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HOKU KAI BIOFUELS LLC/SUMMIT BIOFUEL LLC

Applicant Action EA

Chapter 14, HRS § 4-01

Publication Form

OFC. OF ENVIRONMENTAL QUALITY

Department of Land and Natural Resources

FILE COPY

**Project Name:** Easement and Right-of-Way through State Land

**Location:** Hilo Harbor, Hilo, Hawaii

**District:** South Hilo

**TMK:** (3) 2-1-009: portions of parcels 007 & 031

**Land Area:** 8,175 square feet (0.188 acres)

**Applicant:** Hoku Kai Biofuels LLC/Summit Biofuel LLC

2462 Kuhio Avenue, Suite 419

Honolulu, Hawaii 96815

Contact: Charles Barker

**Approving Agency:** Department of Land and Natural Resources – Land Division

Hawaii District Land Office

75 Aupuni Street, Room 204

Hilo, Hawaii 96720

Contact: Candace Martin, Land Agent

**Consultant:** Insight Environmental LLC

HC3 Box 13132

Keaau, Hawaii 96749

Contact: Evan Pfaff

**Anticipated**

**Determination:** Finding of No Significant Impact (FONSI)

**Summary:**

The proposed action is the purchase of an easement through state and county land at the Port of Hilo. The easement would extend from Pier 2 & 3 to the south side of Kalaniana'ole Avenue along the route of an existing petroleum pipeline. The existing pipeline and associated vaults and appurtenances are currently not in use. The applicant proposes to use the existing infrastructure for bulk offloading and onloading of biofuels from marine vessels to shore-based storage tanks. This capacity currently does not exist within the State of Hawaii. The purpose of the proposed action is to utilize the existing pipeline as part of the establishment of a biofuel storage and distribution facility.

SEP 23 2014



14 SEP 11 04:01  
STATE OF HAWAII

DEPARTMENT OF LAND AND NATURAL RESOURCES

OFFICE OF ENVIRONMENTAL  
QUALITY CONTROL

75 Aupuni Street, Room 204

Hilo, Hawaii 96720

PHONE: (808) 961-9590

FAX: (808) 961-9599

August 29, 2014

FILE COPY

SEP 23 2014

Ref. No.: 13HD-060

Author: LD-CMM

MEMORANDUM

TO: Ms. Jessica Wooley, Director  
Office of Environmental Quality Control

FROM: *WJA* William J. Aila, Jr., Chairperson  
Board of Land and Natural Resources *[Signature]*

SUBJECT: Draft Environmental Assessment (EA) for Hoku Kai Biofuels LLC/Summit Biofuel LLC; Hilo Harbor, Waiakea, South Hilo, Hawaii, TMK: (3) 2-1-009: portion of parcels 007 & 031.

The Department of Land and Natural Resources, Land Division, has reviewed the enclosed draft environmental assessment for the above referenced project and anticipates a negative declaration determination.

Please publish the notice of availability for this project on the next publication date of the Environmental Notice.

We have enclosed a completed OEQC Bulletin Publication Form, one (1) hardcopy and one (1) electronic copy of the draft environmental assessment.

If you have any questions, please feel free to contact Candace Martin at (808) 961-9590. Thank you.

Enclosures

cc: Land Board Member  
Central Files  
District Files

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# Draft

# Environmental Assessment

Easement and Right-of-Way Through State Land

TMK (3) 2-1-009:007 & 031 (portion), Hilo Harbor, Hilo, Island of Hawai'i, Hawai'i

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*Prepared for*  
STATE OF HAWAI'I  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
P.O. Box 621  
Honolulu HI 96809

*Submitted*  
July 15, 2014

*Prepared by*  
Insight Environmental LLC  
HC3 Box 13132  
Kea'au, HI 96749



# DRAFT ENVIRONMENTAL ASSESSMENT

**Project Name:** Easement and Right-of-Way Through State Land

**Location:** Hilo Harbor, Hilo, Hawai‘i

**Judicial District:** South Hilo

**Tax Map Key (TMK):** (3) 2-1-009:007 & 031 (portion)

**Land Area:** 8,175 square feet (0.188 acre)

**Landowner:** State of Hawai‘i, Department of Land and Natural Resources, Department of Transportation-Highway Division, Department of Transportation-Harbors Division, County of Hawai‘i

**Applicant:** Hoku Kai Biofuels LLC/Summit Biofuel LLC

**Approving Agency:** State of Hawai‘i, Department of Land and Natural Resources

**Triggering Action:** Use of state/county lands

**Anticipated Determination:** Finding of No Significant Impact

## Summary

The Proposed Action is the purchase of an easement and right-of-way through state and county land at the Port of Hilo. The easement and right-of-way would extend from Pier 2 and Pier 3 to the south side of Kalaniana‘ole Avenue along the route of an existing petroleum pipeline. The existing pipeline and associated vaults and appurtenances are currently not in use. The applicant’s need is the infrastructure for bulk offloading and onloading of biofuels from marine vessels to shore-based storage tanks. This capacity currently does not exist within the State of Hawai‘i. The purpose of the Proposed Action is to utilize the existing pipeline as part of the establishment of a biofuel storage and distribution facility.

The granting of the easement enables the applicant to redevelop property at 794 Kalaniana‘ole Avenue for the bulk storage and distribution of biofuel. As a result, in addition to the impacts of granting the easement, the impacts of establishing a biofuels bulk storage and distribution facility were evaluated. No direct negative impacts as a result of the Proposed Action or the linked project were identified. A possible secondary impact is the release of biofuel to the environment. This secondary impact is mitigated through protective measures included in the Proposed Action.

Anticipated positive impacts of the Proposed Action are increased use of renewable resources and decreased use of fossil fuels, an associated reduction in air pollutant emissions, employment opportunities, and redevelopment of an abandoned industrial facility.

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## **LIST OF ABBREVIATIONS**

API	American Petroleum Institute
API-653	American Petroleum Institute Standard 653
AST	Aboveground Storage Tank
DLNR	Department of Land and Natural Resources
DEA	Draft Environmental Assessment
ESA	Environmental Site Assessment
HAR	Hawai‘i Administrative Rules
HDOH	Hawai‘i Department of Health
HRS	Hawai‘i Revised Statutes
TMK	Tax Map Key
UIC	Underground Injection Control

## **1.0 INTRODUCTION**

This section provides basic information on the Proposed Action and this Draft Environmental Assessment (DEA).

### **1.1 Landowner**

The pipeline easement of the Proposed Action crosses a number of different land parcels that are owned by the State of Hawai'i or the County of Hawai'i. Additionally, the State lands are managed by two different departments and two different divisions within one of these departments. Government entities involved in landownership related to the Proposed Action include the State of Hawai'i Department of Land and Natural Resources (DLNR), Department of Transportation Harbors Division, Department of Transportation-Highways Division, and County of Hawai'i.

### **1.2 Applicant**

Hoku Kai Biofuels LLC/Summit Biofuel LLC (Hoku Kai/Summit) is the applicant seeking use of state land. Contact information for Hoku Kai Biofuels LLC is as follows.

Chuck Barker  
Hoku Kai Biofuels LLC/Summit Biofuel LLC  
43 Kukuau Street  
Hilo HI 96720

### **1.3 Approving Agency**

Administration of the pipeline lease has been entrusted to DLNR by the landowners. Therefore, the approving agency is the State of Hawai'i DLNR. Contact information for the DLNR is as follows.

State of Hawaii  
Department of Land and Natural Resources  
P.O. Box 621  
Honolulu HI 96809

### **1.4 Environmental Consultant**

The environmental consultant supporting the preparation of this DEA is Insight Environmental LLC. Contact information for Insight Environmental is as follows.

Insight Environmental LLC  
Attn: Evan Pfaff, P.E.  
HC3 Box 13132  
Kea'au HI 96749  
(808) 936-1121  
evan@InsightHawaii.com



## 2.0 DESCRIPTION OF PROPOSED ACTION

The Proposed Action is the purchase and resumption of use of an easement and right-of-way through state land by the DLNR to Hoku Kai/Summit. The easement will provide Hoku Kai/Summit with access to an existing underground petroleum pipeline for use in the bulk offloading/onloading of biofuel. Linked to the Proposed Action is the redevelopment of the Hoku Kai/Summit facility at 794 Kalaniana'ole Avenue for use as a biofuel storage and distribution facility.

### 2.1 Purpose and Need

The applicant's need is to have a pipeline from the Hilo Harbor piers to its property at 794 Kalaniana'ole Avenue (Facility) for the offloading/onloading of biofuels from vessels to shore-based storage tanks. The purpose of the Proposed Action is to utilize the existing pipeline as part of the establishment of a biofuel storage and distribution facility.

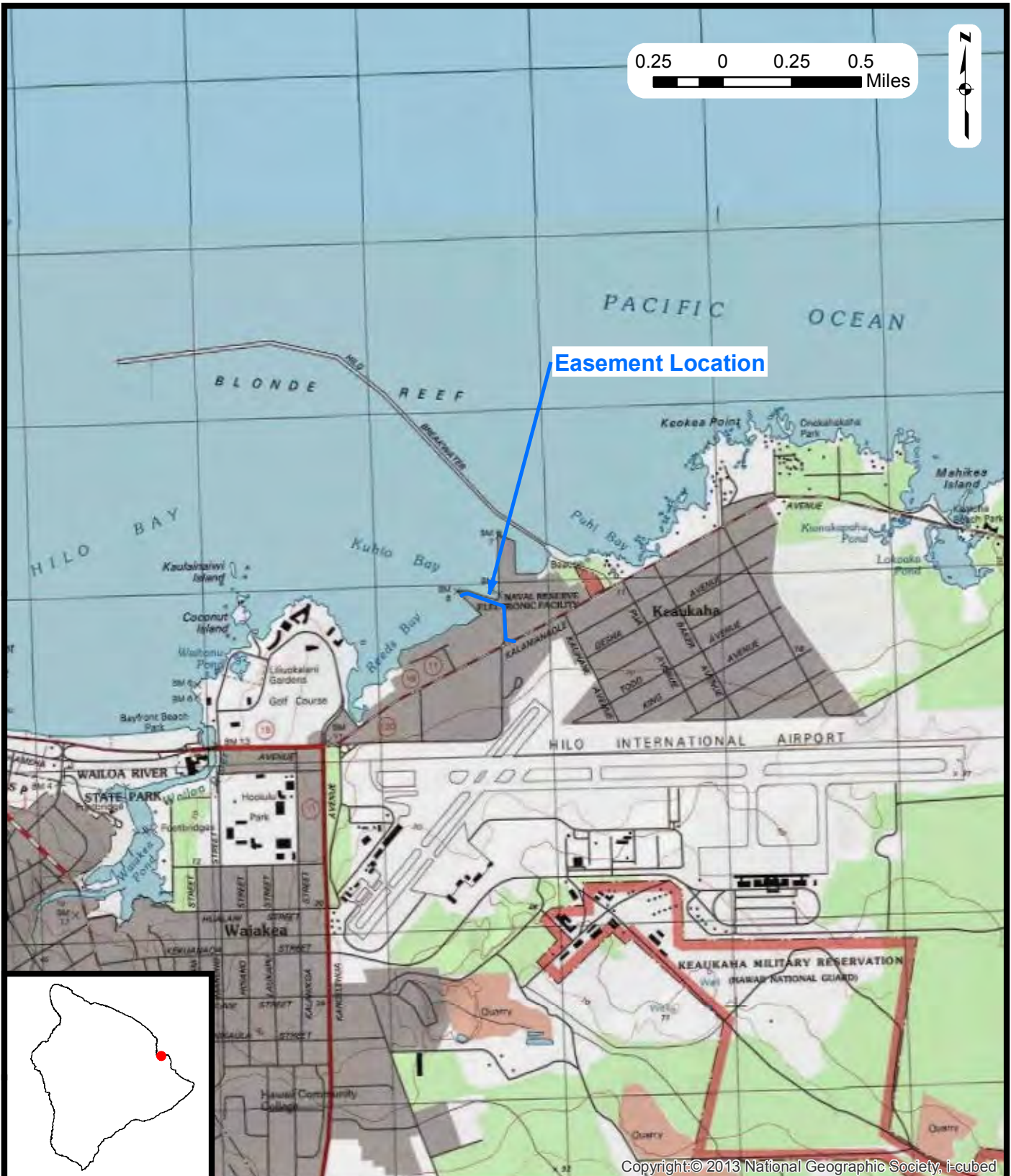
### 2.2 Technical

An underground petroleum pipeline currently exists from Pier 2 to 794 Kalaniana'ole Avenue. Historically, this pipeline extended beneath the pier and terminated at Pier 3. This section of the pipeline has been removed but would be reinstalled under the Proposed Action. Hoku Kai Biofuels LLC/Summit Biofuel LLC would like to utilize this pipeline to offload biofuel from bulk fuel vessels and store it at its Facility for island-wide distribution by highway tanker truck. Hoku Kai/Summit would also use this pipeline to load inter-island barges with biofuel stored at its Facility for distribution to other islands. The existing pipeline, and thus the proposed easement, cross several Tax Map Key (TMK) parcels owned by different entities. Table 1 presents information on the involved TMK parcels.

**Table 1. Summary of Tax Map Key Parcels Involved in Proposed Action**

Tax Map Key	Current Ownership	Parcel Area (acres)	Current Use
(3) 2-1-009:007	State of Hawai'i	25.322	Main Hilo Harbor parcel encompassing Pier 1, 2, and 3.
(3) 2-1-009:031	State of Hawai'i	0.3337	Strip of land on the east side of Kuhio Street used for parking
(3) 2-1-009:037	County of Hawai'i	0.0168	Unimproved area on the northeast corner of Kalaniana'ole Avenue and Kuhio Street
(3) 2-1-009:999	State of Hawai'i	3.081	Kalaniana'ole Avenue

The proposed easement is five feet wide, centered on the pipeline. The total length of the easement is approximately 1,635 feet. The location of the Proposed Action is identified in Figure 1. The Proposed Action area is shown on Figure 2. A Site Map is provided as Figure 3.



0.25 0 0.25 0.5 Miles



Easement Location

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Figure 1. Location Map  
 Draft Environmental Assessment  
 Easement and Right-of-Way  
 Through State Land  
 Hilo Harbor, Hilo, Hawai'i  
 TMK (3) 2-1-009:007 & 031 (portion)  
 July 2014  
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1 in = 0.5 miles



Map Identifier	Tax Map Key	Current Owner - Use
A	2-1-009:007	State of Hawai'i - Port of Hilo
B	2-1-009:031	State of Hawai'i - Kuhio Street shoulder
C	2-1-009:037	County of Hawai'i - Kalaniana'ole Avenue shoulder
D	2-1-009:999	County of Hawai'i - Kalaniana'ole Avenue
E	2-1-010:043	Hoku Kai Biofuels LLC - Industrial facility



Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community

Source: County of Hawai'i 2013.  
 Aerial image is shifted to the east relative to other data.  
 TMK - Tax Map Key



1 in = 300 feet

Figure 3. Site Map  
 Draft Environmental Assessment  
 Easement and Right-of-Way  
 Through State Land  
 Hilo Harbor, Hilo, Hawai'i  
 TMK (3) 2-1-009:007 & 031 (portion)  
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 Page 5

In order to place the pipeline in service for the transfer of biofuel, the following actions will need to be completed.

- Clean out the access vaults located along the pipeline.
- Drain and flush residual heating oil from the heating oil lines surrounding the pipeline.
- Clean residual asphalt cement from the pipeline.
- Upgrade connections and other pipeline appurtenances for use with biofuel and to be in accordance with current standards.
- Establish communication protocols with the Port for the transfer of biofuel.

Additionally, in the future Hoku Kai/Summit plans to reinstall the portion of the pipeline from Pier 2 to Pier 3 if it becomes beneficial for Port and business operations.

The Proposed Action will enable Hoku Kai/Summit to redevelop its Facility (794 Kalaniana'ole Avenue) to operate as a bulk storage and distribution site for biofuel. The TMK for the Facility parcel is (3) 2-1-010:043, encompassing 2.3417 acres, and is owned by Hoku Kai/Summit. Redevelopment of the Facility includes the following activities.

- Removal of dilapidated sheds, a boiler, abandoned equipment and solid waste, and existing aboveground piping.
- Cleanup of spilled petroleum products from the Facility ground surface.
- Cleaning and refurbishment of the nine existing aboveground storage tanks (AST).
- Installation of new aboveground piping and biofuel dispensing equipment.
- Installation of secondary containment structures and other spill prevention and control equipment.

The redeveloped Facility will utilize state of the art equipment and procedures to minimize the potential for a spill of biofuel to the Facility environment or a discharge to Hilo Harbor. A spill of biofuel to the environment could occur through one of the following mechanisms.

- Failure of an AST or associated piping.
- Failure of equipment or procedure during the transfer of biofuel from an AST to a tanker truck.
- Failure of the pipeline or a pipeline appurtenance.

To address these possible release mechanisms, the Facility will institute the following prevention mechanisms and infrastructure.

- Facility ASTs will be inspected and certified to meet the American Petroleum Institute (API) Standard 653 (API-653), *Tank Inspection, Repair, Alteration, and Reconstruction* (American Petroleum Institute, 2013). This requires the AST to be inspected by an API-653 certified inspector. Under API-653, the ASTs must undergo external inspection and testing every 5 years and internal inspection and testing every 20 years. Additionally, the ASTs will be visually inspected monthly by the Facility operator.

- Facility ASTs and associated piping will be located within a secondary containment berm that will contain a release of any liquid material.
- Liquid material transfer operations will be conducted within a secondary containment area that has the capacity to contain the volume of spilled biofuel under the most likely substantial spill scenarios.
- The pipeline will be inspected and certified to meet API Standard 570, *Piping Inspection Code: In-Service Inspection, Rating, Repair, and Alteration Of Piping Systems* (American Petroleum Institute, 2009).

Additionally, the Facility will develop and document operating procedures that minimize the potential for a spill of biofuel and control measures for effectively responding to a spill to prevent a release or discharge. Infrastructure and procedures for preventing and responding to a release of biofuel will be documented in a Spill Prevention, Control, and Countermeasures Plan as required by 40 Code of Federal Regulations Part 112 (U.S. Environmental Protection Agency, 2013). All staff involved in biofuel handling will be trained on the contents of the Spill Prevention, Control, and Countermeasures Plan.

Biofuel offloading and unloading operations from marine vessels will be coordinated with the Port of Hilo. Required spill prevention equipment and procedures will be governed by the Port Spill Prevention, Control, and Countermeasures Plan.

### **2.3 Permits and Approvals**

No additional permits or approvals are required to obtain the easement and right-of-way from DLNR.

Improvements to the pipeline may require a Special Management Area permit from the County of Hawai'i. The Applicant will submit a Special Management Area Assessment Application to the County of Hawai'i Planning Department for determination of the required permit.

The storage and wholesale distribution of biofuels would be classified under the 2012 North American Industrial Classification System as code 424710, Petroleum Bulk Stations and Terminals. This industrial sector is not required to obtain a Nation Pollution Discharge Elimination System permit for the discharge of storm water from industrial facilities.

The Facility is subject to the Spill Prevention, Control, and Countermeasures requirements of 40 Code of Federal Regulations Part 112, and will be required to prepare and implement a Spill Prevention, Control and Countermeasures Plan.

### **2.4 Land Use Conformance**

This section will document that the granting of the easement through state land (Proposed Action) is consistent with state and county land use planning.

#### 2.4.1 Hawai'i State Plan

The three themes of the Hawaii State Plan are individual and family self-sufficiency, social and economic mobility, and community or social well-being (State of Hawai'i Department of Planning and Economic Development, 1986). The Proposed Action is not contrary to, nor would it inhibit, the advancement of these themes. These goals of the State Plan are consistent with the underlying premises of the renewal of use of the subject pipeline. The transportation and electrical power generation fuels that this facility will make available represent both an ecological improvement and an economic alternative to the existing oil fuels that currently prevail in the fuel supply paradigm. Moreover, substantively reduced sulfur and carbon atmospheric emissions benefit public health. This advances the social, community, and economic interests of the people of the Island and State of Hawaii.

#### 2.4.2 Hawai'i State Land Use

The easement land is within an Urban District of the State Land Use Commission (State of Hawai'i Land Use Commission, 2012). The Proposed Action allows the use of the easement land for activities consistent with urban district land use.

#### 2.4.3 Hawai'i Coastal Zone Management

The easement land is within the County of Hawai'i Special Management Area (County of Hawai'i Planning Department, 2013). Development within the Special Management Area requires a Special Management Area permit from the County of Hawai'i Planning Department. The proposed improvements to the pipeline will be submitted to the County in a Special Management Area assessment application for determination of the need for a Special Management Area permit.

The Facility is not located within the Special Management Area.

#### 2.4.4 County Zoning

The easement land is zoned General Industrial District (MG-1A) by the County of Hawai'i (County of Hawai'i Planning Department, 2012). Land use under the Proposed Action is consistent with the current land zoning.

#### 2.4.5 County General Plan

The Proposed Action is within an area designated Industrial, within the Land Use Pattern Allocation Guide of the County General Plan (County of Hawai'i Planning Department, 2005). The Proposed Action allows the use of the easement land for activities consistent with an Industrial designation.

The County of Hawai'i General Plan goals most relevant to the Proposed Action are related to energy and are as follows (County of Hawai'i Planning Department, 2005).

- Encourage the development of alternative energy resources.

- Strive to assure a sufficient supply of energy to support present and future demands.

The Proposed Action is consistent with the advancement of these goals of the County General Plan.

## **2.5 Economic**

Hoku Kai/Summit will pay a fee to DLNR for the pipeline easement. The cost of the easement will be initially proposed based on the findings of an appraisal and further negotiated by Hoku Kai/Summit and DLNR. The cost of the easement is expected to represent fair market value for the use of state lands.

The project will generate economic activity in the County by creating jobs during Facility and pipeline renovation activity as well as during Facility operation. The project is expected to reduce the price of biofuels in the State, shifting fuel expenditures from petroleum products to biofuels.

## **2.6 Social**

There are no direct social aspects to the Proposed Action. The easement land and Facility are located in an industrial area of Hilo in immediate proximity to several bulk fuel terminals. The Proposed Action will provide employment opportunities that offer a living wage and other opportunities for individual development. Hoku Kai/Summit also intends to support public and youth programs within the community

## **2.7 Environmental**

No new development will occur as a result of the Proposed Action. The pipeline currently exists. Appurtenances to the pipeline will be changed to meet the proposed use as a biofuel pipeline. A portion of the pipeline, approximately 500 feet, extending from Pier 2 to Pier 3 will be reinstalled.

The Facility is an existing abandoned industrial facility. It will be cleaned and restored to operating condition, with modern equipment and controls. The tanks will have all asbestos sheathing removed, and the currently unsightly property will be returned to that of an efficient, well-maintained industrial facility.

## **3.0 CONSULTATION**

State and county agencies as well as private organizations anticipated to have an interest in the impacts to the human and natural environment of the Proposed Action were consulted prior to the preparation of this DEA as part of an early consultation process. An early consultation letter was mailed to each agency and organization on April 11, 2014. Entities were provided with a minimum of 30 days to respond. The following entities were consulted prior to the preparation of the DEA. Entities marked with an "\*" provided a response to the request for



early consultation. Early consultation communications received from entities are included in Appendix A.

#### State of Hawaii

DLNR (Division of Aquatic Resources, \*Engineering Division, \*Division of State Parks, Office of Conservation & Coastal Lands, Land Division, Historic Preservation)

\*Hawai'i Department of Health (HDOH)

Office of Hawaiian Affairs

#### County of Hawai'i

\*Planning Department

Public Works Department

\*Fire Department

\*Police Department

\*Department of Water Supply

County Council

#### Private and Community Groups

Keaukaha Community Association

Hawai'i Island Chamber of Commerce

## **4.0 DESCRIPTION OF AFFECTED ENVIRONMENT**

This section describes the current and historical environment at, and in the vicinity of, the Proposed Action.

### **4.1 *Natural Physical Environment***

#### **4.1.1 Soils**

A portion of the easement land is currently covered with asphalt concrete paving while the remainder is grass sod. The Facility ground surface is composed of areas of asphalt concrete paving and areas of bare dirt. Some form of road base is anticipated to be beneath the paved surfaces. The United States Department of Agriculture Natural Resources Conservation Service classifies the soil of the easement land and at the Facility as Opihikao-Urban land complex (640). Typically, this soil is composed of highly decomposed plant material from zero to three inches and bedrock at three inches below the ground surface. It is found on slopes of two to 20 percent between sea level and 1,200 feet elevation. It is a well drained soil formed from organic material over pahoehoe lava (United States Department of Agriculture, 2013).

#### **4.1.2 Topography**

The easement land and surrounding area sits at approximately 10 feet in elevation. The land is relatively flat and even, sloping gently to the north. The Facility sits at approximately 15 feet in elevation. The land is relatively flat and even, sloping gently to the north.

#### 4.1.3 Groundwater

The HDOH Safe Drinking Water Branch has established an Underground Injection Control (UIC) line to serve as a boundary between drinking water and non-drinking water portions of aquifers. Areas above (mountain side) the UIC line are within drinking water portions of the aquifer, while areas below (ocean side) the UIC line are in non-drinking water portions of the underlying aquifer. The easement land, Facility, and surrounding area are below the UIC line in a non-drinking water portion of the aquifer (Hawai'i Department of Health Safe Drinking Water Branch, 1999).

The easement land, Facility, and surrounding area are above the Hilo aquifer system in the Northeast Mauna Loa aquifer sector. The system is composed of a basal aquifer in unconfined flank formations. The basal aquifer is currently used for drinking water, and is considered to have a high risk of susceptibility to contamination (Mink & Lau, 1993). The general direction of groundwater flow is expected to be to the north towards the Pacific Ocean at Hilo. Groundwater in the easement vicinity is expected to be at approximately 10 feet below the ground surface. Groundwater at the Facility is expected to be at approximately 15 feet below the ground surface.

#### 4.1.4 Surface Water

There are no fresh water streams, ponds, or springs in the vicinity of the easement land or Facility. The north end of the easement is over the open water of Hilo Bay at Pier 2. The Facility is located 830 feet from Hilo Bay.

#### 4.1.5 Wildlife Habitat

The easement land, Facility, and surrounding land area are developed industrial areas. The easement land is an asphalt-paved port facility providing no wildlife habitat. The Facility is an asphalt-paved abandoned industrial facility providing no wildlife habitat.

The Port of Hilo is located in a portion of Hilo Bay known as Kuhio Bay and is east of Reeds Bay.

Hilo Bay is classified as a subtidal marine environment with an unconsolidated bottom. To the southwest of Pier 2 at 460 feet and 2,320 feet are 1.5 and 1.6 acre, respectively, intertidal estuary areas (U.S. Fish and Wildlife Service, 2014). No critical habitat is present on the easement land, Facility, or surrounding area (U.S. Fish and Wildlife Service, Pacific Island Office, 2004).

#### 4.1.6 Flora and Fauna

The easement land, Facility, and surrounding area, are developed industrial areas. No significant flora or fauna are present.

Based on observation of the easement land, Facility, and surrounding area no protected species are expected to be present. The easement land and surrounding areas have been categorized as

an area expected to have a low concentration of threatened or endangered species (The Nature Conservancy, 1992).

#### 4.1.7 Sensitive Areas

No sensitive environments are present on the easement land or the Facility. To the southwest of Pier 2 at 460 feet and 2,320 feet are 1.5 and 1.6 acre, respectively, intertidal estuary areas (U.S. Fish and Wildlife Service, 2014).

#### 4.1.8 Natural Hazards

The easement land is within flood hazard zones VE, AE, and X. Flood hazard zones VE and AE are within the 100-year flood zone. Flood hazard zone X is outside the 100-year flood zone. The Facility is outside the 100-year flood zone. The easement land and Facility are within lava zone three, as is all of urban Hilo. The easement land and Facility are within the tsunami evacuation zone. The easement land and Facility are within a low risk area for wild-land fire hazard.

#### 4.1.9 Noise

Ambient noise in the area is consistent with that of an industrial area. In addition to street noise, the area is near Hilo International Airport and thus, has overhead noise from aircraft.

#### 4.1.10 Air Quality

Air quality in the area is consistent with that of an industrial area. A slacking of the trade winds occasionally causes volcanic haze (vog) in the urban Hilo area.

#### 4.1.11 Visual Resources

The easement land is within a low-lying flat area that does not offer any significant views beyond that of the immediate surrounding area. Industrial facilities line the coastline within the area, blocking most ocean views.

#### 4.1.12 Hazardous Substances

A visual assessment of land use in the surrounding area finds several large tank farms for petroleum products. These facilities are located at this location because of existing underground pipelines that convey bulk product offloaded from vessels to the storage tanks of these facilities.

No hazardous substances are present aboveground along the easement. Because the pipeline for the Proposed Action is underground, it is not possible to fully inspect the area for hazardous substances. A Phase I Environmental Site Assessment of the easement land concluded that possible past releases from various facilities near the easement, as well as past use of the pipeline, may have impacted soil and groundwater of the easement (Environmental Science International, 2013a). Visual inspection of the pipeline access vaults at various times in 2013

has not identified any hazardous substances. The pipeline itself is known to contain some quantity of asphalt cement that was abandoned in the pipeline. Additionally, the pipeline is wrapped with a heating oil line. This line was drained of heating oil but may contain residual heating oil.

The Facility ASTs and aboveground piping contain a small quantity of asphalt cement that was abandoned in the ASTs at the time the Facility was abandoned. The ASTs and aboveground piping are wrapped in asbestos insulation. Small releases of asphalt cement to the Facility ground surface are visible. Approximately 100 gallons of liquid petroleum products in various containers remain at the Facility.

A Phase I Environmental Site Assessment (ESA) of the Facility identified several recognized environmental conditions associated with past use of the Facility as well as past use of adjoining properties (Environmental Science International, 2013b). A review of the conclusions drawn in the 2013 Phase I ESA finds that the authors deviate from the definition of a recognized environmental condition as defined by the ASTM International Standard (ASTM International, 2013). As a result, it is concluded that the 2013 Phase I ESA does not accurately reflect the environmental condition of the Facility.

Visual inspection of the Facility as well as documentation on the past environmental condition and management of Facility suggest that asphalt cement has impacted the ground surface of the Facility. It is also likely that diesel fuel has impacted the ground surface of the Facility. What is not known is whether asphalt cement, diesel fuel, and other petroleum products or hazardous substances have impacted the subsurface environment (bedrock and groundwater) at the Facility. Currently, there is no evidence that contaminated media at adjoining properties has migrated onto the Facility.

#### **4.2 Human Physical Infrastructure**

The easement land, Facility, and surrounding area are within a developed industrial area. The easement land is within the Port of Hilo, which is accessed via Kuhio Street off of Kalaniana'ole Avenue. The Port contains various buildings and the ground surface is paved with asphalt concrete. Various aboveground and belowground utility lines, including County water and sewer lines, Hawai'i Electric Light power lines, and Hawaiian Telcom communication lines, are present along Kalaniana'ole Avenue and within the Port facility.

Kalaniana'ole Avenue fronts the Facility property. A Hawai'i Electric Light electrical substation is adjacent to the Facility property to the west.

#### **4.3 Social Environment**

The easement land, Facility, and surrounding area are industrial areas with few social resources. A few small bars and shops are present in the surrounding area.

#### **4.4 Cultural Environment**

No cultural resources appear to be present on the easement land or at the Facility. Early consultation activities were conducted with the Office of Hawaiian Affairs and State Historic Preservation Division. No response was received from these agencies during early consultation. Both of these agencies as well as the Keaukaha Community Association will be provided the opportunity to review the DEA in order to continue the exploration of cultural resources in the easement land, Facility, and surrounding area.

#### **4.5 Historical-Archaeological Environment**

The easement land is in the *ahupua'a* of Waiākea, a large land division that includes most of the current town of Hilo and extends upslope to 6,000 feet above mean sea level. The Waiākea Forest Reserve is within the Waiākea *ahupua'a*.

Hilo Bay has been an important sheltered harbor from the time Polynesian settlers arrived in Hawaii through the arrival of oceangoing vessels from Western explorers. In 1825, the HMS Blonde anchored within the projected area formed by Blonde Reef, for which the reef is named. In 1908 the construction of a breakwater on Blonde Reef began and was completed in 1929 (Wikipedia, 2014). A 1914 historical topographic map of the Hilo area depicts port facilities and railroad lines at the Port of Hilo. A 1932 historical topographic map depicts what appear to be industrial facilities adjacent to the port.

No archeological or historical resources or features are known to exist on the easement land or Facility. Early consultation activities were conducted with the Office of Hawaiian Affairs and State Historic Preservation Division. No response was received by these agencies during early consultation. Both of these agencies as well as the Keaukaha Community Association will be provided the opportunity to review the DEA in order to continue the exploration of archeological and historical resources in the easement land, Facility, and surrounding area.

### **5.0 IDENTIFIED IMPACTS**

This section summarizes the impacts to the affected environment (Section 4.0).

#### **5.1 Natural Physical Environmental Impacts**

The Proposed Action is not anticipated to have any direct negative impacts on the natural environment. An underground pipeline is currently present within the easement, and that is not planned to change as a result of the Proposed Action. An existing industrial facility is currently present at the Facility, and that is not planned to change as a result of the Proposed Action.

The pipeline and Facility will not emit noxious or objectionable odors, significant noise, or air emissions of volatile organic compounds. The Facility is not anticipated to have the potential to significantly impact storm water. As discussed in Section 2.2, the Facility will utilize a

combination of physical infrastructure and management practices to reduce the potential of a discharge of biofuels from the Facility to surface water.

The Proposed Action is anticipated to have the following positive impacts on the environment.

- Restoration of an abandoned petroleum pipeline, preventing a release of petroleum products currently in the pipeline.
- Cleanup of an abandoned industrial facility, preventing a release to the environment of hazardous substances or petroleum products present on the Facility. Cleanup of the Facility is also expected to remove all of the accessible petroleum products that have been released to the environment at the Facility.
- Increased use of renewable resources and decreased use of fossil fuels.
- Reduction in air pollution emissions as a result of a transition from the consumption of fossil fuels to cleaner burning biofuel.

A potential secondary impact of the Proposed Action is the release of biofuel to the environment, specifically, a release to the soil of the Facility or easement land, or to marine waters at the Port. The potential for release of fuel is not unique to this project but is inherent in the transportation, transfer, and use of liquid fuels.

## **5.2 Human Physical Environment and Infrastructure Impacts**

No impacts to the human physical environment and infrastructure are anticipated as a result of the Proposed Action.

Cargo ship traffic at the Port of Hilo is not anticipated to increase, but instead transition a portion of traffic from fossil fuels to biofuel. Truck traffic in the port area is not anticipated to increase, but instead transition a portion of traffic from fossil fuels to biofuel. The Facility will operate several pumps for conveying biofuel, but is not anticipated to be a major energy user. The facility is also not anticipated to use significant water or generate any industrial wastewater.

## **5.3 Social Impacts**

The Proposed Action is not anticipated to have any negative impact on the social environment of the easement land, Facility, or surrounding area.

The Proposed Action is anticipated to have a positive economic impact on the surrounding area by providing employment opportunities during redevelopment and operation of the Facility.

## **5.4 Cultural Impacts**

The Proposed Action is not anticipated to have any impact on the cultural environment or practices of the easement land, Facility, or surrounding area.

## **6.0 ALTERNATIVES**

The No Action Alternative and the Alternate Pipeline/Facility alternative were considered.

Under the No Action Alternative, the easement would not be granted. Hoku Kai/Summit would not be able to conduct bulk transfer operations of biofuel and thus would not redevelop its Facility as a biofuel storage and distribution facility. The No Action Alternative does not meet the Applicants need. Additionally, the No Action Alternative, when compared to the advance of a lower emissions profile alternative fuel, which would be made more available and affordable under the Proposed Action, would fail to serve the public purpose of cleaner energy, reducing harmful atmospheric emissions, and providing economic alternatives to businesses and the public in the Hawaiian Islands.

Under the Alternate Pipeline/Facility alternative, Hoku Kai/Summit would identify a suitable location for and construct a pier that can receive bulk marine vessels for the offloading of biofuel. The pier might be situated such that a pipeline could be constructed to the current Hoku Kai/Summit Facility or might include the development of a different property into a bulk biofuels storage and distribution facility. This alternative would require shoreline modifications and result in a loss of marine habitat. This alternative would result in a loss of public coastal access. This alternative would be cost-prohibitive but also would result in significantly more environmental impacts than the Proposed Action.

## **7.0 MITIGATION MEASURES**

No direct negative impacts have been identified as the result of the Proposed Action. The impacts from a release of biofuel to the environment were identified as a potential secondary impact. Mitigation measures to minimize the potential of a release, as well as the impacts from a release, are included as part of the Proposed Action and are described in Section 2.2.

## **8.0 ANTICIPATED DETERMINATION**

It is anticipated that the DLNR will find the Proposed Action has No Significant Impact on the environment. The DLNR will issue its determination under HAR 11-200-11.1 or HAR 11-200-11.2 in a notice of determination letter to the Office of Environmental Quality Control.

## **9.0 FINDINGS AND REASONS**

This section evaluates the identified impacts of the Proposed Action against the 13 criteria for significance outlined in HAR 11-200-12.

- 1. Involves an irrevocable commitment to loss or destruction of any natural or cultural resource.*

The Proposed Action will not cause or contribute to the loss or destruction of a natural or cultural resource. The Proposed Action allows for the use of an existing petroleum pipeline and enables the redevelopment of an existing industrial facility.

2. *Curtails the range of beneficial uses of the environment.*

The Proposed Action does not curtail the range of beneficial uses of the environment.

3. *Conflicts with the state's long-term environmental policies or goals and guidelines as expressed in chapter 344, HRS, and any revisions thereof and amendments thereto, court decisions, or executive orders.*

The Proposed Action is consistent with state and county environmental policies, goals, and guidelines.

4. *Substantially affects the economic welfare, social welfare, and cultural practices of the community or State.*

The Proposed Action will have no negative effect on the economic welfare, social welfare, or cultural practices of the community or State.

5. *Substantially affects public health.*

The Proposed Action will have no negative effect on public health.

6. *Involves substantial secondary impacts, such as population changes or effects on public facilities.*

The Proposed Action will not have substantial secondary impacts. Potential secondary impacts have been identified along with mitigation measures to prevent and limit the impact of those secondary impacts.

7. *Involves a substantial degradation of environmental quality.*

The Proposed Action will not degrade environmental quality.

8. *Is individually limited but cumulatively has considerable effect upon the environment or involves a commitment for larger actions.*

The Proposed Action is not part of a larger project nor does it involve a commitment to a larger action. The Proposed Action enables the redevelopment of an existing industrial facility. Thus, the impacts of the linked project have been evaluated in this DEA.

9. *Substantially affects a rare, threatened, or endangered species, or its habitat.*

The Proposed Action will have no effect on protected species or their habitat. The Proposed Action is within a developed industrial environment.



*10. Detrimentially affects air or water quality or ambient noise levels.*

The Proposed Action does not detrimentally affect air or water quality or ambient noise levels.

*11. Affects or is likely to suffer damage by being located in an environmentally sensitive area such as a flood plain, tsunami zone, beach, erosion-prone area, geologically hazardous land, estuary, fresh water, or coastal waters.*

The Proposed Action will not affect environmentally sensitive areas. The Proposed Action does not involve the construction of substantial infrastructure that is likely to be affected by tsunami or lava flow. The Proposed Action allows for the use of existing infrastructure that is located belowground, relatively protected from tsunami or lava flow.

*12. Substantially affects scenic vistas and viewplanes identified in county or state plans or studies.*

The Proposed Action does not affect natural beauty sites identified in the County of Hawai'i General Plan. The Proposed Action is not anticipated to have any impact on scenic vistas or viewplanes.

*13. Requires substantial energy consumption.*

The Proposed Action does not require substantial energy consumption.

## REFERENCES

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Draft Environmental Assessment, Easement and Right-of-Way Through State Land, Hilo Harbor, Hilo, Hawai'i  
July 2014

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U.S. Fish and Wildlife Service, Pacific Island Office. (2004). *Designation of Critical Habitat for  
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Wikipedia. (2014, January 28). *Hilo Bay*. Retrieved June 30, 2014, from Wikipedia:  
[http://en.wikipedia.org/wiki/Hilo\\_Bay](http://en.wikipedia.org/wiki/Hilo_Bay)

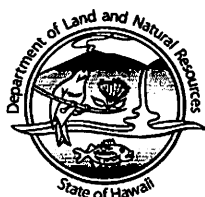
## **APPENDIX A**

### **Early Consultation Communication**

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



WILLIAM J. AILA, JR.  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
**LAND DIVISION**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

May 16, 2014

Insight Environmental LLC  
HC3 Box 13132  
Keaau, Hawaii 96749

Dear Sirs/Madams:

**SUBJECT:** Early Consultation for Environmental Assessment of an Easement and Right-of-Way through State Lands, Insight Environmental LLC on behalf of Hoku Kai Biofuels LLC, Applicant, South Hilo, Hawaii, TMK: (3) 2-1-009: portion of parcels 007 & 031

Thank you for the opportunity to review and comment on the subject matter. The Department of Land and Natural Resources' (DLNR) Land Division distributed or made available a copy of your report pertaining to the subject matter to DLNR Divisions for their review and comments.

At this time, enclosed are comments from the (i) Engineering Division, and (ii) Division of State Parks on the subject matter. Should you have any questions, please feel free to call Kevin Moore at 587-0426.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Y. Tsuji".

Russell Y. Tsuji  
Land Administrator

Enclosure(s)



RECEIVED  
LAND DIVISION

14 APR 28 PM 2:54



STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

April 21, 2014

MEMORANDUM

~~TO:~~ *PR:*

**DLNR Agencies:**

- Div. of Aquatic Resources
- Div. of Boating & Ocean Recreation
- Engineering Division
- Div. of Forestry & Wildlife
- Div. of State Parks
- Commission on Water Resource Management
- Office of Conservation & Coastal Lands
- Land Division – Hawaii District
- Historic Preservation

*TO:*

**FROM:** Russell Y. Tsuji, Land Administrator

**SUBJECT:** Early Consultation for Environmental Assessment of an Easement and Right-of-Way through State Lands

**LOCATION:** South Hilo, Hawaii, TMK: (3) 2-1-009: portion of parcels 007 & 031

**APPLICANT:** Insight Environmental LLC on behalf of Hoku Kai Biofuels LLC

Transmitted for your review and comment is information on the above referenced project. We would appreciate your comments on this project. Please submit any comments by May 13, 2014.

If no response is received by this date, we will assume your agency has no comments. If you have any questions about this request, please contact Kevin Moore at 587-0426. Thank you.

Attachment

- We have no objections.
- We have no comments.
- Comments are attached.

Signed: \_\_\_\_\_

Print name: Cathy S. Chang, Chief Engineer

Date: 4/22/14

cc: Central Files

14 APR 22 PM 10:05 ENGINEERING

**DEPARTMENT OF LAND AND NATURAL RESOURCES  
ENGINEERING DIVISION**

**LD/ Russell Y. Tsuji**

**REF: Early Consultation for EA of an Easement and R-O-W through State Lands, Insight Environmental LLC on behalf of Hoku Kai Biofuels LL, South Hilo Hawaii.027**

**COMMENTS**

- ( ) We confirm that the project site, according to the Flood Insurance Rate Map (FIRM), is located in Flood Zone \_\_\_\_.
- (X) Please take note that the project site, according to the Flood Insurance Rate Map (FIRM), is located in Flood Zones VE, AE, and X. The National Flood Insurance Program regulates developments within Zones VE and AE as indicated in bold letters below, but not Zone X.
- ( ) Please note that the correct Flood Zone Designation for the project site according to the Flood Insurance Rate Map (FIRM) is \_\_\_\_.
- (X) Please note that the project site must comply with the rules and regulations of the National Flood Insurance Program (NFIP) presented in Title 44 of the Code of Federal Regulations (44CFR), whenever development within a Special Flood Hazard Area is undertaken. If there are any questions, please contact the State NFIP Coordinator, Ms. Carol Tyau-Beam, of the Department of Land and Natural Resources, Engineering Division at (808) 587-0267.

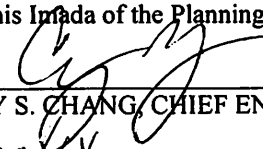
**Please be advised that 44CFR indicates the minimum standards set forth by the NFIP. Your Community's local flood ordinance may prove to be more restrictive and thus take precedence over the minimum NFIP standards. If there are questions regarding the local flood ordinances, please contact the applicable County NFIP Coordinators below:**

- ( ) Mr. Mario Siu Li at (808) 768-8098 or Ms. Ardis Shaw-Kim at (808) 768-8296 of the City and County of Honolulu, Department of Planning and Permitting.
  - (X) **Mr. Frank DeMarco at (808) 961-8042 of the County of Hawaii, Department of Public Works.**
  - ( ) Mr. Carolyn Cortez at (808) 270-7253 of the County of Maui, Department of Planning.
  - ( ) Mr. Stanford Iwamoto at (808) 241-4896 of the County of Kauai, Department of Public Works.
- 
- ( ) The applicant should include project water demands and infrastructure required to meet water demands. Please note that the implementation of any State-sponsored projects requiring water service from the Honolulu Board of Water Supply system must first obtain water allocation credits from the Engineering Division before it can receive a building permit and/or water meter.
  - ( ) The applicant should provide the water demands and calculations to the Engineering Division so it can be included in the State Water Projects Plan Update.

( ) Additional Comments: \_\_\_\_\_  
\_\_\_\_\_

( ) Other: \_\_\_\_\_  
\_\_\_\_\_

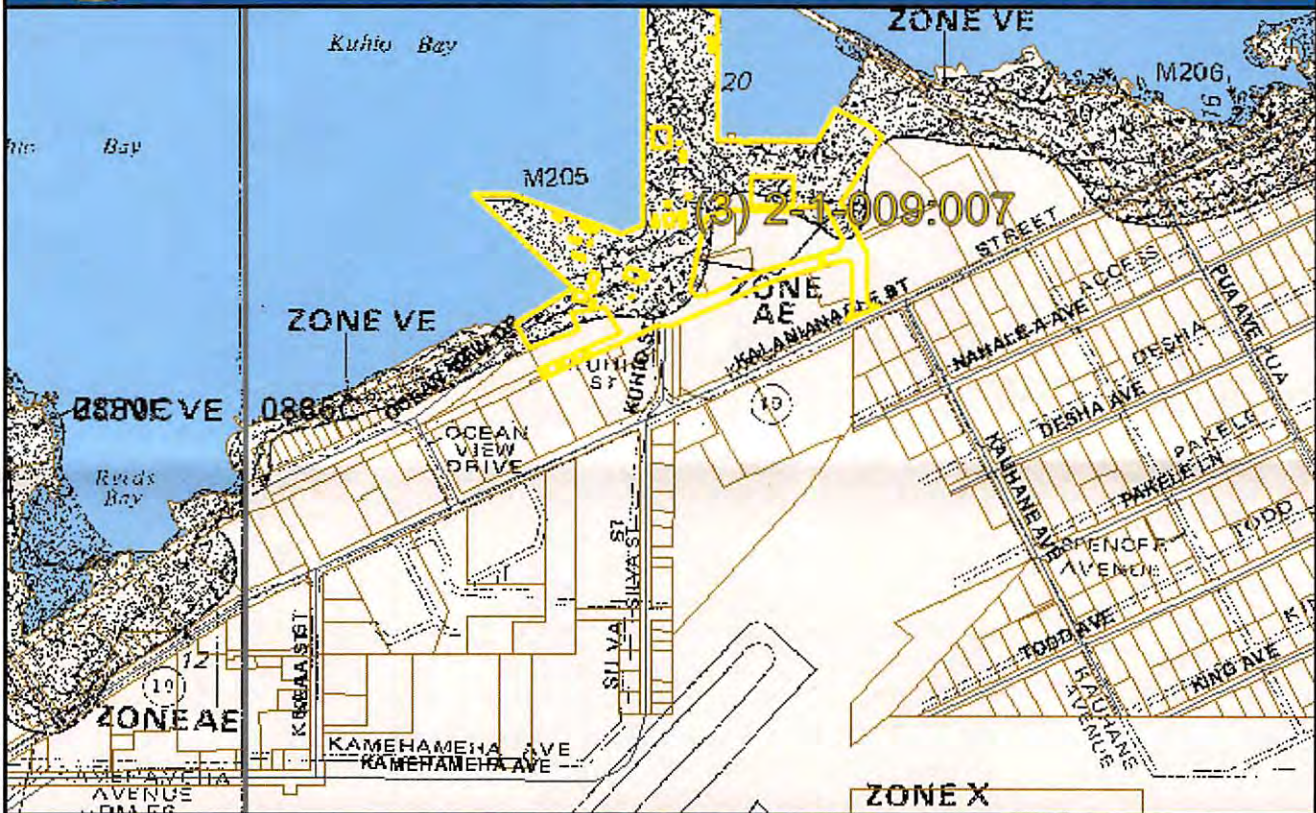
Should you have any questions, please call Mr. Dennis Inada of the Planning Branch at 587-0257.

Signed:   
CARTY S. CHANG, CHIEF ENGINEER

Date: 4/28/14



# State of Hawaii FLOOD HAZARD ASSESSMENT REPORT



## NATIONAL FLOOD INSURANCE PROGRAM

### FLOOD ZONE DEFINITIONS

**SPECIAL FLOOD HAZARD AREAS SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD** – The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water-surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

- Zone A:** No BFE determined.
- Zone AE:** BFE determined.
- Zone AH:** Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
- Zone AO:** Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
- Zone V:** Coastal flood zone with velocity hazard (wave action); no BFE determined.
- Zone VE:** Coastal flood zone with velocity hazard (wave action); BFE determined.
- Zone AEF:** Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

**NON-SPECIAL FLOOD HAZARD AREA** – An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

- Zone XS (X shaded):** Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
- Zone X:** Areas determined to be outside the 0.2% annual chance floodplain.

### OTHER FLOOD AREAS

- Zone D:** Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

### PROPERTY INFORMATION

**COUNTY:** HAWAII  
**TMK NO:** (3) 2-1-009-007  
**PARCEL ADDRESS:** 99 KUHIO STREET  
 HILO, HI 96720  
**FIRM INDEX DATE:** APRIL 02, 2004  
**LETTER OF MAP CHANGE(S):** NONE  
**FEMA FIRM PANEL(S):** 1551660885C  
**PANEL EFFECTIVE DATE:** SEPTEMBER 16, 1988

**PARCEL DATA FROM:** JUNE 2013  
**IMAGERY DATA FROM:** MAY 2005

### IMPORTANT PHONE NUMBERS

**County NFIP Coordinator**  
 County of Hawaii  
 Frank DeMarco, CFM (808) 961-8042  
**State NFIP Coordinator**  
 Carol Tyau-Beam, P.E., CFM (808) 587-0267

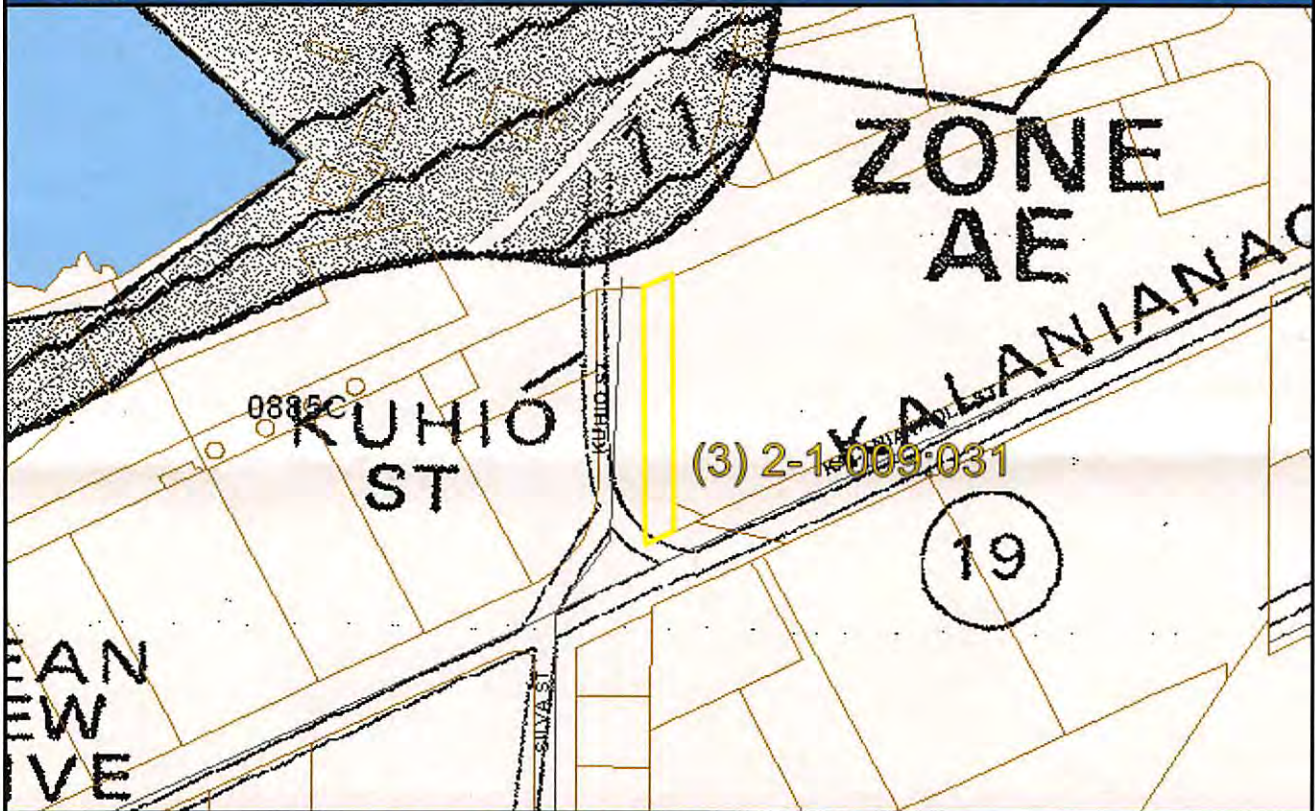
*Disclaimer: The Department of Land and Natural Resources (DLNR) assumes no responsibility arising from the use of the information contained in this report. Viewers/Users are responsible for verifying the accuracy of the information and agree to indemnify the DLNR from any liability, which may arise from its use.*

*If this map has been identified as 'PRELIMINARY' or 'UNOFFICIAL', please note that it is being provided for informational purposes and is not to be used for official/legal decisions, regulatory compliance, or flood insurance rating. Contact your county NFIP coordinator for flood zone determinations to be used for compliance with local floodplain management regulations.*





# FLOOD HAZARD ASSESSMENT REPORT



## NATIONAL FLOOD INSURANCE PROGRAM

### FLOOD ZONE DEFINITIONS

**SPECIAL FLOOD HAZARD AREAS SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD** – The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zone A, AE, AH, AO, V, and VE. The Base Flood Elevation (BFE) is the water-surface elevation of the 1% annual chance flood. Mandatory flood insurance purchase applies in these zones:

- Zone A:** No BFE determined.
- Zone AE:** BFE determined.
- Zone AH:** Flood depths of 1 to 3 feet (usually areas of ponding); BFE determined.
- Zone AO:** Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined.
- Zone V:** Coastal flood zone with velocity hazard (wave action); no BFE determined.
- Zone VE:** Coastal flood zone with velocity hazard (wave action); BFE determined.
- Zone AEF:** Floodway areas in Zone AE. The floodway is the channel of stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without increasing the BFE.

**NON-SPECIAL FLOOD HAZARD AREA** – An area in a low-to-moderate risk flood zone. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

- Zone XS (X shaded):** Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.
- Zone X:** Areas determined to be outside the 0.2% annual chance floodplain.

### OTHER FLOOD AREAS

- Zone D:** Unstudied areas where flood hazards are undetermined, but flooding is possible. No mandatory flood insurance purchase requirements apply, but coverage is available in participating communities.

### PROPERTY INFORMATION

**COUNTY:** HAWAII  
**TMK NO:** (3) 2-1-009-031  
**PARCEL ADDRESS:**  
**FIRM INDEX DATE:** APRIL 02, 2004  
**LETTER OF MAP CHANGE(S):** NONE  
**FEMA FIRM PANEL(S):** 1551660885C  
**PANEL EFFECTIVE DATE:** SEPTEMBER 16, 1988

**PARCEL DATA FROM:** JUNE 2013  
**IMAGERY DATA FROM:** MAY 2005

### IMPORTANT PHONE NUMBERS

County NFIP Coordinator  
 County of Hawaii  
 Frank DeMarco, CFM (808) 961-8042  
State NFIP Coordinator  
 Carol Tyau-Beam, P.E., CFM (808) 587-0267

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*If this map has been identified as 'PRELIMINARY' or 'UNOFFICIAL', please note that it is being provided for informational purposes and is not to be used for official/legal decisions, regulatory compliance, or flood insurance rating. Contact your county NFIP coordinator for flood zone determinations to be used for compliance with local floodplain management regulations.*

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



RECEIVED  
LAND DIVISION

WILLIAM J. AILA, JR.  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

RECEIVED  
STATE PARKS

2014 APR 29 PM 3:09



14 APR 24 11:04

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
LAND DIVISION

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

April 21, 2014

**MEMORANDUM**

TO: **DLNR Agencies:**  
 Div. of Aquatic Resources  
 Div. of Boating & Ocean Recreation  
 Engineering Division  
 Div. of Forestry & Wildlife  
 Div. of State Parks  
 Commission on Water Resource Management  
 Office of Conservation & Coastal Lands  
 Land Division – Hawaii District  
 Historic Preservation

FROM: *Russell Y. Tsuji*, Land Administrator

SUBJECT: Early Consultation for Environmental Assessment of an Easement and Right-of-Way through State Lands

LOCATION: South Hilo, Hawaii, TMK: (3) 2-1-009: portion of parcels 007 & 031

APPLICANT: Insight Environmental LLC on behalf of Hoku Kai Biofuels LLC

Transmitted for your review and comment is information on the above referenced project. We would appreciate your comments on this project. Please submit any comments by May 13, 2014.

If no response is received by this date, we will assume your agency has no comments. If you have any questions about this request, please contact Kevin Moore at 587-0426. Thank you.

Attachment

- ( ) We have no objections.
- (  ) We have no comments.
- ( ) Comments are attached.

Signed: *[Signature]*

Print name: Daniel S. Quinn

Date: 4/28/14

cc: Central Files



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. BOX 3378  
HONOLULU, HI 96801-3378

In reply, please refer to:  
File:  
EPO 14-059  
EC Easement Hilo Harbor

April 23, 2014

Mr. Evan Pfaff, P.E.  
Principal  
Insight Environmental LLC  
HC3 Box 13132  
Keaau, Hawaii 96749  
Email: [www.InsightHawaii.com](http://www.InsightHawaii.com)

Dear Mr. Pfaff:

**SUBJECT: Early Consultation for Environmental Assessment of an Easement and Right-of-Way through State Lands, Hilo Harbor, Hawaii**

The Department of Health (DOH), Environmental Planning Office (EPO), acknowledges receipt of your letter dated April 11, 2014. Thank you for allowing us to review and comment on the subject document. The document was routed to the relevant Environmental Health divisions and offices. They will provide specific comments to you if necessary. EPO recommends that you review the standard comments at: <http://health.hawaii.gov/epo/home/landuse-planning-review-program/>.

You are required to adhere to all applicable standard comments.

You may also wish to review the recently revised Water Quality Standards Maps that have been updated for all islands. The new Water Quality Standards Maps (2013) can be found at: <http://health.hawaii.gov/cwb/site-map/clean-water-branch-home-page/water-quality-standards/>

The EPO suggests that you examine the many sources available on strategies to support the sustainable and healthy design of communities and buildings, including the following:  
State of Hawaii, Office of Planning: [www.planning.hawaii.gov](http://www.planning.hawaii.gov) and the 2013 ORMP;  
U.H., School of Ocean and Earth Science and Technology: [www.soest.hawaii.edu](http://www.soest.hawaii.edu);  
U.S. Health and Human Services: [www.hhs.gov/about/sustainability](http://www.hhs.gov/about/sustainability); and  
U.S. Environmental Protection Agency's sustainability programs: [www.epa.gov/sustainability](http://www.epa.gov/sustainability).

The DOH encourages everyone to apply these sustainability strategies and principles early in the planning and review of projects. We also request that for future projects you consider conducting a Health Impact Assessment (HIA). More information is available at: [www.cdc.gov/healthyplaces/hia.htm](http://www.cdc.gov/healthyplaces/hia.htm); and [www.epa.gov/research/healthscience/health-impact-assessment.htm](http://www.epa.gov/research/healthscience/health-impact-assessment.htm).

We request you share all of this information with others to increase community awareness on sustainable, innovative, inspirational, and healthy community design.  
Mahalo,

A handwritten signature in black ink, appearing to read "Laura Leialoha Phillips McIntyre".

Laura Leialoha Phillips McIntyre, AICP  
Program Manager, Environmental Planning Office




**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
P.O. BOX 916  
HILO, HAWAII 96721-0916

MEMORANDUM

DATE: April 29, 2014

TO: Mr. Evan Pfaff, P.E.  
Principal, Insight Environmental LLC

FROM: Newton Inouye   
District Environmental Health Program Chief

SUBJECT: Early Consultation for Environmental Assessment of an Easement and Right-of-Way through State Lands, Hilo Harbor, Hawai'i

The applicant would need to meet the requirements of our Department of Health Air Pollution Rules, Chapter 60.1, Title 11, State of Hawaii for fugitive dust control. If there is need to discuss these requirements, please contact our Clean Air Branch staff at Ph. 933-0401.

Construction activities must comply with the provisions of Hawaii Administrative Rules, Chapter 11-46, "Community Noise Control."

1. The contractor must obtain a noise permit if the noise levels from the construction activities are expected to exceed the allowable levels of the rules.
2. Construction equipment and on-site vehicles requiring an exhaust of gas or air must be equipped with mufflers.
3. The contractor must comply with the requirements pertaining to construction activities as specified in the rules and the conditions issued with the permit.

Should there be any questions on this matter, please contact the Department of Health at 933-0917.

c:EPO

WORD: EA for Hoku Kai Biofuels LLC



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. BOX 3378  
HONOLULU, HI 96801-3378

In reply, please refer to:  
EMD/CWB

04048PCTM.14

April 30, 2014

Mr. Evan Pfaff, P.E.  
Principal  
Insight Environmental LLC  
HC3 Box 13132  
Keaau, Hawaii 96749

Dear Mr. Pfaff:

**SUBJECT: Comments on the Early Consultation for Assessment of an  
Easement and Right-of-Way through State Lands  
Hilo Harbor, Island of Hawaii, Hawaii**

The Department of Health (DOH), Clean Water Branch (CWB), acknowledges receipt of your letter, dated April 11, 2014, requesting comments on your project. The DOH-CWB has reviewed the subject document and offers these comments. Please note that our review is based solely on the information provided in the subject document and its compliance with the Hawaii Administrative Rules (HAR), Chapters 11-54 and 11-55. You may be responsible for fulfilling additional requirements related to our program. We recommend that you also read our standard comments on our website at: [http://health.hawaii.gov/epo/files/2013/10/CWB\\_Oct22.pdf](http://health.hawaii.gov/epo/files/2013/10/CWB_Oct22.pdf)

1. Any project and its potential impacts to State waters must meet the following criteria:
  - a. Antidegradation policy (HAR, Section 11-54-1.1), which requires that the existing uses and the level of water quality necessary to protect the existing uses of the receiving State water be maintained and protected.
  - b. Designated uses (HAR, Section 11-54-3), as determined by the classification of the receiving State waters.
  - c. Water quality criteria (HAR, Sections 11-54-4 through 11-54-8).
2. National Pollutant Discharge Elimination System (NPDES) permit coverage is required for pollutant discharges into State surface waters and for certain situations involving storm water (HAR, Chapter 11-55).

- a. Discharges into Class 2 or Class A State waters can be covered under an NPDES general permit only if all of the NPDES general permit requirements are met. Please see the DOH-CWB website (<http://health.hawaii.gov/cwb/>) for the NPDES general permits and instructions to request coverage.
- b. All other discharges into State surface waters and discharges into Class 1 or Class AA State waters require an NPDES individual permit. To request NPDES individual permit coverage, please see the DOH-CWB forms website located at: <http://health.hawaii.gov/cwb/site-map/clean-water-branch-home-page/forms/>
- c. NPDES permit coverage for storm water associated with construction activities is required if your project will result in the disturbance of one (1) acre or more of total land area. The total land area includes a contiguous area where multiple separate and distinct construction activities may be taking place at different times on different schedules under a larger common plan of development or sale. NPDES permit coverage is required before the start of the construction activities.

Land disturbance includes, but is not limited to clearing, grading, grubbing, uprooting of vegetation, demolition (even if leaving foundation slab), staging, stockpiling, excavation into pavement areas which go down to the base course, and storage areas (including areas on the roadway to park equipment if these areas are blocked off from public usage, grassed areas, or bare ground).

3. If your project involves work in, over, or under waters of the United States, it is highly recommend that you contact the Army Corp of Engineers, Regulatory Branch (Tel: 438-9258) regarding their permitting requirements.

Pursuant to Federal Water Pollution Control Act [commonly known as the "Clean Water Act" (CWA)], Paragraph 401(a)(1), a Section 401 Water Quality Certification (WQC) is required for "[a]ny applicant for Federal license or permit to conduct any activity including, but not limited to, the construction or operation of facilities, which may **result** in any discharge into the navigable waters..." (emphasis added). The term "discharge" is defined in CWA, Subsections 502(16), 502(12), and 502(6); Title 40 of the Code of Federal Regulations, Section 122.2; and Hawaii Administrative Rules (HAR), Chapter 11-54.

4. Please note that all discharges related to the project construction or operation activities, whether or not NPDES permit coverage and/or Section 401 WQC are required, must comply with the State's Water Quality Standards. Noncompliance with water quality requirements contained in HAR, Chapter 11-54, and/or permitting requirements, specified in HAR, Chapter 11-55, may be subject to penalties of \$25,000 per day per violation.

Mr. Evan Pfaff, P.E.  
April 30, 2014  
Page 3

04048PCTM.14

If you have any questions, please visit our website at: <http://health.hawaii.gov/cwb>, or contact the Engineering Section, CWB, at (808) 586-4309.

Sincerely,

  
ALEC WONG, P.E., CHIEF  
Clean Water Branch

CTM:tg

c: DOH-EPO #14-059 [via email only]



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. BOX 3378  
HONOLULU, HI 96801-3378

In reply, please refer to:  
File:  
14-211-IP

May 8, 2014

Evan Pfaff, P.E.  
Insight Environmental  
HC3 Box 13132  
Keaau, HI 96749  
[evan@insighthawaii.com](mailto:evan@insighthawaii.com)

**Site:**  
Hoku Kai Biofuels, 794 Kalaniana'ole Avenue

**Subject:**  
Response to Request for Early Comments Regarding an Environmental Assessment of a Pipeline Easement and Right-of-Way in Hilo Harbor

Dear Evan Pfaff:

The Hawaii Department of Health (HDOH) Hazard Evaluation & Emergency Response Office (HEER Office) was provided a copy of your April 11, 2014 letter to the Environmental Health Administration regarding early consultation for environmental assessment of an easement and right-of-way through state lands at Hilo Harbor. Thank you for bringing this to HDOH attention early on.

The HEER Office is providing oversight for soil and groundwater contamination concerns remaining at the former Big Island Asphalt site (now Hoku Kai Biofuels), and at least some of those issues are linked to concerns regarding the former and now proposed new pipeline route. The former "pipeline" consisted of a larger pipeline for asphalt and two smaller oil-filled pipelines surrounding that one that were used to heat the asphalt and help it flow through the line. Although the two smaller "turbine oil lines" were cleared of oil in the past on port property, they still need to be double-checked between the port entrance and the former asphalt site property to ensure no residual is remaining. In addition, we have general concerns regarding the need to further evaluate (and address, as appropriate) whether the concrete vault or lining in which the pipeline is installed could serve as a preferred pathway for contaminants reaching the harbor in the event of a significant spill or leak into or along the pipeline route. These are examples of two issues linked to the pipeline corridor that have been identified in past, yet remain to be addressed fully.

There may be other concerns that could arise from any excavation/installation work (if necessary) on the pipeline terminus at the proposed plant site, or along the pipeline corridor to the harbor. The Hilo Harbor cargo yard area (which includes the area above



Letter to Evan Pfaff, P.E., Insight Environmental

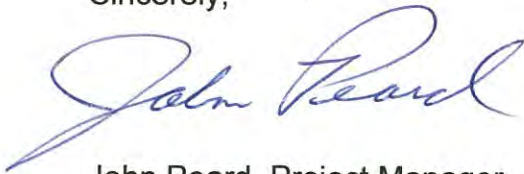
May 8, 2014

Page 2

the pipeline route) is also undergoing a major upgrade over this next year, so it will be important to ensure any pipeline-related work necessary on port property is coordinated with the port's contractors closely, for safety and scheduling concerns.

Please continue to communicate and work with the HEER Office regarding soil and groundwater related environmental issues associated with the proposed pipeline. We look forward to discussing the issues noted above, and any other relevant environmental issues as the pipeline proposal proceeds.

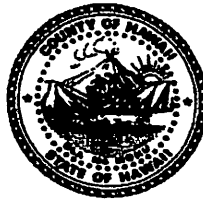
Sincerely,

A handwritten signature in blue ink that reads "John Peard". The signature is fluid and cursive, with a long horizontal stroke at the end.

John Peard, Project Manager  
HDOH, HEER Office, Hilo  
[john.peard@doh.hawaii.gov](mailto:john.peard@doh.hawaii.gov)  
(808) 933-9921

e-cc: Laura McIntyre, EPO, [laura.mcintyre@doh.hawaii.gov](mailto:laura.mcintyre@doh.hawaii.gov)

William P. Kenoi  
Mayor



Duane Kanuha  
Director

Bobby Command  
Deputy Director

West Hawai'i Office  
74-5044 Ane Keohokalole Hwy  
Kailua-Kona, Hawai'i 96740  
Phone (808) 323-4770  
Fax (808) 327-3563

**County of Hawai'i**  
PLANNING DEPARTMENT

East Hawai'i Office  
101 Pauahi Street, Suite 3  
Hilo, Hawai'i 96720  
Phone (808) 961-8288  
Fax (808) 961-8742

April 30, 2014

Mr. Evan Pfaff, P.E.  
Insight Environmental LLC  
HC3 Box 13132  
Kea'au, HI 96749

Dear Mr. Pfaff:

**Subject: Pre-Consultation for Draft Environmental Assessment**  
**Project: Easement for Fuel Pipeline**  
**TMKs: (3) 2-1-010:043, Waiākea, South Hilo, Hawai'i**

Thank you for your letter dated April 15, 2014, requesting comments from this office regarding the preparation of a Draft Environmental Assessment (DEA) for the subject project.

The subject parcel consists of 2.3417 acres located within the State Land Use Urban district, zoned General Industrial (MG-1a) by the County, and designated Industrial by the Hawai'i County General Plan Land Use Pattern Allocation Guide (LUPAG) map. While the subject TMK is not within the Special Management Area (SMA), properties makai of Kalaniana'ole Avenue are within the SMA.

We understand that Hoku Kai Biofuels LLC is seeking an easement through State lands for use of a fuel pipeline to transport biofuels to and from cargo ships in Hilo Harbor to its property on the mauka side of Kalaniana'ole Avenue. Hoku Kai Biofuels LLC also plans to redevelop the storage tanks located on the property for the storage and distribution of biofuel.

The draft EA should include a list of the TMKs through which the easement is being requested. Should any improvements to the pipeline or accompanying infrastructure be required makai of Kalaniana'ole Avenue and within the SMA, the applicant shall submit an SMA Assessment Application for the proposed uses, activities or operations and receive an SMA determination from the Planning Department, prior to commencement of the activities.

The County of Hawai'i General Plan 2005 (as amended) is the policy document for the long range comprehensive development of the island of Hawai'i and identifies the visions, values, and priorities important to the people of this County. It can be found electronically at (<http://www.cohplanningdept.com/community-planning/general-plan/>).

Mr. Evan Pfaff, P.E.  
Insight Environmental LLC  
April 30, 2014  
Page 2

General Plan policies related to Energy, and relevant to this EA, include:

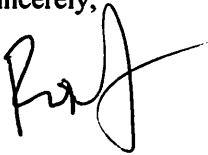
- 3.3(a) "Encourage the development of alternate energy resources."
- 3.3(f) "Strive to assure a sufficient supply of energy to support present and future demands."

Please include a discussion of the proposed project's alignment with the General Plan.

We recommend that the draft EA include a thorough discussion on the BMPs proposed to prevent and contain any fuel spills and immediate measures to be employed to mitigate adverse environmental impacts that may result from the failure of such prevention and containment strategies. Please also include the proposed maintenance / inspection schedule for the infrastructure involved in fuel transport and storage to ensure to the extent possible that failures do not occur.

We have no further comments to offer, at this time. However, please keep us informed and provide our department with a copy of the draft EA for our review and comment. If you have any questions or if you need further assistance, please feel free to contact Lucas Mead of this office at (808) 961-8140.

Sincerely,



 DUANE KANUHA  
Planning Director

LM:cs  
P:\wpwin60\Luke\dEA, EA, & EIS Comments\preconsultdraftca Hoku\_Kai\_Biofuelcs.doc

**William P. Kenoi**  
Mayor



**Darren J. Rosario**  
Fire Chief

**Renwick J. Victorino**  
Deputy Fire Chief

**County of Hawai'i**  
**HAWAII FIRE DEPARTMENT**  
25 Aupuni Street • Room 2501 • Hilo, Hawai'i 96720  
(808) 932-2900 • Fax (808) 932-2928

April 30, 2014

Mr. Evan Pfaff  
Insight Environmental LLC  
HC3 Box 13132  
Keaau, Hawai'i 96749

Dear Mr. Pfaff,

**SUBJECT: EARLY CONSULTATION FOR ENVIRONMENTAL  
ASSESSMENT OF AN EASEMENT AND RIGHT-OF-WAY THROUGH  
STATE LANDS, HILO HARBOR, HAWAII**

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The Hawai'i Fire Department does not have any comments to offer at this time regarding the above-referenced early consultation on Environmental Assessment.

Thank you for the opportunity to comment.

Sincerely,

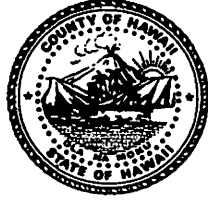
A handwritten signature in black ink, appearing to read "DR", positioned above the printed name of the Fire Chief.

**DARREN J. ROSARIO**  
Fire Chief

KV:lc



**William P. Kenoi**  
Mayor



**Harry S. Kubojiri**  
Police Chief

**Paul K. Ferreira**  
Deputy Police Chief

## **County of Hawai`i**

### **POLICE DEPARTMENT**

349 Kapi`olani Street • Hilo, Hawai`i 96720-3998  
(808) 935-3311 • Fax (808) 961-2389

April 22, 2014

Mr. Evan Pfaff, P.E.  
Principal  
Insight Environmental, LLC  
HC3 Box 13132  
Keaau, HI 96749

Dear Mr. Pfaff:

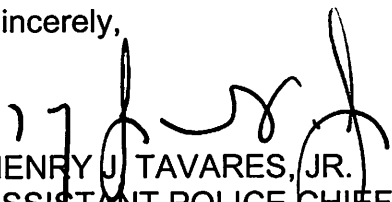
**Subject: Early Consultation for Environmental Assessment of an Easement and Right-of-Way through State Lands, Hilo Harbor, Hawaii**

Staff, upon reviewing the provided document, does not anticipate any significant impact to traffic and/or public safety concerns.

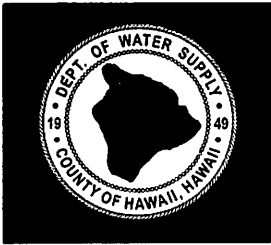
Thank you for allowing us the opportunity to comment.

If you have any questions, please contact Captain Richard Sherlock, Hilo Patrol, at 961-2214

Sincerely,

  
HENRY J. TAVARES, JR.  
ASSISTANT POLICE CHIEF  
AREA I OPERATIONS BUREAU

RS:lli  
140251



**DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAII'**  
345 KEKŪANAŌ'A STREET, SUITE 20 • HILO, HAWAII 96720  
TELEPHONE (808) 961-8050 • FAX (808) 961-8657

May 14, 2014

Mr. Evan Pfaff  
Insight Environmental LLC  
HC3 Box 13132  
Kea'au, HI 96749

**PRE-ENVIRONMENTAL ASSESSMENT CONSULTATION  
EASEMENT AND RIGHT-OF-WAY THROUGH STATE LANDS  
FOR HOKU KAI BIOFUELS LLC  
TAX MAP KEY 2-1-010:043**

This is in response to your Pre-Environmental Assessment consultation letter dated April 11, 2014.

Please be informed that there is an existing 6-inch waterline within Kalaniana'ole Street, fronting the subject parcel. The subject parcel is currently serviced through a 1½-inch meter.

The applicant should provide our department with construction plans for review and approval, so that we may identify any affected water system facilities. Should the proposed improvements require the relocation, adjustment, and/or modification of our department's existing water system facilities, the owner/applicant shall be responsible for the construction work and costs for said work.


Due to the proposed commercial re-development of the subject parcel, the Department requests that water usage calculations, prepared by a professional engineer licensed in the State of Hawai'i, be submitted to show the estimated maximum daily water usage for the development. Should the estimated maximum daily water usage exceed the capacity of the existing meter, the applicant may be required to install an additional or larger meter, and remit the prevailing facilities charge, which is subject to change.

If a larger or additional meter is required, a backflow prevention assembly will also be required for that meter. The installation of the backflow prevention assembly(s) must be inspected and approved by the Department.

Please be informed that the existing 6-inch waterline fronting the parcel is inadequate to provide 2,000 GPM of fire flow required per the Department's Water System Standards. A minimum 12-inch diameter waterline, or a "looped" 8-inch diameter waterline, must front the property to provide the required 2,000 GPM fire flow. The closest 12-inch waterline is located at the intersection of Kamehameha Avenue and Kea'a Street, approximately 3,200 feet from the subject parcel. The applicant should contact the Fire Department to determine any other fire protection requirements or alternatives.

Should there be any questions, please contact Ryan Quitarano of our Water Resources and Planning Branch at 961-8070, extension 256.

Sincerely yours,

  
Quirino Antonio, Jr., P.E.  
Manager-Chief Engineer

RQ:jms

*... Water, Our Most Precious Resource ... Ka Wai A Kāne ...*

The Department of Water Supply is an Equal Opportunity provider and employer.