



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

April 12, 2024

IN REPLY REFER TO:

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

ISSUANCE OF A LAND LEASE FOR  
SHIPPING CONTAINER STORAGE AND TRUCK PARKING  
HONOLULU FREIGHT SERVICE  
DANIEL K. INOUYE INTERNATIONAL AIRPORT  
TAX MAP KEY: (1) 1-2-025: 122 AND (1) 1-2-025: 109

OAHU

REQUEST:

Issuance of a directly-negotiated lease for the development, use and maintenance of land for storage of shipping containers and truck parking to Honolulu Freight Service (HFS) in support of their freight forwarding operations at Kapalama Military Reservation, under the jurisdiction of Daniel K. Inouye International Airport (Airport).

APPLICANT:

Honolulu Freight Service, whose business address is 933A Nimitz Highway, Honolulu, Hawaii 96817.

LEGAL REFERENCE:

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

LOCATION AND TAX MAP KEYS:

Kapalama Military Reservation, at the Airport, Island of Oahu, State of Hawaii, identified by Tax Map Key: 1<sup>st</sup> Division, 1-2-025: 122 and 1<sup>st</sup> Division, 1-2-025: 109.

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AREAS/PREMISES:

Area/Space No. 010-109A, containing an area of approximately 28,992 square feet, and Area/Space No. 010-109C, containing an area of approximately 33,671 square feet, as shown and delineated on the attached map labeled Exhibit "A".

ZONING:

State Land Use District: Urban  
City and County of Honolulu LUO: Industrial (I-2)

LAND TITLE STATUS:

Non-Ceded - Section 5(a) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to Hawaii Admission Act YES \_\_\_ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3201, dated June 8, 1983, setting aside 3,152.177 acres designated as the Airport under the control and management of the State of Hawaii, Department of Transportation (HDOT) for Airport Purposes.

CHARACTER OF USE:

HFS will develop, use and maintain the premises for storage of shipping containers and truck parking to support their freight forwarding operations.

TERM OF LEASE:

Fifteen (15) years

COMMENCEMENT DATE:

Upon execution of the lease.

ANNUAL LEASE RENTAL:

Years 1 – 5: \$516,969.72 (based on an improved, unpaved land rate of \$8.25 per square foot, per annum, as determined from the HDOT schedule of rates and charges established by appraisal of Airport property statewide).  
Years 6 – 10: 115% x the annual rent for year 5 of the Lease term.  
Years 11 – 15: 115% x the annual rent for year 10 of the Lease term.

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PERFORMANCE BOND:

Sum equal to the annual rental then in effect.

MINIMUM INVESTMENT OF IMPROVEMENTS:

HFS will invest a minimum of \$420,000.00 to excavate, grade and pave the premises to support their freight forwarding operation.

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 environmental impacts of the proposed action to the subject land area is covered by the Kapalama Container and Tenant Relocations Final Environmental Impact Statement (FEIS) dated August 2014, State Project No. Job H. C. 10298. The FEIS was published by the office of the Environmental Quality Control (OEQC) in the August 23, 2014 issue of the Environmental Notice. Accordingly, all relevant mitigation from the FEIS and HDOT environmental best management practices will be implemented to address the minimal impacts of this action.

REMARKS:

In accordance with Section 171-59 (b), and other applicable sections of Chapter 171, HRS, as amended, relating generally to the Management and Disposition of Public Lands, and relating specifically to the Disposition by Negotiation, HDOT proposes to issue a directly negotiated Land Lease to HFS to develop, use and maintain a parking area for storage of shipping containers and truck parking to support their freight forwarding operation.

HFS currently occupies Space Nos. 010-109A and 010-109C under a month-to month revocable permit, which HDOT proposes to convert to a Land Lease in accordance with HDOT's Departmental Staff Manual, Part I, Chapter 2.06.2.2 (Conversion to Lease) which states in part, "Each division shall annually review its inventory of revocable permits with the purpose of converting them to leases, especially where competition for space exists or could exist."

In addition, HFS is proposing to invest a minimum of \$420,000.00 to excavate, grade and pave the premises due to complaints from surrounding businesses about dust generated from the lot.

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RECOMMENDATION:

That the Board authorize HDOT to issue a directly-negotiated Land Lease to Honolulu Freight Service, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; and (2) such additional 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 from and content.

Respectfully submitted,



EDWIN H. SNIFFEN  
Director of Transportation

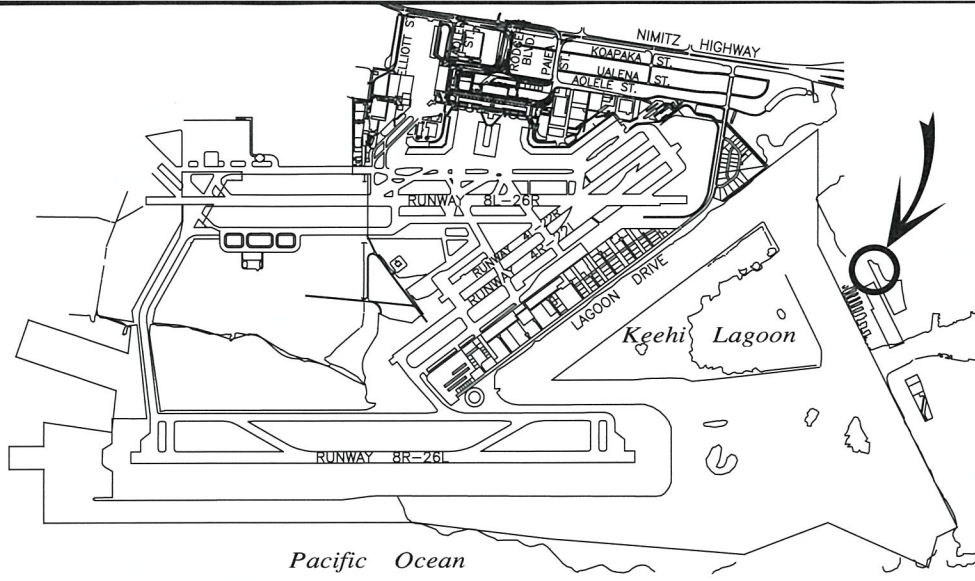
APPROVED FOR SUBMITTAL:



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

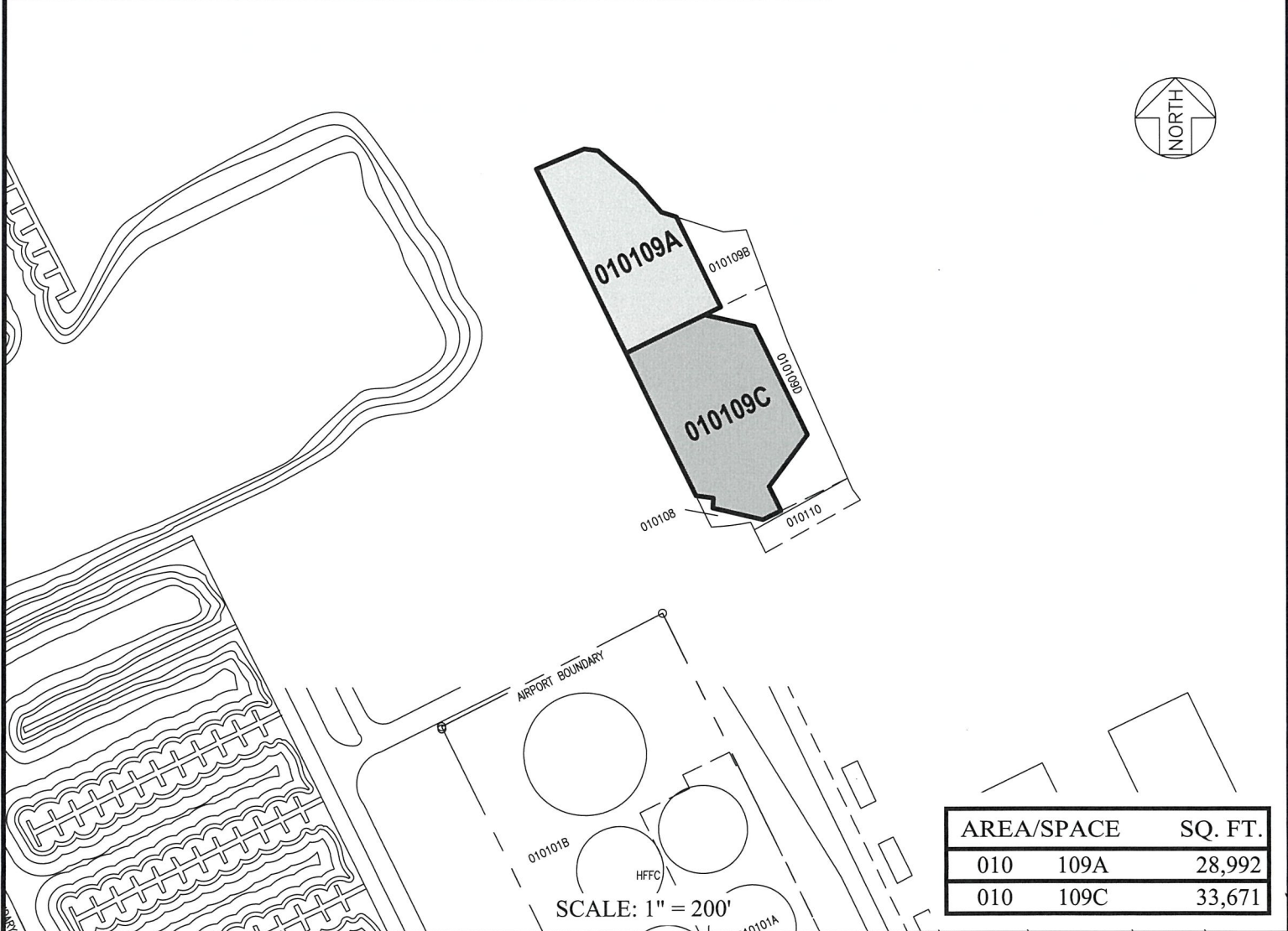
Attachment





5000:1

**LOCATION PLAN**



AREA/SPACE	SQ. FT.
010 109A	28,992
010 109C	33,671

SCALE: 1" = 200'

DATE : APRIL 2021

EXHIBIT: **A**



Airports Division

HONOLULU FREIGHT SERVICE

KAPALAMA MILITARY RESERVATION

010109A  
010109C

**DANIEL K. INOUE INTERNATIONAL AIRPORT**

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