Amend General Lease No. 5981, Waianae District Comprehensive Health and Hospital Board, Incorporated, Lessee, Lualualei, Waianae, Oahu, TMK (1) 8-6-001:003.

The purpose of the amendment is to amend the rent reopening provision of the lease by determining the rent based on the Board’s prevailing policy on leasing to eleemosynary organization.

APPLICANT:
Waianae District Comprehensive Health & Hospital Board, Incorporated, a domestic nonprofit organization.

LEGAL REFERENCE:
Sections 171-6 and 43.1, Hawaii Revised Statutes, as amended.

LOCATION:
Portion of Government lands situated at Lualualei, Waianae, Oahu, identified by Tax Map Key: (1) 8-6-001:003, as shown on the attached map labeled Exhibit A.

AREA:
14.352 acres, more or less.

ZONING:
State Land Use District: Conservation and Urban
City and County of Honolulu LUO: B-2

TRUST LAND STATUS:
Section 5(b) lands of the Hawaii Admission Act
DHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Encumbered by General Lease No. 5981 issued to Waianae District Comprehensive Health and Hospital Board, Incorporated for health care and medical facility purposes

LEASE TERM:

Sixty-five (65) years commencing on August 1, 2010 and expiring on July 31, 2075.

ANNUAL RENT:

$480.00. Semi-annual payments, in advance.

RENTAL REOPENINGS:

Every 10 years during the term of the lease at fair market value. The next reopening date is due on August 1, 2020.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred with by the Environmental Council on June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, “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”, and Item 47, which states that “leases of state land involving negligible or no expansion or change of use beyond that previously existing”. (Exhibit B).

DCCA VERIFICATION:

Place of business registration confirmed: YES ☒ NO 
Registered business name confirmed: YES ☒ NO 
Applicant in good standing confirmed: YES ☒ NO 

APPLICANT REQUIREMENTS:

None.

REMARKS:

The Applicant, pursuant to previous and current leases has operated the health facility at the subject location since 1994. They provide the only emergency room facility for the leeward coast of Oahu. Therefore, the continuance of existing operations at the facility is
of paramount importance to the community as a whole.

In 2011, the Applicant obtained the Board’s consent to encumber the subject State lands with federal grant over $8 million for two new improvements. In 2017, the Applicant obtained another federal grant for almost $1 million to improve one of the existing buildings on the leased premises. Staff believes a nominal rent of $480 per annum is appropriate for the Applicant in view of its services to the community.

The current lease, drafted in 2010, requires a rental reopening every 10 years during the term of the lease at fair market rental. The current annual rent of $480 is due for a rental reopening with the effective date falling on August 1, 2020.

Staff believes a nominal rent based on prevailing Board’s policy on minimum rent for leasing to an eleemosynary organization is appropriate in view of the services provided to the community. Currently, the minimum rent is $480 per annum. Therefore, staff recommends the Board authorize the amendment of General Lease No. 5981 by replacing the rent reopening provision with “The annual rental shall be reopened and redetermined based on the Board’s then prevailing Minimum Rent Policy for eleemosynary organization”.

Applicant is compliant with the terms and conditions of the subject lease and there are no other pertinent issues or concerns.

RECOMMENDATION: That the Board authorize the amendment of General Lease No. 5981 by revising the rent reopening provision, subject to the terms and conditions cited above, and further subject to the following:

A. Most current amendment of lease form, as may be amended from time to time;

B. Review and approval by the Department of the Attorney General; and

C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson
EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Amendment of General Lease No. 5981 by Replacing the Rental Reopening Provision
Reference No.: PSF 100D-154
Project Location: Lualualei, Waianae, Oahu, Tax Map Key: (1) 8-6-001:003.
Project Description: Replacing the rental reopening provision to make it consistent with other non-profit leases.
Chap. 343 Trigger(s): Use of State Land
Exemption Class No.: In accordance with Hawaii Administrative Rules Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred with by the Environmental Council on June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, “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” and Item 47, which states that “leases of state land involving negligible or no expansion or change of use beyond that previously existing”.
Cumulative Impact of Planned Successive Actions in Same Place Significant?: No. There will be no change to the current activities on the land.
Action May Have Significant Impact on Particularly Sensitive Environment?: No. There will be no change to the current activities on the land.
Consulted Parties: Office of Conservation and Coastal Lands
Analysis: Based on the above mentioned, staff believes there would be no significant impact to the environment.
Recommendation: That the Board finds this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

EXHIBIT B