

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii

May 24, 2013

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

MAUI

Approval in Principle for Issuance of Direct Lease to Maui Dry Dock & Boat Storage, LLC for a Vessel Haul out, Boat Storage, and for Purposes of General Commercial Marine Services, Kahului Harbor, Wailuku, Maui, Tax Map Key: (2) 3-7-001:023 and Por. 21.

APPLICANT:

MAUI DRY DOCK AND STORAGE, LLC, is a Domestic Limited Liability Company, whose business and mailing address is P. O. Box 1119, Lahaina, Maui 96761.

LEGAL REFERENCE:

Section 171-59(a), (b), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of the Kahului Boat Ramp situated at Kahului Harbor, Owa, Wailuku, Maui, Tax Map Key: (2) 3-7-001:023 and Por. 21, as shown on the attached map labeled Exhibit A.

AREA:

1.2 Acres, more or less.

ZONING:

State Land Use District: Conservation- Resource Sub Zone
County of Maui CZO: Conservation

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ___ NO X

CURRENT USE STATUS:

Presently used as an unpaved and open general parking lot, with trailer parking, work area for vessels on trailers, marine activities, and access to the water by way of a boat ramp.

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CHARACTER OF USE:

The proposed site for maritime related services of a vessel haul out, boat and trailer storage, and commercial marine services.

LEASE TERM:

Fifty-five (55) years

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENT:

Fair market annual rent or Five (5%) of the gross whichever is greater

Fair market annual rent to be determined by independent appraiser, subject to review and approval by the Chairperson.

METHOD OF PAYMENT:

Annual payments to be made monthly, in advance.

RENTAL REOPENINGS:

At the 10th and 20th years of the lease term, determine the annual fair market rent by independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Slope – Level unpaved open parking lot with access through harbor from Kahului Beach Road.
Utilities- Some utilities service the ramp area, Applicant shall be responsible for connection
Legal access-Needing confirmation-directly alongside Kahului Beach Road
Subdivision- Property has not been subdivided
Encumbrances- Encumbered by Executive Order No. 4282
Ramp-Double wide completed 2006, designed for wide vessels to be hauled
Sewage-No restrooms or sewage facilities on site

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This is a request for the Land Boards approval in principle of a lease to the applicant Maui Dry Dock and Boat Storage LLC for development of vessel haul out, trailer storage, and for maritime support services. Applicant acknowledges that its use of the site could have significant adverse impacts, thus necessitating environmental assessment. An EA is required (1) where a private party needs government approvals for the project to proceed ("applicant actions"), and (2) proposes one or more of nine enumerated land uses or administrative acts, known as "triggers." See HRS § 343-5(a)(1)-(9) .

Applicant's proposed improvement and use of the site requires approval not only of the Board but also the Maui Department of Public Works and Waste Management and the Department of Planning. Present also are two triggers under HRS § 343-5(a). The site is within land classified as a conservation district by the state land use commission under chapter 205 and within a shoreline area as defined in section 205A-41.

DCCA VERIFICATION:

Place of business registration confirmed: YES NO
Registered business name confirmed: YES NO
Applicant in good standing confirmed: YES NO

Applicant registered with the Department of Commerce and Consumer Affairs as a limited liability company on January 14, 2013, and is in good standing.

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for appraisal to determine initial rent;
- 2) Pay for all costs related to the Lease of this property.
- 3) Process and obtain subdivision at Applicant's own cost;
- 4) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost;
- 5) Applicant shall be responsible to prepare at its cost, all necessary studies and documentation for compliance with Chapter 343, Hawaii revised statutes, as amended.
- 6) Applicant shall comply with all Federal, State and County requirements.

REMARKS:

Applicant requests a long term lease for maritime activity of certain unoccupied land adjacent to Kahului Harbor. The subject area was once submerged. It was reclaimed decades ago in connection with the dredging and expansion of the Kahului harbor. The area to be leased is adjacent to an existing boat launching ramp, boat/trailer wash down area, and appurtenant parking areas. The lease must include a non-exclusive easement across the roadway leading to the boat

launch ramp. A DOBOR tenant with an ice dispensing facility on 200 square feet of land is the only improvement on the reclaimed lands.

Applicant is a consortium of five commercial boat operators. It proposes to improve the leased area to provide a secure area for short-term maintenance of vessels and longer term vessel storage. Best practice measures to contain and control runoff are planned to prevent toxic substances from reaching the shoreline. The consortium is committed to managing the leased area with utmost sensitivity to environmental concerns and other harbor users.

Applicant intends to improve the site in phases. The first phase will entail significant investment in equipment but minimal initial site improvements. Initial equipment expenses include the cost of a custom built trailer specially designed to accommodate multihull vessels of up to 65 feet in length and a semi-truck or front-end loader of appropriate size. The trailer is now under construction and will cost more than \$150,000. The tow vehicle required to pull the loaded trailer from the boat ramp and position it on site is estimated to cost at least \$50,000. Applicant plans also to acquire a portable generator to power the tools used to maintain vessels. In addition, there will be a need for perimeter security fencing, wind screening and dust containment.

Initially the applicant will use best practices to protect the existing surface which is compacted earth of crushed coral and gravel surface. Mid to longer term options include the laying of a bed of decomposed gravel or a high strength concrete deck. Assessment of possible environmental impacts and permitting by the County of Maui is expected to add another \$50,000 to first phase expenses which could reach \$500,000.00. In that light, a first phase of ten years will be required for Applicant to have a reasonable opportunity to recoup its capital investment through fees and charges assessed users of the facility.

The site is ideally situated to be a full service marine vessel maintenance and storage facility capable of serving the entire boating community on Maui and neighboring islands. During the first phase, Applicant will determine the need for additional facilities and more permanent improvements of the site. The full extent of these improvements will depend on public demand and the availability of capital, and likely will evolve over time. Their cost is expected to be significant and require private financing, either by Applicant's members or a third-party lender. The need for long-term financing underscores the need for a lease as long as 55 years. This will allow Applicant reasonable opportunity to amortize its substantial investment in the project, including the estimated \$500,000 of first phase expenses.

Close proximity to open water, deep water channel, the adjacent commercial port, nearby international airport, main highway and most major industrial services make this site an ideal location for a boat repair/maintenance facility. Applicant and its consultant will update DOBOR as planning of site improvement evolves. The applicant described that the long term goal is a first class facility developed at private expense but available to members of the boating community at competitive rates.

Section 171-59, Hawaii Revised Statutes, provides in relevant part:

“(b) Disposition of public lands . . . marine, maritime, and maritime-related operations may be negotiated without regard to the limitations set forth in subsection (a) and section 171-16(c); provided that:

- (1) The disposition encourages competition within . . . maritime, and maritime-related operations;
- (2) The disposition shall not exceed a maximum term of thirty-five years, except in the case of . . . Maritime and maritime-related operations, which may provide for a maximum term of seventy years; . . .”

Section 171-59 defines "Maritime-related" to “mean[]a purpose or activity that requires and is directly related to the loading, off-loading, storage, or distribution of goods and services of the maritime industry.” The statute does not, however, define “maritime” or “encourage competition.”

Applicant’s proposed use would clearly “encourage competition” within the maritime sector of the economy particularly “maritime operations” as defined by section 171-59(b). Presently there is only a single facility on Maui dedicated to boat storage. It is located adjacent to Mala Boat Launching Ramp at Lahaina on the opposite side of the Island. This is the only vessel-exclusive boat storage facility that we are aware of on the island.

Vessel maintenance and haul out component is another fundamental dimension of maritime operations. There are only a limited few commercial enterprises that provide vessel maintenance services. There is one haul out on Maui located at the Maalaea small boat Harbor. The vessel beam, depth are limiting factors and, for vessels the size operated by Applicant’s members, options are non-existent on Maui.

Presently owners of larger vessels, such as the 50 to 65 foot catamarans that predominate on Maui, have limited options for servicing their vessels. They can sail to the one Haul out on the Big Island located in Honokohau Harbor on the Kona Coast, or one of two boat yards on Oahu. In the other direction to the North. The availability of a Maui option would bring greater competition between these facilities, although some distance away. To retain the business of Maui boat owners, operators of facilities on other islands may become more competitive to maintain existing business.

Comments of the various governmental agencies have not been provided at this time, although, all comments will be brought back to the Board, at the same time that the Environmental assessment has been completed for review and approval, as with any additional information.

A number of letters of support for the project were received by DOBOR and have been attached as EXHIBIT B.

RECOMMENDATION: That the Board:

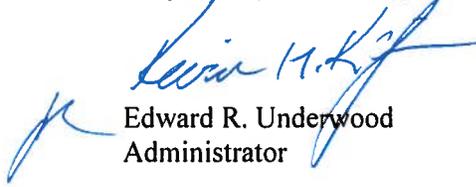
1. Approve in principle a new direct lease to Maui Dry Dock and Storage, LLC, subject to the following:
 - A. Maui Dry Dock and Storage, LLC shall pursue satisfactory compliance with Chapter 343, Hawaii Revised Statutes, as amended, and obtain a finding of no significant impact (FONSI) within eighteen months of the Land Boards approval;
 - B. Should Maui Dry Dock and Storage, LLC fail to obtain satisfactory compliance with Chapter 343, Hawaii Revised Statutes. As amended, within eighteen months, the Land Board's approval shall be recinded;
 - C. Maui Dry Dock and Storage, LLC acknowledges the following
 - i) All costs associated with obtainning entitlements including the necessary compliance with Chapter 343, Hawaii Revised Statutes, as amended shall be secured and borne by Maui Dry Dock and Storage, LLC.
 - ii) This action is an approval in principle and does not provide any assurance of a direct lease and such approval of a direct lease shall be subject to the consideration by the Land Board under a separate action after satisfactorily complying with Chapter 343, Hawaii Revised Statutes, as amended;
 - iii) That there be no representations or assurances made regarding the annual rent to be paid under a direct lease. An appraisal shall determine the Annual rent after satisfactory compliance with Chapter 343. Hawaii revised Statutes. As amended;
 - D. Consent for Maui Dry Dock and Storage, LLC to process certifications and applications for the subject land;
2. Authorize the issuance of a limited right-of-entry to Maui Dry Dock and Storage, LLC and their contractors covering the subject area 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 right-of-entry form, as may be amended from time to time; and
 - B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Approval in Principle for Issuance of Direct Lease to
Maui Dry Dock & Boat Storage, LLC for a Vessel Haul
Out, Boat Storage, and for Purposes of General Commercial
Marine Services, Kahului Harbor, Wailuku, Maui,
Tax Map Key: (2) 3-7-001:023 and Por. 21.

May 24, 2013

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Respectfully Submitted,



Edward R. Underwood
Administrator

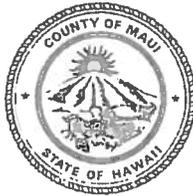
Attachments

APPROVED FOR SUBMITTAL:



William J. Aila, Jr.
Chairperson

ALAN M. ARAKAWA
MAYOR



200 South High Street
Wailuku, Hawai'i 96793-2155
Telephone (808) 270-7855
Fax (808) 270-7870
e-mail: mayors.office@mauicounty.gov

OFFICE OF THE MAYOR

Ke'ena O Ka Meia
COUNTY OF MAUI – Kulana O Maui

May 9, 2013

County of Maui Support Letter from Mayor Arakawa

William J. Aila, Chairperson
Board of Land and Natural Resources
1151 Punchbowl Street
Honolulu, HI 96813

Dear Chairperson Aila,

RE: Dry Dock and Boat Storage Facility at Kahului Harbor Small Boat Ramp

Maui County would like to go on record supporting a long term (55 year) lease to the Maui Dry Dock and Boat Storage LLC for the purpose of developing a dry dock facility on Maui and dry boat storage facility. The individual companies that have formed this consortium are well established and respected on Maui. We appreciate that someone finally has come forward to address this need. The area adjacent to the Kahului Harbor Boat Ramp has been under utilized for decades. We see this dry dock and boat storage facility meeting a long standing need on Maui and as a very positive asset for the Maui small passenger vessel fleet as well as the general boating public.

For years the small charter boat companies of Maui have had to travel either to Oahu or the Big Island to do their regular scheduled maintenance and USCG inspections. This takes money and revenue from our community as well as introducing an unnecessary risk in crossing the major channels in small boats. Sending boats and crews to neighbor islands is also a major additional expense for these companies. A dry dock facility on Maui will create a safe, convenient and economically competitive option and support those marine businesses and recreational boat owners that reside and work in Maui County.

We understand that a dry dock facility at Kahului Small Boat Ramp has been part of the long range planning for DOBOR and is part of the Kahului Harbor Master Plan.

EXHIBIT B

This facility will provide additional economic opportunities for many small businesses and tradesmen on Maui. It will eliminate the safety risks associated with crossing major channels. It will provide a much needed small boat dry storage facility in Central Maui. It will also be a huge benefit to our small passenger vessel fleet that serves the Maui Tourist industry. It will serve as a place where individuals can do work on their vessels here on Maui and hopefully help develop and utilize this poorly used property at Kahului Harbor.

The County of Maui will work with the developer of this facility to address the various permitting issues and SMA and County Code issues that may arise.

We understand that the overall costs to do this development are difficult to ascertain at this moment and may be further expanded during the costly EA process. In any event the overall costs will be significant. This consortium of Maui businesses which have formed the Maui Dry Dock and Boat Storage LLC will need a long term position to justify the investment necessary for this much needed development to recoup their investment. We see this much like a public private venture to meet a community need.

Please support this request for a 55 year lease.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan Arakawa", written in a cursive style.

ALAN M. ARAKAWA
Mayor



Ka'anapali Sailing Adventures • PO Box 10846 • Lahaina • HI 96761
Celebrating 30 Years of Sailing with Aloha

5/7/2013

State of Hawaii - DOBOR
Attention: Edward Underwood
333 Queen Street, Room 300
Honolulu, HI 96813

Aloha Mr. Underwood,

On behalf of Gemini Charters, I am writing this letter in support of the proposed Maui Dry Dock and Boat Storage facility. This facility will not only benefit Maui's commercial and recreational boaters, but it will also generate local (taxable) revenue which ultimately benefits the residents of Maui County as a whole.

Gemini Charters, a family owned charter boat business, has been operating in Ka'anapali since 1983. Each year we welcome hundreds of guests on our 64' catamaran for snorkeling, sailing and whale watching adventures.

In order to ensure the safety of our passengers and crew, we invest heavily in our vessel to ensure that US Coast Guard standards are met or exceeded. As part of this process, we are required to have a USCG hull inspection, on land, every two years. Without a USCG Certificate of Inspection, our business cannot operate. Given that Maui doesn't have a haul-out facility that can accommodate our vessel, we have no choice but to travel to Oahu or the Big Island for these inspections, as well as for routine land maintenance.

A Dry Dock facility on Maui would:

- Eliminate safety risks associated with crossing the Alenuihaha Channel
- Save our company thousands of dollars in travel and lodging expenses
- Allow us the option of supporting local businesses and tradesmen
- Limit the hardship employees face by having to leave their families for extended amounts of time.

Mahalo for your consideration.

Amy Hampton

Gemini Sailing Charters, General Manager
Office: 808-669-0508 -Mobile: 808-283-9862

**KAANAPALI SAILS, INC.
TERALANI SAILING ADVENTURES
P.O. BOX 12247, LAHAINA HI. 96761
808.661-1230 TERALANI.NET**

5-7-13

State of Hawaii-DOBOR
Attention: Mr. Edward Underwood
333 Queens St, Room 300
Honolulu, HI 96761

Aloha Mr. Underwood.

I write you today in support of the Maui Dry Dock and Boat Storage facility proposed for Kahului, Maui Hawaii. This facility is not only long overdue for the commercial boating operators on Maui, but the local boating community as well. In addition, the facility as a whole will bring much needed tax dollars to the County of Maui and work for the local tradesman that perform the services associated with the boating industry.

Kaanapali Sails, Inc. operates Teralani 3, and along with her sister vessel, Teralani 2 have been operating on Maui for many years. We pride ourselves on maintaining the highest standards of maintenance possible. These standards require bringing one of our vessels off Maui annually for 3-4 weeks of dry dock maintenance. We could not maintain our standards without this service. However, more importantly is our required USCG hull inspection that requires our boats to be hauled out of the water. This requires the space and equipment necessary to haul out a boat of our size which is 65' in length. Because this biennial USCG inspection is required to operate, we have no other alternative but to travel to either Oahu or the Big Island to haul out.

Some of the benefits of a Dry Dock facility proposed on Maui are as follows:

- Eliminate the need to cross the sometimes challenging and unpredictable Alenuihaha or Kaiwi channels
- Eliminate the need for our staff to leave their families and homes for up to 4 weeks a year
- Support the local business' that could perform the work currently sent off-island
- Save our company multiple thousands of dollars in travel, housing and per diem annually

Mahalo in advance for your time and consideration,


David Weiss
Executive VP
Kaanapali Sails, Inc.



5/9/2013

State of Hawaii – DOBOR
Attention: Edward Underwood
333 Queen Street, Room 300
Honolulu, HI 96813

Aloha Mr. Underwood,

As the managing partner of Kai Kanani Sailing Charters, I am writing to support the proposed Maui Dry Dock and Boat Storage facility.

Kai Kanani Sailing Charters provides snorkeling, sailing, whale watching and dinner cruises on its 65' catamaran in Makena. The company has been successfully operating on Maui for over thirty years.

Kai Kanani Charter's goal is to meet or exceed all of the US Coast Guard standards and as part of this process, we are required to have a USCG hull inspection at dry dock, every two years. This requirement makes it necessary for us to schedule a dry dock at a facility on another island that can accommodate us. We also use these facilities for our routine land maintenance. This process takes time away from our charter business here on Maui. A facility for dry dock and boat storage on Maui would mean less time away from our main business, which, in turn would mean more taxable revenue for Maui County.

To summarize, I support the proposed Maui Dry Dock and Boat Storage facility for the following reasons:

- It would save us time and money while allowing us to increase taxable revenue.
- It would decrease our down time which ultimately increases employment to our local crew.
- It would also allow our crew to be home while the dry dock process is under way.
- It would allow us to support local business and tradesmen.
- It would eliminate safety risks taken during the crossing of the Alenuihaha Channel.

Mahalo for your consideration in the matter,

Captain Roger Gildersleeve

General Manager, Kai Kanani Sailing Charters
Mobile 808-280-8122