

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

June 12, 2020

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

PSF No.:18HD-114

Hawaii

Sale of Land License at Public Auction for Removal of Rock Aggregate Purposes,  
Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-1-013:002 portion.

REQUEST:

Sale of land license at public auction for removal of rock aggregate purposes.

LEGAL REFERENCE:

Section 171-54, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Waiakea, South Hilo, Hawaii identified by Tax Map Key: (3) 2-1-013:002 portion, as shown on the attached map labeled Exhibit A.

AREA:

37.822 acres, more or less.

ZONING:

State Land Use District:	Agricultural
County of Hawaii CZO:	A-20a (Agricultural 20 acre minimum)

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:

Encumbered by Land License No. S-357 Yamada and Sons, Inc., Licensee, for removal of rock aggregate purposes. License to expire on August 31, 2030; and Encumbered by Revocable Permit No. S-4171, County of Hawaii, Permittee, for a Public Skeet Shooting Range.

CHARACTER OF USE:

To enter and quarry, stockpile, and remove rock and waste deposits for commercial use.

LICENSE TERM:

20 (twenty) years.

COMMENCEMENT DATE:

The first day of the month following the date of sale; provided that the Chairperson may amend the commencement date for good cause.

MINIMUM UPSET ANNUAL LICENSE FEE:

To be determined by independent appraisal, subject to review and approval by the Chairperson.

ROYALTY RATE:

To be determined by independent appraisal, subject to approval by the Chairperson.

EFFECTIVE ROYALTY:

The successful bid at public auction on the annual license fee or the royalty rate applied to the amount removed, whichever is higher.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

The annual license fee and royalty rate shall be reopened after 10 (ten) years.

PERFORMANCE BOND:

Twice the annual license fee.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the Office of Environmental Quality Control's *The Environmental Notice* on March 8, 2020 with a finding of no significant impact (FONSI).

REMARKS:

The need for rock aggregate is a basic resource required for roads, buildings, etc. and is vital to the island economy. The new quarry site will provide a continued source of raw material for the manufacture of products essential for the construction of a wide variety and large number of projects in Hawaii county, both public and private. These products include engineered construction material such as base course, drain rock, gravel and components of asphalt and concrete.

The subject property is a 37.882 acre portion of a larger 2,407.75 acre parcel. The larger parcel is encumbered by a land license to Yamada and Sons, Inc. covering an adjacent ~15 acre portion of the parcel and currently operating as a quarry. The larger parcel is also encumbered by a revocable permit to the County of Hawaii for an adjacent area that is utilized as a public skeet shooting range. The quarry site does not infringe upon the public skeet shooting area. Other uses located in the surrounding area are the Hilo Dragstrip, East Hawaii Regional Sort Station and Greenwaste Facility, South Hilo Solid Waste Convenience Center, Hilo Sanitary Landfill, County Mass Transit Baseyard, Kilauea Military Reservation and the Hilo International Airport.

The existing condition of the subject area is that of a heavily disturbed area mainly covered with large invasive Albizia trees. The proposed use would remove the highly invasive stands of Albizia trees from the subject area, thus reducing the spread of this blight on the landscape.

The site is ideally located for the proposed quarry use as the area is a proven rock resource, has all the necessary road infrastructure and is situated amidst land uses that already generate substantial noise – rock quarries, a landfill, a skeet range, a drag strip, baseyards and an airport – and the noise it generates will not affect sensitive uses.

The quarrying activities will be identical in nature to the ongoing quarrying activities located on neighboring sites; rock will be excavated with heavy equipment when possible, and by drilling and blasting when necessary. Excavated rock will either be stockpiled on site or trucked to other sites for further crushing/processing and sale. No crushing or sales will be done on the subject site. It is estimated that ~25,000 tons of material will be extracted per month and the site will remain viable for 20-30 years. The quarry will have engineered fill with a 3:1 slope on the edges to avoid a sheer drop. A non-invasive vegetative buffer will be maintained around the periphery of the site.

Staff was approached by Yamada and Sons, Inc. (Yamada) seeking a new site for its quarrying operations. The existing quarry is reaching the end of its useful life and Yamada needs to obtain a new site to continue its quarry business. Yamada has performed and published an environmental assessment on the subject site in the hope of obtaining a land license. Yamada also paid for a metes and bounds survey which will define the area of the land license. Therefore, staff recommends that if Yamada is not the successful bidder at public auction, then Yamada will be reimbursed by the successful bidder for the costs of the environmental assessment and the survey which are \$48,200 and \$3,500 respectively. Paid receipts will be provided by Yamada to substantiate the costs to be reimbursed.

RECOMMENDATION: That the Board:

1. Authorize the sale of a land license at public auction covering the subject area for removal of rock aggregate 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 land license document form, as may be amended from time to time; and
  - B. Review and approval by the Department of the Attorney General; and
  - C. In the event Yamada and Sons, Inc. is not the successful bidder at public auction, condition the successful bidder to reimburse Yamada and Sons, Inc. the costs associated with the environmental assessment and survey. Yamada will provide receipts for the costs; and
  - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

*Candace Martin*

*GCH*

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Candace Martin  
Land Agent

*KEM*

APPROVED FOR SUBMITTAL:

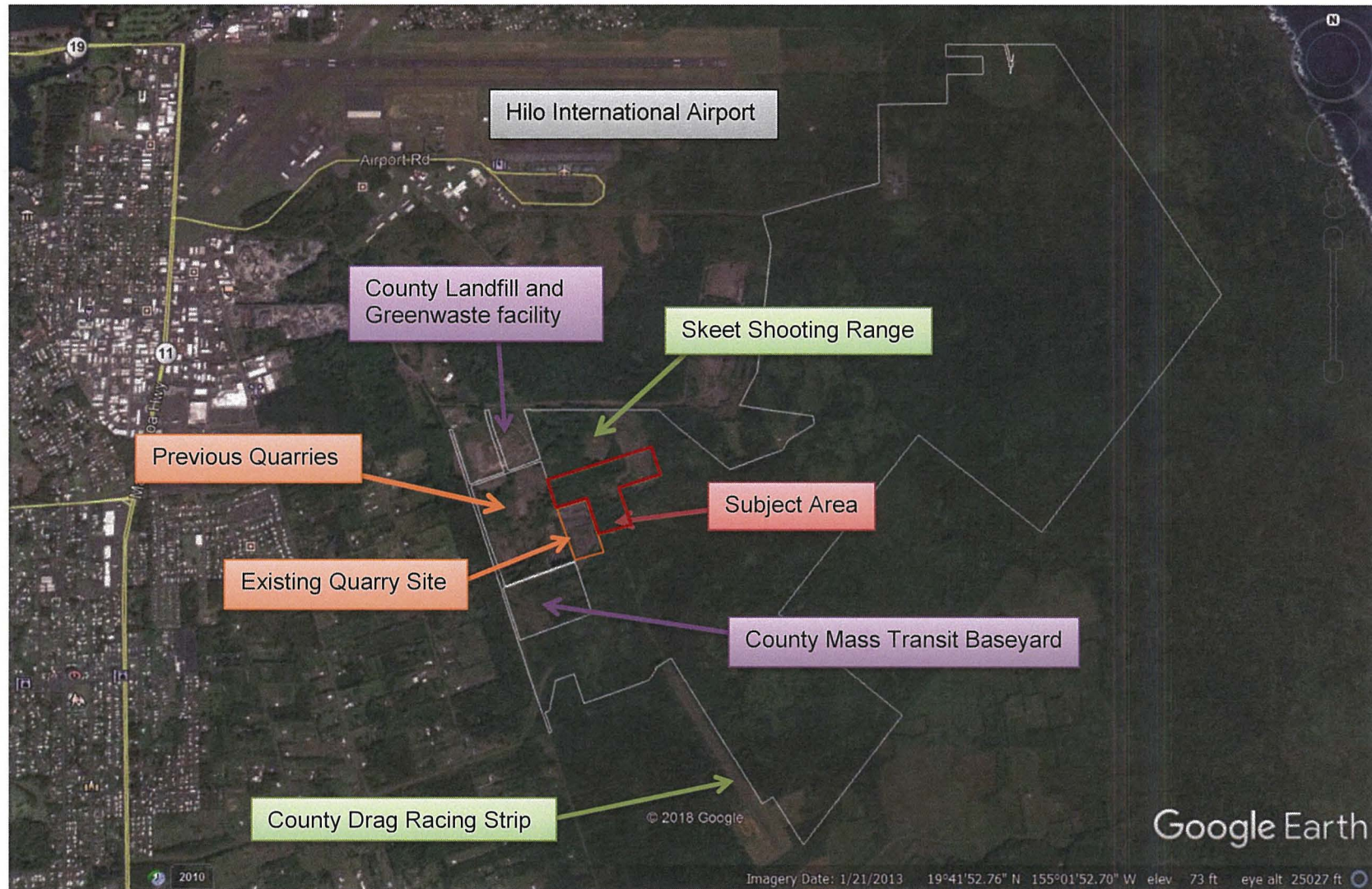
*Suzanne D. Case*

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Suzanne D. Case, Chairperson

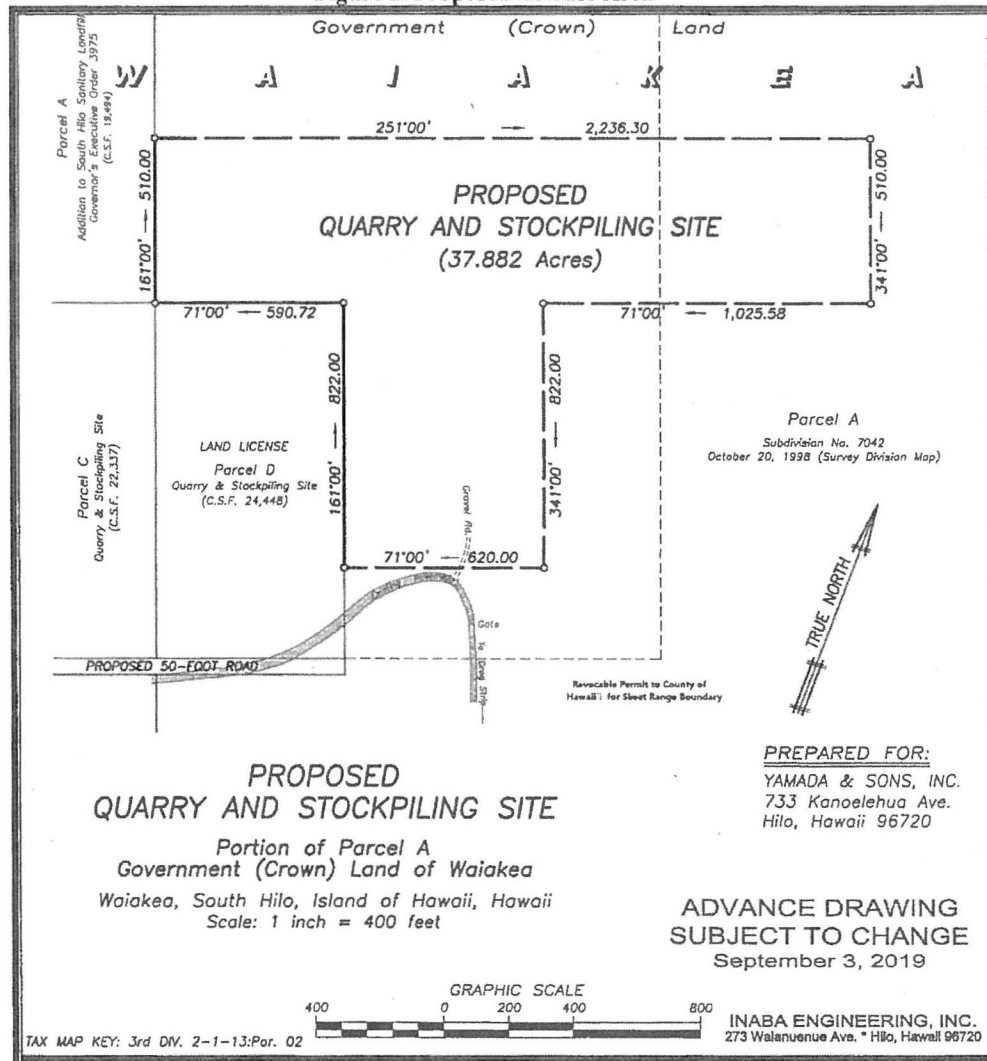


## EXHIBIT A



# EXHIBIT A

Figure 2. Proposed License Area



Source: Adapted from Survey by Inaba Engineering