

STATE OF HAWAI'I  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
Honolulu, Hawai'i 96813

September 22, 2017

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

Land Board Members:

SUBJECT: AMEND PRIOR BOARD ACTION OF MAY 26, 2017, AGENDA ITEM J-2 FOR THE ANNUAL RENEWAL OF REVOCABLE PERMIT NO. 8, ON THE ISLAND OF HAWAI'I.

REQUEST:

The purpose of this amendment is to correct the rent for the following permit:  
Revocable Permit No. 8, to Hawai'i Petroleum

LEGAL REFERENCE:

Sections 171-55, Hawai'i Revised Statutes ("HRS"), as amended.<sup>1</sup>

LOCATION:

Keauhou Boat Harbor, Keauhou 1 and 2, North Kona, Island of Hawai'i, Hawai'i, Tax Map Key No. (3) 7-8-012:055,

Kailua-Kona Wharf, Lanihau 2, North Kona, Island of Hawai'i, Hawai'i, Tax Map Key No. (3) 7-5-006:039, and

Kawaihae Harbor North, Kawaihae 1<sup>st</sup>, South Kohala, Island of Hawai'i, Hawai'i, Tax Map Key No. (3) 6-1-003:023.

Which parcels are hereinafter referred to as the "Premises."

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<sup>1</sup> HRS 171-55 provides that, "Notwithstanding any other law to the contrary, the Board of Land and Natural Resources ("BOARD") may issue permits for the temporary occupancy of state lands or an interest therein on a month-to-month basis by direct negotiation without public auction, under condition and rent which will serve the best interests of the State, subject, however, to those restrictions as may from time to time be expressly imposed by the Board. A permit on a month-to-month basis may continue for a period not to exceed one year from the date of its issuance; provided the Board may allow the permit to continue on a month-to-month basis for additional one year periods."

ZONING:

State Land Use District: Urban  
County of Hawai'i CZO: IA-Industrial Ag, V-Resort Hotel,  
MG-General Industrial, O-Open

TRUST LAND STATUS:

Section 5(b) lands of the Hawai'i Admission Act: YES X NO \_\_  
DHHL 30% entitlement lands pursuant to the Hawai'i State Constitution: YES \_\_ NO X

CURRENT USE STATUS:

Encumbered by RP No. 8, to Hawai'i Petroleum, Inc. (Permittee) to occupy and use the Premises to dispense fuel via tank truck(s).

Set Aside Land for Public Purposes by: Governor's Executive Order No. 1094, for Kailua Wharf Site, North Kona, Hawai'i; No. 1759, for Kawaihae Harbor Project, South Kohala, Hawai'i; and, No. 2060, for Small Boat Harbor, Keahou Bay, North Kona, Hawai'i.

CHARACTER OF USE:

Occupy and use the Premises for the following specified purposes only: to dispense fuel via tank truck(s).

The Permittee may also occupy and use the Premises for any other uses permitted under applicable County zoning, subject to the prior approval of the Chairperson of the Board and the Permittee's compliance with Chapter 343, Hawai'i Revised Statutes.

COMMENCEMENT DATE:

July 1, 2017, retroactively.

MONTHLY RENTAL:

Monthly rent in the sum of \$101.40 per month or \$0.005 per gallon of fuel dispensed, whichever is greater.

DCCA VERIFICATION:

Place of business registration confirmed: YES X NO  
Registered business name confirmed: YES X NO  
Applicant in good standing confirmed: YES X NO

REMARKS:

In compiling the information for the renewal of the permits in the prior Board submittal of May 26, 2017, agenda item J-2, for the annual renewal of revocable permits, staff erroneously omitted the information regarding the monthly rental of "...or \$0.005 per gallon of fuel dispensed, whichever is greater." A copy of the Board submittal is attached as Exhibit A.

RECOMMENDATION:

That the Board of Land and Natural Resources:

1. Authorize the continuance of Revocable Permit No. 8 to Hawai'i Petroleum, Inc., on a month-to-month basis for a one-year period, from July 1, 2017 to June 30, 2018, conditional upon the Monthly Rent in the sum of \$101.40 per month or \$0.005 per gallon of fuel dispensed, whichever is greater, subject to the permittee being in full compliance with all the RP terms and conditions, including the following:
  - a. The standard terms and conditions of the most current Revocable Permit form, as may be amended from time to time; and
  - b. Review and approval by the Department of the Attorney General.
  - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



EDWARD R. UNDERWOOD, Administrator  
Division of Boating & Ocean Recreation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE, Chairperson  
Board of Land and Natural Resources

Attachment:

Exhibit A: Board submittal of May 26, 2017, agenda item J-2

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of Boating and Ocean Recreation  
Honolulu, Hawaii 96819

May 26, 2017

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

Statewide

**Continuation of 29 Revocable Permits on the Islands of Hawaii, Kauai, Lanai, Maui and Oahu; Various Locations and Tax Map Keys Statewide (see EXHIBIT A ATTACHED)**

REQUEST:

The Division of Boating and Ocean Recreation ("DOBOR") is seeking Board approval for the continuation of 29 revocable permits ("RPs") listed in Exhibit "A" from July 1, 2017 to June 30, 2018.

LEGAL REFERENCE:

Sections 171-55, Hawaii Revised Statutes, as amended.<sup>1</sup>

LOCATION:

The Revocable Permits are for various locations across the State. See attached Exhibit A.

AREA:

The 29 RPs encumber approximately 19 acres of State Lands. See attached Exhibit A.

ZONING:

The RPs are issued over lands with various types of County and SLU zoning. See attached Exhibit A.

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<sup>1</sup> HRS 171-55 provides that, "Notwithstanding any other law to the contrary, the Board of Land and Natural Resources ("BOARD") may issue permits for the temporary occupancy of state lands or an interest therein on a month-to-month basis by direct negotiation without public auction, under condition and rent which will serve the best interests of the State, subject, however, to those restrictions as may from time to time be expressly imposed by the Board. A permit on a month-to-month basis may continue for a period not to exceed one year from the date of its issuance; provided the Board may allow the permit to continue on a month-to-month basis for additional one year periods."

APPROVED BY THE BOARD OF  
LAND AND NATURAL RESOURCES  
AT ITS MEETING HELD ON

Item J-2

MAY 26 2017

**EXHIBIT A**

**TRUST LAND STATUS:**

See attached Exhibit A.

**CURRENT USE STATUS:**

Encumbered to the Division of Boating and Ocean Recreation (DOBOR).

**CHARACTER OF USE:**

See attached Exhibit A.

**COMMENCEMENT DATE:**

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

**MONTHLY RENTAL:**

See attached Exhibit A for the corresponding monthly rental rate associated with each RP. These rental rates are based on an independent appraisal completed by CBRE in October 2016.

**COLLATERAL SECURITY DEPOSIT:**

Twice the monthly rental.

**DCCA VERIFICATION:**

See attached Exhibit A.

**JUSTIFICATION FOR REVOCABLE PERMITS:**

DOBOR staff research shows that most lands encumbered by DOBOR's RPs are not legally subdivided lots. Staff is in the process of analyzing and preparing lots for long term disposition. Such dispositions may include a requirement for subdivision processing.

Staff recommends that until such time the properties are ready for long term disposition, the issuance of revocable permits is the appropriate disposition. DOBOR is not aware of (or in the process of resolving) outstanding compliance issues, or pending litigation with any of the 29 RPs.

In keeping with the DLNR's Revocable Permit Task Force's recommendation to promote the concepts of openness, fairness and competition, DOBOR has since put pertinent associated information for all its RPs online for public review. Contact information and an online application form are also available to the public.

**RECOMMENDATION:**

That the Board:

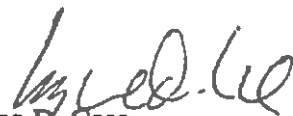
1. Approve the renewal of each RP listed in "Exhibit A" on a month-to-month basis for a one-year period, from July 1, 2017 to June 30, 2018, subject to the permittee being in full compliance with all the RP terms and conditions, subject to the following:
  - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
  - b. Review and approval by the Department of the Attorney General; and
  - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Edward R. Underwood  
Administrator

APPROVED FOR SUBMITTAL:



Suzanne D. Case  
Chairperson

Attachments: Exhibit A – Inventory Spreadsheet for 29 RPs

**DIVISION OF BOATING AND OCEAN RECREATION**

Continuation of Revocable Permits on the Islands of Oahu, Maui, Lanai, Hawaii, and Kauai

RP No.	Permittee Name	Location	TMK	Total Area Sq Ft	Zoning	SLU	Trust Land Status	Monthly Rent	Character Use	Cert. of Ins Exp. DCCA Date
1	Cates Marine Services, LLC.	Keehi	(1) 1-2-025:043	6,300	I-3	Urban	5(b)	\$2,625.00	Staging area, docking of vessel (used for transport to and from open ocean fish farm) and storage of feed in conjunction with fish farming activity located off Ewa Beach	7.17.17 Yes
2	DLNR Aquatic Resources	Honokohau	(3) 7-4-008:003 (por)	7,500	Open	Conservation, Urban	5(b), HHLT	\$0.00	Temp. office trailers, parking, perimeter security fence	N/A
3	Dolphin Excursions Hawaii, Inc.	Waianae	(1) 8-5-002:051	6,655	P-2	Urban	5(b)	\$846.67	Sale of ice, sundry items, non-alcoholic beverages, food, incidental marine related items, and cold storage	2.28.18 Yes
4	Dolphin Excursions Hawaii, Inc.	Waianae	(1) 8-5-002:044 (por)	39,640	P-2	Urban	undetermined, 5(b)	\$3,933.33	Operate a trailer boat storage yard	2.28.18 Yes
5	GKM, Inc.	Honokohau	(3) 7-4-008:003 (por)	392,040	Open	Urban	HHLT, 5(b)	\$7,311.45	Operation of a boat/trailer storage facility and employee parking	11.15.17 Yes
6	Hawaii Big Game Fishing Club, Inc.	Honokohau	(3) 7-4-008:003 (por)	9,975	Open	Urban	HHLT, 5(b)	\$1,080.00	Occupy and use a portion of open unpaved alnd in support of fishing and boating activities, public meetings, tournaments, harbor meetings and continued support of youth groups	1.9.18 Yes
7	Hawaii Island Paddle Sports Association	Honokohau	(3) 7-4-008:003 (por)	6,000	Open	Urban	HHLT, 5(b)	\$673.33	Operate and maintain a Hawaiian Style Halau for Permittee's meetings, storage of solo or duo canoes, kayaks, general equipment and staging area for race events	1.2.18 Yes
8	Hawaii Petroleum, Inc.	Keauhou, Kailua-Kona, and Kawaihae	(3) 6-1-003:023, 7-5-006:039, 7-8-012:055	-	MG-1a, V-.75, open	Urban	HHLT, 5(b)	\$101.40	Dispense fuel via tank truck(s).	3.1.18 Yes
10	Hawaiian Parasail, Inc.	Ala Wai	(1) 2-3-037:012 (por)	36	P-2	Urban	5(a), 5(b)	\$264.26	Construct a thirty-six (36) sq ft patio to support the Permittee's commercial parasail operations	12.29.17 Yes
11	Honolulu Transpac, Ltd.	Ala Wai	(1) 2-3-037:012 (por)	699	P-2	Urban	5(a), 5(b)	\$775.00	Maintain a headquarter to coordinate the biennial Transpacific Yacht race and Royal Hawaiian Ocean Racing Series which occur in alternate years	3.12.18 Yes
12	Island Ice Company L.L.C.	Kahului Ramp	(2) 3-7-001:023 (por)	200	Not Zoned, R-2	Conservation, Urban	5(b)	\$251.81	Retail operation and an automated ice machine	7.21.17 Yes
29	The Island of Hawaii YMCA	Kawaihae	(3) 6-1-003:022 (por)	6,098	MG-1A, open	Urban	N/A	\$393.33	Sailing programs, storage purposes, marine education and youth programs	11.16.17 Yes
13	Kaneohe Cultural Foundation	Heeia	(1) 4-6-006:069	2,600	P-2	Urban	5(b)	\$0.00	Use of the existing structures/improvements, which include two structures for canoe storage and equipment storage purposes comprising approx. 2,600 sq ft, more or less	12.1.17 Yes
14	Keahole Point Fish, LLC	Honokohau	(3) 7-4-008:003 (por)	20,000	Open	Urban	HHLT, 5(b)	\$2,046.67	Provide an area for land-based operations in support of an ocean-based aquaculture project.	2.10.18 Yes
15	Kona Sailing Club	Honokohau	(3) 7-4-008:003 (por)	14,196	Open	Urban	HHLT, 5(b)	\$1,493.33	Trailer boat storage, sailing related equipment, storage, and boating and ocean safety education/training	3.2.18 Yes
16	Lahaina Yacht Club	Lahaina	(2) 4-5-005:003 (por)	785	R-2/M-1*	Urban	5(b)	\$153.33	Sailing program storage	3.1.18 Yes
17	Maalaea Boat & Fishing Club	Maalaea	(2) 3-6-001:034 (por)	4,981	BR, M-1, OZ/B-1*	Urban	5(b)	\$866.67	Operation of a boat and fishing club and management of boat haul-out for self repair dry dock services for the Permittee and public	11.17.17 Yes

**DIVISION OF BOATING AND OCEAN RECREATION**

Continuation of Revocable Permits on the Islands of Oahu, Maui, Lanai, Hawaii, and Kauai

RP No.	Permittee Name	Location	TMK	Total Area Sq Ft	Zoning	SLU	Trust Land Status	Monthly Rent	Character Use	Cert. of Ins Exp. Date	DCCA
18	Maalaea Charters, Inc.	Maalaea	(2) 3-6-001:002 (por)	144	B-2, BR, M-1, OZ, P, P-1, PK, R-2	Conservation, Urban	5(b)	\$264.26	Occupy and use space for operation of a commercial charter vessel office for vessel activity sales, and the sales of various outdoor activities	7.29.17	Yes
19	Maui Oil Company, Inc.	Maalaea	(2) 3-6-001:002 (por)	-	B-2, BR, M-1, OZ, P, P-1, PK, R-2	Conservation, Urban	5(b)	\$105.70	Dispense fuel via tank truck	6.1.17	Yes
20	Maui Petroleum, Inc.	Maalaea	(2) 3-6-001:002 (por)	-	B-2, BR, M-1, OZ, P, P-1, PK, R-2	Conservation, Urban	5(b)	\$101.40	Dispense fuel via tank truck	3.1.18	Yes
22	Na Kalai Wa'a	Kawaihae	(3) 6-1-003:022 (por)	22,216	MG-1a/open	Urban	N/A	\$1,373.33	Vessel storage, general storage, maintenance of improvements, youth/educational programs, and affiliated community	8.12.17	Yes
24	Ocean Wings Hawaii, Inc.	Honokohau	(3) 7-4-008:003 (por)	300	Open	Urban	HHLT, 5(b)	\$516.13	Site for the sale of ocean activity photographs and videos from a parked vehicle to be removed from the harbor each evening at a time approved by DOBOR	1.7.18	Yes
25	Outfitters Kauai, Ltd.	Nawiliwili	(4) 3-2-003:007 (por)	3,171	I-G	Urban	5(b)	\$931.72	Portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River	8.3.17	Yes
26	Pacific Biodiesel Logistics, LLC	Maalaea	(2) 3-6-001:002 (por)	-	B-2, BR, M-1, OZ, P, P-1, PK, R-2	Conservation, Urban	5(b)	\$101.40	Deliver and dispense fuel via tank truck	4.1.18	Yes
28	Surf N' Sea, Inc.	Haleiwa	(1) 6-2-003:039 (por)	5,227	R-5	Urban	post.1959	\$14,200.00	Hardware and sporting goods store	6.30.17	Yes
30	Trilogy Corporation	Manele	(2) 4-9-017:006 (por)	6,100	PD	Conservation, Urban	multiple, 5(b)	\$330.87	Landscaping and open public space for pavillion	4.1.18	Yes
31	True Blue, Inc.	Nawiliwili	(4) 3-2-003:007 (por)	1,742	I-G	Urban	5(b)	\$554.64	Portable storage/office structure, parking, staging of kayaks and approved vessels, and access to Huleia River	5.1.17	Yes
32	US Dept. of Interior	Honokohau	(3) 7-4-008:003 (por)	273,992	Open	Urban	HHLT, 5(b)	\$0.00	Management of the existing archaeological features and anchialine ponds	N/A	
35	Horizons Pacific, Inc.	Kailua Kona Pier	(3) 7-5-006:039 (por)	63	Open	Urban	5(b)	\$3,000.00	Maritime related activities, including concierge service, providing general island information, maps, restaurant guides, charter and tour info, cruise ship itineraries, trolley/bus sched, affordable beach rental	11.7.17	Yes
				TOTAL AREA SQ.FT:	830,660						