

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

February 26, 2021

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

Land Board Members:

SUBJECT: Sale of Lease at Public Auction for Commercial Marine Storage and Light Industrial Purposes, Kalihi-Kai, Honolulu, Oahu, Hawaii Tax Map Keys: (1) 1-2-023:053, :057, :054, :037 & :059

and

Declare that after considering the potential effects of the proposed project 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.

REQUEST:

Sale of lease at public auction for commercial marine storage and light industrial purposes.

LEGAL REFERENCE:

171-13, -14, -16, -17 and other applicable sections of Chapters 171, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Kalihi-Kai, Honolulu, Oahu, hereinafter referred to as the "Premises" as shown on the maps labeled Exhibits A-1 thru A-5 attached hereto.

AREA:

Approximately 56,933 square feet or 1.307 Acres, more or less.

ZONING:

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

TRUST LAND STATUS:

Section 5(a) land of the Hawaii Admissions Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ___ NO X

CURRENT USE STATUS:

See Exhibit B.

CHARACTER OF USE:

Marine business, lite industrial and commercial storage uses allowed by the Honolulu City and County Zoning Ordinance.

LEASE TERM:

Ten (10) years from the commencement date of the lease with one (1) option to extend for an addition ten (10) years at the option of the Chairperson.

COMMENCEMENT DATE:

To be determined by the Chairperson.

MINIMUM UPSET ANNUAL RENTAL AND PERCENTAGE RENT:

To be determined by staff or independent appraisal establishing fair market rent, subject to review and approval by the Chairperson. The appraisal shall determine the upset rent for the premises for the first five (5) years of the lease, as well as an appropriate stepped increase (as a percentage increase over the base rent of the immediately preceding 5-year period) for the second 5-year period to provide the successful bidder with a known rent for ten (10) years of the lease. The appraiser procured to determine the upset rent shall also separately determine the percentage rent to be paid in excess of the minimum rent.

METHOD OF PAYMENT:

The lessee's rent shall be the base rent or percentage of gross receipts, whichever is greater. The minimum upset rent shall be paid monthly, in advance, and the percentage rent shall be paid monthly, in arrears. In the event of subletting, the lessee shall pay an additional percentage of gross sublease rent.

RENTAL REOPENINGS:

Upon the exercising the option to extend for an additional ten (10) years, years 11 thru 20 shall be redetermined, by staff or independent appraisal pursuant to HRS §171-17.

PERFORMANCE BOND:

Twice the annual base rental amount.

MINIMUM IMPROVEMENTS:

The premises shall be cleared, maintained and fenced for storage and light industrial purposes. All improvements shall be done under appropriate permits issued by the City & County of Honolulu.

CONSTRUCTION BOND:

Equal to the amount of minimum improvements.

RENT WAIVER:

The rent may be waived for a maximum period of twelve (12) calendar months.

PROPERTY CHARACTERISTICS:

Utilities: Water, individual wastewater system, electricity and telephone are not available.

Corrugated metal warehouse structure on Tax Map Key (TMK) (1) 1-2-023:057

Legal Access to the Property: Staff has verified that there is legal access to the premises from Sand Island Access Road and road easement with the Department of Transportation Harbors Division as shown in Exhibit A-4 and described in Exhibit A-5.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with the "Exemption List for the Department of Land and Natural Resources", approved by the Environmental Council and dated November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1: "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," Item No. 40: "Leases of State land involving negligible or no expansion or change of use beyond that previously existing."

The following State and City and County of Honolulu agencies were consulted on this action with the results indicated as follows:

Agency:	Comment:
Oahu District Land Office	Recommended citing HRS §200-2.5 and justification how the kind of businesses or entities that will support the small boat harbor pursuant to this section.
DAR	Did not receive comment by the requested date.
OCCL	Did not receive comment by the requested date.
OHA	Did not receive comment by the requested date.
Board of Water Supply	See Exhibit C
City & County of Honolulu Dept. of Environmental Services	Did not receive comment by the requested date.

REMARKS:

Prior to agreeing to transfer the premises to the Division of Boating and Ocean Recreation (DOBOR), the Department of Transportation, Harbors Division (DOTH) evicted all permittees from the premises, with the exception of Paul Fukunaga aka PF Marine, who does fiberglass boat and jet ski repairs. The prior DOTH permittees were responsible for sourcing their own utilities. Permittees utilized porta potties, electric generators and water delivery. Some permittees engaged in cooperative water agreement with McKesson Corporation, a neighboring private commercial entity. This arrangement could terminate at any time. PF Marine has a power submeter from HC&D. HC&D is not open to granting more permittees power.

At its December 14, 2018 meeting, under agenda Item D-6, the Board approved the withdrawal of the premises from Executive Order No. 3708 and reset them aside to DOBOR with an Immediate Management Right-of-Entry.

In March 2019, staff procured a survey for a CSF map as required under the Board action. The survey, which was completed in October 2019, revealed that the area in the Set-Aside was incorrect. Staff made a request to Land Division to Amend the Set-Aside to correct the land area discrepancy.

At its December 13, 2019 meeting, under agenda item D-11, the board approved an amendment to the prior Board action to correct the area of TMK: (1) 1-2-023:059 area from 4,999 square feet to 10,000 square feet, which increased the area of the premises from 1.205 acres to 1.319 acres.

DAGS Survey required a revision to the surveyed drawings, to be in alignment with the boundaries of Executive Order 2636. The realignment resulted in the premises being reduced to 1.307 acres. Once the CSF maps have been finalized, the Land Division will be coming back to the board to amend the set-aside to account for the revise area.

Due to the lack of utility service, staff intended to sell the lease for the premises together with the lands underlying the La Mariana Sailing Club (“La Mariana”), whose lease was set to expire on April 30, 2019, at public auction; the rationale being that the premises could be used for vehicle parking or the storage of boats in conjunction with La Mariana’s existing uses. At its meeting on

April 26, 2019, under agenda item J-2, the Board approved a 20-year extension of La Mariana's lease.

In spite of this areas lack of utilities, staff began to receive numerous requests from marine related businesses for the use of the premises for storage and light industrial work. Staff believed that it was in the best interest of the State to issue short term dispositions pending authorization and processing of the sale of a lease for the area to generate revenue, clear vegetation and discourage unwanted activities.

At its October 11, 2019, meeting under agenda item J-2, the board approved the issuance of a revocable permit to Cates Marines Services, LLC (Cates) for 15,543 square feet of fast land, for \$3,625.00 per month, on TMK: (1) 1-2-023:057. Cate has a short-term project that is estimated to take approximately 1 to 2 years to complete.

At its December 13, 2019, meeting, under agenda Item J-5, the board approved the issuance of a revocable permit to Paul Fukunaga aka PF Marine, a permittee transferred from DOTH. The permit area, TMK: (1) 1-2-023:059, is 10,000 square feet of fast land, with a rent of \$2,333.00 per month.

At its July 10, 2020, meeting under agenda item J-1, the board approved the issuance of a gratis revocable permit to The Friends of Hokule'a and Hawai'iloa, Inc. (a non-profit corporation) for 5,000 square feet of fast land, on TMK: (1) 1-2-023:054.

At its July 10, 2020, meeting under agenda item J-2, the board approved the issuance of a revocable permit to H2O Sports Hawaii, LLC for 17,032 square feet of fast land, for \$3,975.00 per month, on TMK: (1) 1-2-023:053.

The premises currently does not have public utility service. Staff has consulted with DOBOR's Engineering Branch about the cost of bringing utilities to the premises. The Engineering Branch estimates is in excess of \$1 million. The time needed to bring utilities to this site is estimated to be approximately 2 to 5 years to complete. The comments from the Board of Water Supply, in Exhibit C, supports this assessment. The Board has indicated its desire to transfer revocable permits to long-term disposition wherever possible. Staff believes an auction lease for the premises in its "as is" condition for storage and light industrial activities is the best path towards accomplishing this goal.

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, Hawaii Administrative Rules, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

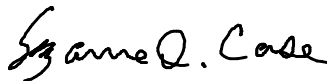
2. Authorize the sale of a lease at public auction covering the subject area for marine purposes, under the terms and conditions cited above, which are by this reference, incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current Boating Lease form, as may be amended from time-to-time;
 - b. Waiver of rent for a maximum of twelve (12) calendar months upon substantial completion of the items included under “MINIMUM IMPROVEMENTS.”
 - c. Review and approval by the Department of the Attorney General; and
 - d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



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

APPROVED FOR SUBMITTAL:



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

Attachment:

- A-1 Map of Oahu
- A-2 Proposed Ke’ehi Industrial Park Lease Area adjacent to Keehi Small Boat Harbor
- A-3 Tax Map
- A-4 Survey Map
- A-5 Surveyed Metes and Bounds Description
- B Current Use Status
- C Board of Water Supply Comments

Exhibit A-1

Keehi Industrial Park Lease



Exhibit A-1

Exhibit A-2

Ke'ehi Small Boat Harbor

Keehi Industrial Park
Lease Area 1.319 Acres
TMK: (1) 1-2-023:053, :057,
:054, :037 & :059



Tax Map

Exhibit A-3

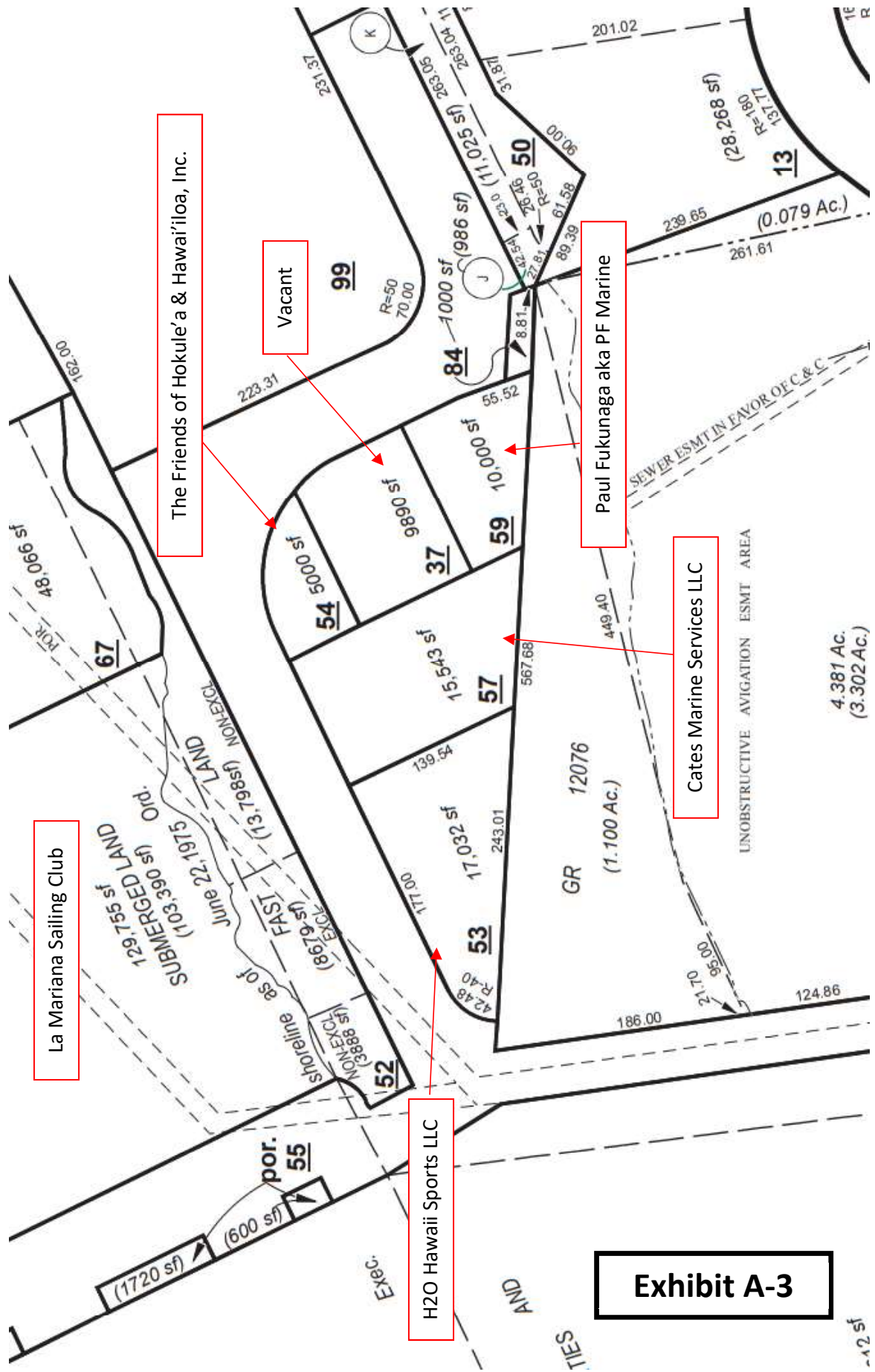


Exhibit A-3

Exhibit A-4

R. M. TOWILL CORPORATION

4/30/22	Expiration Date
Don L.M. Akita	Licensed Professional Land Surveyor
Certificate Number 12749	



R. M. TOWILL CORPORATION
SINCE 1922

RWTC Ref. No.: 1-23449-0-5
F.M. Harbor Keelhi DOGGR Lot.Dog

Exhibit A-4

Exhibit A-5

Surveyed Metes and Bounds Description

DOBOR Parcel

Being a Portion of the Former Kaliawa Fishery, covered by the Following:

Final Order of Condemnation, Law No. 16653 acquired by the Territory of Hawaii, dated July 18, 1946 and Recorded in Liber 1981, Pages 79-94 (Land Office Deed 7993)

Deed: Trustees under the Will of the Estate of S. M. Damon, deceased, to the Territory of Hawaii, dated June 20, 1946 and Recorded in Liber 1981, Pages 79-94 (Land Office Deed 7993)

At Kalihi, Honolulu, Oahu, Hawaii

Beginning at the Northeast corner of this parcel of land, being along Grant 12076 to Trustees of S. M. Damon Estate, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 3,931.22 feet North and 14,819.50 feet West, thence running by azimuths measured clockwise from true South:

1. 2° 46' 481.91 feet along Grant 12076 to Trustees of S. M. Damon Estate;
2. Thence along Harbor Purposes, Governor's Executive Order 2636 (CSF 16,711), on a curve to the right with a radius of 40.00 feet, the chord azimuth and distance being:

 122° 54' 30" 41.31 feet;
3. 154° 00' 292.87 feet along Harbor Purposes, Governor's Executive Order 2636 (CSF 16,711);
4. Thence along Harbor Purposes, Governor's Executive Order 2636 (CSF 16,711), on a curve to the right with a radius of 100.00 feet, the chord azimuth and distance being:

 199° 00' 141.42 feet;
5. 244° 00' 98.12 feet along Harbor Purposes, Governor's Executive Order 2636 (CSF 16,711);
6. 250° 00' 58" 55.44 feet along Harbor Purposes, Governor's Executive Order 2636 (CSF 16,711) to the point of beginning and containing an area of 1.307 Acres.

Exhibit A-5

Surveyed Metes and Bounds Description - Continued

Easement A-1 For Access Purposes

Being a Portion of the Former Kaliawa Fishery, covered by the Following:

Final Order of Condemnation, Law No. 16653 acquired by the Territory of Hawaii, dated July 18, 1946 and Recorded in Liber 1981, Pages 79-94 (Land Office Deed 7993)

Deed: Trustees under the Will of the Estate of S. M. Damon, deceased, to the Territory of Hawaii, dated June 20, 1946 and Recorded in Liber 1981, Pages 79-94 (Land Office Deed 7993)

At Kalihi, Honolulu, Oahu, Hawaii

Beginning at the Southeast corner of this easement, being along the West side of Sand Island Access Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 3,472.45 feet North and 14,536.38 feet West, thence running by azimuths measured clockwise from true South:

1. Along the West side of Sand Island Access Road, on a curve to the left with a radius of 622.96 feet, the chord azimuth and distance being:

350° 33' 31.5" 30.01 feet;
2. 81° 56' 28" 309.67 feet along Harbor Purposes, Governor's Executive Order 2636;
3. Thence along Harbor Purposes, Governor's Executive Order 2636, on a curve to the right with a radius of 70.00 feet, the chord azimuth and distance being:

117° 58' 14" 82.35 feet;
4. 154° 00' 336.34 feet along Harbor Purposes, Governor's Executive Order 2636;

Exhibit A-5

Surveyed Metes and Bounds Description - Continued

5. Thence along Harbor Purposes, Governor's Executive Order 2636, on a curve to the right with a radius of 130.00 feet, the chord azimuth and distance being:
199° 00' 183.85 feet;
6. 244° 00' 81.31 feet along Harbor Purposes, Governor's Executive Order 2636;
7. 246° 30' 14" 99.93 feet along Harbor Purposes, Governor's Executive Order 2636;
8. 2° 46' 64.81 feet along Harbor Purposes, Governor's Executive Order 2636;
9. 70° 00' 58" 37.04 feet along DOBOR Parcel;
10. 64° 00' 99.34 feet along DOBOR Parcel;
11. Thence along DOBOR Parcel, on a curve to the left with a radius of 100.00 feet, the chord azimuth and distance being:
19° 00' 141.42 feet;
12. 334° 00' 292.87 feet along DOBOR Parcel;
13. Thence along DOBOR Parcel, on a curve to the left with a radius of 40.00 feet, the chord azimuth and distance being:
301° 54' 30" 41.31 feet;
14. 2° 46' 20.97 feet along Grant 12076 to Trustees of S. M. Damon Estate;
15. 261° 56' 28" 310.46 feet along Grant 12076 to Trustees of S. M. Damon Estate and R.P. 6888, Ap. 1, L.C.Aw. 3237, Part 1 to Hewahewa to the point of beginning and containing an area of 1.056 Acres.

EXHIBIT B

Current Use Status

TMK	Permittee	Revocable Permit Commencement Date	Revocable Permit Termination Date	Monthly Rental	Annual Rental	Area	Character of Use
(1) 1-2-023:037	Unoccupied			\$2,308.17 (potential)	\$27,698.00 (potential)	9,890	Marine storage and light Industrial
(1) 1-2-023:053	H2O Sports Hawaii, LLC	10/1/2020	6/30/2021	\$3,975.00	\$47,700.00	17,032	Assembly, repair and storage of boat and water sports equipment.
(1) 1-2-023:054	The Friends of Hokule'a & Hawai'i'loa	10/1/2020	6/30/2021	\$40.00	\$480.00	5,000	Teaching Hawaiian traditions of building, restoring and caring for canoes.
(1) 1-2-023:057	Cates Marine Services	1/30/2020	6/30/2021	\$3,625.00	\$43,500.00	15,543	Marine Salvage and marine services
(1) 1-2-023:059	Paul N. Fukunaga dba PF Marine	1/1/2020	6/30/2021	\$2,333.00	\$27,996.00	10,000	Fiberglass boat repair.

EXHIBIT B

Exhibit C

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
HONOLULU, HI 96843
www.boardofwatersupply.com



November 10, 2020

KIRK CALDWELL, MAYOR

BRYAN P. ANDAYA, Chair
KAPUA SPROAT, Vice Chair
RAY C. SOON
MAX J. SWORD

ROSS S. SASAMURA, Ex-Officio
JADE T. BUTAY, Ex-Officio

ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.
Deputy Manager and Chief Engineer

Mr. Carl Young, Property Manager
State of Hawaii
Department of Land and Natural Resources
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, Hawaii 96819

Dear Mr. Young:

Subject: Your Memorandum dated October 1, 2020, Regarding the Sale of Lease at Public Auction for Business, Industrial and Commercial Purposes, to property situate at Kalihi-Kai, Honolulu, Oahu, Hawaii, Tax Map Keys: (1) 1-2-023:053, 057, 054, 037 and 059 (Ref. No.: BORPM-0233-20)

The Board of Water Supply (BWS) has no objection to the leasing of the subject parcels.

We also concur that the prospective tenant must provide all utilities for the parcels. Since there is no water service to these parcels presently, all necessary infrastructure must be built/installed to provide water service as follows:

- 1) All parcels are currently landlocked and do not front the BWS water system. Thus, the prospective tenants shall be required to create legal frontage for each parcel to the water system, such as a dedicated roadway built to City standards.
- 2) The existing off-site fire protection is inadequate for the subject parcels. BWS Water System Standards (WSS) require a fire hydrant be located within 125 linear feet of each industrial zoned parcel and must provide a flow of 4,000 gallons per minute. The nearest fire hydrant, M04858 on Sand Island Access Road, is approximately 500 linear feet from the parcel at TMK 1-2-023:053. Thus, the prospective tenants shall install the necessary water system improvements to extend the water system from Sand Island Access Road, and install fire hydrants within 125 feet of each parcel.
- 3) All extensions to the water system and appurtenances shall be installed pursuant to BWS WSS, and be located within City right-of-ways.

- 4) Water meters shall be installed within City right-of-ways, fronting each parcel. Prospective tenants shall pay the applicable meter and meter installation costs.
- 5) Construction drawings shall be submitted for BWS review and approval, and the construction schedule should be coordinated with BWS to minimize impacts to the water system.
- 6) Water conservation measures are recommended whenever possible. These include utilization of nonpotable water for irrigation using rain catchment; drought tolerant plants; xeriscape landscaping; efficient irrigation systems, such as a drip system and moisture sensors; and the use of Water Sense labeled ultra-low flow water fixtures and toilets.
- 7) Once water service is available, the prospective tenants shall be required to pay the Water System Facilities Charge for resource development, transmission and daily storage.
- 8) All costs for any water system improvements shall be the sole responsibility of the prospective tenants.

If there are any questions, please contact Scotty Sugiyama of our Land Division at 748-5914.

Very truly yours,


ERNEST V.W. LAU, P.E.
Manager and Chief Engineer

Enclosure