

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

October 27, 2023

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

Ref. No. 23OD-099  
  
Oahu

Cancellation of Governor’s Executive Order No. 4262 to Department of Accounting and General Services, and Re-Set Aside to Department of Commerce and Consumer Affairs for State Offices Purpose; Honolulu, Oahu, Tax Map Key: (1) 2-1-025:portion of 004, CPR Nos. 0001 & 0004.

APPLICANTS:

Department of Accounting and General Services (“DAGS”) and Department of Commerce and Consumer Affairs (“DCCA”).

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Government lands of Honolulu, Oahu, Tax Map Key: (1) 2-1-025:portion of 004, further identified as Apartment 1 and Apartment 4 in the King Kalakaua Building Condominium Project. (**Exhibit 1**).

AREA:

Eighty Percent (80%) interest in 2.611 acres, more or less, further identified as:  
Apartment 1 floor space 107,265 square feet, more or less.  
Apartment 4 floor space 10,632 square feet, more or less.  
Total floor space 117,897 square feet, more or less.

ZONING:

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

TRUST LAND STATUS:

Acquired after 8/59.  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Governor's Executive Order No. 4262 ("EO4262") to DAGS for State Offices purpose.

PURPOSES OF SET-ASIDE:

State offices purpose.

CHAPTER 343- ENVIRONMENTAL ASSESSMENT:

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," Part 1, Item 36, that states "Transfer of management authority over state-owned land, such as setting aside of state lands to or from other government agencies through a Governor's executive order." 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, as a de minimis action.

REMARKS:

The King Kalakaua building was built in the 1920s to hold the Federal Courthouse, the Customs House and the Post Office. Later in 1975 the Federal Court and Custom House moved to a new location leaving only the Post Office. In the late 1990s the United States Postal Service ("USPS") decided to sell the vacant areas of the building. In 2002 the USPS sold the entire property to Par Development, LLC by Warranty Deed recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2002-207894 for the purpose of redeveloping the building and dividing the property into condominium units for resale back to the USPS and preferably, the remaining interest to another Government Agency.

On January 11, 2002, under Item D-28 (See **Exhibit 2**) the Board of Land and Natural Resources ("Board") approved the authorization to purchase interest in the U.S. Post Office by condominium property regime and set-aside to the DAGS. Through the Declaration of Condominium Property Regime for the King Kalakaua Building, recorded as aforesaid as Document No. 2005-204303, and the By-Laws of the Association of Apartment Owners of King Kalakaua Building, recorded as Document No. 2005-204304, the building was divided into four (4) condominium units.

The State of Hawaii, by its Department of Land and Natural Resources purchased an undivided 80% interest in the building by Limited Warranty Deed recorded as Document No. 2003-225845 from Par Development, LLC. The State of Hawaii obtained interest in condominium apartment units ("Apt.") 1 and 4 through Apartment Deeds Nos. 2006-190941 and 2006-190944, respectively. The USPS holds undivided interest in Apartment 2 and Apartment 3. The descriptions for the Apartments and the breakdown of the areas

under common interest are detailed in Exhibit B of the condominium property regime, attached as **Exhibit 3**.

DAGS under EO4262 was given managerial authority and control for Apt. 1 and Apt. 4. Land Division received a memorandum dated September 14, 2023 from the Comptroller asking for the cancellation of EO4262 and re-set aside of areas under Apt. 1 and Apt. 4 to the DCCA. The memo states this is a mutually supported request between these two Departments.

The reasoning for the transfer given was the DCCA utilizes a majority of the area under EO4262. DCCA and DAGS therefore believe it would be more efficient if DCCA did not have to secure approvals from DAGS for utilization and property management among other interior management decisions, but instead had the direct authority to control these issues themselves.

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, 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 as a de minimis action.
2. Approve of and recommend to the Governor the issuance of an executive order canceling Governor's Executive Order No. 4262 and subject to the following:
  - A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
  - B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;
  - 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.
3. Approve of and recommend to the Governor the issuance of an executive order setting aside the subject State land to the Department of Commerce and Consumer Affairs, under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:
  - A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
  - B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;

- 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,



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Darlene Bryant-Takamatsu  
Land Agent

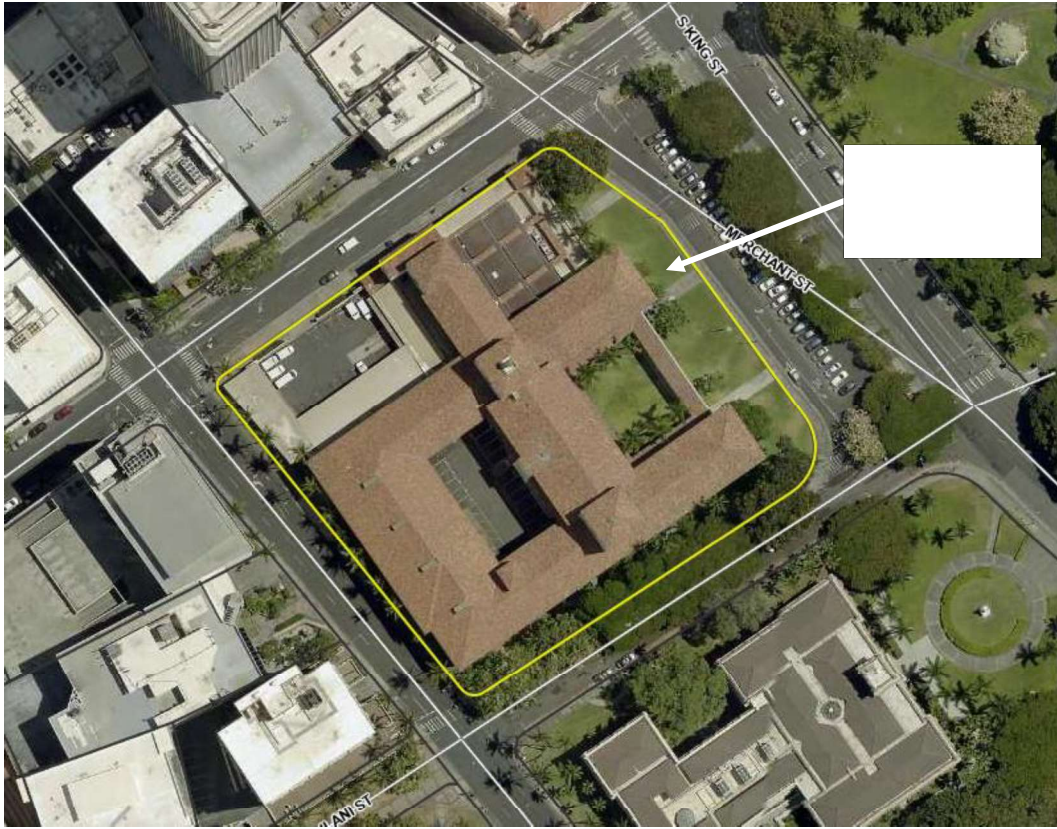
APPROVED FOR SUBMITTAL:



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Dawn N. S. Chang, Chairperson

*RT*      *KEM*



TMK: (1) 2-1-025:portion of 004

**EXHIBIT 1**

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

January 11, 2002

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

OAHU

Authorization to Purchase Interest in the  
U.S. Post Office – Downtown Station, Land and Building, by Condominium Property Regime,  
and Set Aside to the Department of Accounting and General Services, for State Offices,  
situate at Honolulu, Oahu – Tax Map Key (1) 2-1-25: Portion of 4

STATUTE: Sections 171-30 and 171-11 Hawaii Revised Statutes, as amended.

APPLICANT: Department of Accounting and General Services, on behalf of the Department of  
Commerce and Consumer Affairs

LAND OWNER: The United States Postal Service

LOCATION: U.S. Post Office – Downtown Honolulu Station, 335 Merchant Street, Honolulu,  
Oahu – Tax Map Key: (1) 2-1-25: Portion of 4, as shown on the attached map,  
labeled Exhibit A.

AREA: Approximately 2/3 interest, more or less, (subject to final negotiations between  
DAGS and the U.S. Postal Service) of the land and building which occupies Parcel 4,  
which is 113,754 s.f. or 2.611 acres, more or less, area to be confirmed by DAGS,  
State Survey

ZONING: State Land Use Commission: Urban  
City & County of Honolulu CZO: B-2 Community Business District

CURRENT USE  
STATUS: U.S. Post Office – Downtown Honolulu Station

PURPOSE: State Offices

CONSIDERATION: To be determined by independent appraisal, subject to review and approval by the  
Chairperson.

FUNDING SOURCE: DCCA's Special Funds for FY 2002 and FY 2003.

ENVIRONMENTAL  
REQUIREMENTS: In anticipation of the State's acquisition of the property, DAGS has contacted agents  
and consultants regarding certain due diligence studies, covering environmental  
assessment, hazardous materials, etc. Inasmuch as the Chapter 343 environmental  
requirements apply to Applicant's use of the lands, the Applicant shall be responsible  
for compliance with Chapter 343, HRS, as amended.

APPROVED BY THE BOARD OF  
LAND AND NATURAL RESOURCES  
AT ITS MEETING HELD ON

*January 11, 2002. [Signature]*

ITEM D-28

## EXHIBIT 2

Downtown Post Office Acquisition

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January 11, 2002

### APPLICANT

REQUIREMENTS: Applicant shall be required to:

- 1) Pay for an appraisal to determine one-time payment;
- 2) Process and obtain any necessary subdivisions at own cost;
- 3) Provide survey maps and descriptions, according to DAGS State Survey standards, at own cost;
- 4) Obtain a title report to ascertain ownership and encumbrances, where necessary, at own cost, and subject to review and approval by the Department; and
- 5) Obtain a Phase I hazardous waste environmental site assessment, at own cost, and subject to review and approval by the Department.

### REMARKS:

The Department of Commerce and Community Affairs (DCCA) currently occupies the 9-story Princess Victoria Kamamalu building at 1010 Richards Street/250 South King Street. Due to old age, the building contains deteriorating asbestos, inadequate electrical wiring and power, and an elevator and air conditioning system, in much need of repair. DCCA has informed DAGS that these conditions have caused inconvenience to both the general public and staff, have hindered department operations, and have made continued occupancy undesirable. Due to these building deficiencies and planned major renovations, DCCA has requested relocation to another facility.

DCCA is interested in relocating to the Downtown Honolulu Post Office station.

The U.S. Postal Service has been attempting to sell the building, but is requiring that the post office retain a perpetual right to remain at the downtown site. At present, DAGS is in negotiations with the post office, through their agent, CB Richard Ellis, as to what areas of the land and building will be retained for use by the post office, what areas will be reserved for post office expansion, and what areas will be acquired for use by the State. Negotiations for the acquisition have included discussions covering either a straight purchase or a lease with option to purchase. Based on recent discussions, the creation of a condominium property regime may be the only way to accommodate the landowner's requirement, to continue use of the site into perpetuity.

Subject to final negotiations, the landowner and DAGS will share in the cost of processing the condominium property regime for the subject land and building. This process will separate what office areas will go to the State, what office areas will go to the post office, and what land and common areas that both will have an undivided interest.

Funding for the independent appraisal report, will come from DCCA's operating funds for FY 2002. DCCA's special funds, in the amount of \$27 million are being incorporated into DCCA's Supplemental Budget in anticipation of an outright purchase of the condominium interest, and subsequent renovations to the building. DAGS has informed us that this budget can be adjusted during the Legislative session, pending negotiations for acquisition of the property.

Downtown Post Office Acquisition

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January 11, 2002

Discussions so far have indicated that the post office will retain use of the basement (Exhibit B), and the majority of the ground floor (Exhibit C). The State would acquire part of the ground floor (Exhibit C) and all of the second and third floors (Exhibits D and E), and a few rooms in the towers at levels four, five, and six (Exhibits F, G, and H). However, further negotiations may expand DAGS or post office usage of the various areas. DAGS has indicated that it may put electrical and air conditioning equipment in the post office expansion area in the basement. Land areas involving parking, public use, etc. are also still under negotiations. The approximately 2/3 interest, more or less, mentioned earlier is just a rough estimate. The actual percentage interest will be determined once negotiations involving square footage and acreage of areas used by the State and the post office are finalized.

At this time, DAGS has requested that we begin the independent appraisal process, subject to the Land Board's approval of the acquisition.

Initially, DAGS had planned to acquire a site outside of the downtown area. DCCA prefers to move to a location within the downtown area.

However, should negotiations for the post office acquisition fall through, DAGS has informed us that they may lease the office space in the post office building for DCCA until such time that an alternate site is located and acquired. Relocating DCCA back to the Kamamalu building following the major building renovations, is also an option.

Although negotiations are still ongoing, DAGS has requested that we present this acquisition request to the Land Board for its consideration, at this time.

RECOMMENDATION: That the Board:

1. Authorize the fee simple acquisition of the subject land and building, subject to the terms and conditions previously listed, which are by this reference incorporated herein and subject further to the following terms and conditions:
  - A. The landowner shall convey the land to the State of Hawaii, by Deed, free and clear of any unwanted liens and encumbrances;
  - B. Review and approval by the Department of the Attorney General; and
  - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
2. Upon determination of areas, property, and improvements, to be acquired by the State of Hawaii, and retained by the U.S. Postal Service, authorize initiation of the independent appraisal process;
3. Upon acquisition of the property, approve of and recommend to the Governor the issuance of an executive order setting aside the subject land and building to the Department of Accounting and General Services, for State Offices, under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:
  - A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;



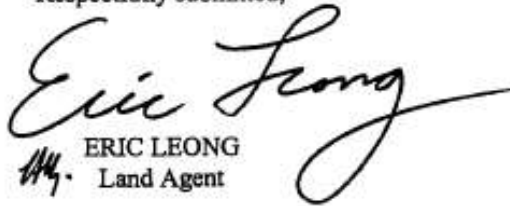
Downtown Post Office Acquisition

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January 11, 2002

- B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;
- 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,

  
ERIC LEONG  
Land Agent

APPROVED FOR SUBMITTAL:

  
GILBERT S. COLOMA-AGARAN, Chairperson

## **EXHIBIT B**

The apartments of the Project are in a single building complex, which was originally designed and built between 1918 and 1930 and has been known as the "United States Post Office, Custom, and Courthouse." A portion of the complex contains only one floor, another portion contains three floors, another portion contains four floors, and there are two towers containing fifth and sixth floor levels. The building complex includes a basement.

### **I. Description of Apartments**

#### **Apartment 1:**

**Apartment 1 of the Project consists of the First, Second, Third, Fourth and Fifth Floors, with a Mezzanine on the First Floor, of that part of the building complex which is designated on said Condominium Map as "Condominium 1" and consists of four (4) elevators, eight (8) stairways, and the rooms and areas designated, respectively, on said Condominium Map as follows:**

#### **First Floor:**

**Main Lobby, Utility, Corridors, Vestibules, Men, Women, OAH Hearings 1, OAH Hearings 2, DCCA Conference 1, DCCA Conference 2, DCCA Conference 3, Staff, CATV Lobby, CATV, CATV Files/Library, Admin #1, Atty #4, Elec 1, Telcom 1, Mech, OAH Lobby, OAH, Hrgs Officer #1, Hrgs Officer #2, Hrgs Officer #3, Hrgs Officer #4, Hrgs Officer #5, Files/Storage, Storage 1, DCCA Conf 4, OAH Hearings 3, Closet, Storage 2, Mezzanine Stair, Blind Vendor Stall, Service entry, DCCA Servers, ISCO Storage, Service Corridor, Interior Courtyard. Note: The operating equipment for the rolling gate, described in Section 7.02(c) of this Declaration shall belong to the owner of Apartment 1, but is located within Apartment 3.**

#### **Mezzanine:**

#### **Mezzanine Floor Space**

#### **Second Floor:**

**Elevator Lobby, BREG Lobby, BREG Viewing, BREG /Doc 1 Record, Files, Comm #1, BREG Admin, BREG Receipt, BREG Intvw, BREG Res, BREG Files, BREG Securities, Mech 1, Atty70, Atty81, Atty 82, Atty 83, Atty 84, Halls, Elec 1, Telcom 1, Women, Men, SEB/Sec Storage, DCCA**

**Conference 5, Atty #11, Atty #12, Atty #13, Admin/Legal, Atty #79, Comm #1, Elev Lobby, Mech 4, Elec 4, Telcom 4, Intvw 6, Atty #54, MV Fraud, MV Fraud Evidence, Sec Stor 1, Copy 2, HD Files, Admin #15, Dep Comm #2, Exam #24, Admin #35, Atty#36, RPA #63, Ins, Ins Lobby, Sec Stor 3, Elec 3, Telcom 3, Mech 3, Copy, Corridors, Ofc Svcs, C & E Inv, Alcove, Utility, Staff, Storages, Men 2, Women 2, Telcom 2, Elec 2, BREG /Doc 1, BREG/Doc P, Mech 2, DFI Lobby, DFI Admin/Licensing, DFI Field Exam, Files (Vault), Files/Copy, Comm #1, Dep Com #2**

**Third Floor:**

**Elevator Lobby, Corridors, Lobby Lanai, PVL Lobby, PVL Records, PVL Applications, Fiscal/ Cashier Svcs, Fiscal, Secured Stor, Mech 1, Director, Deputy Director, Director Admin, Work Area, Dir Ofc Admin Stor, Personnel, Pers #21, Halls, Ofc Svcs, Ofc Svcs/Mail, DCCA Stor 2, Dir Ofc Stor 2, Telcom 1, Elec 1, Women 1, Men 1, Dir Ofc Stor 1, DCCA Conference 6, DCCA Conference 7, Lobby, ISCO, ISCO #1, Copy/Storage, Storages, Mech 4, Telcom 4, ISCO Training, Admin #1, Admin #2, Atty #7, Atty #8, Lobby, Clerical, DCCA Files, Copy, Work Area, Mech 3, PVL Exam/Bds & Comm, PVL Files/Storage, Atty #87, Exam Storage, Exam, Women 2, Men 2, Utility, Vestibule, Staff, Viewing Lobby, PVL Real Estate 2, PVL Library, Mediation, RE Copy/ Work Area, Re comm #59, PVL Real Estate 1, Mech 2, PVL Admin/Bds & Comm, Licensing Admin #1, PVL Bds & Comm, Copy, Elec 2, Telcom 2.**

**Fourth Floor:**

**Elevator Machine Room, DCCA Storage, DCCA Work Room 1, DCCA Work Room 2, Halls, Mechanical rooms.**

**Fifth Floor:**

**Work Area 1, Work Area 2, Mechanical Room.**

**Sixth Floor:**

**Work Area 1, Work Area 2, Mechanical Room.**

**Apartment 1 contains a total floor area of approximately 107,265 square feet.**

**Apartment 2:**

**Apartment 2 of the Project consists of a one (1) story and a**

**Mezzanine and consists of the rooms and areas as follows:**

**Main Floor:**

**Service Court, Office 3, Loading Dock 1, Stair 2, Circulation Area, Janitor Closet 2, Low Storage, Women's Locker/Toilet 2, Mens Locker/Toilet 2, Break Room, Loading Dock 2, Storage, Mail Sort Zone 13, Mech Rm, Mail Sort Zone 14, Supervisor Office 1, Supervisor Office 2, Tel Rm 2, Elec Rm 2, Unisex Toilet**

**Mezzanine:**

**Lookout Gallery**

**Apartment 2 contains a total floor area of approximately 31,290 square feet.**

**Apartment 3:**

**Apartment 3 of the Project consists of a one (1) story and a Mezzanine and consists of the rooms and areas as follows:**

**First Floor:**

**Customer Lobby, Customer Sales, Post Office Box Area, Registry Cage 1, Registry Cage 2, Office 1, Office 2, Storage Closet, Women's Locker/Toilet 1, Men's Locker/Toilet 1, Janitor Supply, Elec Rm 1, Tel Rm 1, Hall, Closet, Janitor Closet 1, Vault, CIO Stair, Stair 1.**

**Mezzanine:**

**Look out Gallery; CIO Hallway & Lookout Gallery; CIO Office, CIO Toilet, Stairway 1.**

**Apartment 3 contains a total floor area of approximately 15,905 square feet.**

**Apartment 4:**

**Apartment 4 of the Project is located on the Basement Level of the Building designated Condominium 1 on said Condominium Map and consists of the rooms and areas designated on said Condominium Map as Lobby, Elevator Machine Room, Ramp/Hallway 1, Halls, Closets, Elec B,**

**Mech Rm, Telcom, Storage BREG, Storage, Bldg Svcs Storage, Utility, Jan Staff, Jan Stor, and hallways connecting various rooms of the Apartment, as shown on said Condominium Map.**

**Apartment 4 contains a total floor area of approximately 10,632 square feet.**

## **II. Common Interests**

**The apartments shall have appurtenant thereto the following common interests\*:**

<b>Apartment</b>	<b>Common Interest</b>
<b>1</b>	<b>64.97288%</b>
<b>2</b>	<b>18.95306%</b>
<b>3</b>	<b>9.63402%</b>
<b>4</b>	<b><u>6.44004%</u></b>
<b>TOTAL:</b>	<b>100%</b>