

State of Hawai'i  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of State Parks  
Honolulu, Hawai'i 96813

December 13, 2024

Board of Land and Natural Resources  
State of Hawai'i  
Honolulu, Hawai'i

O'ahu

Approval to Issue a Request for Qualifications (RFQ)/Request for Proposals (RFP) for the Development and Operation of a Commercial Campground and Public Day Use Beach Park at Mālaekahana State Recreation Area, Kahuku Section, Lā'ie, Ko'olauloa, O'ahu, Hawai'i, Tax Map Keys: (1) 5-6-001:024-025, 045-047, 049, 051 and 053-65;

Delegate Authority to the Chairperson to Appoint Members to an Evaluation Committee and to Award and Execute a Long-Term Lease to the Selected Offeror;

and

Request the Issuance of the RFQ and RFP to be Declared Exempt from the Requirements of Chapter 343, HRS and Title 11, Chapter 200.1, Hawai'i Administrative Rules.

LEGAL REFERENCE:

Section 171-16, 17, 35, 36, 41, 59(a), 184-3(6), and other applicable sections of Chapter 171, Hawai'i Revised Statutes ("HRS"), as amended.

LOCATION:

Mālaekahana State Recreation Area, Kahuku Section, Lā'ie, Ko'olauloa, O'ahu, Hawai'i, identified by Tax Map Keys: (1) 5-6-001:024-025, 045-047, 049, 051 and 053-65, as shown on the map attached as **EXHIBIT A**.

AREA:

36.288 acres, more or less.

ZONING:

State Land Use District: Urban  
City & County of Honolulu: P-2 General Preservation District, R-5 Residential District

**ITEM E-2**

TRUST LAND STATUS:

Land was acquired after 1959. It is not trust land.  
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: NO

CURRENT USE STATUS:

Encumbered by Governor's Executive Order 3928 setting aside land for park and recreational purposes, to be under the control and management of the State of Hawai'i, Department of Land and Natural Resources, Division of State Parks.

CHARACTER OF USE:

Park and outdoor recreational purposes, specifically for the development and operation of a commercial campground, lodging, and public day use beach park and maintenance of public recreational facilities at Mālaekahana State Recreation Area, Kahuku Section.

TERM OF GENERAL LEASE:

Twenty (20) years, at minimum, to be determined through the RFP process.

COMMENCEMENT DATE:

The commencement date shall be upon completion of the proposed improvements by the selected offeror/awarded lessee, or upon commencement of commercial operations, in accordance with the terms and conditions of the negotiated lease, subject to the review and approval of the Chairperson.

MINIMUM MONTHLY RENTAL:

To be determined via RFP process, with minimum established by staff or independent appraiser establishing fair market rent, subject to the review and approval of the Chairperson.

PERCENTAGE MONTHLY RENTAL:

Percentage of gross revenue from all sources within the leased premises, excluding State excise tax. Percentage to be determined by RFP process, subject to review and approval of the Chairperson.

EFFECTIVE RENTAL:

The amount negotiated between the State and the selected offeror/awarded lessee as determined by RFP process, subject to review and approval of the Chairperson.

METHOD OF PAYMENT:

Rental payment due monthly.

PERFORMANCE BOND:

Twice the annual base rental amount

MINIMUM ADDITIONAL IMPROVEMENTS:

To be determined through the RFP process and negotiated with the selected offeror/awarded lessee based on the investment required and duration of the lease, subject to the review and approval of the Chairperson. Maximum improvements allowable are specified in the Environmental assessment to be made a part of the RFP packet.

IMPROVEMENT BOND:

An amount equal to the estimated cost of the improvements.

RENTAL WAIVER:

The lease rental for up to one year may be waived based on negotiation and completion of the proposed improvements by the selected offeror/awarded lessee, subject to the review and approval of the Chairperson.

PROPERTY CHARACTERISTICS:

Utilities – The entire Kahuku Section of the park shall be served by a new waterline improvement. The awarded lessee will pay one hundred (100%) percent of the water charges directly to Board of Water Supply. Electrical service is separately metered and also billed directly to the operator.

Existing Improvements – One existing comfort station (restroom) is included on Parcel 53 and there is one caretaker's residence on Parcel 64 in dilapidated condition.

New Improvements – State Parks is engaged in a Capital Improvement Project consisting of constructing permanent infrastructure improvements including wastewater improvements, electrical site improvements, waterline improvements, landscaping, comfort station, outdoor showers, pot wash stations, access roads, and day-use/overnight parking areas at no cost or expense to the lessee. The awarded lessee will be responsible for the management and maintenance of the said improvements.

The awarded lessee will be responsible for additional buildout including cabins, camping areas and other elements that are not completed by

State Parks but are covered under the environmental assessment (EA), full scope of which will be determined through the RFP process.

Legal access to property – Staff has verified that there is legal access to the property off of Kamehameha Highway.

#### CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with Hawai'i Administrative Rules (HAR) § 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources, reviewed and concurred by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an Environmental Assessment pursuant to General Exemption Type 1 "Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing," Part 1, Item No. 40: "Leases of State land involving negligible or no expansion or change of use beyond that previously existing." See **EXHIBIT B**.

Regarding the existing and additional proposed development to be completed by the awarded lessee, an Environmental Assessment was completed and approved by the Board of Land and Natural Resources in 2016, and a Finding of No Significant Impact (FONSI) was authorized (**EXHIBIT C**).

#### BACKGROUND

Since 1983, when the Kahuku Section of Mālaekahana State Recreation Area was established, camping and lodging accommodations have been operated by various private partners through a series of revocable permits, and short-term leases. The Ko'olauloa Hawaiian Civic Club was the first to receive a revocable permit, followed by Lanihuli Community Development Corporation, doing business as Friends of Mālaekahana (FOM).

In 2014, the department completed the tree hazard removal and reopened the Castle Beach area for public use. The department also demolished and removed dilapidated recreational cabins and support structures, decommissioned multiple residential cesspools, and brought into compliance four large capacity cesspools within the FOM project site to further assure public health and safety. This coincided with the end of the FOM's tenure at the park.

On April 1, 2015, pursuant to a competitive RFQ/RFP process, a five-year lease was issued to Mālaekahana Beach Campground, LLC (MBC) for the development and operation of a commercial campground and public day use beach park on the property. The lease expired on March 31, 2020. MBC continued its operation under a series of revocable permits through August 2023.

Currently, there is no lessee or permittee on the property due to a long-planned park redevelopment project. As the park is a valuable public asset, replacement of the park's degraded infrastructure and facilities was funded through CIP, although the funding was not sufficient to construct all desired park amenities. Outsourced physical management of the existing facilities and the completion and operation of a commercial campground for the community will allow for continuity of recreational use of the popular park section.

**REMARKS:**

The Division of State Parks is requesting for the approval to issue an RFQ/RFP for the development and operation of a commercial campground and public day use beach park at the Kahuku Section of Mālaekahana State Recreation Area and to delegate authority to the Chairperson to appoint members to an evaluation committee that will establish criteria to evaluate the proposals and select an offeror, and to further award and execute a long-term general lease (20 years or as determined through the RFP process) to the highest scoring applicant of the RFQ/RFP pursuant to Section 3-122-57, HAR, and Section 103D-303, HRS, under the terms and conditions cited above.

State Parks will complete the construction of permanent infrastructure improvements including waterline improvements, wastewater improvements, electrical site improvements, landscaping, comfort station, outdoor showers, pot wash stations, access roads, and day-use/overnight parking areas prior to the lease commencement date at no cost or expense to the lessee. The lessee will be solely responsible for the maintenance of the above public recreational facilities.

The awarded lessee will be authorized to complete development of and operate a commercial campground that may include cabin and portable structure rentals, pavilion rentals for various events, camping and beach equipment rentals and sales, food and beverage sales, educational and instructional programs including watersports activities, and other recreational uses that are consistent with a coastal park campground.

The lease will commence upon completion of the additional proposed improvements by the awarded lessee, or upon the start of commercial operations, whichever is earlier.

**RECOMMENDATION:**

That the Board of Land and Natural Resources:

1. Declare that, after considering the potential effects of the proposed project as provided by Chapter 343, HRS, and Chapter 11-200.1, HAR, the project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the Chairperson to do the following:

- a. Appoint members to an evaluation committee that will establish the criteria to evaluate the proposals and select an offeror;
  - b. Issue a Request for Qualifications/Request for Proposals (RFP/RFQ) pursuant to Section 171-59(a), HRS for the selection of an offeror;
  - c. Accept and evaluate proposals submitted by prospective offerors;
  - d. Select the best offeror; and
  - e. Award the lease to the highest ranked applicant and post the award of the lease.
3. Authorize the Chairperson to issue a long-term lease (20 years or as determined through the RFP process), to the highest scoring applicant of the RFQ/RFP for recreational business and commercial purposes at Mālaekahana State Recreation Area, Kahuku Section, under the terms and conditions cited above, and further subject to the following:
- a. The standard terms and conditions of the most current concession contract as may be amended from time to time;
  - b. The selected offeror will be responsible for compliance with Chapter 343, HRS, with respect to any increased development exceeding that allowable under the 2016 Environmental Assessment;
  - c. Review and approval by the Department of the Attorney General; and
  - d. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,



CURT COTTRELL,  
Administrator  
Division of State Parks

APPROVED FOR SUBMITTAL:



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

Attachments:

- Exhibit A – Location Map
- Exhibit B – Chapter 343, Environmental Assessment
- Exhibit C – July 8, 2016 Item E-1 Approved Submittal

**EXHIBITS**

**EXHIBIT "A" - LOCATION MAP**

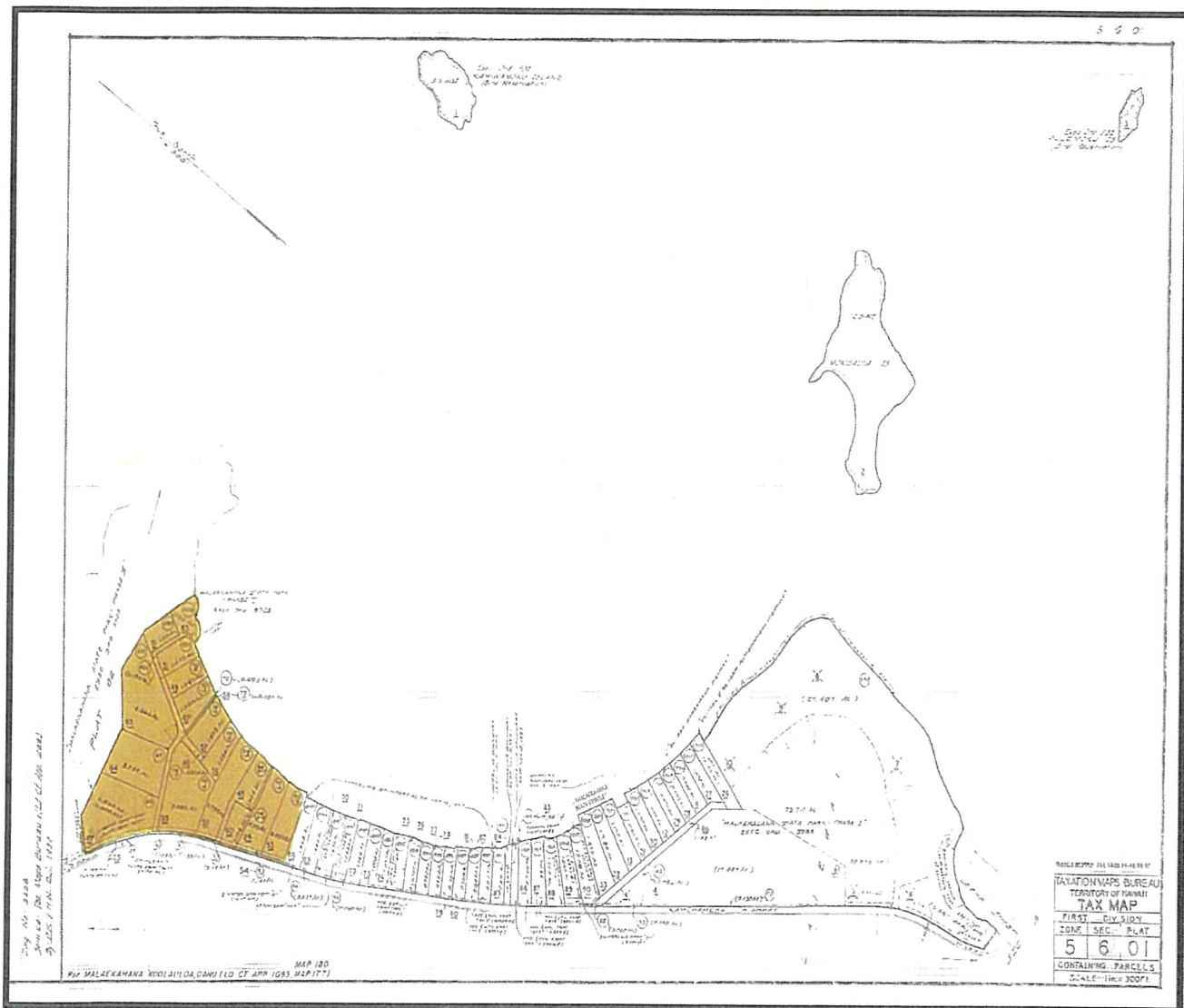


EXHIBIT "A" – LOCATION MAP (Expanded View)



### EXEMPTION NOTIFICATION

Regarding the preparation of an environmental assessment pursuant to Chapter 343, HRS and Chapter 11-200.1, HAR

Project Title:	Development and Operation of a Commercial Campground and Public Day Use Beach Park at Mālaekahana State Recreation Area
Project / Reference No.:	Please see Exhibit B
Project Location:	Please see Exhibit A
Project Description:	Issuance of a long-term lease for the development and operation of a commercial campground and public day use beach park at Mālaekahana State Recreation Area
Chap. 343 Trigger(s):	Use of State Land
Exemption Class No(s).:	<p>In accordance with Hawai'i Administrative Rule Chapter 11-200.1-15 and the Exemption List for the Department of Land and Natural Resources reviewed and concurred by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an Environmental Assessment pursuant to:</p> <p>General Exemption, Type 1: "Operations, repairs, or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing."</p> <p>Part 1, Item Number 40: "Leases of State land involving negligible or no expansion or change of use beyond that previously existing."</p> <p>The issuance of a long-term lease on State land involves the continuation of existing use on the land. No change in use is authorized by the renewal.</p>
Cumulative Impact of Planned Successive Actions in Same Place, Over Time, Significant?	No, the requested location will be used for the same use as previously existing.
Action May Have Significant Impact on Particularly Sensitive Environment?	No.
Analysis:	The request pertains to the issuance of a long-term lease for the development and operation of a commercial campground and public day use beach park at Mālaekahana State Recreation Area. Staff believes the request would involve negligible or no expansion or change in use of the subject location beyond that previously existing.

Consulted Parties:	None.
Declaration	<p>That the Board finds 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.</p> <p>Regarding the existing and additional proposed development to be completed by the awarded lessee, an Environmental assessment was completed and approved by the Board of Land and Natural Resources in 2016, and a Finding of No Significant Impact (FONSI) was authorized.</p>

## EXHIBIT "C"

State of Hawai'i  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of State Parks  
Honolulu, Hawai'i 96813

July 8, 2016

Board of Land and Natural Resources  
State of Hawai'i  
Honolulu, Hawai'i

Request for Approval of the Final Environmental Assessment for the Mālaekahana State Recreation Area, Kahuku Section Park Improvements, TMKs: (1) 5-6-001: 024, 025, 045 to 047, 049, 051, and 053 to 065, Lā'ie, Ko'olaupua, O'ahu; and

Request for Authorization to the Chairperson to Issue a Finding of No Significant Impact (FONSI)

### BACKGROUND:

Mālaekahana State Recreation Area is comprised of two sections, the Kalanai Section and the Kahuku Section. The Kahuku Section was established in 1983, following the State's acquisition of 19 separate but contiguous parcels of land at the northern end of Mālaekahana Bay to Mālaekahana Stream comprised of 36+ acres (**Figure 1**). Camping and lodging accommodations at this section of the park have been operated by various nonprofit organizations through a series of revocable permits. Lanihuli Community Development Corporation doing business as Friends of Mālaekahana (FOM), was the last of the revocable permit holders.

Due to concerns from falling tree limbs and hazards in the Kahuku section, the department closed the entire section on November 20, 2014, and completed the tree hazard removal on December 5, 2014, where the Castle Beach area spanning the southernmost parcels was reopened for public use. Meanwhile, four large capacity cesspools (LCCs) within the FOM project site were brought into compliance to United States Environmental Protection Agency and State Department of Health (DOH) requirements. To further assure public health and safety, dilapidated recreational cabins and support structures in the FOM site were demolished and removed during December 2014 through February 2015. This coincided with the end of the FOM's tenure at the site. The FOM project site remained closed till April 2015.

Under a new lease effective April 1, 2015, the entire Kahuku Section of the park is currently under management by Mālaekahana Beach Campground, LLC (MBC), pursuant to a competitive Request for Qualifications/Request for Proposals (RFQ/RFP) process. MBC, in partnership with Kama'aina Kids, manages the project site under a 5-year lease. Subject to the lease terms and conditions, campground usage levels are held to no greater than what previously existed. Temporary, portable structures using wastewater holding tanks and ground-based wastewater systems previously approved by DOH that were built during the lease will remain the property of the lessee subject to certain restrictions. Guests are

Approved by the Board of  
Land and Natural Resources  
at its meeting held on

JUL 8 2016

ITEM E-1

expected to utilize common area sinks, showers, and portable bathroom facilities if they choose the plantation hut (“hale”) or the tent or vehicle campsites. Plantation suites have electricity and an indoor bathroom. Tutu’s Hale, consisting of five huts and a pavilion, has exclusive bathrooms and showers. No temporary structures are to be placed seaward of the shoreline setback. During this lease period, DOH allowed the use of portable toilets and other contained toilet systems as an interim measure to address the limited wastewater infrastructure facilities in the MBC project site and to augment the small comfort station facility at Castle Beach. In addition, DOH allowed two of the LCCs to be converted into seepage pits for the disposal of gray water or non-sewage effluent. In these cases, MBC is required to be in compliance with State Parks, DOH and other governmental approvals as applicable.

Upon expiration of the lease with MBC, State Parks will seek the Board’s approval for a long-term lease through a similar competitive format once Chapter 343, Hawaii Revised Statutes (HRS), requirements are met and permanent infrastructure is designed and/or implemented. The new lessee will be responsible for building additional cabins and other elements that are not completed by State Parks but are covered under this environmental assessment (EA). The lessee will be authorized to operate a commercial campground that includes cabin and portable structure rentals, pavilion rentals for various events, camping and beach equipment rentals and sales, food and beverage sales, educational and instructional programs including watersports activities and other recreational uses that are consistent with a coastal park campground.

The proposed improvements will include the replacement of the administration office, a security office, and seven cabins along with related infrastructure improvements such as the construction of a comfort station, satellite restroom facilities, permanent, individual wastewater systems (IWS), and new roadways. All sanitation facilities and IWSs will be reviewed and approved by DOH. Replacement structures and associated infrastructure will be sited in a manner that optimizes the functionality and spatial aesthetics of the park. Public access to beach areas will be improved with all structures outside of the shoreline area. Internal roadways and parking areas will be improved to include access for day use as well as for camping and lodging. The improvements are not intended to increase the density of the area nor increase the number of rental units within the park that were present prior to the demolition of the dilapidated recreational cabins and support structures. The primary objective is to balance the development of adequate recreational facilities with concerns about public beach access, increased traffic, and environmental resources.

#### CHAPTER 343, HRS – ENVIRONMENTAL ASSESSMENT:

Pursuant to Chapter 343, HRS and its associated Title 11, Chapter 200, Hawai‘i Administrative Rules (HAR), the proposed improvements will affect State of Hawai‘i lands, requiring an environmental assessment. An EA was prepared to evaluate potential project impacts and to provide for public participation as required and defined in the statutes.

Chapter 11-200-12, Hawaii Administrative Rules, lists the factors agencies should consider when determining whether an action will have significant effects:

1. *Involves an irrevocable commitment to loss or destruction of any natural or cultural resources.* Park improvements, including the installation of new infrastructure (e.g. water, wastewater, and electrical/communication systems) and construction of a comfort station, satellite restroom facilities and internal roadways will not endanger any natural or cultural resources. In the event any unanticipated buried archaeological or cultural resources are encountered, the construction contractor shall stop work and contact SHPD immediately.

2. *Curtails the range of beneficial uses of the environment.*

As the structures and associated infrastructure will be sited to optimize the functionality and spatial aesthetics of the park, no beneficial uses of the environment will be curtailed as a result of the proposed project. Park improvements will represent a continuation of the beneficial uses of the site for a public purpose.
3. *Conflicts with the state's long-term environmental policies or goals and guidelines as expressed in Chapter 344, HRS, and any revisions thereof and amendments thereto, court decisions, or executive orders.*

Chapter 344, HRS, sets forth the State's long-term environmental policies. The broad goals of this policy are to enhance the quality of life and conserve the natural resources. The project will be designed to minimize environmental impacts and will provide for the public's enjoyment of the natural environment.
4. *Substantially affects the economic welfare, social welfare, and cultural practices of the community or State.*

The project will create short-term jobs for people in design and construction and will not substantially or negatively affect the economic or social welfare and cultural practices of the community or the State.
5. *Substantially affects public health.*

Due to the implementation of construction best management practices (BMPs), temporary impacts such as fugitive dust, surface runoff, intermittent traffic, noise, solid waste, and potential disruptions to utility services will be minimized and are expected to cease upon completion of the improvements. The proposed project, when completed, will result in park structures and site infrastructure that are in conformance with applicable health and safety requirements, including standards for fire protection. The sanitation facilities and IWSs will comply with applicable Department of Health regulations.
6. *Involves substantial secondary impacts, such as population changes or effects on public facilities.*

The proposed site improvements represent a continuation of existing park uses and help to ensure the continued use of the project site by the public for daytime outdoor recreational activities and beach access. No substantial secondary impacts such as population shifts are anticipated.
7. *Involves a substantial degradation of environmental quality.*

The quality of the environment will not be degraded by this project.
8. *Is individually limited but cumulatively has considerable effect upon the environment or involves a commitment for larger actions.*

The proposed improvements represent a long-term commitment by the department to provide outdoor recreational opportunities for the public that will complement the natural setting and site characteristics. The proposed actions may be phased but are not related to additional activities within the region as to produce adverse cumulative effects or involve a commitment for larger actions.
9. *Substantially affects a rare, threatened, or endangered species, or its habitat.*

No species listed by the U.S. Fish and Wildlife Service or identified in the Endangered Species Act are expected to be significantly impacted by the proposed improvements. The contractor

will be instructed to incorporate the recommended BMPs from the USFWS that are identified in the EA for species avoidance and minimization of impacts for project construction-related activities.

*10. Detrimentally affects air or water quality or ambient noise levels.*

No adverse impacts to air or water quality are anticipated. Ambient noise impacts due to construction activities will be temporary, minimal, and timed to avoid impacts to faunal resources. The installation of replacement park facilities and associated infrastructure represent a continuation of current functions and activities at the project site.

*11. Affects or is likely to suffer damage by being located in an environmentally sensitive area such as a flood plain, tsunami zone, beach erosion-prone area, geologically hazardous land, estuary, fresh water, or coastal waters.*

Environmentally sensitive areas such as flood hazard zones will not be affected as replacement park facilities and associated infrastructure will be sited to avoid such areas. The project will involve the installation of replacement park facilities that comply with current building standards and structures will be sited farther away from the shoreline.

*12. Substantially affects scenic vistas and view planes identified in county or state plans or studies.*

No view planes or scenic vistas will be obstructed or affected.

*13. Requires substantial energy consumption.*

As the proposed project represents a continuation of current park operations with no substantive change in user levels from what previously existed, any increase in energy consumption will be minor and is not expected to have adverse effects.

For the reasons noted above, the proposed improvements are not expected to have significant effects in the context of Chapter 343, HRS, and section 11-200-12, HAR

#### DISCUSSION:

Pursuant to Section 26-15, HRS, “the department of land and natural resources shall be headed by an executive board to be known as the board of land and natural resources... The board may delegate to the chairperson such duties, powers, and authority, or so much thereof, as may be lawful or proper for the performance of the functions vested in the board.”

Further, Section 171-6 identifies the powers of the Board: “Except as otherwise provided by law, the board of land and natural resources shall have the powers and functions granted to the heads, of departments and the board of land and natural resources under chapter 26. In addition to the foregoing, the board may . . . delegate to the chairperson or employees of the department of land and natural resources, subject to the Board’s control and responsibility, such powers and duties as may be lawful or proper for the performance of the functions vested in the board.”

#### REMARKS:

Delegation of Authority to Issue FONSI

The Division of State Parks requests that the Board delegate to the Chairperson authority to review EAs and to issue Findings of No Significant Impact (FONSI) for environmental assessments prepared pursuant to Chapter 343, HRS and submitted in connection with the division’s capital improvement

projects. The use of State lands is one of the triggers in Chapter 343, HRS that requires the preparation of an environmental assessment. As the 'approving agency,' the Board is responsible for environmental review and compliance, and the processing of environmental documents as required by that chapter. The process includes seeking agency and public review and comment, preparing responses to comments received and issuing, filing and maintaining records of FONSI's.

Upon publication of the Draft EA, the accepting agency (in this case, DLNR is both the approving agency and the accepting agency) sends a notice of an Anticipated Finding of No Significant Impact (AFONSI) to the Office of Environmental Quality Control (OEQC). When all comments are addressed and the EA is finalized, the accepting agency makes a determination on whether to issue a FONSI, or in the case where the proposed actions are likely to have a significant impact, require that an environmental impact statement (EIS) be prepared.

For this project, a notice of an Anticipated Finding of No Significant Impact was sent to OEQC and the draft EA was published in the April 23, 2016 issue of *The Environmental Notice*. The statutory 30-day public review and comment period ended on May 23, 2016. Comments from the Department of Health, Environmental Planning Office and an email from the National Marine Fisheries Service were received and responses sent that are included in the final EA.

The proposed improvements will involve the installation of replacement park facilities and associated infrastructure for the continuation of current functions and activities at the project site. There will be no increase in the density of the area nor will there be an increase in the number of rental units within the park than that which existed previously. Accordingly, staff is now seeking the delegation of authority from the Board to the Chairperson to review EAs and to make FONSI determinations, when appropriate. Such delegation of authority will facilitate State Parks' operations without compromising the transparency of the EA process.

RECOMMENDATION: That the Board

1. Approve the Final Environmental Assessment for the Mālaekahana State Recreation Area, Kahuku Section Park Improvements and
2. Authorize the Chairperson to issue a Finding of No Significant Impact for this project


Respectfully submitted,



---

CURT A. COTTRELL  
State Parks Administrator

APPROVED FOR SUBMITTAL:

  
\_\_\_\_\_  
SUZANNE D. CASE, Chairperson

Attachments

- A. Final Environmental Assessment for the Mālaekahana State Recreation Area,  
Kahuku Section Park Improvements

