

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

August 24, 2012

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

PSF No.:12OD-087

OAHU

Approval in Principle for Issuance of Direct Lease to Waimanalo Health Center for Community Service Purposes; Issuance of Management Right-of-Entry; Waimanalo, Koolaupoko, Oahu, Tax Map Keys: (1) 4-1-009:279 and 282.

APPLICANT:

Waimanalo Health Center, a domestic non-profit corporation and 501(C)(3) organization.

LEGAL REFERENCE:

Section 171-43.1 and 55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Waimanalo, Koolaupoko, Oahu, identified by Tax Map Keys: (1) 4-1-009:279 and 282, as shown respectively on the attached map labeled **Exhibit A.**

AREA:

TMK: (1) 4-1-009:279 - 1.081 acres, and
TMK: (1) 4-1-009:282 - 1.085 acres, more or less.

ZONING:

State Land Use District: Urban
City and County of Honolulu LUO: R5

TRUST LAND STATUS:

TMK:(1) 4-1-009:279 -Section 5(b) lands, and
TMK:(1) 4-1-009:282 –Section 5(e) lands of the Hawaii Admission Act

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

CURRENT USE STATUS:

TMK: (1) 4-1-009:279:

Encumbered under GL-5400 to Waimanalo Health Center, Lessee, for community service purposes. Lease to expire on August 31, 2030.

TMK: (1) 4-1-009:282:

Portion is encumbered under GL-5366 to Hawaiian Electric Co. Inc. for a non-exclusive easement for electric pole line purposes, expiring on December 31, 2061.

CHARACTER OF USE:

Community service purposes.

LEASE TERM:

Sixty-five (65) years.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

ANNUAL RENTAL:

\$480 per year, pursuant to the Board policy on minimum rent currently at \$480 per year.

METHOD OF PAYMENT:

Semi-annual payments in advance.

RENTAL REOPENINGS:

Every 10th year during the term of the lease, subject to the Board policy on minimum rent applicable at the time of reopening.

PERFORMANCE BOND:

Twice the annual rental amount.

CHAPTER 343 ENVIRONMENTAL ASSESSMENT:

Upon approval of subject request, applicant will commence the environmental assessment pursuant to Chapter 343, HRS. Outcome of such assessment process will be brought to the Board before final approval of the requested lease is considered by the Board.

DCCA VERIFICATION:

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>

APPLICANT REQUIREMENTS:

None at the time of writing this submittal, subject to insertion of any applicant requirement upon finalization of the environmental assessment process.

BACKGROUND:

The Land Board at its meeting of December 17, 1993, under agenda item F-11, approved the issuance of a direct lease (GL-5400) for 35 years commencing September 1, 1995 to the Waimanalo Health Center. Waimanalo Health Center (WHC) was established in 1989 to provide medical, behavioral health, dental, vision, pharmacy and enabling services, along with administrative and financial support services for the existing State Department of Health maternity care program and general health care program.

Presently, WHC manages all of the community health care programs at the subject location. WHC services the underserved geographic area of Waimanalo. Without the services of WHC, there would be limited access to the needed health care and social services and the Waimanalo residents would need to travel outside of the community for services.

WHC is a non-profit corporation, with its primary objective of Waimanalo Health Center's services/activities are to provide much-needed health services to the community of Waimanalo with the overarching goal of optimizing health outcomes regardless of an individual's social determinants of health (income, education, housing, etc.). Services provided by WHC seek to reduce barriers and increase access to health care.

The Waimanalo's Health Center's mission reads "committed to providing the highest level of primary and preventive health services, with special attention to the needs of Native Hawaiians and the medically underserved, and improving the health and wellness of individuals of their ohana regardless of the ability to pay ..."

WHC not only serves the underserved geographic area of Waimanalo but also serves patients representing all areas of the island. WHC primarily focuses its community-based efforts on the large Native Hawaiian population of the Waimanalo community.

WHC, being a domestic non-profit corporation and a 501(C)(3) entity, is qualified for a direct lease pursuant to 171-43.1, HRS.

REMARKS:

WHC is planning for an expansion in services with a projected cost of approximately \$13

million, of which \$5 million will be new debt capacity (revenue bonds, loans, grants), \$2.1 million from WHC's cash reserves, and \$5 million will come from additional equity sources generated from fundraising events. In view of the substantial amount of the improvement costs, WHC is requesting the Board's approval for a new 65-year lease.

The improvement includes a new 2-story structure, which will serve as the expansion facility for various functions of WHC at the location. WHC also plans to have additional patient parking spaces. To accommodate the demand for parking for patients and employees, WHC is requesting the use of the nearby State property identified by Tax Map Key: (1) 4-1-009:282 for additional parking under the proposed project. Currently, WHC is using parcel 282 as employee parking and WHC requests the Board authorize the continuance of such uses.

Staff has solicited comments from other agencies on this approval-in-principle request, noting that a much thorough review process will be undertaken during the environmental assessment stage. Department of Hawaiian Home Lands, Office of Hawaiian Affairs, Commission on Water Resource Management, Department of Facility Maintenance, Board of Water Supply, and Department of Design and Construction have no objections. Department of Transportation required a Traffic Evaluation Study for the new building would need to be done. Department of Planning and Permitting provides its comments on the attached **Exhibit B**. Staff revised the zoning information and conveyed the other comments to the applicant. Division of Historic Preservation has not responded as of the suspense date.

WHC 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. Currently, WHC is in compliance with the terms and conditions of GL 5400. Staff intends to ask for the mutual termination of GL 5400 in the event the new 65-year lease is granted.

Staff has no objection to the request for approval-in-principle for a new lease noting that WHC will undergo the environmental assessment process. In addition, staff supports the request for the use of parcel 282 by WHC as employee parking pursuant to a right-of-entry, further subject to insurance and indemnification provision. The requested use for parcel 282 involves only negligible change to the existing condition, and staff has prepared an exemption notification at **Exhibit C**. Staff believes such use will facilitate the daily operation at the health center, and therefore recommends the Board waive the fee for the requested right-of-entry. There are no other pertinent issues or concerns.

RECOMMENDATION: That the Board:

1. Approve in principle for the issuance of a direct lease to Waimanalo Health Center, subject to the following:
 - A. At its own cost, Waimanalo Health Center shall pursue satisfactory compliance with Chapter 343, Hawaii Revised Statutes within twenty-four (24) months of the Land Board's approval;

- B. Should Waimanalo Health Center fail to obtain satisfactory compliance with Chapter 343, Hawaii Revised Statutes within twenty-four (24) months of the Land Board's approval, the Land Board's approval shall be considered rescinded;
 - C. Waimanalo Health Center acknowledges the following:
 - i. All costs associated with the necessary compliance with Chapter 343, Hawaii Revised Statutes shall be borne by Waimanalo Health Center;
 - ii. That this action is an approval in principle and does not provide any assurance of a direct lease and such approval of a direct lease shall be subject to consideration by the Land Board under a separate action after satisfactorily complying with Chapter 343, Hawaii Revised Statutes.
 - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.
2. Declare that, after considering the potential effects of the proposed issuance for a right-of-entry 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.
3. Authorize the issuance of a management right-of-entry to Waimanalo Health Center 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 right-of-entry permit form, as may be amended from time to time;
 - B. The fee for the right-of-entry is waived; and
 - C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

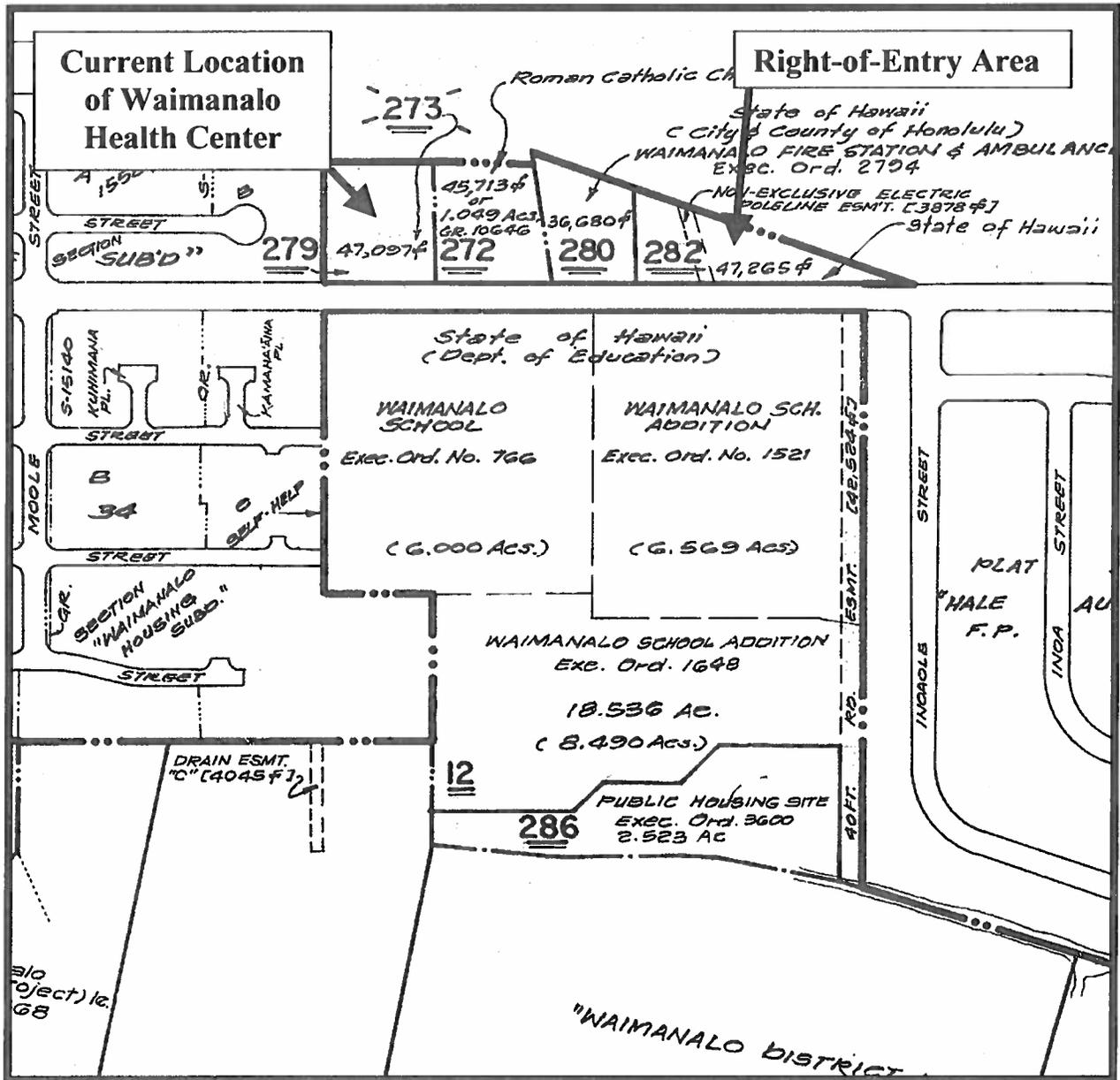


Steve Lau
Land Agent

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

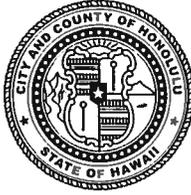


TMK (1) 4-1-009:279 and 282

EXHIBIT A

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR - HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-8000 • FAX: (808) 768-6041
DEPT. WEB SITE: www.honoluluapp.org • CITY WEB SITE: www.honolulu.gov



PETER B. CARLISLE
MAYOR

DAVID K. TANOUE
DIRECTOR

JIRO A. SUMADA
DEPUTY DIRECTOR

2012/ELOG-1227 (MH)

August 1, 2012

Mr. William J. Aila, Jr., Chairperson
Board of Land and Natural Resources
Department of Land and Natural Resources
P. O. Box 621
Honolulu, Hawai'i 96809

RECEIVED
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DEPT. OF LAND
& NATURAL RESOURCES
STATE OF HAWAII

Dear Mr. Aila:

Subject: Approval in Principle for Issuance of Direct Lease to
Waimanalo Health Center for Community Service Purposes
Waimanalo, Ko'olau Poko, O'ahu, TMK: 4-1-009:279 & 282 (Por.)

We have reviewed the "DRAFT" Board submittal for the Waimanalo Health Center attached to your Memorandum dated June 18, 2012 and provide the following comments:

1. The site is designated Institutional under the Ko'olau Poko Sustainable Communities Plan which would allow the proposed uses on the two parcels subject to the requirements of the Land Use Ordinance.
2. Please note that the P2 zoning listed on draft document PSF No.:12OD-087 is incorrect. According to the City's records, the zoning for the subject parcels is R-5 Residential District.
3. The applicant should be aware that a Use Variance to conduct a medical clinic in the R-5 Residential District is not assured. It is subject to a finding of "hardship" per the City Charter.
4. The applicant should submit a Site Development Master Application for sewer connection and sewer capacity reservation.

Should you have any questions, please call Matt Higashida of our staff at 768-8045.

Very truly yours,


David K. Tanoue, Director
Department of Planning and Permitting

DKT:bkg
956455

cc: Waimanalo Health Center

EXHIBIT "B"

EXEMPTION NOTIFICATION

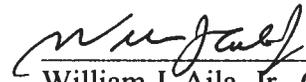
Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200, HAR

Project Title: Issuance of Right of Entry to Waimanalo Health Center for Parking Purposes
Project / Reference No.: PSF 12OD-087
Project Location: Waimanalo, Koolaupoko, Oahu, TMK:(1) 4-1-009:282
Project Description: Waimanalo Health Center for Parking Purposes
Chap. 343 Trigger(s): Use of State Land
Exemption Class No.: In accordance with Hawaii Administrative Rule Section 11-200-8(a)(1) and (4), the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "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" and Class No. 4, that states "Minor alteration in the conditions of land, water, or vegetation."

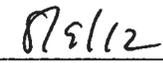
Waimanalo Health Center (WHC) will be using the State property consisting of 1.085 acres for additional parking for the facility. This parking facility will also be portion of State lands requested by WHC for a new 65-year lease for the expansion of the services at the subject and the existing WHC's location at (1) 4-1-009:279. WHC will undertake an environmental assessment pursuant to Chapter 343, Hawaii Revised Statutes for the entire expansion project covering the above mentioned two parcels. The requested use of parcel 282 will involve negligible expansion to the condition. As such staff believes that the proposed use would involve minor alteration in the conditions of land, water or vegetation.

Consulted Parties: Not applicable

Recommendation: It is recommended that the Board find that 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.



William J. Aila Jr., Chairperson



Date

EXHIBIT C