

SMOLENSKI & WOODDELL

ROBERT J. SMOLENSKI 1059-0
1717 Davies Pacific Center
841 Bishop Street
Honolulu, Hawaii 96813
Telephone No. (808) 524-5750

Attorneys for Petitioner

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of

McCLEAN HONOKOHAU PROPERTIES, a
Hawaii Limited Partnership,

To Amend the Land Use District Boundary to
Reclassify Approximately 89.527 acres of land
in the Conservation and the Agricultural
Districts to the Urban District at Honokohau,
North Kona, Hawaii, Tax Map Key Nos.: 7-4-
08: 26 and 49

DOCKET NO. A89-643

ANNUAL REPORT PURSUANT TO
CONDITION NO. 15 OF THE FINDINGS
OF FACT, CONCLUSIONS OF LAW, AND
DECISION AND ORDER DATED APRIL
16, 1991; EXHIBIT "A"; CERTIFICATE OF
SERVICE

ANNUAL REPORT PURSUANT TO CONDITION NO. 15
OF THE FINDINGS OF FACT, CONCLUSIONS OF LAW, AND
DECISION AND ORDER DATED APRIL 16, 1991

A. GENERAL PROGRESS OF THE PROJECT.

The development of Petitioner's project has moved ahead during the past year as follows.
The primary work to be done for "substantial completion" of Petitioner's development continues
to be construction of "Road G" on Petitioner's property across the La'i'opua Project of the
Housing and Community Development Corporation of Hawaii ("HCDCH") to the Kealakehe
Parkway.

LAND USE COMMISSION
STATE OF HAWAII
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With respect to construction of Road G, Keauhou-Kona Construction Co. is currently constructing the roadway, sewer lines, water pipeline and electric lines. Petitioner estimates the construction will be completed by May 31, 2000.

B. EFFORTS MADE/PLANNED TOWARD COMPLIANCE WITH THE FOLLOWING CONDITIONS.

1. Petitioner shall ensure that a buffer area along the boundary of the property be constructed to maintain the visual integrity from the Queen Kaahumanu Highway. Petitioner shall further ensure that the proposed light industrial uses be screened from passing motorists, the Kaloko-Honokohau National Historic Park, and the adjacent Kealakehe lands, by landscaping improvements along the petition area's western, northern and southern boundaries. Petitioner shall prepare a plan for a buffer along the southern boundary with the Kealakehe lands, which shall be submitted to and approved by the Housing Finance Development Corporation. Petitioner shall properly maintain the approved landscaping improvements.

EFFORTS MADE/PLANNED:

As soon as the construction of Road G is completed, Petitioner will complete the landscape plan already approved by the County of Hawaii and HCDCH. None of Petitioner's neighbors to the South, North and East have any development planned for the foreseeable future.

2. Petitioner shall participate in the funding and construction of local and regional transportation improvements on a pro rata basis as determined by the State Department of Transportation.

EFFORTS MADE/PLANNED:

Petitioner, with the assistance of consultant William L. Moore Planning, has arrived at an agreement with the Department of Transportation with respect to fulfillment of this condition by Petitioner accomplishing the following:

- a. Construction of Road G between the Petitioner's project area and Kealakehe Parkway and dedication of the completed road to the County;
 - b. Extending the Mid-Level Road to Petitioner's north property line as part of any development of the surrounding lands; and
 - c. Extending Main Street from Kealakehe Parkway to Petitioner's north property line as part of any development of the surrounding area.
3. Petitioner shall prepare a drainage and erosion control plan and shall fund and construct the necessary drainage improvements to control drainage within the property and to maintain ocean water quality to the satisfaction of the State Department of Health.

EFFORTS MADE/PLANNED:

Petitioner's plans for the access road improvement and Road G include dry wells, drainage control ditch and drainage control structure all as designed by Petitioner's engineers and approved by the Department of Transportation and the County of Hawaii.

4. Petitioner shall contribute its pro rata share of the cost to develop and distribute water to Petitioner's proposed project, together with other public and private property owners in the area.

EFFORTS MADE/PLANNED:

Petitioner is installing a 12" water line in the present access road improvement from Queen Kaahumanu Highway and in Road G out to the Kealakehe Parkway to serve HCDCH's future development.

5. Petitioner shall fund and construct the necessary waste-water disposal improvements on the subject property for eventual hook-up to a municipal sewer system as determined by the State Department of Health.

EFFORTS MADE/PLANNED:

Petitioner is installing an 8" dry sewer line in Road G to serve the Petitioner's project and the adjacent Villages of La'i'opua, when a sewer connection is available.

6. Petitioner shall coordinate with the County of Hawaii and the State Department of Health to establish appropriate systems to contain spills and prevent material associated with light industrial uses, such as petroleum products, chemicals, solvents or other pollutants, from leaking into the storm drainage systems and adversely affecting the groundwater and coastal waters.

EFFORTS MADE/PLANNED:

On April 26, 1999, Petitioner retained Clayton Environmental Consultants ("Clayton") to conduct a Phase I environmental survey on Petitioner's property. As a result of the survey, four areas of oil spill were determined to be of environmental concern. Petitioner then retained Clayton to supervise excavation and disposal of the oil-contaminated soil. A copy of the executive summary report on this excavation and disposal of the contaminated soil is attached hereto as Exhibit "A".

One of the four contaminated sites required additional attention. The contamination had resulted from an over-fill of a diesel fuel tank by one of Petitioner's tenants. Petitioner retained Clayton to carry out exploratory drilling to determine the extent of contamination by drilling four exploratory bore holes to depths of up to 55 feet to assess the vertical and lateral extent of diesel contamination. The result of the investigation was to remove a substantial amount of rock which

was disposed under Clayton's supervision. Clayton then advised that no further efforts are required, as indicated in Exhibit "A."

Clayton's Detailed Reports were submitted to the Department of Health, and the Department of Health confirmed and approved the Phase I Report and Phase II soil excavation and disposal carried out by Clayton.

7. Petitioner shall fund its pro rata share for electrical facilities as determined by the Hawaii Electric Light Company (HELCO).

EFFORTS MADE/PLANNED:

Petitioner funded the electrical system in Road "A" with HELCO and the system is now complete. Petitioner's construction includes electric and telephone systems for Petitioner's project and for HCDCH's future development.

8. Petitioner shall immediately stop work on the impacted area and contact the State Historic Preservation Office should any archaeological resources such as artifacts, shell, bone, or charcoal deposits, human burial, rock or coral alignments, paving or walls be encountered during the project's development.

EFFORTS MADE/PLANNED:

Petitioner funded a full archaeological inventory and data collection by Paul H. Rosendahl, Ph.D., Inc. No further archaeological resources have been found.

9. Petitioner shall provide its pro rata share for police, fire, park, and solid waste disposal as may be required by and to the satisfaction of the County of Hawaii.

EFFORTS MADE/PLANNED:

No request from the County of Hawaii for payment of Impact Fees. Hawaii County has not yet adopted an Impact Fee Ordinance.

10. The Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.

EFFORTS MADE/PLANNED:

Petitioner is currently conducting a Traffic Study of the surrounding area at the request of the Department of Health, to establish the present air quality and to estimate the impact of increased traffic and property development in the whole area on air quality in the future.

Petitioner believes that this study will satisfy this condition 10.

11. The Petitioner shall implement effective soil erosion and dust control measures during all Increments of the development.

EFFORTS MADE/PLANNED:

Petitioner drilled a water well to provide an adequate supply of water for dust control, and the system is now in operation.

12. Petitioner shall develop and maintain on-site facilities to insure that the nearshore, offshore and deep ocean waters remain in pristine condition. Petitioner shall also participate in a water quality monitoring system as may be required by the State Department of Health.

EFFORTS MADE/PLANNED:

Petitioner has not developed any activity that will impact nearshore, offshore or deep ocean waters. Petitioner's operations on the property are substantially unchanged.

13. Petitioner shall develop the property in substantial compliance with representations made to the Commission in obtaining the reclassification of the property. Failure to so develop may result in reclassification of the property to its former land use classification.

EFFORTS MADE/PLANNED:

Petitioner has developed and will continue to develop the subject project in full compliance with the representations made to the Commission.

14. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the subject property covered by the approved petition, prior to development of the Property.

EFFORTS MADE/PLANNED:

No intent to sell, lease, assign, place in trust or otherwise alter ownership of the subject property.

15. Petitioner shall provide annual reports to the Commission, the Office of State Planning and the County of Hawaii Planning Department in connection with the status of the subject project and the Petitioner's progress in complying with the conditions imposed.

EFFORTS MADE/PLANNED:

This report is to comply with condition no. 15.

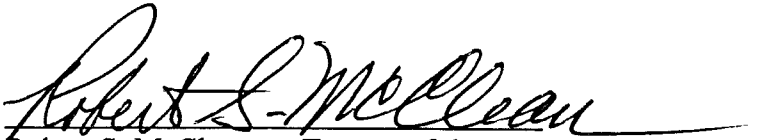
16. The Land Use Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

EFFORTS MADE/PLANNED:

No request at this time for full or partial release of conditions.

DATED: Honolulu, Hawaii, April 14, 2000.

McCLEAN HONOKOHAU PROPERTIES

By 
Robert S. McClean, as Trustee of the
Robert S. McClean Trust
General Partner

Executive Summary

Honokohau Properties, L.P. retained Clayton Environmental Consultants, a division of Clayton Group Services, Inc. (Clayton) to provide environmental services at Honokohau Industrial Park (HIP) located east of Queen Kaahumanu Highway in Honokohau, North Kona, Hawaii. The services provided in this project involved the excavation, sampling and disposal of petroleum-stained areas as identified in the Phase I Environmental Site Assessment conducted by Clayton in March of 1999.

The westernmost portion of the subject property (approximately 35 acres in area) is currently used as a rock quarry and industrial park, which includes sixteen business tenants. The recognized environmental condition identified in the Phase I environmental site assessment was that numerous gross fuel and oil stains were observed on the ground surface where fuels and oils are stored and used.

The largest and heaviest oil stains were observed in the following five areas: (1) southwest area by the Pacific Transportation Services, Inc. storage shed; (2) Big Island Disposal, Inc. (BID) next to the diesel aboveground storage tank (AST) and the mechanic's shop; (3) Kiewit Pacific, Inc. baseyard next to the petroleum storage area and an electrical generator; (4) West Hawaii Concrete (WHC) Batch Plant, at the fueling station; and (5) the Lower Boat Park, in the southeast corner next to the diesel generator and diesel tank.

The purpose of this project was to: (1) excavate petroleum-contaminated soil from the identified areas of concern, (2) collect and analyze soil samples from the excavated soil piles and resulting excavation pits, (3) dispose of the petroleum-contaminated soil in accordance with appropriate regulatory requirements, (4) assess whether contaminant levels in the remaining soil are below State of Hawaii Department of Health (DOH) Tier 1 soil action levels, (5) backfill and compact the resulting excavation pits to grade with clean fill material, and (6) prepare a written report documenting the field activities.

Between June 8 and June 23, 1999, Clayton supervised the excavation of three petroleum-stained areas in the yard of Big Island Disposal, Inc., two petroleum-stained areas in the yard of Kiewit Pacific Inc., one petroleum-stained area in the yard of Pacific Transportation Services, Inc., and, one petroleum-saturated area around the former diesel generator site of DEM Construction in the Lower Boat Yard.

The petroleum-stain identified at the WHC Batch Plant was subsequently determined to be located on underlying concrete pavement, not unpaved soil as previously suspected. Therefore, this site was eliminated from further investigation.

Following excavation of the grossly stained areas, Clayton collected a total of thirteen soil samples, including five composite samples and eight confirmatory samples. The soil samples were analyzed for selected constituents to comply with disposal criteria for acceptance of the material at the West Hawaii Sanitary (WHS) Landfill.

Clayton
ENVIRONMENTAL
CONSULTANTS

Samples from each site were analyzed for the following constituents:

- (1) petroleum-hydrocarbon scan using EPA Method 8015M;
- (2) benzene, toluene, ethylbenzene and xylene (BTEX) using EPA Method 8021B;
- (3) polynuclear aromatic compounds (PAHs) using EPA Method 8270;
- (4) polychlorinated biphenyls (PCBs) using EPA Method 8080;
- (5) total lead and cadmium using EPA Method 6010B;
- (6) resource conservation and recovery act (RCRA) toxicity characteristic leaching procedure (TCLP) metals using EPA SW-846 Method 1311;
- (7) TCLP Semi-Volatile Organic Compounds (SVOCs) using EPA SW-846 Method 8270; and,
- (8) TCLP volatile organic compounds (VOCs) using EPA SW-846 Method 8240.

The results of the laboratory analyses were compared to the State of Hawaii, Department of Health (DOH) Tier 1 soil action levels and the Federal Environmental Protection Agency (EPA) Preliminary Remediation Goals (PRGs) for industrial soil.

According to the laboratory analytical results for the confirmation samples, the constituents analyzed were reported at concentrations below the DOH Tier 1 soil action levels or below the laboratory detection limits, with the exception of the samples from DEM Construction.

The laboratory analytical results for the DEM Construction excavation site reported diesel fuel and motor oil at concentration levels above the DOH Tier 1 soil action levels.

Diesel-range petroleum hydrocarbons were reported at a concentration of: 13,000 mg/kg in soil sample LBP-SS1, 8,200 mg/kg in soil sample LBP-CS1, and 12,000 mg/kg in soil sample LBP-CS2, all of which exceeded the DOH Tier 1 soil action level of 5,000 mg/kg for diesel.

Heavy oil range petroleum-hydrocarbons were reported at a concentration of: 5,800 mg/kg in soil sample LBP-CS1 and 8,800 mg/kg in soil sample LBP-CS2, both of which exceeded the DOH Tier 1 soil action level of 5,000 mg/kg for oil.

According to the laboratory analytical results, none of the excavated soil was considered hazardous and was therefore acceptable for disposal at the WHS landfill. A total of approximately 98.2 tons of petroleum-contaminated soil from the four HIP tenant areas was subsequently disposed of at the WHS Landfill on July 15, 1999.

Based on the results of this investigation, Clayton recommends no further action at four of the identified areas of concern: (1) Big Island Disposal, Inc., (2) Pacific Transportation Services, Inc., (3) Kiewit Pacific, Inc., and (4) the West Hawaii Concrete Batch Plant.

However, Clayton recommends that four borcholes be drilled in the vicinity of the excavation by the former diesel generator in the Lower Boat Yard to characterize the vertical and lateral extent of petroleum contamination remaining at the site.

Executive Summary

Mr. Robert S. McClean of Honokohau Properties L.P. retained Clayton Environmental Consultants, Inc. (Clayton) to perform a subsurface investigation at the former generator area in the Lower Boat Park, Honokohau Industrial Park, North Kona, Hawaii (subject property).

Between June 8, 1999 and June 23, 1999 Clayton supervised the excavation of petroleum-contaminated soils from several areas at Honokohau Industrial Park. Excavation activities are described in Clayton's report entitled "*Excavation and Disposal of Petroleum Contaminated Soil at Honokohau Industrial Park.*"

Between June 16 and June 23, 1999, a 300-gallon diesel fuel aboveground storage tank, a diesel generator, and a diesel saturated concrete pad were removed from the southeast corner of the Lower Boat Park area. An area of petroleum-stained soil measuring approximately 23 feet long by 6 feet wide was excavated using a backhoe with a rock hammer unit. The soil and rock was excavated to a depth of approximately 6 to 7 feet below ground surface (bgs) where the diesel contamination appeared unabated.

Soil samples collected from the bottom of the excavation indicated concentrations of total petroleum hydrocarbons as diesel (TPH-D) and TPH-heavy oil above the corresponding State of Hawaii Department of Health (DOH) Tier 1 Action Levels.

The purpose of this project was to: (1) conduct a subsurface investigation including sampling and analyses in the vicinity of the former generator area, (2) compare laboratory results with DOH Tier 1 Action Levels, and (3) provide recommendations for further work or "no further action" as appropriate.

Between July 19 and July 22, 1999, Clayton drilled four exploratory boreholes to depths up to 55 feet bgs to assess the lateral and vertical extents of diesel-contaminated soil at the Lower Boat Park area. A conventional drill rig with air-rotary coring equipment was used to drill through the rock. A total of nine soil samples were collected.

The soil samples were analyzed for TPH-D, TPH-gasoline (TPH-G) and TPH-heavy oil using EPA Method 8015. Soil samples with concentrations of TPH-D above the laboratory detection limits were also analyzed for: (1) benzene, toluene, ethylbenzene, and xylenes (BTEX) using EPA Method 8021B, and (2) polynuclear aromatic hydrocarbons (PAHs) using EPA Method 8270C.

TPH-D was reported above the DOH Tier 1 Action Level at a concentration of 8,800 mg/kg in sample BH1-S1 taken from approximately 9 feet bgs in the previous excavation area. Constituents of concern were not reported above the DOH Tier 1 Action Levels in the remaining samples.

The remaining soil with TPH-D above the DOH Tier 1 Action Level appears to be limited to the area within the former generator excavation at a depth of less than 30 feet bgs. Constituents of concern (BTEX and PAHs) were not reported above the Tier 1 Action Levels.

Because of the presence of lava rock and the lack of constituents of concern above the DOH Tier 1 Action Levels, Clayton recommends no further action at the Lower Boat Park area.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served upon the following by depositing the same in the U.S. Postal Service by certified mail, return receipt requested, on the date hereof:

VIRGINIA GOLDSTEIN, Director
Planning Department
Count of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

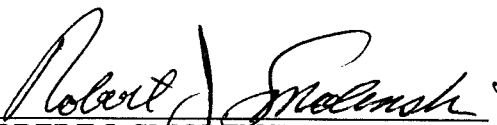
RICHARD BAKER, Chairman
Planning Commission
Count of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

DAVID BLANE, Director
Office of Planning
Department of Business,
Economic Develop & Tourism
State Office Tower, 6th Floor
Honolulu, Hawaii 96813

SANDRA PECHTER SCHUTTE, ESQ.
101 Aupuni Street, Suite 1014A
Hilo, Hawaii 96720

Attorney for Intervenors
Isemoto Contracting Co., Ltd.
SJA Partnership, and March E. Taylor

DATED: Honolulu, Hawaii, April 14, 2000.


ROBERT J. SMOLENSKI
Attorney for Petitioner