

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

February 23, 2018

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

PSF No.: 17HD-137

Hawaii

Issuance of a Revocable Permit to Pacific Waste, Inc. for Baseyard and Storage Purposes Pending Public Auction, and Issuance of Immediate Management Right-of-Entry to Pacific Waste, Inc., Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-032: portion of 085

APPLICANT:

Pacific Waste, Inc., a Hawaii Corporation.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Kanoiehua Industrial Lots situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-032: portion of 085, as shown on the attached map labeled Exhibit A.

AREA:

20,500 square feet, more or less.

ZONING:

State Land Use District:	Urban
County of Hawaii CZO:	ML 20, limited industrial

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

Previously encumbered under General Lease No. S-3723 to Constructors Hawaii, Inc. for industrial purposes. Lease expired November 29, 2017.

CHARACTER OF USE:

Baseyard and storage purposes as allowed under County zoning.

COMMENCEMENT DATE:

Right-of-Entry: November 1, 2017.

Revocable Permit: First day of the month to be determined by the Chairperson.

MONTHLY RENTAL FOR RIGHT-OF-ENTRY AND REVOCABLE PERMIT:

\$2,700.00 per month, based on staff appraisal and approved by the Chairperson, February 2, 2018, attached as Exhibit B.

COLLATERAL SECURITY DEPOSIT FOR RIGHT-OF-ENTRY AND REVOCABLE PERMIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

See Exhibit C attached.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

General Lease No. S-3723 was first sold at public auction S.K. Oda, Limited and commencing on November 30, 1962. Term of lease was for 55 years, expiring on November 29, 2017.

At its meeting of September 22, 1967, (supplemental list), the Board of Land and Natural Resources (Board), consented to the sublease of warehouse and office space to Custom Metal Roofing Corp. and Hawaii Planing Mill, Ltd. (HPM). Throughout the term of this lease, there

have been numerous subleases and sub-subleases to various businesses. The original lease agreement was somewhat unusual in that it did not have a provision for subleasing and as a result, some of the subleases were consented to by the Board while others were not.

At its Meeting on July 27, 1990, under agenda item F-1-b, the Board consented to the assignment of lease from S. K. Oda, Limited, as Assignor to Constructors Hawaii, Inc., as Assignee.

Although Constructors Hawaii, Inc. was the Lessee, HPM as the sublessee had been sub- subleasing a portion of the property to Pacific Waste, Inc. (PWI) for approximately the past three years. However, there is no record of the Board consenting to this sublease agreement.

Prior to the lease expiring on November 29, 2017, PWI expressed a desire to continue its business operations on the property with a month-to-month revocable permit. According to PWI, its sublease agreement with HPM ended October 31, 2017, and PWI did not pay rent to HPM after that date even though PWI remained on the property. Because of the continued use of the property by the PWI, staff is recommending the effective date of November 1, 2017 for the right-of-entry permit.

While the subject State land is being prepared for public auction, staff feels it is in the best interest of the Department that this property continue to be occupied. A temporary use of the property through a month-to-month revocable permit would provide security to the building and prevent vandalism from occurring. The Applicant understands that the revocable permit is temporary while HDLO staff prepares the property for lease at public auction.

PWI maintains a commercial waste disposal business. PWI will be utilizing the property as a storage site for its East Hawaii operations in addition to its operations on the Kona side of the Island of Hawaii. PWI has been using the open storage area of property along with the restroom area of the enclosed warehouse. The restrooms are accessible from an outside entrance and use of the warehouse, which has a separate and secure entrance, is not included in the permit agreement. The proposed use is consistent with the county zoning (limited industrial).

There have been several requests from interested parties to lease the subject property. Hawaii District staff has initiated the necessary procedures to prepare the subject property for long-term lease at public auction.

The property is in a limited industrial area that is highly susceptible to vandalism. Interim use of the property should negate any possible damage or destruction to the property while it is being prepared for lease at public auction. Staff is recommending a management right-of-entry be issued to PWI at the same rent as the revocable permit while the revocable permit is being processed.

PWI has not had a lease, permit, easement or other disposition of State lands terminated

within the last five years due to non-compliance with such terms and conditions.

A request for comments was distributed to various government agencies with the responses indicated below.

County of Hawaii Agencies	Comments
Environmental Management	Comments Below
Fire Department	No Response
Planning	No Response
Police Department	No Objections
Public Works	No Objections
Water Department	No Objection
State of Hawaii Agencies	Comments
DLNR-Historic Preservation	No Response
DHHL	No Comments
DOH-Environmental Management	No Comments
DOT-Highways Division	No Objections
Other Agencies	Comments
Office of Hawaiian Affairs	No Response
Corps of Engineers	No Response

The County of Hawaii, Department of Environmental Management noted the subject property is currently not connected to the County sewer system and that a sewer lateral is not currently provided to the parcel. It is currently unknown what type of wastewater disposal system is used for the property. However, should the facility be used by more than 20 persons, the facility could be found to be in violation of USEPA Large Capacity Cesspool closure requirements. Staff notes the Applicant utilizes the property as a baseyard and storage facility with few employees on site.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the issuance of a revocable permit to Pacific Waste, Inc., a Hawaii Corporation covering the subject area for baseyard and storage purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

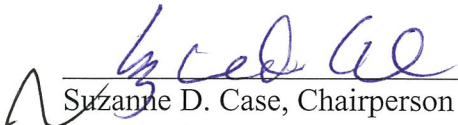
- a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
 - b. Effective date for the Revocable Permit shall be December 1, 2017;
 - c. Review and approval by the Department of the Attorney General; and
 - d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Authorize the issuance of a management right-of-entry permit to Pacific Waste, Inc. covering the subject land and lease under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current right-of-entry permit form, as may be amended from time to time;
 - b. The right-of-entry permit shall be effective retroactive to November 1, 2017 and shall remain in force until the revocable permit is complete; and
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Gordon C. Heit
District Land Agent

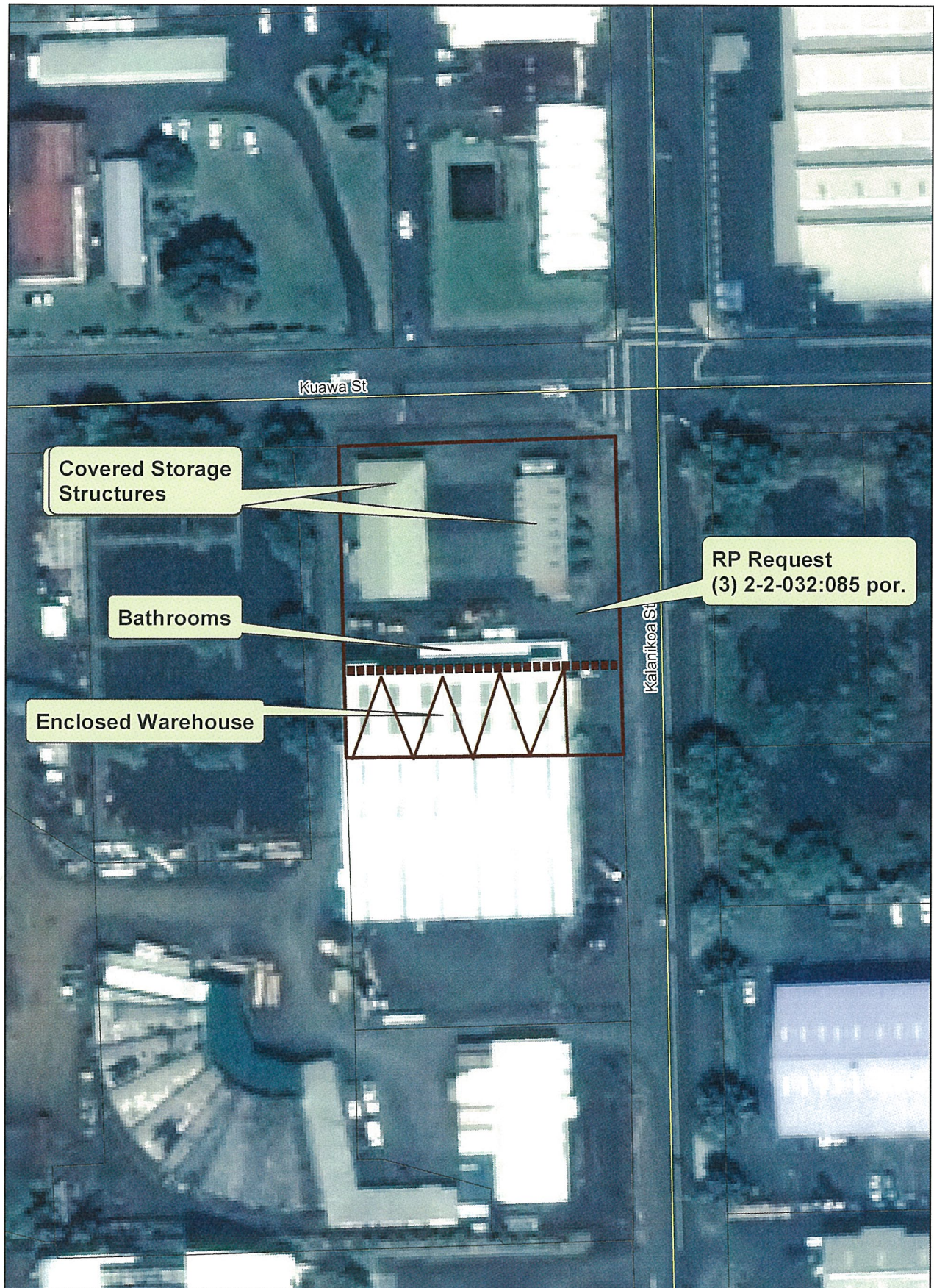
APPROVED FOR SUBMITTAL:



Suzanne D. Case, Chairperson

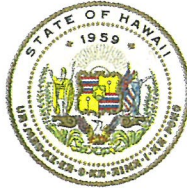
TMK: (3) 2-2-032: Portion of 085

Pacific Waste, Inc. RP Request



0 30 60 120 180 240
Feet





STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

75 Aupuni Street, Room 204
Hilo, Hawaii 96720
PHONE: (808) 961-9590
FAX: (808) 961-9599

February 2, 2018

MEMORANDUM

TO: Suzanne D. Case, Chairperson

THROUGH: Russell Y. Tsuji, Land Administrator

FROM: Gordon C. Heit, District Land Agent

SUBJECT: In-House Valuation Recommendation – Revocable Permit for Temporary Baseyard and Storage Purposes.

PSF No.: 17HD-137
Applicant: Pacific Waste, Inc.
Location: Waiakea, South Hilo, Hawaii
Land Area: 20,500 sq. ft.
Tax Map Key: (3) 2-2-032: portion of 085
Char. Of Use: Temporary baseyard and storage.
Date of Value: Current

We are attempting to determine the monthly rental amount for the issuance of a revocable permit for temporary baseyard and storage purposes on the above-referenced property. This rent amount will be included in staff's submittal to the Board for approval of this permit and will not be effective unless such approval is received.

The subject parcel is approximately 34,877 square feet with a 5,760-square foot warehouse structure and three open carport units¹ within a fenced area. The Applicant wishes to utilize approximately 20,500 square feet of fenced in area adjacent to the warehouse structure for baseyard and storage of their trucks and waste containers. The enclosed warehouse structure will not be used by the Applicant and is not factored in the rental amount. Research of other Revocable Permits on the Big Island for parking purposes was conducted. The property was previously encumbered under GL S-3732 and expired on November 29, 2017. The lease rent at

¹ Carport #1 – 2,400sf. Carport #2 – 1,200sf. Carport #3 – 160sf

the time the lease was cancelled was set at \$95,000 annually. This amount is used to establish the monthly rent as follows:

Annual rent:	\$95,000.00 ²
Rent per square foot:	\$1.58 (adjusted for improvements)
Annual rent for requested area:	\$32,400.00 (20,500 × 1.58)
Monthly rent:	\$2,700.00

Therefore, staff is recommending the rent for the 20,500 square feet requested by the Applicant be set at \$2,700.00 per month.

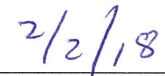
Special Assumptions and Limiting Conditions

- 1) This rental valuation estimate is for internal purposes only. This document does not take the place of an appraisal and does not constitute an appraisal that adheres to the Uniform Standards of Professional Appraisal Practices.

Approved/Disapproved:



Suzanne D. Case, Chairperson



Date

cc: District File
Central File

² Lease rent based on land only. Monthly rent calculation was rounded up to compensate for use of improvements.

GENERAL LEASE No. S-3723 FINAL INSPECTION



VIEW FROM KUAWA ST. – Parcel :085



REAR VIEW – Parcel :085

GENERAL LEASE No. S-3723 FINAL INSPECTION



KALANIKOA ST. ENTRANCE – Parcel :085



OPEN STORAGE SHED – Parcel :085

GENERAL LEASE No. S-3723 FINAL INSPECTION



OPEN STORAGE – Parcel :085



WORKSHOP AREA – Parcel :085

GENERAL LEASE No. S-3723 FINAL INSPECTION

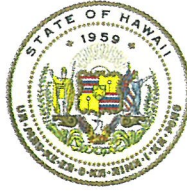


STORAGE AREA – Parcel :085



STORAGE AREA – Parcel :085

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

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

ROBERT K. MASUDA
FIRST DEPUTY

JEFFREY. T. PEARSON, P.E.
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

EXEMPTION NOTIFICATION

From the preparation of an environmental assessment under the authority of Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Issuance of Revocable Permit and Management Right-of-Entry Permit to Pacific Waste, Inc., for Baseyard and Storage Purposes.

Project Number: PSF No. 17HD-137

Project Location: Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-032:085.

Project Description: The requested parcel was previously encumbered under GL S-3723 for industrial purposes. The lease has since expired. The applicant was subleasing a portion of the property and wishes to continue utilizing the same portion on a temporary basis while the property is being prepared for lease at public auction.

Consulted Parties: Various agencies as noted in Board submittal.

Exemption Class No.: In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(1) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item 47 that states "Leases of state land involving negligible or no expansion of change of use beyond that previously existing", and Item

EXHIBIT C

51 that state “Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing”, respectively.

Recommendation:

It is anticipated the issuance of a revocable permit and interim management right-of-entry permit to Applicant in itself will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment. It is recommended that the Board of Land and Natural Resources find that the issuance of the permit is exempt from the preparation of an environmental assessment.