

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
AIRPORTS
400 RODGERS BOULEVARD, SUITE 700
HONOLULU, HAWAII 96819-1880**

EDWIN H. SNIFFEN
DIRECTOR
KA LUNA HO'OKELE

Deputy Directors
Nā Hope Luna Ho'okele
DREANALEE K. KALILI
TAMMY L. LEE
CURT T. OTAGURO
ROBIN K. SHISHIDO

IN REPLY REFER TO:

AIR-PM 25.0526

July 10, 2025

DOT Land Matters
State of Hawaii
Honolulu, Hawaii

ISSUANCE OF A DIRECTLY-NEGOTIATED LAND LEASE FOR PRIVATE
FIXED-WING GENERAL AVIATION OPERATIONS
SBMA SERVICES LLC
LIHUE AIRPORT
TAX MAP KEY: (4) 3-5-001: PORTION OF 158

KAUAI

APPLICANT:

SBMA Services LLC (SBMA), whose mailing address is 5241 Arnold Avenue,
McClellan, California 95652.

LEGAL REFERENCE:

Hawaii Revised Statutes (HRS), Sections 26-19, 261-7, and 171, as amended.

LOCATION AND TAX MAP KEY:

Portion of Lihue Airport (LIH), Lihue, Island of Kauai, identified by
Tax Map Key: 4th Division, 3-5-001: portion of 158.

AREA:

Improved, Unpaved Land

Area/Space No. 004-142, containing an area of approximately 16,440 square feet, and
Area/Space No. 004-143A, containing an area of approximately 5,194 square feet, as
shown and delineated on the attached Exhibit A.

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ZONING:

State Land Use District: Urban
County of Kauai: Industrial General/Special Treatment-Public Use (IG/ST-P)

LAND TITLE STATUS:

Section 5(a) lands of the Hawaii Admission Act: Non-Ceded
DHHL 30% entitlement lands pursuant to Hawaii Admission Act YES ___ NO X

CURRENT USE STATUS:

Land presently encumbered by Governor's Executive Order No. 4614, dated October 28, 2019, setting aside 883.583 acres designated as LIH to be under the control and management of the State of Hawaii Department of Transportation (HDOT) for Airport purposes.

CHARACTER OF USE:

Development, construction, use, operation and maintenance of a general aviation hangar facility for private fixed-wing general aviation.

LEASE TERM:

30 Years.

COMMENCEMENT DATE:

Upon execution of the Lease.

ANNUAL LEASE RENTAL:

Years 1 – 5:	\$26,177.16 per annum [based on a rate of \$2.42 per square foot, per annum, for improved, unpaved land discounted to \$1.21 (50% Developmental Discount), as determined from the HDOT Schedule of Rates and Charges established by appraisal of Airport property statewide].
Years 6 – 10:	115% the annual rent for year 5 of the Lease.
Years 11 – 15:	115% the annual rent for year 10 of the Lease.

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Years 16 – 20:	Reopening at fair market rent as determined by an independent appraiser and discounted by 25% (General Aviation Discount).
Years 21 – 25:	115% the annual rent for year 20 of the Lease.
Years 26 – 30:	115% the annual rent for year 25 of the Lease.

PERFORMANCE BOND:

The sum equal to the annual rental then in effect.

MINIMUM IMPROVEMENTS REQUIREMENT:

Two million dollars (\$2,000,000.00).

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO _____
Registered business name confirmed:	YES <u>X</u>	NO _____
Good standing confirmed:	YES <u>X</u>	NO _____

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

The HDOT has determined that the environmental impacts of the proposed disposition for the subject land use is covered by the Lihue Airport Ahukini Road Realignment and General Aviation Subdivision Final Environmental Assessment (FEA), published by the Office of Environmental Quality Control (OEQC) in the April 23, 1997, issue of The Environmental Notice. Accordingly, all relevant mitigation from the FEA and best management practices will be implemented to address the minimum impacts of this action.

REMARKS:

The HDOT proposes to issue a directly-negotiated land lease to SBMA for the development, construction, use, operation and maintenance of a general aviation hangar facility for private fixed-wing general aviation operations.

The HDOT was set to auction Area/Space No. 004-142 on November 16, 2023, but the auction was cancelled as there were no qualified bidders. Area/Space No. 004-143A is a remnant parcel that is too small to be developed on its own and SBMA requested it to allow more room for its improvements. The HDOT has no objections to this request.

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RECOMMENDATION:

Based on this submittal, and testimony and facts presented, the HDOT recommends the Director of Transportation finds that approving the issuance of a directly-negotiated land lease to SBMA, 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 lease form and content.

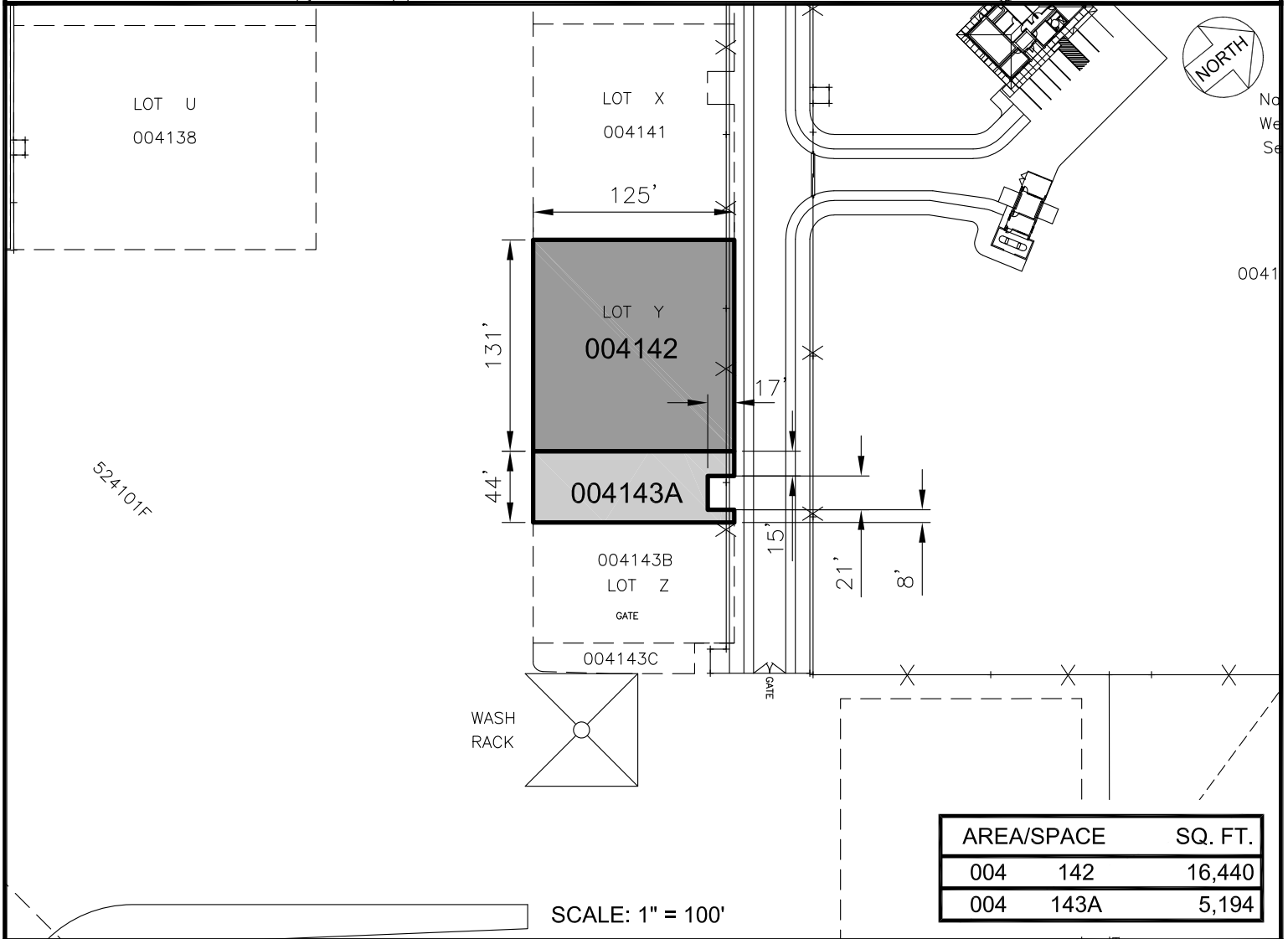
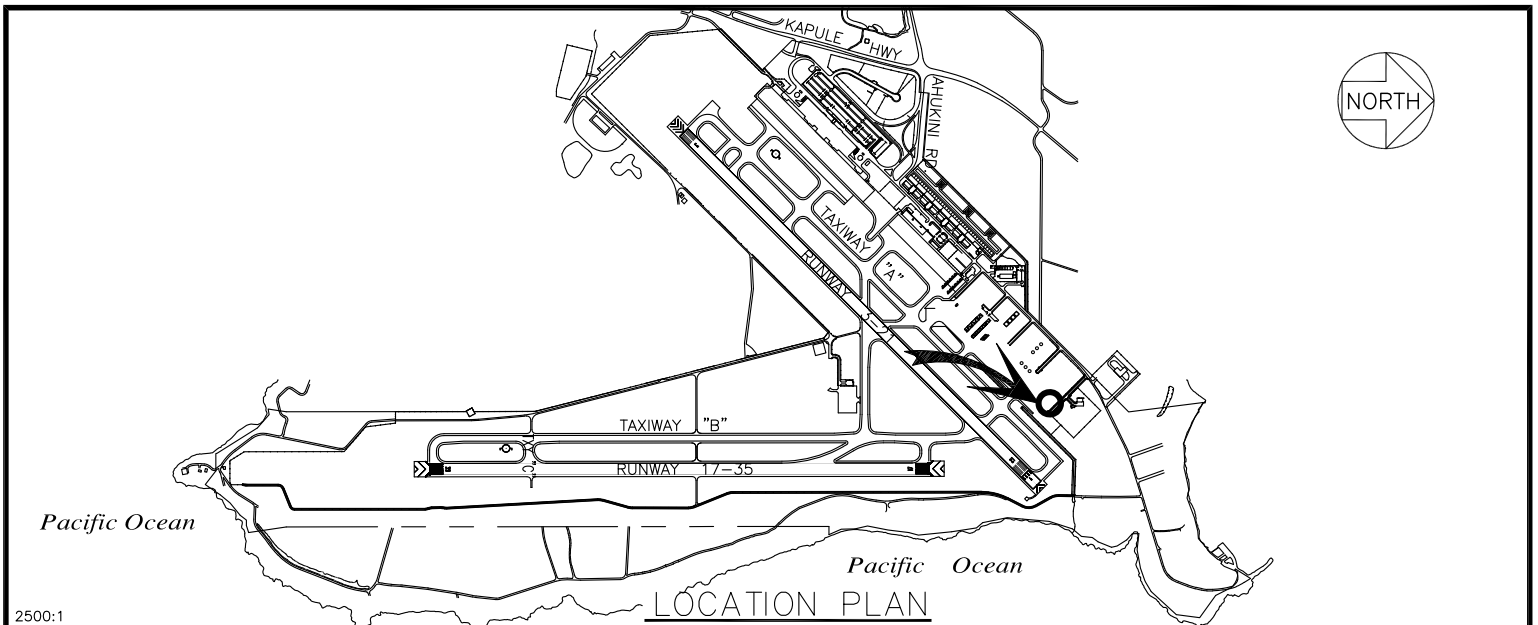
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Curt T. Otaguro', written in a cursive style.

CURT T. OTAGURO

Deputy Director of Transportation for Airports

Attachment



DATE : MAY 2025

EXHIBIT: **A**



AIRPORTS

SBMA SERVICES LLC

LOTS

004142
004143A

LIHUE AIRPORT

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