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DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

March 4, 2024

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

Dear Ms. Chang:

KAUAI

Request for Authorization to issue an interim month-to-month Revocable Permit (RP) and the 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, Nawiliwili Harbor, island of Kauai, Tax Map Key Nos. (4) 3-2-004:015 (P) and (4) 3-2-004:035 (P), Governor's Executive Order Nos. 1481 and 2205.

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 and surface power conduits, receptacles, and ancillary equipment to provide power for refrigerated cargo containers.

LOCATION:

Portion of Government lands at Pier 1, Nawiliwili Harbor, island of Kauai, Tax Map Key Nos. (4) 3-2-004:015 (P) and (4) 3-2-004:035 (P), see enclosed Exhibit A.

ITEM M-HAR-2

ZONING:

State Land Use Commission: Urban
 County of Kauai: I-G (General Industrial District)

AREA: See enclosed Exhibit A

AREA	DESCRIPTION	TYPE	SQ. FT.	REVOCABLE PERMIT RATE	RENTAL	SECURITY DEPOSIT
1	Underground Electrical Lines and Pull Boxes	Non-Exclusive Sub-Surface Easement	928	\$0.11	\$102.08	\$204.16
2	Substation Area	Exclusive Surface Easement	392	\$0.44	\$172.48	\$344.96
3-12	Refrigerated Cargo Receptacles	Exclusive Surface Easement	300	\$0.44	\$132.00	\$264.00

\$406.56	\$813.12
Total Monthly Rental	Total Security Deposit

CONSIDERATION:

Interim RP: Rent determined by appraisal as of January 1, 2021, for RPs in Nawiliwili 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 Nos. 1481 and 2205.

TRUST LAND STATUS:

Subsection 5 (a) of the Hawaii Admission Act (non-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, security systems, heating, ventilation, air conditioning units and other similar systems.”
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Exemption Type 3, Part 1:

- No. 8. “Modify existing structures and building 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.”

Ms. Dawn N. S. Chang, Chairperson
March 4, 2024
Page 4

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 the subject premises under a 35-year RP for use of electrical equipment to power refrigerated containers on Pier 1, that RP has since expired. Applicant desires to maintain exclusive use of the same 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 allow the applicant to modify or upgrade the electrical equipment and subsurface lines over the term to better suit its operations.

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 the 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





