

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

June 8, 2012

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

PSF No: 11HD-073
HAWAII

Resubmittal: Amend Prior Board Action of July 22, 2011, Agenda Item D-1, Set Aside to Department of Agriculture for Agricultural Purposes, Puna, South Hilo, North Hilo, Hamakua, North Kohala, South Kohala and Kau, Hawaii, Tax Map Keys: (3) 1-2-6:5 and 77; 1-4-34:27; 1-8-6:103; 1-9-1:18; 2-4-49:29; 3-1-4:1 and 2; 3-9-1:1 and 2; 3-9-2:7 and 8; 4-1-1:6; 4-1-5:1; 4-4-11:33; 4-6-4:1, 2, 3, 5 and 6; 4-9-11:2; 5-5-3:12, 18, 4, 5 and 6; 5-5-4:51 and 52; 5-5-6:2, 3, 4 and 15; 5-5-7:11; 8-8-4:10; 9-5-15:3; 9-6-2:55; 5-5-5:1. The purpose of this item is to include Tax Map Key No. (3) 5-5-4:52 in the set aside.

BACKGROUND:

The Board of Land and Natural Resources at its July 22, 2011 meeting under Item D-1 approved the set-aside to the Department of Agriculture for agricultural purposes the Tax Map Key (TMK) parcels identified below:

(3) 1-2-6:5 and 77; 1-4-34:27; 1-8-6:103; 1-9-1:18; 2-4-49:29; 3-1-4:1 and 2; 3-9-1:1 and 2; 3-9-2:7 and 8; 4-1-1:6; 4-1-5:1; 4-4-11:33; 4-6-4:1, 2, 3, 5 and 6; 4-9-11:2; 5-5-3:12, 18, 4, 5 and 6; 5-5-4:51; 5-5-6:2, 3, 4 and 15; 5-5-7:11; 8-8-4:10; 9-5-15:3; 9-6-2:55; 5-5-5:1.

At its meeting of November 10, 2011, Item D-1, the Board approved an amendment of its July 22, 2011 action to make a correction to the list of TMK numbers. The amended action clarified that TMK: (3) 5-5-4:52 was also to be included in the list as one of two parcels encumbered by General Lease No. S-5539. See Exhibit 1 attached, which is a copy of the November 10, 2011 Board action.

REMARKS:

In February 2012, a member of the public made a complaint to the Office of Information

Practices that the November 10, 2011 Board submittal (Item D-1) provided insufficient notice that action concerning TMK: (3) 5-5-4:52 would be considered because the TMK number was not listed in the title of the submittal (as to General Lease No. S-5539, only TMK: (3) 5-5-4:51 is listed in the title). After consulting with the Department of the Attorney General, and out of an abundance of caution, staff is resubmitting the Board action of November 10, 2011, Item D-1, with the TMK listed in the title.

RECOMMENDATION: That the Board:


1. Approve and ratify its prior Board action of November 10, 2011, under agenda item D-1, with TMK: (3) 5-5-4:52 referenced in the title of the action as resubmitted herein.
2. Except as set otherwise forth in Recommendation 1 above, all terms and conditions listed in its July 22, 2011 and November 10, 2011 approvals to remain the same.

Respectfully Submitted,



Gordon C. Heit
Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

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

November 10, 2011

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

PSF No: 11HD-073
HAWAII

Amend Prior Board Action of July 22, 2011, Agenda Item D-1, Set Aside to Department of Agriculture for Agricultural Purposes, Puna, South Hilo, North Hilo, Hamakua, North Kohala, South Kohala and Kau, Hawaii, Tax Map Keys: (3) 1-2-6:5 and 77; 1-4-34:27; 1-8-6:103; 1-9-1:18; 2-4-49:29; 3-1-4:1 and 2; 3-9-1:1 and 2; 3-9-2:7 and 8; 4-1-1:6; 4-1-5:1; 4-4-11:33; 4-6-4:1, 2, 3, 5 and 6; 4-9-11:2; 5-5-3:12, 18, 4, 5 and 6; ~~5-5-4:51~~; 5-5-6:2, 3, 4 and 15; 5-5-7:11; 8-8-4:10; 9-5-15:3; 9-6-2:55; 5-5-5:1.

BACKGROUND:

The Land Board at its July 22, 2011 meeting under Item D-1 approved the set-aside to Department of Agriculture for Agricultural purposes Tax Map Key Parcels as follow:

(3) 1-2-6:5 and 77; 1-4-34:27; 1-8-6:103; 1-9-1:18; 2-4-49:29; 3-1-4:1 and 2; 3-9-1:1 and 2; 3-9-2:7 and 8; 4-1-1:6; 4-1-5:1; 4-4-11:33; 4-6-4:1, 2, 3, 5 and 6; 4-9-11:2; 5-5-3:12, 18, 4, 5 and 6; ~~5-5-4:51~~; 5-5-6:2, 3, 4 and 15; 5-5-7:11; 8-8-4:10; 9-5-15:3; 9-6-2:55; 5-5-5:1. (Exhibit A- partial, exhibits omitted)

REMARKS:

Staff misidentified the tax map key for General Lease No. S-5539 in the title and throughout the submittal approved by the Land Board on July 22, 2011 (agenda item D-1) as (3) 5-5-4:51.

The Board submittal only reflects Parcel 51. However, General Lease No. S-5539 issued to William Wong consists of Parcels 51 and 52 (Exhibit B). The area of the property is also described as being 4.934 acres. The actual size of the leased area is 4.434 acres.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of July 22, 2011, under agenda item D-1 by identifying GL S-5539 as Tax Map Key: (3) 5-5-4-51 & 52 comprising an area of 4.434 acres where referenced in the submittal.
2. All terms and conditions listed in its July 22, 2011 approval to remain the same.

Respectfully Submitted,



Gordon C. Heit
Land Agent



APPROVED FOR SUBMITTAL:



for William J. Aila, Jr., Chairperson

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

AMENDED

July 22, 2011

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

PSF No.:11HD-073

HAWAII

Set Aside to Department of Agriculture for Agricultural Purposes, Puna, South Hilo, North Hilo, Hamakua, North Kohala, South Kohala and Kau, Hawaii, Tax Map Keys: (3) 1-2-6:5 and 77; 1-4-34:27; 1-8-6:103; 1-9-1:18; 2-4-49:29; 3-1-4:1 and 2; 3-9-1:1 and 2; 3-9-2:7 and 8; 4-1-1:6; 4-1-5:1; 4-4-11:33; 4-6-4:1, 2, 3, 5 and 6; 4-9-11:2; 5-5-3:12, 18, 4, 5 and 6; 5-5-4:51; 5-5-6:2, 3, 4 and 15; 5-5-7:11; 8-8-4:10; 9-5-15:3; 9-6-2:55; 5-5-5:1

APPLICANT:

Department of Agriculture

LEGAL REFERENCE:

Section 171-11, Hawaii Revised Statutes (HRS), as amended.
Act 90, Sessions Laws of Hawaii 2003.

LOCATION AND AREA:

1-2-6:5	Puna	363.098 acres, more or less
1-2-6:77	Puna	12.637 acres, more or less
1-4-34:27	Puna	2.0 acres, more or less
1-8-6:103	Puna	49.082 acres, more or less
1-9-1:18	Puna	29.88 acres, more or less
2-4-49:29	South Hilo	10.103 acres, more or less
3-1-4:1	North Hilo	505 acres, more or less
3-1-4:2	North Hilo	56.46 acres, more or less
3-9-1:1	North Hilo	186.908 acres, more or less
3-9-1:2	North Hilo	125.187 acres, more or less
3-9-2:7	North Hilo	933.136 acres, more or less
3-9-2:8	North Hilo	602.200 acres, more or less
4-1-1:6	North Hilo	86.380 acres, more or less
4-1-5:1	North Hilo	447.240 acres, more or less

as amended
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON *July 22, 2011*

4-4-11:33	Hamakua	5.424 acres, more or less
4-6-4:1	Hamakua	279.458 acres, more or less
4-6-4:2	Hamakua	223.505 acres, more or less
4-6-4:3	Hamakua	.960 acres, more or less
4-6-4:5	Hamakua	4.320 acres, more or less
4-6-4:6	Hamakua	15.640 acres, more or less
4-9-11:2	Hamakua	11.60 acres, more or less
5-5-3:12	North Kohala	14.370 acres, more or less
5-5-3:18	North Kohala	37.585 acres, more or less
5-5-3:4	North Kohala	138.450 acres, more or less
5-5-3:5	North Kohala	31.780 acres, more or less
5-5-3:6	North Kohala	39.100 acres, more or less
5-5-4:51	North Kohala	4.934 acres, more or less
5-5-6:2	North Kohala	44.50 acres, more or less
5-5-6:3	North Kohala	404.120 acres, more or less
5-5-6:4	North Kohala	146 acres, more or less
5-5-6:15	North Kohala	16.06 acres, more or less
5-5-7:11	North Kohala	77.40 acres, more or less
8-8-4:10	South Kona	7.85 acres, more or less
9-5-15:3	Kau	2,197.290 acres, more or less
9-6-2:55	Kau	12 acres, more or less
5-5-5:1	North Kohala	74.323 acres, more or less
TOTALS:		6,792.740 acres, more or less

ZONING AND TRUST LAND STATUS:

	State Land Use:	County CZO:	Section 5(b) lands of the Hawaii Admission Act	DHHL 30% entitlement – Yes	DHHL 30% entitlement – No
1-2-6:5	Agriculture	Agriculture	X		X
1-2-6:77	Agriculture	Agriculture	X		X
1-4-34:27	Agriculture	A-3a & A-20a	X		X
1-8-6:103	Agriculture	A-5a	X		X
1-9-1:18	Agriculture	A-20a	X		X
2-4-49:29	Agriculture		X		X
3-1-4:1	Agriculture	A-20a	X	X	
3-1-4:2	Agriculture	A-20a	X	X	
3-9-1:1	Agriculture	A-20a	X	X	
3-9-1:2	Agriculture	A-20a	X	X	
3-9-2:7	Agriculture	A-20a	X	X	

3-9-2:8	Agriculture	A-20a	X	X	
4-1-1:6	Agriculture		X		
4-1-5:1	Agriculture		X		
4-4-11:33	Agriculture	A-5a	X		X
4-6-4:1	Agriculture		X		X
4-6-4:2	Agriculture		X	X	
4-6-4:3	Agriculture		X		X
4-6-4:5	Agriculture		X	X	
4-6-4:6	Agriculture		X	X	
4-9-11:2	Agriculture	A-40a	X		X
5-5-3:12	Agriculture	A-20a	X		X
5-5-3:18	Agriculture	A-20a	X		X
5-5-3:4	Agriculture	A-20a	X		X
5-5-3:5	Agriculture	A-20a	X		X
5-5-3:6	Agriculture	A-20a	X		X
5-5-4:51	Agriculture	A-20a	X		X
5-5-6:2	Agriculture	A-20a	X		X
5-5-6:3	Agriculture	A-20a	X		X
5-5-6:4	Agriculture	A-20a	X		X
5-5-6:15	Agriculture	A-20a	X		X
5-5-7:11	Agriculture	A-20a	X		x
8-8-4:10	Agriculture	A-5a	X		X
9-5-15:3	Agriculture	A-20a	X	X	
9-6-2:55	Agriculture		X		X
5-5-5:1	Agriculture		X		x

CURRENT USE STATUS:

GL 5535	Edward Lee & Lucia Lee	Pasture	Lease to expire on December 16, 2027	\$4,300/year
GL 5537	Gilbert Uyeda & Mariko Uyeda	Intensive agriculture	Lease to expire on July 1, 2032	\$1,250/year
GL 4642	Maluhia Farms, LLC	General agriculture	Lease to expire on May 7, 2035	\$4,400/year
Vacant				
GL 5905	Green Point Nurseries, Inc.	Intensive agriculture	Lease to expire on January 31, 2037	\$1,730/year
RP 7362	Norman Medeiros, Sr.	Pasture		\$996/year
GL 5811	Jackson Thong	Intensive	Lease to expire	\$5,500/year

18,176

	& Mandy Thong	agriculture	on Septmber 30, 2035	
GL 5586	Island Diary, Inc.	Dairying	Lease to expire on June 4, 2033	\$19,780/year
RP 7416	David Pellani	Intensive agriculture		\$2,160/year
GL 5550	Triple D Ranch, Inc.	General agriculture	Lease to expire on June 29, 2033	\$6,840/year
RP 7535	Margaret Loo	Diversified agriculture		\$1,716/year
GL 5356	Alvin Kawamoto	General agriculture	Lease to expire on December 31, 2028	\$2,155/year
GL 5573	Island Harvest Inc.	Intensive agriculture	Lease to Expire on December 31, 2028	\$2,820/year
GI 5572	Boteilho Hawaii Enterprises, Inc.	Pasture	Lease to expire on February 7, 2019	\$7,178/year
GL 5539	William Wong	Intensive agriculture	Lease to expire on August 30, 2032	\$890/year
GL 4950	Boteilho Hawaii Enterprises, Inc.	Dairying	Lease to expire on March 31, 2020	\$21,400/year
RP 7312	George Freitas Dairy, Inc.	Pasture		\$756/year
GL 4790	Fred Soriano	Diversified agriculture	Lease to expire on March 22, 2017	\$3,200/year
RP 7269	Kuahiwi contractors, Inc.	Pasture		\$5,580/year
RP 7424	ML Macadamia Orchards, L.P.	Macadamia orchard		\$552/year
GL 5574	Boteilho Hawaii Enterprises, Inc.	Pasture	Lease to expire on February 7, 2019	\$1,237.92/year
TOTALS:				\$94,441/year

PURPOSE:

Agriculture purposes.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action before the Board is merely a transfer of management jurisdiction and does not constitute a use of State lands or funds, and therefore, the provisions of Chapter 343, HRS, relating to environmental impact statements do not apply. Inasmuch as the Chapter 343 environmental requirements apply to Applicant's use of the lands, the Applicant shall be responsible for compliance with Chapter 343, HRS, as amended.

Furthermore, even if Chapter 343 were applicable, the action would be exempt from the preparation of an environmental assessment pursuant to Hawaii Administrative Rules, Section 11-200-8(a), 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" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation."

APPLICANT REQUIREMENTS:

None

BACKGROUND:

The Legislature in 2003 found that certain public lands classified for agricultural use by the Department of Land and Natural Resources (DLNR) could be transferred and perhaps better managed by the Department of Agriculture (DOA) for the promotion and farms on as widespread a basis as possible which is established by Article XI, Section 10 of the State Constitution. This resulted in the passing and signing of Act 90, Session Laws of Hawaii 2003. (Exhibit B.) Later, Act 235, Session Laws of Hawaii 2005 passed establishing a non-agricultural park lands special fund at DOA for the collection of lease rents, fees, penalties, and any other revenue or funds collected from non-agricultural park lands that are transferred, or in the process of being transferred from DLNR to DOA. Act 90 specifically stated that the transfer of the lands was subject to the mutual agreement and approval of both the BOA and the BLNR. BOA approved this request.

There are some requirements as to the DLNR properties that can be transferred, e.g. the lessees on the properties shall not be in arrears of taxes, rents; in compliance with the terms and conditions.

The Land Board at its December 9, 2005 meeting, under agenda item D-1, approved staff's recommendation subject to the Board of Agriculture approval, recommend to the Governor

the issuance of a set aside to Department of Agriculture for agricultural purposes various properties managed by Land Division. The transfer listing involved approximately 4,689.066 acres (1,223.610 acres on Oahu + 1,042.530 acres on Maui + 286.180 acres on /Molokai + 1,953.490 acres on Hawaii + 183.256 acres on Kauai). As of March 1, 2011, 3,019.563 acres has been transferred to DOA via various Executive Orders. Those properties still pending cover problem tenants, DOA doesn't want lands/tenant, and lands that are to be transferred to another government agency.

The Board of Agriculture at its meeting held on May 25, 2010, approved the transfer of 23 general leases, 13 revocable permits and 1 vacant property. (Exhibit C.)

STAFF ANALYSIS:

Staff separated DOA's request by island to give staff and government agencies sufficient time to review the properties. This submittal will only cover the Island of Hawaii.

The highest and best for these parcels will be for agriculture purposes. The existing use of agriculture will not change.

DOA is charged with maintaining agricultural land and water resources for Hawaii's agricultural industry. DOA understands the issues confronting the farmers and provides other services that affect their overall business such as pesticide, water, etc.. A one-stop shop for small farmers. The intent of Act 90 was to ensure long-term productive use of public lands leased or available for agricultural purposes. While private landowners are readily developing their agricultural lands into upscale residential subdivisions, the proposed transfer to DOA will mandate these public lands be kept in agriculture use.

At this time, Tax map keys: (3) 9-6-2:5, 10, 13; 9-8-1:9, 10, 11, 12 and 13; 9-6-11:2. The Division of Forestry & Wildlife is considering these State properties as possible candidates for resource protection and addition to the forest reserve.

Tax map key: (3) 1-2-6:19 consists of 816 acres of which DOA only wants the tenant that is occupying 600 acres. The management of the balance will remain with Land Division as vacant, unencumbered. Per DOA staff, changing the zoning or subdivision, if necessary should be done by DLNR or DLNRs' tenant not DOA. Staff notes, DLNR never incurs additional costs when transferring lands to another State agency. Those costs are normally paid by the requesting State agency. Therefore, this property was not included in this submittal.

Recently, the Land Board at its meeting of June 23, 2011 (D-7) authorized the issuance of a new lease to Boteilho Hawaii Enterprises, Inc. for dairy purposes covering State lands currently encumbered by General Lease Nos. S-4950, S-5572 and S-5574. The new lease will consists of approximately 879.549 acres. Staff notes that DOA's request did not include 1 lease (General Lease No. S-5574). Therefore, since all of the State properties will be

consolidated into 1 lease, it is appropriate that we include tax map key: (3) 5-5-5:1.

Comments were solicited from:

DHHL	See remarks below.
Division of Aquatic Resources	No response
Historic Preservation	No response
Division of Forestry & Wildlife	No objections, but require access to adjacent DOFAW program areas be preserved.
Division of State Parks	No objections
Commission on Water Resource Management	No response
County of Hawaii, Planning Department	No objections
OHA	No response

The Division of Forestry and Wildlife is requesting that provisions be placed in the executive order document ensuring access to adjacent DOFAW program areas be preserved. They involve:

- | | |
|-----------------------------------|--|
| Tax map keys: 3-1-4:1 and 2 | Keep the public road between the parcels open. This is the access to the Hilo Forest Reserve. |
| Tax map keys: 3-9-2:7 and 8 | Keep the public road open. This is the access to the Humuula Trail. |
| Tax map keys: 4-6-4:1, 2, 3, 5, 6 | Allow DOFAW management access to the Hamakua Forest Reserve. |
| Tax map key: 9-5-15:3 | Public access to the Kau Forest Reserve must be preserved pursuant to Governor's Executive Order No. 4126. |

Late comment was submitted by DHHL requesting this submittal be held in abeyance until DLNR, DOA & ADC meet to discuss improving DHHL homestead agricultural and ranch program. A meeting has not been scheduled, but DLNR has indicated a willingness to meet. These properties have been approved by the Board of Agriculture. There are no other pertinent issues or concerns.

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 the issuance of an executive order setting aside the subject lands to Department of Agriculture 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.
 - E. Include Division of Forestry and Wildlife requirements for various tax map keys to ensure that access to adjacent DOFAW program areas is preserved.

3. Authorize the transfer of General Lease No. S-5535, General Lease No. S-5537, General Lease No. S-4642, General Lease No. S-5905, Revocable Permit No. S-7362, General Lease No. S-5811, General Lease No. S-5586, Revocable Permit No. S-7416, General Lease No. S-5550, Revocable Permit No. S-7535, General Lease No. S-5356, General Lease No. S-5573, General Lease No. S-5572, General Lease No. S-5539, General Lease No. S-4950, Revocable Permit No. S-7312, General Lease No. S-4790, Revocable Permit No. S-7269, General Lease No. S-5574 to the Department of Agriculture.

Respectfully Submitted,



Charlene Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

ITEM D-1, JULY 22, 2011
APPROVED AND AMENDED:

After further consultation with DOFAW, staff is recommending the deletion of TMK: (3) 1-4-34:27 from list of properties covered by the submittal. DOFAW advises that this parcel is in the Nanawale Forest Reserve and certain statutory procedures will need to be followed to withdraw the land from the forest reserve before it can be set aside to DOA. DOFAW staff will bring a separate submittal to the Board regarding this parcel in the future. Accordingly, the submittal should be amended to delete all references TMK: (3) 1-4-34:27, General Lease No. S-5537 that encumbers the parcel, and all other descriptive information in the submittal relating to the parcel. The total transfer area of 6,792.740 acres shown in the table on page 2 of the submittal should be reduced to 6,790.940 acres to reflect the exclusion of the two-acre parcel from the transfer. Similarly, the total annual rental income figure of \$94,441 shown in the table on page 4 of the submittal should be reduced by \$1,250 to \$93,191 to reflect the exclusion of the parcel from the transfer. All other terms and conditions of the submittal to remain the same.

EXHIBIT B

TMK: 3RD/5-5-04:51, 52
4.434 ACRES

