



**Hawaiian
Electric**

Request for Proposals Relating to Hawaiian Electric's Real Estate Strategy & Master Plan





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Introduction

Colliers International has been retained to present a rare opportunity relating to Hawaiian Electric's Real Estate Master Plan.

After completing a comprehensive review of its facility needs, Hawaiian Electric is assessing options for consolidating its downtown offices and Ward Avenue operations in new or existing space. The primary goal of the consolidation would be to reduce costs, increase efficiency and pass on savings to customers. Any plan, including financing, would require the approval of the Public Utilities Commission.

Presently, about 1,400 Hawaiian Electric employees are scattered among eight locations, including the 4-story building at the 900 Richards Street property in downtown Honolulu that has served as the headquarters of Hawaiian Electric since 1927, and the company's 70-year-old 820 Ward Avenue complex, which includes offices, a construction and maintenance yard, fleet operations, warehouses and a parking garage.

In addition to eliminating the time spent moving between buildings, bringing employees together on one or two sites would foster collaboration and would significantly shrink the square footage used by the company, potentially reducing cost.

Among the options being considered is the sale of 820 Ward, which consists of approximately 11.6 acres (a portion of which will be retained by Hawaiian Electric for operations). The bulk of 820 Ward was purchased in 1944 for the construction of an office building that opened in 1947 and was expanded in 1969. The building houses much of the company's engineering and planning staff along with its system operations center, warehousing and fleet operations. More than 400 field employees, including line crews, meter readers and construction workers, also work out of the Ward complex.

As Kaka'ako has evolved in recent years, the industrial nature of the Ward site no longer fits with the neighborhood. Increased traffic has made moving trucks and heavy equipment in and out of the Ward base yard more challenging and repair crews leaving the yard are often delayed, resulting in longer outage response times.

The purpose of this Request For Proposals ("RFP") is to form a basis for discussion with land holders and developers to determine their interest in working with Hawaiian Electric to effectuate its Real Estate Master Plan. This RFP defines the opportunity into three parts. Interested parties may submit registrations of their interest on an individual opportunity, or all three opportunities:

1. Purchase a portion of 820 Ward Avenue.
2. Sale or lease of a site(s) to Hawaiian Electric to accommodate consolidation of offices and operations.
3. Proposals to design, develop, construct and finance the new consolidated facility.

In making business and operating decisions, Hawaiian Electric is guided by its vision statement:

Our vision is to empower our customers and communities with affordable, reliable, clean energy, and provide innovative energy leadership for Hawaii.



In effectuating its Master Plan, Hawaiian Electric will be guided by this goal.

This RFP will be conducted in two phases:

Phase 1 - Qualifications Stage

Phase 2 - Proposal and Selection Stage

In Phase 1, the primary objective is to identify qualified partners for the various opportunities presented herein. In making a determination on a prospects qualifications, Hawaiian Electric will focus on:

1. Qualifications & experience
2. The prospect's access to potential site locations for Hawaiian Electric's new campus

In Phase 2, Hawaiian Electric will provide additional information to the selected qualified prospects to allow them to present a comprehensive proposal for Hawaiian Electric's consideration. Proposals will be evaluated based on the following criteria:

- a. Economics of the project
- b. Design of the project
- c. Work flow efficiencies
- d. Experience completing projects in a regulatory environment
- e. Community relations/experience
- f. Prospect's overall vision and mission

Interested parties are asked to submit a Registration of Interest (instructions provided herein) on or before February 1, 2018.

Note: The submission of a response to this RFP does not guarantee the opportunity to participate in subsequent discussions, nor shall this document constitute an offer to lease or purchase; any agreement regarding any transaction arising out of this document shall be expressly subject to the execution of definitive documentation, satisfactory to the parties in their sole discretion.



□ Opportunities

Hawaiian Electric is seeking to identify a site to serve as its consolidated headquarters and base yard facility, as well as new warehousing and fleet maintenance facilities that would replace the current facilities at 820 Ward Avenue. Once Hawaiian Electric vacates the 820 Ward site (estimated to be in 2023), a significant portion of the property will be available for redevelopment.

Opportunity 1

820 Ward Avenue

Hawaiian Electric has occupied the Ward Avenue site since the 1940s. The original building was built in 1947. An extension of the building, with parking and warehousing, was built approximately twenty years later. Various other industrial structures are also on site.

Over the years, the surrounding neighborhood has transformed into a vital arts district with high rise housing, shopping and public amenities. This combination of changing neighborhood uses, aging assets, and new operating requirements, has led Hawaiian Electric to explore alternatives for this large and well located parcel. It is a unique opportunity to develop a substantial parcel in the heart of the historic and significant Thomas Square district.

Quick Facts

Land Area

Approximately 11.6 acres (a portion of which will be retained by Hawaiian Electric for operations)

TMK Numbers

(1) 2-1-044: 003, 039, 044

Zoning

KAK (Kaka'ako)
Mauka Area Plan
Kaka'ako Community Development District
Hawaii Community Development Authority

Other Notes

- Site offers frontage on both Ward Avenue and Cooke Street
- Rare development opportunity in evolving community

Opportunity 2

New Site for Consolidated Offices and Operations

While Hawaiian Electric would prefer to consolidate all functions on a single site, preliminary analysis suggests that two sites may be required – one site housing office space together with an “urban base yard” with convenient access to east Oahu, and a second site for warehousing and fleet operations which is more centrally located and provides ease of access to all of Hawaiian Electric’s Oahu locations. Land owners and/or developers may propose to co-locate all activities on a single site or two nearby sites. Site selection will be made considering, amongst other things, access and commute time between proposed properties. Hawaiian Electric will consider proposals for a single component of the project (e.g. just the office and warehouse, or just warehouse and fleet maintenance facility). Ultimately, Hawaiian Electric desires that the new facilities support a customer-focused, adaptable, empowered, accountable and collaborative culture. The outcome should improve operational effectiveness, cost savings, increase flexibility and enhance customer service. It should be adaptable to allow for future changes in staffing, processes and technologies.

Replacement of the 820 Ward Avenue site to include:

- Consolidated Offices
- Base Yard Facility
- Central Warehousing Facility
- Fleet Maintenance Facility

Note: Programming specifics for each of these components are included on pages 8-13.

Opportunity 3

Proposals to Design, Develop, Construct and Finance a Consolidated Facility

A site(s) will be selected for Hawaiian Electric's consolidated offices and operations with consideration of the design and location of the facility, as well as its ability to accommodate a variety of other logistical considerations. Programming specifics for each component of the project are set forth below.

A developer who may not own land but is interested in partnering with Hawaiian Electric to design and develop a consolidated facility is encouraged to participate in this RFP.

Hawaiian Electric will consider a range of financing alternatives for the project based upon final costs. While the overall cost is an important variable, Hawaiian Electric is most interested in securing a partner(s) with whom it will be able to develop a project of lasting value.

□ Programming Specifics



Location Criteria

The consolidated facility accommodating offices and an urban base yard should be located with easy access to downtown and East Oahu. The ideal location would be east of the Honolulu International Airport and west of Honolulu's Central Business District, however Hawaiian Electric will look at all opportunities. The base yard facility service area spans from Pearl City to East Honolulu. Large vehicle ingress and egress, as well as employee parking and access to transit are important considerations. Relative access to Hawaiian Electric's telecommunications infrastructure is also important.

Hawaiian Electric also requires a central warehousing facility as well as a fleet maintenance facility. These facilities may be located separately from the office and urban base yard, if needed, based upon the size of the site required and the cost. The property that will house warehousing and fleet maintenance should have ease of access to Kailua, Ewa, and other population centers. Large vehicle ingress and egress are important considerations.

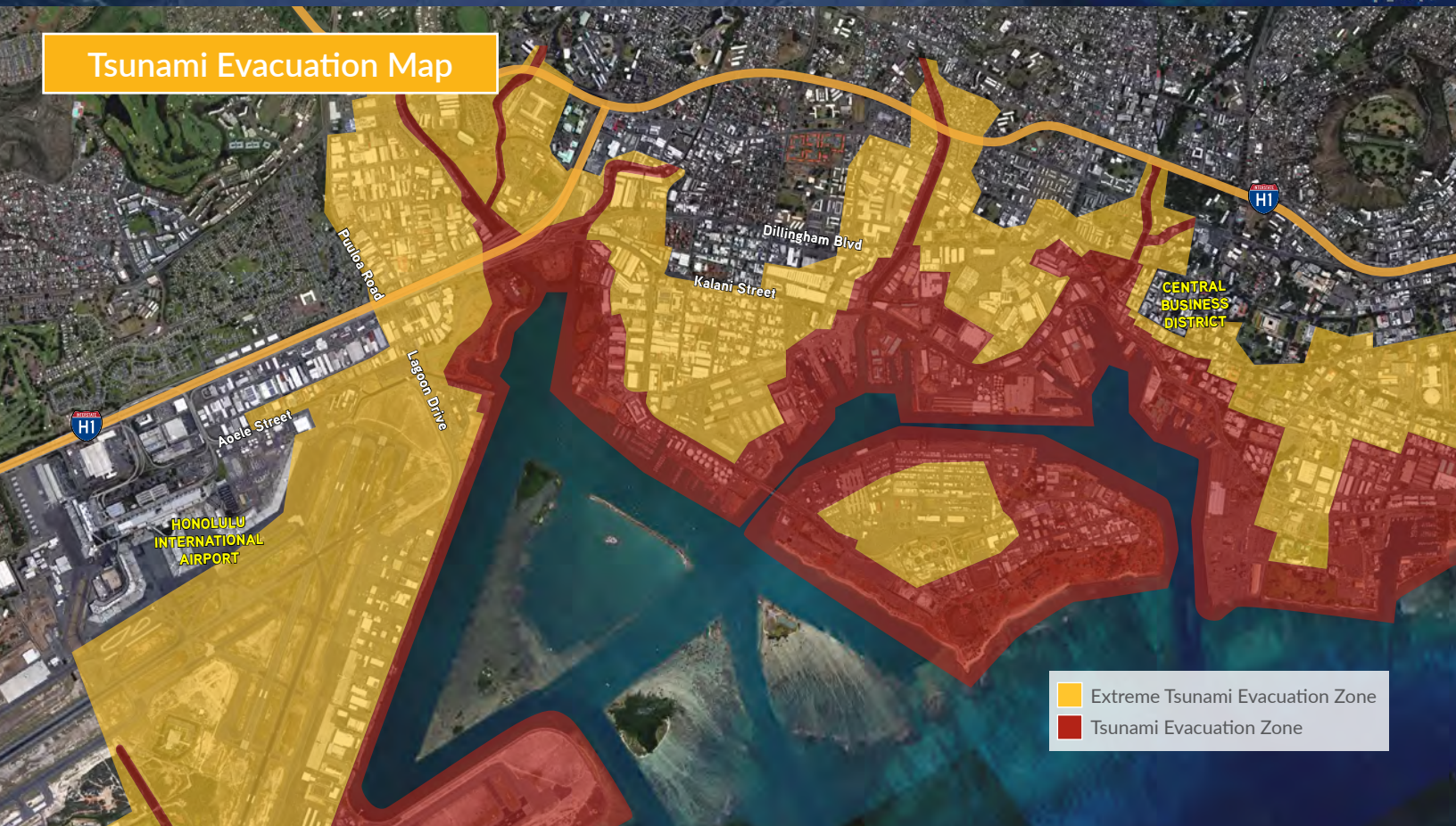
Given the nature of Hawaiian Electric's operations, consideration to Tsunami Evacuations Zones is imperative. A Tsunami Evacuation Zone Map is provided on the following page. All sites must also be outside of the Inundation Zone and must be out of the Tsunami Evacuation Zone. The Tsunami Safe Zone is preferred, but the Extreme Evacuation Zone is acceptable.

Flood Zone VE and the Tsunami Evacuation Zone are shown in red on both maps and must be avoided.

Flood Zone Map



Tsunami Evacuation Map





Office Facility and Employee Parking Requirements

Hawaiian Electric is co-locating offices from seven leased locations and one owned location in the downtown and Kapiolani neighborhoods. Approximately 1,100 office employees need to be accommodated. A high-level program has been developed to guide the site and developer selection process. These requirements will be further validated in the design development stage.

PROGRAM TO INCLUDE:

Space Description	Approx SF
Office Space for approximately 1,100 staff and 100 contractors (100 closed offices remaining open space plan)	110,000
Multi-purpose rooms	17,000
Boardroom	750
Conference and training rooms (AV equipped)	40,000
System Operations Center	30,600
Data Center/Servers	500
Total	220,000 – 250,000

Note: The above total excludes square footage required for circulation and lobby area.

A portion of the office facility (Systems Operation Center, Data Center) will operate 24/7 and require back-up power. This is important because the office facility will serve as a Command Center during emergency conditions such as natural disasters.

A larger floor plate of at least 40,000 SF is preferred, to facilitate interaction and collaboration amongst Hawaiian Electric's various teams.

PARKING

Employee parking, visitor parking, and fleet passenger vehicle (passenger vans, SUVs and sedans are required as amenities to the office component). The final amount of parking to be provided on site will be a function of cost and demand.

At this time, parking requirements are estimated as:

- Minimum of 575 parking spaces
- Passenger van fleet parking: 20 spaces – sizes vary from 7 to 15 passengers.
- Other fleet passenger vehicles: 40 spaces - such as SUVs and sedans.

Office, passenger fleet vehicles and base yard employee parking could be combined into a single structure.



Base Yard Facility Requirements

The Base Yard Facility is where field crews meet each morning to pick up service vehicles and materials for work at customer sites. Currently about 18 crews of 4-5 people each are located at the existing base yard. While they primarily work on underground utilities, dispatch for above-ground utility services must also be supported at this location.

Crews use a variety of service vehicles depending upon the task requirements. These can range from bucket trucks to step vans and trucks. Vehicles used on a regular basis will be housed at the base yard and other vehicles will be stored at the Fleet maintenance location. Crews are typically dispatched in the morning and return at the end of their shift. They also need to be prepared to respond to emergency situations which may require dispatching additional crews from this location.

Crews require parking for their personal vehicles. The crews require lockers, dressing areas, shower facilities, and storage for uniforms which could be located on a mezzanine level, along with two offices.

Co-locating the base yard facility at or near the office allows the crew to access the meeting space and other amenities at that facility.

SPECIFIC BASE YARD PARAMETERS:

Description	Est. Total
Base Yard Facility structure footprint required (job staging and loading, frequently used inventory)	7,100 SF
Base Yard Facility interior ceiling height	35 feet
Top level of inventory racking	25 feet
Storage (exterior and/or interior/sheltered area)	8,200 SF
Estimated site circulation (non-vehicle)	3,000 SF
Base Yard Facility crew and visitor parking (may be integrated with other employee parking)	120 spaces
Service vehicle parking estimate (some can be structured parking)*	72,000 SF

Notes:

Service vehicle parking may be integrated into other parking requirements. About 20 large vehicles (12 feet long) cannot use a ramp and must be parked at ground level.

The Base Yard Facility structure may be integrated with the parking or office structure.

Without structured parking, it is estimated that the Base Yard Facility will require approximately 3.3 acres.



Warehousing Facility Requirements

The Warehousing Facility will receive and store a wide variety of parts related to Hawaiian Electric's business. These are shipped from a variety of vendors including UPS, USPS, and other carriers.

This facility will distribute parts to three primary client locations Monday through Friday. It will also store less frequently used parts that need to be maintained as inventory on the island.

SPECIFIC WAREHOUSING FACILITY PARAMETERS:

Description	Estimated Totals
Warehousing Facility building with clearance for 25' high racks	60,000 SF
Offices on mezzanine level above bin storage	4
Lockers on mezzanine level above bin storage	10 - 20
Exterior storage for large, weatherproof items and warehouse service vehicle storage	26,000 SF
Loading docks (currently 2)	TBD
Site circulation	41,000 SF
Minimum Parking	20 spaces
Preliminary estimate of site required (building footprint, exterior storage, parking and circulation)	3 acres



Fleet Maintenance Facility Requirements

Hawaiian Electric currently performs all vehicle maintenance, including oil changes and vehicle painting, in house. The Fleet Maintenance Facility services about 100 vehicles per month. These range from very large specialty trucks with booms, to SUVs, vans and sedans. The requirements presented are based upon current operations. Hawaiian Electric maintains inventory of service vehicles for emergency preparedness as well as for typical operations. Infrequently used service vehicles will be stored at this site, as well as vehicles waiting for service. Vehicle maintenance runs two shifts daily.

FLEET MAINTENANCE FACILITY PARAMETERS:

Description	Total SF
Total Building footprint (warehouse/shed)	45,000
Maintenance	24,000
Paint Shop	4,000
Welding	17,000
Parking for vehicles waiting for service (20 spaces at 450 SF each)	9,000
Minimum parking (based on 350 SF per stall)	10,500
Site circulation for fleet	38,000

Hawaiian Electric currently provides fuelling for all fleet vehicles. Vehicles are fueled at night from a fuel truck. Currently, an inventory of 14,000 gallons of gas are maintained on site. The footprint for fueling operations is 800 SF excluding storage tanks.

It is estimated that the footprint required for Fleet Maintenance Facility operations is approximately 2.5 acres, not including additional surface parking for storage of service vehicles, which may require an additional 1-2 acres.

□ Submission of Responses to RFP

Please register your interest in participating in this RFP by completing the attached Registration of Interest form by February 1, 2018. Registered parties will then be invited to submit questions and participate in an in-person briefing.

There will be an open Question and Answer process. Questions may be submitted until February 15, 2018. Written answers will be circulated amongst all participants.

An in-person briefing session will be held on February 22, 2018 and all interested parties are encouraged to send a representative.

Responses to this RFP shall include the following information, using the structure and numbering format set forth below.

Critical Dates

- Registration of Interest: February 1, 2018
- Question submittal period: February 15, 2018
- Answers published: February 19, 2018
- Briefing session: February 22, 2018
- Submissions due: March 1, 2018



Section 1 - Company Qualifications and Expertise

1. Brief description of your company and/or development team.
 - a. Size of company; years in business; history in Hawaii.
 - b. Resumes of team to be dedicated to the project.
2. Experience with similar projects.
 - a. Description of experience working on projects of a similar scope and nature.
 - b. As stated in the introduction, the project will be subject to the approval of the Hawaii State Public Utilities Commission. Describe your experience working on projects subject to regulatory approvals.



Section 2 – 820 Ward

If you are interested in acquiring the 820 Ward site from Hawaiian Electric, please indicate the following:

1. Source of funding
2. Timing
3. Preliminary plans and ideas for development



Section 3 - Consolidated Facility

If you are proposing a site(s) for Hawaiian Electric's consideration, please indicate the following:

1. Site(s) identified
2. Proposed deal structure (method of conveyance, ownership options)
3. Proposed project timeline
4. Source of funding

The information obtained from this process will be used to model various occupancy scenarios. We anticipate inviting a short-list of land owners and developers to participate in a second phase involving a request for a more detailed proposal. We may also conduct site visits or invite presentations as part of our process. We anticipate that the RFP process will lead to a negotiated agreement with the selected party.

The submission of a response does not guarantee the opportunity to participate in subsequent discussions, nor shall this document constitute an offer to lease or purchase; any agreement regarding any transaction arising out of this document shall be expressly subject to the execution of definitive documentation, satisfactory to the parties in their sole discretion.

Contact Information

For information relating to this RFP, please contact:

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Hawaiian Electric's Request for Qualifications

NON-BINDING REGISTRATION OF INTEREST

Deadline: February 1, 2018

INTERESTED PARTY: _____

DATE: _____

Print Company Name in Full _____ ☐ Individual ☐ Corporation ☐ Partnership ☐ LLC

Print Contact Name in Full _____

Mailing Address _____

City / State / Zip / Country _____

Telephone: (Work) _____ (Cell) _____

E-Mail: _____

This Non-Binding Registration of Interest form relates to the Request for Proposals ("RFP") Relating to Hawaiian Electric's Real Estate Strategy & Master Plan. Hawaiian Electric is seeking partners for the following opportunities: 1) disposition of a portion of 820 Ward Avenue, 2) sale or lease of a site to accommodate consolidation of offices and operations, and 3) design, develop, construct and finance the new consolidated facility. The purpose of this form is to allow interested parties to register to participate in the RFP process for the opportunity (or opportunities) indicated below:

- ☐ Opportunity 1 – 820 Ward Avenue
- ☐ Opportunity 2 – New Site for Consolidated Offices and Operations
- ☐ Opportunity 3 – Proposals to Design, Develop, Construct and Finance a Consolidated Facility

This form represents a "registration of interest" only and does not guarantee the opportunity to participate in subsequent discussions, nor shall this document constitute an offer to lease or purchase. Any agreement regarding any transaction arising out of this document shall be expressly subject to the execution of definitive documentation satisfactory to the parties in their sole discretion.

Interested Party

By: _____

Name _____

Title _____

Dated _____

Return completed forms to:

Colliers International – Hawaii

info@820ward.com