

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

November 8, 2019

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

PSF No.: 17HD-102

Hawaii

Cancellation of Revocable Permit No. S-3755 issued to Hukilau Resorts, with Issuance of New Revocable Permit to Kimi Hotels, Inc. for Parking Lot Purposes; and

Authorize the Sale of a Lease at Public Auction for Parking Lot Purposes, Waiakea, South Hilo, Hawaii, Tax Map Keys: (3) 2-1-006:078 & 085.

APPLICANT:

Kimi Hotels, Inc., a Hawaii corporation.

LEGAL REFERENCE:

Sections 171-13, -14, -16, -17, -55 and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Waiakea, South Hilo, Hawaii identified by Tax Map Keys: (3) 2-1-006:078 & 085 as shown on the attached map labeled Exhibit A.

AREA:

Parcel 078 = 4,000 square feet; Parcel 085 = 4,828 square feet;
For a total of 8,828 square feet, more or less, subject to confirmation by the Department of Accounting and General Services, Survey Division.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: Resort Hotel

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:

Parcel 078 - Encumbered by Revocable Permit No. S-3755 to Hukilau Resorts
Parcel 085 - Vacant with encroachment by adjacent Hilo Seaside Hotel.

REVOCABLE PERMIT TERMS AND CONDITIONS:

CHARACTER OF USE:

Parking lot purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

Staff recommends rent be set at \$313.75 per month. See remarks for explanation.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

LEASE TERMS AND CONDITIONS:

CHARACTER OF USE:

Parking lot purposes.

LEASE TERM:

Thirty (30) years

COMMENCEMENT DATE:

The date of sale if the current occupant is the successful bidder, otherwise, sixty (60) days after the date of sale; provided that if such date is not on the first day of any month, the commencement date shall be the first day of the month following

such date; and further provided that the Chairperson may amend the commencement date for good cause.

MINIMUM UPSET ANNUAL RENT:

To be determined by independent appraisal establishing fair market rent, subject to review and approval by the Chairperson.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 10th and 20th years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities – Electric, water, sewer, phone and cable

Slope – 3% to 25%

Elevation – 5 feet

Rainfall – 117 inches mean annual rainfall

SCS Soil Series – Opihikao Series

Land Study Bureau – Unclassified

Legal access to property – Staff has verified that there is legal access to the property from Banyan Way.

Subdivision – Staff has verified that the subject property to be auctioned is a legally subdivided lot.

Encumbrances – Staff has verified that the following encumbrances exist on the property:
Revocable Permit No. S-3755

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the “Exemption List for the Department of Land and Natural Resources, reviewed and concurred upon 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, Item No. 47, which states “Leases of state land involving negligible or no expansion or change of use beyond that previously existing.” Refer to attached Exhibit B.

REMARKS:

Revocable Permit No. S-3755 (RP 3755) was issued to Hukilau Resorts on June 16, 1965 for parking purposes. RP 3755 covered an approximate 4,000 square foot portion of the old Hilo Railroad right-of-way. No map or survey description is included in the original file. The original paved parking lot was 40 feet wide by 100 feet long adjacent to the hotel.

During the redevelopment of the Waiakea peninsula and the alignment of Banyan Drive an odd shaped parcel (~4,828 sf.) was created between the then existing parking lot and the new Banyan Drive. Sometime between 1998 and 2012 the parking lot was expanded onto the odd shaped parcel and a driveway was created to join the subject parking lot with an additional parking area on the hotel property. The expanded parking area added 8 stalls to the parking lot and provided easy access to an otherwise inaccessible parking area behind the hotel. Kimi Hotels, Inc. believed this area was part of its private property with the State parcel being the adjacent grassy area and sidewalk along Banyan Drive.

The total area of the two subject parcels is ~8,828 sf., which combined with the odd shape is not a sufficient area for other types of uses within the hotel/resort zoning making use as a parking area highest and best use.

Over the years, Kimi Hotels, Inc. has expressed interest first in purchasing the subject parcels as remnant parcels and later as a long-term lease. Staff feels that a lease of the subject parcels will be successfully sold at public auction.

The issuance of a revocable permit covering both parcels will allow the continued use of the property until a long-term lease can be sold at public auction. Hukilau Resorts was a tradename of Kimi Hotels, Inc. which is no longer used and therefore staff is recommending the new revocable permit be issued in the name of Kimi Hotels, Inc.

The current monthly rental amount is \$138.02 for 4,000sf. Based on the same per square foot price the new rent for the combined 8,828sf would be \$304.61 per month. The other hotel/resort zoned properties under revocable permit in the same area have had a 3% increase to the rent for 2020. Therefore, staff is recommending that rent be set at \$313.75 per month.

The submittal was sent out for comments and the results are summarized in the following table:

Federal Agencies	Response
US Army Corps of Engineers	No Response
State Agencies	Response
Dept. Hawaiian Home Lands	No Response
Office of Conservation & Coastal Lands	No Response
DLNR-Historic Preservation	No Response
Dept. of Health- Environmental Planning	No Response
Hawaii County Agencies	Response
Planning	No Objections/No Comments
Environmental Management	No Comments
Public Works	No Response
Police Dept.	No Response
Fire Dept.	No Comments
Other Agencies & Interested Parties	Response
Office of Hawaiian Affairs	No Response


The Applicant 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 and is current with the terms and conditions of its revocable permit.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, 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 cancellation of revocable permit No. S-3755 issued to Hukilau Resorts and issue a new revocable permit to Kimi Hotels, Inc. for parking lot 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. 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.
3. Find the area to be an economic unit in terms of the intended use.
 4. Find that the subject area is not suitable for hunting, nor will it become so during the term of the lease.
 5. Authorize the sale of a lease at public auction covering the subject area for parking area 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 general 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.

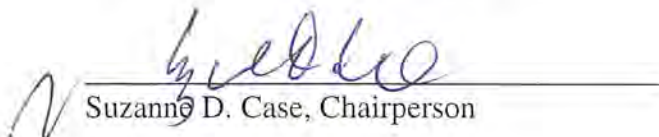
Respectfully Submitted,



Candace Martin

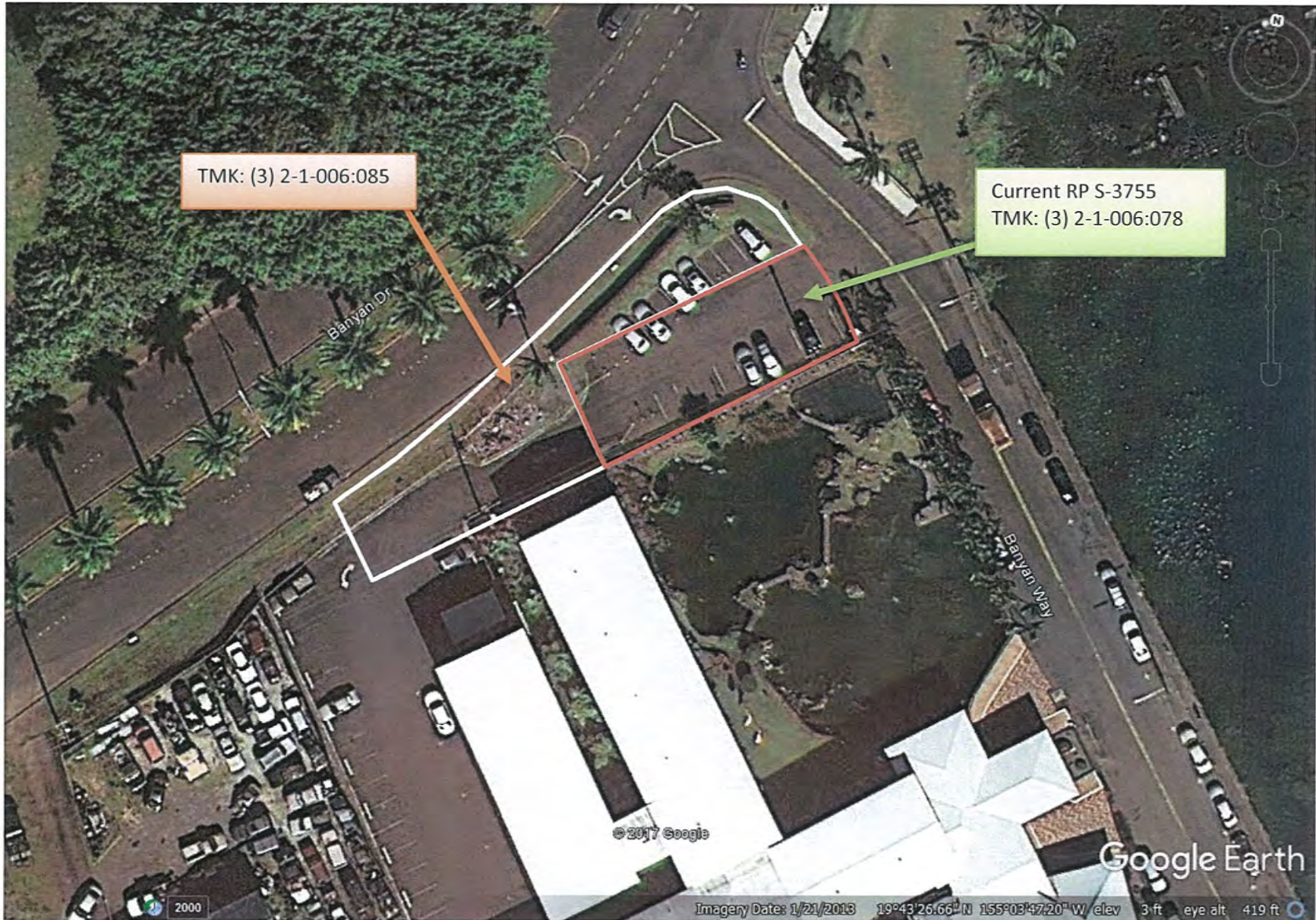
Land Agent

APPROVED FOR SUBMITTAL:

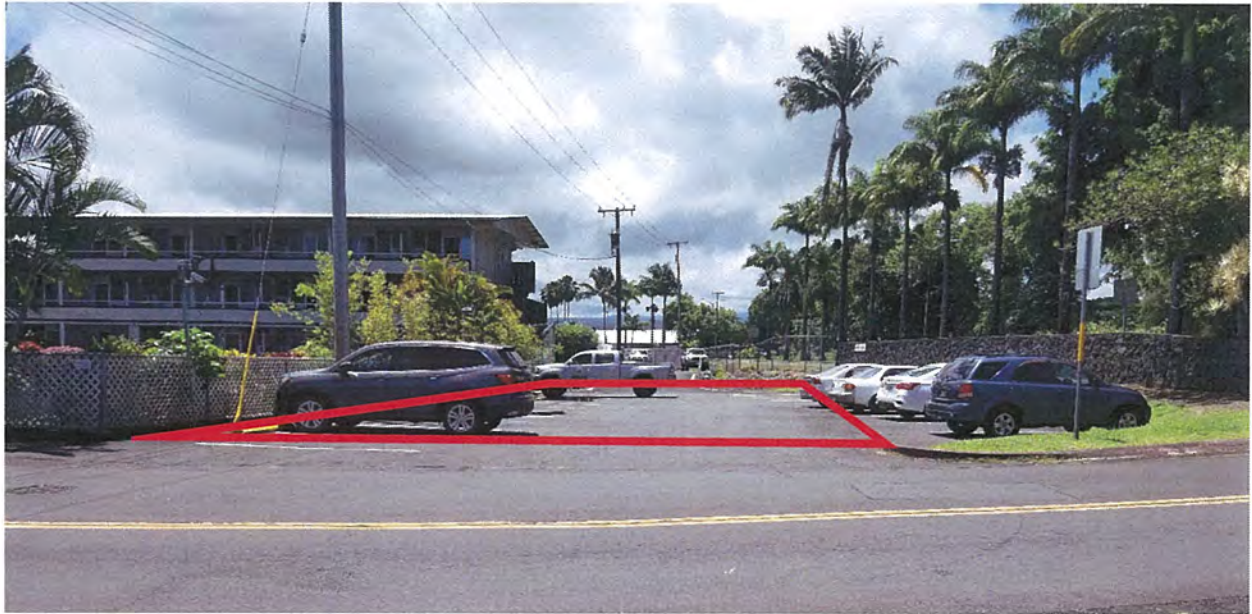


Suzanne D. Case, Chairperson

EXHIBIT A



Inspection Photos of RP-3755 from August 28, 2019



Approximate area of existing RP-3755



DAVID Y. IGE
GOVERNOR OF HAWAII



EXHIBIT B

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

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
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

STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

October 16, 2019

EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes (HRS), and Chapter 11-200.1, Hawaii Administrative Rules (HAR):

Project Title:	Issuance of a Revocable Permit to Kimi Hotels, Inc. for Parking Lot Purposes and Authorize the Sale of a Lease at Public Auction for Parking Lot Purposes.
Project / Reference No.:	PSF No. 17HD-102.
Project Location:	Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-006:078 & 085.
Project Description:	Issuance of a revocable permit to Kimi Hotels, Inc. for an existing paved parking area on State lands adjacent to its hotel.
Chap. 343 Trigger(s):	Use of State Land
Exemption Class No. and Description:	In accordance with HAR § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on 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, Item No. 47, which states "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 are no planned successive actions.
Action May Have Significant Impact on Particularly Sensitive Environment?:	No. There are no particularly sensitive environmental issues involved with the proposed use of the property.

- Analysis:** The issuance of a revocable permit and following sale of lease at public auction is a “housekeeping” issue. The parking area has been in use since 1965 and will continue. Such use has resulted in no known significant impacts to the natural environmental or cultural resources in the area. As such, staff believes the proposed use will involve negligible or no expansion or change of use beyond that previously existing.
- Consulted Parties:** State Agencies: Department of Hawaiian Home Lands, Office of Conservation and Coastal Lands, DLNR-Historic Preservation and DOH-Environmental Planning.
County of Hawaii Agencies: Planning Department, Public Works, Police Dept. and Fire Dept.
Federal Agencies: Army Corp of Engineers
Other Agencies: Office of Hawaiian Affairs.
- Recommendation:** That the Board find 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.