

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
OFFICE AND WAREHOUSE SPACE FOR A REGULATED STEAM STERILIZATION
TREATMENT PLANT TO NCNS ENVIRONMENTAL, INC.
2989 UALENA STREET, DANIEL K. INOUE INTERNATIONAL AIRPORT
TMK: (1) 1-1-04: 19 O'AHU

REQUEST:

Issuance of a direct lease for office and warehouse space, to NCNS Environmental, Inc., for the purpose of operating and maintaining a privately-owned regulated steam sterilization treatment plant at the Daniel K. Inouye International Airport (Airport).

LEGAL REFERENCE:

Section 261-7 and 171-59, Hawai'i Revised Statutes.

APPLICANT / LESSEE:

NCNS Environmental, Inc. (NCNS), a Hawai'i corporation, whose mailing address is P.O. Box 1673, Honolulu, Hawai'i 96806.

LOCATION AND TAX MAP KEY:

2989 Ualena Street, Portion of the Airport,
Identified by Tax Map Key: 1st Division, 1-1-04: 19.

AREA:

Area/Space No. 005-114, consisting of an area of approximately 8,234 square feet;
Building/Space No. 197-101, consisting of an area of approximately 5,680 square feet;
Building/Space No. 197-102, consisting of an area of approximately 5,680 square feet;
Building/Space No. 197-103, consisting of an area of approximately 542 square feet; and
Building/Space No. 197-104, consisting of an area of approximately 542 square feet, as shown and delineated on the attached map labeled Exhibit A.

ITEM M-4

ZONING:

State Land Use District: Urban
City and County of Honolulu: I-2 (Industrial)

LAND TITLE STATUS:

Non-ceded - Direct purchase from private land owner.
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: YES NO

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3894, setting aside a portion of the Daniel K. Inouye International Airport under the control and management of the State of Hawai'i, Department of Transportation, Airports Division (DOTA), for Airport purposes.

The DOTA acquired the subject property together with most of the remaining properties (except one) along the ocean (makai) side of Ualena Street, between Lagoon Drive and Paiea Street, in the mid 1990's from Loyalty Enterprises, Ltd.

CHARACTER OF USE:

Office and warehouse space for the operation and maintenance of a regulated steam sterilization treatment plant.

TERM OF LEASE:

Five (5) years.

LEASE COMMENCEMENT DATE:

Upon execution of the lease document.

ANNUAL LEASE RENTAL:

Property Lease Rental. Annual property lease rental in the sum of \$148,027.20, payable in monthly installments of \$12,335.60.

PERFORMANCE BOND:

The sum equal to three (3) times the monthly rental in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$100,000.00 (One Hundred Thousand Dollars).

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

Pursuant to Section 11-200-8(a), Environmental Impact Statement Rules of the Department of Health, State of Hawai‘i, this disposition is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, Hawai‘i Revised Statutes, as amended, relating to Environmental Impact Statements, because the proposed action falls within Exemption Class #1, Comprehensive Exemption List for the State of Hawai‘i, Department of Transportation (DOT), dated November 15, 2000, as approved by the Environmental Quality Council. Exemption Class #1 covers operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features involving negligible or no expansion or change of use beyond that previously existing.

The DOTA consulted with the U.S. Federal Aviation Administration (FAA) as to the appropriateness of the citation of the Environmental Exemption Class from the Comprehensive list for the DOT dated November 15, 2000. The FAA concurred on the appropriateness.

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 DOT proposes to issue a direct lease to NCNS for office and warehouse space to operate and maintain a privately-owned regulated steam sterilization treatment plant at the Airport.

DOTA believes the issuance of a direct lease will allow NCNS to assist airlines, and other airport-related operations with regulated waste compliance. NCNS’s airline customer list includes Korean Air, Japan Airlines, Hawaiian Airlines, Asiana Airlines, Jin Air, Jetstar, China Airlines, Air New Zealand, AirAsia, All Nippon Airways, Delta Airlines, Fiji Airways, Philippine Airlines, Qantas Airways, United Airlines, and Asia Pacific Airlines.

BLNR – ISSUANCE OF A DIRECT LEASE, OFFICE AND WAREHOUSE SPACE FOR A
REGULATED STEAM STERILIZATION TREATMENT PLANT
NCNS ENVIRONMENTAL, INC

Page 4

Approximately 40,000 lbs. of regulated waste are collected daily from the Airport. This waste includes foreign trash from aircraft, confiscated goods being shipped in cargo loads, food waste, animal waste, human waste, and items deemed potentially infectious to the public. These items must first be sterilized by a facility that maintains an active compliance agreement issued by the U.S. Customs and Border Protection or Animal and Plant Health Inspection Services to handle and process regulated waste prior to reaching its final disposal destination. NCNS maintains such an agreement.

In addition, NCNS is a certified United States Department of Agriculture (USDA) transporters of regulated waste on O‘ahu. USDA’s certification criteria require that a vendor identify an alternate processor of regulated or foreign waste. NCNS is the designated alternator processor for the following Airport catering companies; Flying Food Group, Gate Gourmet, and Chelsea Food Services.

Relocating its business to the Airport will allow NCNS the ability to increase overall operational efficiency, by providing rapid response to Airlines and other Airport related customer needs.

171-59 (a) HRS states in part, “A lease of public land may be disposed of through negotiation upon a finding by the board of land and natural resources that the public interest demands it.”

171-59 (b), HRS states in part, “Disposition of public lands for airline, aircraft, airport-related...operations may be negotiated without regard to the limitations set forth in subsection (a) and section 171-16 (c); provided that: (1) The disposition encourages competition within the aeronautical, airport-related, ... operations;”

171-59, HRS also provides the following definition:

“Airport-related” means a purpose or activity that requires air transportation to achieve that purpose or activity; or an activity that generates revenue for the airport system as provided section 261-7.

DOTA believes the issuance of a direct lease to NCNS, the first privately-owned steam sterilization treatment plant at the Airport, will encourage competition within the aeronautical and airport-related industries at the Airport. The DOT, in the public interest, has no objections.

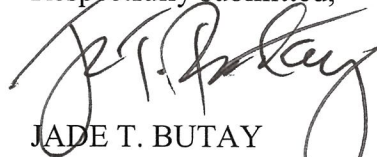
BLNR – ISSUANCE OF A DIRECT LEASE, OFFICE AND WAREHOUSE SPACE FOR A
REGULATED STEAM STERILIZATION TREATMENT PLANT
NCNS ENVIRONMENTAL, INC

Page 5

RECOMMENDATION:

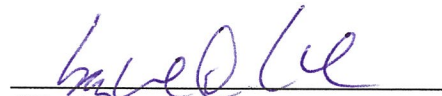
That the Board authorize the DOT to issue a direct lease to NCNS, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and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

Respectfully submitted,

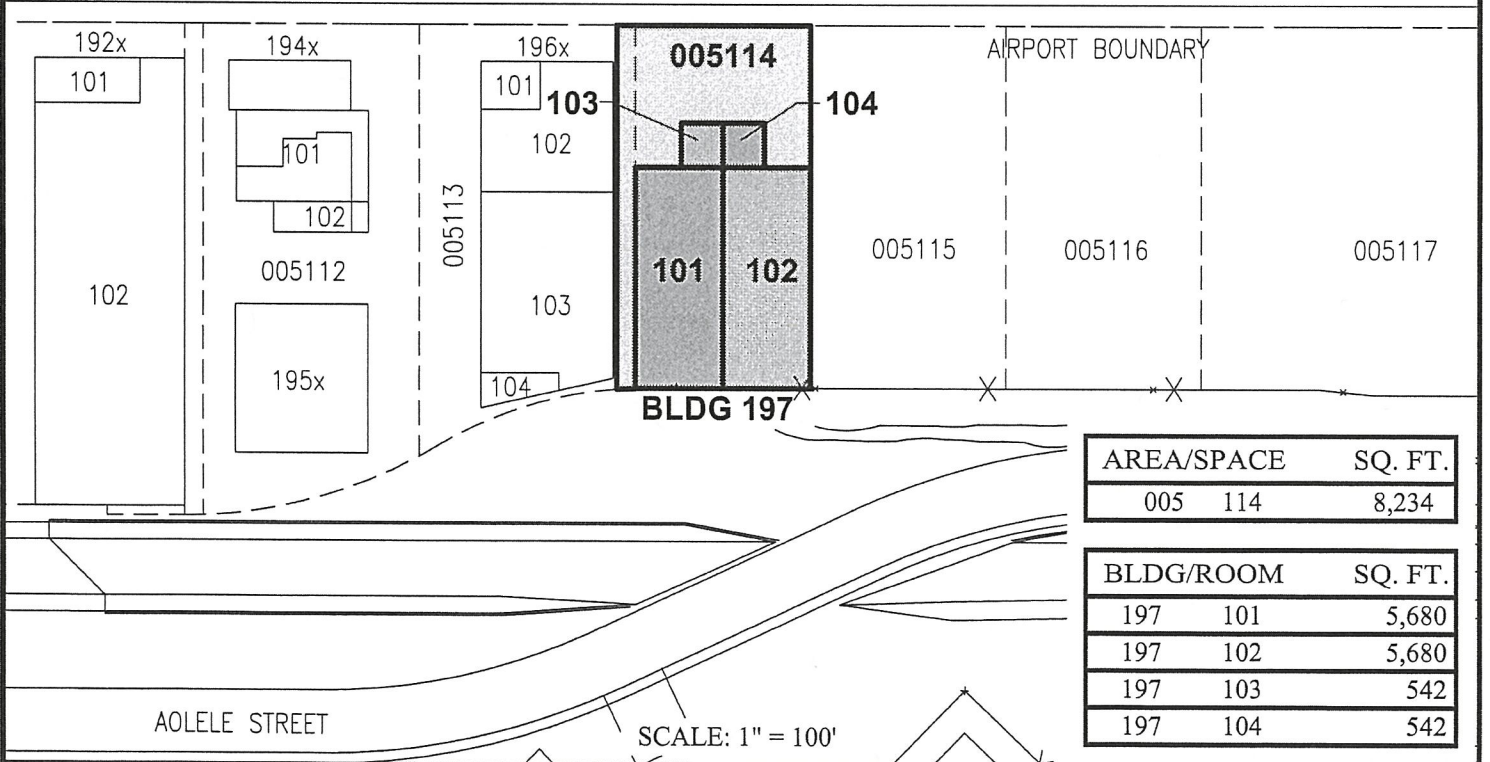
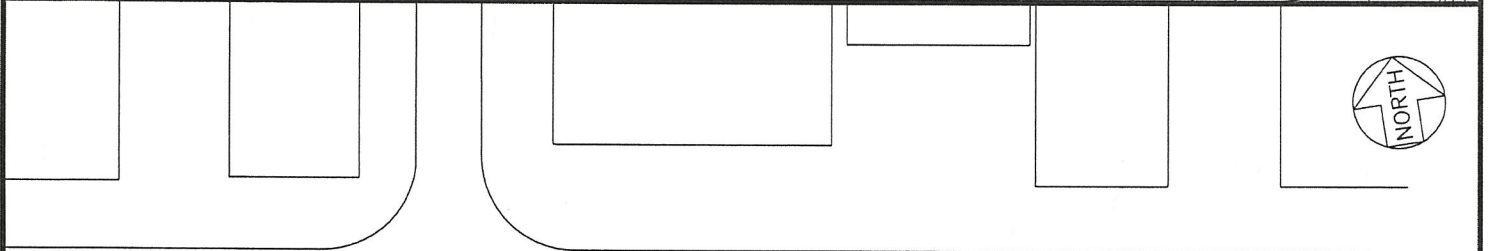
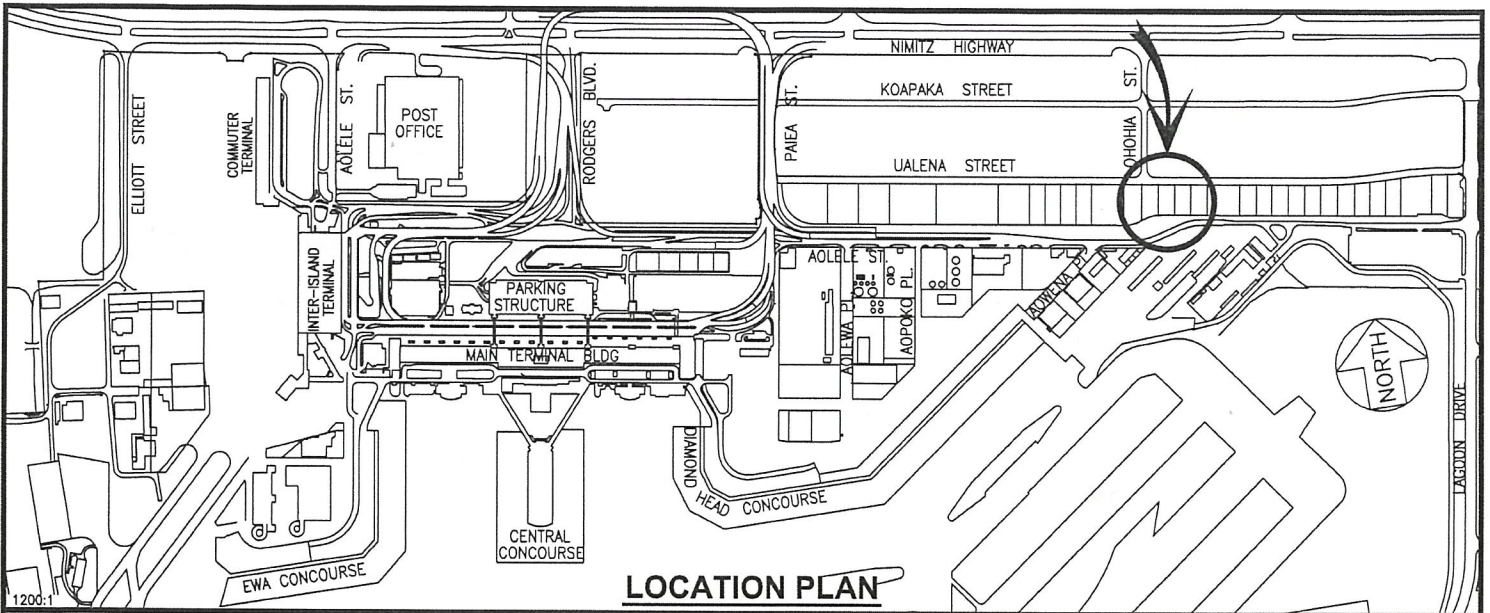


JADE T. BUTAY
Interim Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



AREA/SPACE	SQ. FT.
005 114	8,234

BLDG/ROOM	SQ. FT.
197 101	5,680
197 102	5,680
197 103	542
197 104	542

DATE : AUGUST 2017

EXHIBIT: A



NCNS ENVIRONMENTAL, INC.

2989 UALENA STREET

005114
197101-
197104
PLAT 16

HONOLULU INTERNATIONAL AIRPORT

N:\AIRPORTS\HNL_HONOLULU\CAD\FM\HNL_005114-01.DWG