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GOVERNOR



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

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IN REPLY REFER TO:

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

OAHU

REQUEST APPROVAL TO ISSUE FOUR (4) MONTH-TO-MONTH PERMITS AND ISSUANCE OF A LEASE BY DIRECT NEGOTIATION TO HPBS INC., FOR AN OFFICE, PILOTS AREA, SUBSURFACE SEWER EASEMENT, AND STORAGE SPACE, SITUATED AT PIER 19, HONOLULU HARBOR, ISLAND OF OAHU, TAX MAP KEY NO. (1) 1-5-039:007 (P) AND (1) 1-5-039:064 (P), GOVERNORS EXECUTIVE ORDER NO. 2903

LEGAL REFERENCE:

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

APPLICANT:

HPBS Inc., (“Applicant”) is a domestic profit corporation whose business registration and mailing address is P.O. Box 721, Honolulu, Hawaii 96808.

CHARACTER OF USE:

For office space, pilots area, subsurface sewer easement, and storage space to support their pilotage support service business.

LOCATION:

Portion of governmental lands at Pier 19, Honolulu Harbor, Island of Oahu, Tax Map Key Nos. (1) 1-5-039:007 (P) and (1) 1-5-039:064 (P), as shown on the attached map labeled Exhibit A.

ITEM M-14

AREA: See attached Exhibits A and B

AREA	DESCRIPTION	TYPE	SQ. FT.	RATE PER SQ. FT.	MONTHLY RENTAL CHARGE	SECURITY DEPOSIT
1	Subsurface sewer easement	Improved Land-paved	168	\$0.80	\$ 134.40	\$ 268.80
2	Office for pilots and support staff	Improved Land-paved	1,400	\$0.80	\$1,120.00	\$2,240.00
2a	Electricity	Electricity			\$ 757.35	\$1,514.70
3	Area for Pilot Quarters	Improved Land-paved	1,125	\$0.80	\$ 900.00	\$1,800.00
4	Storage Space	Improved Land-paved	1,008	\$0.80	\$ 806.40	\$1,612.80
					\$3,718.15	\$7,436.30
					Total Monthly Rental	Total Security Deposit

Lease area by direct negotiation involves area shown in Exhibit C.

CONSIDERATION:

Determined by appraisal as of January 1, 2021 for revocable permits in Honolulu Harbor, Island of Oahu.

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 permit that occupies a portion of Pier 19 situated at Honolulu Harbor, island of Oahu, for office space, a subsurface sewer easement, and a boat house. The State of Hawaii, 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. DOT Harbors is updating the Applicant’s permit with current appraised rates and updated permit terms (as applicable).

LAND TITLE STATUS:

Acquired by DOT Harbors, through eminent domain proceedings land acquired 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 has been providing essential piloting services for the majority of vessels entering and exiting Hawaii’s commercial harbors. This essential service has been provided exclusively by the Applicant since 1979. Piloting services into the commercial harbors are required for most cruise ships, tankers, car carriers, bulk carriers, and container ships. Pilots meet vessels about two (2) miles offshore to safely pilot them entering and exiting of the busy commercial harbors.

Currently, the Applicant has an existing month-to-month permit for office space, a subsurface sewer easement, and a boat house. The DOT Harbors has been reviewing all month-to-month permits to ensure compliance and applicability to Section 171-55, HRS.

Therefore, the DOT Harbors is in the process of renewing all current revocable permits to accurately describe land usage, designated permit locations, as well as updating monthly rental charges to appraised fair market value. The existing month-to-month permit was issued in November 1993 and rent is currently ONE THOUSAND FOUR HUNDRED FIFTY AND 35/100 DOLLARS (\$1,450.35) per month. This submittal will update and renew the month-to-month permit, to ensure compliance with Chapter 171, HRS.

Maritime Operations - The Applicant provides essential piloting services, entering and exiting of Hawaii's commercial harbors. The captains that pilot these vessels go through extensive training, knows the entering and exiting of each harbor, and minimize the risk of potential accidents that could be caused due to weather conditions, ocean currents, topography of the ocean floor, and lack of knowledge about the harbors.

Encourages Competition - There is no competition for the Applicant as they are the only provider of this piloting service but having their service available does encourage competition within the maritime industry and allows the commercial harbors to operate safely and efficiently. The Applicants pilot many different types of ships (cruise ships, tanker ships, container ships, etc.) from many different companies which encourages competition within those maritime industries.

This essential service provided by the Applicant keeps the vital flow of goods entering and exiting of all commercial ports in Hawaii efficient and operational. In general, Hawaii does not have many warehouses with excess products due to the high cost of storage which means most goods arrive on a "just in time" schedule. Any delay in shipping could result in lack of products for consumers and disruptions in the supply chain. The essential service that the Applicant provides, helps to minimize any potential delays and expedites the goods entering and exiting of Hawaii's commercial harbors.

RECOMMENDATION:

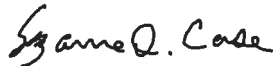
That the Board authorize the DOT Harbors to issue the Applicant four (4) month-to-month revocable permits and authorize the Director to negotiate a thirty-five (35)-year lease with the Applicant for the above-stated purposes, subject to the terms and conditions outlined above and incorporated herein 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,



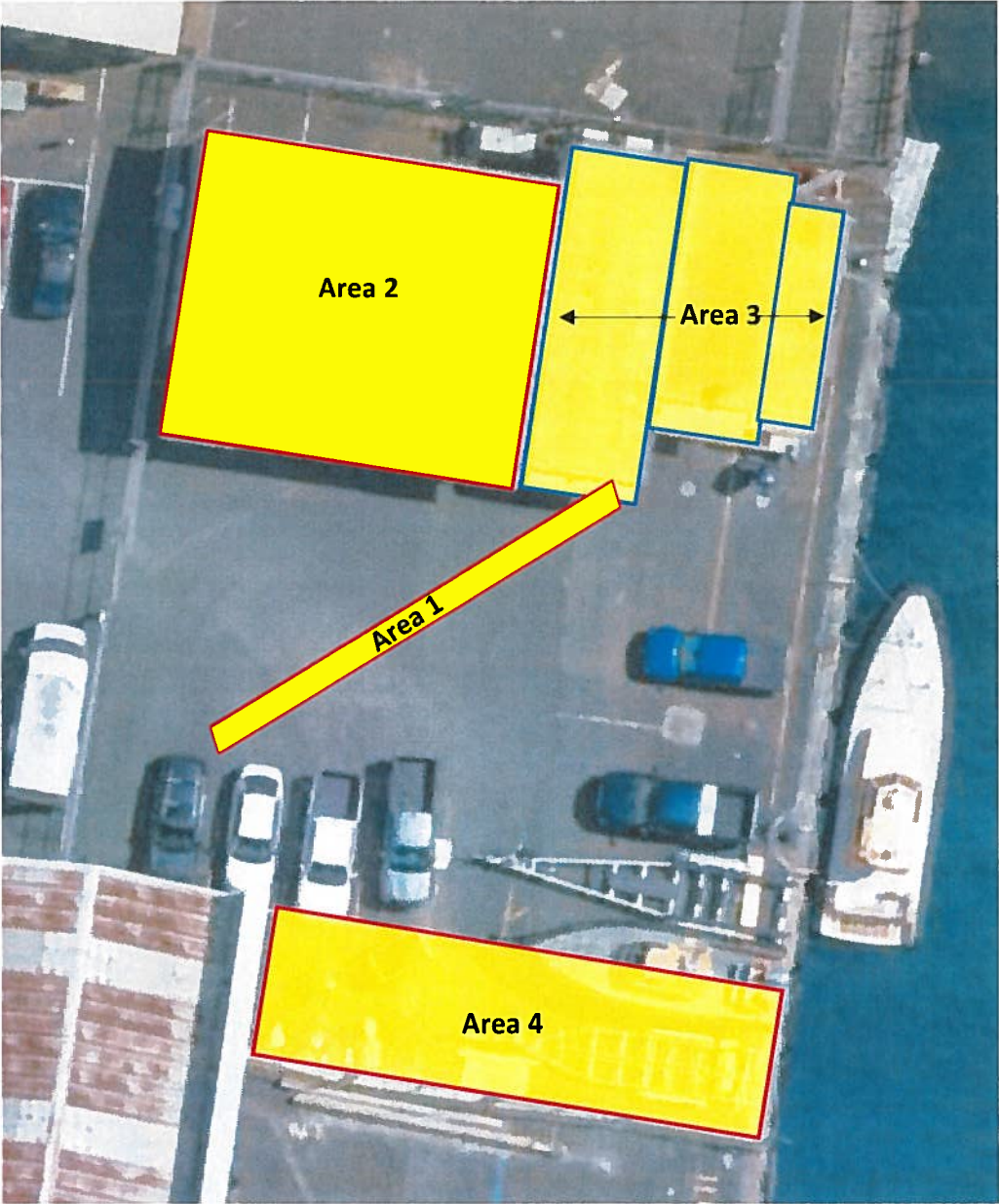
JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



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

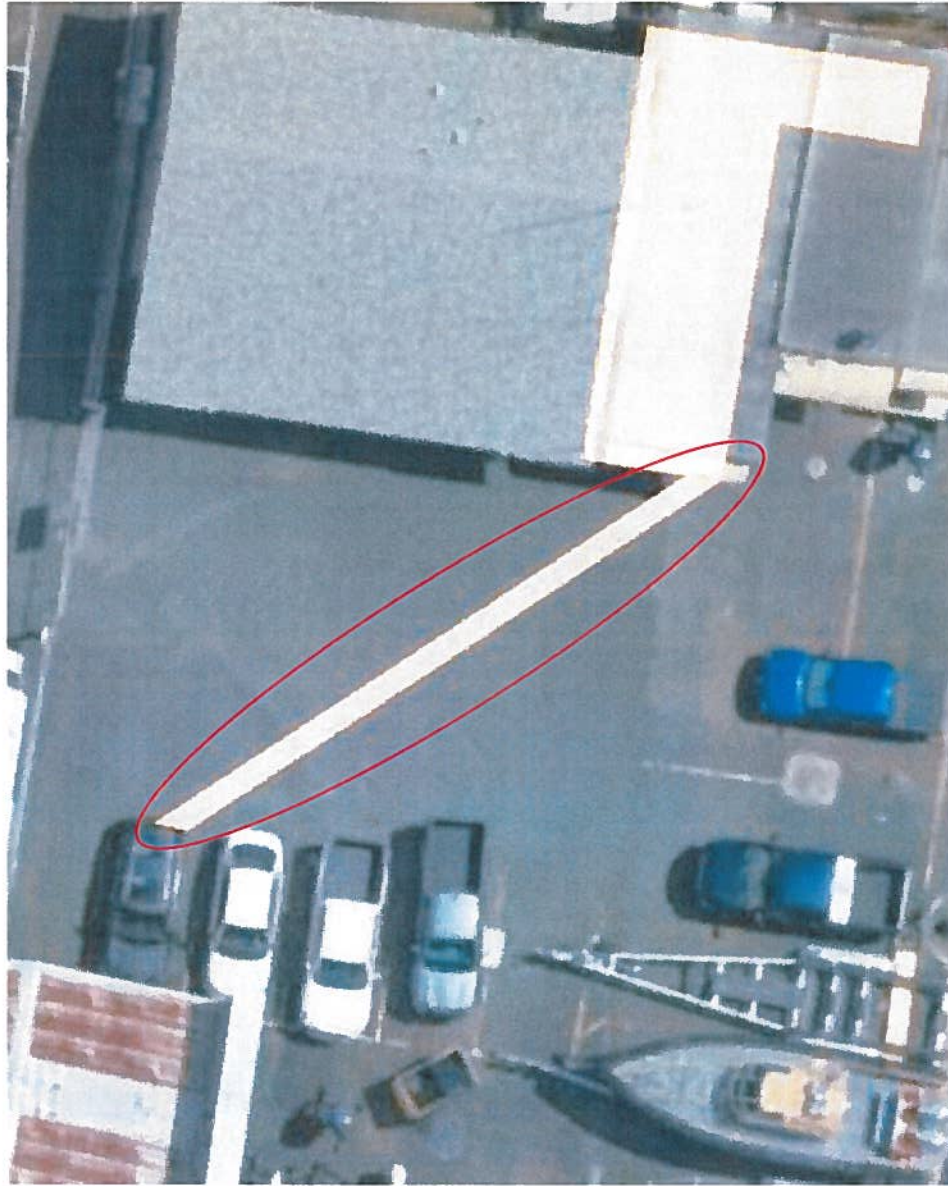
Atts.: Exhibits A, B, and C



- Area 1: Subsurface sewer easement
- Area 2: Office for pilots and support staff
- Area 3: Pilot quarters
- Area 4: Storage Space

Pier 19, Honolulu Harbor, Island of Oahu

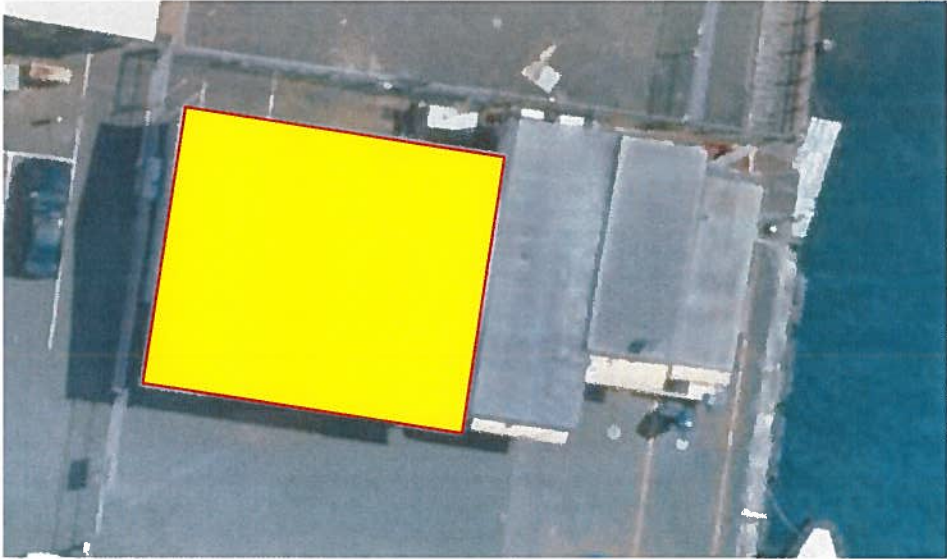
Area 1 – Subsurface sewer easement



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
1	Subsurface sewer easement	Improved Land-paved	3'	56'	168

Pier 19, Honolulu Harbor, Island of Oahu

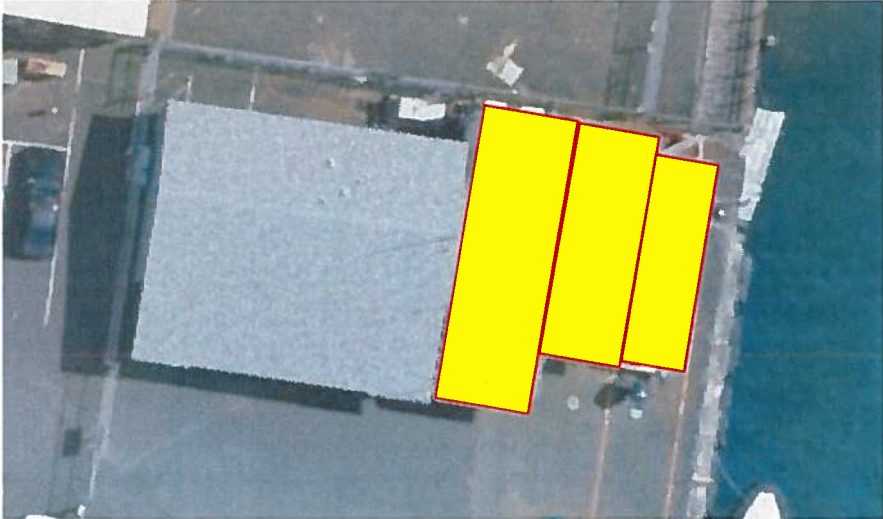
Area 2 – Office for pilots and support staff



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
2	Office for pilots and support staff	Improved Land-paved	35'	40'	1,400



Area 3 – Area for Pilot quarters



AREA	DESCRIPTION	TYPE	DIMENSIONS	SQ. FT.
3	Area for Pilot quarters	Improved Land-paved	(41' x 13' = 533) (32' x 11' = 352) (30' x 8' = 240)	1,125



Area 4 – Storage space



AREA	DESCRIPTION	TYPE	DIMENSIONS		SQ. FT.
4	Storage space	Improved Land-paved	18'	56'	1,008



