Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2016-3

APPROVING NOTIFICATION TO THE CITY COUNCIL OF INTENTION TO ACQUIRE GUIDEWAY EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEYS 1-1-016-019 and 1-1-016-020 (PORTIONS) BY EMINENT DOMAIN AND PUBLICATION OF A RESOLUTION AUTHORIZING ACQUISITION OF SAID EASEMENTS 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; 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 the guideway easement and temporary construction easement over, on, and across the real property identified as Tax Map Keys (TMKS) 1-1-016-019 and 1-1-016-020 (Portions) 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 the guideway easement and temporary construction easement over, on, and across the real property identified as TMKS 1-1-016-019 and 1-1-016-020 (Portions); 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 easements.

ADOPTED by the Board of the Honolulu Authority for Rapid Transportation on ___FEB 18 2016_____.

Exhibit A – Legal description of TMKS 1-1-016-019 and 1-1-016-020 (Portions)

[Signature]
Board Chair

ATTEST:

[Signature]
Board Administrator
Exhibit A

For Guideway Purposes
Affecting Lot 105 (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, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station "SALT LAKE" being 11,095.05 feet South and 2,418.70 feet West, thence running by azimuths measured clockwise from true South:

1. 189° 04'  9.00  feet;
2. 279° 04'  28.00  feet;
3. 9° 04'  9.00  feet;
4. 99° 04'  28.00  feet along the North side of Waiwai Loop to the point of beginning and containing an area of 252 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

Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.
Exhibit A

Easement B
For Temporary Construction Purposes
Affecting Lot 104 (Map 150) of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this easement, also being the Southeast corner of Lot 103 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station “SALT LAKE”, being 11,076.43 feet South and 2,535.39 feet West, thence running by azimuths measured clockwise from true South:

1. 189° 04' 6.70 feet along Lot 103 (Map 150) of Land Court Application 1074;
2. 279° 04' 30.67 feet;
3. 9° 04' 6.70 feet;
4. 99° 04' 30.67 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 205 Square Feet, more or less.

R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
Licensed Professional Land Surveyor
Certificate Number 10059

Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.
Easement C
For Temporary Construction Purposes
Affecting Lot 105 (Map 150) of Land Court Application 1074

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 11,141.66 feet South and 2,422.87 feet West, thence running by azimuths measured clockwise from true South:

1. 189° 04' 10.06 feet;
2. 279° 04' 86.05 feet;
3. 9° 04' 7.26 feet along Lot 3286 (Map 430) of Land Court Application 1074;
4. Thence along the North side of Waiwai Loop, on a curve to the right with a radius of 347.00 feet, the chord azimuth and distance being:
   95° 25' 27" 44.09 feet;
5. 99° 04' 9.83 feet along the North side of Waiwai Loop;
6. 189° 04' 9.00 feet;
7. 99° 04' 28.00 feet;
8. 9° 04' 9.00 feet;
9. 99° 04' 4.22 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 573 Square Feet, more or less.
R. M. TOWILL CORPORATION

Description prepared by:

Ryan M. Suzuki
Licensed Professional Land Surveyor
Certificate Number 10059

Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.
Honolulu Authority for Rapid Transportation

RESOLUTION NO. 2016--

AUTHORIZING THE ACQUISITION OF GUIDEWAY EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT OVER, ON, AND ACROSS THE REAL PROPERTY IDENTIFIED AS TAX MAP KEYS 1-1-016-019 and 1-1-016-020 (PORTIONS) 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 guideway easement and temporary construction easement over, on, and across the real property identified as Tax Map Keys (TMKS) 1-1-016-019 and 1-1-016-020 (Portions) by eminent domain after written notification by HART; and

WHEREAS, the acquisition by eminent domain of said guideway easement and temporary construction 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 the guideway easement and temporary construction easement over, on, and across the real property identified as TMKS 1-1-016-019 and 1-1-016-020 (Portions) 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 easements 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 easements 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 TMKS 1-1-016-019 and 1-1-016-020 (Portions)
Exhibit A

Basement A
For Guideway Purposes
Affecting Lot 105 (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, along the North side of Waiwai Loop, the coordinates of said point of beginning referred to Government Survey Triangulation Station “SALT LAKE” being 11,095.05 feet South and 2,418.70 feet West, thence running by azimuths measured clockwise from true South:

1. 189° 04' 9.00 feet;
2. 279° 04' 28.00 feet;
3. 9° 04' 9.00 feet;
4. 99° 04' 28.00 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 252 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

Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.
Exhibit A

Easement B
For Temporary Construction Purposes
Affecting Lot 104 (Map 150) of Land Court Application 1074

SITUATE AT MOANALUA, HONOLULU, ISLAND OF OAHU, HAWAII

Beginning at the Southwest corner of this easement, also being the Southeast corner of Lot 103 (Map 150) of Land Court Application 1074, the coordinates of said point of beginning referred to Government Survey Triangulation Station “SALT LAKE”, being 11,076.43 feet South and 2,535.39 feet West, thence running by azimuths measured clockwise from true South:

1. 189° 04' 6.70 feet along Lot 103 (Map 150) of Land Court Application 1074;
2. 279° 04' 30.67 feet;
3. 9° 04' 6.70 feet;
4. 99° 04' 30.67 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 205 Square Feet, more or less.

R. M. TOWILL CORPORATION

Description prepared by:

2024 North King Street, Suite 200
Honolulu, Hawaii 96819
February 2, 2016
TMK: 1-1-016: 019 (PDQ 318)

Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.
Easement C
For Temporary Construction Purposes
Affecting Lot 105 (Map 150) of Land Court Application 1074

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 11,141.66 feet South and 2,422.87 feet West, thence running by azimuths measured clockwise from true South:

1. 189° 04' 10.06 feet;
2. 279° 04' 86.05 feet;
3. 9° 04' 7.26 feet along Lot 3286 (Map 430) of Land Court Application 1074;
4. Thence along the North side of Waiwai Loop, on a curve to the right with a radius of 347.00 feet, the chord azimuth and distance being:
   95° 25' 27" 44.09 feet;
5. 99° 04' 9.83 feet along the North side of Waiwai Loop;
6. 189° 04' 9.00 feet;
7. 99° 04' 28.00 feet;
8. 9° 04' 9.00 feet;
9. 99° 04' 4.22 feet along the North side of Waiwai Loop to the point of beginning and containing an area of 573 Square Feet, more or less.
Note: This description is for exhibit purposes only and does not purport a legally subdivided lot.
1. Purpose:
Review of Notification to City Council for condemnation of land for public use, identified as Tax Map Keys 1-1-016-019 and 1-1-016-020 (Portions), and situated at 2635 Waiwal Loop, Honolulu, Hawaii 96819, which is required for guideway and temporary construction easement purposes for the Honolulu Rail Transit Project (HRTP). This property, for which a 252 square-foot guideway easement acquisition and 778-square-foot temporary construction easement are required, is on the critical path for successful completion of the Airport Section of the HRTP. The property is owned by Masters Properties, LLC.

HART recommends use of eminent domain to acquire the property.

2. Background/Justification
This property (Tax Map Key 1-1-016-019 and 1-1-016-020) was designated as needed for the HRTP and identified 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.

- An appraisal report with an effective date of May 14, 2015 was prepared.
- A Letter of Offer dated June 29, 2015 was delivered.
- Owner has rejected Letter of Offer and has not provided a counteroffer. Negotiations with the Owner have become protracted.

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 5010.1D 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 2 – Appraisal Summary prepared by John Child & Company with an effective appraisal date of May 14, 2015.
June 29, 2015

Mr. John R. Dodds
Masters Properties, LLC
255 Washington Street, Suite 300
Newton, Massachusetts 02458

Dear Mr. Dodds:

Subject: Honolulu Rail Transit Project (HRTP) 2635 Walwal Loop
Parcel 318: Tax Map Key (TMKs) 1-1-016-019 and 1-1-016-020 (Portions)
Letter of Offer

The Honolulu Authority for Rapid Transportation (HART) is constructing the HRTP. As part of the HRTP, HART will need to acquire a portion of your property. An appraisal of the property identified as TMKs 1-1-016-019 and 1-1-016-020 has been completed to determine just compensation.

A review of public records indicates that you are the Owner of Record of the property HART is seeking to acquire for this Project. Based on our findings as contained in the enclosed Statement of Just Compensation, HART offers to purchase a portion of your property, a total of 252 square feet, for guideway easement, for the total consideration of $14,200 (Fourteen Thousand Two Hundred Dollars), as shown colored in red on the enclosed map.

In addition, HART offers to purchase two Temporary Construction Easements (TCE) consisting of 778 square feet (shown colored in yellow on the enclosed map) for a consideration of $7,030 (Seven Thousand Thirty Dollars). The intent of the TCE is to provide temporary access to and use of a portion of your property for the purpose of facilitating Project construction activities. 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 twelve 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 $21,230 (Twenty-One Thousand Two Hundred Thirty Dollars). Costs incidental to closing escrow for this transaction will be paid by HART except prorated costs such as taxes and insurance.
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 return it in the enclosed envelope by July 30, 2015. The remaining copy is for your file. Enclosed for your information are the Appraisal Summary Statement and General Acquisition and Relocation Information Brochure. Also enclosed is a draft Possession and Use Agreement for your review, consideration, and for further discussion with your acquisition agent. The Possession and Use Agreement is intended to provide you early access to most of the purchase price of this acquisition subject to HART being provided access to the portion of your property required for construction of the HRTP with minimal risk to the Project. Under this agreement, your rights to the full just compensation amount are fully reserved and enforceable.

It is the desire of HART to acquire private property through voluntary purchase if possible. While HART has the power of eminent domain, HART has not sought the authority nor made any decision to exercise the power of eminent domain to acquire your property at this time.

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.

HART has retained the services of Paragon Partners Ltd to assist you with the acquisition process. Please contact Mr. Jackson Blagden at 536-5900 or by email at jblagden@paragon-partners.com if you have any questions or to discuss this matter further.

Sincerely,

Daniel A. Grabauskas
Executive Director and CEO

Enclosures
Mr. John R. Dodds
Page 3
June 29, 2015

ACCEPTED:

MASTERS PROPERTIES, LLC

By______________________________
its

Print Name: ________________________

Dated: ____________________________
Exhibit 2

Appraisal Report to
City and County of Honolulu
Honolulu Authority for Rapid Transportation
Paragon Partners Ltd.
Honolulu Rail Transit Project

Covering the

PARTIAL ACQUISITION OF THE
MASTERS WAIWAI LOOP PROPERTY
Tax Map Keys (1) 1-1-016:019 and 020
Owner: Masters Properties LLC

2635 Waiwai Loop, Airport Industrial District,
Honolulu, Oahu, Hawaii

As of May 14, 2015

(PDQ Parcel 318)
May 18, 2015

City and County of Honolulu
Honolulu Authority for Rapid Transportation
o/o Ms. Georgia Marquis
1099 Alakea Street, Suite 2150
Honolulu, Hawaii 96813

Dear Ms. Marquis:

Re: Partial Acquisition of the Masters Waiwai Loop Property at 2635 Waiwai Loop;
Tax Map Keys (1) 1-1-016:019 and 020; PDQ Parcel 318

At your request, John Child & Company has completed valuation analyses to estimate the fair market value of a 252ft guideway easement and annual rent for two temporary construction easements encompassing a 778ft portion of the Masters Waiwai Loop Property. This letter summarizes the background and estimated values presented in the attached report.

STUDY BACKGROUND

The Masters Waiwai Loop Property is an improved industrial warehouse at 2635 Waiwai Loop, in the Honolulu Airport Industrial district on Oahu, Hawaii. The 44,959ft² site consists of two, industrial-zoned parcels identified as Tax Map Keys 1-1-016:019 and 020 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 (HRTP). The HRTP requires a 252ft guideway easement along Waiwai Loop and two temporary construction easements (TCEs) 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 252ft guideway easement on a portion of the Masters Waiwai Loop Property

2. Estimate the annual market rent for two temporary construction easements encompassing a 778ft portion of the Masters Waiwai Loop 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 HRTP.

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 May 14, 2015. At the direction of Paragon Partners, the property was viewed from Waiwai Loop only.

EFFECTIVE DATE OF APPRAISAL

The effective date of appraisal is May 14, 2015.

DATE OF REPORT

The date of this report is May 18, 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
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 HYPOTHETICAL CONDITIONS

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.

The report is subject to the following hypothetical conditions.

Valuation Assumes No Impact of HRTP

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

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"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 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 Fee Simple Interest

The property is leased to Triple B Freight Forwarders. The tenant lease was not provided.

However, at the direction of Paragon Partners, the valuations of the easement taking and TCEs are based on the hypothetical condition that the property is owned in fee simple and unencumbered.

The assumption of these hypothetical conditions could have an effect on the value of the taking and TCE.

EXTRAORDINARY ASSUMPTIONS

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.

The guideway easement and TCE on Parcel 20 encompasses the parcel's driveway and area in front of the building's loading dock and storage shed. The estimated market value of the taking and TCEs are based on the extraordinary assumptions that ingress and egress to the remainder parcel will not be affected.

The estimated values also assume HART will be responsible for the reconstruction of existing site improvements affected by the proposed taking and TCE, including landscaping and asphalt or concrete paving, utility connections, and security fencing.

STUDY CONDITIONS

This report is subject to the study conditions included in Section I.
ESTIMATED FAIR MARKET VALUE OF THE PARTIAL TAKING

The fair market value of the 252ft² portion of the Masters Waiwai Loop Property that will be acquired for the HRTP guideway 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 44,959ft² Masters Waiwai Loop Property.

Based on the valuation assumptions and analysis presented in Section IV of the attached report, the fair market value of the 252ft² easement taking, as of May 14, 2015, is estimated to be:

FOURTEEN THOUSAND TWO HUNDRED DOLLARS
$14,200.

The taking includes vacant land along the perimeter of the property near Waiwai Loop. The taking 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 TCEs

Based on the valuation assumptions and analysis presented in Section V of the attached report, the annual market rent for two TCEs that will encumber a total 778ft², as of May 14, 2015, is estimated to be:

$7,030.

The annual market rent is equivalent to about $586 per month or $3,515 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. 61,203
State of Hawaii
Expires December 31, 2015