STATE OF HAWAI'I DEPARTMENT OF LAND AND NATURAL RESOURCES OFFICE OF CONSERVATION AND COASTAL LANDS Honolulu, Hawai'i

May 22, 2020

Board of Land and Natural Resources State of Hawai'i Honolulu, Hawai'i

REGARDING:

Fourth Time Extension Request for Conservation District

Use Permit (CDUP) OA-3579 for the Honolulu Seawater Air

Conditioning Project

APPLICANT:

Eric Masutomi

Honolulu Seawater Air Conditioning, LLC.

LOCATION:

Submerged Land, Makai of Kaka'ako Waterfront Park,

Offshore of Plat (1) 2-1-060 and Channel D of Ke'ehi

Lagoon, Island of O'ahu

LANDOWNER:

State of Hawai'i

USE:

Kaka'ako -Approximately (≈) 8.0 Acres

Ke'ehi Lagoon - ≈ 50.0 Acres

SUBZONE:

Resource

BACKGROUND (Exhibits 1-7)

On June 23, 2011, the Board of Land and Natural Resources (Board) approved CDUP OA-3579 for the Honolulu Seawater Air Conditioning (HSWAC) Project subject to 18 conditions. The project is to pump cold, deep seawater through a pipeline more than four miles offshore to a cooling station in Kaka'ako.

According to the Hawai'i State Energy Office: Once in place, project proponents estimate the district cooling system would eliminate the need for 178,000 barrels of oil per year by saving enough electricity to power more than 10,000 homes. The 25,000-ton system is estimated to cut electricity consumption for air conditioning by 75% (air conditioning represents 35%-45% of a building's energy use), and reduce potable water and chemical use. In November 2017, HSWAC reached an agreement with the State of Hawai'i to provide seawater air conditioning for eight state buildings, including the Hawai'i State Capitol. The State estimates the project could save its facilities 5.3 million kilowatt-hours, 11.4 million gallons of water, and 1.7 million gallons of sewage discharge annually.

https://energy.ehawaii.gov/epd/public/energy-project-details.html?rid=8b--3fdfbdf9ace5517

On December 12, 2014 the Board amended condition #9 of CDUP OA-3579 to provide that the Permittee had until June 23, 2016 to initiate construction and until June 23, 2018 to complete construction.

On June 9, 2016, the Board approved a second time extension request to initiate construction by June 23, 2018 and complete construction by June 23, 2020. At this time, the DOH permit applications noted as the National Pollution Discharge Elimination System and the Zone of Mixing application continue to be under review. This review process had been on-going since November of 2010.

On August 9, 2016, the Chairperson of the Board approved CDUP OA-3769 for a modification to the authorized project. The modification was to extend the seawater return pipe 1,900 feet to relocated the diffuser component to the depths in a range of -326 to -423-ft. in response to a recommendation dated May 2, 2011 from the US Fish and Wildlife Service to extend the seawater return pipe to depths that are consistent with an anticipated discharge temperature of 58 ° F. At this depth most or all of the photosynthetically active radiation would be unable to take place as it is too dark. Stimulation of benthic algae and the possibility of adversely affecting coral would be reduced. The conditions of CDUP OA-3769 are predicated on CDUP OA-3579.

On October 26, 2018, the Board approved the third time extension request to initiate construction by June 23, 2020 and complete construction by June 23, 2022. According to HSWAC, an easement approval by the City Council for the project on April 25, 2013 is currently under review with the City's Corporation Counsel. Easement approval is required prior to subdivision approval. While this portion of the project is outside of the Conservation district, it is an important and necessary component of the project. Easement approval could be as early as December 2018.

Further, it was determined that the Division of Aquatic Resources (DAR) administrative rules needed to be amended to issue authorization for HSWAC to impact coral and live rock. The intent of the amendments is to give DLNR authority to authorize take of stony coral and live rock in limited circumstances.

TIME EXTENSION REQUEST (Exhibit 8)

The Office of Conservation and Coastal Lands (OCCL) received a request for a fourth time extension from HSWAC to extend the time to initiate and complete construction. The Permittee is requesting a 2-year extension to initiate and complete construction. According to HSWAC, several easements have been approved. However, easements across lands former owned by the Hawai'i Community Development Authority that has recently been acquired by the City did not transfer with the property. Therefore, HSWAC must now initiate and obtain an easement with the City. In addition, the City's Corporation Counsel recently approved city street easements and the subdivision application is now being processed. While this portion of the project is outside of the Conservation district, it is an important and necessary component of the project.

AUTHORITY FOR GRANTING TIME EXTENSIONS:

The authority for the granting of time extensions is provided in the Hawai'i Administrative Rules (HAR), §13-5-43, that allows for permittees to request time

extensions for the purpose of extending the period of time to comply with the conditions of a permit.

Additionally, HAR, §13-5-43(c), states: "Time extensions may be granted by the board upon the second or subsequent request for a time extension on a board permit, based on supportive documentation from the applicant for review."

BASIS FOR TIME EXTENSIONS:

A time extension may be sought when a Permittee is unable to initiate or complete a project within the stipulated time frame. The Board grants time extensions when a Permittee demonstrates some sort of hardship or delay in initiating work on a particular project. Moreover, the Permittee should be able to demonstrate that the hardship or delay has not been self-imposed and that some good faith effort has been made to undertake the project.

DISCUSSION:

In the present case, none of these factors suggest any reason to deny the request. The Permittee has endeavored to obtain all permits and approvals prior to initiating the project. Approval of the time extension request shall hopefully provide the time needed to complete the Honolulu Seawater Air Conditioning project.

RECOMMENDATION:

That the Board of Land and Natural Resources **APPROVE** this fourth time extension to initiate and complete the Honolulu Seawater Air Conditioning Project located upon submerged land, makai of Kaka'ako Waterfront Park, Offshore of Plat (1) 2-1-060 and Channel D of Ke'ehi Lagoon, Island of O'ahu subject to the following conditions:

- 1. That condition #9 of CDUP OA-3579 is amended to provide that the Permittee has until June 23, 2022 to initiate construction and until June 23, 2024 to complete construction; and
- 2. That all other conditions imposed by the Board under CDUP OA-3579, as amended, shall remain in effect.

Respectfully submitted.

K. Tiger Mills, Staff Planner

Office of Conservation and Coastal Lands

Approved for submittal:

Same Q. Case

Suzanne D. Case, Chairperson Board of Land and Natural Resources

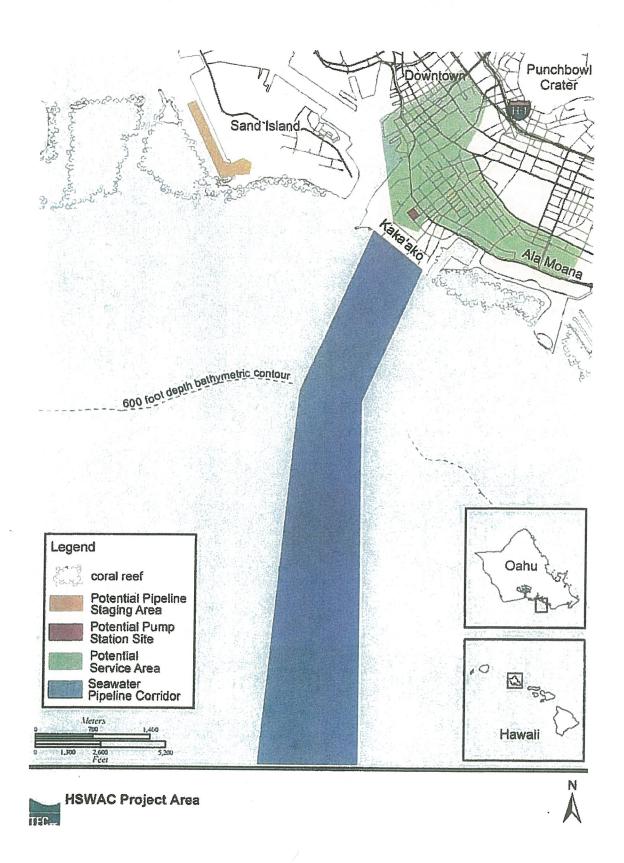
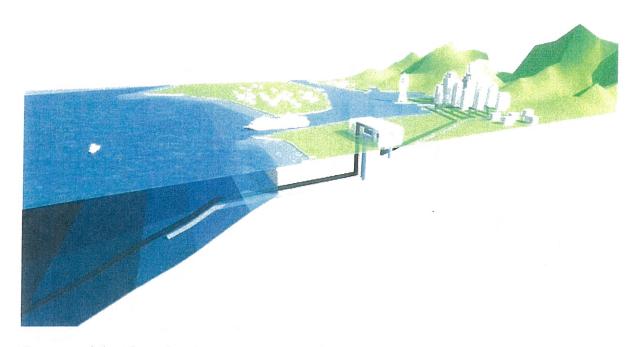
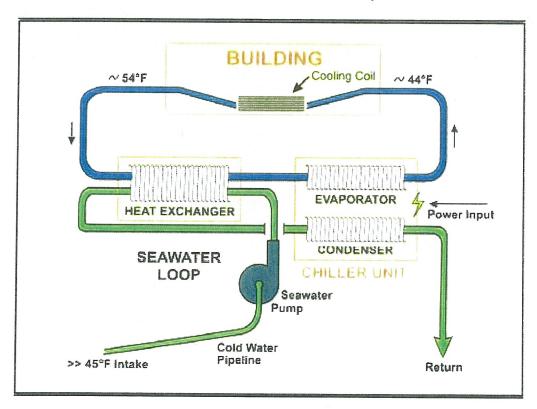


EXHIBIT 1



Conceptual drawing of major components of the HSWAC System



Schematic drawing of the HSWAC System with chiller enhancement

NEIL ABERCROMBIE GOVERNOR OF HAWAII





STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

OFFICE OF CONSERVATION AND COASTAL LANDS
POST OFFICE BOX 621
HONOLULU, HAWAII 96809

REF:OCCL:TM

George Krasnick TEC Inc. 1003 Bishop Street Pauahi Tower, Suite 1550 Honolulu, HI 96814 WILLIAM J. AILA, JR. CHARRIFISON BOARD OF LAND AND NATURAL RESOURCES COMMISSION ON WATER RESOURCE MANAGEMENT

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WILLIAM M. TAM DEPUTY DIRECTOR - WATER

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CDUP: OA-3579

JUN 2 7 2011

SUBJECT:

Conservation District Use Permit (CDUP) OA-3579 for the Honolulu Seawater

Air Conditioning Project

Dear Mr. Krasnick:

This is to inform you that on June 23, 2011, the Board the Board of Land and Natural Resources approved your client, Honolulu Seawater Air Conditioning, LLC's Conservation District Use Application OA-3579 for the Honolulu Sea Water Air Conditioning Project located upon submerged land, makai of Kakaako Waterfront Park, offshore of plat (1) 2-1-060 and temporary use of Channel D of Keehi Lagoon, island of Oahu subject to the following conditions:

- 1. The applicant shall comply with all applicable statutes, ordinances, rules, regulations, and conditions of the Federal, State, and County governments, and applicable parts of the Hawaii Administrative Rules, Chapter 13-5;
- 2. The applicant, its successors and assigns, shall indemnify and hold the State of Hawaii harmless from and against any loss, liability, claim or demand for property damage, personal injury or death arising out of any act or omission of the applicant, its successors, assigns, officers, employees, contractors and agents under this permit or relating to or connected with the granting of this permit;
- 3. The applicant shall obtain appropriate authorization from the Department for the occupancy of State lands;
- 4. The applicant shall consult with the Division of Aquatic Resources in regards to a determination for a Special Activity Permit;
- 5. The applicant shall coordinate with the Department of Transportation's Oahu District Office due to the proximity of the project to Honolulu Harbor to avoid conflicts with maritime operations during construction of this project;

- 6. The applicant shall coordinate with the Division of Boating and Ocean Recreation at Keehi Lagoon and the Coast Guard relative to maintaining safe navigation during construction activities and operations;
- 7. The applicant shall comply with all applicable Department of Health administrative rules;
- 8. Before proceeding with any work authorized by the Board, the applicant shall submit four (4) copies of the construction and grading plans and specifications to the Chairperson or his authorized representative for approval for consistency with the conditions of the permit and the declarations set forth in the permit application. Three (3) of the copies will be returned to the applicant. Plan approval by the Chairperson does not constitute approval required from other agencies;
- 9. Any work done or construction to be done on the land shall be initiated within three years of the approval of such use, in accordance with construction plans that have been signed by the Chairperson, and, unless otherwise authorized, shall be completed within five years of the approval. The applicant shall notify the Department in writing when construction activity is initiated and when it is completed;
- 10. All mitigation measures set forth in the application materials, in the final environmental impact statement, and all required permits within the conservation District for this project are hereby incorporated as conditions of this permit;
- 11. The Applicant shall provide public notification to inform the public of the project;
- 12. The applicant understands and agrees that this permit does not convey any vested rights or exclusive privilege;
- 13. In issuing this permit, the Department and Board have relied on the information and data that the applicant has provided in connection with this permit application. If, subsequent to the issuance of this permit, such information and data prove to be false, incomplete or inaccurate, this permit may be modified, suspended or revoked, in whole or in part, and/or the Department may, in addition, institute appropriate legal proceedings;
- 14. Where any interference, nuisance, or harm may be caused, or hazard established by the use, the applicant shall be required to take the measures to minimize or eliminate the interference, nuisance, harm, or hazard;
- 15. Should historic remains such as artifacts, burials or concentration of charcoal be encountered during construction activities, work shall cease immediately in the vicinity of the find, and the find shall be protected from further damage. The contractor shall immediately contact HPD (692-8015), which will assess the significance of the find and recommend an appropriate mitigation measure, if necessary;
- 16. The applicant shall insure access to Mokauea Island to those individuals that have a vested interest related to the island;

- 17. Other terms and conditions as may be prescribed by the Chairperson; and
- 18. Failure to comply with any of these conditions shall render this Conservation District Use Permit null and void.

Please acknowledge receipt of this approval, with the above noted conditions, in the space provided below. Please sign two copies. Retain one and return the other within thirty (30) days. Should you have any questions on any of these conditions, contact Tiger Mills at (808) 587-0382.

Sincerely,

Date

Samuel J. Lemmo, Administrator

Office of Conservation and Coastal Lands

Receipt acknowledged:

Applicant's Signature

c: Chairperson

ODLO/DAR/DOBOR/SP

DOT-Harbors/Coast Guard/DOA

City & County of Honolulu, DPP

DAVID Y. IGE GOVERNOR OF HAWAI'I





STATE OF HAWAI'I DEPARTMENT OF LAND AND NATURAL RESOURCES

OFFICE OF CONSERVATION AND COASTAL LANDS POST OFFICE BOX 621 HONOLULU, HAWAI'I 96809 WILLIAM J. AILA, JR.
CHARPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

JESSE K. SOUKI

WILLIAM M. TAM DEPUTY DIRECTOR - WATER

AOUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND CASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
INSTRICT PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND

STATE PARKS

REF:OCCL:TM

Mr. Frederic Berg Honolulu Seawater Air Conditioning, LLC. 1132 Bishop St., Suite 1410 Honolulu, HI 96813

DEC 2 2 2014

CDUP: OA-3579

SUBJECT:

Time Extension Request for Conservation District Use Permit (CDUP) OA-3579 for the Honolulu Seawater Air Conditioning Project Proposed Upon Submerged Land, Makai of Kaka'ako Waterfront Park, Offshore of Plat (1) 2-1-060 and Channel D of Ke'ehi Lagoon, Island of O'ahu

Dear Mr. Berg:

On December 12, 2014, the Board of Land and Natural Resources approved your time extension request to initiate and complete the Honolulu Seawater Air Conditioning Project located upon submerged land, makai of Kakaʻako Waterfront Park, Offshore of Plat (1) 2-1-060 and Channel D of Keʻehi Lagoon, Island of Oʻahu subject to the following conditions:

- 1. That condition #9 of CDUP OA-3579 is amended to provide that the Permittee has until June 23, 2016 to initiate construction and until June 23, 2018 to complete construction; and
- 2. That all other conditions imposed by the Board under CDUP OA-3579, as amended, shall remain in effect.

Should you have any questions regarding this matter, contact Tiger Mills of our Office of Conservation and Coastal Lands staff at (808) 587-0382.

Sincerely,

Sanruel-J. Lemmo, Administrator

Office of Conservation and Coastal Lands

C: ODLO

City and County of Honolulu, DPP

DAVID Y. IGE GOVERNOR OF HAWAI'I





STATE OF HAWAI'I DEPARTMENT OF LAND AND NATURAL RESOURCES

OFFICE OF CONSERVATION AND COASTAL LANDS POST OFFICE BOX 621 HONOLULU, HAWAI'I 96809

REF:OCCL:TM

Frederic Berg Berg Enterprises 44-420 Kāne'ohe Bay Drive Kāne'ohe, HI 96744

KEKOA KALUHIWA FIRST DEPUTY

SUZANNE D. CASE

CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

JEFFREY T. PEARSON P.E. 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 ENGINIERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION

CDUP:OA-3579

JUN 1 7 2016

SUBJECT:

Time Extension Request for the Honolulu Seawater Air Conditioning (HSWAC), LLC Project Located Upon State Submerged Land, Makai of Kaka'ako Waterfront Park, offshore of Plat (1) 2-1-060

Dear Mr. Berg:

On June 9, 2016 the Board of Land and Natural Resources approved your time extension request to initiate and complete the Honolulu Seawater Air Conditioning Project located upon submerged land, makai of Kaka'ako Waterfront Park, Offshore of Plat (1) 2-1-060 and Channel D of Ke'ehi Lagoon, Island of O'ahu subject to the following conditions:

- That condition #9 of CDUP OA-3579 is amended to provide that the Permittee has until 1. June 23, 2018 to initiate construction and until June 23, 2020 to complete construction; and
- That all other conditions imposed by the Board under CDUP OA-3579, as amended, shall 2. remain in effect.

Should you have any questions regarding this correspondence, contact Tiger Mills of our Office at 587-0382.

Sincerely,

Samuel J. Lemmo, Administrator

Office of Conservation and Coastal Lands

C: ODLO/SP/DOBOR/DOCARE





CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

KEKOA KALUHIWA FIRST DEPUTY

JEFFREY T. PEARSON P.E.

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES

COMMISSION ON WAITER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
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KAHOOLAWE ISLAND RESERVE COMMISSION
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OFFICE OF CONSERVATION AND COASTALL AND SOURCES
POST OFFICE BOX 621 RATE OF HAWA!! HONOLULU, HAWAI'I 96809 STATE OF HAWAII

REF:OCCL:TM

CDUP: OA-3769

AUG 1 1 2016 Frederic Berg Berg Enterprises 44-420 Kāne'ohe Bay Drive Kāne'ohe, HI 96744

SUBJECT:

Conservation District Use Permit (CDUP) OA-3769 for the Modification to a

Portion of the Honolulu Seawater Air Conditioning (HSWAC) Project

Dear Mr. Berg:

On August 9, 2016, the Chairperson of the Board of Land and Natural Resources approved the Honolulu Seawater Air Conditioning, LLC's Conservation District Use Application OA-3769 for the modification to the Honolulu Sea Water Air Conditioning Project located upon submerged land, makai of Kakaako Waterfront Park, offshore of plat (1) 2-1-060, island of Oahu subject to the conditions of attached CDUP OA-3579 as amended and the following conditions:

- 1. The permittee acknowledges that the approved work shall not hamper, impede, or otherwise limit the exercise of traditional, customary, or religious practices of native Hawaiians in the immediate rea, to the extent the practices are provided for by the constitution of the State of Hawai'i, and by Hawai'i statutory and case law;
- 2. Other terms and conditions as prescribed by the Chairperson; and
- 3. Failure to comply with any of these conditions shall render a permit void under the chapter, as determined by the Chairperson or Board.

Please acknowledge receipt of this approval, with the above noted conditions, in the space provided below. Please sign two copies. Retain one and return the other within thirty (30) days. A copy of the staff report is included for your information. Should you have any questions regarding any of these conditions, contact Tiger Mills of our Office of Conservation and Coastal Lands at (808) 587-0382.

Frederic Berg Berg Enterprises

CDUP: OA-3769

Sincerely,

Samuel J. Lemmo, Administrator

Office of Conservation and Coastal Lands

Receipt acknowledged:

Date Account lb, 2016

Permittee's Signature or Representative

c: Chairperson

ODLO

DBEDT

DOA





DEPARTMENT OF LAND AND NATURAL RESOURCES

OFFICE OF CONSERVATION AND COASTAL LANDS POST OFFICE BOX 621 HONOLULU, HAWAI'I 96809

REF:OCCL:TM

STATE OF HAWAI'I

LAND STATE PARKS

ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION

SUZANNE D. CASE

CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA FIRST DEPUTY JEFFREY T. PEARSON, P.E. DEPUTY DIRECTOR - WATER AOUATIC RESOURCES BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT

CDUP OA-3579

OCT 29 7018

Frederic Berg Honolulu Seawater Air Conditioning, LLC. 1132 Bishop St., Suite 1410 Honolulu, HI 96813

SUBJECT:

Third Time Extension Request for the Honolulu Seawater Air Conditioning (HSWAC), LLC Project Located Upon State Submerged Land, Makai of Kaka'ako Waterfront Park, offshore of Plat (1) 2-1-060

Dear Mr. Berg:

On October 26, 2018, the Board of Land and Natural Resources approved your time extension request to initiate and complete the Honolulu Seawater Air Conditioning Project located upon submerged land, makai of Kaka'ako Waterfront Park, offshore of Plat (1) 2-1-060 and Channel D of Ke'ehi Lagoon, Island of O'ahu subject to the following conditions:

- 1. That condition #9 of CDUP OA-3579 is amended to provide that the Permittee has until June 23, 2020 to initiate construction and until June 23, 2022 to complete construction; and
- 2. That all other conditions imposed by the Board under CDUP OA-3579, as amended, shall remain in effect.

Should you have any questions regarding this correspondence, contact Tiger Mills of our Office at 587-0382.

Sincerely.

Samuel J. Lemmo, Administrator

Office of Conservation and Coastal Lands

C: ODLO/SP/DOBOR/DOCARE





Honolulu Seawater Air Conditioning, LLC 220 South King Street, Suite 1501 Honolulu, Hawaii 96813 Tel (808) 531-7922 Fax (808) 531-7923 www.honoluluswac.com

March 31, 2020

Mr. Samuel J. Lemmo, Administrator State of Hawaii, Department of Land and Natural Resources Office of Conservation and Coastal Land P.O. Box 621 Honolulu, Hawaii 96809 Attn: Tiger Mills OFFICE OF CONSERVATION
AND COASTAL LANDS

1020 APR - 7 P 1: 23

NATURAL SOURCES

Subject:

Conservation District Use Permit (CDUP) OA-3579 and OA-3769

Honolulu Seawater Air Conditioning Project

Dear Mr. Lemmo:

Honolulu Seawater Air Conditioning (HSWAC) respectfully requests an extension of time to initiate and complete construction of its project on submerged lands, makai of Kakaako Water Front Park, offshore of plat (1) 2-1-060 and temporary use of Channel D in Keehi Lagoon, island of Oahu, as permitted in CDUP OA-3579 and OA-3769.

In initiating the project, the following easements, authorization and revocable permit have been approved:

- State of Hawaii HCDA lands easement
- State of Hawaii Ala Moana Boulevard crossing easement
- State of Hawaii Kaka'ako submerged lands easement
- State of Hawaii Sand Island staging area revokable permit
- State of Hawaii DLNR DAR Coral and Live Rock Take Authorization
- City and County of Honolulu easement (City streets)

The following project approvals are pending:

- City and County of Honolulu easement (former HCDA lands)
- City and County of Honolulu subdivision (applied 7/18/12)

The Honolulu City Council recently approved the transfer of TMK 2-1-60:08 (portion of Waterfront Park) from the Hawaii Community Development Authority (HCDA) to the City and County of Honolulu. The portion of the approved State of Hawaii HCDA lands easement within the Waterfront Park did not transfer with the property. As a result

HSWAC is required to initiate an request to the City and County of Honolulu for an easement through Waterfront Park.

With Corporation Counsel approval of the city streets easement in April 2019, the subdivision application is now being processed.

In view of the recent transfer of HCDA lands to the City and County of Honolulu and the pending subdivision application, we respectfully request a two-year extension to initiate and complete construction per the Hawaii Administrative Rules §13-5-43(e).

If additional information is necessary, please feel free to contact me at (808) 284-4221.

Sincerely,

Eric Masutomi

President and CEO