



**Board of Directors Meeting
Ali'i Place, Suite 150
1099 Alakea Street
Honolulu, Hawaii 96813
Thursday, May 21, 2015 9:00 am**

MINUTES

PRESENT:	Ivan Lui-Kwan Donald G. Horner Michael Formby George Atta	Carrie Okinaga Robert "Bobby" Bunda Keslie Hui Damien Kim
ALSO IN ATTENDANCE: (Sign-In Sheet and Staff)	Daniel Grabauskas Brennon Morioka Lisa Hirahara Joey Manahan Mark Garrity Barbra Armentrout Gerald Fujita April Coloretti Russell Honma	Ron Tober (via phone) Elizabeth Scanlon Lorenzo Garrido Tom LeBeau Allison Andrade Joyce Oliveira Andrea Tantoco Cindy Matsushita
EXCUSED:	William "Buzz" Hong	Ford Fuchigami

I. Call to Order by Chair

HART Board Chair Ivan Lui-Kwan called the meeting to order at 9:00 a.m.

II. Public Testimony on All Agenda Items

Mr. Lui-Kwan called for public testimony.

Barbra Armentrout advised that she would testify after item VI on the agenda.

Mr. Lui-Kwan acknowledged and thanked HART Director of Construction and Design Lorenzo Garrido, who would be leaving HART at the end of the month. Board members

Damien Kim, Keslie Hui, and Don Horner also thanked Mr. Garrido. HART Executive Director and CEO Daniel Grabauskas thanked Mr. Garrido on behalf of the HART staff. Mr. Horner asked about filling Mr. Garrido's position, and Mr. Grabauskas said that HART staff would be able to move forward.

Mr. Lui-Kwan also announced that Board members Carrie Okinaga and Robert "Bobby" Bunda would be leaving the HART Board of Directors. Ms. Okinaga had been nominated to the General Counsel position at the University of Hawaii. He thanked the both of them for their service on the HART Board.

III. Approval of the Minutes of the April 23, 2015 Meeting of the Board of Directors

Mr. Lui-Kwan called for the approval of the minutes of the April 23, 2015 meeting of the Board of Directors. There being no objections or modifications, the minutes were approved as circulated.

Mr. Lui-Kwan suggested taking item V on the agenda out of order. There being no objections, the matter was taken up.

V. Discussion on City Council Resolution 15-79, CD1

Mr. Lui-Kwan invited Mr. Grabauskas to report on City Council Resolution 15-79. Mr. Grabauskas said that HART had been engaged in many conversations with the City Council, regarding a greater focus on transparency. He had testified on behalf of the HART Board in favor of Resolution 15-79, CD1, which had been introduced by Councilmember Joey Manahan. A copy of the resolution is attached hereto as Attachment A. He thanked Mr. Manahan for his leadership on the Council, and as the chair of the Transportation Committee. Mr. Grabauskas said that the resolution, which was unanimously adopted by the Council, ensures continued communication and openness with the Council.

Mr. Lui-Kwan said that he had also testified before the City Council in favor of the resolution. He thanked Mr. Manahan for his leadership with regard to the resolution and said that the Board had embraced transparency. He invited Mr. Manahan to address the Board.

Mr. Manahan said that the resolution asks HART leadership to meet with leadership of local funding sources, including the Governor, Senate President, Senate Ways and Means Committee chair, House Finance Committee chair, Mayor, City Council and Council Budget Committee chair. He said that the intent of resolution was to create a vehicle for partnerships between the city and state, as well as the state legislature. He said that the City and HART budgets were both significant and affected each other, and that he hopes the resolution will foster discussions regarding extensions into Manoa and Salt Lake.

Mr. Lui-Kwan thanked Mr. Manahan for his leadership as chair of the Transportation Committee, and for his efforts in strengthening partnerships. Ms. Okinaga also thanked

Mr. Manahan and said that this dialogue would be valuable for discussing the costs of operation. Mr. Hui said he appreciated Mr. Manahan's leadership, and thought the emphasis on stakeholder relationships was particularly appropriate. Mr. Horner said he appreciated Mr. Manahan's fiduciary oversight.

Mr. Horner inquired if this matter would be adopted by the HART Board. Chair Lui-Kwan indicated this is a matter of discussion and that the item will be placed in the next agenda as an action item.

IV. FY2016 Business Plan Draft Review

Mr. Grabauskas said that the draft FY2016 Business Plan was being presented to the Board for their comment, and that it would be adopted prior to the adoption of the Operating and Capital Budgets to set the tone for the coming year. He introduced Ron Tober, attending via teleconference, who had helped implement the City Charter provisions regarding HART, and has over 46 years in public transportation, having held four Chief Executive Officer positions, as well as two Chief Operating Officer positions in the field.

Mr. Tober made a PowerPoint presentation on the draft FY2016 Business Plan; a copy of the draft Plan and presentation are attached hereto as Attachment B. He introduced the fifth edition of the Business Plan, which contained the best available information at that time. He said that staff would be updating the plan with final financial information. Mr. Tober summarized the contents of the Business Plan, which he said would function as a historical record for the agency.

Mr. Tober reviewed the agency status during FY2015, which included 60% of contracts awarded, no new litigation, strong continued federal support, high interest in transit oriented development, as well as the passage of the General Excise Tax (GET) extension by the legislature, which was awaiting the governor's signature and will require necessary approvals by the City Council thereafter.

Mr. Tober reported the project status as 32% complete overall, with 145 columns, 2.5 miles of guideway, the Rail Operations Center 65% complete, railcar manufacturing on schedule, an outstanding safety record, 90% of land acquired, utility relocations underway, and 1,400 jobs created. Mr. Tober noted that due to the first nine stations coming in over budget, the shortfall in GET receipts and concerns over the possible use of federal bus system grant funds, HART took a number of mitigating actions. These included an extensive review of the project, re-thinking HART's contracting approach in the remaining half of the alignment, resetting the project budget and making adjustments to schedule.

Mr. Tober went on to report on the positive aspects of the project status, which included over \$1 billion in committed federal funding, \$1.56 billion GET revenues received to date, a clean "no-findings" financial audit, good federal triennial review results, and short term cash flow issues to manage project advancement. He noted that TOD planning was

underway, and that HART had been planning for future operations with the Department of Transportation Services, including key fare policy decisions, bus system restructuring planning, and coordination and/or consolidation of administration and support functions.

Mr. Tober went on to highlight the FY2016 work plan. Project implementation was expected to include continued construction and completion of utility relocations on the first ten miles of guideway, and the start of construction on the nine westside stations, completion of the Rail Operations Center and receipt of the first rail cars, obtaining access to all properties required for construction, and awarding \$1.8 billion in remaining construction contracts. He outlined the contracts expected to be let in FY2106. Mr. Tober also detailed the project management areas of focus for FY2016, which include obtaining approvals to implement GET surcharge extension and short-term debt issuance, updating the Financial Plan, and a continued emphasis on safety and security.

Mr. Tober described the policy decisions that would be made. They include decisions on the Pearl Highlands Parking Garage implementation, fare policy, integrating the multimodal rail and bus system, and the timing of future extension planning.

Mr. Tober went on to outline the challenges and risks the project will face in FY2016. These include the high cost of construction, schedule impacts from delays, timely approval of the GET extension and short-term debt issuance, and future GET receipts.

Lastly, Mr. Tober outlined the five appendices to the Business Plan.

Mr. Lui-Kwan thanked Mr. Tober for his presentation. He asked Mr. Tober for his opinion of the \$910 million shortfall, which includes \$100 million in potential GET revenue shortage, and \$210 million in Section 5307 funds that will not be available. Mr. Tober responded that the Business Plan validates the shortfall calculation.

Mr. Lui-Kwan asked Mr. Tober to comment on national increases in construction costs. Mr. Tober said that Hawaii's rising construction costs are well in excess of that on the mainland due the logistics of obtaining materials and equipment.

Mr. Lui-Kwan asked whether HART would continue to be below budget on real estate acquisition, and Mr. Tober deferred to HART staff on the matter. Mr. Lui-Kwan thanked Mr. Tober for his analysis.

Mr. Horner requested that the Business Plan be edited to reflect that HART had control over 90% of the required real estate, but did not yet own all of it. Director of Planning and Right of Way Elizabeth Scanlon confirmed this.

Mr. Horner asked about GET revenues, and Mr. Grabauskas said that at \$30 million behind projections, HART is 95% on budget. Mr. Horner said that the growth rate going forward posed a risk. He indicated that the 5% growth rate may be inaccurate and needs to be discussed. Mr. Lui-Kwan said that GET projections made at the request of the legislature were based on a 4.3% growth rate. Mr. Grabauskas said that the Full Funding

Grant Agreement (FFGA) growth rate was 5.4%, which was based on the previous 30-year average. He said that this growth rate was set artificially high because of an error reported to HART by the State Department of Taxation of about \$9 million. Mr. Horner remarked that he fully agreed with the 4.3% and recommended that the numbers be discussed and reevaluated to reflect current economic conditions.

Ms. Okinaga thanked Mr. Tober for drafting the Business Plan. She asked about staffing. Mr. Tober replied that Mr. Grabauskas had done a good job of utilizing embedded staff and consultants, as well as city staff, and that the level of staffing was appropriate to this type of project. Ms. Okinaga said that the fact that 63% of jobs created by the project were local should be communicated to the public. Mr. Grabauskas added that HART defined "local" as living in Hawaii at the time of hire. He pointed out that over 80% of construction jobs are local, and over 90% of jobs at HART are local.

Mr. Horner asked about the current number of full-time staff at HART, in relation to the authorized 139 positions. Mr. Grabauskas responded that the number was approximately 130.

Board member George Atta said that he would like to see comprehensive mitigation measures to counteract rising construction costs, such as public-private partnerships (PPP). He suggested employing staff to structure PPPs. Mr. Grabauskas agreed that expertise is needed, and said that the Pearl Highlands parking structure presented a good opportunity for PPP.

Board member Mike Formby requested that the Business Plan reflect coordination of the inter modal fare system decision making process to include the Department of Transportation Services, Oahu Transit Services, City Council and HART. Mr. Grabauskas requested that Mr. Tober augment the report to reflect this discussion topic. Mr. Lui-Kwan indicated that City Council partnership would be required.

Mr. Lui-Kwan thanked Mr. Tober for including TOD as an important item, which will require partnership between the City, State, and HART.

Mr. Hui said that he would like to highlight oversight of the project delivery, particularly the impact of construction on communities and businesses.

Mr. Atta noted that TOD will increase land value, and opined that HART should be able to capture that value. He suggested that Mr. Grabauskas look into possible value capture mechanisms. Mr. Lui-Kwan agreed, and said that both Mr. Horner and the Mayor have been discussing value capture. Mr. Atta said that highlighting the added value of the project will put its cost into perspective. Mr. Horner agreed and said that rail is an investment for the city.

Mr. Lui-Kwan asked when the Business Plan would be finalized. Mr. Grabauskas said that members could provide comments, and the final draft would be presented to the Board for adoption in June.

Mr. Kim said that although the 63% local job rate was good news, he suggested that HART be cautious about accepting future low bids just to reduce costs as it may risk quality and safety, and add to further costs in the long run.

Mr. Lui-Kwan called for public testimony.

Ms. Armentrout provided testimony questioning rail's operating and maintenance costs, as well as HART staffing and security on the rail system. She asked whether the cost to test the rail system were included in HART's budget. She asked about staff and whether staff would be let go after construction was complete. She asked about the purchase of Alii Place by the State of Hawaii, and whether HART would have to move.

Russell Honma congratulated Ms. Okinaga, and thanked the Board and Mayor Kirk Caldwell for their efforts regarding the GET extension.

Natalie Iwasa urged the Board to consider a separate bus-only fare. She asked the Board to examine operations and maintenance costs, which may need to be refreshed. She suggested that the data cutoff dates by the Project Management Oversight Contractor Reports be changed to the end of the month to allow easier comparison with financial data. She also asked about the zero incurred amount for the Airport Utilities contract on page 51 of the April Monthly Progress Report. She requested that the Buy America audit be posted on HART's website. She had additional suggestions for posting items on HART's website and HART Board agendas. Mr. Horner thanked Ms. Iwasa for her thoroughness.

Mr. Lui-Kwan noted that there was a typographical error on the agenda, which would have indicated that the discussion would be on the FY2016 Business Plan, not the FY2015 Business Plan.

Mr. Horner stated that HART was authorized 139 full time employees (FTEs), and the operating plan assumes no extensions. Mr. Grabauskas agreed and said there would be 59 FTEs when rail was in operations. Mr. Horner asked Mr. Grabauskas to detail the timeline between the delivery of the train cars to revenue service. Mr. Grabauskas said that the car shells were being manufactured in Italy, and would be shipped to California for assembly. HART staff would conduct periodical inspections, which have been satisfactory to date. Rail cars would be shipped to Hawaii in approximately a year. Extensive testing would follow, for 22 to 24 months, over three miles and between three stations. The cost of testing is included in the Ansaldo contract. Testing is pursuant to new federal requirements under MAP-21. Mr. Grabauskas also indicated that HDOT would certify to the safety of the system.

Mr. Lui-Kwan asked Mr. Kim for his opinion regarding escalating construction costs. Mr. Kim said that there would be a lot of construction on Oahu in the next four to five years in Kakaako, Waikiki, Hoopili, and Koa Ridge, and that costs would continue to rise.

VI. HART/Ansaldo/DTS/OTS Working Group Update

Ms. Armentrout testified that the use of smart cards would render many seniors without credit cards unable to ride. She asked how many seats there would be on rail for the elderly and disabled, those in mobility devices, and those with service animals. Ms. Armentrout suggested that the Working Group include a representative from the Disability Ride Center.

Mr. Horner and Mr. Formby thanked Ms. Armentrout for her advocacy. Mr. Horner noted that per capita, Handi-Van is the most expensive mode of transportation and that Rail would lower costs overall, which could lead to better Handi-Van service.

Mr. Grabauskas introduced Department of Transportation Services Deputy Director Mark Garrity, who gave a PowerPoint presentation on the Working Group's activities. The presentation is attached hereto as Attachment C.

Mr. Horner asked whether the smart card would have the potential to be used as a bus-only fare. Mr. Grabauskas confirmed it would, and that the smart card could also be used to ride rail and the Handi-Van.

Mr. Garrity outlined the background and purpose of the Working Group, which was formed to create seamless intermodal operations. He said that the group included representatives from DTS, HART, Oahu Transit Services, the Department of Information Technology, the Department of Planning and Permitting, Ansaldo Hawaii Joint Venture, the Department of Budget and Fiscal Services, the Hawaii Community Development Authority, and the U.S. Navy.

Discussion topics included traffic mitigation, bus-rail integration, fare collection system, information technology and communications system integration, TOD, rail station design, rail station access, wayfinding and signage, and website coordination.

Regarding traffic mitigation, Mr. Garrity said that DTS had adjusted bus routes in Waipahu in coordination with several agencies and stakeholders, in response to the rail construction occurring in the area.

Bus-rail integration planning activities included a proposed bus circulator for the Kakaako, Ala Moana and Waikiki areas, which will connect rail stations with high-ridership employment and education centers.

A request for proposals was being prepared for the multimodal fare collection project, with the expectation that a vendor would be hired during the summer.

On the rail station access program, physical needs for rail access were being identified. Work was being conducted at the Waipahu Transit Center and in Chinatown.

Mr. Formby thanked Mr. Garrity, and said that the Working Group always kept system users in mind. He reported that DTS had applied for a TIGER Grant with the Federal Government, for a mix of hybrid electric and electric buses, with partner Hawaiian Electric, to install the electrical charging infrastructure. He also touched up on the purpose of the modification of the circulator bus routes and explained that it is modified to maximize what the US DOT calls the "Ladders of Opportunity." He asked Mr. Garrity to provide an update on the Pearlridge Station area.

Mr. Garrity said that the City was considering the purchase of a site surrounding the HART property for the Pearlridge Station to provide intermodal transportation and mauka/makai access. He said that it would be a great opportunity for a transit center or for TOD. Mr. Horner registered his approval of the use of shuttles as a connector to rail, which Mr. Garrity said were very successful in other cities. Mr. Lui-Kwan that the Japanese Consul General had expressed interest in the project for visitors, and Mr. Garrity said that the reliability, capacity and frequency of the shuttles would meet visitors' needs. Mr. Horner commented that the fare system would also allow HART to charge visitors a premium.

VII. Construction and Traffic Update

Mr. Grabauskas introduced Deputy Director of Construction Tom LeBeau, and Kiewit's Allison Andrade, who would be making a PowerPoint presentation, attached hereto as Attachment D.

Mr. LeBeau gave a brief overview of the alignment and its sections. He detailed the progress at the Rail Operations Center (ROC), which was 71% complete and on time and on budget. Mr. LeBeau said that Ansaldo, who holds the design-build-operate-maintain contract, was expected to begin installing communications and systems equipment soon. Once the ROC is complete, the keys will be handed over to Ansaldo's operations and maintenance folks. Mr. Horner asked about staffing at the ROC, and Mr. Grabauskas said that the ROC would be the headquarters for Ansaldo JV. Mr. LeBeau said HART would provide oversight. Mr. LeBeau continued with the status of the Operations and Service and Maintenance of Way Buildings, and the laying of trackbed in the ROC yard.

In the West Oahu/Farrington Highway section, the guideway is 62% complete. Mr. LeBeau said that the construction over Fort Weaver Road was expected to be complete in August. He said that clearances over Fort Weaver Road will be within the Department of Transportation standards.

Mr. LeBeau said that construction on the balanced cantilever continued on schedule. He assured the public that construction was safe, and that contractor Kiewit had taken additional measures to ensure that debris would be mitigated, such as nets and filling in any gaps. He said that HART was attempting to settle claims as expeditiously as possible.

In the Kamehameha Highway Guideway section, schedule concerns regarding third party utilities continued, although work was progressing. In order to mitigate schedule concerns, Kiewit would be employing a third truss beginning in June or July.

Moving forward, Airport section advanced utilities work was 10.5% complete, and the seven piers were 100% complete. HART continued to work cooperatively with the U.S. Navy on obtaining site access.

Ms. Andrade provided a traffic update along Farrington Highway. She detailed the lane closures associated with balanced cantilever construction, and reported on traffic impacts along Kamehameha Highway. Ms. Andrade said that lane closures near Aloha Stadium and the Neal Blaisdell Center would be delayed to accommodate commencement ceremonies.

Mr. LeBeau concluded with the ways that HART was staying connected with the community, and said that of the 106 project hotline calls received the previous month, 56% of them were traffic related. He said that HART continued to hold public meetings to inform the public of traffic impacts, and thanked Mr. Formby for his participation. Mr. LeBeau added that there would be an additional balanced cantilever lane closure that Saturday night on the H-1 freeway, in conjunction with a Hawaiian Dredging closure.

Mr. Formby registered his appreciation for HART's outreach efforts. He said that community meetings have revealed that although traffic-related issues are often due to the other agencies' work, HART is often the face of traffic. He said that the mayor had requested that a traffic mitigation consultant be hired, and emphasized that DTS and HART continue to coordinate with DOT and third party utilities.

Mr. Horner asked about HART's interface with Hoopili developers, and Mr. Grabauskas confirmed that HART was working with D.R. Horton/Schuler, as the guideway will go straight through the development of approximately 14,000 homes. He said that the station had been moved so that it would be better placed within the development, and that D.R. Horton/Schuler would build station access at their cost. He added that moving the station resulted in a lower cost to HART, and a better location for the developer. Mr. Formby said that DTS would also work with the developer on intermodal connections.

Mr. Lui-Kwan said that he would skip the next three items in order to address the executive session precedent to the eminent domain matters, in order to address the items requiring action.

VIII. April Monthly Progress Report

IX. March Project Management Oversight Contractor Report

X. Right of Way Update

XI. Executive Session

Mr. Lui-Kwan called for a motion to enter into executive session pursuant to Hawaii Revised Statutes Section 92-4 and Subsection 92-5(a)(4), to consult with its attorneys on questions and issues on a matter pertaining to the Board's powers, duties, privileges, immunities and liabilities. Mr. Formby so moved, and Mr. Kim seconded the motion.

Mr. Lui-Kwan asked for any discussion regarding the motion. Mr. Horner asked for clarification as to what was the purpose of the Executive Session.

Mr. Grabauskas said that five eminent domain matters would be presented to the Board that day. He reminded the Board that four matters had previously been approved by them, two of which had been at the request of landowners. He said that one of them, Stuart Plaza, had been settled recently. He said that HART continued to have conversations with landowners after condemnation proceedings began. Mr. Grabauskas said that regarding the last property in condemnation, the Lee property, HART was negotiating mitigative measures for the land with an eye towards settlement.

Mr. Lui-Kwan called for a vote on the pending motion. All being in favor, the motion carried unanimously.

The Board entered into executive session at 11:44 a.m.

The Board re-entered public session at 11:55 a.m.

XII. Eminent Domain

- A. Resolution No. 2015-7 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 9-9-003-026 (Portion) by Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain
- B. Resolution No. 2015-8 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-017 (Portion) by Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain
- C. Resolution No. 2015-9 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-016 (Portion) by Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain
- D. Resolution No. 2015-10 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-012 (Portion) by Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain

E. Resolution No. 2015-11 Approving Notification to the City Council of Intention to Acquire Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-018 (Portion) by Eminent Domain and Publication of a Resolution Authorizing Acquisition of Said Easement by Eminent Domain

Director of Planning and Right of Way Elizabeth Scanlon gave a PowerPoint presentation on the eminent domain matters being presented. The presentation and resolutions are attached hereto as Attachment E.

Ms. Scanlon said that a 222-square foot electrical easement was being sought from the property owned by Halawa View Housing Partners. A settlement had been negotiated, but may not close in time to meet HART's construction schedule.

Regarding the Waiwai Loop Rental property, a 1,581-square foot easement was being sought, which would require the demolition of the front half of the building and a modification to a fence. Ms. Scanlon said that the acquisition cost included the partial demolition cost.

Ms. Scanlon emphasized that negotiations continue on all five properties being presented for eminent domain.

Ms. Scanlon said that a 1,641-square foot easement was being sought in the International Express property, which is a 24 hour per day, 7 days per week, refrigeration business. The owner had rejected HART's offer, and presented a counteroffer for the acquisition of the entire property.

HART was seeking a 1,121-square foot easement from the Window World property; HART had presented an offer, and had not received a response.

Ms. Scanlon reported that a 193-square foot utility easement and 1,307-square foot temporary construction easement was being sought in the Ahualoa Aina property. An offer had been made, and HART was awaiting a response.

Mr. Horner noted that there was a substantial number of properties still left to be acquired, and requested a future presentation on right-of-way areas of concern and risk.

Mr. Lui-Kwan invited a motion for adoption of Resolutions 2015-7, 2015-8, 2015-9, 2015-10, and 2015-11. Mr. Horner so moved, and Mr. Hui seconded the motion. All being in favor, the resolutions were adopted unanimously.

XIII. Executive Director & CEO's Report

Mr. Grabauskas reported that Nan, Inc.'s bid protest in the Farrington Highway Station Group procurement had been dismissed the previous day, and that the procurement process would be allowed to move forward. Hawaiian Dredging had been the lowest

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bidder, and Nan, Inc., the second lowest bidder. As a result of the protest, the June 2018 interim opening would now be moved to September 2018.

Mr. Grabauskas reported that the Federal Transit Administration had recently issued a letter regarding claims by John Bond of the Kanehili Cultural Hui, stating that the issues raised warranted no action.

Mr. Grabauskas reported that the Construction, Engineering and Inspection east contract that had been previously canceled had been resolicited. HART had received four bids. Since the last meeting, the H2R2 Pearl Highlands ramp solicitation bids had been opened. Mr. Grabauskas reminded members that the ramp had been part of the nine station group that was broken up, based on contractor feedback that doing so would result in lower prices and greater local competition. HART had received six bids, with Royal Contracting being the apparent low bidder at \$4.8 million. When originally solicited as part of the nine station package, the H2R2 ramp had been bid at \$7.3 million, \$11.8 million, and \$10.2 million.

Mr. Grabauskas reported that, in response to Mr. Formby's suggestion at the previous meeting, HART had included a "Mythbusters" section on its website, which debunks myths regarding the rail project.

Mr. Grabauskas displayed a photo of first rail car shell produced in Italy, a copy of which is attached hereto as Attachment F. He said that the first rail cars would begin arriving in Honolulu the following year.

XIV. Executive Director & CEO's Performance Evaluation

Mr. Lui-Kwan said that as the Chair of the Human Resources Committee had to leave for the University of Hawaii Board of Regents meeting, the Executive Director and CEO's performance evaluation would be deferred.

XV. Executive Session

There was no need for executive session.

XVI. Adjournment

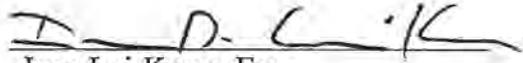
Mr. Lui-Kwan adjourned the meeting at 12:17 p.m.

Respectfully Submitted,


Cindy Matsushita
Board Administrator

HART Board of Directors Meeting
May 21, 2015

Approved:



Ivan Lui-Kwan, Esq.
Board Chair

JUN 25 2015

Date

ATTACHMENT A



RESOLUTION

REQUESTING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO VOLUNTARILY MEET REGULARLY WITH CITY AND STATE LEADERS TO PROVIDE AND REPORT ON RAIL CONSTRUCTION, FINANCIAL, REVENUE AND BUDGETARY UPDATES.

WHEREAS, at a cost of \$5.2 billion and rising, the Honolulu Rail Transit project ("project") represents the largest and most expensive capital project in the history of the City and County of Honolulu; and

WHEREAS, on July 1, 2011, the Honolulu Authority for Rapid Transportation ("HART") was established through an amendment to the Revised Charter of the City and County of Honolulu and is authorized to develop, operate, maintain and expand the project; and

WHEREAS, recently, HART has appealed to the City Council, the State Legislature, and other decision-makers for financial assistance to meet a \$910 million projected project deficit, attributing the shortfall to litigation delay costs, and contract bids coming in higher and General Excise Tax ("GET") surcharge revenues coming in lower than expected; and

WHEREAS, there has been significant concern expressed by both City and State leaders as reflected in the following examples:

- HART is asking the City Council to adopt Resolution 15-7, which would authorize the issuance of City general obligation bonds and notes up to \$1.9 billion, of which \$350 million would be needed in fiscal year 2015. But members of the City Council have voiced serious concerns because it is not clear how much the project will need to borrow due to a lack of detail in the borrowing agreement as well as the absence of definitive answers to questions on the project's construction cost; and
- HART is asking the State Legislature to extend the GET surcharge in perpetuity, but legislators, the State Budget Director and the Governor are asking for more detailed and specific information from HART in order to justify this request. Legislators are saying that the lack of detail is complicating the issue, especially when HART officials try to justify the GET surcharge extension based on delay costs, contract bid escalations, and low GET surcharge revenues, while at the same time justifying the extension request on the need to cover future project operating and maintenance costs, and extend the rail line to Manoa and West Kapolei;



RESOLUTION

and

WHEREAS, the concern among City and State leaders is that there currently is nothing to prevent a repeat of this type of financial predicament in the future since HART does not, as a matter of practice, regularly meet with and inform City and State leaders on project finances, revenues and budgetary matters; and

WHEREAS, the City Council finds that it is in the public's best interest to have HART officials regularly meet with and report to City and State leaders on project progress, including the status of the project's financing in order to ensure that unexpected financial shortfalls, deficits and other predicaments are avoided in the future; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that the Honolulu Authority for Rapid Transportation is requested to voluntarily meet regularly with City and State leaders to provide and report on rail construction, financial, revenue and budgetary updates; and

BE IT FURTHER RESOLVED that in addition to meeting regularly with City and State leaders, HART is requested to meet with City and State leaders at important financial junctures including, but not limited to, the following times:

- Prior to making amendments to the overall financial plan that was submitted to the Federal government as part of the Full Funding Grant Agreement; and
- Prior to making amendments to HART's capital financial plan or its associated cash flow projections;

and

BE IT FURTHER RESOLVED that HART is requested to annually report to the State Legislature no later than twenty days prior to the start of the Legislative Session; and

BE IT FURTHER RESOLVED that HART is requested to make arrangements to regularly meet with and provide such reports to City and State leaders, including the Chair and Budget Chair of the Honolulu City Council, the Mayor, the Director of Budget and Fiscal Services, the Senate President, the Speaker of the House of Representatives, the Chair of the Senate Ways and Means Committee, the Chair of the House Finance Committee, the Governor, and the State Director of Budget and Finance; and



RESOLUTION

BE IT FINALLY RESOLVED that a copy of this Resolution be transmitted to the Chair of the HART Board of Directors, the HART Executive Director, the Governor, the Mayor, the Senate President, the Speaker of the House of Representatives, the Chair of the Senate Ways and Means Committee, the Chair of the House Finance Committee, the State Director of Budget and Finance, and the Director of Budget and Fiscal Services.

INTRODUCED BY:

Joey Manahan

DATE OF INTRODUCTION:

March 23, 2015
Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 15-79, CD1

Introduced: 03/23/15 By: JOEY MANAHAN

Committee: TRANSPORTATION

Title: RESOLUTION REQUESTING THE HONOLULU AUTHORITY FOR RAPID TRANSPORTATION TO VOLUNTARILY MEET REGULARLY WITH CITY AND STATE LEADERS TO PROVIDE AND REPORT ON RAIL CONSTRUCTION, FINANCIAL, REVENUE AND BUDGETARY UPDATES

Voting Legend: * = Aye w/Reservations

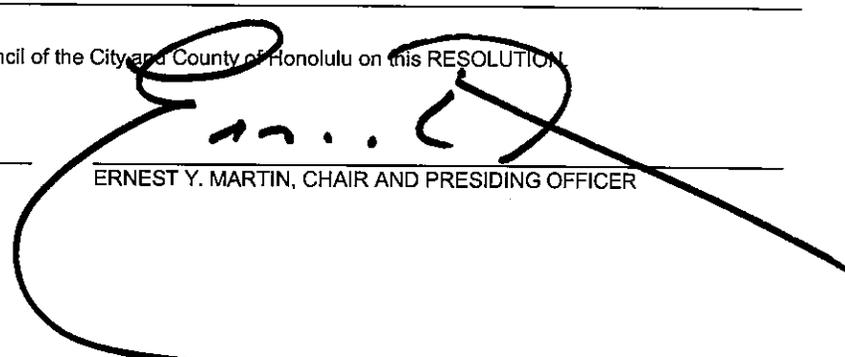
04/02/15 TRANSPORTATION CR-121 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION AS AMENDED IN CD1 FORM.

04/22/15 COUNCIL CR-121 AND RESOLUTION 15-79, CD1 WERE ADOPTED.
9 AYES: ANDERSON, ELEFANTE, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.



GLEN TAKAHASHI, ACTING CITY CLERK



ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER

ATTACHMENT B

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

DRAFT

BUSINESS PLAN

for

FY2016

May 2015

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Glossary of Acronyms

AIS	Archaeological Inventory Survey
AHJV	Ansaldo Honolulu Joint Venture
BOD	Board of Directors for HART
CE&I	Construction engineering and inspections
CM	Construction Management
DB	Design-Build contract project delivery method
DBB	Design-Bid-Build contract project delivery method
DBOM	Design-Build-Operate-Maintain contract project delivery method
DPP	Dept. of Planning and Permits, City & County of Honolulu
DTS	Dept. of Transportation Services, City & County of Honolulu
FD	Final Design
FEIS	Final Environmental Impact Statement
FFGA	Full Funding Grant Agreement
FTA	Federal Transit Administration
GEC	General Engineering Consultant
GET	General Excise Tax
HART	Honolulu Authority for Rapid Transportation
HCDA	Hawaii Community Development Authority
HDOT	Hawaii Dept. of Transportation
HECO	Hawaiian Electric Company
HFD	Honolulu Fire Dept.
HPD	Honolulu Police Dept.
HRTTP	Honolulu Rail Transit Project
JD	Joint Development
MMIS	Maintenance Management Information System
MSF	Maintenance and Storage Facility
NEPA	National Environmental Protection Act
OCC	Operations control Center
OCIP	Owners Controlled Insurance Program
OIBC	O'ahu Island Burial Council
O&M	Operations and Maintenance
OSB	Operations and Servicing Building
OTS	O'ahu Transit Services
PE	Preliminary Engineering
PLA	Project Labor Agreement
PMSC	Project Management Support Consultant
PMP	Project Management Plan
QA	Quality Assurance
QAP	Quality Assurance Plan
RCMP	Risk and Contingency Management Plan
RFI	Request for Information
RFP	Request for Proposals
RFQ	Request for Qualifications
ROC	Rail Operations Center
ROD	Record of Decision
ROW	Right-of-Way
SHPD	State Historic Preservation Division
SSCP	Safety and Security Certification Plan
SSMP	Safety and Security Management Plan
TOD	Transit Oriented Development
TSA	Transportation Security Administration
TVA	Threat and Vulnerability Analysis
TVM	Ticket Vending Machine
VE	Value Engineering
YOE	Year of Expenditure

HART FY2016 Business Plan

Introduction and Executive Summary

This document constitutes the fifth annual Business Plan for the Honolulu Authority for Rapid Transportation (HART) covering fiscal year 2016 (July 1, 2015, through June 30, 2016). The Business Plan describes HART's business strategies, planned work activities and resource allocations during fiscal year 2016 in accordance with the agency's responsibility for building and ultimately operating the Honolulu Rail Transit Project (HRTTP), from East Kapolei in West O'ahu to Ala Moana Center scheduled to begin in calendar year 2020.

The FY2016 HART Business Plan describes why HART exists as an organization; the goals and performance measures the agency has established; what it will seek to accomplish during its fifth year; and how it will go about performing its responsibilities. The HART Board of Directors (BOD) will review and approve the FY2016 Business Plan in conjunction with its final approval of an FY2016 Budget. The annual Business Plan provides historical information and a projection of key operating and financial information for the fiscal year which is the focal point of the Plan. When HART completes the HRTTP and becomes an operating agency, future business plans will provide not only historical information but also include look-ahead projections of operating and financial information two for years beyond the fiscal year which is the focus of the Business Plan.

FY2016 Executive Summary

FY2016 will be another critical year for HART coming on the heels of what turned out to be a very challenging FY2015. Events during FY2015 caused HART to take affirmative steps to reset the HRTTP budget and schedule and to seek additional funding to complete the project in light of the new financial realities the agency faces. Despite these difficulties, as the agency enters the new fiscal year, there are many reasons to be positive about where things are at. Sixty percent of the construction contracts for the project have been awarded and construction work is proceeding in an effort to catch-up with delays caused by past litigation. No new litigation has been initiated on the project. Federal support for the project is strong and running close to plan. There remains a high level of interest in creating transit oriented development around rail stations with several projects in the works. And at the end of FY2015, the agency's financial situation has improved with passage by the Legislature of an extension of the GET surcharge that will help cover increased construction costs and an expected shortfall in the project's revenue sources.

Despite these positives, HART will face very big challenges in FY2016 and over the next several years. Major construction contracts will be bid and awarded during the year totaling nearly \$1.8 billion in contract value. The agency will need the City and County of Honolulu to approve the extension of the GET surcharge and issue short term debt to help deal with cashflow needs for the increasing level of expenditure that will occur as a result of all the construction activity on the project. The agency's Financial Plan will need to be updated to reflect the revised project budget and changed revenue picture. Finally, and of critical importance, will be HART's efforts to manage the ongoing construction against the reset

schedule and budget for the project while mitigating traffic impacts and maintaining communications with businesses and residents along the route under construction.

During FY2016, several major policy and project decisions must be made by HART. These include:

- Updating the agency's Financial Plan to reflect the extension of the GET surcharge and the results of solicitations for the remaining \$1.8 billion in construction contracts
- A decision in the third quarter of FY2016 on how to proceed with the Pearl Highlands Parking Garage and whether to seek creation of a private – public partnership for transit oriented development at the Station that would include parking for the rail line
- A decision on whether to initiate planning for future extensions of the rail line during FY2016 or delay any such effort until a future time
- Various Fare Policy decisions to guide design of the rail and bus fare collection system need to be made by the middle of FY2016
- Various decisions that concern the future operations and maintenance of the integrated rail and bus system including: the integration of administrative functions between HART and the City and County's bus operation to save money and provide good customer service; how the rail line will be policed by law enforcement; and how HART will execute its oversight of its operating contractor and carry out the functions it will be responsible for such as inspections and repairs of stations and the aerial guideway structure
- Progress on determining how the operations and maintenance of the combined rail and bus public transportation system will be funded by the City and County of Honolulu in the future.

Under the work program planned for FY2016, by the end of the fiscal year HART will have achieved several milestones for the project. Approximately 45% of the rail guideway will have been completed. Construction of the Rail Operations Center will be complete and the first railcars will be on site. Construction will be underway on all of the 9 stations on the western portion of the alignment. Contracts for construction of the remaining sections of guideway and the remaining 11 stations will have been awarded. Property acquisitions, third party agreements and any needed permitting are targeted for completion by the end of FY2016 in time for work on the Airport and Center City sections to begin during FY2017.

However, during the year, the agency will continue to face a number of risk factors that could further impact the schedule and budget for the project and the assumptions that have been made on both aspects. This includes the following:

- The high level of construction on O'ahu has and will continue to result in greater competition for resources in a confined, remote marketplace and result in higher costs for materials, labor and construction equipment
- Timely availability of construction sites for contractors to avoid costly delays
- Timely relocation of utilities along the alignment
- Interest rate increases driven by marketplace dynamics, world events and federal policy actions
- Actual vs. planned General Excise Tax (GET) surcharge growth in the future.

HART experienced the impacts of some of these risks in FY2015. The agency took steps to address the impacts by re-setting the project's budget and schedule and will do so again if circumstances require action to be taken. HART will continue to take steps to minimize or protect against potential impacts to the maximum extent possible while carrying out the implementation of the H RTP. Specific actions include at least the following:

- Monitoring and controlling the pace of construction and carefully evaluating change orders that arise
- Taking steps to foster greater competition for the upcoming construction contracts
- Timely award of these construction contracts
- Completing permitting, utility relocations and property acquisitions in a timely manner to avoid construction delays
- Managing the project scope and budget carefully to maintain a cost cushion against exceptional cost increases and/or underperforming revenue receipts while still delivering a quality product for the public to use and one that is consistent with the commitments HART has made and with the projects FEIS
- Making needed policy decisions in a timely fashion
- Maintaining the organization's technical capability and financial capacity to successfully carry out implementation of the project as well as preparations for the start of passenger service.

Agency Progress: FY2015 Highlights

FY2015 was HART's fourth year of existence. During the year, the agency continued to make progress toward achieving the vision of bringing rapid transportation to O'ahu despite the challenges created by the super-heated level of construction underway on the island and past litigation-related delays to the project schedule. Shown below is a brief summary of major events, challenges and accomplishments that occurred during HART's fourth year:

Litigation Matters:

No new litigation concerning the project was initiated in FY2015. Successful resolution of both the State and Federal court cases in FY2014 ended all outstanding litigation that had delayed the project's implementation. However, the 13 month project schedule delay caused by that previous litigation continued to bedevil project in FY2015. This delay contributed to the approximately \$170 million in delay claims the project has incurred.

Project Delivery:

- Significant construction progress was made in FY2015. As of the third quarter, the following construction had been completed:
 - 145 guideway support columns in place
 - 210 column foundations completed
 - 2,400 guideway segments had been cast
 - 100 spans erected or more than 2.5 miles of guideway structure
 - First rail installed on the guideway and at the Rail Operations Center(ROC)
 - 65% of the ROC completed

While the construction of the guideway is behind schedule, the ROC is on schedule to be completed by spring 2016 in time for delivery of the first railcars to O'ahu. The Core Systems contractor AHJV is on schedule with the design and manufacture of the project's railcars for the start of delivery of the first railcars in 2016.

- With this construction and equipment progress, as of the third quarter the overall project status can be quantified approximately as follows:
 - Percentage of overall project completed = 32.0%
 - Percentage of design completed = 83.4%
 - Percentage of construction completed = 21.1%
 - Percentage of utility work completed = 14.8%
- While progress was made in FY2015 under previously awarded construction and systems contracts, the letting of new construction contracts programmed for FY2015 ran into major problems. Bids received for the 9 station Westside Station Group greatly exceeded budget estimates. This occurrence resulted in the cancellation of the solicitation and the suspension of the procurement for the Pearl Highlands Garage. A major effort was then undertaken to review the project including an analysis of the new circumstances now facing HART with the high level of construction underway on O'ahu. This effort considered ways to reduce costs and maintain the 2020 opening date for the project and included extensive contractor interviews. Updated cost estimates were developed for the Westside stations and the remaining portions of the rail alignment. The result of these efforts was a new plan for how construction of the

remaining project elements should be carried out. This revised plan includes a re-packaging of contracts and a change in the delivery method for the eastern 10 mile section of the rail alignment with the following specific elements:

- Construction of the 9 Westside stations was broken up into 3 packages of 3 stations each to increase competition.
- The schedule for the start of interim service on the Westside was pushed back from 2017 to 2018 to ease schedule pressure on prospective contractors
- The construction of the eastern portion of the rail alignment, including both the guideway and the stations, will be broken into two sections both of which will be procured using the design – build (DB) project delivery method
- A separate contract will be let for utility relocation and miscellaneous civil work in the Center City area.
- Implementation of the above described plan will be as follows:
 - Construction of the first 3 Westside station on Farrington Highway was advertised and five bidders responded with the low bid being close to the revised cost estimate for the group
 - Solicitations for the remaining construction contracts will be issued by the end of 2015 and are expected to be executed by the end of FY2016. This includes:
 - Airport Guideway and Stations
 - Center City Guideway and Stations
 - Center City Utilities and Civil Work
 - West O’ahu Station Group
 - Kamehameha Highway Station Group
 - H2R2 Ramp
 - The Pearl Highlands Garage project will remain on hold until bids or proposals are received on the construction contracts listed above. A decision on how to proceed with this element of the project’s scope will be made the third quarter of FY2016.
- Land Acquisition: HART has acquired access to approximately 90% of the land area required for the project. To date, the real estate expenses are running \$10.4 million under budget. Out of 234 property acquisitions identified as needed for the HRTP, to date HART has acquired 81 properties at a cost of \$70.8 million. Out of 124 identified relocations, HART has completed 83 relocations, and 41 are in progress. Of the remaining relocations, 4 are residential, 37 are business. In addition, one non-profit organization has already been re-located.
- Utility Relocation: During FY2015, work was underway across the length of the first 10 miles and in the section between Aloha Stadium and the Middle St. Transit Center past the Honolulu Airport. HART staff worked to resolve issues with HECO on their work progress; the power supply needs of the ROC; and on future relocation issues especially along Dillingham Blvd. with its high voltage line.
- Procurement Activities: During FY2015, the following procurement results occurred:
 - Bids for the nine stations on the Westside portion of the alignment were advertised and bids received. As previously noted, the bids came in significantly over budget which resulted in a major effort to re-look at the project’s cost estimate, schedule and contracting approach.
 - Contracts awarded included: On-Call Construction Contractor I and II; Airport Section Guideway Seven (7) Pier Construction Contract; Airport Section Utilities Construction Contract; and the H2R2 Ramp.

- Contract awards pending at the end of FY2015 include: Farrington Highway Station Group; Fare Collection Technical Support; and an additional CE&I contract
- Planning: Activities completed in FY2015 included:
 - Acceptance of the burial treatment plan by the OIBC
 - Acceptance by SHPD of the AIS plan for the Center City
 - Completion of key environmental post-ROD documents for the FTA refining certain project elements with the conclusion of no material effects to the ROD.
- Construction Outreach: During FY2015, HART held its third “Industry Day” event to educate local construction businesses and Disadvantaged Business Enterprise (DBE) firms on the opportunities for work on the project and to facilitate connections between prime contractors and subcontractors. These events are expected to increase competition for future construction contracts which will help keep construction costs as low as possible and should also increase participation by local firms and DBE’s in the project.
- Job Creation: In FY2015, the number direct jobs working on the project increased to 1,400 of which about 63% are local jobs. This level of job creation is on a pace consistent with the project’s status toward achieving 4,000 direct jobs created in the 2016-18 construction period.
- Art-In-Transit (AIT) Program: The Transit Art Committee (TAC) composed of art and design professionals and HART staff evaluated over the 400 “Call for Artists” applications to select artists for the 21 stations and the Operations and Service Building at the Rail Operations Center. The “Call for Artists” and evaluation process took longer than expected, which delayed expending the budgeted funds. The AIT is currently in the confidential procurement process.
- Transit Oriented Development (TOD): In FY2015, HART continued to devote staff time to land use planning and coordination with partner agencies and surrounding landowners. HART staff participated in the City and County of Honolulu Mayor’s Subcabinet on TOD. This Subcabinet brings together the directors and deputy directors of every city agency to identify ways to work together to enhance TOD facilities and break down silos that could exist between different municipal agencies. During the year, the Transit Oriented Development Stakeholders Advisory Group composed of representatives from HART, the City, the State and private development interests and various other organizations and groups, held its first meeting. In February, HART also submitted comments on the HCDA Draft EIS for the Kakaako Community Development District TOD Overlay.

Finances:

- Events in FY2015 produced a significant change in HART’s financial picture. The significantly over budget bids for the Westside Station Group and feedback received from the construction community caused a re-setting of the project’s budget and schedule. A new estimate of the cost to complete the project was prepared which added \$594 million to the cost of the project. In addition, continued shortfalls in actual GET receipts during the year indicated that this critical funding source could come in \$100 million less than what had been assumed in HART’s Financial Plan. Finally, concerns were raised about the Financial Plan assuming the use of \$210 million in federal Section 5307 formula funds that in the past had gone to support O’ahu’s extensive bus system. These three

events combined to produce roughly a \$910 million shortfall in the Financial Plan for completing the H RTP.

- To address this problem, HART staff worked with the HART Board of Directors and with the Mayor and City Council to develop a plan for covering the \$910 million. This effort determined that the best course of action was to approach the State Legislature to seek an extension of the GET surcharge beyond its scheduled sunset date of December 31, 2022 to cover the increased cost of the project and the shortfall in revenue available to the project. As of the writing of this Business Plan, the State Legislature had approved a five year extension of the GET which has been sent to the Governor for signature.
- HART expects to receive \$171.4 million in FY2015 from the FTA bringing total federal funding actually received to date for the H RTP to \$426 million. Congressional appropriations for the project are \$1.056 billion which is approximately two-thirds of the \$1.55 billion committed to the project in the Full Funding Grant Agreement (FFGA). The President's 2016 budget includes another \$250 million for the project, again the largest amount for any New Starts project in the Country.
- Continued to work on improving HART's financial reporting to the HART Board, the City Council and the State Legislature and to the community thru the HART website. The monthly reports and the agency's quarterly Balanced Scorecard are distributed widely and regularly.
- Completed the agency's third annual financial audit cycle, which yielded overall favorable conclusions and no findings. Issued the third annual financial statement for HART since becoming a semi-autonomous unit.
- GET collections in FY2015 are expected to total \$227.2 million bringing the total collected to date to \$1.53 billion which is \$30.5 million less than forecast in the June 2012 Financial Plan. Recent receipts came in better than expected but the projected \$100 million GET shortfall remains an issue.
- Satisfactorily resolved outstanding construction delay claims at a cost of \$170 million. The project Contingency is projected to have a balance of \$451 million at the end of FY2015.
- During FY2015, HART implemented an Owners Controlled Insurance Program (OCIP) which provides coverage for Workers Compensation, General Liability and Excess Liability for Construction Contractors performing work within the physical geographical limits of the project. It also includes such coverage for designated sites not within the physical limits of the project such as the casting yard and storage facilities. HART also provides Builders Risk coverage for Construction Contractors while performing construction work on the project within the project limits, including designated sites not within the physical limits of the project. The On-Call Construction Contracts are not covered by the OCIP and are not covered by Builders Risk. Marsh is the HART OCIP consultant and Aon Hawaii is providing brokerage services.

Organizational Development:

- In FY2015, HART made significant progress on developing the organization to meet the challenges the project faces:
 - Progress was made in building staff capacity and technical capability in the Design and Construction Management Department to handle change management and oversee construction management activities during the coming years. In this

regard, a decision was made to separate the procurement and contract administration functions and hire experienced individuals to head-up both functions. Several key positions were filled including:

- Project Director
- Deputy Director of Construction
- Assistant Deputy Director of Construction
- Deputy Director of Planning
- Director of Procurement
- Two Procurement Specialists
- Transit Contracts Manager
- In addition, key positions were filled in other HART departments including:
 - Fare System Project Manager
 - Director of Special Projects
 - Transit Grants Manager

These efforts are mindful of the need for HART to continue to have the technical capacity needed to carry out the largest public works project in Hawaii's history and to meet FTA requirements in accordance with the FFGA. All of the above positions were filled with people that have substantial experience in dealing with the type of construction and technology that are inherent in the HRTTP. In addition, HART continued the transition of consultant provided embedded staff in several positions to positions held by HART employees.

- Training activities for HART staff continued in FY2105 covering a wide variety of areas including ethics awareness; safety awareness; the Contract Management System and various other computer systems; Procurement; quality assurance; civil rights; and environmental related areas.
- On Fare Policy, major progress was made in FY2015. The Board's Permitted Interaction Group (PIG) continued to work on developing a Fare Policy and made several decisions that were presented to the full HART Board. These decisions included changing to a barrier fare collection system versus the originally planned proof-of-payment system; pursuing procurement of a joint rail and bus fare collection system with costs split between HART and DTS; using account-based smart card technology; and preliminary decisions on how the fare revenue system will be operated and maintained in the future. With these key decisions made, steps were taken to procure the joint rail – bus system. An effort was started to craft an MOU between HART and DTS for the joint fare system and is expected to be finalized by the end of FY2015. An RFQ was issued to solicit technical support for procuring the fare collection system. An RFI was issued to fare system suppliers and 13 responses were received. Preparation of an RFP to procure the system is in development and is expected to be issued in the first quarter of FY2016. There are still several Fare Policy decisions that need to be made. A new PIG was approved by the HART Board to begin the work needed to finalize the complete Fare Policy in FY2016 in conjunction with the procurement of a vendor to supply the new fare collection system.
- Preparing for future operations:
 - Agency Staffing - A draft staffing plan was submitted to the HART Board and will be refined over the next two years as the date for initial service operations approaches.

- Service Scheduling - A final decision was made to operate four-car train consists and negotiations are underway with the Core Systems contractor AHJV on how this change will be handled.
- Bus – Rail Integration: The working group established with DTS and its transit management contractor OTS continued its work on exploring how best to integrate bus and rail services, as well as opportunities for consolidating administrative and other functions between HART and DTS/OTS to improve cost efficiency and customer service.
- Maintenance Management Information System – The Core Systems contractor AHJV has retained a subcontractor and has begun work on developing the MMIS system. This system will be used by them, HART Operations, and other vendor contractors as an integrated maintenance tracking and scheduling system.
- Policing – A “white paper” describing an approach, resource requirements and the laws and rules that will be needed was drafted and is under review.
- On Safety and Security, several things were achieved or done in FY2015 including:
 - Achieved an on-the-job injury rate of 0.6 injuries per 100,000 work hours, well below the 3.8 injuries per 100,000 hours typically experienced by projects of a similar size and complexity.
 - Various HART committees continued to meet regularly including the Fire-Life-Safety Working Committee; the Safety and Security Review Committee for design reviews; and the System Safety Executive Committee made of senior HART staff.
 - Activities related to Safety Certification of the entire rail line are underway, specifically the process of verifying (thousands) line items in the Design and Construction phase to ensure compliance with Federal, State, City, local and that best practice codes and guidelines are followed and hazards are mitigated to ensure the safest transit system possible.
 - An initial training of first responders was held during FY2015. There were no formal emergency drills or table top exercises held during the year.
 - In the area of Federal Rail Safety Oversight requirements, HART staff met regularly with HDOT and quarterly with FTA representatives to review a wide range of matters associated with project design, construction and future operations.
 - Staff held regular meetings with the Core Systems contractor Ansaldo Honolulu and began preparations for the initial safety certification of the ROC in anticipation of initial occupancy of the facility occurring in early 2016 when the first railcars are scheduled to arrive.
 - Completed a four Threat & Vulnerability Analyses including ones involving U.S. Navy facilities.
- On Equal Employment Opportunity (EEO/DBE) matters, HART achieved the following:
 - DBE participation on the project to date totals 5.7% of FTA funding drawdowns against the approved project goal of 13%. This is slightly less than the FY2014 level of 6.3%. Participation results are expected to improve as additional construction contracts are let in FY2016 and beyond.
 - Staff undertook efforts to work with contractors whose DBE performance was lacking making use of specific DBE participation requirements incorporated in newer contracts let by HART.

- The third HART Industry Day event mentioned earlier had significant DBE firm participation which is expected to result in greater DBE involvement in the remaining contracts to be let.
- The agency's workforce utilization profile remains very close to matching the service area's population make-up with underutilization existing in only four areas which will continue to be focused on in future staff recruitments.
- Staff worked with DTS representatives to update the combined EEO Program in accordance with FTA requirements and expectations.

HART Business Strategy

Public transportation is a service business that utilizes both human and physical assets to deliver its product in the marketplace. A transit agency is in competition with the automobile to increase its share of the travel market. Success in achieving a greater market share requires that a transit agency have a clear strategy for how it will go about delivering its product to prospective consumers. As a public agency, HART's business strategy must not only be easily understandable to the agency's employees and contractors but must also be understandable to the general public.

This section of the FY2015 Business Plan describes the basic elements of the HART business strategy. The elements include statements on why the agency exists and what it is trying to achieve, as well as a framework for how HART will go about accomplishing what the public has asked it to do. This framework includes Goals and a "Balanced Scorecard" (BSC) for measuring and tracking over time how well HART is doing its job. A later section of the FY2016 Business Plan describes the organizational development strategy HART is utilizing to achieve its Mission and Vision and accomplish the Goals the BOD has established.

Mission Statement (*why the agency exists*)

HART's Mission is to plan, design, construct, operate and maintain Honolulu's high-capacity, fixed guideway rapid transit system.

Vision Statement (*what HART is trying to achieve*)

In accomplishing its Mission, HART will contribute to the quality of life on O'ahu by:

- **Mobility**: Improving mobility for all residents, visitors, and businesses on O'ahu particularly in the densely populated and congested corridor along the urbanized southern shore of the island.
- **Reliability**: Improving the reliability of travel in the corridor by offering a travel choice that will not be subject to at-grade level traffic congestion.
- **Land Use**: Supporting the City's land development policy by providing access to an area targeted for development of a new urban center and helping create transit-oriented development along the rail line.
- **Equity**: Providing people who are dependent on public transportation with an improved means of accessing economic and social opportunities and activities.
- **Sustainability**: Protecting the environment and lessening dependence on non-renewable fossil fuels.

Note: This **Vision Statement** is based in part on the Environmental Impact Statement prepared for the HRTP.

Goals (how HART will go about accomplishing the Vision and fulfilling its Mission)

In order to accomplish its Mission and realize the benefits described in the Vision, HART must accomplish the following goals:

1. **Project Delivery**: Complete the project on time and within budget while:
 - Ensuring the safety and security of the public, HART employees, and construction workers;
 - Minimizing the impacts on adjacent natural, cultural, and built environments and communities; and
 - Fulfilling environmental mitigation commitments.
2. **Service Delivery**: Ensure that the design and actual construction of the project will facilitate the delivery of safe, high quality, and cost-efficient service in the future.
3. **Stewardship of Resources**: Maintain public trust through the prudent and transparent use of financial, human, and environmental resources.
4. **Livability**: Support the creation of mixed use, pedestrian-friendly, compact development along the rail line.
5. **Partnerships**: Pursue partnerships with the private sector to create economic opportunities and generate income and cost savings for the rail transit system.
6. **Agency Culture**: Foster an organization that is open, accountable, inclusive, and delivers better than promised results.

Performance Metrics

Performance expectations and metrics flow out of the Vision and Goals for the agency and are intended to help an organization measure its progress toward achieving the Vision and Goals. Performance metrics for HART will help the BOD and agency management, as well as the Authority's stakeholders and the general public, measure and evaluate the agency's progress and will aid in maintaining transparency on what HART is doing with taxpayer money. Management staff will compile and provide periodic reports to the BOD on the performance metrics. The information will also be reported to the City Council and the community in an annual report.

Performance metrics for HART have been incorporated into a BSC for the agency. The BSC establishes and will track over time metrics that measure performance in achieving the Goals which the BOD has established for the agency. The proposed HART BSC is shown in **Appendix A** of the Business Plan.

As shown in Appendix A, the HART BSC is structured to provide performance measures and metrics encompassing the six Goals the BOD has approved. The BSC establishes the fiscal year objectives for each measure. Space is provided for HART management to provide information on actual results or status for each of the performance measures and metrics delineated in the BSC during quarterly reports to the HART BOD. These reports will include

a summary of any material changes in the status of performance measures to enhance the transparency of the progress being made on implementing the H RTP.

In FY2016 and for the next several years HART will be engaged in completing the design and construction of the H RTP. The earliest that actual operation of rail service will begin is calendar year 2018 with the start of interim operations on the western section of the rail line. As such, the BSC shown in Appendix A is heavily oriented toward project implementation. The BSC does include some measures dealing with Service Delivery as it relates to the current project implementation stage of the project. Additional metrics will become meaningful when actual revenue service begins. Illustrative examples of such metrics include:

- Ridership level.
- Reliability measures including:
 - On-time departures/arrivals.
 - Miles between mechanical failures.
 - Elevator and escalator availability (% of time available during operating hours).
 - Fare collection equipment availability (% of time available during operating hours).
- Safety and Security measures including:
 - Accidents per 100,000 passengers.
 - Security incidents per 100,000 passengers.
 - Employee on-the-job injuries.
- Financial measures including:
 - Operating Ratio.
 - Cost per vehicle hour and vehicle mile.
 - Cost per passenger.
 - Accident Claims received/closed/outstanding.

Given the current project implementation focus of HART's business activities, it is envisioned that HART management will provide quarterly updates of the HART BSC in reports to the BOD and the public. When actual revenue service begins on the rail line, monthly BSC reports will become relevant.

Using a BSC which ties to the Goals that HART has established will enable the agency to evaluate its progress on achieving the agency's Mission and Vision and to report to its stakeholders and to the community.

FY2016 Work Program

Agency Business Operations

HART functions as a semi-autonomous agency of the City & County of Honolulu government. During FY2016, HART will continue to use various City business systems and administrative practices as appropriate when conducting the agency's business activities. On an ongoing basis, HART will evaluate the extent to which it should develop its own business systems to improve efficiency and delivery of needed business services consistent with the agency's Mission as described in the previous section.

During FY2016, HART will continue to take steps to further develop the organizational capacity and capability to fulfill its Mission. Several of the actions that will be taken are designed to ensure that HART will maintain eligibility to receive Federal funding for the H RTP. A preliminary listing of the priorities and tasks that will be pursued in FY2016 is as follows:

- Recruit and hire key management, technical, and support staff to fill key vacancies as they occur or needs arise. Recruitments for a new Director of Design and Construction and a Deputy Director of Procurement are underway
- Address any new requirements stemming from the State Legislature's action to extend the GET surcharge for an additional period of time in response to the financial problems HART has encountered.
- Update the project's Financial Plan during the first quarter of FY2016 to reflect:
 - Extension of the GET surcharge to address the project's \$910 million budget problem
 - Final actions to issue short term debt to meet the project's cashflow needs as construction proceeds over the next five years or so.
- Update the agency's Human Resources Staffing Plan.
- Continue the creation of an organizational structure and agency culture that will enable the fulfillment of the agency's Mission and Vision. This includes:
 - Provide ongoing staff training, employee develop and succession planning
 - Ensure that effective cost control measures are in place
 - Ensure that processes, policies and work practices are interpreted and applied consistently and effectively
 - Encourage internal communication, teamwork and collaboration across all functions and activities
- Continue to add and/or modify administrative procedures and practices that are specific to a transit agency in areas such as procurement and contract administration, safety and security, employee relations and development, management reporting and those needed in preparation for HART to become an operating agency.

- Maintain a management reporting system on key performance metrics and financial information including:
 - Continue to develop internal processes that will enhance the control over fiscal processes while increasing processing efficiencies.
 - Achieve zero findings in the Authority’s annual audit, specifically addressing any deficiencies identified in previous audit reports.
 - Continue to build finance, accounting and internal controls capability.
- Continue development of a brand identity for HART. Take steps to address and dispel misinformation and myths about the project and HART.
- Continue emphasis on safety and security as top priorities during construction and ultimately during future operations.
- Regularly update and communicate with stakeholders, including the Mayor and City Council, state and federal officials, the O’ahu Metropolitan Planning Organization Policy Committee and the general public to ensure transparency by providing a flow of information regarding the progress of the H RTP thru electronic means, printed materials and the availability of HART staff.
- Continue efforts to increase local business and DBE participation in the project.

H RTP Project Implementation

Project Description:

The scope of the H RTP has remained unchanged despite the increased cost to complete and the revenue shortfalls that came to light in FY2015. **Appendix C** hereto provides a summary description of the project along with background on the planning for the project.

FY2016 Project Implementation Work Activity:

- Overall, during FY2016, HART will advance construction work on the western 10 miles of the rail alignment and the ROC working toward a 2018 start of interim rail operations and will take the steps needed to initiate construction work on the remaining eastern 10 miles of the project working toward the start of full operations of the rail line scheduled for 2020.
- Consulting contracts will be continuing for a Program Management Support Consultant (PMSC); for various design, engineering, construction management and inspection services; and for support in various areas including real estate, cultural resource monitoring, safety and security and oversight of the core systems and equipment contract.
- The HART Operating Budget provides funding for the equivalent of 139 full-time positions for the project including positions provided by the PMC. The staffing plan for the year as reflected in the organizational charts shown in **Appendix B** includes a

beefing up of staff in the Design and Construction Department to provide the additional capacity needed to tackle the increasing level of contracting and construction activity HART will experience in FY2016 and beyond to the start of full system operations scheduled for 2020.

- Planning & Permitting- During FY2016, activities will include:
 - Monitoring of construction to identify the presence of *iwi kupuna*.
 - Continued coordination and consultations with stakeholders and project partners on AIS and Programmatic Agreement matters.
 - Obtaining all needed permits for the Airport and Center City sections.
 - Monitoring for permit compliance and any renewals required.
 - Subject to policy direction from the HART Board, take steps to initiate planning for future extensions of the rail line.

- Property Acquisition and Third Party Agreements – The objective for FY2016 is to obtain 100 percent site access for contractor while any final property acquisitions transactions or agreements are being completed. Obtaining the services of a second real estate firm to assist in gaining the needed property acquisitions and access agreements is in process. For third party agreements, there are several key transactions that will be completed including construction rights of entry from the US Navy, University of Hawaii and Aloha Stadium. HART right of way staff will continue to work to complete all remaining acquisition transactions in FY2016.

- Design Work – The only design work that will occur in FY2016 will be as part of the two DB contracts for the eastern sections of the project guideway.

- Construction – During FY2016, HART will have major construction work underway including continuing construction of the first 10 miles of guideway and the start of construction on all 9 stations in the initial operating section. By the end of FY2016, the following work is expected to be completed:
 - During FY2016, plans are to complete 234 columns and 5.8 miles of the guideway. By the end of the year, 424 columns and 9.1 miles of the guideway will have been constructed. This equates to 45% of the 20 mile alignment for the project being in place.
 - The Rail Operations Center (ROC) is will be substantially complete by April 2016 with punchlist items remaining. The facility will be complete enough in early 2016 to take delivery of the first railcars.
 - All utilities in the first 10 miles and in the Airport section are expected to be relocated by the end of the fiscal year.

Risks to advancing the planned construction work include any delays in utility relocations; delays in acquisition of needed parcels of property; contractor difficulty in obtaining needed materials, labor and other resources needed for their particular contract; and challenges in resolving interface issues between contractors.

- Contracting – Procurement and contract administration activities planned for FY2016 are described in the Procurement section found later in this chapter.

- Pearl Highlands Parking Garage – A determination on how to proceed with this project element will be made in the third quarter of the fiscal year following the results of the solicitations for the major construction contracts for the remaining eastern half of the rail alignment. This review will explore whether the garage could be built as part of a private – public partnership (P3) to create a transit oriented development at the Pearl Highlands Station to both save HART money and achieve the level of customer parking envisioned for the rail line.
- Project Labor Agreements (PLAs) – HART and its PLA contractor Solis Group will work with both labor and contractor interests to ensure that the H RTP retains labor stability in the years ahead as the project moves toward completion.
- Safety and Security - Planned activities include:
 - Continued design reviews and pre-safety certification activities.
 - Temporary safety certification of the ROC and the issuance of occupancy permits in time for the delivery of the first railcars.
 - Beginning safety certifications and the issuance of occupancy permits for completed portions of the guideway and other related facilities.
 - Conduct of additional TVA's for the project.
 - Conduct of the first formal emergency preparedness drills using both table top exercises and field drills at the sections of the guideway in place on the western end of the alignment.
 - Making a final decision on how the rail system will be policed and what the role of private security firms might be.
- During FY2016, planning and decision-making for the start of rail operations in 2018 will continue. Specific activities planned include:
 - Assisting policy makers with final adoption by the mid-year of a Fare Policy for the rail system including farebox recovery requirements; fare structure elements including types of fare media and rail – bus transfer arrangements; and revenue collection functions
 - Selection of a vendor in the first quarter of FY2016 to provide the components of the fare collection system including station gates, TVM's, support systems and back office operations support
 - Continued work on bus – rail service plans in conjunction with DTS and its transit management contractor OTS for coordinated bus services in anticipation of the start of rail operations
 - Plans for how various ongoing operating functions will be handled including: an integrated customer service function for both bus and rail services; fare collection system operations and maintenance; facilities maintenance including station maintenance and repairs; and guideway structural inspections and repairs
 - Progress on developing the Maintenance Management Information System (MMIS) for the rail operation and how it will interface with other rail-related systems
 - Finalization of plans to combine or integrate administrative and other functions between HART and DTS/OTS to improve cost efficiency and effectiveness in delivering quality public transportation services.

- Activity planned on the Art-In-Transit Program in FY2016 includes:
 - Negotiating and contracting with the selected artists.
 - During the year, contracted artists will conduct cultural and historic research and work with community advisors to develop artwork concepts and themes that reflect the surrounding station community and develop designs and sketches for their artwork working with HART's designers and staff.

Land Use Connection: Transit-Oriented Development

The Revised Charter of Honolulu (Charter or RCH) authorizes HART “to promote, create and assist transit oriented development projects near fixed guideway system stations that promote transit ridership, and are consistent with the intent of the adopted community plans and zoning.” RCH 17-103.2(n). Likewise, the Charter requires that the HART Executive Director “administer programs promoting appropriate developments near transit stations, including compilation of city incentive programs,” and “review development projects having significant impact on the operation of the fixed guideway system.” RCH 17-104(m) and (n).

Federal, State, and City policy direction to concentrate growth around transit stations is designed to achieve several public policy goals and support greater utilization of the public transit system. It will also enhance the value of real property adjacent to transit stations and create attractive investment opportunities for the private sector while facilitating local economic development goals and redevelopment efforts.

The State and City along with the federal government control the planning and permitting authority for all of the land along the 20-mile corridor. Coordination of these activities between the respective agencies is necessary to successfully leverage public and private investment in the corridor. In coordination with HART, both the State and City are preparing neighborhood TOD plans for the 21 transit station areas and investigating revisions to the land use regulatory requirements, which will provide the policy framework for private development. The responsibilities for station area TOD planning is as follows:

- The Civic Center and Kakaako Stations are within a state-designated Community Development District which is under the jurisdiction of the Hawaii Community Development Authority (HCDA). The HCDA has developed an EIS and TOD plan for this area. The EIS is currently under review.
- The City and County of Honolulu Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. The status of these plans is shown in **Appendix D** hereto.

In FY2016, HART TOD and land use planning staff will continue to provide technical support to DPP in its planning efforts on areas such as system description, modal connectivity, station access, parking and safety and security. These efforts include coordination with other City and State agencies, special interest groups (e.g. disabled and the elderly), private developers and landowners, and the general public at community meetings to develop TOD plans for the areas surrounding the transit stations.

Also during FY2016, HART staff will actively pursue, develop, and execute MOUs and Memorandum of Agreement with public and/or private owners of land within close proximity of each planned transit station to directly access the station from their proposed development.

In addition, HART staff will continue to work with the Transit Oriented Development Stakeholders Advisory Group created in FY2015 and which is composed of representatives from HART, the City, the State and private development interests and various other organizations and groups.

Procurement and Contract Administration Plans

Procurement:

The Procurement section plans to update the agency’s procurement policies and procedures during FY2016. In addition, Procurement will conduct routine operating budget procurements for needed services, equipment, and supplies related to support the conduct of agency business operations. Procurement staff will also work with the City’s BFS Department to address the findings from the FTA’s Triennial Review.

On project implementation, Procurement will again face major challenges in soliciting several high-risk, construction packages, both design – build and design-bid-build contracts, representing approximately \$1.8B worth of work. The upcoming construction contracts represent high risks because of the continued high level of construction on O’ahu. The challenge will be to maintain a high level of inter-disciplinary engagement between Procurement, Design and Construction and Project Control to ensure the quality and integrity of the solicitation packages while balancing the very real cost and schedule drivers facing the project. In addition, ensuring that the bids and proposals received are accurate, complete and devoid of unwarranted risk costs will be of paramount importance. Design and construction contracts to be advertised and awarded in FY2016 are shown in the following table.

FY2016 Quarter	Contracting Action	Contract Name
First	Award	<ul style="list-style-type: none"> • Farrington Highway Station Group Construction • West O’ahu Station Group Construction • CE&I Consultant II • Real Estate Consultant II • Kako’o II Consultant • Fare Collection System Technical Support Consultant
	Advertise	<ul style="list-style-type: none"> • Center City Utilities Construction • Fare Collection System Vendor • Kamehameha Highway Stations Group Construction • Center City Guideway and Stations DB
Second	Award	<ul style="list-style-type: none"> • Center City Utilities Construction • Fare Collection System Vendor • Kamehameha Stations Group Construction
	Advertise	None
Third	Award	<ul style="list-style-type: none"> • Airport Guideway and Stations DB
	Advertise	<ul style="list-style-type: none"> • Core Systems Backup Generators
Fourth	Award	<ul style="list-style-type: none"> • Center City Guideway and Stations DB • Core Systems Backup Generators

Contract Administration:

As the procurement activities scheduled for late FY2015 and in FY2016 are completed, the new Contract Administration section's post-award contract administration work load will increase substantially. Effective contract administration and change management will be critical to ensure the project stays on time and on budget. During FY2016, Contract Administration plans to revamp the process for handling change orders. In addition, section staff will receive specialized training in cost/price analyses to bolster HART's ability to deal with change orders that materialize in the future.

EEO and DBE Programs:

In accordance with federal and state laws and requirements, HART maintains active programs to ensure equal employment opportunities and to foster the involvement of disadvantaged and small businesses in HART's business activities. The EEO Program is coordinated with DTS. DTS as the area's bus operator maintains its own FTA approved EEO Program. HART staff works with DTS to prepare a combined report for both the rail and DTS programs which DTS submits to the FTA for review and approval. The FTA had approved the combined EEO program for HART/DTS for a three year period which is ending. During FY2016, HART will continue to work with DTS to address FTA requirements for updating the combined EEO Program for submission to the FTA for approval.

HART manages its own DBE Program utilizing the State of Hawaii's Unified Certification Program to identify DBE firms and works with HDOT to reach out to these firms. HART has an FTA authorized 13% goal for DBE participation in the overall HRTP and does not set annual goals. Contract specific goals are established when or if appropriate. Program staff will be working with contractors who have not met their contract goals and will continue to work on gaining increased DBE participation in the upcoming construction contracts whenever possible.

HART Organizational Development Strategy

History and Background

The initial planning and development of the HRTP was done by the City and County's Department of Transportation Services (DTS) through its Rapid Transit Division (RTD). DTS/RTD managed the completion of the required planning, economic, engineering, and environmental studies needed to advance the project through the stages of the FTA's New Starts project development process including: analysis of alternatives; technology and alignment selection; conceptual and preliminary engineering (PE) work; the preparation of a FEIS; the development of a contracting strategy for actually constructing the project; and the procurement of the initial construction contracts for the Project.

The initial organizational strategy DTS/RTD employed was to maintain a relatively small staff and hire consultants to provide the expertise necessary to perform various aspects of the required work. The City project staff was supplemented by a PMSC that has provided experienced and technically proficient personnel to fill key positions and roles in the project organization including professional, technical, managerial and other support services to initiate and complete the PE/EIS phase of the project and initiation of final design and construction. PMSC personnel essentially functioned as embedded staff assisting City employees in managing and overseeing the work.

DTS/RTD also retained the services of a GEC to undertake the planning, economic, engineering, and environmental work that was required to advance the project through FTA's New Starts process. The GEC assisted DTS/RTD by preparing competitive procurement documents for the initial Design-Build (DB) contracts and the Core Systems Design-Build-Operate-Maintain (DBOM) contract.

With this organizational strategy, the Project passed the critical milestone of completing the FEIS and obtained a Record of Decision (ROD) issued by the U.S. Department of Transportation in accordance with the National Environmental Policy Act (NEPA) and Hawaii State law. The issuance of the ROD resulted in FTA authority to begin property acquisition and undertake utility relocation work. DB contracts for initial phases of the project were awarded and construction work started on the initial phases.

In 2010, the voters of the City and County of Honolulu approved a Charter amendment that provided for the creation of HART to assume responsibility for implementing the HRTP and ultimately operating the rail line. HART came into existence on July 1, 2011. At that time, RTD ceased to exist and the RTD staff and the embedded PMSC staff were transitioned to become the core staff of the new agency. HART has utilized the basic components of the original DTS/RTD organizational strategy during its first years of existence. However, the agency's organizational strategy will be evolving as described in a later section of this chapter.

FTA Requirements

Because the HRTP is funded in part with federal dollars through the FTA, HART must demonstrate that it meets FTA requirements for grantees pursuing a major investment project

like the HRTP. Principal among these requirements is that the grantee must exhibit the “technical capacity and capability to efficiently and effectively” carry out the project. The FTA conducts an ongoing assessment of a grantee’s technical and financial capacity and capability by looking at a number of things including the following:

- Organizational structure.
- Staff qualifications and experience.
- Roles, responsibilities, and interfaces among key project team members laid out in a responsibility matrix.
- Staffing plan showing labor distribution over the life of a project.
- Copies of various key procurement documents.
- Description of management processes and procedures including the division of decision-making authority between the BOD and management staff; financial and procurement policies and procedures; and community outreach and relations efforts.
- Resumes of senior project team members.

The above information is embodied in a Project Management Plan (PMP). The PMP is periodically updated as a project moves through the various stages of project development. With each successive update of the PMP, the expectations for the technical capacity and capability of the grantee increases. In other words, the grantee must demonstrate a growing capacity and capability to match the increasing scope, complexity, and magnitude of the work to be performed in the next project phase in order to receive FTA approval to proceed. Ensuring that HART will meet the FTA’s technical capacity and capability requirements is a major factor in the formulation of the organizational development strategy embodied in the PMP and described herein.

The FTA employs the services of a Project Management Oversight Contractor (PMOC) to monitor HART’s activities and progress on implementing the HRTP. The PMOC also conducts an ongoing assessment of HART’s technical capacity and capabilities. These ongoing monitoring and assessment activities include monthly reports issued by HART and monthly meetings between HART staff and PMOC representatives. In addition, quarterly meetings between representatives of the FTA’s regional office in San Francisco and HART management and technical staff are held to report on Project progress and challenges and to address any issues that develop as the Project moves toward completion. These ongoing activities amount to a significant level of independent oversight of HART and its work implementing the HRTP.

HART Organization

Work on the Project is now in the final phases of FTA’s New Starts process. Work continues on property acquisitions and owner/tenant relocations, utility relocation and any remaining final design work. Construction work on the western section of the Project alignment has been underway for some time.

The organizational approach embodied in the PMP for the current phase of the Project requires a staff of 139 positions and continues the role of the PMSC but with a diminished number of positions serving as embedded staff for HART. **Appendix B** contains a series of organizational charts that depict the Authority’s functional structure and show the placement

of the positions that make up the proposed FY2016 HART staff. Of these positions, 16 or roughly 12% of them are expected to be PMSC provided staff.

Consultant Roles:

The GEC's role has evolved to reflect the evolution status of final design and construction work. The GEC will oversee final design efforts and continue to provide technical studies and management support for implementation of the Section 106 Programmatic Agreement Mitigation Support for the ROD. Construction management services and oversight will be provided by two separate consultants. Two contractors will provide CE&I services for roughly one half of the alignment each and a separate contractor will provide oversight of the Core Systems Contract. These three contractors will perform quality assurance inspections of all contractor activities; reviews of contract document submittals including shop drawings and specifications; reviews of contractor invoices; reviews of requests for information; reviews of requests for changes and change order estimates; conduct inspections; and do value engineering.

The PMP calls for retaining the services of engineering design consultants (EDCs) to develop final detailed designs of the certain project elements that will be procured through open competitive bidding. This does not include several DB contracts or the Core Systems and vehicles contract since final design is a function within the scope of those contracts. This does include the 9 stations on the western section of the alignment and various fixed facilities. Fixed facilities design includes the design of certain civil and structural facilities; trackwork; utilities; the Pearl Highlands parking structure and access ramps; the West O'ahu/UH and Ho'opli park and ride lots; landscaping; and some systemwide elements.

Future Organizational Development

At present and for the next five years, HART will be a project development agency with no daily operating or service delivery responsibilities. This, of course, will change as the rail transit project gets completed and actual passenger service begins operating initially in 2018 with full service along the entire alignment starting in 2020. The staffing needs and business systems needs of the agency will evolve over time as the change from project development to operations and service delivery occurs. How well this transformation is accomplished will be important to the success HART has on accomplishing its Mission and Vision. The strategy for managing this evolution is outlined below:

- Phase out use of PMSC and build HART staff capability.
 - Identify those positions that HART will need long term for operations and the planning of extensions and seek to fill these positions with direct hires.
 - Examples: Chief Operating Officer, Chief Engineer, Internal Audit, Marketing, Planning, Property Management.
 - Use PMSC to temporarily fill such roles when recruitment for a City employee is unsuccessful or cannot be completed in a timely fashion.
 - PMSC employees will mentor and help train HART staff and new hires; this may require some overlapping of positions.
 - Utilize the services of the City's Department of Human Resources for assistance on organizational development including a classification and compensation structure, and recruitment and employee development strategies.

- Current PMSC contract expires in 2016 with an option for a one year extension; the contract may need to be extended for an additional period depending on HART's success in staff recruitment.
- GEC, CE&I consultants and EDCs will continue their roles/scope until the project construction, system integration and testing, and start-up work is completed.
- Develop internal business processes and systems that fit the needs of the transit system. Move away from using City processes and systems wherever it makes the most sense for HART to achieve its Mission, Vision, and Goals.
- Develop a seamless, integrated multi-modal (bus and rail) transit system.
 - Engage in joint planning with DTS and its Transit management contractor OTS for reconfiguration of the bus system to complement rail.
 - Implement a joint bus-rail fare collection system (hardware, software and support systems) along with plans for system maintenance and a revenue processing set-up to reduce interface problems and achieve economy of scale cost savings.
 - Establish plans for how marketing, customer information and relations activities will be handled for the expanded bus and rail transit system.
- Future issues that will need to be addressed:
 - Fare policy details for the integrated rail and bus system including fare levels and discounts, fare media, transfers between bus and rail services and farebox recovery requirements.
 - The process for setting fare levels between the HART BOD and City Council will need to be addressed.
 - The sources of ongoing funding for operating and maintenance expenses of the transit system not covered by fare revenues.
 - Identify opportunities for advertising, concessions, leases and rents, and possible joint use of transit facilities and assets to generate additional streams of operating income.
 - Development of operating policies and rules and the identification of any implications for project design and the operating and capital improvement budget.
 - Plans for how HART will maintain elements of the rail line that are not covered by the Core Systems contract operating component.
 - HART staffing and management information systems needed to oversee the operational, safety, maintenance and customer service performance of the rail line by the Core Systems contractor AHJV.
 - Plans for providing security on the rail line and the costs thereof.

HART Financial Strategy, Plans and Budgets

Financial Overview

HART maintains a detailed 20-year financial plan in accordance with the requirements of the Federal Transit Administration to receive federal funding for the H RTP. The HART Financial Plan provides a summary of the capital costs and funding sources associated with both the H RTP and for the City's ongoing operating and capital needs for the existing public transportation system. It also includes a preliminary plan to fund the future operations and maintenance (O&M) costs associated with rail line, TheBus, and TheHandi-Van services. The current HART Financial Plan was prepared in June 2012 in preparation for receiving the FFGA from the FTA that was executed in December 2012. **Appendix E** contains a summary of revenues and expenses as shown in the approved HART Financial Plan for completing the H RTP and for operating the City's integrated bus – rail public transportation system over the period covered by the Plan (FY2010 – FY2030).

The financial strategy reflected in the approved HART Financial Plan can be summarized as follows:

- Implementation of the H RTP will be funded primarily by revenues from a one-half percent (0.5%) surcharge on the State's GET and grants from the federal government provided by the FTA. The 0.5% GET tax is currently set to expire on December 31, 2022.
- Short and medium term debt financing will be used to help manage cash flows during construction of the H RTP. However, the Financial Plan assumes that all debt will be retired by the time the GET tax expires.
- Ongoing funding for operation of the integrated bus and rail public transportation will be provided through a combination of fare revenues from passengers and other operating income, City and County general funds, and some FTA grant programs.

Events during FY2015 did cause a reassessment of the above described financial strategy in light of the roughly \$600 million increase in the project's estimated cost to complete and the estimated \$310 million hole in project reviews. As noted earlier, this reassessment resulted in an effort to gain state approval to extend the GET surcharge beyond the 2022 termination date to cover any increase in costs and the revenue shortfall. As a result, staff will be updating the HART Financial Plan during the first quarter of FY2016 to reflect the state action to extend the GET surcharge. Given the FY2015 experience with over budget construction bids and the \$1.8 billion in construction contracts planned for award in FY2016, it may become necessary to update the Financial Plan a second time later in the fiscal year should construction costs for these contracts again come in higher than expected.

FY2016 Operating and Capital Expense Budgets

HART staff prepared and submitted preliminary FY2016 Operating and Capital Budgets to the HART BOD in September 2014. On October 23, 2014, the HART Executive Director/Chief Executive Officer transmitted the proposed FY2016 Budgets to the Mayor and the City Council. This section of the FY2016 Business Plan describes in summary form the proposed Operating and Capital Budgets. City Council requested further detailed information of the HART proposed budget during the spring of 2015, and will ultimately include the

HART budgets in the City’s budget bills anticipated to be approved before June 30, 2015. The HART Board is scheduled to discuss and adopt the FY2016 Operating and Capital budgets by June 30, 2015. The final version of the FY2016 Business Plan will reflect the final FY2016 Operating and Capital Budgets adopted by the HART BOD. The total budget request for FY2016 was as follows:

Operating Budget	\$ 29,212,000
Capital Improvements	<u>422,249,700</u>
Total FY2015 Budget Request	\$ 451,461,700

Appendix E includes a summary table which provides actual operating and capital expense historical information for FY2013-14 budget, FY2015 budget and projected actual information, and the proposed FY2016 Operating and Capital Budgets described in the sections below.

FY2016 Operating Budget

The HART Operating Budget includes expenses for HART staff and administrative expenses (i.e. office and equipment rent and supplies, legal services, telecommunications and various administrative services). It also includes expenses related to the support HART receives from other City departments as well as a contribution to City overhead expenses. The FY2016 Operating Budget has four major expense categories as shown in the table below. The table provides a breakdown of these cost components for FY2016 and a comparison against the budget and projected actual amounts for FY2015. The FY2015 projected amounts shown in the table are preliminary; there will be adjustments made through August 2015 to record payable amounts.

Expense Category	FY2015 Budget	FY2015 Projected	FY2016 Proposed
Personnel	\$13,843,425	\$10,935,670	\$14,519,000
Current Expenses	7,631,604	5,461,961	8,687,800
Equipment & software	6,000	18,000	6,000
Subtotals	\$21,481,029	\$16,397,631	\$21,481,029
Interest Expense	0	0	8,000,000
TOTALS	\$21,481,029	\$16,397,631	\$29,212,800

The Personnel category of the FY2016 Operating Budget includes funding for 139 full-time equivalent (FTE) positions, the same level since FY2013. This compares to 136 FTEs authorized in the FY2012 Budget and 110 FTEs in FY2011. As described in the Organizational Development Strategy section, the staffing level proposed is designed to ensure that HART has the technical capacity and capability to manage the implementation of the HRTP and meet the requirements of the FTA. The following chart provides a summary breakdown of the number of positions included in the FY2016 staffing plan by major functional category and includes PMSC provided positions funded by the Capital Budget at this time. See **Appendix B** for detailed organizational charts.

While the size of the HART staff has remained constant for several years now, there have been significant changes to how staff has been allocated to various functions, which is reflected in the following chart. Over the past two years staffing in the engineering, systems and construction management functions has been augmented. In FY2015, staffing in the Procurement and Contract Administration functions was augmented due to the growing level of construction activities and the impact on procurement related activities and the corresponding need to administer contracts and closely scrutinize any change orders that materialize. The chart also shows that the number of PMSC provided staff will decline by 8 positions in FY2016. This is consistent with the previously discussed Organizational Development Strategy.

Function	FY 2014 FTE Count	No. of PMC FTEs	2015 FTE Count	No. of PMC FTEs	Diff. in FTE Count	Diff. in PMC FTEs	2016 FTE Count	No. of PMC FTEs	Diff. in FTE Count	Diff. in PMC FTEs
Executive	8	1	10	4	2	3	10	2	2	-2
Project Control	15	3	13	2	-2	-1	13	2	-2	-1
Budget & Finance, Purchasing, Contracts	22.5	3.5	24	3	1.5	-0.5	24	1	1.5	-2
Planning, Utilities, ROW,	26	4	22.5	1	-3.5	-3	22.5	0	-3.5	-1
Engineering & Const. Mgmt.	37	8	40	9	3	1	40	9	3	1
Other Professional	22	4	18	5	-4	1	18	2	-4	-3
Admin. Svcs.	8.5	0	11.5	0	3	0	11.5	0	3	0
Totals	139	23.5	139	24	0	0.5	139	16	0	-8

The following table provides a breakdown of the reimbursements to other City departments included in the proposed FY2016 Budget:

City Department/Purpose	Amount
Corporation Counsel – Staff Salaries	\$612,000
Corporation Counsel – Current Expenses	40,300
Design & Construction – Staff Salaries	50,000
Budget & Financial Services – Staff Salaries	10,000
Fringe Benefits Associated with Above Salary Items	309,100
Adjustments	0
CASE – Central Administrative Services Expenditure	1,010,100
TOTAL	\$ 2,031,500

FY2016 Capital Budget

Construction activities currently underway and most of the construction contracts currently planned to be let in FY2016 have been funded thru prior year HART Capital Budgets. Some of these funds must be re-appropriated for FY2016. The proposed FY2016 Capital Budget includes the additional funds required and is smaller than what was provided for in recent HART Capital Budget requests. The following table provides a summary of planned FY2016 capital appropriations by major project budget component. A more detailed line item breakdown of HRTP capital program components, including the amount re-appropriated from FY2015, FY2016 can be found in the tables provided in **Appendix E**.

Capital Budget Elements	Construction	Design	Planning	Totals
Construction	\$143,796,100			\$143,976,100
Consultants	26,132,600	1,400,000	421,000	27,953,600
Programmatic Agreements	200,000		100,000	300,000
Quality Audits	20,000			20,000
Contingency & Recertifications				250,000,000
Totals	\$170,328,700	\$1,400,000	\$521,000	\$422,249,700

Debt Financing

Over the next several years HART's expenditure level on construction and other project implementation activities will ramp up significantly. Cash payouts to contractors will exceed available cash and new receipts from both the GET and FTA reimbursements under the FFGA. Consequently, it will be necessary for the City & County of Honolulu to issue short term debt to help meet the project's cashflow needs. This occurrence was anticipated in the HART Financial Plan and is consistent with the financial strategy described earlier in this section. HART expects to begin issuing this debt using short term commercial paper to take advantage of a favorable borrowing climate. During FY2015, HART staff worked with the City's Budget and Fiscal Services staff to develop a plan for issuing this debt. This plan was incorporated into a Memorandum of Understanding between HART and the City which has been approved by both the HART Board and the City Council. It is expected that the first issuance of debt will occur during the first quarter of FY2016. The Financial Plan will be updated to reflect other financial plan changes and the exact nature of the debt issuance plan during the first quarter of FY2016.

Project Risk Factors

Any public works project is subject to a variety of risks that can impact its schedule and budget. The HRTP is subject to such risks some of which are amplified because of Honolulu's geographic location far from the U.S. Mainland. Managing and protecting against risk factors is important to insure the successful completion of the HRTP. The project has the following risks that are not within HART's direct control but could impact both the project schedule and budget performance. Several of these risk factors did impact the project during FY2015 and are likely to continue to be present in FY2016 and beyond:

- The significant level of construction currently on Oahu may continue to impact the availability of skilled labor and the pricing of materials such as steel, copper and concrete
- The current level of construction and Oahu's remoteness from the mainland may impact the amount of competition that HART for upcoming construction contracts
- Delays in utility relocations and/or property acquisitions that delay construction work and cause contractor delay claims
- Complications that might arise in completing construction work on the remaining portions of the project's alignment such as unforeseen site conditions and any extraordinary efforts required to mitigate construction impacts
- The possibility of interest rate increases that could impact any debt service payments
- GET surcharge revenue receipts continuing to come in below the assumed rate of growth

The important thing is to recognize the existence of these risks and to take steps to minimize or protect against potential impacts to the maximum extent possible while carrying out the implementation of the H RTP.

Appendix A

HART Balanced Scorecard

(Second quarter BSC will inserted pending finalization of the third quarter BSC)

						Comments and Legend	
Activity	Time Period	Actual	Plan	Variance	Status	<ul style="list-style-type: none"> ● On track or ahead of plan. ● Monitoring. ● Monitoring; Requires special attention. ● Immediate attention needed; Requires recovery/resolution. No current target/activity to date; Action pending. N/A Not Applicable. TBD To be determined. New Balanced Scorecard items are shaded in blue for ease of identification. Status color changes are shaded in yellow. 	
For Project Finances, reporting will be based on Current Quarter, Fiscal Year, FFGA Financial Plan and Inception to Date data as appropriate.							
Project Finances							
Operating Budget [Negative = below Plan]							
Financials	Operating Expenditures	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$4	\$5	(\$1)	●	<p>For Current Quarter monitoring purposes: \$20.9M Total Budget/4 quarters = \$5.23M. The Plan numbers for Inception to Date and the Financial Plan = the FY12 + FY13 + FY14 budgets + actual expenditures for fiscal years 2007 through 2011. *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund which also includes expenditures for other City Departments (e.g., DPP for TOD expenditures, BFS and City Council which were paid with GET surcharge revenues).</p>
		FY2014 Total July 2013-March 2014	\$11	\$16	(\$5)	●	
		FFGA Financial Plan October 16, 2009 - March 2014	\$55	\$70	(\$15)	●	
		Inception* to Date January 2007 - March 2014	\$59	\$74	(\$15)	●	
Capital Budget [Negative = below Plan]							
Financials	Capital Expenditures	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$103	\$233	(\$130)	●	<p>Plan amounts are per the Full Funding Grant Agreement Financial Plan. *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund. The Plan numbers for Inception to Date = the Plan amounts from 10/16/2009 to 03/31/2014 + actual expenditures for fiscal year 2007 through 10/15/2009. The expenditures for fiscal years 2007 to 2011 were reconciled to the expenditures reported in the Transit Fund included in the City's CAFR report. The "Current Quarter" and "FY14 Total" actual amounts are on a cash basis. All audit adjustments for the previous years are now reflected in the "FFGA Financial Plan" and "Inception to Date" actual amounts. Actual expenditure amounts are below plan due to the suspension of construction which was lifted in September 2013. As a result of the construction delay, we are currently rebaselining the master project schedule and the plan will be readjusted by spring of 2014.</p>
		FY2014 Total July 2013-March 2014	\$177	\$635	(\$458)	●	
		FFGA Financial Plan October 16, 2009 - March 2014	\$951	\$1,938	(\$987)	●	
		Inception* to Date January 2007 - March 2014	\$1,035	\$2,021	(\$986)	●	
Revenues [Negative = below Plan]							
GET Collections							
Financials	Net GET Surcharge Receipts	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$43	\$54	(\$11)	●	<p>GET receipts are reported on a cash basis. The \$43M received in January 2014 is for the October - December 2013 quarter. The Current Quarter plan is based on annual reporting. \$3,291M = Total Net GET Surcharge revenue forecast for FYs 2010-2023. Actual amounts from inception are the collections from January 2007 to 01/31/2014. The \$1,222M Plan amount is equal to the Financial Plan amount of \$844M from the Project Start date of 10/16/2009 to 01/31/2014 plus \$378M collected prior to the Project Start Date. GET surcharge revenue collected prior to October 16, 2009 is included in the Financial Plan as beginning cash balance of \$298M (actual GET collections of \$378M before October 16, 2009, less expenditures of \$80M during that same period). *Inception is from January 2007 when GET surcharge revenue, interest revenue and expenditures were first reported in the City's FY2007 Comprehensive Annual Financial Report (CAFR) in the Transit Fund. Status for the Current Quarter and FY2014 Total have changed from green to yellow.</p>
		FY2014 Total July 2013-March 2014	\$158	\$160	(\$3)	●	
		FFGA Financial Plan October 16, 2009 - March 2014	\$808	\$844	(\$36)	●	
		Inception* to Date January 2007 - March 2014	\$1,187	\$1,222	(\$36)	●	
Federal Grants							
Financials	Federal Grant Funds New Starts \$5309 (Reimbursed)	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	\$29	\$0	+\$29	●	<p>There were no planned FTA reimbursements for Q3 FY14 per the financial plan. Forecasted FTA receipts by fiscal years to 6/30/14 per the Plan are FY2011 - \$21M; FY2012 - \$99M; FY2013 - \$258M; FY2014 - \$442M, Total \$820M. The FY2014 New Starts appropriation is \$250M. The variance for FY2014 Total and FFGA Financial Plan indicate the available appropriation amounts. Reimbursement amounts are below plan due to the suspension of construction which reduced reimbursable project expenditures. Reimbursements will increase as construction activities increase in FY14. Status for the Current Quarter has changed from yellow to green.</p>
		FY2014 Total July 2013-March 2014	\$99	\$192	(\$93)	●	
		FFGA Financial Plan October 16, 2009 - March 2014	\$243	\$570	(\$327)	●	
	Federal Grant Funds \$5307 (Reimbursed)	Current Quarter (Q3 FY14) Jan., Feb., Mar. 2014	---	---	N/A		<p>No \$5307 funds will be used in FY14. Total forecasted \$5307 funds per the plan is \$210M. The forecasted amounts by fiscal year are: FY16 - \$35M; FY17 - \$35M; FY18 - \$36M; FY19 - \$37M; FY20 - \$33M; FY21 - \$34M</p>
		FY2014 Total July 2013-March 2014	---	---	N/A		
FFGA Financial Plan October 16, 2009 - March 2014		---	---	N/A			

Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend	
	January, February, March 2014				January 2007 - March 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
For the remainder of the Balanced Scorecard, reporting will be based on Current Quarter and Inception to Date data.										
25	Project Budget									
26	FFGA Baseline Project Budget	N/A	N/A	N/A	○	\$5,122	\$5,122	N/A	●	SM FFGA Baseline Project Budget (including contingencies and FTA-eligible finance charges), in accordance with FTA New Starts project guidelines.
27	Committed (\$)	\$226	---	---	●	\$2,698	\$4,308	(\$1,610)	●	SM Total Committed (awarded Contract Values + approved Change Orders) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The contract awards have been shifted to future years due to AIS delays and the repackaging of contracts. A new baseline budget is being created. HART is still on track to maintain the March 30, 2019 full revenue service date.
28	Committed (%)	8.4%	---	---	●	62.6%	---	N/A	●	% SM Committed of the committed Baseline FFGA Project Budget.
29	Incurred (\$M)	\$63	---	---	●	\$905	\$4,308	(\$3,403)	●	SM Incurred (Expenditures + approved Requests for Payment) this quarter and to date vs. the current Total FTA Project Budget, excluding remaining contingencies and finance charges. The plan is based on the original program cost curve issued in 2009 and is projected to be rebaselined in spring 2014. HART is still on track to maintain the March 30, 2019 full revenue service date. The amounts reflected are due in part to the construction delays.
30	Incurred (%)	1%	---	---	●	21%	---	---	●	% SM Incurred (Expenditures + approved Requests for Payment) of the current Total FTA Project Budget, excluding remaining contingencies and finance charges.
31	Direct Cost of Delay Due to Supreme Court Decision to Date	\$1.0	\$4.7	(\$3.7)	●	\$31.4	\$35.1	(\$3.7)	●	Direct costs incurred in \$M from AIS delay. Direct costs include equipment, manpower and subcontractor costs. Costs are already included in the incurred section above, not in addition to. Direct costs of the delay due to the Supreme Court decision were originally estimated at \$36.2M through September 2013. Actual and plan amounts are through October 2013.
32	Escalation Costs Related to Supreme Court Decision to Date	\$0.0	N/A	N/A	●	\$0.0	N/A	N/A	●	Escalation value to be determined based on actual costs incurred.
33	Total Cost of Delay Due to Supreme Court Decision to Date	\$1.0	\$4.7	(\$3.7)	●	\$31.4	\$35.1	(\$3.7)	●	Actual and plan amounts are through October 2013.
34	Estimate at Completion (EAC)	N/A	N/A	N/A	●	\$5,122	\$5,122	N/A	●	SM current vs. planned Estimate at Completion (EAC = contract values as budgeted or awarded + executed change orders + pending and potential changes).
35	Contingency									
36	Allocated Cost Contingency	\$6	N/A	N/A	●	\$519	\$542	(\$22)	●	Current Quarter = Allocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Allocated Project Contingency vs. the Baseline Budget Allocated Project Contingency
37	Unallocated Cost Contingency	(\$4)	N/A	N/A	●	\$89	\$102	(\$13)	●	Current Quarter = Unallocated Project Contingency debited or credited for the quarter, Inception to Date = Current Budget Unallocated Project Contingency vs. the Baseline Budget Unallocated Contingency
38	Total Project Cost Contingency = Allocated + Unallocated	\$2	N/A	N/A	●	\$608	\$644	(\$35)	●	See the HART Monthly Progress Report for more detailed information on contingency. Current Quarter = Total Project Contingency usage, Inception to Date = Current Budget Project Contingency value vs. Baseline Budget Project Contingency The status is green because the Inception to Date actual number is above the FFGA minimum buffer value of \$424M.
39	Schedule Contingency	20	20	-0-	●	20	20	-0-	●	# Months Total Buffer Float used vs. planned in the Draft FFGA Risk and Contingency Management Plan [RCMP], June 2012 (Table 6-2). HART is still on track to maintain the 2019 full revenue service date.
40	PROJECT DELIVERY - OVERALL									
41	Overall Progress [Positive = ahead of Late Plan; Negative = behind Late Plan]									
42	Overall Project Progress Completed	1.7%	2.4%	(0.7%)	●	22.7%	23.6%	(0.9%)	●	% Complete of Final Design and Construction contracts (FD, DBB-DBOM design levels-of-effort and DB, DBB, DBOM and E/E construction) actual vs. late plan. Revised project schedules for WOFH, MSF and KHG have been incorporated into the overall project progress curve and the interim opening will be June 2017.
43	Overall Design Progress Completed	10.6%	9.7%	+0.9%	●	70.6%	69.2%	+1.4%	●	% Complete of Final Design contracts & DB-DBOM design levels-of-effort actual vs. late plan. Design is progressing satisfactorily in support of the planned bid dates. The design progress schedule has been rebaselined and the interim opening will be June 2017.
44	Overall Construction Progress Completed	3.5%	4.0%	(0.5%)	●	12.7%	13.7%	(1.0%)	●	% Completion of Construction (DB, DBB, DBOM & E/E) contracts vs. planned. On 9/16/13, the temporary suspension of work for all ground-disturbing activities was lifted. The construction progress schedule has been rebaselined and includes revised project schedules for WOFH, MSF and KHG DB contracts. The interim opening will be June 2017.
45	Contracts Awarded									
46	Total Number of Contracts Awarded	1	3	(2)	●	32	34	(2)	●	The plan numbers are based off of the FTA Full Funding Grant Agreement Contract Packaging Plan (CPP) contracts. Contracts awarded: Core Systems Support Services. Pending (not awarded yet): Safety and Security Support Services and Owner-Controlled Insurance Brokerage Services. Variance includes savings from planned budget with contingency.
47	Total Value of Contracts Awarded	\$43.9	\$52.7	(\$8.8)	●	\$3,133.0	\$3,199.4	(\$66.4)	●	SM Awarded. Note, CORE systems includes costs of O&M. Variance includes savings from planned budget with contingency. For a full list of contracts awarded please see the HART Monthly Progress Report.
48	Change Orders									
49	Change Orders (#)	3	N/A	N/A	●	103	N/A	N/A	●	# Change Orders executed this quarter (3 Final Design). These change orders reflect the Notice to Proceed and AIS delays.
50	Change Orders (\$)	\$2.8	N/A	N/A	●	\$227.7	N/A	N/A	●	SM Change Orders executed this quarter (\$2.8M Final Design). These change orders are reducing our allocated, unallocated and known contingency. The most significant amendment during the third quarter was \$2.3M for AIS suspension for Airport Section Guideway Utilities Final Design contract (FD-430).
51	Claims									
52	Claims Filed	0	0	N/A	○	0	0	N/A	○	# Claims filed vs. anticipated.
53	Claims Resolved	0	0	N/A	○	0	0	N/A	○	# Claims resolved vs. filed.

BALANCED SCORECARD
Project Implementation/Pre-Revenue Operation

Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend	
	January, February, March 2014				January 2007 - March 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
54	Agreements*								<p>*Inception to Date Plan numbers vary each quarter due to advancement of design.</p> <p>On track or ahead of plan. (Green dot) Monitoring. (Yellow dot) Monitoring; Requires special attention. (Orange dot) Immediate attention needed; Requires recovery/resolution. (Red dot) No current target/activity to date; Action pending. (White circle) N/A Not Applicable. (N/A) TBD To be determined. (TBD)</p> <p>New Balanced Scorecard items are shaded in blue for ease of identification. (Blue box) Status color changes are shaded in yellow. (Yellow box)</p>	
55	Utility Agreements - Engineering Services	0	1	(1)	Green	28	29	(1)	Green	Inception to Date Plan = total number of agreements planned for the project WOFH - all 9 agreements executed. KHG - all 10 agreements executed. KHG/Airport/City Center - only 1 agreement executed. Airport/City Center - 8 of the 9 agreements executed. The status for the overall progress is green because the only agreements needed are in the Airport/City Center areas and they do not impede current construction.
56	Utility Agreements - Construction Agreement	0	8	(8)	Orange	9	29	(20)	Orange	Inception to Date Plan = total number of agreements planned for the project WOFH - 6 out of 8 agreements executed. KHG - 3 out of 6 agreements executed. Airport - 0 of the 7 planned are executed. City Center - 0 of the 8 planned are executed. The status is orange due to the agreements needed for WOFH and KHG, which could delay construction.
57	Total Utility Agreements	0	9	(9)	Yellow	37	58	(21)	Yellow	Inception to Date Plan = total number of agreements planned for the project WOFH - 2 agreements of 17 outstanding. KHG - 3 agreements of 16 outstanding. KHG/Airport/City Center ESA - Only 1 agreement planned/executed. Airport/City Center ESA - 8 of 9 agreements executed. Airport Construction- no agreements executed (7 agreements planned). City Center Construction- no agreements executed (8 agreements planned). The status is based on the potential for construction to be delayed.
58	HDOT Master Agreements/Joint Use & Occupancy	0	0	-0-	Green	2	2	0	Green	Inception to Date Plan = total number of agreements planned for the project WOFH and a combined Master Agreement for KHG, Airport and City Center sections are executed.
59	Other Agreements	0	5	(5)	Red	10	20	(10)	Red	Inception to Date Plan = total number of agreements planned for the project Agreements needed for the project (bold, red items are high priority agreements): WOFH, KHG, City Center: -University of Hawaii Master Agreement WOFH: -Leeward Community College Pre-Construction Right of Entry Agreement -- COMPLETED -Leeward Community College Construction Right of Entry Agreement -UH West Oahu Pre-Construction Right of Entry Agreement -- COMPLETED -Department of Land and Natural Resources -- COMPLETED -Department of Education Master Agreement and Consent to Construct -- COMPLETED -D.R. Horton Agreement for Construction -- COMPLETED -DHHL MOU -- COMPLETED -DHHL Consent to Construct -- COMPLETED -DHHL License or Property Transfer (near completion) KHG: -UH Urban Garden Pre-Construction Right of Entry Agreement -- COMPLETED -UH Urban Garden Construction Right of Entry Agreement -Aloha Stadium/Department of Accounting & General Services (DAGS) -- COMPLETED Airport: -U.S. Navy/General Services Administration (GSA) -U.S. Post Office Honolulu Processing Center City Center: -Honolulu Community College (HCC) Pre-Construction Right of Entry Agreement -- COMPLETED -HCC Construction Right of Entry Agreement -Federal Court House/GSA -Hawaii Community Development Agreement -DAGS The status is based on the agreements needed for WOFH and KHG, which could impact ongoing construction.

Project Progress (continued)



BALANCED SCORECARD
Project Implementation/Pre-Revenue Operation

APPENDIX A
Q3 FY14
Data Date: March 28, 2014

Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend	
	January, February, March 2014				January 2007 - March 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
60	Real Estate/Right-of-Way (ROW)									
61	Acquisitions*								<i>*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction.</i>	
62	WOFH Full Acquisitions	0	0	-0-	●	14	14	-0-	●	Inception to Date Plan = total number needed for project Consent to Construct received. Awaiting stipulated judgment and final order.
63	WOFH Partial Acquisitions	0	3	(3)	●	3	6	(3)	●	Inception to Date Plan = total number needed for project Finalizing agreements for two partial acquisitions. Offer made for one partial acquisition for West Loch Station.
64	Summary WOFH Acquisitions (Full + Partial)	0	3	(3)	●	17	20	(3)	●	Inception to Date Plan = total number needed for project
65	KHG Full Acquisitions	0	0	-0-	●	3	3	-0-	●	Inception to Date Plan = total number needed for project All property is available to contractors.
66	KHG Partial Acquisitions	0	0	-0-	●	3	3	-0-	●	Inception to Date Plan = total number needed for project Eminent domain on one partial is proceeding through the courts and two partials are in negotiations.
67	Summary KHG Acquisitions (Full + Partial)	0	0	-0-	●	6	6	-0-	●	Inception to Date Plan = total number needed for project
68	Airport Full Acquisitions	1	4	(3)	●	2	5	(3)	●	Inception to Date Plan = total number needed for project One full acquisition in escrow closed and available for contractor. Two full acquisitions closed escrow, but relocations remain. One acquisition in negotiations.
69	Airport Partial Acquisitions	0	1	(1)	●	1	5	(4)	●	Inception to Date Plan = total number needed for project Two parcels in appraisal process and agreements for remaining parcels are pending.
70	Summary Airport Acquisitions (Full + Partial)	1	5	(4)	●	3	10	(7)	●	Inception to Date Plan = total number needed for project
71	City Center Full Acquisitions	0	0	-0-	●	2	15	(13)	●	Inception to Date Plan = total number needed for project With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire.
72	City Center Partial Acquisitions	0	0	-0-	●	0	70	(70)	●	Inception to Date Plan = total number needed for project Awaiting resolution on design re: Dillingham acquisitions. With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire. One property added in due to tax record data.
73	Summary City Center Acquisitions (Full + Partial)	0	0	-0-	●	2	85	(83)	●	Inception to Date Plan = total number needed for project With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire.
74	Expenditures for Full Acquisitions	N/A	N/A	N/A	●	\$42.5	\$45.4	(\$2.9)	●	\$M in expenditures recorded for full acquisitions vs. planned in the FFGA Budget. WOFH property final cost awaiting court approval.
75	Easements*								<i>*Inception to Date Plan numbers vary each quarter due to advancement of design; Actual numbers are based on property availability for construction.</i>	
76	WOFH Easements	0	0	-0-	●	7	14	(7)	●	Inception to Date Plan = total number needed for project
77	KHG Easements	0	0	-0-	●	3	5	(2)	●	Inception to Date Plan = total number needed for project
78	Airport Easements	0	0	-0-	●	0	34	(34)	●	Inception to Date Plan = total number needed for project 2 easements in appraisal process and 1 offer made; 15 easements in process by Navy.
79	City Center Easements	0	0	-0-	●	0	24	(24)	●	Inception to Date Plan = total number needed for project Awaiting resolution on design re: Dillingham acquisitions. With the recent court decisions in favor of HART and the lifting of the injunction, HART is beginning the acquisition process and generating letter of intent to acquire.
80	Summary Easements	0	0	-0-	●	10	77	(67)	●	Inception to Date Plan = total number needed for project
81	Safety									
82	HART OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	HART # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. For additional information on recordable incidents please see the HART Monthly Progress Report.
83	Contractor OSHA Reportable Injuries	0	0	-0-	●	0	0	-0-	●	Contractor's # Occupational Safety and Health Agency (OSHA) Reportable Injuries to date. Reportable incidents, requiring OSHA to be notified within 8 hours, include the death of an employee or hospitalization of three or more employees. From 2010-2014 (YTD), Kiewit's average incident rate for recordable cases for the Project is 0.49. According to the U.S. Bureau of Labor Statistics, in 2012 the incidence rate of nonfatal occupational injuries and illnesses for heavy and civil engineering construction for total recordable cases was 3.2 nationally and 5.9 in Hawaii. For additional information on recordable incidents please see the HART Monthly Progress Report.
84	Quality Assurance (QA)									
85	Completion of QA Audits	0	0	-0-	●	46	43	+3	●	# QA Audits of HART, GEC, contractors and suppliers completed vs. planned.
86	Successful Closure of Design NCRs	0	0	-0-	●	9	10	(1)	●	# Design Non-Conformance Reports (NCRs) closed vs. issued. One issued Dec. 2013 on MSF.
87	Successful Closure of Construction NCRs	19	30	(11)	●	112	123	(11)	●	# Construction NCRs closed vs. issued. The variance: 30 (21-WOFH, 7-KHG and 2-MSF) issued Jan.-Mar.; 11 NCRs remain Open.

Project Progress (continued)



BALANCED SCORECARD
Project Implementation/Pre-Revenue Operation

APPENDIX A
Q3 FY14
Data Date: March 28, 2014

Activity	Current Quarter (Q3 FY14)				Inception to Date				Comments and Legend	
	January, February, March 2014				January 2007 - March 2014					
	Actual	Plan	Variance	Status	Actual	Plan	Variance	Status		
88	Economic Multipliers [Negative = below plan]									
89	DBE Participation (%)	0.15%	0.13%	+0.02%	●	0.89%	13%	-12.11%	●	% actual vs. target participation rate of Disadvantaged Business Enterprises (DBE) to date since September 24, 2007. The planned DBE participation rate is an overall project goal. The Inception to Date Actual amount includes an audit adjustment removing ineligible payments. The inception date has also been adjusted to September 24, 2007 to include eligible payments on SC-HRT-11H0131, GEC I.
90	DBE Participation (\$)	\$2.72	\$2.29	+\$0.43	●	\$15.62	\$229	(\$213.38)	●	SM actual vs. target participation of DBE to date since September 24, 2007. The planned DBE participation rate is an overall project goal. The Inception to Date Actual amount includes an audit adjustment removing ineligible payments. The inception date has also been adjusted to September 24, 2007 to include eligible payments on SC-HRT-11H0131, GEC I.
91	PERSONNEL									
92	HART Staffing Level	5	0	+5	●	121	139	(18)	●	# Current HART Full-Time Equivalents (FTEs) vs. planned positions in the FY14 Operating Budget. 121 current FTEs. This includes 102 City employees and 19 Project Management Support Consultant (PMSC) employees. The actual number reported in the Current Quarter reflects all new hires for the quarter. The Inception to Date numbers reflect the total number of employees currently onboard as of March 31, 2014.
93	Direct Project Jobs Created	---	---	---	○	1,042	---	---	○	# Direct project jobs created. Actual number reflects input from all contractors and a calculated count for all agencies supporting HART's activities.
94	Transit-Oriented Development (TOD) Planning									
95	City Department of Planning and Permitting Draft TOD Plans	0	3	N/A	●	16	19	N/A	●	City Department of Planning and Permitting (DPP) is responsible for TOD plans for 19 of the 21 stations. A total of 16 stations have Draft TOD neighborhood plans at this time. DPP started developing Draft TOD plans for the remaining 3 stations: Pearl Harbor Naval Base, Airport and Lagoon Drive. Final TOD Plans are expected starting in the second quarter of 2014 through 2015. In the interim, DPP has drafted Bill 71 Land Use Ordinance (LUO) Amendment Relating to Interim Plan Development Permits for TOD, which will allow for negotiations on TOD projects as per the Draft TOD plans before zoning is in place.
96	Hawai'i Community Development Authority Draft TOD Overlay Plan	0	0	N/A	●	2	2	N/A	●	HCDA developed a Draft TOD Overlay Plan for the areas around Kaka'ako and Civic Center Station. It will be finalized in the Kaka'ako Environmental Impact Statement which is expected to be available in draft form in Q3 2014.
97	Total Stations with Approved Draft TOD Plans	0	3	N/A	●	18	21	N/A	●	TOD plans are being created for 21 stations.
98	PUBLIC OUTREACH									
99	Build a Social Media Community	75	---	N/A	●	2,037	---	N/A	●	# of unique Facebook followers.
100	Proactive Community Outreach: Neighborhood Board Meetings	33	---	N/A	●	852	---	N/A	●	# Neighborhood Board Meetings in which HART has participated to date since 2006.
101	Proactive Community Outreach: Presentations/Events	52	---	N/A	●	1,580	---	N/A	●	# Events in which HART has participated to date since 2006.
102	SERVICE DELIVERY									
103	Fare Collection System				○				○	TBD in FY15.
104	Bus-Rail Integration Plan				○				○	TBD
105	HART Operating Organization Plan				○				○	TBD
106	HART Service Policy/Standards				○				○	TBD
107	LIVABILITY									
108	HART Sustainability Policy				○				○	TBD in FY14.
109	Transit-Oriented Development (TOD) Policy				○				○	TOD stakeholders group in development.

Appendix B
HART Organizational Charts

Prepared by:

[Signature]
Administrative Specialist

1/14/15
Date

HONOLULU AUTHORITY FOR RAPID TRANSPORTATION (HART)

January 14, 2015

Concur:

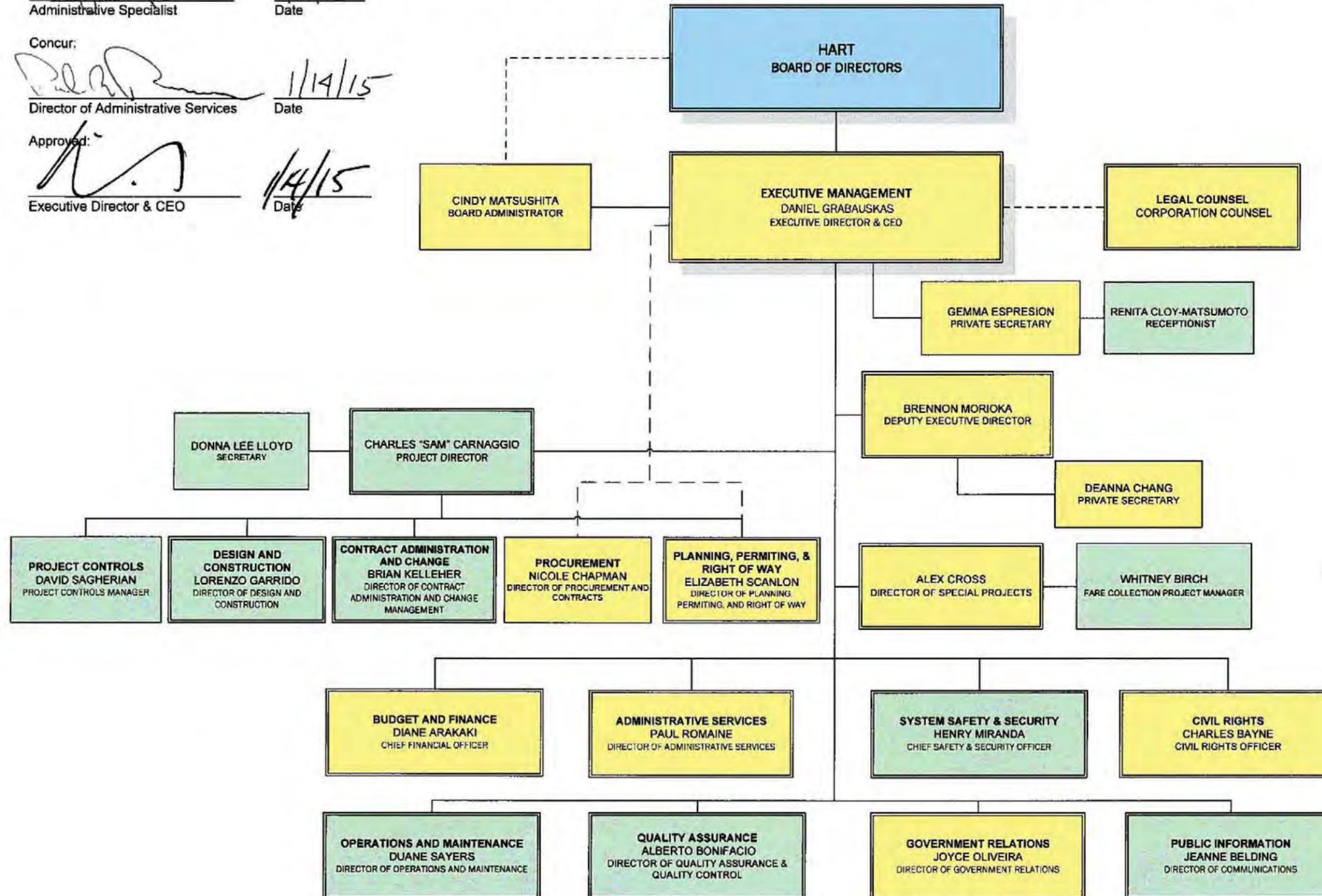
[Signature]
Director of Administrative Services

1/14/15
Date

Approved:

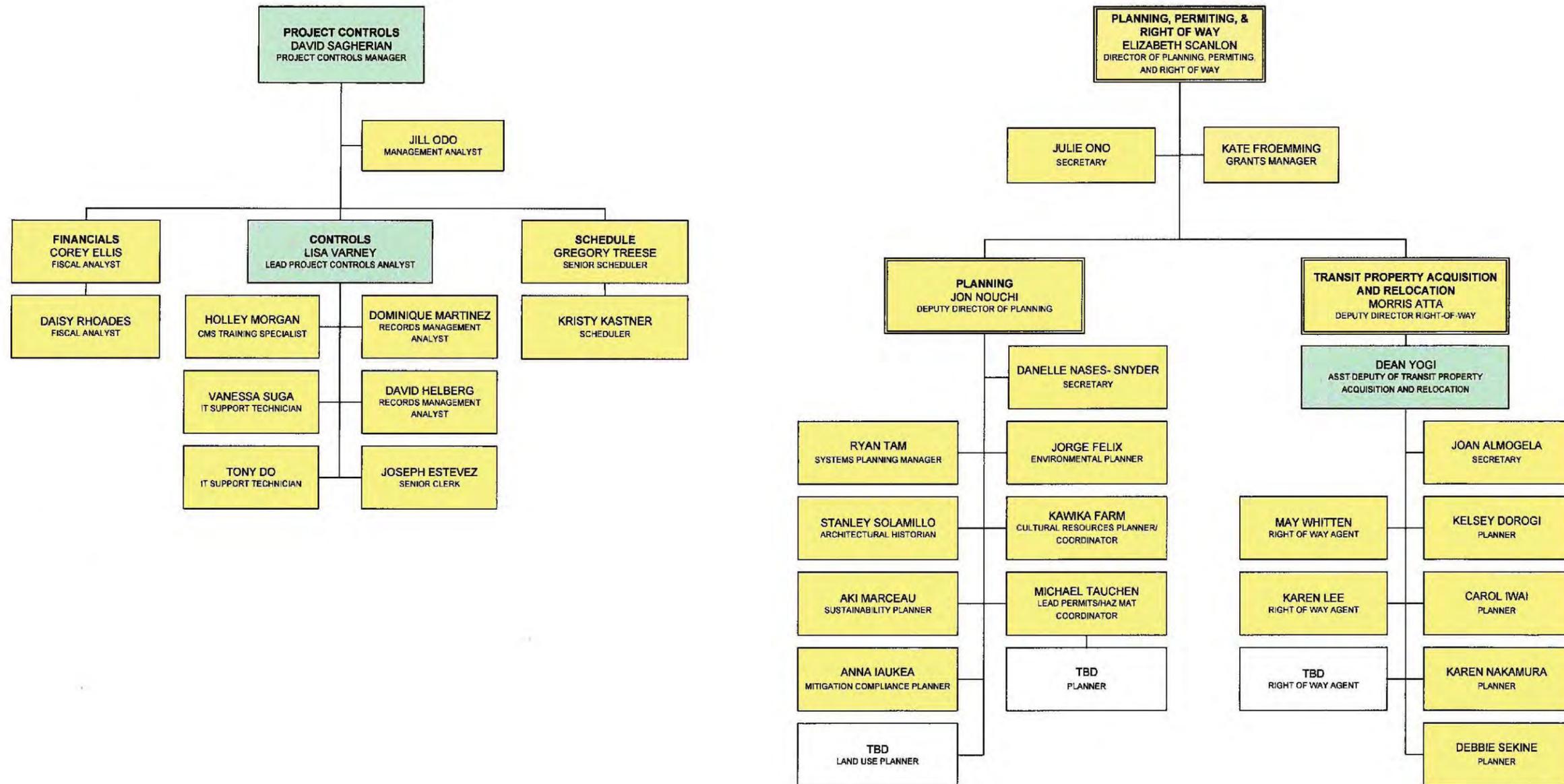
[Signature]
Executive Director & CEO

1/14/15
Date



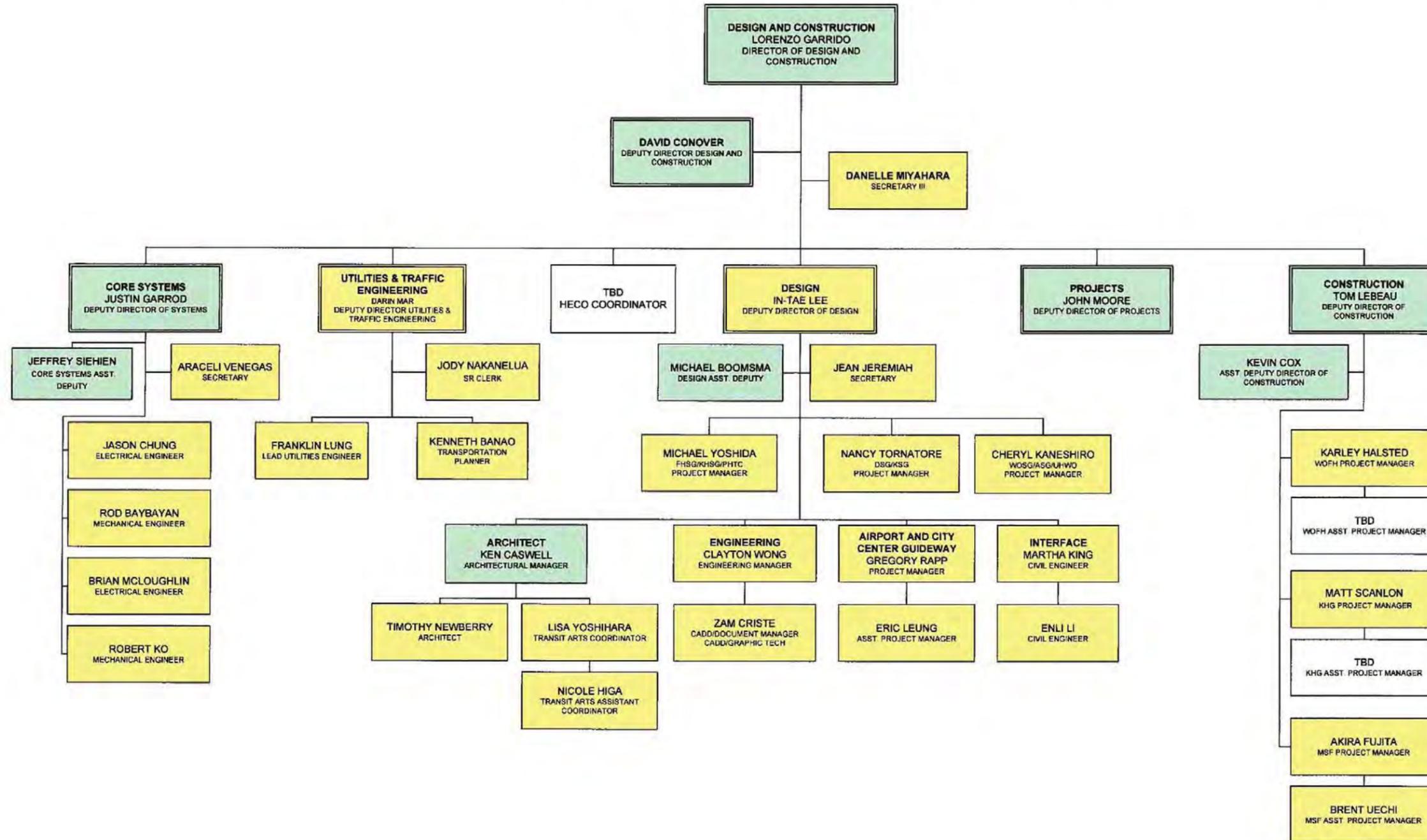
**HONOLULU AUTHORITY FOR RAPID TRANSPORTATION
PROJECT CONTROLS AND PLANNING, PERMITTING AND RIGHT OF WAY**

January 14, 2015



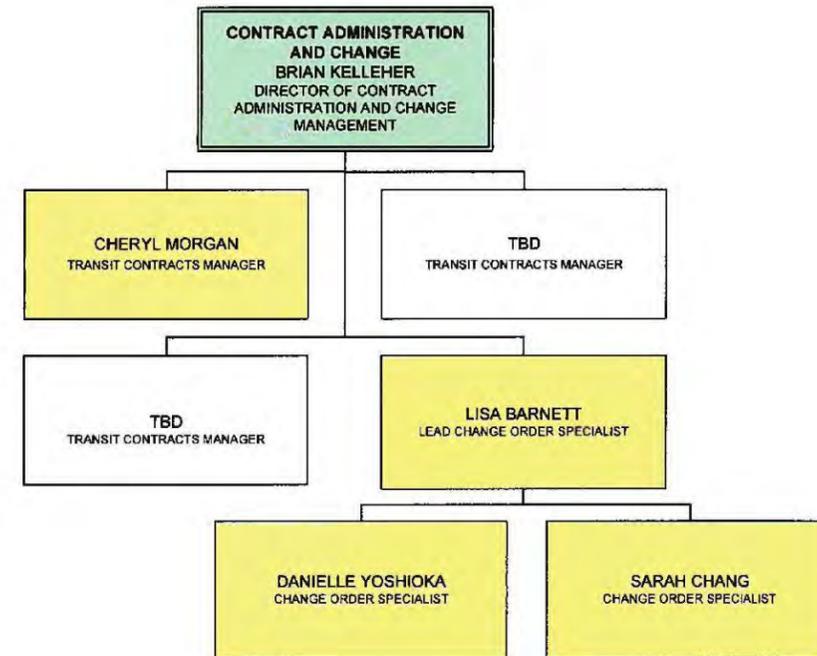
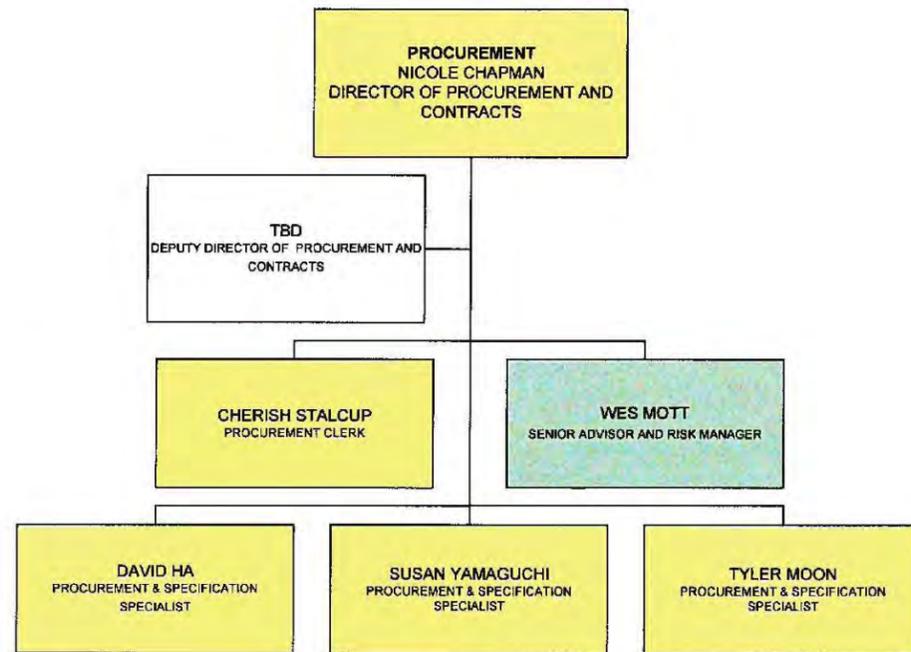
HONOLULU AUTHORITY FOR RAPID TRANSPORTATION DESIGN AND CONSTRUCTION

January 14, 2015

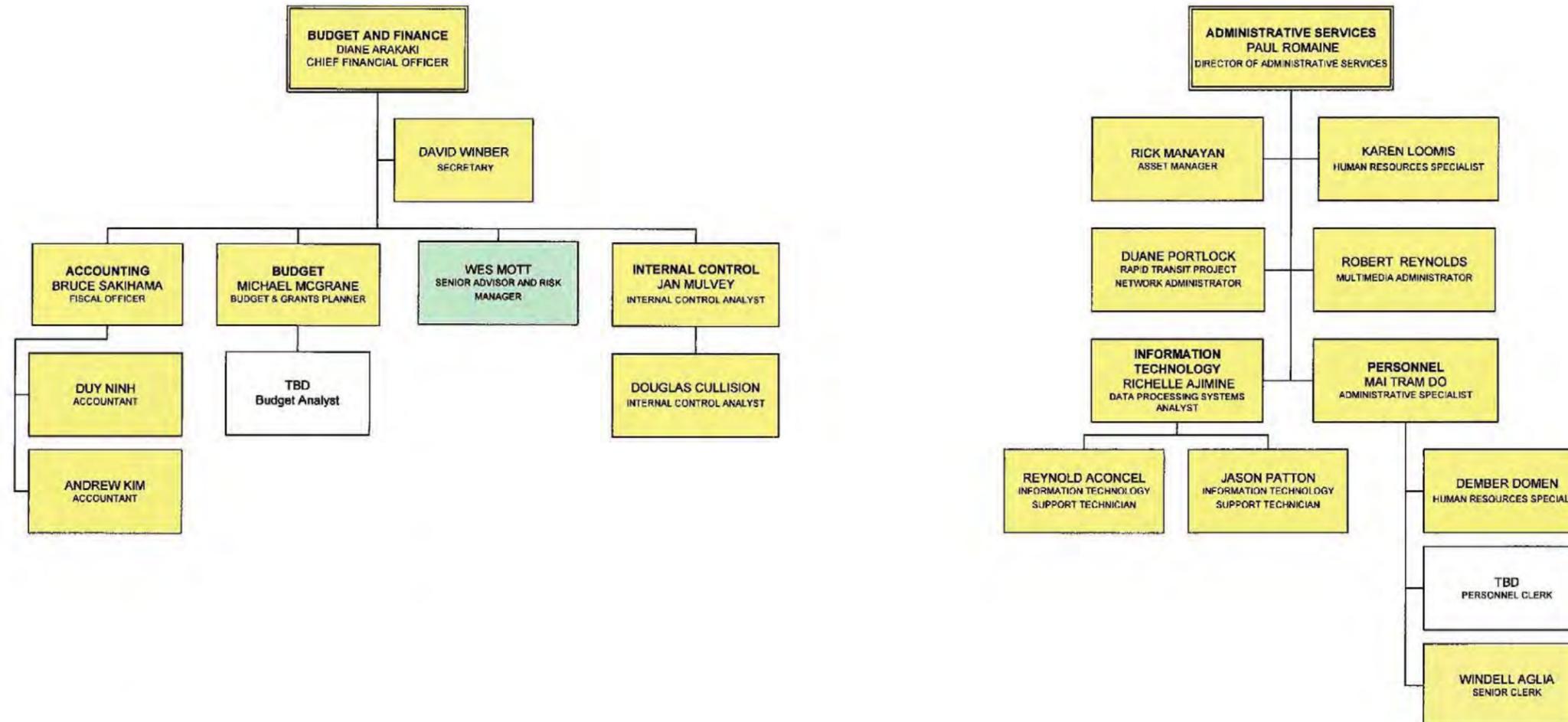


HONOLULU AUTHORITY FOR RAPID TRANSPORTATION PROCUREMENT, CONTRACTS ADMINISTRATION AND CHANGE

January 14, 2015

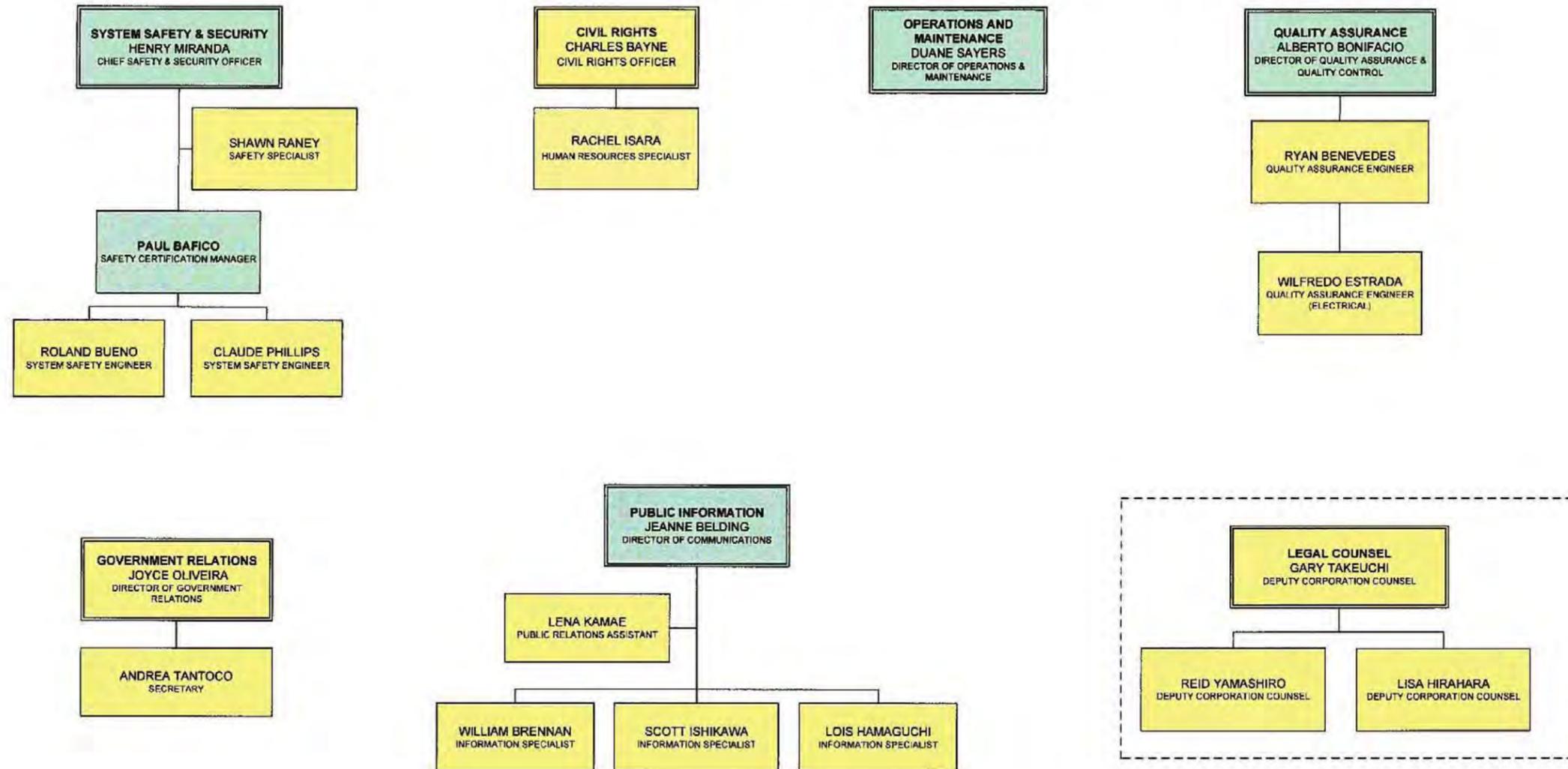


HONOLULU AUTHORITY FOR RAPID TRANSPORTATION BUDGET AND FINANCE, AND ADMINISTRATIVE SERVICES



HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

SYSTEM SAFETY & SECURITY, CIVIL RIGHTS, OPERATIONS AND MAINTENANCE, QUALITY ASSURANCE, GOVERNMENT RELATIONS, PUBLIC INFORMATION, LEGAL COUNSEL



Appendix C Project Background and Description

The Alternatives Analysis (AA) for the project was initiated in August 2005 and the *Honolulu High-Capacity Transit Corridor Project Alternatives Analysis Report* was presented to the Honolulu City Council in November 2006. The purpose of the report was to provide the City Council with the information necessary to select a mode and general alignment for high-capacity transit service on O‘ahu. The report summarized the results of the AA that was conducted following the FTA’s planning guidance. It also provided information on the costs, benefits, and impacts of four alternatives: No Build Alternative, Transportation System Management Alternative, Managed Lane Alternative, and Fixed Guideway Alternative.

During November and December 2006, public meetings were held on the AA. On December 22, 2006, the Honolulu City Council enacted Ordinance No. 07-001, which selected a fixed guideway alternative from Kapolei to the University of Hawaii at Manoa with a connection to Waikiki as the Locally Preferred Alternative (LPA) for the project. Ordinance 07-001 identified a specific alignment for the majority of the corridor but left options open in two locations. At the western end of the corridor, the LPA selection identified two alignments (described in the AA Report as Section I – Saratoga Avenue/North-South Road and Kamokila Boulevard/Farrington Highway), with the notation “*as determined by the city administration before or during preliminary engineering.*” In the center of the corridor, the LPA selection also identified two alignments (described in the AA Report as Section III – Salt Lake Boulevard and Aolele Street), also with the notation “*as determined by the city administration before or during preliminary engineering.*”

The LPA selection was made recognizing that the then-identified revenue sources, including revenues from the 0.5 percent county GET surcharge in place from January 1, 2007, through December 31, 2022, and a reasonable expectation of FTA New Starts funds, would not be sufficient to fund the capital cost of the LPA. Thus, a financially feasible project needed to be identified. On February 27, 2007, the Honolulu City Council initially selected a segment of the LPA from East Kapolei to Ala Moana Center, via Salt Lake Boulevard (Resolution 07-039, FD1(c)). However, on January 28, 2009, the Honolulu City Council, under Resolution 08-261, recommended replacing the Salt Lake portion of this initial alignment with a route that includes direct service to Pearl Harbor and the Airport. This section of the LPA, from East Kapolei to Ala Moana Center, which serves the Airport is referred to as “the project” and is shown in **Figure 1**. The LPA is now known as the Honolulu Rail Transit Project (H RTP) and described in Project Description found on the page which follows Figure 1.

Figure 1: The Project



Project Description

The H RTP consists of the design and construction of a 20-mile, grade-separated, fully-automated fixed rail system following the alignment depicted in Figure 1. The rail line will operate in an exclusive right-of-way and be elevated except for a 0.6 mile at-grade section near Leeward Community College. The line will be powered with third rail electrification.

The project scope includes 80 light metro fully automated (driverless) rail vehicles and a Rail Operations Center (ROC) on a 44-acre parcel near Leeward Community College. The ROC will have four buildings that will house various maintenance facilities, a vehicle wash area and a system control center. The ROC site will also include a track storage area for the railcars and an employee parking area. The ROC buildings will be designed to meet Leadership in Energy and Environmental Design silver certification requirements.

The project includes 21 stations with passenger canopies, seating areas and art work. All stations, except for the one at Leeward Community College, will be elevated. There will be four park-n-ride facilities with a total of 4,100 spaces. The park-n-ride facility at Pearl Highlands Station will be a parking structure which will feature an access ramp from the H-2 freeway directly into the parking structure.

The target revenue service date for the project is January 31, 2020. Hours of operation in the opening year will be from 4 am to midnight on weekdays. On weekends and holidays service will run from 6 am to midnight. In the opening year, service will operate every 5 minutes during weekday peak periods, every 11 minutes during weekday off-peak periods, and every 18 minutes on weekday evenings. On weekends in the opening year, service will operate every 18 minutes all day. In the project forecast year of 2030, service will operate every 5 minutes during weekday peak periods, every 9 minutes during off-peak times and every 15 minutes during the evening. On weekends in the forecast year, service will operate every 15 minutes during the day and evening. Average weekday passenger boardings are projected to be 104,300 in the opening year and 119,500 in 2030.

System-wide Elements

The selected transit technology is electrically powered, industry-standard steel wheel on steel rail powered from a third-rail system. The selected vehicle is to be capable of a top speed greater than 50 mph. The vehicles will be fully automated and driverless although train attendants are planned to be riding trains for customer relations and emergency situations. The driverless option is possible because the fixed guideway will operate in exclusive right-of-way with no vehicular or pedestrian crossings.

The traction power distribution system consists of about 14 substations and main line track power distribution facilities. The substations will be spaced at approximately one and one-half mile intervals along the alignment.

Train signaling will use automatic train control and automatic train operations technology. The communications and security systems include emergency phones, closed-circuit television, and public address and information display systems.

The railcars will have a length of roughly 60 feet and the capacity to carry upwards of 160 persons. Trains will consist of four railcars. Additional vehicles can be added to the fleet as passenger demand requires in the future. The ROC will have the capacity to maintain and store up to 150 railcars.

In FY2014, a decision was made to add platform screen barriers and doors to the project scope. As a result, the project will now utilize a Platform Screen Gate system that is more like a fence with automated openings at all rail stations. Safety is the principal benefit for passengers, as the installation of these gates will preclude accidental train track guideway incursion and reduce the risk of accidents, especially when trains are entering the station. Active barrier systems create a safety separation between the track area and the platform to protect people from falling off the platform thereby eliminating the potential hazard of being struck by a moving train or being shocked or electrocuted by the third power rail. This change will also serve to minimize the potential for service interruptions caused by incursions on the track guideway in station areas.

Fare Collection

A unified fare structure is planned, which will be integrated with the City's existing bus system, TheBus. The HRTTP was originally contemplated to have a barrier-free, proof-of-payment fare collection system utilizing fare vending machines in all stations and fare inspectors riding the system to verify proof of fare payment. In FY2015, the decision was made to utilize a traditional barrier fare collection system with fare gates that require payment to enter the rail station. This type of system is feasible for the HRTTP since nearly all rail stations will be elevated with controlled access. Fare gate systems cost more to initially install but are less expensive to operate long term. They also reduce the potential for fare evasion by train users and provide information on travel and usage patterns which will help with planning service levels and bus-rail connections.

The fare collection system currently planned will be a multi-modal, account-based smart card system using proven technology. Rail fare system components will include both standard and ADA gates with smart card readers and ticket vending machines (TVMs) at each station. Bus fare collection will utilize on-board smart card readers in addition to cash payment. The overall integrated system will include various back office systems with redundancy.

Appendix D Status of DPP Station Area TOD Planning

Station Name	Neighborhood TOD Plan	Adopted	Draft Final	Public Review	Planning
East Kapolei	East Kapolei http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-east-kapolei.html			X	
UH West Oahu					
Ho'opili					
West Loch	Waipahu http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-waipahu.html	X (April 2014)			
Waipahu Transit Center					
Leeward Community College	Aiea Pearl City http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-aiea-pearlcity.html	X (September 2014)			
Pearl Highland Station					
Pearlridge Station					
Aloha Stadium	Halawa Makai http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-halawa-makai.html				X
Pearl Harbor Naval Base Station	Airport http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-airport.html				X
Honolulu International Airport					
Lagoon Drive					
Middle Street Transit Center	Kalihi http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-kalihi.html		X		
Kalihi					
Kapalama					
Iwilei	Downtown http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-downtown.html			X	
Chinatown					
Downtown					
Ala Moana Center	Ala Moana Center http://www.honolulu.gov/tod/neighborhood-tod-plans/dpp-tod-alamoana.html			X	

Appendix E
Financial Charts and Tables

Project and Systemwide Sources and Uses of Funds,
FY2010 - FY2030, YOE \$millions

SOURCES OF FUNDS	YOE \$M	USES OF FUNDS	YOE \$M
Project Capital Sources of Funds		Project Capital Uses of Funds	
Project Beginning Cash Balance	298	Project Capital Cost	4,949
Net GET Surcharge Revenues	3,291	Subtotal Project Capital Cost	\$4,949
FTA Section 5309 New Starts Revenues	1,550	Finance Charges	
FTA Section 5307 Formula and ARRA Funds Used for the Project 1/	214	Interest Payment on GO Bonds Issued for the Project	191
Interest Income	3	Interest Payment on Tax-Exempt Commercial Paper	10
Transfer from Project Cash Balance to Ongoing Rail Capital and O&M Cost	(193)	GO Bond Issuance Cost	13
		Subtotal Finance Charges	\$215
Subtotal Project Capital Sources of Funds	\$5,163	Subtotal Project Capital Uses of Funds	\$5,163
Ongoing Capital Sources of Funds		Ongoing Capital Uses of Funds	
FTA Section 5309 Fixed Guideway Modernization	80	Additional Railcar Acquisitions	35
FTA Section 5309 Bus Discretionary	116	Project Capital Asset Replacement Program	150
FTA Section 5307 Formula Funds Used for Ongoing Capital Cost	499	TheBus Vehicle Acquisitions	667
FTA Section 5307 and 5309 Grants Carryover from Prior Years	50	Other Capital Cost	235
American Recovery and Reinvestment Act	26	TheHandi-Van Vehicle Acquisitions	138
FTA Section 5316 (JARC) and 5317 (New Freedom)	0		
Transfers to the State's Vanpool Program	(3)		
Transfer from Project Cash Balance to Ongoing Rail Capital Cost	54		
City General Obligation Bond Proceeds	404		
Subtotal Ongoing Capital Sources of Funds	\$1,225	Subtotal Ongoing Capital Uses of Funds	\$1,225
TOTAL CAPITAL SOURCES OF FUNDS	\$6,388	TOTAL CAPITAL USES OF FUNDS	\$6,388
Operating Sources of Funds		Operating Uses of Funds	
Fare Revenues (TheBus and Rail)	2,098	TheBus O&M Costs	5,459
Fare Revenues (TheHandi-Van)	60	Rail O&M Costs	1,613
Subtotal Fare Revenues	\$2,158	TheHandi-Van O&M Costs	1,310
FTA Section 5307 Formula Funds Used for Preventative Maintenance	247	Other O&M Costs	55
FTA Section 5316 (JARC) and 5317 (New Freedom)	20		
Transfer from Project Cash Balance to Rail O&M Cost	140		
City Operating Subsidy	5,871		
TOTAL OPERATING SOURCES OF FUNDS	\$8,436	TOTAL OPERATING USES OF FUNDS	\$8,436

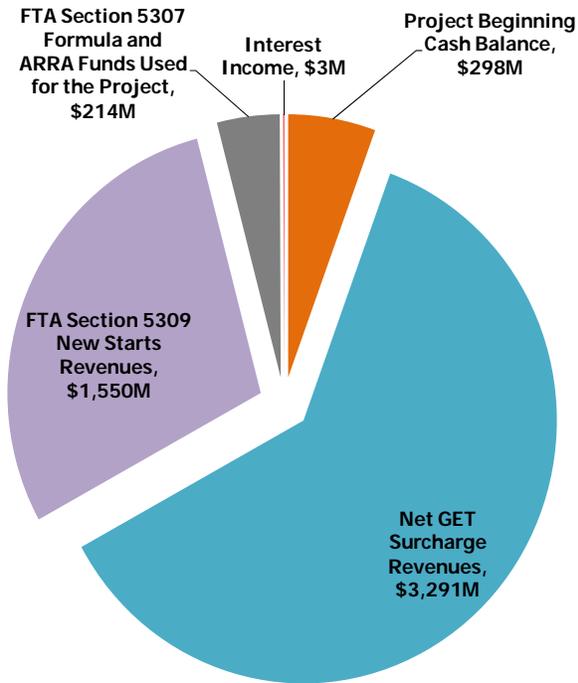
1/ Includes \$4M from American Recovery & Reinvestment Act of 2009

Note: totals may not add due to rounding

Source: 2012 Financial Plan

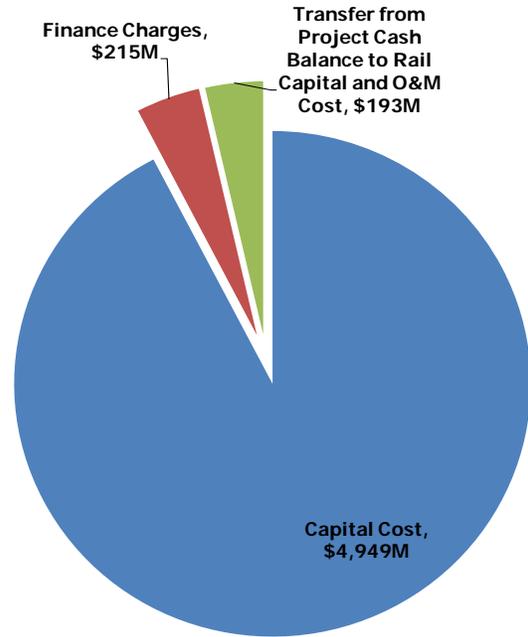
Project Sources and Uses of Funds, YOE \$millions

Where the Dollars Come From:



Note: Totals may not add due to rounding
ARRA = American Recovery and Reinvestment Act

Where the Dollars Go:



Source: Financial Plan, June 2012

Source: 2012 Financial Plan

SUMMARY OF HART FINANCIAL INFORMATION - FY2013 to FY2016

	FY2013 Actual	FY2014 Actual	FY2015 Budget	FY2015 Projection	FY2016 Budget
Total Budget					
Operating Budget	15,424,332	19,416,780	21,481,029	16,397,631	29,212,800
Capital Budget	309,364,744	326,672,087	1,560,404,400	632,580,000	1,477,058,200
Total Budget Request	324,789,076	346,088,867	1,581,885,429	648,977,631	1,506,271,000
Operating Expenses					
Personnel	9,927,964	11,268,354	13,843,425	10,935,670	14,019,000
Current expenses	5,477,839	8,148,426	7,631,604	5,461,961	7,187,800
Equipment & Software/Depreciation	18,529	36,622	6,000	18,000	6,000
Interest Expense	0	0	0	0	8,000,000
HART Operating Expense Total	15,424,332	19,453,402	21,481,029	16,415,631	29,212,800
Reimbursements to Other City Depts.					
Personnel & Current Expenses	636,541	403,155	1,021,401	437,410	1,021,400
City Overhead Contribution (CASE)	1,065,418	923,621	1,022,906	650,995	1,010,100
City Depts. Reimbursements Total	1,701,959	1,326,775	2,044,307	1,088,405	2,031,500
H RTP Capital Expenses					
Consultant Services	88,583,364	54,250,912	26,989,500	58,000,000	26,653,600
Design Services	17,470,560	51,940,414	20,382,000	56,000,000	1,400,000
Programmatic Agreement	223,999	42,247	1,100,000	60,000	200,000
Utility Relocation	2,281,120	3,318,174	95,000,000	37,000,000	0
Construction, Const. Mgmt. & Inspections	157,894,967	203,858,305	1,017,676,300	406,000,000	143,976,100
Core Systems & Equipment	24,675,357	0	0	0	0
Land Acquisitions	17,346,427	12,840,014	126,700,000	75,500,000	0
Relocation	888,950	385,435	11,500,000	0	0
Public Art	0	0	0	0	0
Quality Audits	0	36,586	56,600	20,000	20,000
Contingency & Recertification & others	0	0	261,000,000	0	250,000,000
Re-Appropriations From FY 2015	0	0	0	0	1,054,808,500
HART Capital Program Total	309,364,744	326,672,087	1,560,404,400	632,580,000	1,477,058,200



HONOLULU AUTHORITY for RAPID TRANSPORTATION

HART

Proposed FY2016 Business Plan

Board of Directors Presentation

May 21, 2015

H O N O L U L U R A I L T R A N S I T P R O J E C T

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HONOLULU AUTHORITY for RAPID TRANSPORTATION

FY2016 Business Plan Contents

- Business Strategy – HART’s mission, goals & performance measures
- FY2015 Highlights
- FY2016 Work Program
- HART’s organization development strategy
- Financial strategy, plans & budgets
- Appendices – performance measures, organization charts, project background, financial information

Agency Status FY2015

- 60% of construction & equipment contracts awarded/underway; catching up w/ past delays
- No new litigation
- Strong federal support & funding coming in
- High interest in transit oriented development
- Legislature passage of GET extension can provide financial stability to finish the project; still requires Governor's signature and approval by the City & County of Honolulu
- Big challenges & continuing risks ahead

Project Status FY2015

- Project 32% complete
 - 145 columns installed & 2.5 miles of guideway up
 - Rail Operations Center 65% complete & on schedule
 - Railcars manufacturing on schedule
 - Outstanding 0.6 per 100,000 work hrs. on-the-job injury rate
 - 90% of land needed has been acquired
 - Utility relocations underway along 10 miles of guideway
 - 1400 jobs created so far

Project Status 2015

(Continued)

- First 9 station construction contract bids over budget
 - Significantly impacted by high level of construction on O'ahu
- Shortfall in GET receipts and concerns over possible use of federal bus system grant funds
- Took actions to address these financial challenges
 - Conducted extensive review of the project
 - Re-thought contracting approach for the remaining half of the alignment
 - Resulted in a re-setting of the project budget & adjustments to schedule

Project Status FY2015

(Continued)

- Financial management
 - Sought extension of GET surcharge to provide additional funding
 - \$1.06 B federal funding committed; \$426 M received to date
 - \$1.56 B GET collections to date; behind projections
 - Clean, no-findings financial audit
 - Federal Triennial Review results
 - Short term cashflow issues to manage project advancement
- TOD planning underway at all stations
- Planning for future operations underway with DTS
 - Key fare policy decisions made – joint bus & rail fare collection system using smart card technology, station fare gates & bus card readers
 - Bus system restructuring planning
 - Coordination and/or consolidation of administration & support functions

FY2016 Work Program

■ Project implementation

- Advance construction on first 10 miles of guideway and start construction on 9 westside stations
- By year-end, have 9.1 miles of guideway or 45% of alignment in place
- Complete utility relocations on first 10 miles
- Complete the Rail Operations Center and take delivery of the first railcars for testing
- Achieve 100% contractor access to all properties needed for construction
- Monitor construction for presence of iwi kupuna & permit compliance
- Obtain necessary permits for Airport and Center City sections
- Award \$1.8 B in remaining construction contracts

FY2016 Work Program

(Continued)

- **Key Construction Contracts to be awarded**
 - Farrington Highway Station Group construction
 - West O'ahu Station Group construction
 - Kamehameha Station Group Construction
 - Airport Guideway and Stations design-build contract
 - Center City Guideway and Stations design-build contract
 - Center City utility construction
 - Fare collection system vendor & support contracts

FY2016 Work Program

(Continued)

■ Project management

- Staffing level of 139 positions; same as for past three years
- Obtain needed approvals to implement GET surcharge extension and short-term debt issuance for cashflow needs
- Update HART's Financial Plan to reflect new financial realities
- Continue emphasis on safety and security as priorities during construction
- Update HART's procurement policies and procedures and change order management procedures
- Staff training in key areas of project & agency management
- Continued efforts to increase DBE participation
- Timely decisions on key policy issues

FY2016 Policy Decisions

- Financial Plan update in the first quarter of FY2016
- Decision on how to proceed with the Pearl Highlands Parking Garage in the third quarter including the preferred method of implementation
- Key Fare Policy decisions by the middle of FY2016 to guide fare collection system final design configuration and features
- Various decisions concerning the future operations of the integrated rail and bus transit system including:
 - Customer service and administration functions
 - Rail contractor oversight requirements
 - Policing of the rail line
- Progress on how the O&M costs of the future bus-rail system will be paid for
- A decision on when to proceed with planning for future extensions

Project Challenges and Risks

- Continued high level of local construction impacting labor, material & equipment availability and costs
- Schedule impacts from delays
 - Timely availability of construction sites for contractors
 - Timely approval of needed permits and utility relocations
 - Delays in awarding contracts
- Timely approval of steps to extend the GET and issue short-term debt
- Actual vs. projected GET receipts in the future

FY2015 Business Plan Appendices

- **Appendix A** – HART Balanced Scorecard providing performance metrics
- **Appendix B** – HART Organizational Structure
- **Appendix C** – Honolulu Rail Transit Project Background & Description
- **Appendix D** – Status of Station Area TOD Plans
- **Appendix E** – Financial Charts & Tables

Mahalo!



HONOLULU RAIL TRANSIT

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HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

ATTACHMENT C



HART-OTS-DTS Intermodal Working Group

Update
May 21, 2015

Overview of HART-OTS-DTS Working Group

- Formed in April 2013
- Includes HART, OTS and DTS, Ansaldo, plus other relevant agencies and organizations
- Meeting regularly since June 2013
- Purpose:
Conduct research, prepare and present data and documentation, and identify opportunities for coordination and cooperation between HART, OTS and DTS as it relates to seamless intermodal operations between Rail, TheBus and TheHandi-Van.

Working Group Members

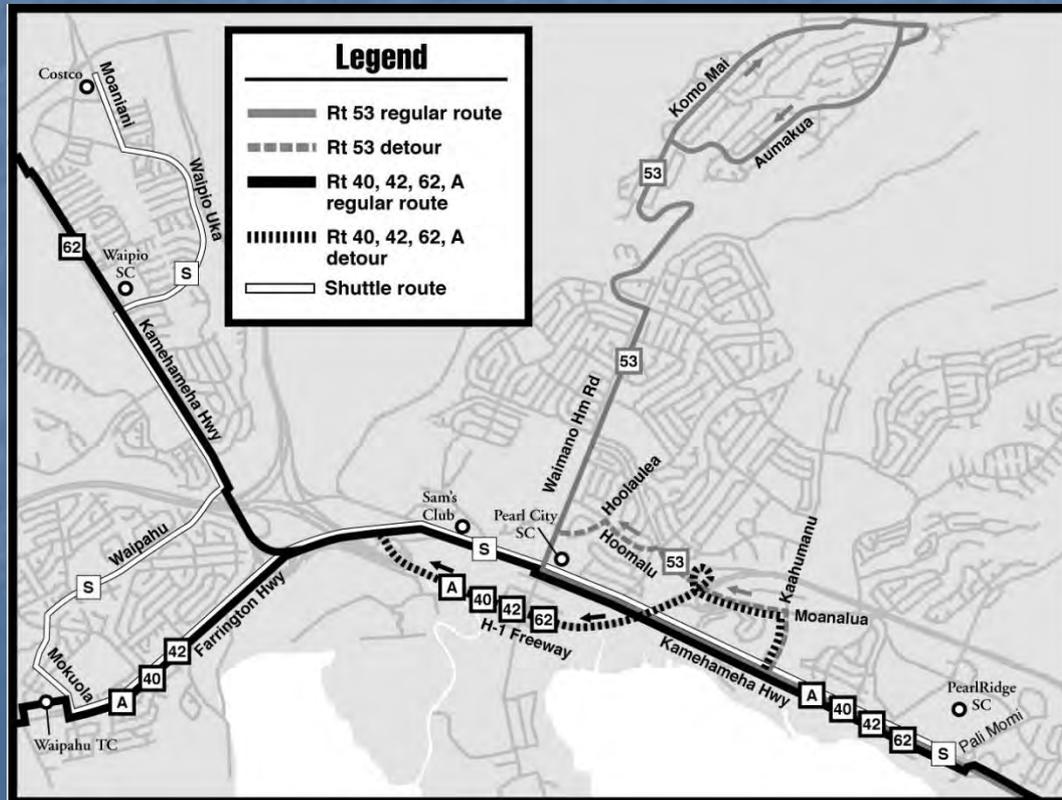
- Various agencies & departments including:
- CCH Department of Transportation Services (DTS),
Chair of Working Group
- Honolulu Authority for Rapid Transportation (HART)
- Oahu Transit Services (OTS)
- CCH Department of Information Technology (DIT)
- CCH Department of Planning and Permitting (DPP)
- Ansaldo Honolulu Joint Venture (AHJV)
- Innovative Paradigms (Paratransit services)
- Other stakeholders and partners: BFS, HCDA, Navy

Working Group Discussion Topics

- Members meet regularly to coordinate on a wide variety of topics:
 - Maintenance of Traffic and Mitigation
 - Bus-Rail Integrated Operations
 - Electronic Multimodal Fare Collection System
 - IT/Communications System Integration
 - Transit Oriented Development (TOD)
 - Rail Station Design coordination
 - Rail Station Access
 - Wayfinding and Signage
 - Web site coordination

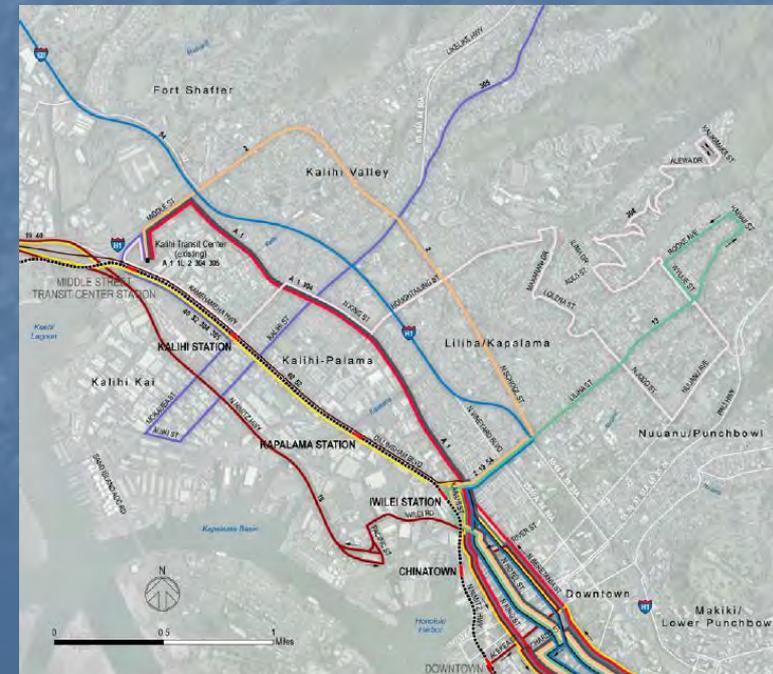
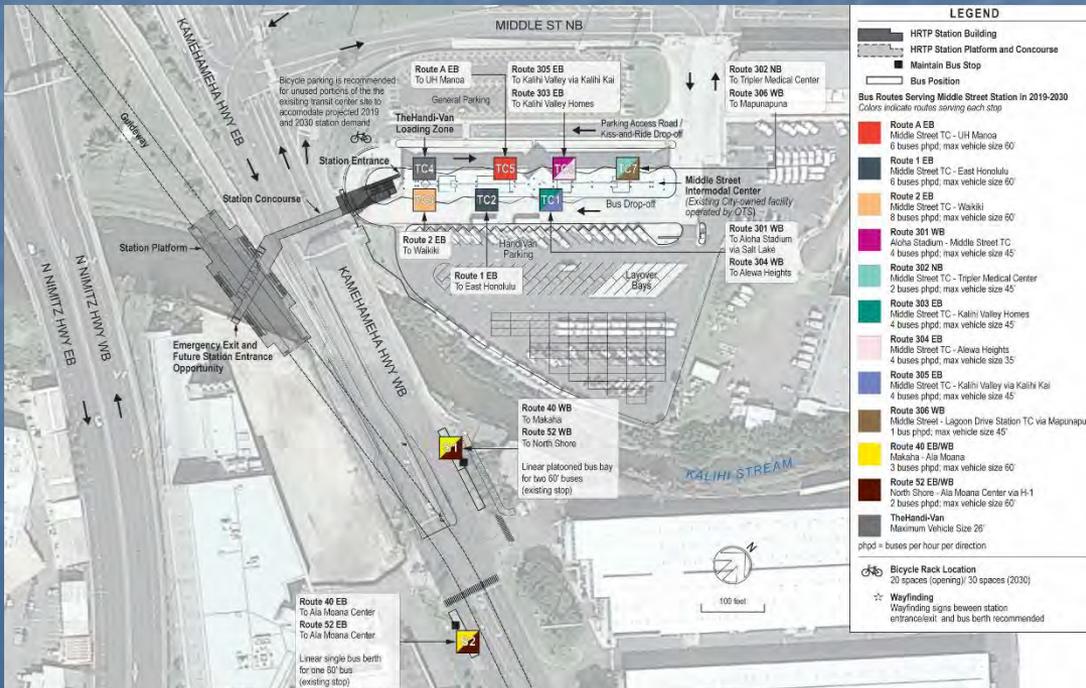
Maintenance of Traffic and Bus Service Mitigation

- Coordination by several agencies and stakeholders
- Temporary bus rerouting during rail construction (e.g. Aiea Shuttle operating now)



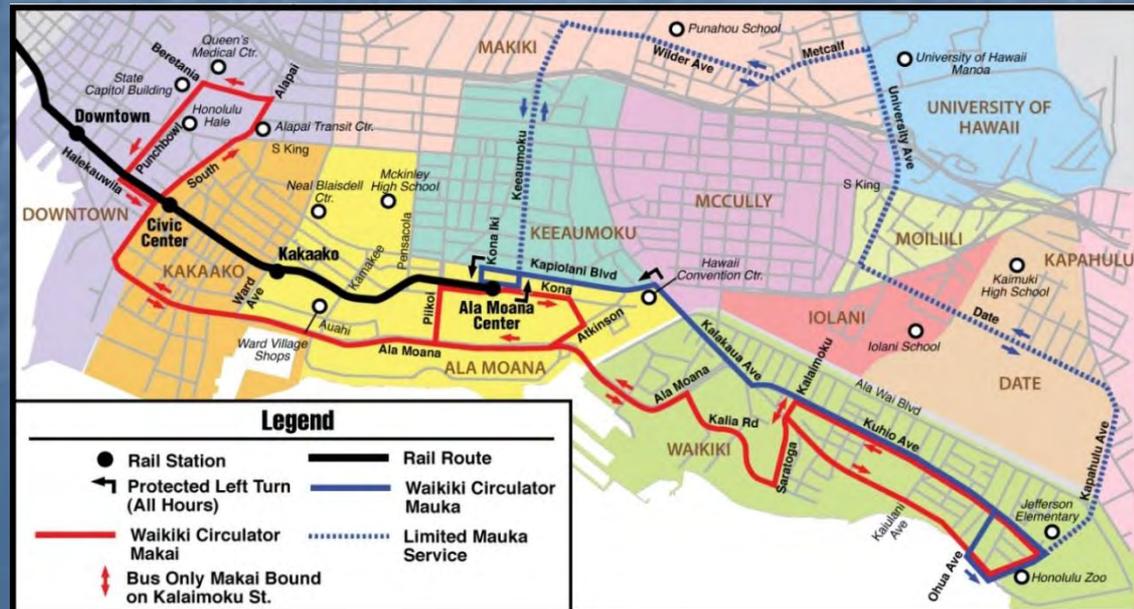
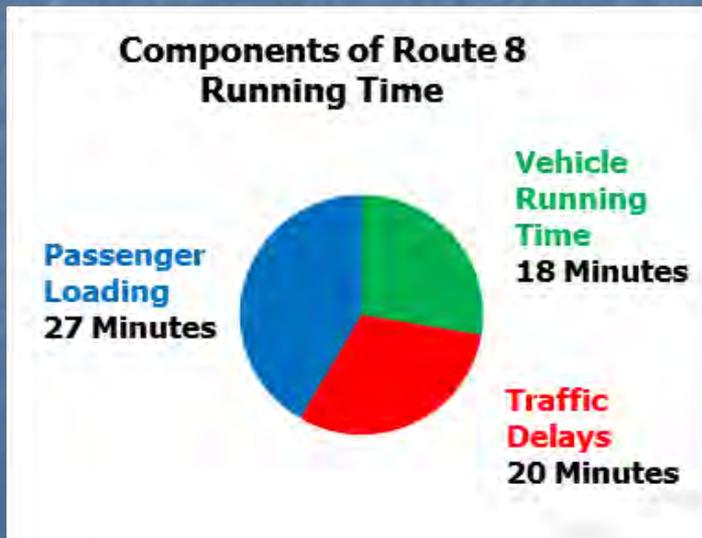
Bus-Rail Integration Planning

- Ensure physical and operational compatibility between bus and rail
- Involves HART, DTS, OTS and other stakeholders
- Small changes to bus service at interim rail opening
- Bigger changes to begin with full rail operations



Proposed Bus Circulator for Kakaako-Ala Moana-Waikiki

- Connect rail stations with high-ridership employment and education centers
- Specially designed all-electric battery and hybrid buses that provide space for luggage
- All-door boarding, off-vehicle fare collection
- Traffic engineering improvements to speed operations



Multimodal Fare Collection Project

- Multimodal electronic fare collection system for Bus, Rail and Handi-Van
- Coordinated with other modes such as parking, bike-share, etc.
- Consultant assisting since September 2013
- Project Manager in place since August 2014
- Steering group includes DTS, HART, OTS, DIT, BFS
- Now preparing RFP for release
- Vendor to be hired summer-fall 2015

Rail Station Access Program

- Ensure access to rail stations
 - Complete Streets principles to surrounding area
 - Seamless Rail-Bus-Handi-Van connections
- Modal Priorities: 1. Pedestrians, 2. Bicyclists, 3. Transit and Handi-Van riders (transfers), 4. Auto passenger drop-off/pick-up, 5. Park-and-ride passengers
- Project Delivery Manager facilitating process
- Two near-term projects to be completed in 2016:
 - Waipahu Transit Center improvements
 - Chinatown Wayfinding and Pedestrian improvements

Current Rail Station Access Projects



Waipahu Transit Center

- Capacity and Safety Improvements

Chinatown

- Wayfinding
- Signage





HART-OTS-DTS Working Group

Working together to make the best
multimodal transit system!

Mahalo!

ATTACHMENT D

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Construction and Traffic Update May 21, 2015

H O N O L U L U R A I L T R A N S I T P R O J E C T

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HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Project Map

20 Miles – 21 Stations



Rail Operations Center Design-Build



Physical Construction Completion	71%
Contract Billed to Date	71%
Contract Billing Planned Per Schedule	73%

** ROC construction currently tracking to the planned Substantial Completion date.*

** Contractors Billings may lag behind physical work completed due to milestone based payment contract.*

Operations Services Building (OSB)



Maintenance of Way (MOW) Building



Wheel Truing Building (WTB)



Rail Operations Center Trackwork



West Oahu Farrington HWY Guideway

Construction Completion 62%

Contract Billed to Date 59%

Contract Billing Planned Per Schedule 69.3%

- *WOFH construction currently tracking 4 months behind the planned Substantial Completion date.*

** Contractors Billings lag behind physical work completed due to milestone based payment contract.*



Balanced Cantilever Work



KHG Design-Build



Physical Construction Completion	38%
Contract Billed to Date	37%
Contract Billing Planned Per Schedule	76%

- KHG construction currently tracking 6-7 months behind the planned Substantial Completion date.



Moving Forward: The Next 10 Miles

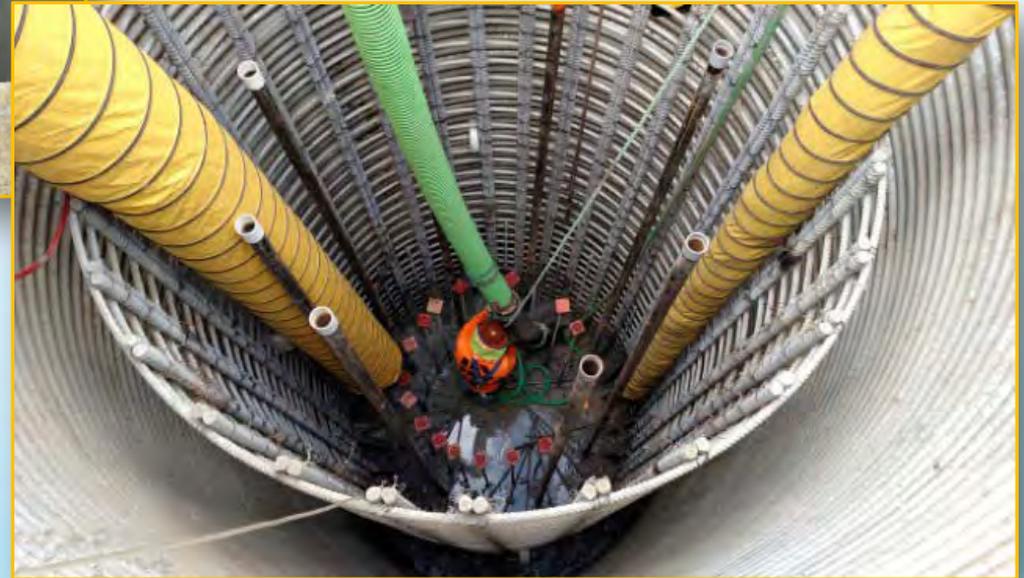


Airport Advanced Utilities

Physical Construction Completion 10.5%

Contract Billed to Date 4.57%

- *Airport Section Utility Construction currently is tracking 4 months behind the planned Substantial Completion date due to Navy right-of-entry issues.*



Airport 7 Piers

Physical Construction Completion 100%

Contract Billed to Date 81%

- *Airport 7-Piers Contract closeout is in progress.*

Traffic Update



○ ○ ○ Transit Stations
 — Rail Route

Farrington Highway Detour



Farrington Highway in Waipahu



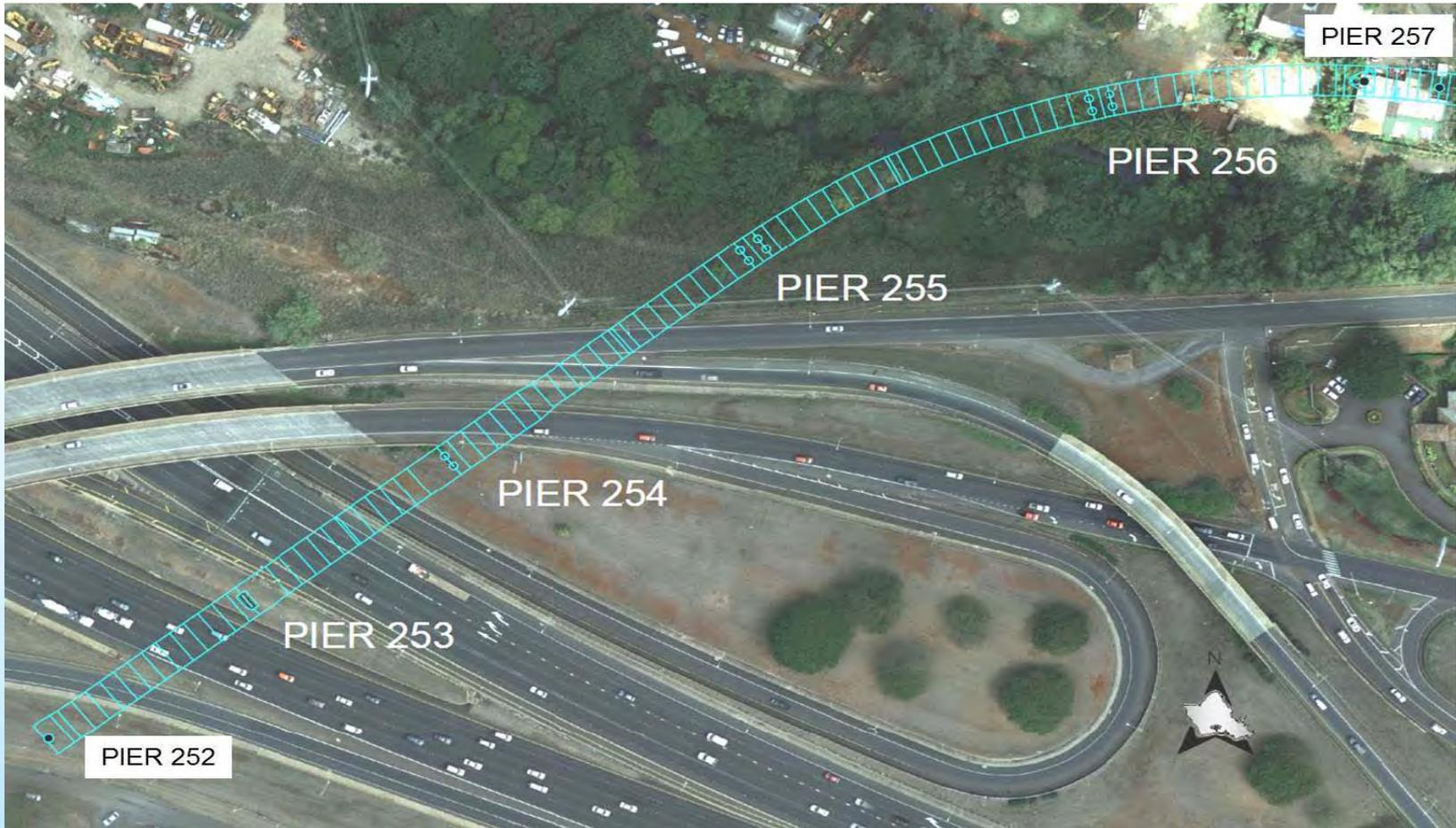
Farrington Highway in Waipahu



Farrington Highway in Waipahu



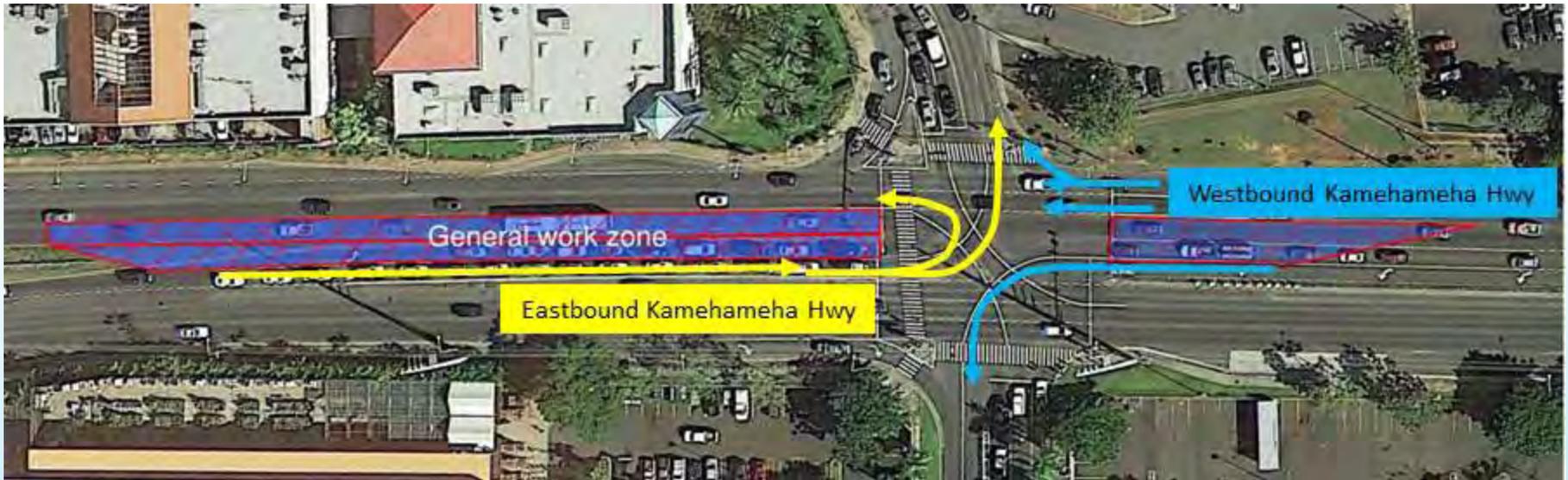
Balanced Cantilever Work



Balanced Cantilever Work



Kamehameha Highway in Pearl City



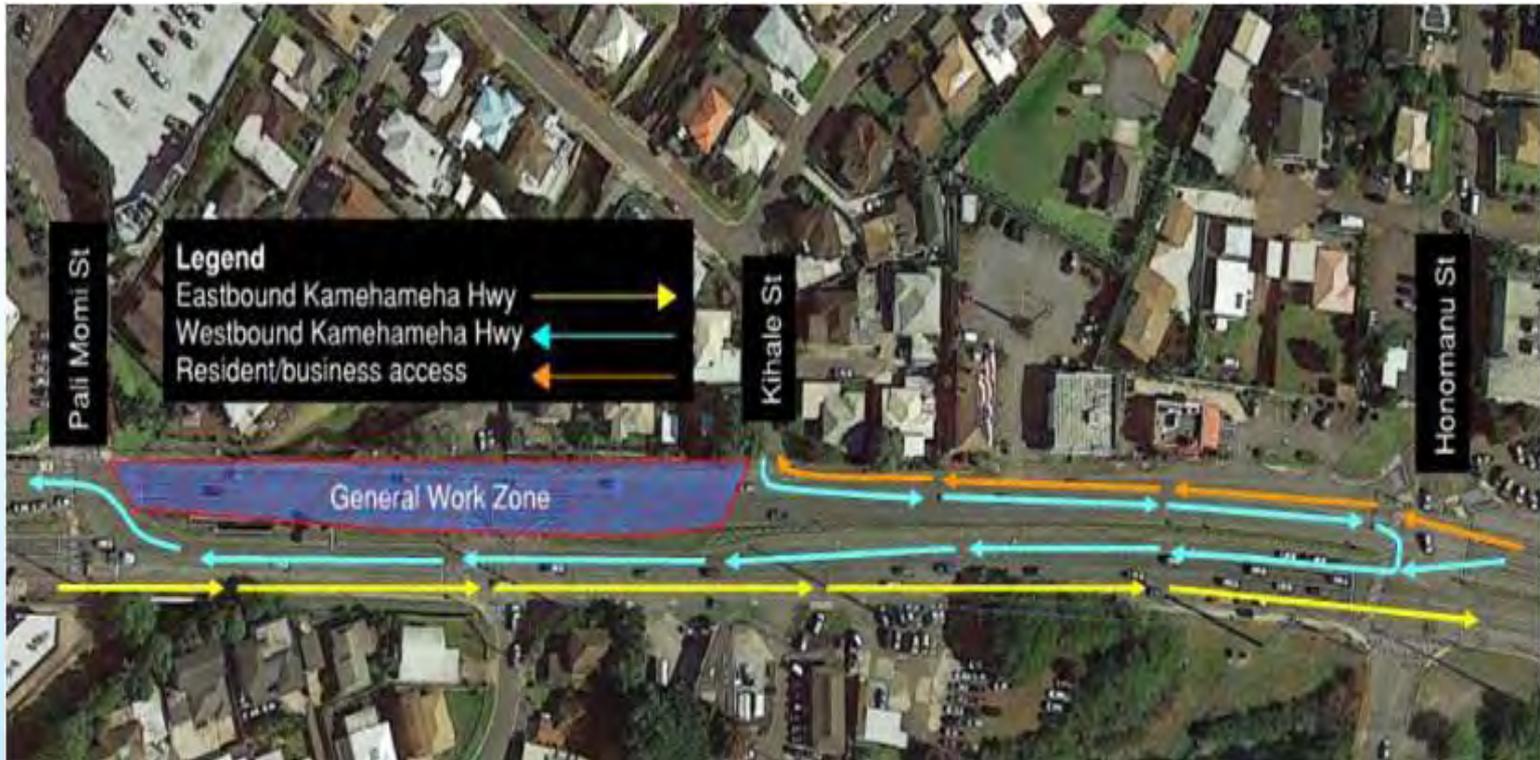
Kamehameha Highway in Pearl City



Kamehameha Highway in Pearl City



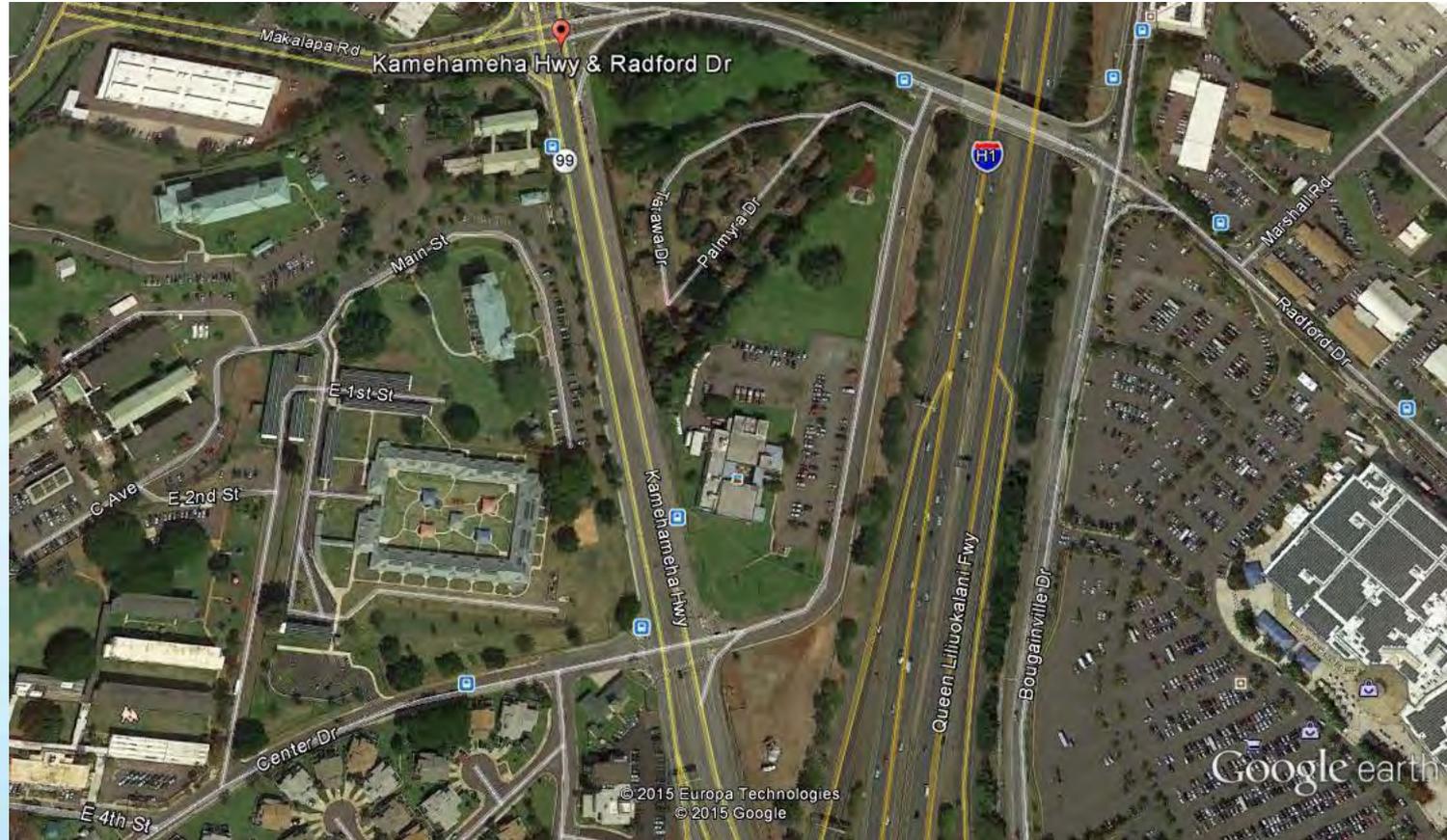
Kamehameha Highway in Aiea



Kamehameha Highway in Aiea



Kamehameha Highway near Pearl Harbor



Stay Connected

- Monthly HART Facts Ad
- Public Access Television Program
- Weekly e-Blast
- Weekly Traffic Advisories
- Website and Social Media

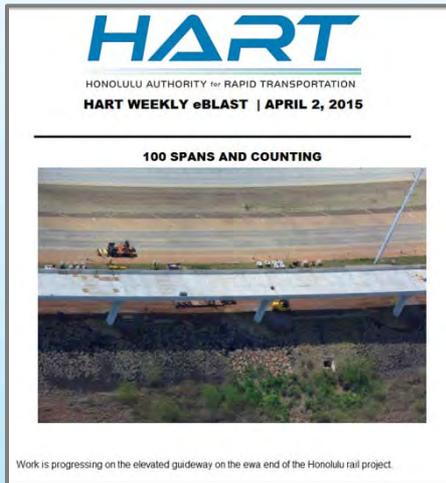
PROJECT REVENUE STATUS As of March 1, 2015		Projections to Date ¹	Collected or Committed to Date	Percentage (of projections)
REVENUE SOURCE:		(in millions)	(in millions)	
Project Beginning Cash Balance (Dec. 2009)	\$ 298	\$ 298	\$ 298	100%
General Excise Tax (GET) Surcharge ²	2,291	1,826	1,826	79%
Federal New Starts Funds	1,558	806	806	52%
Other Federal Transportation Funds	214	4	4	2%
Interest Income	2	9	9	4%
TOTAL	\$5,355	\$2,143		

1 - Projections to date from the June 2012 Financial Plan.
2 - Total GET surcharge revenue collected since January 1, 2007, is \$1.4 billion (includes \$178 million collected before December 2009).

PROJECT COST STATUS As of March 1, 2015		Current Budget ¹	Amount Committed ²	Amount Expended ³
As of March 1, 2015		(in millions)	(in millions)	(in millions)
Guideway & Track Elements	\$1,154	\$ 544	\$ 156	
Stations, Stops, Terminals, Intermodal	997	51	4	
Support Facilities: Yards, Shops, Admin	114	154	57	
Sitework & Special Conditions	1,033	718	410	
Systems	247	232	18	
Vehicles	792	192	21	
SUB-TOTAL*	\$3,136	\$1,651	\$ 666	
Right-of-Way (ROW), Land, Existing Improvements	1,198	1,198	81	
Professional Services (e.g., Planning and Design)	1,089	1,089	664	
Contingency	316	16	0	
Finance Charges	252	0	0	
SUB-TOTAL*	\$2,028	\$1,223	\$ 745	
TOTAL*	\$5,164	\$2,875	\$1,411	

1 - Current Budget reflects the June 2012 Baseline Budget with associated Budget Transfers.
2 - Appraisal contract value. 3 - Portion of the work that has been paid.
* All costs are provided to the millions therefore subtotals may not add up to the amounts shown.

DID YOU KNOW? The Federal Transit Administration has agreed to provide \$1.55 billion dollars for construction of the Honolulu rail transit project.



HART Rapid Response:

- 24-Hour Project Hotline number 808-566-2299
- Email Inquiries: info@HonoluluTransit.org
- Website Inquiries

Mahalo!



ATTACHMENT E

Summary of Proposed Eminent Domain

May 21, 2015

Resolution no. 2015-7

Tax Map Key: 9-9-003-026

Halawa View Housing Partners



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HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

Resolution no. 2015-7
Tax Map Key: 9-9-003-026
Halawa View Housing Partners



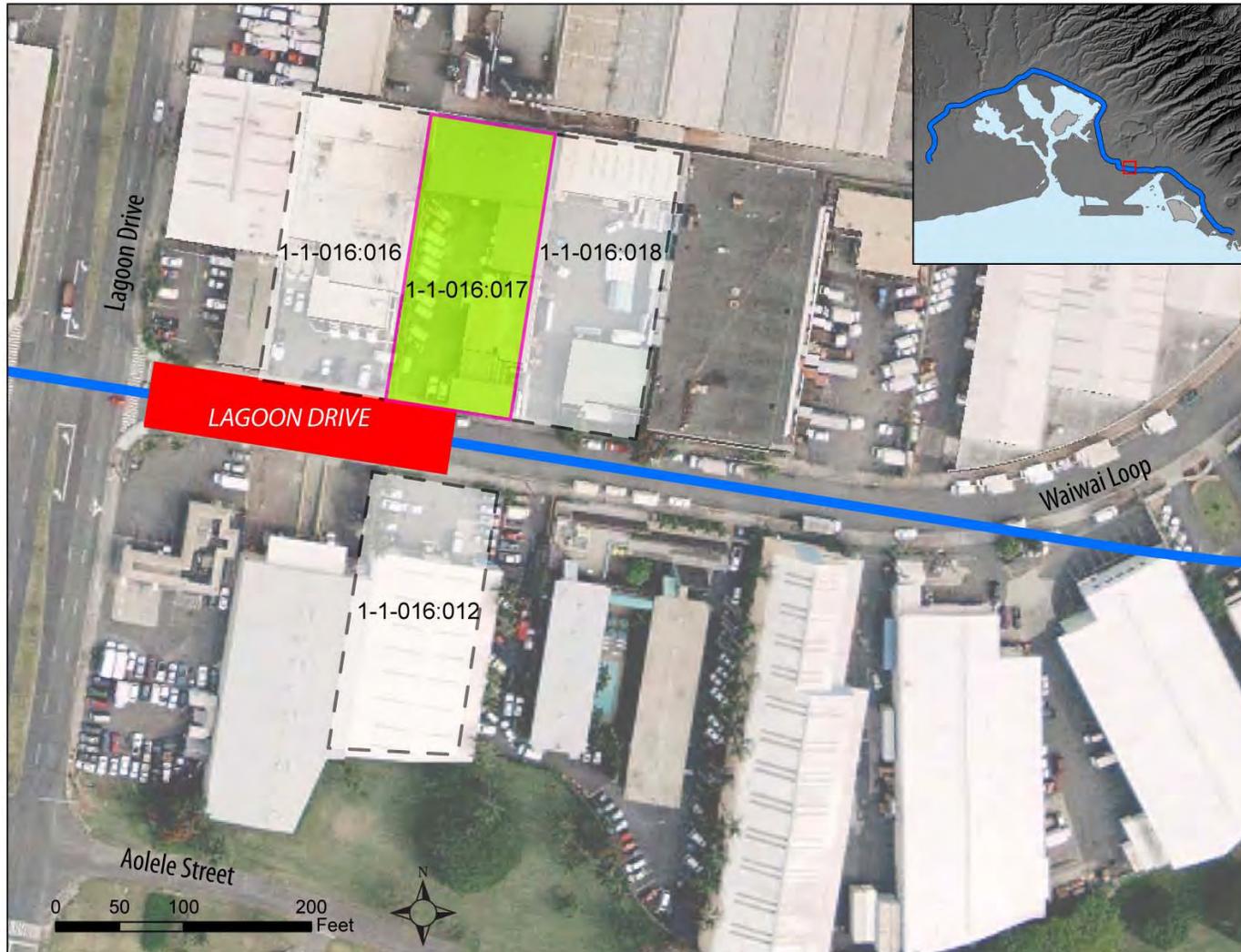
Resolution no. 2015-7
Tax Map Key: 9-9-003-026
Halawa View Housing Partners

- **Partial Acquisition for an Electrical Utility Easement.**
- **Total Acquisition: 222 square feet.**
- **January 8, 2015: Offer for the electrical easement.**
- **April 10, 2015: Consent to Enter revised by owner's representative.**
 - **Original Consent to Enter signed by owner is in HART's possession.**
- **April 27, 2015: HART received accepted offer signed by owner.**
- **HART may not be able to close this transaction in time to meet the construction schedule.**

Resolution no. 2015-8

Tax Map Key: 1-1-016-017

Waiwai Loop Rental, Inc.



Resolution no. 2015-8
Tax Map Key: 1-1-016-017
Waiwai Loop Rental, Inc.



**Resolution no. 2015-8
Tax Map Key: 1-1-016-017
Waiwai Loop Rental, Inc.**

- **Partial Acquisition for Stairwell Touchdown, Station Maintenance Easement & Electrical Utility Easement.**
 - Requires demolition of the building and wall adjacent to Waiwai Loop.
- **Total Acquisition: 1,581 square feet.**
- **November 19, 2014: Offer made to property owner.**
- **Tentative administrative settlement has been proposed. The owner has not yet accepted.**
- **Negotiations continue regarding the administrative settlement.**

Resolution no. 2015-9
Tax Map Key: 1-1-016-016
International Express, Inc.



Resolution no. 2015-9
Tax Map Key: 1-1-016-016
International Express, Inc.



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HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Resolution no. 2015-9
Tax Map Key: 1-1-016-016
International Express, Inc.**

- **Partial Acquisition for Station Maintenance & Drainage Easement.**
- **Total Acquisition: 1,641 square feet.**
- **November 2, 2014: Offer for the station maintenance and drainage easement.**
- **December 8, 2014: Owner rejected offer.**
 - **This is a refrigeration business requiring unlimited access.**
- **Made a counteroffer for a full take and relocation of business.**
 - **HART analysis indicated that full acquisition is warranted.**
- **Negotiations continue regarding the details of the full take and business relocation.**

Resolution no. 2015-10
Tax Map Key: 1-1-016-012
Window World, Inc.



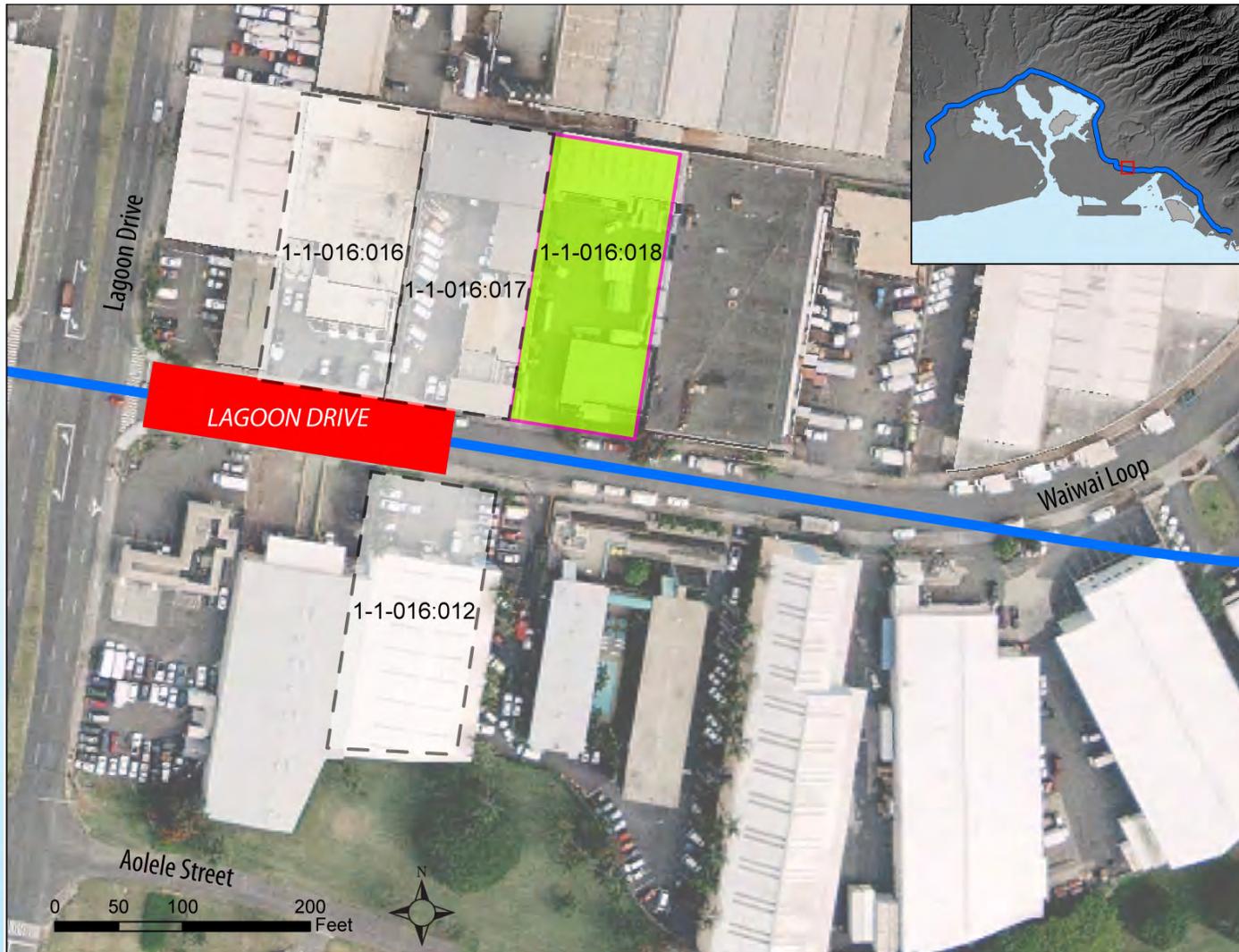
Resolution no. 2015-10
Tax Map Key: 1-1-016-012
Window World, Inc.



Resolution no. 2015-10
Tax Map Key: 1-1-016-012
Window World, Inc.

- **Partial Acquisition for Guideway Easement and Temporary Construction Easement (TCE).**
 - **Affects several parking stalls.**
- **Total Acquisition: 1,121 square feet with TCE of 468 square feet.**
- **October 24, 2014: Offer made to property owner.**
- **The Consent to Enter has been signed by the owner.**
- **The owner has not yet provided a formal response or counteroffer. Negotiations continue regarding the offer value.**

Resolution no. 2015-11
Tax Map Key: 1-1-016-018
Ahualoa Aina, LLC



Resolution no. 2015-11
Tax Map Key: 1-1-016-018
Ahualoa Aina, LLC



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HONOLULU AUTHORITY FOR RAPID TRANSPORTATION

**Resolution no. 2015-11
Tax Map Key: 1-1-016-018
Ahualoa Aina, LLC**

- **Partial Acquisition for Electrical Utility Easement & Temporary Construction Easement.**
- **Total Acquisition: 193 square feet with TCE of 1,307 square feet.**
- **February 20, 2015: Offer made to property owner.**
- **April 1, 2015: Final Letter of Offer seeking a response to the original offer.**
- **The owner has not yet provided a formal response or counteroffer. Negotiations continue regarding the offer value.**

Mahalo!



HONOLULU RAIL TRANSIT

H O N O L U L U R A I L T R A N S I T P R O J E C T

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HONOLULU AUTHORITY for RAPID TRANSPORTATION

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-7

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 9-9-003-026 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property and easements to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property and easements; and

WHEREAS, the acquisition by eminent domain of an electrical easement over, on, and across the real property identified as Tax Map Key (TMK) 9-9-003-026 (por.) and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain of an electrical easement over, on, and across the real property identified as TMK 9-9-003-026 (por.); and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain of said easement.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Exhibit A – Legal description of TMK 9-9-003-026 (por.)

Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of Easement
Over, On, and Across the Real Property Identified as Tax Map Key 9-
9-003-026 (Portion) by Eminent Domain.

Board Chair

ATTEST:

Board Administrator

DRAFT

EASEMENT A

For Electrical Purposes

Affecting Lot A

Being a Portion of R. P. 6717, L. C. Aws. 7712 and 8516-B to M. Kekuaaoa and Kamaikui

Being also a portion of R. P. 457, L. C. Aw. 2131, Apana 1 to Kanihoalii for Kaukiwaa

In favor of Hawaiian Electric Company

Situate at Halawa, Ewa, Island of Oahu, Hawaii

Beginning at the North corner of this easement, along the Southeast side of Kamehameha Highway, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 864.40 feet North and 9,725.82 feet West, thence running by azimuths measured clockwise from true South:

1. 293° 32' 5.55 feet;
2. 23° 32' 40.00 feet;
3. 113° 32' 5.55 feet;
4. 203° 32' 40.00 feet along the Southeast side of Kamehameha Highway to the point of beginning and containing an area of 222 Square Feet, more or less.

This description does not purport a legally subdivided easement and is for exhibit purposes only.





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in black ink, appearing to read "Ryan M. Suzuki", written over a horizontal line.

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
March 5, 2015



Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-__

AUTHORIZING THE ACQUISITION OF EASEMENT OVER, ON, AND ACROSS
THE REAL PROPERTY IDENTIFIED AS
TAX MAP KEY 9-9-003-026 (PORTION) BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain . . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of an electrical easement over, on, and across the real property identified as Tax Map Key (TMK) 9-9-003-026 (por.) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said easement over, on, and across the above-identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain of an electrical easement over, on, and across the real property identified as TMK 9-9-003-026 (por.) is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of said easement by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of said easement by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and

- 4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and
- 5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

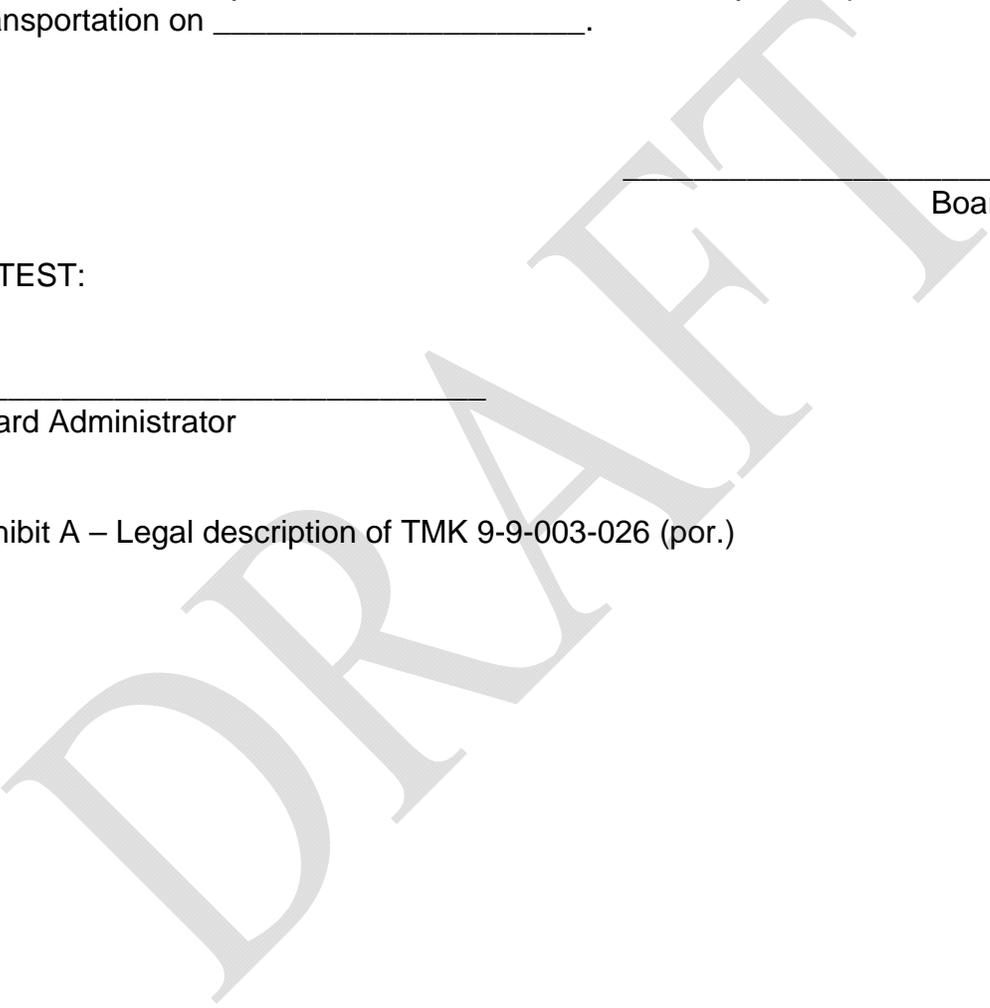
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on _____.

Board Chair

ATTEST:

Board Administrator

Exhibit A – Legal description of TMK 9-9-003-026 (por.)



EASEMENT A

For Electrical Purposes

Affecting Lot A

Being a Portion of R. P. 6717, L. C. Aws. 7712 and 8516-B to M. Kekuaaoa and Kamaikui

Being also a portion of R. P. 457, L. C. Aw. 2131, Apana 1 to Kanihoalii for Kaukiwaa

In favor of Hawaiian Electric Company

Situate at Halawa, Ewa, Island of Oahu, Hawaii

Beginning at the North corner of this easement, along the Southeast side of Kamehameha Highway, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 864.40 feet North and 9,725.82 feet West, thence running by azimuths measured clockwise from true South:

1. 293° 32' 5.55 feet;
2. 23° 32' 40.00 feet;
3. 113° 32' 5.55 feet;
4. 203° 32' 40.00 feet along the Southeast side of Kamehameha Highway to the point of beginning and containing an area of 222 Square Feet, more or less.

This description does not purport a legally subdivided easement and is for exhibit purposes only.





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in black ink, appearing to read "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
March 5, 2015



Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-7 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 9-9-003-026 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: May 21, 2015
---	---	------------------------------

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 9-9-003-026, and situated at 99-9 Kalaloa Street, Aiea, Hawaii, 96701, which is required for guideway construction of the Honolulu Rail Transit Project (H RTP). This property, for which a 222 square feet electrical easement is required, is on the critical path for successful completion of the Airport Section of the H RTP. The property is owned by Halawa View Housing Partners, L.P.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (TMK 9-9-003-026) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- An offer for the electrical easement dated January 8, 2015 and a consent to enter was sent to owner
- The offer was accepted and the consent to enter was signed by owner on April 22, 2015
- There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims.

This parcel is being referred to eminent domain in order to adhere to the project construction timeline. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Negotiations with the owner will continue during the eminent domain process.

3. Procurement Background

N/A

4. Financial/Budget Impact

The project budget includes an estimated cost for legal action associated with the eminent domain of the property.

5. Policy Impact

There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.

6. Public Involvement

N/A

7. Alternatives

There is no feasible alternative to avoid the above described impacts to the property.

8. Exhibits

Exhibit 1 – Offer letter dated January 8, 2015

Exhibit 2 – Appraisal by John Child & Company

Certified and Recommended by:



Executive Director and CEO

5/15/15

Date

JAN 15 2015

IN REPLY REFER TO:
CMS-APOOROW-00747

RL 1/15
B TX
COR
JA

HART

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEOCERTIFIED MAIL/RETURN RECEIPT REQUESTED
7014 0150 0000 5879 1840

BOARD OF DIRECTORS

January 8, 2015

Ivan M. Lui-Kwan, Esq.
CHAIR

HART-ROW

Donald G. Horner
VICE CHAIR

2015 APR 27 PM 2:58

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Kestle W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Mr. David Joseph
Mr. Michael Joseph
Halawa View Housing Partners, L.P.
2100 Pacific Avenue
Stockton, California 95204

Dear Gentlemen:

Subject: Honolulu Rail Transit Project (H RTP)
99-9 Kalaloe Street
Parcel 317: Tax Map Key (TMK) 9-9-003-026 (Portion)
Letter of Offer

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 222 square foot portion of your property, identified as TMK 9-9-003-026 (shown colored in red on the enclosed map), as a utility easement for electrical purposes, for the total consideration of **\$7,300** (Seven Thousand Three Hundred Dollars).

If this offer is acceptable, please sign the duplicate of this letter and the Consent to Enter and return them in the enclosed envelope by **February 9, 2015**. The remaining copies are for your files. Also enclosed for your information are the Appraisal Summary Statement and the General Acquisition & Relocation Information Brochure.

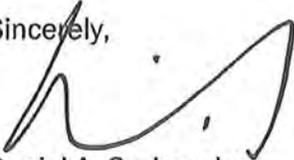
If we do not hear from you by **February 9, 2015**, this offer shall be considered rejected and HART will proceed to review options to acquire the subject property.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Mr. David Joseph
Mr. Michael Joseph
Page 2
January 8, 2015

Please contact Mr. Ryan Ng at 768-6199 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

ACCEPTED:

Halawa View Housing Partners, L.P.

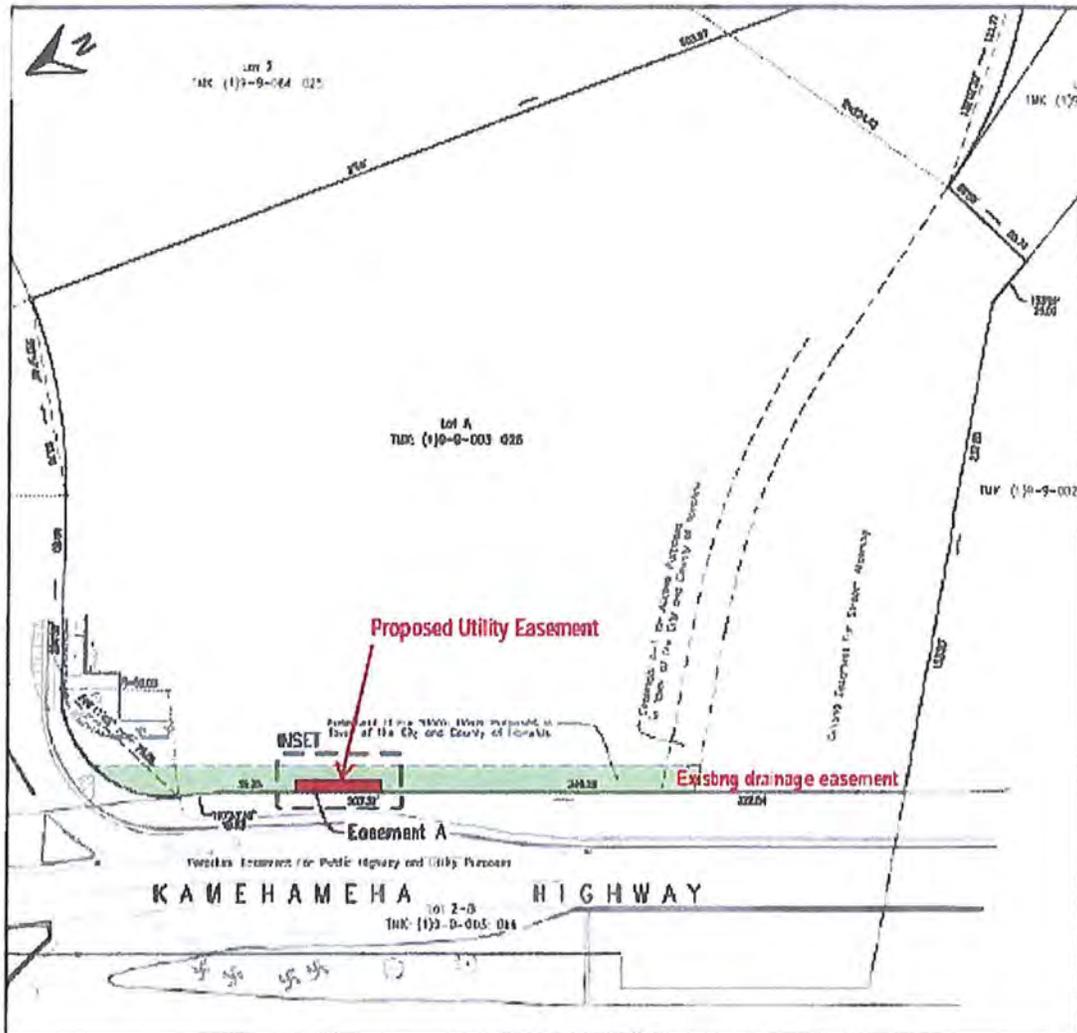
By Joe Michael *Hawaii Pacific LLC*
Its *General Partner*

Print Name: Joseph Michael

Dated: 1/22/15

PARCEL MAP EXHIBIT TMK 9-9-003-026 (Portion)

Identification of the Proposed Utility Easement



STATEMENT OF JUST COMPENSATION

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

LOCATION: 99-9 Kalaloa Street, Aiea, Oahu, Hawaii

TAX MAP KEY: 9-9-003-026 (Portion)

OWNER(S): Halawa View Housing Partners, L.P.

INTEREST TO BE ACQUIRED: Perpetual Easement

PARCEL TO BE ACQUIRED: Electric Utility Easement of +/- 222 square feet

ZONING: A-2 Apartment / R-5 Residential

IMPROVEMENTS: None

PURPOSE: Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

JUST COMPENSATION: Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Electric Utility Easement	<u>\$7,300</u>
TOTAL:	\$7,300

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.



Morris M. Atta
Deputy Director of Right-of-Way

APPRAISAL SUMMARY STATEMENT

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)
ADDRESS: 99-9 Kalaloe Street, Aiea, Oahu, Hawaii
TAX MAP KEY: 9-9-003-026 (Portion)
OWNER(S): Halawa View Housing Partners, L.P.

PARCEL AREA: +/- 222 square feet of Electric Utility Easement
PROPERTY ACQUIRED: ALL: PART: X

INTEREST TO BE ACQUIRED: Perpetual Easement

ZONING: A-2 Apartment / R-5 Residential
HIGHEST & BEST USE: Rental Apartment Project or Residential Condominiums
ASSESSED VALUE (2014): Land Value \$8,108,800
FOR TOTAL PARCEL Building Value \$8,595,900

TOTAL \$16,704,700

Utility Easement \$7,300
TOTAL \$7,300

The Appraisal Estimate is: \$7,300

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.

CONSENT TO ENTER

The undersigned, being the owner of that certain property bearing the tax map key listed hereinbelow, hereby consents to the entry by the Honolulu Authority for Rapid Transportation ("HART"), a semi-autonomous agency of the City and County of Honolulu, and /or its representatives and consultants for the purpose stated:

PROJECT: Honolulu Rail Transit Project (H RTP)
TAX MAP KEY: 9-9-003-026 (Portion)
LOCATION: 99-9 Kalaloa Street, Aiea, Oahu, Hawaii
PURPOSE: Construction Activities

It is understood that this consent to enter is granted upon the following terms:

(1) That the area covered by this consent document is colored in red outlined on the attached map. That this consent includes the right of ingress to and egress from said consent to enter area over the land of the undersigned, adjacent thereto for all purposes in connection with this consent to enter.

(2) That this consent to enter is granted for a **nominal** consideration of \$1.00.

(3) That HART shall indemnify the undersigned against loss or damage to the property of the undersigned and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death is caused by the negligent use of said property by HART and/or its representatives and consultants, resulting from this consent to enter.

(4) That the entire cost of the work proposed to be done and all other expenses incidental thereto will be borne by HART.

(5) That HART will, in its discretion, determine the extent of the work to be done.

(6) That this consent to enter is granted for a period of thirty-six (36) months commencing from the date of actual entry and terminating at the end of the period or upon completion of work, whichever is sooner.

(7) That HART or its representative will provide the undersigned written notification at least two weeks prior to the entry into said property by HART's contractor.

(8) That this consent to enter shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors in trust, successors and assigns.

TAX MAP KEY: 9-9-003-026 (Portion)
Consent to Enter – Page 2

(9) That this consent to enter shall be null and void upon recordation of the deed or other document conveying said property to HART.

DATED: HONOLULU, HAWAII 4/22/15.

Halawa View Housing Partners, L.P.

By Joe Michael for
Its HAWAII PACIFIC LLC
General Partner
Phone 209-473-9700

APPROVED AS TO FORM AND
LEGALITY

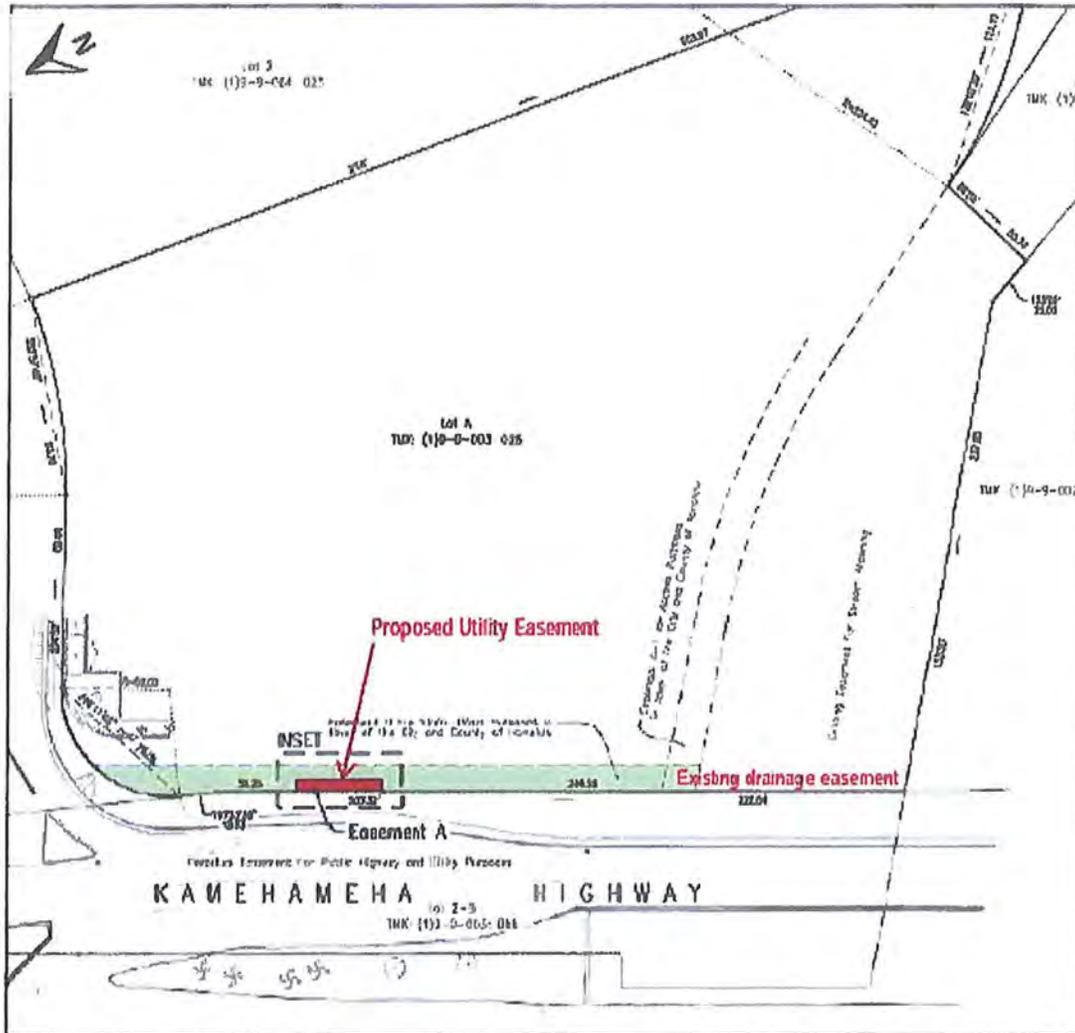
Deputy Corporation Counsel

APPROVED AS TO CONTENTS


Honolulu Authority for Rapid Transportation

PARCEL MAP EXHIBIT TMK 9-9-003-026 (Portion)

Identification of the Proposed Utility Easement



RL#1491
COR READ
L 15
JM



HONOLULU AUTHORITY for RAPID TRANSPORTATION

IN REPLY REFER TO:
CMS-AP00ROW-00704

CERTIFIED MAIL/RETURN RECEIPT REQUESTED
7014 0150 0000 5879 1673

November 21, 2014

Mr. David Joseph
Mr. Michael Joseph
Halawa View Housing Partners, LP
2100 Pacific Avenue
Stockton, California 95204

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ross M. Higashi
William "Buzz" Hong
Kestlie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq

Dear Gentlemen:

Subject: Honolulu Rail Transit Project (H RTP)
99-9 Kalaloa Street
Parcel 317: Tax Map Key (TMK) 9-9-003-026 (Portion)
Letter of Intent to Acquire and Appraisal Site Inspection

The Honolulu Authority for Rapid Transportation (HART) has received approval to begin the process of acquiring properties for the transit project. We wish to inform you that HART will be acquiring a portion of your property, TMK 9-9-003-026, for a partial easement (shown colored in red) and a temporary construction easement (shown colored in yellow) on the enclosed map.

Enclosed for your information is the pamphlet, "General Acquisition and Relocation Information."

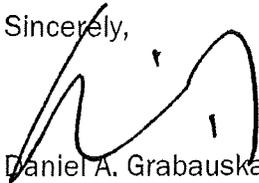
We have engaged an independent real estate appraiser to complete an appraisal report pertaining to the acquisition of your property. We wish to extend an invitation to you and/or your authorized representative(s) the opportunity to accompany HART's agent and the appraiser during the appraisal site inspection. You and/or your representative(s) may direct questions and concerns to us at that time.

In order to make an accurate determination of the fair market value, the appraiser will require a physical inspection of the exterior and, if applicable, the interior of the building. The appraisal report will be used to establish just compensation for your property.

Mr. David Joseph
Mr. Michael Joseph
Page 2
November 21, 2014

Please contact Mr. Alex Sutterer at 808-441-0546 or by email at asutterer@paragon-partners.com to coordinate this inspection appointment. Your assistance and cooperation in coordinating this inspection is very much appreciated.

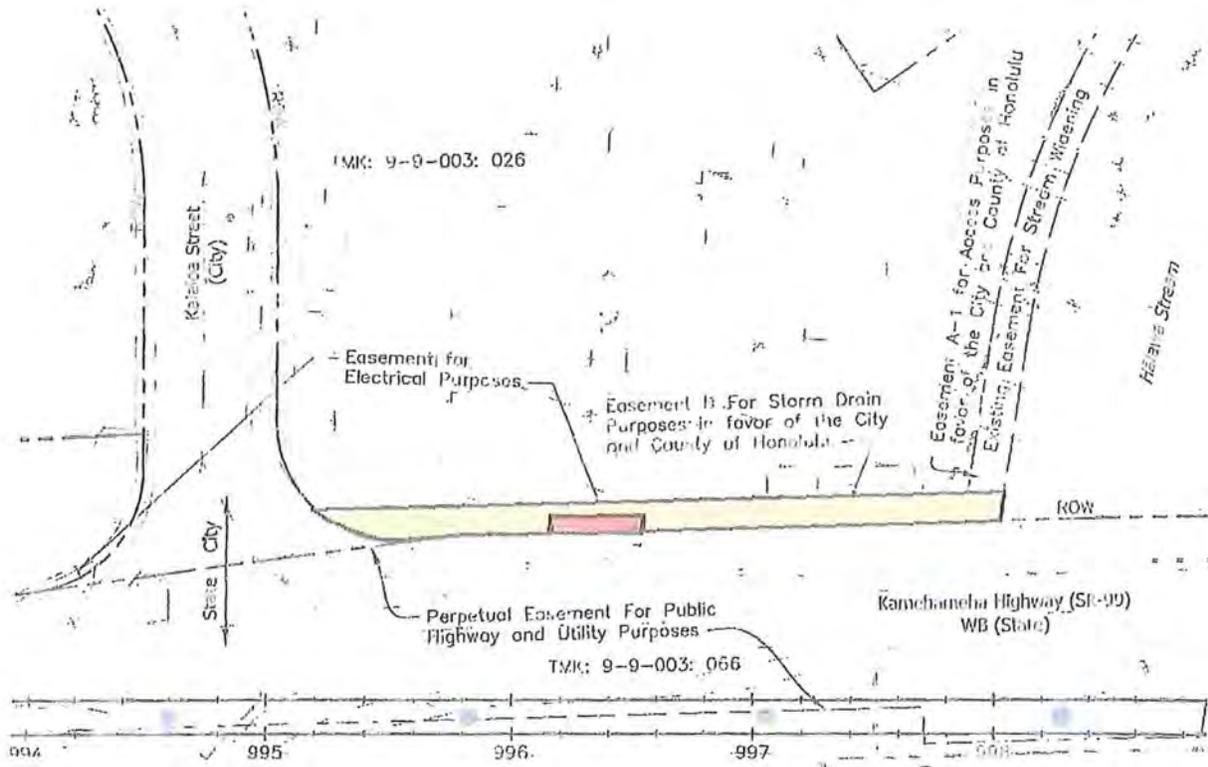
Sincerely,

A handwritten signature in black ink, appearing to read "Daniel A. Grabauskas". The signature is stylized with a large, sweeping initial "D" and "G".

Daniel A. Grabauskas
Executive Director and CEO

Enclosures

Map Exhibit TMK 9-9-003-026 (Portion)



U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

Postage	\$ 1.19	Postmark Here
Certified Fee	2.95	
Return Receipt Fee (Endorsement Required)	2.35	
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$ 6.49	

Sent To **Mr. David Joseph**
Mr. Michael Joseph
Hakawa View Housing Partners, LP
2100 Pacific Avenue
Stockton, California 95204

PS Form 3811, August 2009 See Reverse for Instructions

7014 0150 0000 5879 1673

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature x <i>Carol Smith</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery CAROL SMITH</p> <p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p><i>Mr. David Joseph</i> <i>Mr. Michael Joseph</i> <i>Hakawa View Housing Partners, LP</i> <i>2100 Pacific Avenue</i> <i>Stockton, California 95204</i></p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery</p>
<p>2. Article Number (Transfer from service label)</p>	<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>7014 0150 0000 5879 1673</p>	
<p><small>PS Form 3811, July 2013 Domestic Return Receipt</small></p>	

RL 1571



HART-ROW

2014 DEC 30 PM 2 57

December 18, 2014

Karen Char MAI, CRE
Paul D. Cool, MAI, CRE
Shelly H. Tanaka, MAI
Sunny Apsen

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Alex Sutterer
Paragon Partners Ltd.
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Mr. Sutterer:

**Re: Partial Acquisition of the Halawa View Apartments Property
Tax Map Key (1) 9-9-003:026, PDQ Parcel 317**

At your request, John Child & Company has estimated the fair market value of certain property rights in the Halawa View Apartments Property. This letter summarizes the background and estimated value presented in the attached report.

STUDY BACKGROUND

Halawa View Housing Partners, L.P. (HVH Partners) owns the fee simple interest in a residential apartment property at 99-009 Kalaloe Street and Kamehameha Highway, in Halawa, Ewa, Oahu, Hawaii. The property, referred to as the Halawa View Apartments Property, is identified as Tax Map Key 9-9-003:026 of the First Taxation Division.

The 135,529^{sq} (3.111-acre) parcel is improved with one, 14-story and two, 3-story structures with 121 two-, three-, and four-bedroom apartments, with adjacent on-grade parking and driveway areas. According to public records, the improvements were constructed in 1974.

Halawa View Apartments is operated as an affordable rental housing project targeting very low income families earning less than 50% of the Area Median Income.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (HRTTP). HART proposes to acquire a 222^{sq} utility easement on a portion of the Halawa View Apartments Property along its westerly boundary with Kamehameha Highway.

HART plans to acquire certain property rights associated with the HRTTP utility easement involving this portion of the Halawa View Apartments Property. In this regard, you asked us to assist you.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
December 18, 2014
Page 2

STUDY OBJECTIVE

The objective of our assistance is to estimate the fair market value of the property rights over a 222~~7~~ portion of the Halawa View Apartments Property associated with the H RTP utility easement to be acquired by HART.

INTENDED USE AND USERS

Our assistance is intended to be used by HART, Paragon Partners, Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP.

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

DATE OF PROPERTY VISIT

The property was visited on December 15, 2014. Ms. Tammy Lopez, representative of HVH Partners, accompanied the appraiser.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is December 15, 2014.

DATE OF REPORT

The date of this report is December 18, 2014.

DEFINITIONS OF TERMS

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
December 18, 2014
Page 3

Fair Market Value

“Fair market value” has the same meaning as “market value.”

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

Fee Simple Interest

For the purpose of this report, fee simple interest is the same as fee simple estate. Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement in Gross

An easement is the right to use another’s land for a stated purpose.

An easement in gross is an easement that benefits a legal person or entity (individual, corporation, partnership, LLC, government entity, etc.) and not a particular tract of land; an easement having a servient estate but no dominant estate.

The Halawa View Apartments Property is the servient estate.

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis.

[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
December 18, 2014
Page 4

ASSUMPTION OF A HYPOTHETICAL CONDITION

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

Therefore, the estimated fair market value of the property rights over a portion of the Halawa View Apartments Property to be acquired by HART is based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

STUDY CONDITIONS

This report is subject to the study conditions included in Section I.

ESTIMATED FAIR MARKET VALUE

The fair market value of the property rights involving the 222~~sq~~ portion of the Halawa View Apartments Property to be encumbered by the proposed HRTTP utility easement is estimated based on the *taking + damages* method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel). The “larger parcel” is the 135,529~~sq~~ site under the Halawa View Apartments Property.

Market Value of the Taking

Based on the analysis presented in Section III of the attached report, the fair market value of the property rights involving the 222~~sq~~ portion of the Halawa View Apartments Property to be encumbered by the proposed HRTTP utility easement, as of December 15, 2014, is estimated to be:

SEVEN THOUSAND THREE HUNDRED DOLLARS
\$7,300.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
December 18, 2014
Page 5

Determination of Damages

The property's accessibility along Kalaloa Street will not be affected by the taking. The proposed easement will not adversely impact the function of the current operations on the property. The positioning of the proposed easement along the property's perimeter, largely within the building setback, mitigates long-term impacts associated with future redevelopment.

As a result, the taking does not result in any severance damages to the remainder property.

* * * * *

We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

Paul D. Cool, MAI, CRE
Vice President
Certified General Appraiser License No. 71
State of Hawaii
Expires December 31, 2015

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-8

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-017 (PORTION)
BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property and easements to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property and easements; and

WHEREAS, the acquisition by eminent domain of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-017 (por.) and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-017 (por.); and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain of said easement.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Exhibit A – Legal description of TMK 1-1-016-017 (por.)

Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-017 (Portion) by Eminent Domain.

Board Chair

ATTEST:

Board Administrator

DRAFT

PARCEL 313

Being a Portion of Lot 102

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southwest corner of this parcel of land, being the South corner of the Lot 101 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,090.56 feet South and 2,411.99 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 189° 04' | 16.41 | feet along Lot 101 (Map 150) of Land Court Application 1074; |
| 2. | 279° 04' | 15.30 | feet along the Remainder of parcel 313; |
| 3. | 189° 04' | 8.73 | feet along the Remainder of parcel 313; |
| 4. | 279° 04' | 40.29 | feet along the Remainder of parcel 313; |
| 5. | 9° 04' | 17.44 | feet along the Remainder of parcel 313; |
| 6. | 279° 04' | 12.25 | feet along the Remainder of parcel 313; |
| 7. | 9° 04' | 7.70 | feet along the Remainder of parcel 313; |
| 8. | 99° 04' | 67.84 | feet along the North side of Waiwai Loop to the point of beginning and containing an area of 1,358 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in black ink, appearing to read "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Remainder of PARCEL 313

Being a Portion of Lot 102

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southwest corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,074.25 feet South and 2,414.59 feet East, thence running by azimuths measured clockwise from true South:

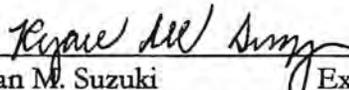
- | | | | |
|-----|----------|--------|---|
| 1. | 189° 04' | 208.59 | feet along Lot 101 (Map 150) of Land Court Application 1074; |
| 2. | 279° 04' | 100.00 | feet along Lot 947 (Map 207) of Land Court Application 1074; |
| 3. | 9° 04' | 225.00 | feet along Lot 103 (Map 150) of Land Court Application 1074; |
| 4. | 99° 04' | 32.16 | feet along the North side of Waiwai Loop; |
| 5. | 189° 04' | 7.70 | feet along Parcel 313; |
| 6. | 99° 04' | 12.25 | feet along Parcel 313; |
| 7. | 189° 04' | 17.44 | feet along Parcel 313; |
| 8. | 99° 04' | 40.29 | feet along Parcel 313; |
| 9. | 9° 04' | 8.73 | feet along Parcel 313; |
| 10. | 99° 04' | 15.30 | feet along Parcel 313 to the point of beginning and containing an area of 21,142 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:



Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



EASEMENT A
For Electrical Purposes
Affecting Lot 102
As Shown on Map 150 of Land Court Application 1074
In favor of Hawaiian Electric Company

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southeast corner of this easement, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,106.49 feet South and 2,644.52 feet West, thence running by azimuths measured clockwise from true South:

- 1. 99° 04' 13.50 feet along the North side of Waiwai Loop
- 2. 189° 04' 16.50 feet;
- 3. 279° 04' 13.50 feet;
- 4. 9° 04' 16.50 feet along Lot 103 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 223 Square Feet, more or less.



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-__

**AUTHORIZING THE ACQUISITION OF EASEMENT OVER, ON, AND ACROSS
THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-017
(PORTION) BY EMINENT DOMAIN**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain . . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of an electrical easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-017 (por.) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said easement over, on, and across the above-identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-017 (por.) is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of said easement by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of said easement by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and

- 4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and
- 5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

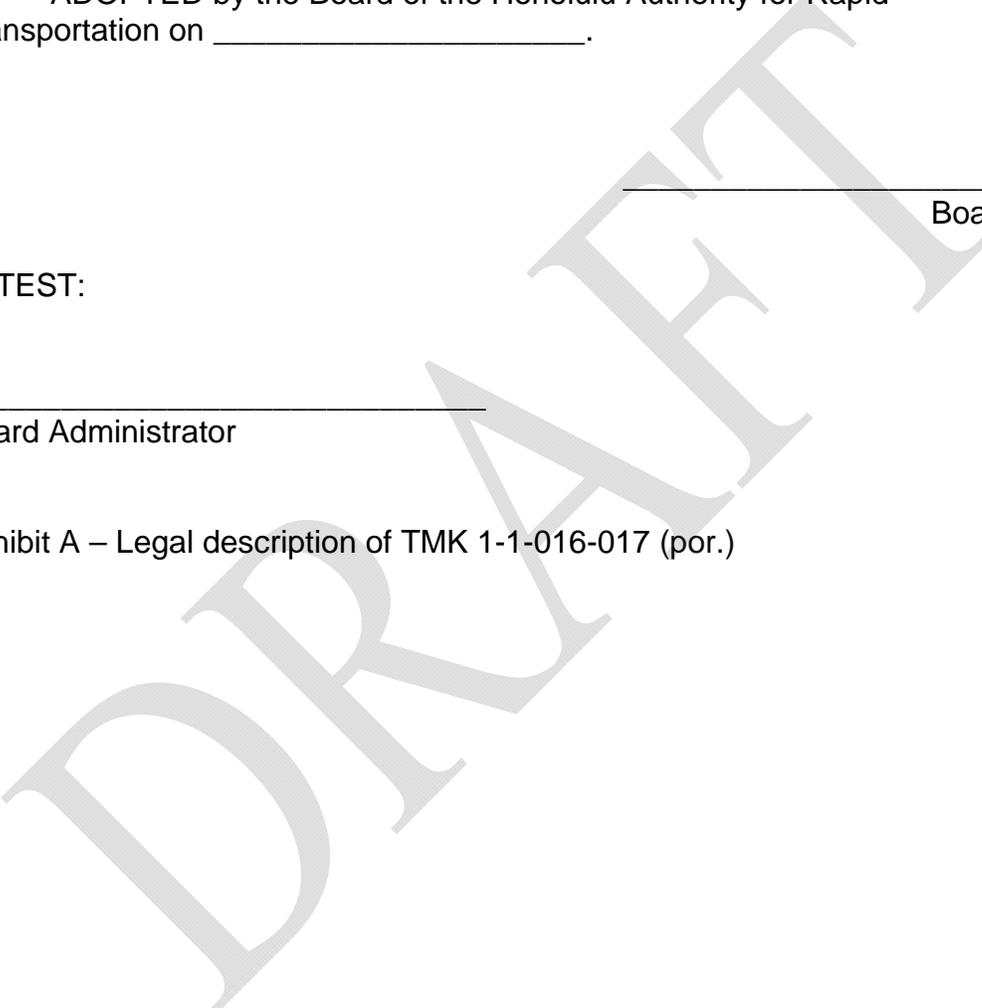
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on _____.

Board Chair

ATTEST:

Board Administrator

Exhibit A – Legal description of TMK 1-1-016-017 (por.)



PARCEL 313

Being a Portion of Lot 102

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southwest corner of this parcel of land, being the South corner of the Lot 101 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,090.56 feet South and 2,411.99 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 189° 04' | 16.41 | feet along Lot 101 (Map 150) of Land Court Application 1074; |
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| 3. | 189° 04' | 8.73 | feet along the Remainder of parcel 313; |
| 4. | 279° 04' | 40.29 | feet along the Remainder of parcel 313; |
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| 6. | 279° 04' | 12.25 | feet along the Remainder of parcel 313; |
| 7. | 9° 04' | 7.70 | feet along the Remainder of parcel 313; |
| 8. | 99° 04' | 67.84 | feet along the North side of Waiwai Loop to the point of beginning and containing an area of 1,358 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in black ink, appearing to read "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Remainder of PARCEL 313

Being a Portion of Lot 102

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

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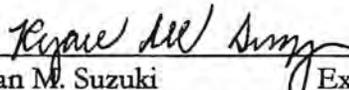
- | | | | |
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| 7. | 189° 04' | 17.44 | feet along Parcel 313; |
| 8. | 99° 04' | 40.29 | feet along Parcel 313; |
| 9. | 9° 04' | 8.73 | feet along Parcel 313; |
| 10. | 99° 04' | 15.30 | feet along Parcel 313 to the point of beginning and containing an area of 21,142 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:



Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



EASEMENT A
For Electrical Purposes
Affecting Lot 102
As Shown on Map 150 of Land Court Application 1074
In favor of Hawaiian Electric Company

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southeast corner of this easement, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,106.49 feet South and 2,644.52 feet West, thence running by azimuths measured clockwise from true South:

- 1. 99° 04' 13.50 feet along the North side of Waiwai Loop
- 2. 189° 04' 16.50 feet;
- 3. 279° 04' 13.50 feet;
- 4. 9° 04' 16.50 feet along Lot 103 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 223 Square Feet, more or less.



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-8 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-017 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: May 21, 2015
---	---	------------------------------

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 1-1-016-017, and situated at 2621 Waiwai Loop, Honolulu, Hawaii, 96819, which is required for guideway construction of the Honolulu Rail Transit Project (HRTP). This property, for which a 1,358 square foot permanent easement and a 223 square foot utility easement is required, is on the critical path for successful completion of the Airport section of the HRTP. The property is owned by Waiwai Loop Rental, Inc.

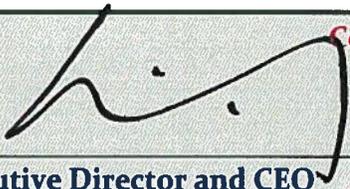
HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (TMK 1-1-016-017) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- The appraisal site visit occurred on September 24, 2014.
- An offer for the permanent easement and utility easement dated November 19, 2014 was hand delivered to the owner.
- An offer dated April 27, 2015 was sent to the owner.
- Based on continued negotiations with the owner, a tentative administrative settlement has been proposed. The owner has yet to accept the administrative settlement. There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims.

This parcel is being referred to eminent domain in order to ensure that if negotiations are not concluded to the satisfaction of the parties in a timely manner, HART will still be able to seek and obtain access to the property or part thereof to enable HART to maintain its construction schedule without delay. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Even if authorization to proceed with eminent domain is granted, HART fully intends to continue negotiations with the owner to seek a negotiated settlement prior to the filing of any court action rather than rely on resolution of this matter by litigation.

3. Procurement Background N/A
4. Financial/Budget Impact The project budget includes an estimated cost for legal action associated with the eminent domain of the property.
5. Policy Impact There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.
6. Public Involvement N/A
7. Alternatives There is no feasible alternative to avoid the above described impacts to the property.
8. Exhibits Exhibit 1 – Offer letter dated November 19, 2014 Exhibit 2 – Offer letter dated April 27, 2015 Exhibit 3 – Appraisal report by John Child & Company
Certified and Recommended by:
 Executive Director and CEO
5/15/15 Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

IN REPLY REFER TO:
CMS-APOOROW-00691

HAND-DELIVERED

November 19, 2014

Mr. Scott Ushijima
Waiwai Loop Rental, Inc.
2621 Waiwai Loop
Honolulu, Hawaii 96819

Dear Mr. Ushijima:

Subject: Honolulu Rail Transit Project (H RTP)
2621 Waiwai Loop
Parcel 313: Tax Map Key (TMK) 1-1-016-017 (Portion)
Letter of Offer

Scott Ushijima
 Received
 Scott Ushijima 11/21/14
 Print Name Date

Note:
 ① Women's Restroom
 ② Extensive Cleanup
 ③ PU Apparatus Location

Daniel A. Grabauskas,
EXECUTIVE DIRECTOR AND CEO

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Carrie K.S. Okinaga, Esq.

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 1,581 square foot portion of your property, identified as TMK 1-1-016-017 (shown outlined in yellow on the enclosed map), as a permanent easement. The purpose of the easement is for a stairwell touchdown, overhead station maintenance easement, and Hawaiian Electric Company utility easement for the total consideration of \$300,000 (Three Hundred Thousand Dollars).

Development of the H RTP Lagoon Station will require a permanent easement at the southwest corner for a stairwell touchdown and overhead station maintenance easement. These easement areas total 1,358 square feet. In addition to the HART easements, the H RTP will require a 223 square foot utility easement (shown outlined in blue on the enclosed map), for an electrical transformer. The total easement area is 1,581 square feet.

The easements will require demolition of the two-story front building and adjacent trellised parking area with four stalls. HART will be responsible for all demolition and remedial repair costs that could include construction of a second stairwell to both rear buildings, and reconstruction of a concrete tile with sliding chain link gate for security.

The staircase will be approximately 35' 7" high, 14' 7" wide, and 23' long. The staircase will be located next to the driveway. The stairwell touchdown will not encroach into the existing driveway. Only ingress and egress will be permitted under the overhead station easement via the existing driveway, and clearance below the overhead station easement will continue to be sufficient to allow containerized vehicles access to the property. However, parking, open yard storage, and fencing will not be permitted within the overhead station easement area.

Mr. Scott Ushijima
Page 2
November 19, 2014

The total offer for acquiring the interest in your property is \$300,000 (Three Hundred Thousand Dollars).

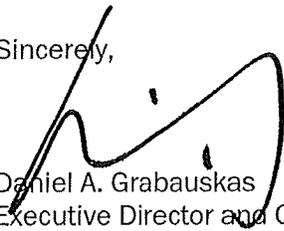
If this offer is acceptable, please sign the duplicate of this letter and the Consent to Enter and return them in the enclosed envelope by December 19, 2014. The remaining copies are for your files. Also enclosed for your information is the Appraisal Summary Statement and the General Acquisition & Relocation Information Brochure.

If we do not hear from you by December 19, 2014, this offer shall be considered rejected and HART will proceed to review options to acquire the subject property.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Please contact Mr. Walter "Cap" Havekorst at 799-3655 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

ACCEPTED:

WAIWAI LOOP RENTAL, LLC

By _____
Its

Print Name: _____

Dated: _____

STATEMENT OF JUST COMPENSATION

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

LOCATION: 2621 Waiwai Loop, Honolulu, Oahu, Hawaii

TAX MAP KEY: 1-1-016-017 (Portion)

OWNER(S): WAIWAI LOOP RENTAL, INC.

INTEREST TO BE ACQUIRED: Permanent Easement & Utility Easement

PARCEL TO BE ACQUIRED: Permanent Easement of +/- 1,358 square feet
Hawaiian Electric Company Utility Easement of +/- 223 square feet

ZONING: Industrial

IMPROVEMENTS: None

PURPOSE: Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

JUST COMPENSATION: Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Permanent & Utility Easement	\$300,000
TOTAL:	\$300,000

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.



Morris M. Atta
Deputy Director of Right-of-Way

APPRAISAL SUMMARY STATEMENT

PROJECT:	HONOLULU RAIL TRANSIT PROJECT (H RTP)	
ADDRESS:	2621 Waiwai Loop , Honolulu, Oahu, Hawaii	
TAX MAP KEY:	1-1-016-017 (Portion)	
OWNER(S):	WAIWAI LOOP RENTAL, INC.	
PARCEL AREA:	+/- 1,358 square feet of Permanent Easement +/- 223 square feet of Utility Easement	
PROPERTY ACQUIRED:	ALL: <input type="checkbox"/> PART: <input checked="" type="checkbox"/>	
INTEREST TO BE ACQUIRED:	Permanent Easement & Utility Easement	
ZONING:	Industrial	
HIGHEST & BEST USE:	Industrial or Office Use	
ASSESSED VALUE (2014):	Land Value	\$2,337,500
FOR TOTAL PARCEL	Building Value	<u>\$ 486,600</u>
	TOTAL	\$2,824,100
<hr/>		
	Permanent & Utility Easement	\$300,000
	TOTAL	\$300,000

The Appraisal Estimate is: **\$300,000**

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.

CONSENT TO ENTER

The undersigned, being the owner of that certain property bearing the tax map key listed hereinbelow, hereby consents to the entry by the Honolulu Authority for Rapid Transportation (“HART”), a semi-autonomous agency of the City and County of Honolulu, and /or its representatives and consultants for the purpose stated:

PROJECT: **Honolulu Rail Transit Project (HRTP)**
TAX MAP KEY: **1-1-016-017(Portion)**
LOCATION: **2621 Waiwai Loop, Honolulu, Oahu, Hawaii**
PURPOSE: **Construction Activities**

It is understood that this consent to enter is granted upon the following terms:

(1) That the areas covered by this consent document are in yellow and blue outlined on the attached map. That this consent includes the right of ingress to and egress from said consent to enter area over the land of the undersigned, adjacent thereto for all purposes in connection with this consent to enter.

(2) That this consent to enter is granted for a **nominal** consideration of \$1.00.

(3) That HART shall indemnify the undersigned against loss or damage to the property of the undersigned and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death is caused by the negligent use of said property by HART and/or its representatives and consultants, resulting from this consent to enter.

(4) That the entire cost of the work proposed to be done and all other expenses incidental thereto will be borne by HART.

(5) That HART will, in its discretion, determine the extent of the work to be done.

(6) That this consent to enter is granted for a period of thirty-six (36) months commencing from the date of actual entry and terminating at the end of the period or upon completion of work, whichever is sooner.

(7) That HART or its representative will provide the undersigned written notification at least two weeks prior to the entry into said property by HART’s contractor.

(8) That this consent to enter shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors in trust, successors and assigns.

TAX MAP KEY: 1-1-016-017
Consent to Enter - Page 2

(9) That this consent to enter shall be null and void upon recordation of the deed or other document conveying said property to HART.

DATED: HONOLULU, HAWAII _____.

WAIWAI LOOP RENTAL, INC.

By _____
Its

Phone _____

APPROVED AS TO FORM AND
LEGALITY

Deputy Corporation Counsel

APPROVED AS TO CONTENTS



Honolulu Authority for Rapid Transportation

PARCEL MAP EXHIBIT
TMK 1-1-016-017 (PORTION)





HONOLULU AUTHORITY for RAPID TRANSPORTATION

IN REPLY REFER TO:
CMS-APOOROW-00847

HAND-DELIVERED

April 27, 2015

Mr. Scott Ushijima
Waiwai Loop Rental, Inc.
2621 Waiwai Loop
Honolulu, Hawaii 96819

Scott Ushijima

Received	<i>Ushijima</i>	<i>5/5/15</i>
Print Name		Date

Delivered: Jackson Blyden
[Signature]

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

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Kestie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Dear Mr. Ushijima:

Subject: Honolulu Rail Transit Project (H RTP)
2621 Waiwai Loop
Parcel 313: Tax Map Key 1-1-016-017 (Portion)
Administrative Settlement for Waiwai Loop Rental, Inc.

This is in reference to the Honolulu Authority for Rapid Transportation's (HART) letter of offer dated November 19, 2014, to purchase a portion of the subject property located at 2621 Waiwai Loop Honolulu, Hawaii 96819. Submitted for your consideration and acceptance is a proposed administrative settlement in the amount of **\$503,000 (Five Hundred Three Thousand Dollars)** to purchase the permanent easements totaling 1,581 square feet. In determining the settlement amount, HART has reviewed the information you have presented and other pertinent data and has determined that this amount is supported and in the public's interest. Accordingly, HART is prepared to settle this acquisition. This settlement amount is subject to the concurrence of the Federal Transit Administration (FTA).

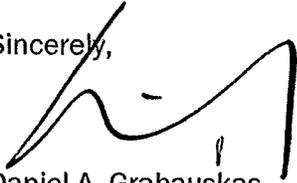
If the settlement is acceptable, please sign on the acceptance portion of the duplicate letter and return the signed copy to us. At the same time, we request your cooperation in filling out and returning the enclosed IRS Form W-9 with your Taxpayer Identification Number. The W-9 is required by the City's Department of Budget and Fiscal Services to release the funds. HART will be using Title Guaranty to escrow this transaction. The escrow fees and closing costs shall be borne by HART.

We request your response to our settlement by May 7, 2015. If we do not hear from you by then, this settlement shall be considered rejected, unless otherwise stated by you.

Mr. Scott Ushijima
Page 2
April 27, 2015

If you have any questions regarding this matter, please contact Mr. Jackson Blagden at 536-5900.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Grabauskas', with a stylized flourish at the end.

Daniel A. Grabauskas
Executive Director and CEO

Enclosure

ACCEPTED:

WAIWAI LOOP RENTAL, INC.

By _____
Its

Print Name: _____

Date: _____



JOHN CHILD & COMPANY
APPRAISERS & CONSULTANTS

November 4, 2014

Karen Clair, MAI, CRE
Paul D. Cool, MAI, CRE
Shelly H. Tarnaka, MAI

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Walter Havekorst
Senior Acquisition Agent for HART
Paragon Partners Ltd.
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Mr. Havekorst:

**Re: Waiwai Loop Rental Property at 2621 Waiwai Loop, Tax Map Key (1) 1-1-016:017;
PDQ Parcel 313**

At your request, John Child & Company has completed valuation analyses in connection with the proposed taking of the Waiwai Loop Rental Property. This letter summarizes the background and estimated values presented in the attached report.

STUDY BACKGROUND

The Waiwai Loop Rental Property is a multi-tenanted, mixed-use, industrial-commercial property at 2621 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The property consists of a 22,500 \pm industrial-zoned parcel identified as Tax Map Key 1-1-016:017 of the First Taxation Division.

The parcel is improved with three, two-story walkup office buildings and a partially enclosed metal warehouse. The buildings were constructed between 1958 and 1972 and include a total 19,794 \pm of warehouse, office, and mezzanine space.

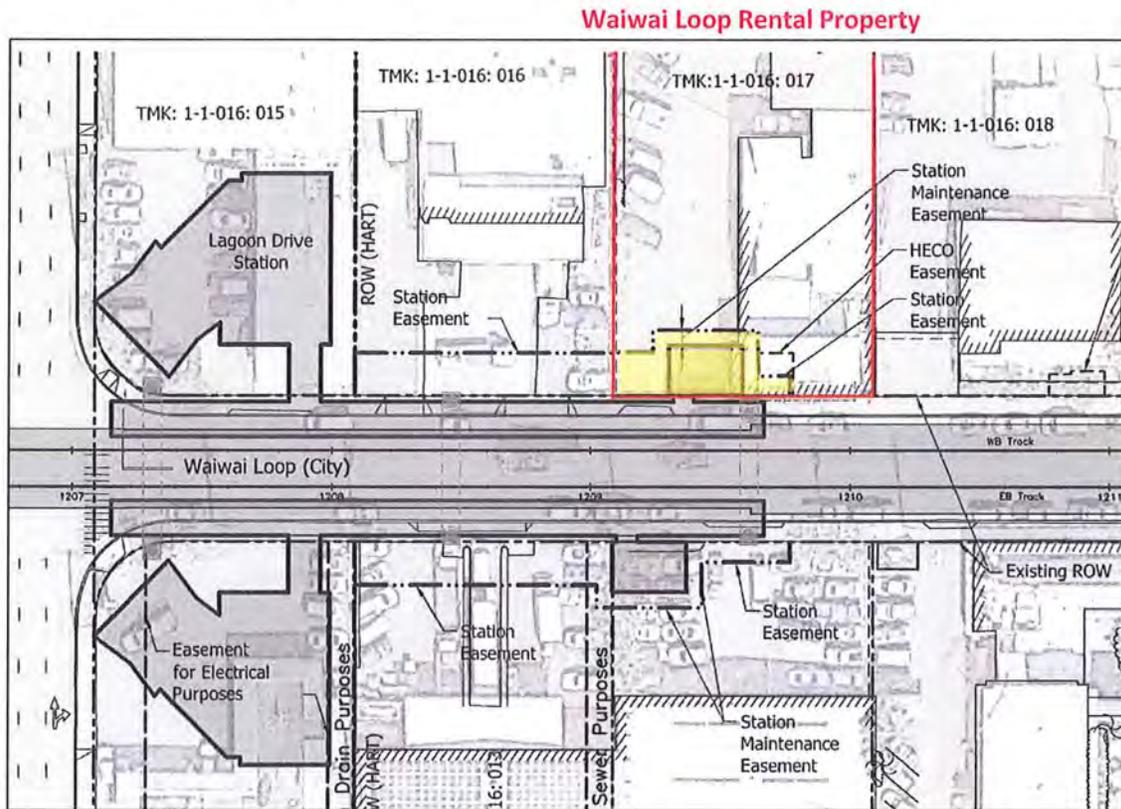
Waiwai Loop Rental, Inc. owns the fee simple interest in the property and occupies a portion of the warehouse and office spaces. The rest of the space is leased.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (H RTP). HART requires a permanent easement on a 1,358 \pm portion along Waiwai Loop for the Lagoon Drive Station stairwell touchdown and an overhead station maintenance easement, as shown on the following map:

Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
November 4, 2014
Page 2



Portion of Lagoon Drive Station Map Showing
Location of Stairwell Touchdown and Station Maintenance Easement [1]



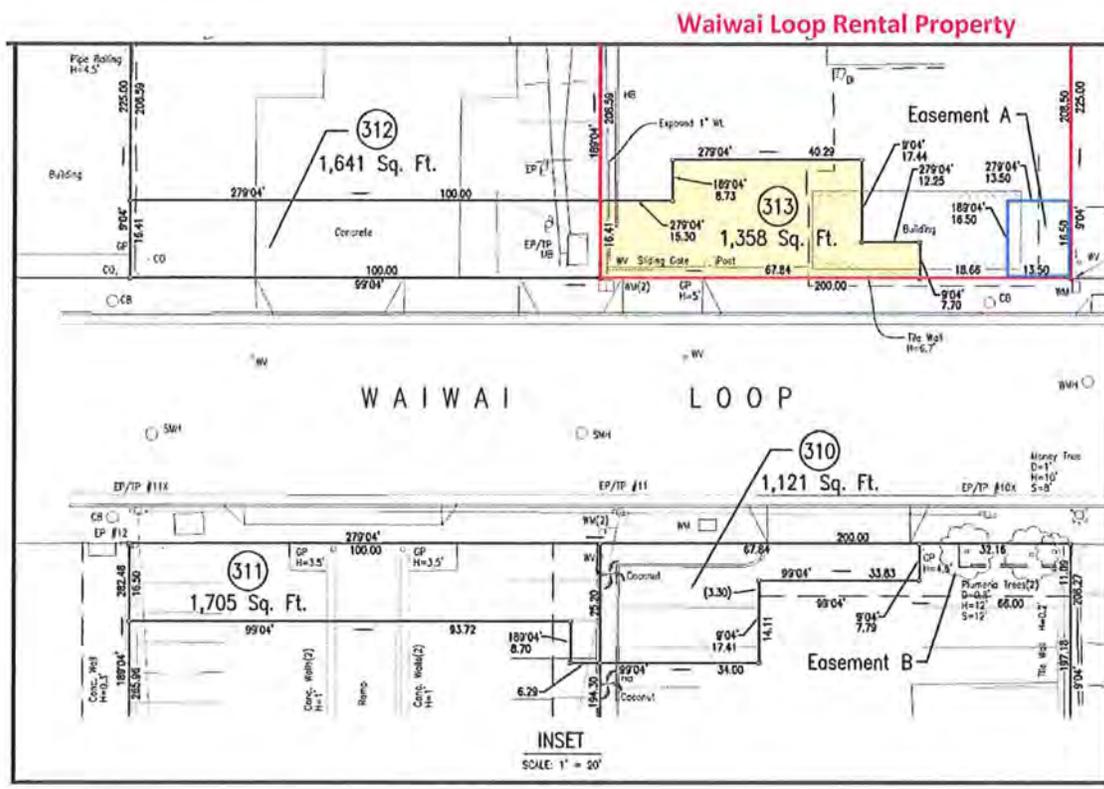
[1] Source: AECOM, May 23, 2014. Location of HECO Easement is incorrect; see Parcel Map for current placement.



Honolulu Authority for Rapid Transportation
 Paragon Partners Ltd.
 November 4, 2014
 Page 3

In addition to the HART easements, the H RTP will require a 223rd utility easement for a Hawaiian Electric Company (HECO) transformer. The location of the proposed HECO easement is outlined in blue and identified as “Easement A” below:

Portion of Draft Parcel Map Showing
 Location of HART and HECO Easements [1]



The taking will require demolition of the two-story office building along Waiwai Loop. HART will be responsible for all demolition and remedial repair costs.

Alternatively, HART is considering a full take of the Waiwai Loop Rental Property. In this regard, you have asked us to assist you.

[1] Source: R.M. Towill, Inc. Full map included in Addendum 1.

Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
November 4, 2014
Page 4



STUDY OBJECTIVES

The objectives of our assistance are to:

1. Estimate the fair market value of the fee simple interest in the Waiwai Loop Rental Property assuming a full take.
2. Estimate the fair market value of the partial taking that includes a proposed stairwell touchdown and overhead station maintenance easement on a 1,358~~7~~ portion of the Waiwai Loop Rental Property, and a HECO transformer easement that will encumber a 223~~7~~ portion of the property.

INTENDED USE AND USERS

Our assistance is intended to be used by HART, Paragon Partners Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP,

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

DATE OF PROPERTY VISIT

The property was visited on August 15, 2013 and September 24, 2014. The appraisers were accompanied by the property owners, Mr. Kyle Ushijima and Mr. Scott Ushijima.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is September 24, 2014, the date the property was last visited.

DATE OF REPORT

The date of this report is November 4, 2014.

Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
November 4, 2014
Page 5



DEFINITIONS OF TERMS

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.

Fair Market Value

"Fair market value" has the same meaning as "market value."

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

Fee Simple Interest

"Fee simple interest" is the same as "fee simple estate."

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement

An easement is the right to use another's land for a stated purpose.

ASSUMPTION OF A HYPOTHETICAL CONDITION

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. [2]

[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.

[2] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.

Honolulu Authority for Rapid Transportation
 Paragon Partners Ltd.
 November 4, 2014
 Page 6



This report is subject to the following hypothetical conditions:

Valuation Assumes No Impact of H RTP

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

Therefore, the estimated market values are based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

Valuation Assumes Unencumbered Fee Simple Interest

Waiwai Loop Rental, Inc. owns the fee simple interest in the property and leases individual spaces to unrelated tenants. The ground floor space in the two-story office building that will be demolished is leased on a month-to-month terminable basis. Tenant lease rents and terms for the remaining spaces that are occupied by the property owner and others were not provided.

However, at the direction of Paragon Partners, the valuations are to be based on the unencumbered fee simple interest in the property. Therefore, the valuations are based on the hypothetical condition that the property is unencumbered by any tenant leases.

Valuation of the After Property Assumes Demolition and Remediation

The value of the partial taking is estimated using the *before* and *after* method of valuation, described as follows:

$$\begin{array}{r}
 \text{Fair market value of the "before property"} \\
 - \text{Fair market value of the "after property"} \\
 \hline
 = \text{Fair market value of the taking (difference in value)} \\
 \hline
 \hline
 \end{array}$$

Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
November 4, 2014
Page 7



The value of the “after property” is based on the hypothetical conditions that:

1. The Waiwai Loop Rental Property is encumbered by the proposed HART and HECO easements, and
2. The two-story office building and trellised parking area along Waiwai Loop has been demolished and the property has been remediated to conform with applicable zoning, building code, and other regulations.

The assumption of these hypothetical conditions could have an effect on the value of the property.

EXTRAORDINARY ASSUMPTION

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [1]

The valuation of the “after property” relies on the following extraordinary assumptions:

- HART will be responsible for all demolition and remedial repair costs, including demolition of the two-story office building and trellised parking area along Waiwai Loop, demolition and reconstruction of asphalt concrete paving, and relocation or reconstruction of a second stairwell, security wall and gate.
- The staircase is approximately 35’7” to top of platform, 14’7” wide and 23’ long. According to HART, the stairwell touchdown will not encroach into the existing driveway. Ingress and egress will be permitted under the overhead station easement via the existing driveway. Clearance below overhead station easement will continue to be sufficient to allow containerized vehicles access to the property. However, parking, open yard storage and fencing will not be permitted within the easement areas.

STUDY CONDITIONS

This report is subject to the study conditions included in Section I.

[1] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.

Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
November 4, 2014
Page 8



**ESTIMATED FAIR MARKET VALUE OF THE
WAIWAI LOOP RENTAL PROPERTY ASSUMING A FULL TAKE**

The highest and best use of the Waiwai Loop Rental Property is as currently improved and for sale to an owner-user for continued warehouse and office use of all or a portion of the property.

The fair market value of the property is estimated using the sales comparison and income capitalization approaches. Based on the valuation assumptions and analyses summarized in Section III, the fair market value of the fee simple interest in the Waiwai Loop Rental Property, as of September 24, 2014, is estimated to be:

THREE MILLION DOLLARS
\$3,000,000.

The estimated fair market value is the value of the real estate only. An inventory of the personalty was not provided.

**ESTIMATED FAIR MARKET VALUE OF THE
PARTIAL TAKING**

The fair market value of the partial taking is based on the before and after method of valuation. The before and after method accounts for severance damages and/or special benefits to the remainder property.

Based on the valuation assumptions and analyses summarized in Sections IV and V, the fair market value of the partial taking, as of September 24, 2014, is estimated to be:

THREE HUNDRED THOUSAND DOLLARS
\$300,000.

* * * * *

Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
November 4, 2014
Page 9



We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

A handwritten signature in black ink, appearing to read "Paul D. Cool", is written over the printed name.

Paul D. Cool, MAI, CRE
Vice President
Certified General Appraiser License No. 71
State of Hawaii
Expires December 31, 2015

A handwritten signature in black ink, appearing to read "Shelly H. Tanaka", is written over the printed name.

Shelly H. Tanaka, MAI
Senior Appraiser
Certified General Appraiser License No. 648
State of Hawaii
Expires December 31, 2015

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-9

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-016 BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID PROPERTY BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property; and

WHEREAS, the acquisition by eminent domain in fee simple of the real property identified as Tax Map Key (TMK) 1-1-016-016 and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain in fee simple of the real property identified as TMK 1-1-016-016; and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain in fee simple of the above-identified real property.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on
_____.

Exhibit A – Legal description of TMK 1-1-016-016

Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of the Real
Property Identified as Tax Map Key 1-1-016-016 by Eminent Domain.

Board Chair

ATTEST:

Board Administrator

DRAFT

PARCEL 312

Being a Portion of Lot 101

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southeast corner of this parcel of land, being the Southwest corner of the Lot 102 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,090.56 feet South and 2,411.99 feet East, thence running by azimuths measured clockwise from true South:

- 1. 99° 04' 100.00 feet along the North side of Waiwai Loop;
- 2. 189° 04' 16.41 feet along Lot 100 (Map 150) of Land Court Application 1074;
- 3. 279° 04' 100.00 feet along the Remainder of Parcel 312;
- 4. 9° 04' 16.41 feet along Lot 102 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 1,641 Square Feet, more or less.



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Remainder of PARCEL 312

Being a Portion of Lot 101

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the South corner of this parcel of land, being the East corner of Parcel 312, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,074.25 feet South and 2,414.59 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|--------|---|
| 1. | 99° 04' | 100.00 | feet along Parcel 312; |
| 2. | 189° 04' | 208.59 | feet along Lot 100 (Map 150) of Land Court Application 1074; |
| 3. | 279° 04' | 100.00 | feet along Lot 115 (Map 150) of Land Court Application 1074; |
| 4. | 9° 04' | 208.59 | feet along Lot 102 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 20,859 Square Feet, more or less. |



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
 Ryan M. Suzuki Exp: 4/30/16
 Licensed Professional Land Surveyor
 Certificate Number 10059

2024 North King Street, Suite 200
 Honolulu, Hawaii 96819
 May 12, 2015



Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-__

**AUTHORIZING THE ACQUISITION OF THE REAL PROPERTY IDENTIFIED AS
TAX MAP KEY 1-1-016-016 BY EMINENT DOMAIN**

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain. . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of the real property identified as Tax Map Key (TMK) 1-1-016-016 by eminent domain in fee simple after written notification by HART; and

WHEREAS, the acquisition by eminent domain in fee simple of the above- identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain in fee simple of the real property identified as TMK 1-1-016-016 is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of the above-identified property by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of the above-identified property by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and
4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and

5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Exhibit A – Legal description of TMK 1-1-016-016

Board Chair

ATTEST:

Board Administrator

DRAFT

PARCEL 312

Being a Portion of Lot 101

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southeast corner of this parcel of land, being the Southwest corner of the Lot 102 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,090.56 feet South and 2,411.99 feet East, thence running by azimuths measured clockwise from true South:

- 1. 99° 04' 100.00 feet along the North side of Waiwai Loop;
- 2. 189° 04' 16.41 feet along Lot 100 (Map 150) of Land Court Application 1074;
- 3. 279° 04' 100.00 feet along the Remainder of Parcel 312;
- 4. 9° 04' 16.41 feet along Lot 102 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 1,641 Square Feet, more or less.



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Remainder of PARCEL 312

Being a Portion of Lot 101

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the South corner of this parcel of land, being the East corner of Parcel 312, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,074.25 feet South and 2,414.59 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
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| 3. | 279° 04' | 100.00 | feet along Lot 115 (Map 150) of Land Court Application 1074; |
| 4. | 9° 04' | 208.59 | feet along Lot 102 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 20,859 Square Feet, more or less. |



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
 Ryan M. Suzuki Exp: 4/30/16
 Licensed Professional Land Surveyor
 Certificate Number 10059

2024 North King Street, Suite 200
 Honolulu, Hawaii 96819
 May 12, 2015



Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-9 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-016 BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID PROPERTY BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: May 21, 2015
---	---	------------------------------

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 1-1-016-016, and situated at 2613 Waiwai Loop Honolulu Hawaii, 96819, which is required for guideway construction of the Honolulu Rail Transit Project (HRTTP). This property, for which a 1,641 square foot Overhead Station Maintenance and Drainage Easement is required, is on the critical path for successful completion of the Airport section of the HRTTP. The property is owned by International Express, Inc.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (TMK 1-1-016-016) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- The appraisal site visit occurred on September 22, 2014.
- An offer for the Station Maintenance and Drainage Easement dated October 30, 2014 was had delivered to the owner on November 2, 2014.
- Owner rejected offer in a letter dated December 8, 2014, stating that the project would render the property unusable. Owner made a counteroffer for a full take and relocation of the facility to another location not yet unidentified. There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims.

This parcel is being referred to eminent domain in order to ensure that if negotiations are not concluded to the satisfaction of the parties in a timely manner, HART will still be able to seek and obtain access to the property or part thereof to enable HART to maintain its construction schedule without delay. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Even if authorization to proceed with eminent domain is granted, HART fully intends to continue negotiations with the owner to seek a negotiated settlement prior to the filing of any court action rather than rely on resolution of this matter by litigation.

3. Procurement Background

N/A

4. Financial/Budget Impact

The project budget includes an estimated cost for legal action associated with the eminent domain of the property.

5. Policy Impact

There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.

6. Public Involvement

N/A

7. Alternatives

There is no feasible alternative to avoid the above described impacts to the property.

8. Exhibits

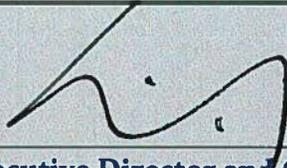
Exhibit 1 – Offer letter date October 30, 2014

Exhibit 2 – Rejection and counteroffer letter dated December 8, 2014

Exhibit 3 – Appraisal by John Child & Company

Exhibit 4 – Review Appraisal ACM Consultants, Inc.

Certified and Recommended by:



Executive Director and CEO

5/15/15

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

IN REPLY REFER TO:
CMS-AP00ROW-00662

HAND-DELIVERED

October 30, 2014

Mr. Masao Mitsui
International Express, Inc.
2613 Waiwai Loop
Honolulu, Hawaii 96819

Dear Mr. Mitsui:

Subject: Honolulu Rail Transit Project (H RTP)
2613 Waiwai Loop
Parcel 312: Tax Map Key (TMK) 1-1-016-016 (Portion)
Letter of Offer

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 1,641 square foot portion of your property, identified as TMK 1-1-016-016 (shown colored in yellow on the enclosed map), as a perpetual easement for overhead station maintenance and drainage, for the total consideration of \$165,000 (One Hundred Sixty-Five Thousand Dollars). A straddle bent column will also be located in front of the property. According to HART, ingress and egress will be permitted in the easement area. Parking, open yard storage, and fencing will not be permitted within the overhead station easement area. Clearance below overhead station easement will be sufficient to allow containerized vehicles access to the property and loading docks.

The total offer for acquiring the interest in your property is \$165,000 (One Hundred Sixty-Five Thousand Dollars).

The amount of offer is predicated on the assumption that there exists no hazardous substance, product, or waste on the subject property. Please be advised that the amount offered is subject to completion of an environmental site assessment by HART, and the cost to remediate any identified findings may affect the valuation of the subject property.

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Kestlie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.


Received
Daniel A. Grabauskas 11/02/14
Print Name Date

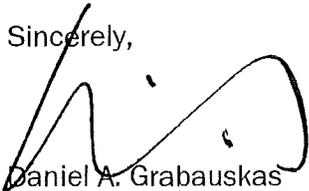
Mr. Masao Mitsui
Page 2
October 30, 2014

If this offer is acceptable, please sign the duplicate of this letter and the Consent to Enter and return them in the enclosed envelope by November 24, 2014. The remaining copies are for your files. Also enclosed for your information is the Appraisal Summary Statement and the General Acquisition & Relocation Information Brochure.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Please contact Mr. Walter "Cap" Havekorst at 799-3655 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

cc: Gerald Fujita, Esq.
Rod Gomes, Executive Vice President

ACCEPTED:

INTERNATIONAL EXPRESS, INC.

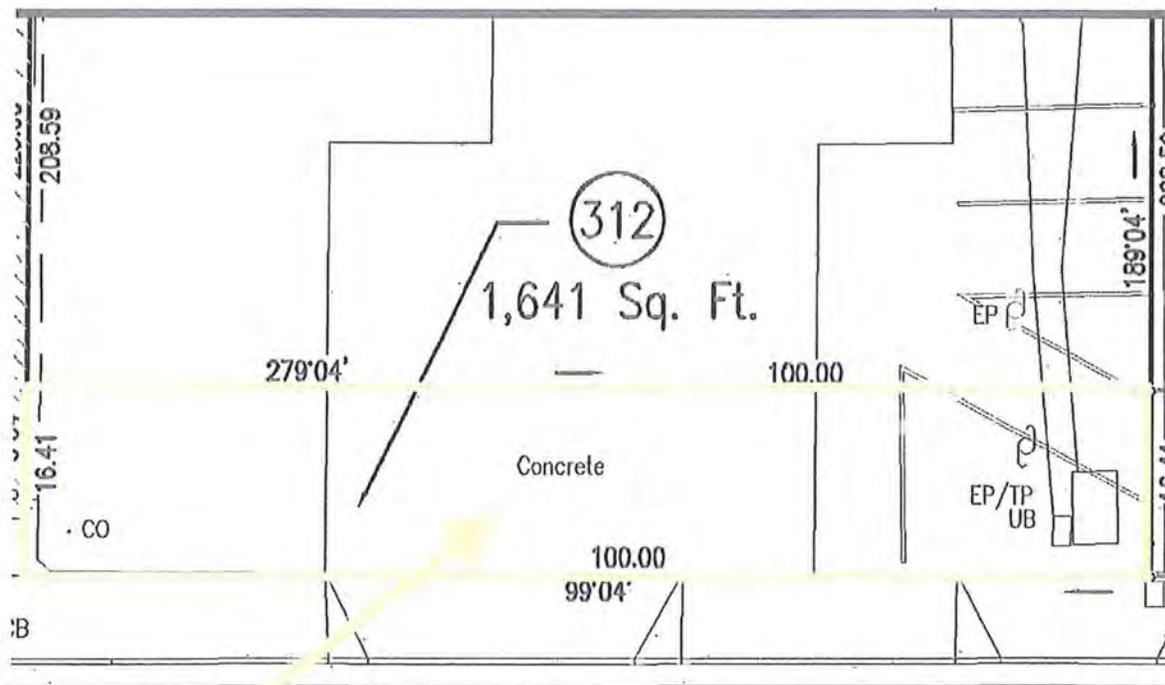
By _____
Its

Print Name: _____

Dated: _____

PARCEL MAP EXHIBIT

TMK 1-1-016-016



PARTIAL TAKING PERMANENT
EASEMENT
International Express, Inc. TMK
1-1-016-016
± 1,641 Square Feet

W A I W A I

STATEMENT OF JUST COMPENSATION

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

LOCATION: 2613 Waiwai Loop, Honolulu, Oahu, Hawaii

TAX MAP KEY: (1) 1-1-016-016 (Portion)

OWNER(S): INTERNATIONAL EXPRESS, INC.

INTEREST TO BE ACQUIRED: Permanent Easement

PARCEL TO BE ACQUIRED: Permanent Easement of +/- 1,641 square feet

ZONING: Industrial

IMPROVEMENTS: None

PURPOSE: Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

JUST COMPENSATION: Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Permanent Easement	\$165,000
TOTAL:	\$165,000

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.



Morris M. Atta
Deputy Director of Right-of-Way

APPRAISAL SUMMARY STATEMENT

PROJECT: HONOLULU RAIL TRANSIT PROJECT (HRTP)
ADDRESS: 2613 Waiwai Loop, Honolulu, Oahu, Hawaii
TAX MAP KEY: (1) 1-1-016-016
OWNER(S): INTERNATIONAL EXPRESS, INC.

PARCEL AREA: +/- 1,641 Square Feet of Permanent Easement

PROPERTY ACQUIRED: ALL: ___ PART: X

INTEREST TO BE ACQUIRED: Permanent easement

ZONING: Industrial

HIGHEST & BEST USE: Commercial

ASSESSED VALUE (2014):	Land Value	\$2,237,500
FOR TOTAL PARCEL	Building Value	<u>\$ 990,000</u>
	TOTAL	\$3,227,500

	Permanent Easement	\$165,000
	TOTAL	\$165,000

The Appraisal Estimate is: **\$165,000**

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.

CONSENT TO ENTER

The undersigned, being the owner of that certain property bearing the tax map key listed hereinbelow, hereby consents to the entry by the Honolulu Authority for Rapid Transportation ("HART"), a semi-autonomous agency of the City and County of Honolulu, and /or its representatives and consultants for the purpose stated:

PROJECT: **Honolulu Rail Transit Project (HRTP)**
TAX MAP KEY: **(1) 1-1-016-016**
LOCATION: **2613 Waiwai Loop, Honolulu, Oahu, Hawaii**
PURPOSE: **Construction Activities**

It is understood that this consent to enter is granted upon the following terms:

(1) That the area covered by this consent document is colored in yellow outlined on the attached map. That this consent includes the right of ingress to and egress from said consent to enter area over the land of the undersigned, adjacent thereto for all purposes in connection with this consent to enter.

(2) That this consent to enter is granted for a **nominal** consideration of \$1.00.

(3) That HART shall indemnify the undersigned against loss or damage to the property of the undersigned and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death is caused by the negligent use of said property by HART and/or its representatives and consultants, resulting from this consent to enter.

(4) That the entire cost of the work proposed to be done and all other expenses incidental thereto will be borne by HART.

(5) That HART will, in its discretion, determine the extent of the work to be done.

(6) That this consent to enter is granted for a period of thirty-six (36) months commencing from the date of actual entry and terminating at the end of the period or upon completion of work, whichever is sooner.

(7) That HART or its representative will provide the undersigned written notification at least two weeks prior to the entry into said property by HART's contractor.

TAX MAP KEY: (1) 1-1-016-016
Consent to Enter – Page 2

(8) That this consent to enter shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors in trust, successors and assigns.

(9) That this consent to enter shall be null and void upon recordation of the deed or other document conveying said property to HART.

DATED: HONOLULU, HAWAII _____.

INTERNATIONAL EXPRESS, INC.

By _____
Its

Phone _____

APPROVED AS TO FORM AND
LEGALITY

Deputy Corporation Counsel

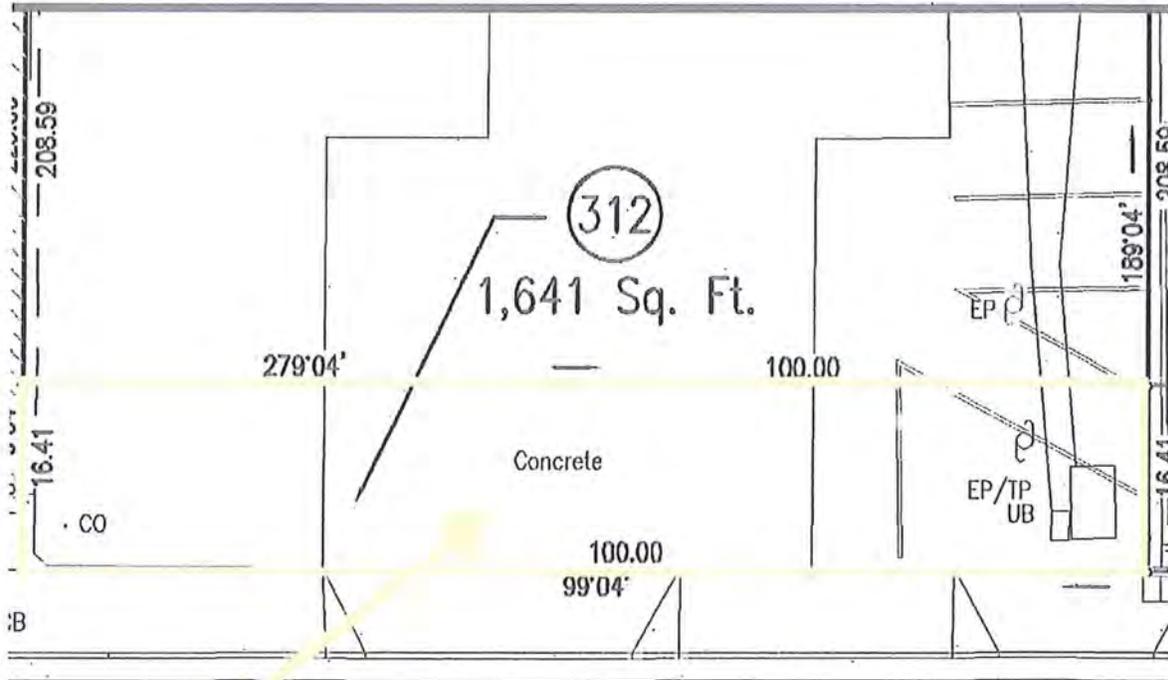
APPROVED AS TO CONTENTS



Honolulu Authority for Rapid Transportation

PARCEL MAP EXHIBIT

TMK 1-1-016-016



PARTIAL TAKING PERMANENT
EASEMENT
International Express, Inc. TMK
1-1-016-016
±/- 1,641 Square Feet

W A I W A I

RL 1529
L 15
COR
JK

GERALD I. FUJITA
ATTORNEY AT LAW
902 CITY FINANCIAL TOWER
201 MERCHANT STREET
HONOLULU, HAWAII 96813
TELEPHONE: (808) 531-4171

HART-ROW

2014 DEC 9 PM 2 17

December 8, 2014

Mr. Daniel Grabauskas
Honolulu Authority for Rapid Transit
City and County of Honolulu
1099 Alakea Street, 17th Floor
Honolulu, Hawaii 96813

Dear Mr. Grabauskas:

Re: International Express, Inc.
2613 Waiwai Loop
Honolulu, Hawaii 96819
Tax Map Key: (1)1-1-016-016 / 312

Dear Mr. Grabauskas:

International Express, Inc. ("IEX") is in receipt of the letter of Honolulu Authority for Rapid Transit ("HART") dated October 30, 2014 offering as just compensation, the amount of \$165,000 for the purchase of a 1,641 square foot portion of IEX's property described above (the "Property"), as an easement for overhead station maintenance and drainage. IEX respectfully declines the offer and counter proposes the following:

According to HART's proposal, it will require an area along the entire street frontage boundary and extending 16.41 feet into the Property for its use. This area must remain open and may be utilized for ingress and egress only. No practical use of the area for the operations of IEX can be made, including the parking of vehicles or permanent or partial storage of goods and equipment. As representatives of HART have seen, this area (which comprises approximately one-third of the open yard area fronting the building) is currently utilized intensively not only for ingress and egress, but for parking, temporary storage of goods, and a working area for the dropoff, loading and temporary storage of good in its trucking operation. If it is unable to so utilize that area, it would be impossible for IEX to continue its current operation.

Additionally, HART plans to construct a support column which will abut the front boundary of the Property alongside one of the driveways. The location of this column and the identical column to be constructed directly across the street will prevent trucks hauling 40' containers from reversing from the street to access the warehouse. Currently the IEX Property handles as many as 250 truck deliveries per week, of which a significant percentage involve 40' foot containers.

Mr. Daniel Grabauskas
Honolulu Authority for Rapid Transit
December 8, 2014
Page 2

Since IEX's ability to utilize the Property after a partial taking as proposed by HART will be severely curtailed as to make the Property unusable for its purposes, the proper just compensation should be to require HART to acquire the entire Property and place IEX in another comparable location in terms of fee simple ownership of a property with similar total land area, similar warehouse size with the ability to service 40 containers, similar refrigerator and freezer areas, and office space, and located in the same general vicinity, so that IEX can continue its operations. IEX has been unable to locate such a property available for purchase at any price.

IEX has received a proposal from Leshar Chee Stadlbauer to provide a fair market value appraisal of the Property, but such appraisal will not be completed before February, 2015. Regardless, IEX in good faith believes the fair market value of the Property to be no less than \$5 million. IEX specifically reserves the right to adjust this figure upon the obtaining of such appraisal.

Based on the above, IEX counter proposes as follows:

1. HART acquire the entire Waiwai parcel in full for the price of \$5 million or such price as indicated by independent appraisal of the fair market value.
2. IEX needs approximately three months to locate a comparable fee simple property for its operation. Comparable to be defined as follows: Fee simple property size of 22,500 square feet, a 15,400 square foot building that's inclusive of 3,000 square feet for office, 6,000 square feet of freezer/chill box storage with a 17' height and the remaining for dry storage/warehouse.
3. IEX believes there are no comparably equipped warehouse properties readily available for purchase. Preliminary findings in the current commercial real estate market reflect minimum cost of \$8 million to acquire a comparable property. In the event a property readily equipped to handle IEX operations is not found, expense will be incurred to modify an existing facility to accommodate its operation (requiring a build out of warehouse and refrigeration facilities). IEX has analyzed costs for these build outs to be approximately \$2.6 million (see expense analysis attached hereto) with a timeline of 10 months.

Mr. Daniel Grabauskas
Honolulu Authority for Rapid Transit
December 8, 2014
Page 3

4. HART will compensate IEX for the cost of moving its operation from the Waiwai location to this new location.

IEX submits this summary counterproposal of IEX's estimate of just compensation for the proposed taking of its property (Total \$7.6 million; \$5 million for Waiwai parcel and \$2.6 million for building expenses). Although the concept and elements of the counterproposal are definitive, the estimated costs of each element may change as more accurate information is obtained. We would like to discuss further with HART the resolution of this matter. Request is made for a meeting as soon as convenient. I will initiate a request to Morris Atta to meet with the week to discuss further.

Sincerely,



Gerald I. Fujita

cc: International Express, Inc.
Brennan Morioka
Morris Atta, Esq.
Walter Havekorst

Defined Expense Analysis:

New Building	
Architech, Engineering & Planning	\$40,000
Permitting	\$6,000
Building construction	\$2,785,320
Freezer/Chill Box storage	\$1,020,000
Fee simple land	\$2,812,500
Electrical	\$250,000
HVAC	\$400,000
Furnishings	\$50,000
Warehouse racking	\$90,000
Security (fire, alarm, access)	\$30,000
Cabling	\$17,250
USDA Certification	\$40,000
Total building expense	\$7,541,070

Moving	
Move inventory	\$25,000
Move all other items	\$30,000
Setup technology and office	\$20,000
Overlap of monthly expenses for 1 month	\$15,000
Total moving expense	\$90,000



JOHN CHILD & COMPANY
APPRAISERS & CONSULTANTS

October 15, 2014

Karen Char, MAI, CRE
Paul D. Cool, MAI, CRE
Shelly H. Tamaka, MAI

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Walter Havekorst
Senior Acquisition Agent for HART
Paragon Partners Ltd.
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Mr. Havekorst:

**Re: International Express Property at 2613 Waiwai Loop, Tax Map Key (1) 1-1-016:016;
PDQ Parcel 312**

At your request, John Child & Company has completed valuation analyses to estimate the fair market values for various interests in the International Express Property under full take and partial take scenarios. This letter summarizes the background and estimated values presented in the attached report.

STUDY BACKGROUND

The International Express Property is an owner-user refrigerated distribution warehouse at 2613 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The property consists of a 22,500 \pm industrial-zoned parcel identified as Tax Map Key 1-1-016:016 of the First Taxation Division.

The warehouse was built in 1967 and renovated in 2009. The building includes 16,820 \pm of ground floor warehouse and second floor office space, with five dock-high loading docks, climate-controlled receiving area, and about 9,900 \pm of chill/prep, cooler, and freezer space.

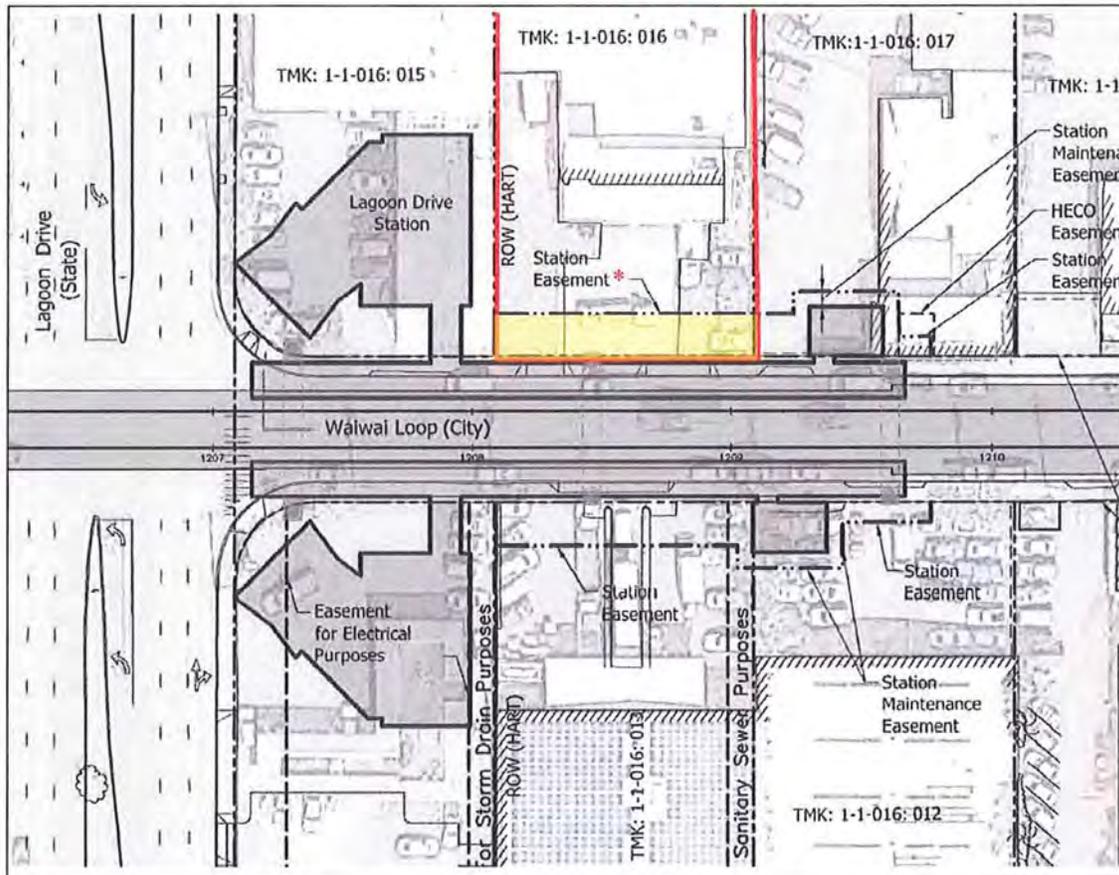
International Express, Inc. is a freight shipping and trucking company with two warehouses on Oahu. In 2008, the company acquired the fee simple interest in the 2613 Waiwai Loop property for \$4,150,000 and extensively renovated the property, including installation of new refrigeration systems. The owner reports the total cost of the renovations was about \$1.0 million.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (H RTP). The H RTP requires an easement over a 16-foot wide strip of land along Waiwai Loop for the Lagoon Drive Station maintenance easement and a drainage easement. The proposed easement encompasses 1,641 \pm and is shown in yellow on the following map:

Honolulu Authority for Rapid Transportation
 Paragon Partners Ltd.
 October 15, 2014
 Page 2



International Express Property



*A drainage easement is also proposed within the station maintenance easement area.

Alternatively, HART is considering a full take of the International Express Property. In this regard, you have asked us to assist you.

STUDY OBJECTIVES

The objectives of our assistance are to:

1. Estimate the fair market value of the fee simple interest in the International Express Property assuming a full take.

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2. Estimate the fair market value of a partial take that includes a proposed easement encumbrance on a 1,641^{sq} ft portion of the International Express Property for an overhead station maintenance and drainage easement.

INTENDED USE AND USERS

Our assistance is intended to be used by HART, Paragon Partners Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP.

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

DATE OF PROPERTY VISIT

The property was visited on November 7, 2013 and September 22, 2014. The property owner and President of International Express, Inc., Mr. Masao Mitsui, accompanied the appraisers on both visits.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is September 22, 2014, the date of the most recent property visit.

DATE OF REPORT

The date of this report is October 15, 2014.

DEFINITIONS OF TERMS

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.

Fair Market Value

"Fair market value" has the same meaning as "market value."

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Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

Fee Simple Interest

“Fee simple interest” is the same as “fee simple estate.”

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement

An easement is the right to use another’s land for a stated purpose.

Market Rent

Market rent means the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options, and tenant improvements (TIs).

ASSUMPTION OF A HYPOTHETICAL CONDITION

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. [2]

[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.

[2] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.

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Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

Therefore, the estimated market value of the property is based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

EXTRAORDINARY ASSUMPTION

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [1]

A partial taking would involve an easement encumbrance on a 1,641⁷ portion of the property along Waiwai Loop for an overhead station maintenance easement. A triangular-shaped drainage easement will also be located within the proposed taking.

Ingress and egress will be permitted under the overhead station easement. Clearance below the overhead easement will be sufficient to allow containerized vehicles access to the property. According to AECOM, engineers for HART, truck movement and access to the loading docks will not be impacted by the easement or straddle bent column to be located in front of the property.

Existing electrical utility poles and transformers near Waiwai Loop will be relocated to a position north of their existing location nearer the existing building. HART will be responsible for the relocation and reconstruction of existing site improvements affected by the proposed taking, including asphalt concrete paving, curbing and curb cuts, parking stall restriping, landscaping, irrigation systems, and existing utility connection points.

[1] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.

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STUDY CONDITIONS

This report is subject to the study conditions included in Section I.

ESTIMATED FAIR MARKET VALUE OF THE INTERNATIONAL EXPRESS PROPERTY ASSUMING A FULL TAKE

The highest and best use of the International Express Property is as currently improved and for sale to an owner-user for continued use as a private refrigerated distribution warehouse.

The fair market value of the property is estimated using the sales comparison and income capitalization approaches. Based on the valuation assumptions and analyses summarized in Section III, the fair market value of the fee simple interest in the International Express Property, as of September 22, 2014, is estimated to be:

FIVE MILLION THREE HUNDRED THOUSAND DOLLARS
\$5,300,000.

The estimated fair market value is the value of the real estate only. An inventory of the realty and personalty items is included in Addendum 4.

ESTIMATED FAIR MARKET VALUE OF THE 1,641^{sq} PARTIAL TAKING

The portion that would be taken for the easement is vacant land. Therefore, the fair market value of the 1,641^{sq} easement taking is estimated, in part, based on the *taking + damages* method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel).

The "larger parcel" is the 22,500^{sq} International Express site. The value of the partial taking also considers severance damage to the remainder property as a result of the taking.

Based on the valuation assumptions and analysis presented in Section IV of the attached report, the fair market value of the proposed 1,641^{sq} partial taking, as of September 22, 2014, is estimated to be:

ONE HUNDRED SIXTY-FIVE THOUSAND DOLLARS
\$165,000.

* * * * *



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We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

A handwritten signature in black ink, appearing to read "Paul D. Cool".

Paul D. Cool, MAI, CRE
Vice President
Certified General Appraiser License No. 71
State of Hawaii
Expires December 31, 2015

A handwritten signature in black ink, appearing to read "Shelly H. Tanaka".

Shelly H. Tanaka, MAI
Senior Appraiser
Certified General Appraiser License No. 648
State of Hawaii
Expires December 31, 2015



14-7036

October 20, 2014

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Walter Havekorst
Senior Acquisition Agent for HART
Paragon Partners Ltd.
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

**RE: Appraisal Review of
2613 Waiwai Loop, Honolulu, Oahu, Hawaii
PDO Parcel 312, International Express, Inc. Property
Tax Map Key (1) 1-1-016:016
Honolulu Rail Transit Project**

Dear Mr. Havekorst:

I have prepared the accompanying appraisal review report of the draft appraisal conducted on the total property acquisition scenario and a partial acquisition easement parcel affecting the larger parcel identified as 2613 Waiwai Loop, Tax Map Key (1) 1-1-016:016, Honolulu, Oahu, Hawaii, relative to the Honolulu Rail Transit Project.

The following report presents my review of the appraisal, analysis of data and other pertinent materials, and conclusions.

Please contact me at (808) 270-0604 or email ted@acmmaui.com if I may provide additional information or clarification. Thank you for this opportunity to work on this interesting assignment.

Respectfully submitted,

ACM Consultants, Inc.

A handwritten signature in black ink, appearing to read 'Ted Yamamura', written over a horizontal line.

Ted Yamamura, SRA, R/W-AC
Executive Vice President

CERTIFICATION

The undersigned does hereby certify to the best of my knowledge and belief that except as otherwise noted in the appraisal report:

- the statements of fact contained in the review report are true and correct;
- the reported analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are the reviewer's personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- the reviewing appraiser has no present or prospective interest in the property that is the subject of the review report and no personal interest or bias with respect to the parties involved;
- I have performed an appraisal review of the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- the compensation received by the review appraiser for the review is not contingent on the analyses, opinions, or conclusions reached or reported;
- the appraisal review was made and the review report prepared in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions;
- the appraisal review was made and the review report prepared in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice, except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions;
- the review appraiser has made a personal inspection of the property that was the subject of the appraisal report reviewed; has made a personal inspection of the market comparables cited in the appraisal report under review; has not verified the factual data presented in the appraisal report reviewed;
- Dominic Suguitan, CGA-576, commercial appraiser with ACM Consultants, Inc., provided professional assistance to the review appraiser which included complete and thorough review of the appraisal report, and assistance in verification, analysis and conclusions contained in the review report.
- **The final estimated total compensation of the subject's total property fee simple acquisition (*taking*) was concluded to be \$5,300,000 and the easement parcel was concluded to be \$165,000. The Review Appraiser recommends use of the \$5,300,000 and \$165,000 value conclusions as the basis of establishing just compensation.**

ACM Consultants, Inc.



Ted Yamamura, SRA, R/W-AC
 Certified General Appraiser
 State of Hawaii, CGA-160
 Expiration: December 31, 2015



Dominic Suguitan
 Certified General Appraiser
 State of Hawaii, CGA-576
 Expiration: December 31, 2015

PROJECT

Honolulu Rail Transit Project

CLIENT AND INTENDED USERS

Paragon Partners, Ltd. and Honolulu Authority for Rapid Transportation (HART) are the Client. The intended users are the Client and their duly authorized assigns. Any other use by any other person or entity for any other purpose, without exception, is explicitly unauthorized.

APPRAISAL REPORT IDENTIFICATION

An appraisal report was prepared by John Child & Company to determine the fee simple market value of a total property acquisition scenario and a partial acquisition easement parcel affecting the larger parcel identified as 2613 Waiwai Loop, Tax Map Key (1) 1-1-016:016, Honolulu, Oahu, Hawaii, relative to the Honolulu Rail Transit Project.

OWNERSHIP INTEREST APPRAISED

Unencumbered fee simple.

DATE OF APPRAISAL REPORT/EFFECTIVE DATE OF APPRAISAL

The date of the appraisal report was October 15, 2014, and the effective date of the appraisal was September 22, 2014.

INTENDED USE

The intended use of this review appraisal report is to enable the Client to determine the reasonableness of the value conclusions contained in the draft appraisal report in connection with the Honolulu Rail Transit Project. This report is not intended for any other use.

PURPOSE OF ASSIGNMENT

The purpose of this assignment is to conduct a technical field review of the referenced draft appraisal and to render an opinion regarding whether the opinions of value are adequately supported and in compliance with all appropriate standards, laws, and regulations relating to the appraisal of property for federal acquisition purposes.

SCOPE OF WORK

The Review Appraiser read the referenced draft appraisal, reviewed and analyzed appraisal report data for applicability, logic and consistency, and verified mathematical calculations. The appraiser's methodology was reviewed for appropriateness and to determine if it was completed in accordance with the current editions of the *Uniform Standards of Professional Appraisal Practice (USPAP)* and the *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)*. The Review Appraiser performed a visual inspection of the observable areas of the subject property, considered the neighborhood and its characteristics, viewed each of the comparables sales from the public street, and reported the analyses, opinions and conclusions in this report.

COMPETENCY PROVISION

The review appraiser has the required knowledge, experience, and state certification to complete this review appraisal assignment. Additional disclosures are addressed in the Certification section of this report.

JURISDICTIONAL EXCEPTION EMPLOYED IN THE APPRAISAL

USPAP's Jurisdictional Exception Rule provides that "if any part of the USPAP standards is contrary to the law or public policy of any jurisdiction, only that part shall be void and of no force of effect in that jurisdiction". The following Jurisdictional Exceptions were cited in the referenced appraisal report:

"Section A-9 of the Uniform Appraisal Standard for Federal Land Acquisition (Yellow Book) provides that an estimate of market value for federal land acquisition purposes shall not be linked to a specific exposure time. This is contrary to USPAP Standards Rule 1-2(c) and is considered a jurisdictional exception.

Section A-12 of the Yellow Book requires that the appraiser disregard any changes in a property's neighborhood brought about by the government's project. This is contrary to USPAP Standards Rule 1-3(a), which requires appraisers to identify and analyze the effect on use and value of anticipated public improvements located on or off site. Therefore, this instruction is also considered a jurisdictional exception."

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

The following **extraordinary assumptions** were employed in the referenced appraisal.

A partial taking would involve an easement encumbrance on a 1,641 SF portion of the property along Waiwai Loop for an overhead station maintenance easement. A triangular-shaped drainage easement will also be located within the proposed taking.

Ingress and egress will be permitted under the overhead station easement. Clearance below the overhead easement will be sufficient to allow containerized vehicles access to the property. According to AECOM, engineers for HART, truck movement and access to the loading docks will not be impacted by the easement or straddle bent column to be located in front of the property.

Existing electrical utility poles and transformers near Waiwai Loop will be relocated to a position north of their existing location nearer the existing building. HART will be responsible for the relocation and reconstruction of existing site improvements affected by the proposed taking, including asphalt or concrete paving, curbing and curb cuts, parking stall restriping, landscaping, irrigation systems, and existing utility connection points.

The following **hypothetical conditions** were employed in the referenced appraisal.

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

"The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner."

The estimated market value of the property is based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

STUDY CONDITIONS EMPLOYED IN THE APPRAISAL

The following study conditions were employed in the referenced appraisal.

The study conditions that are the basis of the analyses, opinions, and conclusions of this report are as follows:

Property Description

The description of the International Express Property is based on the legal description included in the Preliminary Report dated May 22, 2013. The report is included in Addendum 1.

The property description is also based on:

- *Tax maps and aerial photographs*
- *Honolulu Rail Transit Project maps prepared by AECOM, including:*
 - *Draft Lagoon Drive Station map dated May 23, 2014*
 - *Existing Right-of-Way map dated July 2, 2014*
 - *Building Demolition Sheet - Waiwai Loop dated July 2, 2014*
- *"Parcels 310 to 313, inclusive, Easements A and B," undated, prepared by R.M. Towill Corporation ("Parcel Map")*
- *Tax office, building permit, and other data provided by the City and County of Honolulu and/or reported by Hawaii Information Service, Inc.*
- *Discussions with the property owner*
- *Property visit.*

49 C.F.R. 24.103 CRITERIA FOR APPRAISALS

49 C.F.R. 24.103 provides the criteria for appraisals. The appraisal must meet the definition of an appraisal in 49 CFR 24.2(a)(3) and the five following requirements:

- An adequate description of the physical characteristics of the property being appraised (and, in the case of a partial acquisition, an adequate description of the remaining property), including items identified as personal property, a statement of the known and observed encumbrances, if any, title information, location, zoning, present use, an analysis of highest and best use, and at least a 5-year sales history of the property.
- All relevant and reliable approaches to value. If the appraiser uses more than one approach, there shall be an analysis and reconciliation of approaches to value used that is sufficient to support the appraiser's opinion of value.
- A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.
- A statement of the value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if any, to the remaining real property, where appropriate.
- The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

REVIEW APPRAISER'S METHODOLOGY

The *Uniform Standards of Professional Appraisal Practice* (USPAP), Standard 3, provides the requirements and process of appraisal reviews. 49 C.F.R. 24.104 provides the criteria for review of appraisals. The *Uniform Appraisal Standards for Federal Land Acquisitions*, (UASFLA) Section C, provides the framework of appraisal reviews for federal agencies.

The Uniform Act requires that a property be appraised before an acquiring agency begins negotiations to acquire it and that the amount of the approved appraisal be the basis of the offer of just compensation. The regulations in 49 C.F.R. 24.104 further require that appraisals be reviewed, and at a minimum:

(a) A qualified review appraiser shall examine the presentation and analysis of market information in all appraisals to assure that they meet the definition of appraisal found in 49 CFR 24.2(a)(3), appraisal requirements found in 49 CFR 24.103 and other applicable requirements, including, to the extent appropriate, the UASFLA, and support the appraiser's opinion of value. The level of review analysis depends on the complexity of the appraisal problem. As needed, the review appraiser shall, prior to acceptance, seek necessary corrections or revisions. The review appraiser shall identify each appraisal report as recommended (as the basis for the establishment of the amount believed to be just compensation), accepted (meets all requirements, but not selected as recommended or approved), or not accepted. If authorized by the Agency to do so, the staff review appraiser shall also approve the appraisal (as the basis for the establishment of the amount believed to be just compensation), and, if also authorized to do so, develop and report the amount believed to be just compensation.

(b) If the review appraiser is unable to recommend (or approve) an appraisal as an adequate basis for the establishment of the offer of just compensation, and it is determined by the acquiring Agency that it is not practical to obtain an additional appraisal, the review appraiser may, as part of the review, present and analyze market information in conformance with §24.103 to support a recommended (or approved) value.

(c) The review appraiser shall prepare a written report that identifies the appraisal reports reviewed and documents the findings and conclusions arrived at during the review of the appraisal(s). Any damages or benefits to any remaining property shall be identified in the review appraiser's report. The review appraiser shall also prepare a signed certification that states the parameters of the review. The certification shall state the approved value, and, if the review appraiser is authorized to do so, the amount believed to be just compensation for the acquisition.

The appraisal review employed the following criteria outlined in Section C-3 of the UASFLA.

(1) Develop an opinion as to the completeness of the appraisal report under review within the scope of work applicable to the appraisal assignment.

(2) Develop an opinion as to the appropriateness of the appraisal methods and techniques used and develop the reasons for any disagreements.

(3) Develop an opinion as to the apparent adequacy and relevance of the data and propriety of any adjustments to the data.

(4) Develop an opinion as to whether the analyses, opinions and conclusions in the appraisal report under review are appropriate and reasonable, and develop the reasons for any disagreement.

APPRAISAL REVIEW**(1) Develop an opinion as to the completeness of the appraisal report under review within the scope of work applicable to the appraisal assignment.**

The appraisal appears to be substantially developed and prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), 49 C.F.R. 24-103, and applicable state and city laws.

The Appraisal Report was intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it presents sufficient discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value.

Market Value was defined in the appraisal as follows:

Fair Market Value

"Fair market value" has the same meaning as "market value."

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

Fee Simple Interest

"Fee simple interest" is the same as "fee simple estate."

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement

An easement is the right to use another's land for a stated purpose.

The appraisal entailed a number of independent investigations and analyses including interviews with the property owner's representative and government agencies. Physical inspection of the subject property and comparable sales were conducted, and information and data regarding the subject and comparables were obtained and analyzed.

The client, intended use and user(s), extraordinary assumptions, hypothetical conditions, jurisdictional exceptions and scope of work were clearly identified and stated in the appraisal report.

The physical and legal identity of the subject site and improvements was sufficiently described in the report, together with a satisfactory description of the neighborhood. A legal description of the site was included in the report. The appraisal sufficiently identified all applicable regulations pertaining to the subject's land use and development, and the property history was properly identified. Adequate use of exhibits, including maps and photographs, were used in the identification and analysis of the subject and comparables.

Identification of the Larger Parcel and Acquisition Areas

The appraisal identified the larger parcel as follows:

The International Express Property is an owner-user refrigerated distribution warehouse at 2613 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The property consists of a 22,500 SF industrial-zoned parcel identified as Tax Map Key 1-1-016:016 of the First Taxation Division.

The warehouse was built in 1967 and renovated in 2009. The building includes 16,820 SF of ground floor warehouse and second floor office space, with five dock-high loading docks, climatecontrolled receiving area, and about 9,900 SF of chill/prep, cooler, and freezer space.

International Express, Inc. is a freight shipping and trucking company with two warehouses on Oahu. In 2008, the company acquired the fee simple interest in the 2613 Waiwai Loop property for \$4,150,000 and extensively renovated the property, including installation of new refrigeration systems. The owner reports the total cost of the renovations was about \$1.0 million.

The appraisal identified the acquisition areas as follows:

Description of the Partial Taking

Development of the H RTP Lagoon Station requires an approximately 1,641 SF portion of the property along Waiwai Loop for an overhead station maintenance and drainage easement. The taking extends about 16 feet in from Waiwai Loop, as shown on the Lagoon Station plan included in Exhibit II-K and the draft parcel map included in Exhibit II-L.

A straddle bent column will also be located in front of the property. According to HART, ingress and egress will be permitted in the easement area. Clearance below the easement and around the straddle bent column will be sufficient to allow large containerized vehicles continued access to the property and loading docks, as shown on the truck movement diagram prepared by AECOM and included in Exhibit II-M. However, parking, open yard storage, and fencing will not be permitted in the easement area.

Highest and Best Use Before the Taking

A highest and best use analysis was conducted and concluded as follows:

The value of a full and partial taking of the International Express Property requires a determination of the highest and best use of the property as it currently exists. The determination of the highest and best use of a property is key to the appraisal of the property because it guides the selection of comparable properties that are used in the valuation analysis.

Highest and Best Use "As if Vacant"

The first step in the highest and best use analysis is to determine what the highest and best use of the International Express Property would be if the site was vacant land. The highest and best use of the land "as if vacant" is considered in relation to its existing use and all potential uses.

The highest and best use of the before property "as if vacant" is discussed in terms of the four criteria.

Physically Possible

The physical characteristics of the site, including level topography, rectangular shape, street frontage and access, and access to utilities, are suitable for development with any of the uses allowed under zoning. Soils conditions are also assumed to be adequate for development.

Legally Permissible

The I-2 zoning permits a variety of industrial and commercial uses including the existing manufacturing warehouse use.

Financially Feasible and Maximally Productive

Demand for industrial properties is strong. According to the Hawaii-based research arm of Colliers International (Colliers), the Airport Industrial District and neighboring Mapunapuna industrial district to the northeast include nearly 8.8 million square feet of warehouse space, or about 22% of Oahu's total warehouse inventory.

The strong demand is expected to continue as ground leases expire. Therefore, the financially feasible and maximally productive use of the land is for sale to an owner-user.

Highest and Best Use "As If Vacant"

The highest and best use of the property before the taking, as if vacant and available for development, is for owner-user light-industrial development consistent with zoning.

Highest and Best Use "As Improved"

The International Express Property has a desirable location near the Honolulu International Airport and would appeal to a variety of cold storage users including smaller specialty food distributors or manufacturers, fish and seafood merchants, produce companies, and meat, dairy and poultry wholesalers.

The supply of refrigerated warehouses on Oahu for purchase or lease is limited. Most cold storage users have built their own facilities or retrofitted existing ones. Recent examples since 2000 include the owner's 2008 purchase of the property and the following other owner-user facilities:

- *United Fishing Agency fish auction warehouse at Pier 38 at Honolulu Harbor*
- *Fresh Island Fish processing plant at Pier 38*
- *Hawaiian Ice manufacturing plant at Pier 35*
- *Pacific Fishing Supply's tackle and bait shop at 867 Nimitz Highway in Iwilei*
- *H & W Foods processing and storage facility in Kapolei*
- *D. Otani Produce distribution facility on Nimitz Highway in Kalihi*
- *Armstrong Produce distribution facility in Mapunapuna.*

Owner-user demand for the International Express Property is expected to remain strong considering the costs to construct a comparable facility, and the limited supply of developable land in or near the airport area.

Recent sales and ground rent renegotiations on Oahu indicate the fee simple land value for the 22,500 SF parcel, as if vacant, would be about \$112/SF of land area, or about \$2,500,000, as discussed in Section IV.

PDQ Parcel 312, 2613 Waiwai Loop, Honolulu, Hawaii

In comparison, the value of the improved property is estimated to be about \$5,300,000, as described in Section III. The analyses show the existing improvements contribute to the value of the property and should be retained.

The highest and best use of the International Express Property is as improved and for sale to an owner-user.

Highest and Best Use After the Taking

The partial taking includes an easement encumbrance on a 1,641 SF portion of the property for an overhead station maintenance and drainage easement. Excluding wood utility poles and transformers that will be relocated by HART, the taking area is vacant and currently used for parking and driveway purposes.

The taking area comprises only 7% of the site and would not materially alter the ability of the property owner to use the existing improvements for its highest and best distribution warehouse use. According to HART, ingress and egress to the remainder property, including containerized vehicle access to the warehouse bays, will not be impeded.

However, the taking severely restricts the ability of the property owner to use the encumbered area. The value of the taking considers the disutility caused by the easement encumbrance, including the loss of parking.

The appraisal considered the Cost Approach, Sales Comparison Approach and Income Approach. In the final reconciliation, reasonable and appropriate considerations regarding the strength, weaknesses and appropriateness of the valuation methods employed in the appraisal were made before arriving at a final opinion of fair market value for the subject.

(2) Develop an opinion as to the appropriateness of the appraisal methods and techniques used and develop the reasons for any disagreements.

Proper appraisal methodology were considered and applied as appropriate. The Appraiser determined as follows:

The valuation analysis considered the three approaches to value: the income capitalization, sales comparison, and cost approaches. The income capitalization and sales comparison approaches were used to estimate the fair market value of the International Express Property. The cost approach was not used because of its limited applicability when valuing older improvements with significant accrued depreciation.

The Review Appraiser concurred with the Appraiser's use of only the Sales Comparison Approach and Income Approach.

In the Sales Comparison Approach the Appraiser confirmed and analyzed pertinent market data, and made reasonable and appropriate adjustments to the unit prices to arrive at a range of price indicators for the subject. These price indicators were applied to the subject's building area to arrive at a range of values by Sales Comparison.

In the Income Approach, the Appraiser solely employed the Direct Income Capitalization since it is the primary method used by market participants to evaluate the price of income-producing properties based on prevailing market rents and terms. A range of fair market rental rates for the subject were derived from an analysis of adequate and relevant market data. Overall rates were gleaned from the most appropriate market transactions and analyzed to arrive at a reasonable range of rates for the subject.

An analysis was also conducted by the appraiser to determine if there were any damages to the remainder after acquisition.

(3) Develop an opinion as to the apparent adequacy and relevance of the data and propriety of any adjustments to the data.

The data gathering process of the Appraiser included both new research as well as a review of data in their office files. In the process, pertinent data with respect to social, economic, governmental, and environmental factors, along with other regional data that would have a direct or indirect influence upon the subject property were gathered.

Full Property Acquisition Scenario

The Sales Comparison and Income approaches were applied in determining the fair market value of the Queen Bee Property under the full property acquisition scenario.

In the Sales Comparison Approach, the sales of four (4) improved comparable properties that occurred between 2008 and 2014 were confirmed and analyzed by the Appraiser. The comparables were all located within the Iwilei, Kalihi-Kapalama, Sand Island and Airport neighborhoods. The Review Appraiser deemed the comparables selected to be relevant and acceptable for comparison with the subject. The sales were displayed in a grid format and appropriate adjustments made to the sales prices to reflect differences between the comparable sales and the subject property. The adjustments to the comparables appeared warranted and reasonable, and the range of adjusted unit prices was \$310 to \$317 per square foot. The concluded value range by the Sales Comparison Approach was \$5,210,000 to \$5,330,000.

In the Income Approach, the Appraiser obtained adequate and relevant rental data, including actual leases and listings from the market, to ascertain the fair market rents for the subject. The comparable rentals and rental listings were all located within the Airport Industrial, Mapunapuna and Kalihi districts. Overall capitalization rates were analyzed from historical market sales of the most appropriate comparable properties in the subject's market. The concluded value range by the Income Approach was \$4,750,000 to \$5,430,000.

Estimated Market Rent

The International Express Property includes about 9,900 SF of cold storage space. The remaining space consists of dry storage and ancillary office space.

Non-Refrigerated Warehouse Rents

Recent leases of non-refrigerated warehouses in the airport and comparable neighborhoods show triple-net rents ranging from \$0.99/SF to \$1.25/SF. Larger properties tend to command lower rents per square foot, as summarized in Exhibit III-D.

Cold Storage Rents

Recent leases of freestanding cold storage facilities comparable to the International Express Property were not available. However, Oahu's largest public cold storage facility, Unicold Cold Storage, is also in the airport district and rents cold storage space on a palletized and direct lease basis (typically, five years with annual CPI escalations).

- *According to Mr. Darryl Kawano of Unicold, current triple-net rents for direct space leases range from \$3.00/SF to \$3.43/SF . Utilities and common area maintenance (CAM) passthroughs, including ground rent, total \$2.45/SF , for a monthly gross occupancy cost of \$5.45/SF to \$5.88/SF .*
- *Other sources disclosed a 15,000/SF space in Unicold was leased in 2011 with a triple-net rent of \$2.00/SF . The lower rent is considered to be at least partly attributable to the larger size of the space.*

PDQ Parcel 312, 2613 Waiwai Loop, Honolulu, Hawaii

Considering the size and other characteristics of the International Express Property, a monthly triple-net market rent of \$2.50/SF is estimated for the 9,900 SF refrigerated portion of the International Express Property.

A monthly market rent of \$1.00/SF is estimated for the remaining dry storage and office space and considers the ancillary nature of this space. Based on these rent assumptions, the monthly market rent for the International Express Property is estimated to be about \$31,670, or about \$1.88/SF per month, shown as follows:

	<i>Cold Storage</i>	<i>Remaining space</i>	<i>Total</i>
<i>Monthly NNN rent (\$/SF)</i>	<i>\$2.50</i>	<i>\$1.00</i>	<i>\$1.88</i>
<i>Rentable area (SF)</i>	<i>9,900</i>	<i>6,920</i>	<i>16,820</i>
<i>Monthly NNN rent Annualize (months/year)</i>	<i>24,750</i>	<i>6,920</i>	<i>31,670 12</i>
<i>Annual NNN rent</i>			<i><u>\$380,040</u></i>

The concluded fair market value of the fee simple interest in the International Express Property was estimated to be **\$5,300,000.**

Personalty

The valuation is of the real estate only, which includes the central air-conditioning, chiller and freezer system components, and built-in cabinetry in the second floor offices. An inventory of the realty and personalty items is included in Addendum 3.

Easement Parcel

The value of the partial taking is based, in part, on the per square foot land value for the 22,500 SF International Express Parcel ("Larger Parcel").

In the land valuation by Sales Comparison Approach, six comparable transactions were selected, confirmed and analyzed by the Appraiser. They included two sale transactions which occurred between June 2013 and August 2013. Four transactions, Comparables 2, 3, 5 and 6 were ground rent renegotiations and were selected and utilized as they also involved the determination of fee simple land values.

The appraisal identified key characteristics which contributed to differences in price variations. They were: (1) market conditions, (2) location, frontage and access, (3) Physical characteristics, (4) Zoning, and (5) parcel size.

The Review Appraiser deemed the selected comparables to be relevant and acceptable for comparison with the subject. The sales were displayed in a grid format and appropriate adjustments made to the sales prices to reflect differences between the comparable sales and the subject property. The adjustments, in most instances, were discussed and adequately supported.

After adjustments, the indicated unit prices ranged from \$100 to \$114 per square foot. The adjusted unit prices were then weighted as to their reliability and the estimated land value of the larger parcel was reconciled at \$112 per square foot.

**ESTIMATED MARKET VALUE OF
THE EASEMENT**

The easement will encumber a 1,641 SF portion of the site comprising about 7% of the total land area. The easement includes overhead air rights for station maintenance purposes, and surface and subsurface rights for a drainage easement. The easement area will continue to be available for ingress and egress. However, no parking, storage, development, or fencing will be allowed in the easement area.

Considering the significant disutility caused by the easement encumbrance, a 90% disutility factor is considered to be appropriate. The value of the easement taking is estimated to be about \$165,000, illustrated as follows:

Estimated Market Value of the Proposed Easement

Market value of the larger parcel (\$/SF)	\$112
Easement land area (SF)	1,641
Pro rata land value	183,792
Disutility factor	90%
Indicated value of the proposed easement, rounded	<u>\$165,000</u>

SEVERANCE DAMAGES

The taking is vacant land and does not alter the highest and best use of the property for continued warehouse use. Two marked stalls will be eliminated; room for up to two more cars or a large container truck in between the two driveways would also be lost.

International Express currently rents five parking stalls at the nearby Pacific Marina Inn motel across the street for \$100/stall per month. The diminution in value created by the loss of up to four parking stalls can be estimated based on the capitalized rent loss assuming these stalls would need to be replaced:

*Potential Diminution in Value Attributable to Loss in Parking
(Based on Capitalized Rent Loss)*

Number of parking stalls to be replaced	4
Monthly rent per stall	\$100
Monthly total	400
Months per year	12
Monthly parking rent (annualized)	\$4,800
Divided by overall capitalization rate	5.5%
Potential diminution in value associated with the loss of 4 parking stalls, rounded	<u>\$87,000</u>

The diminution in value associated with the loss of parking is less than the value of the proposed easement encumbrance which already considers the owner's inability to use the easement area for parking. Therefore, there is no additional severance damage associated with the taking.

The estimated market value of the 1,641 SF partial taking was concluded to be **\$165,000**.

(4) Develop an opinion as to whether the analyses, opinions and conclusions in the appraisal report under review are appropriate and reasonable, and develop the reasons for any disagreement.

In the final reconciliation, the appraisal made reasonable and appropriate considerations to the strength, weaknesses and applicability of the valuation methods, and provided the following conclusions:

*ESTIMATED FAIR MARKET VALUE OF THE
INTERNATIONAL EXPRESS PROPERTY
ASSUMING A FULL TAKE*

The highest and best use of the International Express Property is as currently improved and for sale to an owner-user for continued use as a private refrigerated distribution warehouse.

The fair market value of the property is estimated using the sales comparison and income capitalization approaches. Based on the valuation assumptions and analyses summarized in Section III, the fair market value of the fee simple interest in the International Express Property, as of September 22, 2014, is estimated to be:

*FIVE MILLION THREE HUNDRED THOUSAND DOLLARS
\$5,300,000.*

The estimated fair market value is the value of the real estate only. An inventory of the realty and personalty items is included in Addendum 4.

*ESTIMATED FAIR MARKET VALUE OF THE
1,641 SF PARTIAL TAKING*

The portion that would be taken for the easement is vacant land. Therefore, the fair market value of the 1,641 SF easement taking is estimated, in part, based on the taking + damages method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel).

The "larger parcel" is the 22,500 SF International Express site. The value of the partial taking also considers severance damage to the remainder property as a result of the taking.

Based on the valuation assumptions and analysis presented in Section IV of the attached report, the fair market value of the proposed 1,641SF partial taking, as of September 22, 2014, is estimated to be:

*ONE HUNDRED SIXTY-FIVE THOUSAND DOLLARS
\$165,000.*

CONCLUSION OF THE REVIEW APPRAISER

The appraisal report reviewed was a summary appraisal report and generally complied with *Uniform Standards of Professional Appraisal Practice (USPAP)*, the *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)*, 49 C.F.R. 24-103, and applicable state and city laws.

The information and data used in the appraisal report were sufficiently applicable and appropriate for use in the valuation analyses. The appraisal methods and techniques used in the report were appropriate for the valuation of the subject property and acquisition areas. Thus, based upon my review of the appraisal report, it is concluded that the analyses, opinions and conclusions were sufficiently reasonable and appropriate based upon expectations of the Client.

The final market value estimate of the subject's total property fee simple acquisition (*taking*) was concluded to be \$5,300,000, and the easement parcel was concluded to be \$165,000. The Review Appraiser recommends use of the **\$5,300,000** and **\$165,000** value conclusions as the basis of establishing just compensation.

ASSUMPTIONS AND LIMITING CONDITIONS

The work performed in this assignment are guided and influenced by the following assumptions and limiting conditions:

- The Appraisal Review is intended to comply with the development and reporting requirements set forth under Standard Rule 3 of the Uniform Standards of Professional Appraisal Practice for the review, development and reporting of an appraisal review. It is also intended to comply with Section C, Standards for Review of Appraisals, of the Uniform Appraisal Standards for Federal Land Acquisitions.
- The Review Appraiser did not prepare an appraisal of the subject property. The scope of the Review Appraiser's analysis was limited to information and data contained in the appraisal report under review. The Review Appraiser conducted an exterior inspection of the subject property and comparable sales.
- It is assumed that the information and data contained in the appraisal report under review are factual and accurate. The Review Appraiser did not verify any of the market sales or rent data contained in the appraisal report unless otherwise stated, and it is assumed that the data presented in the appraisal were verified by the appraiser and are factual and correct. No warranty is assumed by the Review Appraiser for possible misinformation.
- The Review Appraiser will employ the Jurisdictional Exception Rule if the Review Appraiser uses data and information that were not available to the appraiser. The source and extent of information will be disclosed in the review report.
- The Review Appraiser assumes that there are no hidden or unapparent conditions of the property, soil, or structures which would render it more or less valuable. The Review Appraiser assumes no responsibility for such conditions, or for engineering, which might be required to discover such factors.
- Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report under review are also conditions of this review.
- It is assumed that the Appraiser will address all areas of concern identified by the Review Appraiser and adequately address those concerns in the final appraisal report.
- The Review Appraiser is not required to give testimony or appear in court or hearing unless prior arrangements have been made and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the review appraiser, and in any event, only with proper written qualification and only in its entirety.
- Neither all nor any part of the contents of this review report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public without prior written consent and approval of the review appraiser. The review appraiser is not responsible for unauthorized use of this report.

PDQ Parcel 312, 2613 Waiwai Loop, Honolulu, Hawaii

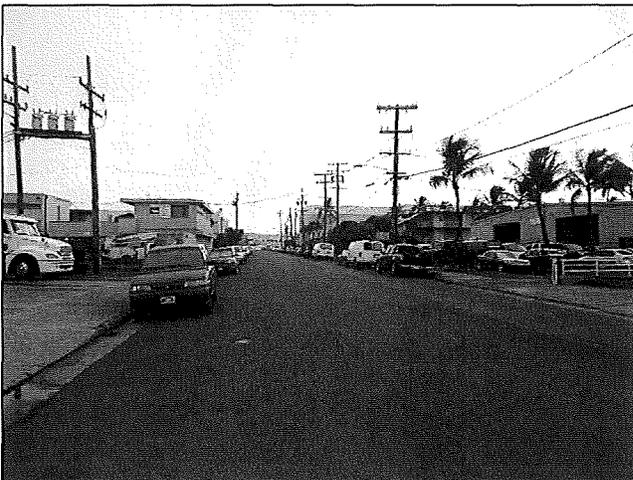
SUBJECT PHOTOGRAPHS



Front view of the larger parcel



View of Easement Parcel
(ROW Parcel 312)

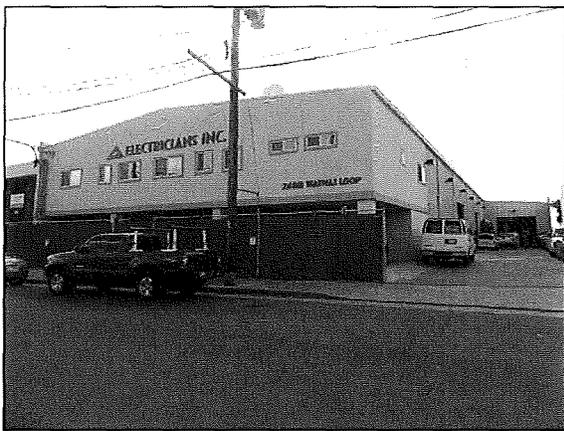


Street Scene – Waiwai Loop
(larger parcel on left)

COMPARABLE IMPROVED PROPERTY PHOTOGRAPHS



Improved Comparable Sale 1
TMK: (1) 1-1-16-16



Improved Comparable Sale 2
TMK: (1) 1-1-16-3



Improved Comparable Sale 3
TMK: (1) 1-2-11-7,8,9

PDQ Parcel 312, 2613 Waiwai Loop, Honolulu, Hawaii



Improved Comparable Sale 4
TMK: (1) 1-5-12-1-10

COMPARABLE LAND TRANSACTION PHOTOGRAPHS



Land Comparable 1
TMK: (1) 1-1-35-3



Land Comparable 2
TMK: (1) 1-1-16-1

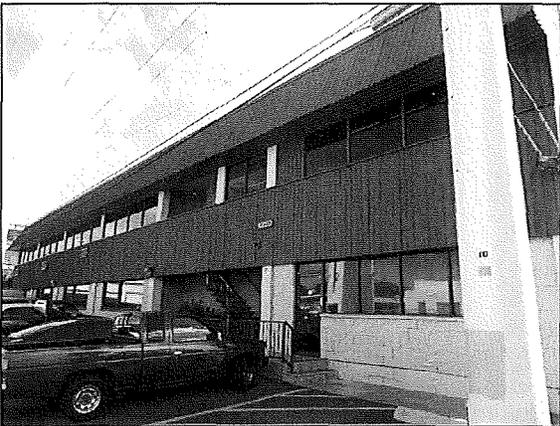


Land Comparable 3
TMK: (1) 1-1-16-39

PDQ Parcel 312, 2613 Waiwai Loop, Honolulu, Hawaii



Land Comparable 4
TMK: (1) 1-2-13-6



Land Comparable 5
TMK: (1) 1-5-21-2 & 15



Land Comparable 6
TMK: (1) 1-5-28-24

PROFESSIONAL QUALIFICATIONS – TED YAMAMURA, SRA, R/W-AC

- **STATE LICENSING**

State Certified General Appraiser,
State of Hawaii, License No. CGA 160, 9/18/1991
Expiration: December 31, 2015



- **PROFESSIONAL AFFILIATIONS**

Member---Appraisal Institute - Honolulu Chapter #67, **SRA** Designation - 1985
Member---International Right of Way Association (IRWA), **R/W-AC** Certification - 2007

- **PROFESSIONAL AND COMMUNITY INVOLVEMENT**

Past Member---State of Hawaii, Commission on Water Resource Management – 2012-2014
Past President---Hawaii Chapter of the Appraisal Institute – 2010
Past Member---County of Maui, Board of Water Supply – 2008 - 2012
Past Member---State of Hawaii, Board of Land & Natural Resources – 2001-2006
Past President---International Right of Way Association (IRWA), Hawaii Chapter #30 - 2004
Past President---Maui County Council, Boy Scouts of America – 1987

- **EXPERIENCE AND EDUCATION**

Executive Vice President
ACM Consultants, Inc.
2073 Wells Street Suite 100
Wailuku, Maui, Hawaii 97693

Previously associated with the following:

Vice President - Alexander & Alexander, Ltd. - Maui Division;
March 1979 - August 1982
Assistant Vice President - Honolulu Federal Savings & Loan Assn;
September 1974 - March 1979
Veteran - United States Air Force – 1967 - 1971
Educated: Maui High School and University of Hawaii

- **SUCCESSFULLY COMPLETED THE FOLLOWING COURSES:**

International Right of Way Association – Course 403, *Easement Valuation*,
Tucson, Arizona – 2008
International Right of Way Association – Course 410, *Reviewing Appraisals in Eminent Domain*,
Tucson, Arizona – 2008
International Right of Way Association – Course 401, *The Appraisal of Partial Acquisitions*
Fresno, California – 2007
Appraisal Institute – *National Uniform Standards of Professional Appraisal
Practice (USPAP) 2014-2015 Update Course* – Honolulu, Hawaii - 2014
International Right of Way Association – Course 409, *Integrating Appraisal Standards*,
Anaheim, California – 2005
Appraisal Institute – *Business Practices and Ethics*, Honolulu, Hawaii – 2009
Appraisal Institute – *Course 400, Uniform Standards of Professional Appraisal
Practice (USPAP)*, Honolulu, Hawaii – 2003
Appraisal Institute - *Standards of Professional Practice Part C*, Honolulu, Hawaii - 1997
Appraisal Institute - *Standards of Professional Practice Part A and Part B*,
Honolulu, Hawaii - 1993
International Right of Way Association (IRWA) *Course 214, Skills of Expert Testimony*
Honolulu, Hawaii – 1988
Society of Real Estate Appraisers (SREA) *Course 102 Examination, "Applied
Residential Property Valuation"*, Honolulu, Hawaii - 1982
Society of Real Estate Appraisers (SREA) *"Narrative Demonstration
Report" Examination*, Wailuku, Maui, Hawaii - 1983
Society of Real Estate Appraisers (SREA) *Course 101 Examination,
"Introduction to Appraising Real Property"*, Honolulu, Hawaii – 1979

CONTINUING EDUCATION SEMINARS AND WORKSHOPS ATTENDED:

The Seminar Group "Eminent Domain & Condemnation in Hawaii" Honolulu, Hawaii - 2013
 University of Hawaii/State of Hawaii Department of Transportation "Federal Highways (FHWA) Highway Noise Policy and Abatement Guidelines Workshop" - 2011
 Appraisal Institute "Real Estate Finance, Statistics, and Valuation Modeling" - 2009
 Appraisal Institute "Eminent Domain and Condemnation" - 2007
 Appraisal Institute "National Uniform Appraisal Standards for Federal Land Acquisitions ("Yellow Book") Practical Applications for Fee Appraisers" Honolulu, Hawaii - 2006
 Lorman Education Services "Law of Easements: Legal Issues and Practical Considerations in Hawaii" Honolulu, Hawaii - 2006
 Lorman Education Services "Eminent Domain in Hawaii" Honolulu, Hawaii - 2006
 Appraisal Institute "Mini-Series on USPAP Issues" Honolulu, Hawaii - 2006
 International Right of Way Association (IRWA) "Uniform Act Symposium", Anaheim, California - 2005
 Lorman Education Services "Zoning and Land Use in Hawaii", Honolulu, Hawaii - 2003
 The American Society of Farm Managers & Rural Appraisers "Conservation Easements" Honolulu, Hawaii - 2001
 The American Society of Farm Managers & Rural Appraisers "Appraising Rural Residential Properties" - Honolulu, Hawaii - 2001
 Appraisal Institute "Valuation of Detrimental Conditions in Real Estate" Honolulu, Hawaii - 2000
 Appraisal Institute "Case Studies in Residential Highest and Best Use" Honolulu, Hawaii - 2000
 Appraisal Institute "Advanced Sales Comparison Approach" Honolulu, Hawaii - 2000
 Appraisal Institute "Appraisal of Nonconforming Uses" Honolulu, Hawaii - 2000
 Appraisal Institute "Litigation Skills for the Appraiser: An Overview" Honolulu, Hawaii - 1998
 Appraisal Institute "Special Purpose Properties" Honolulu, Hawaii - 1997
 Appraisal Institute "Appraising for the Secondary Market" Honolulu, Hawaii - 1996
 Appraisal Institute "The Employee Relocation Council Form and the Drive-By Form", Anaheim, California - 1995
 Appraisal Institute "The Condominium Form and the Small Residential Income Property Appraisal Report Form", Anaheim, California - 1995
 Appraisal Institute "Technology Trends for the New Appraisal Office: EDI, GIS, and Digital Imaging" San Francisco, California - 1995
 Appraisal Institute "Diversification of Appraisal Services" San Francisco, California - 1995
 Appraisal Institute "Residential Appraisal Review", Chicago, Illinois - 1994
 Appraisal Institute "Understanding Limited Appraisals and Appraisal Reporting Options" Chicago, Illinois - 1994
 Appraisal Institute "Accrued Depreciation", Las Vegas, Nevada - 1992
 Appraisal Institute "Market Analysis", Las Vegas, Nevada - 1992
 American Institute of Real Estate Appraisers (AIREA) "Easement Valuation", Los Angeles, California - 1990
 Federal National Mortgage Association (FNMA) "Fannie Mae Appraisals", Seminar, Honolulu, Hawaii - 1990
 Society of Real Estate Appraisers (SREA) "Federal Home Loan Bank Board Appraisal Standards", Honolulu, Hawaii - 1989
 Society of Real Estate Appraisers (SREA) "Uniform Small Residential Income Appraisal Report", New York - 1989
 Society of Real Estate Appraisers (SREA) "Professional Practice", Honolulu, Hawaii - 1988
 Society of Real Estate Appraisers (SREA) "Appraisers Guide to the Uniform Residential Appraisal Report", Honolulu, Hawaii - 1987
 American Institute of Real Estate Appraisers (AIREA) "R-41b and Subdivision Analysis", Honolulu, Hawaii - 1985
 International Right of Way Association (IRWA) "Condemnation", Honolulu, Hawaii - 1982
 Society of Real Estate Appraisers (SREA) "Creative Financing and Cash Equivalency", Honolulu, Hawaii - 1983
 Society of Real Estate Appraisers (SREA) "Appraising Single Family Residences", Honolulu, Hawaii - 1983
 Society of Real Estate Appraisers (SREA) "Application of Market Extraction's", Honolulu, Hawaii - 1981

- **LEGAL**

Qualified as an expert witness:

First Circuit Court, Honolulu, Hawaii
 Second Circuit Court, Wailuku, Maui, Hawaii
 U.S. District Court, Honolulu, Hawaii
 U.S. Bankruptcy Court, Honolulu, Hawaii

Experienced in real estate arbitration assignments in the State of Hawaii

PROFESSIONAL QUALIFICATIONS – DOMINIC SUGUITAN

- **STATE LICENSING**

State Certified General Appraiser,
State of Hawaii, License No. CGA 576, 4/17/1995
Expiration: December 31, 2015

- **PROFESSIONAL AFFILIATIONS**

General Associate Member---Appraisal Institute

- **EXPERIENCE AND EDUCATION**

Vice President, Commercial Division
ACM Consultants, Inc. (formerly ACM, Real Estate Appraiser's, Inc.)
2073 Wells Street, Suite 100
Wailuku, Maui, Hawaii 97693

Previously associated with the following:

Yamaguchi & Yamaguchi, Inc.
Real Estate Appraisers and Consultants

- **SUCCESSFULLY COMPLETED THE FOLLOWING COURSES:**

Society of Real Estate Appraisers – *Course 101, Introduction to Appraising Real Property*, Tempe, Arizona - 1991
Appraisal Institute – *Appraising the Single Family Residence*, Honolulu, Hawaii - 1991
Appraisal Institute – *Foundations of Real Estate Appraisal*, Honolulu, Hawaii - 1991
Appraisal Institute – *Course 1BA, Capitalization Theory & Techniques, Part A*, San Jose, California - 1992
Appraisal Institute – *Course 1BB, Capitalization Theory & Techniques, Part B*, San Jose, California - 1992
Appraisal Institute – *Course I410, Standards of Professional Practice Part A (USPAP)*, Honolulu, Hawaii - 1993
Appraisal Institute – *Course I420, Standards of Professional Practice Part B (USPAP)*, Honolulu, Hawaii - 1993
Appraisal Institute – *Course I430, Standards of Professional Practice Part C (USPAP)*, Honolulu, Hawaii - 1999
Appraisal Institute – *Course I400, 7-Hour National USPAP Update Course*, Honolulu, Hawaii - 2003
Appraisal Institute – *Course I420, Business Practices and Ethics*, Honolulu, Hawaii - 2003
Appraisal Institute – *Online 7-Hour National USPAP Equivalent Course*, Chicago, Illinois -2005
Appraisal Institute – *Course 520, Highest & Best Use and Market Analysis*, Seattle, Washington - 2006
Appraisal Institute – *Online 7-Hour National USPAP Equivalent Course*, Chicago, Illinois -2007
Appraisal Institute – *Online 7-Hour National USPAP Equivalent Course*, Chicago, Illinois -2009
Appraisal Institute – *Online Business Practices and Ethics*, Chicago, Illinois -2009
Appraisal Institute – *Online 7-Hour National USPAP Equivalent Course*, Chicago, Illinois - 2011
Course 844 – “Residential & Commercial Valuation of Solar”
Albuquerque, New Mexico – February, 2013
“Online General Appraiser Report Writing and Case Studies” – Online Course
Appraisal Institute, October, 2013
“7-Hour National USPAP Update Course” – Online Course
McKissock, December, 2013

- **CONTINUING EDUCATION SEMINARS AND WORKSHOPS ATTENDED:**

- Appraisal Institute – “Data Confirmation and Verification Methods” Honolulu, Hawaii – 1995
- Appraisal Institute – “Residential Property Construction and Inspection” Honolulu, Hawaii – 1995
- Appraisal Institute – “Appraisal of Retail Properties” Honolulu, Hawaii – 1997
- Appraisal Institute – “Detrimental Conditions in Hawaii” Honolulu, Hawaii – 1997
- Appraisal Institute – “Special Purpose Properties” Honolulu, Hawaii – 1997
- Appraisal Institute – “Highest and Best Use Applications” Honolulu, Hawaii - 1997
- Appraisal Institute – “Appraising From Blueprints and Specs” Honolulu, Hawaii – 1998
- Appraisal Institute – “New Industrial Valuation” Honolulu, Hawaii – 1998
- Appraisal Institute – “Eminent Domain & Condemnation Appraising” Honolulu, Hawaii - 1998
- Appraisal Institute – “Online Analyzing Operating Expenses” Chicago, Illinois – 2001
- Appraisal Institute – “Real Estate Disclosure” Honolulu, Hawaii - 2001
- Appraisal Institute – “Online Internet Search Strategies for R.E. Appraisers” Chicago, Illinois - 2001
- Appraisal Institute – “Online Valuation of Detrimental Conditions in Real Estate” Chicago, Illinois - 2001
- Appraisal Institute – “The Appraisal Institute Commercial Database & AppraiserLoop, Part I”, Honolulu, Hawaii - 2002
- Appraisal Institute – “Statistical Analysis Using the Database, Part I”, Honolulu, Hawaii – 2002
- Appraisal Institute – “The Aftermath: Our World Post-Sept 11”, Honolulu, Hawaii – 2002
- Appraisal Institute – “Statistical Modeling & GIS: Applications for Income Properties” Honolulu, Hawaii - 2002
- Appraisal Institute – “Real Estate Finance, Value and Investment Performance” Honolulu, Hawaii - 2005
- Appraisal Institute – “Online Introduction to GIS Applications for Real Estate Appraisal”, Chicago, Illinois - 2005
- Appraisal Institute – “Online Small Hotel/Motel Valuation”, Chicago, Illinois - 2005
- Appraisal Institute – “Hawaii Lands, Historical Review”, Kahului, Hawaii - 2009
- Appraisal Institute – “Online Real Estate Finance Statistics and Valuation Modeling”, Chicago, Illinois - 2009
- Appraisal Institute – “Online An Introduction to Valuing Commercial Green Buildings”, Chicago, Illinois – 2011
- Appraisal Institute – “Online Rates and Ratios: Making sense of GIMs, OARs, and DCF”, Chicago, Illinois – 2011
- Appraisal Institute – “Online Forecasting Revenue”, Chicago, Illinois – 2011

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-10

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-012 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property and easements to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property and easements; and

WHEREAS, the acquisition by eminent domain of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-012 (por.) and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-012 (por.); and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain of said easement.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Exhibit A – Legal description of TMK 1-1-016-012 (por.)

Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-012 (Portion) by Eminent Domain.

Board Chair

ATTEST:

Board Administrator

DRAFT

PARCEL 310

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Northwest corner of this parcel of land, being the Northeast corner of the Lot 98 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,145.87 feet South and 2,403.16 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 279° 04' | 67.84 | feet along the South side of Waiwai Loop; |
| 2. | 9° 04' | 7.79 | feet; |
| 3. | 99° 04' | 33.83 | feet; |
| 4. | 9° 04' | 17.41 | feet; |
| 5. | 99° 04' | 34.01 | feet; |
| 6. | 189° 04' | 25.20 | feet along Lot 98 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 1,121 Square Feet, more or less. |



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
 Ryan M. Suzuki Exp: 4/30/16
 Licensed Professional Land Surveyor
 Certificate Number 10059

2024 North King Street, Suite 200
 Honolulu, Hawaii 96819
 May 11, 2015



Remainder of PARCEL 310

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Northeast corner of this parcel of land, being the Northwest corner of the Lot 96 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,161.63 feet South and 2,501.91 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|-------------|--------|--|
| 1. | 9° 04' | 208.27 | feet along Lot 96 (Map 150) of Land Court Application 1074; |
| 2. | 92° 39' 30" | 100.63 | feet along Keehi Lagoon Beach Park, Exec. Ord. No. 1561; |
| 3. | 189° 04' | 194.30 | feet along Lot 98 (Map 150) of Land Court Application 1074; |
| 4. | 279° 04' | 34.01 | feet; |
| 5. | 189° 04' | 17.41 | feet; |
| 6. | 279° 04' | 33.83 | feet; |
| 7. | 189° 04' | 7.79 | feet; |
| 8. | 279° 04' | 32.16 | feet along the South side of Waiwai Loop to the point of beginning and containing an area of 20,268 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

Ryan M Suzuki

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-__

AUTHORIZING THE ACQUISITION OF EASEMENT OVER, ON, AND ACROSS
THE REAL PROPERTY IDENTIFIED AS
TAX MAP KEY 1-1-016-012 (PORTION) BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain . . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-012 (por.) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said easement over, on, and across the above-identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-012 (por.) is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of said easement by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of said easement by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and

- 4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and
- 5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

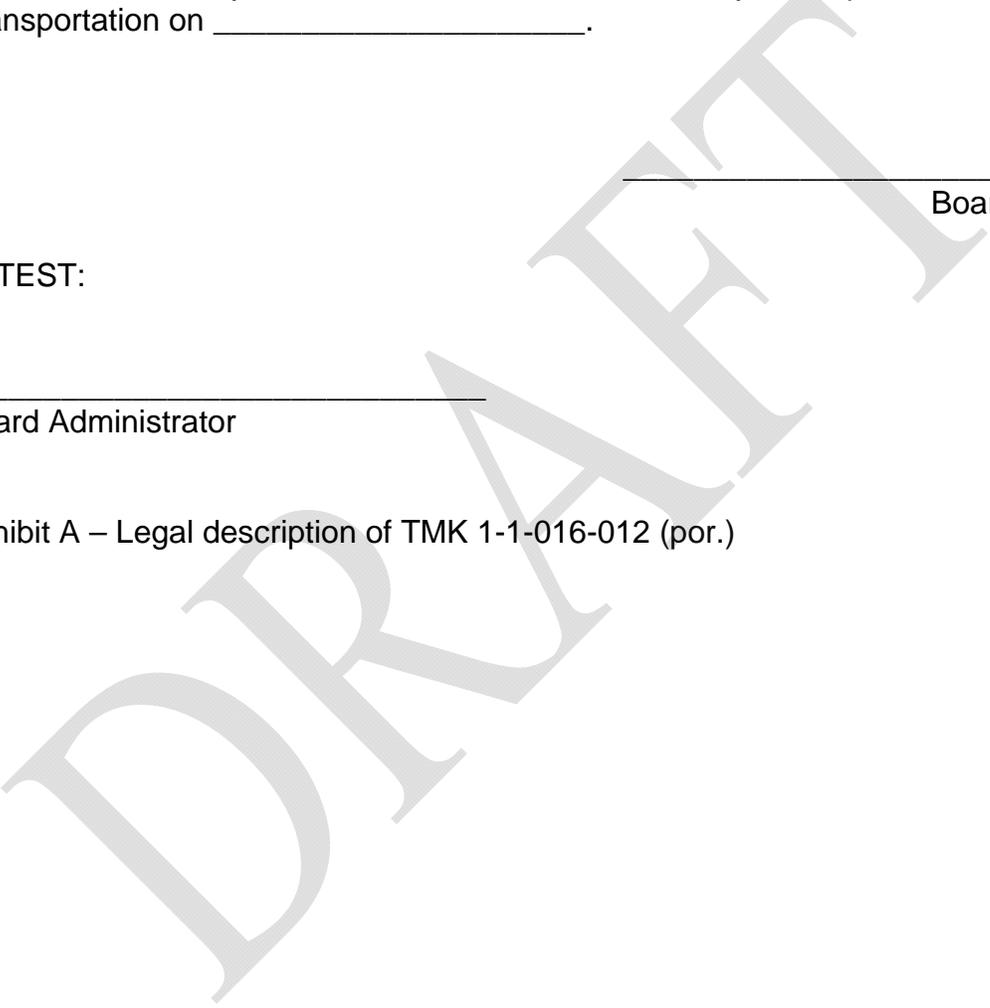
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on _____.

Board Chair

ATTEST:

Board Administrator

Exhibit A – Legal description of TMK 1-1-016-012 (por.)



PARCEL 310

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Northwest corner of this parcel of land, being the Northeast corner of the Lot 98 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,145.87 feet South and 2,403.16 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 279° 04' | 67.84 | feet along the South side of Waiwai Loop; |
| 2. | 9° 04' | 7.79 | feet; |
| 3. | 99° 04' | 33.83 | feet; |
| 4. | 9° 04' | 17.41 | feet; |
| 5. | 99° 04' | 34.01 | feet; |
| 6. | 189° 04' | 25.20 | feet along Lot 98 (Map 150) of Land Court Application 1074 to the point of beginning and containing an area of 1,121 Square Feet, more or less. |



R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
 Ryan M. Suzuki Exp: 4/30/16
 Licensed Professional Land Surveyor
 Certificate Number 10059

2024 North King Street, Suite 200
 Honolulu, Hawaii 96819
 May 11, 2015



Remainder of PARCEL 310

Being a Portion of Lot 97

As Shown on Map 150 of Land Court Application 1074

Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Northeast corner of this parcel of land, being the Northwest corner of the Lot 96 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,161.63 feet South and 2,501.91 feet East, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|-------------|--------|--|
| 1. | 9° 04' | 208.27 | feet along Lot 96 (Map 150) of Land Court Application 1074; |
| 2. | 92° 39' 30" | 100.63 | feet along Keehi Lagoon Beach Park, Exec. Ord. No. 1561; |
| 3. | 189° 04' | 194.30 | feet along Lot 98 (Map 150) of Land Court Application 1074; |
| 4. | 279° 04' | 34.01 | feet; |
| 5. | 189° 04' | 17.41 | feet; |
| 6. | 279° 04' | 33.83 | feet; |
| 7. | 189° 04' | 7.79 | feet; |
| 8. | 279° 04' | 32.16 | feet along the South side of Waiwai Loop to the point of beginning and containing an area of 20,268 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

Ryan M Suzuki

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-10 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-012 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: May 21, 2015
--	---	------------------------------

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 1-1-016-012, and situated at 2620 Waiwai Loop, Honolulu, Hawaii, 96819, which is required for guideway construction of the Honolulu Rail Transit Project (H RTP). This property, for which a 1,121 square foot Guideway Easement and a 468 square foot Temporary Construction Easement is required, is on the critical path for successful completion of the Airport section of the H RTP. The property is owned by Window World, Inc.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (TMK 1-1-016-012) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- The appraisal site visit occurred on September 22, 2014.
- An offer for the Guideway Easement and Temporary Construction Easement dated October 16, 2014 was hand delivered to the owner on October 21, 2014.
- The Consent to Enter has been signed by the owner; however no agreement has been reached on the acquisition.
- The owner is in disagreement with the value ascribed to the partial taking. The owner has not yet provided a formal response or counteroffer. There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims..

This parcel is being referred to eminent domain in order to ensure that if negotiations are not concluded to the satisfaction of the parties in a timely manner, HART will still be able to seek and obtain access to the property or part thereof to enable HART to maintain its construction schedule without delay. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and timing. Even if authorization to proceed with eminent domain is granted, HART fully intends to continue negotiations with the owner to seek a negotiated settlement prior to the filing of any court action rather

than rely on resolution of this matter by litigation.

3. Procurement Background

N/A

4. Financial/Budget Impact

The project budget includes an estimated cost for legal action associated with the eminent domain of the property.

5. Policy Impact

There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.

6. Public Involvement

N/A

7. Alternatives

There is no feasible alternative to avoid the above described impacts to the property.

8. Exhibits

Exhibit 1 – Offer letter dated October 16, 2014

Exhibit 2 – Appraisal by John Child & Company

Certified and Recommended by:



Executive Director and CEO

5/15/15

Date



HONOLULU AUTHORITY for RAPID TRANSPORTATION

IN REPLY REFER TO:
CMS-AP00ROW-00647

HAND-DELIVERED

October 16, 2014

Mr. Martin D. Anton
Window World, Inc.
2620 Waiwai Loop
Honolulu, Hawaii 96819


 Received
 MARTIN ANTON
 Print Name
 Date
 10-21-14

Daniel A. Grubauskas
EXECUTIVE DIRECTOR AND CEO

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

Donald G. Horner
VICE CHAIR

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Kestie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Dear Mr. Anton:

Subject: Honolulu Rail Transit Project (H RTP)
2620 Waiwai Loop
Parcel 310: Tax Map Key (TMK) 1-1-016-012 (Partial)
Letter of Offer

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 1,121 square feet portion of your property, identified as TMK 1-1-016-012 (shown colored in yellow on the enclosed map), as a perpetual easement for stairwell touchdown and overhead station easement, for the total consideration of \$175,000 (One Hundred Seventy-Five Thousand Dollars). Only ingress/egress will be permitted within the proposed station maintenance easement. Parking, open yard storage, and fencing will not be permitted within the overhead station easement area. Clearance below overhead station easement will be sufficient to allow containerized vehicles access to the property.

In addition, HART offers to purchase a Temporary Construction Easement (TCE) encompassing a total of 468 square feet (shown in blue on the enclosed map), for a total consideration of \$2,095 (Two Thousand and Ninety-Five Dollars). The purpose of the TCE is to facilitate street widening and construction of the improvements with the right-of-way (ROW). Activities that may be performed with the TCE may include: demolition, grading, utilities, traffic items, paving, and sidewalk. These activities may involve operation of equipment, movement of a work force on the described easement, and may include site security with temporary fencing. Construction within the TCE area would be limited to driveway and back of sidewalk connections to existing grades, and surface restoration. The duration of the TCE will be six months with a start date to be determined thru coordination with you and HART's contractor.

The total offer for acquiring both interests in your property is \$177,095 (One Hundred Seventy-Seven Thousand Ninety-Five Dollars).

Mr. Martin D. Anton
Page 2
October 16, 2014

The amount of offer is predicated on the assumption that there exists no hazardous substance, product, or waste on the subject property. Please be advised that the amount offered is subject to completion of an environmental site assessment by HART, and the cost to remediate any identified findings may affect the valuation of the subject property.

If this offer is acceptable, please sign the duplicate of this letter and the Consent to Enter and return them in the enclosed envelope by November 16, 2014. The remaining copies are for your files. Also enclosed for your information is the Appraisal Summary Statement and the General Acquisition & Relocation Information Brochure.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Please contact Mr. Walter "Cap" Havekorst at 799-3655 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

ACCEPTED:

WINDOW WORLD, INC.

By _____
Its

Print Name: _____

Dated: _____

STATEMENT OF JUST COMPENSATION

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)
LOCATION: 2620 Waiwai Loop, Honolulu, Oahu, Hawaii
TAX MAP KEY: 1-1-016-012
OWNER(S): WINDOW WORLD, INC.

INTEREST TO BE ACQUIRED: Permanent Easement & Temporary Construction Easement

PARCEL TO BE ACQUIRED: Permanent Easement of +/- 1,121 square feet and Temporary Construction Easements (TCEs) of +/- 468 square feet

ZONING: I-2 Intensive Industrial (County)

IMPROVEMENTS: None

PURPOSE: Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

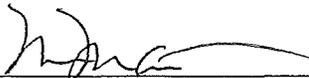
Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

JUST COMPENSATION: Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Permanent Easement	\$175,000
Temporary Construction Easement	\$ 2,095
TOTAL:	\$177,095

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.



 Morris M. Atta
 Deputy Director of Right-of-Way

APPRAISAL SUMMARY STATEMENT

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)
ADDRESS: 2620 Waiwai Loop, Honolulu, Oahu, Hawaii
TAX MAP KEY: 1-1-016-012
OWNER(S): WINDOW WORLD, INC.

PARCEL AREA: +/- 1,121 square feet of Permanent Easement
 +/- 468 square feet of Temporary Construction Easement

PROPERTY ACQUIRED: ALL: PART: X

INTEREST TO BE ACQUIRED: Permanent Easement & Temporary Construction Easement

ZONING: I-2 Intensive Industrial (County)

HIGHEST & BEST USE: Commercial

ASSESSED VALUE (2014): FOR TOTAL PARCEL	Land Value	\$ 2,276,400
	Building Value	<u>\$ 578,400</u>
	TOTAL	\$ 2,854,800

Permanent Easement	\$175,000
Temporary Construction Easement:	<u>\$ 2,095</u>
TOTAL	\$177,095

The Appraisal Estimate is: \$177,095

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.

RL 11694

CONSENT TO ENTER

The undersigned, being the owner of that certain property bearing the tax map key listed hereinbelow, hereby consents to the entry by the Honolulu Authority for Rapid Transportation ("HART"), a semi-autonomous agency of the City and County of Honolulu, and /or its representatives and consultants for the purpose stated:

PROJECT: **Honolulu Rail Transit Project (H RTP)**
TAX MAP KEY: **1-1-016-012**
LOCATION: **2620 Waiwai Loop, Honolulu, Oahu, Hawaii**
PURPOSE: **Construction Activities**

It is understood that this consent to enter is granted upon the following terms:

(1) That the area covered by this consent document is colored in yellow and blue outlined on the attached map. That this consent includes the right of ingress to and egress from said consent to enter area over the land of the undersigned, adjacent thereto for all purposes in connection with this consent to enter.

(2) That this consent to enter is granted for a **nominal** consideration of \$1.00.

(3) That HART shall indemnify the undersigned against loss or damage to the property of the undersigned and from liability for injury to or death of persons in the manner provided by law when such loss, damage, injury or death is caused by the negligent use of said property by HART and/or its representatives and consultants, resulting from this consent to enter.

(4) That the entire cost of the work proposed to be done and all other expenses incidental thereto will be borne by HART.

(5) That HART will, in its discretion, determine the extent of the work to be done.

(6) That this consent to enter is granted for a period of thirty-six (36) months commencing from the date of actual entry and terminating at the end of the period or upon completion of work, whichever is sooner.

(7) That HART or its representative will provide the undersigned written notification at least two weeks prior to the entry into said property by HART's contractor.

(8) That this consent to enter shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors in trust, successors and assigns.

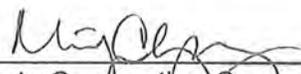
TAX MAP KEY: 1-1-016-012
Consent to Enter – Page 2

(9) That this consent to enter shall be null and void upon recordation of the deed or other document conveying said property to HART.

DATED: HONOLULU, HAWAII 4-6-15.

WINDOW WORLD, INC
By 
Its PREO
Phone 808-534-1114

APPROVED AS TO FORM AND
LEGALITY


Deputy Corporation Counsel
MARILYN C. USHIJIMA

APPROVED AS TO CONTENTS


Honolulu Authority for Rapid Transportation



JOHN CHILD & COMPANY
APPRAISERS & CONSULTANTS

October 1, 2014

Karen Char, MAI, CRE
Paul D. Cool, MAI, CRE
Shelly H. Tanaka, MAI

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Walter Havekorst
Senior Acquisition Agent for HART
Paragon Partners Ltd.
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Mr. Havekorst:

**Re: Window World Property at 2620 Waiwai Loop, Tax Map Key (1) 1-1-016:012;
PDQ Parcel 310**

At your request, John Child & Company has completed valuation analyses to estimate the fair market values and annual rent for various interests in the Window World Property under full take and partial take scenarios. This letter summarizes the background and estimated values presented in the attached report.

STUDY BACKGROUND

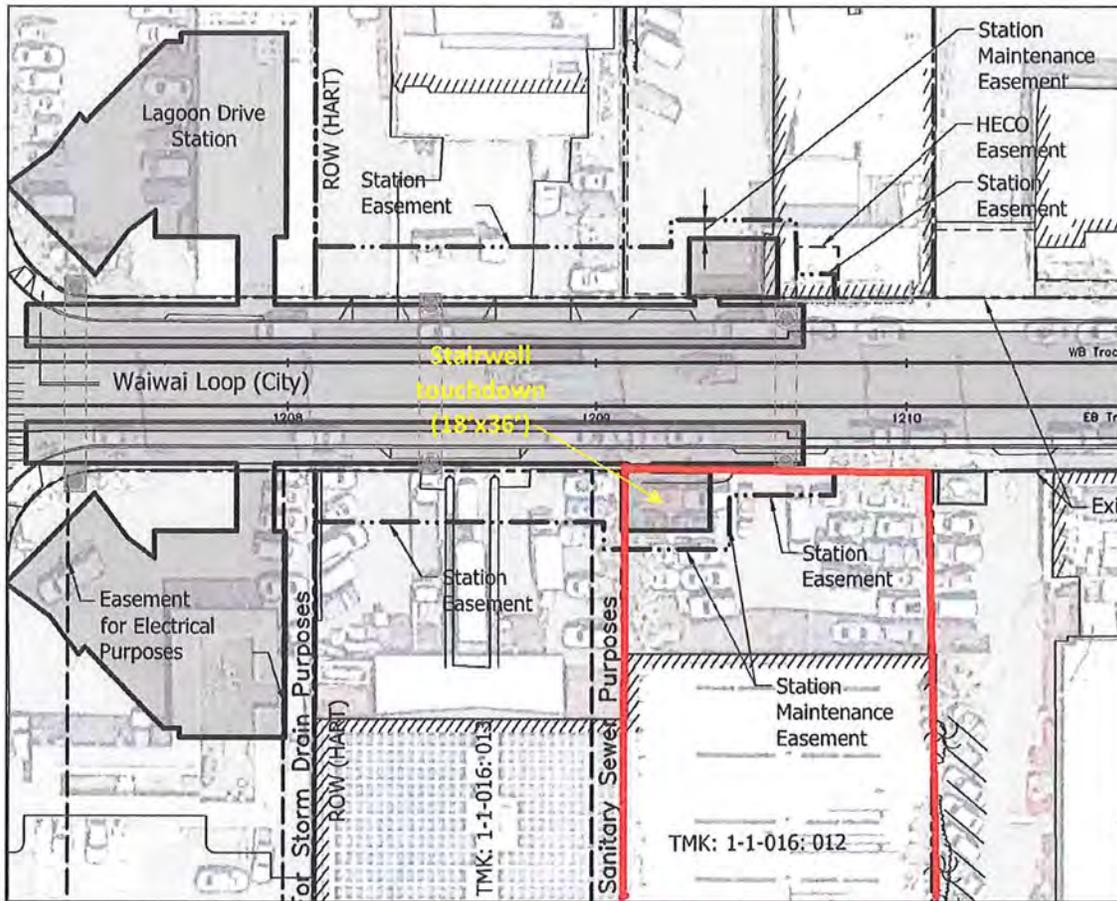
The Window World Property is a single-tenant industrial warehouse property at 2620 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The property consists of a 21,389 $\frac{1}{2}$ industrial-zoned parcel identified as Tax Map Key 1-1-016:012 of the First Taxation Division.

The single-story concrete masonry and steel warehouse was built in 1977 and includes approximately 16,000 $\frac{1}{2}$ of warehouse and enclosed office space. Window World, Inc. is a manufacturer and wholesale distributor of window coverings. It acquired the fee simple interest in the property in 2007 for \$3,000,000 and occupies the entire property for its manufacturing operations, sales and service headquarters, and administrative offices.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (H RTP). The H RTP requires a permanent easement on a 1,121 $\frac{1}{2}$ portion of the property along Waiwai Loop for the Lagoon Drive Station stairwell touchdown and overhead station maintenance easement. The proposed easement is shown on the following map:



Honolulu Authority for Rapid Transportation
 Paragon Partners Ltd.
 October 1, 2014
 Page 2



Window World Property

A 468^{sq} temporary construction easement (TCE) along Waiwai Loop would also be required during construction.

Alternatively, HART is considering a full take of the Window World Property. In this regard, you have asked us to assist you.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
October 1, 2014
Page 3

STUDY OBJECTIVES

The objectives of our assistance are to:

1. Estimate the fair market value of the fee simple interest in the Window World Property assuming a full take.
2. Estimate the fair market value of a proposed easement encumbrance on a 1,121~~sq~~ portion of the Window World Property for a stairwell touchdown and overhead station maintenance easement.
3. Estimate the annual market rent for a proposed 468~~sq~~ Temporary Construction Easement on a portion of the Window World Property.

INTENDED USE AND USERS

Our assistance is intended to be used by HART, Paragon Partners Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP.

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

DATE OF PROPERTY VISIT

The property was visited on August 15, 2013 and September 22, 2014. The property owner, Mr. Martin Anton, accompanied the appraisers on both visits.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is September 22, 2014, the date of the most recent property visit.

DATE OF REPORT

The date of this report is October 1, 2014.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
October 1, 2014
Page 4

DEFINITIONS OF TERMS

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.

Fair Market Value

"Fair market value" has the same meaning as "market value."

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

Fee Simple Interest

"Fee simple interest" is the same as "fee simple estate."

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement

An easement is the right to use another's land for a stated purpose.

Market Rent

Market rent means the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options, and tenant improvements (TIs).

[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
October 1, 2014
Page 5

ASSUMPTION OF A HYPOTHETICAL CONDITION

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. [1]

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

Therefore, the estimated market value of the property is based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

EXTRAORDINARY ASSUMPTION

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [2]

A partial taking would involve an easement encumbrance on a 1,121⁷/₈ portion of the property along Waiwai Loop for a stairwell touchdown and station maintenance easement. The stairwell will encompass 648⁷/₈ at the northwest corner. The balance of the taking consists of an encumbrance of overhead air rights and will continue to be available for ingress and egress to the site; however, no parking, storage, development, or fencing will be allowed in the easement area.

The stairwell touchdown and a straddle bent column in the middle of the property’s driveway will necessitate the relocation of the driveway from its current center location to the easterly end of the parcel. Demolition plans also include removal of 33 linear feet of water-laterals, demolishing and removing planters, trees, and asphalt concrete pavement.

[1] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition,

[2] Ibid.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
October 1, 2014
Page 6

The estimated market value of the partial taking and TCE are based on the extraordinary assumptions that ingress and egress to the remainder parcel will not be affected. Clearance below the overhead station maintenance easement will be sufficient to allow containerized vehicles access to the property.

In addition, HART will be responsible for the driveway relocation and reconstruction of existing site improvements affected by the proposed taking and TCE, including asphalt or concrete paving, curbing and curb cuts, parking stall restriping, landscaping, irrigation systems, and existing utility connection points.

STUDY CONDITIONS

This report is subject to the study conditions included in Section I.

ESTIMATED FAIR MARKET VALUE OF THE WINDOW WORLD PROPERTY ASSUMING A FULL TAKE

The highest and best use of the Window World Property is as currently improved and for sale to an owner-user for continued manufacturing, storage, and/or distribution warehouse uses.

The fair market value of the property is estimated using the sales comparison and income capitalization approaches. Based on the valuation assumptions and analyses summarized in Section III, the fair market value of the fee simple interest in the Window World Property, as of September 22, 2014, is estimated to be:

THREE MILLION FOUR HUNDRED THOUSAND DOLLARS
\$3,400,000.

The estimated fair market value is the value of the real estate only. An inventory of the realty and personalty items is included in Addendum 5.

ESTIMATED FAIR MARKET VALUE OF THE 1,121 $\frac{1}{2}$ PARTIAL TAKING

The portion that would be taken for the proposed easement is vacant land. Therefore, the fair market value of the 1,121 $\frac{1}{2}$ easement taking is estimated, in part, based on the *taking + damages* method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel). The "larger parcel" is the 21,389 $\frac{1}{2}$ Window World site. The value of the partial taking also considers severance damage to the remainder property as a result of the taking.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
October 1, 2014
Page 7

Based on the valuation assumptions and analysis presented in Section V of the attached report, the fair market value of the proposed 1,121~~7~~ partial taking, as of September 22, 2014, is estimated to be:

ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS
\$175,000.

ESTIMATED MARKET RENT FOR THE TCE

Based on the valuation assumptions and analysis presented in Section VI of the attached report, the annual market rent for the 468~~7~~ TCE, as of September 22, 2014, is estimated to be:

\$4,190.

The annual market rent is equivalent to about \$349 per month or \$2,095 for a six-month period.

* * * * *

We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

Paul D. Cool, MAI, CRE
Vice President
Certified General Appraiser License No. 71
State of Hawaii
Expires December 31, 2015

Shelly H. Tanaka, MAI
Senior Appraiser
Certified General Appraiser License No. 648
State of Hawaii
Expires December 31, 2015

Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-11

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-018 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART "to acquire by eminent domain ... all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;" and

WHEREAS, prior to such acquisition the Charter directs HART to submit a list of real property and easements to be acquired by eminent domain to the City Council; and

WHEREAS, the City Council may approve the acquisition by eminent domain or may object by adoption of a resolution within 45 days of the notification to acquire the real property and easements; and

WHEREAS, the acquisition by eminent domain of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-018 (por.) and more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That written notification to the City Council is approved, for the acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-018 (por.); and
2. That in the event the City Council approves or does not object to the acquisition within 45 days of notification, then HART is authorized to publish in a daily newspaper at least three days prior to Board action, the attached resolution marked as Exhibit B, authorizing acquisition by eminent domain of said easement.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on

_____.

Exhibit A – Legal description of TMK 1-1-016-018 (por.)

Exhibit B – Resolution No. 2015-____, Authorizing the Acquisition of Easement Over, On, and Across the Real Property Identified as Tax Map Key 1-1-016-018 (Portion) by Eminent Domain.

Board Chair

ATTEST:

Board Administrator

DRAFT

EASEMENT A
 For Electrical Purposes
 Affecting Lot 103
 As Shown on Map 150 of Land Court Application 1074
 In favor of Hawaiian Electric Company
 Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southwest corner of this easement, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,117.04 feet South and 2,577.16 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 189° 04' | 8.37 | feet; |
| 2. | 279° 04' | 8.35 | feet; |
| 3. | 189° 04' | 1.14 | feet; |
| 4. | 279° 04' | 13.00 | feet; |
| 5. | 9° 04' | 9.51 | feet; |
| 6. | 99° 04' | 21.35 | feet along the North side of Waiwai Loop to the point of beginning and containing an area of 194 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in cursive script, appearing to read "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2015-__

AUTHORIZING THE ACQUISITION OF EASEMENT OVER, ON, AND ACROSS
THE REAL PROPERTY IDENTIFIED AS
TAX MAP KEY 1-1-016-018 (PORTION) BY EMINENT DOMAIN

WHEREAS, the Honolulu Authority for Rapid Transportation (HART) has been established pursuant to Article XVII of the Revised Charter of the City and County of Honolulu 1973, as amended (Charter); and

WHEREAS, Section 17-103.2(b) of the Charter empowers HART “to acquire by eminent domain . . . all real property or any interest therein necessary for the construction, maintenance, repair, extension or operation of the fixed guideway system;” and

WHEREAS, the City Council approved or did not object to the acquisition of an easement over, on, and across the real property identified as Tax Map Key (TMK) 1-1-016-018 (por.) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said easement over, on, and across the above-identified real property, which is more particularly described in the attached legal description marked as Exhibit A, is necessary for the Honolulu Rail Transit Project fixed guideway system, a valid public use and purpose;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of HART as follows:

1. That acquisition by eminent domain of an easement over, on, and across the real property identified as TMK 1-1-016-018 (por.) is hereby authorized and the Corporation Counsel of the City and County of Honolulu is empowered to institute eminent domain proceedings as provided by law for the acquisition thereof; and
2. That the acquisition of said easement by eminent domain is determined and declared to be for a valid public use and purpose as aforesaid; and
3. That the acquisition of said easement by eminent domain is determined and declared to be necessary for the aforesaid public use and purpose; and

- 4. That in the process of said proceedings in eminent domain, the Corporation Counsel is authorized and empowered to negotiate terms of settlement, subject to the approval of HART and/or the Court before which such proceedings are commenced; and
- 5. That the Board Administrator be directed to transmit copies of this resolution to HART and the Department of the Corporation Counsel.

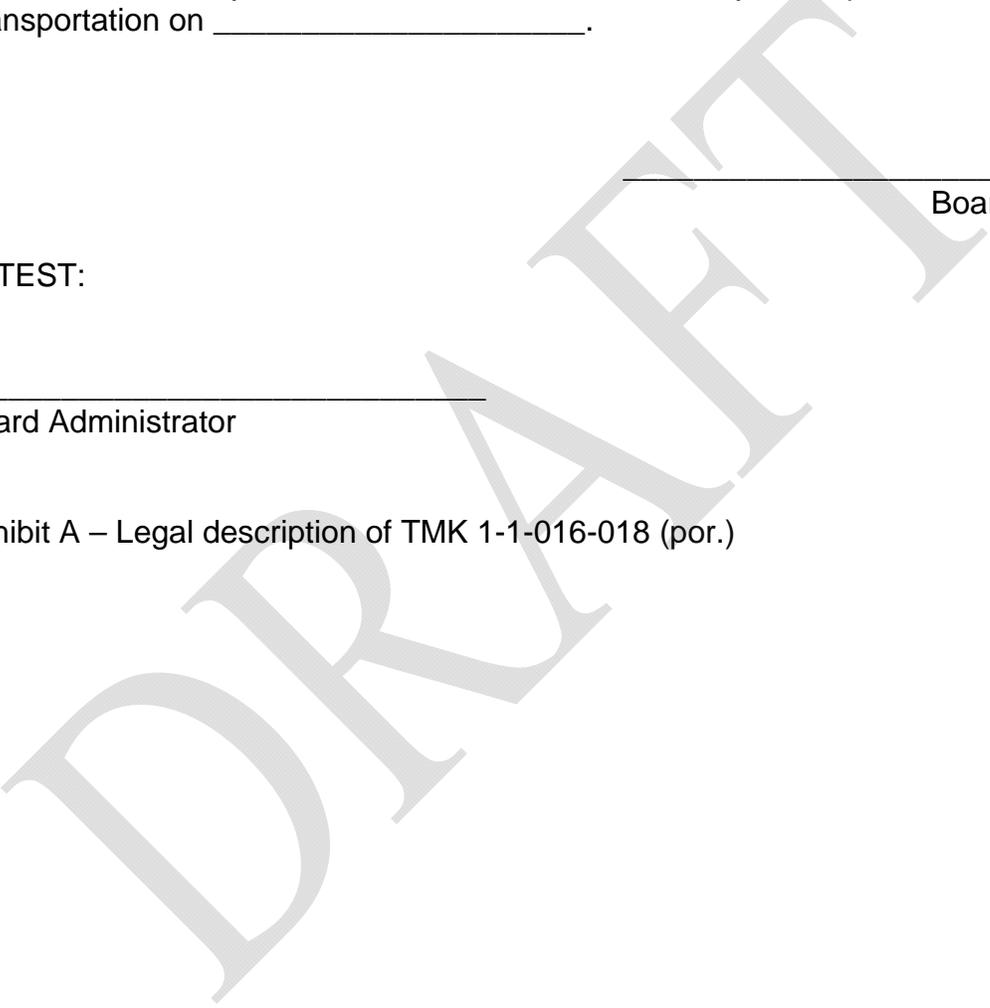
ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on _____.

Board Chair

ATTEST:

Board Administrator

Exhibit A – Legal description of TMK 1-1-016-018 (por.)



EASEMENT A
 For Electrical Purposes
 Affecting Lot 103
 As Shown on Map 150 of Land Court Application 1074
 In favor of Hawaiian Electric Company
 Situate at Moanalua, Honolulu, Island of Oahu, Hawaii

Beginning at the Southwest corner of this easement, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,117.04 feet South and 2,577.16 feet West, thence running by azimuths measured clockwise from true South:

- | | | | |
|----|----------|-------|---|
| 1. | 189° 04' | 8.37 | feet; |
| 2. | 279° 04' | 8.35 | feet; |
| 3. | 189° 04' | 1.14 | feet; |
| 4. | 279° 04' | 13.00 | feet; |
| 5. | 9° 04' | 9.51 | feet; |
| 6. | 99° 04' | 21.35 | feet along the North side of Waiwai Loop to the point of beginning and containing an area of 194 Square Feet, more or less. |





R. M. TOWILL CORPORATION

Description prepared by:

A handwritten signature in cursive script, appearing to read "Ryan M. Suzuki".

Ryan M. Suzuki Exp: 4/30/16
Licensed Professional Land Surveyor
Certificate Number 10059

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
May 12, 2015



Honolulu Authority for Rapid Transportation

STAFF SUMMARY

TITLE: RESOLUTION NO. 2015-11 APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEY 1-1-016-018 (PORTION) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENT BY EMINENT DOMAIN	STAFF CONTACT: Elizabeth Scanlon Morris Atta	DATE: May 21, 2015
--	---	------------------------------

Type:	Goal	Focus Area	Reference Notes
<input checked="" type="checkbox"/> Action/Approval	<input checked="" type="checkbox"/> Project Delivery	<input checked="" type="checkbox"/> Livability/Land Use	
<input type="checkbox"/> Information	<input type="checkbox"/> Service Delivery	<input type="checkbox"/> Partnerships	
<input type="checkbox"/> Follow-up	<input checked="" type="checkbox"/> Resource Stewardship	<input type="checkbox"/> Agency Admin.	

1. Purpose:

Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Key 1-1-016-018, and situated at 2629 Waiwai Loop, Honolulu, Hawaii, 96819, which is required for guideway construction of the Honolulu Rail Transit Project (H RTP). This property, for which a 193 square foot electrical easement and a 1,307 square foot Temporary Construction Easement is required, is on the critical path for successful completion of the Airport section of the H RTP. The property is owned by Ahualoa Aina, LLC.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification

This property (TMK 1-1-016-018) was designated as a partial take in the Final Environmental Impact Statement (FEIS). As required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) and FTA C5010.1D, the owners were notified of HART's intent to acquire the property. An appraisal was conducted following URA guidelines, which took into consideration all site conditions and potential impacts the partial take would have on the remainder of the property.

- The Letter of Intent to Acquire and Appraisal Site Inspection dated December 23, 2014 was sent to the owner via certified mail.
- The appraisal site visit occurred on January 13, 2015.
- An offer for the electrical easement and Temporary Construction Easement dated February 20, 2015 was sent to the owner via certified mail.
- A Final Letter of Offer dated April 1, 2015 was sent to the owner via certified mail seeking a response to the offer.
- The owner is in disagreement with the value ascribed to the partial taking. The owner has not yet provided a formal response or counteroffer. There is a significant possibility that negotiations and/or closing of this transaction will not conclude prior to the date that access to the property is needed to meet HART's project construction schedule and could result in construction delay damage claims.

This parcel is being referred to eminent domain in order to ensure that if negotiations are not concluded to the satisfaction of the parties in a timely manner, HART will still be able to seek and obtain access to the property or part thereof to enable HART to maintain its construction schedule without delay. Access to this parcel is needed as soon as possible in order to avoid costly delays to the project schedule and

timing. Even if authorization to proceed with eminent domain is granted, HART fully intends to continue negotiations with the owner to seek a negotiated settlement prior to the filing of any court action rather than rely on resolution of this matter by litigation.

3. Procurement Background

N/A

4. Financial/Budget Impact

The project budget includes an estimated cost for legal action associated with the eminent domain of the property.

5. Policy Impact

There is no policy impact since this action conforms to the requirement of the URA, FTA 1050.1D and Article SVII of the Charter of the City and County of Honolulu.

6. Public Involvement

N/A

7. Alternatives

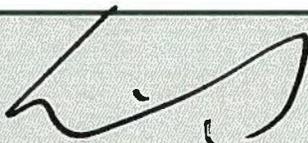
An alternative investigated was to reorient the electrical easement and Temporary Construction Easement to another parcel in the vicinity, however, this alternative was determined to be unfeasible.

8. Exhibits

Exhibit 1 – Offer letter dated February 20, 2015

Exhibit 2 – Offer letter dated April 1, 2015

Exhibit 3 – Appraisal by John Child & Company



Executive Director and CEO

Certified and Recommended by:

5/15/15

Date



IN REPLY REFER TO:
CMS-APOOROW-00774

HONOLULU AUTHORITY *for* RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

CERTIFIED MAIL/RETURN RECEIPT REQUESTED
7014 1200 0000 8347 4818

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

February 20, 2015

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VICE CHAIR

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Ahualoa Aina, LLC
73-5582 Olowalu Street, Suite D
Kailua Kona, Hawaii 96704

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Robert Bunda
Michael D. Formby
Ford N. Fuchigami
William "Buzz" Hong
Kestle W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Dear Ms. Crossley:

Subject: Honolulu Rail Transit Project (H RTP)
2629 Waiwai Loop
Parcel 305: Tax Map Key (TMK) 1-1-016-018 (Portion)
Letter of Offer

This is a follow-up to previous correspondence regarding the appraisal and acquisition of the subject property. An appraisal of your property has been completed. Based on our findings as contained in the enclosed Statement of Just Compensation, Honolulu Authority for Rapid Transportation (HART) offers to purchase a 193 square foot portion of your property, identified as TMK 1-1-016-018 (shown colored in red on the enclosed map), as a utility easement for electrical purposes, for the total consideration of \$16,360 (Sixteen Thousand Three Hundred Sixty Dollars).

In addition, HART offers to purchase a Temporary Construction Easement (TCE) consisting of 1,307 square feet (shown colored in yellow on the enclosed map) for a consideration of \$5,910 (Five Thousand Nine Hundred Ten Dollars). The intent of the TCE is to facilitate construction of improvements within the right-of-way which may include demolition, grading, utilities, traffic items, paving, and sidewalk. These activities may involve operation of equipment, movement of a work force on the described easement, and may include site security with temporary fencing. Construction within the TCE area would be limited to the driveway and back of sidewalk connections to existing grades and surface restoration. The duration of the TCE will be six months with a start date to be determined thru coordination with you and HART's contractor.

The total offer for acquiring the interest in your property is \$22,270 (Twenty-Two Thousand Two Hundred Seventy Dollars).

Ms. Marie Crossley
Page 2
February 20, 2015

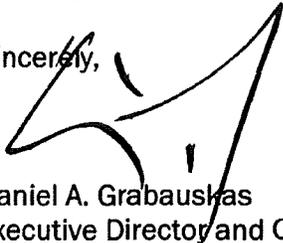
If this offer is acceptable, please sign the duplicate of this letter and return it in the enclosed envelope by **March 22, 2015**. The remaining copies are for your files. Enclosed for your information are the Appraisal Summary Statement, and General Acquisition & Relocation Information Brochure. Also enclosed is a draft Right of Entry, Possession and Use Agreement for your review, consideration and to be further discussed with your acquisition agent.

If we do not hear from you by **March 22, 2015**, this offer shall be considered rejected and HART will proceed to review options to acquire the subject property.

In accordance with federal regulations affecting real property transactions, we request your cooperation in providing us with your Taxpayer Identification Number. Please execute and return the enclosed IRS Form W-9 at the same time. The W-9 is required by our Department of Budget and Fiscal Services to release the check.

Please contact Mr. Jackson Blagden at 536-5900 if you have any questions regarding this matter.

Sincerely,



Daniel A. Grabauskas
Executive Director and CEO

Enclosures

ACCEPTED:

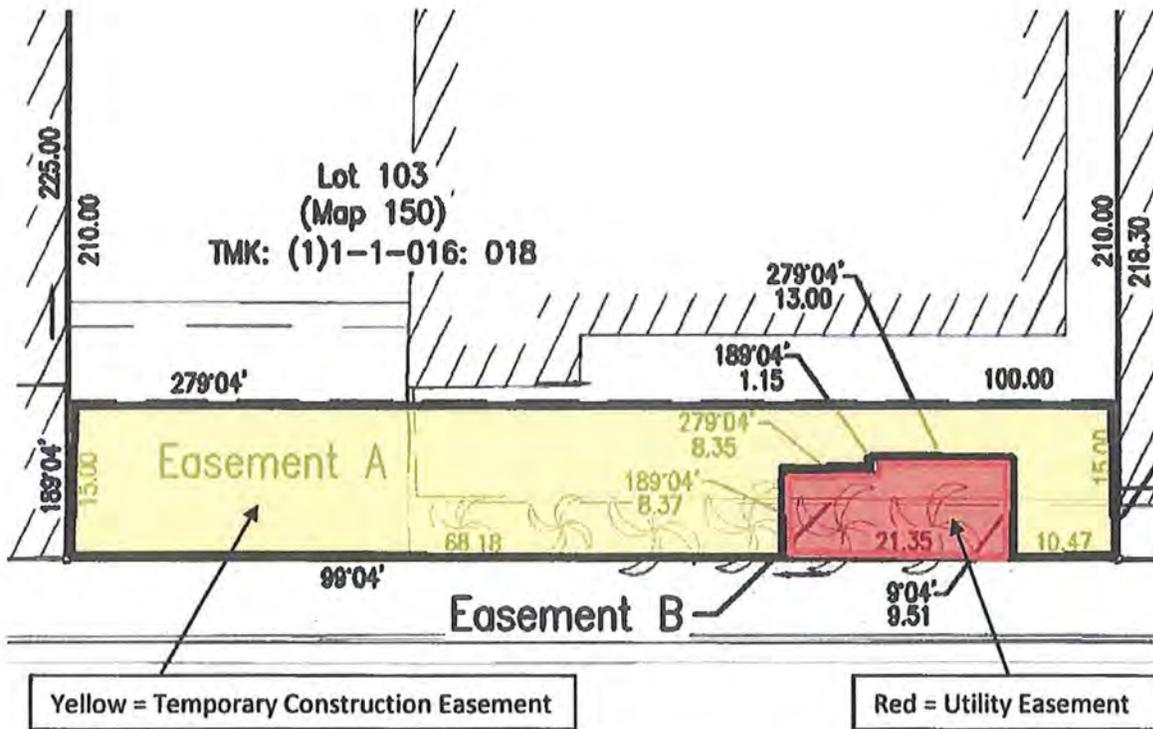
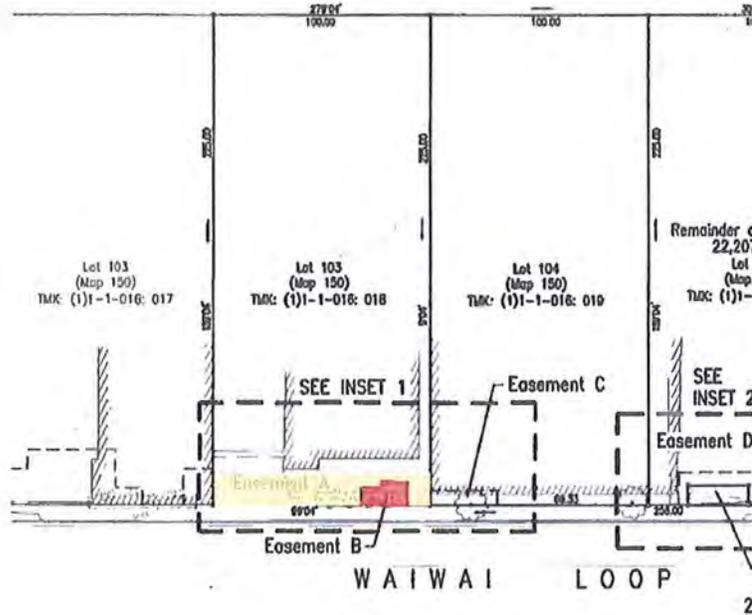
AHUALOA AINA, LLC

By _____
Its

Print Name: _____

Dated: _____

PARCEL MAP EXHIBIT TMK 1-1-016-018 (Portion)



STATEMENT OF JUST COMPENSATION

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

LOCATION: 2629 Waiwai Loop, Honolulu, Oahu, Hawaii

TAX MAP KEY: 1-1-016-018 (Portion)

OWNER(S): Ahualoa Aina, LLC

INTEREST TO BE ACQUIRED: Utility Easement & Temporary Construction Easement

PARCEL TO BE ACQUIRED: Electrical Utility Easement of +/-193 square feet
Temporary Construction Easement of +/- 1,307 square feet

ZONING: I-2, Intensive Industrial

IMPROVEMENTS: None

PURPOSE: Under the United States and Hawaii Constitutions, private property cannot be taken for public use without payment of just compensation. In accordance with the Code of Federal Regulations, Honolulu Authority of Rapid Transportation submits a written statement of and summary of the basis for the amount it has established as just compensation for the above identified property.

In estimating just compensation, an appraisal was performed by a State of Hawaii licensed appraiser. The amount established as just compensation is not less than the approved appraisal of the fair market value of the property being acquired.

Unless otherwise stated in the attached letter of offer, the amount established as just compensation is for the real property being acquired, which includes land, buildings, structures, or improvements located on, or damaged as a result of the taking of the areas and interest described in the attached letter of offer.

The amount established as just compensation does not include items of personal property such as household furnishings, clothing and appliances.

JUST COMPENSATION: Based on the completed appraisal report and the appraisal review the just compensation amount for the property being acquired is:

Utility Easement	\$16,360
Temporary Construction Easement	\$ 5,910
TOTAL:	\$22,270

The original of this statement to be tendered to the above named owner has been signed in ink. If the signature is not in original ink, as opposed to duplicating, electrostatic or other media, this Statement of Just Compensation is not valid.


 Morris M. Atta
 Deputy Director of Right-of-Way

APPRAISAL SUMMARY STATEMENT

PROJECT: HONOLULU RAIL TRANSIT PROJECT (H RTP)

ADDRESS: 2629 Waiwai Loop, Honolulu, Oahu, Hawaii

TAX MAP KEY: 1-1-016-018 (Portion)

OWNER(S): Ahualoa Aina, LLC

PARCEL AREA: +/- 193 square feet of Electrical Utility Easement
+/- 1,307 square feet of Temporary Construction Easement

PROPERTY ACQUIRED: ALL: ____ PART: X

INTEREST TO BE ACQUIRED: Perpetual Easement & Temporary Construction Easement

ZONING: I-2 Intensive Industrial

HIGHEST & BEST USE: Industrial Warehouse

ASSESSED VALUE (Projected 2015): FOR TOTAL PARCEL	Land Value	\$2,550,000
	Building Value	<u>\$ 363,300</u>
	TOTAL	\$2,913,300

Utility Easement	\$16,360
Temporary Construction Easement	<u>\$ 5,910</u>
TOTAL	\$22,270

The Appraisal Estimate is: **\$22,270**

The value of the property being acquired is based upon an appraisal prepared in accordance with accepted appraisal practices. Full and careful consideration has been given to the highest and best use for development of the property and to all features inherent in your property in order that the highest valuation possible can be made. The Appraisal Estimate and appraisal were developed and reported in conformity with Federal regulations, State statutes, and City ordinances.



IN REPLY REFER TO:
CMS-AP00ROW-00833

HONOLULU AUTHORITY for RAPID TRANSPORTATION

Daniel A. Grabauskas
EXECUTIVE DIRECTOR AND CEO

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

7014 1200 0000 8348 1168

BOARD OF DIRECTORS

Ivan M. Lui-Kwan, Esq.
CHAIR

April 1, 2015

Donald G. Horner
VICE CHAIR

Ms. Marie Crossley
Ahualoa Aina, LLC
73-5582 Olowalu Street, Suite D
Kailua-Kona, Hawaii 96704

George I. Atta
Robert Bunda
Michael D. Formby
Ford N. Fuchlgami
William "Buzz" Hong
Kestie W.K. Hui
Damien T.K. Kim
Carrie K.S. Okinaga, Esq.

Dear Ms. Crossley:

Subject: Honolulu Rail Transit Project (H RTP)
2629 Waiwai Loop
Parcel 305: Tax Map Key 1-1-016-018 (Portion)
Final Letter of Offer (2nd Notice via Certified Mail)

This is a follow-up to our offer dated February 20, 2015, regarding the acquisition of the subject property. The total offer for acquiring both interests in your property is **\$22,270 (Twenty-Two Thousand Two Hundred Seventy Dollars)**.

If you are in agreement with the offer, please sign and return the original Letter of Offer including the required W-9, which was previously provided to you dated February 20, 2015. A copy of the original offer has been enclosed for your records.

We request a response by **April 11, 2015**, or the offer dated February 20, 2015, will be deemed rejected.

Please contact Mr. Jackson Blagden at jblagden@paragon-partners.com or by telephone at 536-5900 if you have any questions regarding this matter.

Sincerely,

Daniel A. Grabauskas
Executive Director and CEO

Enclosure



JOHN CHILD & COMPANY
APPRAISERS & CONSULTANTS

February 4, 2015

Karen Char, MAI, CRE
Paul D. Cool, MAI, CRE
Shelly L. Tanaka, MAI
Elizabeth Tang

City and County of Honolulu
Honolulu Authority for Rapid Transportation
c/o Mr. Ryan Ng, R/W-AC
Real Estate Acquisition Supervisor
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Mr. Ng:

**Re: Kona Irrigation Property at 2629 Waiwai Loop, Tax Map Key (1) 1-1-016:018;
PDQ Parcel 305**

At your request, John Child & Company has completed valuation analyses to estimate the fair market value of a 193 $\frac{1}{2}$ electrical easement and annual rent for a 1,307 $\frac{1}{2}$ temporary construction easement on a portion of the Kona Irrigation Property. This letter summarizes the background and estimated values presented in the attached report.

STUDY BACKGROUND

The Kona Irrigation Property is a single-tenant industrial warehouse property at 2629 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The property consists of a 22,500 $\frac{1}{2}$ industrial-zoned parcel identified as Tax Map Key 1-1-016:018 of the First Taxation Division.

Honolulu Authority for Rapid Transportation (HART), a semi-autonomous public transit authority, has retained Paragon Partners Ltd. as its consultant for the Honolulu Rail Transit Project (HRTTP). The HRTTP requires a 193 $\frac{1}{2}$ electrical easement along Waiwai Loop and a 1,307 $\frac{1}{2}$ temporary construction easement (TCE) during construction. In this regard, you have asked us to assist you.

STUDY OBJECTIVES

The objectives of our assistance are to:

1. Estimate the fair market value of a 193 $\frac{1}{2}$ electrical easement on a portion of the Kona Irrigation Property
2. Estimate the annual market rent for a 1,307 $\frac{1}{2}$ Temporary Construction Easement on a portion of the Kona Irrigation Property.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
February 4, 2015
Page 2

INTENDED USE AND USERS

Our assistance is intended to be used by HART, Paragon Partners Ltd. (Paragon Partners), and the U.S. Department of Transportation Federal Transit Administration (FTA) in connection with the H RTP.

As a result, our assistance is intended for the sole and exclusive use of HART (Client), Paragon Partners, and the FTA. The Client has agreed that our assistance is not intended for any other purpose or users and is not to be relied upon by any third parties for any purpose, whatsoever.

DATE OF PROPERTY VISIT

The property was visited on January 13, 2015. The property owner, Mr. Michael Crossley, accompanied the appraisers.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is January 13, 2015, the date the property was visited.

DATE OF REPORT

The date of this report is February 4, 2015.

DEFINITIONS OF TERMS

Terms used in this report are defined in the Appraisal Institute's, **The Dictionary of Real Estate Appraisal**, Fifth Edition, unless otherwise footnoted.

Fair Market Value

"Fair market value" has the same meaning as "market value."

Market value means the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
February 4, 2015
Page 3

sell, giving due consideration to all available economic uses of the property at the time of the appraisal. [1]

Fee Simple Interest

“Fee simple interest” is the same as “fee simple estate.”

Fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Easement

An easement is the right to use another’s land for a stated purpose.

Market Rent

Market rent means the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options, and tenant improvements (TIs).

ASSUMPTION OF A HYPOTHETICAL CONDITION

A hypothetical condition is that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis. [2]

Section 24.103(b) of the Code of Federal Regulation (CFR) states:

“The appraiser shall disregard any decrease or increase in the market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner.”

[1] Interagency Land Acquisition Conference, **Uniform Appraisal Standards for Federal Land Acquisitions**, 2000.

[2] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
February 4, 2015
Page 4

Therefore, the estimated values are based on the hypothetical condition that the property is not impacted by the rail project as of the date of valuation.

The assumption of this hypothetical condition could have an effect on the value of the property.

EXTRAORDINARY ASSUMPTION

An extraordinary assumption is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. [1]

The TCE encompasses a portion of the parcel's driveway. The estimated market rent is based on the extraordinary assumption that ingress and egress to the remainder parcel will not be affected.

In addition, HART will be responsible for the reconstruction of existing site improvements affected by the proposed taking and TCE, including asphalt or concrete paving and perimeter fencing.

STUDY CONDITIONS

This report is subject to the study conditions included in Section I.

ESTIMATED FAIR MARKET VALUE OF THE 193⁷ EASEMENT TAKING

The fair market value of the easement taking is estimated based on the *taking + damages* method whereby the value of the part acquired is its value as a part of the whole (i.e., the larger parcel). The "larger parcel" is the 22,500⁷ Kona Irrigation site.

Based on the valuation assumptions and analysis presented in Section IV of the attached report, the fair market value of the 193⁷ easement taking, as of January 13, 2015, is estimated to be:

SIXTEEN THOUSAND THREE HUNDRED SIXTY DOLLARS
\$16,360.

[1] Appraisal Institute, **The Dictionary of Real Estate Appraisal**, Fifth Edition.



Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
February 4, 2015
Page 5

The portion that would be taken for the proposed easement is vacant land along the perimeter of the property near Waiwai Loop. The easement does not impact the current use or redevelopment potential of the property. Therefore, there are no severance damages as a result of the taking.

ESTIMATED MARKET RENT FOR THE TCE

Based on the valuation assumptions and analysis presented in Section V of the attached report, the annual market rent for the 1,307^{sq} TCE, as of January 13, 2015, is estimated to be:

\$11,820.

The annual market rent is equivalent to about \$985 per month or \$5,910 for a six-month period.

* * * * *

We appreciate the opportunity to assist you on this interesting assignment. Please contact us if you have questions.

Sincerely,

JOHN CHILD & COMPANY, INC.

Shelly H. Tanaka, MAI
Vice President
Certified General Appraiser License No. 648
State of Hawaii
Expires December 31, 2015