

DAVID Y. IGE
GOVERNOR



JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

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

IN REPLY REFER TO:

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

OAHU

REQUEST APPROVAL TO ISSUE EIGHT (8) MONTH-TO-MONTH REVOCABLE PERMITS AND ISSUANCE OF A LEASE BY DIRECT NEGOTIATION TO SAUSE BROS., INC., FOR MAINTENANCE OPERATIONS WAREHOUSE, EMPLOYEE PARKING, STORAGE CONTAINERS, AND STORAGE SPACE, SITUATED AT PIER 27, HONOLULU HARBOR, OAHU, TAX MAP KEY NOS. (1) 1-5-038:001 (P), (1) 1-5-038:073 (P), AND (1) 1-5-038:074 (P), GOVERNORS EXECUTIVE ORDER NO. 2903

LEGAL REFERENCE:

Sections 171-6, 171-11, 171-13, 171-17, 171-35, 171-55, and 171-59, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

Sause Bros., Inc. (Applicant) is a foreign profit corporation whose business registration and mailing address is 705 North Nimitz Highway, 2nd Floor, Honolulu, Hawaii 96817.

CHARACTER OF USE:

Maintenance operations warehouse, employee parking, four (4) storage containers, and storage space to support their tug operations.

LOCATION:

Portion of governmental lands at Pier 27, Honolulu Harbor, Oahu, Tax Map Key Nos. (1) 1-5-038:001 (P), (1) 1-5-038:073 (P), and (1) 1-5-038:074 (P) as shown on the attached map labeled Exhibit A.

ITEM M-5

AREA: See attached Exhibits A and B

AREA	DESCRIPTION	TYPE	SQ. FT.	RATE PER SQ. FT.	MONTHLY RENTAL CHARGE	SECURITY DEPOSIT
1	Maintenance Warehouse	Improved – Paved Land	9,280	\$ 0.82	\$ 7,609.60	\$15,219.20
2	Employee Parking	Improved – Paved Land	5,712	\$ 0.82	\$ 4,683.84	\$ 9,367.68
3	Storage Container	Improved – Paved Land	160	\$ 0.82	\$ 131.20	\$ 262.40
4	Green Storage Container	Improved – Paved Land	320	\$ 0.82	\$ 262.40	\$ 524.80
5	Two Storage Containers next to each other	Improved – Paved Land	320	\$ 0.82	\$ 262.40	\$ 524.80
6	Container in front of Sause Warehouse with door/window	Improved – Paved Land	208	\$ 0.82	\$ 170.56	\$ 341.12
7	Parking in front of Sause Warehouse (7 stalls)	Improved – Paved Land	1,197	\$ 0.82	\$ 981.54	\$ 1,963.08
8	Storage outside of Warehouse	Improved – Paved Land	2,741	\$ 0.82	\$ 2,247.62	\$ 4,495.24

\$ 16,349.16	\$ 32,698.32
Total Monthly Rental	Total Security Deposit

Lease area by direct negotiation involves Lots 22, 23, and a portion of Lot 24 as shown in Exhibit C.

CONSIDERATION:

Determined by appraisal as of April 1, 2017 for Revocable Permits in Honolulu Harbor.
 Lease rental to be determined by appraisal.

ZONING:

State Land Use Commission: Urban
 County of Oahu: I-3, Waterfront Industrial District

TERM:

- a. Month-to-month revocable permit pursuant to Section 171-55, HRS
- b. Thirty-five (35) year lease.

COMMENCEMENT DATE:

To be determined by the Director of Transportation.

TRUST LAND STATUS:

Land acquired after Statehood (non-ceded).

CURRENT USE STATUS:

The Applicant currently has an existing month-to-month revocable permit that occupies a portion of Pier 27, Honolulu Harbor, Oahu, for a maintenance operations warehouse and employee parking. The Department of Transportation, Harbors Division (DOT Harbors), has been reviewing all month-to-month permits to ensure compliance with and applicability to Sections 171-17 and 171-55, HRS. The DOT Harbors is updating the Applicant's permit with current appraised rates and updated permit terms (as applicable).

LAND TITLE STATUS:

Land acquired by DOT Harbors, through eminent domain proceedings by issuance of Governor's Executive Order No. 2903.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action is exempt from Office of Environmental Quality Control (OEQC) requirements pursuant to Sub-Chapter 11-200.1, Hawaii Administrative Rules, that exempts the following:

“Exemption Class 1: Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving minor expansion or minor change of use beyond that previously existing.”

The DOT Harbors will submit its publication request of this Exemption Notice to the OEQC for publication on the 8th of each month.

REMARKS:

Background -The Applicant is a cargo transportation company founded by a father and son in the 1930's and has operated in Hawaii since 1966. In 1983, the Applicant added Honolulu as their base of operations and extended their cargo delivery services to the South Pacific.

Currently, the Applicant has an existing month-to-month revocable permit for employee parking and maintenance operations warehouse. The DOT Harbors has been reviewing all month-to-month permits to ensure compliance and applicability to Section 171-55, HRS. The existing month-to-month permit was issued on April 1, 2001 and rent is currently \$3,714.96 per month. This submittal will update and renew the month-to-month permit which is compliant with Chapter 171, HRS.

Maritime Operations - The Applicant is an ocean transportation company that provides marine transportation services to and from the West Coast of the continental United States, Hawaii, and the South Pacific. The Applicant provides ocean towing services, cargo handling, ship assist and repair services, and specializes in transportation of bulky items and petroleum products.

Encourages Competition - There are several ocean transportation companies that operate in Hawaii's Commercial Harbors. Having several different companies that provide ocean transport services encourages competition between those companies and also provides work for stevedoring companies. Most of the companies that provide ocean transportation services require stevedoring and terminal services from other companies, which in turn encourages competition among stevedoring companies. This also provides employment opportunities for the local communities which strengthens Hawaii's economy.

RECOMMENDATION:

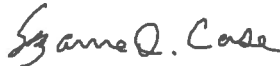
That the Board authorize the DOT Harbors to issue the Applicant eight (8) month-to-month revocable permits and authorize the Director to negotiate a thirty-five (35) year lease with the Applicant for the above-stated purposes, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



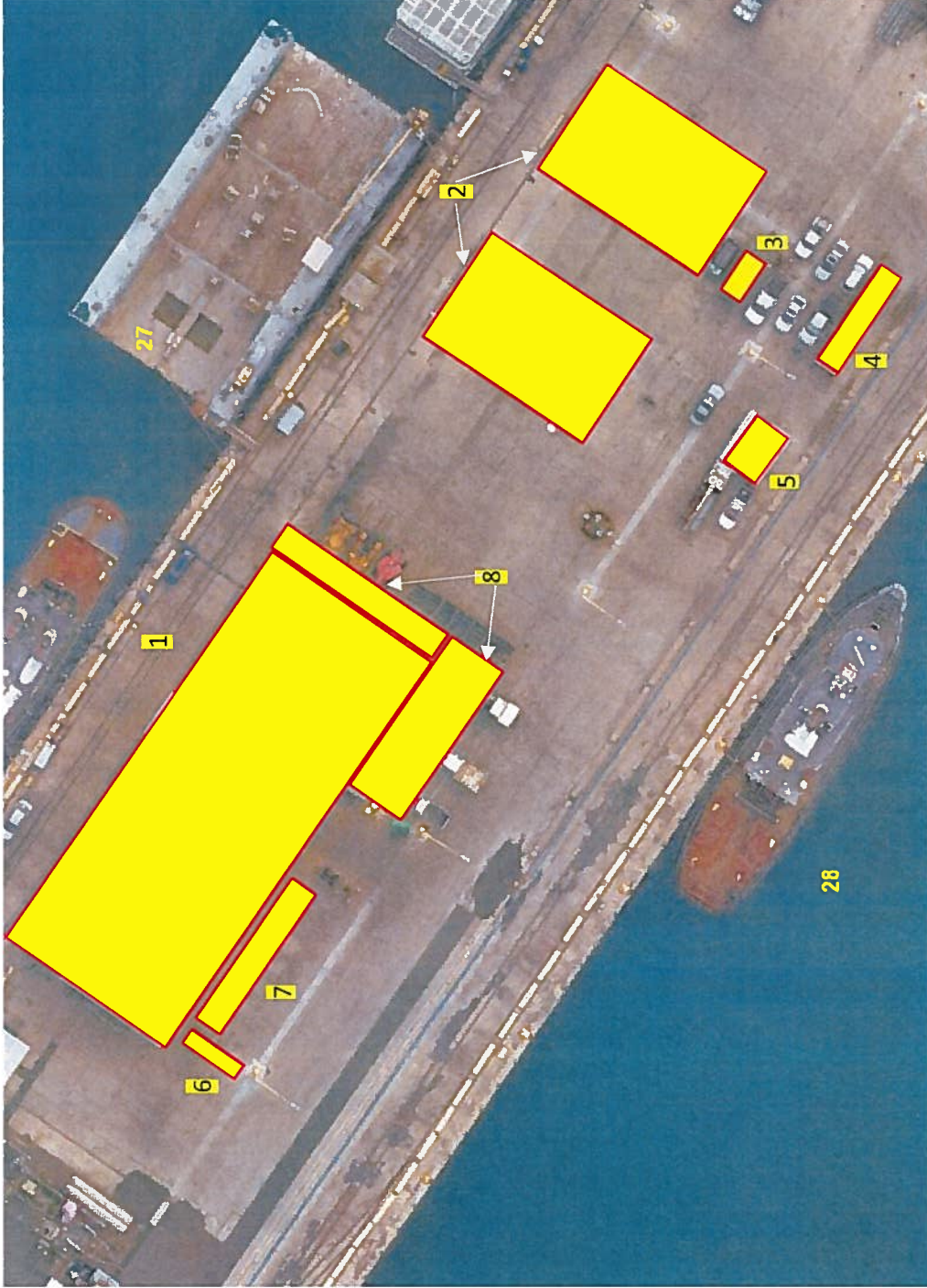
JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



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

Attachments: Exhibits A, B, and C

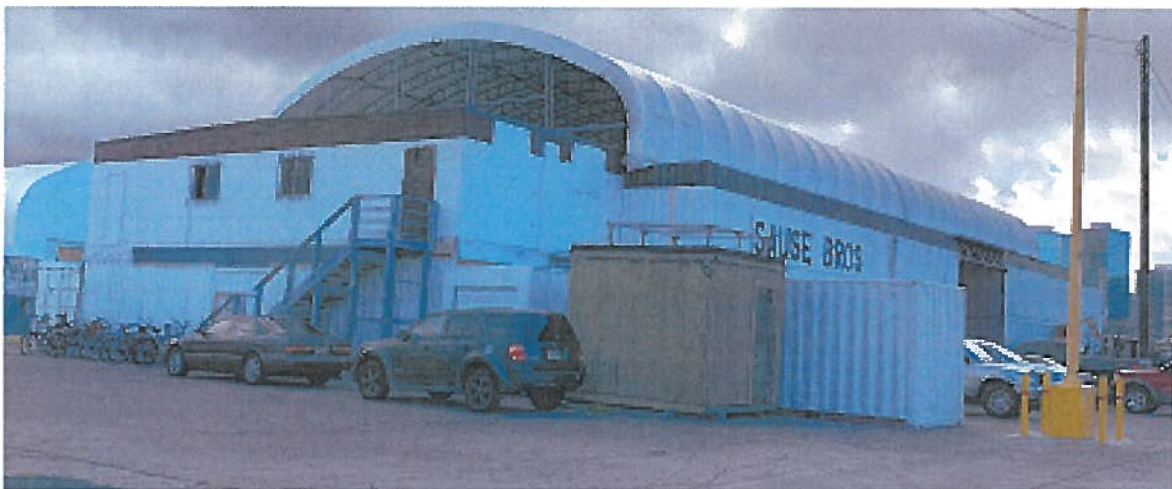


- | | |
|----------------------------|---|
| 1. Maintenance Warehouse | 5. Two Storage Containers next to each other |
| 2. Employee Parking | 6. Container in front of Sause Warehouse with door/window |
| 3. Storage Container | 7. Parking in front of Sause Warehouse (7 stalls) |
| 4. Green Storage Container | 8. Storage outside of Warehouse |

Area 1 – Maintenance Warehouse



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
1	Maintenance Warehouse	Improved - Paved Land	58'	160'	9,280



Area 2 – Employee Parking



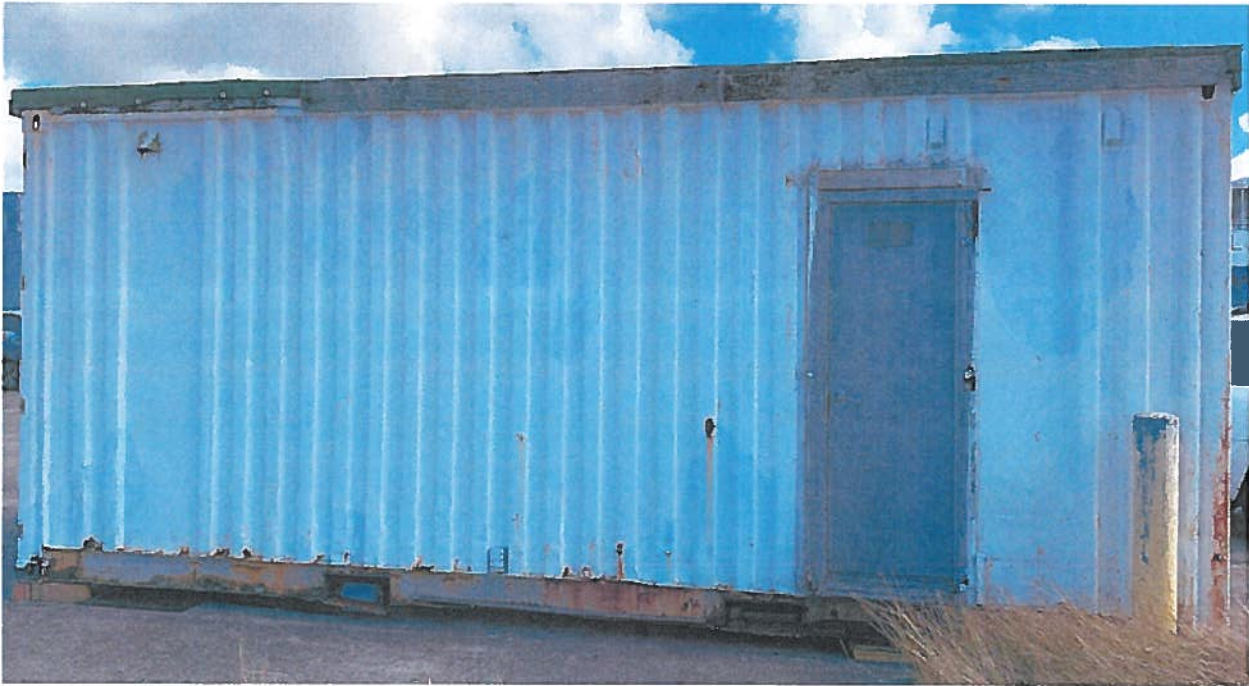
AREA	DESCRIPTION	TYPE	DIMENSIONS	SQ. FT.
2	Employee Parking	Improved - Paved Land	(34' x 84' = 2,856) (34' x 84' = 2,856)	5,712



Area 3 – Storage Container



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
3	Storage Container	Improved - Paved Land	8'	20'	160



Area 4 – Green Storage Container



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
4	Green Storage Container	Improved - Paved Land	8'	40'	320



Area 5 – Two Storage Containers next to each other



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
5	Two Storage Containers next to each other	Improved - Paved Land	16'	20'	320



Area 6 – Container in front of Sause Warehouse with door/window



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
6	Container in front of Sause Warehouse with door/window	Improved - Paved Land	8'	26'	208



Area 7 – Parking in front of Sause Warehouse (7 stalls)



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
7	Parking in front of Sause Warehouse (7 stalls)	Improved - Paved Land	19'	63'	1,197

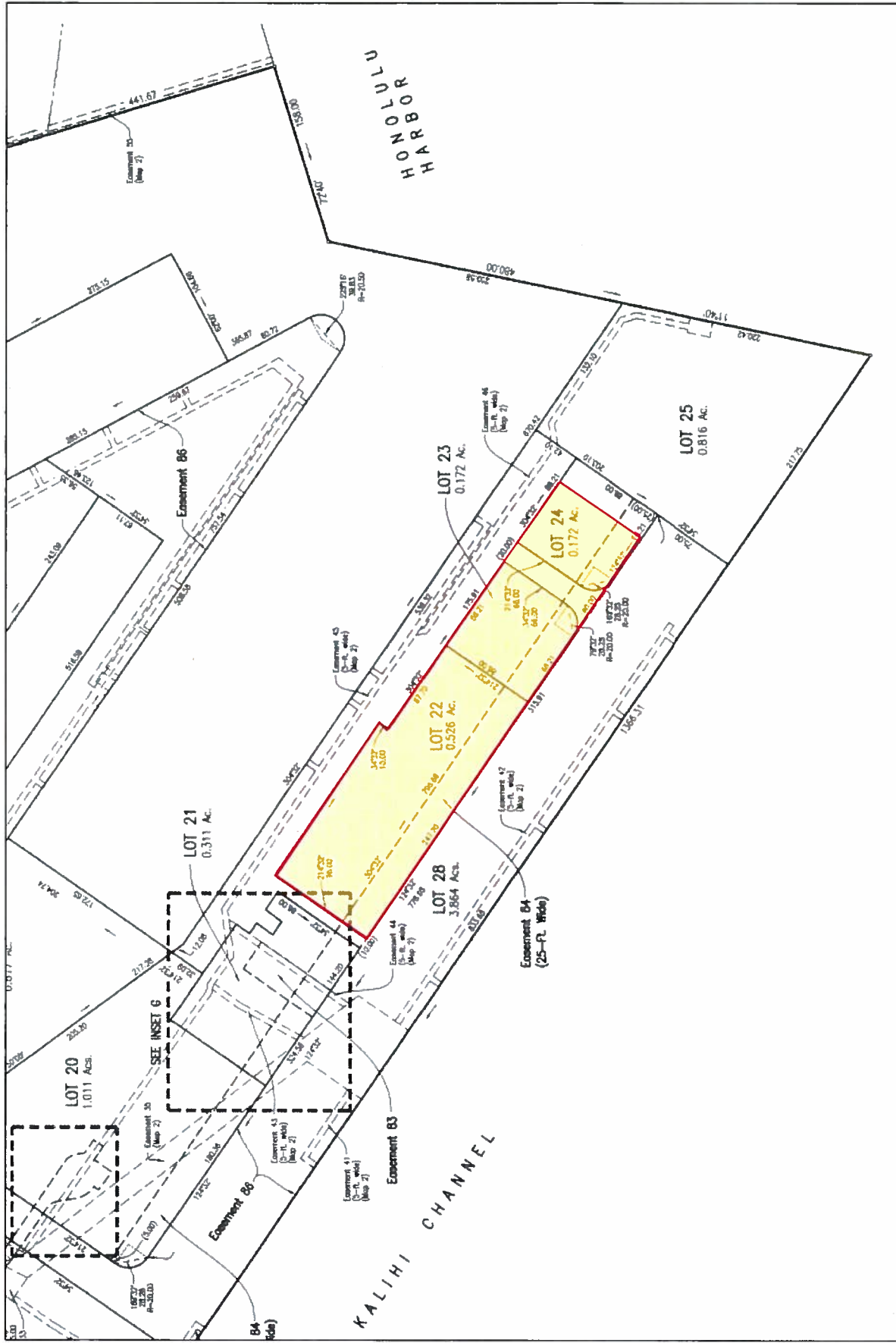


Area 8 – Storage outside of Warehouse



AREA	DESCRIPTION	TYPE	DIMENSIONS	SQ. FT.
8	Storage outside of Warehouse	Improved - Paved Land	(17' x 58' = 986) (27' x 65' = 1,755)	2,741





Proposed Lease Area for Sause Bros., Inc.