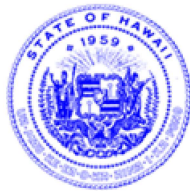


JOSH GREEN, M.D.
GOVERNOR



EDWIN H. SNIFFEN
DIRECTOR

Deputy Directors
DREANALEE K. KALILI
TAMMY L. LEE
ROBIN K. SHISHIDO

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

IN REPLY REFER TO:

HAR-PM.0002152.23

October 18, 2023

TO: DAWN N. S. CHANG, CHAIRPERSON
DEPARTMENT OF LAND AND NATURAL RESOURCES

FROM: EDWIN H. SNIFFEN *EHS*
DIRECTOR OF TRANSPORTATION

SUBJECT: LAND BOARD SUBMITTAL
REQUEST FOR AUTHORIZATION TO ISSUE AN INTERIM
MONTH-TO-MONTH REVOCABLE PERMIT AND ISSUANCE OF
A NEW 35-YEAR LEASE, BY DIRECT NEGOTIATION TO
MATSON TERMINALS, INC., FOR OPERATION OF ELECTRICAL
POWER EQUIPMENT FOR REFRIGERATED CARGO CONTAINERS,
PIER 1, HILO HARBOR, ISLAND OF HAWAII, TAX MAP KEY
NO. (3) 2-1-009:007 (P), GOVERNOR'S EXECUTIVE ORDER NO. 3962

We respectfully request your approval and signature to the enclosed submittal. Please have submittal placed on the next Land Board agenda.

Should you have any questions, please contact Mr. Derrick Carne, Harbors Property Manager, at (808) 587-1947 or by email at derrick.j.carne@hawaii.gov.

Enclosures

JOSH GREEN, M.D.
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
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IN REPLY REFER TO:

HAR-PM.0002153.23

October 18, 2023

Ms. Dawn N. S. Chang, Chairperson
Board of Land and Natural Resources
Kalanimoku Building
1151 Punchbowl Street
Honolulu, Hawaii 96813

Dear Ms. Chang:

HAWAII

Request for Authorization to issue an interim month-to-month Revocable Permit (RP) and issuance of a new 35-year Lease by direct negotiation to Matson Terminals, Inc., for operation of electrical power equipment for refrigerated cargo containers, Pier 1, Hilo Harbor, island of Hawaii, Tax Map Key (TMK) No. (3) 2-1-009:007 (P), Governor's Executive Order No. 3962.

LEGAL REFERENCE:

Hawaii Revised Statutes (HRS), Sections 171-6, 171-11, 171-13, 171-17, 171-35, 171-36, 171-55, and 171-59, as amended.

APPLICANT:

Matson Terminals, Inc. (Applicant) is a domestic profit corporation whose mailing address is 555 12th Street, Suite 700, Oakland, California 94607.

CHARACTER OF USE:

Applicant's proposed use is to reconstruct, install, maintain, use and repair subsurface, surface power conduits and receptacles, and ancillary equipment to provide power for refrigerated cargo containers.

LOCATION:

Portion of Government lands at Pier 1, Hilo Harbor, island of Hawaii, TMK No. (3) 2-1-009:007 (P), see enclosed Exhibit A.

ITEM M-5

ZONING:

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

AREA: See enclosed Exhibit A

AREA	DESCRIPTION	TYPE	SQ. FT.	REVOCABLE PERMIT RATE	RENTAL	SECURITY DEPOSIT
1	Transformer and Reefer Outlet Distribution Panel	Exclusive Surface Easement	49	\$0.23	\$11.27	\$22.54
2	Refrigerated Cargo Receptacles	Exclusive Surface Easement	143	\$0.23	\$32.89	\$65.78
3	Refrigerated Cargo Receptacles	Exclusive Surface Easement	240	\$0.23	\$55.20	\$110.40
4	Refrigerated Cargo Receptacles	Exclusive Surface Easement	240	\$0.23	\$55.20	\$110.40
5	Refrigerated Cargo Receptacles	Exclusive Surface Easement	240	\$0.23	\$55.20	\$110.40
6	Underground Electrical Lines	Non-Exclusive Subsurface Easement	2,295	\$0.06	\$137.88	\$275.76

\$347.64	\$695.28
Total Monthly Rental	Total Security Deposit

CONSIDERATION:

Interim RP: Rent determined by appraisal as of January 1, 2021, for RPs in Hilo Harbor.

New 35-year Lease: Annual rental to be determined by independent appraisal pursuant to HRS, Section 171-17. The Hawaii Department of Transportation (HDOT) is proposing the annual rental to be reopened and redetermined at the expiration of the 15th and 25th years of said term,

with percentage step-ups occurring during the 11th year, 21st year, and the 31st year of the Lease. The step-up appreciation percentage will also be determined by independent appraisal.

LAND TITLE STATUS:

Under the control and management of the HDOT, through issuance of Governor's Executive Order No. 3962.

TRUST LAND STATUS:

Subsection 5(b) of the Hawaii Admission Act (ceded lands).

CURRENT USE STATUS:

Applicant currently occupies the subject premises.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Planning and Sustainable Development, and Environmental Review Program requirements pursuant to Hawaii Administrative Rules (HAR), Section 11-200.1, which exempts the following:

“Exemption Type 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.”

“Exemption Type 3: Construction and location of single, new, small facilities or structures, and the alteration and modification of the facilities or structures and installation of new, small equipment or facilities and the alteration and modification of the same.”

The HDOT deems the action as de minimis and exempts it from the preparation of an exemption notice in accordance with HAR, Section 11-200.1-16(b). The exemption declaration for the actions described above, based on the Exemption List for the HDOT, reviewed and concurred to by the Environmental Advisory Council on February 1, 2022, is as follows:

Exemption Type 1, Part 1:

- No. A1.b. “Repair or maintain building, office space, sheds, parking structures, warehouses, utility systems, aircraft aprons and hardstands, hangars, tunnels and other structures or facilities necessary for the continued function and use, and to meet current local, state and federal standards and regulations. Actions include but not limited the following: b. Utility systems: electrical, interior lighting, plumbing, wastewater, information technology/communication and security systems, heating, ventilation and air conditioning units and other similar systems.”

- Exemption Type 3, Part 1:
- No. 8. “Modify existing structures and buildings that houses utility or sprinkler system components such as pumps, transformers, etc.
- No. 16. “Install new substation, transformers, and electrical connections to supplement existing power supply and maintain the functionality of a facility.:
- No. 19. “Install or remove reefer outlets.

REMARKS:

The Applicant was established in 1921 as a subsidiary to Matson, Inc., to provide container maintenance, stevedoring and other terminal services, supporting its ocean shipping operations in Hawaii. The Applicant is part of a leader in the Pacific shipping with an extensive network reach that provides a vital lifeline to Hawaii’s economy.

Applicant previously occupied a portion of the subject premises under a 35-year permit for use of electrical equipment to power refrigerated containers at the South end of Pier 1, that permit has since expired. HDOT, as part of its various projects over the years to modify and improve the Pier 1 container handling facility, reconstructed the existing electrical system, and provided new and expanded reefer outlet assembly areas for increased refrigerated cargo capacity. Applicant now desires to maintain exclusive use of those expanded electrical facilities to support its refrigerated cargo operations under an interim RP, until a new Lease can be fully executed. The issuance of a new Lease will also allow the applicant to modify or upgrade the electrical equipment and subsurface lines over the term to better suit its operations.

Ms. Dawn N. S. Chang, Chairperson
October 18, 2023
Page 5

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RECOMMENDATION:

Based on this submittal, testimony, and facts presented, the HDOT recommends that the Board finds that approving the issuance of an interim month-to-month RP and issuance of a new 35-year Lease by direct negotiation to the Applicant, including its conditions and rent, under the terms and conditions cited above and other terms and conditions, as may be prescribed by the Director of Transportation, will serve the best interest of the State.

Sincerely,



EDWIN H. SNIFFEN
Director of Transportation

APPROVED FOR SUBMITTAL:



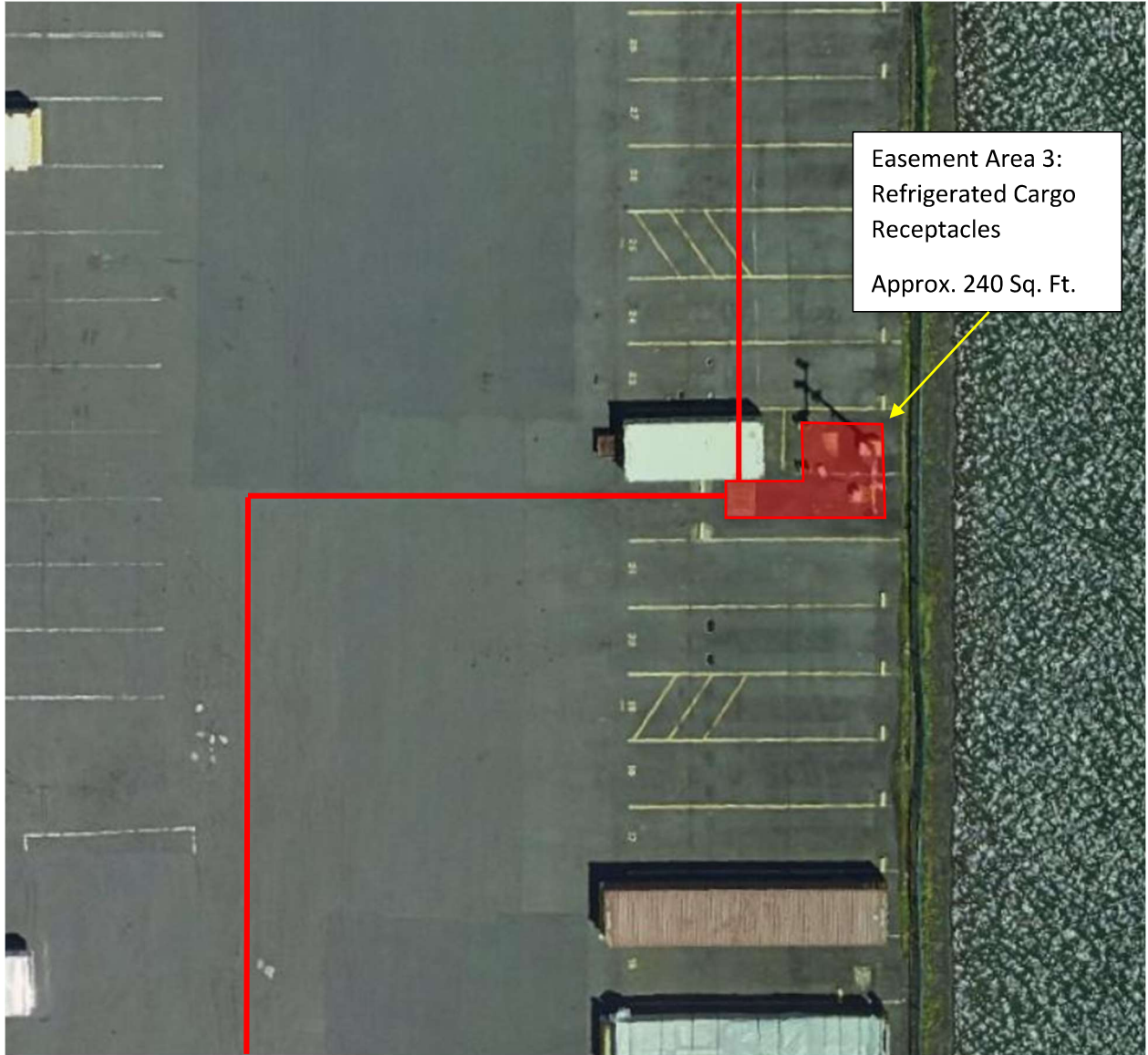
DAWN N. S. CHANG, Chairperson

Enclosures









Easement Area 3:
Refrigerated Cargo
Receptacles
Approx. 240 Sq. Ft.





Easement Area 6 End:
Underground Electrical Lines
Totaling Approx. 2,298 Sq. Ft.

Easement Area 5:
Refrigerated Cargo
Receptacles
Approx. 240 Sq. Ft.