

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

August 22, 2014

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

PSF No.: 12HD-024

Hawaii

**Issuance of Direct Lease to Puna Community Medical Center for
Comprehensive Medical Center Purposes, Keonepoko Nui, Puna, Hawaii,
Tax Map Key: (3) 1-5-008:005.**

APPLICANT:

Puna Community Medical Center, a Hawaii non-profit 501(c)(3) corporation.

LEGAL REFERENCE:

Sections 171-13, 171-16 and 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Keonepoko Nui, Puna, Hawaii, identified by Tax Map Key: (3) 1-5-008:005, as shown on the attached maps labeled Exhibits A.

AREA:

4.920 acres, more or less.

ZONING:

State Land Use District: agriculture
County of Hawaii CZO: 20-acre agriculture

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:

Vacant and unencumbered.

CHARACTER OF USE:

Comprehensive medical center purposes.

LEASE TERM:

Thirty five (35) years

COMMENCEMENT DATE:

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

ANNUAL RENT:

Pursuant to HRS §171-43.1, and the minimum rent policy established by the Board at its meeting of May 13, 2005 under agenda item D-19, the annual rent will be set at \$480.00.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 10th, 20th and 30th years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual rental amount.

PROPERTY CHARACTERISTICS:

Utilities – water, electricity, telephone

Slope – moderate

Elevation – 1,000 feet to 1,800 feet

Rainfall – exceeds 100 inches

SCS Soil Series – almost bare pahoehoe.

Land Study Bureau – University of Hawaii

Legal access to property – Staff has verified that there is legal access to the property off of Route 130 also known as Keaau- Pahoehoe Road.

Subdivision – Staff has verified that the subject property is a legally subdivided lot.

Encumbrances – Staff has verified that there are no encumbrances on the property.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was published in the OEQC's *Environmental Notice* on June 8, 2014 with a Finding Of No Significant Impact (FONSI). Refer to attached Exhibit B.

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>

APPLICANT REQUIREMENTS:

Applicant shall be required to:

1. Pay for the costs of public notice pursuant to HRS Section 171-16.

REMARKS:

This property was previously leased to Puna Certified Nursery, Inc. under General Lease No. S-5005 for intensive agriculture purposes. The lease expired on 3/30/2002 and the land has been vacant from that date.

The Puna District has a federal designation as a MUA (Medically Underserved Area) with Primary Care Provider shortage. The Puna Community Development Plan¹ identified the development of a centrally located, 24-hour, full-service medical facility, with trauma care, in Puna as the first action item under the heading of social services and housing.

Puna Community Medical Center (PCMC) formed as a grassroots nonprofit entity in May 2007 for the purpose of addressing this need. PCMC began with an acute care facility that has been in operation since February 2009. To date, PCMC has managed over 14,000 patient encounters.

Puna's population is the fastest growing in the state and its health care needs are critical. Services have not kept pace with growth. As a non-profit corporation serving a rural population in an economically depressed area, PCMC cannot afford the commercial land prices in order to expand and provide greater services. PCMC proposes to utilize the State land to build and operate a modular comprehensive medical center including a 24/7 emergency room, clinical laboratory, x-ray facility, dental clinic, pediatric clinic, etc. These elements will be built incrementally, as funding permits. The site will also include an administration building and equipment storage structure, parking lot, large capacity cesspool/septic system, covered sidewalks and landscaping.

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.

At its meeting of April 27, 2012, agenda item D-2, the Board approved in concept, a direct lease to Puna Community Medical Center for a comprehensive medical center upon the applicant submitting an environmental assessment and the publication of a Finding of No Significant Impact (FONSI). Such findings were published in the Office of Environmental Quality Control (OEQC) bulletin on June 8, 2014.

Staff has verified that Applicant is a 501(c)(3) corporation and an eleemosynary

¹ The Puna Community Development Plan was adopted into the Hawaii County General Plan by ordinance 08-166 in 2008.

organization. Therefore, Staff is recommending nominal rent be established at \$480.00 per year in accordance with the minimum rent policy established by the Board at its meeting of May 13, 2005 under agenda item D-19.

RECOMMENDATION: That the Board:

1. Find that the public interest demands the issuance of this direct lease to Puna Community Medical Center for comprehensive medical center purposes.
2. That the Board, subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a direct lease to Puna Community Medical Center, 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 non-profit lease document 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
Land Agent

APPROVED FOR SUBMITTAL:

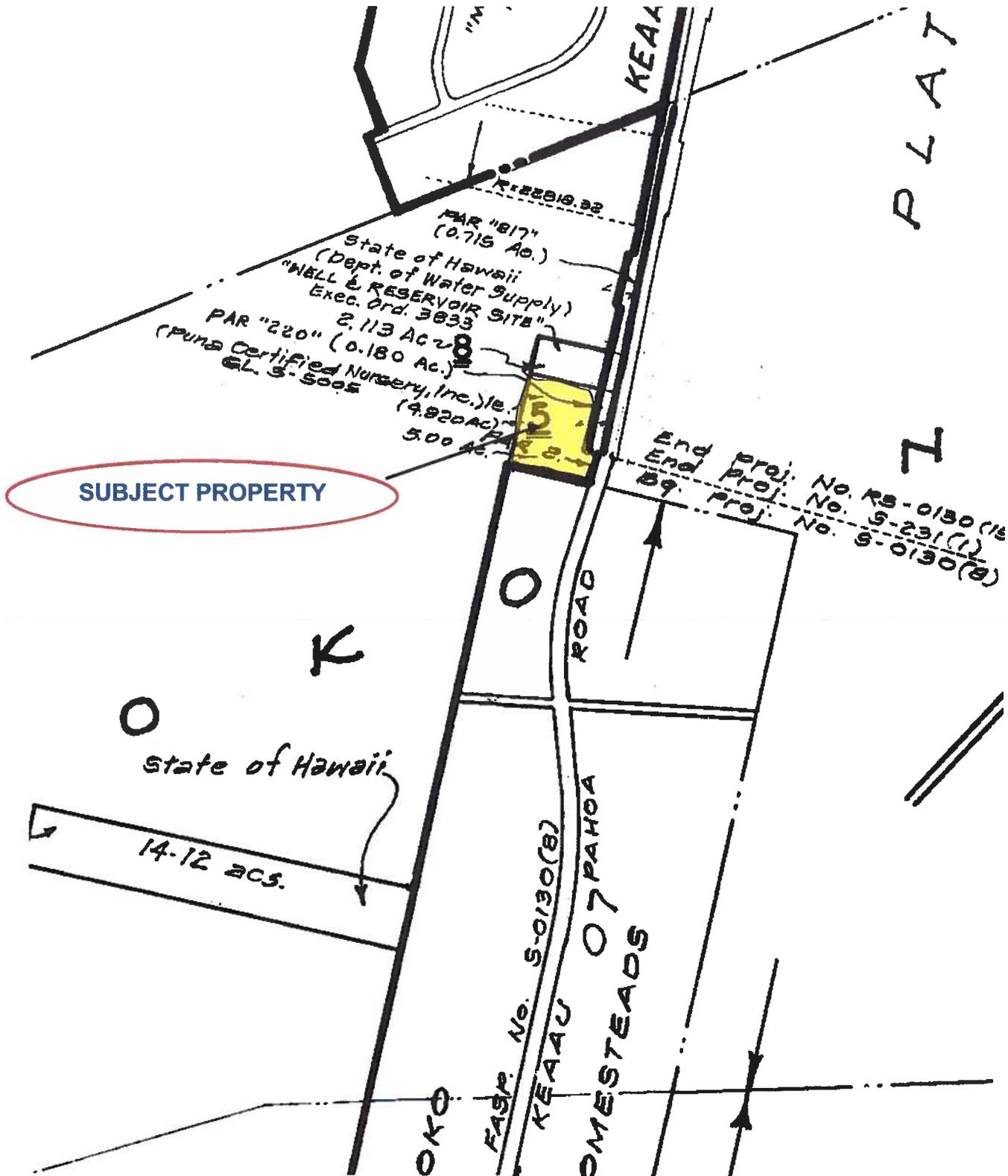



William J. Aila, Jr., Chairperson



EXHIBIT A

TMK: 3RD/ 1-5-08:05



FRONT PAGES

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Environmental Notice Submittal Clarifications

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- 5. [ICSD Pahole Radio Facility at Pahole Rare Plant Nursery Site DEA \(AFNSI\)](#) 6
- 6. [ICSD Radio Facility Upgrade at Mauna Kapu Communication Station DEA \(AFNSI\)](#) 7
- 7. ['Iliahi Elementary School New Covered Play Court FEA \(FONSI\)](#) 7

KAUA'I (HRS 343)

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