

November 6, 2024

FOR ACTION

I. REQUEST

Consider Authorizing the Executive Director to Enter into a Non-Binding Letter of Intent with Kupu, a Hawaii Nonprofit Corporation, for Kupu's Lease and Development of the "NOAA Lot", Located at Kewalo Basin Harbor, 1125 Ala Moana Boulevard, Honolulu, Hawaii, and Further Described by Tax Map Key No.: (1) 2-1-058:135, in Accordance with the Terms and Conditions Described in the Staff Report.

II. BACKGROUND

Established in 2007, Kupu is a Section 501(c)(3) non-profit organization whose mission is to empower youth to serve their communities through character-building, service-learning, and environmental stewardship opportunities to promote conservation, sustainability, clean energy, and natural resource management.

Kupu currently leases land at Kewalo Basin Harbor from the City and County of Honolulu to operate its Harry and Jeanette Weinberg Hookupu Center, which opened to the public in March 2019.

Kupu also currently holds a Right of Entry Agreement (ROE 1-19) for a portion of the HCDA's NOAA Lot at Kewalo Basin Harbor. ROE 1-19 allows Kupu to utilize a portion of NOAA Lot to park staff vehicles, store tools/ equipment/ supplies, and house utilities necessary for Kupu's business operations at the adjacent Hookupu Center, including a 499-gallon propane gas tank for Kupu's commercial kitchen.

ROE 1-19 will expire on September 30, 2026; however, Kupu has indicated parking and utility storage remain long term needs. Kupu desires to lease the NOAA Lot and develop the parcel into an extension of the Hookupu Center with more public spaces and parking.

The NOAA Lot and Kewalo Charter building were originally slated for redevelopment by the Howard Hughes Corporation (HHC) after the HCDA issued a Request for Proposals (RFP) and made an award to HHC in December 2015. The HCDA executed a Development Agreement (DA) with HHC for both parcels on March 14, 2017. However, HHC allowed that DA to expire in December 2023, citing its shifting goals for redeveloping the area.

Kupu has since expressed interest in redeveloping the NOAA Lot site into additional community and classroom space for its programs. Kupu's proposed key terms are attached as Exhibit A and summarized below:

1. Lease term: 60 years

2. Lease rent: \$1 year
3. Leased premises: Tax Map Key No.: (1) 2-1-058:135, including the Harbormaster Building, open space along Kewalo Channel, private parking area (approximately 20 stalls). The leased premises will also include a public parking area (approximately 58 stalls) that is part of TMK (1) 2-1-058:135 that will be licensed back to the HCDA under an irrevocable license agreement that will run coterminous with Kupu's lease
4. Will commit to set aside spaces inside Harbormaster Building for Kewalo Basin Harbormaster and City & County Ocean Safety Department, as needed
5. Will pay all development, maintenance, and management costs associated with the leased premises, except the public parking lot area that is licensed back to the HCDA

The HCDA's staff recommendation regarding parking is to develop regional public parking in the area. HCDA would develop a paid public parking lot on the portion of the NOAA Lot as indicated in the site plan attached as Exhibit B. HCDA would operate the public parking lot through a parking operator. Parking rates would be similar to those charged at the HCDA's Diamond Head parking lot, located at the entrance to Kewalo Basin Harbor.

Kupu requests the ability to rent out all or a portion of the paid public parking for special events. Such rentals would be coordinated on a case-by-case basis through the HCDA's parking operator and would be scheduled to minimize impact to the public. Kupu proposes paying \$400 per event to rent out the lot and also plans to utilize valet services to maximize parking opportunities for their guests.

Regional public parking that is managed and maintained by HCDA, through HCDA's parking vendor, helps ensure that the parking lot remains a public facility with established controls on parking rates, event use by Kupu, and general usage consistent with a public parking facility.

III. DISCUSSION

Kupu requires a signed Letter of Intent (LOI) from the HCDA in order to secure financing for the project. The LOI represents the first step in the potential redevelopment of the NOAA Lot but is non-binding on both parties. Approval by the Authority to enter into the LOI indicates the Authority's general support for the project.

Further details of the lease, including the parking arrangements, may be negotiated separately, with the lease terms and conditions being presented later to the Kakaako Board for final approval prior to execution. Kupu will also be required to obtain a Planned Development Permit from the HCDA prior to its redevelopment of the NOAA Lot, an environmental assessment, and concurrence from the State Historic Preservation

Division. This will ensure public input through a series of public hearings. The lease will be contingent on the approval of the Planned Development Permit.

IV. RECOMMENDATION

It is recommended that the Board Authorize the Executive Director to Enter into a Non-Binding Letter of Intent with Kupu, a Hawaii Nonprofit Corporation, for Kupu’s Lease and Development of the “NOAA Lot”, Located at Kewalo Basin Harbor, 1125 Ala Moana Boulevard, Honolulu, Hawaii, and Further Described by Tax Map Key No.: (1) 2-1-058:135, in Accordance with the Terms and Conditions Described in This Staff Report and undertake all tasks necessary to effectuate the purpose(s) of this For Action.

Attachments:

Exhibit A – NOAA Lot Draft Lease Terms

Exhibit B – Kupu Site Plan

Prepared By: Lindsey Doi, Asset Manager *LD*

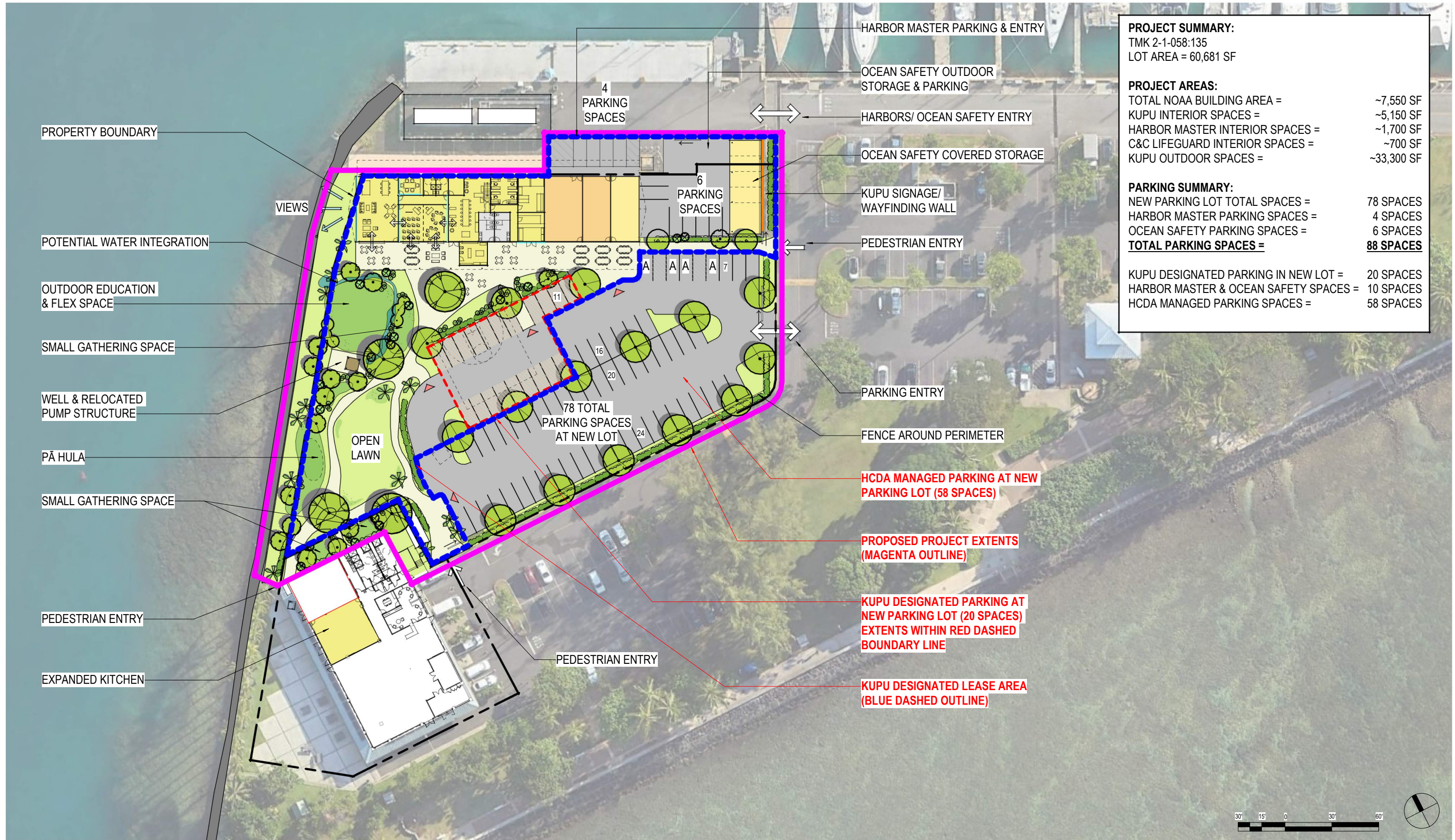
Reviewed By: Craig Nakamoto, Executive Director *Craig Nakamoto*



DRAFT LEASE

Kupu proposes to lease (the “Lease”) from HCDA the property designated by TMK No. 2-1-058:135, inclusive of the areas that are currently occupied by the Harbor Master and the C&C Lifeguards, as discussed more fully below (the “Property”). Key terms:

- **1.0** The Lease term will be 60 (sixty) years.
- **2.0** The Lease rent will be \$1 (one dollar) per year.
- **3.0 Existing Sub-Tenants:** Kupu will continue to provide space for the current tenants (Harbor Master and C&C Lifeguards). In the event the Harbor Master or the C&C Lifeguards leave their respective spaces, Kupu may, at its election, incorporate those areas as part of the Property on the same terms and conditions as the Lease to expand its operations or sublet this space.
- **4.0 Boundaries:** The boundaries of the tenant's leased premises are outlined in the attached site plan. The leased premises shall include the public parking area, which Kupu intends to license back to landlord to develop and manage at no cost.
- **5.0 Valet Services:** The agreement between HCDA and any parking vendor will include Kupu’s right to reserve valet services as requested by Kupu at rates agreed to between Kupu and the parking vendor.
- **6.0 Buy-Out Clause:** Kupu will have the ability to “buy out” or lease the entire parking lot of the remaining non-Kupu stalls at minimum 10 times per month at \$400 per event (approximately 6 hours) with a 2% escalation annually. Based on availability, Kupu can request additional buy-out events of the parking lot at the same rate.
- **7.0 Timeline:** The development of the Property, including the parking area, will take approximately 3 years. Please see the attached draft construction timeline. Kupu will be provided up to a cumulative of 24-month no cost extensions to meet certain deliverables of this timeline, should it be required.



PROJECT SUMMARY:	
TMK 2-1-058:135	
LOT AREA = 60,681 SF	
PROJECT AREAS:	
TOTAL NOAA BUILDING AREA =	~7,550 SF
KUPU INTERIOR SPACES =	~5,150 SF
HARBOR MASTER INTERIOR SPACES =	~1,700 SF
C&C LIFE GUARD INTERIOR SPACES =	~700 SF
KUPU OUTDOOR SPACES =	~33,300 SF
PARKING SUMMARY:	
NEW PARKING LOT TOTAL SPACES =	78 SPACES
HARBOR MASTER PARKING SPACES =	4 SPACES
OCEAN SAFETY PARKING SPACES =	6 SPACES
TOTAL PARKING SPACES =	88 SPACES
KUPU DESIGNATED PARKING IN NEW LOT =	20 SPACES
HARBOR MASTER & OCEAN SAFETY SPACES =	10 SPACES
HCDA MANAGED PARKING SPACES =	58 SPACES