# State of Hawai'i DEPARTMENT OF LAND AND NATURAL RESOURCES Division of State Parks Honolulu, Hawai'i

August 26, 2022

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

Kaua'i

Request Approval for Sale of Seven (7) Leases (up to 20 years) at Public Auction for Recreational Residence Purposes, Waimea Canyon and Kōke'e State Parks, Kona, Kaua'i; and

Declare Project Exempt from Requirements of Chapter 343, HRS and Title 11, Chapter 200.1, Hawaii Administrative Rules

#### **REQUEST:**

Sale of Seven (7) leases (Up to 20 Years) at public auction for recreational residence purposes.

#### LEGAL REFERENCE:

Hawai'i Revised Statutes Chapters 102, 171-14, 171-16, 171-17, Chapter 103D and Act 223 and other applicable sections as amended.

#### LOCATION:

Portion of Government lands of Waimea situated at Kōke'e State Park and Waimea Canyon State Park, Waimea (Kona), Kaua'i, in the neighborhoods identified as Pu'u ka Pele and Kōke'e Camp lots on the attached Exhibit A.

#### AREA:

5.72 acres, more or less, seven (7) different lots

#### **ZONING:**

State Land Use District: County of Kaua'i CZO:

Conservation

Unknown

#### TRUST LAND STATUS:

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

#### **CURRENT USE STATUS:**

Vacant and encumbered by Executive Order No. 1509 setting aside 4,640 acres as a territorial park and forest reserve (affecting Kōke'e Camp Lots) and Executive Order No. 1510 adding 760 acres to Waimea Canyon State Park (affecting Pu'u ka Pele lots).

#### **CHARACTER OF USE:**

Recreational Residences and for no other purpose.

#### TERM OF LEASE:

Up to twenty (20) years beginning on the Commencement Date.

#### COMMENCEMENT DATE:

Sixty (60) days after the date of sale; provided that if such date is not on the first day of any month, the commencement date shall be the first day of the month following such date; and further provided that the Chairperson may amend the commencement date for good cause.

#### MINIMUM UPSET ANNUAL RENT:

As determined by the independent appraisal establishing fair market rent prepared by Hasting, Conboy & Associates, Limited, subject to review and approval by the Chairperson. The successful bidder(s) shall reimburse the DLNR for its share of the cost of the appraisal.

#### METHOD OF PAYMENT:

Annual payments, in advance.

#### **RENTAL REOPENINGS:**

At the end of the 10<sup>th</sup> year of the lease term, by staff or independent appraisal.

#### PERFORMANCE BOND/CASH OR EQUIVALENT:

An amount equal to the first year's annual rental amount for each lessee.

#### PROPERTY CHARACTERISTICS:

Utilities: The Division of State Parks operates its own potable water system

but does not guaranty the availability or reliability of said water service and reserves the right to terminate service, and/or adjust rates as necessary. Electricity is provided by KIUC and is not

guaranteed as well.

Slope: The recreation residences are situated in a mountainous area and

the topography varies between fairly level and steep grades.

Elevation: The elevation of the cabins ranges from approximately 2,500 feet to

approximately 4,000 feet above sea level.

Rainfall: Rainfall varies from approximately 39-69 inches per year.

Legal access to property: Staff has verified that there is legal access to the property off

of Kōke'e Road and various dirt roads are not maintained and

may not be suitable for conventional passenger vehicles.

Subdivision: Staff has verified that the subject properties to be auctioned

are legally subdivided lots.

Encumbrances: Staff has verified that the following encumbrances exist on the

properties. Executive Order Nos. 1509 and 1510.

#### CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with Hawai'i Administrative Rules (HAR) § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources (DLNR) reviewed and concurred on by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to General Exemption Type 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." Part 1, 40.," Leases of state land involving negligible or no expansion or change of use beyond that previously existing." The exemption notification is attached as **Exhibit B.** 

#### **REMARKS**:

At its meeting on June 9, 2011, Agenda Item E-2, the Board approved the issuance of recreational leases to current permittees pursuant to Act 223 (2008) which is attached as **Exhibit C**.

Act 223 provided a framework for the Board to auction new leases:

(d) Any recreation-residences use lease for a cabin that is vacant and owned by the State on the effective date of this Act or that expires on December 31, 2008, pursuant to subsection (c), shall be auctioned by the board pursuant to section 171-14, Hawaii Revised Statutes; provide that the board of land and natural resources shall first provide bona fide full-time residents of a county in the state with a population of less than 100,000 with the opportunity to obtain any such lease by auction. If any leases remain after such an auction, the board may offer remaining available leases at auction to bidders who are bona fide full-time residents of the State of Hawaii, and then at auction to nonresidents of the State.

This requirement resulted in a three-tiered process depending on the result of auction open to residents of a county in the state with a population of less than 100,000 and to all state residents.

The highest and best use of the properties is a recreation residence use as determined by a January 1, 2022, appraisal.

Staff believes the subject areas are not suitable for hunting, nor will they become so during the term of the leases pursuant to HRS 171-26 and that the leases do not interfere with any existing hunting rights of way.

Staff believes the properties will be successfully sold at auction and had fielded numerous calls and inquiries regarding the availability of cabins in both Waimea Canyon and Kōke'e State Parks.

#### **RECOMMENDATION:** That the Board:

- 1. Declare that in accordance with Chapter 343, HRS, and Chapter 11-200.1, Hawai'i Administrative Rules, this sale of leases will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
- Authorize the sale of seven (7) recreational residence leases at public auction pursuant to Act 223 (2008) by way of a three-tiered public auction under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - a. That the terms of the lease and the lease form as may be amended from timeto-time:
  - b. That the minimum upset rent shall be the market property rents determined in the January 1, 2022, appraisals.

- 3. That the Chairperson be authorized to enter into the new leases
- 4. Review and approval by the Department of the Attorney General; and
- 5. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,

Curt A. Cottrell Administrator

**Division of State Parks** 

#### APPROVED FOR SUBMITTAL:

Sgame Q. Cose

SUZANNE D. CASE Chairperson Board of Land and Natural Resources

Attachments: Exhibit A - Locations

**Exhibit B - Exemption Notification** 

Exhibit C – Act 223 (2008)

#### Division of State Parks Cabin Auction Inventory

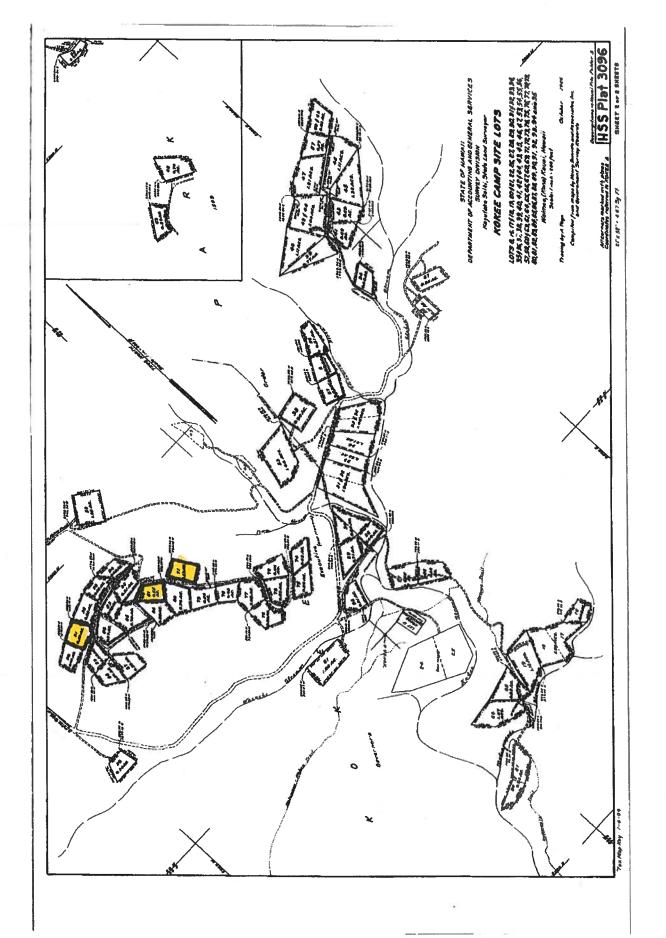
Kõke'e and Waimea Canyon State Parks

Noke e and wanted carryon State Parks							
							Wellhead
Lot ID	Lot	Plat	TMK	Land Area	Acreage	Dwelling Area	Protection Zone
K71	71	Kokee	1-4-04:062	23,087	0.53	623	Yes
K81	81	Kokee	1-4-04:060	23,958	0.55	416	No
K91	91	Kokee	1-4-04:048	25,265	0.58	868	No
P12	12	Puu ka Pele	1-4-02:047	41,382	0.95	908	No
P83	83	Puu ka Pele	1-4-02:081	43,560	1.00	1033	No
P29	29	Puu ka Pele	1-4-02:010	43,560	1.00	1,092	No
P82	82	Puu ka Pele	1-4-02:079	48,351	1.11	1,760	No

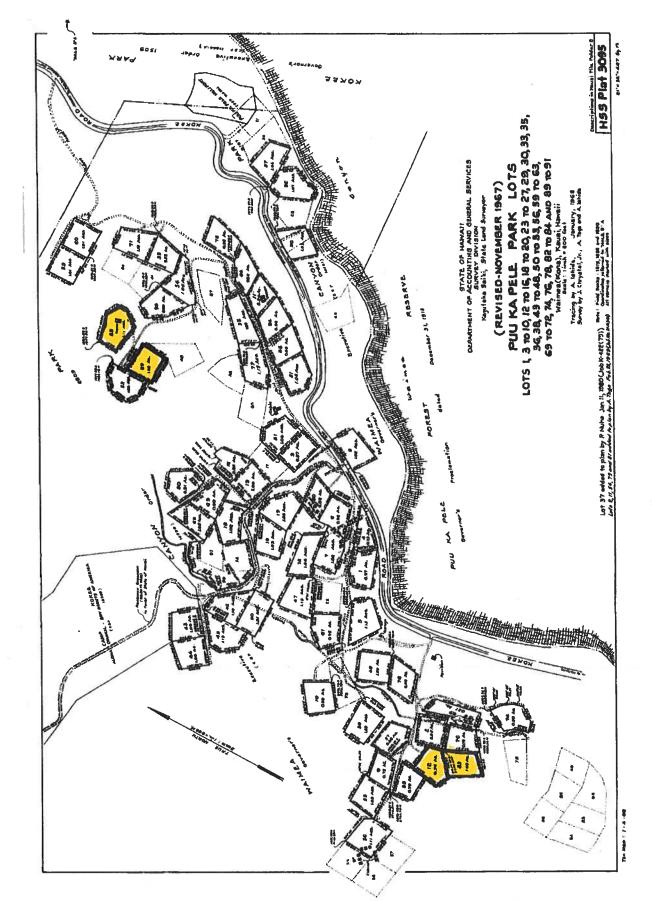
TOTAL:

5.72

**EXHIBIT A** 



7				



#### **EXEMPTION NOTIFICATION**

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200.1, Hawai'i Administrative Rules.

	TAdministrative raies.
Project Title:	Sale of seven (7) leases at Public Auction for Recreational Residence purposes.
Project / Reference No.:	TBD
Project Location:	Portion of Government lands of Waimea situated at Kōke'e State Park and Waimea Canyon State Park, Waimea (Kona), Kaua'i, in the neighborhoods identified as Pu'u ka Pele, and Kōke'e Camp Site lots: TMK(4) 1-4-004:062, 1-4-004:060, 1-4-004: 048, 1-4-002: 047, 1-4-002:081, 1-4-002:010, 1-4-002:079
Project Description:	Recreational Residences
Chap. 343 Trigger(s):	Use of State Land
Exemption Class No(s).:	In accordance with Hawai'i Administrative Rule Section 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred by the Environmental Council on March 3, 2020, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1:
	"Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving negligible or no expansion or change of use beyond that previously existing."
	Part 1, item 41 that states, "Leases of state land involving negligible or no expansion or change of use beyond that previously existing."
Cumulative Impact of Planned Successive Actions in Same Place, Over Time, Significant?	No. The permitted area is currently used for the purpose of operating a venue for commercial and community purposes including tours and small-scale events.
Action May Have Significant Impact on Particularly Sensitive Environment?	No. The permitted area is currently used for the purpose of operating a venue for commercial and community purposes including tours and small-scale events.
Analysis:	The permitted area allows the applicant to continue to use the property and does not change the use beyond that previously existing.
Consulted Parties:	DLNR - Conservation and Resources Enforcement Office, Division of Forestry and Wildlife, Land Division, Historic Preservation Division
Declaration	The Board determines, through its judgment and experience, that the action will individually and cumulatively probably have minimal or no significant effects, and that the action is declared exempt from the preparation of an environmental assessment.

# ACT 223

HOUSE OF REPRESENTATIVES
TWENTY-FOURTH LEGISLATURE, 2008
STATE OF HAWAII

H.B. NO. 2872 S.D. 2 C.D. 2

# A BILL FOR AN ACT

RELATING TO PUBLIC LANDS.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

- 1 SECTION 1. For many decades, the State has granted permits
- 2 or leases for recreation-residence use on public lands such as
- 3 state parks and forest reserves for a term not to exceed 20
- 4 years. Some of these permits and leases have recently expired
- 5 in state parks at Koke'e and Waimea canyon, Kaua'i, and have
- 6 caused uncertainty in the process of leasing these sites.
- 7 The purpose of this Act is to establish a one-time process
- 8 for the leasing of public lands for recreation-residence use
- 9 leases in locations at state parks or state forest reserves in
- 10 counties with a population of less than 100,000.
- 11 SECTION 2. (a) The board of land and natural resources
- 12 shall negotiate directly with all existing lessees or permittees
- 13 of recreation-residence use leases in locations at state parks
- 14 or state forest reserves in counties with a population of less
- 15 than 100,000, for lease renewals; provided that the renegotiated
- 16 lease:
- 17 (1) Shall be for a period not less than twenty years on
- such terms and conditions as may be prescribed by the



•		board, pursuant to section 171-44, Rawaii Revised
2		Statutes;
3	(2)	Shall be based on market rates for land and buildings
4		pursuant to section 171-17(b), Hawaii Revised
5		Statutes; and
6	(3)	Is a "one time only" negotiation and does not ensure
7		that there will be direct negotiations at the
8		expiration of the renegotiated lease.
9	(b)	Existing lessees or permittees may provide a counter-
10	offer base	ed upon their own certified appraisal and the board of
11	land and n	natural resources shall negotiate in good faith based
12	upon the	two appraisals.
13	(c)	The board of land and natural resources shall provide
14	each lesse	ee or permittee with proposed new lease terms and rates
15	within the	see months of the effective date of this Act and shall
16	negotiate	final terms of each lease within four months of the
17	effective	date of this Act. The lessee or permittee shall have
18	thirty day	s following the final notification to the lessee or
19	permittee	by the board of new lease terms, to agree to and sign
20	the renego	tiated lease, or the lease or permit shall expire on
21	December 3	1, 2008, and the recreation-residence use lease shall
22	be auction	ed by the board.
	2000 2045	2000 000 000 000 000 000 000 000 000 00

#### H.B. NO. 2872 S.D. 2 C.D. 2

- 1 (d) Any recreation-residence use lease for a cabin that is
- 2 vacant and owned by the State on the effective date of this Act
- 3 or that expires on December 31, 2008, pursuant to subsection
- 4 (c), shall be auctioned by the board pursuant to section 171-14,
- 5 Hawaii Revised Statutes; provided that the board of land and
- 6 natural resources shall first provide bona fide full-time
- 7 residents of a county in the state with a population of less
- 8 than 100,000 with the opportunity to obtain any such lease by
- 9 auction. If any leases remain after such an auction, the board
- 10 may offer remaining available leases at auction to bidders who
- 11 are bona fide full-time residents of the State of Hawaii, and
- 12 then at auction to nonresidents of the State.
- 13 SECTION 3. (a) There is established a Koke'e state park
- 14 advisory council, to be placed within the department of land and
- 15 natural resources for administrative purposes only. The
- 16 advisory council shall consist of nine voting members appointed
- 17 in equal numbers by the governor, the speaker of the house of
- 18 representatives and the president of the senate in accordance
- 19 with section 26-34, Hawaii Revised Statutes, and four ex-officio
- 20 nonvoting members.

1	(b)	The voting members of the advisory council shall be
2	Kaua'i re	sidents and shall possess general knowledge of at least
3	one of th	ne four strategic areas listed below:
4	(1)	Education;
5	(2)	Cultural resources;
6	(3)	The environment; or
7	(4)	Native plants, animals, and ecosystems.
8	(c)	The ex-officio nonvoting members shall be as follows:
9	(1)	A representative of the United States Fish and
10		Wildlife Service;
11	(2)	A representative of the department of land and natural
12		resources forestry and wildlife division, as
13		designated by the chairperson of the board of land and
14		natural resources;
15	(3)	A representative of the department of land and natural
16		resources state parks division, as designated by the
17		chairperson of the board of land and natural
18		resources; and
19	(4)	A representative of the county of Kauai, as designated
20		by the Kauai county council.
21	(d)	The voting members of the advisory council shall serve
22	not more	than two consecutive three-year terms, with each term
	2008-2645	HB2872 CD2 SMA-1.doc

- 1 beginning on July 1; provided that the initial terms of the
- 2 appointed members that commence after June 30, 2008, shall be
- 3 staggered as follows:
- 4 (1) Three members to serve three-year terms;
- 5 (2) Three members to serve two-year terms; and
- 6 (3) Three members to serve a one-year term.
- For the initial appointments, the governor, the president
- 8 of the senate, and the speaker of the house of representatives
- 9 shall designate each of their appointees to serve a one, two, or
- 10 three-year term.
- 11 (e) The members of the advisory council shall not receive
- 12 compensation for their services but shall be reimbursed for
- 13 expenses, including travel expenses, incurred in their duties
- 14 relating to the council.
- 15 (f) A chairperson shall be elected annually by the
- 16 advisory council from among the council's voting members;
- 17 provided that no member may serve as chairperson for more than
- 18 two consecutive years.
- 19 (g) Five voting members of the advisory council shall
- 20 constitute a quorum to do business and any action taken by the
- 21 advisory council shall be validated by a simple majority of the
- 22 quorum.

2008-2645 HB2872 CD2 SMA-1.doc

1	(h)	The advisory council's responsibilities shall include:
2	(1)	Reviewing and assisting in updating and revising the
3		Koke'e state park master plan;
4	(2)	Advising and assisting in the management of the Koke'e
5		recreational cabin leases;
6	(3)	Enhancing community education and cultural awareness
7		of Koke'e state park;
8	(4)	Participating in the protection and preservation of
9		Koke'e state park's natural and cultural resources; and
10	(5)	Advising and assisting in the overall implementation
11		of the Koke'e state park master plan.
12	SECT	ION 4. The department of land and natural resources
13	shall enfo	orce all provisions of recreation-residential use lease
14	agreements	and shall establish a schedule of penalties and fines
15	for any br	reach of the provisions of a recreation-residential use
16	lease agre	ement unless penalties and fines are specified in the
17	lease agre	eement.
18	SECTI	ON 5. If any provision of this Act, or the
19	application	on thereof to any person or circumstance is held
20	invalid, t	he invalidity does not affect other provisions or

applications of the Act, which can be given effect without the

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H.B. NO. 2872 S.D. 2 C.D. 2

- 1 invalid provision or application, and to this end the provisions
- 2 of this Act are severable.
- SECTION 6. This Act shall take effect on July 1, 2008.

APPROVED this day of

, 2008

**GOVERNOR OF THE STATE OF HAWAII** 

## THE SENATE OF THE STATE OF HAWAII

Date: May 1, 2008 Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the

Senate of the Twenty-fourth Legislature of the State of Hawaii, Regular Session of 2008.

President of the Senate

Clerk of the Senate

### THE SENATE OF THE STATE OF HAWAII

Date: May 1, 2008 Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Twenty-fourth Legislature of the State of Hawaii, Regular Session of 2008.

President of the Senate

Clerk of the Senate

#### HB No. 2872, SD 2, CD 2

#### THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 01, 2008 Honolulu, Hawaii

We hereby certify that the foregoing Bill on this day passed Final Reading in the House of Representatives of the Twenty-Fourth Legislature of the State of Hawaii, Regular Session of 2008.

Calvin K.Y. Say

Speaker

House of Representatives

Patricia Mau-Shimizu

Chief Clerk

House of Representatives