

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

July 27, 2018

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

Land Board Members:

SUBJECT: REQUEST APPROVAL TO EXTEND THE TERM OF LEASE NO. H-89-13, PACIFIC WEST FUELS INC., FOR AN ADDITIONAL FIFTEEN YEARS TO AMORTIZE THE COST OF SUBSTANTIAL IMPROVEMENTS SITUATED AT LAHAINA SMALL BOAT HARBOR, ISLAND OF MAUI, HAWAII, TAX MAP KEY (2) 4-6-001: 014, 017 (POR.).

REQUEST:

The Division of Boating and Ocean Recreation (“DOBOR”) is seeking approval from the Board of Land and Natural Resources (“Board”) to authorize a Fifteen (15) year lease extension to amortize the cost of completed improvements to the demised premises in the total amount of \$219,734.79 (\$147,372.67 of cost incurred in the past two years & \$72,362.12 spent in 2014-2015). DOBOR is also seeking Board approval to negotiate capital improvements to the Lahaina Small Boat Harbor. Pacific West Fuels, Inc. stated “they are concerned about the state of disrepair of the wharf railings, steps, and marlin hoist and would be willing to cover the costs of making repairs up to \$150,000 as part of the lease extension.”

LEGAL REFERENCE:

Sections 171-36 (b) (3), Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Lahaina Small Boat Harbor, Lahaina, Island of Maui, identified by Tax Map Key: (2) 4-6-001:014 and 017 (por.).

AREA:

The lease area contains approximately 1282 sq. ft. of fast land, consisting of approximately 146.5 sq. ft. for fuel dispensers and a non-exclusive easement of approximately 1,188 sq. ft. for subsurface fuel storage tanks and related equipment, see attached EXHIBIT A.

ZONING:

State Land Use District: Urban, County of Maui
CZO: HD-1 Historic District

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act. YES

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

CURRENT USE STATUS:

Marine Fueling Facility open 24 hours per day, seven days per week, 365 days per year.

CHARACTER OF USE:

Marine Fueling Facility

ANNUAL RENTAL:

\$1770 per annum plus 5.25% of the annual gross receipts in excess of the minimum annual rent.

TERM OF LEASE:

30 years, commencing November 21, 1989 and expiring November 20, 2019. Lease extension if approved Nov 20, 2019 to Nov 19, 2034.

REMARKS:

Pacific West Fuels, Inc. (PWF) is presently occupying the Premises under the terms and conditions of Lease No. H-89-13 (the "Lease") which originated on November 21, 1989 and expires on November 20, 2019. The last rental reopening occurred on November 20, 2004 in which the annual base rent increased by thirty percent. There is no future rental reopening.

The applicant desires to continue to use the Premises per the "Lease Character of Use" as a marine fueling facility. According to Pacific West Fuels, Inc.'s lease, they will have to remove their equipment including fuel tanks prior to the end of lease and this would cause a major interruption in the Lahaina Small Boat Harbor.

PWF is requesting a 15-year lease extension to amortize the cost of already completed improvements to the demised premises in the amount of \$219,734 (see EXHIBIT B). This lease extension would enable PWF to recover the \$219,734 of capital improvement cost they incurred doing the following: (1) repaired the fuel equipment and related leasehold improvements that support it; (2) installed stainless steel ratcheting hose reels and extended reach hoses; and (3) upgraded all their electronic control equipment and software. PWF provided itemize invoices to DOBOR depicting most of the capital improvement cost (see EXHIBIT B).

If the Board grants PWF a fifteen-year extension, PWF would like to work with the State of Hawaii to make the necessary safety repairs at Lahaina Small Boat Harbor up to \$150,000. These safety repairs are the responsibility of the State of Hawaii, but PWF is willing to repair and fund the repair of the following: replace all existing railings, mounting brackets, gates with similar design; remove and replace all concrete stairs that are crumbling; resetting the marlin hoist into reinforced concrete using corrosion resistant rebar. PWF is willing to manage the project, and or only fund the repairs. PWF's only stipulation is that the State of Hawaii would provide the plans and specification for the desired repairs and assume the cost for any permits required.

PWF also provided a video which reveals the needed repairs at the Lahaina Small Boat Harbor, which can be viewed online: <https://vimeo.com/249762621>

DOBOR supports the continued use of the premises for the stated purpose since any disruption would cause a major interruption in the Lahaina Small Boat Harbor. Also, PWF has successfully and safely operated this fueling facility since 1990 with minimal interruptions in service except for maintenance repairs.

After consulting with DOBOR Engineering, DOBOR also recommends that the State provide PWF with the plans and specifications along with the right-of-entry permits required to complete the safety repairs detailed above.

RECOMMENDATION:

That the Board of Land and Natural Resources:

Authorize the issuance of a 15-year lease extension with rental reopening's every five years, covering the subject area for the purpose of Marine Fueling Facility, Lahaina, Island of Maui, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

1. The standard terms and conditions of the most current lease form, as may be amended from time to time;
2. 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:

- A. Aerial Map depicting Lahaina Marine Fueling Facility
- B. PWF Letter / Invoices

Lahaina Small Boat Harbor

Pacific-West Fuels, Inc.



EXHIBIT A

Google Earth

200 ft



June 29, 2018

Mr. Kenyatta Russell, Property Manager
Hawaii Department of Land and Natural Resources,
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, HI 96819

Aloha Mr. Russell:

I am writing to request a negotiated extension, of not less than ten years, of Pacific West Fuels, Inc.'s (PWF) lease with the State of Hawaii, Harbor Lease No. H-89-13 to enable PWF to recover the \$147,372.67 of costs it has incurred to do the following: (a) repair our fuel equipment and the related leasehold improvements that support it; and (b) improve operational efficiency by installing stainless steel ratcheting hose reels and extended reach hoses. In 2014 and 2015 PWF also spent \$72,362.12 replacing all its electronic control equipment and software. The accompanying schedule lists the safety and efficiency improvements made voluntarily by PWF during the two previous years to enable PWF to fulfill its obligations under this lease, which expires November 21, 2019.

PWF built and has now successfully and safely operated this fueling facility since 1990 with minimal interruptions in service on those few days when repairs were being done. Although the lease only requires PWF to dispense fuel 12 hours per day, for the convenience of our customers and the public, PWF makes fuel available 24 hours per day, seven days per week and 365 days per year.

PWF is concerned about the state of disrepair of the wharf railings, steps and marlin hoist and would be willing to contribute \$150,000 towards the estimated costs of making such repairs, so that the wharf can be made safe for our customers and the general public. We'd need at least a 15-year extension of the lease to recover both our \$219,734.79 of costs already incurred since 2014 (\$147,372.67 in the past two years) and PWF's proposed contribution to Hawaii of \$150,000 towards the costs to be incurred for the safety repairs we've documented in a video sent to you recently. Attached is a rough estimate from a reputable Maui contractor, of such costs under two alternatives, to replace what exists with similar materials, and using superior materials that should require much less maintenance and last for many years.

If PWF were to make the repairs, we'd request that the State provide the plans and specifications for the desired repairs and any permits required for us to contract the work or preferably a right of entry permit. Alternatively, if the State was to do the repairs we'd reimburse the actual costs of such repairs against invoices up to a maximum of \$150,000.

I've also attached some information about our Company and the reasons I think it is in Hawaii's and our customers and the boating public's best interest to extend our lease. Thank you in advance for consideration of our request.

Gary Strutz, President, Pacific West Fuels, Inc.

Why we Believe it is in Hawaii's, our Customers and the Boating Public's Interest

For the State of Hawaii to Negotiate an Extension of Lease Number H-89-13

1. Pacific West Fuels, Inc. (PWF) not only built the existing facility to be the safest fuel dock of its kind back in 1989 in partnership with the State of Hawaii but has also operated the site safely and efficiently for 28 years. Fuel has been made available to the boating public continuously for over 28 years on a 24 hour a day, seven days per week and 365 days per year basis. During the few brief interruptions of operation necessitated by safety repairs, diesel fuel was made available to our customers in cooperation with Hawaiian Petroleum.
2. Although the site was intended to be operated continuously on an unattended basis, PWF has a local employee to provide assistance to boaters when required.
3. Approximately 80% of every dollar PWF receives for fuel and service is spent in Hawaii, most in Maui.
4. PWF is committed to responsible operation as evidenced by its voluntary expenditure of approximately \$220,000 between 2014 and today (\$147,372.67 in the past two years) to renew and replace equipment it deemed to be a safety risk (despite passing local inspection). We made these investments to protect the public and to ensure continuous operation through the remaining two years of our existing lease, knowing that our subsequent request for lease extension to enable the Company to recover these costs might be denied.
5. PWF is willing to go beyond its requirements to keep its equipment in operating order, to include paying for a large portion of the maintenance deferred for two decades by Hawaii that we believe has now created safety hazards on the Lahaina Boat Harbor wharf. As stated in our cover letter, PWF is willing to fund up to \$150,000 of the estimated \$225,000 of costs to replace 200 lineal feet of badly deteriorated railings; replace and properly build new steps leading from the upper to lower landings; and to reseal the marlin hoist which presently is affixed to broken concrete and creates what we believe to be a life-threatening hazard.
6. PWF has many hundreds of thousands of dollars invested in its equipment. The existing lease requires PWF to remove all the equipment it installed by the end of the lease. Doing so would severely disrupt wharf operations for not less than six months and possibly a year or longer. And all the equipment would need to be replaced at great cost to a new lessee, who would likely then need to pass such additional costs on to the boaters in the form of higher fuel prices. By extending the lease Hawaii would avoid any disruption in operations.
7. Hawaii has vetted PWF for 28 years and PWF has proven to be reliable and responsible. New operators might not be as capable and dependable.
8. PWF has timely paid the State of Hawaii over \$100,000 per year in rent for each of the last ten years is confident future annual rents paid to the State would exceed \$100,000 annually.

PACIFIC WEST FUELS, INC.
VOLUNTARY CAPITAL IMPROVEMENTS 2016 - 2018
To Ensure Safe and Continuous Operations Despite Lease Scheduled to End 11-21-19

When Gary Strutz became President of PWF in late 2015, he obtained an A/B UST Operator's license from Hawaii and then did a thorough inspection of PWF's operating equipment for safe, continuous and efficient operations. His inspection raised his concern about the north side dispenser's ability to continue operating safely through the end of the lease despite being passed by independent inspectors. He then got his shareholders to approve making the following expenditures to ensure safe and continuous operations despite lease expiring 11-21-19. There wasn't time to request a lease extension prior to commencement, due to narrow window between cruise ship moorings which was a condition imposed by the Hawaii Dept. of Land and Natural Resources.

Vendor/Description	Date	Cost
Valley Oil Co./Stainless ratcheting reels & extra long hoses	4/6/2016	\$ 5,886.24
M. Nakai Repairs Services/Install reels and hoses	5/25/2016	2,463.42
Valley Oil Co./Stainless ratcheting reels & extra long hoses	8/8/2016	5,940.04
Valley Oil Co./Stainless ratcheting reels & extra long hoses	11/1/2016	2,313.85
M. Nakai/Major Repair Project	6/25/2017	1,350.00
M. Nakai/Major Repair Project	9/25/2017	82,913.52
M. Nakai/Major Repair Project	10/9/2017	1,256.13
M. Nakai/Major Repair Project	10/9/2017	3,652.49
M. Nakai/Major Repair Project	10/5/2017	10,843.46
Various Vendors/Miscellaneous Project Expenses (see below *)	Aug-Sep 2017	30,753.52
		<u>\$ 147,372.67</u>

*Miscellaneous project expenses include: Meals for onsite workers; cable ramps to protect pedestrians; completion bonus to John Pender for Project supervision; bonuses paid to M. Nakai and Hawaii Petroleum employees for overtime; flat bed truck rental and forklift to move large concrete planters to temporary location and then to return to wharf when project completed; trash hauling and dump fees, etc.

Note that PWF also spent \$72,362.12 from 10/27/14 - 9/1/2015 for new electronic control equipment. Not listed above as outside of two years.

VALLEY OIL COMPANY
785 YUBA DRIVE
MOUNTAIN VIEW, CA 94041
650-967-2253

REMIT PAYMENTS TO:
VALLEY OIL COMPANY
DEPT #35101
PO BOX 39000
SAN FRANCISCO, CA 94139

*** I N V O I C E ***

CUSTOMER : 02999
GARY STRUTZ
STOREK CARLSON STRUTZ LLP
900 E. HAMILTON AVE, STE 450
CAMPBELL, CA 95008

SHIP TO :
PACIFIC WEST FUELS

P.O. :

TERMS: NET DUE 10 DAYS

INVOICE : 33545

DATE : 04/06/16

PART	DIVISION 01 / WAREHOUSE 01 DESCRIPTION	UNITS	PRICE	EXTENDED
998002	LABOR	1.00	1643.50	1,643.50
998002	LABOR	1.00	1643.50	1,643.50
998002	LABOR	1.00	493.40	493.40
998002	LABOR	1.00	414.30	414.30
998002	LABOR	1.00	1007.60	1,007.60
998002	LABOR	1.00	683.94	683.94
TOTAL				5,886.24

GARY 650-961-5520 --- HANNARY REEL \$1643.50, HANNARY REEL \$1643.50;
.75"X100' MARINE HOSE 493.40; 1"X75' MARINE HOSE 414.30; FREIGHT TO
SAC 1007.60; FREIGHT TO HAWAII 683.94

*** RETAIN THIS INVOICE FOR YOUR RECORDS ***

*** A SERVICE CHARGE OF 1-1/2% PER MONTH (ANNUAL RATE of 18%) ***
*** WILL BE CHARGED ON OVERDUE ACCOUNTS ***

TERMS: NET DUE 10 DAYS

INVOICE

M. NAKAI REPAIR SERVICE, LTD.

288 MOKAUEA STREET
HONOLULU, HI 96819
PHONE: (808)841-7581
FAX: (808)842-7012

Invoice No.: 107887
Date: 5/25/2016
Work Order: 25819
PO Number:
Service Date: 3/31/2016

Bill To: PACIFIC WEST FUELS, INC.
900 E HAMILTON AVE # 450
CAMPBELL, CA 95008

Service At: LAHAINA BOAT HARBOR
100 VIEW ST., SUITE 208
MOUNTAIN VIEW, CA 94041

Customer ID: PACWES

Description	Quantity	Unit Price	Amount
-------------	----------	------------	--------

PROJECT: LAHAINA BOAT HARBOR
SERVICE DATE: MARCH 31, 2016

FURNISHED ALL NECESSARY LABOR AND MATERIALS TO REMOVE AND REPLACE FUEL HOSE AND HOSE REELS FOR DISPENSER #1 UNLEADED AND #2 DIESEL. INSTALLED NEW HOSE AND REELS AND PURGED. TESTED AND ALL FUNCTIONS ARE NORMAL.

Miscellaneous

4 MEN @ 6 HOURS EACH

24.00 98.00 2,352.00

Miscellaneous Subtotal 2,352.00

Parts

000.000 MISC. PARTS/SUPPLIES

1.00 12.90 12.90

Parts Subtotal 12.90

POSTED

Subtotal:	2,364.90
Sales Tax:	98.52
Total Due:	2,463.42

Terms: Net 30 Days. Interest at 1% per month will be charged on all overdue amounts.

VALLEY OIL COMPANY
785 YUBA DRIVE
MOUNTAIN VIEW, CA 94041
650-967-2253

REMIT PAYMENTS TO:
VALLEY OIL COMPANY
DEPT #35101
PO BOX 39000
SANFRANCISCO, CA 94139

*** I N V O I C E ***

CUSTOMER : 03154
PACIFIC WEST FUELS
900 E HAMILTON AVE
SUITE 450
CAMPBELL, CA 95008

SHIP TO :

934 KUIA LUA PLACE
LAHIANNA, HI 96761

P.O. :

TERMS: NET DUE 10 DAYS

INVOICE : 843177

DATE : 08/08/16

PART	DIVISION 01 / WAREHOUSE 01 DESCRIPTION	UNITS	PRICE	EXTENDED
009999	HANNA REELS	3.00	1643.50	4,930.50
009999	FREIGHT	1.00	1009.54	1,009.54
TOTAL				5,940.04

PAID

3 HANNA REELS

*** RETAIN THIS INVOICE FOR YOUR RECORDS ***

*** A SERVICE CHARGE OF 1-1/2% PER MONTH (ANNUAL RATE of 18%) ***
*** WILL BE CHARGED ON OVERDUE ACCOUNTS ***

TERMS: NET DUE 10 DAYS

VALLEY OIL COMPANY
785 YUBA DRIVE
MOUNTAIN VIEW, CA 94041
650-967-2253

REMIT PAYMENTS TO:
VALLEY OIL COMPANY
DEPT #35101
PO BOX 39000
SAN FRANCISCO, CA 94139

*** I N V O I C E ***

CUSTOMER : 03154
PACIFIC WEST FUELS
900 E HAMILTON AVE
SUITE 450
CAMPBELL, CA 95008

SHIP TO :
PACIFIC WEST FUELS
900 E HAMILTON AVE
SUITE 450
CAMPBELL, CA 95008

P.O. :

TERMS: NET DUE 10 DAYS

INVOICE : 852770

DATE : 11/01/16

PART	DIVISION 01 / WAREHOUSE 01 DESCRIPTION	UNITS	PRICE	EXTENDED
009999	REEL	1.00	1643.50	1,643.50
46	FREIGHT CHARGE	1.00	670.35	670.35
TOTAL				2,313.85

POSTED

GARY STRUTZ 650-961-5520

*** RETAIN THIS INVOICE FOR YOUR RECORDS ***

*** A SERVICE CHARGE OF 1-1/2% PER MONTH (ANNUAL RATE of 18%) ***
*** WILL BE CHARGED ON OVERDUE ACCOUNTS ***

TERMS: NET DUE 10 DAYS

M. NAKAI REPAIR SERVICE, LTD.

288 MOKAUEA STREET
HONOLULU, HI 96819
PHONE: (808)841-7581
FAX: (808)842-7012

INVOICE

Invoice No.: 110710
Date: 9/25/2017
Work Order: 29819
PO Number:
Service Date: 9/25/2017

Bill To: PACIFIC WEST FUELS, INC.
900 E HAMILTON AVE # 450
CAMPBELL, CA 95008

Service At: LAHAINA BOAT HARBOR

Customer ID: PACWES

Description	Quantity	Unit Price	Amount
-------------	----------	------------	--------

PROJECT: LAHAINA BOAT HARBOR
APPROVED BY: GARY STRUTZ

THIS INVOICE IS FOR SPECIAL AIR FREIGHT HANDLING CHARGES FROM GREENSBORO, NORTH CAROLINA TO LAHAINA, MAUI, HAWAII.

Miscellaneous

AIR FREIGHT

1.00 1,296.01 1,296.01

Miscellaneous Subtotal 1,296.01

POSTED

Subtotal:	1,296.01
Sales Tax:	53.99
Total Due:	1,350.00

Terms: Net 30 Days. Interest at 1% per month will be charged on all overdue amounts.

INVOICE

M. NAKAI REPAIR SERVICE, LTD.

288 MOKAUEA STREET
HONOLULU, HI 96819
PHONE: (808)841-7581
FAX: (808)842-7012

Invoice No.: 110709
Date: 9/25/2017
Work Order: 29819
PO Number:
Service Date: 9/25/2017

Bill To: PACIFIC WEST FUELS, INC.
900 E HAMILTON AVE # 450
CAMPBELL, CA 95008

Service At: LAHAINA BOAT HARBOR

Customer ID: PACWES

Description	Quantity	Unit Price	Amount
-------------	----------	------------	--------

PROJECT: LAHAINA BOAT HARBOR
QUOTE NO.: 85858.47218
AMOUNT: \$82,913.52

FURNISHED ALL NECESSARY LABOR, MATERIALS AND EQUIPMENT TO SAWCUT, EXCAVATE TO REMOVE AND REPLACE NEW DISPENSER, MANHOLE COVERS AND TURBINE ASSEMBLY. ALL WORK COMPLETED AS PER OUR QUOTATION NO. 85858.47218.

NOTE: ADDITIONAL INVOICE TO FOLLOW FOR ELECTRICAL WORK AND EXCAVATION FOR ELECTRICAL WIRINGS

Miscellaneous

AS PER QUOTE:

1.00	79,597.49	79,597.49
Miscellaneous Subtotal		79,597.49

Subtotal:	79,597.49
Sales Tax:	3,316.03
Total Due:	82,913.52

Terms: Net 30 Days. Interest at 1% per month will be charged on all overdue amounts.

INVOICE

M. NAKAI REPAIR SERVICE, LTD.

288 MOKAUEA STREET
HONOLULU, HI 96819
PHONE: (808)841-7581
FAX: (808)842-7012

Invoice No.: 110828
Date: 10/9/2017
Work Order: 29937
PO Number: W.O# 40793
Service Date: 8/31/2017

Bill To: PACIFIC WEST FUELS, INC.
900 E HAMILTON AVE # 450
CAMPBELL, CA 95008

Service At: LAHAINA BOAT HARBOR
100 VIEW ST., SUITE 208
MOUNTAIN VIEW, CA 94041

Customer ID: PACWES

Description	Quantity	Unit Price	Amount
SERVICE DATE: 8/31/17 FURNISHED LABOR, MATERIALS AND EQUIPMENT TO PERFORM ANNUAL CERTIFICATION FOR VEEDER ROOT TANK MONITORING SYSTEM. FOUND AND REPLACED FAULTY LEAK DETECTOR FOR 6 K DIESEL.			
Labor			
Labor	6.50	103.00	669.50
		Labor Subtotal	669.50
Miscellaneous			
FTA TESTER	1.00	75.00	75.00
FREIGHT	1.00	35.00	35.00
		Miscellaneous Subtotal	110.00
Parts			
.RJP1160585 FXIDV DIESEL LEAK DETECTOR	1.00	420.90	420.90
PET PETROLEUM ABSORBENT PADS	3.00	0.50	1.50
TC TERRY CLOTHS	2.00	2.00	4.00
		Parts Subtotal	426.40

POSTED

Subtotal:	1,205.90
Sales Tax:	50.23
Total Due:	1,256.13

Terms: Net 30 Days. Interest at 1% per month will be charged on all overdue amounts.

INVOICE

M. NAKAI REPAIR SERVICE, LTD.

288 MOKAUEA STREET
HONOLULU, HI 96819
PHONE: (808)841-7581
FAX: (808)842-7012

Invoice No.: 110827
Date: 10/9/2017
Work Order: 30187
PO Number: W.O# 40794
Service Date: 8/31/2017

Bill To: PACIFIC WEST FUELS, INC.
900 E HAMILTON AVE # 450
CAMPBELL, CA 95008

Service At: LAHAINA BOAT HARBOR
100 VIEW ST., SUITE 208
MOUNTAIN VIEW, CA 94041

Customer ID: PACWES

Description	Quantity	Unit Price	Amount
SERVICE DATES: 8/30/17 - 8/31/17 FURNISHED LABOR AND MATERIALS TO REMOVE AND REPLACE FAULTY INVENTORY PROBE AND FLOAT KIT FOR E-FREE UST. LABOR/TRAVEL 2.50 HOURS .50 HOUR OVERTIME			
Labor			
Labor	2.50	103.00	257.50
Labor	0.50	154.50	77.25
		Labor Subtotal	334.75
Miscellaneous			
FREIGHT/HANDLING	1.00	48.80	48.80
		Miscellaneous Subtotal	48.80
Parts			
846390-107 VEEDER ROOT PROBE	1.00	2,368.73	2,368.73
330020-720 MAG PLUS GAS FLOATS	1.00	754.13	754.13
		Parts Subtotal	3,122.86

POSTED

Subtotal:	3,506.41
Sales Tax:	146.08
Total Due:	3,652.49

Terms: Net 30 Days. Interest at 1% per month will be charged on all overdue amounts.

M. NAKAI REPAIR SERVICE, LTD.

288 MOKAUEA STREET
HONOLULU, HI 96819
PHONE: (808)841-7581
FAX: (808)842-7012

INVOICE

Invoice No.: 110816
Date: 10/5/2017
Work Order: 29819
PO Number:
Service Date: 9/28/2017

Bill To: PACIFIC WEST FUELS, INC.
900 E HAMILTON AVE #450
CAMPBELL, CA 95008

Service At: LAHAINA BOAT HARBOR

Customer ID: PACWES

Description	Quantity	Unit Price	Amount
-------------	----------	------------	--------

PROJECT: LAHAINA BOAT HARBOR
QUOTE NO. 88028.42412
AMOUNT: \$10843.46

FURNISHED ALL NECESSARY LABOR, MATERIALS AND EQUIPMENT TO DISCONNECT RUSTED CONDUITS, J -BOXES AND WIRINGS IN UNLEADED SUMP AS NEEDED TO MAKE ROOM FOR WORK ON MANWAY AND PUMP RISER . HOOKED-UP CONDUIT, J-BOXES AND WIRINGS WITH NEW UNLEADED PUMP. CUT BACK DISPENSER RIGID CONDUITS TO MAKE ROOM TO REPLACE DISPENSER 1 AND 2 DISPENSER PAN. CUT BACK CONDUIT 12 FEET MORE DUE TO CHICO LEAKING INTO CONDUIT AND DAMAGING WIRES. PULLED OUT WIRES AND REPLACED BAD CONDUIT, AND REPULLED NEW WIRES TO DISPENSER. TRACED WIRES FOR CARD READER AND HOOKED-UP WIRING TO DISPENSER AND CARD READER. TESTED FOR PROPER OPERATION.

Miscellaneous

AS PER QUOTE:

1.00	10,409.79	10,409.79
Miscellaneous Subtotal		10,409.79

POSTED

Subtotal:	10,409.79
Sales Tax:	433.67
Total Due:	10,843.46

Terms: Net 30 Days. Interest at 1% per month will be charged on all overdue amounts.

Gary Strutz

From: Gary Strutz
Sent: Thursday, June 28, 2018 4:24 PM
To: 'William Basey'
Cc: 'johnny.pender@gmail.com'
Subject: RE: Lahaina Boat Harbor proposed safety repair cost estimate

William,

Thank you for your timely delivery of a preliminary estimate. This should serve our purposes for purposes of beginning our negotiations with Hawaii for a lease extension.

A more detailed estimate next week for both alternatives would be appreciated.

Gary Strutz

From: William Basey <wbasey@castawayhawaii.com>
Sent: Thursday, June 28, 2018 4:20 PM
To: Gary Strutz <gstrutzcpa@scscpas.com>
Cc: 'johnny.pender@gmail.com' <johnny.pender@gmail.com>
Subject: Re: Lahaina Boat Harbor proposed safety repair cost estimate

Currently, my estimator is buried, so this is very generic until sometime next week. This is a guestimate and we will get into further detail to supply a better cost estimate at a later date.

Scope of work

Remove, sandblast, powder coat and reset hoist into new concrete footing

Remove and replace all stairways, 5 in total

Remove and replace all existing wood railings at approximately 222 LF.

We can do this in cedar or lpe lumber. The pine has a life expectancy of about 12 years. If we use cedar you'll get about 20 years. But with pine and cedar, it will rot and be eaten by local insects(termites, carpenter bees, etc.). We recommend lpe.

Cedar and Redwood are the regular materials used for decking, but they will only last **about 25 years** with good maintenance. We offer a material that can last over **75 years**, is termite and mold resistant, low maintenance, and 100% natural (free of chemicals). There is nothing better than Ipe. <http://www.wood-database.com/ipe/>

Costs, cedar with all other scopes 245K (25-year life)

IPE, 300K (75-year life)

William Basey

Senior Superintendent

Castaway Construction & Restoration, LLC

Office: (808) 419-6650 Fax: (808) 419-6649

Mobile: (808) 250-9763

wbasey@castawayhawaii.com

www.CastawayHawaii.com



From: Gary Strutz <gstrutzcpa@scscpas.com>

Sent: Thursday, June 28, 2018 6:46:55 AM

To: William Basey

Cc: 'Johnny.pender@gmail.com'

Subject: Lahaina Boat Harbor proposed safety repair cost estimate

William,

Thank very much for assisting us. Pacific West Fuels, Inc. built the fuel dock working in conjunction with the State of Hawaii back in 1989-1990. Our lease expires in a couple years and we are in the process of negotiating an extension due in part to having invested over \$220,000 to improve our equipment and facilities in the past few years.

We keep our equipment and facilities in good repair and safe operating condition. Hawaii has neglected maintenance and safety issues at the wharf for decades and I've expressed my concern to the state that these safety issues place our customers and Hawaii tourists at risk. As

part of our negotiations I have offered that PWF would invest up to \$150,000 to make the safety repairs which we believe are the following:

1. Replace all existing railings, mounting brackets, gates with similar design.
2. Remove and replace all concrete stairs that are breaking due to uncoated rebar having been used originally, which is now corroding, expanding and cracking the concrete. New steps would be reinforced with corrosion resistant rebar.
3. Remove concrete into which marlin hoist is affixed. Sand and powder coat marlin hoist and reset it with stainless bolts into corrosion resistant reinforced concrete pad.

The CA general contractor that filmed the video John provided to you had estimated that if he were to do this work in the very expensive Silicon Valley where he and I both reside, it could be done for \$100,000 or less. He figured it would cost more in Hawaii because just about everything there does. He also recommended we use better material for the railings but didn't specifically mention any product. He said upgrading the material could add \$50,000 to the cost. Coincidentally, PWF has saved around \$150,000 over the years for major improvements, so that coupled with his very rough, quick and dirty estimate is how I came up with offering to spend \$150,000 for such repairs.

The Hawaii property manager with whom I'm negotiating, wanted a more detailed quote from a Maui contractor to include with my lease renewal proposal that must be submitted to him tomorrow.

I would greatly appreciate getting from you a proposal no later than tomorrow morning, to make the repairs identified above under two scenarios, the first to replace at current standard and the second to upgrade the railings using a better quality material such as what you mentioned.

As a token of our appreciation for your efforts, I've told Johnny PWF will pay the cost of a local day fishing charter for you and a couple others.

Thanks again for your help and also for your distinguished military service. I hope to meet you next time I'm in Hawaii.

Gary Strutz, President
Pacific West Fuels, Inc.
900 E. Hamilton Ave. Suite 450
Campbell, CA 95008
P: 650.961.5520
F: 650.961.0503
W: pacificwestfuels.com

Pacific West Fuels



About Pacific West Fuels, Inc. (PWF)

After Hawaii passed laws to safeguard its beaches and coastlines from fuel spills, the Hawaii Board of Land and Natural Resources (HiBLNR) sought to substantially reduce the potential for spills in the Lahaina Small Boat Harbor (LSBH) by having constructed there a state of the art fuel dispensing facility. At that time few companies had the requisite experience and were also willing to take the risks of constructing and operating such a facility.

The four founding owners of Pacific West Fuels, Inc. had decades of experience in the fuel business, mostly in California. They formed PWF in 1989 specifically for the purpose of building and operating the Lahaina Small Boat Harbor fuel dock under the terms of a long-term lease with Hawaii through the HiBLNR. PWF paid for, owns and maintains the fuel equipment and leasehold improvements it constructed on the site it leases from the State of Hawaii.

Our dual-walled, fiberglass, underground fuel storage tanks and three dockside fuel dispensers are continuously monitored for fuel levels and leaks thereby eliminating fuel outages and the fire and spill hazards that existed when fuel was dispensed exclusively from the back of trucks or containers.

PWF has safely dispensed diesel fuel and gasoline to its customers, which include most of the boaters and boating companies berthing at the LSBH, since 1990. Except for short periods of downtime for necessary equipment repairs, we have made fuel available 24 hours per day, seven days per week, every day of the year, which is double the Hawaii imposed minimum hours of daily operation.

Our goal is to provide safe and convenient fuel delivery to our customers. In addition to 24/7/365 delivery and continuous safety monitoring, we strive to keep our equipment in good working order and to make fuel delivery as efficient as possible. Our recent installation of stainless steel ratcheting hose reels and extended length hoses are examples of our efforts to provide the level of service our customers expect.

If you are not presently a customer and would like to become one, please complete the application linked on the ["Contact Us"](#) page.

[Application Form](#)

[Harbor Master](#)

[Safety Manual](#)

[Spill Reporting](#)

In Memoriam

Larry Renslow was one of four founding owners of Pacific West Fuels, Inc. In addition to planning and supervising construction in 1989 and 1990, Larry served as the Company's president from 1989 through his death in 2015.

While supervising construction of the Lahaina fuel dock, Larry found paradise on Maui. He built a home and resided there with Barbara until shortly before his death.

When he wasn't maintaining our fuel facility at the Lahaina Small Boat Harbor, he could be found fishing from shore, painting Hawaiian flora, fauna and scenes in water colors, or spending time with Barbara, his high school sweetheart to whom he was married for just shy of 60 years.

Larry was a great friend to those fortunate to know him. He was proud of PWF and those associates who helped keep the Lahaina fuel dock operating safely and continuously for over 28 years. He dedicated himself to Barbara, his partners, and our customers. When his health declined in his final years, he refused to pass until he received word that all the electronic equipment upgrades he ordered were installed and fuel was flowing once again to our customers. That was Larry.

Pacific West Fuels

OUR TEAM



John Pender is PWF's local representative. He and his wife, Mary Fe, live in Lahaina, just minutes from the fuel dock. John is the person to contact with immediate maintenance issues such as slow fuel pumps and damaged hoses. He is PWF's UST Class C operator. John serves our customers as enthusiastically as he supports his beloved Kansas City Chiefs.



When you contact us for a customer application, access card, questions about your account or to report a problem, you will usually be speaking or corresponding with Alana. She has been attending to Pacific West Fuels, Inc.'s business since 2009. She's the one in the background with the sunglasses. In the foreground is the friend she invited to dinner while visiting Lahaina.



Gary Strutz was elected president of PWF in 2015 to replace Larry Renslow. Gary has been providing PWF with management, accounting, tax and operational advice since 1989. Gary is a certified public accountant and also serves PWF as its licensed Underground Storage Tank Class A and B operator. He can be reached through PWF's 800 phone number.

Gary resided on Oahu for several years and presently makes his home with his wife Diane in San Jose, California.