

DAVID Y. IGE  
GOVERNOR



**STATE OF HAWAII**  
**DEPARTMENT OF TRANSPORTATION**  
HARBORS DIVISION  
79 S. NIMITZ HIGHWAY  
HONOLULU, HAWAII 96813

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
ROSS M. HIGASHI  
EDUARDO P. MANGLALLAN  
EDWIN H. SNIFFEN

IN REPLY REFER TO:

HAR-PM.0000839.22

September 8, 2022

**VIA EMAIL:** [suzanne.case@hawaii.gov](mailto:suzanne.case@hawaii.gov)

**TO:** (1) JADE T. BUTAY, DIRECTOR  
(2) SUZANNE D. CASE, CHAIRPERSON – DLNR  
C/O DARLENE FERREIRA  
(3) OLIVIA N. PHAM, ACTING SUPERVISOR, HAR-PM

**FROM:** EDUARDO P. MANGLALLAN   
DEPUTY DIRECTOR – HARBORS

**SUBJECT:** REQUEST TO AMEND PRIOR BOARD ACTION OF AUGUST 12, 2022,  
AGENDA ITEM M-18, BASED UPON REVISION OF PREVIOUSLY  
APPROVED REQUEST FOR APPROVAL OF PUBLIC AUCTION – 65-YEAR  
LEASE FOR USE OF THE MARITIME CENTER AND SURROUNDING  
AREA, SITUATED AT PIER 7, HONOLULU HARBOR, OAHU, TAX MAP  
KEY NOS. (1) 2-1-001:057 (P) AND (1) 2-1-001:058 (P), GOVERNOR'S  
EXECUTIVE ORDER NO. 3542

Attached is the subject submittal for your approval. Please have submittal placed on the next Land Board agenda.

If there are any questions, please call Olivia Pham, Property Manager, Harbors Division, at (808) 587-1942.

Attachment



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

JADE T. BUTAY  
DIRECTOR

Deputy Directors  
ROSS M. HIGASHI  
EDUARDO P. MANGLALLAN  
EDWIN H. SNIFFEN

IN REPLY REFER TO:

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

**OAHU**

REQUEST TO AMEND PRIOR BOARD ACTION OF AUGUST 12, 2022, AGENDA ITEM M-18, BASED UPON REVISION OF PREVIOUSLY APPROVED REQUEST FOR APPROVAL OF PUBLIC AUCTION – 65-YEAR LEASE FOR USE OF THE MARITIME CENTER AND SURROUNDING AREA, SITUATED AT PIER 7, HONOLULU HARBOR, OAHU, TAX MAP KEY NOS. (1) 2-1-001:057 (P) AND (1) 2-1-001:058 (P), GOVERNOR'S EXECUTIVE ORDER NO. 3542

**LEGAL REFERENCE:**

Sections 171-6, 171-13, 171-14, 171-15, 171-16, 171-17, 171-35, 171-36 and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended.

**CHARACTER OF USE:**

To occupy and use the premises for a museum and related facilities, with a harbor and wharfage operation component and pier and space availability for harbor and wharfage operations as described below.

**LOCATION:**

Portion of governmental lands at Pier 7, Honolulu Harbor, Oahu, Tax Map Key Nos. (1) 2-1-001:057 (P) and (1) 2-1-001:058 (P) as shown on the attached map labeled Exhibit A.

**AREA: See attached Exhibit A**

- Parcel IA: 1,290 square feet of non-exclusive use for landscaping by the LESSEE, vehicular access by the United States Coast Guard (USCG) for the maintaining, installing, and servicing of its existing range light and as a turnaround area for emergency and service vehicles.
- Parcel IB: 15,345 square feet of exclusive land used by the LESSEE for the construction of museum building and related facilities including improvements.
- Parcel IC: 2,000 square feet of exclusive land for use by the LESSEE for landscaping and for the main public entrance to the improvements.

**ITEM M-11**

- Parcel ID: 6,500 square feet of non-exclusive land used for a loading area, parking for handicapped visitors of the LESSEE, vehicular access for the USCG for the maintenance of its range light within Parcel IA, emergency vehicle access, pedestrian access, service vehicle access for cruise boat operations conducted from Parcel IE. Parking of vehicles within the parcel other than those aforementioned is prohibited.
- Parcel IF: 2,800 square feet of non-exclusive land for USCG's vehicles, service vehicles for cruise boats utilizing Parcel IE, access for vehicles of LESSOR required in the maintenance, repair, etc., of Parcel IE. LESSEE has the right to install a maximum of 7 structural supports approved by LESSOR along a 2-foot-wide strip. Additionally, the LESSEE shall have the right of the air space 15 feet above Parcel IF and extending to a maximum height of 72 feet for the construction of improvements.

**CONSIDERATION:**

Upset price determined by appraisal as of January 1, 2022, by Conboy, Hastings & Associates, Ltd. Lease rental to be determined by public auction.

**ZONING:**

State Land Use Commission:	Urban
City and County of Honolulu:	State Jurisdiction: Aloha Tower Project, B-2 Community Business District

**TERM:**

- a. 65-year lease, subject to public auction.
- b. Auction rate based on upset price of \$628,300.00 per annum, as determined by fair market appraisal as of January 1, 2022.

**COMMENCEMENT DATE:**

To be determined by the Director of Transportation.

**TRUST LAND STATUS:**

Subsection 5(a) of the Hawaii Admission Act (non-ceded lands).

**CURRENT USE STATUS:**

Encumbered by Harbor Lease No. H-87-30, assigned to Matson Navigation Company, Inc., effective December 20, 2017.

**LAND TITLE STATUS:**

Land acquired by Department of Transportation, Harbors Division (DOTH), through eminent domain proceedings by issuance of Governor's Executive Order No. 3542.

**CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:**

Any Environmental Assessment, Environmental Impact Statement, and/or Traffic Study requirements will be completed by the Applicant for its proposed use and purpose.

**APPLICANT REQUIREMENTS:**

The Applicant must meet minimum prequalifications requirements of Public Auction as follows:

- Individual/Company must be legally registered to conduct business in the State of Hawaii
- Must be in good standing with Department of Commerce and Consumer Affairs
- Will be required to obtain current State Tax Clearance Form
- Will be required to obtain current City and County of Honolulu Tax Clearance Form
- Has not had, during the five (5) years preceding the date of this public auction, a previous sale, lease, license, permit, or easement covering public lands canceled for failure to satisfy the terms, conditions, and covenants thereof.

The Applicant's operation must have a harbor and wharfage operation component, and the pier and sufficient space on the wharf shall remain available for harbor and wharfage operations, including vessel loading and unloading.

The Applicant must also invest a minimum of \$8 million to \$12 million toward improvements of the area and its direct surroundings.

**REMARKS:**

At its meeting on August 12, 2022, the Board authorized the DOTH to conduct a public auction for the issuance of a 65-year lease, with an amendment to the recommendation to include that the Applicant's primary operation must be harbor and wharfage related. A copy of the approved submittal is attached as Exhibit 1.

One of the purposes of this request is to request amendment of the prior Board recommendation to include that the Applicant's operation must have a harbor and wharfage operation component, and the pier and sufficient space on the wharf shall remain available for harbor and wharfage operations, including vessel loading and

unloading as set forth in this revised request. The Character of Use is also revised herein to include reference to the revised Applicant Requirement.

Note: Parcel 1E as shown on attached Exhibit A will not be leased by DOTH. DOTH will retain Parcel 1E for DOTH's harbor and wharfage operations.

**RECOMMENDATION:**

That the Board amend its August 12, 2022, action, by authorizing DOTH to conduct a public auction for a 65-year lease for the area described in Harbor Lease No. H-87-30 for the above-stated purposes as described in this revised submittal, subject to the following terms and conditions:

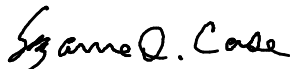
1. The successful bidder of Public Auction must complete any studies needed, including, but not limited to, Environmental Assessment, Environmental Impact Statement, Cultural Studies, and Traffic Studies to implement for the improvements of the lease area.
2. The Applicant must invest a minimum of \$8 million to \$12 million toward improvements of rebuilding the Pier 7 area and its direct surroundings.
3. The Applicant must comply with all other Applicant Requirements set forth above.

Respectfully submitted,



JADE T. BUTAY  
Director of Transportation

APPROVED FOR SUBMITTAL:



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

Attachments

DAVID Y. IGE  
GOVERNOR



JADE T. BUTAY  
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**DEPARTMENT OF TRANSPORTATION**  
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IN REPLY REFER TO:

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

**OAHU**

REQUEST APPROVAL FOR PUBLIC AUCTION – 65-YEAR LEASE FOR USE OF THE MARITIME CENTER AND SURROUNDING AREA, SITUATED AT PIER 7, HONOLULU HARBOR, OAHU, TAX MAP KEY NOS. (1) 2-1-001:058 (P) AND (1) 2-1-001:057 (P), GOVERNOR’S EXECUTIVE ORDER NO. 3542

## **LEGAL REFERENCE:**

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## **CHARACTER OF USE:**

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## **LOCATION:**

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## **AREA: See attached Exhibit A**

- Parcel IA: 1,290 square feet of nonexclusive use for landscaping by the LESSEE, vehicular access by the United States Coast Guard (USCG) for the maintaining, installing, and servicing of its existing range light and as a turnaround area for emergency and service vehicles.
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- Parcel IC: 2,000 square feet of exclusive land for use by the LESSEE for landscaping and for the main public entrance to the improvements.

- Parcel ID: 6,500 square feet of nonexclusive land used for a loading area, parking for handicapped visitors of the LESSEE, vehicular access for the USCG for the maintenance of its range light within Parcel IA, emergency vehicle access, pedestrian access, service vehicles access for cruise boat operations conducted from Parcel IE. Parking of vehicles within the parcel other than those aforementioned is prohibited.
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City and County of Honolulu:	State Jurisdiction: Aloha Tower Project, B-2 Community Business District

**TERM:**

- a. 65-year lease, subject to public auction.
- b. Auction rate based on upset price of \$628,300.00 per annum, as determined by fair market appraisal as of January 1, 2022.

**COMMENCEMENT DATE:**

To be determined by the Director of Transportation.

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**CURRENT USE STATUS:**

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**CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:**

Any Environmental Assessment, Environmental Impact Statement, and/or Traffic Study requirements will be completed by the Applicant for its proposed use and purpose.

**APPLICANT REQUIREMENTS:**

The Applicant must meet minimum prequalifications requirements of Public Auction as follows:

- Individual/Company must be legally registered to conduct business in the State of Hawaii
- Must be in good standing with DCCA
- Will be required to obtain current State Tax Clearance Form
- Will be required to obtain current City and County of Honolulu's Tax Clearance Form
- Has not had, during the five (5) years preceding the date of this public auction, a previous sale, lease, license, permit, or easement covering public lands canceled for failure to satisfy the terms, conditions, and covenants thereof.

The Applicant's operation must include a harbor and wharfage operation component.

The Applicant must also invest a minimum of \$8 million to \$12 million toward improvements of the area and its direct surroundings.

**RECOMMENDATION:**

That the Board authorize DOTH to conduct a public auction for a 65-year lease for the area described in Harbor Lease No. H-87-30 for the above-stated purposes, subject to the following terms and conditions:

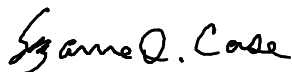
1. The successful bidder of Public Auction must complete any studies needed, including but not limited to Environmental Assessment, Environmental Impact Statement, Cultural Studies, and Traffic Studies to implement for the improvements of the lease area.
2. The Applicant must invest a minimum of \$8 million to \$12 million toward improvements of rebuilding Pier 7 area and its direct surroundings.

Respectfully submitted,



JADE T. BUTAY  
Director of Transportation

APPROVED FOR SUBMITTAL:



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

Attachment

