

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

August 11, 2023

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

PSF No.: 23OD-012

Oahu

Sale of Concession by Sealed Bids for Commercial Parking Lot or
Garage, Waikiki, Honolulu, Oahu, Tax Map Key: (1) 2-7-036:079

REQUEST:

Sale of concession contract by sealed bid for commercial parking lot or garage
purposes.

LEGAL REFERENCE:

Section 171-56 and Chapter 102, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of lands situated at Waikiki, Honolulu, Island of Oahu, identified by Tax
Map Key: (1) 2-7-036:079, as shown on the attached map labeled **Exhibit A-1 and
A-2.**

AREA:

24,407 square feet, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: B-2 (Community Business)

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CURRENT USE STATUS:

The land is currently encumbered by General Lease No. S-5975 issued to Reduce Reuse Recyclers Services Hawaii together with a sublease to WSC Capital, LLC. The lease will expire on September 30, 2024.

CONCESSION CONTRACT:

SCOPE OF CONCESSION:

The right to operate a commercial parking lot or garage. No ancillary structures or uses shall be permitted except as authorized by the Chairperson.

CONTRACT TERM:

Fifteen (15) years.

COMMENCEMENT DATE:

To be determined by the Chairperson.

UPSET BID FOR MONTHLY CONCESSION FEE, ANNUAL PERCENTAGE FEE, AND STEP-UPS:

Staff will procure an independent appraiser to determine a base concession fee to charge for the use of the premises and to further determine whether the market would support charging anything more than the base concession fee for a parking concession, such as a percentage rent based off of gross annual revenue and, if so, to set the appropriate percentage rate. The appraiser will also determine whether any automatic step-ups in the base concession fee or the percentage rate is market and should be included in the term of the concession and, if so, the frequency of such step-ups.

PERCENTAGE RENT (IF APPLICABLE):

If the independent appraiser determines that it is appropriate to charge percentage rent, the percentage rate shall be applied to the gross annual revenues, if the percentage rent exceeds the minimum annual concession fee. Percentage rent, if any, is to be paid annually in arrears, no later than sixty (60) days after the close of the concessionaire's fiscal year.

If applicable, percentage rent shall be based on the gross annual revenues generated from, on or within the premises, including but not limited to, monthly parking, hourly parking, and any other revenues from the use of the premises.

METHOD OF PAYMENT:

Quarterly payments, in advance.
Percentage rent (if applicable) – annual payment, in arrears.

SECURITY DEPOSIT:

Twice the minimum monthly concession fee.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The activities of the proposed concession contract merely change the manner of the which the subject State land is disposed. It involves no expansion of the activities. In accordance with Hawaii Administrative Rules ("HAR") § 11-200.1-15 and -16 and the Exemption List for the Department of Land and Natural Resources 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, that states, "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", and Part 1 Item 40 which states, "Leases of state land involving negligible or no expansion or change of use beyond the previously existing". **(See Exhibit B)**

REMARKS:

Land Division initially planned to auction the parcel for commercial purposes for income generation. After a lengthy open discussion at a Land Board meeting on February 8, 2008, under agenda item D-5, the Board approved the staff recommendation of a proposed public auction for commercial uses. However, many testifiers at the February 8th meeting were from the community and State and County area lawmakers who expressed the need for parking in the area and suggested a paid commercial parking lot would better serve the interest of the area businesses and residents. The State and department's administration also supported the alternative paid commercial parking lot concept as best serving the needs and interests of the community residents and businesses. Accordingly, on July 11, 2008, under agenda Item D-3, staff recommended and the Board reconsidered its prior position and authorized the parcel be utilized as a paid commercial parking lot open to the public and to be disposed through public auction.

The current General Lease No. S-5975 was sold by public auction to Reduce Reuse Recyclers Services Hawaii LLC, dba RRR Recycling Services Hawaii ("RRR") for a term of fifteen (15) years, commencing September 1, 2009, and expiring on August 31, 2024. A portion of the lease area is used as a State certified

redemption center and the remainder is used as public parking. During the review of RRR's application submitted for the 2009 auction, it was noted that the number of parking stalls under its proposal would not be less than the amount provided by the Resco, Inc., who was the then owner of the adjacent office building and held a revocable permit for parking. Therefore, the redemption center was considered as an ancillary use of the parking lot, subject to the Chairperson's approval.

With limited street parking along Kapahulu, there is still a need for public off-street parking for the patrons of the nearby businesses in the Kapahulu area.

Comments were solicited from the following agencies:

C&C Dept of Planning and Permitting	No comment. Concur to the proposed EA exemption
C&C Dept of Parks and Recreation	No Response
C&C Board of Water Supply	No objections/comments. Concur to the proposed EA exemption.
Office of Hawaiian Affairs	No response


The proposed use has continued since October 2009 and will continue. Such use has resulted in no know significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in the use of the subject area beyond that previously existing.

RECOMMENDATION: That the Board:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1-15 and -16, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the sale of a concession contract by sealed bid of the subject area for commercial parking lot or garage purposes, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The Chairperson shall be authorized to prescribe the terms and conditions of the request for sealed bids;
 - B. The standard terms and conditions of the most current concession contract form, as may be amended from time to time;

- C. Review and approval by the Department of the Attorney General; and
- D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Patti E. Miyashiro
Land Agent

BC

APPROVED FOR SUBMITTAL:



Dawn N. S. Chang, Chairperson

RT

KEM

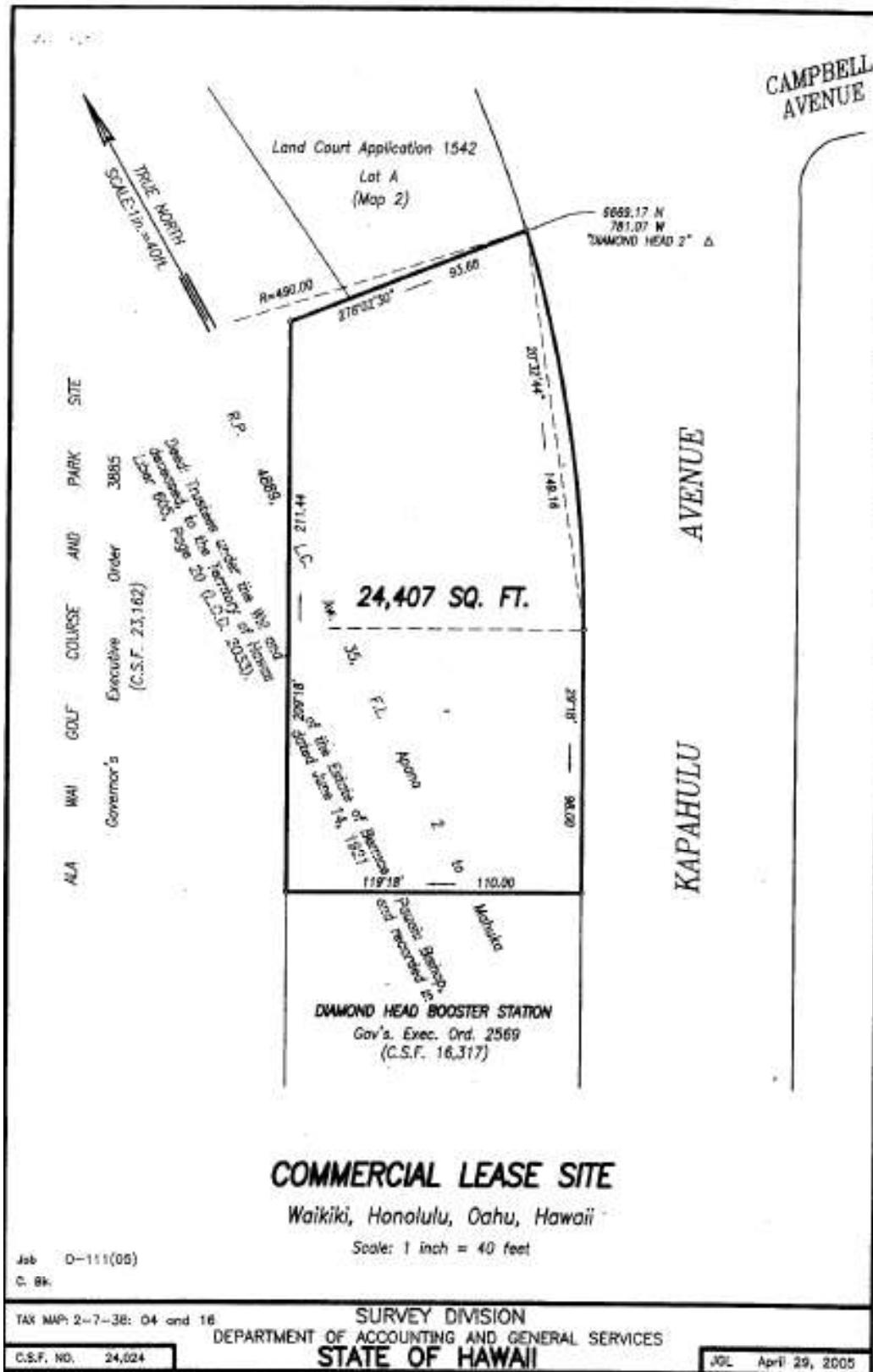
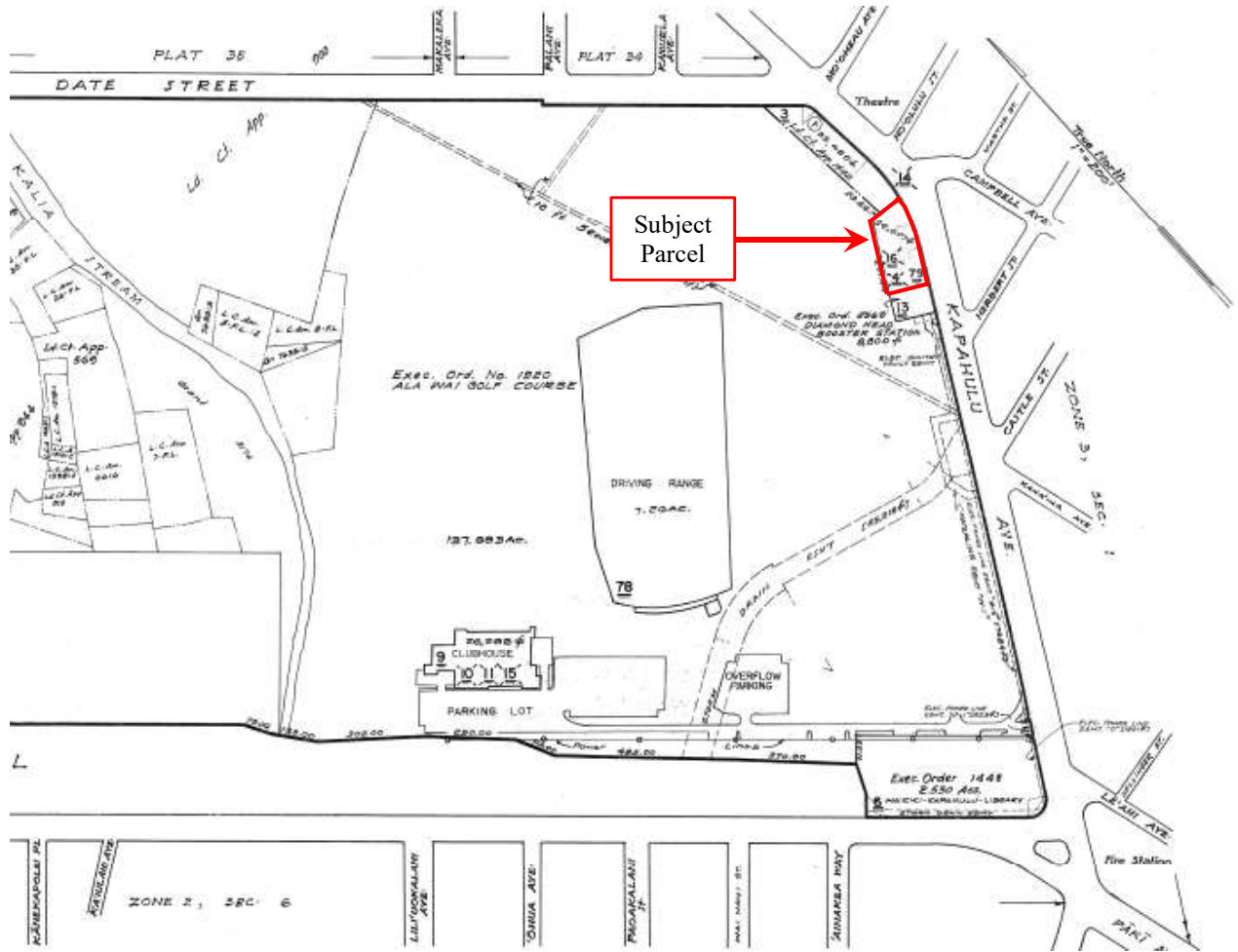


EXHIBIT A-1



EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200.1, HAR

Project Title:	Sale of Concession by Sealed Bid for Commercial Parking Lot or Garage.
Project/Reference No.:	PSF 23OD-012
Project Description:	Concession for Commercial Parking Lot or Garage Purposes.
Chapter 343 Trigger(s):	Use of State Land
Exemption Class No.:	In accordance with Hawaii Administrative Rules ("HAR") § 11-200.1-15 and -16 and the Exemption List for the Department of Land and Natural Resources 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, that states, "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", and Part 1 Item 40 which states, "Leases of state land involving negligible or no expansion or change of use beyond the previously existing". The subject request is a de minimis action that will probably have minimal or no significant effect on the environmental and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR, as a de minimis action.
Cumulative Impact of Planned Successive Actions in Same Place Significant:	No, the request would involve negligible or no expansion or change in use of the subject area beyond that previously existing
Action May Have Significant Impact on Particularly Sensitive Environmental:	Staff is not aware of any particularly sensitive environmental issues and use of the area would involve negligible change from what is existing.
Consulted Parties:	Agencies described in the submittal.
Analysis:	Staff believes the request would involve negligible or no expansion or change in use of the subject location beyond that previously existing.

EXHIBIT B

Recommendation:

That the Board find the subject request will probably have minimal or no significant effect on the environment and should be declared exempt from the preparation of an environmental assessment and the requirements of § 11-200.1-17, HAR.