

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

May 10, 2013

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

PSF No.: 12OD-094

OAHU

Issuance of Revocable Permit to Precast, Incorporated and Raylynn Rebar, LLC for Industrial Purposes; Cancellation of Revocable Permit No. 7731; Issuance of Revocable Permit to Hawaiian Paakai, Inc. for Industrial Purposes; Sand Island, Honolulu, Oahu, Tax Map Key: (1) 1-2-021:portion of 045

APPLICANTS:

Precast, Incorporated, a domestic profit corporation, and Raylynn Rebar, LLC, a domestic limited liability company respectively, as joint tenants (“**Precast/Raylynn**”); and

Hawaiian Paakai, Inc., a domestic profit corporation (“**HPI**”).

LEGAL REFERENCE:

Sections 171-55, Hawaii Revised Statutes, as amended.

LOCATION/AREA:

Portion of Government lands situated at Sand Island, Honolulu, Oahu, identified by Tax Map Key: (1) 1-2-021:portion 045, as shown on the map and photo attached as **Exhibits A and B**.

**Subject Property.** The proposed revocable permit area to Precast/Raylynn, as shown outlined in red on Exhibit B.

(1) 1-2-021:portion of 045                      0.97 acre, more or less

**Remainder Area.** The reduced area to be leased to HPI under a new revocable permit, as shown outlined in blue on Exhibit B.

(1) 1-2-021:portion of 045                      3.53 acres, more or less

ZONING:

State Land Use District:                      Urban  
City & County of Honolulu LUO:        I-2

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 Revocable Permit No. S-7731, to HPI for production of salt by solar evaporation purposes at a monthly rent of \$1,625.<sup>1</sup>

CHARACTER OF USE:

Industrial and any other uses permitted under the City and County of Honolulu Land use Ordinance, as amended.

COMMENCEMENT DATE:

To be determined by the Chairperson.

MONTHLY RENTAL:

Initially, staff recommends a monthly rent of 9¢ per square foot. Staff has reviewed the rents payable for other revocable permits in the immediate vicinity for parcels similar in size and zoning. The monthly rent will be \$3,800, which will be subject to change pursuant to the appraisal process described below.

On December 14, 2012, under agenda item D-18, the Board approved the annual renewal of the statewide revocable permits. The Board also authorized staff to procure the service of independent appraiser to review and recommend adjustments to the rents for revocable permits. The redetermined rents would be subject to approval by the Chairperson. Land Division recently issued the Notice to Proceed to the independent appraiser, and staff expects the appraisal will be done in two months.

Further, staff recommends the rent for the revocable permit to be issued to HPI be pro-rated according to the current unit rate for RP 7731 as mentioned in the Current Use Status section, subject to redetermination of rent pursuant to the appraisal process described above.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

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<sup>1</sup> According to the representative of Hawaiian Paakai, Inc., Parcel 45 is mainly used for storage purposes

In accordance with Hawaii Administrative Rule Sections 11-200-8(a)(3) & (4) and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council and dated December 4, 1991, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 3, that states "Construction and location of single, new, small facilities or structures and the alteration and modification of the same and installation of new, small, equipment and facilities and the alteration and modification of same..." and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation." See Exemption Notification at **Exhibit C**.

APPLICANTS REQUIREMENT:

None

DCCA VERIFICATION:

For both applicants named in the submittal:

Place of business registration confirmed: YES x NO   

Registered business name confirmed: YES x NO   

Applicants in good standing confirmed: YES x NO   

REMARKS:

*Subject Property.* The Subject Property (the red cross-hatched area on Exhibit B), consists of about 0.97 acre and is a portion of Parcel 45. The area is currently encumbered by RP 7731 to HPI for production of salt by solar evaporation purposes.<sup>2</sup> Precast, Inc. (one of the applicants) owns the adjacent private parcel identified as tax map key (1) 1-2-021:029 and manufactures cement structures/products used for construction.

Precast/Raylynn requests a revocable permit for the Subject Property and plans to use it to store their finished products. In addition to storing its finished products, Precast/Raylynn intend to create a driveway by placing manhole floors in the south-eastern side of the Subject Property (about 0.38 acre) and install a perimeter fence. In addition, Precast/Raylynn indicates that they will not conduct any fabrication or manufacturing activities on the Subject Property, and the storage items will not exceed eight (8) feet in height.

At a meeting held at the Land Division's office on November 15, 2012, Mr. Stephen Lee of HPI agreed to the proposed layout and the removal of the 0.97 acres from RP 7731.

Staff is recommending a short term disposition instead of a long-term lease because the requested area is not a legally subdivided lot and it lacks necessary infrastructure. Staff

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<sup>2</sup> RP 4031 was issued to the founder of the current permittee since 1967. Around 2000, the corporation took over as the permittee under RP 7211 and the permitted use of the permit was never changed, i.e. salt production. In 2011, RP 7731 was issued to the permittee due to the new insurance language needed for the statewide RP document.

recommends a revocable permit until a long term disposition is feasible.

*Other.* Upon the issuance of a revocable permit for the Subject Property, the permit area and rent payable under RP 7731 will have to be adjusted to reflect the reduced area. Therefore, staff recommends the Board authorize the cancellation of RP 7731 and issuance of a new revocable permit over the Remainder Area (the area outlined in blue as shown on Exhibit B) to HPI. Further, the character of use for the new revocable permit to HPI is for industrial and any other uses permitted under the City and County of Honolulu Land Use Ordinance, as amended.

Department of Health, Board of Water Supply, Office of Hawaiian Affairs<sup>3</sup>, and Historic Preservation Division have no comments/objections to the request. Aquatic Resources Division, Commission on Water Resource Management, and Department of Facility Maintenance have not provided response as of the suspense date of soliciting comments from the agencies.

Department of Planning and Permitting notes the Subject Property is in the Shoreline Management Area, and any construction activities will be subject to the applicable county's ordinance.

*Additional Revocable Permit Condition.* In the past, the Division has issued revocable permits for interim short-term uses, with the understanding that the permit would be terminated once the Division determines an appropriate long-term use. However, despite this understanding and the fact that a revocable permit may be terminated with 30 days notice, many permittees have, in the past, subsequently objected to such termination, with some even seeking Legislative intervention. In certain cases, this has prohibited the Division from implementing its long-range plans or other plans that would be in the best interest of the State and the public land trust. As such, staff recommends the subject revocable permits include a condition under which the permittees acknowledge that the permit is for short-term use; that the permit will be terminated when the Department determine an appropriate long-term disposition; and that the permittee will not object to the Department's long term plans for the subject properties and the termination of the revocable permits.

**RECOMMENDATION:** That the Board

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, 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.
2. Approve the issuance of a revocable permit to Precast Incorporated and Raylynn Rebar, LLC covering the Subject Property for industrial and any other uses permitted under the City and County of Honolulu Land Use Ordinance, as amended under the

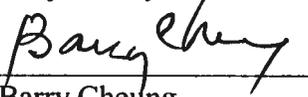
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<sup>3</sup> Office of Hawaiian Affairs left voicemail with the staff indicated that it had no objection to the request.

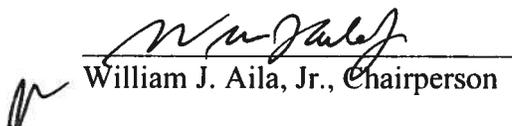
terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

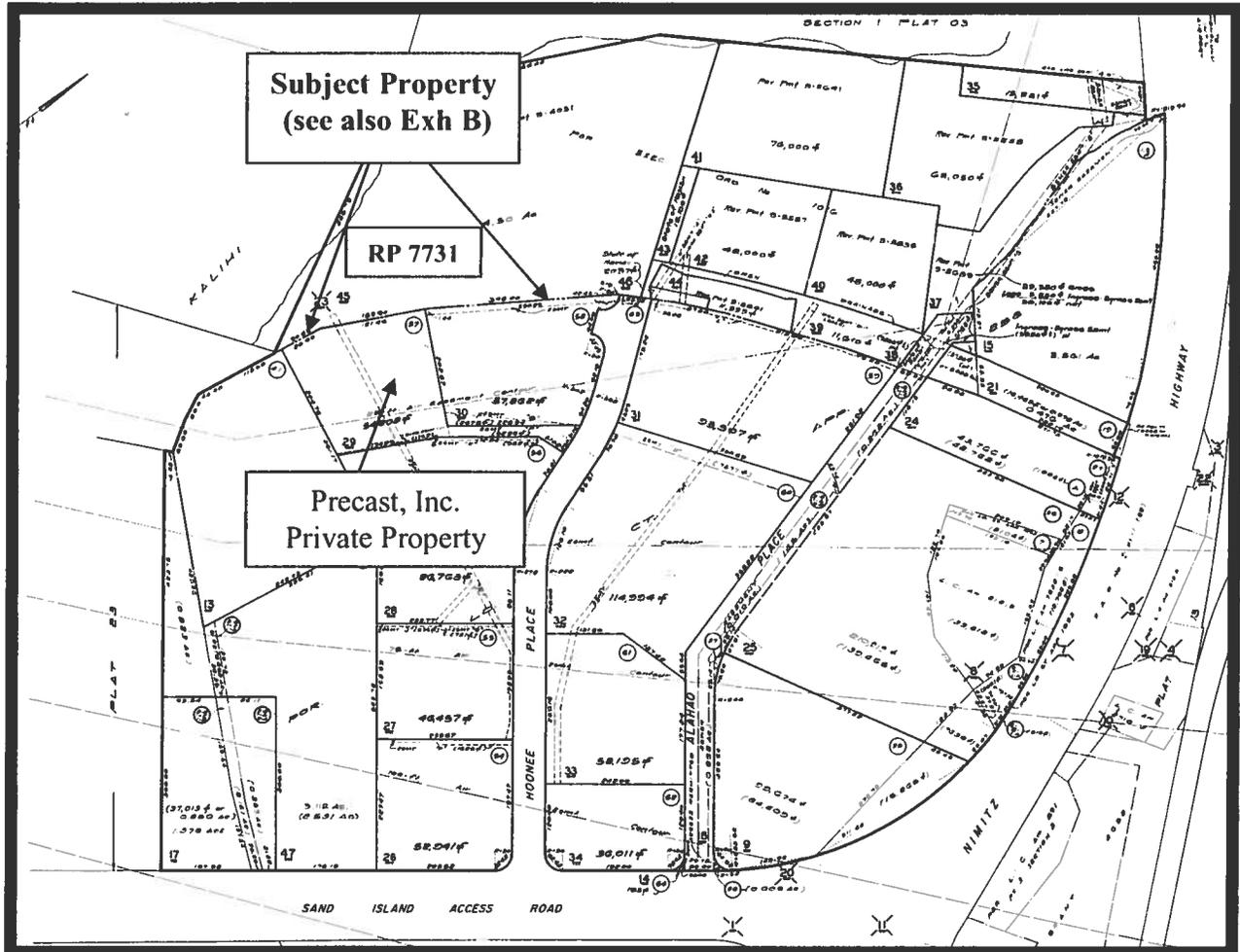
- A. The terms and conditions above, including the Additional Revocable Permit Condition in the Remarks section;
  - B. The standard terms and conditions of the most current revocable permit document as may be amended from time to time;
  - C. Review and approval by the Department of the Attorney General; and
  - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Authorize the cancellation of Revocable Permit No. 7731.
4. Approve the issuance of a revocable permit to Hawaiian Paakai, Inc. covering the Remainder Area for industrial and any other uses permitted under the City and County of Honolulu Land Use Ordinance, as amended under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
- A. The terms and conditions above, including the Additional Revocable Permit Condition in the Remarks section;
  - B. The standard terms and conditions of the most current revocable permit document as may be amended from time to time;
  - C. Review and approval by the Department of the Attorney General; and
  - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

  
Barry Cheung  
District Land Agent

APPROVED FOR SUBMITTAL:

  
William J. Aila, Jr., Chairperson



**TMK (1) 1-2-021:portions of 045**

**EXHIBIT A**

# Proposed Revocable Permit Areas

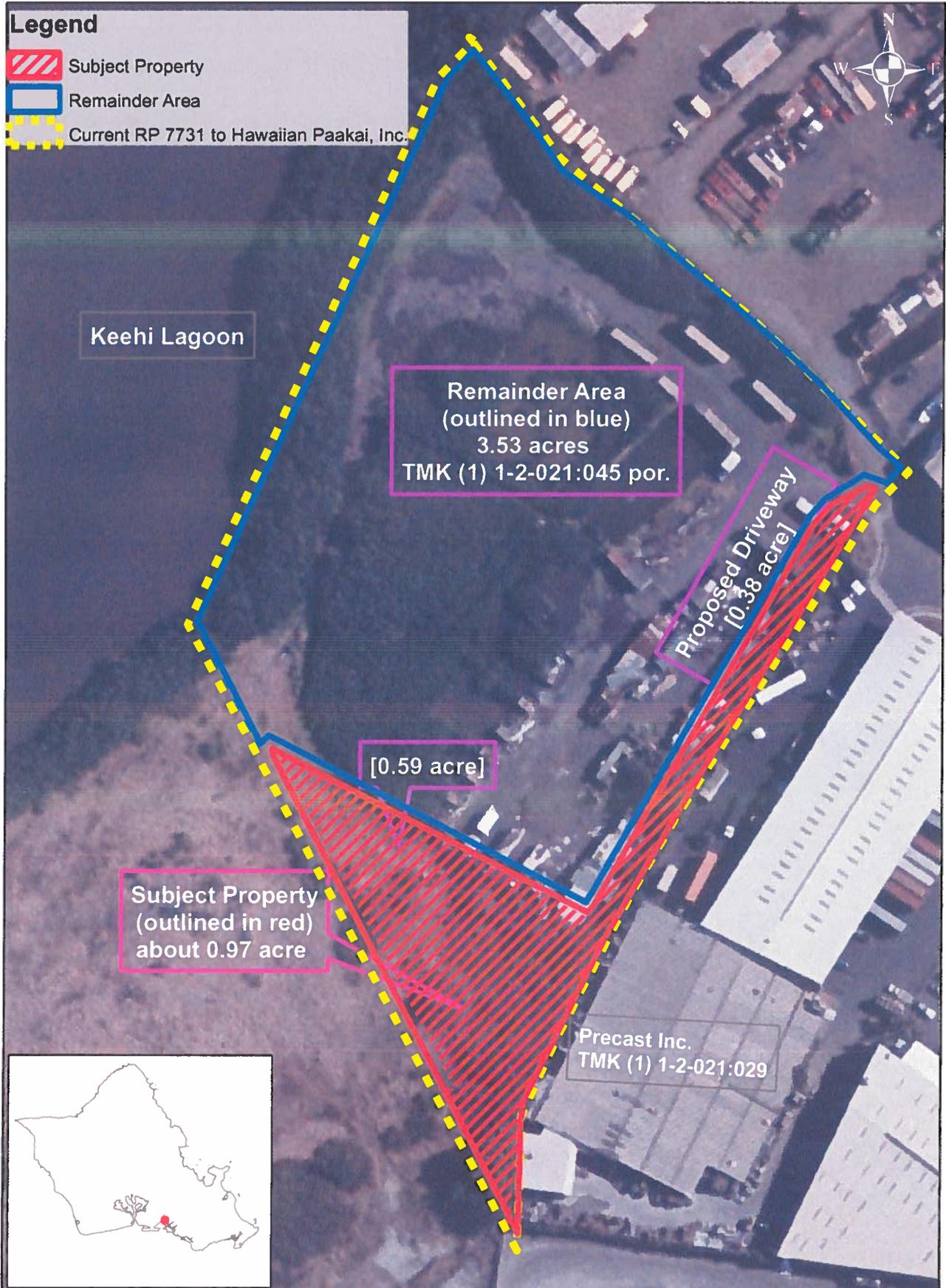


EXHIBIT B

### EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

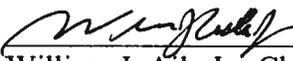
Project Title: Revocable Permits for Industrial Purposes  
Project / Reference No.: PSF 12OD-094  
Project Location: Sand Island, Honolulu, Oahu, Tax Map Key: (1) 1-2-021:portion 045.  
Project Description: Issuance of revocable permits for industrial purposes and any other uses as permitted by the City and County of Honolulu Land Use Ordinance, as amended.  
Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with Hawaii Administrative Rule Section 11-200-8(a)(3) and (4), the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 3, that states "Construction and location of single, new, small facilities or structures and the alteration and modification of the same and installation of new, small, equipment and facilities and the alteration and modification of same..." and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation."

Applicants plan to place manhole floor on the ground as driveway providing access of the property to the public roads and install perimeter fencing. The applicants are not planning on conducting major change to the existing topographical and vegetation condition of the property. The intended use is storage. For Hawaiian Paakai, Inc., there will be no change to the current storage use over the area. As such, staff believes that the request would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

Consulted Parties: As noted in the submittal

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

  
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William J. Aila Jr., Chairperson  
Date 4/28/13

**EXHIBIT C**