

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of State Parks  
Honolulu, Hawaii 96813

November 8, 2013

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

O'ahu

Issuance of Revocable Permit to Discover Hidden Hawai'i Tours, Inc., for Use of the Nutridge House and Grounds as a Pilot Project, Pu'u 'Ualaka'a State Wayside, Opu, Makiki, O'ahu, Tax Map Key: (1) 2-5-019:004 (por.)

APPLICANT:

Discover Hidden Hawai'i Tours, Inc., a Hawai'i Corporation.

LEGAL REFERENCE:

Sections 171-55 and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Opu, Makiki, O'ahu, identified by Tax Map Key: (1) 2-5-019:004 (por.), as shown on the attached map labeled Exhibit A.

AREA:

22 acres, more or less, subject to confirmation by the Department of Accounting and General Services, Survey Division.

ZONING:

State Land Use District: Conservation  
County of Honolulu CZO: P-1

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act  
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES \_\_\_  
NO X

ITEM E-1

CURRENT USE STATUS:

Encumbered by Governor's Executive Order 4314 setting aside land for state park purposes to be under the control and management of the State of Hawai'i, Department of Land and Natural Resources, Division of State Parks.

CHARACTER OF USE:

For the purpose of operating a venue for commercial and community purposes including tours and special, small scale events.

MONTHLY RENTAL:

\$4,730 per month minimum base rent against a certain percentage of gross revenues (to be determined by the Chairperson).

COLLATERAL SECURITY DEPOSIT:

\$4,730.

COMMENCEMENT DATE:

January 1, 2014 or as determined by the Chairperson.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

State Parks believes that this project will have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment under Chapter 343, Hawaii Revised Statutes (HRS) and §11-200-8(a)(1), Hawaii Administrative Rules (HAR) and within exemption Class 1, Numbers 2, 3 and 5 of the State Parks Exemption List which exempts operations involving negligible or no expansion or change of use beyond that previously existed within park boundaries [February 5, 1976].

REMARKS:

Designed by architect Hard Wood, the Ernest Shelton Van Tassel Residence, commonly known today as the Nutridge House (Nutridge) was built in the 1920's on a 22 acre macadamia nut plantation parcel in what is now Pu'u 'Ualaka'a State Wayside. (This was one of the first locations selected for the cultivation of macadamia nuts trees in the state) In 1927, the Territory granted Mr. Van Tassel a fifty year lease and the plantation remained in operation until the 1970's when the associated processing plant suspended operations. In the 1980's the Department issued a revocable permit to Rick Ralston to restore the structure while being a

being a caretaker of the house and grounds.

When Mr. Ralston was originally issued a revocable permit, the house was in poor condition. Mr. Ralston's rent was discounted in exchange for his help and financial support in restoring the dwelling which, in 1981, became listed on the National Register of Historic Places. As a result of Mr. Ralston's efforts, the Nutridge house is now restored and in very good condition. His skill and dedication to preserving the house is evident and State Parks is grateful for his contribution to the preservation of this important property.

As State Parks reconstitutes its staffing and income generating capabilities, one of the projects underway is to identify undervalued and underutilized properties - and as such, Nutridge was identified as a property to consider optimizing. When State Parks proposed the continuation of Mr. Ralston's permit last year, the issue of a more open and public use of the property was considered. While transition plans were considered, however, State Parks sought the continuation of Mr. Ralston's RP 'as is', except for the issue of rent.

On December 14, 2012, (under agenda item E-1) the Board approved the continuation of revocable permit number SRP6610 to Rick Ralston through December 31, 2013. One of the conditions of the Board's approval was that the permittee pay fair market rent since the value of his restoration efforts had been offset by decades of below market rent. State Parks acquired an independent appraisal of the rental value of the property which determined a monthly rental of \$4,300. After meetings and discussions between staff and Mr. Ralston, no agreement was reached regarding the continuation of the RP and Mr. Ralston advised he would be moving out of the house when his permit expires on December 31, 2013.

Nutridge is part of Pu'u 'Ualaka'a State Wayside. The average total annual visitation is approximately 160,000 per year, which includes a mix of both local residents and visitors. Each year, State Parks issues a variety of special use permits for group activities and events at the lookout area of the wayside - which includes small weddings. This is due to the picturesque forest setting with sweeping views of Honolulu, Diamond Head State Monument and the ocean, from the park. Requests have been made for exclusive use at the lookout portion - but State Parks has been unable to approve permits for exclusive weddings due to the relatively small size of the lookout area and because it is an active, busy park and exclusive use is not included in the permit provisions. Over the years, the public have asked State Parks to consider methods to accommodate weddings that offer a certain level of exclusivity at this location.

State Parks reached out to possible users of the property including the Hawai'i Wedding Association and others to discuss a possible public/private partnership

which would benefit both the local community and the public in general while providing critically needed revenue for the Division. Following the successes with other pilot projects initiated over the past few years, State Parks seeks to establish a partnership through a revocable permit so a revenue history can be established prior to a longer term competitive bid process for a concession agreement or lease.

Through this process, two proposals were received: One from a partnership (between Events International, Inc. and Polynesian Adventure Tours), and a second from Discover Hidden Hawai'i Tours, Inc. Staff believes both proposals met the overall goals listed above and both proposals offered a balance between honoring the history and sensitivity of the park with a fair economic return for the Division.

Both proposals envision outdoor tours and events honoring the history of the property without any new construction. Events would be limited to not more than 250 people (not more than four times per month) and the majority of tours and small scale events would be no greater 60 persons. Under HAR §13-146-25, approval is required for alcohol consumption in a state park, therefore, State Parks requests the Board authorize participants to possess and use alcohol on the premises.

For the tours, weddings and other hosted events, participants would be transported by van to the location to minimize traffic congestion. In addition, the property would be available up to twice per month at nominal cost for community, non-profit type uses. The house itself would be used in a limited fashion to augment the other activities and the grounds would be maintained by the permittee and would include a caretaker for security and maintenance purposes.

Although both proposals were strong, the Discover Hidden Hawai'i Inc.'s proposal offered a greater economic return in excess of the appraised rental value. It also achieves the goal of preservation of the historic structure, continued maintenance of the grounds and re-purposing the grounds and house for public purposes.

Staff recommends the Board approve a revocable permit to Discover Hidden Hawai'i Tours, Inc. as a pilot project, under terms described herein and further recommends the Board delegate to the Chairperson the authority to negotiate any other specific terms necessary to effectuate the revocable permit.

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.

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. Authorize the issuance of a revocable permit to Discover Hidden Hawai'i Tours, Inc. covering the subject area for the purposes described herein and 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 revocable permit 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.
3. Authorize the Chairperson to negotiate any other specific terms necessary to effectuate the revocable permit.
4. Authorize guests or invitees of Discover Hidden Hawai'i Tours, Inc., pursuant to HAR §13-146-25, to use or possess alcohol on the premises.

Respectfully Submitted,



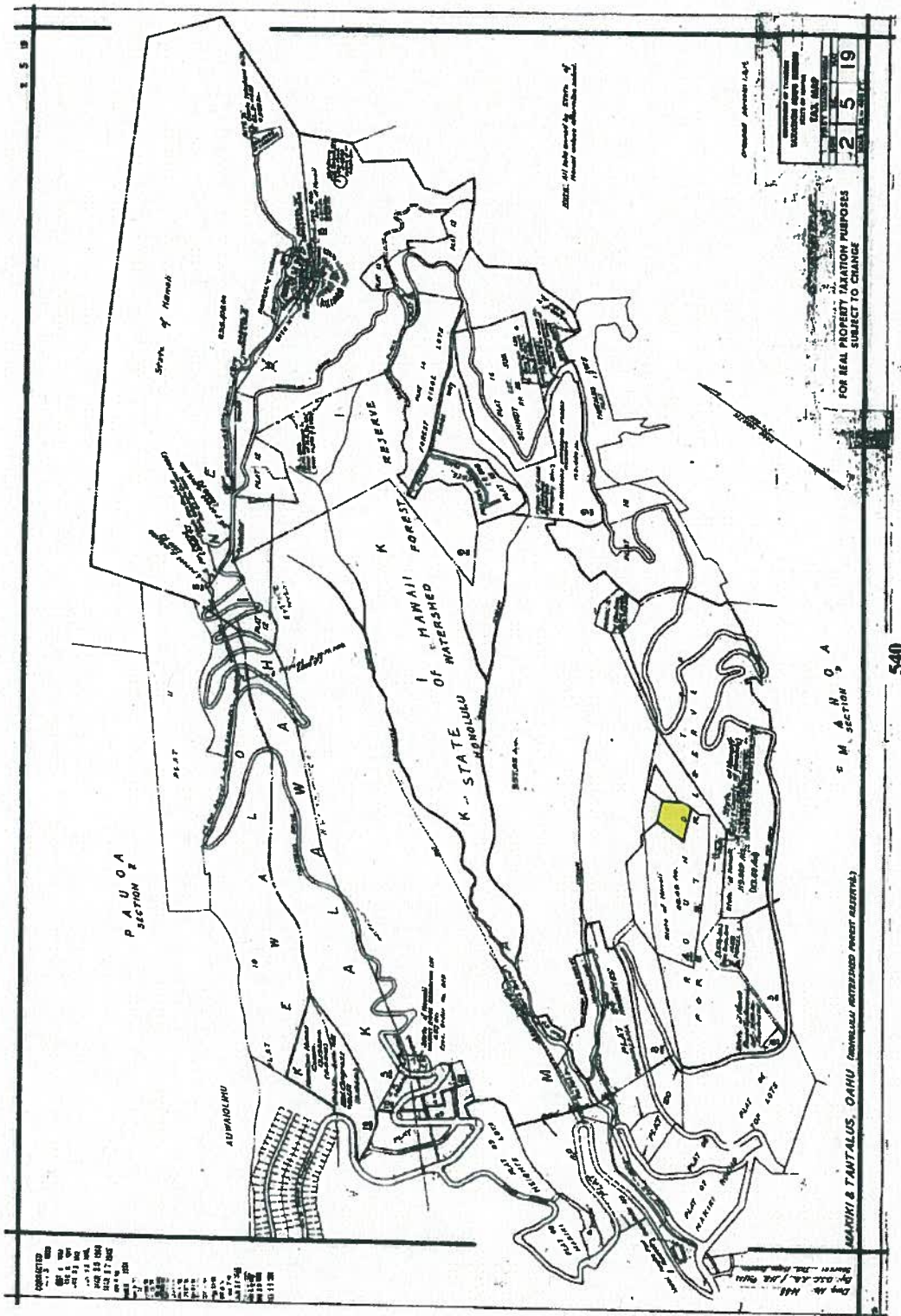
Daniel S. Quinn  
Administrator, Division of State Parks

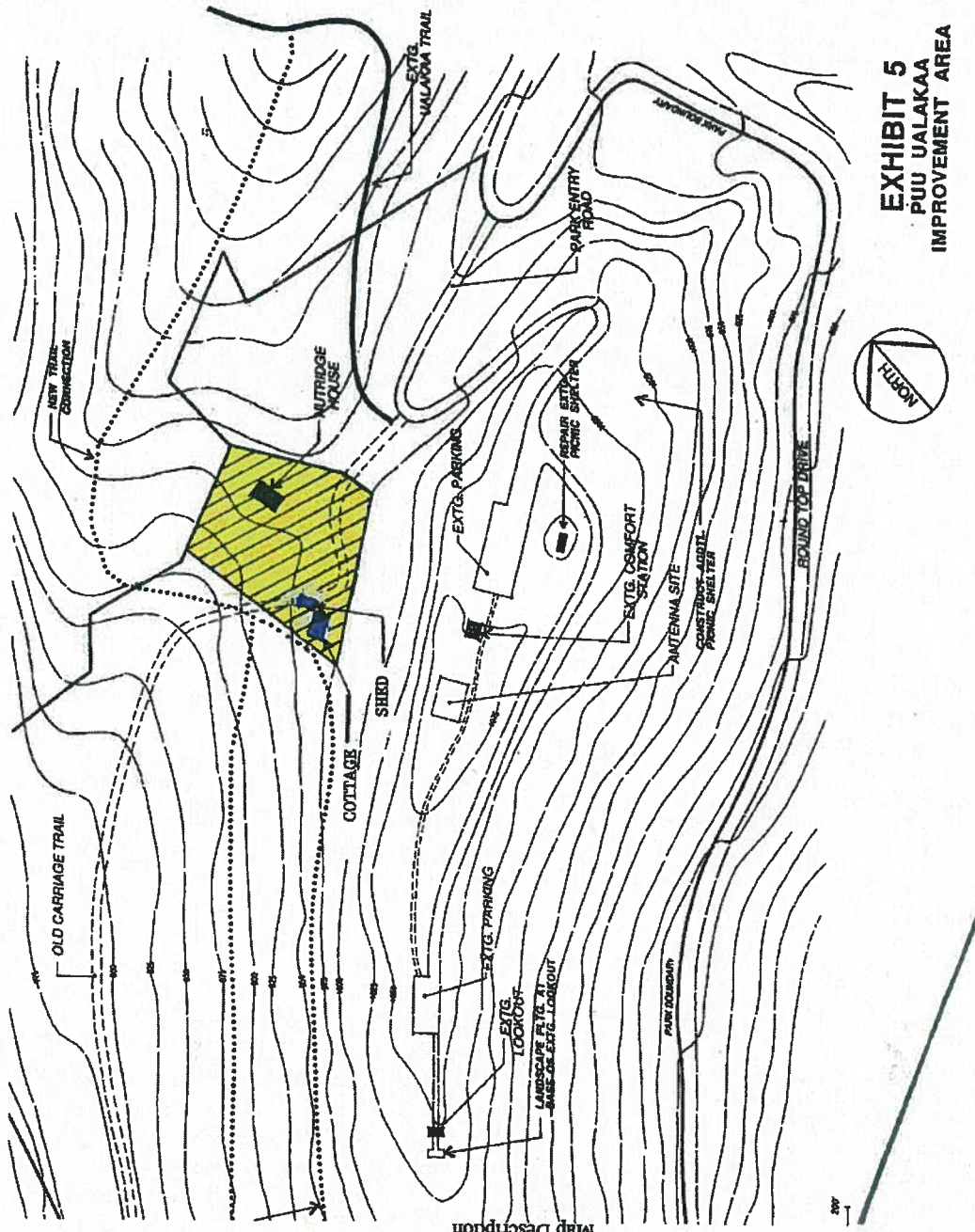
APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

Exhibit A – Tax May Key and Maps





**EXHIBIT 5**  
**PUU UALAKAA**  
**IMPROVEMENT AREA**

Attachment 3  
 Map Description

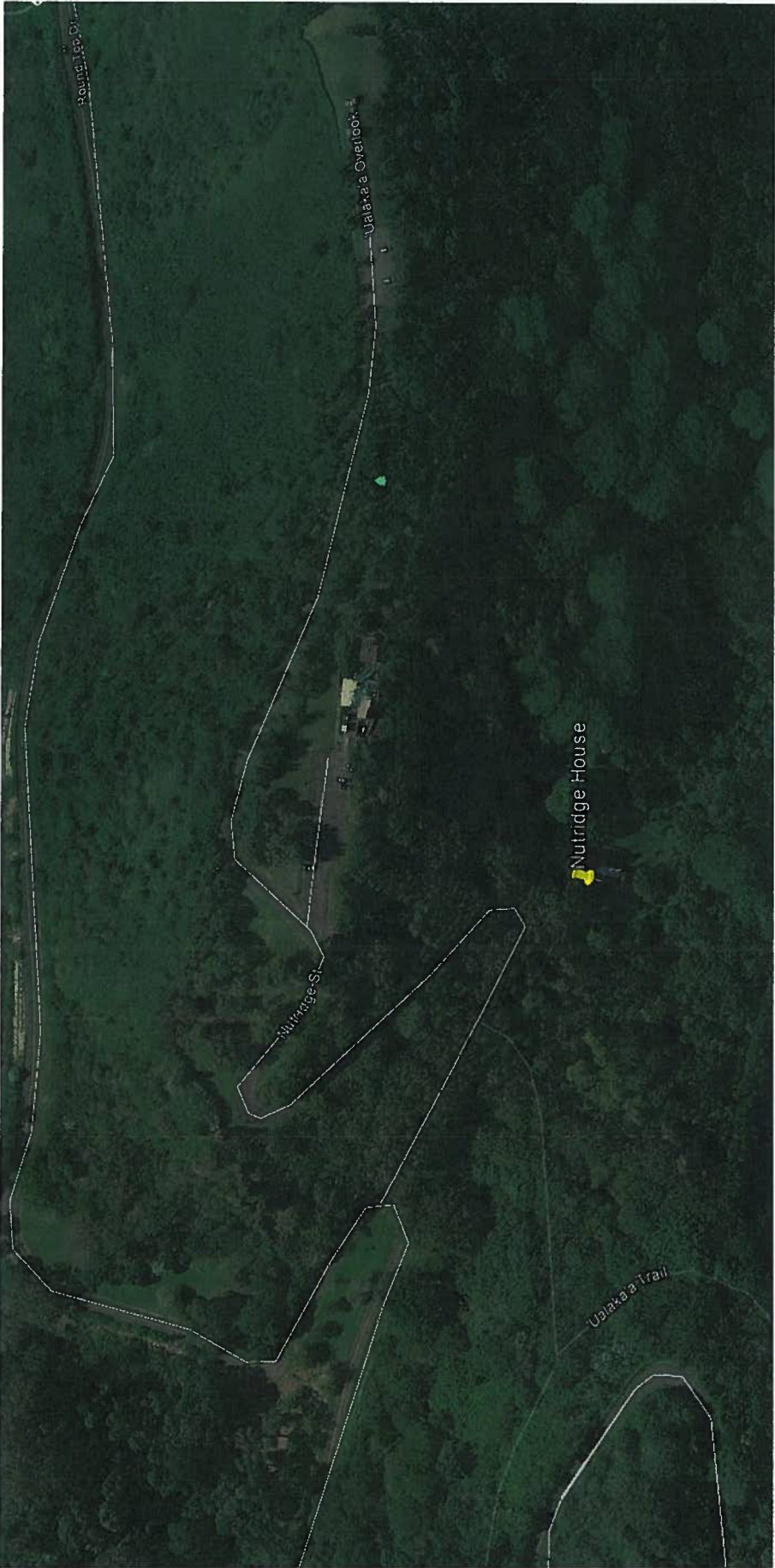




EXHIBIT B- Photos of the Nutridge House













