



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 MONTH-TO-MONTH PERMIT AND ISSUANCE OF A LEASE BY DIRECT NEGOTIATION TO ALOHA PETROLEUM LLC, FOR A SURFACE PIPELINE EASEMENT USED TO TRANSPORT PETROLEUM PRODUCTS AT PIER 31, HONOLULU HARBOR, ISLAND OF OAHU, TAX MAP KEY NO. (1) 1-5-036:001 (P), GOVERNOR'S EXECUTIVE ORDER NO. 2903

LEGAL REFERENCE:

Sections 171-6, 171-13, 171-17, 171-55, and 171-59, Hawaii Revised Statutes ("HRS"), as amended.

APPLICANT:

Aloha Petroleum LLC is a domestic profit corporation whose business registration address is 1003 Bishop Street, Suite 1600, Pauahi Tower, Honolulu, Hawaii 96813, and mailing address is 8801 S. Yale Avenue, Suite 310, Tulsa, Oklahoma 74137.

CHARACTER OF USE:

The Applicant's proposed use is to lay, maintain, repair, and operate above-ground pipelines for the transportation of petroleum and petroleum products at Pier 31 of Honolulu Harbor.

LOCATION:

Portion of governmental lands at Pier 31, Honolulu Harbor, island of Oahu, Tax Map Key No. (1) 1-5-036:001 (P), Governor's Executive Order No. 2903, as shown on the attached map labeled Exhibit A.

ITEM M-9

AREA: See attached Exhibit A

AREA	DESCRIPTION	TYPE	SQ. FT.	RATE PER SQ. FT.	MONTHLY RENTAL CHARGE	SECURITY DEPOSIT
1	Surface Pipeline Easement	Improved Land-Unpaved	1,500	\$0.75	\$ 1,125.00	\$ 2,250.00

CONSIDERATION:

Determined by appraisal as of January 1, 2021, for Revocable Permits in Honolulu Harbor.

The Department of Transportation, Harbors Division (“DOT Harbors”), and the Applicant have agreed to the appraised value for the 1,500 square feet (six [6] feet by 250 feet) of surface pipeline easement under a thirty-five (35)-year Lease Agreement.

The annual rental consideration is as follows:

- Years 1 to 5 \$ 10,125.00
- Years 6 to 10 \$ 11,138.00
- Years 11 to 15 \$ 12,251.00
- Years 16 to 20 \$ 13,476.00
- Years 21 to 25 \$ 14,821.00
- Years 26 to 35 Reopener with step up at the 31st year

ZONING:

State Land Use Commission: Urban
 City and County of Honolulu: I-3, Waterfront Industrial District

TERM:

- a. Month-to-month Revocable Permit pursuant to Section 171-55, HRS.
- b. Thirty-five (35)-year lease, with a rental reopener at the 26th year with step up at the 31st year.

COMMENCEMENT DATE:

To be determined by the Director of Transportation.

TRUST LAND STATUS:

Land acquired after Statehood (non-ceded).

CURRENT USE STATUS:

The Applicant currently occupies the area for its existing surface pipelines. DOT Harbors has been reviewing all month-to-month permits to ensure compliance with and applicability to Sections 171-17 and 171-55, HRS. The DOT Harbors intends to issue the Applicant a permit with current appraised rates and updated permit terms (as applicable) to reflect the current land usage.

LAND TITLE STATUS:

Acquired by DOT Harbors, through eminent domain proceedings land acquired by issuance of Governor's Executive Order No. 2903.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This action is exempt from Office of Environmental Quality Control ("OEQC") requirements pursuant to Sub-Chapter 11-200.1, Hawaii Administrative Rules, which exempts the following:

"Exemption Class 1: Operations, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving minor expansion or minor change of use beyond that previously existing."

The DOT Harbors will submit its publication request of this Exemption Notice to the OEQC for publication on the 8th of each month.

REMARKS:

Background - The Applicant has operated in Hawaii since 1992. The Applicant is the largest gasoline marketer and convenience store operator in the State. The Applicant's operation has now grown to include 52 locations across the islands of Oahu, Hawaii, and Maui. The Applicant's 52 locations are composed of gasoline stations, fuel distribution terminals, and other assets. Additionally, the Applicant provides gas, petroleum, diesel exhaust and lubricant products and services as the State's largest independent gasoline station retailer.

Maritime Operations - The Applicant's operation off loads products from fuel barges berthed at Pier 31, Honolulu Harbor. The Applicant distributes fuel and petroleum products to the retail motor fuel stations and to its distribution terminals. The surface pipeline easement serves a direct connection between Honolulu Harbor and the Applicant's Honolulu Fuel Terminal.

Encourages Competition – The Applicant competes directly with Island Energy Services, LLC, and PAR Hawaii, LLC, in the terminal services and fuel distribution industry in the State. This disposition will encourage competition in the fuel distribution industry in the State of Hawaii.

RECOMMENDATION:

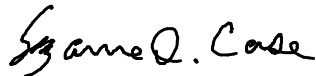
That the Board authorize the DOT Harbors to issue the Applicant a month-to-month revocable permit and authorize the Director to negotiate a thirty-five (35)-year lease with the Applicant for the above-stated purposes, subject to the terms and conditions outlined above and incorporated herein by reference, 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 T. BUTAY
Director of Transportation

APPROVED FOR SUBMITTAL:



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

Att.: Exhibit A



1,500 (6' x 250') square feet of improved unpaved land for a Surface Pipeline Easement

31A

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