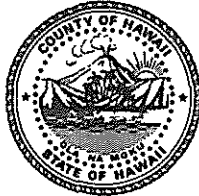


Stephen K. Yamashiro
Mayor



County of Hawaii

PLANNING COMMISSION

25 Aupuni Street, Room 109 • Hilo, Hawaii 96720-4252
(808) 961-8288 Fax (808) 961-9615

CERTIFIED MAIL
Z 095 323 783

DEC 05 1996

Sam Olson, Vice President
Fuel Operations
Aloha Petroleum, Ltd.
P.O. Box 500
Honolulu, HI 96809

Dear Mr. Olson:

Special Management Area Use Permit Application (SMA 96-11)
Applicant: Aloha Petroleum, Ltd.
Request: Construct Two 10,000 Barrel Unleaded Gasoline Above-Ground
Storage Tanks and Other Related Improvements
Tax Map Key: 2-1-9:42

The Planning Commission at its duly held public hearing on November 21, 1996, voted to approve the above-referenced application. Special Management Area Use (SMA) Permit No. 369 is hereby issued to allow the construction of two 10,000-barrel unleaded gasoline above-ground storage tanks and other related improvements at the existing Texaco Hilo Terminal. The property is located along the makai side of Kalaniana'ole Street, adjacent to the Honolulu Gas Company and Kuhio Wharf Facility at Waiakea, South Hilo, Hawaii.

Approval of this request is based on the following:

The purpose of Chapter 205-A, Hawaii Revised Statutes, and Rule 9, Special Management Area Rules and Regulations of the County of Hawaii, is to preserve, protect, and, where possible, to restore the natural resources of the coastal zone areas. Therefore, special controls on development within an area along the shoreline are necessary to avoid permanent loss of valuable resources and the foreclosure of management options, and to insure that adequate public access is provided to public-owned or used beaches, recreation areas, and natural reserves by dedication or other means.

The proposed project will not have any significant adverse environmental or ecological effect. The project site is situated in an area planned for industrial uses and harbor related activities serving the eastern half of the Island of Hawaii. Hilo Harbor

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Fuel Operations
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was established as the primary commercial port for the island in the early 1900's. The proposed request involves the construction of two 10,000-barrel unleaded gasoline above-ground storage tanks and related improvements at the existing Texaco Hilo Terminal located along Kalaniana'ole Street. The subject property is part of a designated harbor facility and is surrounded by other industrial uses including harbor facilities, baseyards, sugar and fertilizer warehouse facilities and other fuel terminals. There are presently five (5) existing storage tanks on the subject property. The proposed improvements to the existing Texaco Hilo Terminal include two 10,000-barrel unleaded gasoline above-ground storage tanks and other related improvements. These improvements will help to improve productivity and marketability for Aloha Petroleum and Texaco. As the subject property is already developed, there are no known threatened or endangered species of flora or fauna or their special habitats within the project area. There will be an increase in noise levels and dust during construction activities. However, these temporary, short-term impacts generated during the construction phase can be mitigated by existing construction and public health regulations, which the applicant will adhere to. Therefore, impacts to the physical environment within the immediate area will be minimal.

The proposed project is consistent with the objectives, policies and guidelines of the Special Management Area. These were established to provide guidance for the preservation, protection and development of coastal resources of the State and County. They identify several areas of management concerns including historic, recreational, scenic resources, coastal ecosystems, economic use and coastal hazards. The surrounding area includes existing extensive industrial uses. No known presence of any significant historic or archaeological feature is situated on the project area. The closest portion of the project area is located approximately 400 feet from the shoreline at Radio Bay. As such, the project would not interfere with any recreational resources, with the natural shoreline processes nor impact viewplanes to the coastal area.

Runoff or discharge generated by the proposed project will be handled by on-site drainage improvements meeting with the approval of the Department of Public Works. Although, the tanks will not be constructed with liners inside the berm area, they will be constructed with a double tank bottom and a liner and leak detection system. Should there be a fuel spillage, fuel may permeate the underlying soil and may migrate to nearby surface waters. The applicant would, however, be required to comply with applicable Department of Health requirements and existing governmental regulations to control runoff, drainage and erosion and minimize any adverse impacts to the area's environment or the ecology of the area's coastal waters. The applicant also proposes to implement a Spill Prevention Control and Countermeasures Plan, a Hazardous Materials Management Plan and Hazardous Waste Contingency Plan for spill prevention and response. During construction, potential adverse impacts to coastal waters from soil erosion and runoff during construction can also be adequately mitigated through compliance with existing construction regulations.

The proposed project within the Special Management Area is consistent with the General Plan and Zoning Code. The proposed improvements on the subject property are consistent with the existing industrial land use designations as well as the long-range planning for the subject area. The approval of the request would conform

to the General Plan's Land Use Pattern Allocation Guide (LUPAG) Map which designates the area for Industrial uses. The proposed project would complement the following goals and policies of the Transportation Element of the General Plan:

- * Provide transportation terminals and related facilities for the safe, efficient and comfortable movement of people and goods.
- * The State Department of Transportation should continue to implement its framework of transportation terminals and related facilities which will promote and influence desired land use.
- * The County shall encourage maximum use of the island's airport and harbor facilities.

Approval of this request will also be consistent with the general purpose of the General Plan and the Zoning Code as well as the State Department of Transportation's "2010 Master Plan for Hilo Harbor."

Although, the City of Hilo Zone Map depicts an extension of Ocean View Drive terminating on the subject property, the new proposed tanks are to be situated further makai of the proposed road extension.

Based on the above, the proposed project will not have any substantial adverse impacts to the subject or surrounding area and, therefore, will not be contrary to the purpose and intent of Chapter 205-A, HRS, relating to Coastal Zone Management, Rule 9 of the Planning Commission relating to the Special Management Area, and the General Plan and Zoning Code of the County of Hawaii.

Approval of this request is subject to the following conditions:

1. The applicant, successors or assigns shall be responsible for complying with all of the stated conditions of approval.
2. The applicant, its successors or assigns shall indemnify and hold the County of Hawaii harmless from and against any loss, liability, claim or demand for the property damage, personal injury or death arising out of any act or omission of the applicant, its successors or assigns, officers, employees, contractors and agents under this permit or relating to or connected with the granting of the permit.
3. Construction of the access road and related improvements shall be completed within five (5) years from the effective date of this permit. Prior to commencing construction, Final Plan Approval shall be secured from the Planning Department. Plans shall identify existing and proposed structures, parking associated with the proposed uses and landscaping where appropriate. A future road extension running through and terminating on the subject property shall also be indicated on plans.

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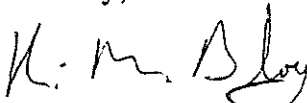
4. All grading shall meet with the approval of the Department of Public Works.
5. The applicant shall comply with all applicable agency requirements, including the Department of Health.
6. An initial extension of time for the performance of conditions within the permit may be granted by the Planning Director upon the following circumstances:
 - A. The non-performance is the result of conditions that could not have been foreseen or are beyond the control of the applicant, successors or assigns, and that are not the result of their fault or negligence.
 - B. Granting of the time extension would not be contrary to the General Plan or Zoning Code.
 - C. Granting of the time extension would not be contrary to the original reasons for granting of the permit.
 - D. The time extension granted shall be for a period not to exceed the period originally granted for performance (i.e., a condition to be performed within one year may be extended for up to one additional year).

Further, should any of the conditions not be met or substantially complied with in a timely fashion, the Director shall initiate procedures to revoke the permit.

This approval does not, however, sanction the specific plans submitted with the application as they may be subject to change given specific code and regulatory requirements of the affected agencies.

Should you have any questions, please feel free to contact Alice Kawaha or Susan Gagorik of the Planning Department at 961-8288.

Sincerely,



Kevin M. Balog, Chairman
Planning Commission

AK:syw

LAloha01.PC

cc: Honorable Stephen K. Yamashiro, Mayor
Department of Public Works
Department of Water Supply
County Real Property Tax Division
Office of State Planning, CZM Program (w/Background)
Mr. David R. Yogi, Jr.