VIA EMAIL: 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: ISSUANCE OF LEASE BY DIRECT NEGOTIATION TO LIQUID ROBOTICS, INC., FOR NORTH SHED AND ADJACENT OPEN, PAVED AREA, SITUATED AT KAWAIHAE HARBOR, ISLAND OF HAWAII, TAX MAP KEY NOS. (3) 6-1-003:023 (P) AND (3) 6-1-003:048 (P), GOVERNOR’S EXECUTIVE ORDER NO. 1862

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

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

Attachment
ISSUANCE OF LEASE BY DIRECT NEGOTIATION TO LIQUID ROBOTICS, INC., FOR NORTH SHED AND ADJACENT OPEN, PAVED AREA, SITUATED AT KAWAIHAE HARBOR, ISLAND OF HAWAII, TAX MAP KEY NOS. (3) 6-1-003:023 (P) AND (3) 6-1-003:048 (P), GOVERNOR’S EXECUTIVE ORDER NO. 1862

LEGAL REFERENCE:
Sections 171-6, 171-13, 171-17, 171-55, and 171-59, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:
Liquid Robotics, Inc. (Applicant), is a foreign profit corporation company whose business registration and mailing address is 460 Herndon Parkway, Herndon, Virginia 20170

CHARACTER OF USE:
The Applicant’s proposed uses are as follows:

- For the research, development, and assembly of Uncrewed Surface Vessels (USVs), utilizing a major technological development that furthers the maritime industry, and
- To conduct other operations or activities after obtaining Department of Transportation, Harbors Division’s (DO TH) prior written approval, which is reasonably necessary or incidental to the conduct of the Applicant’s research, development, and assembly of USVs at Kawaihae Harbor.

LOCATION:
Portions of governmental lands situated at Kawaihae Harbor, Tax Map Key Nos. (3) 6-1-003:023 (P) and (3) 6-1-003:048 (P), Governor’s Executive Order No. 1862, as shown on the attached map labeled Exhibit A.
AREA: See attached Exhibits A and B

The proposed lease premises area encompasses a total of 25,203 square feet of land, which is composed of the following four (4) portions:

- 3,468 square feet of warehouse space
- 132 square feet of office space
- 2,400 square feet of overhang space
- 19,203 square feet of open paved land

CONSIDERATION:

Annual land rent determined by appraisal pursuant to Section 171-17, HRS, valuation effective January 1, 2023, which is as follows:

- Years 1 to 5 $80,890.00 per annum

ZONING:

State Land Use Commission: Urban
County of Hawaii: MG-1a (General Industrial District)

COMMENCEMENT DATE:

To be determined by the Director of the Department of Transportation.

TRUST LAND STATUS:

Public Land Trust Information System has TMK No. (3) 6-1-003:048 (P) listed as undetermined and TMK No. (3) 6-1-003:023 (P) listed as subsection 5(b) of the Hawaii Admission Act (ceded lands).

CURRENT USE STATUS:

The Applicant currently occupies the premises under Harbor Lease No. H-12-52, for the purpose of conducting research, development, assembly of USVs, a major technological development that furthers the maritime industry.

LAND TITLE STATUS:

Under the control and management of the DOTH, through issuance of Governor’s Executive Order No. 1862.
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 DOTH 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 DOTH, reviewed and concurred to by the Environmental Council on February 1, 2022.

REMARKS:

Background:

The Applicant currently occupies the premises under Harbor Lease No. H-12-52, which will expire on December 31, 2022. The Applicant wishes to continue its occupancy under a new long-term lease. Its facility at Kawaihae Harbor is the main hub for development and ocean testing.

The Applicant’s USVs are capable of collecting and communicating ocean data in real time, even through unpredictable conditions. These USVs collect underwater data and communicates it to satellites and land to provide real time data.

Maritime and maritime-related operations:

The Applicant develops, tests, produces, and operates maritime technologies, primarily USVs that are capable of long endurance operations due to its unique wave propulsion, navigation, and solar power systems. Such USVs serve as data collection platforms similar to moored buoys but have the added ability to navigate thousands of miles while doing so. The Applicant’s product provides real time data to many maritime fields and industries, that include but are not limited to, oceanic research, natural resources management, commercial maritime activities, and maritime security.

Disposition encourages competition:

The Applicant’s state of the art technology presents an opportunity for new competitors to enter a largely unexplored market, utilizing USVs in many different aspects to help further the maritime and maritime-related industries. In a similar manner,
Sea Engineering, Inc., also maintains and operates remotely operated vehicles that support marine operations throughout the Hawaiian Islands; this disposition would provide competition to Sea Engineering, Inc., and other firms of a similar nature to promote innovation and improvement to existing technology, ultimately modernizing and supporting the maritime industry.

RECOMMENDATION:

That the Board authorize the DOT to directly negotiate with the Applicant and issue a lease for a term of five (5) years for the above-stated purposes, 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 interest of the State.

Respectfully submitted,

JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:

SUZANNE D. CASE
Chairperson and Member
Board of Land and Natural Resources
Liquid Robotics, Inc. Site

Land situated at Kawaihae 1st, South Kohala, Island of Hawai‘i, Hawai‘i.

Being a portion of Parcel B (Kawaihae Harbor Project), Executive Order 1862 (CSF 12,825)

Prepared By:
Imata and Associates, Inc.
171 Kapiolani Street
Hilo, Hawai‘i 96720

This work was prepared by
me or under my supervision

Natalie K. Imata
Licensed Professional Land Surveyor
Certificate Number 5816
Expires: April 30, 2010

September 1, 2009

Tax Map Key: 3rd Div. 6-1-03: 23 (Portion)

Job Number 98-38 (Liquid)
LIQUID ROBOTICS, INC. SITE

LAND SITUATED AT KAWAIHAE 1ST, SOUTH KOHALA,
ISLAND OF HAWAII, HAWAII.

Being a portion of Parcel B (Kawaih ae Harbor Project),
Executive Order 1862 (CSF 12,825).

Beginning at the northwest corner of this parcel of land, the coordinates of said
point of beginning referred to Government Survey Triangulation Station "HEIAU", being
3,910.39 feet North and 3,286.93 feet West, thence running by azimuths measured
clockwise from true South:

Along the remainder of Parcel B
(Kawaih ae Harbor Project), Executive
Order 1862 (CSF 12,825) for the next
seven (7) courses, the direct azimuths
and distances being:

1. 296° 15' 103.07 feet;
2. 26° 58' 10.11 feet;
3. 296° 58' 122.51 feet;
4. 26° 58' 114.18 feet;
5. 117° 12' 156.18 feet;
6. 148° 51' 83.60 feet;
7. 208° 08' 78.22 feet to the point of beginning and containing
an area of 25,203 Square Feet.

The following are usage of the site:

Warehouse = 3,488 Square Feet

Liquid Robotics, Inc. Site
Page 1 of 2

Exhibit B
Page 1 of 2
Office = 132 Square Feet

Overhang = 2,400 Square Feet

Total Building Usage = 6,000 Square Feet

Open Paved Area = 19,203 Square Feet

Total Site Area = 25,203 Square Feet

Natalie K. Imata
Licensed Professional Land Surveyor
Certificate No. 5816   Exp. April 2010

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