

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Land Division  
Honolulu, Hawaii 96813

June 23, 2017

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawaii

OAHU

Authorize the Chairperson to Enter into Memorandum of Agreement Between The Office of Planning and the Department of Land and Natural Resources for the Use of Transit Oriented Development CIP Funds for the East Kapolei Strategic Master Development Plan.

**BACKGROUND**

The Department is seeking to develop four parcels located in East Kapolei, Oahu. The parcels are adjacent or in close proximity to the East Kapolei Rail Station, the University of Hawaii West Oahu campus and the Ho'opili master planned community. The four parcels are identified as follows: (1) 9-1-016:008 (31.915 acres); (1) 9-1-017:097 (36.364 acres); (1) 9-1-018:005 (65.999 acres) and (1) 9-1-018:008 (40.731 acres). A map attached as Exhibit A shows the location of the four parcels. All parcels are State Land Use District Agriculture & Urban, and are currently have County zoning of AG-1, Restricted Agriculture District.

The primary purpose for the development is to provide a long term source of income to the Department. The Department has already contracted for a strategic master development plan for the parcels to facilitate their development. Additionally, the Department has been in consultation with multiple agencies regarding the development of the parcels. Act 130, Session Laws of Hawaii 2016 established the Hawaii Interagency Council for Transit Oriented Development (TOD Council) within the Department of Business, Economic Development & Tourism to coordinate effective transit oriented development planning on a statewide level. The act also designated the Office of Planning (OP) as the lead state agency for transit oriented development coordination. The Department is an active participant of the TOD Council, with designated staff serving as a voting member.

Additionally, Section 93 of Act 124, Session Laws of Hawaii 2016, appropriated \$500,000.00 for plans for site master planning for State lands in TOD areas that have significant development/redevelopment potential, infrastructure assessments, and planning for infrastructure improvements in areas where multiple agencies are involved. In August 2016, OP issued a request to State agencies for project proposals for the use of the funds. The Department submitted a proposal to utilize the funds to expand the scope of the strategic master development plan to incorporate broader State TOD objectives into the study. OP selected the Department's proposal as one of three projects to receive funding in the amount of \$200,000.00.

## REMARKS

In order to receive and expend the funds, the Department is required to enter into a Memorandum of Agreement (MOA) with OP. A draft of the MOA is attached as Exhibit B. The MOA calls for the consideration of broader State TOD and smart growth objectives in site and facility planning and design in areas served by public transportation in order to achieve maximum development potential of the parcels. Some of the objectives include mixed use development with revenue potential to State agencies; incorporation of multi-modal transportation systems and reduction in greenhouse gas emissions in the transportation sector; the provision of affordable housing and incorporation of other State agency needs in project planning to achieve multi-agency benefits, such as shared infrastructure requirements.

Pursuant to the terms of the MOA, OP will serve on the project team for the master plan in an advisory capacity. OP will be afforded the opportunity to comment on the master plan draft as it is developed, as well as consulting with the Department in scoping meeting with other agencies to determine whether the master plan will address broader State TOD objectives as well as other issues and concerns regarding the project area. Additionally, OP will consult on the scope of work to insure that the master plan incorporates broader State TOD objectives in research and analysis, as well as the development of TOD development alternatives. The final contract with the consultant is also subject to review and approval by OP.

Given the scope and complexity of the proposed development, OP's involvement in the master plan would be beneficial given their expertise. Furthermore, using the funds to expand the scope of the strategic master development plan could greatly assist in the development of the parcels. Most notably, providing sufficient infrastructure is a significant challenge in developing all the parcels. The Department is in discussion with adjacent landowners to explore potential partnerships to resolve the issue. However, addressing this in the master plan could allow for potential solutions acceptable to all parties. There are other challenges to developing the parcels that could be addressed by the master plan.

Parcel (1) 9-1-017:097 is located adjacent to the East Kapolei rail station, and bordered by Kualakai Parkway on the west, Farrington Highway on the north, and the future entrance to Ho'opili on the south. As this parcel is adjacent to the rail station, this parcel likely has the best potential for income generation. However, part of the parcel will be used for a required 10 acre, 1000 stall park and ride facility, as well as the rail guideway easement.

Parcel (1) 9-1-018:005 is located directly mauka of (1) 9-1-017:097, and is bordered by Kualakai Parkway, Farrington Highway and the H-1 freeway. This parcel and (1) 9-1-0147:097 are intended to be developed primarily for long term income generation to support the Department's resource protection programs. Kalo'i Gulch runs through parcels (1) 9-1-017:097 & 9-1-018:005, requiring work to channelize or cover the ditch. The impact of the gulch on (1) 9-1-018:005 is greater, as it runs through close to the center of the parcel, essentially splitting the parcel in half.

Parcels (1) 9-1-016:008 and 9-1-018:008 are adjacent parcels located directly mauka of the University of Hawaii West Oahu campus and are bordered by Farrington Highway and the H-1 freeway. Drainage gulches also run through parcels (1) 9-1-016:008 and 9-1-018:008. Parcel (1)

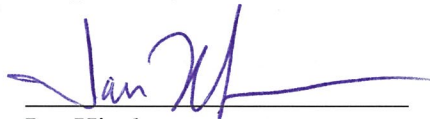
9-1-016:008 may be used for public uses such as a government facility or affordable housing project in partnership with HHFDC. A portion of parcel (1) 9-1-018:008 will be dedicated to house a water storage tank. Additionally a portion of parcel (1) 9-1-018:008 may be divested through a land swap to increase the developable area of parcel (1) 9-1-017:097. Additionally, all four parcels border Farrington Highway, which must be widened to accommodate increased traffic from new development. In exchange for the railway easement and the park and ride, the City and County has committed to include all four parcels in the East Kapolei Neighborhood Transit Oriented Development Plan.

Given the potential long term benefits to both the Department and the State from the development of the parcels, having assistance from OP as well as the additional funds is critical to drafting a strategic master development plan. Therefore, the Board is requested to authorize the Chairperson to enter into the MOA with OP, as well as delegate to the Chairperson the authority to execute additional agreements, contracts and other instruments as may be necessary to complete the strategic master development plan.

RECOMMENDATION: That the Board:

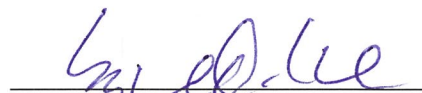
1. Authorize the Chairperson to enter into the MOA with OP, subject to review and approval by the Department of the Attorney General; and
2. Delegate to the Chairperson the authority to execute additional agreements, contracts and other instruments as may be necessary to complete the strategic master development plan.

Respectfully Submitted,



Ian Hirokawa  
Special Projects Coordinator

APPROVED FOR SUBMITTAL:

  
Suzanne D. Case, Chairperson



## Legend

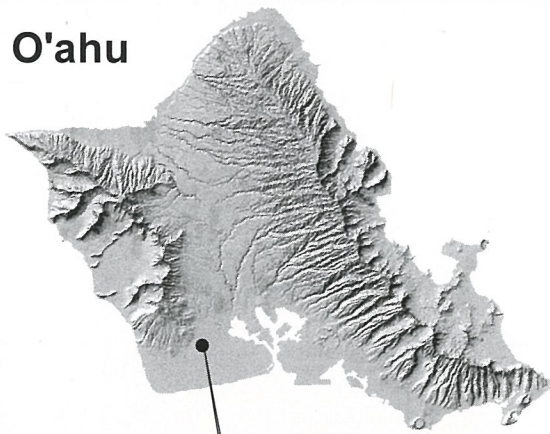
 PROJECT LOCATION

### Streams

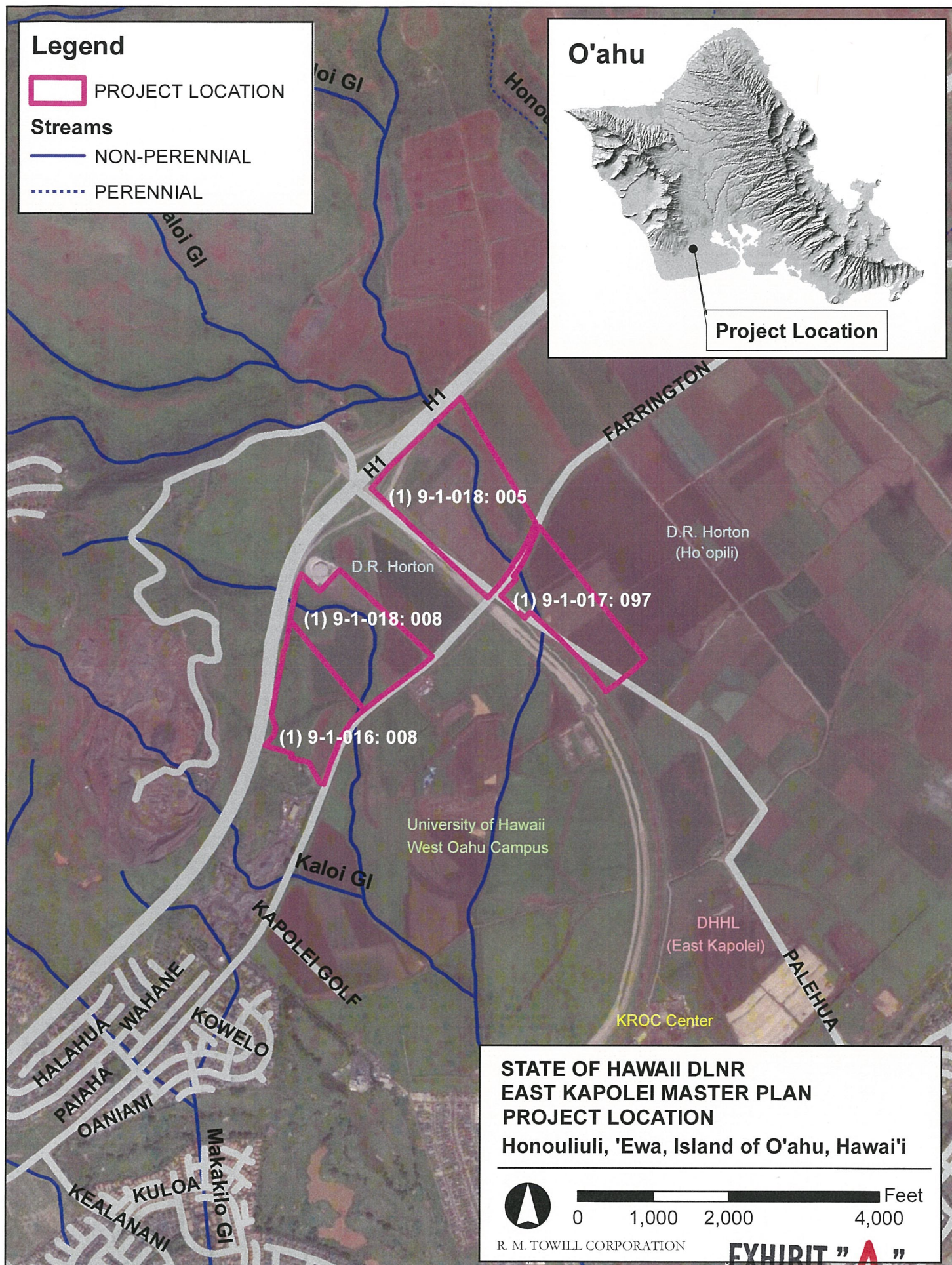
 NON-PERENNIAL

 PERENNIAL

O'ahu



Project Location



STATE OF HAWAII DLNR  
EAST KAPOLEI MASTER PLAN  
PROJECT LOCATION  
Honouliuli, 'Ewa, Island of O'ahu, Hawai'i



0 1,000 2,000 4,000 Feet

R. M. TOWILL CORPORATION

EXHIBIT "A"



**MEMORANDUM OF AGREEMENT**  
**BETWEEN THE OFFICE OF PLANNING**  
**AND**  
**THE DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**FOR THE USE OF TRANSIT-ORIENTED DEVELOPMENT CIP FUNDS**  
**FOR THE EAST KAPOLEI STRATEGIC MASTER DEVELOPMENT PLAN**

This Memorandum of Agreement (“MOA”) is made and entered into, this \_\_\_\_ day of \_\_\_\_\_, 2017, by the Office of Planning, State of Hawaii, (hereinafter “OP”), and the Department of Land and Natural Resources, State of Hawaii, (hereinafter “DLNR”) for the purpose of promoting transit-oriented development on State lands. For the purpose of this MOA, “transit-oriented development” (hereinafter “TOD”) is defined as a type of community development that includes a mix of land uses such as housing, office, retail and/or other amenities integrated into a walkable, moderate- to high-density neighborhood and located within designated TOD zones or within a one-half mile radius of public transportation nodes.

**RECITALS**

WHEREAS, Act 130, Session Laws of Hawaii (“SLH”) 2016, was enacted to:  
(1) maximize the benefits of redevelopment of State lands in areas served by public transportation statewide, including the revitalization of neighborhoods, increased affordable housing inventory, improvement in worker access to jobs, and reduction in fuel consumption; and (2) establish the Hawaii Interagency Council for Transit-oriented Development (“TOD Council”) to advise the State in achieving this objective;

WHEREAS, the purpose of Act 130, SLH 2016, is to promote effective and efficient transit-oriented development (“TOD”) planning and coordination among State agencies and counties statewide, and Act 130, SLH 2016 charges OP with coordinating and facilitating the maximum redevelopment potential for State lands around transportation nodes and in promoting smart growth;

WHEREAS, State agencies shall consider broader State TOD and smart growth objectives, including but not limited to the following, in site and facility planning and design in areas served by public transportation in order for the State to achieve the long-term maximum development potential of these lands:

- Provision of affordable housing,
- Mixed used development with revenue potential to State agencies,
- Incorporation of other State agency needs in project planning to achieve multi-agency benefits, such as shared infrastructure requirements,
- Provision for social infrastructure, such as school capacity, and co-location of public services and amenities to promote efficient use of State resources and investments in facility development,
- Sustainable site and building design, including consideration of impacts of climate change on proposed projects; and

**EXHIBIT “B”**

- Incorporation of multi-modal transportation systems and reduction in greenhouse gas emissions in the transportation sector;

WHEREAS, Act 124, Session Laws of Hawaii (“SLH”) 2016, amending Act 119, SLH 2015, appropriated Capital Improvement Project (“CIP”) funds to OP (hereinafter “TOD CIP funds”) for “[P]lans for site master planning for State lands in TOD areas that have potential, and infrastructure assessments and planning for infrastructure improvements in areas where multiple agencies are involved,” and Appropriation Account B-16-421, has been established under OP’s BED 144 Program ID for the purpose of expending funds for this purpose;

WHEREAS, the funds appropriated under Act 124, SLH 2016, have been allocated to Appropriation Account B-16-421, to be expended by OP under Program ID, BED 144, and the funds are to be used solely for the stated purpose above;

WHEREAS, in recognition that broader State TOD or smart growth objectives are often outside the scope of individual State agency project plans, TOD CIP funds appropriated to OP shall be awarded to State agencies to assist them in broadening the scope of their project or master plans to incorporate consideration of these broader objectives in project planning and development so that the project makes a meaningful contribution to the realization of TOD communities;

WHEREAS, DLNR is undertaking studies and master planning for four parcels in East Kapolei (TMK (1) 9-1-016:008, 9-1-017:097, 9-1-018:005 & 008), and seeks funding to undertake a planning study(ies) and/or infrastructure assessment(s) for the project;

WHEREAS, DLNR submitted its project proposal to OP for TOD CIP funds, which has been determined by OP to have TOD potential for the State, and was selected by OP for an award of TWO HUNDRED THOUSAND AND NO/100 DOLLARS (\$200,000.00) in TOD CIP funds from Appropriation Account, B-16-421, for the East Kapolei Strategic Master Development Plan (hereinafter “Project”), as described in Attachment A;

WHEREAS, OP proposes to delegate the funds in this amount to DLNR to pay for consulting services for the Project; and

WHEREAS, OP and DLNR acknowledge the need for this MOA to ensure that the funds awarded are used to facilitate the achievement of State TOD objectives and the purpose for which they were appropriated, and to delineate control and responsibilities of each party in the use of funds in procurement and contract administration toward this end.

NOW, THEREFORE, in consideration of the mutual promises provided herein, the parties agree as follows:

1. Roles and Responsibilities of DLNR

- A. DLNR shall be solely responsible for compliance with HRS Chapter 103D, contract administration, expenditure of funds, and any reporting on the use of funds awarded under this MOA. DLNR shall ensure that OP



receives copies of all documents and reports produced with these funds.

- B. DLNR shall include OP and other agency representatives, as determined by DLNR and OP, on the Project team in an advisory capacity for the duration of the Project funded through this MOA. DLNR shall include OP and all other identified parties in communications related to the funded Project, and shall solicit OP and other agency comments on proposed activities and draft materials and documents prior to acceptance as final.
- C. DLNR shall consult with OP in one or more scoping meetings with other agencies as needed, to ascertain how the Project scope of work will address broader State TOD objectives as well as other State issues and concerns specific to the Project site, and verify Project schedule and budget estimate.
- D. DLNR shall ensure that, at a minimum, the proposed scope of work for the Project contains the following: (i) State agency stakeholder interviews to ascertain the TOD opportunities and needs of impacted State and/or county agencies; (ii) research and analysis of options for incorporating State TOD objectives into Project designs or master plans; (iii) further development of one or more viable alternatives that optimize incorporation of State TOD objectives into Project or plan design; (iv) identification of the potential infrastructure needs, funding requirements, potential funding sources, and potential timeframes for Project development for these TOD alternatives; and (v) recommendations for performance specifications to be included in future procurement or development solicitations to optimize TOD development potential.
- E. DLNR shall prepare a scope of work, in consultation with OP, for consulting services that includes incorporation of broader State TOD objectives in research and analysis, and the development of TOD development alternatives and Project deliverables as outlined in Paragraph 1.D.
- F. DLNR shall submit a draft contractual agreement for OP review prior to finalizing the contract for contract execution. The executed contract shall include a provision for the retention of ten (10) percent of the funds awarded until OP has reviewed and provided written acceptance of the final contract deliverables.
- G. DLNR shall solicit the written concurrence of OP for all significant changes to the initially agreed-to scope or completion schedule for the Project.
- H. DLNR shall ensure that the Project is appropriately accounted for in DLNR's CIP implementation plan. DLNR shall report to OP on how recommendations for achieving TOD potential will be incorporated in

subsequent phases of Project implementation and the timeframe for such implementation.

- I. DLNR shall submit progress reports, which may be consultant progress reports, to OP on a quarterly basis. The progress report shall describe activities conducted during the reporting period, progress to date with respect to the Project schedule, activities planned for the next quarter, conditions or factors that have hindered progress, and steps to be taken to ensure the Project will be completed on schedule and within budget.

2. Roles and Responsibilities of OP

- A. OP shall obtain approval of the delegation of funds in said amount to DLNR as the expending agency, so that DLNR can request the release, allotment, and expenditure of funds.
- B. OP shall provide DLNR with guidance and support in a timely manner, including facilitating interaction required with other agencies or stakeholders, to facilitate timely completion of all required work tasks.
- C. OP shall review draft materials and provide written comments to DLNR in a timely manner.
- D. OP shall monitor Project progress and work with DLNR to ensure that Project milestones are met in accordance with the Project schedule.

3. Scope of Work and Deliverables for Funds Expended

- A. The proposed scope of work, deliverables, Project schedule, and budget estimates shall be incorporated herein as Attachment B, when DLNR has finalized the scope of work with its contractor.
- B. The estimated timeframe for the Project is \_\_\_\_\_ 2017 to \_\_\_\_\_ 2018.
- C. The final deliverables are anticipated to include a strategic master development plan and the identification of investments required to support development of the four DLNR East Kapolei parcels.

4. Unless otherwise extended pursuant to Paragraph 5, this MOA shall terminate on the date of the closing of the contract for which the TOD CIP funds are used, or the date of OP written acceptance of a DLNR report on how TOD recommendations will be implemented in Paragraph 1.I, whichever is later.
5. Any changes or modifications to this MOA shall be made only by written amendment to the MOA, signed by all parties.



OFFICE OF PLANNING

DEPARTMENT OF LAND AND NATURAL  
RESOURCES

By: \_\_\_\_\_

LEO R. ASUNCION  
Director

By: \_\_\_\_\_

SUZANNE CASE  
Chairperson

Date: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy Attorney General for  
Office of Planning

\_\_\_\_\_  
Deputy Attorney General for  
Department of Land and Natural Resources

DAVID Y. IGE  
GOVERNOR OF HAWAII



SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

September 1, 2016

MEMORANDUM

To: Leo R. Asuncion  
Director, Office of Planning

From: Russell Y. Tsuji  
Administrator

SUBJECT: Request for Project Funding Proposals, State TOD Planning

We are writing in response to your message dated August 9, 2016 inviting us to submit a proposal for the use of Fiscal Year 2017 CIP funds to undertake State TOD planning projects, including pre-planning, master planning and infrastructure assessments of State lands on Oahu. We respectfully request that the project "DLNR East Kapolei Site Master Planning", identified as number 4 in the draft Preliminary List of Potential Projects for CIP Funding developed by the Office of Planning, be considered for funding in the amount of \$250,000.00. The DLNR East Kapolei site consists of four parcels, TMK no.'s (1) 9-1-016:008, 9-1-017:097, 9-1-018:005 and 008. The land area for each parcel is as follows:

9-1-016:008	31.915 acres, more or less
9-1-017:097	36.365 acres, more or less
9-1-018:005	65.999 acres, more or less
9-1-018:008	40.731 acres, more or less

The Department seeks to use the funds to obtain a strategic master development plan for the four parcels. All four parcels will be designated with TOD zoning. The Department's primary use for the parcels will be income production to support the Department's natural resource management and protection programs. However, other departments are asking to use the parcels for other public purposes. The parcel identified as TMK (1) 9-1-017:097 is located adjacent to the UH West Oahu rail station and at the gateway for the Hoopili master planned community. Strategic master planning services are needed to assist the Department in determining to what extent others may be accommodated on these parcels while preserving the income source to support the Department's programs.

ATTACHMENT A



Therefore, a strategic master development plan is necessary to ensure the parcels are successfully utilized for their maximum benefit. The plan would also identify issues that require resolution in order to develop the properties, such as key infrastructure requirements. Land Division has already committed operating funds and contracted with R.M. Towill Corporation for the strategic master development plan and related consulting services. However, given the magnitude and complexity of the assignment, additional funds are required to complete the master plan. The total cost of the master plan is estimated at approximately \$250,000.00-\$300,000.00. The project is estimated to take approximately two years. As a contract has been entered into and significant progress has been achieved, allocating the CIP funds to this project would ensure successful completion of this project. We appreciate your consideration of our proposal. If you have any questions, please feel free to contact me at 587-0422. Thank you.