



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

GLENN M. OKIMOTO
DIRECTOR

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JADINE URASAKI

IN REPLY REFER TO:

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

ISSUANCE OF A DIRECT LEASE TO HAWAII FUELING
FACILITIES CORPORATION TO DEVELOP A FUELING FACILITY
TO PROVIDE ONSITE FUEL STORAGE AND DELIVERY OF
AVIATION FUEL VIA UNDERGROUND PIPELINE AT
TAX MAP KEY: (2) 3-8-01: 19 (PORTION), KAHULUI AIRPORT

MAUI

APPLICANT:

Hawaii Fueling Facilities Corporation, whose mailing address is 3201 Aolele
Street, Honolulu, Hawaii 96819.

LEGAL REFERENCE:

Section 171-59, Hawaii Revised Statutes, as amended.

LOCATION AND TAX MAP KEY:

Kahului Airport, Tax Map Key 2nd Division - 3-8-01: 19 (Portion) Kahului

AREA:

Land area of approximately of 87,119 square feet for the fueling facility,
plus a subsurface pipeline easement of approximately 53,730 square feet
and an above-ground load rack easement of 17,076 square feet.

ZONING:

State Land Use: Urban
County of Maui: Airport

TRUST LAND STATUS:

Section 5(a), Hawaii Admission Act:
DHHL 30% entitlement lands: No

CURRENT USE STATUS:

Airport and aeronautical uses.

CHARACTER OF USE:

Development, construction, operation and maintenance of an aviation fuel storage facility, underground pipeline, and above ground load rack to provide fuel at Kahului Airport.

LEASE TERM:

Thirty-five years commencing on a date to be determined by the Director of Transportation.

ANNUAL RENT:

1st year of the lease rent is waived due to substantial construction to be undertaken by Lessee.

Fueling Facility Rent:

Lease Years 2 through 5: \$188,177.04 per annum, payable in monthly installments of \$15,681.42, in advance, based upon the present ground lease rental rate of \$2.16 per square foot per annum for improved, unpaved land at Kahului Airport

Lease Years 6 through 10: \$216,403.59 per annum, payable in monthly installments of \$18,033.63, in advance, based upon the product of the annual rental for the fifth (5th) year of the lease term and 115%.

Lease Years 11 through 15: \$248,864.12 per annum, payable in monthly installments of \$20,738.68, in advance, based upon the product of the annual rental for the tenth (10th) year of the lease term and 115%.

Rental for the subsurface pipeline easement and the above ground load rack easement will be established upon final designation of the route of the easements. At the end of each five-year period, the annual easement rental shall be increased to 115% of the previous annual rental.

RENTAL REOPENINGS:

For the fourth five (5)-year reopening lease period and the sixth five (5) year reopening lease period, the fair market annual ground lease rental shall be determined separately when due at the time of reopening, in accordance with the provisions of Section 171-17, Hawaii Revised Statutes, relating to Appraisals, by an independent real estate appraiser whose services shall be contracted for and paid by the Department of Transportation.

For the fifth and seventh five (5)-year lease periods, the land rental shall be 115% times the annual rental for the last year of the immediately preceding five-year period.

PERFORMANCE BOND:

Three months of land rental.

MINIMUM IMPROVEMENTS REQUIREMENTS:

The Lessee shall, within 24 months of the commencement date of the Lease, invest the sum of not less than twelve million dollars (\$12,000,000) for upgrading and improving the leased premises and constructing the leasehold improvements. The facility improvements shall be constructed in accordance with construction plans, drawings and specifications approved by the Department of Transportation, Airports Division, in writing, prior to the commencement of any construction work. The Lessee shall provide the DOT with an itemized statement of “in-place” costs.

CHAPTER 343, HRS-ENVIRONMENTAL ASSESSMENT:

The proposed fueling facility and pipeline were included in the September 1997 Final Environmental Impact Statement for the Kahului Airport Improvements.

The above ground load rack portion of the project is exempt from requirements regarding preparation of an environmental assessment, negative declaration, or environmental impact statement as required by Chapter 343, HRS, as amended, because the proposed action falls within Exemption Class #3 Exempt Item (e)7, Comprehensive Exemption List of the State of Hawaii, Department of Transportation dated November 14, 2000, as approved by the Environmental Quality Control.

Exemption Class #3 covers construction and location of single, new, small facilities or structures and the alteration and modification of same and installation of new, small equipment and facilities and the alteration and modification of same including, but not limited to:

Exempt Item (e)7: Utility service connections and installation along and across State highway or roads, and in airports and harbors.

DCCA VERIFICATION:

Place of business registration confirmed:	YES	<u>X</u>	NO
Registered business name confirmed:	YES	<u>X</u>	NO
Applicant in good standing confirmed:	YES	<u>X</u>	NO

REMARKS:

Fuel storage capacity is limited at Kahului Airport. Consequently, fuel is delivered to the airport by tanker truck approximately 20 times per day. Each tanker truck holds approximately 8,000 gallons. Current demand at Kahului Airport is about 160,000 gallons per day. The new fuel storage facility will hold approximately one million gallons of fuel or the equivalent of approximately a six day supply. This will significantly reduce the number of trips on public roads by tanker trucks carrying aviation fuel.

RECOMMENDATION:

That the Board approve the issuance of the Lease subject to: (1) the terms and conditions hereinabove outlined; (2) such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State; and (3) the review and approval of the Department of the Attorney General.

Respectfully submitted,

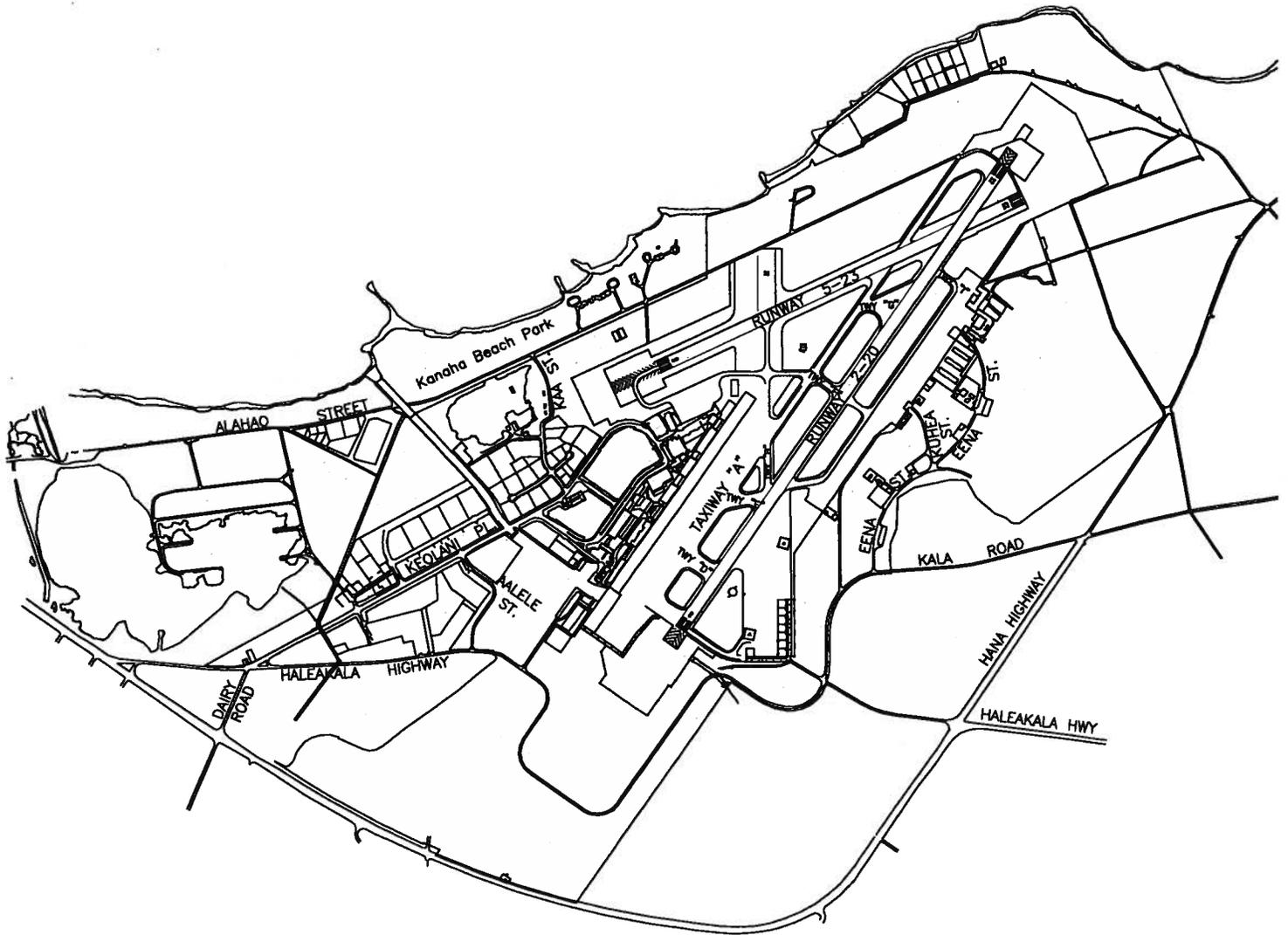


GLENN M. OKIMOTO, Ph.D
Director of Transportation

APPROVED FOR SUBMITTAL:



WILLIAM J. AILA, Jr.
Chairperson and Member



SCALE: 1" = 2000'

DATE : MAY 2012

EXHIBIT: **A**



Airports Division

AIRPORT

KAHULUI AIRPORT

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Kahului Airport- Alternative Alignment

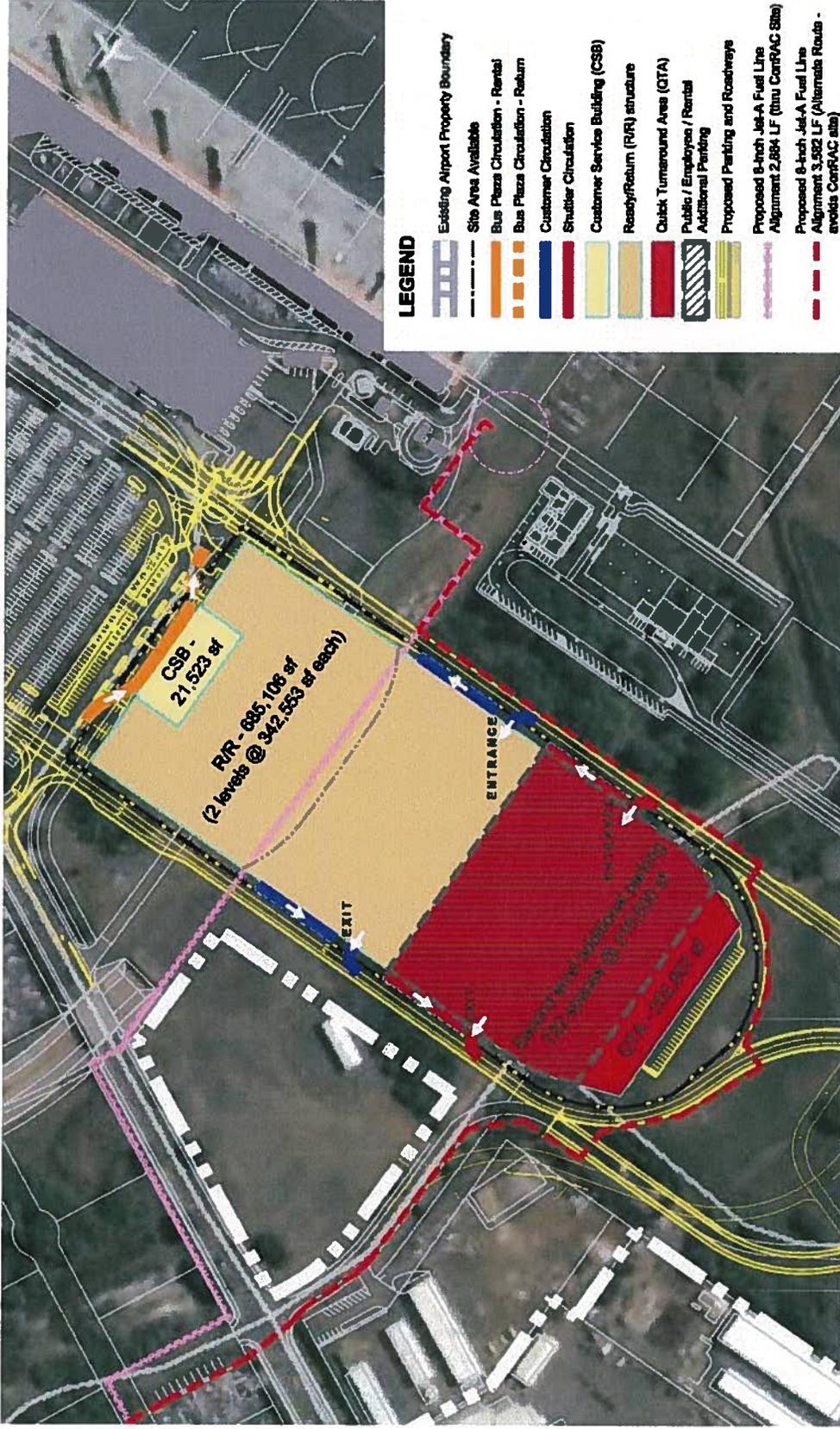
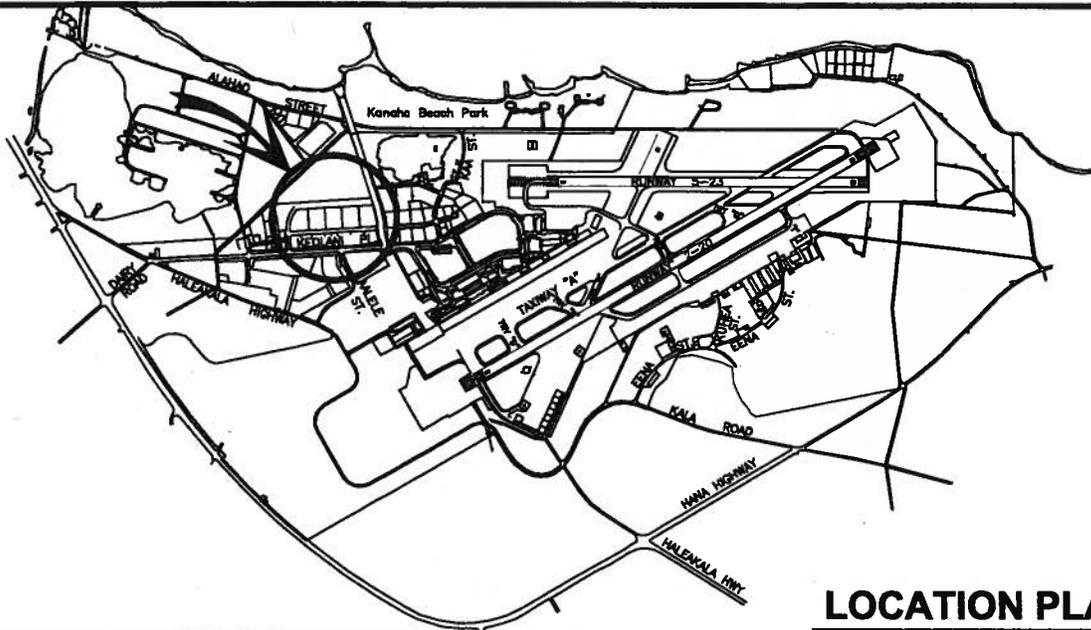


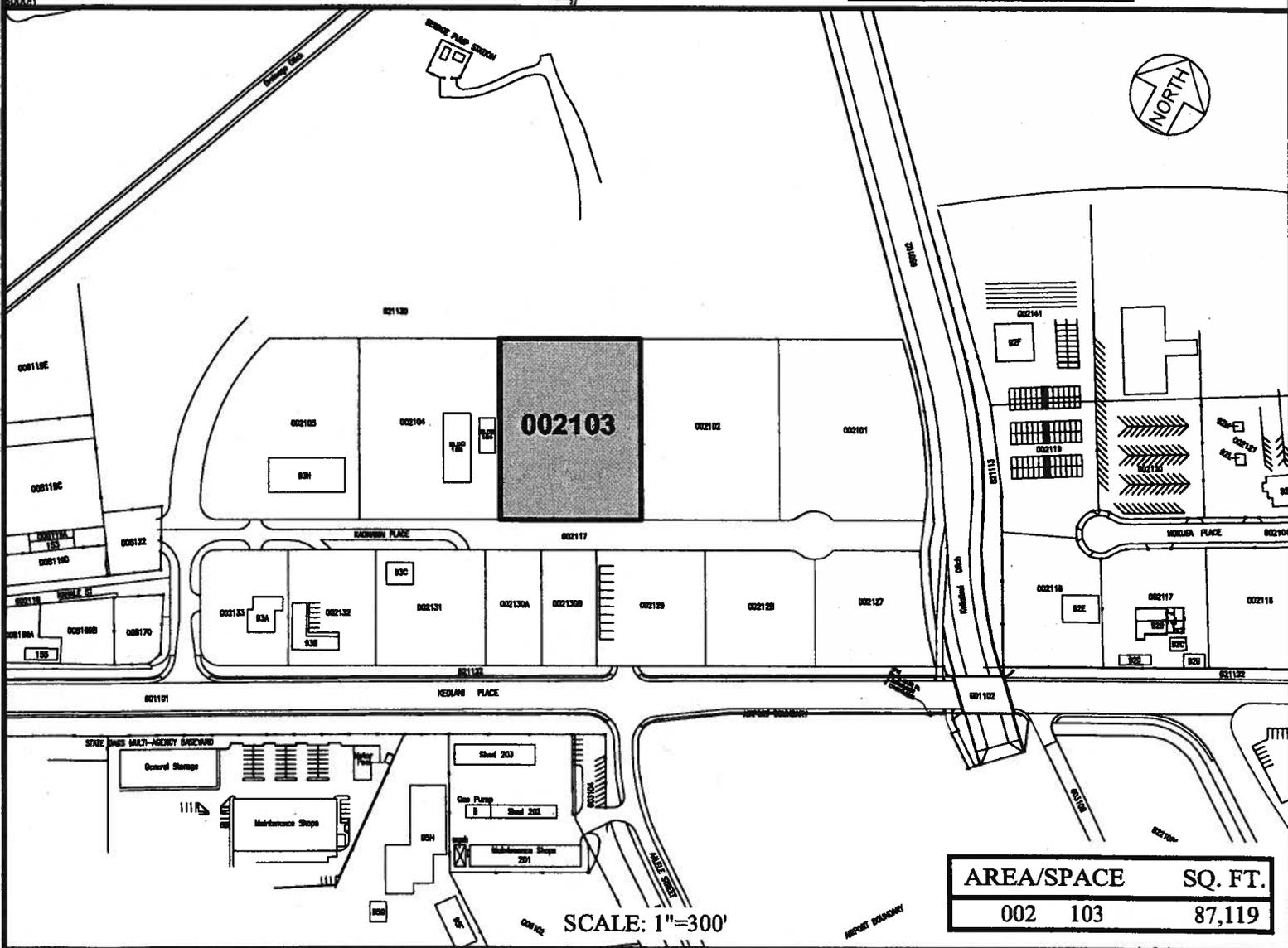
EXHIBIT C Proposed Pipeline Easement (dashed red line)



ConRAC Site 8-inch Fuel Line Alignment Alternatives



LOCATION PLAN



AREA/SPACE	SQ. FT.
002 103	87,119

SCALE: 1"=300'

DATE : SEPTEMBER 2011

EXHIBIT: **B**



Airports Division

**HAWAII FUELING
FACILITIES CORPORATION**

LOT

002103

FLAT 35