

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
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EDWIN H. SNIFFEN

IN REPLY REFER TO:

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

MAUI

ISSUANCE OF MONTH-TO-MONTH PERMIT TO HAWAIIAN CEMENT
SITUATED AT PIER 2A, KAHULUI HARBOR, MAUI, TAX MAP KEY
NO. (2) 3-7-010:003 (P), NON-EXCLUSIVE SUBSURFACE PIPELINE EASEMENT;
034 (P), BULK CEMENT PLANT, GOVERNOR'S EXECUTIVE ORDER NO. 0798

LEGAL REFERENCE:

Sections 171-6, 171-13, 171-17, 171-55, and 171-59, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

Hawaiian Cement (Applicant) is a general domestic partnership, whose business registration address is 1136 Union Mall, Suite 301, Honolulu, Hawaii 96813, and mailing address is 99-1300 Halawa Valley Street, Aiea, Hawaii 96701.

CHARACTER OF USE:

Bulk cement storage, packaging, sales, and other operations related to the cement business and non-exclusive subsurface pipeline easement for the transmission of bulk cement.

LOCATION:

Portion of governmental lands at Pier 2A, Kahului Harbor, Maui, Tax Map Key No. (2) 3-7-010:003 (P), Non-exclusive subsurface pipeline easement; 034 (P), Bulk Cement Plant, Governor's Executive Order No. 0798, as shown on the attached maps labeled Exhibits A and B.

AREA: See attached Exhibits A and B

AREA	DESCRIPTION	TYPE	SQ. FT.	RATE PER SQ.FT.	MONTHLY RENTAL CHARGE	SECURITY DEPOSIT
1	Bulk cement storage, packaging, sales, and other operations related to the cement business	Open storage on unpaved land	12,796	\$ 0.29	\$ 3,710.84	\$ 7,421.68
2	Non-exclusive subsurface pipeline easement	Improved land – paved	870	\$ 0.34	\$ 295.80	\$ 591.60
Total				\$ 4,006.64/Month \$ 48,079.68/Annual		\$ 8,013.28

CONSIDERATION:

Determined by appraisal as of March 20, 2019, for Revocable Permits in Kahului Harbor, historical data of tenant improvements and a property management staff approved 25% easement disutility discount.

ZONING:

State Land Use Commission: Urban
County of Maui: M-2 (Heavy Industrial – Not Zoned)

COMMENCEMENT DATE:

To be determined by the Director of Transportation.

TRUST LAND STATUS:

Undetermined

CURRENT USE STATUS:

The Applicant currently occupies the premises for bulk cement storage, packaging, sales, and other operations related to the cement business and non-exclusive subsurface pipeline easement for the transmission of bulk cement.

LAND TITLE STATUS:

Acquired by the DOT Harbors, through eminent domain proceedings by issuance of Governor's Executive Order No. 0798.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Environmental Quality Control (OEQC) requirements pursuant to Chapter 11-200.1, Hawaii Administrative Rules, "Exemption Class 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."

Anticipated OEQC Declaration of Exemption publication date of October 8, 2019.

REMARKS:

The DOT Harbors has been reviewing all revocable permits and leases to ensure compliance with Chapter 171, HRS; and, renewing all current month-to-month permits to accurately describe current land usage, designated permit locations as well as updating monthly rental charges to appraised market value. The Applicant has had a long-term tenancy in Kahului Harbor and was issued a Revocable Permit No. H-07-2569 effective January 1, 2007, on a month-to-month basis for 12,796 square feet at \$1,919.40 per month and an 870 square foot, non-exclusive subsurface pipeline easement for the transmission of bulk cement at \$56.00 per month. This request replaces Revocable Permit No. H-07-2569 with current rates and terms.

The DOT Harbors, during 2008-2009, removed the "Oda Building" to modernize the pier for container operations. As a part of the modernization of the harbor, the DOT Harbors and the Applicant agreed to a Tenant Master Plan (Master Plan) to:

a) consolidate Hawaii Island operations; b) relocate the Kahului Harbor (Maui) operations away from the cargo operating areas; and c) extend the lease at Nawiliwili Harbor (Kauai).

Implementing the Master Plan

- **Kahului:** The Applicant plans to relocate the cement terminal operations near the end of 2021 or early 2022. The Applicant states that Alexander and Baldwin (A&B) will agree to a thirty-five (35)-year lease.
- **Harbors Divisions Actions:** In the past land acquisitions from A&B, the DOT Harbors has assumed the lease terms of the existing tenants. For example, the DOT Harbors assumed the space leases at the Old Kahului Store. The DOT Harbors is pursuing the acquisition of the A&B lands for which the Applicant will become a tenant of the DOT Harbors to assume the lease.

Currently, the Applicant is pursuing obtaining the various permits from the County of Maui. The DOT Harbors has obtained Governor's approval to the Department of

Transportation's (DOT) request to allot funds for the acquisition of the A&B land. The DOT has drafted a Memorandum of Agreement between the Department of Land and Natural Resources (DLNR) and the DOT to define the roles and responsibilities and funding costs for the DLNR and the Board of Land and Natural Resources to acquire the lands pursuant to Section 171-30, HRS, on behalf of the DOT.

RECOMMENDATION:

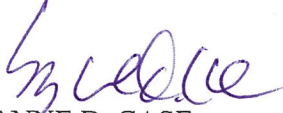
That the Board authorize the DOT Harbors to issue the Applicant a month-to-month permit for the above-stated purpose, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member
Board of Land and Natural Resources

Attachments: Exhibits A and B

Hawaiian Cement
Kahului Harbor, Pier 2A

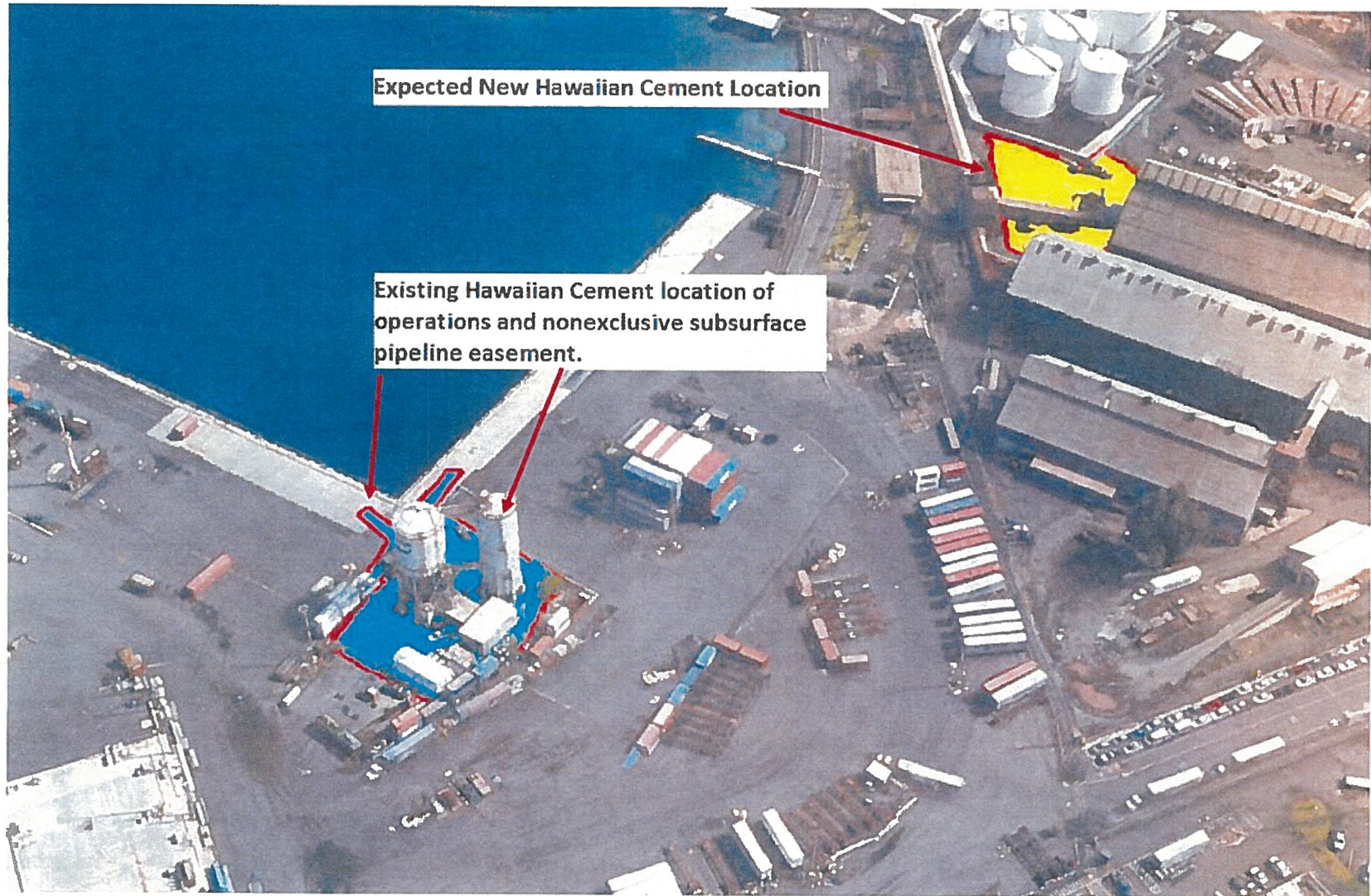
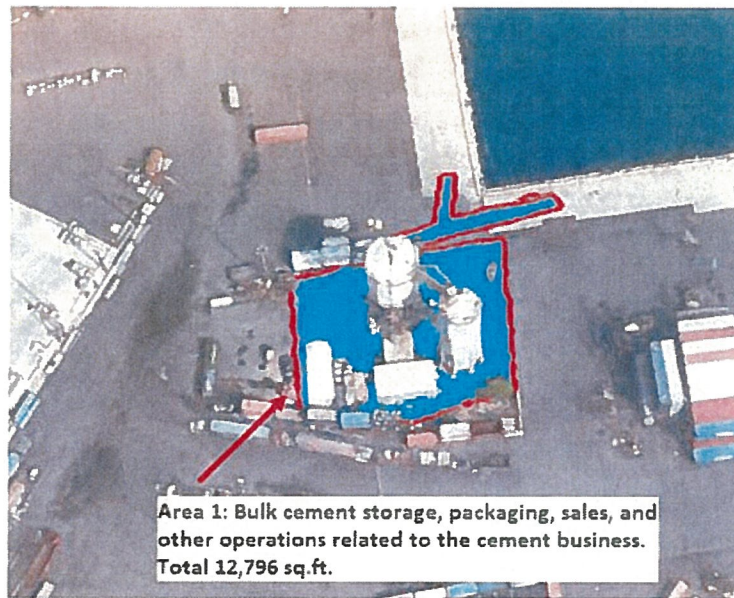


Exhibit A

Hawaiian Cement
Kahului Harbor, Pier 2A



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
1	Bulk cement storage, packaging, sales, and other operations related to the cement business	Open storage on unpaved land			12,796
2	Non-exclusive subsurface pipeline easement	Improved land - paved			870

