

JOSH GREEN, M.D.
GOVERNOR



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

EDWIN H. SNIFFEN
DIRECTOR

Deputy Directors
DREANALEE K. KALILI
TAMMY L. LEE
ROBIN K. SHISHIDO
JAMES KUNANE TOKIOKA

IN REPLY REFER TO:

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

AMENDMENT NO. 2 TO FACILITIES LEASE NO. DOT-A-13-0019
REQUEST FOR ADDITIONAL SPACE AND TO EXTEND THE LEASE TERM
K. W. AUTO BODY, LLC
DANIEL K. INOUE INTERNATIONAL AIRPORT
TAX MAP KEY: (1) 1-1-04: 010

OAHU

REQUEST:

The Department of Transportation (DOT) and K. W. Auto Body, LLC (KW Auto) entered into Facilities Lease No. DOT-A-13-0019 (Lease) dated November 6, 2013 for the operation and maintenance of an existing building at 2885 Ualena Street (Premises) to use as an auto repair and paint shop at Daniel K. Inouye International Airport.

KW Auto is requesting to amend the Lease to add the adjacent property, 2895 Ualena Street, containing a total area of approximately 22,638 square feet to operate and maintain an existing building for their auto repair, tire change/alignment and paint shop business.

LEGAL REFERENCE:

Sections 261-7 and 171-59 (b), Hawaii Revised Statutes (HRS), as amended.

APPLICANT/LESSEE:

K. W. Auto Body, LLC, a Hawaii corporation, authorized to do business in the State of Hawaii, whose business address is 2885 Ualena Street, Honolulu, Hawaii 96819.

LOCATION AND TAX MAP KEY:

Portion of Daniel K. Inouye International Airport (Airport), Island of Oahu, identified by Tax Map Key: 1st Division, 1-1-04: 010.

ITEM M-16

BLNR - AMENDMENT NO. 2 TO FACILITIES LEASE NO. DOT-A-13-0019
REQUEST FOR ADDITIONAL SPACE AND TO EXTEND THE LEASE TERM
K. W. AUTO BODY, LLC
Page 2

AREA:

Additional Premises:

Area/Space No. 005-122, containing an area of approximately 8,130 square feet,
Building/Room No. 141-101, containing an area of approximately 312 square feet,
Building/Room No. 199-101, containing an area of approximately 1,638 square feet,
Building/Room No. 199-102, containing an area of approximately 3,120 square feet,
Building/Room No. 199-103, containing an area of approximately 3,094 square feet,
Building/Room No. 199-104, containing an area of approximately 4,706 square feet, and
Building/Room No. 199-201, containing an area of approximately 1,638 square feet,
as delineated on the attached map labeled Exhibit A.

ZONING:

State Land Use District: Urban
City and County of Honolulu: Industrial (I-2)

LAND TITLE STATUS:

Non-ceded - Direct purchase from private land owner
DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES__ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 3894, setting aside a portion of the Airport under the control and management of the State of Hawaii, Department of Transportation, for Airport purposes.

The DOT acquired the subject property together with most of the remaining properties (except one) along the ocean (makai) side of Ualena Street, between Lagoon Drive and Paiea Street in the mid 1990's from Loyalty Enterprises, Ltd.

CHARACTER OF USE:

KW Auto will use the adjacent property for the operation and maintenance of an auto body repair, tire change/alignment and painting business.

TERM OF LEASE:

Original Term: Five (5) years (December 1, 2013 – November 30, 2018)

Amendment No. 1 to the Lease extended the term of the Lease for an additional five (5) years (December 1, 2018 – November 30, 2023).

BLNR - AMENDMENT NO. 2 TO FACILITIES LEASE NO. DOT-A-13-0019
REQUEST FOR ADDITIONAL SPACE AND TO EXTEND THE LEASE TERM
K. W. AUTO BODY, LLC
Page 3

Amended Term: Extend the term of the Lease for an additional fifteen (15) years
(December 1, 2023 – November 30, 2038).

ANNUAL RENTAL:

Lease Rental:

Lease Years 11 – 15:	\$352,941.30 per annum (as determined from the Department of Transportation Schedule of Rates and Charges established by appraisal of Airport property statewide)
Lease Years 16 – 20:	\$405,882.50 per annum (115% of the annual rental for year fifteen (15) year of the Lease term)
Lease Years 21 – 25:	\$466,764.88 per annum (115% of the annual rental for year twenty (20) of the Lease term)

MINIMUM INVESTMENT OF IMPROVEMENTS:

KW Auto will invest a minimum of \$750,000.00 to convert the existing building into a facility to use for their auto repair and paint shop business.

PERFORMANCE BOND:

The sum equal to one-fourth (1/4) of the annual rental then in effect.

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>

CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

The DOT has determined that the subject land areas are covered by the Honolulu International Airport Ualena Street Industrial Lots Acquisition and Chevron Property Acquisition Environmental Assessment (EA) dated October 1990. The EA is published by the Office of Environmental Quality Control (OEQC) in the November 8, 1990 issue of the Environmental Notice. Accordingly, the actions have been determined to have little or no impact upon the environment.

REMARKS:

The DOT and KW Auto entered into the Lease, dated November 6, 2013, for the operation and maintenance of an existing building at 2885 Ualena Street to use as an auto repair and paint shop at the Airport. The original issuance of a direct lease by negotiation was determined to encourage competition within airport-related industries, and therefore, met the requirement set forth in Subsection 171-59 (b), HRS, as amended.

On November 29, 2018, the DOT and KW Auto executed Amendment No. 1 to extend the term of the Lease for an additional five (5) years to amortize substantial leasehold improvements to the Premises, totaling approximately \$149,000.00.

KW Auto is now requesting: 1) to add the adjacent property, 2895 Ualena Street, to operate and maintain an existing building for their auto repair and paint shop, and 2) extend the term of the Lease for an additional 15 years to amortize the cost of \$750,000.00 in improvements to the additional space, which will include electrical and plumbing upgrades to the building. The DOT, in the public interest, has no objections to KW Auto's request.

RECOMMENDATION:

That the Board approve Amendment No. 2 to the Lease, subject to: (1) terms and conditions herein outlined, which are by reference incorporated herein; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) review and approval of the Department of the Attorney General as to the amendment of lease form and content.

Respectfully submitted,

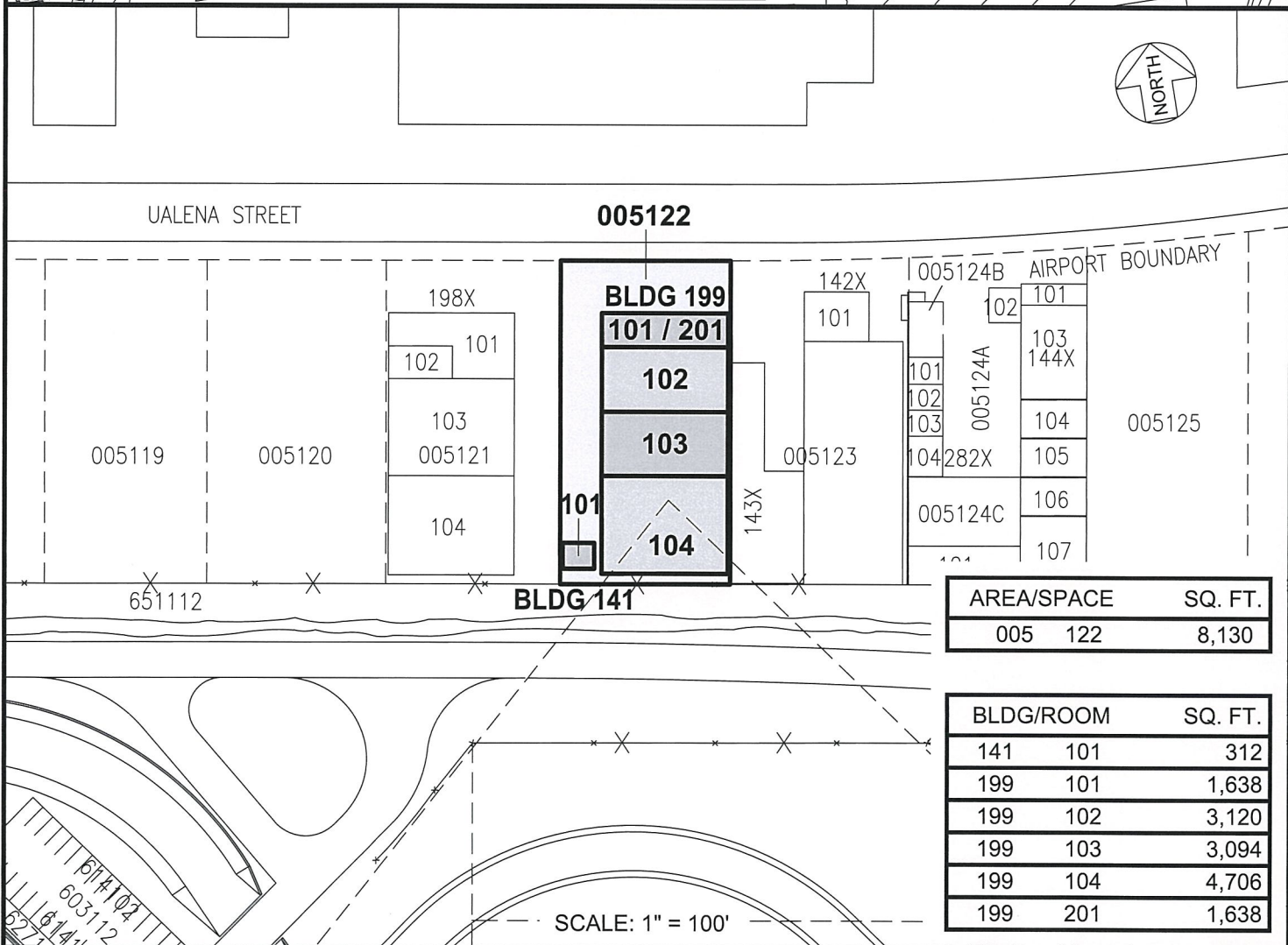
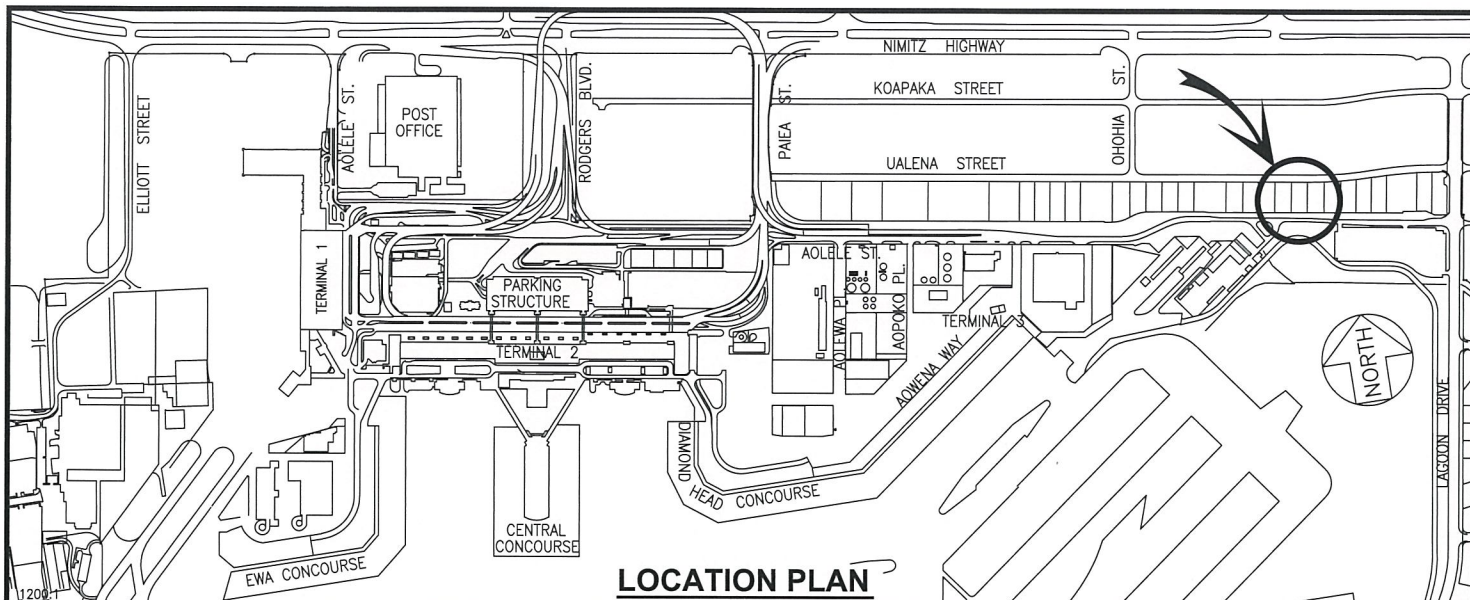


EDWIN H. SNIFFEN
Director of Transportation

APPROVAL FOR SUBMITTAL:



DAWN N. S. CHANG
Chairperson
Board of Land and Natural Resources



AMENDMENT NO. 2 TO STATE LEASE NO. DOT-A-13-0019

DATE: MARCH 2023

EXHIBIT: **C**



AIRPORTS

K. W. AUTO BODY, LLC

2895 UALENA STREET

005122
141101
199101-104
199201

DANIEL K. INOUE INTERNATIONAL AIRPORT