

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

September 11, 2009

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

PSF No.: 09od-076

OAHU

Sale of Lease at Public Auction for Pasture and/or Intensive Agriculture Purposes,  
Waimanalo, Koolaupoko, Oahu, Tax Map Key: (1) 4-1-008:071 and 4-1-027:020.

REQUEST:

Sale of lease at public auction for pasture and/or intensive agriculture purposes.

LEGAL REFERENCE:

Sections 171-14, -14.5, -16, -17, and other applicable sections of Chapter 171, Hawaii  
Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu,  
identified by Tax Map Key: (1) 4-1-008:071 and 4-1-027:020, as shown on the  
attached map labeled Exhibit A1 & A2.

AREA:

(1) 4-1-008:071      4.083 acres  
(1) 4-1-027:020      19.481 acres

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

ZONING:

	<u>State Land Use District:</u>	<u>City &amp; County of Honolulu LUO:</u>
(1) 4-1-008:071	Agricultural	AG-1 Restricted Agricultural
(1) 4-1-027:020	Agricultural	AG-1 Restricted Agricultural

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

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

CURRENT USE STATUS:

Vacant and unencumbered.

CHARACTER OF USE:

(1) 4-1-008:071 Pasture and/or intensive agriculture  
(1) 4-1-027:020 Pasture

No ancillary uses or structures shall be permitted except as authorized by the Chairperson.

LEASE TERM:

Thirty (30) years

COMMENCEMENT DATE:

Within thirty (30) days after the conclusion of the environmental assessment process, provided that the Chairperson may amend this date for good cause.

MINIMUM UPSET ANNUAL BASE RENT:

To be determined by staff or independent appraisal establishing fair market rent, subject to review and approval by the Chairperson.

METHOD OF PAYMENT:

Semi-annual payments, in advance.

RENTAL REOPENINGS:

At the 10th year of the lease term, by staff or independent appraisal.

PERFORMANCE BOND:

Twice the annual base rental amount.

PROPERTY CHARACTERISTICS:

Utilities – available

Slope - 15% to 25 % slope (parcel 20); 0% to 2 % slope (parcel 71)

Elevation - between 260 to 380 feet (parcel 20); below 20 feet (parcel 71)

Rainfall – 40 and 60 inches annually.

SCS Soil Series – Pohakupu silty clay (parcel 20); Haleiwa Silty Clay (parcel 71)

Legal access to property – Staff has verified that there is legal access to the property off of Mahailua Street or Hihimanu Street.

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

Encumbrances – portion of Maunawili ditch, building set back along the stream, and road easement in favor of the State (parcel 20); none for parcel 71.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

See Remarks Section. Successful bidder at the auction is required to conduct an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes at its own costs.

REMARKS:

Parcel 71 was used for nursery operation until 1999 and parcel 20 was leased for pasture until December 1984. After the lessees vacated the premises, they have been overgrown with vegetation.

Staff received an inquiry from a realtor recently who is looking for suitable sites for his client to set-up a horse training center. The proposed facility will include healing equipment for horses, equine swimming pool, boarding facilities, meeting rooms, rodeo field etc. The proposed facility also requires a grazing field. After discussion with staff, the subject two sites are identified as possible for the proposed facility. By law, public auction is the mechanism to dispose State leases. Therefore, staff brings the request to

today's agenda asking the Board's authorization to proceed with the auction as described below.

The sloping topography of parcel 20 restricts its development into a regular agriculture operation, for example, a nursery or growing crops. Therefore, staff recommends pasture purpose for parcel 20. In fact, based on a conservation plan developed for the previous lessee in 1964, parcel 20 was described "hardly as an economic unit for livestock operation, other than perhaps as a facility for boarding horses and possibly as a recreational enterprises."

On the other hand, parcel 71 is relatively level, and it can be utilized as an agriculture operation. So, staff recommends the Board authorize pasture and/or intensive agriculture as the permitted use. In addition, staff recommends the Board authorize the Chairperson to permit ancillary uses or structures, e.g. horse clinic or commercial boarding.

In view of other possible commercial elements of the future lease, e.g. boarding, meeting room, staff recommends the Board impose a percentage rent of three (3) % of gross annual revenues for commercial activities or ancillary uses as permitted by the Chairperson.

Since the two subject parcels have been left vacant over ten years ago, staff recommends the Board require the successful bidder of each parcel, at its own costs, conduct an environmental assessment pursuant to Chapter 343, HRS, within 12 months of the date of sale. Further, the lease shall commence within 30 days upon the conclusion of such process, which could be in the form of an environmental impact statement or a finding of no significant impact. Staff will report the findings of the environmental assessment process to the Board in due course.

Department of Agriculture, Division of Forestry and Wildlife, Historic Preservation Division, Office of Hawaiian Affairs, Board of Water Supply, Department of Facility Maintenance, Department of Parks & Recreation have no objections/comments to the subject request. Staff notes that comments will be sought during the environmental assessment to be undertaken by the successful bidders.

The same realtor also inquired about another parcel, (1) 4-1-013:031. Staff notes that parcel 31 is not a legally subdivided lot. When the subdivision issue is sorted out or subdivision approval obtained, staff will bring parcel 31 to the Board for disposition.

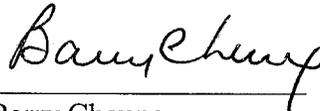
Staff intends to auction the subject two parcels as two separate leases. There are no other pertinent issues or concerns.

RECOMMENDATION: That the Board:

1. Find the areas to be an economic unit in terms of the intended uses.

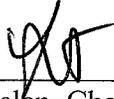
2. Find that the subject areas are not suitable for hunting, nor will they become so during the term of the leases.
3. The successful bidder shall be responsible for any required compliance with Chapter 343, HRS, with respect to the proposed use of the subject areas.
4. Authorize the sale of a lease at public auction covering the subject areas for pasture purposes (for parcel 21) or pasture and/or intensive agriculture purposes (for parcel 71) 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 pasture or intensive agriculture general lease form, as may be amended from time to time;
  - b. In event the winning bidder is unable to obtain SMA approval or an acceptable FONSI pursuant to Chapter 343, HRS within 12 months of the auction date, the lease may be terminated by either party;
  - c. Within the first \_\_ years of the lease term, the land under lease shall be utilized for the purposes for which the lease is sold, all in accordance with a conservation plan approved by the Chairperson;
  - d. No residential use shall be allowed on the premises.
  - e. Review and approval by the Department of the Attorney General; and
  - f. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

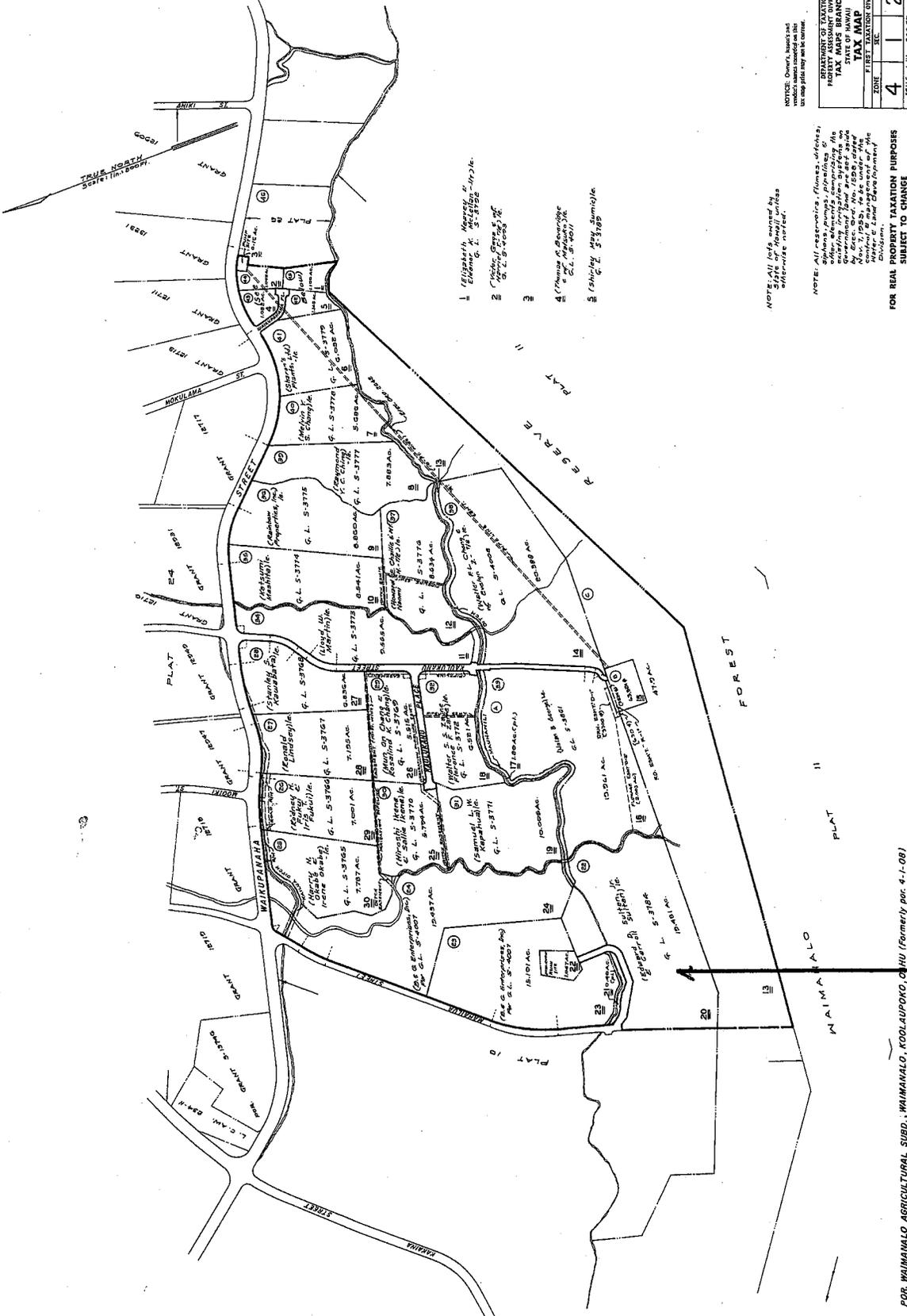


Barry Cheung  
District Land Agent

APPROVED FOR SUBMITTAL:

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





NOTE: All lots owned by State of Hawaii unless otherwise noted.

1. Veligash, Nancy, & Hilda, et al. G. L. 5-3776
2. (State) G. L. 5-3776
3. (State) G. L. 5-3776
4. (State) G. L. 5-3776
5. Shirley M. Summelle G. L. 5-3776

NOTE: Check boundaries and other information on the original survey map for correct location.

HONOLULU CITY AND COUNTY	
PROPERTY ASSESSMENT DIVISION	
TAX MAP	
ZONE	1
TAXATION DIVISION	1
PLAT	27
SCALE: 1 IN. = 500 FT.	

FOR REAL PROPERTY TAXATION PURPOSES  
SUBJECT TO CHANGE

FOR WAIMAALO AGRICULTURAL SUBD., WAIMAALO, KOOLAUPOKO DISTRICT (Formerly par. 4-1-08)

Subject Location

DWG. NO. 5-3776  
SOURCE: MAP BY BARR, OF ASSAULTING & GENERAL SERVICES  
BY: H. H. HARRIS, DATE: 1/25/55