

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

February 22, 2008

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

PSF: 08HD-16

OAHU

Designation of State lands as an industrial park at Waiakea,  
South Hilo, Island of Hawaii.

Tax Map Keys: (3) 2-1-12: 41, and portions of 71 and 149

REQUEST:

Designate approximately 13.7 acres of State-owned lands at  
Waiakea, South Hilo, County and Island of Hawaii, as an  
industrial park pursuant to Section 171-132, Hawaii Revised  
Statutes (HRS), as amended.

GENERAL INFORMATION:

Applicant:

Department of Land and Natural Resources (DLNR), Land Division

Legal Reference:

Sections 171-131 through 171-144, HRS, as amended.

Location:

Portion of Government lands situated at Waiakea, South Hilo,  
County and Island of Hawaii, identified by Tax Map Keys: (3) 2-1-  
12: 41 and portions of 71 and 149, as generally shown on  
"Attachment 1" of the attached **Exhibit A**.

Area:

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

Zoning:

State Land Use District: Urban  
City & County of Honolulu Zoning Code: ML-20, Limited industrial

Trust Land Status:

Section 5(b) lands of the Hawaii Admission Act; Public Law 88-233

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

Current Use Status / Existing Leases:

The following is a summary of the subject area. Additional  
information is included in the Remarks section of this submittal.

TMK	Area (Acres)	Current Use
2-1-12: 41	1.1	Vacant
2-1-12: 71 (por.)	3.0	Vacant. Approx 3 acres to be withdrawn from EO 3718 to DBEDT. Remaining portion of Parcel 71 to remain under EO 3718 for Hilo Foreign Trade Zone.
2-1-12: 149 (por.)	9.6	Vacant. Remaining portion of 11.9-acre Parcel 149 includes public swimming pool operated by County of Hawaii.

Chapter 343 - Environmental Assessment:

This action before the Board is a designation of industrial park  
status and does not, in and of itself, constitute a use of State  
lands or funds. Therefore, this action is exempt from the  
provisions of Chapter 343, HRS, relating to environmental impact  
statements.

However, inasmuch as the Chapter 343 environmental requirements  
apply to the future use of the property, DLNR and DHHL are  
currently undergoing the environmental assessment ("EA") process.  
A draft EA for the proposed "Kanoelehua Commercial Center and  
Industrial Park", which includes the subject lands, was published  
in the Office of Environmental Quality Control's Environmental  
Notice on January 23, 2008.

REMARKS:

A. STATUTORY AUTHORITY

Section 171-132, Hawaii Revised Statutes, states: "A contiguous area of not less than five (5) acres of public lands which is classified or otherwise determined by the [Board] as suitable and economically feasible for industrial use may be designated as an industrial park...by a resolution adopted by the [Board], and approved by the legislature by concurrent resolution."

The subject property consists of over five acres, is within the Land Use Commission's Urban District, and is zoned for industrial use (ML-20, Limited Industrial) under the County's zoning ordinance.

B. BACKGROUND

DLNR, through its Land Division, is working jointly with the Department of Hawaiian Home Lands (DHHL) to undertake an industrial/commercial development project, which is also known as the Kanoelehua Commercial Center and Industrial Park (see **Exhibit B**). This joint project consists of approximately 25.4 acres, including the subject properties (consisting of approximately 13.7 acres) and approximately 11.7 acres of adjacent lands owned by DHHL (identified as TMK (3) 2-1-12:146).

In 2007, DLNR and DHHL retained a planning firm to assess the development potential for these lands. It was determined that the properties have excellent industrial and commercial development potential due to their proximity to Hilo's major commercial and industrial districts, Hilo International Airport, and the nearby deep draft Hilo Harbor, as well as excellent frontage along one of Hilo's major highways, Kanoelehua Avenue. In addition, the subject lands are already zoned for industrial use under the County's zoning ordinance.

DLNR and DHHL believe a mix of commercial and/or industrial uses would maximize the value of the property based on the planning firm's analysis of three development alternatives (a mixed industrial/commercial development, an industrial subdivision, and a large retail development).

Designation of the subject properties as an industrial park will provide the Department with additional development flexibility allowed under the Industrial Park statute (including the ability to select a developer/lessee via a Request for Proposals and subsequently enter lease negotiations) and provide for the lease

revenues from the project to be deposited to the Department's  
Special Land and Development Fund.

C. REQUEST FOR PROPOOSALS

Staff anticipates the EA process to be completed in April 2008.  
Upon completion of the EA process, staff will seek the Board's  
authorization to issue a Request for Proposals ("RFP") jointly  
with DHHL. The purpose of the RFP will be to solicit development  
proposals and select a developer/lessee for the project.

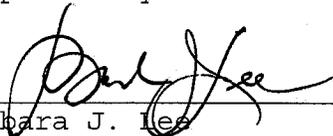
Staff is seeking Board approval at this time since Legislative  
approval, via concurrent resolution, will also be required.

RECOMMENDATION:

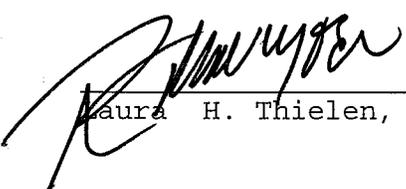
That the Board:

1. Find subject area to be suitable and economically feasible  
for industrial use.
2. Approve and authorize the execution of the attached  
resolution (**Exhibit A**) designating the subject area as an  
industrial park pursuant to Section 171-132, HRS.

Respectfully Submitted,

  
\_\_\_\_\_  
Barbara J. Iles  
Project Development Specialist

APPROVED FOR SUBMITTAL:

  
\_\_\_\_\_  
Laura H. Thielen, Chairperson

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

**RESOLUTION DESIGNATING AN INDUSTRIAL PARK**

**WHEREAS**, Section 171-134, Hawaii Revised Statutes ("HRS"), allows the Department of Land and Natural Resources (the "Department") to develop an area of public lands as an industrial park after the area is designated as an industrial park in accordance with Section 171-132, HRS; and

**WHEREAS**, Section 171-132, HRS, provides that a contiguous area of not less than five (5) acres of public lands which is classified as suitable and economically feasible for industrial use may be designated as an industrial park by a resolution adopted by the Board of Land and Natural Resources, and approved by the legislature by concurrent resolution; and

**WHEREAS**, the Department desires to designate as an industrial park the approximately 13.7 acres, more or less, of contiguous public lands identified as Tax Map Keys (3) 2-1-12: 41, and portions of 71 and 149, generally shown in "Attachment 1" attached hereto (the "Subject Area"), after which the Department intends to proceed with the planning activities for the development of the Subject Area as an industrial park;

**NOW, THEREFORE, BE IT RESOLVED** that the Subject Area has been determined to be suitable and economically feasible for industrial use; and

**BE IT FURTHER RESOLVED** that the Subject Area is hereby designated as an industrial park, subject to the approval by the legislature by concurrent resolution; and

**BE IT FURTHER RESOLVED** that the effective date of the designation of the Subject Area as an industrial park shall be the date of approval by the legislature, or such other effective date as may be determined by the legislature.

\_\_\_\_\_  
Laura H. Thielen, Chairperson

DATED: \_\_\_\_\_

\_\_\_\_\_  
Taryn R. Schuman, Oahu Member

\_\_\_\_\_  
Jerry Edlao, Maui Member

\_\_\_\_\_  
Robert Pacheco, Hawaii Member

\_\_\_\_\_  
Timothy Johns, Member at Large

\_\_\_\_\_  
Ron Agor, Kauai Member

\_\_\_\_\_  
Dr. Samuel M. Gon III, Member at Large

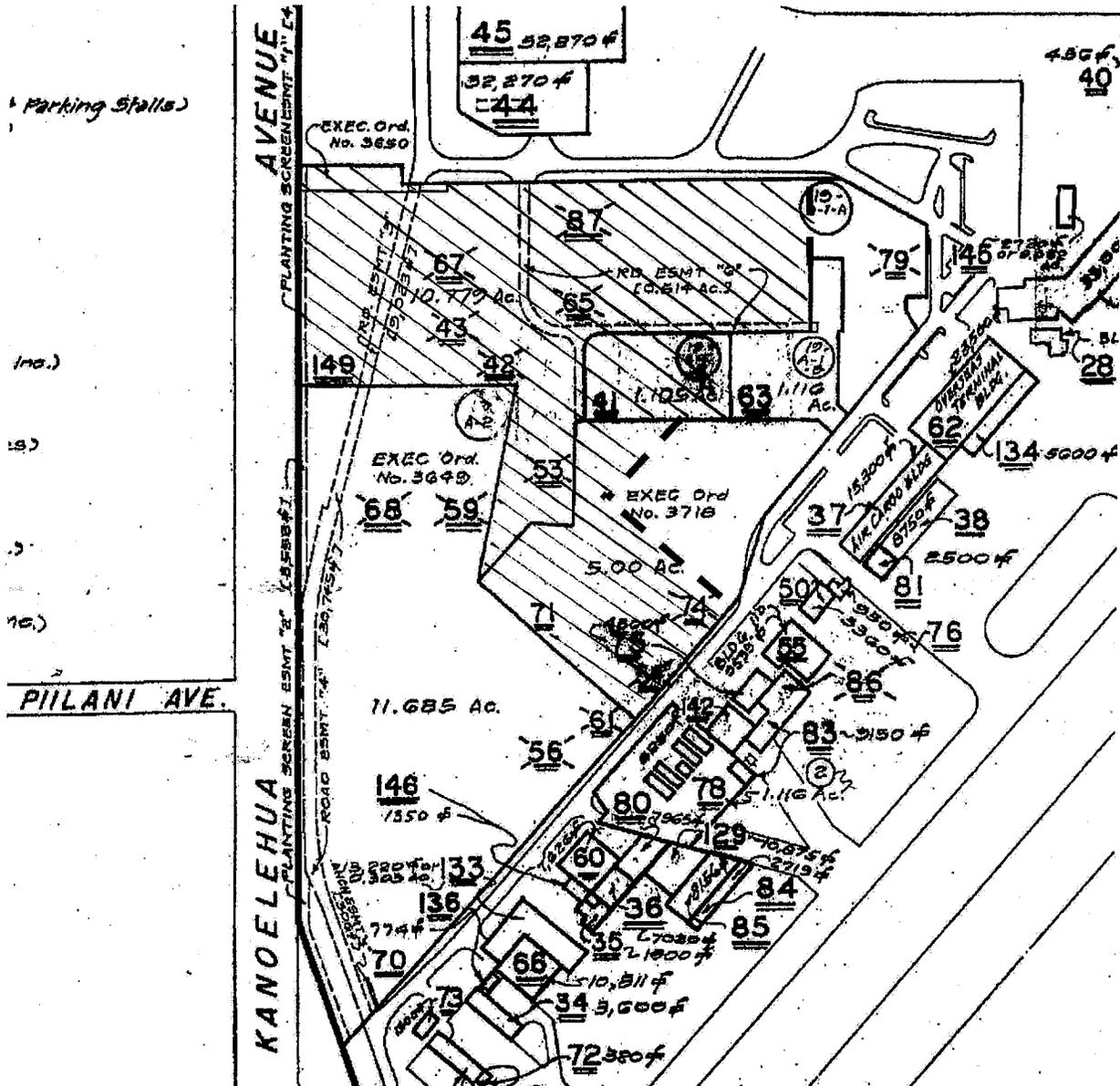
**EXHIBIT "A"**

**PROPOSED AREA FOR INDUSTRIAL PARK DESIGNATION AT WAIAKEA, SOUTH HILO, ISLAND OF HAWAII**

To be developed as part of a joint DHHL-DLNR  
 "Kanoelehua Commercial Center & Industrial Park"

EXCERPT FROM TMK (3) 2-1-12 PLAT MAP

*Cross-hatching indicates subject property for proposed industrial park designation*



**"Attachment 1"**

**Proposed Kanoiehua Commercial Center and Industrial Park  
at Waiakea, South Hilo, Island of Hawaii**  
(a joint project with the Department of Hawaiian Home Lands)



**Legend**

-  Project Boundary
-  Existing DHHL land
-  Existing DLNR land to be designated as industrial park
-  DLNR land to be retained by DOT/Airports
-  To be retained by DBEDT for Foreign Trade Zone use
-  DLNR land to be retained by the County of Hawai'i

Disclaimer: This graphic has been prepared for general planning purposes only.

**EXHIBIT "B"**