

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
DIRECTOR

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

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawai'i
Honolulu, Hawai'i

AMENDMENT NO. 2 TO HELIPORT LEASE NO. DOT-A-14-0009
REQUEST TO EXTEND THE LEASE TERM AND TO ADD A HELIPAD WITH
ADJACENT LAND FOR COMMERCIAL HELICOPTER OPERATIONS
ISLAND HELICOPTERS KAUAI, INC.
LĪHU'E AIRPORT
TAX MAP KEY: (4) 3-5-001: PORTION OF 148

KAUAI

REQUEST:

Island Helicopters Kauai, Inc. (IHK) was issued a lease for the development, construction, operation, use and maintenance of a Helicopter Facility containing three helipads for commercial helicopter operations, Heliport Lease No. DOT-A-14-0009 (Lease), at Līhu'e Airport (Airport). IHK is requesting to amend the Lease to add a helipad with adjacent land.

The Lease required IHK to invest \$150,000.00 for the construction of leasehold improvements. However, IHK invested approximately \$943,800.00 and is requesting to amend their Lease term from 15 to 35 years to amortize the cost of those improvements.

APPLICANT:

Island Helicopters Kauai, Inc., a Hawai'i company, authorized to do business in the State of Hawai'i, whose business and post office address is P. O. Box 831, Līhu'e, Hawai'i 96740.

LEGAL REFERENCE:

Section 171-59 (b), Hawai'i Revised Statutes (HRS), as amended.

LOCATION:

Portion of the Airport, Līhu'e, Island of Kaua'i, State of Hawai'i, identified by Tax Map Key: 4th Division, 3-5-001: Portion of 148.

ITEM M-4

BLNR – AMENDMENT NO. 2 TO HELIPORT LEASE NO. DOT-A-14-0009, REQUEST TO EXTEND THE LEASE TERM AND TO ADD A HELIPAD WITH ADJACENT LAND FOR HELICOPTER TOUR OPERATIONS, ISLAND HELICOPTERS KAUAI, INC.

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AREA:

Additional Premises:

Area/Space No. 011-102E, containing an area of approximately 700 square feet,
Area/Space No. 011-102F, containing an area of approximately 700 square feet,
Area/Space No. 011-102H, containing an area of approximately 8,439 square feet,
Area/Space No. 011-102K, containing an area of approximately 1,600 square feet,
as shown and delineated on the attached map labeled Exhibit “A”.

ZONING:

State Land Use District: Urban
County of Kaua’i: Industrial General/Special Treatment-Public Use (IG/ST-P)

LAND TITLE STATUS:

Section 5(a) lands of the Hawai’i Admission Act: Non-Ceded
DHHL 30% entitlement lands pursuant to Hawai’i Admission Act YES_ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor’s Executive Order No. 4614, dated October 28, 2019, setting aside 883.583 acres designated as the Airport to be under the control and management of the State of Hawai’i, Department of Transportation for Airport Purposes.

CHARACTER OF USE:

IHK will use the additional helipad space and adjacent land as part of their commercial helicopter operations.

TERM OF LEASE:

Original Term: Fifteen (15) years (01/01/2015 - 12/31/2029)
Amended Term: Thirty-five (35) years (01/01/2015 - 12/31/2049)

COMMENCEMENT DATE:

Upon execution of Amendment No. 2 to the Lease.

LEASE RENTAL:

Current Lease Rental:

Lease years 1 - 5: \$62,109.84 per annum
Lease years 6 - 10: \$71,426.32 per annum
Lease years 11 - 15: \$82,140.27 per annum

Amended Lease Rental:

Lease years 1-5:	\$31,054.92 per annum (based on a 50% general aviation discount per Section 261-7 (g), HRS). Since the first five years of the Lease has lapsed, IHK will receive a credit to reflect the amended lease rental amount for Lease years 1-5.
Lease years 6-10:	115% the annual rent for year 5 of the Lease term (Note: Lease years 6-10 will have 2 rates due to the addition of the helipad space. The date will be determined based on the effective date of Amendment No. 2).
Lease years 11-15:	115% and the annual rent for year 10 of the Lease term.
Lease years 16-20:	Reopening at fair market rent determined by an independent appraiser.
Lease years 21-25:	115% the annual rent for year 20 of the Lease term.
Lease years 26-30:	115% the annual rent for year 25 of the Lease term.
Lease years 31-35:	Reopening at fair market rent determined by an independent appraiser.

MINIMUM INVESTMENT OF IMPROVEMENTS:

IHK has invested the sum of approximately \$943,800.00 to develop and construct a Facility to use for their Commercial Helicopter Operations.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u> X </u>	NO <u> </u>
Registered business name confirmed:	YES <u> X </u>	NO <u> </u>
Good standing confirmed:	YES <u> X </u>	NO <u> </u>

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The State of Hawai'i, Department of Transportation, Airports Division (DOTA), has determined that the subject land areas are covered by the Final Environmental Assessment (EA)/Finding of No Significant Impact (FONSI), Līhu'e Airport Heliport Improvements dated October 2002, published by the Office of Environmental Quality Control (OEQC) in the November 8, 2002, issue of The Environmental Notice. Accordingly, all relevant mitigation from the EA and best management practices will be implemented to address the minimum impacts of this action.

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REMARKS:

IHK has provided helicopter tours from various locations on the Airport for over 40 years. Since 1992, helicopter operators conducted their helicopter tour operations from an area previously referred to as the “Interim Heliport”. The Interim Heliport consisted of helipad spaces only, and did not allow for ticket offices, holding areas, or other support facilities. IHK operated tours from the Interim Heliport and maintained office facilities at various locations of the Airport throughout the years under Revocable Permits.

In 2005, DOTA committed to the development of the current heliport that would accommodate helipads and support facilities.

In 2009, the construction of the new Heliport was completed, and leases were offered to the existing operators at the Interim Heliport.

On October 30, 2013, IHK was issued a Revocable Permit to operate from Helipads 1, 2, and 3 of the new Heliport.

DOTA’s Departmental Staff Manual, Part 8, Chapter 2.06.2.2 (Conversion to Lease), states in part, “Each division shall annually review its inventory of revocable permits with the purpose of converting them to leases, especially where competition for space exists or could exist.”

Consequently, the Revocable Permit was converted to a 15-year lease under State Lease No. DOT-A-14-0009 (January 1, 2015 – December 31, 2029).

On April 2, 2014, IHK submitted construction plans for their heliport complex (overall site plans, pages 1-2 attached as Exhibit B).

On August 26, 2015, IHK received approval to construct leasehold improvements from the Planning Commission, County of Kaua’i, State of Hawai’i (attached as Exhibit C).

In 2016, IHK submitted a final itemized report of construction costs to DOTA for the new heliport complex, in the amount of \$943,800.00. A photo of the completed leasehold improvements is attached as Exhibit D.

The original Lease required IHK to invest a minimum of \$150,000 for the construction of leasehold improvements. IHK invested approximately \$943,800.00, and is requesting to amend the Lease term from 15 to 35 years to amortize the cost of improvements.

In addition, IHK has requested that DOTA add a helipad with adjacent land to the Lease.

DOTA has reviewed IHK’s request and has no objections.

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RECOMMENDATION:

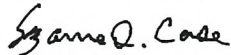
That the Board approves Amendment No. 2 to the Lease to amend the Lease term, and to add a helipad with adjacent land, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the lease form and content.

Respectfully submitted,

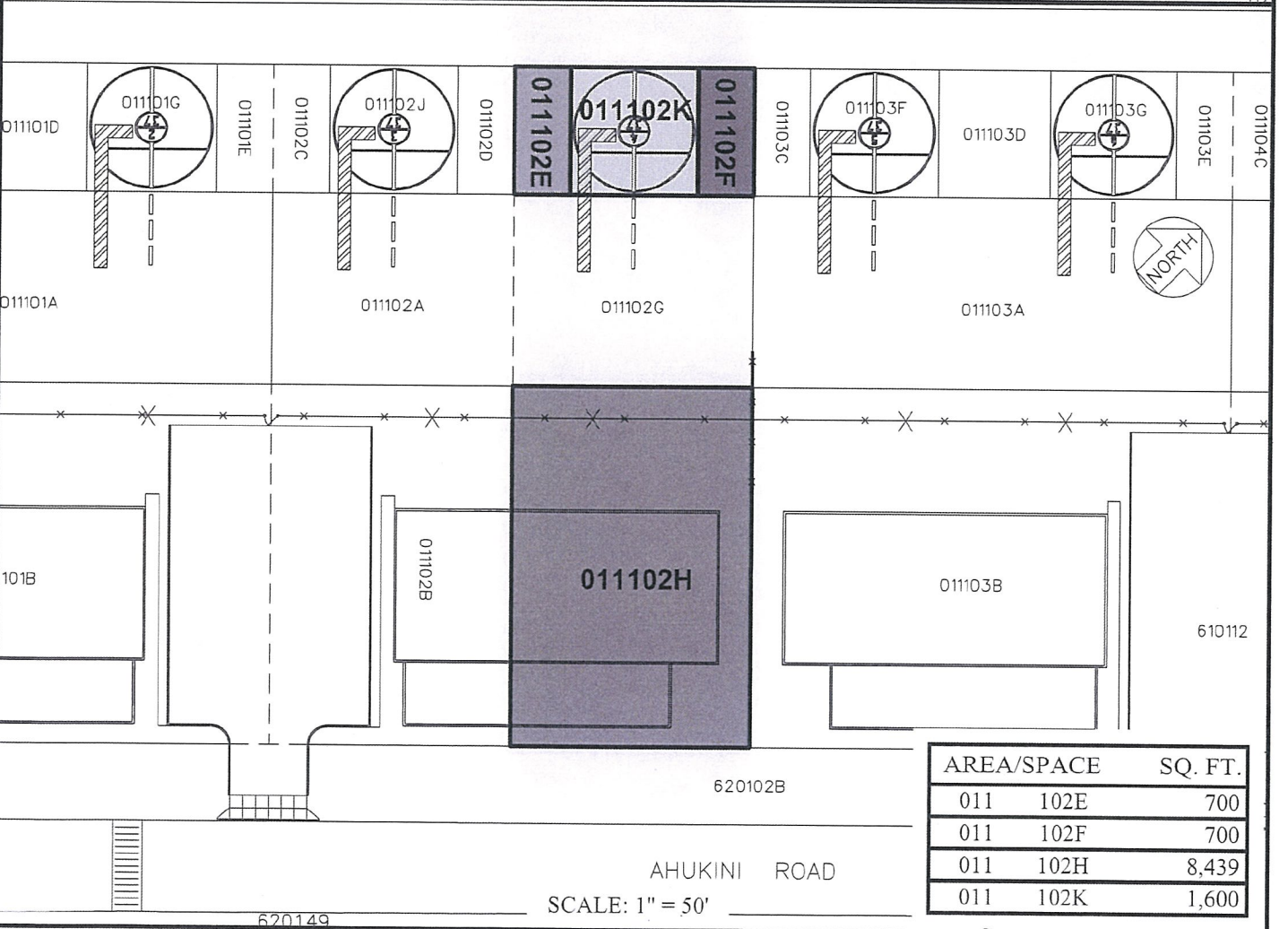
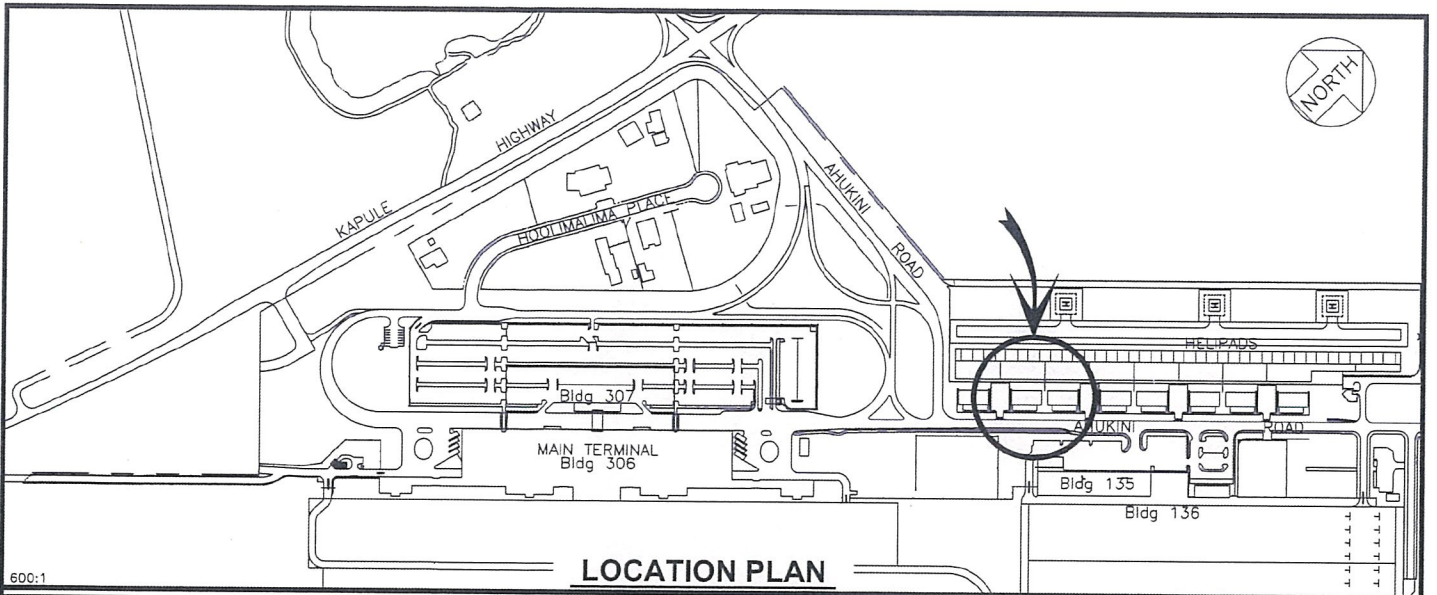


JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



AMENDMENT NO. 2 TO STATE LEASE NO. DOT-A-14-0009 DATE : JUNE 2021

EXHIBIT: **A**



ISLAND HELICOPTERS
KAUAI, INC.

LOTS

011102E, F
011102H, K
PLATS A1, 35

LIHUE AIRPORT

N:\AIRPORTS\LIH_Lihue\CAD\PM\lh_011102E--01.dwg

ISLAND HELICOPTERS KAUAI, INC. AT LIHUE AIRPORT HELIPORT COMPLEX

STATE LEASE NO. DOT-A-14-0009
HELIPORT LOTS, AHUKINI ROAD
LIHUE KAUAI, HAWAII 96766
TMK: (4) 3-5-00: 148

Civilly approved

This work was prepared by or under the supervision of a professional engineer or architect and shall be under their seal for use in accordance with the provisions of the laws of the State of Hawaii.

AGOR ARCHITECTS, LLC
ARCHITECTURE & PLANNING & ENGINEERING
405 E. Kalia Road, Suite 207 Honolulu, HI 96815
808.247.0474 Fax: 808.932.4424
LIC. NO. 25026

HAWAIIAN ARCHITECTS ASSOCIATION
REGISTERED ARCHITECT
R. A. G. C. L. C.
R. A. G. C. L. C.
R. A. G. C. L. C.

Design By: R.A.G.C.L.C.
Drawn By: R.A.G.C.L.C.
Checked By: R.A.G.C.L.C.
Date: 12/01/14
Sheet No: 001
of 001

DRAWING CONTENTS:

001	TITLE - SITE PLAN
SP-1	SITE PLAN
C-1-1	GRADING-DRAINAGE PLAN
A-1	FLOOR PLAN
A-2	DOOR-WINDOW SCHEDULE
A-3	INTERIOR ELEVATIONS
A-4	EXTERIOR ELEVATIONS
A-5	BUILDING SECTION
A-6	ADA FIXTURE SCHEDULE
S-1	FOUNDATION PLAN
S-2	ROOF FRAMING PLAN
S-1.3	DETAILS
S-1.4	DETAILS
F-1	PLUMBING PLAN
E-1	ELECTRICAL PLAN

CITY AND COUNTY OF HONOLULU
REVISED ORDINANCE CHAPTER 32,
HONOLULU COUNTY CODE 1990, AS AMENDED

To the best of my knowledge, this project's design substantially conforms to the Building Energy Conservation Code for:

X. Building Component System
Electrical Component System
Mechanical Component System

ZONING DATA:

Occupancy Group: B (less than 50 par.)
State Land Use: Urban
County: Industrial (IG-5TP)
Proposed Use: Offices
Land Area (Leased): 47,806 SF
Building Area: 2,433 SF
Lot Coverage: 17,764 SF = 37%

ABBREVIATIONS:

AC	ASPHALT CONCRETE	ANT	JOINT
ARCH	ARCHITECTURAL	JST	JOIST
BD	BOARD	KD	KILN DRIED
BD 4 BATT	BOARD AND BATTEN	KIT	KITCHEN
BRM	BRICK	KO	KNOCK OUT
BF	BOTTOM OF FOOTING	LAV	LAVATORY
BG	BOTTOM GRADE	LF	LINEAL FEET
BM	BEAM	MET	METAL
BW	BUILDING	OC	ON CENTER
BLC	BLOCK	PH	PAPER HOLDER
BOB	BOTTOM OF WALL	R	RADIUS
BRG	BROG	RF	ROOF
BTN	BUTTING	SC	SCALE
BS	BOTH SIDES	SCRN	SCREEN
CLG	CEILING	SHUR	SHOWER
CONG	CONCRETE MASONRY UNIT	SIP	SHELF / POLE
CONT	CONTROLS	STL	STEEL
CJ	CONTROL JOINT	TB	TUBULE BAR
CTR	COUNTER	TGB	TOP OF BANK
CW	COLD WATER	TG	TOP GRADE
DBL	DOUBLE	TCF	TOP OF FOOTING
DELE	DELETED	TOW	TOP OF WALL
DM	DIVISION	UNDR	UNDER
DR	DOOR	VERT	VERTICAL
DISP	DISPOSAL	V.O.A.	VENT TO OUTSIDE AIR
DJ	DISH-WASHER	WID	WASHER/DRYER
EA	EACH	WASH	WASHER
EJ	EACH SIDE		
EW	EACH WAY		
EX	EXTERIOR		
FF	FINISH FLOOR		
FLR	FLOOR		
FTG	FOOTING		
GLB	GLUED LAMINATED BEAM		
GLB	GLUED LAMINATED BEAM		
GYP BD	GYP BOARD		
HDR	HEADER		
HDR	HARDWARE		
HCRZ	HORIZONTAL		
HU	HOT WATER		
INT	INTERIOR		
INSUL	INSULATION		

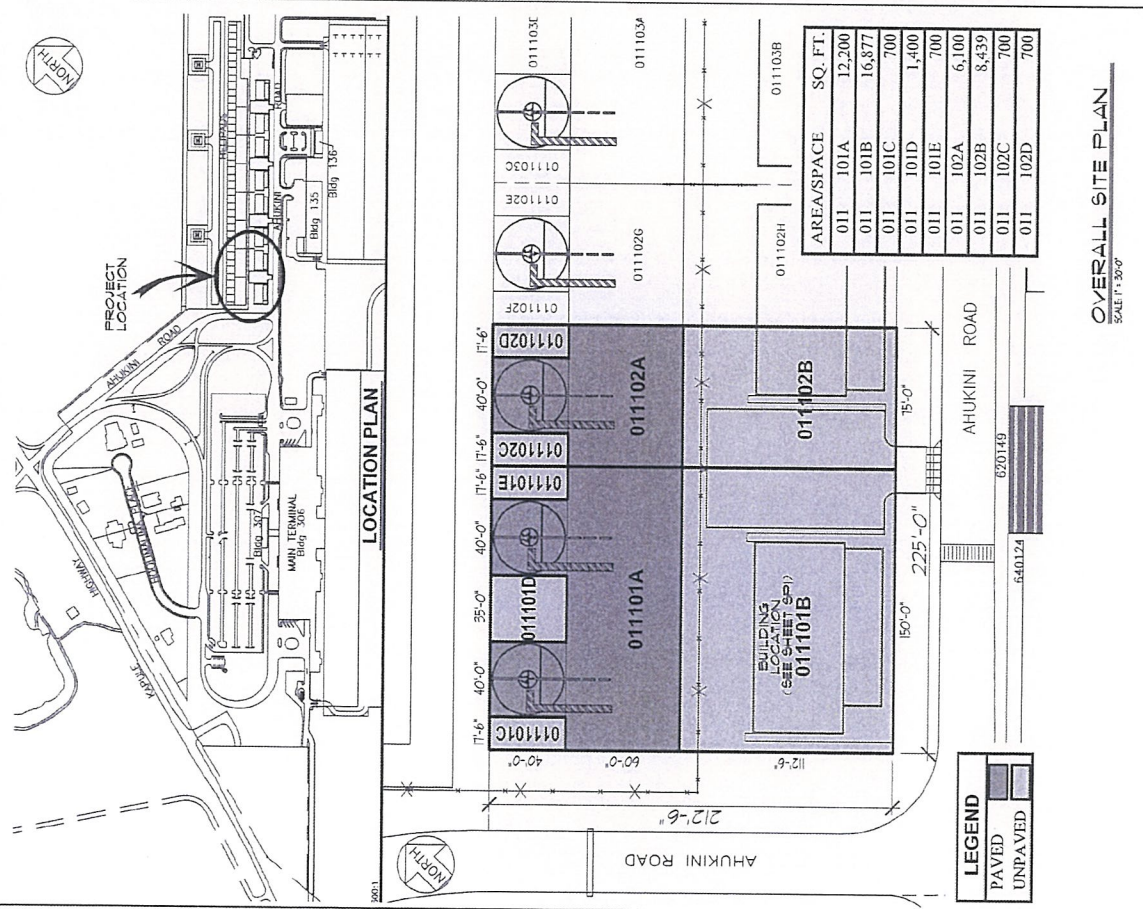
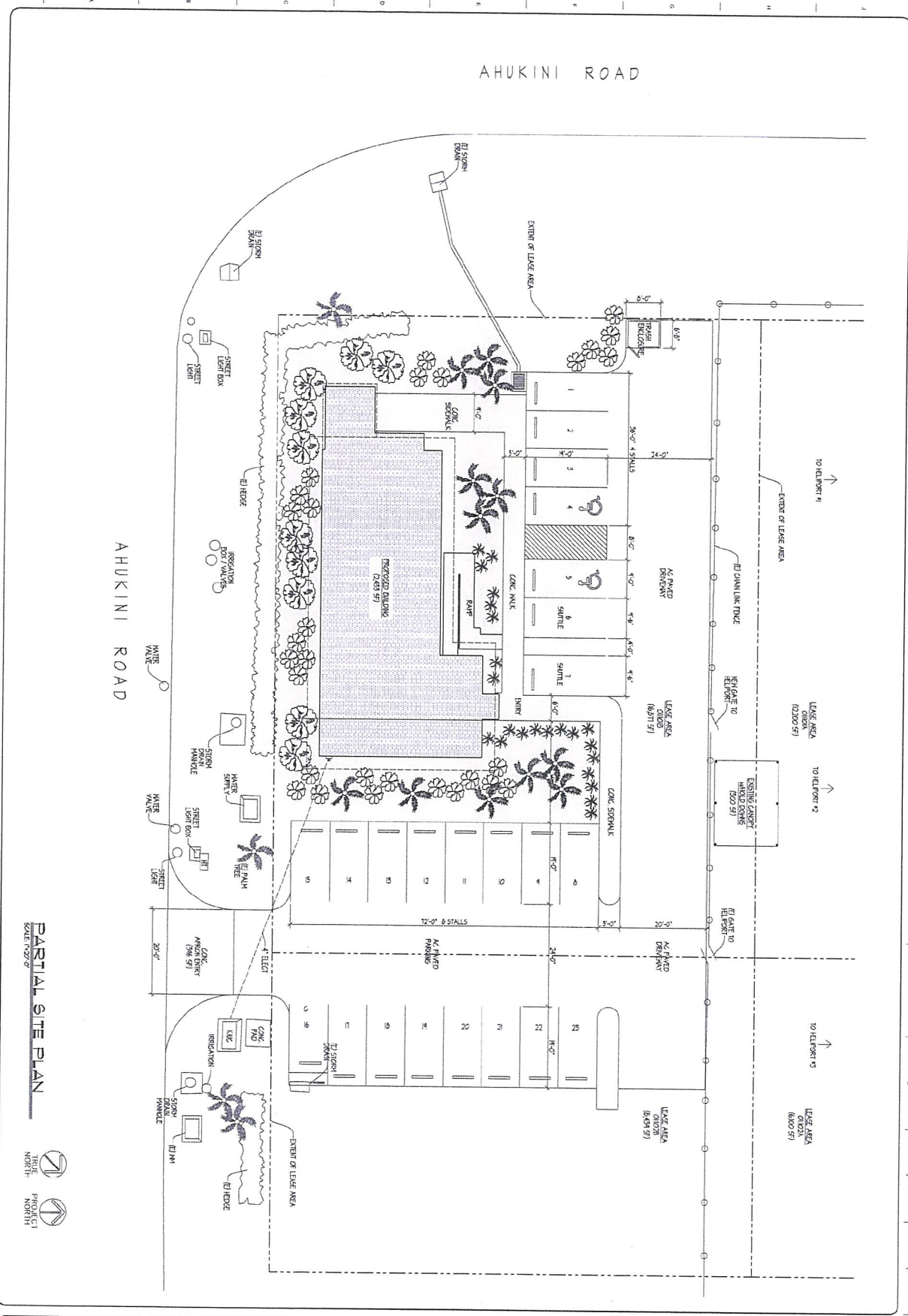
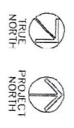


EXHIBIT B



PARTIAL SITE PLAN



Scale: 1/8" = 1'-0"	Sheet No. SP-1
Drawn By: [Name]	Checked By: [Name]
Date: 7/20/14	Project No. 14-0014
Client: [Name]	Project: [Name]

A NEW BUILDING for:
ISLAND HELICOPTERS KAUAI, INC
11 PORT LOTS, AHUKINI ROAD
KAUAI (433-5001) 1B

AGOR ARCHITECTS, LLC
 ARCHITECTURE • PLANNING • ENGINEERING
 440 Ewa Road, Suite 207, Honolulu, HI 96815
 4355 Palani St, Lihua, HI 96766
 808.947.2467 (Hon.) 808.832.2467 (Kauai)

This work was prepared by the Architect or Engineer or other duly licensed professional person and is not to be used for any other purpose without the written consent of the Architect or Engineer or other duly licensed professional person.

Consent Approved

Angela Anderson
Chair

Sean Mahoney
Vice-Chair

Louis Abrams
Wayne Katayama
Kimo Keawe
Amy Mendonca
Members



PLANNING COMMISSION
County of Kaua'i, State of Hawai'i
4444 Rice Street
Kapule Building, Suite A-473
Lihu'e, Hawai'i 96766-1326
TEL (808) 241-4050 FAX (808) 241-6699

Michael A. Dahilig
Clerk of the Commission

REQ: 16 parking
spaces
+ HANDICAP.

AUG 26 2015

ISLAND HELICOPTERS KAUA'I, INC.
c/o Walton D. Y. Hong, Esq., Authorized Agent
3135 Akahi Street, Suite A
Lihu'e, Hawai'i 96766

Subject: Class IV Zoning Permit Z-IV-2015-45
Use Permit U-2015-44
Tax Map Key: (4) 3-5-001:0148 (Portion)
Lihu'e, Kaua'i
ISLAND HELICOPTERS KAUA'I, INC., Applicant

Dear Mr. Hong,

This letter memorializes the action taken by the Kaua'i Planning Commission effective August 25, 2015 concerning approval of the above subject permits. The approval, per your consent, is subject to the following conditions:

1. The administration building and associated improvements shall be constructed and operated as represented. Any changes to the operation and/or the respective structures shall be reviewed by the Department to determine whether Planning Commission review and approval is required.
2. In accordance with Section 11A-2.2(a) of the KCC, the applicant shall submit to the Planning Department Environmental Impact Assessment (EIA) fees for the project. The E.I.A. fee for the subject proposal is assessed at one hundred dollars (\$100) per the minimum number of parking stalls required by the Comprehensive Zoning Ordinance (CZO). The minimum number of off-street parking stalls serving the proposed administration building is sixteen (16); therefore, prior to operation the applicant shall submit to the Planning Department an EIA fee \$1,600.00.

An Equal Opportunity Employer

EXHIBIT C



EXHIBIT D