



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

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

OAHU

REQUEST APPROVAL TO ISSUE A CONSTRUCTION RIGHT-OF-ENTRY, MONTH-TO-MONTH REVOCABLE PERMIT AND ISSUANCE OF A LEASE FOR FAST LANDS AND SUBMERGED LANDS (SUBJECT TO LEGISLATIVE APPROVAL) BY DIRECT NEGOTIATION, TO PAR HAWAII REFINING, LLC, FOR STORAGE OF SPM-1 BUOY, SITUATED AT PIER 14, HONOLULU HARBOR, OAHU, TAX MAP KEY NO. (1) 2-1-001:046 (P), GOVERNOR'S EXECUTIVE ORDER NO. 3542.

LEGAL REFERENCE:

Sections 171-6, 171-11, 171-13, 171-17, 171-53, 171-55, AND 171-59, Hawaii Revised Statutes (HRS), as amended.

APPLICANT:

Par Hawaii Refining, LLC (Applicant) is a domestic limited liability company whose business registration address and mailing address is 1132 Bishop Street, Suite 2500, Honolulu, Hawaii 96813.

CHARACTER OF USE:

To moor and store a spare single-point mooring (SPM-1) buoy with a fifty (50) feet diameter.

LOCATION:

Portion of governmental submerged lands situated at Pier 14, Honolulu Harbor, Oahu, Tax Map Key No. (1) 2-1-001:046 (Portion), Governor's Executive Order No. 3542, as shown on the attached map labeled Exhibit A.

AREA: See attached Exhibit A

AREA	TAX MAP NUMBER	DESCRIPTION	TYPE	SQ. FT.	RATE PER SQ. FT.	MONTHLY RENTAL CHARGE	SECURITY DEPOSIT
1	(1) 2-1-001:046(P)	Storage of spare SPM-1 Buoy	Submerged Lands	3,500 (70' x 50')	\$ 0.41	\$ 1,435.00	\$ 2,870.00
2	(1) 2-1-001:046(P)	Storage of spare SPM-1 Buoy	Fast Lands	350 (70' x 5')	\$ 0.82	\$ 287.00	\$ 574.00
2.	(1) 2-1-001:046(P)	Storage of spare SPM-1 Buoy	Pier 14 Cost of Improvements	70 linear feet	\$ 19.75 per linear feet	\$1,382.50	\$2,765.00

\$3,104.50 \$6,209.00

Pier 14 Cost of Improvements calculated as \$237.01 per linear feet divided by 12 months = \$19.75 per linear feet per month.

CONSIDERATION:

Revocable Permit monthly rent determined by appraisal as of April 1, 2020 for Revocable Permits in Honolulu Harbor, Oahu.

For Lease by direct negotiation, rent to be determined by appraisal.

ZONING:

State Land Use Commission: Urban
 City and County of Honolulu (LUO): Aloha Tower Project

COMMENCEMENT DATE:

To be determined by the Director of Transportation

TRUST LAND STATUS:

Subsection 5(a) of the Hawaii Admission Act (Non-ceded lands).

CURRENT USE STATUS:

The pier and submerged land area at Pier 14 is currently managed by the Oahu Harbor Masters office and is available for berthing of vessels. The space is currently in a corner of the pier. Berthing requests are made through the Harbors Division's web-based vessel scheduling system. Currently, a tugboat of Kirby Offshore Marine Hawaii, LLC and small boats of Pacific Environmental Corporation berth in front and back of the premises.

Kirby Offshore Marine Hawaii, LLC and small boats of Pacific Environmental Corporation are vendors to the Applicant and are agreeable to the Construction Right-of-Entry, month-to-month Revocable Permit and issuance of a Lease for submerged lands and fast lands for the SPM-1 buoy.

LAND TITLE STATUS:

Governor's Executive Order No. 3542 sets aside for the purpose of harbor and wharfage operations, to be under the control and management of the Department of Transportation, Harbors Division (DOT Harbors).

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The SPM-1 buoy is currently moored at Pier 41, Honolulu Harbor. Previously, due to space limitations, the Oahu Harbor Masters office had already relocated the Applicant from Pier 23 to 41, to accommodate vessel berthing requests. Due to upcoming construction, the Applicant must vacate Pier 41. A more permanent site has been located at Pier 14 for the SPM-1 buoy.

This use is exempt from Office of Environmental Quality Control (OEQC) requirements pursuant to Section 11-200.1, Hawaii Administrative Rules, "Exemption Class 1: Operations, repairs, or maintenance of existing structures, facilities, equipment or topographical features, involving negligible or no expansion or change of use beyond that previously existing."

The DOT Harbors shall submit its publication request of this action to the OEQC for publication on the 8th of each month.

REMARKS:

The Applicant is the State's only supplier of in-state refined oil products. The Applicant's gasoline and diesel products are sold through a network of 128 retail locations on the islands of Oahu, Maui, and Hawaii. In 2017, the Applicant's refinery produced over nine (9) million barrels of jet fuel, which accounts for over 50% of the State's total consumption of jet fuel.

Crude oil is delivered to the refinery via the Applicant's offshore SPM Terminal. The waters surrounding the SPM Terminal have been designated as federal pilotage waters by the Captain of the Port of Honolulu. All Par Hawaii Pilot and Mooring Masters are fully licensed and qualified as Federal First-Class Pilots within the Terminal Pilotage Area and hold a valid USCG Master of Unlimited Tonnage License.

The spare SPM-1 buoy is important and essential to the Applicant's operations because the refinery supplies 100% of the fuel for the 208MW Kalaeloa Power Plant, which is Oahu's largest and most important power generating facility.

The production of all of these fuels rely on the operation of the Applicant's offshore marine terminal. All crude oil travels through the offshore marine terminal, which is the only way to bring crude oil into the refinery at a workable rate. The SPM-1 buoy serves as a critical spare in case of a catastrophic event affecting the buoy currently in operation, SPM-2. Additionally, SPM-1 will replace SPM-2 during the drydock period scheduled for 2022. Without a spare during the drydock period, the refinery will be unable to operate for a duration of at least three (3) months, a scenario that both the Applicant and the State cannot afford.

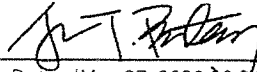
The SPM-1 is currently moored at Pier 41, Honolulu Harbor. Due to space limitations, the Oahu Harbor Masters office had ordered the Applicant to relocate the SPM-1 from Pier 23 to Pier 41 to accommodate vessel berthing requests. The Applicant currently pays dockage fees to keep the spare SPM-1 buoy at Pier 41. The Applicant needs to vacate Pier 41 due to the impending construction of Phase II (waterside – pier construction) of the Kapalama Container Terminal. Rather than having to move again, the Applicant requested a more permanent location for the SPM-1 buoy and the DOT Harbors located a more suitable and out of the way location at Pier 14.

The Applicant requests: (1) a Construction Right-of-Entry to make necessary repairs at Pier 14, (2) a Revocable Permit for submerged and fast lands, as necessary, and (3) a Lease by direct negotiation for fast lands and submerged lands (Lease subject to Legislative approval), for a period of ten (10) years. The Applicant also requests an option to cancel early after year 3 or year 5 due to possible future reduction in demand for crude which would render further storage of the SPM-1 buoy at Pier 14, unnecessary. DOT Harbors has no objections to this request.

RECOMMENDATION:

That the Board authorize the DOT Harbors to issue the Applicant: (1) a Construction Right-of-Entry, (2) a Revocable Permit, and (3) a Lease by direct negotiation (Lease subject to Legislative approval), and authorize the Director to negotiate a ten (10) year Lease with the Applicant for the above stated purpose, subject to the terms and conditions outlined above and incorporated herein by reference, and such terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

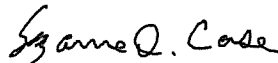
Respectfully submitted,



Jade Butay (May 27, 2020 10:24 HST)

JADE T. BUTAY
Director of Transportation

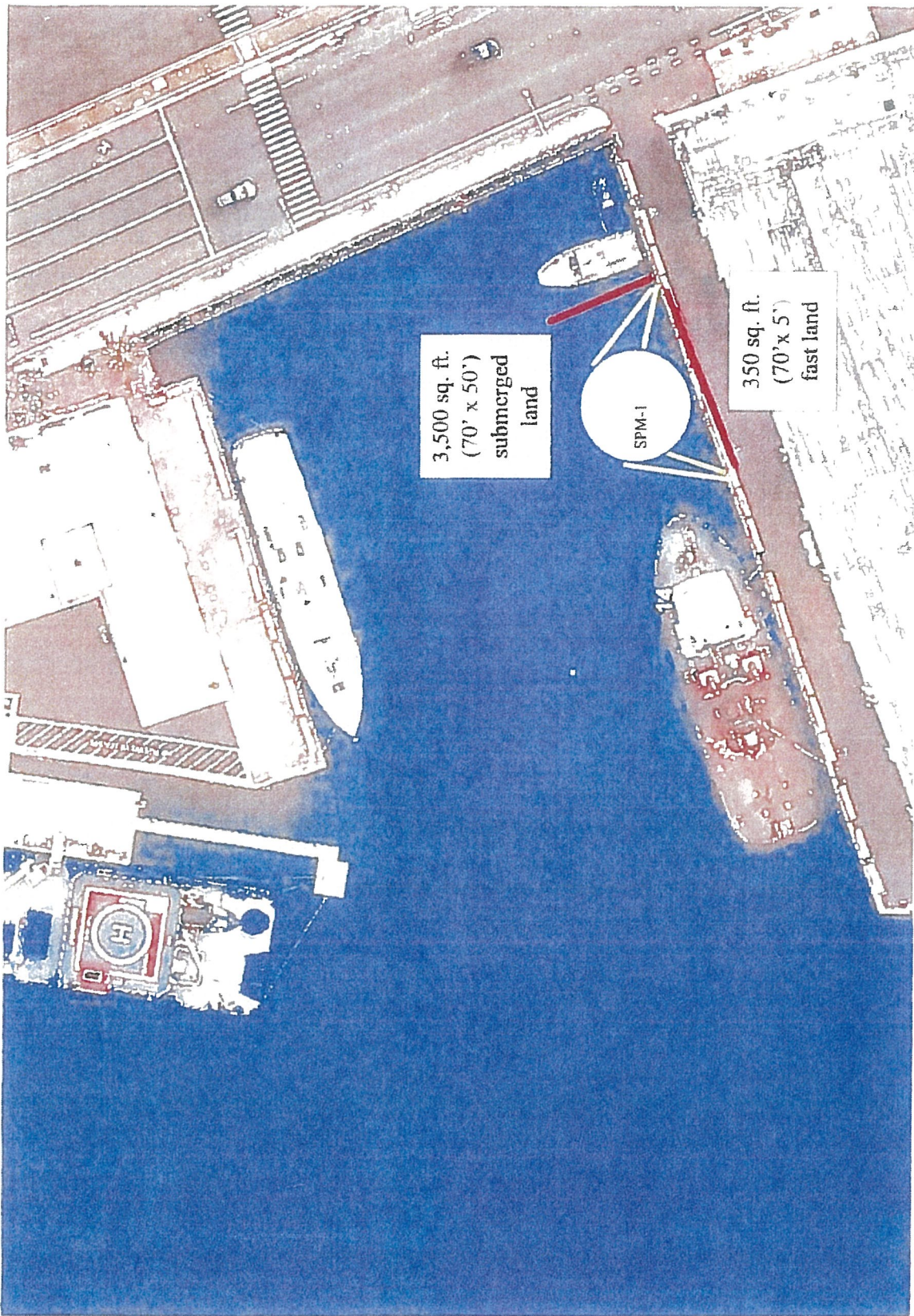
APPROVED FOR SUBMITTAL:

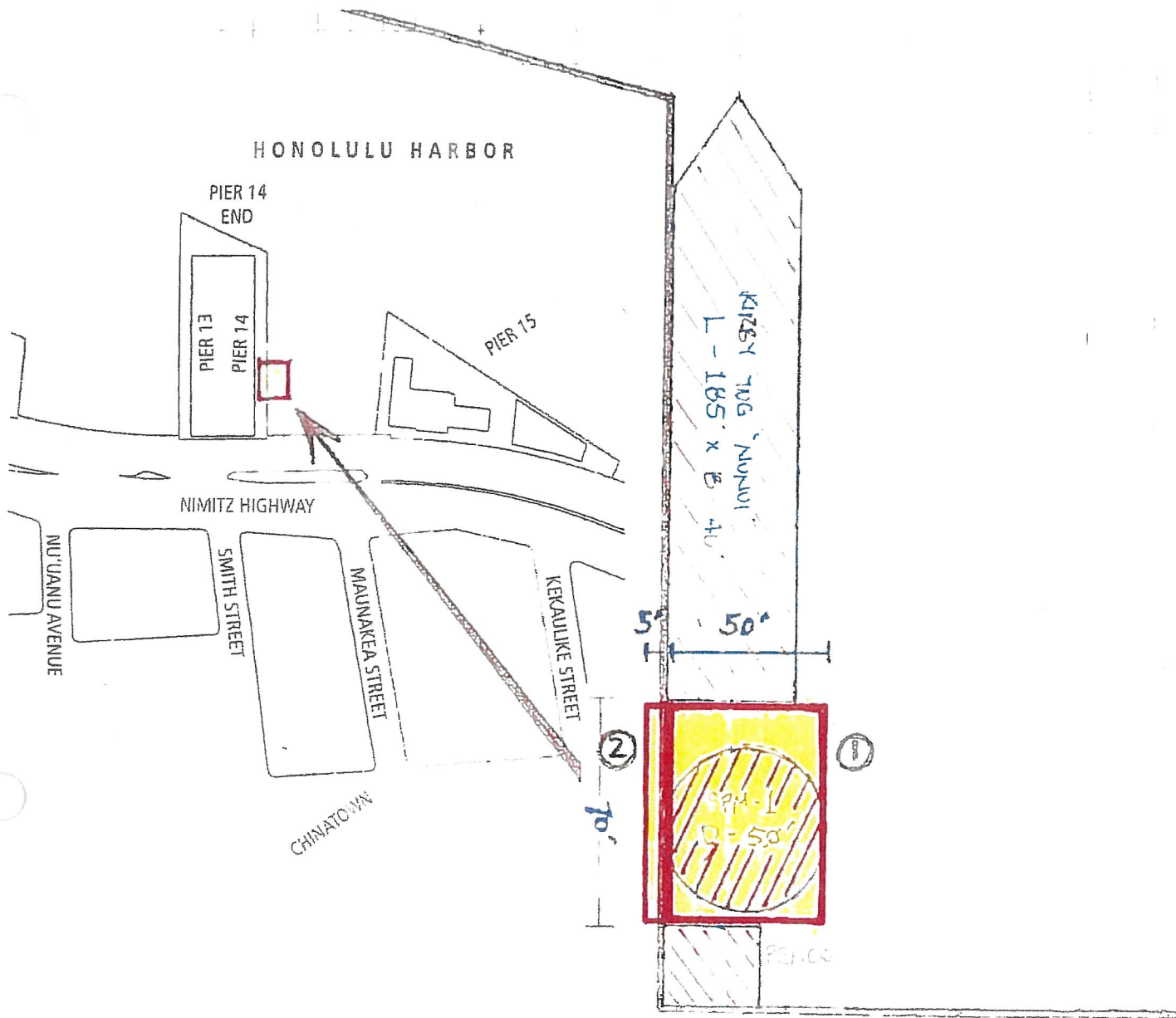


SUZANNE D. CASE
Chairperson and Member
Board of Land and Natural Resources

Attachments: Exhibits A and B

EXHIBIT A
TMK (1) 2-1-001:046(P)
HONOLULU HARBOR - PIER 14
PAR HAWAII REFINING, LLC





AREA	TAX MAP NUMBER	DESCRIPTION	TYPE	SQ. FT.	RATE PER SQ. FT.	MONTHLY RENTAL CHARGE	SECURITY DEPOSIT
①	(1) 2-1-001:046(P)	Storage of spare SPM-1 Buoy	Submerged Lands	3,500 (70' x 50')	\$ 0.41	\$ 1,435.00	\$ 2,870.00
②	(1) 2-1-001:046(P)	Storage of spare SPM-1 Buoy	Fast Lands	350 (70' x 5')	\$ 0.82	\$ 287.00	\$ 574.00
②	(1) 2-1-001:046(P)	Storage of spare SPM-1 Buoy	Pier 14 Cost of Improvements	70 linear feet	\$ 19.75 per linear feet	\$1,382.50	\$2,765.00

\$3,104.50 \$6,209.00

Pier 14 Cost of Improvements calculated as \$237.01 per linear feet divided by 12 months = \$19.75 per linear feet per month.

Exhibit B

