

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
Honolulu, Hawaii 96819

July 10, 2020

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

Land Board Members:

SUBJECT: ISSUANCE OF A REVOCABLE PERMIT TO H2O SPORTS HAWAII, LLC, FOR PURPOSES OF ASSEMBLY, REPAIR AND STORAGE OF BOAT AND WATER SPORTS EQUIPMENT, SITUATED AT KE'EHU SMALL BOAT HARBOR, HONOLULU, ISLAND OF OAHU, HAWAII, IDENTIFIED BY TAX MAP KEY: (1) 1-2-023:053

AND

DECLARE PROJECT EXEMPT FROM REQUIREMENTS OF CHAPTER 343, HRS AND TITLE 11, CHAPTER 200.1, HAWAII ADMINISTRATIVE RULES.

APPLICANT:

H2O Sports Hawaii, LLC ("H2O"), a Limited Liability Company, whose mailing address is, 377 Keahole Street #103, Honolulu, HI 96825 care of Courtney and Jeffrey Krantz.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Ke'ehi Small Boat Harbor ("KSBH"), Kalihi-Kai, Honolulu, Oahu, identified by Tax Map Key: (1) 1-2-023:053, as shown on the attached map labeled Exhibit A-1 thru A-3.

**ITEM J-2**

AREA:

17,032 square feet, more or less.

ZONING:

State Land Use District: Urban  
County of Honolulu CZO: I-2 Intensive Industrial District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES \_ NO X

CURRENT USE STATUS:

Vacant and unencumbered. The property was withdrawn from Executive Order No. 3708, issued to the Department of Transportation, Harbors Division and Reset-Aside to the Department of Land and Natural Resources, Division of Boating and Ocean Recreation (DOBOR) with an Immediate Management Right-of-Entry to DOBOR by way of Board action dated December 14, 2018, under agenda Item D-6.

CHARACTER OF USE:

Assembly, repair and storage of boat and water sports equipment.

COMMENCEMENT DATE:

To be determined by the Board chairperson.

MONTHLY RENTAL:

\$3,975.00 per month

Staff prepared an in-house valuation using Alan Conboy's (Hastings, Conboy and Associates, Ltd.) appraisal report for La Mariana Sailing Club, Inc.'s (TMK: (1) 1-2-023:052) rental reopening as a benchmark. The subject appraisal report concluded an annual rental of \$5.60/s.f./yr. for the fast lands, effective as of May 1, 2019.

Staff discounted this annual rental amount by 50% - to \$2.80/s.f./yr. - due to the absence of utilities at the demised premises. This yielded a monthly rental of \$.23/s.f., or \$3,917 per month. Due to the economic impact of Corvid-19, staff does not believe that an increase in the rental over 2019's is warranted.

Because several parties had expressed interest in the subject parcel, staff notified each of its in-house valuation and asked what monthly rental amount they'd be willing to pay. The applicant was the only party to respond, offering \$3,975 per month.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the Section 11-200.1-15, Hawaii Administrative Rules (HAR) and the Exemption List for the, Department of Land and Natural Resources, reviewed and concurred by the Environmental Council on March 3, 2020, the subject request is exempt from the preparation of an Environmental Assessment pursuant to Exemption Class No. 1, Item No. 44, that states, "Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing."

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>  </u>
Registered business name confirmed:	YES <u>X</u>	NO <u>  </u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u>  </u>

JUSTIFICATION FOR REVOCABLE PERMIT:

Pending a long-term development plan of this area, DOBOR believes that a revocable permit is the proper disposition for the applicant's proposed use.

REMARKS:

In the past, Pioneer Machinery, Inc., Cates Marine Services and La Mariana Sailing Club also had expressed interest in parcel :053. In the interest of fairness, staff notified all interested parties of its in-house valuation and requested offers. H2O was the only party to respond.

Jeffrey and Courtney Krantz founded SeaBreeze in 1986 and recently changed their name to H2O Sports Hawaii. H2O Sports Hawaii offers a variety of water sports activities on Oahu, including but not limited to parasailing, H2O jetpacks and jet skiing.

Due to the shutdown of operations because of the Covid-19 pandemic, the applicant would like to consolidate their water sport operations at the proposed location.

The proposed 17,032 Sq. Ft. area, TMK (1) 1-2-023:053, was withdrawn from E.O. 3708, issued to the Department of Transportation (DOT) Harbors Division and Reset-Aside to DLNR DOBOR by Board Action December 14, 2018, under agenda item D-6.

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.

The parcel was previously occupied by an business that built and repaired fiberglass boats under a revocable permit with the DOT Harbors Division. The proposed parcel is currently vacant and overgrown with vegetation. The proposed use is allowable in the county zoning and compatible with surrounding existing uses.

RECOMMENDATION:

That the Board of Land and Natural Resources:

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 issuance of a Revocable Permit to H2O covering the subject area 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.

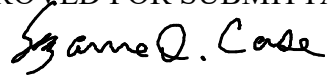
Respectfully Submitted,



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EDWARD R. UNDERWOOD, Administrator  
Division of Boating & Ocean Recreation

APPROVED FOR SUBMITTAL:



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

Attachments:

- Exhibit A-1 Ke'ehi Small Boat Harbor Location on Oahu
- Exhibit A-2 H2O Proposed Location
- Exhibit A-3 H2O Proposed RP Area TMK (1) 1-2-023:053

**Exhibit A-1**

H2O Sports Hawaii, LLC at Ke'ehi Small Boat Harbor



**Exhibit A-1**

**Exhibit A-2**

**Ke'ehi Small Boat Harbor**

**H2O Sports Hawaii, LLC  
17,032 sq. ft.**



Exhibit A-3

Ke'ehi Small Boat Harbor



H2O Sports Hawaii, LLC  
17,032 sq. ft.  
TMK: (1) (1) 1-2-023:053