



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

ISSUANCE OF A DIRECT LEASE TO BARBERS POINT AVIATION SERVICES, LLC
KALAELOA AIRPORT, ISLAND OF O'AHU, STATE OF HAWAI'I
TAX MAP KEY: (1) 9-1-13: PORTION OF 32 O'AHU

REQUEST:

Issuance of a direct lease to Barbers Point Aviation Services, LLC (BPAS) to renovate, operate, and maintain portions of Building 104 to use as office space, a flight school simulation room, and a student and customer lounge at Kalaeloa Airport.

APPLICANT/LESSEE:

BPAS, authorized to do business in the State of Hawai'i, whose business address is 91-1259 Midway Road, Kapolei, Hawai'i 96707

LEGAL REFERENCE:

Subsection 171-59(b), Hawai'i Revised Statutes, as amended

LOCATION AND TAX MAP KEY:

A portion of Kalaeloa Airport, Kapolei, Island of O'ahu, State of Hawai'i identified by Tax Map Key: 1st Division, 9-1-13: portion of 32

AREA:

Building/Room No. 104-115, containing an area of approximately 1,157 square feet;
Building/Room No. 104-123, containing an area of approximately 226 square feet; and
Building/Room No. 104-127, containing an area of approximately 407 square feet,
as shown and delineated on the attached map labeled Exhibit A.

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ZONING:

State Land Use District: Urban
City and County of Honolulu: P-2 (To be rezoned in the future)

LAND TITLE STATUS:

Non-ceded land acquired from the U.S. Government by the State of Hawai'i after
Statehood
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: YES ___ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3861, setting aside
Kalaeloa Airport under the control and management of the Department of Transportation,
Airports Division, State of Hawai'i, for Airport Purposes.

CHARACTER OF USE:

Office space, a flight school simulation room, and a student and customer lounge.

TERM OF LEASE:

Ten (10) years

COMMENCEMENT DATE:

Upon execution of the Lease document

ANNUAL GROUND LEASE RENTAL:

Lease Years 1-5: \$30,931.20 per annum, based upon a building rate of \$12.60 per square
foot per annum as published in the Airports Division Schedule of Rates and Charges; and a
utility charge of \$8,377.20 per annum.

Lease Years 6 – 10: \$34,314.30 per annum, based upon the product of the annual rental
for the fifth (5th) year of the lease term (\$25,937.10 and 115%); and a utility charge of
\$8,377.20 per annum.

SECURITY DEPOSIT:

Sum equal to three (3) times the month rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$53,000

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The subject land area is covered by the Final Environmental Assessment for the Kalaeloa Airfield Development Plan Improvements, State Project No. AO5011-02 dated June 2010. This Environmental Assessment was prepared by Wilson Okamoto Corp. for the State of Hawai'i, Department of Transportation, Airports Division, in part to evaluate the environmental effects of the recommended Kalaeloa Airfield Master Plan to meet existing and forecast general aviation demands.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

REMARKS:

In accordance with Section 171-59(b), HRS, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation proposed to issue a direct lease to BPAS, for the purpose of renovating, operating, and maintaining portions of Building 104, to use as office space, a flight simulation room, and an aeronautical student and customer lounge at Kalaeloa Airport.

BPAS currently occupies this space under a month-to-month revocable permit. BPAS has requested that Airports Division convert the revocable permit to a 10-year lease to amortize the cost of substantial improvements.

The Kalaeloa Airport Master Plan, Executive Summary identified Kalaeloa Airport as a general aviation reliever airport on the Island of O'ahu, intended to relieve the mix and volume of air traffic activity at Honolulu International Airport.

In the last six (6) years, Kalaeloa Airport has seen the following development:

- Construction of ten (10) T-Hangars;
- Issuance by Request for Proposals (RFP) for a Self-Service Fueling Facility Lease to dispense Avgas and Jet-A fuel;
- Issuance of a directly negotiated lease for an aircraft paint and refinishing paint hangar facility;

- The establishment of forty-three (43) tenant spaces of various sizes for the development of private or commercial hangars (surveyed areas with metes and bounds descriptions);
- Partnership with Federal Aviation Administration (FAA) to construct additional T-hangars, eight (8) T-Hangars are in the development stages of construction;
- Two (2) Flight Schools;
- Helicopter Operations; and
- Mokulele Airlines, as the first commuter airline to offer daily services.

Airports Division continues to develop Kalaeloa Airport, to offer the general aviation community an alternate solution to the very busy Honolulu International Airport. The issuance of a directly negotiated lease to BPAS is intended to encourage the general aviation community to relocate its activities; creating positive competition within the aeronautical, airport related operations at Kalaeloa Airport.

RECOMMENDATION:

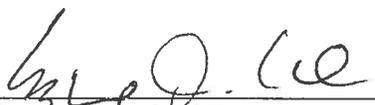
That the Board authorize the Department of Transportation to issue a direct lease to BPAS, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; and (2) such additional terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

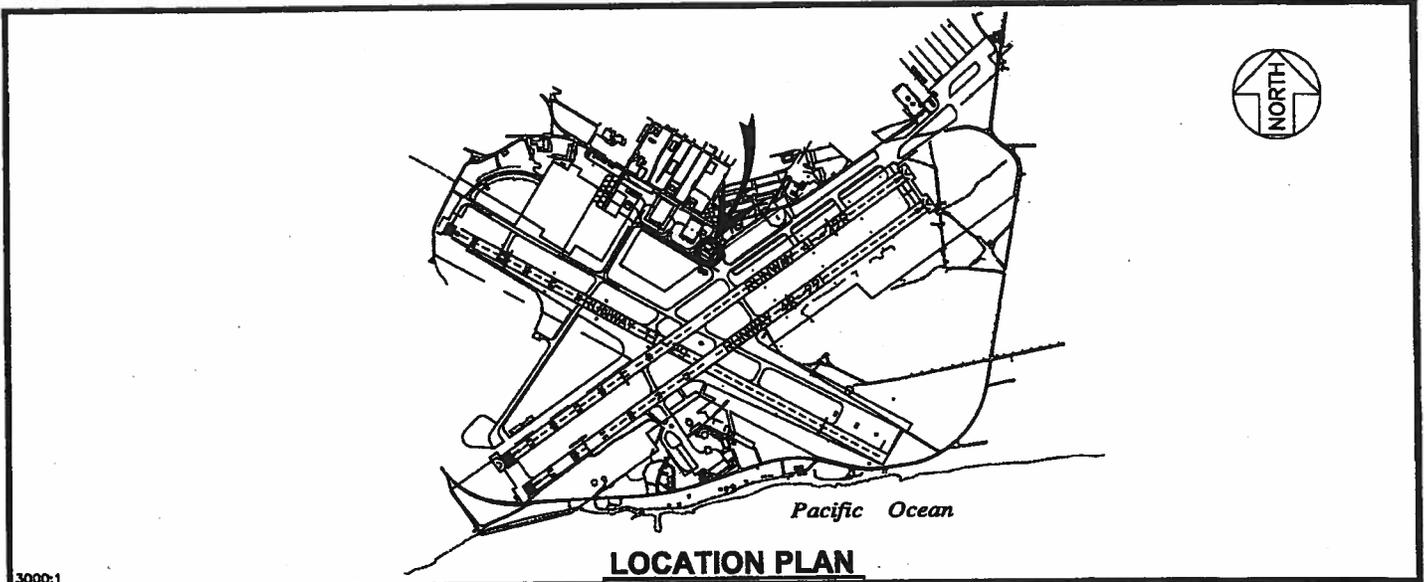


FORD N. FUCHIGAMI
Director of Transportation

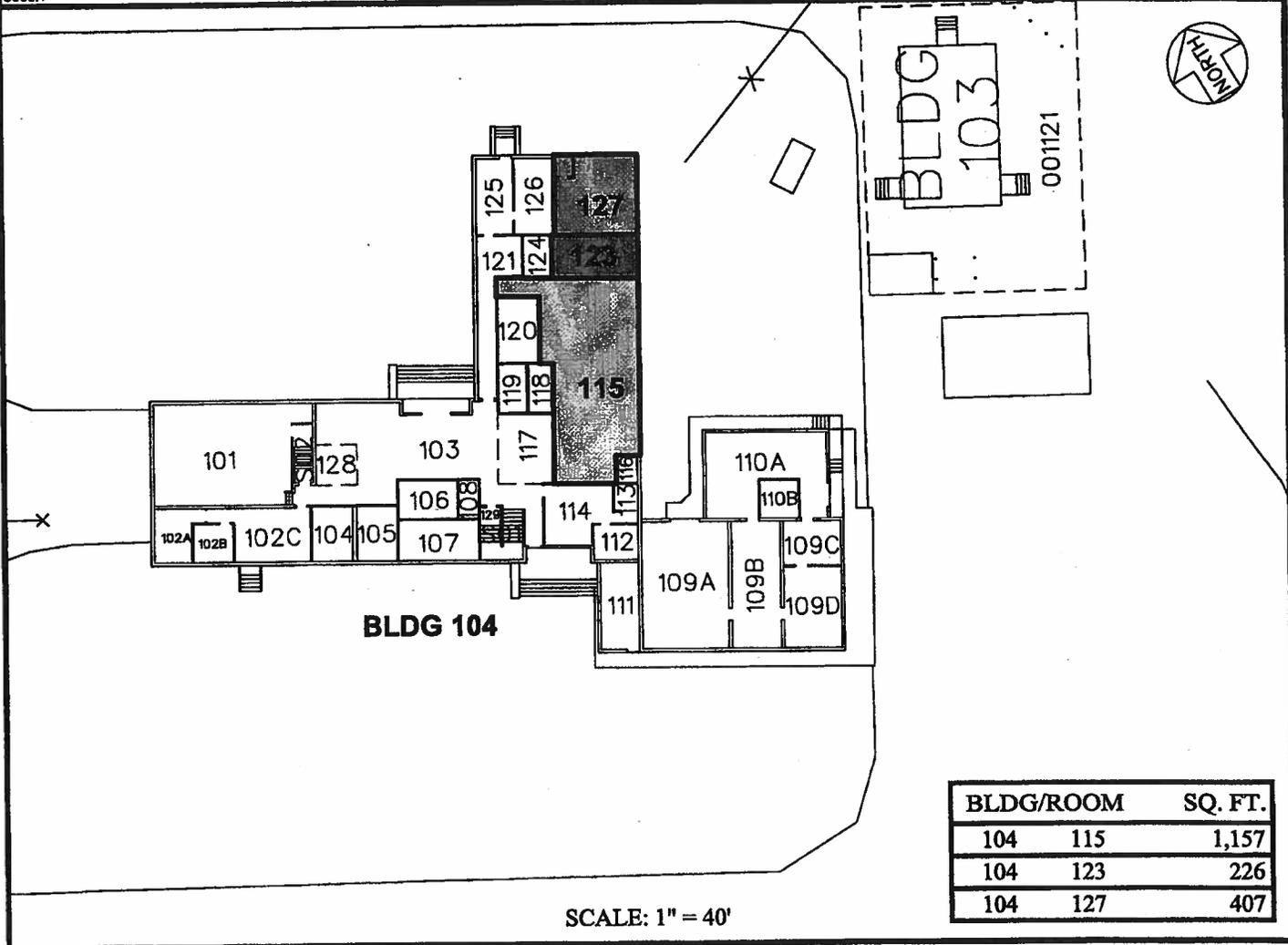
APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



3000:1



BLDG/ROOM	SQ. FT.
104 115	1,157
104 123	226
104 127	407

SCALE: 1" = 40'

RP-8303	DATE : APRIL 2015	EXHIBIT: A	
	BARBERS POINT AVIATION SERVICES, LLC	BUILDING 104 OPERATIONS BUILDING GROUND LEVEL	104115 104123 104127

KALAELOA AIRPORT

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