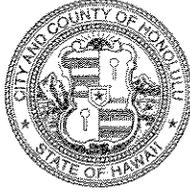


DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 7TH FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 523-4432 • FAX: (808) 527-6743
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MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUÉ
DEPUTY DIRECTOR

September 6, 2005

2005/ELOG-1953(st)
2005/ED-7
2005/SMA-73

The Honorable Genevieve Salmonson, Director
Office of Environmental Quality Control
State Office Tower, Room 702
235 South Beretania Street
Honolulu, Hawaii 96813-2437

Dear Ms. Salmonson:

Re: Final Environmental Assessment
Chapter 343, Hawaii Revised Statutes (HRS)
Environmental Assessment (EA)/Determination
Finding of No Significant Impact

Applicant : Tesoro Hawaii Corporation
Land Owner : Department of Transportation- Airports Division,
State of Hawaii
Agent : R.M. Towill Corporation
Location : 2 Sand Island Access Road - Honolulu
Tax Map Key : 1-2-25: 19 and 26
Request : Special Management Area Use Permit
Proposal : Sand Island Fuel Terminal Expansion: Consisting of 7 new
above-ground fuel tanks, a 2-story office building, a new
truck fueling rack and vapor combustion unit, and various
facility improvements.
Determination : Finding of No Significant Impact

Attached and incorporated by reference is the Final EA prepared by the applicant for the above project pursuant to Chapter 343, HRS. We have determined that preparation of an Environmental Impact Statement (EIS) is not required.

Enclosed is a 3-1/2" Floppy Disk with a "Summary" of the subject project, Publication Form, and four copies of the Final Environmental Assessment.

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OFFICE OF ENVIRONMENTAL
QUALITY CONTROL

The Honorable Genevieve Salmonson, Director
September 6, 2005
Page 2

If you have any questions, please contact Steve Tagawa of our staff at 523-4817.

Very truly yours,


for Henry Eng, FAICP, Director
Department of Planning and Permitting

HE:cs
Attachments

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SEP 23 2005

FILE COPY

FINAL ENVIRONMENTAL ASSESSMENT

Prepared in Accordance with Hawaii Revised Statutes, Chapter 343

Sand Island Terminal

Tax Map Key (TMK): 1-2-025:019 & 026
Honolulu, Oahu, Hawaii

August 18, 2005

Prepared For:

Tesoro Hawaii Corporation
431 Kuwili Street, 2nd Floor
Honolulu, Hawaii 96817

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R. M. TOWILL CORPORATION
SINCE 1930

420 Waiakamilo Road, Suite 411
Honolulu, Hawaii 96817
1-20333-00

FINAL ENVIRONMENTAL ASSESSMENT

Sand Island Terminal

Honolulu, Oahu, Hawaii
TMK: 1-2-025:019 & 026

August 2005

Prepared Pursuant to
Hawaii Revised Statutes, Chapter 343

Prepared for:
Tesoro Hawaii Corporation
431 Kuwili Street, 2nd Floor
Honolulu, Hawaii 96817

Prepared by:
R.M. Towill Corporation
420 Waiakamilo Road, Suite 411
Honolulu, Hawaii 96817

DEPT. OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

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TABLE OF CONTENTS

	Page
<u>Project Summary</u>	1
<u>Section 1 Introduction</u>	2
<u>1.1 Introduction</u>	2
<u>1.2 Project Location</u>	5
<u>1.3 Purpose of the Environmental Assessment</u>	8
<u>Section 2 Project Description</u>	9
<u>2.1 Proposed Activities</u>	9
<u>Section 3 Alternatives</u>	16
<u>3.1 Alternatives to the Proposed Action</u>	16
<u>3.2 No Action Alternative</u>	17
<u>3.3 Preferred Alternative</u>	17
<u>Section 4 Description of the Affected Environment, Impacts and Mitigation</u>	18
<u>4.1 Physical Environment</u>	18
<u>4.1.1 Climate</u>	18
<u>4.1.2 Topography and Soils</u>	18
<u>4.1.3 Surface Water</u>	19
<u>4.1.4 Flora and Fauna</u>	20
<u>4.1.5 Scenic and Visual Resources</u>	20
<u>4.1.6 Historic/Archaeological Resources</u>	23
<u>4.1.7 Beach Erosion and Sand Transport</u>	23
<u>4.1.8 Noise</u>	25
<u>4.1.9 Air Quality</u>	25
<u>4.1.10 Water Quality</u>	26
<u>4.1.11 Flood Hazard</u>	27
<u>4.2 Public Facilities</u>	29
<u>4.2.1. Access</u>	29
<u>4.2.2 Traffic and Roadways</u>	29
<u>Section 5 Relationship to State and County Land Use Plans and Policies</u>	31
<u>5.1 State Land Use District</u>	31

<u>5.2 Honolulu Waterfront Master Plan</u>	31
<u>5.3 General Plan</u>	31
<u>5.4 Primary Urban Center Development Plan</u>	35
<u>5.5 City and County of Honolulu – Zoning</u>	38
<u>5.6 Special Management Area</u>	40
<u>5.6.1 Special Management, Section 25, ROH</u>	40
<u>5.6.2 Coastal Zone Management, HRS 205(A)</u>	49
Section 6 <u>Necessary Permits and Approvals</u>	57
<u>6.1 City and County of Honolulu</u>	57
<u>6.2 State of Hawaii</u>	57
Section 7 <u>Cultural Impact Assessment</u>	58
<u>7.1 Impacts to Traditional/Cultural Resources</u>	58
Section 8 <u>Agencies, Organizations, and Individuals Consulted</u>	59
<u>8.1 City and County of Honolulu</u>	59
<u>8.2 State of Hawaii</u>	59
<u>8.3 Federal Government</u>	59
<u>8.4 Organizations and Individuals</u>	59
Section 9 <u>Summary of Impacts and Significance Determination</u>	60
<u>9.1 Short Term Impacts</u>	60
<u>9.2 Long Term Impacts</u>	60
<u>9.3 Significance Criteria</u>	61
Section 10 <u>Findings</u>	65
References.....	66

Appendix A - Comment Received

Appendix B - National Pollutant Discharge Elimination System (NPDES) Notice of General Permit Coverage (NGPC)

LIST OF FIGURES

Figure 1 Project Location.....3
Figure 2 Site Plan4
Figure 3 TMK Map.....6
Figure 4 SMA Boundary Map.....7
Figure 5 Typical Tank Foundation Plan.....10
Figure 6 Section – Typical Tank & Building.....11
Figure 7 FEMA FIRM Map.....28
Figure 8 Primary Urban Center Development Plan.....36
Figure 9 Zoning.....39

LIST OF PHOTOS

Photo 1 East View of Existing Tanks13
Photo 2 Existing Containment Berm (Northeast View).....13
Photo 3 East View of the Site From Entry Gate14
Photo 4 View Facing North From Southwest Corner14
Photo 5 View Impact Simulation From Sand Island Access Road.....22
Photo 6 View Impact Simulation From Keehi Lagoon Small Boat Harbor.....22
Photo 7 Shoreline Area South of Project Site.....24

PROJECT SUMMARY

Project:	Sand Island Terminal
Landowner/Applicant	State of Hawaii, Dept. of Transportation, Airports Division (Owner)/Tesoro Hawaii Corporation (Applicant)
Accepting Agency	C&C of Honolulu, Department of Planning and Permitting
Agent	R.M. Towill Corporation
Location	2 Sand Island Access Road, Honolulu, Hawai'i
Tax Map Key	1-2-025:019 and 026
Proposed Action	Development of existing site to increase fuel storage and upgrade transfer facilities.
Land Area	174,228.20 square feet/ 3.99 acres
Present Use	Fuel storage and transfer facility
State Land Use District	Urban
Primary Urban Center Development Plan Land Use Designation	Major Parks and Open Space
Present Zoning	I-3, Waterfront Industrial
Special Management Area	Yes
Permits Required	Special Management Area Permit, Building Permit, Grading Permit, NPDES NOI-B, NOI-C & NOI-G, and Covered Source Permit
Anticipated Determination	Finding of No Significant Impact (FONSI)

SECTION 1 INTRODUCTION

1.1 INTRODUCTION

Tesoro Hawaii Corporation plans to upgrade their existing terminal site by improving their existing fuel storage and transfer facilities. See **Figure 1, Project Location**.

Facility improvements proposed include construction of a two-story office building, a new truck loading (fueling) rack, a vapor combustion or recovery unit and up to nine (9) new above ground fuel storage tanks. See **Figure 2, Site Plan**. Improvements will also include an upgraded entry driveway from the Keehi Lagoon Access Road. The existing earthen containment berm around the property will be retained and improved as necessary.

The applicant proposes to commence construction in January 2006 with construction lasting approximately 6 - 12 months for Phase I. Phase I includes 7 tanks, a load rack, and vapor combustion or recovery unit at a cost of \$15 million. Phase II is scheduled for 2007. The entire project will be privately funded.

1.2 PROJECT LOCATION

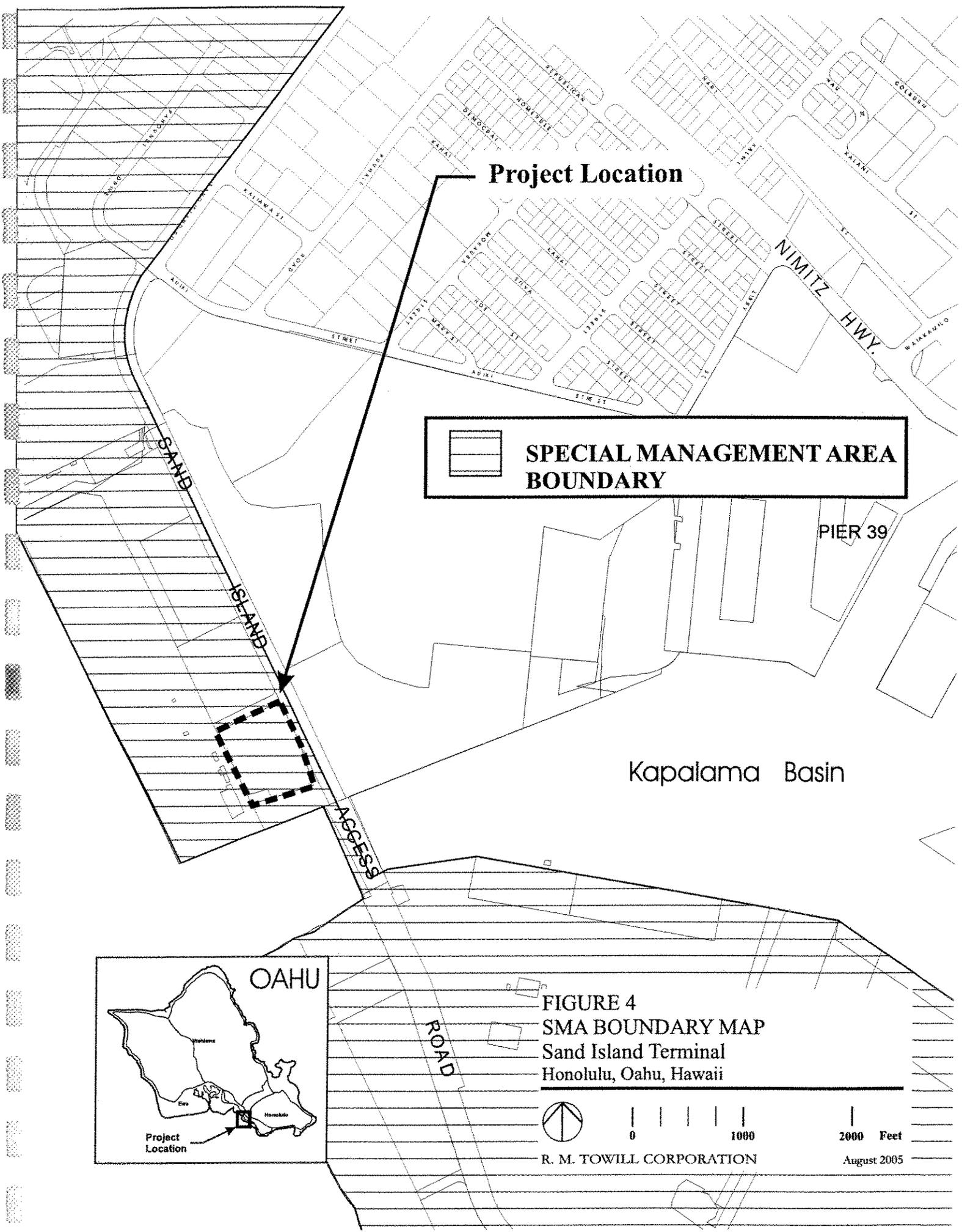
The proposed activity is located on the western end of Honolulu Harbor on the Island of Oahu. The street address is 2 Sand Island Access Road, which is at the southwest corner of Sand Island Access Road and the Keehi Lagoon Access Road leading to Keehi Lagoon Small Boat Harbor.

The site is composed of two industrial lots, identified by Tax Map Keys 1-2-025: Parcel 019 (169,229.30 s.f.) and Parcel 026 (5,000 s.f.) that are owned by the State of Hawaii, Department of Transportation – Airports Division (SDOTA). The lease agreement (A-74-55) with the SDOTA was signed on October 17, 1974 and expires on October 31, 2019.

To the north is Keehi Lagoon Access Road. The property directly across the Keehi Lagoon Access Road is also owned by the SDOTA and leased to the Honolulu Fueling Facilities Corporation (HFFC). HFFC currently uses the property as a fuel storage area, similar to the proposed project site. The project area is bordered to the west by the Keehi Lagoon Small Boat Harbor. The south edge of the property is adjacent to a vacant State of Hawaii lot (TMK: 1-2-025:018), which separates the project site from the Kalihi Channel. **See Figure 3, TMK Map**

The project site is bordered to the east by Sand Island Access Road. Access to the project site is via Keehi Lagoon Access Road, which connects to Sand Island Access Road. **See Figure 1, Project Location.**

The project site is entirely within the Special Management Area (SMA) as defined in Chapter 205A of the Hawaii Revised Statutes and Chapter 25 of the Revised Ordinances of Honolulu. **See Figure 4, SMA Boundary Map.**



Project Location


SPECIAL MANAGEMENT AREA BOUNDARY

PIER 39

Kapalama Basin

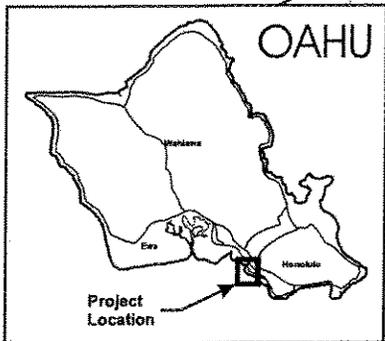


FIGURE 4
SMA BOUNDARY MAP
 Sand Island Terminal
 Honolulu, Oahu, Hawaii


 0 1000 2000 Feet
 R. M. TOWILL CORPORATION August 2005

1.3 PURPOSE OF THE ENVIRONMENTAL ASSESSMENT

This Final Environmental Assessment (FEA) complies with the Hawaii Revised Statutes (HRS), Chapter 343, Section 343-5-1, which states an environmental assessment shall be required for actions which “[P]ropose the use of state or county lands or the use of state or county funds, other than funds to be used for feasibility or planning studies for possible future programs or projects which the agency has not approved, adopted, or funded, or funds to be used for the acquisition of unimproved real property; provided that the agency shall consider environmental factors and available alternatives in its feasibility or planning studies”.

The subject properties are owned by the SDOTA, which necessitates the preparation of this FEA.

A Draft Environmental Assessment was published for public review on the May 23, 2005 issue of the State Department of Health (DOH), Office of Environmental Quality Control (OEQC), Environmental Notice. Comments were received during the public comment period.

This FEA provides additional information based on the comments received that further describes the proposed project, the environmental conditions of the site, the potential for significant adverse impacts, and the application of mitigation measures as appropriate, to reduce the potential for significant environmental impacts.

SECTION 2 PROJECT DESCRIPTION

2.1 PROPOSED ACTIVITIES

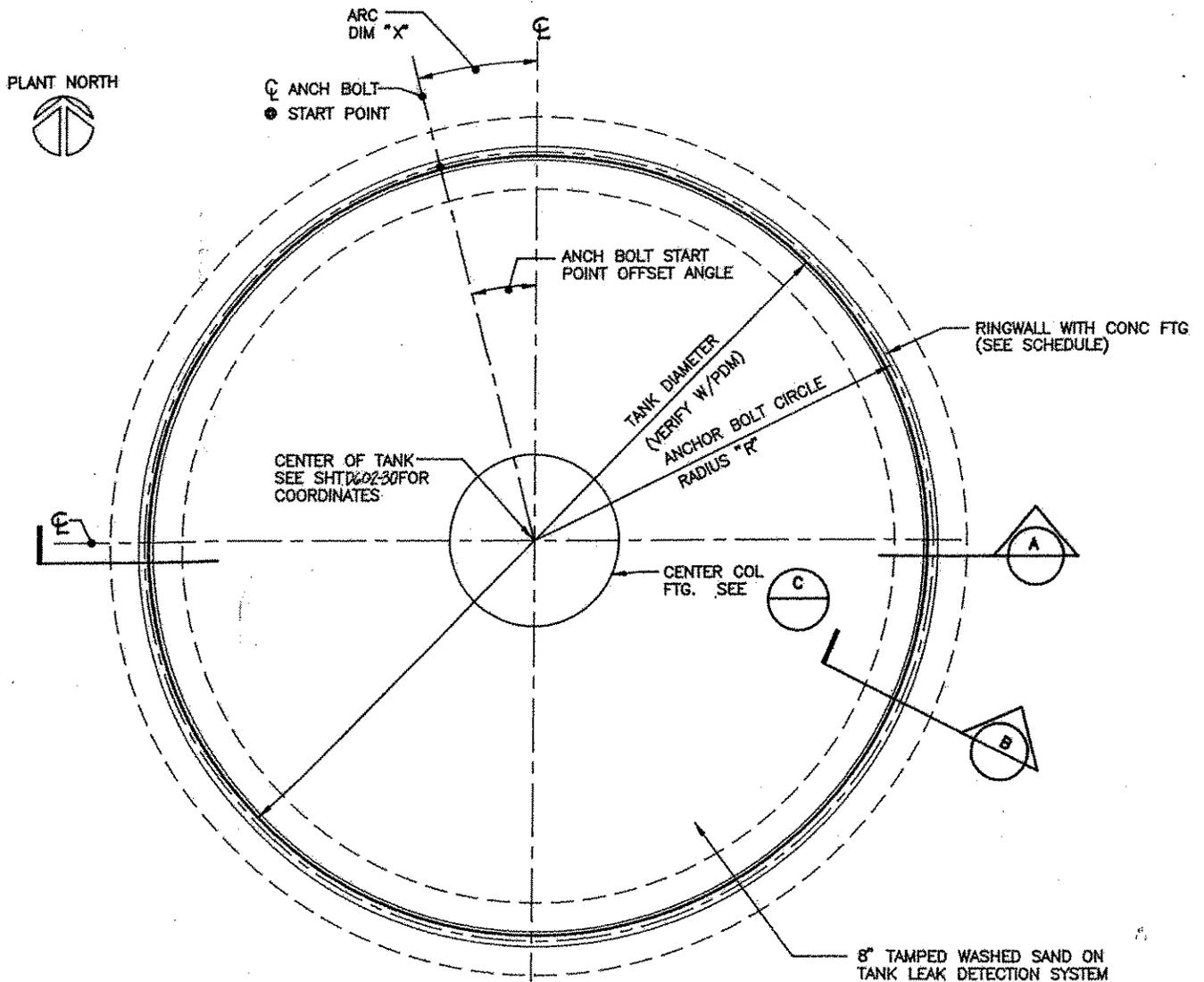
Tesoro Hawaii Corporation plans to upgrade their terminal site by improving their existing fuel storage and transfer facilities at Sand Island, Oahu. Tesoro also contracts another fuel storage and transfer facility located at 411 Pacific Street in Iwilei. The Iwilei fuel storage and transfer facility has a capacity of approximately 350,000 barrels. The Iwilei facility comprises 85-95 percent of Tesoro's fuel storage and transfer operations. The Iwilei property was purchased by a North Carolina based national home improvement retailer from the private property owner in early 2005. The use agreement for the Iwilei site will terminate on August 31, 2006, thus prompting the need for this project. See **Figure 1, Project Location**.

Facility improvements will include construction of a two-story office building, a truck loading (fueling) rack, a vapor combustion or recovery unit and up to nine (9) new above ground fuel storage tanks. See **Figure 2, Site Plan, Figure 5, Typical Tank Foundation Plan and Figure 6, Section – Typical Tank & Building**. Table 1 below shows the capacity and dimensions of the proposed storage tanks. The maximum height for the proposed office building is 30 feet. See **Figure 6, Section – Typical Tank & Building**. The fuel rack will be approximately 24 feet in height and the vapor combustion unit will have an external elevation of 35 feet.

Table 1. Proposed Fuel Storage Tank Capacities

Fixed Cone Roof Tanks	Type	Height	Diameter	Shell Capacity (bbls)
Tank 1	Ethanol	38 ft	15 ft	1,000
Tank 2	Ethanol	38 ft	15 ft	1,000
Tank 3	Naphta	56 ft	62 ft	30,000
Tank 4	Jet Fuel	56 ft	72 ft	40,000
Tank 5	Gasoline	56 ft	72 ft	40,000
Tank 6	Diesel	56 ft	80 ft	50,000
Tank 7	Gasoline	56 ft	80 ft	50,000
Tank 8	Ethanol	56 ft	50 ft	21,000
Tank 9	Gasoline	56 ft	62 ft	30,000
				1 bbl = 42 gals.

Source: Tesoro Hawaii, 2005



TYPICAL TANK FOUNDATION PLAN

SCALE: 1/8" = 1'-0"

NOTE: TOP OF RINGWALL SHALL BE LEVEL WITHIN $\pm 1/8$ INCH IN ANY 30 FEET OF THE CIRCUMFERENCE AND WITHIN $\pm 1/4$ INCH IN THE TOTAL CIRCUMFERENCE MEASURED FROM THE AVERAGE ELEVATION PRIOR TO WATER TEST.

Source: Tesoro Hawaii, 2005

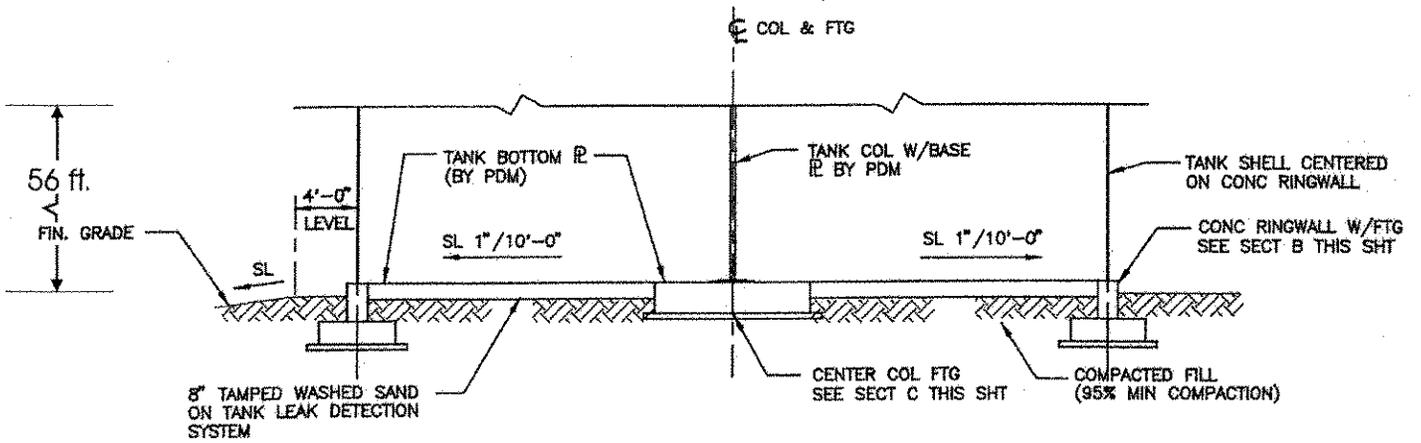
FIGURE 5
TYPICAL TANK FOUNDATION PLAN
Sand Island Terminal
Honolulu, Oahu, Hawaii



NOT TO SCALE

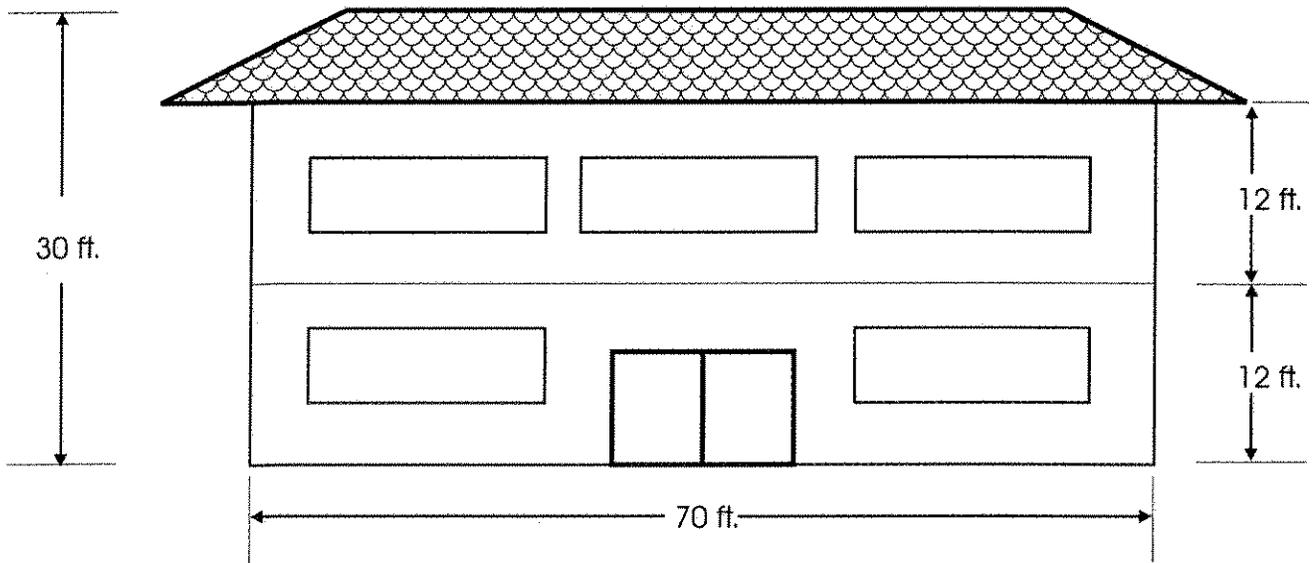
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August 2005



SECTION - TYPICAL TANK

Source: Tesoro Hawaii, 2005



SOUTH ELEVATION - TYPICAL OFFICE

FIGURE 6
 TYPICAL TANK & BUILDING
 Sand Island Terminal
 Honolulu, Oahu, Hawaii

NO SCALE

R. M. TOWILL CORPORATION

August 2005

Improvements will also include an upgraded entry driveway from Keehi Lagoon Access Road as well as improved fire protection measures in accordance with the Uniform Fire Code. The existing earthen containment berm around the property will be retained and improved as necessary.

Phase I includes seven above ground storage tanks (Tanks 1, 2, 5, 6, 7, 8 and 9), a vapor combustion or recovery unit and loading rack.

Phase II includes the proposed office building and Tanks 3 and 4 for installation in 2007. The proposed office building will be located on the northwest corner of the property and have a footprint of approximately 3,000 square feet and a total floor space of 6,000 square feet.

The applicant's Sand Island Terminal site was originally developed by their predecessor, Hawaiian Independent Refinery Inc. (HIRI), in 1974. Existing facilities at this terminal consist of two above ground storage tanks with a combined capacity of 34,000 barrels. One tank contains diesel and the other is used to store transmix, a combination of various products, resulting from the terminal changing products in the pipeline from its Tesoro Hawaii Kapolei refinery. Transmix is returned to the refinery for reprocessing. **See Photo 1, View of Existing Tanks, Photo 2, Existing Containment Berm, Photo 3, East View of the Site from Entry Gate and Photo 4, View Facing North From Southwest Corner.**

The site also has four transfer pumps, piping and valves, and a pipe manifold for directing the products to the various destinations. Gasoline, diesel, and jet products are routed through the product pipelines for distribution to various customers. Jet A/A1 fuel is supplied to the Honolulu Fueling Facilities Corporation's tank farm across the street via a separate line.

The existing Sand Island facility represents approximately 5-15 percent of Tesoro's overall operational capacity.

The site also has an existing spill containment berm (**Photo 2, Existing Containment Berm**) and an oil-water separator (**Photo 1**). The current containment capacity of the existing berm exceeds the regulatory requirement of 110 percent of the volume of the largest storage tank capacity with sufficient freeboard for rainwater. Improvements will be made to the containment berm to maintain and meet the EPA spill prevention and Uniform Fire Code regulations prescribed for the site.

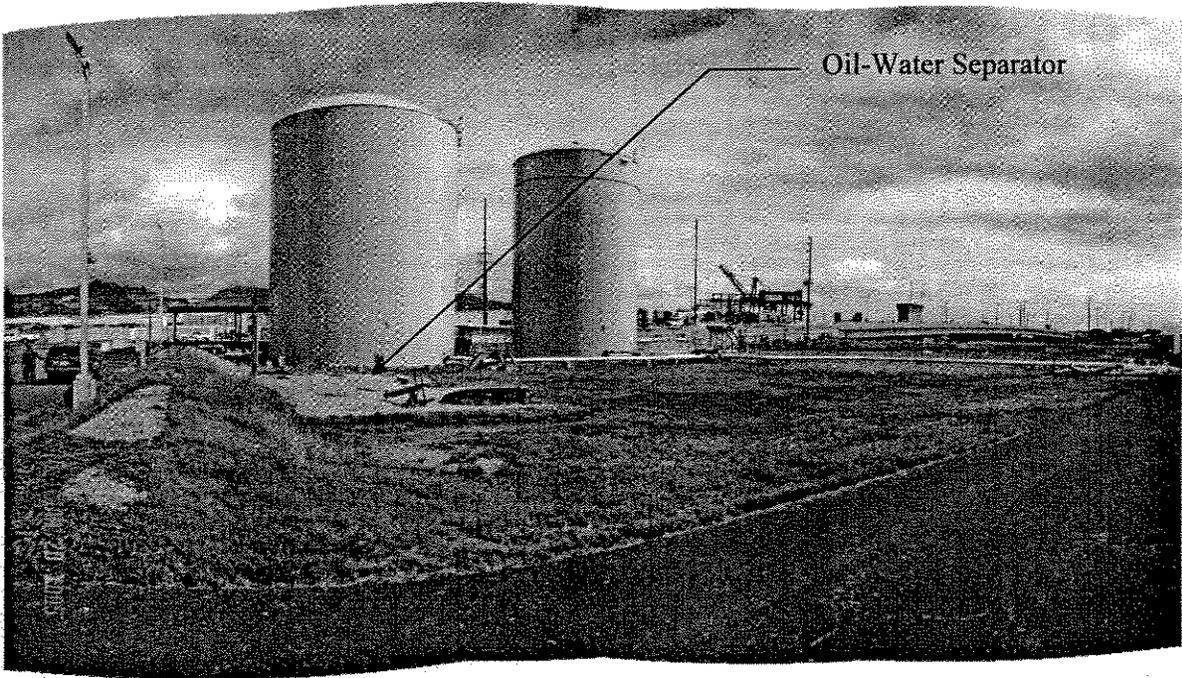


Photo 1: East View of Existing Tanks

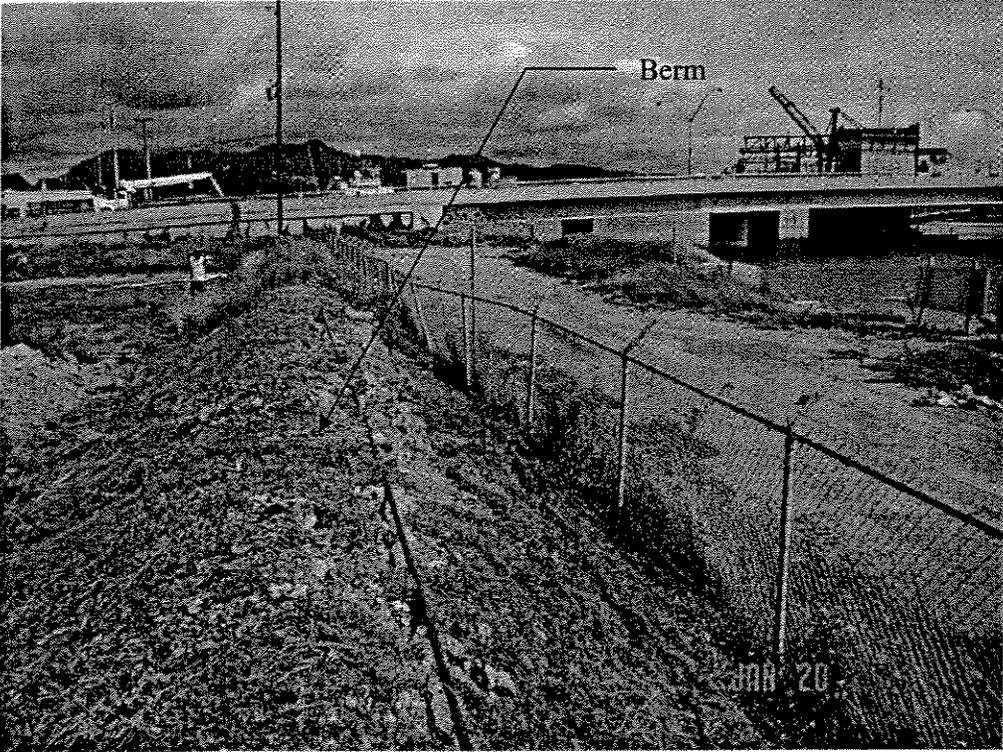


Photo 2: Existing Containment Berm (Northeast View)

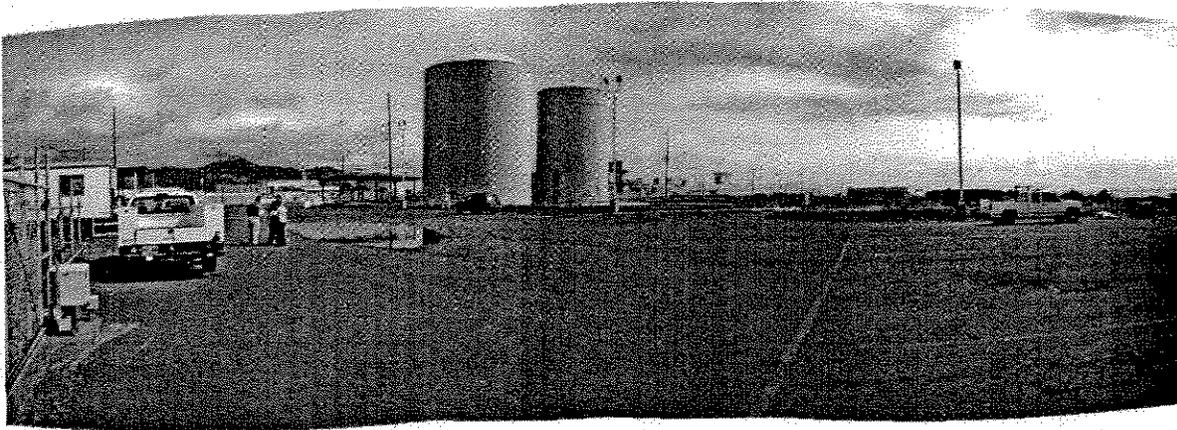


Photo 3: East View of the Site From Entry Gate

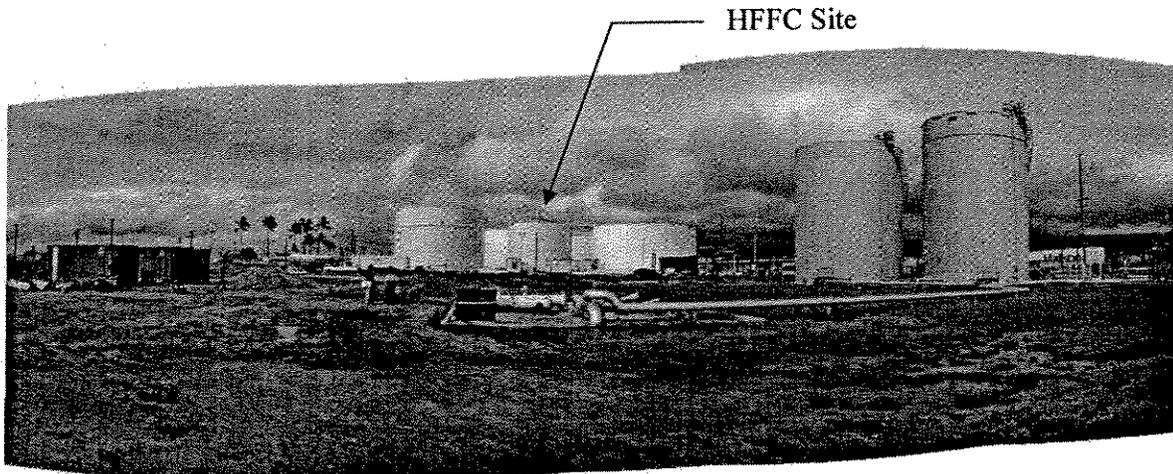


Photo 4: View Facing North From Southwest Corner

Current storm water discharges associated with this industrial facility are covered under an existing National Pollutant Discharge Elimination System (NPDES), General Permit Coverage Authorizing Discharges of Storm Water Associated With Industrial Activities, from the Department of Health, Clean Water Branch (NGPC File No. HI R80A725). See **Appendix B, National Pollutant Discharge Elimination System (NPDES) Notice of General Permit Coverage (NGPC)**. All storm water from the site is collected by an on-site oil/water separator. The drainage system is and will be designed to prevent untreated storm water from entering Honolulu Harbor.

In the event of any accidental spill during normal operations, it is immediately handled by the facility's best management practices regarding accidental spills as specified in their Spill Prevention Control and Countermeasures (SPCC) Plan as required by EPA and the existing industrial storm water NPDES permit. Any discharge of rainwater run-off is first inspected and recorded, as required, before the water is released into Honolulu Harbor.

Operations of this facility include:

- Fuel Storage – Product comes from the Tesoro Hawaii Kapolei refinery via a fuel pipeline.
- Fueling Terminal Load Rack – Fuel is loaded onto tanker trucks for distribution.

Fuel loading currently occurs twenty four (24) hours a day with existing truck volumes at 5-10 truck trips per day. The proposed project will consolidate existing tanker truck loadings from the Iwilei terminal. It is anticipated that approximately 90 truck trips (45 ins and 45 outs) in a 24-hour period seven days a week will be generated by the fueling and distribution activity at the Sand Island Terminal. Majority of the fueling and distributing activities will be done outside the peak morning and afternoon commuting periods. With the existing industrial traffic on Sand Island Access Road, a traffic light at the corner of Keehi Lagoon Access Road and Sand Island Access Road may be recommended to the State Department of Transportation for the safety of all traffic in this area, including users of the Keehi Small Boat Harbor and the timely ingress and egress of the tanker trucks.

SECTION 3 ALTERNATIVES

3.1 ALTERNATIVES TO THE PROPOSED ACTION

Except for the No Action Alternative, there were no other alternatives identified other than the preferred alternative.

The following site selection criteria were used to investigate potential alternative sites for this project:

- A. The new site must have sufficient room for expansion – The existing terminal at Sand Island has sufficient room for expansion and provides a cost effective solution to meet the facility storage requirements for this project.
- B. The new site must be in an area zoned for industrial use – The existing Sand Island terminal site is zoned in the I-3 Industrial District that supports the proposed land use.
- C. The new site must be located near the existing fuel line that runs from Campbell Industrial Park to central Honolulu – The fuel line that originates from the Tesoro refinery located at Campbell Industrial Park runs through the middle of the Sand Island property, thereby providing ready access to delivery of fuel product. New construction and realignment of the existing fuel line will not be required.
- D. The new site must be available for acquisition and can be readily developed – The existing Sand Island terminal is already leased by Tesoro Hawaii Corporation. The lease was signed on October 17, 1974 and expires on October 31, 2019. Approximately twenty five percent of the property is used with the remaining space an underutilized resource that could be better utilized given cost and time constraints associated with the loss of the Iwilei property.
- E. The new site must be located near Tesoro Hawaii Corporation's market to efficiently reduce truck transport traffic and supply retail stations and customers (including military, utility and travel industry-related customers) to meet their product requirements on a timely 24-hour basis, where some customers may require two or three deliveries a day – The Sand Island terminal is located along Sand Island Access Road across the Kalihi Channel from Sand Island in Honolulu. The area is near the center of the Honolulu Primary Urban Center (PUC), where the majority of the Tesoro Hawaii customers are located.

Based on evaluation of these criteria, no other locations were identified that could accomplish the requirements for this project. The relocation of the Iwilei operations to the Sand Island Terminal site is therefore proposed.

3.2 NO ACTION ALTERNATIVE

Under the No Action Alternative, the existing project site and existing investments on it would remain unchanged. The majority of the site would remain undeveloped (see **Photo 1, 3 and 4**) and the potential for environmental impacts disclosed in this EA would be precluded.

Allowing the closure of the Iwilei site without relocating current Tesoro operations and investments is not an efficient operational use of resources. Such inaction will potentially require the applicant to haul petroleum products direct from the refinery or terminal located at Campbell Industrial Park, thereby increasing operating costs and traffic congestion. Fuel hauling activities would also add to the already congested traffic on Oahu's roadways.

Taking No Action does not accomplish the stated purpose of the proposed action which is to upgrade the existing fuel storage and transfer facility to accommodate the relocation of operations from another site. Relocation from this other site in Iwilei is unavoidable due to an expiration of the lease terminaling agreement.

Because the No Action Alternative does not address the need to accommodate the relocation of operations, it is rejected from further consideration.

3.3 PREFERRED ALTERNATIVE

The preferred alternative involves facility improvements which will include construction of a 2-story office building, a truck loading (fueling) rack, a vapor combustion or recovery unit and up to 9 new above ground fuel storage tanks. The entry driveway and the containment berm around the tank farm will also be improved. This is the only alternative that meets the purpose of expanding and upgrading the existing fuel storage facility to accommodate the company's operations that require relocation. Consolidation of operations would allow for a more centralized location resulting in a more efficient distribution of products to customers.

This alternative therefore will allow the most efficient and reasonable use of the property.

SECTION 4 DESCRIPTION OF THE AFFECTED ENVIRONMENT, IMPACTS AND MITIGATION

4.1 PHYSICAL ENVIRONMENT

4.1.1 CLIMATE

South Oahu has a mild semitropical climate which is characterized by abundant sunshine, persistent northeast tradewinds, relatively constant temperatures and a moderate humidity. Severe storms are infrequent in this region of Oahu.

Mean monthly temperatures range from mid-80° F in the summer months, to low-70° F during the winter. Annual average rainfall is less than 30 inches with most of the rainfall occurring between October and March.

4.1.2 TOPOGRAPHY AND SOILS

The site is located at the western end of Honolulu Harbor, adjacent to Kalihi Channel and the Keehi Small Boat Harbor. The site is relatively flat and has two general site elevations. The area that contains the fuel load rack facilities, about a half acre in size, averages of 7.5 feet above Mean Sea Level (MSL). The remainder of the site which contains the two above ground storage tanks and bounded by a four-foot high containment berm has an average elevation of 5.5 feet above MSL.

Information on soil type is obtained from the Soil Survey of Islands of Kauai, Oahu, Maui, Molokai, and Lanai, State of Hawaii, as prepared by the U.S. Department of Agriculture, 1972. According to the Soil Survey, the soil association at the project location is classified as "fill land, mixed" (FL) which consists of material dredged from the ocean or hauled from nearby areas.

Earthwork will consist of light grading, excavation and backfill to install drainage system and utilities, and installation of an impermeable liner. The proposed fuel storage tanks, ranging from 15-80 feet in diameter, are designed to have concrete footings a minimum of 24 inches thick. To allow for construction of the footings and minor grading, an estimated 53,000 – 60,000 cubic feet

(1,963 – 2,222 cubic yard) of material (mostly coral) will be excavated. Excavated material will be used on site for berm improvements. The berm will be modified to meet the increase in fuel stored at the site. The height of the existing berm varies between four (4) and five (5) feet. The berm will be modified to average approximately five (5) feet in height. Any excess material will be disposed of at an approved waste facility, or at the discretion of the contractor used at another site.

During construction work, if groundwater needs to be removed, a dewatering permit (Notice of Intent Form G) will be filed with the State Department of Health, Clean Water Branch. No further mitigation measures are anticipated.

The proposed site improvements are expected to have no significant impact on the topography and soil conditions on the project site. The topography of the proposed project area is relatively flat and the majority of the site is bounded by a containment berm sufficient to handle spills. During construction, silt fences and other necessary erosion control measures will be utilized to prevent any construction storm water runoff from entering existing drainage inlets.

4.1.3 SURFACE WATER

The project site is within an industrial area adjacent to the shoreline of Honolulu Harbor. There are no surface water resources nearby with the exception of the Class “A” waters of the harbor (Department of Health, Clean Water Branch, Water Quality Standards Map of the Island of Oahu). The project site has an existing containment berm around the perimeter of the property that will be improved to contain any spills or on-site runoff. The current containment capacity of the existing berm exceeds the regulatory requirement of 110 percent of the volume of the largest storage tank capacity with sufficient freeboard for rainwater. Improvements will be made to the containment berm to maintain and meet the EPA spill prevention and Uniform Fire Code regulations prescribed for the site.

All storm water from the site is collected by an on-site oil/water separator. The drainage system consists of drainage inlets that collect storm water and directs it to an on-site 10,000-gallon capacity oil-water separator (See **Photo 1**). The oil-water separator captures any existing petroleum-associated products in the storm water and releases the manually-inspected treated

effluent into the State storm water system that runs along Sand Island Access Road. The drainage system is and will be designed to prevent untreated storm water from entering Honolulu Harbor. In the event of any accidental spill during normal operations, it is immediately handled by the facility's best management practices regarding accidental spills as specified in the Spill Prevention Control and Countermeasures (SPCC) Plan as required by EPA and their existing industrial storm water NPDES permit (see **Appendix B**). Any discharge of rainwater run-off is first inspected and recorded, as required, before the water is released into Honolulu Harbor.

No mitigation in regards to surface water is anticipated.

4.1.4 FLORA/FAUNA

The project site is within an urbanized industrial area of Honolulu. The area is composed of fill material and has been used for industrial activities for many decades. No threatened or endangered flora or fauna are known to inhabit the site.

Several introduced fauna including the Common Indian Mynah (*Acridotheres tristis*), House Sparrow (*Passer domesticus*), Spotted or Lace-necked Dove (*Streptopelia chinensis*), Zebra Dove (*Geopelia striata*), and Cardinal (*Cardinalis cardinalis*) may be present at the project location. Plants at the project site are limited to introduced and exotic grass and weedy species.

Due to its shoreline location and flat topography, the site may attract foraging shorebirds during wet periods when ponding may occur.

External lights facing the ocean will be shielded to minimize any impacts on seabirds foraging at night near the property. No further mitigation is anticipated.

4.1.5 SCENIC AND VISUAL RESOURCES

The project area is located in a waterfront industrial area and is adjacent to properties with existing fuel storage facilities. The proposed site improvements will be consistent with the surrounding industrial land uses (see **Photo 1, 3 & 4**).

Major land uses in the area are primarily industrial and commercial in nature and include the U.S. Coast Guard Honolulu Station, shipping container storage yards, and the Sand Island Wastewater Treatment Plant (SIWWTP), Oahu's largest wastewater treatment facility serving the majority of the population in urban Honolulu. The nearby Keehi Small Boat Harbor is located immediately makai of the site and the Sand Island State Recreational Area is located at the end of the Sand Island Access Road (Sand Island Parkway), approximately 1.6 miles from the project site. Pedestrian and vehicular views of the surrounding area include tall cranes and stacked shipping containers associated with container yard operations, a recently completed digester tank (a large onion shaped steel vessel) at the SIWWTP, and large fuel storage tanks located adjacent to the subject site at the HFFC Facility.

Existing pedestrian views of the ocean from street level along the Sand Island Access Road are limited by improvements and topography along the road (see **Photo 5**). The limited views provided are of buildings and structures located on lots along the roadway. Along some sections between the buildings and structures there are partial views of the coastline and ocean. Unobstructed view channels to the coastline and ocean are provided from the Keehi Small Boat Harbor access road and from the higher elevation of the Kalihi Channel Bridge.

Similarly, the existing fuel storage tanks and other improvements on the property, and other elevated structures in and around the Sand Island industrial area, including the storage tanks in the neighboring HFFC facility, already hinders views westward and mauka from vantage points makai of the project site, i.e. Keehi Lagoon Small Boat Harbor (see **Photo 6**).

The City and County of Honolulu, Coastal View Study (1987), indicates "Continuous Coastal Views" from the Kalihi Channel Bridge only. The proposed project will not significantly impact or degrade the existing "Continuous Coastal Views" as identified by the City.

Furthermore, the proposed tanks will be below the established 60-foot maximum building height limit.

For homeland security purposes, all visual sight-lines should be as unobstructed as possible, from within the property as well as from surrounding areas.

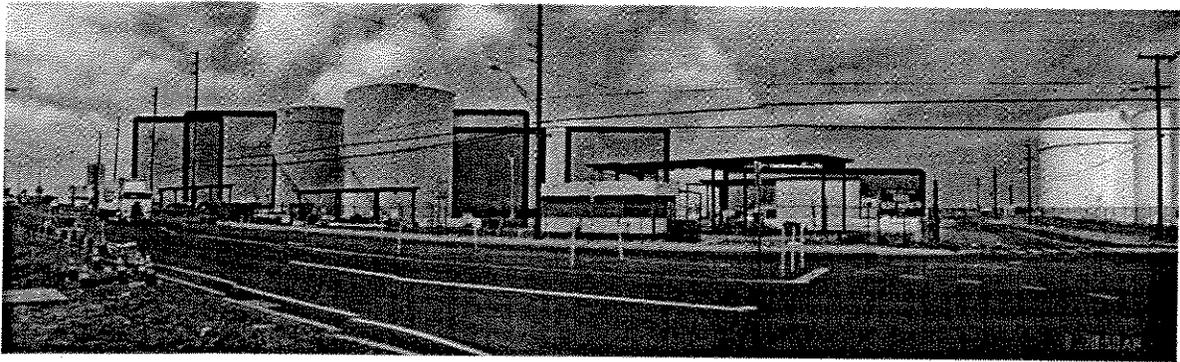


Photo 5: View Impact Simulation From Sand Island Access Road

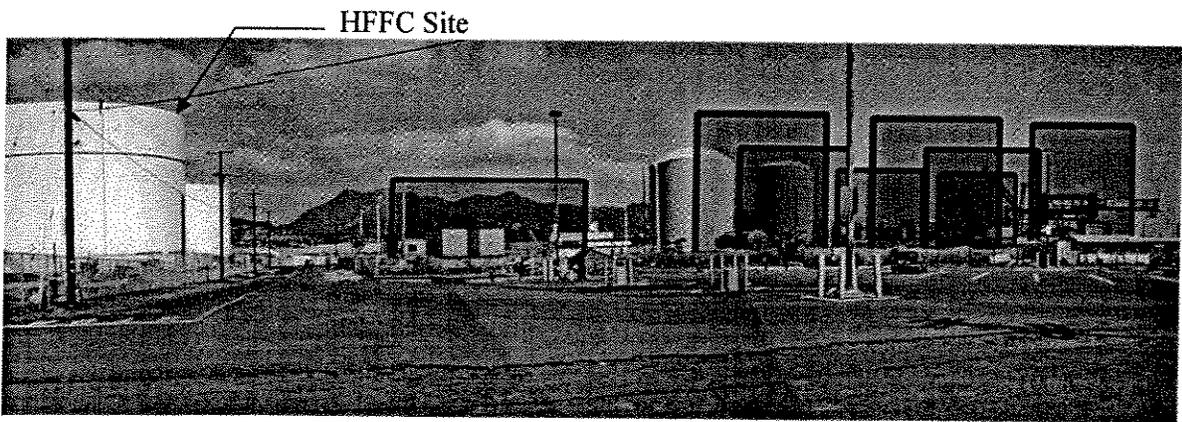


Photo 6: View Impact Simulation From Keehi Lagoon Small Boat Harbor

The proposed improvements are expected to have minimal visual impacts due to existing site improvements and current industrial uses of the surrounding area including the HFFC facility immediately north of the subject property.

Landscaping will be included around the proposed building. No further mitigation measures are anticipated or proposed.

4.1.6 HISTORIC/ARCHAEOLOGICAL RESOURCES

The proposed construction is within a heavily industrialized area and on land that is composed entirely of fill material. It is highly unlikely that significant historic or archaeological resources are present at the project site. However, should any unidentified deposits be uncovered during construction, work will cease in the immediate area and the State Historic Preservation Office will be contacted.

4.1.7 BEACH EROSION AND SAND TRANSPORT

The project area is located near the Kalihi Channel which serves as an outlet for the Honolulu Harbor. The two major streams, the Kalihi Stream and the Kapalama Stream empty into this waterway. The shoreline area makai of the property is sheltered from storm-generated waves due to its inland location. Directly across the channel is Sand Island, which lies between the project site and the open ocean.

The south edge of the property is adjacent to a vacant State of Hawaii property that separates the project site from the Kalihi Channel. The shoreline closest to the project site is composed of fill materials including large concrete wastes and dredge material (See **Photo 7**). The shoreline's inland location and its close proximity to the deep channel prevent any accretion of sand along its length.

The proposed improvements will take place entirely within fast lands of the project boundary. No activities will directly affect shoreline properties. The project site is also bounded by a containment berm. Any additional storm water generated by the increased impervious surfaces as a result of the project will be contained on site and handled by an existing drainage system

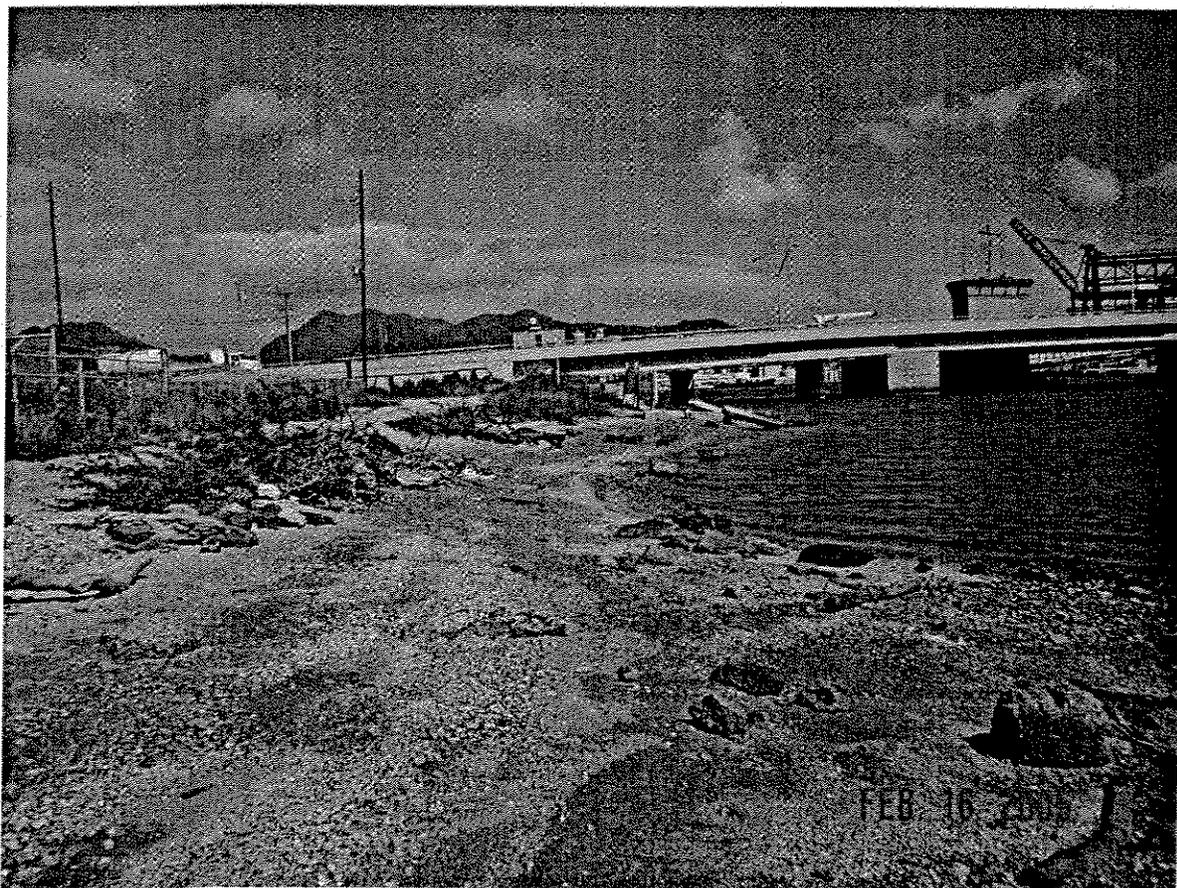


Photo 7: Shoreline Area South of Project Site

which includes an oil-water separator in compliance with regulatory standards (NPDES, Industrial Storm Water Permit).

The project is not expected to impact any beach area or influence sand transport. Therefore no mitigation is proposed.

4.1.8 NOISE

Although the project will involve some generation of noise, the work will be short in duration, located in a highly industrial area, and away from residential areas. Upon construction completion, no further noise impacts will occur.

Construction equipment is expected to include, but not be limited to, a compactor, grader, bulldozer, concrete mixers, concrete delivery trucks, cranes, welders and powered hand tools. All equipment will be muffled in accordance with standard engine operating practices. No further mitigation measures are proposed.

4.1.9 AIR QUALITY

No information was collected on air quality. Construction activities are expected to have little or no impact since the project will be of limited duration and where engine exhausts may be a source of potential air pollution, all internal combustion equipment will be governed in accordance with applicable state and county regulations.

During construction, fugitive dust could be generated. Where applicable, fugitive dust will be controlled with dust fences and regular wetting of disturbed areas by the contractor.

The existing Sand Island Terminal has a Covered Source Permit. Air emissions control for the proposed equipment will be addressed in a separate air permit application submitted to the Hawaii Department of Health Clean Air Branch and EPA for the above ground storage tanks, loading rack, and backup emergency diesel generator for the proposed Vapor Combustion or Recovery Unit and emergency firewater pumps. Internal floating roofs (air emissions control

devices) will be installed as required in the above ground storage tanks. All practices within the project site will be governed under applicable standards of State and Federal agencies.

No further mitigation measures with regards to air quality are anticipated.

4.1.10 WATER QUALITY

Potential impacts to water quality will be limited to erosion and storm water runoff from the project site washing into Honolulu Harbor. Construction activity will temporarily expose soils on the property, however all construction activity will be within the confines of the existing containment berm, thus preventing any construction-related pollutants from entering nearby water bodies. To minimize soil erosion, silt fences, berms and other applicable erosion control devices will be erected to prevent soil and other construction debris from washing into existing drainage inlets. If required, exposed soils will be covered with PVC sheet plastic or similar material to prevent inadvertent contact and mixing with storm water. Additionally, construction will be done in such a manner as to minimize the exposure time of uncovered soils.

During construction of the fuel storage tanks, impermeable materials will be installed in accordance with American Petroleum Institute (API) below the tank foundations to prevent groundwater contamination.

The drainage system is and will be designed to prevent untreated storm water from entering Honolulu Harbor. All storm water from the site is collected by an on-site oil/water separator. Following the removal of petroleum products from storm water, the rainwater is first inspected in accordance with SDOH requirements before it is released into the harbor.

Discharges associated with normal operations of the facility are currently covered under an NPDES Permit from the Department of Health, Clean Water Branch (NGPC File No. HI R80A725). This permit will be amended to reflect the proposed improvements to the facility.

With the stated mitigation measures above, the proposed project will have minimal or no impact to water quality, therefore no further mitigation is proposed.

4.1.11 FLOOD HAZARD

The subject property is located at the outlet of Honolulu Harbor. According to FEMA FIRM Map No. 15003C0353 E, dated November 20, 2000, the project site is in an area designated as Zone X and AE (EL 5) (see **Figure 7, FEMA FIRM Map**). The Zone X designation is used for areas outside the 1-percent annual chance floodplain.). The Zone AE (EL 5) designation is the flood insurance rate zone that corresponds to the 1-percent annual chance floodplains that are determined in the Flood Insurance Study by detailed methods of analysis. The Base Flood Elevation determined for this zone at the project location is 5 feet.

The proposed facility improvements are not expected to have significant impacts on flood conditions therefore, no mitigation measures are proposed.

Keehi Lagoon

SHORELINE

MO'OLEKA

SAND ISLAND ACCESS ROAD

ZONE X

ZONE AE
(EL 5)

M 110

Sand Island

Project Location

NOTE: COASTAL BASE FLOOD ELEVATIONS APPLY ONLY LANDWARD OF THE SHORELINE SHOWN ON THIS MAP.

NATIONAL FLOOD INSURANCE PROGRAM

FIRM
FLOOD INSURANCE RATE MAP

CITY AND COUNTY OF HONOLULU, HAWAII

PANEL 353 OF 395
(SEE MAP INDEX FOR PANELS NOT PRINTED)

CONTAINS COMMUNITY	NUMBER	PANEL	SUFFIX
HONOLULU CITY AND COUNTY OF	15001	353	E

MAP NUMBER
15003C0353 E

EFFECTIVE DATE:
NOVEMBER 20, 2000

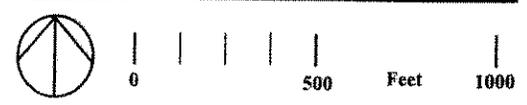


Federal Emergency Management Agency

Zone X is the flood insurance rate zone that corresponds to areas outside the 1-percent annual chance floodplain. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Zone AE corresponds to areas within the 1-percent annual chance floodplains. In most instances, Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Mandatory flood insurance purchase requirements apply.

Figure 7
FEMA FIRM MAP
Sand Island Terminal
Honolulu, Oahu, Hawaii



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August 2005

4.2 PUBLIC FACILITIES

4.2.1 ACCESS

The proposed project will not impact the public or the ability of the public to access the shoreline.

Existing shoreline access is provided by the Keehi Lagoon Access Road leading to Keehi Lagoon Small Boat Harbor located immediately southwest of the subject parcel (see **Figures 1 and 2**). Construction activities will take place entirely within the project site. Lateral access along the shoreline will not be affected by the project.

Because the proposed activities will be limited to work within the subject property, no impacts to public access are anticipated and therefore no mitigation measures are proposed.

4.2.2 TRAFFIC AND ROADWAYS

The proposed action is not expected to significantly alter the total volume of traffic on Sand Island Access Road during construction on a short-term basis. Construction-related work on the proposed project may impact traffic flow on Sand Island Access Road.

Fuel loading currently occurs twenty four (24) hours a day. Existing truck volumes at the facility is 5-10 truck trips per day. The proposed project will consolidate existing tanker truck pickups from the contracted Iwilei terminal. It is anticipated that approximately 90 truck trips (45 ins and 45 outs) in a 24-hour period seven days a week will be generated by the fueling and distribution activity at the Sand Island Terminal. Majority of the fueling and distributing activities will be done outside the peak morning and afternoon commuting periods. With the existing industrial traffic on Sand Island Access Road, a traffic light at the corner of Keehi Lagoon Access Road and Sand Island Access Road may be recommended to the State Department of Transportation for the safety of all drivers in this area and the timely ingress and egress of the tanker trucks.

A traffic impact analysis with a signal warrant study is being conducted to determine if installation of traffic signals at the Keehi Lagoon Access Road/ Sand Island Access Road intersection is necessary for the safety of all drivers in this area and to facilitate ingress and

gress from the project site. The results of this study will be reported to the State Department of Transportation, and as required, appropriate traffic controls will be implemented.

SECTION 5 RELATIONSHIP TO STATE AND COUNTY LAND USE PLANS AND POLICIES

5.1 STATE LAND USE DISTRICT

The project site and the surrounding area are within the State Urban District.

5.2 HONOLULU WATERFRONT MASTER PLAN

The purpose of the Honolulu Waterfront Master Plan is to represent “...a comprehensive, long range vision for the Honolulu waterfront. It recognizes the importance of the Port of Honolulu as a lifeline of state-wide commerce and, at the same time, provides for the recreational, cultural and economic needs of the growing population. The plan directly addressed the major planning issues concerning public access and use of the waterfront, long-term integrity of commercial maritime operations, plan implementation, relocation needs, and financial feasibility.”

The proposed project is consistent with the short and long-term plans of the Honolulu Waterfront Master Plan. The proposed project will continue to provide aircraft fuel as indicated in the Waterfront Master Plan. The project will also provide fuel to tugs and fishing vessels, bunker fuel to cruise ships and freighters, and fuel destined for automotive use.

5.3 GENERAL PLAN

The proposed facility improvement is consistent with the following objectives and policies of the City and County of Honolulu’s General Plan:

Economic Activity

The objectives and policies for economic activity as stated in the General Plan “attempt to address the needs for an adequate standard of living for residents and future generations. Issues of employment opportunities, viability of major industries, diversification of the economic base, and the location of jobs are addressed in terms of what government can do to provide, encourage, and promote economic opportunities for our people.”

Objective A: To promote employment opportunities that will enable all the people of Oahu to attain a decent standard of living.

Policy 2: Encourage the development of small businesses and larger industries which will contribute to the economic well-being of Oahu residents.

The proposed project will help to maintain the continued functioning and well-being of the economy by supplying an essential commodity necessary for the transportation of people, goods and services on Oahu.

Energy

The objectives and policies for energy in the General Plan address energy development, utilization, and conservation and stresses on the reduction in dependence on outside sources.

Objective A: To maintain an adequate, dependable, and economical supply of energy for Oahu residents.

Policy 4: Promote and assist efforts to establish adequate petroleum reserves within Hawaii's boundaries.

The facility will provide storage and distribution capacity for transportation fuels generated by the Tesoro Kapolei refinery, the largest of Hawaii's two refineries. The storage and distribution of fuel from the Sand Island Tank Farm site will further serve Oahu motorists for business, governmental, recreational, and public and private purposes. The presence of this facility, in conjunction with other tank farms such as the nearby HFFC facility, will maintain and minimize the potential for disruption to Oahu's fuel network.

and;

Physical Development and Urban Design

The Physical Development and Urban Design section of the General Plan is "concerned with the quality of growth that occurs within the various parts of the Island. The objectives and policies in this area of concern deal with the coordination of public facilities and land development, compatibility of land uses, and specification of certain land uses at particular locations. Urban design emphasis is contained in objectives to create and maintain attractive, meaningful, and stimulating environments and to promote and enhance the social and physical character of Oahu's older towns and neighborhoods."

Objective A: To coordinate changes in the physical environment of Oahu to ensure that all new developments are timely, well-designed, and appropriate for the areas in which they will be located.

Policy 2: Coordinate the location and timing of new development with the availability of adequate water supply, sewage treatment, drainage, transportation, and public safety facilities.

The project will take place in a location that has adequate water supply and sewage treatment facilities. The existing drainage will be modified as required by the NPDES General Permit Coverage Authorizing Discharges of Storm Water Associated With Industrial Activities, to handle the anticipated volume and quality of storm water runoff.

The project location is within an existing industrial area with air, ground and harbor related transportation linkages. The majority of the traffic along the project site consists of large trucks hauling containers and other industrial-related products and equipment. The added vehicular traffic from the proposed project will be similar in nature and is not expected to have significant impacts in terms of traffic type (e.g. tanker trucks). Further, a traffic study will be done to determine whether a traffic light at the intersection of Sand Island Access Road and the Keehi Lagoon Access Road is warranted.

Fire protection will also be increased with the installation of a water delivery system along the perimeter of the site.

Policy 3: Phase the construction of new developments so that they do not require more regional supporting services than are available.

The proposed project will take place in the PUC in an area designated for industrial use. Fuel loading and delivery from the Sand Island Terminal site will be to customers who are located primarily in the PUC. This is not expected to add to the requirement for additional roadway between the Campbell Industrial Park, where the Tesoro Kapolei Refinery is located, and Honolulu. We note that the majority of truck generated traffic will be during non-peak periods that will further reduce and mitigate the demand for new supporting services.

Policy 4: Require new developments to provide or pay the cost of all essential community services, including roads, utilities, schools, parks, and emergency facilities that are intended to directly serve the development.

As indicated, a traffic study will be undertaken to determine whether a traffic light at the intersection of Sand Island Access Road and the Keehi Lagoon Access Road is warranted. If a traffic light is required, the applicant will pay for the installation of the traffic signaling system.

No other additional infrastructure support is expected to be required.

Policy 5: Provide for more compact development and intensive use of urban lands where compatible with the physical and social character of existing communities.

Tesoro Hawaii Corporation considered the following in relocating its facilities to the Sand Island terminal site:

- A. The Sand Island Terminal site is zoned for waterfront industrial use and used for the storage and transfer of fuel. The site provides fuel to tugs, fishing vessels, cruise ships and freighters. This use is consistent with this zoning designation.
- B. The Sand Island Terminal facility has an existing fuel line that runs through the center of it that emanates from Tesoro's refinery at Campbell Industrial Park. No new fuel line(s), other major appurtenances, or a new site will be required.
- C. There is sufficient room for expansion based on the current use of only approximately twenty-five percent of the site.
- D. A consolidated facility will facilitate implementation of best management practices (BMPs) required for petroleum-related facilities.

The proposed project will result in a more compact, efficient and compatible development in an urban industrial area.

Policy 7: Locate new industries and new commercial areas so that they will be well related to their markets and suppliers, and to residential areas and transportation facilities.

The majority of Tesoro Hawaii Corporation's customers are located in the PUC. Relocation to the existing Sand Island Terminal facility will ensure timely and efficient service to its customers. The Sand Island Terminal already has an existing fuel line running through the property that originates from the Tesoro Refinery located at Campbell Industrial Park.

Policy 11: Prohibit new airfields, electromagnetic- radiation sources, and storage places for fuel and explosives from locating on sites where they will endanger or disrupt nearby communities.

The Sand Island terminal facility is located in an area zoned for waterfront industrial activities and away from residential areas. The proposed project will not endanger or disrupt nearby residential communities.

5.4 PRIMARY URBAN CENTER DEVELOPMENT PLAN

The project site is designated for major parks and open space in the Primary Urban Center Development Plan Land Use Map (March 2004). See **Figure 8, PUC Development Plan**. While the proposed project is not consistent with this designation, the following information, however, is provided to establish the land use context that governs the existing and proposed future use of the site:

- The proposed project was first used for fuel storage in 1974. An important quality that made the site attractive for this use included the location within an industrial zone property that could support the provision of fuel to boats, ships and other port related equipment and facilities. The proposed upgrade of the site is therefore consistent with the PUC Development Plan, Section 3.4.2.4 - Military, Airport, Harbor, and Industrial Area objective to “[R]eserve areas around Honolulu Harbor, particularly around Kapalama Basin and the Sand Island container yards, for harbor-related uses.”
- The PUC Development Plan also notes in Section 3.4.1.4 Military, Airport, Harbor and Industrial Uses that, “A prerequisite to full development of the waterfront for commercial and recreation activities, however, will be the prior development and modernization of maritime support facilities.” The proposed project is consistent with this intent to serve maritime as well as other transportation uses through the necessary upgrade and construction of fuel storage facilities.
- The proposed use is necessary for Tesoro to support the continued storage and delivery of fuel to Oahu consumers. This was necessitated by the expiration of the use agreement for the Iwilei tank site. Further, there were no other locations available to Tesoro with adequate infrastructure that could support the scope and scale of operations needed.
- The existing and proposed use will remain consistent with the I-3 Waterfront Industrial District zoning of the site. According to the Land Use Ordinance (LUO) the intent of the I-3 District is to, “...set apart and protect areas considered vital to the performance of port functions and to their efficient operation. It is the intent to permit a full range of facilities necessary for successful and efficient performance of port

functions” (Revised Ordinances of Honolulu, Chapter 21 of the Land Use Ordinance, Section 21.3.130(f)).

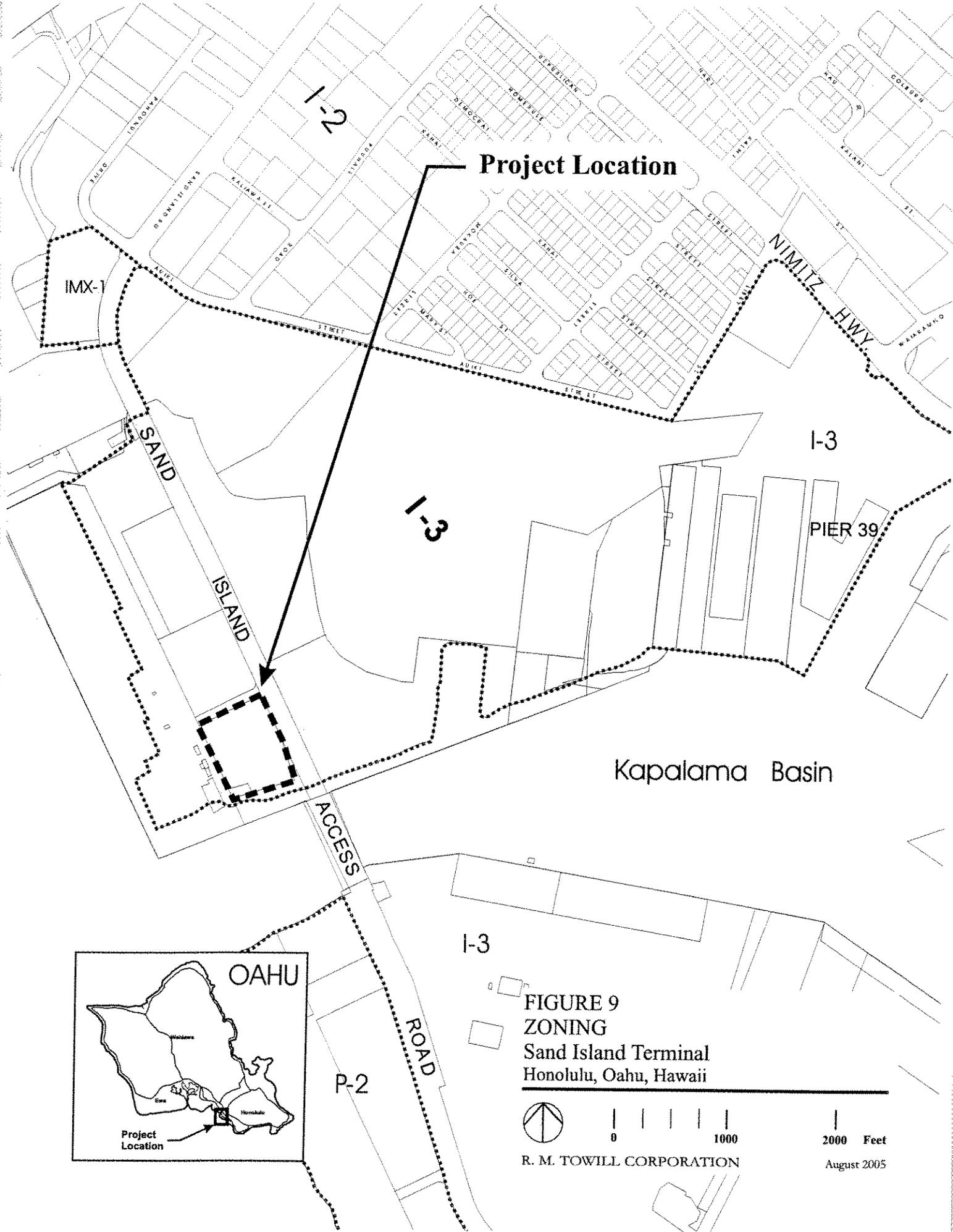
The project will support the performance of port functions by providing a facility that can store and distribute marine fuels necessary to the operations of ships and other marine vessels that use facilities at Honolulu Harbor.

- Open space along the shoreline will not be impeded by the project and will continue to be accessible to the general public. The area of the property used for the storage and distribution of fuel, however, must continue to be restricted to access for public safety.
- The existing site is currently in use as a tank farm site and will continue to be used for this purpose. Although there will be some viewplane loss due to the proposed construction of new tanks: (1) the site must continue to be restricted from any other use including the use for park land; and (2) the loss of viewplane for the construction new tanks when considered within the context of surrounding land uses should not be considered an unreasonable nor adverse use of the land.

5.5 CITY AND COUNTY OF HONOLULU - ZONING

The project site is designated I-3, Waterfront Industrial District. See **Figure 9, Zoning**. The intent of the I-3 waterfront industrial district is to set apart and protect areas considered vital to the performance of port functions and to their efficient operation. This zoning designation is intended to permit a full range of facilities necessary for successful and efficient performance of port functions. It is intended to exclude uses which are not only inappropriate but which could locate elsewhere (Revised Ordinances of Honolulu, Chapter 21 - Land Use Ordinance, Section 21-3.130(f)).

The facility provides fuel to tugs and fishing vessels and supports Tesoro Hawaii Corporation's bunkering operations to fuel cruise ships and freighters. The existing and proposed uses of the site are therefore consistent with the I-3 zoning designation.



Project Location

IMX-1

I-2

I-3

I-3

PIER 39

SAND

ISLAND

Kapalama Basin

ACCESS

ROAD

I-3

P-2

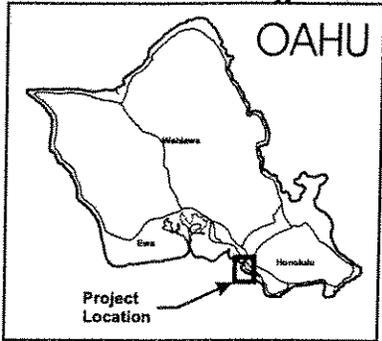
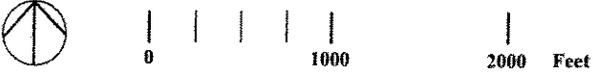


FIGURE 9
ZONING
Sand Island Terminal
Honolulu, Oahu, Hawaii



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5.6 SPECIAL MANAGEMENT AREA

The City and County of Honolulu has designated the shoreline and certain inland areas of Oahu as being within the Special Management Area (SMA). SMA areas are designated sensitive environments that should be protected in accordance with the State's Coastal Zone Management policies, as set forth in Revised Ordinances of Honolulu (ROH), Chapter 25, Shoreline Management, and Hawaii Revised Statutes (HRS), Section 205A, Coastal Zone Management.

As shown in **Figure 4**, the entire project site is within the SMA area.

5.6.1 SPECIAL MANAGEMENT, SECTION 25, ROH

The potential effects of the proposed project were evaluated based on the review guidelines in Section 25 of the Revised Ordinance of Honolulu (ROH). The following is a discussion of the applicability of the guidelines to the proposed improvements to the Sand Island Terminal project:

(a) All development in the Special Management Area shall be subject to reasonable terms and conditions set by the Council to ensure that:

(a.1) Adequate access, by dedication or other means, to publicly owned or used beaches, recreation areas and natural reserves is provided to the extent consistent with sound conservation principles;

The proposed project involves construction of up to 9 fuel storage tanks within an existing facility along the Sand Island Access Road in Honolulu, Oahu. The proposed improvements will be entirely within the subject property which is located between the Keehi Lagoon Small Boat Harbor and Sand Island Access Road. The south edge of the property is adjacent to a vacant State of Hawaii lot (TMK: 1-2-025:018), which separates the project site from the Kalihi Channel. Keehi Lagoon Small Boat Harbor is adjacent to (west of) the project site.

The project will not affect access to publicly owned or used beaches, recreation areas or nature reserves.

(a.2) Adequate and properly located public recreation areas and wildlife preserves are reserved;

Sand Island Terminal is a fuel storage and transfer facility, and does not feature or support recreational activities or wildlife reserves. The property is a secured area because of its industrial use.

The project site is within an urbanized industrial area of Honolulu. The area is composed of fill material and has been used for industrial activities for many decades. There is no critical plant or animal habitat in the area, and none will be affected by proposed improvements or project activities.

(a.3) Provisions are made for solid and liquid waste treatment disposition and management which will minimize adverse effects upon Special Management Area resources;

Solid waste. Solid waste from the proposed project will be disposed of at an approved refuse facility. Materials to be disposed include construction-related debris and expended materials. Construction materials for the readjusted storage tank containment berm will be from recycled excavated material from the project site.

The impact to solid waste collection services will be from debris associated with construction. Disposal of construction and demolition debris will be at an approved facility. No further mitigation measures are anticipated.

Liquid waste. Due to its fuel storage nature, the facility has an existing spill containment berm and an oil-water separator. Current storm water discharges associated with this industrial facility are covered under an existing NPDES permit from the Department of Health, Clean Water Branch (NGPC File No. HI R80A725).

Construction activities will result in a temporary increase in wastewater generation. Portable toilets will be used during construction and will be discharged off-site in compliance with State and County regulations.

(a.4) Alterations to existing land forms and vegetation; except crops, and construction of structures shall cause minimum adverse effect to water resources and scenic and recreational amenities and minimum danger of floods, landslides, erosion, siltation or failure in the event of an earthquake.

The project lies on a relatively flat area with elevation averaging 7.5 feet above MSL. The proposed improvements to Sand Island Terminal will involve alteration of existing land forms via minor grading, containment berm readjustment, and site pads for the new fuel tanks. A grading permit and required approvals will be obtained prior to construction. The existing containment berm will be modified to meet the increase in fuel stored at the site. The height of the existing berm varies between four (4) and five (5) feet. The berm will be modified to average approximately five (5) feet in height. Modifications to existing land forms that will result from this project will not create conditions that would adversely affect water resources, scenic resources, or recreational amenities.

The area surrounding the project site is zoned for waterfront industrial purposes and contains existing fuel storage tanks. Further, the proposed fuel storage tank heights will be below the established maximum height limit for the area. Therefore, the proposed new fuel tanks are not anticipated to significantly detract from existing scenic resources of the surrounding areas. See also **Section 4.1.5 Scenic and Visual Resources**.

No adverse impacts to water resources are anticipated from construction of this project. In the short-term, runoff from construction areas will be regulated under NPDES permit conditions. An existing containment berm surrounding the tank farm will prevent storm water runoff from entering nearby water bodies. In addition, Best Management Practices (BMPs) will be employed to prevent soil loss and sediment discharges from work sites. Project activities will comply with DOH regulations as set forth in Hawaii Administrative Rules, Title 11 Chapter 54, Water Quality Standards, and Chapter 55, Water Pollution Control.

Following construction, any additional storm water generated by the increased impervious surfaces as a result of the project will be contained on site and handled by an existing drainage system which includes an oil-water separator. The existing NPDES permit that allows for

discharges associated with industrial activities will be updated to reflect the proposed improvements.

The Uniform Building Code (UBC) provides minimum design criteria to address potential for damages due to seismic disturbances. The UBC scale is rated from Seismic Zone 0 through 4, with 0 being the lowest level for potential seismic induced ground movement. The island of Oahu has been designated within Seismic Zone 2A. To mitigate the potential hazard from earthquakes, structural elements in this project will be built, at a minimum, in compliance with standards for UBC Seismic Zone 2A.

(b) No development shall be approved unless the Council has first found that:

(b.1) The development will not have any substantial, adverse environmental or ecological effect except as such adverse effect is minimized to the extent practicable and clearly outweighed by public health and safety, or compelling public interest. Such adverse effect shall include, but not be limited to, the potential cumulative impact of developments, each one of which taken in itself might not have a substantial adverse effect and the elimination of planning options;

The proposed project is not anticipated to involve a substantial degradation of environmental quality. The area has long been developed as a fuel storage and transfer facility and is situated within an urban area zoned for waterfront industrial use. The proposed project will have minimal impact on environmental or ecological resources.

(b.2) The development is consistent with the objectives and policies set forth in Section 25-3.1 and area guidelines contained in HRS Section 205A-26;

The project is in compliance with the objectives and policies set forth in Hawaii Revised Statutes (HRS) 205A-2, and Special Management Area guidelines contained in HRS Section 205A-26. This application is prepared to summarize the proposed Sand Island Terminal improvements' impacts in relation to the Special Management Area guidelines in HRS Section 205A-26 and ROH Section 25. The project area is not within the Shoreline Setback Area.

Section 5.6.2 of this Environmental Assessment, entitled “Coastal Zone Management, HRS 205(A),” references the project's compliance with the State's objectives and policies for the Coastal Zone.

(b.3) The development is consistent with the County General Plan, Development Plans and Zoning.

The current edition of the General Plan for the City and County of Honolulu was adopted in 1989 and last updated in 2003. The Plan is a comprehensive statement of objectives and policies for the County’s future development. The proposed facility improvement is consistent with the following objectives and policies of the City and County of Honolulu’s General Plan:

Economic Activity

The objectives and policies for economic activity as stated in the General Plan “attempt to address the needs for an adequate standard of living for residents and future generations. Issues of employment opportunities, viability of major industries, diversification of the economic base, and the location of jobs are addressed in terms of what government can do to provide, encourage, and promote economic opportunities for our people.”

Objective A: To promote employment opportunities that will enable all the people of Oahu to attain a decent standard of living.

Policy 2: Encourage the development of small businesses and larger industries which will contribute to the economic well-being of Oahu residents.

The proposed project will help to maintain the continued functioning and well-being of the economy by supplying an essential commodity necessary for the transportation of people, goods and services on Oahu.

Energy

The objectives and policies for energy in the General Plan address energy development, utilization, and conservation and stresses on the reduction in dependence on outside sources.

Objective A: To maintain an adequate, dependable, and economical supply of energy for Oahu residents.

Policy 4: Promote and assist efforts to establish adequate petroleum reserves within Hawaii’s boundaries.

The facility will provide storage and distribution capacity for transportation fuels generated by the Tesoro Kapolei refinery, the largest of Hawaii’s two refineries. The storage and distribution of fuel from the Sand Island Tank Farm site will further serve Oahu motorists for business,

governmental, recreational, and public and private purposes. The presence of this facility, in conjunction with other tank farms such as the nearby HFFC facility, will maintain and minimize the potential for disruption to Oahu's fuel network.

and;

Physical Development and Urban Design

The Physical Development and Urban Design section of the General Plan is "concerned with the quality of growth that occurs within the various parts of the Island. The objectives and policies in this area of concern deal with the coordination of public facilities and land development, compatibility of land uses, and specification of certain land uses at particular locations. Urban design emphasis is contained in objectives to create and maintain attractive, meaningful, and stimulating environments and to promote and enhance the social and physical character of Oahu's older towns and neighborhoods."

Objective A: To coordinate changes in the physical environment of Oahu to ensure that all new developments are timely, well-designed, and appropriate for the areas in which they will be located.

Policy 2: Coordinate the location and timing of new development with the availability of adequate water supply, sewage treatment, drainage, transportation, and public safety facilities.

The project will take place in a location that has adequate water supply and sewage treatment facilities. The existing drainage will be modified as required by the NPDES General Permit Coverage Authorizing Discharges of Storm Water Associated With Industrial Activities, to handle the anticipated volume and quality of storm water runoff.

The project location is within an existing industrial area with air, ground and harbor related transportation linkages. The majority of the traffic along the project site consists of large trucks hauling containers and other industrial-related products and equipment. The added vehicular traffic from the proposed project will be similar in nature and is not expected to have significant impacts in terms of traffic type (e.g. tanker trucks). Further, a traffic study will be done to determine whether a traffic light at the intersection of Sand Island Access Road and the Keehi Lagoon Access Road is warranted.

Fire protection will also be increased with the installation of a water delivery system along the perimeter of the site.

Policy 3: Phase the construction of new developments so that they do not require more regional supporting services than are available.

The proposed project will take place in the PUC in an area designated for industrial use. Fuel loading and delivery from the Sand Island Terminal site will be to customers who are located primarily in the PUC. This is not expected to add to the requirement for additional roadway between the Campbell Industrial Park, where the Tesoro Kapolei Refinery is located, and Honolulu. We note that the majority of truck generated traffic will be during non-peak periods that will further reduce and mitigate the demand for new supporting services.

Policy 4: Require new developments to provide or pay the cost of all essential community services, including roads, utilities, schools, parks, and emergency facilities that are intended to directly serve the development.

As indicated, a traffic study will be undertaken to determine whether a traffic light at the intersection of Sand Island Access Road and the Keehi Lagoon Access Road is warranted. If a traffic light is required, the applicant will pay for the installation of the traffic signaling system.

No other additional infrastructure support is expected to be required.

Policy 5: Provide for more compact development and intensive use of urban lands where compatible with the physical and social character of existing communities.

Tesoro Hawaii Corporation considered the following in relocating its facilities to the Sand Island terminal site:

- A. The Sand Island Terminal site is zoned for waterfront industrial use and used for the storage and transfer of fuel. The site provides fuel to tugs, fishing vessels, cruise ships and freighters. This use is consistent with this zoning designation.
- B. The Sand Island Terminal facility has an existing fuel line that runs through the center of it that emanates from Tesoro's refinery at Campbell Industrial Park. No new fuel line(s), other major appurtenances, or a new site will be required.
- C. There is sufficient room for expansion based on the current use of only approximately twenty-five percent of the site.
- D. A consolidated facility will facilitate implementation of best management practices (BMPs) required for petroleum-related facilities.

The proposed project will result in a more compact, efficient and compatible development in an urban industrial area.

Policy 7: Locate new industries and new commercial areas so that they will be well related to their markets and suppliers, and to residential areas and transportation facilities.

The majority of Tesoro Hawaii Corporation's customers are located in the PUC. Relocation to the existing Sand Island Terminal facility will ensure timely and efficient service to its customers. The Sand Island Terminal already has an existing fuel line running through the property that originates from the Tesoro Refinery located at Campbell Industrial Park.

Policy 11: Prohibit new airfields, electromagnetic- radiation sources, and storage places for fuel and explosives from locating on sites where they will endanger or disrupt nearby communities.

The Sand Island terminal facility is located in an area zoned for waterfront industrial (I-3) activities and away from residential areas. The proposed project will not endanger or disrupt nearby residential communities and is in compliance with Land Use Ordinance requirements for the I-3 zoning district.

(c) The Council shall seek to minimize where reasonable:

(c.1) Dredging, filling or otherwise altering any bay, estuary, salt marsh, river mouth, slough or lagoon;

The project will not involve dredging, filling or alteration of the shoreline configuration.

(c.2) Any development which would reduce the size of any beach or other area usable for public recreation;

No beaches along the coastal shoreline will be reduced in size or obstructed from use by the proposed project. Sand Island Terminal improvements will take place mauka of the 40-foot shoreline setback.

(c.3) Any development which would reduce or impose restrictions upon public access to tidal and submerged lands, beaches, portions of rivers and streams

within the Special Management Area and the mean high tide line where there is no beach;

The project will not reduce or impose restrictions upon public access to tidal and submerged lands, beaches, portions of rivers and streams within the Special Management Area. Proposed improvements are well-above the mean high tide line, do not involve submerged lands, and will not block access along the shoreline. Public access to shoreline areas will not be affected by the project.

(c.4) Any development which would substantially interfere with or detract from the line of sight toward the sea from the state highway nearest the coast;

The Sand Island Terminal facility is bounded on the east by the Sand Island Access Road, a state facility. The project area is located in a waterfront industrial area and is adjacent to properties with existing fuel storage facilities. The proposed site improvements will be consistent with the surrounding industrial land uses.

Construction of the proposed fuel storage tanks may obstruct present views of Keehi Lagoon, however because of the existing fuel storage tanks on the property, as well as ones in the neighboring HFFC facility, the proposed addition will not substantially interfere or detract from existing views.

The City and County of Honolulu, Coastal View Study (1987), indicates "Continuous Coastal Views" from the Kalihi Channel Bridge only. The proposed project will not significantly impact or degrade the existing "Continuous Coastal Views" as identified by the City. The proposed tanks have been designed to be below the established 60-foot maximum building height limit of the area. See also **Section 4.1.5 Scenic and Visual Resources.**

(c.5) Any development which would adversely affect water quality, existing areas of open water free of visible structures, existing and potential fisheries and fishing grounds, wildlife habitats, or potential or existing agricultural uses of land.

Proposed improvements to the Sand Island Terminal facility will not result in changes to the existing land use. No effects are anticipated to water quality, open water, fisheries or fishing

grounds, wildlife habitats, or potential or existing agricultural uses of land. As previously described, no adverse effects to water quality are expected to result from construction activities, or use of the improvements following project completion.

5.6.2 COASTAL ZONE MANAGEMENT, HRS 205(A)

The State of Hawaii designates the Coastal Zone Management Program (CZMP) to manage the intent, purpose and provisions of Chapter 205(A)-2 of the Hawaii Revised Statutes (HRS), as amended, and federal regulations for the areas from the shoreline to the seaward limit of the State's jurisdiction, and any other area which a lead agency may designate for the purpose of administering the Coastal Zone Management Program.

The following is an assessment of the project with respect to the CZMP objectives and policies set forth in Section 205(A)-2.

1. *Recreational resources*

Objective: Provide coastal recreational opportunities accessible to the public.

Policies:

A) Improve coordination and funding of coastal recreational planning and management; and

B) Provide adequate, accessible, and diverse recreational opportunities in the coastal zone management area by:

(i) Protecting coastal resources uniquely suited for recreational activities that cannot be provided in other areas;

(ii) Requiring replacement of coastal resources having significant recreational value including, but not limited to, surfing sites, fishponds, and sand beaches, when such resources will be unavoidably damaged by development; or requiring reasonable monetary compensation to the State for recreation when replacement is not feasible or desirable;

(iii) Providing and managing adequate public access, consistent with conservation of natural resources, to and along shorelines with recreational value;

(iv) Providing an adequate supply of shoreline parks and other recreational facilities suitable for public recreation;

(v) Ensuring public recreational uses of county, state, and federally owned or controlled shoreline lands and waters having recreational value consistent with public safety standards and conservation of natural resources;

(vi) Adopting water quality standards and regulating point and nonpoint sources of pollution to protect, and where feasible, restore the recreational value of coastal waters;

(vii) Developing new shoreline recreational opportunities, where appropriate, such as artificial lagoons, artificial beaches, and artificial reefs for surfing and fishing; and (viii) Encouraging reasonable dedication of shoreline areas with recreational value for public use as part of discretionary approvals or permits by the land use commission, board of land and natural resources, and county authorities; and crediting such dedication against the requirements of section 46-6.

Discussion:

The project is being developed with private funds. No recreational facilities will be affected by construction. Water quality will be protected during construction through the application of BMPs in accordance with NPDES permit regulations. The proposed improvements will take place within an existing containment berm. The project will not alter existing shoreline areas.

2. Historic resources

Objective: Protect, preserve, and, where desirable, restore those natural and manmade historic and prehistoric resources in the coastal zone management area that are significant in Hawaiian and American history and culture.

Policies:

(A) Identify and analyze significant archaeological resources;

(B) Maximize information retention through preservation of remains and artifacts or salvage operations; and

(C) Support state goals for protection, restoration, interpretation, and display of historic resources.

Discussion:

No adverse impacts to historic resources associated with construction of the proposed Sand Island Terminal facility improvements are expected.

The proposed construction is within an existing industrialized area and on land that is composed entirely of fill material. It is highly unlikely that significant historic or archaeological resources are present at the project site. However, in the unlikely event that unidentified deposits be uncovered during construction, work will cease in the immediate area and the State Historic Preservation Office will be contacted. As appropriate, mitigative measures will be proposed and coordinated with SHPD.

No impacts to cultural practices will result from the proposed improvements. The project site is dominated by common, introduced plant species not identified with traditional gathering practices. Project activities will not diminish the availability of any plant type for use in cultural practices. The proposed project will not interrupt access to coastal areas.

3. Scenic and open space resources

Objective: Protect, preserve, and, where desirable, restore or improve the quality of coastal scenic and open space resources.

Policies:

(A) Identify valued scenic resources in the coastal zone management area;

(B) Ensure that new developments are compatible with their visual environment by designing and locating such developments to minimize the alteration of natural land forms and existing public views to and along the shoreline;

(C) Preserve, maintain, and, where desirable, improve and restore shoreline open space and scenic resources; and

(D) Encourage those developments that are not coastal dependent to locate in inland areas.

Discussion:

The proposed improvements conform to the Coastal Zone Management Program Objective 3, Scenic and Open Space, which encourages the protection, preservation and, where desirable, restoration or improvement of the quality of coastal scenic and open space resources.

The project area is located in a waterfront industrial area and is adjacent to properties with existing fuel storage facilities. The proposed site improvements are consistent with the surrounding industrial land uses. Construction of the proposed fuel storage tanks may obstruct present views of the shoreline; however, because of the existing fuel storage tanks on the property, as well as ones in the neighboring HFFC facility, the proposed addition will not substantially interfere or detract from existing views.

The Coastal View Study, done for City and County of Honolulu in 1987, indicates "Continuous Coastal Views" from the Kalihi Channel Bridge only. The proposed project will not significantly impact or degrade the existing "Continuous Coastal Views" as identified by the City. The proposed tanks have been designed to be built below the established 60-foot maximum building height limit of the area. See also **Section 4.1.5 Scenic and Visual Resources**.

4. Coastal ecosystems

Objective: Protect valuable coastal ecosystems, including reefs, from disruption and minimize adverse impacts on all coastal ecosystems.

Policies:

(A) Exercise an overall conservation ethic, and practice stewardship in the protection, use, and development of marine and coastal resources;

(B) Improve the technical basis for natural resource management;

(C) Preserve valuable coastal ecosystems, including reefs, of significant biological or economic importance;

(D) Minimize disruption or degradation of coastal water ecosystems by effective regulation of stream diversions, channelization, and similar land and water uses, recognizing competing water needs; and

(E) Promote water quantity and quality planning and management practices that reflect the tolerance of fresh water and marine ecosystems and maintain and enhance water quality through the development and implementation of point and nonpoint source water pollution control measures.

Discussion:

The proposed project is not expected to have any adverse affects on marine resources. Project activities do not involve alterations to stream channels or other water bodies or water sources. Improvements will not affect the marine and coastal resources of Honolulu Harbor.

An existing containment berm and oil-water separator will prevent storm water runoff from entering nearby water bodies. During construction, Best Management Practices (BMPs) along with an on-site oil-water separator will be employed in compliance with NPDES permit requirements to prevent pollutant discharge in storm water runoff. Discharge pollution prevention measures will be installed for each project action as required by project activities. Measures to prevent sediment discharge in storm water runoff during construction will be in place and functional before project activities begin and will be maintained throughout the construction period. Runoff and discharge pollution prevention measures will be incorporated into a site-specific construction BMPs plan by the project contractor.

5. *Economic uses*

Objective: Provide public or private facilities and improvements important to the State's economy in suitable locations.

Policies:

(A) Concentrate coastal dependent development in appropriate areas;

(B) Ensure that coastal dependent development such as harbors and ports, and coastal related development such as visitor industry facilities and energy generating facilities, are located, designed, and constructed to minimize adverse social, visual, and environmental impacts in the coastal zone management area; and

(C) Direct the location and expansion of coastal dependent developments to areas presently designated and used for such developments and permit reasonable long-term growth at such areas, and permit coastal dependent development outside of presently designated areas when:

(i) Use of presently designated locations is not feasible;

(ii) Adverse environmental effects are minimized; and

(iii) The development is important to the State's economy.

Discussion:

The project is being developed with private funds. The project has been assessed for social, visual, and environmental impacts in accordance with Chapter 25 of the Revised Ordinances of Honolulu. With the implementation of mitigation measures outlined in this document, no adverse impacts are expected to result from this project.

Furthermore, the facility will provide storage and distribution capacity for transportation fuels generated by the Tesoro Kapolei refinery, the largest of Hawaii's two refineries. The storage and distribution of fuel from the Sand Island Tank Farm site will further serve Oahu motorists for business, governmental, recreational, and public and private purposes. The presence of this facility, in conjunction with other tank farms such as the nearby HFFC facility, will maintain and minimize the potential for disruption to Oahu's fuel network.

The County zoning designation for the project site is Waterfront Industrial (I-3). The proposed improvements are in compliance with Land Use Ordinance requirements for the I-3 zoning district.

6. Coastal hazards

Objective: Reduce hazard to life and property from tsunami, storm waves, stream flooding, erosion, subsidence, and pollution.

Policies:

- (A) Develop and communicate adequate information about storm wave, tsunami, flood, erosion, subsidence, and point and nonpoint source pollution hazards;***
- (B) Control development in areas subject to storm wave, tsunami, flood, erosion, hurricane, wind, subsidence, and point and nonpoint source pollution hazards;***
- (C) Ensure that developments comply with requirements of the Federal Flood Insurance Program; and***
- (D) Prevent coastal flooding from inland projects.***

Discussion:

The subject property is located at the outlet of Honolulu Harbor. According to FEMA FIRM Map No. 15003C0353 E, dated November 20, 2000, the project site is in an area designated as Zone X and AE (EL 5). See **Figure 7 FEMA FIRM Map**.

The development of the project will be in compliance with the requirements of the Federal Flood Insurance Program, the City and County of Honolulu Drainage, Grading and Development standards for Flood Hazard Districts, and Land Use Ordinance, Section 21-9.10, Flood Hazard Districts.

7. *Managing development*

Objective: Improve the development review process, communication, and public participation in the management of coastal resources and hazards.

Policies:

- (A) Use, implement, and enforce existing law effectively to the maximum extent possible in managing present and future coastal zone development;***
- (B) Facilitate timely processing of applications for development permits and resolve overlapping or conflicting permit requirements; and***
- (C) Communicate the potential short and long-term impacts of proposed significant coastal developments early in their life cycle and in terms understandable to the public to facilitate public participation in the planning and review process.***

Discussion:

The project site lies within the state land use category "urban". Land uses within this designation are subject to regulation by the City and County of Honolulu. The City and County of Honolulu zoning designation is I-3, Waterfront Industrial.

All improvement activities will be conducted in compliance with state and county environmental rules and regulations. This EA document is prepared to identify and, where necessary, propose mitigation measures to address impacts anticipated from the construction and operation of the project. This document will be published for public review in compliance with procedures set forth in ROH Chapter 25.

8. *Public participation;*

Objective: Stimulate public awareness, education, and participation in coastal management.

Policies:

- (A) Promote public involvement in coastal zone management processes;***
- (B) Disseminate information on coastal management issues by means of educational materials, published reports, staff contact, and public workshops for persons and organizations concerned with coastal issues, developments, and government activities; and***
- (C) Organize workshops, policy dialogues, and site-specific mitigation to respond to coastal issues and conflicts.***

Discussion:

Public involvement in the project will consist of public hearings before the Department of Planning and Permitting and the City Council that will be conducted as part of the SMA permit approval process. Additionally, public notice of the proposed action will be provided in the OEQC Bulletin. Please refer to **Section 8, Agencies, Organizations, and Individuals Consulted** for a list of agencies, organizations and individuals consulted. All written public comments have been addressed in written responses. Mitigation measures will be developed where appropriate to address issues and concerns raised during public review of the project (See Appendix A - Comments Received).

9. Beach protection;

Objective: Protect beaches for public use and recreation.

Policies:

(A) Locate new structures inland from the shoreline setback to conserve open space, minimize interference with natural shoreline processes, and minimize loss of improvements due to erosion;

(B) Prohibit construction of private erosion-protection structures seaward of the shoreline, except when they result in improved aesthetic and engineering solutions to erosion at the sites and do not interfere with existing recreational and waterline activities; and

(C) Minimize the construction of public erosion-protection structures seaward of the shoreline.

Discussion:

The Sand Island Terminal improvements will be constructed inland of the shoreline setback. An existing containment berm around the perimeter of the property will contain storm water flows and direct them to an existing drainage system, which includes an oil-water separator. The proposed improvements will be within the property boundary and therefore will not interfere with any existing recreational or shoreline activities.

10. Marine resources

Objective: Promote the protection, use, and development of marine and coastal resources to assure their sustainability.

Policies:

(A) Ensure that the use and development of marine and coastal resources are ecologically and environmentally sound and economically beneficial;

(B) Coordinate the management of marine and coastal resources and activities to improve effectiveness and efficiency;

(C) Assert and articulate the interests of the State as a partner with federal agencies in the sound management of ocean resources within the United States exclusive economic zone;

(D) Promote research, study, and understanding of ocean processes, marine life, and other ocean resources in order to acquire and inventory information necessary to understand how ocean development activities relate to and impact upon ocean and coastal resources; and

(E) Encourage research and development of new, innovative technologies for exploring, using, or protecting marine and coastal resources.

Discussion:

The project will not impact marine resources and does not involve research, education, or technological development related to the coastal and marine environments.

SECTION 6 NECESSARY PERMITS AND APPROVALS

6.1 CITY AND COUNTY OF HONOLULU

- Special Management Area Permit
- Grading permit
- Building permit

6.2 STATE OF HAWAII

- NPDES NOI-B, Discharges of Storm Water Associated With Industrial Activities
- NPDES NOI-C, Discharges of Storm Water Associated With Construction Activities
- NPDES NOI-G, Discharges Associated With Construction Activity Dewatering
- Covered Source Permit, State of Hawaii Department of Health Clean Air Branch
- Plan Approval by Department of Transportation, Airports Division

SECTION 7 CULTURAL IMPACT ASSESSMENT

7.1 IMPACTS TO TRADITIONAL/CULTURAL RESOURCES

A Cultural Impact Assessment is not necessary due to the nature of the proposed activity and the history of the land surrounding the project site. The following statements form the basis for such a conclusion:

- The land on which the project area is located is composed entirely of fill material.
- The project site is within an area that has been in continual industrial use for several decades. Any potential cultural sites or remains that may have existed most likely would already have been discovered and recovered or destroyed. There are no known existing cultural sites on the property.
- Public access to the shoreline exists via Keehi Lagoon Access Road leading to Keehi Lagoon Small Boat Harbor to the north of the subject parcel. Lateral access along the shoreline during low tide will not be affected by the project.
- There are no plants on the property that are of significant importance for traditional or cultural use. Plant cover in the project area is limited to some grass.
- The project site is a secure facility not accessible to use by the public. This is to maintain safety of operations and is expected to continue for the foreseeable future as long as use for a tank farm is required.

SECTION 8 AGENCIES AND ORGANIZATIONS CONSULTED

The following agencies, organizations, and individuals were contacted in 1996 regarding the proposed project. They will be contacted again during this environmental assessment process.

8.1 CITY AND COUNTY OF HONOLULU

- Department of Design and Construction
- Department of Transportation Services
- Fire Department
- Police Department

8.2 STATE OF HAWAII

- Department of Health - Clean Water Branch
- Department of Land and Natural Resources - Boating and Ocean Recreation Division & State Historic Preservation Division
- Department of Transportation - Airports Division
- Department of Transportation - Harbor Division
- Department of Transportation - Highways Division
- University of Hawaii - Marine Center at Snug Harbor

8.3 FEDERAL GOVERNMENT

- U.S. Army Corps of Engineers

8.4 ORGANIZATIONS AND INDIVIDUALS

- The Kalihi/Palama Neighborhood Board No. 15
- Sand Island Business Association
- Owners of property within 300 feet of project site

SECTION 9

SUMMARY OF IMPACTS AND SIGNIFICANCE DETERMINATION

9.1 SHORT TERM IMPACTS

Short term impacts are expected to be minimal. The construction contractor will need to access the project site via Keehi Lagoon Access Road. Noise will be generated from construction and related mobilization of equipment.

Construction equipment is expected to include, but not be limited to, a compactor, grader, bulldozer, concrete mixers, concrete delivery trucks, cranes, welders and powered hand tools. All equipment will be muffled in accordance with standard engine operating practices. The work will be limited to weekday daylight hours and engine exhausts will be governed in accordance with applicable state and county regulations. Upon construction completion, noise levels will return to ambient levels.

Dust and associated nuisance problems are expected to be slight to insignificant due to the limited scope and scale of the project. Any fugitive dust will be controlled with regular wetting of the soil by the contractor, as required.

Construction activity will temporarily expose soils on the property. To minimize soil erosion, silt fences, berms and other applicable erosion control devices will be erected to prevent soil and other construction debris from washing into existing drainage inlets. If required, exposed soils will be covered with PVC sheet plastic or similar material to prevent inadvertent contact and mixing with storm water.

9.2 LONG TERM IMPACTS

Long term benefits derived from this project include employment benefits as well as tax benefits to the State and County governments. The facility will also aid in ensuring a safe and efficient supply of petroleum products to meet current and future demands. Allowing the facility to be upgraded would prevent hauling fuel directly from its refinery at Campbell Industrial Park, rather than this centrally located facility. Reducing direct fuel transport with tanker trucks from Campbell Industrial Park will also help alleviate traffic congestion and increase public safety.

No long term adverse impacts are anticipated. Upon completion, all equipment used on-site will be demobilized and all debris and waste materials disposed of at an approved refuse facility. The required mitigation measures will be in place in the event of an accidental spill.

A traffic analysis will be conducted to determine if installation of traffic signals at the Keehi Lagoon Access Road/ Sand Island Access Road intersection is necessary to facilitate ingress and egress from the project site and the Keehi Small Boat Harbor.

9.3 SIGNIFICANCE CRITERIA

Based on significance criteria set forth in Hawaii Administrative Rules, Title 11, Department of Health, Chapter 200, "Environmental Impact Statement Rules," the proposed project is not expected to have a significant impact on the environment. As such, the recommended preliminary determination for the proposed project is a Finding of No Significant Impact (FONSI). The findings and reasons supporting this determination are discussed below.

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

The proposed project will not result in a loss of natural or cultural resources. There are no threatened or endangered species of plants or wildlife that inhabit the project site.

Given the history and industrial use of the subject property, historic or archaeological sites are not expected to be present.

2. Curtails the range of beneficial uses of the environment

Presently, the subject property is used as a fuel storage area. The proposed project is an upgrade to the existing industrial activity and will be contained entirely within the subject property. The proposed action does not curtail beneficial uses of the environment.

3. Conflicts with the State's long-term environmental policies or goals and guidelines as expressed in Chapter 343, HRS, and any revisions thereof and amendments thereto, court decisions, or executive orders

The proposed project is consistent with the environmental policies, goals and guidelines expressed in Chapter 343, HRS. Potential sources of adverse impacts have been identified

and appropriate measures have been developed to either mitigate or minimize potential impacts to negligible levels.

4. Substantially affects the economic and social welfare of the community or state

The project activity is designed to use an industrial site to provide a service of supplying fuel to facilitate daily commerce and economic activities. The operation of the facility is regulated in accordance with County, State and Federal regulations. The proposed project is expected to maintain the social and economic environment on Oahu by replacing the existing terminal access at Iwilei with this expanded facility.

5. Substantially affects public health

Factors affecting public health, including air quality, water quality, and noise levels, are expected to be only minimally affected, or unaffected by the proposed construction activity. Under normal operating conditions, the proposed increase in capacity of the existing fuel storage and transfer terminal does not pose a direct threat to public health. The proposed storage tanks are enclosed structures subject to emissions controls and equipment to minimize emissions as required by the EPA and Hawaii Department of Health air regulations. Further, EPA and DOH requirements for air emissions control will continue to be met by the new operations as they currently are with the existing Hawaii Department of Health air permit.

An enhanced fire protection system (to include fire water, foam and pumps) will be installed at the site in conformance with the Uniform Fire Code regulations.

Potential impacts will be mitigated in accordance with Federal, State and City and County of Honolulu regulations.

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

The proposed project is expected to have little or no substantial secondary or indirect impacts such as population changes or effects on public facilities.

7. Involves a substantial degradation of environmental quality

Impacts to air and water quality, noise levels, natural resources, and land use associated with the planned improvements are anticipated to be minimal. Mitigation measures will be

employed as practicable to further minimize potentially detrimental effects to the environment resulting from project activities. The proposed project does not involve substantial degradation of environmental quality.

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

The proposed improvements are not expected to cause adverse cumulative impacts on the environment, nor does the proposed project involve a commitment for larger actions.

9. Substantially affects a rare, threatened or endangered species

There are no threatened or endangered plants or animal species on the subject property.

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

On a short-term basis, ambient air and noise conditions will be affected by construction activities related to the proposed facility improvements, but these are short-term impacts and can be controlled by mitigation measures as described in this Environmental Assessment. Once the project is completed, air and noise in the project vicinity will be allowed to return to preconstruction conditions. Erosion control measures and other BMPs will be employed to prevent any storm water runoff associated with construction activities from entering State waters.

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

All work will be undertaken on an existing project site on land *mauka* of the high water mark. A portion of the project area is located within an area determined by the Federal Emergency Management Agency to be within the the 1-percent annual chance floodplains with a Base Flood Elevation of 5 feet. The proposed facility improvements will occur entirely within the existing project boundary which is bounded by a containment berm. The proposed action is not expected to have significant impacts on flood conditions

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

The Primary Urban Center Development Plan as well as the City and County of Honolulu's Coastal View Study (1987) identify important views to be protected. The Study, indicates "Continuous Coastal Views" from the Kalihi Channel Bridge only. Existing views of the ocean from Sand Island Access Road and the small boat harbor are currently constrained by existing improvements in the area. Pedestrian (street level) views of the ocean are currently blocked along Sand Island Access Road because of existing improvements and topography. The additional tanks planned will further constrain panoramic views from a pedestrian point of view. View relief is available in the form of view channels from the small boat harbor access road and from the higher elevation atop the Kalihi Channel Bridge.

From a regional perspective, the proposed project will not obstruct any significant scenic features and viewplanes due to its elevation and existing similar industrial activities in close proximity to the project site. Additionally, the proposed fuel storage tanks will be below the established 60-foot maximum building height limit. The site improvements will not substantially affect any existing views from surrounding areas.

13. Requires substantial energy consumption

Construction and daily activities associated with the proposed site improvements will not require substantial amounts of energy.

**SECTION 10
FINDINGS**

In accordance with the provisions set forth in Chapter 343, Hawaii Revised Statutes, and the significance criteria in Section 11-200-12 of Title 11, Chapter 200, it is anticipated that the project will have no significant adverse impact to water quality, air quality, existing utilities, noise levels, social welfare, archaeological sites, or wildlife habitat. All anticipated impacts will be temporary and will not adversely impact the environmental quality of the area. It is expected that an Environmental Impact Statement (EIS) will not be required, and that a Finding of No Significant Impact (FONSI) will be issued for this project.

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DEPARTMENT OF THE ARMY
U. S. ARMY ENGINEER DISTRICT, HONOLULU
FT. SHAFTER, HAWAII 96858-5440

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REPLY TO
ATTENTION OF

Regulatory Branch

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

Mr. Henry Eng, FAICP
Director of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, HI 96813

Dear Mr. Eng:

A copy of your March 29, 2005 Sand Island Terminal draft Environmental Assessment (EA) was forwarded to our office for review. The project involves the construction of seven new above-ground fuel tanks, a 2-story office building, a new truck fueling rack, vapor combustion unit and various facility improvements.

This office has reviewed the above-referenced project pursuant to Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act (CWA). Section 10 of the Rivers and Harbors Act requires that a Department of the Army (DA) permit be obtained for certain structures or work in or affecting navigable waters of the United States (33 U.S.C. 403). Section 404 of the CWA requires that a DA permit be obtained prior to the placement or discharge of dredged and/or fill material into waters of the U.S., including wetlands (33 U.S.C. 1344). The project area does not appear to contain waters of the U.S. subject to Corp jurisdiction. Therefore, a DA permit will not be required for the proposed facility improvements.

Information regarding the Corps regulatory program can be found at the following web site: <http://www.usace.army.mil/inet/functions/cw/cecwo/reg/>. If you have any questions, please contact Ms. Lolly Silva at 438-7023 or Ms. Paulette Choy at 438-2303. Please refer to File No. **POH-2005-288**. Thank you for your cooperation with our regulatory program.

Sincerely,

George P. Young, P.E.
Chief, Regulatory Branch

420 Waiakamilo Road
Suite 411
Honolulu Hawaii 96817-4950
Telephone 808 842 1133
Fax 808 842 1937
eMail rmtowill@hawaii.rr.com



R. M. TOWILL CORPORATION
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July 14, 2005

Mr. George P. Young, P.E.
Chief, Regulatory Branch
Department of the Army
U.S. Army Engineering District, Honolulu
Ft. Shafter, Hawaii 96858-5440

Dear Mr. Young:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

On behalf of Tesoro Hawaii Corporation, thank you for your letter dated June 21, 2005, to the Department of Planning and Permitting stating that the "project area does not appear to contain waters of the U.S. subject to Corp jurisdiction. Therefore, a DA permit will not be required for the proposed facility improvements".

Should you have additional comments please contact the undersigned.

Sincerely,

Chester Koga, AICP
Planning Project Coordinator

cc: Mr. Henry Eng, FAICP, Department of Planning and Permitting
Tesoro Hawaii Corporation

LINDA LINGLE
GOVERNOR OF HAWAII

RECEIVED



CHIYOME L. FUKINO, M.D.
DIRECTOR OF HEALTH

'05 MAY 17 P 4:00

STATE OF HAWAII
DEPARTMENT OF HEALTH

P.O. BOX 3378
HONOLULU, HAWAII 96801-3378

DEPT. OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

In reply, please refer to:
EMD / CWB

05066PKP.05

May 16, 2005

Mr. Henry Eng, FAICP
Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, Hawaii 96813

Attention: Mr. Steve Tagawa

Dear Mr. Eng:

**Subject: Special Management Area Use Permit for
Tesoro Hawaii Corporation 2005/ED-7(ST)**

The Department of Health (DOH), Clean Water Branch (CWB), has reviewed the subject application and offers the following comments:

1. The Army Corps of Engineers should be contacted at 438-9258 to identify whether a Federal license or permit (including a Department of Army permit) is required for this project. Pursuant to Section 401(a)(1) of the Federal Water Pollution Control Act (commonly known as the "Clean Water Act"), a Section 401 Water Quality Certification 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..."
2. A National Pollutant Discharge Elimination System (NPDES) general permit coverage is required for the following activities:
 - a. Storm water associated with industrial activities, as defined in Title 40, Code of Federal Regulations, Sections 122.26(b)(14)(i) through 122.26(b)(14)(ix) and 122.26(b)(14)(xi).
 - b. Construction activities, including clearing, grading, and excavation, that result in the disturbance of equal to or greater than one (1) acre 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. **An NPDES permit is required before the commencement of the construction activities.**
 - c. Discharges of treated effluent from leaking underground storage tank remedial activities.
 - d. Discharges of once through cooling water less than one (1) million gallons per day.

Mr. Henry Eng, FAICP
May 16, 2005
Page 2

- e. Discharges of hydrotesting water.
- f. Discharges of construction dewatering effluent.
- g. Discharges of treated effluent from petroleum bulk stations and terminals.
- h. Discharges of treated effluent from well drilling activities.
- i. Discharges of treated effluent from recycled water distribution systems.
- j. Discharges of storm water from a small municipal separate storm sewer system.
- k. Discharges of circulation water from decorative ponds or tanks.

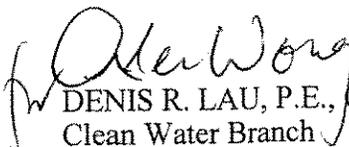
The CWB requires that a Notice of Intent (NOI) to be covered by an NPDES general permit for any of the above activities be submitted at least 30 days before the commencement of the respective activities. The NOI forms may be picked up at our office or downloaded from our website at:

<http://www.hawaii.gov/health/environmental/water/cleanwater/index.html>

3. The applicant may be required to apply for an individual NPDES permit if there is any type of activity in which wastewater is discharged from the project into State waters and/or coverage of the discharge(s) under the NPDES general permit(s) is not permissible (i.e. NPDES general permits do not cover discharges into Class 1 or Class AA State waters). An application for the NPDES permit is to be submitted at least 180 days before the commencement of the respective activities. The NPDES application forms may also be picked up at our office or downloaded from our website at:
<http://www.hawaii.gov/health/environmental/water/cleanwater/index.html>
4. Hawaii Administrative Rules, Section 11-55-38, also requires the applicant to either submit a copy of the new NOI or NPDES permit application to the State Department of Land and Natural Resources, State Historic Preservation Division (SHPD), or demonstrate to the satisfaction of the DOH that the project, activity, or site covered by the NOI or application has been or is being reviewed by SHPD. Please submit a copy of the request for review by SHPD or SHPD's determination letter for the project.

If you have any questions, please contact Ms. Kris Poentis of the Engineering Section, CWB, at 586-4309.

Sincerely,


DENIS R. LAU, P.E., CHIEF
Clean Water Branch

KP:np

420 Waiakamilo Road
Suite 411
Honolulu Hawaii 96817-4950
Telephone 808 842 1133
Fax 808 842 1937
eMail rmtowill@hawaii.rr.com



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July 14, 2005

Denis R. Lau, P.E.
Chief, Clean Water Branch
Department of Health
State of Hawaii
P.O. Box 3378
Honolulu, Hawaii 96801-3378

Dear Mr. Lau:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

On behalf of Tesoro Hawaii Corporation, thank you for your letter dated May 16, 2005, to the Department of Planning and Permitting, concerning the subject document. We have prepared the following in response to your comments (referenced in *italics*):

1. *The Army Corps of Engineers should be contacted at 438-9258 to identify whether a Federal license (including a Department of Army permit) is required for this project. Pursuant to Section 401 (a)(1) of the Federal Water Pollution Control Act (commonly known as the "Clean Water Act"), a Section 401 Water Quality Certification 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 navigable waters...*

Response:

The Regulatory Branch of the U.S. Army Engineering office has reviewed the Draft EA and has determined that the proposed facility improvements will not require a Department of the Army permit. A copy of the letter is attached for your information.

2. *A National Pollutant Discharge Elimination System (NPDES) general permit coverage is required for the following activities...*
 - a. *Storm water associated with industrial activities, as defined in Title 40, Code of Federal Regulations, Sections 122.26(b)(14)(i) through 122.26(b)(14)(ix) and 122.26(b)(14)(xi).*

Response:

The industrial activity at the Sand Island Terminal is currently covered under an NPDES Notice of General Permit Coverage (HI R80A725).

Denis R. Lau
July 14, 2005
Page 2 of 2

3. *The applicant may be required to apply for an individual NPDES permit if there is any type of activity in which wastewater is discharged from the project site into State waters and/or coverage of discharge(s) under the NPDES general permit(s) is not permissible (i.e. NPDES general permits do not cover discharges into Class 1 of Class AA State waters). An application for the NPDES permit is to be submitted at least 180 days before the commencement of the respective activities. The NPDES application forms may also be picked up at our office or downloaded from our website at: <http://www.hawaii.gov/health/environmental/water/cleanwater/index.html>*

Response:

Storm water from the project site discharges into Honolulu Harbor which is designated as Class A waters on the Water Quality Standards Map of the Island of Oahu. An NPDES individual permit is not required for this project.

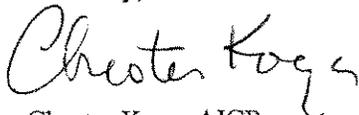
4. *Hawaii Administrative rules, Section 11-55-38, also requires the applicant to either submit a copy of the new NOI or NPDES permit application to the State Department of Land and Natural Resources, State Historic Preservation Division (SHPD), or demonstrate to the satisfaction of DOH that the project, activity, of site covered by the NOI or application has been or is being reviewed by SHPD. Please submit a copy of the request for review by SHPD or SHPD's determination letter for the project.*

Response:

The industrial activity at the Sand Island Terminal is currently covered under an NPDES Notice of General Permit Coverage (HI R80A725). Upon amendment of the NGPC, a copy of the application will be sent to SHPD for their review.

We appreciate the time you have taken to review and comment on the Draft EA. Should you have any further comments please do not hesitate to contact us at 842-1133.

Sincerely,



Chester Koga, AICP
Planning Project Coordinator

cc: Mr. Henry Eng, FAICP, Department of Planning and Permitting
Tesoro Hawaii Corporation



DEPARTMENT OF THE ARMY
U. S. ARMY ENGINEER DISTRICT, HONOLULU
FT. SHAFTER, HAWAII 96858-5440

REPLY TO
ATTENTION OF

May 11, 2005

RECEIVED

'05 MAY 13 P2:35

Regulatory Branch

DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

Mr. Henry Eng, FAICP
Director of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th Floor
Honolulu, HI 96813

Dear Mr. Eng:

A copy of your March 29, 2005 Sand Island Terminal draft Environmental Assessment (EA) was forwarded to our office for review. The project involves the construction of seven new above-ground fuel tanks, a 2-story office building, a new truck fueling rack, vapor combustion unit and various facility improvements.

This office has reviewed the above-referenced project pursuant to Section 10 of the Rivers and Harbors Act of 1899 and Section 404 of the Clean Water Act (CWA). Section 10 of the Rivers and Harbors Act requires that a Department of the Army (DA) permit be obtained for certain structures or work in or affecting navigable waters of the United States (33 U.S.C. 403). Section 404 of the CWA requires that a DA permit be obtained prior to the placement or discharge of dredged and/or fill material into waters of the U.S., including wetlands (33 U.S.C. 1344). The project area does not appear to contain waters of the U.S. subject to Corp jurisdiction. Therefore, a DA permit will not be required for the proposed facility improvements.

Information regarding the Corps regulatory program can be found at the following web site: <http://www.usace.army.mil/inet/functions/cw/cecwo/reg/>. If you have any questions, please contact Ms. Lolly Silva at 438-7023 or Ms. Paulette Choy at 438-2303. Please refer to File No. POH-2005-288. Thank you for your cooperation with our regulatory program.

Sincerely,

George P. Young, P.E.
Chief, Regulatory Branch

LINDA LINGLE
GOVERNOR OF HAWAII



GENEVIEVE SALMONSON
DIRECTOR

STATE OF HAWAII
OFFICE OF ENVIRONMENTAL QUALITY CONTROL

235 SOUTH BERETANIA STREET
SUITE 702
HONOLULU, HAWAII 96813
TELEPHONE (808) 586-4185
FACSIMILE (808) 586-4186
E-mail: ceqc@health.state.hi.us

June 21, 2005

Mr. Henry Eng, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street
Honolulu, Hawai'i 96813

Dear Mr. Eng:

Subject: Draft EA for the Tesoro Hawaii Sand Island Fuel Terminal Expansion

Thank you for the opportunity to comment. Here are our comments.

1. How many gallons of fuel can the proposed containment berm hold?
2. Please provide full details of the fuel spill prevention plan in the environmental assessment.
3. Is there any existing contamination on the existing ground that should be cleaned before construction work begins?
4. Please illustrate the visual impacts of the proposed terminals from public places such as roads and lookouts. Photos of existing conditions taken from public viewpoints are helpful in evaluating visual impacts. Provide renderings of future structures superimposed on photos of existing views. We recommend constructing and painting the terminals with materials and colors that blend with the surroundings. We also recommend landscaping with native Hawaiian plants to reduce the visual impacts.
5. Please consult with the neighborhood board.

Please call Jeyan Thirugnanam at 586-4185 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Genevieve Salmonson".
Genevieve Salmonson
Director

C: Tesoro
R.M. Towill

420 Waiakamilo Road
Suite 411
Honolulu Hawaii 96817-4950
Telephone 808 842 1133
Fax 808 842 1937
eMail rmtowill@hawaii.rr.com



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Construction Management

July 14, 2005

Ms. Genevieve Salmonson, Director
State of Hawaii
Office of Environmental Quality Control
235 South Beretania Street, Suite 702
Honolulu, Hawaii 96813

Dear Ms. Salmonson:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

On behalf of Tesoro Hawaii Corporation, thank you for your letter dated June 21, 2005, concerning the subject project. We have prepared the following in response to your comments (*italicized* for reference):

"1. How many gallons of fuel can the proposed containment berm hold"?

Response:

The current containment capacity of the existing berm exceeds the regulatory requirement of 110 percent of the volume of the largest storage tank capacity with sufficient freeboard for rainwater. Improvements will be made to the containment berm to maintain and meet the EPA spill prevention and Uniform Fire Code regulations prescribed for the site.

"2. Please provide full details of the fuel spill prevention plan in the environmental assessment."

Response:

As required by the EPA, the fuel spill prevention plan for the current Sand Island Terminal describes the facility equipment and containment system, facility storm water management, the oil-water separator collection system and best management practices to prevent a spill. Beyond prevention measures, the plan includes measures to be taken in the event of a fuel discharge. These measures include the required notification and emergency response procedures. In addition, Tesoro is an active member and participant of the Clean Islands Council, which provides immediate access to spill equipment, resources and regular training.

"3. Is there any existing contamination on the existing ground that should be cleaned before construction work begins"?

Response:

In 1994, under the previous owner, there was a gasoline spill. A remediation program was conducted from 1994 to 1999. At the end of the program, groundwater and soil sample results

Ms. Genevieve Salmonson, Director
Page 2

from the laboratory were submitted to the Hawaii Department of Health and showed non-detectable concentrations of gasoline.

"4. Please illustrate the visual impacts of the proposed terminals from public places such as roads and lookouts. Photos of existing conditions taken from public viewpoints are helpful in evaluating visual impacts. Provide renderings of future structures superimposed on photos of existing views. We recommend constructing and painting the terminals with material and colors that blend with the surroundings. We also recommend landscaping with native Hawaiian plants to reduce the visual impacts".

Response:

Additional photos will be included to illustrate existing views and the impact of the new tanks. The photos show that existing views from Sand Island Access Road and the small boat harbor are currently constrained by the existing industrial structures and improvements in the area. Pedestrian (street level) views of the ocean are currently blocked along Sand Island Access Road because of existing improvements and topography. The additional tanks planned will further constrain panoramic views from a pedestrian's point of view. View relief is available in the form of view channels along the small boat harbor access road and from the higher elevation atop the Kalihi Channel Bridge.

The inclusion of landscaping will be taken under advisement. For homeland security purposes, we attempt to have all visual sight-lines as unobstructed as possible, from within the property as well as from without.

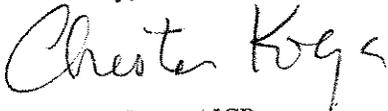
"5. Please consult with the local neighborhood board."

Response:

The Kalihi/Palama Neighborhood Board No. 15 has been consulted regarding the proposed improvements.

We appreciate the time you have taken to comment and this opportunity to respond. Should you have any further comments or questions please do not hesitate to contact us at 842-1133.

Sincerely,



Chester Koga, AICP
Planning Project Coordinator

cc: Mr. Henry Eng, FAICP, Department of Planning and Permitting
Tesoro Hawaii Corporation

LINDA LINGLE
GOVERNOR



RODNEY K. HARAGA
DIRECTOR

Deputy Directors
BRUCE Y. MATSUI
BARRY FUKUNAGA
BRENNON T. MORIOKA
BRIAN H. SEKIGUCHI

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

IN REPLY REFER TO:

STP 8.1801

June 23, 2005

Mr. Henry Eng, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street
Honolulu, Hawaii 96813

RECEIVED
05 JUN 28 AM 1:30
DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

Dear Mr. Eng:

Subject: Tesoro Hawaii Corporation
Sand Island Fuel Terminal Expansion
Special Management Area Use Permit (SMA)
TMK: 1-2-25: 19 & 26

In response to your request for our review of the subject Draft Environmental Assessment (Draft EA) for the proposed fuel terminal expansion project, we have the following comments:

1. The applicant should coordinate the project with and submit its project construction plans to our Airports Division for review and approval. The applicant will need to comply with and satisfy the requirements for operating the fuel terminal and making improvements to the premises as prescribed in its airport lease agreement.
2. The Draft EA states that there could be traffic impacts to Sand Island Access Road, prompting the need for signalization of the intersection with the service road on west side of the fuel terminal. Therefore, a traffic impact analysis with a signal warrant study will be conducted by the applicant. We look forward to receiving these items for our review and approval. We will defer further comments on the traffic impacts and mitigation measures that may be required of the applicant until after we have an opportunity to review the report.

We appreciate the opportunity to provide our comments.

Very truly yours,

RODNEY K. HARAGA
Director of Transportation

Post-it® Fax Note		7671	Date	6/28/05	# of pages	1
To	Brian Taketa		From	Steve T		
Co./Dept	R/M TOWHI		Co.			
Phone #			Phone #			
Fax #	848-1937		Fax #			

420 Waiakamilo Road
Suite 411
Honolulu Hawaii 96817-4950
Telephone 808 842 1133
Fax 808 842 1937
eMail rmtowill@hawaii.rr.com



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July 14, 2005

Rodney K. Haraga
Director
Department of Transportation
State of Hawaii
869 Punchbowl Street
Honolulu, Hawaii 96813-5097

Dear Mr. Haraga:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

On behalf of Tesoro Hawaii Corporation, thank you for your letter dated June 23, 2005, to the Department of Planning and Permitting, concerning the subject document. We have prepared the following in response to your comments (referenced in *italics*):

1. *The applicant should coordinate the project with and submit its project construction plans to our Airports Division for review and approval. The applicant will need to comply with and satisfy the requirements for operating the fuel terminal and making improvements to the premises as prescribed in its airport lease agreement.*

Response:

The applicant will coordinate the project with and will submit construction plans to the State Department of Transportation (SDOT) – Airports Division for review and approval. The applicant will comply with and satisfy the requirements for operating a fuel terminal and making improvements to the premises as prescribed in its lease agreement.

The Draft EA states that there could be traffic impacts to Sand Island Access Road, prompting the need for signalization of the intersection with the service road on west side of the fuel terminal. Therefore, a traffic impact analysis with a signal warrant study will be conducted by the applicant. We look forward to receiving these items for our review and approval. We will defer further comments on the traffic impacts and mitigation measures that may be required of the applicant until after we have an opportunity to review the report.

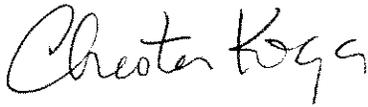
Rodney K. Haraga
July 14, 2005
Page 2 of 2

Response:

The applicant will coordinate with SDOT – Airports Division regarding potential traffic impacts that may result from the proposed site improvements. We are in the process of conducting a traffic impact analysis with a signal warrant study and a report is forthcoming.

Should you have additional comments please contact the undersigned.

Sincerely,



Chester Koga, AICP
Planning Project Coordinator

cc: Mr. Henry Eng, FAICP, Department of Planning and Permitting
Tesoro Hawaii Corporation

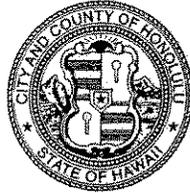
FIRE DEPARTMENT
CITY AND COUNTY OF HONOLULU

3375 KOAPAKA STREET, SUITE H425 • HONOLULU, HAWAII 96819-1463
TELEPHONE: (808) 831-7761 • FAX: (808) 831-7750 • INTERNET: www.honolulufire.org



RECEIVED
'05 MAY 27 P4:47

MUFI HANNEMANN
MAYOR



DEPT OF PLANNING
AND PERMITTING
CITY & COUNTY OF HONOLULU

ATTILIO K. LEONARDI
FIRE CHIEF

JOHN CLARK
DEPUTY FIRE CHIEF

May 25, 2005

TO: HENRY ENG, FAICP, DIRECTOR
DEPARTMENT OF PLANNING AND PERMITTING

FROM: ATTILIO K. LEONARDI, FIRE CHIEF

SUBJECT: DRAFT ENVIRONMENTAL ASSESSMENT
FILE NUMBER 2005/ED-7

PROJECT: SAND ISLAND TERMINAL
RECORDED OWNER: STATE OF HAWAII
APPLICANT: TESORO HAWAII CORPORATION
AGENT: R.M. TOWILL CORPORATION (BRIAN TAKETA)
LOCATION: 2 SAND ISLAND ACCESS ROAD
HONOLULU, OAHU, HAWAII

TAX MAP KEY: 1-2-025: 019 AND 026
REQUEST: SPECIAL MANAGEMENT AREA USE PERMIT
PROPOSAL: SAND ISLAND FUEL TERMINAL EXPANSION:
CONSTRUCTION OF SEVEN NEW ABOVE-
GROUND FUEL TANKS, A TWO-STORY OFFICE
BUILDING, A NEW TRUCK FUELING RACK AND
VAPOR COMBUSTION UNIT, AND VARIOUS
FACILITY IMPROVEMENTS

We received your memorandum dated May 9, 2005, requesting our review and comments on the above-mentioned project.

The Honolulu Fire Department (HFD) requires that the following be complied with:

1. Provide a fire apparatus access road for every facility, building, or portion of a building hereafter constructed or moved into or within the jurisdiction when any portion of the facility or any portion of an exterior wall of the first story of the building is located more than 150 feet (45 720 mm) from fire apparatus access as measured by an approved route around the exterior of the building or facility. (1997 Uniform Fire Code, Section 902.2.1)

420 Waiakamilo Road
Suite 411
Honolulu Hawaii 96817-4950
Telephone 808 842 1133
Fax 808 842 1937
eMail rmtowill@hawaii.rr.com



R. M. TOWILL CORPORATION
SINCE 1930

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Environmental Services
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Construction Management

July 14, 2005

Attilio K. Leonardi
Fire Chief
Fire Department
City and County of Honolulu
3375 Koapaka Street, Ste. H425
Honolulu, Hawaii 96819

Dear Chief Leonardi:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

On behalf of Tesoro Hawaii Corporation, thank you for your letter dated May 25, 2005, to the Department of Planning and Permitting, concerning the subject document. We have prepared the following in response to your comments (referenced in *italics*):

1. *Provide a fire apparatus access road for every facility, building, or portion of a building hereafter constructed or moved into or within the jurisdiction when any portion of the facility or any portion of an exterior wall of the first story of the building is located more than 150 feet (45 720mm) from fire apparatus access as measured by an approved route around the exterior of the building or facility. (1997 Uniform Fire Code, Section 902.2.1).*

Response:

Access of fire apparatus to facilities and buildings within the project site will be provided in accordance with the 1997 Uniform Fire Code, Section 902.2.1.

2. *Provide a water supply, approved by the county, capable of supplying the required flow rate for fire protection to all premises upon which facilities or buildings, or portions thereof, are hereafter constructed or moved into or within the county.*

On-site fire hydrants and mains capable of supplying the required fire flow shall be provided when any portion of the facility or building is in excess of 150 feet (45 720 mm) from a water supply on a fire apparatus access road, as measures by an approved route around the exterior of the facility or building. (1997 Uniform fire Code, Section 903.2 as amended)

Response:

Water supply, as provided by the Board of Water Supply, will be available on the premises (along the perimeter of the site) supplying the required fire protection flow rate to all the facilities and buildings on the proposed project site as specified in the 1997 Uniform fire Code, Section 903.2 as amended.

Henry Eng, FAICP, Director
Page 2
May 25, 2005

2. Provide a water supply, approved by the county, capable of supplying the required fire flow for fire protection to all premises upon which facilities or buildings, or portions thereof, are hereafter constructed or moved into or within the county.

On-site fire hydrants and mains capable of supplying the required fire flow shall be provided when any portion of the facility or building is in excess of the 150 feet (45 720 mm) from a water supply on a fire apparatus access road, as measured by an approved route around the exterior of the facility or building. (1997 Uniform Fire Code, Section 903.2 as amended)

3. Installation of the aboveground fuel tanks shall be in accordance with Article 79, Flammable and Combustible Liquids, of the 1997 Edition of the Uniform Fire Code (see attachment).
4. Submit civil and construction drawings to the HFD for review and approval.

Should you have any questions, please call Battalion Chief Lloyd Rogers of our Fire Prevention Bureau at 831-7778.



ATTILIO K. LEONARDI
Fire Chief

AKL/SK:bh

Attachment

Attilio K. Leonardi
July 14, 2005
Page 2 of 2

3. *Installation of the aboveground fuel tanks shall be in accordance with Article 79, Flammable and Combustible Liquids, of the 1997 Edition of the Uniform Fire Code...*

Response:

Installation of the above ground fuel storage tanks will be in accordance with Article 79, Flammable and Combustible Liquids, of the 1997 Edition of the Uniform Fire Code and amendments.

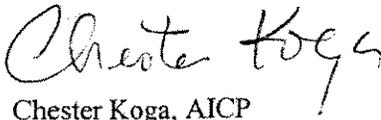
4. *Submit civil and construction drawings to the HFD for review and approval.*

Response:

Upon completion of the plans they will be forwarded to the Fire Department for review. Construction plans for this site will further be coordinated for approval with the State Department of Transportation, Airports Division, as landowner.

We appreciate the time you have taken to review and comment on the Draft EA. Should you have additional comments please contact us at 842-1133.

Sincerely,

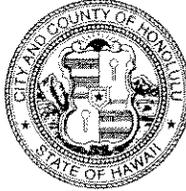


Chester Koga, AICP
Planning Project Coordinator

cc: Mr. Henry Eng, FAICP, Department of Planning and Permitting
Tesoro Hawaii Corporation

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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MUFI HANNEMANN
MAYOR

HENRY ENG, FAICP
DIRECTOR

DAVID K. TANOUE
DEPUTY DIRECTOR

2005/ED-7 (ST)

June 27, 2005

Chester Koga, AICP
R.M. Towill Corporation
420 Waiakamilo Road, Suite 411
Honolulu, Hawaii 96817-4941

Dear Mr. Koga:

Subject: Draft Environmental Assessment (DEA)
Tesoro Sand Island Terminal Expansion
Special Management Area (SMA)
2 Sand Island Access Road - Honolulu
Tax Map Key 1-2-25: 19 & 26

We have reviewed the Draft Environmental Assessment (DEA) for the above-referenced project and offer the following comments:

Section 2.1 Proposed Activities

The description of the existing facility should be revised to more clearly explain its function and role in the applicant's overall operations. The need for the proposed expansion of this facility in the context of this operation should be explained (i.e., Where is the Iwilei site located, what is its role in current operations, its capacity, etc.).

External elevations for all proposed structures, including the fuel storage tanks, proposed office building, fuel rack and vapor combustion unit, should be provided.

Section 3 Alternatives

Please explain why alternative sites to the existing terminal at 2 Sand Island Access Road were not considered. This section should also clarify why the applicant's continued use of its current facility in Iwilei will not be allowed. Insofar as both the sites are publicly-owned State land, why is a site within the Special Management Area subject to the coastal area protections of Chapter 25, Revised Ordinances of Honolulu, more appropriate than one outside the SMA, or one zoned I-2 Intensive Industrial District?

Section 4.1.2 Topography and Soil

There is insufficient quantitative information (i.e., earthwork estimates, excavation depths, etc.) from which the assessment that "the proposed site improvements are expected to have no significant impact on the topography and soil conditions on the project site" can be based. Quantitative estimates on the amount of earthwork necessary for the proposed expansion project should be provided. This section should also elaborate on how the earthberm containment system will be improved to handle the nearly sevenfold (7x) increase in storage capacity of the facility (i.e., increased height, width, length or change in the composition of the berm system).

Section 4.1.3 Surface Water & 4.1.10 Water Quality

A more complete description of the current on-site drainage system should be provided. It should clarify how surface runoff from the office, parking and truck loading areas, versus the tank storage area, is accommodated. This section should explain what precautions will be employed to prevent runoff, fuel, oil and solvents that are spilled during ordinary operations or from accidents, from flowing or leaching into Honolulu Harbor and the adjacent Keehi Lagoon Small Boat Harbor; what improvements are necessary for the applicant to maintain its current National Pollution Discharge Elimination System (NPDES) permit.

Section 4.2.2 Traffic and Roadways

The Final EA should disclose current truck traffic volumes at the facility, in order to compare these with the 90 truck trips per day projected for the expanded facility.

Section 4.1.5 Scenic and Visual Resources

This section should be revised to accurately indicate the extent to which the proposed addition of seven (7) 56-foot high storage tanks will obstruct scenic ocean views along Sand Island Access Road. We strongly suggest that exhibits that illustrate the visual impacts associated with the proposed development be included in the Final EA.

Section 5. State and County Land Use Plan & Policies

A subsection should be added which describes how the proposed project is consistent with the objectives and policies of the City and County of Honolulu's General Plan.

Section 5.2 Primary Urban Center (PUC) Development Plan

The current facility is not consistent with the PUC Development Plan Land Use Map designating the area as Park and Open Space. This section must be expanded to explain how the proposed project is consistent with, and supports the DP objective to "*Enhance Honolulu Harbor and harbor-related uses*" (Section 3.4.2.4).

Section 5.3 City and County of Honolulu - Zoning

The zoning designation of the site is incorrectly cited as *Intensive Waterfront Industrial District* (instead of I-3 Waterfront Industrial District). References throughout the document that refer to the area as one of "intensive industrial uses" should also be corrected.

The incorrect citation and repeated reference to the area as "intensive industrial" implies that it is zoned I-2, Intensive Industrial District when it is not. Furthermore, based on the information provided, the proposed expansion of this nonconforming facility does not appear to be consistent with the intent of the I-3 District.

We strongly suggest that the Final EA address why the facility, which does not appear to directly depend on, or provide services to waterfront activities, is consistent with the designated land use.

Section 5.4.1 Special Management Area, Chapter 25, ROH

- (a) This section should be revised to recognize that the site is adjacent to (west of) the Keehi Lagoon Small Boat Harbor, which is a publicly-owned recreational area.

Section 9.3 Significance Criteria

- 5. Substantially affects public health - The section should be expanded to explain how the nearly sevenfold (7x) increase in fuel storage capacity (from 44,000 vs. 305,000 gallons)

Chester Koga, AICP
Page 4
June 27, 2005

adjacent to the Keehi Lagoon Small Boat Harbor, will not pose potential public health and safety hazards (i.e., noxious fumes, or its potential fire and explosion hazard, etc.) and identify mitigation measures.

12. Substantially affects scenic vistas and viewplanes identified in county or state plans or studies - The section should be revised to address how the proposed project is consistent with the Major Parks and Open Space designation on the Primary Urban Center (PUC) Development Plan and explain how the assessment was arrived at that the addition of seven (7) 56-foot high tanks along a coastal road, identified by the City and County of Honolulu's Coastal View Study (1987) as containing "Continuous Coastal Views," is not substantially affected.

Finally, we are forwarding copies of the comment letters received so far for the proposed project. In accordance with the procedural provisions of EIS regulations, all comment letters received during the 30-day comment period, which began with the initial publication of a notice of availability of the DEA in The Environmental Notice on May 23, 2005, require a response addressed directly to the commenter.

The final EA must include all comment letters and responses to the letters, as well as appropriately revised text. If you have any questions, please contact Steve Tagawa of our staff at 523-4817.

Sincerely yours,


HENRY ENG, FAICP

for Director of Planning and
Permitting

HE:nt

Encls.

cc: DOT-Airports Division

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R. M. TOWILL CORPORATION
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Planning
Engineering
Environmental Services
Photogrammetry
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Construction Management

July 14, 2005

Mr. Henry Eng, FAICP, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th floor
Honolulu, Hawaii 96813

Dear Mr. Eng:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

Thank you for your letter dated June 27, 2005, concerning the subject project. We have prepared the following in response to your comments (referenced in *italics*):

Section 2.1 Proposed Activities

The description of the existing facility should be revised to more clearly explain its function and role in the applicant's overall operations. The need for the proposed expansion of this facility in the context of this operation should be explained (i.e., Where is the Iwilei site located, what is its role in the current operations, its capacity, etc.).

External elevations for all proposed structures, including the fuel storage tanks, proposed office building, fuel rack and vapor combustion unit, should be provided.

Response:

Existing facilities at the Sand Island Access Road terminal consist of two above ground storage tanks with a combined capacity of 34,000 barrels (see Table 1 in the EA). One tank contains diesel and the other is used to store transmix. The site also has four transfer pumps, piping and valves, and a pipe manifold for directing the products to the various destinations. Gasoline, diesel, and jet products are routed through the product pipelines for distribution to various customers. Jet A/A1 fuel is supplied to the Honolulu Fueling Facilities Corporation's tank farm across the street via a separate line. The existing Sand Island facility represents approximately 5-10 percent of Tesoro's overall operational capacity.

The fuel storage and transfer facility in Iwilei is located at 411 Pacific Street and has a capacity of approximately 350,000 barrels. The Iwilei facility comprises 85-95 percent of Tesoro's fuel storage and transfer operations. The use agreement for the Iwilei site, as mentioned in the Draft Environmental Assessment (DEA), will terminate on August 31, 2006. This loss of the Iwilei site is the key motive for the proposed improvements at the Sand Island facility.

Table 1. Proposed Fuel Storage Tank Capacities in the DEA summarizes the proposed fuel storage tank capacities and heights.

Mr. Henry Eng
July 14, 2005
Page 2 of 6

The maximum height for the proposed office building is 30 feet. The fuel rack will be approximately 24 feet in height and the vapor combustion unit will have an external elevation of 35 feet.

Section 3 Alternatives

Please explain why alternative sites to the existing terminal at 2 Sand Island Access Road were not considered. This section should also clarify why the continued use of its current facility in Iwilei will not be allowed. Insofar as both the sites are publicly-owned State land, why is a site within the Special Management Area subject to the coastal area protections of Chapter 25, Revised Ordinances of Honolulu, more appropriate than outside the SMA, or one zoned I-2 Intensive Industrial District?

Response:

There are several compelling reasons why no other alternatives were considered. They are as follows:

1. The existing Sand Island Terminal facility has an existing fuel line that runs through the center of it that emanates from Tesoro's refinery at Campbell Industrial Park, therefore no new fuel line or other major appurtenances will be required.
2. Tesoro Hawaii Corporation already has an existing long-term lease with the State Department of Transportation for the Sand Island site.
3. There is room for expansion as approximately twenty-five (25) percent of the site is currently being utilized and Tesoro wishes to utilize their current assets.
4. A consolidated facility makes it simple to implement best management practices (BMPs) required for petroleum-related facilities.

Section 4.1.2 Topography and Soil

There is insufficient quantitative information (i.e., earthwork estimated, excavation depths, etc.) from which the assessment that "the proposed site improvements are expected to have no significant impact on the topography and soil conditions on the project site can be based. Quantitative estimates on the amount of earthwork necessary for the proposed expansion project should be provided. This section should also elaborate on how the earthberm containment system will be improved to handle the nearly sevenfold (7x) increase in storage capacity of the facility (i.e., increased height, width, length or change in the composition of the berm system).

Response:

Earthwork will consist of light grading, excavation and backfill to install drainage system and utilities, and installation of an impermeable material. The proposed fuel storage tanks, ranging from 15 -80 feet in diameter, are designed to have concrete footings a minimum of 24 inches thick. To allow for construction of the footings and minor grading, an estimated 53,000 – 60,000 cubic feet (1,963 – 2,222 cubic yard) of material will be excavated. Excavated material will be used on site for berm improvements.

The current containment capacity of the existing berm exceeds the regulatory requirement of 110 percent of the volume of the largest storage tank capacity with sufficient freeboard for rainwater. Improvements will be made to the containment berm to maintain and meet the EPA spill prevention and Uniform Fire Code regulations prescribed for the site.

Mr. Henry Eng
July 14, 2005
Page 3 of 6

Section 4.1.3 Surface Water & 4.1.10 Water Quality

A more complete description of the current on-site drainage system should be provided. It should clarify how surface runoff from the office, parking and truck loading areas, versus the tank storage area, is accommodated. This section should explain what precautions will be employed to prevent runoff, fuel, oil and solvents that are spilled during ordinary operations or from accidents, from flowing or leaching into Honolulu Harbor and the adjacent Keehi Lagoon Small Boat Harbor; what improvements are necessary for the applicant to maintain its current National Pollution Discharge Elimination System (NPDES) permit.

Response:

All storm water from the site is collected by an on-site oil/water separator. The drainage system is and will maintain the designed to prevent untreated storm water from entering Honolulu Harbor. In the event of any accidental spill during normal operations, it is immediately handled by the facility's best management practices regarding accidental spills as specified in their Spill Prevention Control and Countermeasures (SPCC) Plan as required by EPA and their existing industrial storm water NPDES permit. Any discharge of rainwater run-off is first inspected and recorded, as required, before the water is released into Honolulu Harbor.

Section 4.2.2 Traffic and Roadways

The final EA should disclose current truck traffic volumes at the facility, in order to compare this with the 90 truck trips per day projected for the expanded facility.

Response:

Existing truck volumes at the facility is 5-10 truck trips per day. The truck traffic is not concentrated during a single period, e.g. mornings or afternoons, rather, delivery of product is done on a 24-hour/7-day basis with the majority of truck delivering outside of peak morning or afternoon commuting periods.

Section 4.1.5 Scenic and Visual Resources

This section should be revised to accurately indicate the extent to which the proposed addition of seven (7) 56-foot high storage tanks will obstruct scenic ocean views along Sand Island Access Road. We strongly suggest that exhibits that illustrate the visual impacts associated with the proposed development be included in the final EA.

Response:

Additional photos will be included in the Final EA showing views from Sand Island Access Road and from the small boat harbor. Views across the site from Sand Island Access Road are currently constrained because of the current uses. View corridors, however, are available between the new tanks and along the harbor access road and from atop the bridge leading to Sand Island.

DELETE sentence in parentheses and add "homeland." (The inclusion of landscaping will be taken under advisement.) For homeland security purposes, we attempt to have all visual sight-lines as unobstructed as possible, from within the property as well as from without.

Mr. Henry Eng
July 14, 2005
Page 4 of 6

Section 5 State and County Land Use Plan & Policies

A subsection should be added which describes how the proposed project is consistent with the objectives and policies of the City and County of Honolulu's General Plan.

Response:

A subsection will be added to Section 5, to describe the proposed project's consistency with the City and County of Honolulu's General Plan.

The proposed facility improvement is consistent with the following objectives and policies of the City and County of Honolulu's General Plan:

Economic Activity

Objective A: To promote employment opportunities that will enable all the people of Oahu to attain a decent standard of living.

Policy 2: Encourage the development of small businesses and larger industries which will contribute to the economic well-being of Oahu residents.

and;

Energy

Objective A: To maintain an adequate, dependable, and economical supply of energy for Oahu residents.

Policy 4: Promote and assist efforts to establish adequate petroleum reserves within Hawaii's boundaries.

Section 5.2 Primary Urban Center (PUC) Development Plan

The current facility is not consistent with the PUC development Plan Land Use Map designating the area as Park and Open Space. This section must be expanded to explain how the proposed project is consistent with, and supports the DP objective to "Enhance Honolulu Harbor and harbor-related uses" (Section 3.4.2.4).

Response:

We acknowledge that the proposed improvements at the Sand Island Terminal site is not consistent with the Primary Urban Center (PUC) Development Plan, however the current use of the site as a fuel storage facility began in 1974 and predates the PUC Development Plan which became effective on June 21, 2004. Further, similar land use occurs immediately north of the project site (i.e. the HFFC fuel storage area).

Additionally, existing fuel lines originating from Tesoro's refinery at Campbell Industrial Park, run through the center of the property. This, along with other on-site appurtenances, represents a major investment for the applicant. This project is necessary for Tesoro's continued operation to provide fuel services to the public and ultimately promotes economic benefits in the State of Hawaii.

The zoning designation for the area is I-3, Waterfront Industrial District. The intent of the I-3 district is to "set apart and protect areas considered vital to the performance of port functions and to their efficient

Mr. Henry Eng
July 14, 2005
Page 5 of 6

operation. It is the intent to permit a full range of facilities necessary for successful and efficient performance of port functions” (Revised Ordinances of Honolulu, Chapter 21 - Land Use Ordinance, Section 21-3.130(f)).

The Sand Island fuel storage and transfer facility provides fuel to boats and ships as well as other port – related equipment and facilities. The proposed project is to upgrade the existing fuel storage and terminal site, therefore it consistent with and supports the PUC Development Plan, Section 3.4.2.4 Military, Airport, Harbor, and Industrial Areas, objective to “[R]eserve areas around Honolulu Harbor, particularly around Kapalama Basin and the Sand Island container yards, for harbor-related uses”.

There are existing parks around Sand Island that already provide opportunities for recreational activities, including the Sand Island State Park and the Keehi Lagoon Small Boat Harbor.

The existing underutilized facility, existing fuel line, similar surrounding land uses and an existing long-term lease make the location appropriate for relocate the operations from the Iwilei site. The loss of use of the Sand Island Terminal site will result in a hardship for the client if not allowed to relocate operations.

Section 5.3 City and County of Honolulu – Zoning

The zoning designation of the site is incorrectly cited as Intensive Waterfront Industrial District (instead of I-3 Waterfront Industrial District). References throughout the document that refer to the area as one of “intensive industrial uses” should be corrected.

The incorrect citation and repeated reference to the area as “intensive industrial” implies that it is zoned I-2, Intensive Industrial District when it is not. Furthermore, based on the information provided, the proposed expansion of this nonconforming facility does not appear to be consistent with the intent of the I-3 District.

We strongly suggest that the Final EA address why the facility, which does not appear to directly depend on, or provide services to waterfront activities, is consistent with the designated land use.

Response:

We acknowledge the mislabeled zoning designation. The zoning designation will be corrected.

While the facility operations may not directly depend on, or provide services to waterfront activities, the facility does provide fuel to boats and ships as well as other port –related equipment and facilities.

Section 5.4.1 Special Management Area, Chapter 25, ROH

(a) This section should be revised to recognize that the site is adjacent to (west of) the Keehi Lagoon Small Boat Harbor, which is a publicly-owned recreational area.

Response:

Section 5.4.1 Special Management Area, Chapter 25, ROH (a), will be revised to indicate that the Keehi Lagoon Small Boat Harbor is adjacent to (west of) the project site.

Mr. Henry Eng
July 14, 2005
Page 6 of 6

Section 9.3 Significance Criteria

5. *Substantially affects public health* – the section should be expanded to explain how the nearly sevenfold (7x) increase in fuel storage capacity (from 44,000 vs. 305,000 gallons) adjacent to the Keehi Lagoon Small Boat Harbor, will pose potential public health and safety hazards (i.e., noxious fumes, or its potential fire and explosion hazard, etc.) and identify mitigation measures.

Response:

Under normal operating conditions, the proposed increase in capacity of the existing fuel storage and transfer terminal does not pose a direct threat to public health. The proposed storage tanks are enclosed structures subject to emissions controls and equipment to minimize emissions as required by the EPA and Hawaii Department of Health air regulations. Further, EPA and DOH requirements for air emissions control will continue to be met by the new operations as they currently are with the existing Hawaii Department of Health air permit.

An enhanced fire protection system (to include fire water, foam and pumps) will be installed at the site in conformance with the Uniform Fire Code regulations.

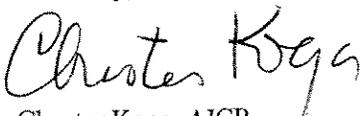
12. *Substantially affects scenic vistas and view planes identified in county or state plans and studies* – the section should be revised to address how the proposed project is consistent with the Major Parks and Open Space designation on the Primary Urban Center (PUC) Development Plan and explain how the assessment was arrived at that that the addition of seven (7) 56-foot high tanks along a coastal road, identified by the City and County of Honolulu's Coastal View Study (1987) as containing "continuous Coastal Views," is not substantially affected.

Response:

As stated earlier, existing views of the ocean from Sand Island Access Road and the small boat harbor are currently constrained by the existing industrial structures and improvements in the area. Pedestrian (street level) views of the ocean are currently blocked along Sand Island Access Road because of existing improvements and topography. The additional tanks planned will further constrain panoramic views from a pedestrian point of view. View relief is available in the form of view channels from the small boat harbor access road and from the higher elevation atop the Kalihi Channel bridge.

We appreciate the time you have taken to provide constructive comments to the Draft EA. If you have any further comments please do not hesitate to contact us at 842-1133.

Sincerely,



Chester Koga, AICP
Planning Project Coordinator

cc: Tesoro Hawaii Corporation

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R. M. TOWILL CORPORATION
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Planning
Engineering
Environmental Services
Photogrammetry
Surveying
Construction Management

August 18, 2005

Mr. Henry Eng, FAICP, Director
Department of Planning and Permitting
City and County of Honolulu
650 South King Street, 7th floor
Honolulu, Hawaii 96813

Attention: Steve Tagawa

Dear Mr. Eng:

**Tesoro Sand Island Terminal Expansion
Draft Environmental Assessment**

This is in follow up to our phone discussion with your staff, Mr. Steve Tagawa, on August 11, 2005, concerning further clarification for the subject project. We have coordinated your request for additional information with Tesoro Hawaii Corporation and offer the following:

Section 2.1 Proposed Activities

Please provide the elevations of all proposed structures as requested for in the July 27, 2005, DPP comment letter.

Response: We have revised Figure 6 of the EA to include an elevation drawing of the proposed (typical) office building.

Section 3 Alternatives

1. *Provide additional detail on why Tesoro Hawaii Corporation must vacate the Iwilei site (e.g. who owns the land, why is the use agreement ending, and why is a renegotiation not possible for continued use?).*

Response: The Iwilei property was purchased by a North Carolina based national home improvement retailer from the private property owner in early 2005. A renegotiation to permit continued use of the site is no longer available to Tesoro Hawaii Corporation.

2. *"In the response to the initial DPP comments, it was stated that no alternatives were considered. However the response further states that "...there were no other locations available to Tesoro with adequate infrastructure that could support the scope and scale of operations needed." Please clarify."*

Response: The following site selection criteria were used by Tesoro Hawaii Corporation to investigate potential alternative sites for this project:

- A. The new site must have sufficient room for expansion – The existing terminal at Sand Island has sufficient room for expansion and provides a cost effective solution to meet the facility storage requirements for this project.
- B. The new site must be in an area zoned for industrial use – The existing Sand Island terminal site is zoned in the I-3 Industrial District that supports the proposed land use.
- C. The new site must be located near the existing fuel line that runs from Campbell Industrial Park to central Honolulu – The fuel line that originates from the Tesoro refinery located at Campbell Industrial Park runs through the middle of the Sand Island property, thereby providing ready access to delivery of fuel product. New construction and realignment of the existing fuel line will not be required.
- D. The new site must be available for acquisition and can be readily developed – The existing Sand Island terminal is already leased by Tesoro Hawaii Corporation. Approximately twenty five percent of the property is used with the remaining space an underutilized resource that could be better utilized given cost and time constraints associated with the loss of the Iwilei property.
- E. The new site must be located near Tesoro Hawaii Corporation's market to efficiently reduce truck transport traffic and supply retail stations and customers (including military, utility and travel industry-related customers) to meet their product requirements on a timely 24-hour basis, where some customers may require two or three deliveries a day – The Sand Island terminal is located along Sand Island Access Road across the Kalihi Channel from Sand Island in Honolulu. The area is near the center of the Honolulu Primary Urban Center (PUC), where the majority of Tesoro Hawaii customers are located.

Based on evaluation of these criteria, no other locations were identified that could accomplish the requirements for this project. The relocation of the Iwilei operations to the Sand Island Terminal site is therefore proposed.

3. *Please provide additional details on the lease agreement with the State Department of Transportation (i.e. when was the original lease signed, when will the lease end, and has there been any changes in the size of the property?).*

Response: The lease was signed on October 17, 1974 and expires on October 31, 2019.

Section 4.1.2 Topography and Soil

What will the modifications to the containment berm entail and how will this modification affect existing views?

Response: The containment berm height will be modified to meet the increase in fuel stored at the site. The height of the existing berm varies between four (4) and five (5) feet. The berm will be modified to average approximately five (5) feet in height. This modification is not expected to affect existing views from the site.

Section 4.1.3 Surface Water & 4.1.10 Water Quality

"The drainage system is and will be designed to prevent untreated storm water from entering Honolulu Harbor". What will this entail? Please provide the drainage system layout on the site plan.

Response: The drainage system consists of drainage inlets that collect storm water and directs it to an on-site 10,000-gallon capacity oil-water separator. The oil-water separator captures any existing petroleum-associated products in the storm water and releases the treated effluent only after it has been manually inspected into the State storm water system that runs along Sand Island Access Road.

For further information we will include a new appendix to the Final Environmental Assessment. See Appendix B, National Pollutant Discharge Elimination System (NPDES) Notice of General Permit Coverage (NGPC).

Section 5 State and County Land Use Plan & Policies

1. *How is the project consistent with the Honolulu Waterfront Master Plan?*

Response: The proposed project is consistent with the short and long-term plans of the Honolulu Waterfront Master Plan. The proposed project will continue to provide aircraft fuel as indicated in the Waterfront Master Plan. The project will also provide fuel to tugs and fishing vessels, bunker fuel to cruise ships and freighters, and fuel destined for automotive use. Please see attached Honolulu Waterfront Master Plan Summary Report.

2. *How is the proposed project consistent with the Physical Development and Urban Design section in the City and County's General Plan?*

Response: The Physical Development and Urban Design section of the General Plan is "concerned with the quality of growth that occurs within the various parts of the Island. The objectives and policies in this area of concern deal with the coordination of public facilities and land development, compatibility of land uses, and specification of certain land uses at particular locations. Urban design emphasis is contained in objectives to create and maintain attractive, meaningful, and stimulating environments and to promote and enhance the social and physical character of Oahu's older towns and neighborhoods."

The proposed facility improvement is consistent with the following objective and policies of the Physical Development and Urban Design section of the General Plan:

Objective A: To coordinate changes in the physical environment of Oahu to ensure that all new developments are timely, well-designed, and appropriate for the areas in which they will be located.

Policy 2: Coordinate the location and timing of new development with the availability of adequate water supply, sewage treatment, drainage, transportation, and public safety facilities.

The project will take place in a location that has adequate water supply and sewage treatment facilities. The existing drainage will be modified as required by the National Pollutant Discharge Elimination System General Permit Coverage Authorizing Discharges of Storm Water Associated With Industrial Activities, to handle the anticipated volume and quality of storm water runoff.

The project location is within an existing industrial area with air, ground and harbor related transportation linkages. The majority of the traffic along the project site consists of large trucks hauling containers and other industrial-related products and equipment. The added vehicular traffic from the proposed project will be similar in nature and is not expected to have significant impacts in terms of traffic type (e.g. tanker trucks). Further, a traffic study will be done to determine whether a traffic light at the intersection of Sand Island Access Road and the Keehi Lagoon Access Road is warranted.

Fire protection will also be increased with the installation of a water delivery system along the perimeter of the site.

Policy 3: Phase the construction of new developments so that they do not require more regional supporting services than are available.

The proposed project will take place in the PUC in an area designated for industrial use. Fuel loading and delivery from the Sand Island Terminal site will be to customers who are located primarily in the PUC. This is not expected to add to the requirement for additional roadway between the Campbell Industrial Park, where the Tesoro Kapolei Refinery is located, and Honolulu. We note that the majority of truck generated traffic will be during non-peak periods that will further reduce and mitigate the demand for new supporting services.

Policy 4: Require new developments to provide or pay the cost of all essential community services, including roads, utilities, schools, parks, and emergency facilities that are intended to directly serve the development.

As indicated, a traffic study will be undertaken to determine whether a traffic light at the intersection of Sand Island Access Road and the Keehi Lagoon Access Road is warranted. If a traffic light is required, the applicant will pay for the installation of the traffic signaling system.

No other additional infrastructure support is expected to be required.

Policy 5: Provide for more compact development and intensive use of urban lands where compatible with the physical and social character of existing communities.

Tesoro Hawaii Corporation considered the following in relocating its facilities to the Sand Island terminal site:

- A. The Sand Island Terminal site is zoned for waterfront industrial use and used for the storage and transfer of fuel. The site provides fuel to tugs, fishing vessels, cruise ships and freighters. This use is consistent with this zoning designation.
- B. The Sand Island Terminal facility has an existing fuel line that runs through the center of it that emanates from Tesoro's refinery at Campbell Industrial Park. No new fuel line(s), other major appurtenances, or a new site will be required.
- C. There is sufficient room for expansion based on the current use of only approximately twenty-five percent of the site.
- D. A consolidated facility will facilitate implementation of best management practices (BMPs) required for petroleum-related facilities.

The proposed project will result in a more compact, efficient and compatible development in an urban industrial area.

Mr. Henry Eng
August 18, 2005
Page 5 of 5

Policy 7: Locate new industries and new commercial areas so that they will be well related to their markets and suppliers, and to residential areas and transportation facilities.

The majority of Tesoro Hawaii Corporation's customers are located in the PUC. Relocation to the existing Sand Island Terminal facility will ensure timely and efficient service to its customers. The Sand Island Terminal already has an existing fuel line running through the property that originates from the Tesoro Refinery located at Campbell Industrial Park.

Policy 11: Prohibit new airfields, electromagnetic- radiation sources, and storage places for fuel and explosives from locating on sites where they will endanger or disrupt nearby communities.

The Sand Island terminal facility is located in an area zoned for waterfront industrial activities and away from residential areas. The proposed project will not endanger or disrupt nearby residential communities.

Section 5.3 City and County of Honolulu – Zoning

What percentage of Tesoro's products is being used by (delivered to) the port and other maritime-related industries/activities? This will substantiate Tesoro's claim that "...the facility does provide fuel to boats and ships as well as other port -related equipment and facilities" and it's fit to the I-3 Zoning designation.

The facility provides fuel to tugs and fishing vessels and supports Tesoro Hawaii Corporation's bunkering operations to fuel cruise ships and freighters. The existing and proposed use of the site is therefore consistent with the I-3 zoning designation. The percentage breakdown for distribution of Tesoro's products is proprietary and competitive information, which cannot be disclosed.

We appreciate this opportunity to respond and wish to thank the efforts of your staff, Mr. Steve Tagawa, in helping us to better understand our compliance requirements. If there are any further questions or comments please do not hesitate to contact us.

Sincerely,



Brian Takeda
Planning Project Coordinator

cc: Tesoro Hawaii Corporation

KP/BT

LINDA LINGLE
GOVERNOR OF HAWAII



CHIYOME L. FUKINO, M.D.
DIRECTOR OF HEALTH

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

In reply, please refer to:
EMD / CWB

R80A725.FNL

September 22, 2004

Ms. Faye K. Kurren
President
Tesoro Hawaii Corporation
P.O. Box 3379
Honolulu, Oahu, Hawaii 96842

Attention: Mr. Wade K. Nakashima
Manager, Terminals and
Logistics Support

Dear Ms. Kurren:

**Subject: National Pollutant Discharge Elimination System (NPDES)
Notice of General Permit Coverage (NGPC)
Tesoro Hawaii Corporation Sand Island Terminal
Honolulu, Oahu, Hawaii 96819
File No. HI R80A725**

In compliance with the provisions of the Clean Water Act, as amended, (33 U.S.C. § 1251 et seq.; the "Act"); Chapter 342D, Hawaii Revised Statutes; and Chapters 11-54 and 11-55, Hawaii Administrative Rules (HAR), Department of Health (DOH), State of Hawaii,

TESORO HAWAII CORPORATION

(hereinafter PERMITTEE)

is authorized to discharge storm water runoff associated with industrial activity from its facility located at 2 Sand Island Access Road, Honolulu, Hawaii, to the receiving waters named Honolulu Harbor, at coordinates: Latitude 21°19'07"N, Longitude 157°53'30"W.

The Permittee shall:

1. Comply with HAR, Chapter 11-55, Appendix B, NPDES General Permit Authorizing Discharges of Storm Water Associated with Industrial Activities.
2. Comply with HAR, Chapter 11-55, Appendix A, DOH Standard General Permit Conditions.

3. Comply with HAR, Sections 11-55-34.04(a), 11-55-34.07, 11-55-34.11, 11-55-34.12, and other applicable Sections of HAR, Chapter 11-55.
4. Comply with the Notice of Intent (NOI), dated August 21, 2002, and attachments.
5. Retain a copy of the NOI; the Storm Water Pollution Control Plan (SWPCP), and all subsequent revisions; and this NGPC at the facility.
6. Submit a description of the method used to estimate the quantity of discharge.
7. Sample the storm water discharge as described below:

Effluent Parameter (units)	Effluent Limitation {1}	Minimum Monitoring Frequency	Type of Sample {2}
Flow (gallons)	{3}	Annually {4}	Calculated or Estimated
Biochemical Oxygen Demand (5-Day) (mg/l)	{3}	Annually {4}	Grab or Composite
Chemical Oxygen Demand (mg/l)	{3}	Annually {4}	Grab or Composite
Total Suspended Solids (mg/l)	{3}	Annually {4}	Grab or Composite
Total Phosphorus (mg/l)	{3}	Annually {4}	Grab or Composite
Total Nitrogen (mg/l) {5}	{3}	Annually {4}	Grab or Composite
Nitrate + Nitrite Nitrogen (mg/l)	{3}	Annually {4}	Grab or Composite
Oil and Grease (mg/l)	15	Annually {4}	Grab {6}
pH Range (Standard Units)	7.0 - 8.6	Annually {4}	Grab {7}

mg/l milligrams per liter

NOTES:

{1} Pollutant concentration levels shall not exceed the storm water discharge limits or be outside the ranges indicated in the table. Actual or measured levels which exceed those storm water discharge limits or are outside those ranges shall be reported to the DOH as required in HAR, Chapter 11-55, Appendix B, Section 10(c).

- {2} The Permittee shall collect samples for analysis from a discharge resulting from a representative storm. A representative storm means a rainfall that accumulates more than 0.1 inch of rain and occurs at least 72 hours after the previous measurable (greater than 0.1 inch) rainfall event.

The Permittee shall analyze the sample collected during the first 15 minutes as a grab sample. If two (2) or more samples are collected, the Permittee shall analyze the samples as a composite sample.

"Composite sample" means a combination of at least two (2) sample aliquots, collected at periodic intervals. The composite shall be flow proportional; either the time interval between each aliquot or the volume of each aliquot must be proportional to the total flow of storm water discharge flow since the collection of the previous aliquot. The Permittee may collect aliquots manually or automatically.

- {3} No limitation at this time. Only monitoring and reporting required.
- {4} "Annually" means once per calendar year.
- {5} The Total Nitrogen parameter is a measure of all nitrogen compounds in the sample (nitrate, nitrite, ammonia, dissolved organic nitrogen, and organic matter present as particulates).
- {6} The Permittee shall be measure Oil and Grease using EPA Method 1664, Revision A.
- {7} The Permittee shall measure pH within 15 minutes of obtaining the grab sample.
8. Revise the SWPCP should any discharge limitation or water quality standards established in HAR, Section 11-54-04, for inland waters be exceeded. The revisions shall include Best Management Practices and/or other measures to reduce the amount of pollutants found to be in exceedance from entering storm water runoff.
9. Submit any changes to information on file with the Clean Water Branch CWB as soon as such changes arise, and properly address all related concerns and/or comments to the CWB's satisfaction.
10. Complete and submit the Notice of Cessation (NOC) Form (CWB-NOC Form) to the CWB within two (2) weeks of cessation of industrial activities at the subject facility. The CWB-NOC Form can be downloaded from our website at:
<http://www.hawaii.gov/health/environmental/water/cleanwater/index.html>

This NGPC will take effect on the date of this notice. This NGPC will expire at midnight, November 6, 2007, or when amendments to HAR, Chapter 11-55, Appendix B, are adopted, whichever occurs first. Any non-compliance with the conditions of this NGPC may be subject to penalties of up to \$25,000 per violation per day.

This NGPC does not obviate the need to obtain other Federal, State, or local authorizations required by law.

Ms. Faye K. Kurren
September 22, 2004
Page 4

If you have any questions, please contact Ms. Kris Poentis of the Engineering Section, CWB,
at 586-4309.

Sincerely,



FOR
THOMAS E. ARIZUMI, P.E., CHIEF
Environmental Management Division

KP:bt

- Enclosures:
1. HAR, Section 11-55-34
 2. HAR, Chapter 11-55, Appendices A and B
 3. Title 40, Code of Federal Regulations Citations as referenced in HAR,
Chapter 11-55, Appendix A
 4. Discharge Monitoring Report Form and Instructions

**Tesoro Hawaii Corporation
Sand Island Terminal
Storm Water Best Management Practices (BMP)**

The following are housekeeping Best Management Practices (BMPs) to manage storm water pollution control at the Tesoro Hawaii Sand Island Terminal:

1. Keep outside areas orderly, neat and clean.
2. Make sure valves, pumps and other petroleum handling equipment are frequently tested and are working properly.
3. Check pipes, valves, pumps, tanks, equipment and vehicles for leaks and drips.
4. Use dry cleanup methods (sorberent material, etc.) to clean drips or spilled product in the truck loading and transfer pump pads; and in other areas.
5. Maintain oil water separator in good working condition.
6. Check that screens over drain inlets are secure and without holes.
7. Remove silt and grit from bottom of drain inlet.
8. Label all containers on site.
9. Make sure spill cleanup procedures are understood by employees.
10. Visual inspection of the facility will be done and documented monthly.
11. Log each storm water discharge and open the release valve only if there are no visible sheens.
12. Keep the release valve closed at all times.
13. In the event of an emergency spill, the terminal operator on duty will contact the supervisor, in accordance with operational procedures.

Areas that are normally exposed to petroleum products (pipe manifold, transfer pumps, and truck loading rack) are covered with roof structures and the floor pads are curbed. Storm water is directed to the oil water separator.

