

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

December 10, 2021

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

Land Board Members:

SUBJECT: Authorize a Ten-Year Extension of Boating Lease No. LK-19-001 to Kauai Sailing Association, Nawiliwili Small Boat Harbor, Nawiliwili, Island of Kauai, Hawaii; Tax Map Key: (4) 3-2-003:043 (Portion)

APPLICANT AND REQUEST:

Kauai Sailing Association, a domestic nonprofit corporation, is requesting a ten-year extension of Boating Lease No. LK-19-001, commencing on April 1, 2025, and ending on March 31, 2035.

LEGAL REFERENCE:

Hawaii Revised Statutes (HRS) § 171-36(b)(3) and -43.1, as amended.

LOCATION:

Portion of Government lands situated at Nawiliwili Small Boat Harbor ("NSBH"), Nawiliwili, Lihue, Kauai, Hawaii, identified by Tax Map Key: (4) 3-2-003:043 (Portion) as shown on the attached maps labeled **EXHIBITS A-1 thru A-3**.

AREA:

Approximate area of 8,695 square feet, more or less

ZONING:

State Land Use District: Urban
County of Hawaii: CZO: General Industrial

ITEM J-3

TRUST LAND STATUS:

Section 5(b) lands of the Hawai'i Admission Act YES
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: NO

CURRENT USE STATUS:

Governor's Executive Order No. 3134, for 7.934 acres, under the control and management of the Department of Land and Natural Resources, Division of Boating and Ocean Recreation ("DOBOR") for NSBH.

CHARACTER OF USE:

The Lessee shall use or allow the premises to be used solely for educational purposes regarding sailing, marine cultural exploration, science, ecology, biology, navigation, boating safety education, and community outreach purposes.

TERM OF LEASE:

Original term of five (5) years commencing April 1, 2020, and expiring on March 31, 2025.

Requested extension of ten (10) years commencing April 1, 2025, and expiring on March 31, 2035.

ANNUAL RENT:

\$480.00 per annum (Minimum Rent Policy for New Dispositions, May 13, 2005)

RENTAL REOPENING:

Rent to be adjusted to the prevailing minimum rent.

PERFORMANCE BOND:

Twice the annual rent.

DCCA VERIFICATION:

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

APPLICANT REQUIREMENTS:

Applicant shall be required to complete the improvements listed in **Exhibit B** by December 31, 2022.

BACKGROUND:

At its meeting on May 25, 2018, under agenda item J-6, the Board authorized, as amended, the issuance of a direct lease to Kauai Sailing Association. The Character of Use was amended to include community events, and read as follows: "Kauai Sailing Association shall occupy and use the Premises for the specified purposes: educational purposes regarding sailing, marine cultural exploration, science, ecology, biology, navigation, boating safety education, and community events."

The State of Hawaii by its Board of Land and Natural Resources and Kauai Sailing Association ("KSA") are lessor and lessee, respectively, under Boating Lease LK-19-001 dated March 1, 2020, with a term of five (5) years, beginning April 1, 2020, and ending March 31, 2025.

Kauai Sailing Association attests to being very careful about using the facility only for community events, and has not allowed social events of any kind. Community events include sailing camps, pod learning (science program) for keiki from 8 AM to 2 PM, marine debris workshops, marine science field trips and marine environment impact lectures. Past workshops have been conducted by Sustainable Coastlines, Zero Waste Kauai, Malama Huleia (Huleia River and Fishpond Restoration), Na Pali Coast Ohana, Save our Shearwaters, Kauai Seabird Recovery Project, Na Kalai Wa'a o Kauai (Hawaiian Canoe Builders), United States Coast Guard, US Sailing and The Rise to Work Program, which consisted of engaging and educating the community on correct recycling techniques. The keiki hands-on science programs included workshops on plankton, invasive species and ocean chemistry. In the future, KSA is planning to do workshops on coral restoration.

REMARKS:

Kauai Sailing Association is requesting an extension of its lease to amortize the cost of substantial improvements to the demised premises that are to be self-financed. The lessee intends raise the necessary funds through donations, donations in kind, fundraising events and the use of its reserves. The lessee provided staff with contractor quotes for painting, roof and floor repairs that it received in October 2020. Due to increases in building material and labor costs, the contractors have warned KSA to expect prices to increase by approximately 25%. The estimated cost of improvements range from \$112,000 to \$145,000. See **Exhibit C** for a summary of costs and associated bids. Therefore, staff is recommending a minimum expenditure of \$112,000 as a condition of granting the extension.

If the Board authorizes the ten (10) year extension as requested, the aggregate term of this lease will be fifteen (15) years.

There are no other pertinent issues or concerns, and staff believes the lessee's request meets the conditions outlined in HRS 171-36(b)(3) for the Board to extend the term of the lease.

RECOMMENDATION:

That the Board of Land and Natural Resources:

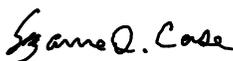
1. Authorize the extension of Boating Lease No. LK-19-001 under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current lease extension form, as may be amended from time to time;
 - b. Review and approval by the Department of the Attorney General;
 - c. The lessee shall complete its improvements costing no less than \$112,000, no later than December 31, 2022; 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 and Ocean Recreation

APPROVED FOR SUBMITTAL:



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

Attachments:

- A-1 Location on Kauai
- A-2 Location in Nawiliwili Small Boat Harbor
- A-3 Lease Area
- A-4 Leased Structure to be repaired
- B Required Improvements
- C Summary of Estimated Costs and Bid Documents

ISLAND OF KAUAI

Exhibit A-1

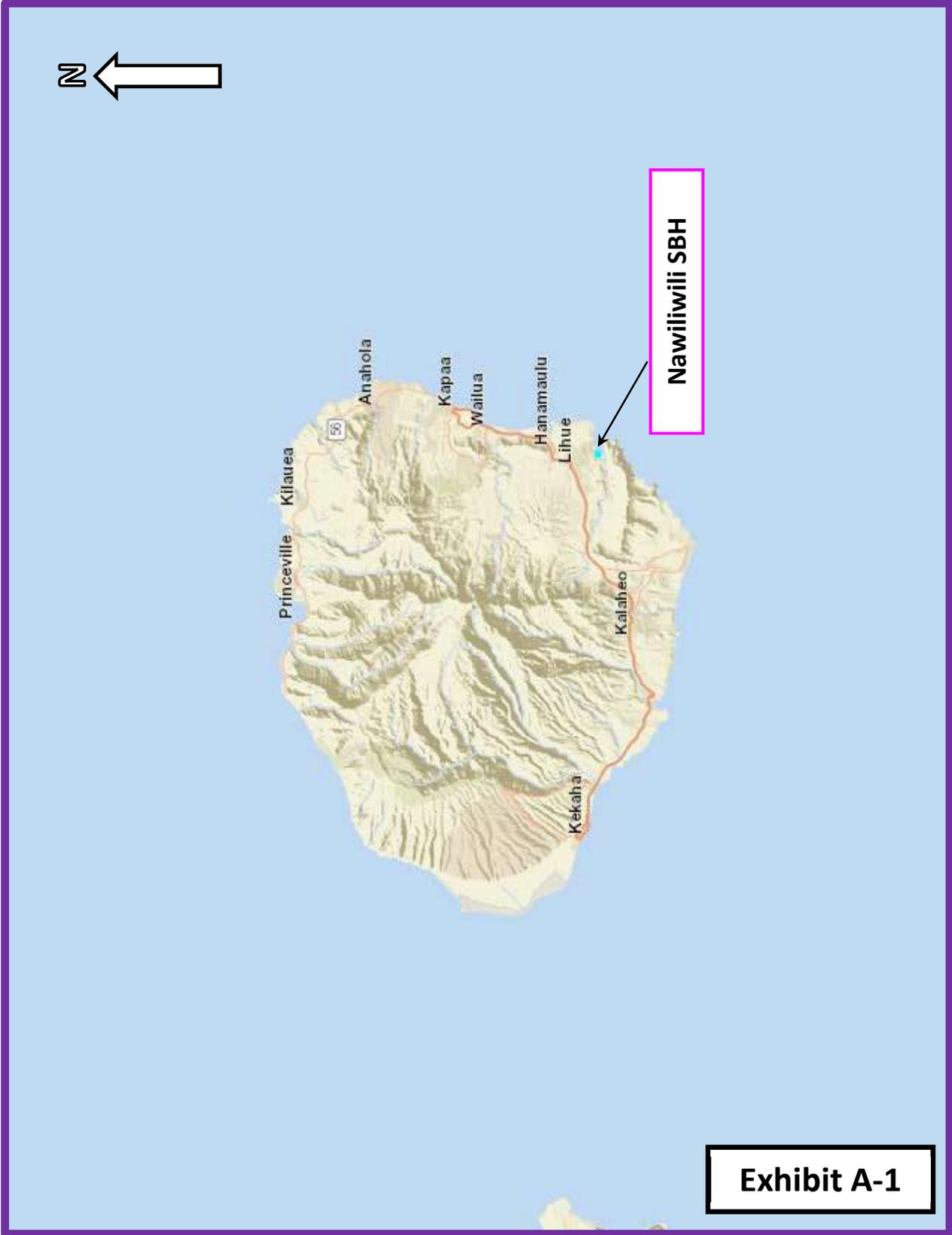


Exhibit A-1

Exhibit A-2

Nawiliwili Small Boat Harbor

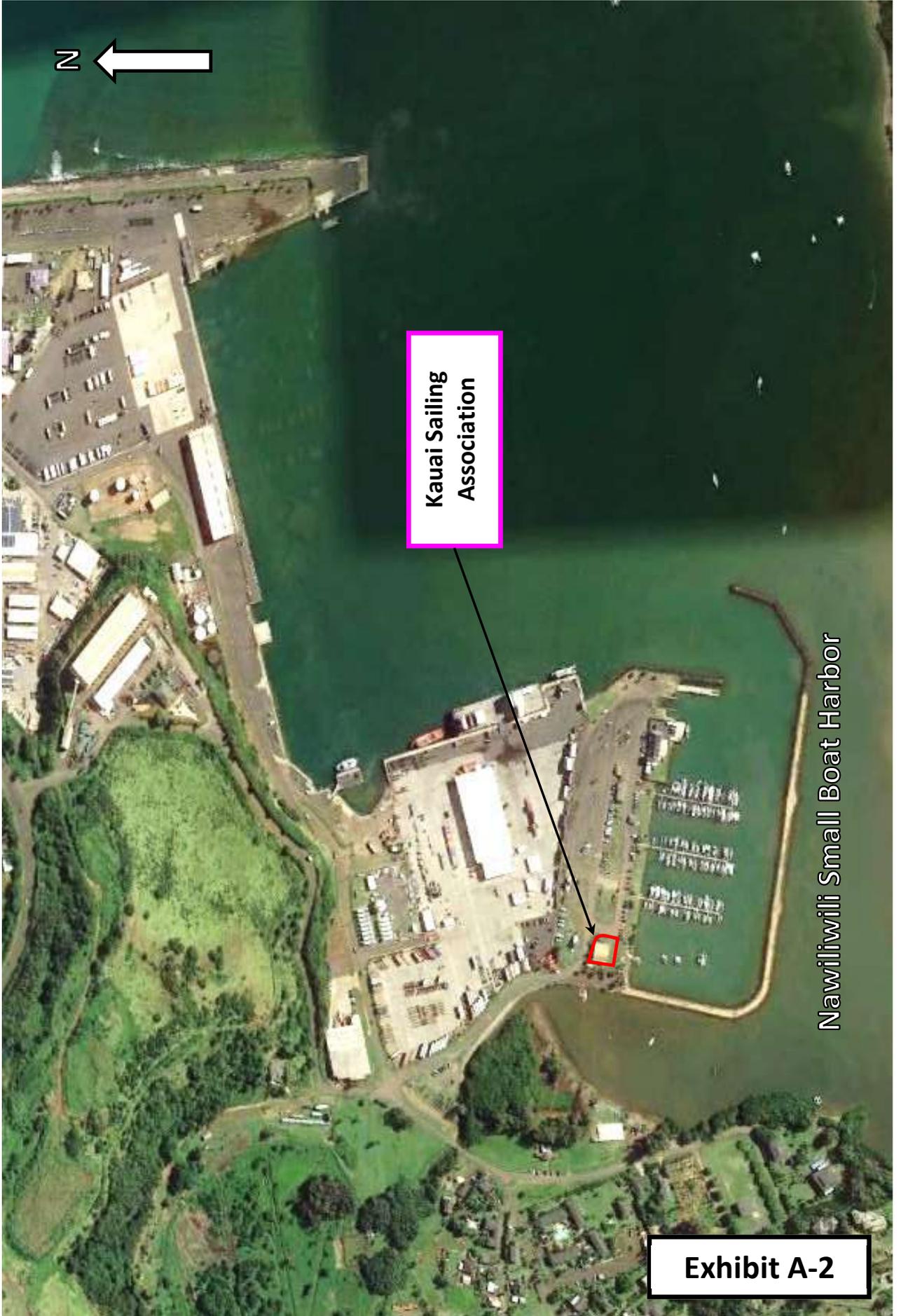
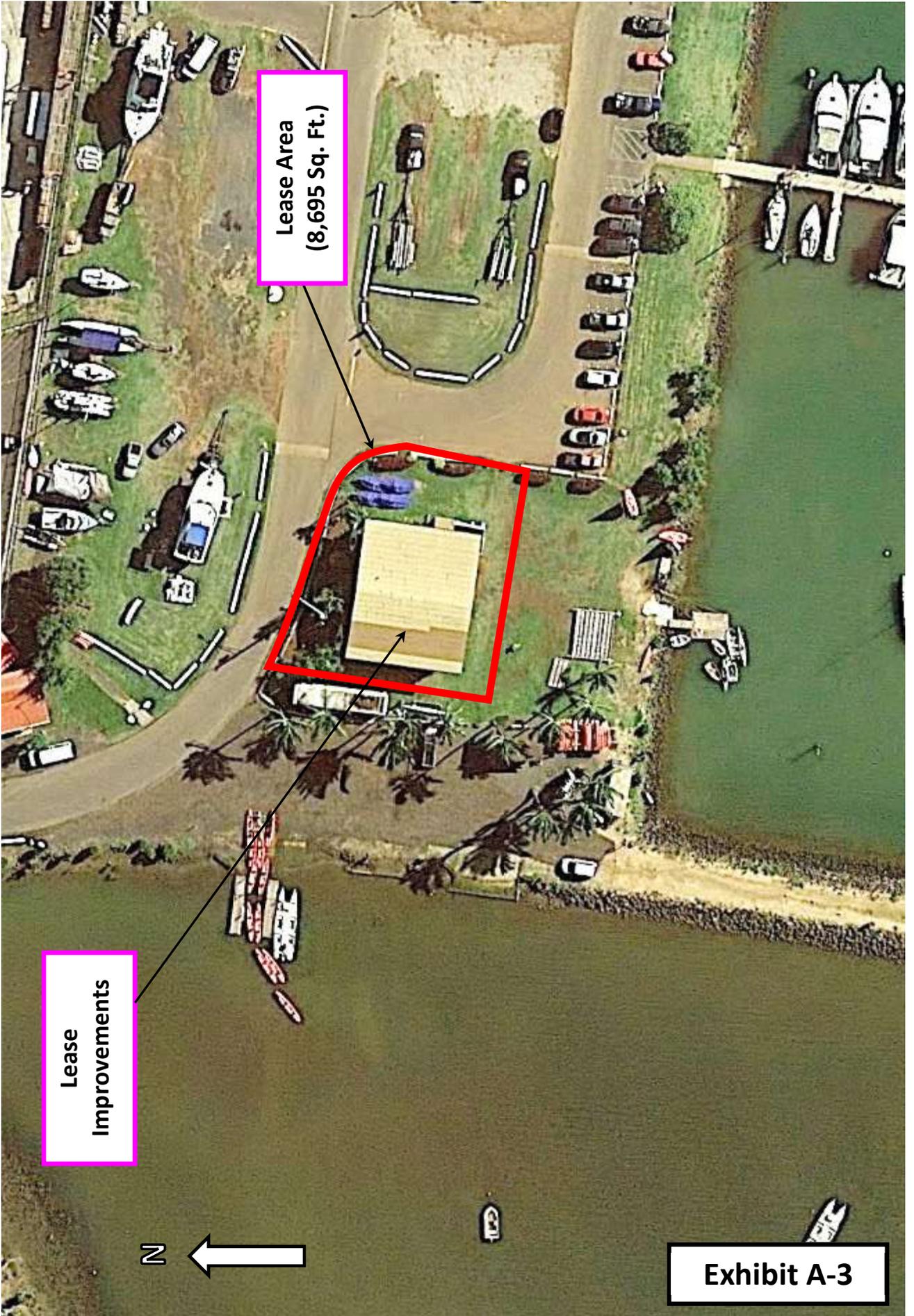


Exhibit A-2

Exhibit A-3

Kauai Sailing Association



Lease Area
(8,695 Sq. Ft.)

Lease
Improvements



Exhibit A-3

Exhibit A-4

Kauai Sailing Association

Lease Improvements



Exhibit A-4

EXHIBIT B

Renovations, Repairs & Maintenance to be Performed

- Roof:
 - Installation of new metal roof, top and bottom enclosures, rake trim and ridge cap.

- Painting:
 - Exterior raw wood areas, texture repairs as needed, walls, trim, doors and boat racks.
 - Interior raw wood areas, walls, trim, doors, beams and ceilings.

- Flooring:
 - Remove and dispose of existing flooring.
 - Repair wood sub-flooring.
 - Waterproofing wood sub-flooring.
 - Install tile or sheet vinyl flooring.

Exhibit C
Bid Summary

Renovations	Low	High
Roofing	\$22,100.00	\$22,100.00
Painting	\$25,000.00	\$29,300.00
Flooring	\$42,300.00	\$64,300.00
Total Est Costs	\$89,400.00	\$115,700.00
25% Increase	\$111,750.00	\$144,625.00

Kauai Remodeling, Inc.

Tim Strauwald
License #C34340
(808) 634-8612

October 8, 2020

Estimate for Metal roof installation

Customer:

Nawiliwili Yacht Club
Contact: Shale 808-346-6051
Kauaisailing@gmail.com

Scope of Work:

Install new PBR 4-rib metal over existing roof (color: Regal blue)
Install top and bottom enclosures
Install rake trim and ridge cap

**Work includes lower shed roof*

Materials: \$ 10,385.00
Labor: 10,700.00
GE Tax (4.712%) 993.52

TOTAL JOB COST: \$ 22,078.52

Payment Schedule:

50% Deposit Upon Contract Signing \$ 11,039.26
50% Due Upon Completion \$ 11,039.26

If you agree with the above estimate please print, sign & date below:

_____ Signature	_____ Date
_____ Printed Name & Title	_____ Date
_____ Tim Strauwald, Kaua'i Remodeling	_____ Date

Please Send Check To:

Kauai Remodeling, Inc.
5281 Ihilani Place
Kapa'a, HI 96746

Thank you for your business!

PROPOSAL

Greg's Custom Painting, Inc.
6911 Waiakea Road
Kapaa, HI 96746
(808) 635-9484 cell or (808) 635-2946 cell
Hawaii Contractor License # C-24499

October 6, 2020
Kauai Sailing Association
Shale Shore E.D.
3070 Small Boat Harbor
Lihue, HI 96766

We propose to furnish all labor, material and equipment to paint the interior of the 3070 Small Boat Harbor, Lihue, HI Building with the following specifications:

1. Prime raw wood areas.
2. Make texture repairs as needed.
3. Repaint walls, trim and doors with change of color and sheen to be determined.
4. Prime and paint beams and ceilings.
5. Paint will be Behr "Marquee" interior latex paint.
6. Paint application will be a brush and roll technique.

We propose to furnish material and labor-complete in accordance with the above specifications, for the sum of: Sixteen Thousand Five Hundred Dollars (\$ 16,500.00 plus 4.5% Hawaii Excise Tax).

A deposit of Five Thousand Five Hundred Dollars (\$5,500.00) will be needed to start the project with the balance due in full upon completion of the job. All work to be completed in a professional manner according to standard practices.

Authorized Signature _____ Laura Williams _____

Acceptance of Proposal: The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature: _____ **Date of Acceptance:** _____

PROPOSAL

Greg's Custom Painting, Inc.
6911 Waiakea Road
Kapaa, Hi 96746
(808) 635-9484 cell or (808) 635-2946 cell
Hawaii Contractor License # C-24499

October 6, 2020
Kauai Sailing Association
Shale Shore E.D.
3070 Small Boat Harbor
Lihue, HI 96766

We propose to furnish all labor, material and equipment to paint the exterior of the 3070 Small Boat Harbor, Lihue, HI Building with the following specifications:

1. Prime raw wood areas.
2. Make texture repairs as needed.
3. Repaint walls, trim and doors with change of color and sheen to be determined.
4. Prime and paint boat racks.
5. Paint will be Behr "Marquee" exterior latex paint.
6. Paint application will be a brush and roll technique.

We propose to furnish material and labor-complete in accordance with the above specifications, for the sum of: Eight Thousand Five Hundred Dollars (\$ 8,500.00 plus 4.5% Hawaii Excise Tax).

A deposit of Three Thousand Five Hundred Dollars (\$3,500.00) will be needed to start the project with the balance due in full upon completion of the job. All work to be completed in a professional manner according to standard practices.

Authorized Signature _____ Laura Williams _____

Acceptance of Proposal: The above prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature: _____ **Date of Acceptance:** _____

Aaron Hendrickson Painting
 PO BOX 1115
 Kekaha, HI 96752 US
 808-635-7352
 forest.hendrickson@gmail.com

Estimate

ADDRESS
 Nawiliwili Small Boat Harbor
 Sailing Club
 Lihue, HI 96766
 Attn: Shale

ESTIMATE #	DATE
1972	10/27/2020

SERVICE	DESCRIPTION	QTY	RATE	AMOUNT
.	This is a proposal by Aaron Hendrickson Painting to provide labor and materials to prepare and paint the sailing club at Nawiliwili Small Boat Harbor.	1	0.00	0.00
.	Preparation includes pressure wash and mildew removal. The removal of loose and peeling paint. The removal of rust from steel beams.	1	0.00	0.00
.	All raw wood to be primed with oil base stain blocking primer. Raw metal and rusty nails to be primed with Sherwin Williams 920 macropoxy. New drywall to be primed prior to finish.	1	0.00	0.00
.	Color allowance: 1 body color and 1 trim color.	1	0.00	0.00
.	Finish to all surfaces by brush roll and airless sprayer Sherwin Williams Duration acrylic satin.	1	0.00	0.00
.	The price including all labor and materials	1	28,000.00	28,000.00
.	Hawaii State Tax 4.712%	1	1,319.36	1,319.36

Please make check payable to:
 Aaron Hendrickson

TOTAL

\$29,319.36

Accepted By

Accepted Date

2 Perfect Construction, Inc.
 PO Box 1183
 Kilauea, HI 96754

Estimate

Date	Estimate #
10/19/2020	37

Name / Address

Description	Rate	Total
Port Building 2400 SQ FT		
Demo existing plywood	2,400.00	2,400.00
Install new underlayment	4,800.00	4,800.00
Hydroban waterproofing	3,600.00	3,600.00
Mortar thinset	800.00	800.00
Tile allowance: 2,400 sqft @ \$2per	2.00	4,800.00
Tile install	8.00	19,200.00
subtotal		35,600.00
At installation if we need to "float" the floor it will be an additional charge	4,800.00	4,800.00
subtotal		4,800.00
Estimate subtotal		40,400.00
General Excise Tax	4.712%	1,903.65

All materials are to be as specified, and the above work to be performed in accordance with the drawings and specifications submitted for the above work, and completed in a substantial workmanlike manner.
 Estimate total payable as follows: 50% down balance at completion.
 Any alteration or deviation from the above specifications involving extra costs, will be executed only upon written change orders, incurring an extra charge over and above the contract price. All agreements are contingent upon strike, accidents, weather events or delays beyond 2 PERFECT CONSTRUCTION Inc's control. Owner is to carry fire, hurricane, and other necessary insurance on the above work, and assumes all risks associated with acts of God, bug infestation, theft, fire, and also damage caused by owner's subcontractors, visitors, or delivery personnel.
 2 Perfect Construction Inc. does carry its own liability insurance and worker's compensation insurance.

Authorized Signature(s): Michael Ryland and Dwight Miller

Estimate good for 60 days.

ACCEPTANCE

I authorize 2 PERFECT CONSTRUCTION INC. to furnish all materials and labor required to complete the work outlined in the above contract, for which the undersigned agrees to pay the amount specified in said contract according to the terms thereof.

Signature: _____

Date: _____

E-mail	ruth@2perfectconstruction.com	Total	\$42,303.65
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Custom Installation
 Carpet, Vinyl
 Ceramic Tile
 Laminate, Wood

GARDEN ISLE FLOORING, INC. dba

Flooring Innovations & Interiors

3061 Aukele St. Suite 201 Lihue, Hawaii 96766
 License# C-19753

Counter Tops
 Stone
 Unique Area Rugs

ESTIMATE

NAME / ADDRESS	DATE	ESTIMATE NO.
KAUAI SAILING ASSOCIATION 2494 NIUMALU ROAD LIHUE, HAWAII 96766	10/15/2020	108425
	REP	PROJECT
	MAJ	Duradek & Altro...

DESCRIPTION	QTY	COST	TOTAL
DURADEK EXTERIOR SHEET VINYL AND ALTRO SAFETY FLOOR			
Move Furniture	8	85.00	680.00
Move Appliance	4	65.00	260.00
Remove and Dispose existing vinyl tiles.	3,000	1.95	5,850.00
Remove and Dispose existing waterproof membrane and or prep over with cementitious patch.	3,000	2.50	7,500.00
Floor prep, includes supplies and labor.	3,000	1.75	5,250.00
Furnish and install Duradek exterior sheet vinyl, style and color to be determined. to be installed through out (excluding commercial kitchen). Price includes all materials, installation supplies and labor.	2,820	10.50	29,610.00
Furnish and install Altro Safety Floor Commercial Sheet Flooring (rated for commercial kitchens) Price includes all materials, installation supplies and labor.	200	15.50	3,100.00
Self-cove wall base, supplies and labor.	370	9.75	3,607.50
Heat weld seams in both the Duradek and Altro Safety Floor.	600	9.75	5,850.00
Option: Furnish and install same Duradek on stairs. ADD: \$2900.00			
Note: Wood sub-floor to be inspected/repared by others.			
Retail Tax		4.166%	2,570.73

50% Deposit Required. Balance due upon pick up.

TOTAL \$64,278.23

(808) 246-3401

(808) 822-RUGS

FAX (808) 246-4826