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Ref. No. P-15662

July 14, 2017

To: Daniel Orodener, Executive Officer
State Land Use Commission

From: Leo R. Asuncion, Director 

Subject: Docket No.: A94-706 Kaonoulu Ranch
Petitioner: Piilani Promenade
Location: Kaonoulu, Makawao-Wailuku, Maui
Acreage: 88 Acres
Agricultural to Urban
TMK: (2) 3-9-001:016, 170-174

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LAND USE COMMISSION
STATE OF HAWAII

The Office Planning (OP) has reviewed the Draft Final Environmental Impact Statement (FEIS) for the above referenced project. The Piilani Promenade North LLC and Piilani Promenade South LLC (Piilani Promenade) project area encompasses approximately 74.871 acres, which was reclassified from the State Agricultural District into the Urban District for a 123-lot industrial subdivision under the Findings of Fact, Conclusions of Law and Decision and Order dated February 10, 1995 (D&O) for Docket No. A94-706. The new proposed project will include retail, office, business and commercial, light industrial, multi-family rental units, parks, substation, and appurtenant uses. The proposal also includes bicycle and pedestrian pathways, road widening lots for Piilani Highway, and the Kaonoulu Street Extension (portion). The county zoning is M-1 Light Industrial. Petitioner has filed a Motion for Order Amending the D&O to allow for a revision in the proposed use of the Petition area from the originally approved 123-lot industrial subdivision to the current mixed use proposal.

OP provided comments on the Draft Environmental Impact Statement (DEIS) in a letter dated October 7, 2014 to which the consultant replied and addressed in the Draft FEIS. The substantive responses to OP's comments and the manner in which they were addressed in the Draft FEIS are discussed as follows.

1. DEIS Pages 85-115. Under Hawaii Revised Statutes (HRS) Chapter 226, the Hawaii State Plan provides goals, objectives, policies, and priority guidelines for growth, development, and the allocation of state resources. The Piilani Promenade DEIS provides an analysis of the proposed project as it conforms to the Hawaii State Plan's objectives, policies and priority guidelines on pages 85-115.
 - a. A discussion of the project's consistency with HRS Section 226-108 (Priority Guidelines on Sustainability) was absent from the table on pages 104-115 of the DEIS. The Final Environmental Impact Statement (FEIS) should include a discussion and analysis of the project's consistency with HRS Section 226-108.

OP comment: The Draft FEIS includes an additional section discussing HRS Section 226-108 on pages 211-212 to satisfy this comment.

- b. A resource reference on the Sustainability Priority Guidelines is available from the Office of Planning's website at http://files.hawaii.gov/dbedt/op/docs/OP_TAM-2013-12.03.pdf
- c. The analysis section of the table on page 88 of the DEIS incorrectly stated that "The Piilani Promenade does not lie within the Hawaii Coastal Zone Management Area ...". HRS Section 205A-1 (Definition of Coastal Zone Management Area) states:
"Coastal zone management area" means all lands of the State and the area extending seaward from the shoreline to the limit of the State's police power and management authority, including the United States territorial sea."
Since the coastal zone management area includes all lands of the State, the Piilani Promenade project lies within the Hawaii Coastal Zone Management Area. The FEIS should reflect this correction throughout the document.

OP comment: The Draft FEIS clarified that the project site is not within the County of Maui's Special Management Area, and deleted all statements that the project site is not within the Hawaii Coastal Zone Management Area.

2. Development Phasing, DEIS Page 14: The DEIS indicated that Piilani Promenade will be constructed in two phases. For Phase one, the Piilani Promenade North will include 100,000 square feet of business commercial uses, 226 rental apartments, and 57,558 square feet of light industrial uses. The Piilani Highway road widening, extension of Kaonoulu Road, 1.0 MG water tank, well, and related utilities will also be constructed. Phase two will include the development of Piilani Promenade South with 430,000 square feet of business commercial uses. Construction will occur between 2016 and 2018. The DEIS should clarify whether the construction of both phases is expected to be completed by 2018. The EIS project description should also indicate whether any big box retail stores are planned in either phase of the proposed developments, as such uses have greater impacts especially with respect to traffic.

OP comment: The Draft FEIS includes an additional section on Development Phasing as noted in Section II. F. Development Phasing, pages 39-40.

3. Traffic Mitigation Measures, DEIS Pages 61-67: Table 11 and sections on traffic mitigation measures discussed the proposed mitigation measures for the proposal and the multi-family units. Table 11 also proposed mitigation measures, such as installing traffic signals at Piilani Highway and Kaonoulu Street, and noted that this mitigation measure will be installed by

others. The Table should include the party that will be responsible for installing these measures. OP suggested consultation with the State Department of Transportation on the analysis and the proposed mitigation measures for the entire development. OP also noted that the DEIS recommended that a Transportation Coordinator should be appointed by the developer to coordinate the strategies identified in the DEIS. The FEIS should indicate whether the Petitioner intends to implement this recommendation and the proposed mitigation measures.

OP Comment: Petitioner obtained a new consultant to update the Traffic Impact Analysis Report (TIAR) for the Draft FEIS. The original consultant was not able to complete the analysis due to poor health. A summary of the TIAR and mitigation measures are included in the Draft FEIS, on pages 118-159. OP intends to allow the State Department of Transportation (DOT) the opportunity to provide further comments on the TIAR as the Petitioner's Motion to Amend is heard by the Land Use Commission. At this time, the DOT indicated to OP that they have been working with the consultant to review and comment on the updated TIAR.

4. Section III. D. 5. Electrical and State Functional Plan: Energy, DEIS Page 74. The section on the State Functional Plan for Energy referred to Section III. D. 5 Electrical, as including more description on sustainability and resource use. However, this section does not have such information. OP recommended that the Final EIS include a section dedicated to energy efficiency and sustainability measures with a more detailed and informative description of proposed measures for the Petition area.

OP comment: The Draft FEIS clearly includes this information as Section III. D.5. Electrical, pages 169-170.

5. DEIS Page 39. Housing. Potential Impacts and Mitigation Measures. The DEIS stated that the proposed project includes the "construction of 226 rental housing units, of which a required percentage will be rented at an affordable rate determined by the Maui County Department of Housing and Human Concerns." OP previously understood that some units were to be built to satisfy the Maui County affordable housing requirement for a different project. The FEIS should be clear as to whether and how many affordable units will be built for the purpose of satisfying a Maui County affordable housing requirement for a different project, how many units will be market-priced, and how those market-priced units within the Petition Area will satisfy Maui County's affordable housing requirements.

OP comment: The Draft FEIS satisfactorily responds to this comment in Section II. B. 2. Housing, pages 102-104.

6. Other OP comments – D&O Parcels. A concern has been raised that the proposed projects for the entire 88 acres under the D&O should have been reviewed or included in this environmental review. In addition to the 74.871-acre Piilani Promenade project area, the

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D&O included a 13.129-acre parcel that is now owned by Honuaua Partners, LLC (Honuaua), identified as Tax Map Key No. (2) 3-9-001: 169, for a total of 88 acres. The Draft FEIS provides a summary in Section C. Project Background, pages 31-33, explaining the change and division in ownership of the D&O parcels. As indicated in the Draft FEIS, while not the primary subject of the Draft FEIS, the impacts of the proposed Honuaua parcel project were considered in several of the reports, including the TIAR, the Cultural Impact Assessment, the Archaeological Inventory Survey, the Air Quality Study, and the Acoustical Study.

Honuaua is seeking to separate its parcel from the Piilani Promenade parcel under the LUC docket, and provide individual environmental review for its proposed project. On July 5, 2017, Honuaua submitted a Motion for Order Amending the D&O to the Land Use Commission. On July 10, 2017, Honuaua submitted Petitioner's Motion to Designate the Land Use Commission as the Approving Agency for Environmental Impact Statement Under HRS Chapter 343, and to authorize the preparation of an Environmental Impact Statement Preparation Notice.

Based on this Draft FEIS's analysis of the proposed Piilani Promenade project, which considered impacts from the proposed Honuaua parcel project, as well as Honuaua's intentions of separate environmental review of its own proposed project, there is sufficient environmental review for the 88 acres of the D&O. It is therefore unnecessary that this Draft FEIS cover the proposed projects for the entire 88 acres of the D&O.

Based on our review of the Draft FEIS, which includes the DEIS comment letters and the Petitioner's additional comments and clarification provided in response to OP's comments (Chris Hart & Partners Inc. letter dated April 17, 2017), we find that the Petitioner has responded satisfactorily to our concerns, and that the Draft FEIS adequately addresses the anticipated project impacts. Accordingly, we recommend that the Land Use Commission accept the Petitioner's Final Environmental Impact Statement.

We appreciate the opportunity to provide our comments and recommendation on the Draft FEIS. If you have any questions, please contact Lorene Maki of our Land Use Division at (808) 587-2888.

cc: McCoriston Miller Mukai Mackinnon LLP
Chris Hart & Partners, Inc.
County of Maui, Planning Department
Matsubara, Kotake & Tabata, Attorneys At Law