not having to place the work on hold until approval for additional funding is received. Therefore, the total cost would be up to \$1,000,000.00.


There is currently no funding in the Kalaeloa Community Development District to cover the cost of this work.

At its September 6, 2017 meeting, the HCDA approved \$200,000.00 towards remediation, of this issue. It is staff's intention to supplant the prior action with this one, capping expenditures at \$1,000,000.00

RECOMMENDATION:


HCDA staff recommends that the Authority authorize a transfer of up to \$1,000,000.00 from the HCDA Revolving Fund, Improvement District Subaccount to the Kalaeloa Community Development Revolving Fund, for the removal of materials stockpiled at the Kalaeloa Heritage Park.

Respectfully submitted,



Garrett Kamemoto
Interim Director of Planning and Development

APPROVED FOR SUBMITTAL:



Aedward Los Banos, Executive Director
Hawaii Community Development Authority

