



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

IN REPLY REFER TO:

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

AMENDMENT TO PRIOR BOARD ACTION OF JULY 23, 2021, ITEM M-11
REQUEST AN AMENDMENT TO THE AREA, THE ANNUAL RENTAL AND
RENTAL REOPENINGS
ISSUANCE OF A DIRECTLY NEGOTIATED HANGAR FACILITIES LEASE
WINDWARD AVIATION, INC.
KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-001: PORTION OF 019

MAUI

On July 23, 2021, under agenda Item M-11, and pursuant to Section 171-59, and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended, the Land Board authorized the Department of Transportation (DOT) to issue a directly negotiated Hangar Facilities Lease to Windward Aviation, Inc., to provide essential helicopter services to companies, such as the Hawaiian Electric Company, Maui County Fire Department, the State of Hawaii, Department of Land and Natural Resources, and the United States National Parks Services.

PURPOSE:

The DOT requests certain changes to the AREA, THE ANNUAL RENTAL AND RENTAL REOPENINGS, as written on said submittal previously approved by the Land Board (attached).

The changes should read as follows:

AREA:

Original:

Area/Space No. 415-101, containing an area of approximately 31,450 square feet,
Area/Space No. 616-101, containing an area of approximately 10,800 square feet, and
Area/Space No. 616-102, containing an area of approximately 12,950 square feet,
as shown and delineated on the attached Exhibit A.

ITEM M-11

BLNR – AMENDMENT TO PRIOR BOARD ACTION OF JULY 23, 2021, ITEM M-11
REQUEST AN AMENDMENT TO THE AREA, THE ANNUAL RENTAL AND RENTAL
REOPENINGS, ISSUANCE OF A DIRECTLY NEGOTIATED HANGAR FACILITIES LEASE,
WINDWARD AVIATION, INC.

Page 2

Amended:

Area/Space No. 616-101, containing an area of approximately 77,550 square feet of improved, unpaved land, as shown and delineated on the attached map labeled Exhibit A.

ANNUAL RENTAL AND RENTAL REOPENINGS:

Original:

Years 1 – 5: \$108,192.00 per annum [based on a rate of \$3.92 for improved, unpaved land discounted to \$1.96 (50% general aviation discount), as determined from the DOTA schedule of rates and charges established by appraisal of Airport property statewide].

Years 6 – 10: 115% the annual rent for year 5 of the Lease.

Years 11 – 15: 115% the annual rent for year 10 of the Lease.

Years 16 – 20: Reopening at fair market rent determined by an independent appraiser.

Years 21 – 25: 115% the annual rent for year 20 of the Lease.

Years 26 – 30: 115% the annual rent for year 25 of the Lease.

Amended:

Years 1 – 5: \$151,998.00 per annum [based on a rate of \$3.92 for improved, unpaved land discounted to \$1.96 (50% general aviation discount), as determined from the DOTA schedule of rates and charges established by appraisal of Airport property statewide].

Years 6 – 10: 115% the annual rent for year 5 of the Lease.

Years 11 – 15: 115% the annual rent for year 10 of the Lease.

Years 16 – 20: Reopening at fair market rent determined by an independent appraiser.

Years 21 – 25: 115% the annual rent for year 20 of the Lease.

Years 26 – 30: 115% the annual rent for year 25 of the Lease.

REMARKS:

All other terms as outlined in the submittal previously approved by the Land Board remain unchanged.

BLNR – AMENDMENT TO PRIOR BOARD ACTION OF JULY 23, 2021, ITEM M-11
REQUEST AN AMENDMENT TO THE AREA, THE ANNUAL RENTAL AND RENTAL
REOPENINGS, ISSUANCE OF A DIRECTLY NEGOTIATED HANGAR FACILITIES LEASE,
WINDWARD AVIATION, INC.

Page 3

RECOMMENDATION:

The Land Board amends its prior action of July 23, 2021, under agenda Item M-11, by approving the changes to the Area, the Annual Rental and Rental Reopenings, for the issuance of a directly negotiated Hangar Facilities Lease to Windward Aviation, Inc., as herein outlined, which are by reference incorporated herein and subject to such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Respectfully submitted,



EDWIN H. SNIFFEN
Director of Transportation

APPROVED FOR SUBMITTAL:



DAWN N. S. CHANG
Chairperson
Board of Land and Natural Resources

DAVID Y. IGE
GOVERNOR



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

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
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 DIRECTLY-NEGOTIATED LEASE
FOR A HANGAR FACILITY
WINDWARD AVIATION, INC.
KAHULUI AIRPORT
TAX MAP KEY: (2) 3-8-01: PORTION OF 019

MAUI

REQUEST:

Issuance of a directly-negotiated Hangar Facilities Lease for the development, construction, use, operation and maintenance of a Hangar Facility to Windward Aviation, Inc. to provide essential helicopter services to companies, such as Hawaiian Electric Company, Maui County Fire Department, the State of Hawaii, Department of Land and Natural Resources, and the United States National Parks Services. These services include, but are not limited to, supplying Maui County Fire Department with a helicopter and pilot 365 days a year for search/rescue efforts and fire-fighting missions, providing aerial surveys, and transporting crews and materials into remotes areas to perform conservation work.

APPLICANT:

Windward Aviation, Inc. (Windward Aviation), whose post office address is P. O. Box 596, Puunene, Hawai'i 96784-0596.

LEGAL REFERENCE:

Section 171-59 (b), and other applicable sections of Chapter 171, Hawai'i Revised Statutes (HRS), as amended.

LOCATION AND TAX MAP KEY:

Portions of Kahului Airport (Airport), Kahului, Island of Maui, identified by Tax Map Key: 2nd Division, 3-8-01: Portion of 019.

ITEM M-11
JULY 23, 2021

BLNR – ISSUANCE OF A DIRECTLY-NEGOTIATED LEASE FOR A HANGAR FACILITY, WINDWARD AVIATION, INC.

Page 2

AREA:

Area/Space No. 415-101, containing an area of approximately 31,450 square feet, Area/Space No. 616-101, containing an area of approximately 10,800 square feet, and Area/Space No. 616-102, containing an area of approximately 12,950 square feet, as shown and delineated on the attached Exhibit A.

ZONING:

State Land Use District: Urban
County of Maui: Airport

LAND TITLE STATUS:

Section 5(a) lands of the Hawai‘i Admission Act: Non-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. 2427, dated February 12, 1969, setting aside 1,268.938 acres designated as Kahului Airport to be under the control and management of the State of Hawai‘i, Department of Transportation for public purposes.

CHARACTER OF USE:

Windward Aviation will develop, construct, use, operate and maintain a Hangar Facility at the Airport.

LEASE TERM:

Thirty (30) Years.

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Years 1 – 5: \$108,192.00 per annum [based on a rate of \$3.92 for improved, unpaved land discounted to \$1.96 (50% general aviation discount), as determined from the DOTA schedule of rates and charges established by appraisal of Airport property statewide].

BLNR – ISSUANCE OF A DIRECTLY-NEGOTIATED LEASE FOR A HANGAR FACILITY, WINDWARD AVIATION, INC.

Page 3

Years 6 – 10: 115% the annual rent for year 5 of the Lease.
Years 11 – 15: 115% the annual rent for year 10 of the Lease.
Years 16 – 20: Reopening at fair market rent determined by an independent appraiser.
Years 21 – 25: 115% the annual rent for year 20 of the Lease.
Years 26 – 30: 115% the annual rent for year 25 of the Lease.

PERFORMANCE BOND:

The sum equal to the annual rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

\$3,500,000.00 (Three Million, Five Hundred Thousand and No/100 Dollars).

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 Hawai‘i, Department of Transportation, Airports Division, has determined that the environmental impacts for the subject land use is covered by the Kahului Airport Improvements Final Environmental Impact Statement (EIS), published by the Office of Environmental Quality Control (OEQC) in the October 23, 1997, issue of The Environmental Notice. The EIS was accepted by the Governor on February 18, 1998. Accordingly, all relevant mitigation from the EIS and best management practices will be implemented to address the minimum impacts of this action.

REMARKS:

Windward Aviation currently occupies three (3) T-Hangars on the east ramp of the Airport, which they have outgrown due to the acquisition of larger aircraft and expansion of their business of providing essential helicopter services to utility companies, County, State and Federal agencies. These companies include Hawaiian Electric Company, Maui County Fire Department, the State of Hawai‘i, Department of Land and Natural Resources, and the United States National Parks Service.

Windward Aviation was recently awarded a five-year contract for Providing of a Helicopter with Complete Flight Operations, Maintenance and Support to the Department

BLNR – ISSUANCE OF A DIRECTLY-NEGOTIATED LEASE FOR A HANGAR FACILITY, WINDWARD AVIATION, INC.

Page 4

of Fire and Public Safety, County of Maui, which includes having a pilot available 365 days a year for search/rescue efforts and fire-fighting missions. They also have a contract with the State of Hawai‘i, Department of Land and Natural Resources to furnish helicopter transportation services for DLNR-DOFAW, Maui District for aerial surveys, spray operations of invasive species, eradication of invasive animals, and transporting crews to remote areas to perform conservation work.

Besides their many helicopter services contracts, Windward Aviation also transports crews and materials into the remote mountains of Hawai‘i daily to perform conservation work and also works regularly with different agencies to support their efforts to conserve native habitats.

In addition to the development of the Hangar Facility, Windward Aviation will be required to develop and construct a connection to the taxiway, which will provide Windward Aviation access to the runway and will be for Airports use for additional ramp parking for General Aviation Aircraft.

DOTA believes the connection to the taxiway at the Airport and additional ramp parking for General Aviation tenants serves the best interest of the State.

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 (DOT) proposes to issue a directly negotiated lease to Windward Aviation for the development, construction, use, operation and maintenance of a Hangar Facility on the East Ramp to provide helicopter services at the Airport.

171-59 (b), HRS states in part, “Disposition of public lands for airline, aircraft, airport-related...operations may be negotiated without regard to the limitations set forth in subsection (a) and section 171-16 (c); provided that: (1) The disposition encourages competition within the aeronautical, airport-related, ... operations;” 261-7, HRS, states in part, “(a) In operating an airport or air navigation facility owned or controlled by the department of transportation, or in which it has a right or interest, the department may enter into contracts, leases, licenses, and other arrangements with persons:

- (1) Granting the privilege of using or improving the airport or air navigation facility or any portion or facility thereof or space therein for commercial purposes;

BLNR – ISSUANCE OF A DIRECTLY-NEGOTIATED LEASE FOR A HANGAR FACILITY, WINDWARD AVIATION, INC.

Page 5

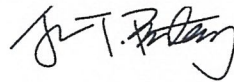
The term “airport purpose” or “airport purposes” contained in any governor’s executive order transferring jurisdiction and control of real property to the department of transportation shall be considered to include entering into contracts, leases, licenses, and other arrangements pursuant to this section.

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

RECOMMENDATION:

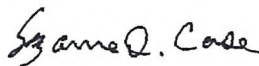
That the Board authorize the Department of Transportation to issue a direct lease to Windward Aviation, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best 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,

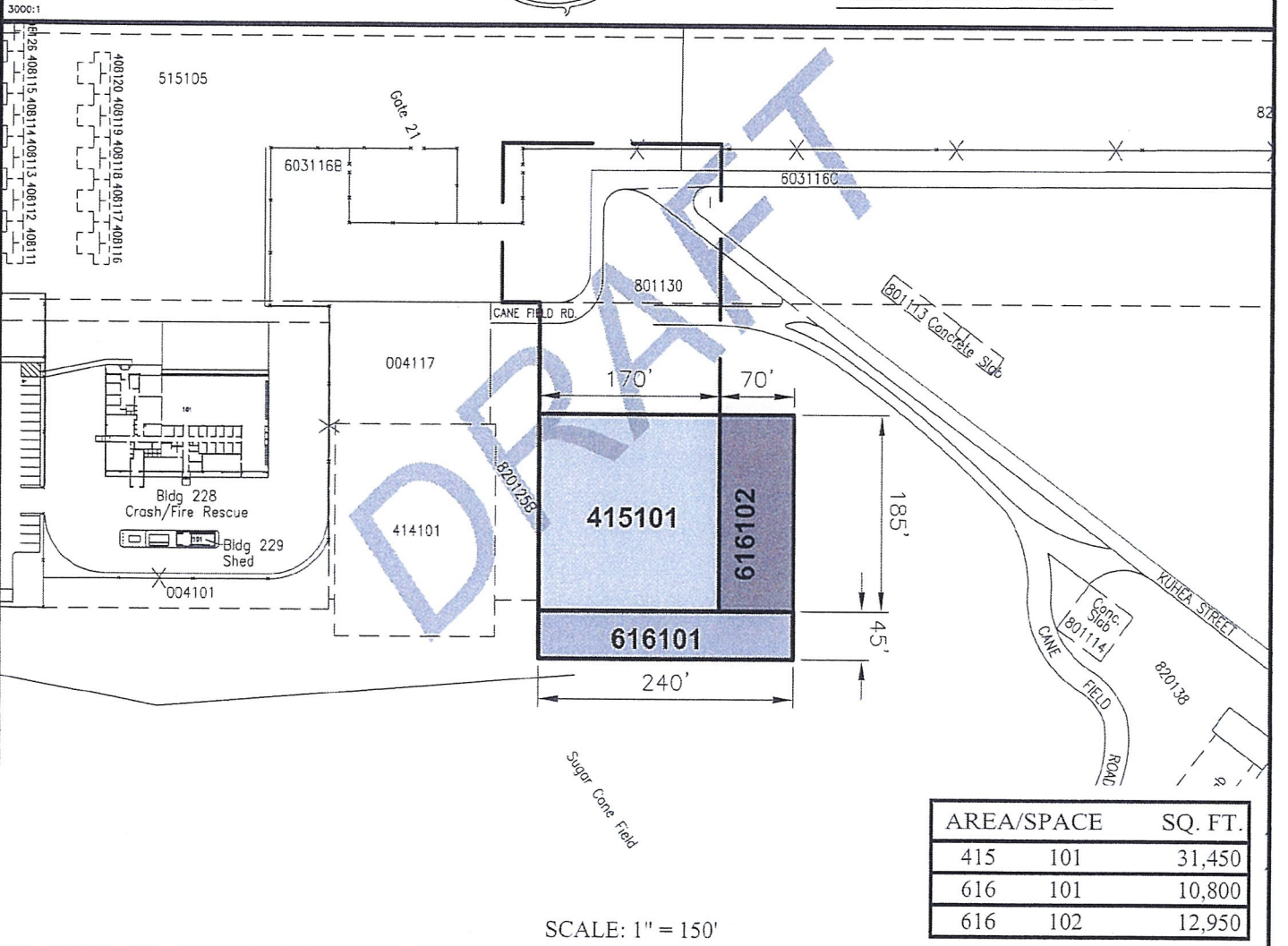
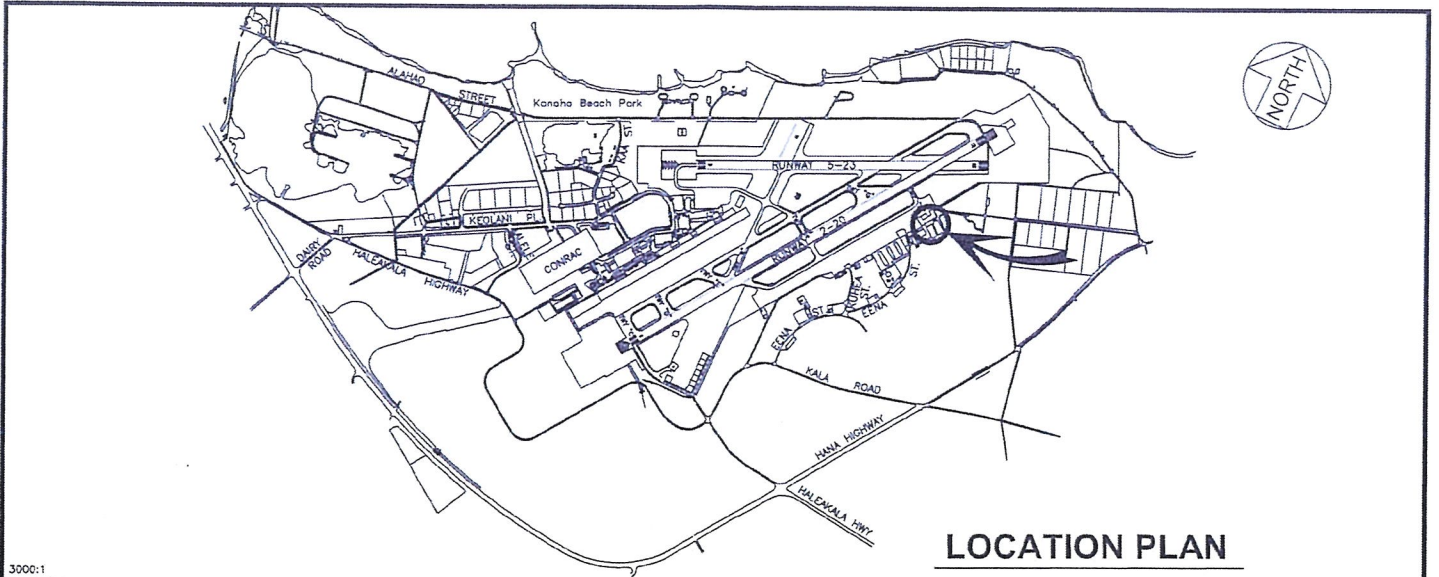


JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:




SUZANNE D. CASE
Chairperson and Member



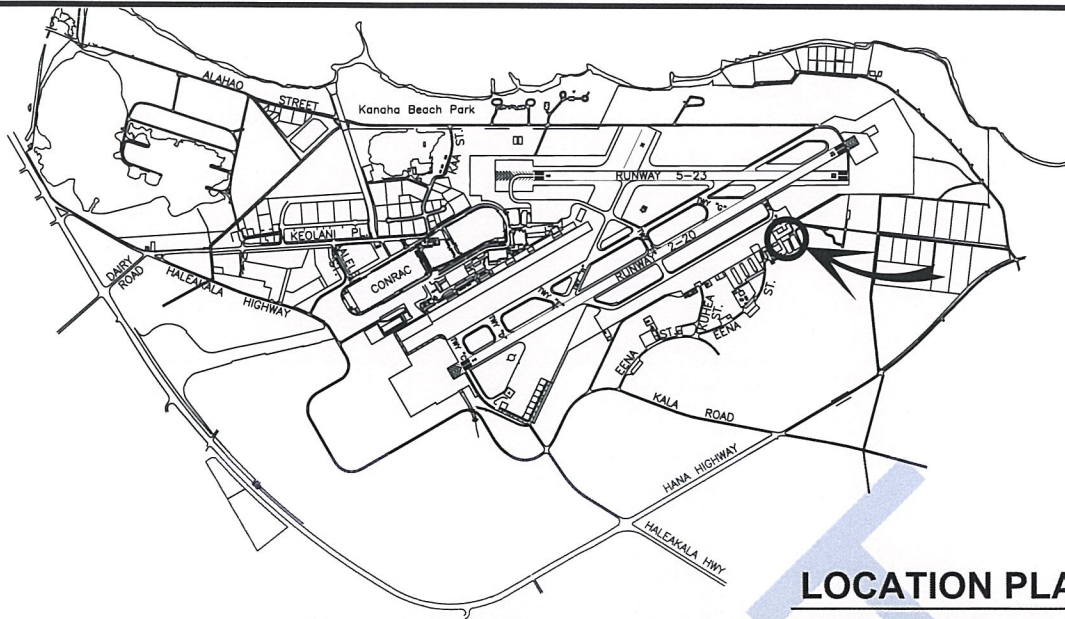
AREA/SPACE	SQ. FT.
415 101	31,450
616 101	10,800
616 102	12,950

SCALE: 1" = 150'

DRAFT	DATE : JUNE 2021	EXHIBIT: A
 Airports Division	WINDWARD AVIATION, INC.	EAST RAMP
		415101 616101, 102 PLAT 26

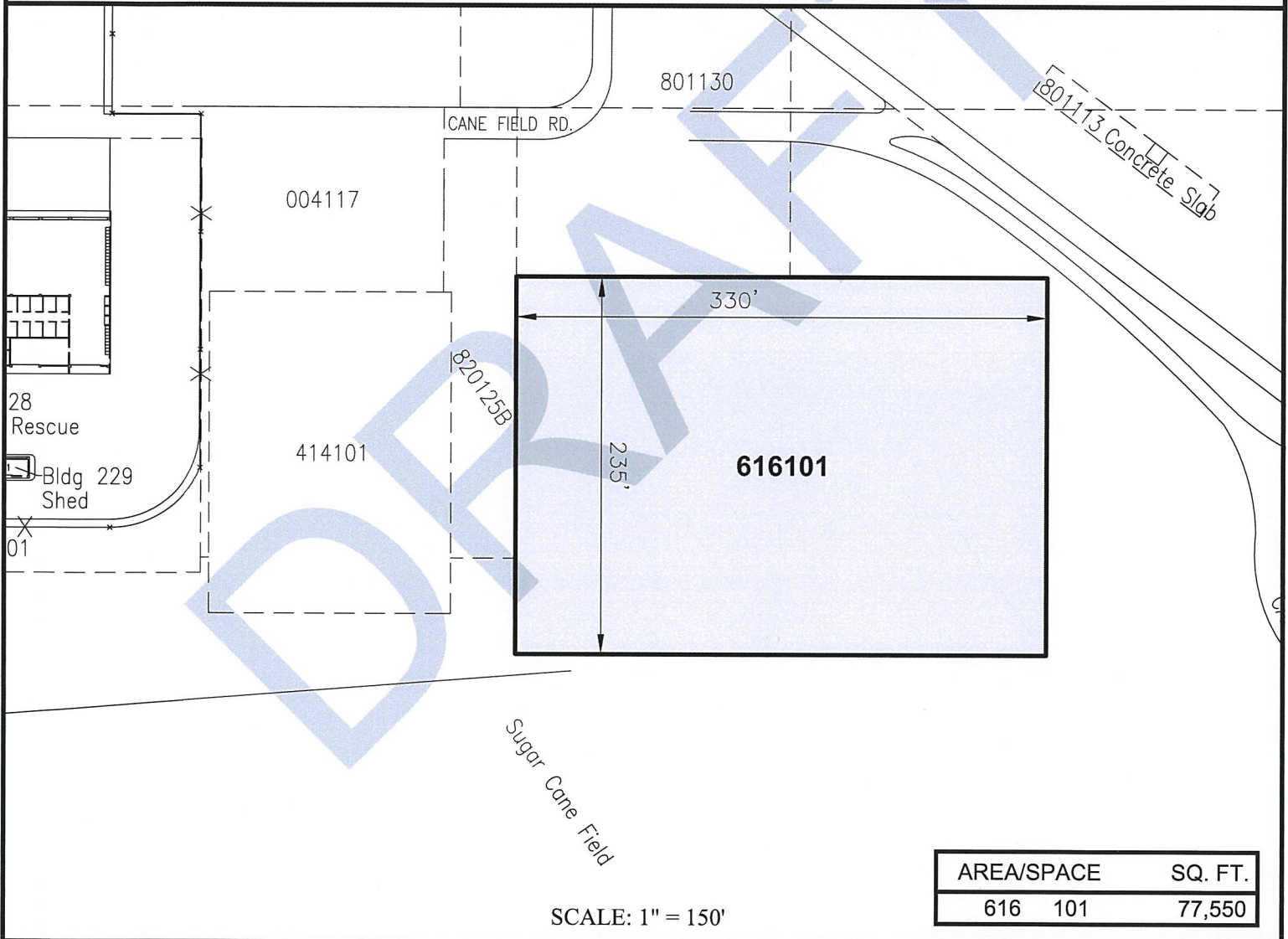
KAHULUI AIRPORT

N:\AIRPORTS\OGG_Kahului\CAD\PM\ogg_415101_DRAFT.dwg



LOCATION PLAN

3000:1



SCALE: 1" = 150'

AREA/SPACE	SQ. FT.
616 101	77,550

DOTA-22-0004 DRAFT

DATE : FEBRUARY 2023

EXHIBIT: **A**



Airports Division

WINDWARD AVIATION, INC.

EAST RAMP

616101

PLAT 26

KAHULUI AIRPORT