

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

October 12, 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.). FIND THAT THE EXTENSION OF THE LEASE IS BASED ON THE ECONOMIC LIFE OF THE IMPROVEMENTS THAT WERE MADE TO THE DEMISED PREMISES.

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:

\$1,770.00 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 30, 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**).

PWF provided a consulting letter from M. Nakai Repair Service estimating the Economic Life of the improvements (See **Exhibit C**). DOBOR also worked with PWF to create an amortization table with the assumption that PWF would have financed all capital improvements in 2014 instead of using cash-on-hand and spreading the cost over multiple years (See **Exhibit D**). The Leasehold Improvement spreadsheet also provides additional leasehold improvement details. (See **Exhibit D**).

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; and 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:

1. Find that the extension of the lease is based on the economic life of the improvements that were made to the demised premises.
2. Authorize the issuance of a 15-year lease extension with rental reopening's every five years, covering the subject area for the purpose of a 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:
 - a. The standard terms and conditions of the most current lease form, as may be amended from time to time;
 - b. 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
- C. Consultant Letter (Economic Life Estimation)

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.

EXHIBIT B

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: Miscellaneous labor costs 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.

PACIFIC / WEST FUELS, INC.
Leasehold Improvements
For Year Ending December 31, 2017

Date	Description of Work / Vendor	Capital Cost	Source of Capital	Original Installation Date	Expected Life Span (YRS)	Comments
4/6/2016	Installed stainless ratcheting reels & extra long hoses (Valley Oil Co.)	\$5,886.24	Accumulated Savings	1989	10	Originally reels were not ratcheting nor stainless and hoses were short.
5/25/2016	Installed new reels & hoses (M. Nakai)	\$2,463.42	Accumulated Savings	1989	10	PWF upgraded to stainless to prolong life and to long hoses to accommodate harbor master request.
8/8/2016	Installed stainless ratcheting reels & extra long hoses (Valley Oil Co.)	\$5,940.04	Accumulated Savings	1989	10	Ditto previous comments.
11/1/2016	Stainless ratcheting reels & extra long hoses (Valley Oil Co.)	\$2,313.85	Accumulated Savings	1989	10	Ditto previous comments.
6/25/2017	Major Repair Project Freight Charges (M. Nakai)	\$1,350.00	Accumulated Savings	1989	20-25	Charges listed on lines 9-14 were all part of major renovation project paid at different times.
9/25/2017	Removed & Replaced New Dispenser, Manhole covers and Turbine Assembly	\$82,913.52	Accumulated Savings	1989	20-25	Ditto comment immediately above.
10/9/2017	Replaced faulty leak detector	\$1,256.13	Accumulated Savings	1989	10	Ditto comment immediately above.
10/9/2017	Replaced Faulty Probe & Float Kit	\$3,652.49	Accumulated Savings	1989	10	Ditto comment immediately above.
10/5/2017	Installed new unleaded pump / major work replacing rusted conduit	\$10,843.46	Accumulated Savings	1989	20-25	Ditto comment immediately above.
08/2017 - 09/2017	Miscellaneous Project Expenses (See Exhibit B page 2)	\$30,753.52	Accumulated Savings	1989	20-25	Ditto comment immediately above.
*10/2014 - 09/2015	Installed new electroinc control equipment	\$72,362.12	Accumulated Savings	1989	10-15	*DOBOR will use 10/2014 as the finance commencement date for the loan amortization projection on next page
TOTAL:		\$219,734.79				

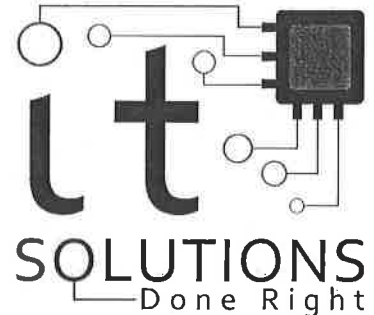
IT Solutions Done Right

1181 Capri Dr.
Campbell, CA 95008
408-409-4544
chris@itsolutionsdoneright.com

Invoice

Date	Invoice #
11/12/2014	1222

Bill To
Larry Renslow



P.O. No.	Due Date	Project
	11/12/2014	Fuel pump controller re...

QTY / HRS	Description	Rate / Price	Amount
4.75	<p>Took a look at pump controller computer found how to get into the main control panel found how to get into the admin / settings control panel Was able to get the system communicating through LAN2 port on the computer Was not able to get the system to talk outside the firewall or was unable to get through the firewall from the outside this included setting the pump as a DMZ the ISP has that building on a dynamic IP which complicates things for communicating over the internet since the IP address changes all the time Without changing equipment or changing settings that may interfere with the company I was unable to get the system to communicate remotely</p>	80.00	380.00
Thank you for your business.		Tax (9.0%)	\$0.00

POSTED
11/19/14

All money owed must be paid in full before we release your equipment back to you.

Total \$380.00

If you do not pick up your equipment within 30 days of the repair or service we will assume you would like your equipment recycled. We will do our best to contact you by phone and email before we recycle any equipment. In the event that you will not be available to pick up your equipment within that time please inform us so we can note it in our system to avoid any problems.

By using our services you agree to our terms and conditions that can be read at itsolutionsdoneright.com/termsandconditions

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I.D. #94-1751530

REMIT TO
P.O. BOX 2367
MARTINEZ CA, 94553
REFERENCE INVOICE NO. BELOW

ORDER DATE 9/11/14		CUSTOMER ORDER NUMBER LARRY		VIA Oak Harbor		TEER 16	CLASS 03	DATE SHIPPED 10/07/14	S.O. NO. 965410	IB.O. FROM S.O. 1
SOLD TO PWF Inc. 900 E. Hamilton Ave. Suite 450 Pacific West Fuels Campbell, CA 95008		SHIP TO 665138 Cal Phase Construction 1775 Monterey Rd Unit 60-A San Jose, CA 95112								
CODE	ORDERED	DESCRIPTION			BACK ORDERED	SHIPPED	UNIT PRICE	DISCOUNT	AMOUNT	
1	GA PA039300200	GASBOY CFN Plus controller for mechanical pumps, 2 hose 1778219				1	5225.22	NET	5,225.22	
1	GA PA039500000	GASBOY Extension Box - 4 Mech Hoses for Islander plus 1806168				1	3102.42	NET	3,102.42	
1	GA PA039500011	GASBOY ICR Plus with receipt printer 1805876				1	4095.09	NET	4,095.09	
1	GA 099037	GASBOY Annual software support for CFN Plus				1	456.75	NET	456.75	
		SALES TAX 8.750 % OF							1,154.07	
		FRT IN							280.00	
		DELIVERY CHGS							248.06	
		TOTAL INVOICE							14,561.61	
SELLERS ACCEPTS ORDERS ONLY UPON THE TERMS AND CONDITION ATTACHED		ORIGINAL INVOICE				(PAGE 1 OF 1)		TERMS Net 30 Days		PLEASE PAY LAST AMOUNT THIS COLUMN
						PAST DUE ACCOUNTS CHARGED TO REIMBURSE SELLER FOR DELINQUENT ACCOUNT COSTS.		1.50 % PER MONTH		

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I.D. #94-1751530

REMIT TO
P.O. BOX 2367
MARTINEZ, CA 94553

REFERENCE INVOICE NO. BELOW

ORDER DATE		CUSTOMER ORDER NO.		0. NO CHARGE 1. PREPAY & BILL FREIGHT 3. PREPAY & ABSORB 4. COLLECT		VIA		TERR	CLASS	DATE SHIPPED	S.O. NO.	B.O. FROM S.O.
11/17/14		GASBOY STARTUP/COMM		0		Delivered by J. NELS		66	03	11/17/14	977777	1
S O L D T O		PWF Inc. 900 E. Hamilton Ave. Suite 450 Pacific West Fuels Campbell, CA 95008		665138		S H I P T O		INVOICE NUMBER 62207 12/12/14 INVOICE DATE				
CODE	ORDERED	DESCRIPTION				BACK ORDERED	SHIPPED	UNIT PRICE	DISCOUNT	AMOUNT		
5	EL 50001	ELECTRONIC LABOR Electronic service site labor 11/11/14					5	85.00	NET	425.00		
116	EL 50002	ELECTRONIC LABOR Electronic service mileage 11/11/14					116	.85	NET	98.60		
2.50	EL 50007	ELECTRONIC LABOR Electronic service travel time 11/11/14					2.50	85.00	NET	212.50		
3	EL 50001	ELECTRONIC LABOR Electronic service site labor 11/13/14					3	85.00	NET	255.00		
116	EL 50002	ELECTRONIC LABOR Electronic service mileage 11/13/14					116	.85	NET	98.60		
2.50	EL 50007	ELECTRONIC LABOR Electronic service travel time 11/13/14					2.50	85.00	NET	212.50		
4.50	EL 50001	ELECTRONIC LABOR Electronic service site labor 11/17/14					4.50	85.00	NET	382.50		
116	EL 50002	ELECTRONIC LABOR Electronic service mileage 11/17/14					116	.85	NET	98.60		
2.50	EL 50007	ELECTRONIC LABOR Electronic service travel time 11/17/14					2.50	85.00	NET	212.50		
										CONTINUED		
SELLER ACCEPTS ORDERS ONLY UPON THE TERMS AND CONDITIONS ON THE BACK HEREOF							INVOICE		ORIGINAL INVOICE		(PAGE 1 OF 2) PAST DUE ACCOUNTS CHARGED 1.50 % PER MONTH TO REIMBURSE SELLER FOR DELINQUENT ACCOUNT COSTS.	
							TERMS:		PLEASE PAY LAST AMOUNT THIS COLUMN			

PAID

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REMIT TO
P.O. BOX 2367
MARTINEZ, CA 94553

REFERENCE INVOICE NO. BELOW

ORDER DATE 11/17/14		CUSTOMER ORDER NO. GASBOY STARTUP/COMM		0		NO CHARGE 1. PREPAY & BILL FREIGHT 3. PREPAY & ABSORB 4. COLLECT		VIA Delivered by J. NELS		TERR 66	CLASS 03	DATE SHIPPED 11/17/14	S.O. NO. 977777	B.O. FROM S.O. 1	
S O L D T O PWF Inc. 900 E. Hamilton Ave. Suite 450 Pacific West Fuels Campbell, CA 95008		665138		S H I P T O Lahaina Harbor 675 Wharf Street Maui, HI 96761											
CODE	ORDERED	DESCRIPTION				BACK ORDERED	SHIPPED	UNIT PRICE	DISCOUNT	AMOUNT					
		TOTAL INVOICE								CONTINUED					
										1,995.80					
														INVOICE NUMBER 62207 12/12/14	
														INVOICE DATE	
														TERMS: NET 30 DAYS	
														PLEASE PAY LAST AMOUNT THIS COLUMN	

SELLER ACCEPTS ORDERS ONLY UPON
THE TERMS AND CONDITIONS ON THE
BACK HEREOF

INVOICE
ORIGINAL INVOICE

(PAGE 2 OF 2)

PAST DUE ACCOUNTS CHARGED 1.50 % PER MONTH
TO REIMBURSE SELLER FOR DELINQUENT ACCOUNT COSTS.

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MARTINEZ, CA. 94553
REFERENCE INVOICE NO. BELOW

ORDER DATE 5/01/15		CUSTOMER ORDER NUMBER LARRY		VIA Fed Ex 2 Day		TERR CLASS DATE SHIPPED 16 03 5/14/15		S.O. NO. B.O. FROM S.O. 996701 1	
PWF Inc. 900 E. Hamilton Ave. Suite 450 Pacific West Fuels Campbell, CA 95008		665138		SHIP TO Johnny Pender 934 Kuialua Place Lahaina, HI 96761		INVOICE NUMBER 662170 05/22/15		INVOICE DATE	
CODE	ORDERED	DESCRIPTION		BACK ORDERED	SHIPPED	UNIT PRICE	DISCOUNT	AMOUNT	
4	GA 026296-028808 026296 DEA 87ETW (PLBZ)	GASBOY			4	269.19	NET	1,076.76	
		DELIVERY CHGS						324.00	
		TOTAL INVOICE						1,400.76	
SELLERS ACCEPTS ORDERS ONLY UPON THE TERMS AND CONDITION ATTACHED		ORIGINAL INVOICE		(PAGE 1 OF 1) PAST DUE ACCOUNTS CHARGED TO REIMBURSE SELLER FOR DELINQUENT ACCOUNT COSTS.		TERMS Net 30 Days		PLEASE PAY LAST AMOUNT THIS COLUMN	

POSTED
5/27/15

Shields, Harper & Co.

GENERAL OFFICES
4591 PACHECO BLVD., MARTINEZ, CA 94553
(510) 653-9119
FAX (510) 658-8448

AN EMPLOYEE OWNED COMPANY

SACRAMENTO BRANCH
2699 DEL MONTE
WEST SACRAMENTO, CA 95691
(916) 372-0440
FAX (916) 372-8894

FRESNO BRANCH
2637 SOUTH SARAH AVE.
FRESNO, CA 93706
(408) 266-9101
FAX (408) 266-5371

ORANGE BRANCH
751 WEST ANGUS AVE.
ORANGE, CA 92668
(714) 288-2029
FAX (714) 288-0283

PHOENIX BRANCH
3602 EAST SOUTHERN AVE., SUITE #3
PHOENIX, AZ 85040
(602) 438-6590
FAX (602) 438-6594

SAN DIEGO BRANCH
9182 CHESAPEAKE DR.
SAN DIEGO, CA 92123
(619) 277-5093
FAX (619) 277-5096

LAS VEGAS BRANCH
6283 DEAN MARTIN DR. STE. GH.
LAS VEGAS, NV 89118
(702) 413-1014
FAX (702) 413-1058

I.D. #94-1751530

REMIT TO
P.O. BOX 2367
MARTINEZ CA, 94553
REFERENCE INVOICE NO. BELOW

ORDER DATE 6/12/15		CUSTOMER ORDER NUMBER LARRY		1		0 NO CHARGE 1 PREPAY & BILL FRIELIGHT 3 PREPAY & ABSORB 4 COLLECT		UPS 2nd Day (BLUE)		VIA		TERR CLASS 16 03		DATE SHIPPED 6/12/15		S.O. NO. 1002458		B.O. FROM S.O. 1	
SOLD TO PWF Inc. 900 E. Hamilton Ave. Suite 450 Pacific West Fuels Campbell, CA 95008				SHIP TO 665138 Johnny Pender 934 Kuialua Place Lahaina, HI 96761															
CODE		ORDERED		DESCRIPTION		BACK ORDERED		SHIPPED		UNIT PRICE		DISCOUNT		AMOUNT		INVOICE DATE			
5		SE SP1-110-SO-B		SPECIAL EQUIPMENT				5		245.00		NET		1,225.00		665210			
5		ICS SP1 pulser 110VAC single output														06/25/15			
5		SE SP1-EXT-FLEX		SPECIAL EQUIPMENT				5		25.00		NET		125.00					
5		7 in long flexible extension																	
5		SE SP1-EXT-DP		SPECIAL EQUIPMENT				5		9.60		NET		48.00					
		ICS Machined aluminum extension shaft f/SP1 pulser																	
		DELIVERY CHGS												78.92					
		TOTAL INVOICE												1,476.92					
SELLERS ACCEPTS ORDERS ONLY UPON THE TERMS AND CONDITION ATTACHED				ORIGINAL INVOICE				(PAGE 1 OF 1)				TERMS Net 30 Days				PLEASE PAY LAST AMOUNT THIS COLUMN			
								PAST DUE ACCOUNTS CHARGED 1.50 % PER MONTH TO REIMBURSE SELLER FOR DELINQUENT ACCOUNT COSTS.											

POSTED
6/26/15

M. NAKAI REPAIR SERVICE, LTD.

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

INVOICE

Invoice No.: 106263
Date: 8/26/2015
Work Order: 19370
PO Number: W.O#35921
Service Date: 8/26/2015

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
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SERVICE DATES FROM: 5/1/14 TO 8/10/2015 (REQUESTED BY LARRY RENSLOW)

FURNISHED LABOR AND MATERIALS TO REMOVE AND REPLACE EXISTING GASBOY SYSTEM AND INSTALL NEW STYLE GASBOY CFN PLUS SYSTEM. ENCOUNTERED A LOT OF ISSUES PREPPING NEW SYSTEM TO ADAPT TO EXISTING FUEL DISSENSERS AND ISSUES WITH ORIGINAL TELEPHONE INTERNET ADAPTER BOX. ORIGINAL ADAPTER BOX NEEDED TO BE REPLACED AND NEEDED TO RESEARCH ISSUES WITH ORIGINAL PULSERS WOULD NOT WORK WITH NEW SYSTEM. TRIED SEVERAL BRANDS UNTIL LOCATED AND INSTALLED PROPER PULSER.

ELECTRICIAN: REMOVE OLD CARD READER SYSTEM AND ISLANDER PLUS SYSTEM. IDENTIFY AND TAG ALL WIRING. DISCONNECT OLD CONTROLLER AND REMOVE. MOUNT NEW CONTROLLER AND CONNECT CONDUITS AND WIRING.

Miscellaneous

LABOR AND TRAVEL TIME		23,864.50	23,864.50
ELECTRICIAN	1.00	2,241.67	2,241.67
ROUTER	1.00	100.00	100.00
Miscellaneous Subtotal			26,206.17

Parts

.PLUG 1/2" GALV PIPE	6.00	1.83	10.98
3/8"X5" ANCHOR BOLTS	4.00	1.15	4.60
.3/8" LRG ROUND FLAT WASHER	4.00	0.40	1.60
5' PATCH CABLE	1.00	20.00	20.00
Parts Subtotal			37.18

POSTED

Subtotal:	26,243.35
Sales Tax:	1,093.31
Total Due:	27,336.66

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



STOREK ▪ CARLSON ▪ STRUTZ ▪ LLP

CERTIFIED PUBLIC ACCOUNTANTS & TRUSTED BUSINESS ADVISORS

Date: August 31, 2015

PACIFIC WEST FUELS
900 E. HAMILTON AVE, STE 450
CAMPBELL, CA 95008

Invoice #: 61637
Client ID: 42625

Statement of Account

Current Activity - month ended August 31, 2015.

For the following professional services rendered related to purchase of new computer equipment and software at Lahaina Boat Harbor and transmitting and receiving equipment housed at Storek, Carlson & Strutz CPA's:

Receiving, inspecting and testing new computer, modem and software to communicate with Lahaina Gasboy and Veeder Root. Reading Gasboy network operating manual. Uploading data from old computer. Reconciling all data from old computer with that on new computer and investigating and resolving differences. Communicating with Gasboy and Veeder Root support. Operating new equipment in parallel with old for 30 days. Debugging new software. Disposing of old equipment.

Alana Xu 82.5 hours at \$120.00 per hour	\$ 9,900.00
Gary Strutz 1.0 hour at \$310.00 per hour	<u>310.00</u>
Amount due this billing	10,210.00
Prior balance forward	0.00
Less payment received	<u>0.00</u>
Total amount due	<u>\$ 10,210.00</u>

Aged Balances

<u>8/31/2015</u>	<u>7/31/2015</u>	<u>6/30/2015</u>	<u>5/31/2015</u>	<u>4/30/2015</u>	<u>3/31/2015</u>	<u>Total</u>
10,210.00	0.00	0.00	0.00	0.00	0.00	\$10,210.00

Please make your check payable to **STOREK, CARLSON & STRUTZ LLP**.
FEIN # 94-3040933

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

M. NAKAI REPAIR SERVICE, LTD.

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

INVOICE

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
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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

POSTED

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	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
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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.

M. NAKAI REPAIR SERVICE, LTD.

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

INVOICE

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
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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.

M. NAKAI REPAIR SERVICE, LTD.

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

INVOICE

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.

M. NAKAI REPAIR SERVICE, LTD.

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

INVOICE

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: 9/26/2017

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
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PROJECT: LAHAINA BOAT HARBOR
QUOTE NO. 86026.42412
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.



288 Mokauea St. Honolulu, HI 96819. (808) 841-7581. FAX (808) 842-7012

July 31, 2018

Department of Land and Natural Resources,
Division of Boating and Ocean Recreation
4 Sand Island Access Road
Honolulu, HI 96819

Re: Extension of Harbor Lease No. H-89-13; Pacific West Fuels, Inc. : Pacific West Fuels, Inc. For Fuel Dock Facilities at the Lahaina Small Boat Harbor Wharf

I have been engaged by Pacific West Fuels, Inc. to estimate the life and value of the improvements made by Pacific West Fuels, Inc. to their operating equipment at the Lahaina Small Boat Harbor in connection with their request for an extension of the above-named lease that will expire on November 29, 2019. Improvements are summarized as follows:

Completed in 2017:

Removed and replaced new Gasboy dual stainless steel panels dispenser on North Side of wharf; removed and replaced manhole covers and turbine assembly; replaced faulty leak detector; replaced faulty probe and float kit; installed new unleaded pump; excavated and replaced rusted conduit, and removed and replaced concrete.

Project cost: \$130,769.12 Estimated Useful Life: More than 20 years

Completed in 2016:

Installed new stainless steel gas hose reels at all dispensers.

Project cost: \$16,603.55 Estimated Useful Life: Fifteen or more years

Completed in 2015:

Installed new electronic Fuel Management Unit equipment including card readers, onsite computer controller, dispenser regulators, and related.

Project cost: \$72,362.12 Estimated Useful Life: More than fifteen years

Projects Total Costs: \$219,734.79 Overall estimated useful life: 15-25 years.

EXHIBIT C

I am the senior service and installation supervisor of M. Nakai Repair Service, Ltd. I prepared the specifications, procured the equipment, and supervised the repairs and equipment installation for the major repair project. M. Nakai Repair Service, Ltd. is a fuel service and contractor Company that installs and maintains many of the fueling facilities throughout the Hawaiian Islands and has been in this business for several decades. As such, we are highly familiar with the capabilities, performance, cost and estimated useful lives of such equipment and repairs that were done by M. Nakai Repair Service, Ltd as described above.

The equipment that was replaced by Pacific West Fuels, Inc. was originally installed at lease inception in 1989 and 1990 and was still in operating condition when it was replaced last year. Through extensive assessment and studies, it has been determined, along with our recommendation, by Pacific West Fuels, Inc. that the equipment may not be operational through the end of its lease. Therefore, as a precautionary measure to maintain a safe and uninterrupted fuel supply, Pacific West Fuels, Inc. voluntarily ordered the improvements and upgrades of the equipment. The new equipment is of the same or better quality as that of replaced one. Based on my experience with other Hawaiian based fueling facilities and the fact that the replaced equipment has been operational for 28 years, I have concluded that the overall useful life of the projects described above, if properly maintained as has been Pacific West Fuels, Inc.'s practice, is from 15 to 25 years from the date of this letter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jhon Guzman', with a stylized flourish at the end.

Jhon Guzman, R & M Supervisor, and Estimator
M. Nakai Repair Service, Ltd.