



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

IN REPLY REFER TO:

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

OAHU

ISSUANCE OF A CONSTRUCTION RIGHT-OF-ENTRY AND REVOCABLE
PERMIT TO MATSON NAVIGATION COMPANY, INC., FOR SUBMERGED
LANDS AT PIER 7, HONOLULU HARBOR, OAHU, TAX MAP KEY
NO. (1) 2-1-1:001, 058 (PORTION)

LEGAL REFERENCE:

Sections 171-6, 171-11, 171-13, 171-55 and 171-59, Hawaii Revised Statutes, as amended.

APPLICANT:

Matson Navigation Company, Inc. ("Applicant"), a domestic profit corporation, whose business address is 1411 Sand Island Parkway, Honolulu, Hawaii 96809.

CHARACTER OF USE:

Conduct due diligence on the repair and rehabilitation of the condemned wooden piers.

LOCATION:

Portion of submerged lands adjacent to the Ewa-facing side of Pier 7 in Honolulu Harbor, Honolulu, Oahu, as shown on the attached map labeled Exhibit A. The lands have been set aside to the State of Hawaii Department of Transportation ("DOT") by Executive Order 3542.

AREA:

4,340 square feet of submerged lands (wooden piers only), Exhibits B-1 and B-2.

ITEM M-12

CONSIDERATION:

Construction Right-of-Entry:	Gratis
Revocable Permit:	\$191.68 per month (\$0.53/square foot per month) <i>50% of current rental rate of adjacent fast lands</i>

ZONING:

State of Land Use Commission:	Urban
City and County of Honolulu:	B-2 (Business Community)

TERM OF RIGHT OF ENTRY:

Construction Right-of-Entry:	Four (4) months, not to exceed September 30, 2019
Revocable Permit:	Eight (8) months, not to exceed May 31, 2020

COMMENCEMENT DATE:

Construction Right-of-Entry:	Upon approval
Revocable Permit:	Effective not later than October 1, 2019

CURRENT USE STATUS:

Condemned wooden piers.

LAND TITLE STATUS:

Owned by State of Hawaii; management and control of the property was transferred to the DOT by Executive Order No. 3542

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

As the character of the proposed use is the same as the current use, the DOT and the Applicant anticipate that the Construction Right-of-Entry and the Revocable Permit is limited to conducting its due diligence and repair and rehabilitation of these condemned wooden piers and exempt from Chapter 343, Hawaii Revised Statutes, to be issued by the Director of Transportation. However, if there is any action to be undertaken by the Applicant that is not exempt, the Director of Transportation shall require the Applicant to be responsible for any further environmental review required.

APPLICANT REQUIREMENTS:

The Applicant shall:

- a. At its sole expense, provide to DOT the designs and plans for the repair and rehabilitation of the piers for review and approval;
- b. At its sole expense, and upon DOT's approval of the plans for the repair and rehabilitation of the pier, proceed with construction and other activities required to repair the pier;
- c. Comply with all laws;
- d. Provide necessary insurance coverages for the duration of this Construction Right-of-Entry and Revocable Permit;
- e. Obtain approval of the Governor and the Hawaii State Legislature for a subsequent lease for submerged lands;
- f. Negotiate in good faith and execute an amended lease for the subject submerged lands and the adjacent pier and fast lands identified parcel(s) for the proposed project (i.e., an amendment to Lease H-87-30, explained below); and
- g. Comply with any other restrictions and/or conditions that may be imposed by the Board of Land and Natural Resources and the DOT, as it may deem necessary.

REMARKS:

The subject submerged lands are adjacent to the Ewa-facing side of Pier 7, where the Hawaii Maritime Center building stands. This brief history of the lease for the portions of Pier 7, including these submerged lands and adjacent fast lands set the context for this requested action:

- On June 1, 1988, the DOT executes Lease H-87-30 with the Hawaii Maritime Center for a term of sixty-five (65) years to expire in 2053, for a portion of Pier 7, excluding any submerged lands;
- On October 4, 1990, DOT approves an amendment ("First Amendment") to Lease H-87-30, thereby adding 42,867 square feet of submerged lands to the demised premises;

- On April 30, 2009, DOT executes Revocable Permit H-09-2645 for the same 42,867 square feet of submerged lands to a non-profit organization not affiliated with the Hawaii Maritime Center;
- On August 27, 2009, DOT approves a subsequent amendment (“Sixth Amendment”) to Lease H-87-30, thereby canceling the First Amendment effective March 31, 2009;
- On May 16, 2016, DOT sends written notice to the permittee of revocation of the permit in thirty (30) days on June 15, 2016;
- On December 20, 2017, DOT consents to the assignment of Lease H-87-30 from the Hawaii Maritime Center to Matson Navigation.

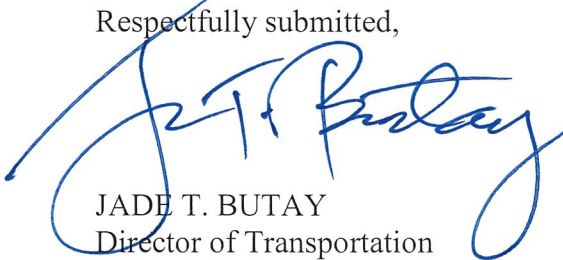
The Applicant is the current lessee under Lease H-87-30 and seeks to add submerged lands including the condemned wooden piers therein to the demised premises under the lease. This action grants a Construction Right-of-Entry for the due diligence on the repair and rehabilitation of these condemned wooden piers. The action further grants a subsequent month-to-month Revocable Permit upon conclusion of due diligence to allow continued access, so the Applicant may initiate repair and rehabilitation work within the scope of the environmental exemption. During the term of the Revocable Permit, DOT anticipates initiating a real estate appraisal prior to the scheduled June 1, 2020 re-opening date based on the current or proposed use, improvements of the premises under Lease H-87-30, and the inclusion of submerged lands adjacent to the demised premises under the existing lease. The DOT anticipates the Applicant may seek appropriate approvals from the Governor and the Hawaii State Legislature as required by Section 171-53, Hawaii Revised Statutes.

Later, once the requisite approvals are granted, the DOT will then request approval of the Board for an amendment to Lease H-87-30 for the submerged lands and amendment to the existing lease, if amended, and the addition of the wooden piers and submerged lands.

RECOMMENDATION:

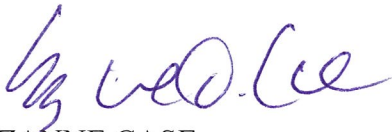
That the Board authorizes the issuance of the Construction Right-of-Entry and month-to-month Revocable Permit to the Applicant and its permitted agents covering the subject area for the purposes cited above, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation.

Respectfully submitted,



JADE T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



SUZANNE CASE
Chairperson and Member
Board of Land and Natural Resources

Atts: Exhibits A, B-1 and B-2

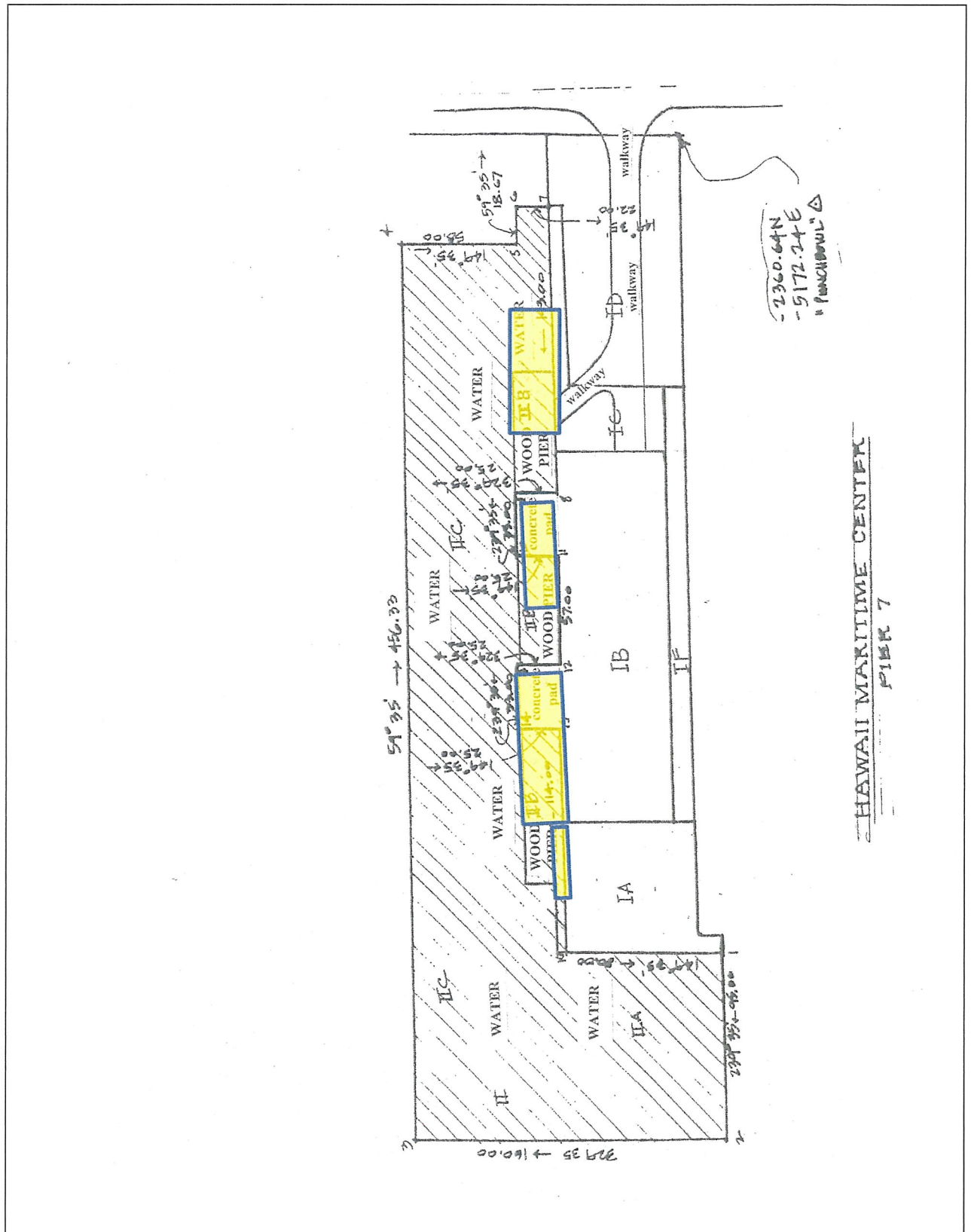


EXHIBIT A

EXHIBIT B-1



EXHIBIT B-2

