



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

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

OAHU

REQUEST FOR APPROVAL FOR ISSUANCE OF A LEASE BY DIRECT NEGOTIATION TO HPBS, INC., FOR AN OFFICE, PILOT QUARTERS, SUBSURFACE SEWER EASEMENT, PARKING, AND STORAGE SPACE, SITUATED AT PIER 19, HONOLULU HARBOR, OAHU, TAX MAP KEY NOS. (1) 1-5-039:007 (P) AND (1) 1-5-039:064 (P), UNDER GOVERNOR'S EXECUTIVE ORDER NO. 2903

LEGAL REFERENCE:

Sections 171-6, 171-11, 171-13, 171-17, 171-35, 171-36, and 171-59, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

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

CHARACTER OF USE:

Use of the area for office space, pilot quarters, subsurface sewer easement, parking, and storage space to support its pilotage support service business in all commercial Harbors within the State of Hawaii.

LOCATION:

Portion of governmental lands at Pier 19, Honolulu Harbor, Oahu, Tax Map Key Nos. (1) 1-5-039:007 (P) and (1) 1-5-039:064 (P), Governor's Executive Order No. 2903, as shown on the attached map labeled Exhibit B.

AREA: See attached Exhibits A and B

The Lease area is 8,880 square feet of improved paved land at Pier 19.

CONSIDERATION:

The Department of Transportation, Harbors Division (DOTH), and the Applicant have agreed to the appraised value for the 8,880 square feet under a thirty-five (35)-year Lease Agreement.

The annual rental consideration is as follows:

- Years 1-5 \$ 79,920.00
- Years 6-10 \$ 91,908.00
- Years 11-15 \$105,694.20
- Years 16-25 Reopening with a 15% step up for the second 5-year period
- Years 26-35 Reopening with a 15% step up for the second 5-year period

ZONING:

State Land Use Commission:	Urban
City and County of Honolulu:	I-3 (Waterfront Industrial District)

TERM:

A 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:

Currently, the Applicant uses the office, pilot quarters, subsurface sewer easement, parking, and storage space under Revocable Permits and District charges to support its pilotage support service business with headquarters in Honolulu Harbor.

LAND TITLE STATUS:

Acquired by the DOTH, through eminent domain proceedings land acquired by issuance of Governor's Executive Order No. 2903.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Environmental Quality Control (OEQC) requirements pursuant to Section 11-200.1, Hawaii Administrative Rules (HAR), which 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 DOTD deems the action as de minimis and exempts it from the preparation of an exemption notice in accordance with Section 11-200.1-16(b), HAR. The exemption declaration for the action described above is based on the Exemption List for the DOTD, reviewed, and concurred to by the Environmental Council on February 1, 2022.

REMARKS:

Background – The Applicant has been providing essential piloting services for many of the vessels entering and exiting Hawaii’s commercial harbors. This essential service has been provided exclusively by the Applicant since 1979. Pilots meet vessels about two (2) miles offshore to safely pilot them into and out of the busy harbors.

Maritime Operations – The Applicant provides piloting services into and out of Hawaii’s commercial harbors. The captains that pilot these vessels go through extensive training, know the ins and outs of each harbor, and minimize the risk of potential accidents that could be caused due to weather conditions, ocean current, topography of the ocean flow, and lack of knowledge of the harbors.

Encourages Competition – There is no competition for the Applicant as it is the only provider of this piloting service, but having its service available does encourage competition within the maritime industry. The Applicant pilots 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 into and out of all commercial ports in Hawaii efficient and operational. In general, Hawaii has very few 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 damages to perishables awaiting arrival or lack of products available for consumers. The essential service that the Applicant provides helps to minimize any potential delay and expedites the movement of goods into and out of Hawaii’s commercial harbors.

RECOMMENDATION:

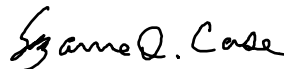
That the Board authorize the Director to negotiate a thirty-five (35)-year Lease with the Applicant for the above stated purpose, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE CASE
Chairperson and Member
Board of Land and Natural Resources

Attachments



