

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

August 28, 2020

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

03HD-365

HAWAII

Amend Prior Board Action of April 11, 2014, Item D-6, Approval in Principle of Land Exchange between the State of Hawaii and Parker Ranch, Inc. for State-Owned Land at Waimea, South Kohala, Hawaii Tax Map Key: (3) 6-7-003:020 with Privately-Owned Commercial/Industrial Land of Equal or Greater Value to be identified at a Later Date and Issuance of an Immediate Right-of-Entry to Parker Ranch, Inc. for the Purpose of Conducting an Environmental Assessment on the subject State lands.

The purpose of the amendment is to obtain approval for an exchange of a portion of the “flagpole” area of the State’s flag lot parcel (TMK: (3) 6-7-003:020) for a portion of privately-owned unimproved land (TMK: (3) 6-7-002:062 (por.)) zoned for residential use and contiguous with the “flag” portion of the State’s exchange parcel.

BACKGROUND:

Parker Ranch, Inc. (“Parker Ranch”) has been incrementally developing its Waimea Town Center Plan, formerly known as Parker Ranch 2020, which provides a long-term vision for the development of Parker Ranch lands, owned by the Trustees of Parker Land Trust (**Exhibit 1**) within the immediate Waimea Area. According to the Parker Ranch website (<https://parkerranch.com/>), “Richard Smart recognized the influence Parker Ranch had on the future growth and character of Waimea. He foresaw that unless Ranch lands were made available, Waimea would continue to develop as a linear town, extending from Mud Lane down towards Kawaihae. He hoped the Waimea Town Center Plan would allow Waimea to maintain its “traditional village” character through the expansion of the Town Center Area.”

REMARKS:

Staff is now recommending a two-phase exchange process that would allow for added benefits to both Parker Ranch and the State of Hawaii.

PHASE ONE. One of the components of Parker Ranch's development plan impacting the subject land exchange is the relocation of the Kamuela Post Office. Last year, the United States Postal Service announced the need to relocate to a site that could provide better access and better meet the needs of its Waimea postal customers. At the time of the announcement on May 28, 2019, a new location had not yet been identified (**Exhibit 2**).

In this phase of the exchange, the Trustees of Parker Land Trust would acquire the flagpole portion of the State's flag lot shown in the attached maps (**Exhibits 3-A and 3-B**). Consolidation of this 30-ft wide strip of land (shown in blue on Exhibit 3-B) with a triangular portion of each of the landowner's parcels on either side of it would form a rectangular parcel suitable for the relocation of the Kamuela Post Office (shown by hatch marks on Exhibit 3-B), with direct access from Ala Ohia Road. As explained in the prior Board approval, the flagpole portion of the State's exchange parcel has had an access problem inadvertently created by Parker Ranch's development of the road adjacent to the end of this flagpole. Phase One would eliminate this problem.

In exchange for the flagpole area, Parker Ranch has offered the State a triangular portion of the residential-zoned TMK: (3) 6-7-002:062 ("parcel 62") contiguous with the northwest boundary of the flag area of the exchange parcel, TMK: (3) 6-7-003:020, the approximate area designated as "Proposed Land for Reservoir Access" as shown on Exhibit 3-B attached. Acquisition of this area would provide a route of access via La'ikealoha Street to the otherwise landlocked flag. It would also add the possibility of expanding this portion of the State's property through lot consolidation.

PHASE TWO. The flag portion of the State parcel together with the portion of parcel 62 acquired in Phase One would then become the subject of a final exchange for property that meets the statutory requirements of Section 171-50, Hawaii Revised Statutes (HRS). An option for future use of that property currently under discussion with the Hawaii State Public Library System is for the long-planned relocation of the Thelma Parker Memorial Public Library, currently located within the Waimea Elementary and Intermediate School complex.

In keeping with the intentions of section 171-50, HRS (**Exhibit 4**), the two-phase exchange process would address multiple aspects of the statutory public purpose requirements of land exchange, i.e., consolidation of public holdings, straightening of boundaries, and acquiring adequate access for landlocked public lands with development potential.

Staff is seeking approval of Phase One of this transaction at this time and will return to the Board at a later date when suitable private property is identified for Phase Two of the transaction.

The prior Board action of April 11, 2014, item D-6, subject to the proposed amendment, is attached hereto for reference as **Exhibit 5**.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of April 11, 2014, under agenda item D-6, by amending the previously approved language of its Recommendation 1, shown below *in italics*, by striking any language marked as ~~strikethrough~~, and adding any language marked as underlined, as follows:

Approve an exchange of a portion of the “flagpole” area of the State’s flag lot parcel (TMK: (3) 6-7-003:020) for a portion of privately-owned unimproved land (TMK: (3) 6-7-002:062 (por.)) zoned for residential use and contiguous with the “flag” portion of the State’s exchange parcel ~~in principle the above-described land exchange between the State of Hawaii and Parker Ranch, Inc. for State-owned land at Lalamilo, Waimea, South Kohala, Hawaii, provided that the and privately-owned commercial/industrial residential land is of equal or greater value than the State land to be exchanged to be identified at a later date, provided that the approval in principle shall not be deemed to be an approval of the proposed exchange as staff shall return to the Board at a later date for approval of the land exchange identifying the exchange parcel and the details of the exchange, subject to the terms and conditions cited above, which are by this reference incorporated herein and subject to the following:~~

- a. *Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.*

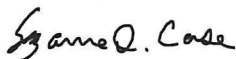
2. Except as amended hereby, all terms and conditions listed in its April 11, 2014 approval to remain the same.

Respectfully Submitted,



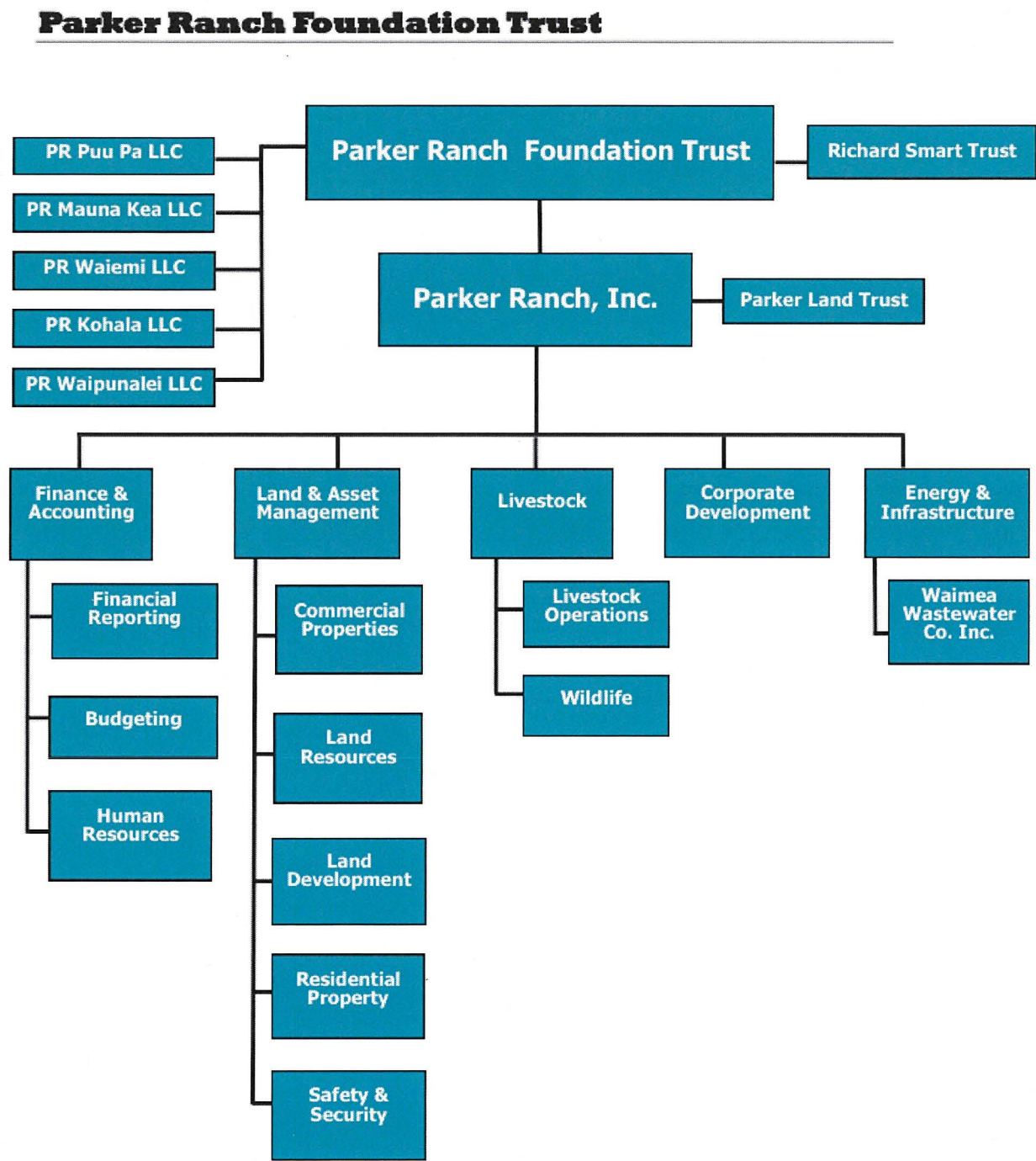
Barbara J. Lee
Special Projects and Development Specialist

APPROVED FOR SUBMITTAL:

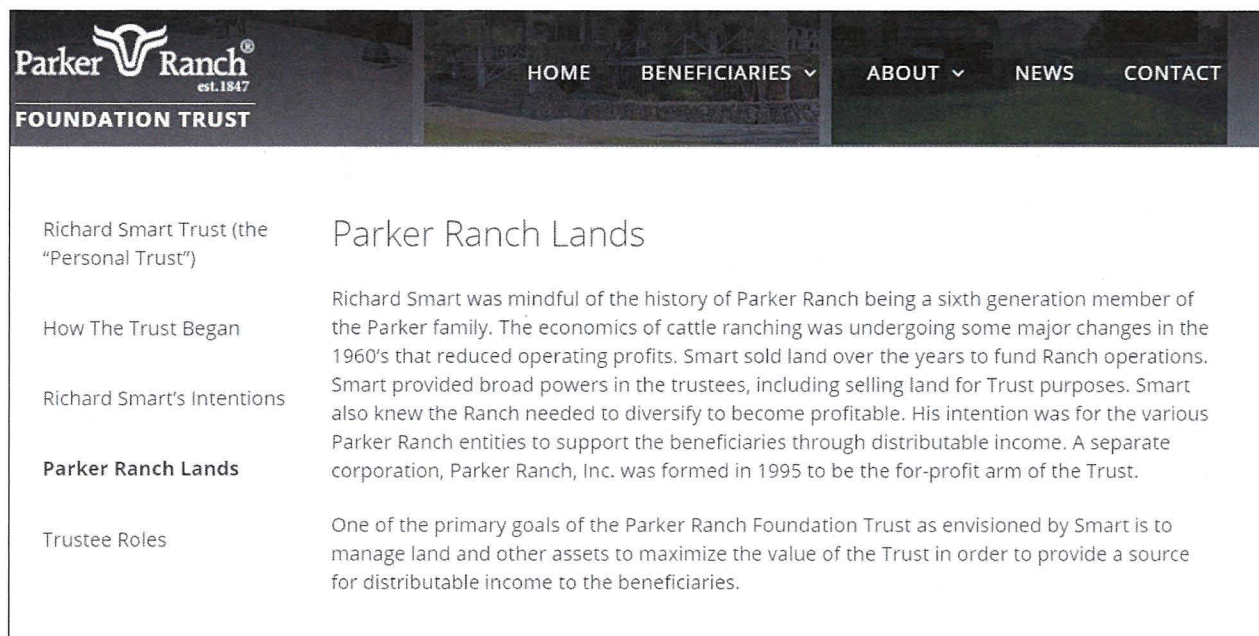


RT

Suzanne D. Case, Chairperson



Organizational Chart from Parker Ranch ANNUAL REPORT 2017, page 10



Parker Ranch
est. 1847
FOUNDATION TRUST

HOME BENEFICIARIES ABOUT NEWS CONTACT

Parker Ranch Lands

Richard Smart Trust (the "Personal Trust")

How The Trust Began

Richard Smart's Intentions

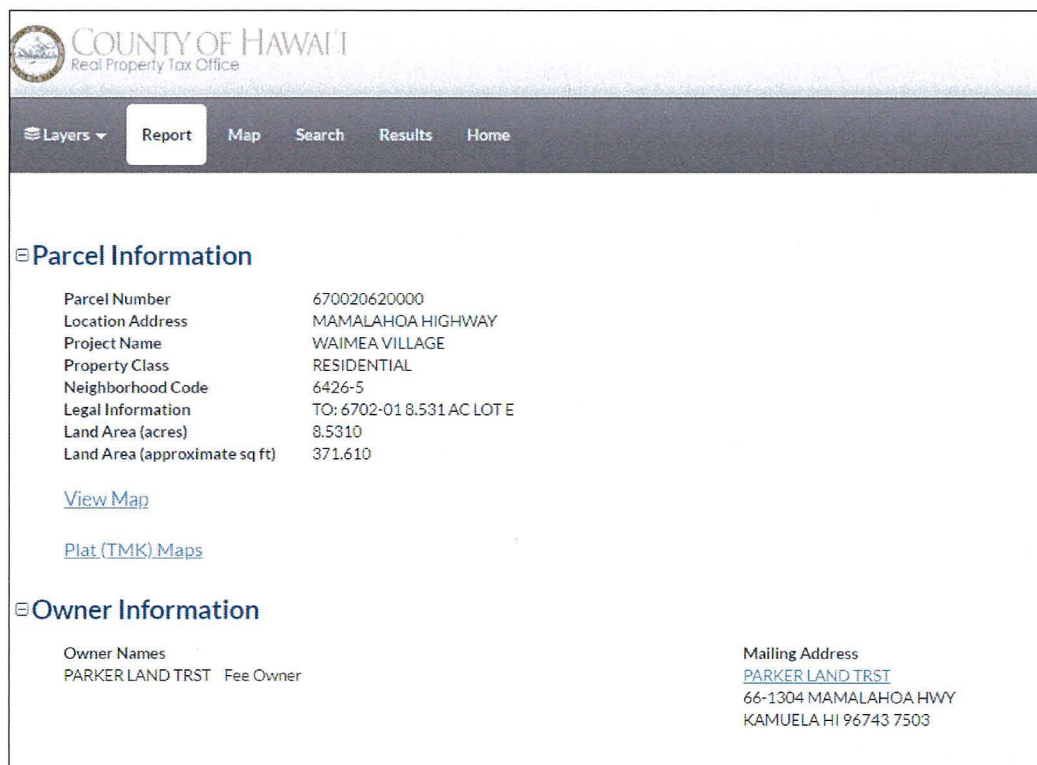
Parker Ranch Lands

Trustee Roles

Richard Smart was mindful of the history of Parker Ranch being a sixth generation member of the Parker family. The economics of cattle ranching was undergoing some major changes in the 1960's that reduced operating profits. Smart sold land over the years to fund Ranch operations. Smart provided broad powers in the trustees, including selling land for Trust purposes. Smart also knew the Ranch needed to diversify to become profitable. His intention was for the various Parker Ranch entities to support the beneficiaries through distributable income. A separate corporation, Parker Ranch, Inc. was formed in 1995 to be the for-profit arm of the Trust.

One of the primary goals of the Parker Ranch Foundation Trust as envisioned by Smart is to manage land and other assets to maximize the value of the Trust in order to provide a source for distributable income to the beneficiaries.

From Parker Ranch Foundation website: <https://prft.org/the-trust/#1491959281889-28f0e8c9-6d22>



COUNTY OF HAWAII
Real Property Tax Office

Layers Report Map Search Results Home

Parcel Information

Parcel Number	670020620000
Location Address	MAMALAHOA HIGHWAY
Project Name	WAIMEA VILLAGE
Property Class	RESIDENTIAL
Neighborhood Code	6426-5
Legal Information	TO: 6702-01 8.531 AC LOT E
Land Area (acres)	8.5310
Land Area (approximate sq ft)	371,610

[View Map](#)

[Plat \(TMK\) Maps](#)

Owner Information

Owner Names	Mailing Address
PARKER LAND TRST Fee Owner	PARKER LAND TRST
	66-1304 MAMALAHOA HWY
	KAMUELA HI 96743 7503

Excerpt from County of Hawaii Real Property Tax Office:

<https://qpublic.schneidercorp.com/Application.aspx?AppID=1048&LayerID=23618&PageTypeID=4&PageID=9878&Q=1877681758&KeyValue=670020620000#>

EXHIBIT 1-B



New

Hawaii news

May 28, 2019

USPS to Proceed With Relocation of Kamuela Post Office

Will Continue at Current Location Until New Facility is Operating

Honolulu – The U.S. Postal Service announced today its decision to proceed with its proposal to relocate its postal retail services from the Kamuela Post Office, located at 67-1197 Mamalahoa Highway, Kamuela, HI 96743, to another location within the community. This decision is final.

The goal of the proposal, to an as-yet undetermined location within the community, is to move to a site that provides better access and better meets the overall needs of Waimea postal customers.

Postal Service officials appeared at the April meeting of the Waimea Community Association to discuss the possible relocation. "We carefully considered all of the concerns expressed at the public meeting as well as comments received after the meeting," said USPS Vice President, Facilities Tom Samra.

"This relocation proposal was well received by the community, as it has experienced a major population increase that has created major congestion in the center of Waimea town, where the current postal facility is located.

"We will provide the same level of service at the new facility, but in a less-congested location."

The Postal Service does not receive tax dollars for operating expenses; it relies entirely on the sale of postage, products and services to fund its operations.

USPS NEWS

Media contacts

Duke Gonzales, APR
duke.gonzales@usps.gov
808-423-3713



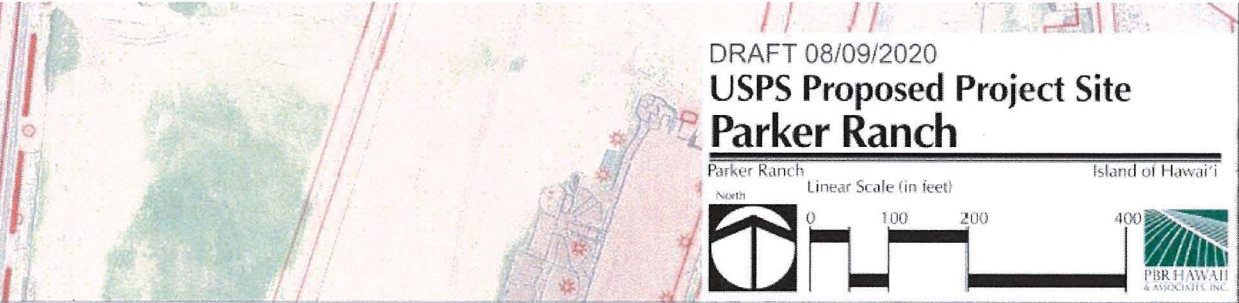
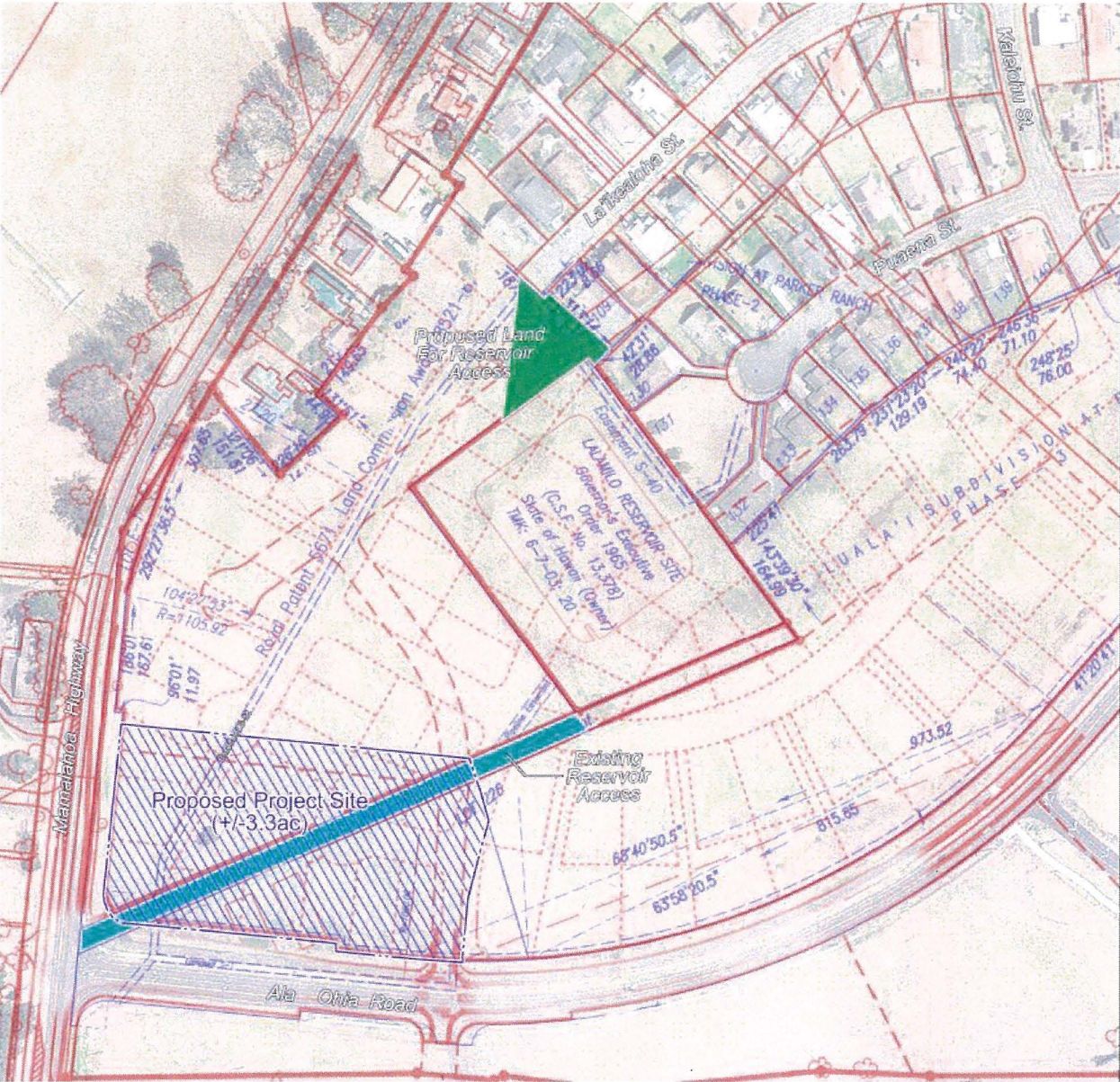
From USPS News: <https://about.usps.com/newsroom/local-releases/hi/2019/0528-kamuela-po-relocation.htm>

EXHIBIT 2



State Parcel at Waimea, South Kohala, Hawaii
TMK: (3) 6-7-003:020

EXHIBIT 3-A



Excerpts from map: USPS Conceptual Site Plan, Parker Ranch, DRAFT 08/09/2020

EXHIBIT 3-B

Excerpt from Chapter 171, Hawaii Revised Statutes:

§171-50 Exchanges. (a) Purpose. No exchange of public land for private land shall be made except for public purposes, including but not limited to (1) consolidation of holdings of public lands; (2) straightening of boundaries of public lands; (3) acquisition of adequate access for landlocked public lands which have development potential; or (4) acquisition of lands suitable for residential use.

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

April 11, 2014

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

03HD-365

Hawaii

**Approval in Principle of Land Exchange between the State of Hawaii and
Parker Ranch, Inc. for State-Owned Land at Waimea, South Kohala, Hawaii
Tax Map Key: (3) 6-7-003:020 with Privately-Owned Commercial/Industrial
Land of Equal or Greater Value to be Identified at a Later Date and Issuance
of an Immediate Right-of-Entry to Parker Ranch, Inc. for the Purpose of
Conducting an Environmental Assessment on the subject State lands.**

APPLICANT AGENCY:

Department of Land and Natural Resources

PRIVATE LANDOWNER:

Parker Ranch, Inc., a Hawaii corporation.

LEGAL REFERENCE:

Sections 171-6 and -50, Hawaii Revised Statutes, as amended.

PROPERTIES TO BE EXCHANGED:

State-Owned Property:

LOCATION: Portion of Government lands of Lalamilo situated at Waimea,
South Kohala, Hawaii, identified by Tax Map Key: (3) 6-7-
003:020, as shown on the attached map labeled Exhibit A.

AREA: 3.866 acres, more or less.

ZONING: State Land Use District: Urban
County of Hawaii CZO: Agriculture (A-40a)

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

April 11, 2014 Go.

D-6

EXHIBIT 5

BLNR – In-Principle Land Exchange with
Parker Ranch, Inc. and ROE for EA.

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TRUST STATUS: Section 5(b) lands of the Hawaii Admission Act

Note: This property was obtained by way of land exchange with Parker Ranch in 1961. Since the exchange involved ceded land, the land obtained by the State from Parker Ranch took on the ceded land status.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE: Vacant and unencumbered.

Privately-Owned Property:

LOCATION: To be determined.

AREA: Undetermined.

ZONING: State Land Use District: Urban
County of Hawaii CZO: Commercial/Industrial

CURRENT USE: Undetermined.

PUBLIC PURPOSE:

Acquire income-producing property.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action before the Board is a transfer of ownership and does not constitute a use of State lands or funds, and therefore, this action is exempt from the provisions of Chapter 343, HRS, relating to environmental impact statements. Inasmuch as the Chapter 343 environmental requirements apply to Applicant's use of the lands, the Applicant shall be responsible for compliance with Chapter 343, HRS, as amended.

However, an environmental assessment/environmental impact statement is needs to be performed in conjunction with the Waimea Town Center Development Project and the subject State lands will be included in those environmental reports.

Regarding the issuance of a right-of-entry to conduct an environmental assessment, in accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to exemption Class No. 5. Refer to attached Exhibit B.

BLNR – In-Principle Land Exchange with
Parker Ranch, Inc. and ROE for EA.

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FAIR MARKET VALUE AND CONSIDERATION IF ANY:

As required by Subsection 171-50(b), HRS:

"The public land exchange shall be of substantially equal value to that of the private land. In any exchange, the fair market value of the private land and the public land shall be separately determined by a disinterested qualified appraiser or appraisers and the cost shall be borne equally between the owner and the board. No payment by the State shall be required should the private land exceed the value of the public land, but any difference in value of the public land over the private land shall be paid to the State at the time of the exchange; provided no exchange shall be made should public land exceed 120 per cent of the value of the private land."

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for half of the appraisal costs to determine the current value of the properties to be exchanged;
- 2) Pay for the costs of public notice pursuant to section 171-16;
- 3) Provide survey maps and descriptions for the privately-owned property according to State DAGS standards and at Applicant's own cost;
- 4) Obtain a title report for the privately-owned property at Applicant's own cost and subject to review and approval by the Department;
- 5) Pay for and conduct a Phase I environmental site assessment and, if this Phase I identifies the potential for hazardous materials release or the presence of hazardous materials, conduct a Phase II environmental sampling and analysis plan and perform any and all remediation, abatement and disposal as may be warranted and as satisfactory to the standards required by the Federal Environmental Protection Agency and/or the State Department of Health, all at no cost to the State and to the satisfaction of the Department.

REMARKS:

The subject parcel was acquired June 5, 1961 by way of land exchange with Parker Ranch. The parcel was set aside to the Department of Land and Natural Resources, Division of Water and Land Resources by Governor's Executive Order No. 1965 (eo1965) for the Lalamilo Reservoir Site and Roadway.

The 500,000 gallon, in-ground reservoir became a part of the Department of Agriculture's Lalamilo Irrigation District system until it was abandoned after development of the much larger Lakeland Reservoir.

At its meeting of August 13, 2004, agenda item D-6, the Board approved the issuance of

a term easement for a temporary sewerline across the reservoir site and the grant of a perpetual sewerline easement across the roadway portion of the parcel to Parker Ranch. The Board also authorized the cancellation of eo1965.

The subject parcel is a 3.8 acre flag lot zoned agriculture, which abuts the new Lua-la'i subdivision (phase 2) being developed by Parker Ranch and is otherwise surrounded by Parker Ranch land slated for phase 4 of the development (refer to Exhibit C).

In 2012, Parker Ranch completed construction of Ala Ohia Road, which provides alternate access to Lua-la'i Subdivision and the Waimea Town Center, as well as being a part of the future Waimea downtown bypass road. The new road encroaches on the subject property where it meets Mamalahoa Highway, effectively cutting off any useable access to the State parcel. During the design phase, Parker Ranch believed the Department of Agriculture (DOA) had jurisdiction over the subject land and thus obtained written authority from DOA to locate the intersection upon the subject parcel.

Although Parker Ranch began the road project believing the property was under the jurisdiction of DOA, during the project they became aware that DLNR had management authority and did not attempt to obtain authorization for the encroachment. They have acknowledged the error and are willing to work out the access issue in the event the land exchange is not approved. Therefore, staff is recommending a \$1,000 administrative fine for the unauthorized encroachment on State land.

The exchange of land would increase the continuity of the developing community by grouping uniform land use and allowing well planned infrastructure installations (ie. roads, water, and sewer). The State would benefit by exchanging a low-income potential agriculture property for a commercial/industrial income-producing property.

This is an approval in-principle because the dollar value of the State-owned land must be determined by appraisal before an exchange parcel can be identified. Once the parameters are determined and an acceptable exchange property has been identified, staff will return with the details to the Board for approval.

The State land exchanged for the reservoir parcel in 1961 held ceded land trust status, therefore the subject land took on ceded land trust status. The land to be acquired in exchange for the subject parcel will also take on the ceded land trust status.

Responses from various agencies to the request for comments are in the following table. The Department of Transportation – Airports Division had no objections, however, they requested the applicant be notified, that due to its close proximity to the Airport, any future development should be compatible to the Airport's land use. In particular, no attractants to wildlife should be developed. Federal Aviation Administration Advisory Circular recommends a distance of 5 miles between the farthest edge of the airport's air operations area and the hazardous wildlife attractant if the attractant could cause hazardous wildlife movement into or across the approach or departure airspace.

State Agencies	Response
Dept. of Health - Environmental Health	No Response
Dept. of Hawaiian Homes Land	No Response
DLNR - Engineering	No Response
DLNR - Historic Preservation	No Response
DOT - Highways Division	No Response
DOT - Airports Division	No Objections*
Hawaii County Agencies	Response
Planning Dept.	No Comments
Parks & Recreation	No Response
Dept. of Public Works	No Response
Dept. of Water Supply	No Objections
Fire Department	No Comments
Police Department	No Comments
Environmental Management	No Comments
Other Agencies	Response
Office of Hawaiian Affairs	No Response

RECOMMENDATION: That the Board:

1. Approve in principle the above-described land exchange between the State of Hawaii and Parker Ranch, Inc. for State-Owned land at Lalamilo, Waimea, South Kohala, Hawaii, and privately-owned commercial/industrial land of equal or greater value to be identified at a later date, provided that the approval in principle shall not be deemed to be an approval of the proposed exchange as staff shall return to the Board at a later date for approval of the land exchange identifying the exchange parcel and the details of the exchange, subject to the terms and conditions cited above, which are by this reference incorporated herein and subject to the following:
 - a. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
2. Issue an immediate right-of-entry permit to Parker Ranch, Inc. for the purposes of conducting an environmental assessment on the subject property under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:
 - a. The terms and conditions of the most current right-of-entry permit, as may be amended from time to time; and

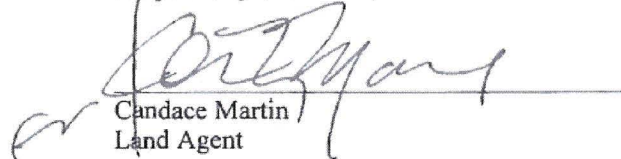
BLNR – In-Principle Land Exchange with
Parker Ranch, Inc. and ROE for EA.

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- b. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. With respect to the right-of-entry, declare that, after considering the potential effects of the issuance of an immediate right-of-entry as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this action will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
4. Impose a \$1,000.00 administrative fine for the willful encroachment on State land identified by Tax Map Key: (3) 6-7-003:020 by constructing a public road upon the land without authorization from the responsible authority.

Respectfully Submitted,


Candace Martin
Land Agent

APPROVED FOR SUBMITTAL:


William J. Aila, Jr., Chairperson

Exhibit A from Board submittal of April 11, 2014, Item D-6:

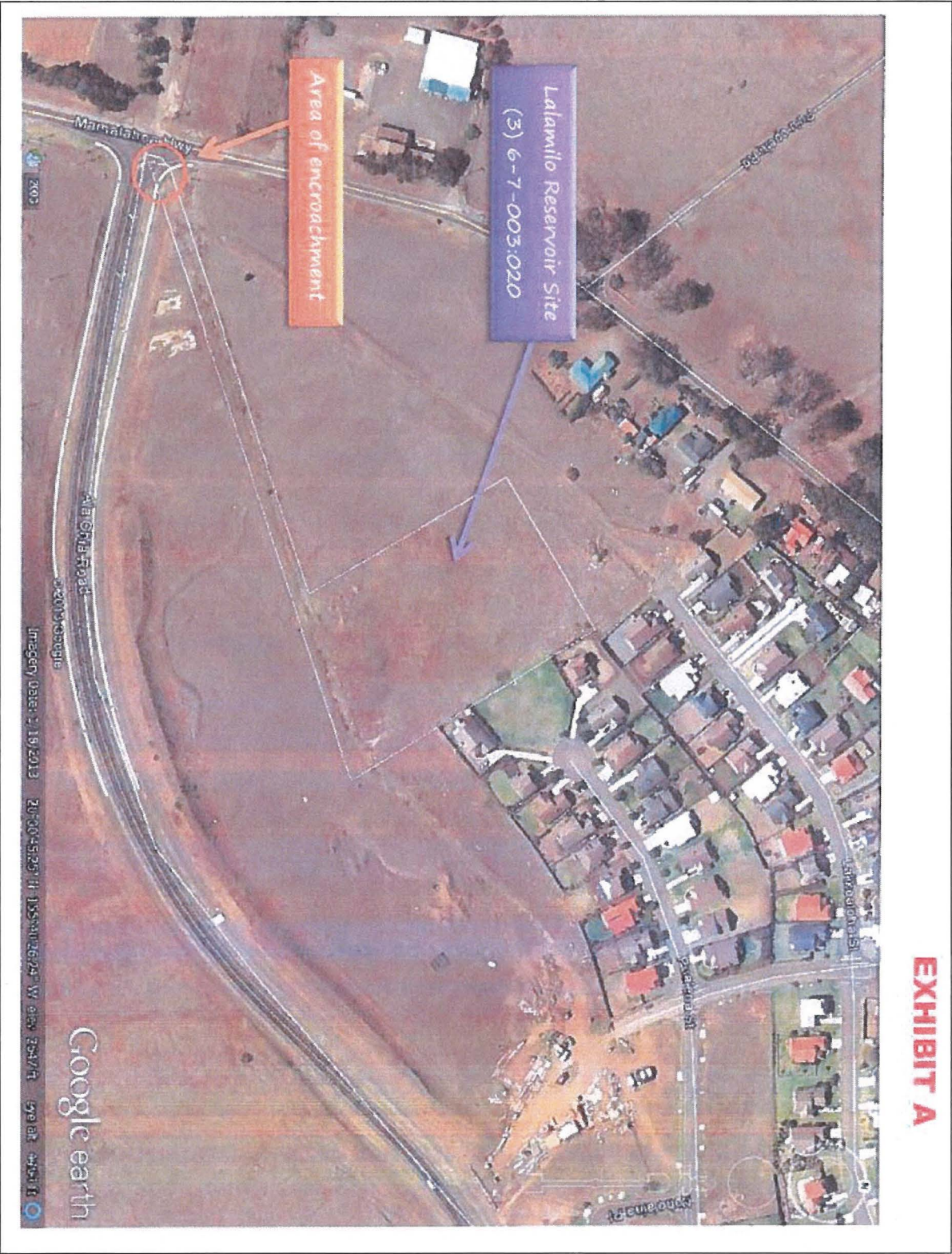


Exhibit B, page 1, from Board submittal of April 11, 2014, Item D-6:



<p>NEIL ABERCROMBIE GOVERNOR OF HAWAII</p>		<p>EXHIBIT B</p>	<p>WILLIAM J. AILA, JR. CHAIRPERSON BOARD OF LAND AND NATURAL RESOURCES COMMISSION ON WATER RESOURCES MANAGEMENT</p> <p>JESSE K. SOUKI FIRST DEPUTY</p> <p>WILLIAM M. TAM DEPUTY DIRECTOR, WATER</p> <p>AGRICULTURE RESOURCES BOATING AND OCEAN RECREATION BUREAU OF CONSERVATION COMMISSION ON WATER RESOURCES MANAGEMENT CONSERVATION AND COASTAL LANDS CONSERVATION AND RESOURCES ENFORCEMENT FISH AND WILDLIFE FORESTRY AND WILDLIFE HISTORIC PRESERVATION KAIROHAWA ISLAND RESERVE COMMISSION LAND STATE PARKS</p>
	<p>STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES POST OFFICE BOX 621 HONOLULU, HAWAII 96809</p>		
<p>April 11, 2014</p>			
<p>EXEMPTION NOTIFICATION</p>			
<p>From the preparation of an environmental assessment under the authority of Chapter 343, HRS and Chapter 11-200, HAR</p>			
<p>Project Title:</p>	<p>Issuance of an Immediate Right-of-Entry to Parker Ranch, Inc.</p>		
<p>Project / Reference No.:</p>	<p>PSF 03HD-365</p>		
<p>Project Location:</p>	<p>Portion of Government lands of situated at Waimea, South Kohala, Hawaii, identified by Tax Map Key: (3) 6-7-003:020.</p>		
<p>Project Description:</p>	<p>Preparation of an environmental assessment in accordance with the requirements of Hawaii Revised Statutes (HRS) Chapter 343 and Chapter 11-200, Hawaii Administrative Rules (HAR) as it relates to the Waimea Town Center Development Project.</p>		
<p>Chap. 343 Trigger(s):</p>	<p>Use of State Land</p>		
<p>Exemption Class No.:</p>	<p>In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment under the following:</p> <p>Exemption Class No. 5, which states "Basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource".</p>		
<p>Recommendation:</p>	<p>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.</p>		
<p>Agencies consulted:</p>	<p>State Agencies: Department of Health – Environmental Health, Department of Land and Natural Resources – Engineering Division</p>		

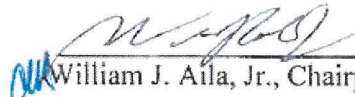
Exhibit B, page 2, from Board submittal of April 11, 2014, Item D-6:

Agencies consulted:

State Agencies: Department of Health – Environmental Health,
Department of Land and Natural Resources – Engineering Division
and Historic Preservation, Department of Transportation – Airports
and Highways Divisions, Department of Hawaiian Homes Lands.

County of Hawaii Agencies: Planning Department, Parks &
Recreation, Public Works, Department of Water Supply, Fire
Department, Police Department, Environmental Management.

Other Agencies: Office of Hawaiian Affairs.


William J. Aila, Jr., Chairperson


3/31/14
Date

Exhibit C from Board submittal of April 11, 2014, Item D-6:

