

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

October 23, 2020

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

PSF No.: 20HD-086

Hawaii

Issuance of Revocable Permit to Bank of Hawaii, for Business Purposes, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:022.

APPLICANT:

Bank of Hawaii, lessee, a Hawaii for-profit corporation.

LEGAL REFERENCE:

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

LOCATION:

Portion of Government lands of Waiakea House Lots Extension situated at Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-049:022, as shown on the attached map labeled Exhibit A.

AREA:

29,912 square feet, more or less, including a 5,313 square foot building.

ZONING:

State Land Use District: Urban  
County of Hawaii CZO: CN-10 (Neighborhood Commercial, min 10,000sf)

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 an approved 1-year Holdover of General Lease No. S-3698, Bank of Hawaii, Lessee for business purposes. Lease will expire on January 25, 2021.

CHARACTER OF USE:

Business purposes.

COMMENCEMENT DATE:

Upon expiration of General Lease No. S-3698 (January 26, 2021).

MONTHLY RENTAL:

Staff is recommending \$0.85/square foot of building area (5,313sf) for a total of \$4,516.05 per month. Rent amount is derived from the market values established by a 2018 appraisal for other revocable permits in the Kanoelehua Industrial Lots.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on 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 that states, "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing," and Item 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." Refer to attached Exhibit B.

DCCA VERIFICATION:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Applicant in good standing confirmed:	YES

JUSTIFICATION FOR REVOCABLE PERMIT:

Due to the current economic conditions, Bank of Hawaii has been unable to proceed on its plan to develop a new central banking branch in Hilo. Bank of Hawaii is requesting to continue its tenancy while staff prepares the property for public auction. The public auction process is lengthy and will take approximately 12-18 months to complete.

REMARKS:

General Lease No. S-3698 (GLS-3698) was sold to Bank of Hawaii by way of public auction. The lease was issued for a term of 55 years commencing on January 26, 1962 and expiring January 25, 2017.

At its meeting of December 9, 2016, agenda item D-5, the Board approved a 3-year extension of GLS-3698 pursuant to Act 207. The annual rent for the extended term was determined by independent appraisal at that time. Also, at that time, staff had several discussions with Bank of Hawaii regarding the option to request a longer-term extension. After lengthy consideration, Bank of Hawaii decided not to pursue the longer-term extension as it's plan was to develop a new branch on private land and consolidate its two Hilo branches there.

At its meeting of November 8, 2019, agenda item D-6, Bank of Hawaii requested a 1-year holdover of GLS-3698 in order to shut down operations and vacate the premises. It would be relocating the branch to another site and needed the additional time in order to provide a smooth transition. This extended the expiration date of the lease to January 25, 2021.

Due to the economic downturn resulting from the COVID-19 pandemic, Bank of Hawaii has been unable to move forward on its plan to develop the new branch. Bank of Hawaii is now requesting a month-to-month revocable permit to continue occupying the property until a new lease is sold at public auction or Bank of Hawaii has completed development of its new branch, whichever comes first.

It is to be noted that in accordance with the lease provision of the first paragraph on page 5<sup>1</sup> of the lease, ownership of all improvements on the premises transfer to the State upon

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<sup>1</sup> "the lessee shall and will at the end, or other sooner termination, of the said term hereby granted, peaceably and quietly yield up unto the Lessor all and singular the premises herein demised, with all erections, buildings, and improvements of whatever name or nature, now on or which may be hereafter put, set up, erected or placed upon the same, in as good order and conditions in all respects (reasonable use, wear and tear excepted), as the same are at present or hereafter required by the Lessor."

expiration of the lease. In order to reflect this change of ownership in the monthly rental amount staff is recommending the monthly rent be in alignment with rents for other revocable permits in the Kanoiehua Industrial Lots which were established by independent appraisal in 2018. The most similar comparable was valued at \$0.75/square foot of building area. This was for a 5,000 square foot building. Staff added \$0.10/square foot to the monthly rate for superior location, larger lot size and to reflect standard rent increases from 2018-2020.

A request for comments was sent to the County of Hawaii Planning Department and the Department of Public Works, which provided responses of no comments and no objections. Request for comments was also sent to the Office of Hawaiian Affairs with no response being received by the suspense date.

Bank of Hawaii 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 proposed use has continued since 1962 and will continue. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

RECOMMENDATION: That the Board:

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 Bank of Hawaii covering the subject area for business 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 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,

*Candace Martin*

*GH*

Candace Martin

*KEM*

Land Agent

APPROVED FOR SUBMITTAL:

*Suzanne D. Case*

*RT*

Suzanne D. Case, Chairperson



# EXHIBIT A





DAVID Y. IGE  
GOVERNOR OF HAWAII



## EXHIBIT B

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA  
FIRST DEPUTY

M. KALEO MANUEL  
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  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

### STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

September 30, 2020

### EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes (HRS), and Chapter 11-200.1, Hawaii Administrative Rules (HAR):

<b>Project Title:</b>	Revocable Permit to Bank of Hawaii for Business Purposes.
<b>Project / Reference No.:</b>	PSF No. 20HD-086.
<b>Project Location:</b>	Kanoiehua Industrial Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:022.
<b>Project Description:</b>	Bank of Hawaii is requesting to continue its tenancy of the premises currently encumbered under General Lease No. S-3698 after the expiration of the lease on January 25, 2020. Bank of Hawaii will continue the same operations it has been since 1962.
<b>Chap. 343 Trigger(s):</b>	Use of State lands.
<b>Exemption Class No. and Description:</b>	In accordance with HAR § 11-200.1-16(a)(1) and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on 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 that states, "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing," and Item 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."
<b>Cumulative Impact of Planned Successive Actions in Same Place Significant?:</b>	No. The applicant has applied for a revocable permit to continue using the premises for its stated purpose which will have negligible impacts beyond that previously existing.

**Action May Have  
Significant Impact on  
Particularly Sensitive  
Environment?:  
Analysis:**

No. There are no particularly sensitive environmental issues involved with the proposed use of the property. The proposed use will involve negligible or no expansion or change of use beyond that previously existing.

**Consulted Parties:**

County of Hawaii – Planning Department and Department of Public Works; Office of Hawaiian Affairs.

**Recommendation:**

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.