

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

April 25, 2014

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

PSF No.: 12HD-040

HAWAII

Direct Lease to the Natural Energy Laboratory of Hawaii Authority for Air Quality Monitoring Site and Storage Purposes, Kapoho, Puna, Hawaii, Tax Map Key: (3) 1-4-001:082.

APPLICANT:

Natural Energy Laboratory of Hawaii Authority (NELHA), a body corporate and politic and an instrumentality and agency of the State of Hawaii.

LEGAL REFERENCE:

Section 171-95, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands at Kapoho, Puna, Hawaii, Tax Map Key: (3) 1-4-001:082, as shown on the attached map labeled Exhibit A.

AREA:

4.10 acres, more or less.

ZONING:

State Land Use District:     Agriculture  
County of Hawaii CZO:     Agriculture

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:

Encumbered under Geothermal Resources Mining Lease No. S-4602 to NELHA for Geothermal development, operation, utilization, and research purposes. A 35- year lease effective 6/19/1979 and expiring on 6/18/2014.

CHARACTER OF USE:

For air quality monitoring site and storage purposes.

LEASE TERM:

Sixty-five (65) years

COMMENCEMENT DATE:

June 18, 2014

ANNUAL RENT:

\$480.00 per annum (Minimum Rent Policy for New Dispositions, May 13, 2005)

METHOD OF PAYMENT:

Annual payments, in advance.

RENTAL REOPENINGS:

At the 10<sup>th</sup>, 20<sup>th</sup>, 30<sup>th</sup>, 40<sup>th</sup>, 50<sup>th</sup> and 60<sup>th</sup> years of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Not applicable.

PROPERTY CHARACTERISTICS:

Utilities – All utilities available.  
Slope - moderate, 0 to 20%  
Elevation - 200 feet  
Rainfall – 120 to 175 inches +/- annually  
SCS Soil Series – limited soil, dark gray to black A'a and volcanic ash, well drained.

Land Study Bureau – University of Hawaii

Legal access to property – Staff has verified that there is legal access to the property off of Pohoiki Road.

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

Encumbrances – Staff has verified that the following encumbrances exist on the property:  
Geothermal Resources Mining Lease No. S-4602 to NELHA, for  
Geothermal Lease and Mining Rights Purposes.

#### CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

See Exemption Notification attached below as **Exhibit B**.

In accordance with the "Exemption List for the State of Hawaii, Department of Land and Natural Resources, as Reviewed and Concurred Upon by the Environmental Council (Docket 91-EX-2, December 4, 1991), the subject request is exempt from the preparation of an environmental assessment pursuant to **Exemption Class No.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)]." **Exemption Class No. 3**, which states, "Construction and location of single, new small facilities or structures and the alteration and modification of same and installation of new, small, equipment and facilities and the alteration and modification of same...[HAR § 11-200-8(a)(3).]" **Exemption Class No. 4**, which states, "Minor alterations in the conditions of land, water or vegetation [HAR § 11-200-8(a)(4)]".

Should Applicant propose any future use of the land that triggers Hawaii Revised Statutes (HRS) Chapter 343 review, Applicant shall be responsible for compliance with HRS Chapter 343, as amended.

#### DCCA VERIFICATION:

Applicant, as a government agency, is not required to register with DCCA.

#### APPLICANT REQUIREMENTS:

Applicant shall be required to:

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

#### REMARKS:

The subject parcel was previously encumbered under Mining Lease No. S-4602, a direct lease to the Research Corporation of the University of Hawaii (RCUH) for geothermal rights, then assigned to the Natural Energy Laboratory of Hawaii Authority (NELHA) in 1986.

NELHA has requested a direct lease of the same lands for air quality monitoring and storage purposes. Although GL S-4602 was originally issued for geothermal development, operation, utilization, and research purposes, the geothermal well on the site was plugged in 1999. Currently, there are a visitor building and two warehouses on the premises. (Exhibit C) The visitor center is run down, but the warehouses are being used for storage of geothermal related chemicals, drilling parts, equipment, and tires. There is an air quality monitoring station on an abutting Puna Geothermal Venture (PGV) property. NELHA requests a 65-year lease of the lease premises for storage and air quality monitoring purposes.

Mayor Billy Kenoi, County of Hawaii, has expressed concerns of the presence of heavy metals/chemical makeup of the brine at the former HGP-A geothermal site. The mayor wants an environmental assessment prepared of the old geothermal energy site.

NELHA Executive Director, Greg Barbour, expressed his willingness to cooperate with any investigations required of the land, but is of the opinion that there is no need for further action, relying on a 1976 baseline report and further discussions with a University of Hawaii at Hilo scientist. Mr. Barbour said that the UH-Hilo tests on brine and silica gel, which precipitates in the ponds through time, have shown only low levels to no detectable levels of trace metals. A recent state of the art silica analysis found no levels of arsenic, cadmium, mercury, lead, or selenium that exceeded the background noise at the detection limits.

The Department of Health (DOH) provided findings that further substantiated conclusions that the silica deposited from the geothermal fluids posed no threat to the groundwater system near HGP-A site at the time, nor does it pose a threat to the current groundwater quality. DOH determined that additional investigations are not warranted.

To date there are no alternatives for higher and best uses of the subject site. At this time, NELHA is the appropriate agency to manage and utilize the former geothermal site as it has been doing so for the past thirty (30) years. The lands requested will be fully utilized for the proposed use.

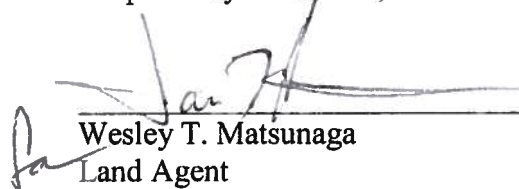
NELHA qualifies for a direct lease as a government entity. NELHA has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

In general, the proposed use will not involve any geothermal activities, and as such, will result in no known significant impacts, whether immediate or cumulative, to the natural, environmental and/or cultural resources in the area. As such, staff believes that the proposed use would involve negligible or no expansion or change in use of the subject area beyond that previously existing.

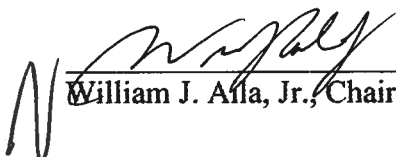
RECOMMENDATION: That the Board:

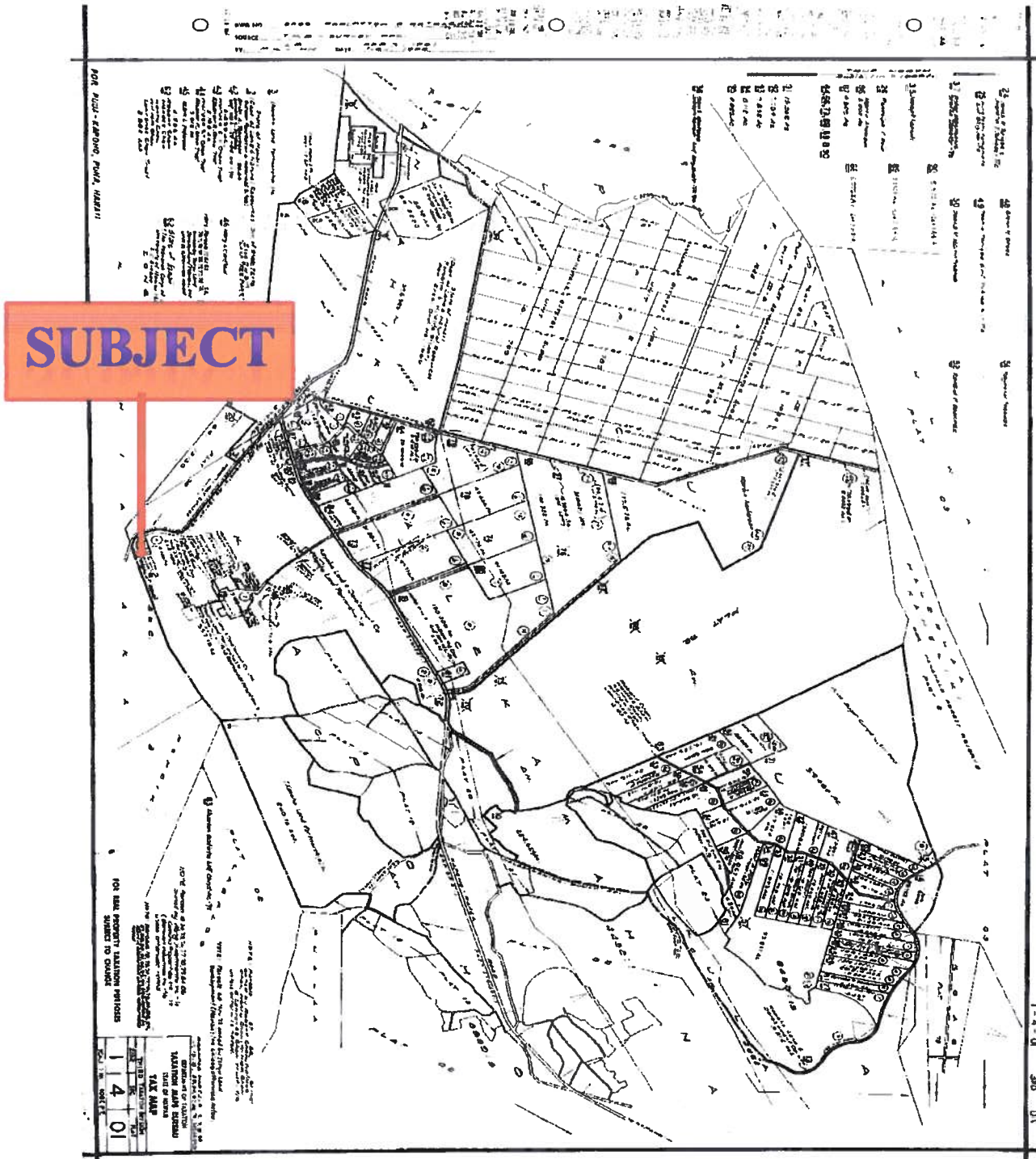
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Subject to the Applicant fulfilling all of the Applicant requirements listed above, Authorize the Issuance of a Direct Lease to the Natural Energy Laboratory of Hawaii Authority 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 direct lease document form, as may be amended from time to time;
  - B. Should Applicant propose any future use of the land that triggers Hawaii Revised Statutes (HRS) Chapter 343 review, Applicant shall be responsible for compliance with HRS Chapter 343, as amended;
  - 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.

Respectfully Submitted,

  
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Wesley T. Matsunaga  
Land Agent

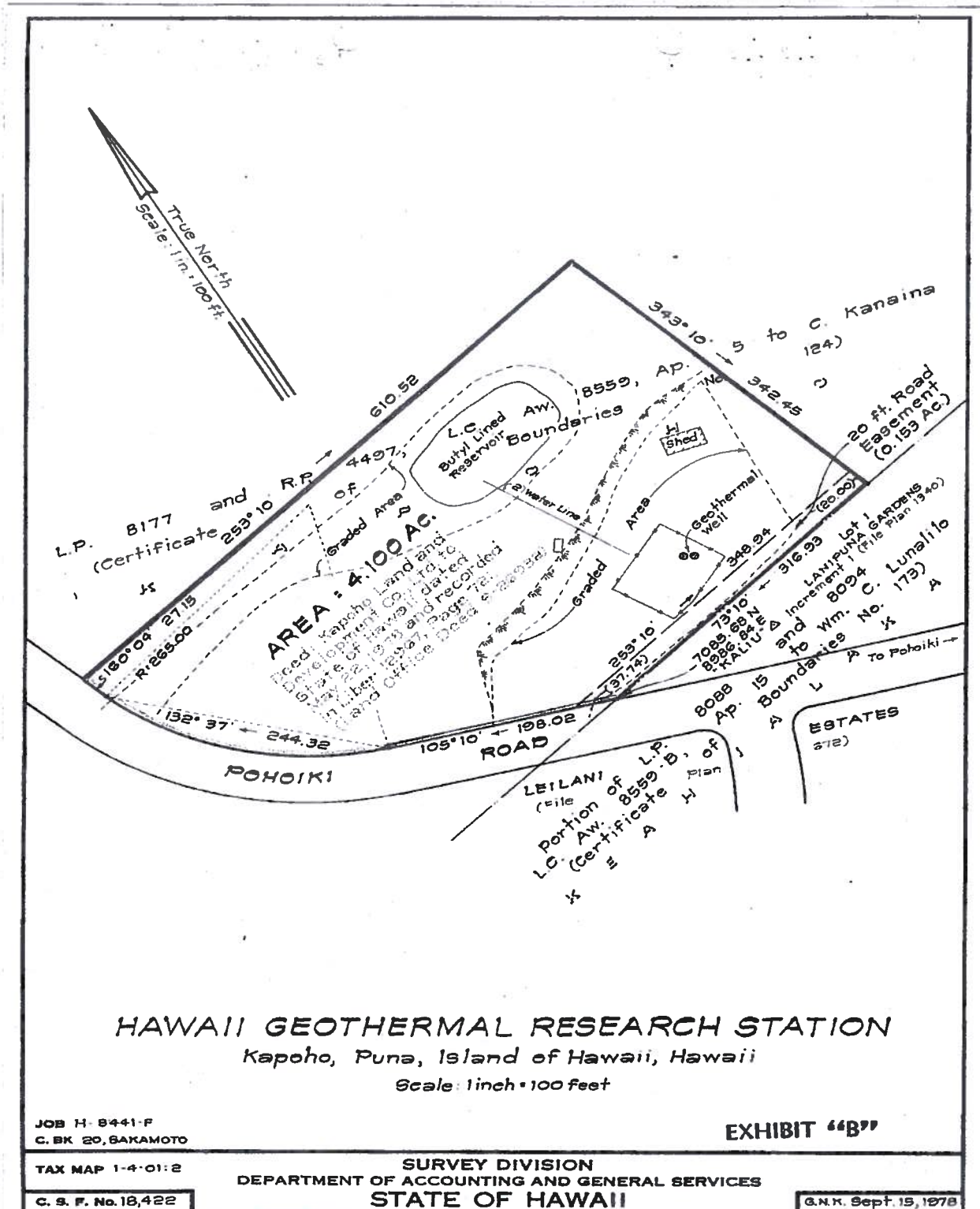
APPROVED FOR SUBMITTAL:

  
\_\_\_\_\_  
William J. Afla, Jr., Chairperson



**EXHIBIT A**





# EXHIBIT A

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

GUY H. KAULUKUKUI  
FIRST DEPUTY

WILLIAM M. TAM  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

**EXEMPTION NOTIFICATION**

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title:	Direct Lease to Natural Energy Laboratory of Hawaii Authority for Geothermal Air Monitoring and Storage purposes.
Project / Reference No.:	PSF No.: 12HD-040
Project Location:	Kapoho, Puna, Hawaii.
Project Description:	Direct Lease to Natural Energy Laboratory of Hawaii Authority for Geothermal Air Monitoring and Storage purposes.
Chap. 343 Trigger(s):	Use of State Lands.
Exemption Class No. and Description:	In accordance with the "Exemption List for the State of Hawaii, Department of Land and Natural Resources, as Reviewed and Concurred Upon by the Environmental Council (Docket 91-EX-2, December 4, 1991), the subject request is exempt from the preparation of an environmental assessment pursuant to <b>Exemption Class No.1</b> , "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)]." <b>Exemption Class No. 3</b> , which states, "Construction and location of single, new small facilities or structures and the alteration and modification of same and installation of new, small, equipment and facilities and the alteration and modification of same...[HAR § 11-200-



Exemption Item Description  
from Agency Exemption List:

8(a)(3).]" **Exemption Class No. 4**, which states, "Minor alterations in the conditions of land, water or vegetation [HAR § 11-200-8(a)(4)]".

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.


Construction and location of single, new, small facilities or structures and the alteration and modification of same and installation of new, small, equipment and facilities and the alteration and modification of same...

Minor alterations in the conditions of land, water or vegetation.

Recommendation:

The subject area has been in geothermal use on the subject property since 1978. It is recommended that the Land Board find that issuance of a direct lease for geothermal air monitoring and storage purposes is exempt from Chapter 343, HRS, as it will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

  
\_\_\_\_\_  
William J. Aila, Jr., Chairperson

  
4/8/14  
\_\_\_\_\_  
Date



VISITOR BUILDING

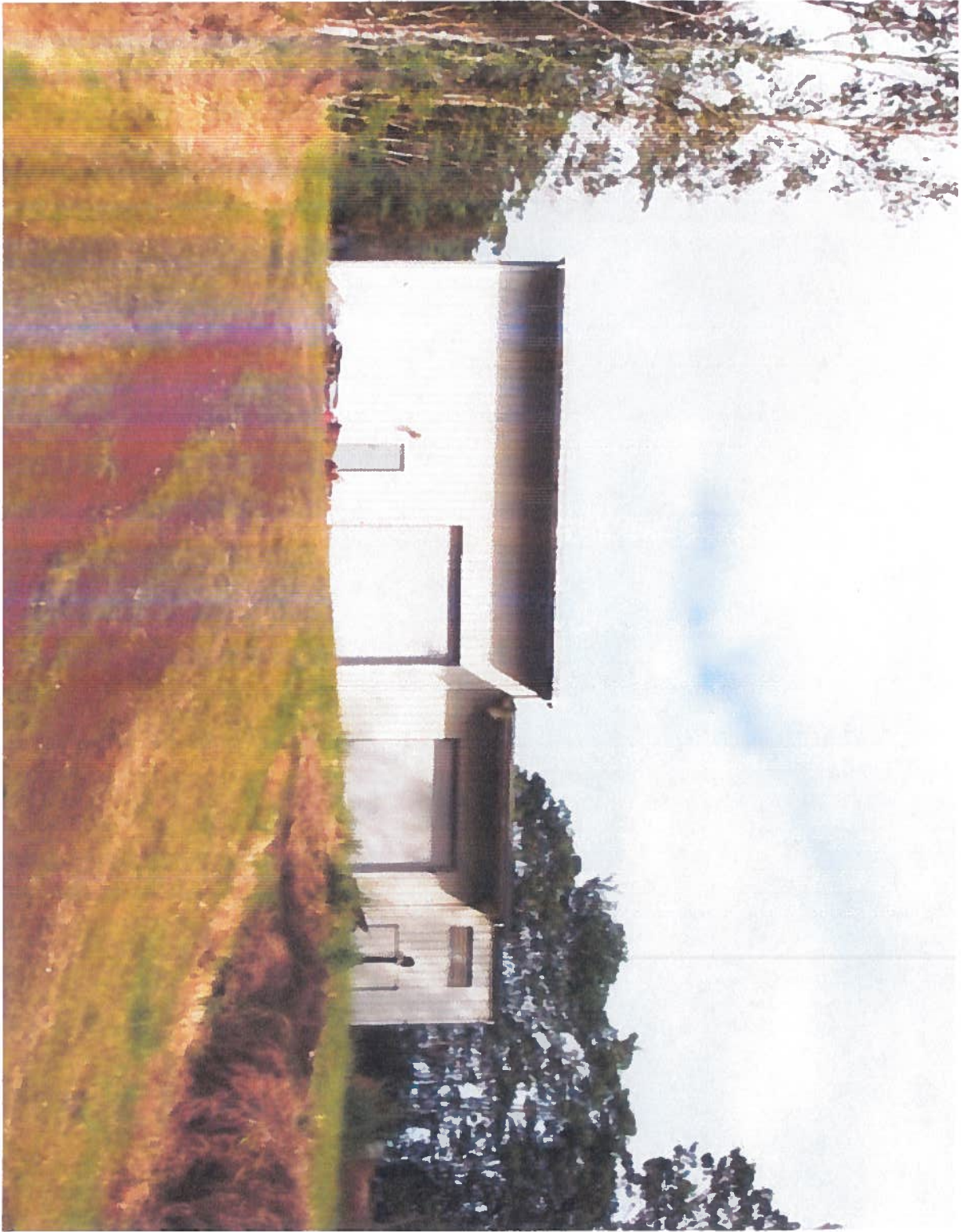
**EXHIBIT C**





**WAREHOUSE-1**

**EXHIBIT C**



WAREHOUSE-2

**EXHIBIT C**