Mr. Mike Moran, President
Kihei Community Association
P.O. Box 662
Kihei, HI 96753

Dear Mr. Moran,


Thank you for your comment letter of October 1, 2014. Below are the responses to your comments.

KCA COMMENT:
NOTE: The owner spells P'ili'ani incorrectly in their company name (P'ili'ani Promenade North, LLC) and in the name of the proposed project. KCA will use the owner's spelling in this document when referring to the project.

Response: Thank you for highlighting this spelling error. The Applicant has changed the spelling of P'ili'ani in various sections of the FEIS.

KCA COMMENT:
1. Amending the Kihei Makena Community Plan of 1998
The KCA has serious concerns about the negative environmental impacts of the proposed P'ili'ani Promenade.
There has been a discussion about whether or not the Applicant needs to amend the Kihei Makena Community Plan of 1998 (KMCP) to change the site from Light Industrial to Business on the Land Use maps that are part of the Plan. However we believe that this amendment in itself would not bring the project into compliance with the KMCP. The P'ili'ani Promenade is in direct conflict with the principles of the KMCP.

Although the KMCP was written and passed into law before the concepts of Smart Growth and Complete Streets, the Kihei community wisely included principles such as these in our Plan. For example page 16 of the KMCP states:

A general theme of the Plan is to create more independent neighborhoods within Kihei, thus reducing unnecessary vehicular trips to South Kihei Road and P'ili'ani Highway.
Placing a destination commercial center and a residential complex mauka of Pi'ilani Highway as proposed in this draft EIS will increase vehicular trips on Pi'ilani Highway, directly contradicting the general theme of the Plan.

Page 17 of the KMCP says about commercial development specifically:

h. Develop commercial services at the following locations to meet community needs:
   1. North Kihei between the existing South Kihei Road, Pi'ilani Highway and Uwapo Road.
   2. A central business and commercial center for Kihei clustered about the South Kihei Road/ Road C (Pi'ikea Street) intersection.
   3. In existing commercially zoned areas along South Kihei Road in the vicinity of Kalama Park.
   4. Along South Kihei Road opposite the Kama'ole Beach Park.

The proposed Pi'ilani Promenade site is not among the commercial sites approved by the KMCP. Of the approved sites, 3 and 4 have been developed, site 2 is still in the process of development, and site 1 has not been developed. This section of the KMCP would require amendment, but it is hard to justify amending the KMCP to create a fifth town center when one of the original four has not yet been developed or needed.

To bring this project into conformance with the KMCP will require not only changing the Land Use designation, but rewriting the KMCP and changing its overall theme. KCA does not recommend revising the KMCP to contradict the stated wishes of the community.

Are all these amendments that conflict with the KMCP goals justified? We do not support the amendments that would be required to bring this project into conformance.

Response. In response to comments regarding the Kihei-Makena community plan the FEIS section V. D. (Unresolved Issues) has been revised to include the following language:

2. Compliance with the Kihei-Makena Community Plan
The Pi'ilani Promenade is designated for (LI) Light Industrial uses by the KMCP. The KMCP defines "Light Industrial (LI)" as follows: "This is for warehousing, light assembly, service and craft-type industrial operations." The County of Maui Planning Department has consistently interpreted the KMCP's LI designation consistent with the M-1 Light Industrial zoning classification, as the KMCP specifically states that the goals, objectives and policies of the KMCP are implemented and effectuated through various processes, including zoning. The Applicant expects the Planning Department to provide written comment on this Draft EIS and we expect any concerns to be documented in their comment letter.

The subject property is located in North Kihei, south of Ohukai Road, and mauka of Pi'ilani Highway. This area was designated in the KMCP for light industrial use in order to encourage urban expansion in the area mauka of Pi'ilani Highway (goal k). Goal k of the KMCP seeks to "[p]rovide for limited expansion of light industrial services in the area south of Ohukai and mauka of Pi'ilani Highway, . . . . These areas
should limit retail business or commercial activities to the extent that they are accessory or provide service to the predominate light industrial use." The original conceptual plan of 123 light industrial lots, which fit squarely within that designation, is no longer desirable or economically viable. The KMCP specifically states that it is intended to "reflect current and anticipated conditions in the Kihei-Makana region" and is intended to guide decision making through the year 2010. See KMCP at 3. Since the KMCP was adopted in 1998, the proposed planning for that area has adjusted. Other developments south of Ohukai and mauka of P'yilanai are predominantly retail, with only some instances of true light industrial uses. The community planning process has evolved since 1998, and the current Maui Island Plan indicates that the P'yilanai Promenade is located within the Urban Growth Boundary, and is surrounded by areas currently not zoned for urbanization, but designated as "planned growth areas." The Maui Island Plan specifically cites the need for mixed-use neighborhood centers "to provide services and jobs within close proximity to where people live and provide a more efficient land use pattern." Maui Island Plan at 8-27.

It is the Applicant's position, which it intends to advocate for on the pending Motion to Amend before the LUC, that the project falls within the Light Industrial designation of the KMCP, as that provision is implemented by the corresponding M-1 zoning designation, and that goal k of the Land Use section on page 18 of the KMCP is substantially met by the proposed project. In the event that the LUC does not agree with the Applicant’s position in deciding the Motion to Amend, then, as an alternative, Applicant will seek any necessary amendment to the KMCP.

Although the County of Maui has determined that the proposed Project complies with the KMCP, the Applicant recognizes that certain parties have asserted that an amendment to the KMCP is necessary for development of the Project to proceed. This issue may be resolved by the LUC during its consideration of the Applicant’s Motion to Amend.

KCA COMMENT:
2. The large scale of the proposed 530,000 sf of commercial buildings is not in the scale of a town center but of a regional mall. Plans presented to the community in November, 2013 were consistent with a regional mall, not a town center. A regional mall is not called for in the KMCP, and is contrary to town goals for development. For a regional mall to be developed, an amendment to the KMCP calling for a regional mall would need to be added, contradicting the paragraph above from page 16, so that section would require amendment as well.

Currently South Maui has a retail inventory of 747,914 sf. Of this, 10.17% is currently available. In Kihei, Azeka Mall, Kukui Mall and Ohukai Industrial Park all have long term vacancies.

We find it significant that not mentioned in the draft EIS is the fact that an additional 336,000 sf of commercial space in Kihei is currently under construction or nearly permitted at the Shops of Wailea and the Kihei Town Center (being developed by The Krausz Companies, Inc.) on Pi'ilani Street, contiguous to site 2 mentioned above in the KMCP. These two projects will provide a 45% increase in commercial space for our town. The Kihei Town Center is
planned with a street grid and small footprint buildings along the street front, creating a walkable village, which is consistent with the KMCP and a marked contrast to the Pi'ilani Promenade plans for large footprint buildings in a mall configuration.

If the Pi'ilani Promenade commercial space of 157,588 sf on the north side and 430,000 sf on the south side were to be built, that would increase available retail space in Kihei from the current 747,914 sf to 1,671,502 sf, an increase of 123% in commercial space. This is well beyond what the Kihei community of 20,881 can support.

On the other hand, Kahului is an established commercial center for the island, with mainland retailers Costco, Home Depot, Lowe's, Walmart and Kmart in the Dairy Road area. Ka'ahumanu Center hosts Macy's and Sears. The Maui Mall has Whole Foods, with TJ Maxx under construction and Ross across the street. A new Target is under construction in the new Maui Business Park. There is plenty of space in this new park for additional national retailers. An alternate site in Kahului would be much more appropriate for the proposed Pi'ilani Promenade.

Response 2. The KMCP notes, in the section on Economic Activity that a Goal is A diversified and stable economic base which serves resident and visitor needs while providing long-term resident employment. In the Objectives and Policies, “f Increase the availability and variety of commercial services to provide for regional needs and strategically establish small scale commercial uses within, or in close proximity to, residential areas.”

It is the Applicant’s position that the proposed Project will provide for the regional needs of Kihei, Wailea and Makena. When the Kihei Upcountry Highway is completed, the Project will be situated to serve the Upcountry community on visits to Kihei.

With regard to the Shops at Wailea; the center’s location within the Resort Destination Area of Wailea, emphasis on luxury and catering directly to the visitor industry differentiate it from the proposed project.

In the context of walkability and design, the Project is currently in the process of assessing Environmental Impacts and Mitigation Measures for the amendment to the existing District Boundary Designation. Within the Final EIS, Applicant has committed to coordinating with the Planning Department and will continue to refine plans to create a well-designed Project. Following the acceptance of the FEIS and completion of the Motion to Amend process, design guidelines will be presented to the Kihei Community Association Design Review Committee and the Maui County Urban Design Review Board for review and comment prior to submittal to the Planning Department for review and approval.

With regard to mainland retailers, the Applicant is not aware of a restriction or limitation within the KMCP on the development or operation of commercial enterprises owned and operated by individuals or corporations based in the mainland United States or elsewhere.

In response to comments regarding the available commercial area in Kihei, the FEIS Section III. B. 3 (Economy) has been revised to include the following language:
The KMCP identifies four areas that have been fully developed and provide some of the commercial needs for South Maui residents, which are: 1) North Kihei, between the existing South Kihei Road, Pāilani Highway and Uwapo Road; 2) A central business and commercial center for Kihei clustered about the South Kihei Road/Road “C” intersection; 3) in existing commercially zoned areas along South Kihei Road in the vicinity of Kalama Park; and 4) along South Kihei Road opposite the Kamahole beach parks. These limited commercial areas were intended to serve the commercial needs of the fastest growing community in the State which has clearly out grown the goods and services available in these areas. The KMCP has designated the Project site for light industrial uses with approved zoning providing for light industrial uses that include neighborhood and regional needs addressing the current and future demand.

While there will inevitably be some cross-over, the Pāilani Promenade and Downtown Kihei development will appeal to different customer and tenant types. Downtown Kihei does not offer the exposure, access, intercept or site characteristics that Pāilani Promenade does. According to Downtown Kihei market study, the primary patrons of the Project will be visitors.

The Pāilani Promenade is intended to focus on providing light industrial and commercial uses for local Maui residents as an alternative shopping destination to Kahului. It is not intended to be directly competitive with the majority of stores along South Kihei Road which attract large numbers of visitors as their primary patrons, or otherwise comprise a significant portion of their customer base.

We anticipate some visitors will patronize the Project but will comprise only a minority of shoppers to selected retail stores and restaurants and not necessarily for the resident-oriented anchor tenant and light industrial businesses.

As part of this FEIS, the Hallstrom Group prepared an Economic and Fiscal Impact Assessment for the Project, which includes analysis of the existing commercial properties in Kihei. An inventory of existing occupied and vacant commercial properties was developed and used as part of the economic analysis for the Project. The Economic and Fiscal Impact Assessment was revised to address comments received on the DEIS. Specifically, Table V-4 of the Economic and Fiscal Impact Assessment in the FEIS now includes the accurate County costs and State costs per year.

It is projected that the Project will address sub-regional and regional commercial demand more efficiently than the fragmented commercial space located along South Kihei Road because of its location and visibility and ease of access for residents in west, south and central Maui.

In mid-2014, The Hallstrom Group completed an inventory of the Kihei Retail market and found that about 10 percent of the total floor area in the community was vacant. However, the vacancies were either restaurant spaces (the least stable sector of the market) or in uncompetitive projects or locations (such as along Lipoa Road). All of
the quality/competitive spaces along South Kihei Road or in newer, modern centers were occupied. Over the past year numerous new leases have been signed and the vacancy rate in Kihei has dropped below seven percent (2014).

KCA COMMENT:
3. The second gulch on the property is not an "unnamed" gulch. It is the Ka'ono'ulu Gulch. Its name is shown as early as 1920 on maps of the region. This historic natural feature should not be minimized by calling it "unnamed."

Response 3. With regard to the identification of the Gulch in question, we have done our best to verify its official name. We have not received our encountered in our own research alternate information sources that provide a specific name, or contradict the location of Ka'ono'ulu Gulch as identified in the United States Geological Survey (USGS) maps. The USGS maps are the oldest and most reputable source we have identified to date. Separately, Hawaii Administrative Rules (HAR) 11-200-17(e)(1), “Content requirements; draft environmental impact statements” identifies USGS Topographic maps as a preferred map source. For these reasons CH&P will refer to the Gulch in question as Drainageway "A". We are open to reviewing any documentation KCA has on this subject.

In response to comments regarding the available commercial area in Kihei, the FEIS Section III. A. 2 (Topography and Soils) has been revised to include the following language:

The Applicant received comments on the DEIS from the Kihei Community Association stating that Drainageway “A” is the Ka'ono'ulu Gulch. The Applicant's planning consultant has provided the attached United States Geological Survey (USGS) maps that show the Ka'ono'ulu Gulch is a tributary that feeds into Kulanihakoi Gulch significantly mauka and south of the project site. (See: Figures 20 & 21, “USGS MAP 1923” & “USGS MAP 1983”).

KCA COMMENT:
4. Because the GMO ban issue is on the ballot for the November election, the community is concerned about the impact of GMO farming and pesticides on the adjacent Monsanto land. Until an analysis of the safety of GMO farming practices is complete, it is indeterminate whether there are hazardous substances in use nearby and whether this is an appropriate location for residences.

Response 4. Any disclosures and or information for residents and or occupants regarding Agricultural Practices which may be required at the time of occupancy will be provided. As noted, the FEIS Section III. A. 4 (Hazardous Substances), The ESA stated that there was no evidence of historic or current significant misuse of hazardous or regulated substances and or petroleum products on the subject property (See: Appendix B, “Environmental Site Assessment”).

As noted, the FEIS Section III. A. 4 (Hazardous Substances) has been revised to include the following language:
Under ASTM standards, a Phase I Environmental Site Assessment may be considered out of date if not conducted within the prior 180 days. As a result the Applicant requested an update of the ESA. A site visit was conducted by MEV on January 13,
2017, and MEV determined that nothing came to their attention that would cause them to change any matter or opinion set forth in the ESA. Accordingly, MEV issued the Environmental Site Assessment update letter. (See: Appendix B-1, “Environmental Site Assessment update letter dated January 18, 2017”)

KCA COMMENT:
5. KCA: This site is directly downwind of controversial cane-burning, which many Kihei citizens feel is a major pollutant and detriment to their health. While the proposed project will not contribute to this potential residents should be made aware of the potential dangers to their health.

Response 5. The practice of cane-burning ended in December 2016, prior to the publication of this FEIS.

KCA COMMENT:
6. With good reason, the KMCP calls for a maximum 35' building height in new commercial areas. It is not just summit views, but views of the flanks of Haleakala that are part of its majesty. Public views of as much of Haleakala as possible should be preserved, not, as stated above, just views of the summit. And views from other parts of Kihei should be considered, not, as stated above, just views from the Highway. A 60' tall building located above the Pi'ilani Highway would be visible from many points in Kihei. It will exceed the maximum limit as stated in the KCPM. Commercial buildings in Kihei are limited to 35' height to maintain our view planes.

Response 6. In response to comments regarding the available commercial area in Kihei, the FEIS Section III. A. 9 (Visual Resources) has been revised to include the following language:

The Project will include light industrial, business, commercial, and residential apartment structures. As shown in the approved Landscape Plan for the Project, a significant element of the landscape program is the inclusion of a 30-foot landscaping easement located adjacent to the Pi'ilani Highway. The landscaping easement will be planted with monkeypod trees, which when mature are expected to significantly buffer the transition between the Pi'ilani Highway and the Project, and to define the views from Pi'ilani Highway into the Project. (See: Figure 17A “Landscape Rendering”)

A view analysis was prepared by Architects Orange and depicts 4 views from Pi'ilani Highway looking across the Project site towards Haleakala. (See: Figure 16 “View Analysis”). The view analysis used the following methodology:

1. Photographs used in the analysis are approximately 5 feet 8 inches above street level on the makai side of Pi'ilani Highway, across from the Project site.
2. The estimated future finish grade is based upon preliminary calculations made by the Project civil engineer, Warren S. Unemori Engineering, Inc.
3. The assumed 60-foot building height is based on the current County zoning code,
which permits for 60-foot maximum building heights in an M-1 Zoning district. These 60-foot buildings will be set back 500 feet from the Project site boundary along Pi'ilani Highway.

4. The estimated 30-foot building height is based upon the height of mid-sized commercial buildings that may be built through-out the Project site.

As shown in the view analysis, the maximum allowable building height does not impact the public view of Pu‘u o Kali or the summit of Haleakala. The extension of Kaonoulu Road will provide views towards Pu‘u o Kali and the summit of Haleakala, but is not considered a major view corridor.

The proposed apartments will be a maximum of three (3) stories tall, up to a maximum allowable height of 60 feet provided for in the M-1 zoning district. The light industrial and commercial buildings are permitted to have a maximum height of 60 feet, however, the estimated height of future buildings is unknown at this time.

The Applicant is proposing to develop the Project with the following development standards as mitigation measures to limit the impacts to visual resources.

1. Any buildings at the maximum height allowed by the then-current County zoning code will be set back at least 500 feet from the Project site boundary along Pi'ilani Highway.
2. Any building above 30 feet in height will be set back at least 100 feet from the western boundary of the Project site.
3. The cumulative linear frontage of buildings built within the 100 foot set back from the western boundary of the Project site will not exceed 35% of the total frontage of the western boundary of the Project site.

The proposed project will transform the character of the site from its existing large-lot-only approved design to a mixed-used development consisting of retail, office, business/commercial, light industrial, multi-family (226 apartment units), and public/quasi-public (park, MECO substation) uses, as well as with pedestrian and bicycle networks, an approximately 2-acre park and landscape plantings. The project will set forth building height limits and setbacks in order to help maintain views towards the summit of Haleakala and the Pacific Ocean. In addition the open space areas incorporated into the Pi'ilani Promenade will provide view corridors in between buildings toward the Pacific Ocean and Haleakala.

With regard to design, the proposed project will positively complement the architectural character of the adjacent concrete tilt up light industrial structures to the north of the Project area, complement the high quality architectural character as other developed properties in the area. The Pi'ilani Promenade will be is being designed to control the density, architectural design, and variation of all buildings in the project without sacrificing views or the aesthetic character of the proposed project. As noted, the maximum building height within the Project will be 60 feet and buildings will be setback from Pi'ilani Highway to maintain public views towards the summit of
Haleakala from Pi'ilani Highway. Overall urban design of the project will position buildings fronting landscaped roadways to screen the massing of the buildings.

All buildings within the Pi'ilani Promenade will be designed in accordance with the applicable Maui County building code standards.

In response to comments, the Applicant has coordinated with the Planning Department and will continue to refine plans to create a well-designed Project. Following the acceptance of the FEIS and completion of the Motion to Amend process, design guidelines will be presented to the Kihei Community Association Design Review Committee and the Maui County Urban Design Review Board for review and comment prior to submittal to the Planning Department for review and approval.

**KCA COMMENT:**
7. Reports show that fresh water in the existing aquifer is being depleted. While adding additional users to the system may not have immediate impact on water quality, it will increase the rate of depletion of water for all South Maui residents. This must be addressed.

**Response** 7. In response to comments regarding the existing aquifer the FEIS Section III. A. 11. (Groundwater Resources) has been revised as follows:

The Pi'ilani Promenade will consume on average of 252,000 gpd of water at full build-out, including 171,000 gpd of drinking water for domestic uses and 81,000 gpd of nondrinking water for irrigation. (See: Appendix L, "Preliminary Engineering Report dated December 2013, revised February 2, 2017")

As mentioned, the CWRM estimates that 0.421 MGD of groundwater can be allocated within the Iao Aquifer System. The Pi'ilani Promenade drinking water demand is expected to withdraw 171,000 gpd and can be accommodated within the remaining 0.421 MGD of available groundwater. This limited amount of water is not anticipated to significantly impact the Iao Aquifer from recharging.

As mentioned, three 3-inch domestic water meters have been approved by the County DWS and are available for the project. The issuance of water meters for the project by the DWS carries the implicit approval by the DWS of Pi'ilani Promenade’s use of the Iao Aquifer System for drinking water.

**KCA COMMENT:**
8. KCA agrees that there is a need for additional housing in the community, but it should be located in areas designated by the KMCP, which this is not. This is in an area cut off from the rest of the community by the highway, so that every need for service with the exception of
shopping at the mall stores will require an automobile trip, encouraging obesity and illness. KCA supports smart growth which does not sacrifice the health and safety of residents.

**Response 8.** Several residential neighborhoods exist in Kihei Mauka of the Pi'ilani Highway. Several more are likely to be developed with the Maui Island Plan's Urban Growth Boundary's mauka of the Highway. The Project proposes a 2-acre park, pedestrian and bicycle connections to the north and west and has offered to assist the State DOT in the design of a pedestrian and bicycle crossing for Kulanihakoi Gulch within the highway right of way, outside of the roadway area to the south. Additionally, a broad range of services are permitted within the M-1 Light Industrial District.

In response to comments regarding the KMCP, FEIS Section V. D. 2. (Unresolved Issues) has been revised as follows:

The Pi'ilani Promenade is designated for (LI) Light Industrial uses by the KMCP. The KMCP defines "Light Industrial (LI)" as follows: "This is for warehousing, light assembly, service and craft-type industrial operations." The County of Maui Planning Department has consistently interpreted the KMCP's LI designation consistent with the M-1 Light Industrial zoning classification, as the KMCP specifically states that the goals, objectives and policies of the KMCP are implemented and effectuated through various processes, including zoning. The Applicant expects the Planning Department to provide written comment on this Draft EIS and we expect any concerns to be documented in their comment letter.

The subject property is located in North Kihei, south of Ohukai Road, and mauka of Pi'ilani Highway. This area was designated in the KMCP for light industrial use in order to encourage urban expansion in the area mauka of Pi'ilani Highway (goal k). Goal k of the KMCP seeks to "[p]rovide for limited expansion of light industrial services in the area south of Ohukai and mauka of Pi'ilani Highway,... These areas should limit retail business or commercial activities to the extent that they are accessory or provide service to the predominate light industrial use." The original conceptual plan of 123 light industrial lots, which fit squarely within that designation, is no longer desirable or economically viable. The KMCP specifically states that it is intended to "reflect current and anticipated conditions in the Kihei-Makena region" and is intended to guide decision making through the year 2010. See KMCP at 3. Since the KMCP was adopted in 1998, the proposed planning for that area has adjusted. Other developments south of Ohukai and mauka of Pi'ilani are predominantly retail, with only some instances of true light industrial uses. The community planning process has evolved since 1998, and the current Maui Island Plan indicates that the Pi'ilani Promenade is located within the Urban Growth Boundary, and is surrounded by areas currently not zoned for urbanization, but designated as "planned growth areas." The Maui Island Plan specifically cites the need for mixed-use neighborhood centers "to provide services and jobs within close proximity to where people live and provide a more efficient land use pattern." Maui Island Plan at 8-27.

It is the Applicant's position, which it intends to advocate for on the pending Motion to Amend before the LUC, that the project falls within the Light Industrial designation
of the KMCP, as that provision is implemented by the corresponding M-1 zoning designation, and that goal k of the Land Use section on page 18 of the KMCP is substantially met by the proposed project. In the event that the LUC does not agree with the Applicant’s position in deciding the Motion to Amend, then, as an alternative, Applicant will seek any necessary amendment to the KMCP.

Although the County of Maui has determined that the proposed Project complies with the KMCP, the Applicant recognizes that certain parties have asserted that an amendment to the KMCP is necessary for development of the Project to proceed. This issue may be resolved by the LUC during its consideration of the Applicant’s Motion to Amend.

In response to comments regarding smart growth the FEIS Section II. E. (Proposed Project Description) has been revised as follows:

The current Project plan includes off-road pedestrian and bicycle routes along both East Kaonoulu Street as well as through an access easement from Ohukai Street to East Kaonoulu Street. Additionally, the Project includes a separate pedestrian/bicycle pathway running parallel to the Pīlani right of way within the project property as a preferred and safe route for south Maui residents traveling to and from the project area. With regard to the Kulanihakoi Gulch crossing, the project owner has offered to assist the State DOT in the design of a separate crossing facility located within the right of way and outside the roadway section for pedestrian and bicycle safety. All of the above proposed improvements are intended to facilitate safe walking and bicycling and to reduce the requirement for automobile use in order to access the development.

KCA COMMENT:
9. KCA: Projected salaries for the 1,210 permanent jobs at $36.6 million per year would be an average of $30,248 per worker, barely a living wage for Maui. According to the Bureau of Statistics, the average wage for retail sales is $20,500, so the estimate of $30,248 per worker is high.

Analysis of existing building stock shows that the Safeway in Pīlani Village is the largest building in Kihei at 53,625 sf. Hilo Hatties is 19,230 sf, Longs Drugs is 20,000 sf, Ace Hardware is 16,900 sf, Foodland is 23,000 sf.

The proposed new 530,000 sf of commercial space for the Pīlani Promenade would require 10 stores the size of Safeway to fill the proposed space or 26.5 stores the size of Longs Drugs. Local population will not support this much retail business, especially considering that the Krausz Kihei Town Center project will provide 300,000 sf of new commercial space before this project is started.

Development which would compromise the beauty of our view planes and the quality of our water and air and would increase traffic will have a major negative impact on our economy if it reduces the number of visitors who come to South Maui each year.
The report does not point out that the $348.7 million in revenue per year will be primarily to mainland owned commercial businesses, so that the money spent here will not stay here. We would prefer to see smaller locally owned businesses located in small town centers, as defined in the KMCP, which keep the money circulating in the state.

Business Intelligence (September 16, 2014) reports:

The retail industry is undergoing a dramatic shift: E-commerce is capturing a larger share of sales than ever before....Hundreds of retail stores are closing.


A Forbes article (2/12/2014) Headlined Retail In Crisis states:

There is a crisis in retail. During the 2013 holiday season, U.S. retailers received approximately half the holiday foot traffic they experienced just three years ago... With consumer confidence growing in leaps and bounds, the decline in foot traffic signifies a tectonic shift in the way consumers buy and shop... Consumers find researching and shopping on the Web far more convenient than brick-and-mortar visits.

The draft EIS ignores this trend away from brick-and-mortar stores to online shopping when proposing to increase local retail space by 123%.

In response to comments regarding the retail impacts, the FEIS Section III. B. 3. (Economy) has been revised to include the following language:

The KMCP identifies four areas that have been fully developed and provide some of the commercial needs for South Maui residents, which are: 1) North Kihei, between the existing South Kihei Road, Pi'ilani Highway and Uwapo Road; 2) A central business and commercial center for Kihei clustered about the South Kihei Road/Road "C" intersection; 3) in existing commercially zoned areas along South Kihei Road in the vicinity of Kalama Park; and 4) along South Kihei Road opposite the Kamaole beach parks. These limited commercial areas were intended to serve the commercial needs of the fastest growing community in the State which has clearly out grown the goods and services available in these areas. The KMCP has designated the Project site for light industrial uses with approved zoning providing for light industrial uses that include neighborhood and regional needs addressing the current and future demand.

While there will inevitably be some cross-over, the Pi'ilani Promenade and Downtown Kihei development will appeal to different customer and tenant types. Downtown Kihei does not offer the exposure, access, intercept or site characteristics that Pi'ilani Promenade does. According to Downtown Kihei market study, the primary patrons of the Project will be visitors.

The Pi'ilani Promenade is intended to focus on providing light industrial and commercial uses for local Maui residents as an alternative shopping destination to Kahului. It is not intended to be directly competitive with the majority of stores along South Kihei Road which
attract large numbers of visitors as their primary patrons, or otherwise comprise a significant portion of their customer base.

We anticipate some visitors will patronize the Project but will comprise only a minority of shoppers to selected retail stores and restaurants and not necessarily for the resident-oriented anchor tenant and light industrial businesses.

As part of this FEIS, the Hallstrom Group prepared an Economic and Fiscal Impact Assessment for the Project, which includes analysis of the existing commercial properties in Kihei. An inventory of existing occupied and vacant commercial properties was developed and used as part of the economic analysis for the Project. The Economic and Fiscal Impact Assessment was revised to address comments received on the DEIS. Specifically, Table V-4 of the Economic and Fiscal Impact Assessment in the FEIS now includes the accurate County costs and State costs per year.

It is projected that the Project will address sub-regional and regional commercial demand more efficiently than the fragmented commercial space located along South Kihei Road because of its location and visibility and ease of access for residents in west, south and central Maui.

In mid-2014, The Hallstrom Group completed an inventory of the Kihei Retail market and found that about 10 percent of the total floor area in the community was vacant. However, the vacancies were either restaurant spaces (the least stable sector of the market) or in uncompetitive projects or locations (such as along Lipoa Road). All of the quality/competitive spaces along South Kihei Road or in newer, modern centers were occupied. Over the past year numerous new leases have been signed and the vacancy rate in Kihei has dropped below seven percent (2014).

KCA COMMENT:
10. This report addresses medical facilities but does not directly address Health. Preventing obesity is a National Public Health priority. Building residential areas where they are cut off from the transportation network which allows walking and biking will contribute to obesity and will increase the demand for medical facilities. This draft EIS fails to discuss these ramifications.

Response 10.
The mixed-use project will include active park space, pedestrian and bicycle connectivity within the site and along the portion of the Kihei Upcountry Highway to facilitate pedestrian and bike access to and from existing developments to the north, and west. The Applicant has also offered to assist the State Department of Transpiration in the design of non-vehicle connectivity to the south.

KCA COMMENT:
11. While these enrollment numbers appear to be below the stated capacity, many of the school buildings are outdated modular units which were meant to serve temporarily, but are now beyond their service expectations. True capacity would show that enrollment exceeds capacity.
While existing schools might accommodate students from the proposed Pi'ilani Promenade residences, all students would require driving to get to school. None of the elementary or intermediate schools are within a reasonable walking distance. Kihei Elementary, the closest is 1.5 miles away on the highway, while Kamilo'i Elementary is 3.5 miles away on the highway. Even the new Kihei High School, on the adjacent site, will require driving because there are no plans to bridge the intervening Kulanihakoi Gulch and the highway is dangerously un-walkable. Planning residences which will increase traffic on Pi'ilani Highway is contrary to the KMCP.

Response 11. The Applicant acknowledges that the project site is not located within close proximity to the existing public schools in Kihei, however it is anticipated that educational facilities in addition to the Kihei High School will be built mauka of Pi'ilani Highway, therefore this project site will become an integral piece of future developments mauka of Pi'ilani Highway. The project site will serve as a link between the existing neighborhoods surrounding Ohukai Road to the future Kihei High school. As mentioned a pedestrian easement will be provided from Ohukai Road into the project sites network of sidewalks and bike paths.

From a regional perspective, as part of the Kihei High School Project conditions of approval the DOE must provide an over or underpass across Pi'ilani Highway to provide safe pedestrian access, which will likely become a primary pedestrian route connecting developments mauka and makai of Pi'ilani Highway. Furthermore there will be an opportunity to provide lateral access along Pi'ilani Highway across Kulanihakoi and Waipuilani Gulches to the Maui Research and Technology Park.

As the KCA is aware, Kulanihakoi gulch is privately owned. The owner of approximately 12.7-acres of the maikai end of Kulanihakoi gulch has made public his interest in conveying the area to the County of Maui for the purposes of passive recreational open space and native habitat restoration. The land is identified as Park and Open Space in the County of Maui’s Kihei Makena Community Plan, and is identified as a Secondary Off-road Connection and Gulch/Drainage in the County of Maui’s South Maui Region Parks & Open Space Master Plan. Various community groups including the KCA have expressed interest in supporting this initiative.

Comment 12.
KCA: We find the entire traffic analysis incomplete. For example, the proposed Kenolio Apartment project is 186 units, not the 124 units quoted in this section. To disregard the impact of Honua'u'ula development on Pi'ilani should not be allowed. Honua'u'ula will be, like the proposed Pi'ilani Promenade residences, a residential complex which will require residents to drive for every trip except some shopping.

The TIAR should define the current traffic conditions without the project. It should then provide a cumulative traffic projection and its impacts from the fully developed project and all the Kihei road systems both existing and proposed from the fully developed project. The traffic analysis for the fully developed project should include the traffic from all the approved developments to date and those that would be likely in the next 20 years.
The TIAR should at least include the following approved developments: The Makena Developments (3700+/- units), Honua’ula, Wailea Resort, Maui Research and Technical Park, Kihei Downtown Center, Kihei High School, Honua’ula Affordable Housing, Kihei Mauka, Kenolio Apartments, North Kihei Housing, Ka‘iiwaine Village, Pu‘ehuNui Industrial Area, Entitled South Maui Infill Projects, and partly entitled South Maui infill projects.

The traffic Impact Analysis should assume the complete up country highway and include the mitigations required for the improvement of the intersections of Ka‘one‘ulu Street and the Pi‘ilani Highway and of Ka‘on‘oulu Street and South Kihei Road.

Include in the TIAR the mitigation that the design of roadways within the development as well as public roads impacted by the development will meet the Hawaii State criteria for Complete Streets (providing for pedestrian and bicycle traffic in addition to motorized vehicles), the Kihei Road Design Standards and the Green Streets criteria. While pedestrian paths are mentioned, there is no mention of bike paths thru the various parking lots. The draft EIS does not provide site plans, so it is not possible to comment on the extent or usability of the pedestrian paths. The plan as described does not comply with the state Complete Streets policy.

Analyze roadway intersections with the intent to use roundabouts and mini roundabouts in lieu of signalized and stop sign intersections to conform to with KMCPC goals and implementing actions for a pedestrian oriented, walkable community.

The size of the community will not support the proposed commercial square footage, so marketing will likely be done to the whole island. This will result in commercial traffic from other areas, which is not considered in this analysis.

We find doubtful the proposal that a Traffic Coordinator will be able to resolve the problems generated by the project.

In addition to finding the traffic analysis incomplete, the increased traffic from this project is contrary to the KMCPC general goal of reducing traffic on Pi‘ilani Highway, as stated before.

Response 12. The TIAR update dated December 20, 2016 was prepared by SSFM International to evaluate existing conditions, assess impacts to the surrounding area as a result of the proposed development and changes associated with anticipated surrounding area development.

Kenolio Apartments – The TIAR update show 186 units.

Honua‘ula Development – The direction of this comment is not clear. If the association is referring to the Honua‘ula residential units adjacent to the subject project then the TIAR update does address the impacts of trip generation from those units within the TIAR update. Alternatively, if the association is addressing the Honua‘ula project proper in the Wailea area that project has not been included in the TIAR update analysis nor has Wailea or Makena Resort trip generation factors per the direction of SDOT. The TIAR update dated December 20, 2016 was prepared by SSFM International to evaluate existing conditions, assess impacts to the surrounding area as a result of the proposed development and changes
associated with anticipated surrounding area development.

Current Traffic Projection Analysis - The TIAR update does address and analyze existing without and existing with the project. In addition the analysis includes traffic from a host of other projects having a likely impact on the circulation system served by project. These projects are identified on Figure 7 within the TIAR update and are considered to be those for which traffic impacts are evaluated within the context of the subject project. These projects are those for which impacts are or will be generated within a reasonable time frame and for which impacts can be evaluated for the proposed project. Projects south of the intersection of Pi'ilani Highway and Piikea Avenue are not included in the analysis as there are outside the study area.

Complete Streets and Green Streets Compliance - All of the roadway improvements included within the current plans and for the phased development areas include vehicular, pedestrian and bicycle pathways facilitating access within and through the project incorporating where possible of street pathways, crosswalks and signalization.

Including Roundabouts in Analysis - The SDOT requires analysis of roundabouts as part of the design for the Kihei/Upcountry Highway. The design was found to not satisfy the traffic flow requirements for that highway. Smaller roundabouts are being considered for the internal circulation within the project and the internal vehicular, pedestrian and bicycle system was previously mentioned.

Offsite Traffic Generation - The TIAR update assumes that 25% of the traffic arriving at the project will come from areas outside of south Maui.

Traffic Coordinator - The function of the coordinator is not to solve traffic generation issues but to assist in addressing concerns during and after construction as well meeting with the future tenants and owners to discuss various ways to improve access into and out of the project with the goal of lessening traffic congestion.

KMCP Goal for Reducing Traffic - The current development needs for housing and commercial uses necessary to serve south Maui into the future will occur on the Mauka side of the highway. Pi'ilani Highway is the primary connection between the future development areas and the balance of the community and will need to accommodate the projected traffic generated through the anticipated growth.

Comment 13. As stated by the KMCP, enclosing natural gulches in a culvert is against our community values of preserving the natural environment. A waterway left in its natural state reduces the amount of pollution that reaches the ocean, cleans and filters water for recreation and drinking, and supports the area wildlife and fisheries. Converting a natural gulch to a concrete culvert prevents these natural processes from occurring and increases marine degradation.

Downstream from these gulches, where they cross South Kihei Road, is an area of perpetual flooding. Converting Kaonoulu Gulch to a culvert will increase flooding potential here by decreasing the amount of water that can be absorbed by the land on its downhill trip to the ocean. The two gulches on this site, Kulamhakoi and Ka'ono'ulu, are cultural and environmental resources that must be preserved, not buried.
Per the Hawaii State Office of Planning document, "Stormwater Impact Assessments." Cumulative impacts must be considered, not just conditions and impacts at the site. It states the following:

Cumulative effects on a given resource, ecosystem, or human community are rarely aligned with political or administrative boundaries. Cumulative effects on natural systems must use natural ecological boundaries. For stormwater, the natural geographic boundary is the watershed. (page 4)

Cumulative effects are caused by the aggregate of past, present, and reasonably foreseeable actions. (page 4)

Hawaii's watersheds include nearshore waters and proposed actions should account for secondary impacts to nearshore resources. (page 10)

In other words, effects of the development on the entire ahupua'a shall be considered (including nearshore waters) and these effects should include other future and concurrent development within the watershed.

Response 13. In response to comments regarding drainage, the FEIS section III. D. 2 (Drainage) has been revised to include the following language:

The Project does not propose any channeling or culvert work for Kulanihakoi Gulch. The smaller "Drainageway A" crossing the Project will be diverted to the KUH alignment with a makai terminus in the same location as the present. A FEA was prepared for the proposed affordable housing project located across Pi'ilani Highway, and the applicant retained environmental consultant Mr. Bob Hobdy to perform a Wetland Assessment to assess potential aquatic resources, and to determine if any wetlands or waters of the U.S. (as defined by the U.S. Army Corps of Engineers) were located on that property. The Wetland Assessment included analysis of surface vegetation and the digging of test pits to analyze soil and hydrology parameters, and identified Drainageway "A" as a tributary of the larger Kulanihakoi Gulch channel. Drainageway "A" is an ephemeral stream in a very dry part of Maui that flows for only about 1 day a year during the largest of winter storms. The Army determined that Drainageway "A" was not a wetland or a water of the U.S.

Under current conditions, no riparian zone exists in the vicinity of Drainageway "A" within the Project site.

The change in water flow due to the conversion of approximately 2,500 feet of Drainageway "A" to roughly 2,700 lineal feet of concrete-lined channel and large-diameter pipe culvert (approximately 0.3%) is captured in the on-site drainage impact analysis, which examines the effect of urbanizing the Project site, including the portion of the natural drainage channel which passes through it. Consequently, the flow rate increases resulting from the overall Project improvements due to decreased permeability are compensated for by the proposed onsite peak flow mitigation measures.
Modifications to Drainageway “A” are also necessary as part of the engineering design and solution for the KUH as the grades for the roadway are much higher than the existing grades within Drainageway “A”, requiring a design solution to allow drainage flow, which is accommodated in the project plan.

The post-development peak storm flow of the Project, after mitigation measures are implemented, is the same as the pre-development storm flow, which is equal to or less than 85 cfs. The Project will retain the increase in post development runoff generated by development, consistent with County of Maui regulations.

The Project will comply with the condition of the 1995 Decision and Order, which requires that the Applicant fund the design and construction of its pro-rata share of drainage improvements required as a result of the development of the Project site, including oil water separators and other filters as appropriate, and other BMPs as necessary to minimize non-point source pollution. The Applicant understands that all Project-related water discharges must comply with the State’s Water Quality Standards, which are set forth in Chapter 11-54, HAR.

BMPs prepared in accordance with MCC Chapter 20.08 (Soil Erosion and Sedimentation Control) will be submitted to the DPW for review and approval prior to the issuance of grubbing and grading permits. In addition, since Project site work will exceed one acre, a NPDES will be obtained from the DOH’s Clean Water Branch for the discharge of storm water associated with construction activities. The Applicant will meet all of the requirements set forth by the DOH’s Clean Water Branch.

In response to comments regarding cumulative impacts the FEIS section V. C. (Cumulative and Secondary Impacts) has been revised to include the following language:

The total increase in runoff as a result of the development of projects listed in table 16 is 728.92 cfs. The total runoff amount will be retained by the individual projects in accordance with the Maui County drainage rules.

The specific mitigation measures identified for projects in Table No. 16 vary from above ground landscaped detention basins, underground basins within parking lots and roadways, vegetated swales and landscape planting to reduce the impacts associated with runoff. Water Quality will be maintained by the future drainage systems for surrounding projects including oil water separators and other filters as appropriate, and other BMPs as necessary to minimize non-point source pollution.

All surrounding projects will be required to implement the BMP’s as required by the County and State. In addition, the Applicant understands that all other projects related water discharges must comply with the State’s Water Quality Standards, which are set forth in Chapter 11-54, HAR.

The Applicant has reviewed the Guidance Document titled, Stormwater Impact Assessments, prepared by PBR Hawaii and Associates, Inc. for the Hawaii Office of
Planning in May 2013. The purpose of the Guidance Document is to provide guidance on assessing stormwater impacts in the planning phase of project development.

“The Guidance Document suggests incorporating design concepts and mitigation measures into the planning phase of development to achieve compliance with existing ordinances, rules, and regulations. No new regulations are proposed with this Guidance Document.”

As noted in the FEIS section V. C. (Cumulative and Secondary Impacts) the post-development peak storm flow of the Project, after mitigation measures are implemented, is the same as the pre-development storm flow, which is equal to or less than 85 cfs. The Project will retain the increase in post development runoff generated by development, consistent with County of Maui regulations.

The Project will comply with the condition of the 1995 Decision and Order, which requires that the Applicant fund the design and construction of its pro-rata share of drainage improvements required as a result of the development of the Project site, including oil water separators and other filters as appropriate, and other BMPs as necessary to minimize non-point source pollution. The Applicant understands that all Project-related water discharges must comply with the State’s Water Quality Standards, which are set forth in Chapter 11-54, HAR.

BMPs prepared in accordance with MCC Chapter 20.08 (Soil Erosion and Sedimentation Control) will be submitted to the DPW for review and approval prior to the issuance of grubbing and grading permits. In addition, since Project site work will exceed one acre, a NPDES will be obtained from the DOH's Clean Water Branch for the discharge of storm water associated with construction activities. The Applicant will meet all of the requirements set forth by the DOH’s Clean Water Branch.

Low-impact development strategies, including a series of strategically located drainage retention basins and channels, are designed to mitigate downstream impacts to nakai landowners. A Drainage Master Plan was designed to County standards, and includes measures that mitigate the increase in runoff generated from the development of impervious surfaces. On-site runoff will be collected by catch basins located at appropriate intervals along the interior roadways and landscaped area. Drain lines from the catch basins will convey the runoff to onsite detention basins or underground subsurface drainage systems.

The onsite drainage system will provide storage for the increase in stormwater runoff from a 50 -year, 1 -hour storm. The drainage system will be designed in compliance with Chapter 4 “Rules for the Design of Storm Drainage Facilities in the County of Maui” and Chapter 15-11 “Rules for the Design of Storm Water Treatment Best Management Practices.”

Therefore the Project, together with other planned projects in the area, should not have a significant cumulative impact on coastal water quality if construction and operation
phase BMPs are strictly adhered to. It is noted that only the Kihei Residential project has begun construction of those listed in Table No. 16.

**KCA COMMENT:**

14. The proposed five improvements to the County Water System are improvements to infrastructure which will not increase the island’s water sources. Reports show that fresh water in the existing aquifer is being depleted. Adding additional users to the system will increase the rate of depletion. This has not been addressed.

**Response 14.** In response to comments regarding the existing aquifer the FEIS Section III. A. 11. (Groundwater Resources), has been revised as follows:

The Pi’ilani Promenade will consume on average of 252,000 gpd of water at full build-out, including 171,000 gpd of drinking water for domestic uses and 81,000 gpd of nondrinking water for irrigation. (See: Appendix L, “Preliminary Engineering Report dated December 2013, revised February 2, 2017”)

As mentioned, the CWRM estimates that 0.421 MGD of groundwater can be allocated within the Iao Aquifer System. The Pi’ilani Promenade drinking water demand is expected to withdraw 171,000 gpd and can be accommodated within the remaining 0.421 MGD of available groundwater. This limited amount of water is not anticipated to significantly impact the Iao Aquifer from recharging.

As mentioned, three 3-inch domestic water meters have been approved by the County DWS and are available for the project. The issuance of water meters for the project by the DWS carries the implicit approval by the DWS of Pi’ilani Promenade’s use of the Iao Aquifer System for drinking water.

**KCA COMMENT:**

**FINAL.** KCA has observed the Krausz developers using the KMCP from the very start of their project as a guideline to minimize environmental impact. The Kihei Town Center being developed by Krausz will provide for our future retail needs without degrading the environment and even by enhancing the environment. KCA would like to make clear that the Pi’ilani Promenade project is contrary to our KMCP in significant ways. It appears that either the applicant was not aware of the KMCP or chose to ignore it. The KMCP is a legal document created by the community to guide development in the community. By circumventing the wishes of the community, which are spelled out clearly in the legal document of the KMCP, the Pi’ilani Promenade, as proposed, will be detrimental to our natural, cultural, and economic environment, upon which our island economy is based. **Response FINAL.** In response to comments regarding the Kihei-Makena community plan the FEIS section V. D. (Unresolved Issues) has been revised to include the following language:

2. Compliance with the Kihei-Makena Community Plan
The Pi’ilani Promenade is designated for (LI) Light Industrial uses by the KMCP. The KMCP defines “Light Industrial (LI)” as follows: “This is for warehousing, light assembly, service and craft-type industrial operations.” The County of Maui Planning Department has consistently interpreted the
KMCP’s I.I designation consistent with the M-1 Light Industrial zoning classification, as the KMCP specifically states that the goals, objectives and policies of the KMCP are implemented and effectuated through various processes, including zoning. The Applicant expects the Planning Department to provide written comment on this Draft EIS and we expect any concerns to be documented in their comment letter.

The subject property is located in North Kihei, south of Ohukai Road, and mauka of Pi'ilani Highway. This area was designated in the KMCP for light industrial use in order to encourage urban expansion in the area mauka of Pi'ilani Highway (goal k). Goal k of the KMCP seeks to “[p]rove for limited expansion of light industrial services in the area south of Ohukai and mauka of Pi'ilani Highway, . . . . These areas should limit retail business or commercial activities to the extent that they are accessory or provide service to the predominate light industrial use.” The original conceptual plan of 123 light industrial lots, which fit squarely within that designation, is no longer desirable or economically viable. The KMCP specifically states that it is intended to “reflect current and anticipated conditions in the Kihei-Makena area” and is intended to guide decision making through the year 2010. See KMCP at 3. Since the KMCP was adopted in 1998, the proposed planning for that area has adjusted. Other developments south of Ohukai and mauka of Pi'ilani are predominantly retail, with only some instances of true light industrial uses. The community planning process has evolved since 1998, and the current Maui Island Plan indicates that the Pi'ilani Promenade is located within the Urban Growth Boundary, and is surrounded by areas currently not zoned for urbanization, but designated as “planned growth areas.” The Maui Island Plan specifically cites the need for mixed-use neighborhood centers “to provide services and jobs within close proximity to where people live and provide a more efficient land use pattern.” Maui Island Plan at 8-27.

It is the Applicant’s position, which it intends to advocate for on the pending Motion to Amend before the LUC, that the project falls within the Light Industrial designation of the KMCP, as that provision is implemented by the corresponding M-1 zoning designation, and that goal k of the Land-Use section on page 18 of the KMCP is substantially met by the proposed project. In the event that the LUC does not agree with the Applicant’s position in deciding the Motion to Amend, then, as an alternative, Applicant will seek any necessary amendment to the KMCP.

Although the County of Maui has determined that the proposed Project complies with the KMCP, the Applicant recognizes that certain parties have asserted that an amendment to the KMCP is necessary for development of the Project to proceed. This issue may be resolved by the LUC during its consideration of the Applicant’s Motion to Amend.

Thank you for participating in the environmental review process. Please feel free to call me or Mr. Brett Davis at (808) 242-1955 or email at bdavis@chpmaui.com should you have any questions.

Sincerely,

Jordan E. Hart, President
Enclosures (2)
   1. Figure 20, "USGS MAP 1923"
   2. Figure 21, "USGS MAP 1983"

CC: Mr. Charlie Jencks, Ownership Representative
    Mr. Daniel E. Orodner, Executive Officer, LUC
    Project File 13-029