

Department of Land and Natural Resources
Land Division

March 7, 2018

RFI No. BDH-1-FY18

Request for Interest for the Demolition of Existing Hotel and Construction Of New Hotel at Banyan Drive, Hilo, Hawaii

**SUBMITTALS WILL BE RECEIVED UP TO 4:00 PM (HST) ON
April 30, 2018**

AT THE
Department of Land and Natural Resources
Land Division
1151 Punchbowl St., Rm. 220
Honolulu, HI 96813

SUBMITTALS MUST BE DELIVERED BY MAIL, IN PERSON OR VIA EMAIL BY THE ABOVE DEADLINE. TIMELY RECEIPT OF MAILED AND HAND-DELIVERED SUBMITTALS SHALL BE EVIDENCED BY THE DATE AND TIME REGISTERED BY THE LAND DIVISION TIME STAMP CLOCK. TIMELY RECEIPT OF EMAILS SHALL BE EVIDENCED BY THE DATE AND TIME STAMP OF THE EMAIL AS RECEIVED BY LAND DIVISION. PLEASE NOTE POSTAL MAIL DELIVERS TO A MAILROOM, NOT TO THE ADDRESS ABOVE, WHICH MAY RESULT IN ROUTING DELAYS.

RFI Registration and Inquiries

If you intend to respond to this request for interest, please contact the Land Division at the address above, or email dlnr.land@hawaii.gov to register your organization otherwise you will not receive notification of any changes or addendums. Provide a contact name, address, phone number, and email address.

Request for Interest

Demolition of Existing Hotel and Construction of New Hotel at Banyan Drive, Hilo, Hawaii

1. BACKGROUND

At its meeting of June 9, 2017, under agenda Item D-6, the Board of Land and Natural Resources (BLNR or Board) authorized the Department of Land and Natural Resources (DLNR), Land Division, to issue a Request for Interest (RFI) relating to the former Uncle Billy's Hilo Bay Hotel site, more recently known as the Pagoda Hilo Bay Hotel, located in Hilo, Hawaii, on Tax Map Keys: (3) 2-1-005: 033, 034, 035 and 045 (Site). The total land area of the Site is approximately 1.83 acres, more or less. The purpose of the RFI is to gauge whether there is interest among prospective developers in obtaining a long-term lease of the Site for hotel-resort purposes that would include an obligation to conduct an environmental assessment (EA) or environmental impact statement (EIS) for the demolition of the existing structures on the Site and construction of a new hotel thereon, secure the permitting and approvals needed for the demolition and new construction, complete the demolition, and construct a new hotel on the Site. The RFI additionally seeks to estimate the amount of rent credit that would induce a potential developer to incur all costs associated with the demolition of the existing structures and construction of a new hotel, including the cost of conducting the EA/EIS. The BLNR directed Land Division to report back to the Board on the responses to the RFI with an assessment of whether the DLNR should proceed with a public auction of a long-term lease of the Site to include a requirement to demolish and rebuild, or whether it would be more appropriate to pursue a Request for Qualifications or Request for Proposals and directly negotiate a long-term lease pursuant to Section 171-59, Hawaii Revised Statutes (HRS).

2. CANCELLATION/AMENDMENT

The RFI may be cancelled or amended and any or all submittals rejected in whole or in part, without liability, when it is determined to be in the best interest of the state. Neither the DLNR nor any interested party has any obligations under this RFI. The purpose of this RFI is to explore options available to the BLNR for the potential redevelopment of the Site, and not to approve any particular proposal or enter into a contract at this time.

3. AVAILABLE STUDIES

DLNR has conducted a number of studies regarding the Site and neighboring areas, including:

- Remaining Useful Life Determination for Uncle Billy's Hilo Bay Hotel dated June 2014.
- Tourism Market Study dated July 2014 – analyzes tourism industry and determines market demand for a new hotel in Hilo, Hawaii.
- Banyan Drive Sea Level Rise Assessment Report dated July 2014 – assesses sea level rise effects on DLNR parcels located at Banyan Drive including the Site.
- Assessment Report prepared by Erskine Architects, Inc. dated June 29, 2016 – assesses existing conditions of three DLNR properties at Banyan Drive and evaluates potential buildable envelopes for the properties, including the Site.
- Preliminary Demolition Assessment for the Former Pagoda Hilo Bay Hotel, Country Club Condominium/Hotel and Reeds Bay Hotel dated February 2018.

These studies are available on DLNR Land Division's website at:

<http://dlnr.hawaii.gov/ld/hilobayhotel/>

4. INSPECTION

The Site will be available for inspection on Wednesday, March 28, 2018 at 9:00 a.m. (HST). All persons desiring to participate in the Site inspection will be required to present photographic identification and submit a signed waiver in the form available at the website above prior to entering the Site. Participants in the inspection must be at least 18 years old to sign the waiver. No minors may enter the Site.

5. ADDITIONAL INFORMATION

The BLNR issues leases pursuant to Chapter 171, Hawaii Revised Statutes, as amended. The maximum term of a lease is 65 years. This RFI is intended to gather information and ideas for a potential future solicitation through either a request for proposals or a sale of lease of the Site by public auction. The major components of such solicitation or public auction package will include the demolition permitting and actual demolition of the existing improvements on the Site, construction of a new hotel, and entry into a long-term ground lease for the Site at fair market rent.

6. FORMAT AND CONTENT

Please submit a signed submittal in a sealed envelope or via email. Only typed responses to this RFI will be accepted. Please use page numbering, English only, and provide all financial information in U.S. dollars. The RFI is open to all interested persons. At a minimum, a response to the RFI should include:

- A. Responder's contact information:
 1. Name
 2. Address
 3. Telephone number
 4. Email address
- B. The names and addresses of responder's Principals (as defined below) if responder is a business entity such as corporation, partnership or limited liability company (LLC). For purposes of this RFI, a "Principal" is any shareholder owning 5% or more of the issued and outstanding stock of a corporation, any corporate director or officer; any general or limited partner of a partnership; and any manager or member of an LLC owning 5% or more interest in the LLC.
- C. A statement regarding the education and work experience of responder and its Principals. The statement should include the experience of responder and its Principals in hotel development and/or redevelopment of properties, including demolition of existing structures involving hazardous materials abatement.
- D. Responder's proposal for the Site.
- E. Responder's cost and time estimates for conducting an EA/EIS for the demolition of the existing structures and constructing a new hotel on the Site.

- F. Responder's cost and time estimates for demolishing the improvements on the Site, including securing all required permitting approvals.
- G. Responder's cost and time estimates for consolidating and re-subdividing the four parcels constituting the Site into a single parcel.
- H. Responder's cost and time estimates for constructing a new hotel on the Site. Provide details on the new construction including: number of buildings, stories, guest rooms, restaurants, and parking stalls; building height, setbacks, and floor area; and any other features responder desires to highlight.
- I. An explanation of how responder's proposed development would promote the aesthetics of the Banyan Drive area of Hilo.
- J. The lease duration responder would need to develop its proposal.
- K. The amount of rent credit that would induce responder to seek a long-term lease of the Site to develop its proposal.
- L. An explanation of responder's means of financing for the proposal, including whether the project would be self-financed or whether a leasehold mortgage would be required.

Any cost and time estimates provided in response to this RFI are acknowledged to be estimates only, and are not binding on the Responder or the State. Cost estimates are not bids, and do not create a power of acceptance in the State. The DLNR reserves the right to incorporate in a solicitation or public auction package, if issued, any recommendations or proposals presented in the response to this RFI.

7. SUBMISSION

Submittals are due at the address or email below by **4:00 p.m. (HST) on April 30, 2018**. All submittals must be time stamped upon receipt. Any submittal received after the deadline date will not be considered. Please account for routing delays if submitting by U.S. Postal Service. All submittals must include the following label on the front of the sealed envelope or subject heading of the email:

Label: Banyan Drive Hotel Request for Interest

Mailing Address:

DLNR Land Division

Attn: Banyan Drive RFI

1151 Punchbowl Street Room 220

Honolulu, Hawaii 96813

Email Address: dlnr.land@hawaii.gov