

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

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Deputy Directors
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CURT T. OTAGURO
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IN REPLY REFER TO:

January 9, 2025

Mr. Edwin H. Sniffen, Director
Department of Transportation
869 Punchbowl Street
Honolulu, Hawaii 96813

OAHU

Request for Authorization to issue a Lease by Direct Negotiation to Aloha Petroleum LLC, for an Above-Ground Pipeline Easement used to Transport Petroleum Products at Pier 31, Honolulu Harbor, island of Oahu, Tax Map Key (TMK) No. (1) 1-5-036:001 (Portion)

LEGAL REFERENCE:

Hawaii Revised Statutes, Sections 171-6, 171-11, 171-13, 171-17, 171-55, and 171-59, as amended.

APPLICANT:

Aloha Petroleum LLC (Applicant) is a foreign limited liability company whose mailing address is 8801 South Yale Avenue, Suite 200, Tulsa, Oklahoma 74137.

CHARACTER OF USE:

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 Government lands at Pier 31, Honolulu Harbor, island of Oahu, TMK No. (1) 1-5-036:001 (Portion), as shown on the enclosed Exhibit A.

ZONING:

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

AREA: See enclosed Exhibits A and B

AREA	DESCRIPTION	TYPE	SQ. FT.
1	Surface Pipeline Easement	Improved Land-Unpaved	1,500

CONSIDERATION:

Rent determined by appraisal for lease at Pier 31, Honolulu Harbor.

The Hawaii Department of Transportation (HDOT), and the Applicant have agreed to the appraised value for the 1,500 square feet (6 feet x 250 feet) of surface pipeline easement under a 25-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

TERM:

25-year lease.

COMMENCEMENT DATE:

To be determined by the Director of Transportation.

LAND TITLE STATUS:

Acquired via State acquisition and set aside by Governor's Executive Order No. 2903 for Maritime and Maritime related uses, to the HDOT.

TRUST LAND STATUS:

Acquired after statehood (non-ceded).

CURRENT USE STATUS:

The area is currently occupied by Applicant under Revocable Permit No. OH-31-21-116-RP to lay, maintain, repair, and operate above-ground pipelines for the transportation of petroleum and petroleum products.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Planning and Sustainable Development, and Environmental Review Program requirements pursuant to Hawaii Administrative Rules (HAR), Subchapter 11-200.1, which exempts the following:

“Exemption Type 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 HDOT deems the action as de minimis and exempts it from the preparation of an exemption notice in accordance with HAR, Subchapter 11-200.1-16 (b). The exemption declaration for the action described above, based on the Exemption List for the HDOT, reviewed and concurred to by the Environmental Advisory Council on February 1, 2022, is as follows:

Exemption Type 1, Part 1:

- No. A1. “Repair or maintain buildings, office space, sheds, parking structures, warehouses, utility systems, aircraft aprons and hardstands, hangars, tunnels and other similar structures or facilities necessary for the continued function and use, and to meet current local, state, and federal standards and regulations.”
Actions include but not limited to the following:
 - a. General: repaint, reroof, repair/replace windows and doors, interior modifications; furnishings, space configuration, flooring and flooring cover, framework, roof sheathing and other similar actions.
 - b. Utility systems: electrical, interior lighting, plumbing, wastewater, information technology/communication and security systems, heating/ventilation/air conditioning units and other similar systems.
 - c. Ancillary facilities: elevators; including modifying the capacity of elevators within the same roofed structure, escalators, conveyors, gates, fencing and other similar facilities.

Exemption Type 8, Part 1:

- No. 8g. "Creation or extension of leases, revocable permits or easements involving negligible or minor expansion or change of use beyond that previously existing."

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 distribution will encourage competition in the fuel distribution industry in the State of Hawaii.

RECOMMENDATION:

Based on this submittal, testimony and facts presented, the HDOT recommends the issuance, by direct negotiation, a 25-year lease with the Applicant for the above-stated purposes, under the terms and conditions cited above and other terms and conditions as may be prescribed by the Director of Transportation to best serve the interest of the State.

Sincerely,

Dreanalee K. Kalili

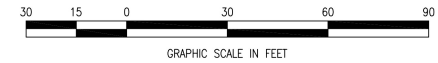
DREANALEE K. KALILI
Deputy Director of Transportation for Harbors

Enclosures

MAP

LAND COURT
 STATE OF HAWAII
 LAND COURT CONSOLIDATION 82
 SECTION "A"
 DESIGNATION OF EASEMENT 87
 AFFECTING LOT 3-B AS SHOWN ON MAP 5

KAHOLALOA, HONOLULU, OAHU, HAWAII



615 Piikoi Street,
 Suite 700
 Honolulu, Hawaii
 March 30, 2021



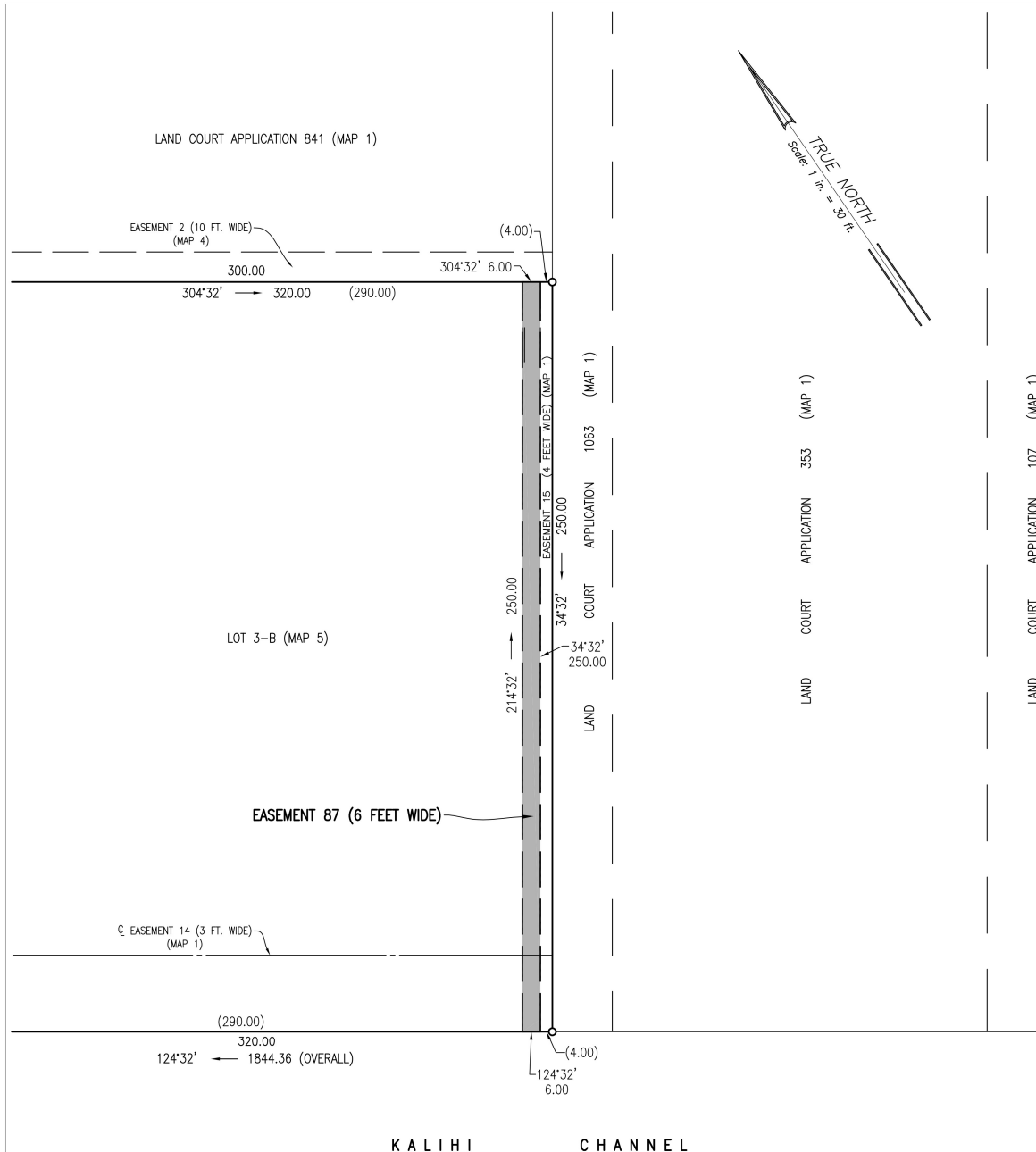
ControlPoint Surveying, Inc.

Licensed Professional Land Surveyor
 Certificate No. 2927 Exp. 4/30/22
 Registered Land Court Surveyor
 Certificate No. 170

OWNER: STATE OF HAWAII, HARBORS DIVISION
 TRANSFER CERTIFICATE OF TITLE: 88,170

AUTHORIZED AND APPROVED BY ORDER OF THE JUDGE
 OF THE LAND COURT DATED _____
 BY ORDER OF THE COURT.

REGISTRAR OF THE LAND COURT



CONTROLPOINT SURVEYING, INC.
 615 Piikoi St., Suite 700, Honolulu, Hawaii 96814

EXHIBIT A

15" x 21" = 2.2 Sq.Ft.

EASEMENT 87
(For Pipeline Purposes)

Being a portion of Lot 3-B of Land Court Consolidation 82, as shown on Map 5

Situate at Kaholaloa, Honolulu, Oahu, Hawaii.

Beginning at the Southeast corner of this parcel of land on the North side of Kalihi Channel and $124^{\circ} 32'$ 4.00 feet Northwest of the Southwest corner of Land Court Application 1063, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAWA" being 1,372.61 feet South and 2,737.59 feet West, and running by azimuths measured clockwise from true South:

1. $124^{\circ} 32'$ 6.00 feet along Kalihi Channel;
2. $214^{\circ} 32'$ 250.00 feet along the remainder of Lot 3-B of Land Court Consolidation 82 as shown on Map 5;
3. $304^{\circ} 32'$ 6.00 feet along Land Court Application 841;
4. $34^{\circ} 32'$ 250.00 feet along the remainder of Lot 3-B of Land Court Consolidation 82, as shown on Map 5 to the point of beginning and containing an area of 1,500 square feet.

September 20, 2021
Honolulu, Hawaii



George S. Yoshimura
George S. Yoshimura
Licensed Professional Land Surveyor
Certificate Number 2927