

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

December 11, 2015

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

PSF: 11OD-204

Oahu

Issuance of Direct Lease to Hawaii Community Development Authority for Property Management Purposes; Consent to Subleases, Fisher Hawaii Inc. and Hawaiian Dredging Construction Company, Inc., Sublessees; Kakaako, Honolulu, Oahu, Tax Map Key: (1) 2-1-051:041.

APPLICANT:

Hawaii Community Development Authority, Lessee and Sublessor ("HCDA")

Fisher Hawaii Inc. ("FH") and Hawaiian Dredging Construction Company, Inc. ("HDC"), Sublessees, both domestic for profit corporations.

LEGAL REFERENCE:

Section 171-36 and 95 Hawaii Revised Statutes, as amended.

LOCATION & AREA:

Portion of Government lands situated at Kakaako, Honolulu, Oahu, Tax Map Key: (1) 2-1-051:041, comprising approximately 94,423 square feet, as shown on the map attached as **Exhibit A**.

ZONING:

State Land Use District: Urban

City and County of Honolulu CZO: Kakaako Community Development District

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act, i.e. non-ceded.

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: No

CURRENT USE STATUS:

Encumbered by Right-of-Entry 4180 and 4201 to Fisher Hawaii Inc. and Hawaiian Dredging Construction Company, Inc., respectively.

LEASE CHARACTER OF USE:

Management and general maintenance purposes.

SUBLEASE CHARACTER OF USE AND LAND AREA:Fisher Hawaii

Retail/wholesale of office supply and furniture purposes; 50,924 square feet (yellow area on **Exhibit B**)

Hawaiian Dredging Construction Company, Inc.

Storage and parking purposes; 43,499 square feet (green area on Exhibit B)

TERM OF LEASE FOR SUBLEASES:

30 months with mutual option to cancel with 6-month advance notice.

ANNUAL LEASE RENTAL:

See Remarks Section.

MONTHLY SUBLEASE RENTAL:

\$11,000.00 - FH	[\$0.5/sf for building area (17,000 sf) and \$50/parking stall <sup>1</sup> ]
\$13,049.70 - HDC	[\$0.3/sf for land area]

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with Hawaii Administrative Rule Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council dated June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 7. See **Exhibit C**.

APPLICANT REQUIREMENTS:

None

---

<sup>1</sup> Estimated 50 stalls

DCCA VERIFICATION:SUBLESSOR:

Not applicable. Government agency.

SUBLESSEES:

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

REMARKS:

On August 24, 2012, under item D-15, the Board approved-in-concept for the conveyance of the fee simple interest over the subject parcel and issuance of management right-of-entry to Hawaii Community Development Authority ("HCDA"). The plan was to allow HCDA select a developer through the procurement process and develop the subject parcel into a mixed-use development. HCDA's plans for the subject parcel have changed several times since 2012 and HCDA has not finalized the development plan to date.

Discussions were held between the Department and HCDA regarding future and interim plans for the land. FH needs to vacate its present location across the street and HDC wants to set up a storage and parking area for their construction activities in the vicinity. HCDA proposes to lease, during the interim period, the entire parcel from the Board with consent given to them regarding the subleases to FH and HDC.

The term proposed for the lease/subleases is 30 months with a 6-month advance notice for mutual cancellation. This arrangement will provide flexibility to HCDA and the sublessees. Further, 80% of the rent collected, subject to expenses<sup>2</sup> incurred in managing the parcel, will be kept by the Land Division and HCDA will retain the remaining 20%. Land Division does not object to the revenue split arrangement.

Staff did not solicit comments from other government agencies on the proposed lease/sublease arrangement, as the Board had approved the issuance of a management right-of-entry in 2012.

RECOMMENDATION:      That the Board:

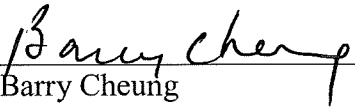
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.

---

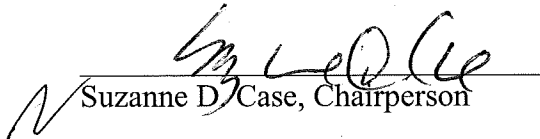
<sup>2</sup> Expenses greater than \$2,500 shall be subject to prior approval from the Land Division, unless an emergency at which point, HCDA will take immediate action to stop loss and mitigate damages.

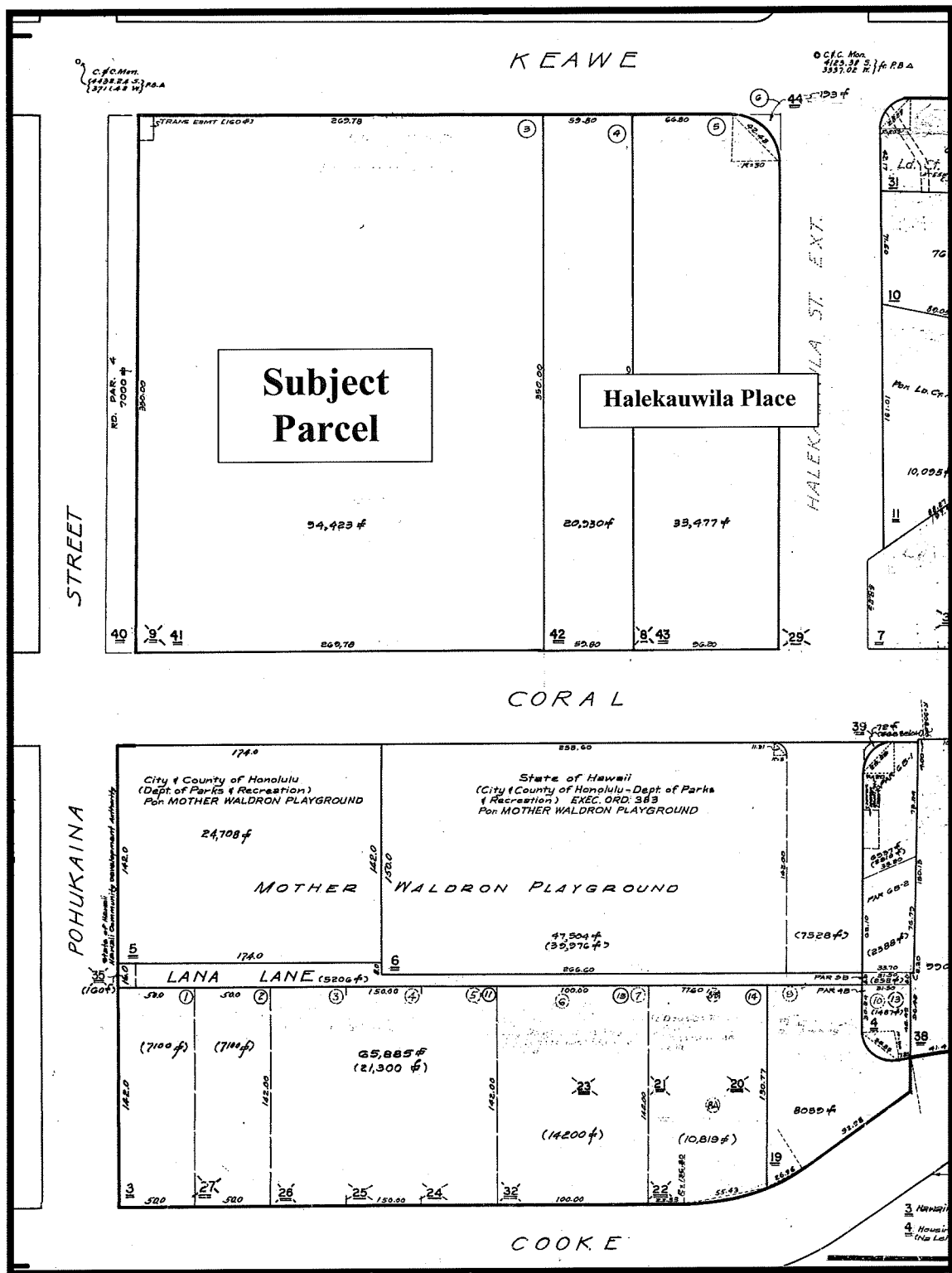
2. Authorize the issuance of a direct lease to Hawaii Community Development Authority covering the subject area under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
  - A. The standard terms and conditions of the most current direct lease document form, as may be amended from time to time;
  - B. Consent to the subleases to Fisher Hawaii Inc. and Hawaiian Dredging Construction Company, Inc.;
  - 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,

  
Barry Cheung  
District Land Agent

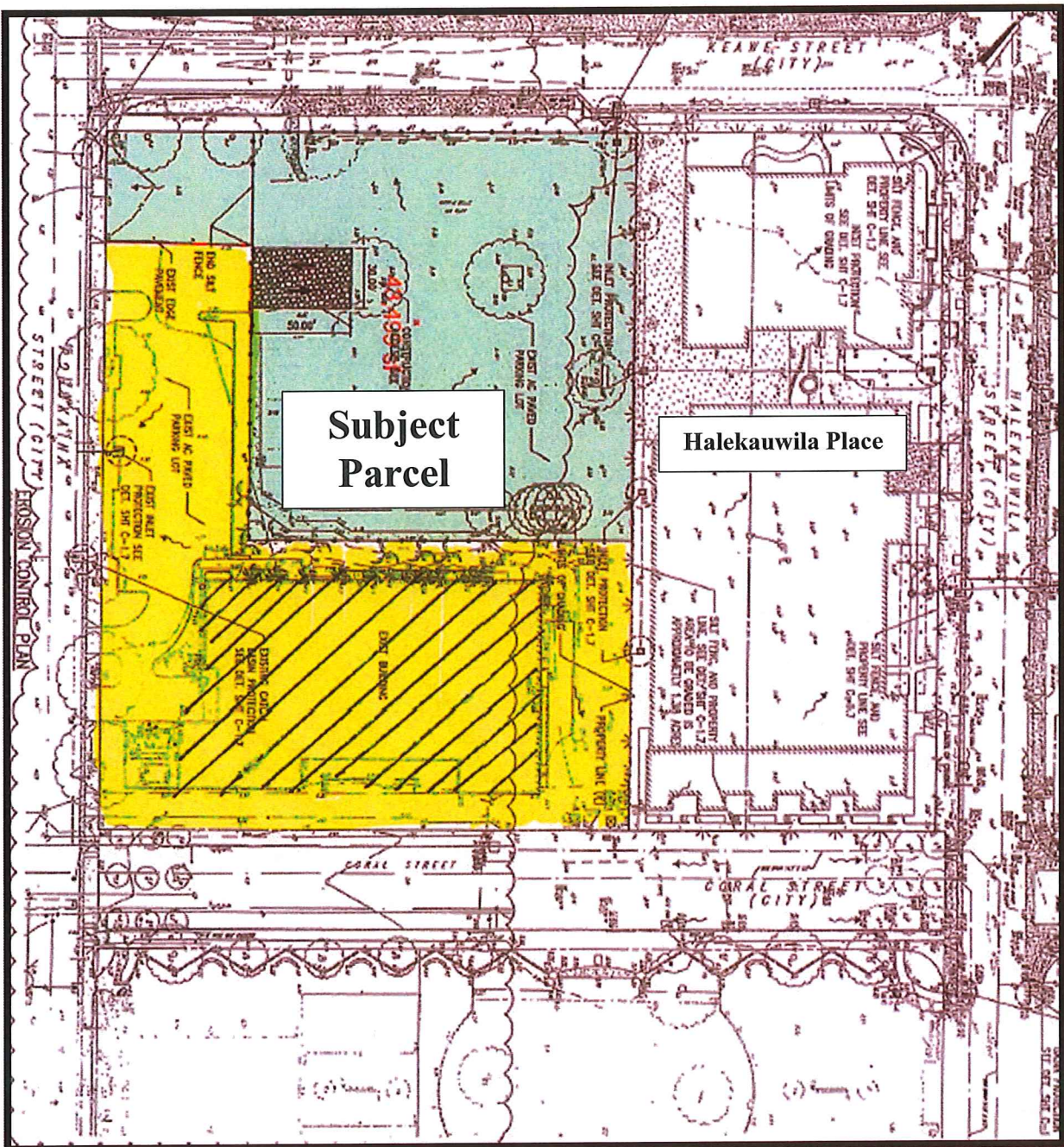
APPROVED FOR SUBMITTAL:

  
Suzanne D. Case, Chairperson



TMK (1) 2-1-051:041

# EXHIBIT A



**EXEMPTION NOTIFICATION**

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

Project Title: Issuance of direct lease and consent to sublease.

Project / Reference No.: PSF 11OD-204

Project Location: Kakaako, Honolulu, Oahu; Tax Map Key: (1) 2-1-051:041.

Project Description: Direct lease for management purposes and consent to subleases for retail/wholesale and storage/parking purposes

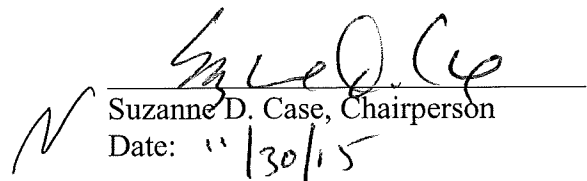
Chap. 343 Trigger(s): Use of State Land

Exemption Class No.: In accordance with Hawaii Administrative Rule Section 11-200-8 and the Exemption List for the Department of Land and Natural Resources approved by the Environmental Council dated June 5, 2015, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 7 that states "Operation, repair and maintenance, of existing Department structures and facilities, including baseyards, offices, cabins, sheds, and fencing".

The subject area was previously used by the contractor of the adjacent affordable housing tower and the State Public Library System as staging/storage area and support services office respectively. The uses under the proposed subleases are not expansion or change of use beyond that previously existing.

Consulted Parties: Hawaii Community Development Authority.

Recommendation: That the Board find this project will probably have minimal or no significant effect on the environment and is presumed to be exempt from the preparation of an environmental assessment.

  
Suzanne D. Case, Chairperson  
Date: 11/30/15

**EXHIBIT C**