

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
DIRECTOR

Deputy Directors
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

ISSUANCE OF A DIRECT LEASE FOR LAND
FOR A SELF-SERVICE FUELING FACILITY
AIR SERVICE HAWAII, INC.
ELLISON ONIZUKA KONA INTERNATIONAL AIRPORT AT KEĀHOLE
TAX MAP KEY: (3) 7-3-43: PORTION OF 003 HAWAI'I

REQUEST:

Issuance of a directly-negotiated land lease to Air Service Hawaii, Inc. for the installation, operation and maintenance of a self-service fueling facility at Ellison Onizuka Kona International Airport at Keāhole.

APPLICANT:

Air Service Hawaii, Inc. (ASH), whose business address is 95 Nakolo Place, Honolulu, Hawai'i 96819.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEY:

Portion of Ellison Onizuka Kona International Airport at Keāhole (KOA), Kailua-Kona, Island of Hawai'i, identified by Tax Map Key: 3rd Division, 7-3-43: Portion of 003.

AREA:

Area/Space No. 006-116, containing an area of approximately 2,075 square feet, as shown and delineated on the attached Exhibit B.

ITEM M-6

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ZONING:

State Land Use District: Urban & Conservation
County of Hawai'i: Industrial (MG-1a) and Open

LAND TITLE STATUS:

Section 5(a), lands of the Hawai'i Admissions Act: 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. 3074, dated August 20, 1981, setting aside 4,204.01 acres designated as KOA under the control and management of the State of Hawai'i, Department of Transportation, Airports Division (DOTA) for Airport Purposes.

CHARACTER OF USE:

Installation, operation and maintenance of a self-service aviation gasoline (AVGAS) fueling facility.

TERM OF LEASE:

Twenty (20) years.

LEASE COMMENCEMENT DATE:

Upon execution of the lease.

LEASE RENTAL:

Years 1 thru 5: \$3,216.24 per annum [based on a rate of \$2.06 for improved, paved land as determined from the DOTA schedule of rates and charges established by appraisal of Airports property statewide and discounted to \$1.55 (25% aeronautical use discount) as determined by DOTA memo AIR-PM 19.0964].
Years 6 thru 10: 115% x the annual rental for year 5 of the Lease.
Years 11 thru 15: 115% x the annual rental for year 10 of the Lease.
Years 16 thru 20: Reopening at fair market rent determined by independent appraisal.

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In addition, ASH will pay a Fuel Flowage Fee for AVGAS received from a commercial fuel distributor:

1. \$0.04 per gallon for the first 100,000 gallons of AVGAS sold annually, and
2. \$0.06 per gallon for AVGAS sold over 100,000 gallons annually.

MIMIMUM IMPROVEMENTS REQUIREMENT:

LESSEE shall within twelve (12) months of the date of commencement of this Lease, invest the sum of not less than \$135,000.00 for the installation of a self-service fueling facility.

PERFORMANCE BOND:

The sum equal to the total annual land lease rental then in effect.

DCCA VERIFICATION:

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

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The State of Hawaii, Department of Transportation, Airports Division (DOTA), has determined the subject land areas are covered by the Final Environmental Assessment (EA)/Finding of No Significant Impact (FONSI), Airfield, Terminal, and Facility Improvements for the Kona International Airport at Keahole, published by the Office of Environmental Quality Control (OEQC) in the March 23, 2013, 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.

REMARKS:

In accordance with Section 171-59(b) and other applicable sections of Chapter 171, HRS, as amended, relating generally to Management and Disposition of Public Lands and relating specifically to Disposition by Negotiation, the Department of Transportation proposes to issue a direct lease for land to ASH for a self-service fueling facility.

DOTA believes this fueling facility for General Aviation tenants serves the best interest of the State.

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Without this fuel facility, the only source of AVGAS at KOA is by ASH's mobile fuel truck. The ASH truck refills at least weekly via a 180-miles round-trip to Hilo. The availability of Avgas at KOA will be subject to road closures, truck location, hours of operation, and mechanical breakdowns. This fueling facility, will be open 24-hours and be refilled as needed via fuel delivery.

DOT has determined the issuance of this direct lease encourages competition and is essential to the aeronautical and airport-related industries.

RECOMMENDATION:

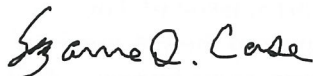
That the Board authorize the Department of Transportation to issue a directly negotiated land lease for the installation, operation and maintenance of a self-service fueling facility to ASH subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other 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,

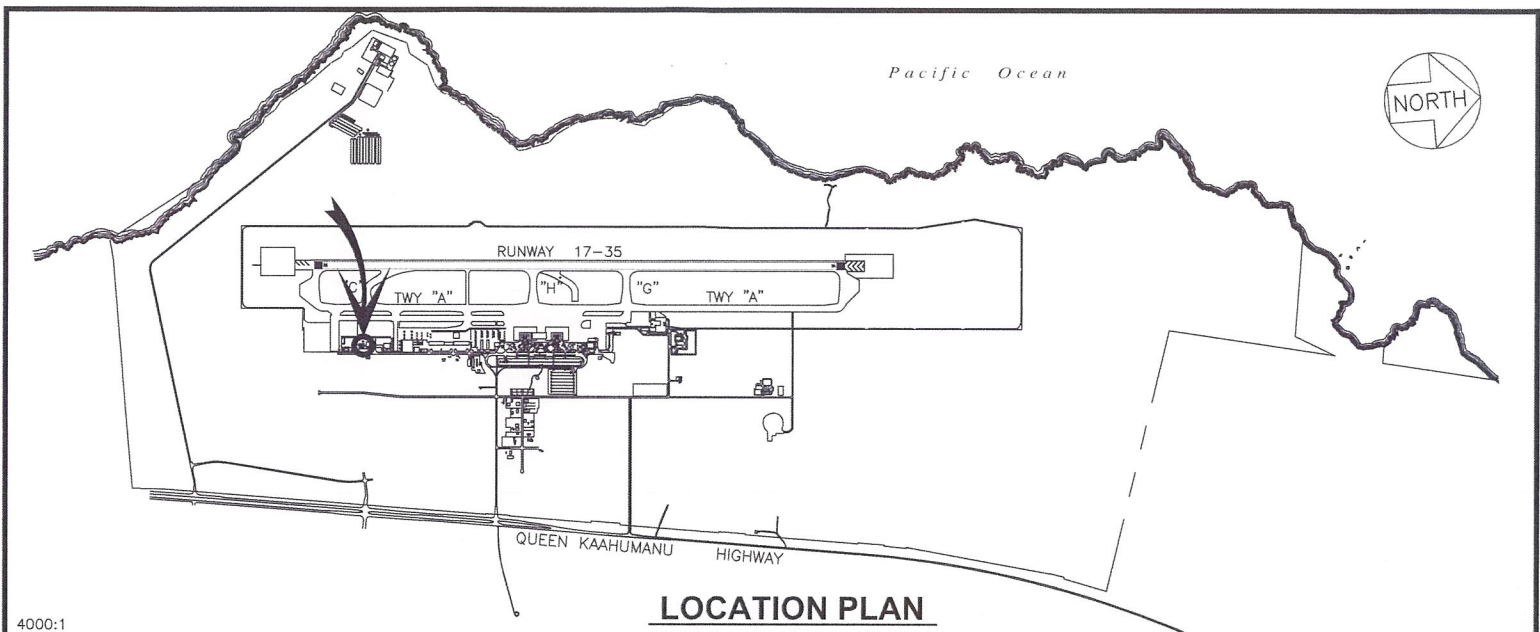


JADE T. BUTAY
Director of Transportation

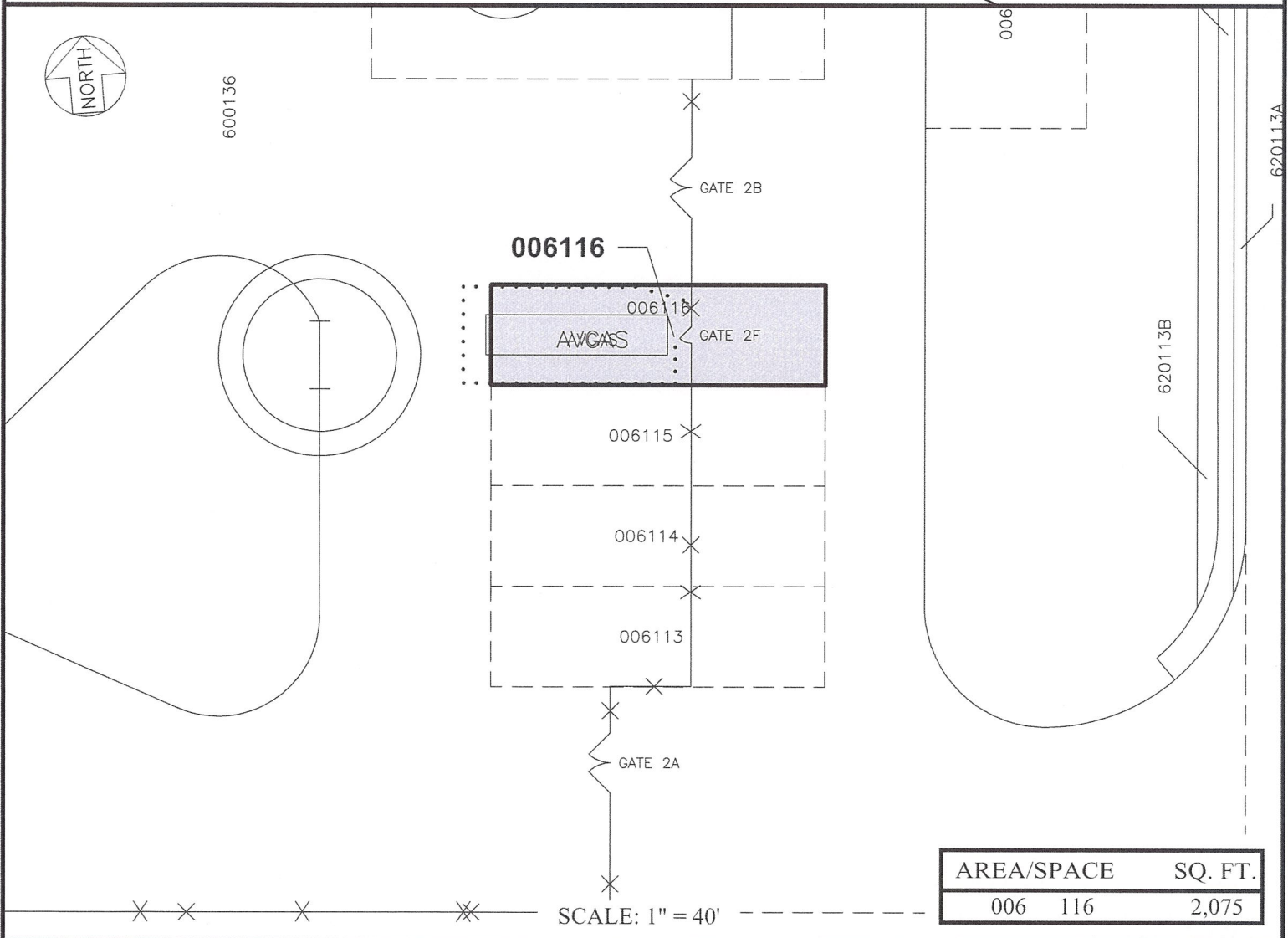
APPROVED FOR SUBMITTAL:



SUZANNE D. CASE
Chairperson and Member



4000:1



AREA/SPACE	SQ. FT.
006 116	2,075

DATE : MARCH 2021

EXHIBIT: **B**

<p>Airports Division</p>	<p>AIR SERVICE HAWAII, INC.</p>	<p>LOT</p>	<p>006116 PLAT 40</p>
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Job: Sign Transaction Number: CB-ICHBCAABAAppco - kBid: 2P3EY238TTzG - Mqjk6w

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ELLISON ONIZUKA KONA INTERNATIONAL AIRPORT AT KEAHOLE

