

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

January 23, 2026

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

26HD-003
Hawaii

Issuance of a Revocable Permit to Chika Nakano Repair Shop, Inc., for Limited Industrial Uses Allowed Under the Current County of Hawaii Zoning Code Purposes, Kanoiehua Industrial Area, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:004.

APPLICANT:

Chika Nakano Repair Shop, Inc., a Hawaii corporation.

LEGAL REFERENCE:

Sections 171-13, and -55 Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands of Kanoiehua Industrial Area, Waiakea, South Hilo, Hawaii, identified by Tax Map Key: (3) 2-2-049:004, as shown on the attached map labeled Exhibit A.

AREA:

26,317 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: ML-20; limited industrial – 20,000sf minimum

TRUST LAND STATUS:

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

CURRENT USE STATUS:

Encumbered by General Lease No. S-3620, Chika Nakano Repair Shop, Inc., Lessee, for uses allowed under the County of Hawaii Zoning Code, ML-20, limited industrial purposes. Lease expires on 02/05/2026.

ANNUAL LEASE RENT:

\$27,600.00 (\$2,300.00 per month). Rent was redetermine in 2016 for the 10-year lease extension period.

CHARACTER OF USE FOR REVOCABLE PERMIT:

Limited industrial uses allowed under the current County of Hawaii Zoning Code, ML-20 purposes.

REVOCABLE PERMIT COMMENCEMENT DATE:

February 6, 2026.

REVOCABLE PERMIT MONTHLY RENTAL:

As an interim measure staff is recommending charging \$3,000.00 per month. Lease rent for the last 10 years has been \$2,300.00 per month. Using a 3% per year escalation rate would result in an ~30% increase overall.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental amount.

DCCA VERIFICATION:

Chika Nakano Repair Shop, Inc. is in good standing with the Business Registration Division of the DCCA.

JUSTIFICATION FOR REVOCABLE PERMIT:

Use of a revocable permit (RP) in this instance is appropriate. The lease is expiring on 02/05/2026. The RP is intended as an interim measure to serve the time

between the expiration of the existing lease and negotiation on the issuance of a new direct lease to Chika Nakano Repair Shop, Inc. (Chikas). Chikas has been operating on this site since its opening in 1975. Staff finds it imperative to keep the premises occupied to prevent vandalism and as not to displace a long-standing local business. To date, staff has received no inquiries from third parties as to the availability of the site for leasing.

APPLICANT REQUIREMENTS :

Chika Nakano Repair Shop, Inc. shall be required to:

1. Close the onsite cesspool per Department of Health (HDOH) approved methods and install an HDOH approved alternative wastewater system within the first 6 months of the revocable permit.
2. Retain ownership of the underground fuel storage tanks and all appurtenant piping, valves and equipment used to move fuel in and out of the fuel storage tanks as trade fixtures.
3. Post a performance bond equal to the estimated costs to remove the underground fuel storage tanks and all associated piping, valves and equipment used to move fuel in and out of the fuel storage tanks. Chikas will provide to DLNR a quote from a qualified entity for the estimated cost determination.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rules (HAR) § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred on by the Environmental Council on November 10, 2020, staff proposes the subject request is exempt from the preparation of an environmental assessment pursuant to:

Exemption Class No. 1: 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 51: Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing.

The property is located within the existing and established Kanoelehua Industrial area which is zoned urban and industrial and is currently used for those purposes. Given that the property and surrounding areas are already disturbed and heavily developed, the area is not considered to be located within a sensitive environment. Further, no new uses that are inconsistent with current and past uses will occur as a result of the issuance of the proposed RP and no significant adverse or

cumulative impacts are anticipated.

The issuance of the RP will provide for the closure and conversion of a large capacity cesspool, which is regarded as harmful to both the environment and public health. Additionally, the cesspool closure is required under both federal and state laws and supports overall public health and safety. The impact resulting from this action will be beneficial and in support of a clean and healthful environment. Therefore, staff believes that any impact from this action can be considered de minimis and should be declared exempt from the preparation of an environmental assessment and the requirements of §11-200.1-17, HAR.

PUBLIC TRUST ANALYSIS

The subject property is zoned Urban and Industrial and has been fully developed with existing improvements. Additionally, the surrounding properties are all developed and being used for commercial and industrial purposes. An unoccupied improved lot in the middle of other lots developed for industrial purposes is not a suitable site for public use and recreation. Therefore, it is not appropriate for this property to become vacant and unencumbered in order to facilitate the public to access, use and recreate on the property.

As the property is ceded land, a portion of the revenues generated by the rent from the RP is given to the Office of Hawaiian Affairs (OHA) which in turn provides for the betterment of Native Hawaiians, one of the public trust purposes under Section 5(f) of the Admissions Act.

Also, having a tenant occupying the property and paying rent not only generates revenue to support Department programs, also alleviates the cost to manage a vacant property. This allows the Department to use its revenues and resources to manage public lands and provide lands for public use which is another public trust purpose under Section 5(f) of the Admissions Act.

The Department and the Board are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the Legislature and the Board determined that the Department should use a portion of the lands it manages to

generate revenues to support the Department's operations and management of public lands/programs. Annual lease/permit revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases/permits for commercial, industrial, resort, geothermal and other renewable energy projects. The SLDF revenues collected by the Department's Land Division cover the entire annual operating budget for the Land Division, the Department's Office of Conservation and Coastal Lands, and the Dam Safety and Mineral Resources Programs of the Department. The revenues fund over 80 Department staff positions, including 5 positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophes such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

Aside from the rent revenue and the unsuitability for public use, the issuance of a revocable permit is consistent with public trust obligations as it provides the permittee, as a long-standing locally owned small business, the opportunity to continue contributing to the economic wellbeing of the Hilo area and the State.

BACKGROUND:

Under the provisions of the special disaster legislation (Act 4, First Session Law of Hawaii 1960), the subject property was encumbered by General Lease No. S-3620 (GLS-3620) issued to Shoichi Muramoto dba Mura's Repair Shop for a term of 55 years commencing on February 6, 1961 and expiring on February 5, 2016.

Within the first year of the lease, the Lessee was required to complete construction of improvements at a total cost or value not less than \$20,000. The improvements were completed in 1962 and included a 1,920 square foot steel framed automotive service station with attendant gas pumps.

At its meeting of April 25, 1975, item F-1-f, the Board consented to an assignment of the lease to Chikara Nakano and Bertha Nakano. At its meeting of February 14, 1986, item F-1-I, the Board approved the assignment of lease to the lessee's business entity, Chika Nakano Repair Shop, Inc.

At its meeting of December 12, 2014, item D-8, the Board approved a 10-year extension of the lease, moving the expiration date to February 5, 2026. As a condition of the extension, the Lessee replaced the above ground fuel pumps and perimeter fencing.

Staff notes that underground fuel tanks (UST) and above ground gas pumps were installed in 1998. The USTs were updated to comply with secondary containment standards in 2015. The USTs have been inspected regularly as required by the Hawaii Department of Health Solid & Hazardous Waste Branch (SHWB). The current SHWB UST Operation Permit was issued for the period 2/21/2024 through 2/20/2029 (copy included in attached inspection report Exhibit B).

REMARKS:

A pre-exit inspection was performed on 04/30/2025 and the building and grounds were found to be in good condition with signs of normal wear and tear as to be expected (refer to attached Exhibit B). A final inspection will be scheduled prior to 02/05/2025.

Chikas is a local Hilo-based business that has been in operation on the subject property since its opening in 1975. Started by Chika Nakano and being carried on by his son, Brian Nakano, Chikas is a full-service gas station and vehicle repair shop.

In November 2025, Chikas notified staff that it wanted to apply for an extension of the lease pursuant to Act 149. However, the timing was too short to provide an application packet for the lease extension. Since Chikas has been a good lessee and retaining them as a tenant would be in the best interests of the State, the best option available is to issue an RP and then Chikas can apply for a new direct lease on the subject property.

In anticipation of requesting a lease extension, Chikas began the process to close the existing cesspool and install an individual wastewater system in compliance with Hawaii Department of Health requirements. Due to tight EPA deadlines for completion of this process, staff is recommending this requirement as a condition of the RP. In the event the Board does not approve a direct lease to Chikas, Chikas can be reimbursed its costs for the installation of the individual wastewater system by the new lessee. The costs for the cesspool closure should be borne by Chikas as a part of the terms and conditions of its current lease.

The current lease terms dictate that at the end of the lease the ownership of the improvements pass to the State. However, the underground fuel tanks and related pipelines, valves and other equipment used to move fuel in and out of the tanks are considered "trade fixtures" that remain the property of the lessee after the

expiration of the current lease and therefore will remain the property of Chikas. Staff is recommending that the RP contain a provision requiring the permittee to remove the “trade fixtures” upon termination of the revocable permit and to post a performance bond for removal of the tanks and all associated piping, valves and equipment used to move fuel in and out of the fuel storage tanks equal to the costs associated with the removal.

The lease also requires the lessee to conduct a Phase 1 Environmental Site Assessment (ESA) at the expiration of the lease. Since this requirement is also part of the standard terms for RPs staff is recommending that if the Board approves the proposed RP, then they should waive the lease requirement to conduct the Phase 1 ESA as the permittee is the same entity as the lessee.

Staff is strongly recommending the issuance of this RP as an interim solution for the current situation. It is not in the best interest of the public trust to have this property sitting vacant during the lengthy public auction process. Currently vacant properties in the Hilo industrial area are being heavily vandalized. Securing such properties is costly and not very effective, resulting in reduced value of the property.

Further, with the instability of the economy, the existing business would suffer severe losses if required to relocate in the current market; potentially resulting in failure.

No agency or community comments were solicited as this request would be a continuation of the prior use.

The applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

RECOMMENDATION: That the Board:

1. Determine whether the proposed revocable permit is consistent with the public trust. If the Board determines that this action is consistent with the public trust, then the Board is recommended to approve the following:
2. 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 activity.
3. Authorize the issuance of a revocable permit to Chika Nakano Repair Shop,

Inc. covering the subject area for uses allowed under the current County of Hawaii Zoning Code purposes, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

- a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
- b. Applicant is required to close the onsite cesspool and install a new Department of Health approved individual wastewater system;
- c. Applicant to retain ownership of the underground fuel storage tanks and all appurtenant piping, valves and equipment used to move fuel in and out of the fuel storage tanks as trade fixtures;
- d. Post a performance bond equal to the estimated costs to remove the underground fuel storage tanks. Chikas will provide to DLNR a quote from a qualified entity for the estimated cost determination;
- e. Review and approval by the Department of the Attorney General; and
- f. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Candace Martin

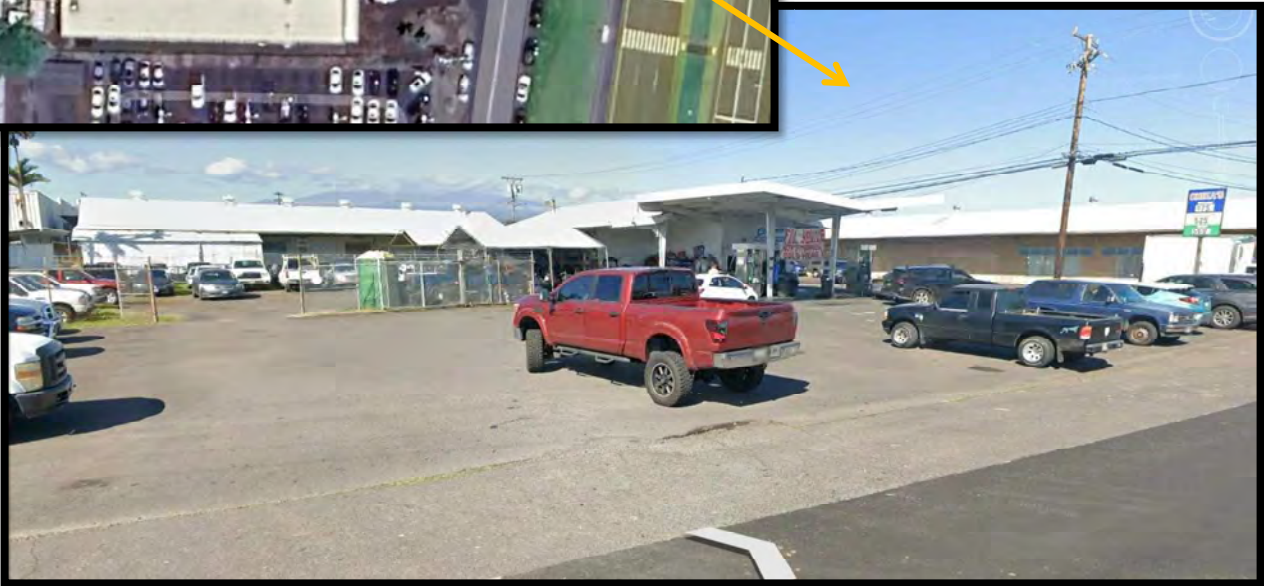
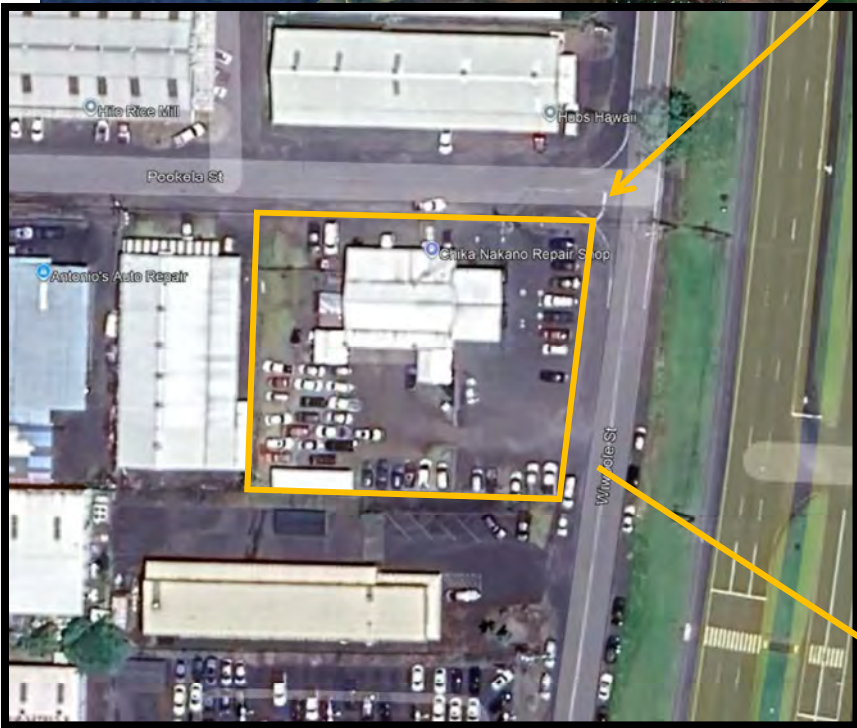
Candace Martin
Acting District Land Agent

APPROVED FOR SUBMITTAL:



Ryan K.P. Kanakaole, Acting Chairperson

EXHIBIT A



INSPECTION REPORT
Commercial/Industrial/Resort/Other Business**General Information**Document Number: GLS 3620 or RPS _____Character of Use Service Station & Repair ShopInspection Date: 4/30/2025 Inspection Time: 9:30 amLand Agent: Pua Ishibashi**TENANT INFORMATION**Name: Chika Nakano Repair Shop, Inc.Home Phone: N/AAddress: 90 Pookela St.Business Phone: 808/935-1862Hilo, HI 96720Fax: N/AContact Person: Brian NakanoContact Phone: 808/935-1862**SITE INFORMATION**TMK: (3) 2-2-049:004Area: 0.604 AcresSite Address: 90 Pookela St. Hilo, HI 96720**FISCAL INFORMATION**

ITEM	N/A	CURRENT= COMPLIANCE	DEFAULT = NON-COMPLIANCE	COMMENTS
Rent		X		
Liability Insurance		X		
Fire Insurance		X		
Bond	X			Waived Effective 08/27/1971
Property Taxes		X		

FIELD INSPECTION RESULTS (refer to Field Inspection Worksheet)

ITEM	N/A	COMPLIANCE	NONCOMPLIANCE	COMMENTS
Subleases	X			No subleases on premises
Improvements		X		
Premises		X		
Character of Use		X		

Field Inspection Worksheet
Commercial/Industrial/Resort/Other Business

File Review

LICENSES/PERMITS/CONSENTS

ITEM	DLNR Approval Docs in File			COMMENTS/NOTES/LISTS
	N/A	YES	NO	
Subletting	X			No subleases on premises.
Improvement Construction Buildings		X		Completed in 1962, improvements consist of a one- story, steel-frame automotive service station containing a gross building area of 2,300 square feet.
Improvement Construction Other structures/misc.		X		Underground storage tanks (UST) originally installed in 1998 were updated to secondary containment standard in 2015. Replacement of fuel distribution pump and perimeter fence replacement, were completed in 2016 as conditions of a 10-year lease extension. Repaired/completed approximately 375 feet of chain link fence and painted sections of building as needed in 2016.

Field Inspection

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
SUBLEASES	X			No subleases on premises
Consents approved				
Use adheres to lease purpose	X			
IMPROVEMENTS		X		Roof appears to be sound with some rust issues.
<u>Buildings/Residences:</u> roof		X		Paint appears to be good with rust issues.
paint		X		
exterior		X		
interior		X		Exterior and interior walls appear to be sound, but have some rust issues.
<u>Structures:</u> driveway		X		Driveway and walkways appear to be well maintained and in good order.
walkways		X		
fencelines		X		Fencelines appear sound but has some rust issues.

ITEM	SATISFACTORY?			COMMENTS/NOTES
	N/A	YES	NO	
others				Applicant is current with underground storage tank (UST) inspections and certifications as required by the Department of Health. Copy of UST Operation Permit attached.
PREMISES clean, sanitary, orderly		X		Premises appear organized, clean, and order
appropriate storage/use of hazardous materials		X		Used motor oil is stored in 50-gallon drums and recycled as needed, every 2 to 3 months at an average of 500 gallons.
CHARACTER OF USE adheres to lease purpose		X		
Other: Plumbing Roof Drainage Electrical Warehouse Floor Photos are attached				Lessee states there are no issues with roof, plumbing, electrical, or flooring as confirmed by field inspection. In general property, building, and structures appear to be well maintained and in good order with some rust issues throughout.

Notes:

Lessee is currently working on getting an estimate to install a septic system.

Due to prevailing rust issues, the following recommendations are made:

All exposed metal areas with rust issues need to be mitigated as needed. This should include, but not be limited to, rust treatment, painting, and repairing/replacing rusted areas as needed. Particular areas of concern here include, but are not limited to: roof, support beams, interior and exterior walls, gates, and fencing.

Submitted by Pua Ishibashi 7/24/2025

UNDERGROUND STORAGE TANK OPERATION PERMIT

HAWAII DEPARTMENT OF HEALTH
SOLID & HAZARDOUS WASTE BRANCH
2827 Waimano Home Road, #100
Pearl City, Hawaii 96782



PERMIT NO. P-2016-211-R1

PERMITTEE:
OWNER NAME AND ADDRESS:
Chika Nakano Repair Shop, Inc.
90 Pookela Street
Hilo, Hawaii 96720

EFFECTIVE DATE: Feb 21, 2024
EXPIRATION DATE: Feb 20, 2029
Renewal Application
must be received by: Aug 20, 2028

OPERATOR NAME AND ADDRESS:
Chika Nakano Repair Shop, Inc.
90 Pookela Street
Hilo, Hawaii 96720

This permit is issued under the provisions of Chapter 342L, Hawaii Revised Statutes (HRS), and Chapter 11-280.1, Hawaii Administrative Rules (HAR). The above-named permittee is hereby authorized to operate the underground storage tanks (USTs) shown below:

Facility Name: Chika Nakano Repair Shop, Inc.
Facility Address: 90 Pookela Street, Hilo, Hawaii 96720
Facility ID Number: 9-600448

Description of permitted USTs:

Tank ID No.	Capacity	Contents
1	10,000 gallons	Gasohol (87 octane)
2A	6,000 gallons (compartmentalized with 2B)	Gasohol (92 octane)
2B	4,000 gallons (compartmentalized with 2A)	Diesel

Subject to: Standard and Special Conditions

Acceptance of this permit constitutes an acknowledgment and agreement that the holder will comply with all rules, statutes, and orders of the Department of Health (DOH) and the conditions precedent to the granting of this permit.

(for) DIRECTOR OF HEALTH
State of Hawaii

This permit must be kept on-site and shall be made available for inspection upon request.

UST Operation Permit



Front entrance area from Wiwoole St.



East side of property from Pookela St.



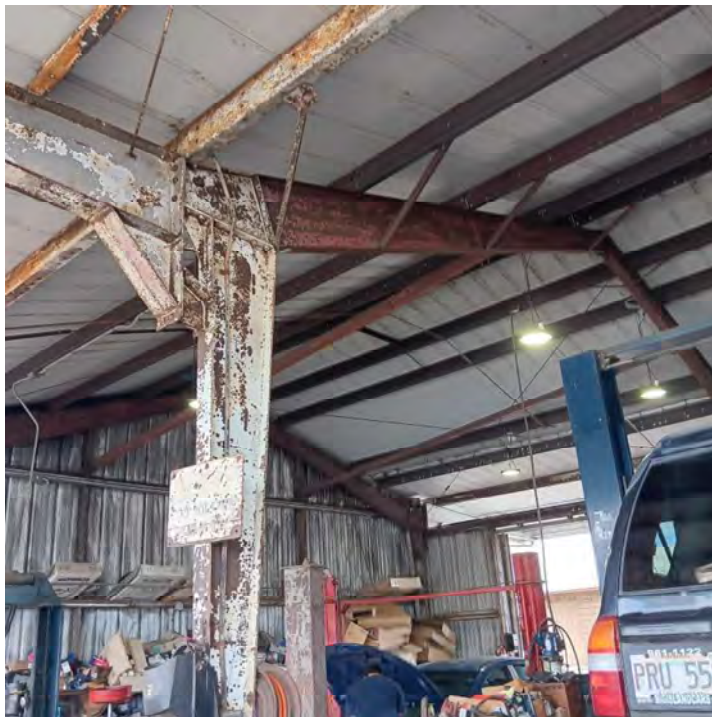
East side of property



South side of property, showing some rust issues.



Bay areas



Roof area in bay area showing rust issues



Roof area in gas fill-up area



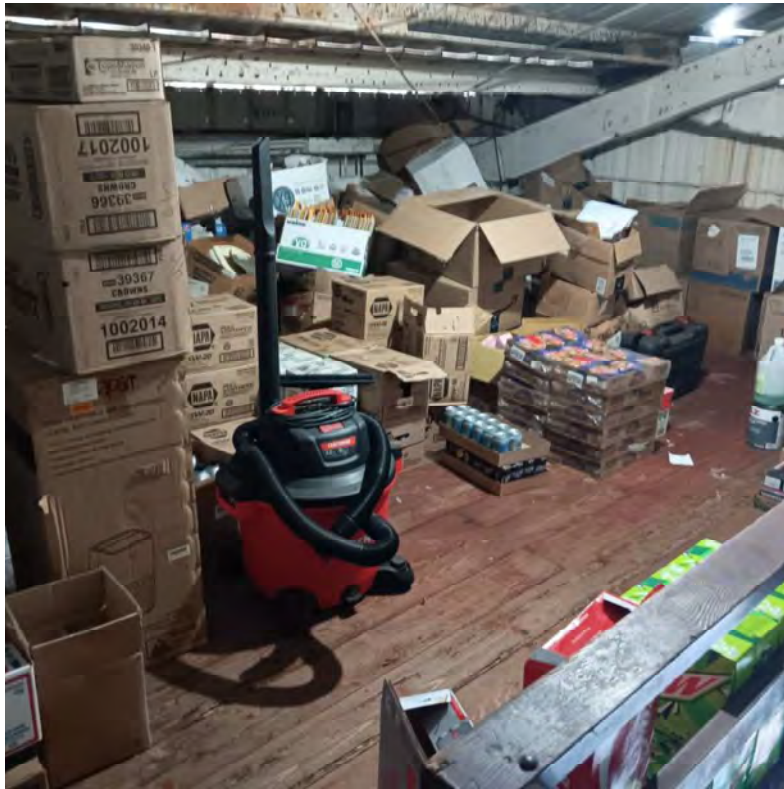
Outer office area



Inner office area



Stairs to upstairs office/storage area



Upstairs office/storage area