

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

PSF: 26HD-002
Hawaii

Authorize a Three-Month Holdover of General Lease No. S-3619, Mattos Electric, LLC, Lessee, Kanoelehua Industrial Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-049:013; and

Issuance of a Revocable Permit to Mattos Electric, LLC, for Limited Industrial Uses Allowed Under the Current County of Hawaii Zoning Code Purposes, Waiakea Industrial Lots, Waiakea, South Hilo, Hawaii, Tax Map Key: (3) 2-2-058:012.

APPLICANT:

Mattos Electric, LLC a Hawaii limited liability company.

LEGAL REFERENCE:

Sections 171-13, -40 and -55 Hawaii Revised Statutes (HRS).

LOCATION:

Portion of Government lands of Kanoelehua Industrial Lots and Waiakea Industrial Lots, Waiakea, South Hilo, Hawaii, identified by Tax Map Keys: (3) 2-2-049:013 and 2-2-058:012, as shown on the attached map labeled Exhibit A.

AREA:

General Lease No. S-3619 (GLS-3619):	13,975; and
Revocable Permit property (RP):	26,114 square feet, more or less.

ZONING:

State Land Use District: Urban

County of Hawaii CZO:

GLS-3619: ML-20; limited industrial – 20,000sf minimum*

RP: MG-1a; general industrial – 1 acre minimum*

*It is to be noted that the existing parcels are smaller in size than the current zoning requires. The boundaries of the subject parcels were determined prior to the current County of Hawaii zoning and are accepted as a non-conforming size by the County.

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-3619, Mattos Electric, LLC, Lessee, for uses allowed under the County Zoning Code. Lease to expire on 02/05/2026.

RP property is unencumbered.

CHARACTER OF USE:

Limited industrial uses allowed under the current County of Hawaii Zoning Code.

ANNUAL LEASE RENT GLS-3619:

\$15,120.00 (\$1,260 per month). Staff is recommending to continue this rate through the holdover period.

REVOCABLE PERMIT COMMENCEMENT DATE:

The first day of the month as determined by the Chairperson.

REVOCABLE PERMIT MONTHLY RENTAL:

Staff is recommending charging rent of \$2,950.00 per month for land and improvements. This rental rate is equal to the prior lease rent and is to serve as an interim rent until a new direct lease is issued or the annual revocable permit rents are reviewed and revised.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental amount.

DCCA VERIFICATION:

Mattos Electric, LLC is in good standing with the Business Registration Division of the DCCA.

BACKGROUND:

Under the provisions of the special disaster legislation (Act 4, First Session Laws of Hawaii 1960), the subject holdover property was encumbered by General Lease No. S-3619 (GLS-3619) issued to Gordon M. Ishii dba No-D-Lay Top Shop, for a term of 55 years commencing on February 6, 1961, and expiring on February 5, 2016.

Over the next 50+ years the Board approved several assignments of lease with the most recent being its meeting of May 25, 2012, item D-4 when Mattos Electric, LLC (Mattos Electric) became the lessee. At its meeting of April 25, 2014, item D-4 as amended, the Board approved a 10-year extension of the lease, moving the expiration date to February 5, 2026.

In 1961, General Lease No. S-3602 (GLS-3602), was issued to E.G. Wence and Wallace C. Chow, Co-Partners, dba Hawaii Pest Control, Inc. for the parcel adjacent to GLS-3619, identified as TMK (3) 2-2-049:14. Through mesne assignment the lessee became Mar-Les Corporation whose President and Secretary was Carol Jean Wence (daughter of E.G. Wence). GLS-3602 expired on January 15, 2015.

One of the two primary businesses that occupied the lease was Hawaii Pest Control, Inc. whose operations included storing and mixing of pesticides, and servicing/cleaning equipment used in the application of pesticides for a period of approximately 35-years. Prior to issuing a sublease of the property to a commercial janitorial service, a Phase 1 Environmental Site Assessment (ESA) was prepared for the property in 1996. The Phase I revealed that numerous chemicals were used and stored on the property, including Vikane, chlordane, methyl bromide, dieldrin, aldrin, Bayon, pentachlorophenol (PCP), paraquat, and heptachlor. In addition, soil samples were analyzed for organochlorine pesticides (OCP) which detected reportable concentrations of chlordane, aldrin, and dieldrin in the soil.

Staff notes that the Phase I ESA recommended a Phase II ESA, however, no further work was done until 2024 and it is unclear as to what the circumstances were behind the delay. Nevertheless, the Land Division contracted out the Phase

II ESA, but unfortunately, as Staff relied purely on the recommendation of the Phase I ESA to scope the work of the Phase II, it was overlooked that the scope of work did not limit the Phase II testing to the Hawaii Pest Control site (parcel 14), but also included the GLS-3619 property (Mattos Electric site). This resulted in the consultant conducting Phase II testing on the Mattos Electric site in order to determine the extent of OCP and PCP contamination generated from parcel 14. Based on the analytical data, impacted soil was identified at concentrations exceeding Department of Health (DOH) Environmental Action Levels (EALs) for both unrestricted and/or commercial/industrial land use of at least one contaminant of potential concern (COPC).

In 2025, DOH responded to the Phase II and is requiring remediation of both properties, including interim remediation for the Mattos Electric site as people are still present on/using the property.

JUSTIFICATION FOR REVOCABLE PERMIT:

Use of a revocable permit in this instance is appropriate. The proposed RP site was recently returned to the State's inventory and is currently vacant. Due to the contamination at the Mattos Electric site, there is a potential public health and safety issue associated with allowing Mattos Electric to continue occupying and operating at its current site. Further, the RP will allow Mattos Electric time to apply for a direct lease for the proposed RP site as its application for an Act 149 lease extension at the GLS-3619 site has been put on hold due to the site contamination.

In addition, the interim remediation work required by DOH was initially estimated to cost approximately \$65,000 and thus \$100,000 was budgeted for this work. Recently, the interim remediation project went out to bid and only one bid was received which quoted an estimated cost of \$150,000. As it takes several months to procure a contractor and issue a notice to proceed, staff is hoping that by vacating Mattos Electric from the contaminated parcel 13 site by end of April and securing the site, we will be able to avoid the interim remediation work if DOH is still amenable to no longer requiring it as the site would be vacant. Should the interim remediation work no longer be necessary, the Department could re-budget the monies for the closure of large capacity cesspools on both parcel 14 and the Mattos Electric site as a part of the overall remediation plan.

In addition, as the RP site is currently vacant, it would not be in the State's best interest to have the existing warehouse sitting vacant as currently, vacant warehouses 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.

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 properties are located within the existing and established Kanoelehua/Waiakea Industrial areas which are zoned urban and industrial and are currently used for those purposes. Given that the properties 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 holdover of the lease and issuance of a revocable permit and no significant adverse or cumulative impacts are anticipated. 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.

Staff notes that the following agencies were notified of the proposed action:

Hawaii State Department of Health and Hawaii County Planning Department.

PUBLIC TRUST ANALYSIS:

The subject properties are zoned Urban and Industrial and have 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.

The holdover of GLS-3619 and the issuance of an RP to Mattos Electrical will also facilitate addressing a potential public health and safety issue by preventing people from potential continued exposure to contamination at the GLS-3619 site. The RP would allow Mattos Electric to continue operating safely as they prepare their application for a direct lease. Staff notes that Mattos Electric has verbally committed to closing and converting the existing large capacity cesspool to an individual wastewater system (IWS) should the Board approve a direct lease at some future date.

The holdover and RP will also allow for discussion between the Department and DOH regarding the need for interim remediation work at the GLS-3619 site and could potentially save the Department \$100,000 which could be used to close an additional two large capacity cesspools thus eliminating another public health and safety issue associated with properties involved in this proposed action.

Moreso, as the properties are ceded lands, a portion of the revenues generated by the rent for both the holdover and RP provides for the betterment of Native Hawaiians, one of the public trust purposes under Section 5(f) of the Admissions Act.

Further, Staff notes that having a tenant occupying the property 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.

Aside from the rent revenue and the unsuitability for public use, the holdover and issuance of a revocable permit is consistent with public trust obligations as it provides the lessee/permittee, as a long-standing business that provides much needed support to Hilo community, the opportunity to continue contributing to the economic and social wellbeing of Hilo and surrounding areas.

REMARKS:

The applicants have 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.

The proposed use is consistent with the previous use of the RP site for industrial purposes which has been ongoing since 1961 and will continue throughout the revocable permit. Such use has resulted in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

RECOMMENDATION: That the Board:

1. Determine whether the proposed holdover of General Lease No. S-3619 and issuance of a revocable permit are consistent with the public trust. If the Board determines that these actions are 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 a Three-Month Holdover for General Lease No. S-3619, Mattos Electric, LLC, Lessee, for the period of February 6, 2026 to May 5, 2026, 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 holdover of lease form, as may be amended from time to time;
 - b. Rental rate for the holdover period to remain at the current rate throughout the holdover period;
 - c. Option for mutual cancellation without penalty prior to the expiration of the three-month holdover if the lessee has vacated the premises and complied with all the terms and conditions of the lease;
 - d. Review and approval by the Department of the Attorney General; and
 - e. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Authorize the issuance of a revocable permit to Mattos Electric, LLC covering the subject area identified as Tax Map Key: (3) 2-2-058:012 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. 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.

Respectfully Submitted,

Candace Martin

Candace Martin
Acting District Land Agent

APPROVED FOR SUBMITTAL:



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Ryan K.P. Kanakaole, Acting Chairperson

EXHIBIT A

