

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

April 11, 2014

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

PSF No.: 14OD-052

OAHU

Cancellation of Governor’s Executive Order No. 3185 and Reset Aside to Department of Accounting and General Services for Government Offices and Affiliated Programs Purposes; Consent to Lease under the Requested Set Aside, Honolulu, Oahu, Tax Map Key: (1) 2-1-002:012.

APPLICANT:

Department of Accounting and General Services (“DAGS”) – for set aside; and
Kumu Kahua Theatre, a domestic nonprofit corporation – for lease.

LEGAL REFERENCE:

Section 171-11, 43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Honolulu, Oahu, identified by Tax Map Key: (1) 2-1-002:012, as shown on the attached map labeled Exhibit A.

AREA:

13,505 square feet, more or less – for set aside; and
2,900 square feet situated on the ground floor – for lease.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: BMX-4

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:

Governor's Executive Order No. 3185 setting aside 13,505 square feet to Department of Accounting and General Services for office space purposes.

PURPOSE OF SET ASIDE:

Government offices and affiliated programs purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Section 11-200-8(a)(1), the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "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". See declaration exemption prepared by DAGS attached as **Exhibit B**.

APPLICANT REQUIREMENTS:

None

BACKGROUND (provided by DAGS):

The Kamehameha V Post Office Building was built in 1871 and added to the National Register of Historic Places on May 5, 1972. It was named for King Kamehameha V who built other public buildings during his reign. The building served as a post office until it was converted into a district court in 1947. The State Department of Human Services and Housing occupied the entire building in the 1970's.

During Governor John Waihee's administration, the State Foundation on Culture and the Arts (SFCA) was going to be moved out of the Princess Kamamalu Building. Governor Waihee wanted to revitalize the arts and culture area in Historic downtown Honolulu. Since the building was vacated by the State Department of Social Services and Housing, the building became an opportunity to house SFCA and Kumu Kahua Theatre in one venue, where the arts and culture would flourish both day and night in Historic downtown.¹

The entire building was subsequently renovated by the State at a cost of approximately \$1.2

¹ EO 3815 was issued to DAGS in 1983.

million to house the State Foundation on Culture and the Arts on the 2nd floor (approximately 4,327 square feet), and Kumu Kahua Theatre on the ground floor of the building.

A ten (10) year lease was executed between Kumu Kahua Theatre and DAGS for the period August 5, 1993 to August 4, 2003. Rent was set at a nominal \$120.00 per year for the first five years, with rent reopened and re-determined after the 5th year. No rent was charged for this five year period, only the tenant's pro-rata share of the operating cost for the building. The tenant then exercised their option for another ten (10) year term and the charges for each of the five year periods were again based on the tenant's pro-rata share of the building's operating costs.

When the SFCA relocated to the No. 1 Capitol District building (former Hemmeter Building), the second floor was re-assigned to the Department of Education, Hawaii State Public Library System.

The Department of Accounting and General Services (DAGS) has a policy that the placement of non-profit organizations will be permitted in state facilities that are controlled and managed by DAGS, if a state agency will sponsor and certify in writing that the services delivered by the non-profit are an extension of state services. The Comptroller, acting on behalf of the SFCA Executive Director (position is currently vacant) has verified SFCA's sponsorship of Kumu Kahua Theatre, as its services fulfill the core mission and values of SFCA. For many years, SFCA has awarded grant money annually to Kumu Kahua Theatre.

Kumu Kahua Theatre is the primary venue for home-grown theater and the works of local playwrights at one of the lowest admission costs in Hawaii. It also provides a venue for local individuals to perfect their art (acting, playwriting, directing, set/costume/light/sound designing), and attracts an audience of approximately 7,500 to 10,000 per year.

Kumu Kahua Theatre has received letters of support for their continued occupancy at the subject location from legislators, teachers and THINKTECHHAWAII, INC. (a non-profit corporation engaged in raising public awareness about the importance of technology, energy, diversification and globalism to the people of Hawaii, including the arts).

A letter from the IRS and the Articles of Incorporation for the Kumu Kahua Theatre both support a 501 (c) (3) tax exempt status. They also received a certificate of vendor compliance through the Hawaii Compliance Express (HCE) system.

NEW LEASE:

CHARACTER OF USE:

Theater and related purposes.

LEASE TERM:

Twenty (20) years

COMMENCEMENT DATE:

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

LESSEE'S CHARGES:

For reimbursement of pro-rata utilities, building services and common area expenses.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u> x </u>	NO <u> </u>
Registered business name confirmed:	YES <u> x </u>	NO <u> </u>
Applicant in good standing confirmed:	YES <u> x </u>	NO <u> </u>

REMARKS:

Staff discussed the issuance of the new lease mentioned above with DAGS, and agreed that issuance of a new executive order to reflect the utilization of the property for Kumu Kahua Theatre will be in order. The proposed use by the lessee is consistent with the purpose of the set aside under the subject request.

Staff does not have any objection to the requested new executive order and consent to the proposed lease between DAGS and Kumu Kahua Theatre, as described above.

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 of and recommend to the Governor issuance of an executive order canceling Governor's Executive Order No. 3185 and subject to the following:
 - A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
 - B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;

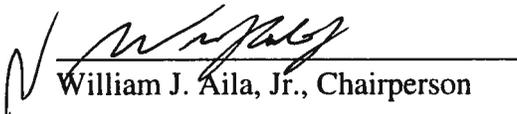
- C. Review and approval by the Department of the Attorney General; and
 - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
3. Approve of and recommend to the Governor the issuance of an executive order setting aside the subject lands to the Department of Accounting and General Services under the terms and conditions cited above, which are by this reference incorporated herein and subject further to the following:
- A. The standard terms and conditions of the most current executive order form, as may be amended from time to time;
 - B. Disapproval by the Legislature by two-thirds vote of either the House of Representatives or the Senate or by a majority vote by both in any regular or special session next following the date of the setting aside;
 - 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.
4. Consent to the lease between the Department of Accounting and General Services and Kumu Kahua Theatre, subject to any applicable conditions cited above which are by this reference incorporated herein and further subject to the following:
- A. Review and approval by the Department of the Attorney General; and
 - B. Such other terms and conditions as may be prescribed by the Comptroller to best serve the interests of the State.

Respectfully Submitted,



Barry Cheung
District Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
1151 PUNCHBOWL STREET, HONOLULU, HAWAII 96813

DECLARATION OF EXEMPTION

from the preparation of an environmental assessment under the authority of Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Kamehameha V Executive Order Cancellation and Reset Aside

Project Locations: Kamehameha V Building
901 Bethel Street, Honolulu, Hawaii 96813
TMK: 2-1-002:012

Project Description: Executive Order No. 3185, dated March 22, 1983, currently sets aside the subject property to DAGS for Office Space Purposes. However, the first floor of the facility has been occupied by Kumu Kahua Theatre as a non-profit program extension of the State Foundation on Culture and the Arts since 1994. Their occupancy focuses on cultural education through theatrical performances at this location. DAGS is in the process of requesting cancellation of EO No. 3185 and reset-aside of the land to DAGS for Government Offices and Affiliated Programs. This will allow the facility to continue to be leased to Kumu Kahua Theatre for the benefit of the community for cultural education and enjoyment.

Consulted Parties: State Department of Land and Natural Resources –Land Division
Department of Accounting and General Services – Public Works Division and State Foundation on Culture and the Arts

Exemption Class No. & Description from Agency Exemption List:

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 [HAR § 11-200-8(a)(1)].

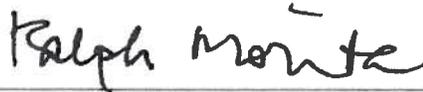
Other notes: None.

EXHIBIT " B "

Declaration of Exemption
Department of Accounting & General Services
Kamehameha V Building
TMK: 2-1-002:012
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Date Agency Exemption
List Approved: April 18, 2011

I have considered the potential primary, secondary, and cumulative effects of the above listed project as provided by Chapter 343, HRS and Chapter 11-200 HAR. The State facility noted above has been considered, and I declare that this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.



Chief, Planning Branch
Public Works Division
Department of Accounting and General Services

Date: 3/04/14