



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

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

HAWAII, MAUI AND OAHU

REQUEST FOR APPROVAL TO PROCEED WITH ACQUIRING LANDS FOR THE DEPARTMENT OF TRANSPORTATION, HARBORS DIVISION, FOR HILO HARBOR, ISLAND OF HAWAII; KAHULUI HARBOR, ISLAND OF MAUI; AND, KALAELOA BARBERS POINT HARBOR, ISLAND OF OAHU, FOR A PUBLIC PURPOSE; AND, FOR DELEGATION TO THE CHAIRPERSON OF THE BOARD OF LAND AND NATURAL RESOURCES THE AUTHORITY TO INITIATE WORK TO ACQUIRE THE LANDS FOR FINAL BOARD APPROVAL

LEGAL REFERENCE:

Sections 171-6, 171-11, 171-17, and 171-30, and 171-31, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

State of Hawaii, Department of Land and Natural Resources (DLNR) for the Department of Transportation, Harbors Division (DOT Harbors) whose mailing address is 79 South Nimitz Highway, Honolulu, Hawaii 96813.

CHARACTER OF USE:

For the movement of commercial cargo, passenger vessels and pier and facilities and supporting services for loading, off-loading, and handling of cargo at the DOT Harbors commercial harbors located at Hilo Harbor, Island of Hawaii, Kahului Harbor, Island of Maui, and Kalaeloa Barbers Point Harbor, Island of Oahu.

LOCATION:

Hilo Harbor, Island of Hawaii: Four (4) land parcels located adjacent to Piers 2, 3 and 4, currently owned by various third-parties identified as Tax Map Key Nos. (TMKs) (3) 2-1-007:004, (3) 2-1-007:005, (3) 2-1-007:046, (3) 2-1-007:048 and two (2) land parcels located along Kalaniana'ole Avenue adjacent to the main entrance of Hilo Harbor and Pier 1 currently owned by various third-parties identified as TMKs (3) 2-1-009:003 and (3) 2-1-009:004, as shown on the attached map labeled Exhibit A.

Kahului Harbor, Island of Maui: Lands located adjacent at the entrance of Pier 1, currently owned by Alexander and Baldwin Properties, Inc. (A&B), TMK (2) 3-7-009 (referred to as Parcel A) adjacent to Pier 3; portion of TMK (2) 3-7-011:023, and portions of TMKs (2) 3-7-011:017, (2) 3-7-011:019 and (2) 3-7-009:035 (referred to collectively as Parcel B) adjacent to Pier 1, and Matson, Inc. (Matson), identified as TMKs (2) 3-7-010:035 and (2) 3-7-010:009, adjacent to Pier 1, as shown on the attached map labeled Exhibit B.

Kalaeloa Barbers Point Harbor, Island of Oahu: Lands located adjacent to Piers 7-8, currently owned by Kapolei Land Development, LLC, (Kapolei, LLC), identified by portion of TMK (1) 9-1-01:042, as shown on the attached map labeled Exhibit C.

CONSIDERATION:

To be determined by appraisal pursuant to Section 171-17, HRS.

ZONING:

State Land Use Commission:	Urban
County of Hawaii:	Industrial
State Land Use Commission:	Urban
County of Maui:	M-2 Heavy Industrial
State Land Use Commission:	Urban
City and County of Honolulu:	I-1, I-2 Industrial

COMMENCEMENT DATE:

To be determined by the Chairperson of the Board of Land and Natural Resources (BLNR).

TRUST LAND STATUS:

Private property owned by third-parties.

CURRENT USE STATUS:

Island of Hawaii. The lands located adjacent to Piers 3 and 4 of Hilo Harbor, Island of Hawaii are currently owned by various third-parties.

According to the County of Hawaii property tax records, TMK (3) 2-1-007:004, is currently owned by Masayuni Inc. A & A Storage LLC operates at that site. A & A Storage LLC is registered with the State of Hawaii Department of Commerce and Consumer Affairs (DCCA) as a Hawaii domestic limited liability company (LLC).

According to the County of Hawaii property tax records, TMK (3) 2-1-007:005 is currently owned by AIRGAS GASPRO, Inc. (GASPRO). GASPRO is registered with the DCCA and is reported to have recently merged with the foreign profit corporation, AIRGAS-WEST, Inc. GASPRO is the surviving company. According to information on the DCCA website, GASPRO's business is a distributor of industrial, medical and specialty gases and related equipment.

According to the County of Hawaii property tax records, TMK (3) 2-1-007:046 is currently owned by M S Petroleum Corporation, a foreign profit corporation that is registered in Nevada. According to the DCCA website, the purpose of the corporation is rental of real estate. The site is vacant and unoccupied.

According to the County of Hawaii property tax records, TMK (3) 2-1-007:048 is owned by the United States of America. The site was the office for the US Coast Guard until its office and vessel operations were consolidated into the Sector operations at Honolulu Harbor, Oahu. The remaining occupant of the office is US Customs with two (2) employees for whom space would be made available by the DOT Harbors for them to remain at this location. The General Service Administration (GSA) has expressed interest in removing this property from their inventory.

According to the County of Hawaii property tax records, TMKs (3) 2-1-009:003 and (3) 2-1-009:004 are owned by Sparks & Boschetti, LLC (Sparks). Sparks is registered with the DCCA as a domestic limited liability company. Conen's Freight Transport operates at the site as a trucking company.

Island of Maui. The proposed lands located adjacent at the entrance of Pier 1, Kahului Harbor, Island of Maui are currently owned by various third-parties.

According to the County of Maui property tax records, TMK (2) 3-7-010:009 (referred to as Parcel A) is currently owned by A&B. The site was used as bulk sugar storage facility. The product was stored, loaded onto a vessel, and exported out of State.

The site is currently vacant with remnant buildings and other appurtenances of a former sugar storage facility.

According to the County of Maui property tax records, TMKs (2) 3-7-011:023, (2) 3-7-011:017 and (2) 3-7-011:019 (referred to as Parcel B) are currently owned by A&B. The site had a variety of mixed industrial use from the storage of molasses, fuel, heavy equipment repairs, and other industrial uses.

According to the County of Maui property tax records, TMK (2) 3-7-010:035 is currently owned by Matson and is currently used as Matson's sales office.

Island of Oahu. According to the City and County of Honolulu property tax records, the owner of TMK (1) 9-1-01:042 located north of Piers 7-8, Kalaeloa Barbers Point Harbor, is owned by Kapolei, LLC. The land is currently vacant unimproved lands – meaning utilities are not readily available at the site.

LAND TITLE STATUS (PROPOSED):

To be acquired by the State of Hawaii through the BLNR with transfer of the management of the lands to the DOT Harbors by Governor's Executive Order.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

Environmental assessments will be conducted for the proposed lands to be acquired for Hilo Harbor, Kahului Harbor (Parcel A), and Kalaeloa Barbers Point Harbor during the acquisition process to ensure compliance with Chapter 343, HRS, with an update on the status of compliance in the request to the BLNR for final approval of the acquisitions described herein.

The Draft Environmental Assessment (DEA) for the property acquisition of Kahului Harbor (Parcel B) was posted with the Office of Environmental Quality and Control (OEQC) on July 8, 2019.

REMARKS:

The BLNR has the exclusive responsibility to acquire land, if required by the State for public purposes as provided by Section 171-30, HRS. The DLNR, on behalf of the DOT Harbors, is requesting the BLNR to approve the DLNR/DOT Harbors to proceed with acquiring lands for the public purposes stated by the DOT Harbors for Hilo Harbor, Island Of Hawaii; Kahului Harbor, Island of Maui; and, Kalaeloa Barbers Point Harbor, Island of Oahu and, to delegate to the Chairperson of the BLNR the authority to initiate work to acquire the lands for final BLNR approval.

The DOT Harbors commercial harbor system receives overseas cargo at Piers 51-53, Honolulu Harbor, and cargo is transshipped to the neighbor islands – like a hub and spoke wheel. The DOT Harbors is developing a new 88-acre Kapalama Container Terminal, at Honolulu Harbor, Island of Oahu, with Phase I (container yard) about 40% completed and Phase II (constructing a new pier) to be advertised for bid later this year. The DOT Harbors anticipates additional land for the neighbor island cargo yards will be required for the islands of Hawaii and Maui to match the additional capacity of the new terminal in Honolulu Harbor.

Expanded cargo yards are needed to receive the influx of containers from the newer Young Brothers, LLC and Matson barges that have higher capacity container carrying barges that transship cargo to the neighbor islands. With more full containers per voyage, the DOT Harbors anticipates an equal number of empty outgoing containers returning to Honolulu Harbor. Expanding the cargo yards improves the efficiency and movement of inter-island cargo; and, for overseas cargo transshipped to Hilo Harbor and Kahului Harbor – thus contributing to lower costs or slowing the rise in the cost of shipping goods to Hawaii and the neighbor islands.

Hilo Harbor, Island of Hawaii. The development of the new 88-acre Kapalama Container Terminal, Honolulu Harbor, requires planning for Hilo Harbor to receive more containers per voyage. Currently, Hilo Harbor has nine (9) acres of cargo yard to support Pier 4. The public purpose to acquire TMKs (3) 2-1-007:004, (3) 2-1-007:005 and (3) 2-1-007:046, is to expand the inter-island cargo terminal yard to support separating palletized (less than container loads) operations from containers. Separating the cargo types and operations and flatbed and smaller trucks from the truck tractors hauling containers will enhance customer safety (Refer to Exhibit A-1). Security of container operations will also be enhanced.

Similarly, the development of the new 88-acre Kapalama Container Terminal, at Honolulu Harbor, requires Hilo Harbor to plan on receiving the larger capacity overseas container barges transshipped from Honolulu Harbor to Pier 1 at Hilo Harbor. Currently, Hilo Harbor has 13.4 acres to support transshipments of containers. The newer barges

have increased per voyage capacity, for example, from 150 forty-foot containers to 300 forty-foot containers per voyage. The acquisition of TMKs (3) 2-1-009:003 and (3) 2-1-009:004 located along Kalaniana'ole Avenue will allow the DOT Harbors to relocate the existing yard for storage of container chassis and autos away from active loading and unloading of cargo. The acquisition will also allow the DOT Harbors to relocate the main entrance, along Kalaniana'ole Avenue with left turn lanes and acceleration lanes to disperse traffic into and out of the harbor more efficiently to reduce traffic congestion in this area (Refer to Exhibit A-2).

The public purpose for acquiring TMK (3) 2-1-007:048 is to relocate the Harbors District Office outside the cargo-handling facility, thus expanding the cargo area and adding container yard capacity to the facility.

Kahului Harbor, Island of Maui. Kahului Harbor is DOT Harbors' second highest revenue generating commercial harbor and is the central distribution point for the State for fuel, bulk cargo, sand, aggregate, concrete, and liquid asphalt.

Currently Pier 1, Kahului Harbor, receives transshipment of containers from Honolulu as well as bulk shipments. Pier 1 has 15.9 acres of cargo yard. Pier 1 has curves along the breakwater and coast line creating an irregular guitar shaped border for the cargo yard. Curves do not support efficient placement of rectangular containers and cars. The current cargo yard and its curvy shape limit the amount of cargo that can be discharged per vessel. The public purpose for acquiring adjacent lands is to expand the capacity of the cargo yards to allow more cargo to be received into the yards per vessel, (Refer to Exhibit B-1). At this time, vessel cargo loads are determined by what can be discharged into the cargo yard and not the capacity of the vessel – meaning less cargo discharged per voyage and higher costs distributed to each cargo load.

In addition, the acquisition will allow the truck entrance to Pier 1 to be relocated to create a wider multi-truck stacking lane to replace the single-entry lane on Hobron Avenue. This design should support lower truck traffic overflowing into the public streets. Finally, the acquisition will also include plans to have Hobron Avenue incorporated into DOT Harbors management and remove cargo from what is currently a public road and create more interior roads for the movement of cargo (Refer to Exhibit B-2).

The public purpose for acquiring this adjacent area is to remove the building and redirect cruise ship passengers away from container operations to an area in the proposed acquired lands near Hobron Avenue (possibly the area of the old railroad round-house) instead of directing passengers toward Wharf Street (Refer to Exhibit B-3).

Kalaeloa Barbers Point Harbor, Island of Oahu. Kalaeloa Barbers Point Harbor is the DOT Harbors' third busiest commercial harbor. Currently, the DOT Harbors has estimated that 900,000 cubic yards of dredged coral was removed to create the harbor. An engineering estimate to remove 900,000 cubic yards by truck to the landfill is approximately \$100 million. The public purpose of acquiring the adjacent lands is to support the development of Kalaeloa Barbers Point Harbor. The space allows the DOT Harbors to store dredged material when building new piers, lease lots, and other areas to support the development and operations of Kalaeloa Barbers Point Harbor. Without the space, the DOT Harbors is limited in its development of Kalaeloa Barbers Point Harbor to add to its bulk cargo facilities and to serve as an alternate commercial harbor to support container operations (Refer to Exhibit C-1).

The 2040 Kalaeloa Barbers Point Harbor Master Plan as presented needs to develop the harbor to reduce congestion and conflicts in berthing requests along Piers 5-7. The acquisition of lands at Kalaeloa Barbers Point supports the development of the harbor including new piers for the discharge of bulk cargo (e.g., sand and aggregate), fuel, and build resiliency at Kalaeloa Barbers Point as an alternate commercial harbor for Oahu.

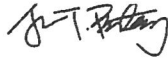
RECOMMENDATION:

The BLNR has the exclusive responsibility to acquire land, if required by the State for public purposes as provided by Section 171-30, HRS. The DLNR on behalf of the DOT Harbors requests the BLNR to:

(1) approve DLNR/DOT Harbors proceeding with acquiring lands to serve a public purpose for the DOT Harbors for expansion of Hilo Harbor, Island of Hawaii; Kahului Harbor, Island of Maui; and, Kalaeloa Barbers Point Harbor, Island of Oahu; and,

(2) delegate to the Chairperson of the BLNR the authority to initiate work to acquire the lands for final board approval.

Respectfully submitted,



Oct 2, 2019

JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



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

Attachments: Exhibits A, A-1 and A-2
Exhibits B, B-1, B-2 and B-3
Exhibits C and C-1

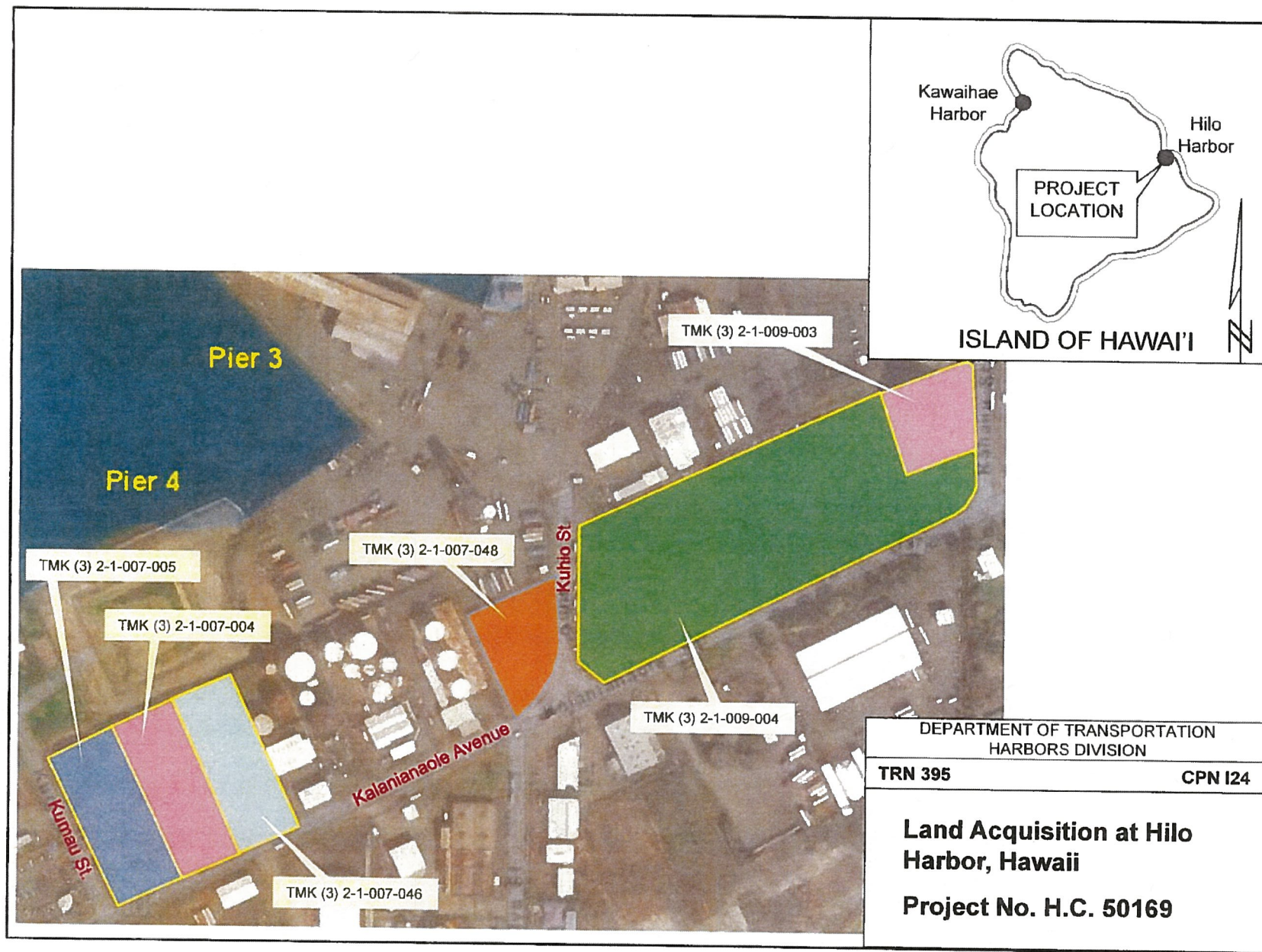


EXHIBIT A



EXHIBIT A-1

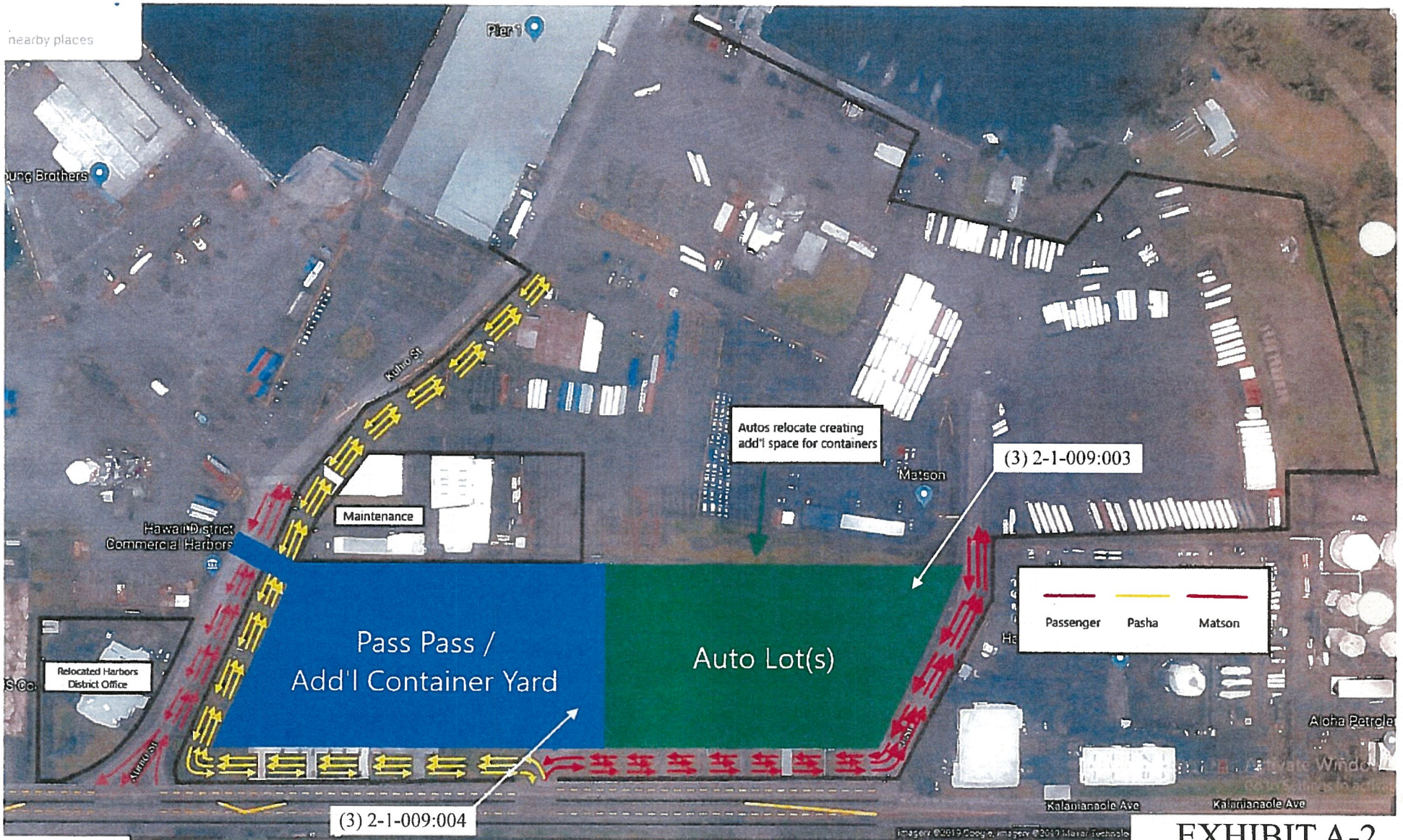


EXHIBIT A-2

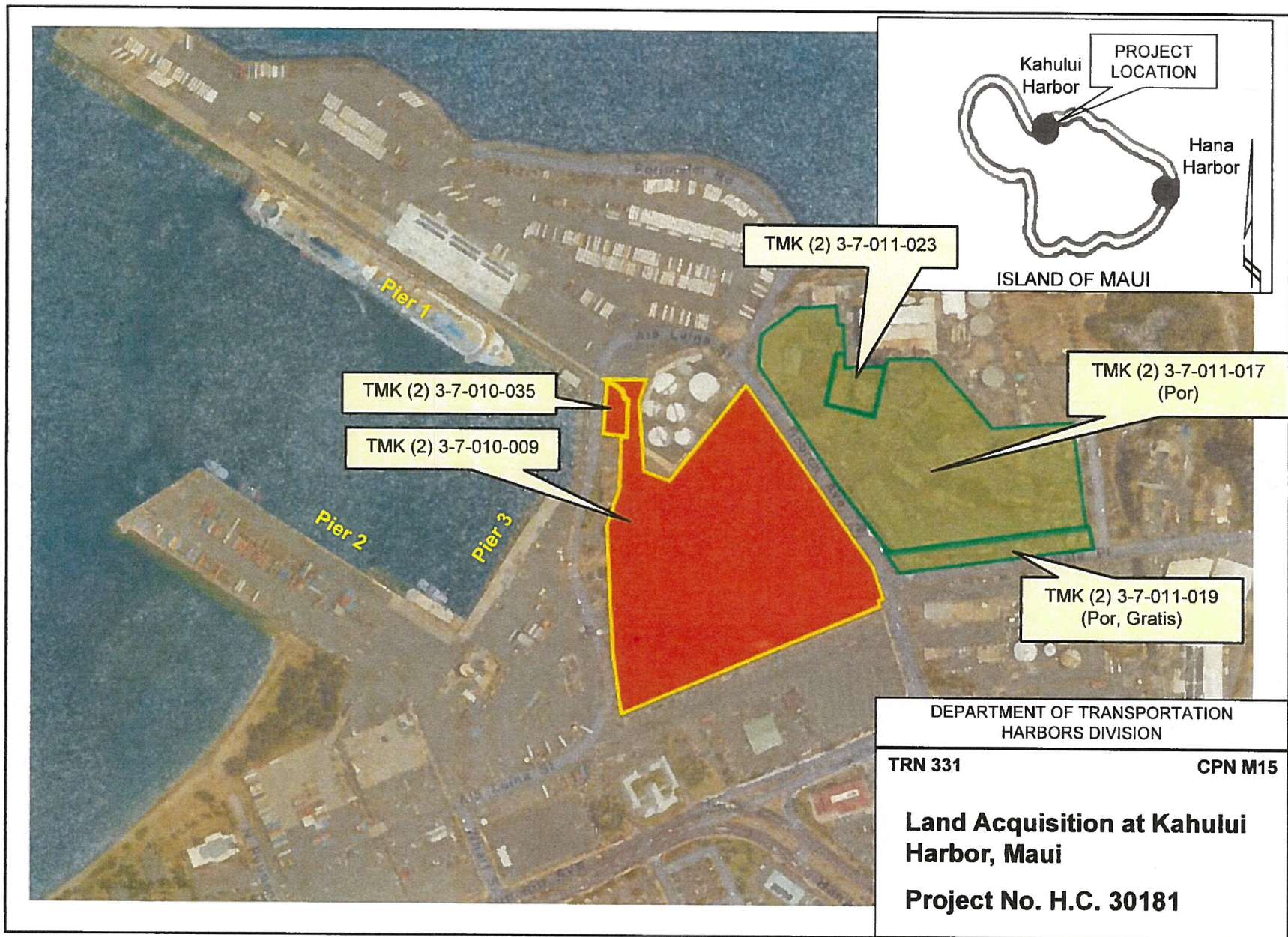


EXHIBIT C

Number 7 of 8 different Kahului Harbor layouts drawn by HAR-K Wendell Kam which served as base for HAR-M plans.

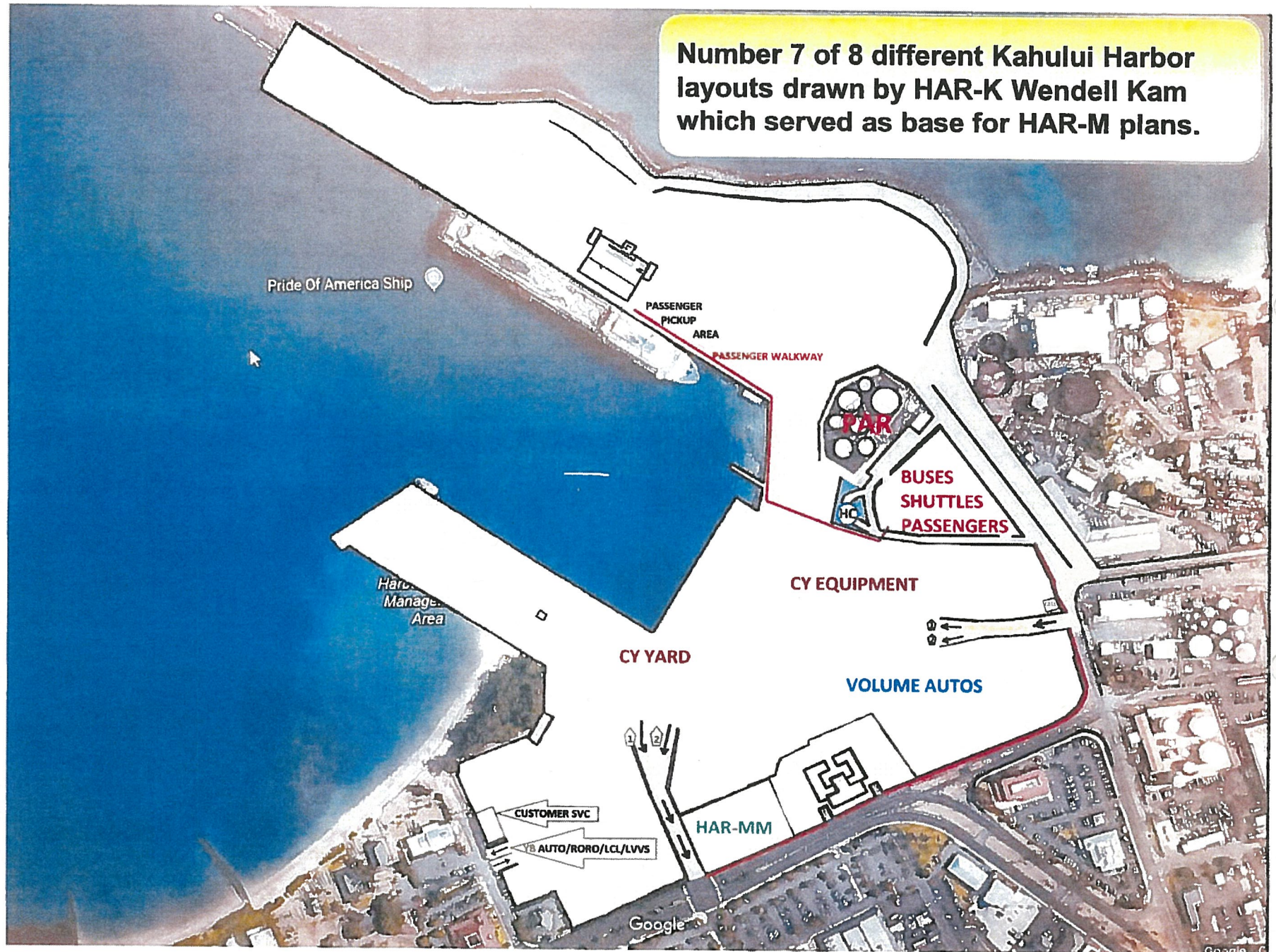
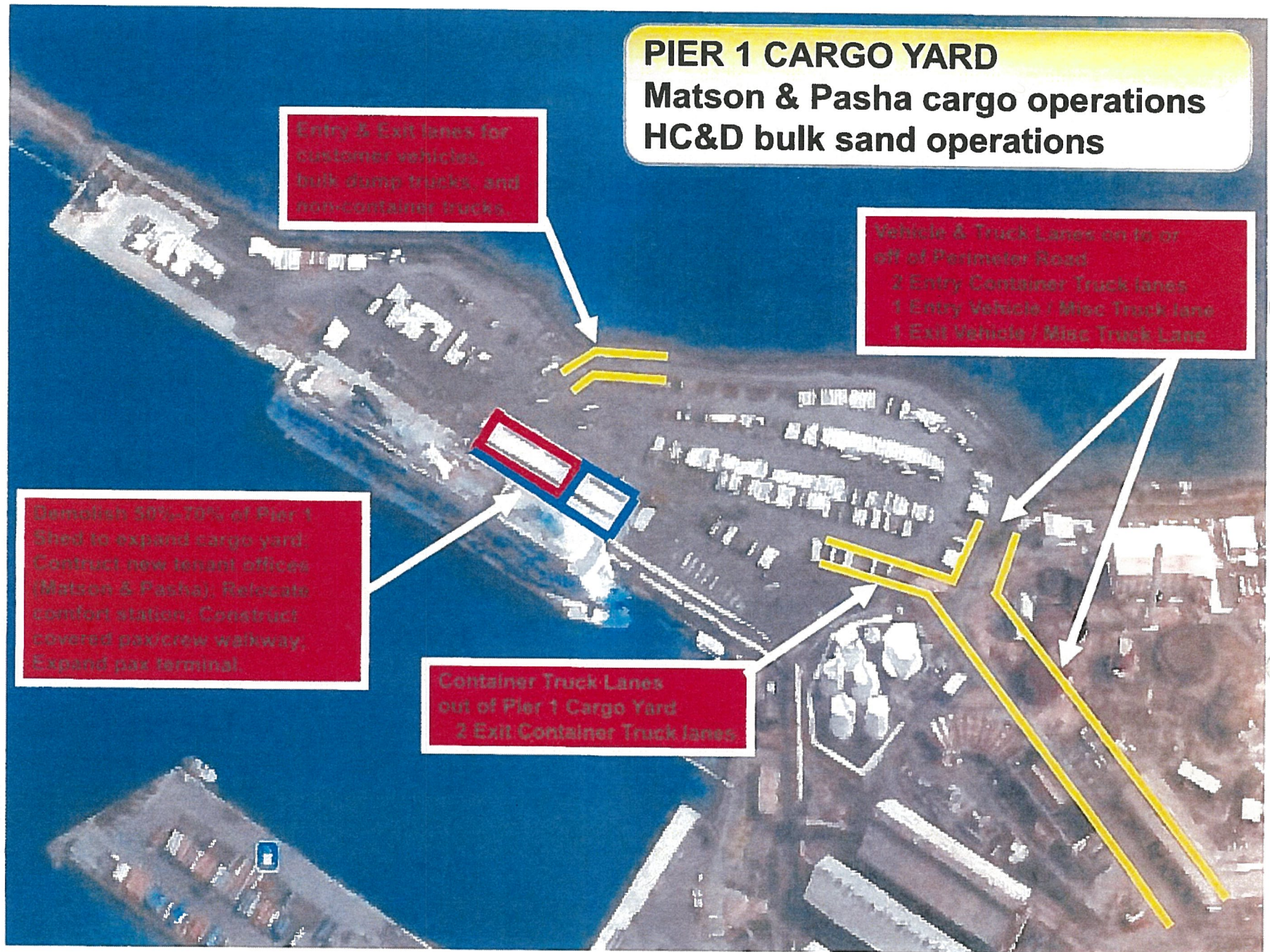


EXHIBIT B-1



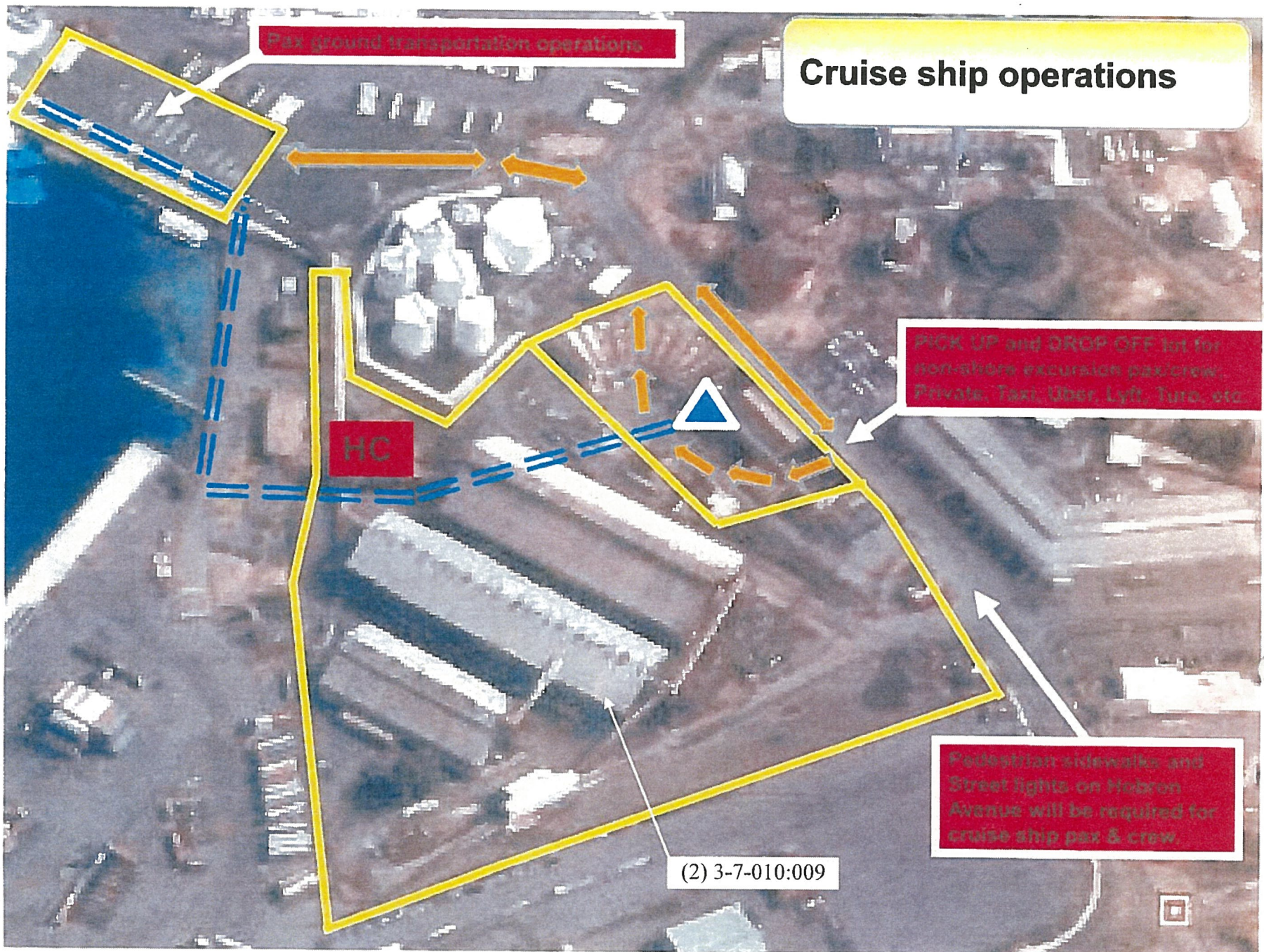
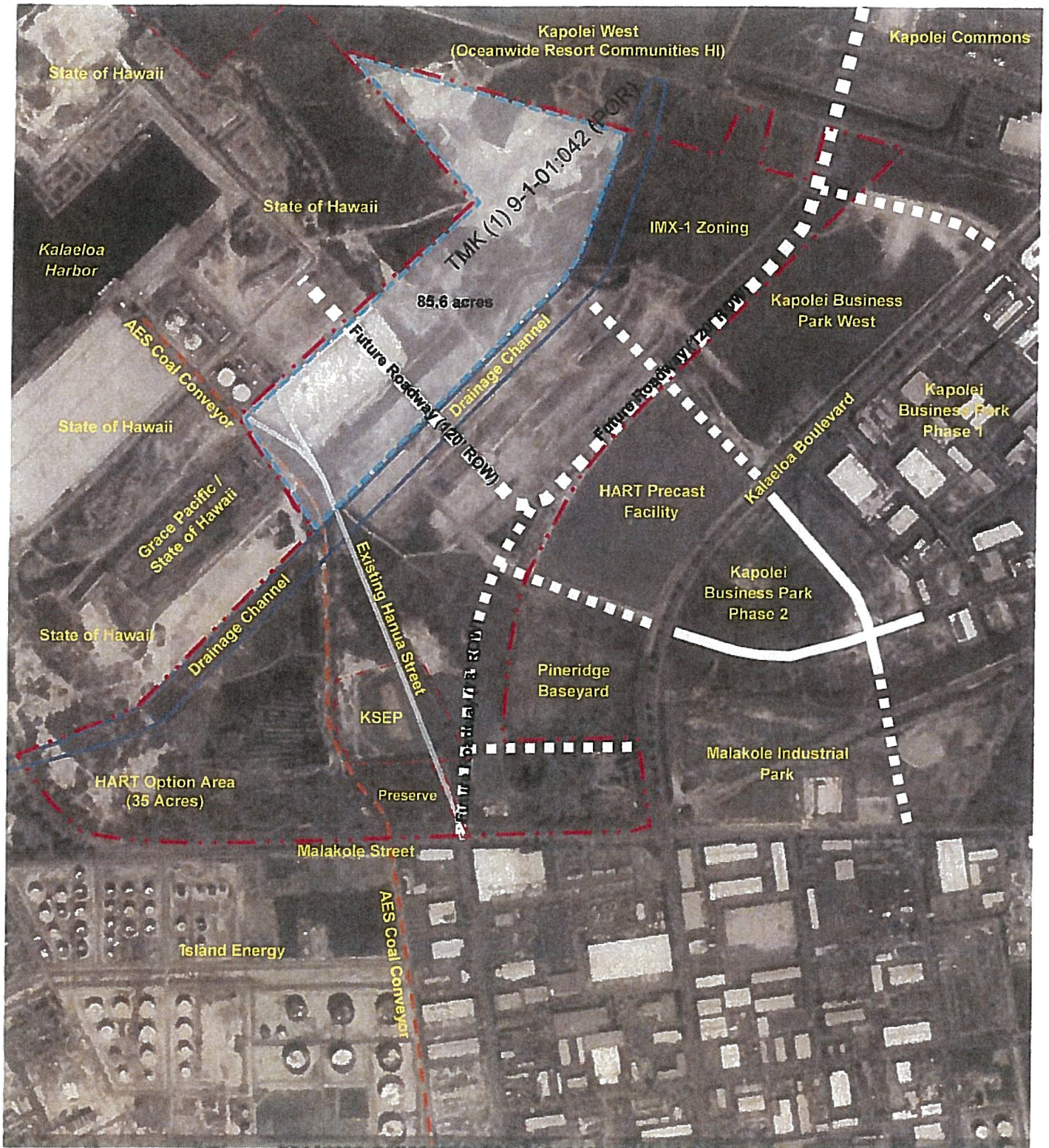


EXHIBIT B-3



Kapolei Harborside
 Kapolei Properties LLC



EXHIBIT C-1