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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.

Petitioner has completed construction of Kumanu Street ("Road G") from Kealakehe Parkway to the Lanihau Property Line. Petitioner’s development of Increment I is substantially complete.

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:

The landscaping plan as approved by HCDCH and the County of Hawaii along the quarry cliff is now completed.

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 has entered into an agreement with the Department of Transportation with respect to Petitioner’s fulfillment of this condition, a copy of which was submitted with last year’s Annual Report, by accomplishing the following:

a. Construction of Kamanu Street (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 construction of the access road improvement and Kamanu Street include dry wells, a 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. The plans for Kamanu Street included drainage and erosion control facilities, all of which have been installed. As each lot is further developed, drainage and erosion issues will be re-examined to make sure that such issues are adequately taken care of.

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 has installed the 12" water line in the present access road improvement and in Kamanu Street out to the Kealakehe Parkway, to serve HCDCH's future development. Petitioner has paid a $40,500 facilities charge and a $6,000 capital assessment fee to the County of Hawaii Department of Water Supply.

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 has installed an 8" dry sewer line in Honokohau Street (Road A) and Kamanu Street to serve Petitioner's project and the adjacent Villages of La'ili'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:

Petitioner has required all tenants with above-ground fuel storage tanks to construct containment structures.

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 in Honokohau Street (Road A) with HELCO and the system is now complete. Petitioner also funded the construction of additional electric and telephone systems for Petitioner's Lot 13 and on Kamanu Street 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. A copy of the
November 21, 2001 letter from the State of Historic Preservation Division is attached an Exhibit A, confirming that the historic review process has been concluded.

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 has been received from the County of Hawaii for payment of impact fees. Hawaii County has not yet adopted an impact fee ordinance. Petitioner will provide its pro rata share for police, fire, park and solid waste disposal if and when requested by the County of Hawaii.

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

**EFFORTS MADE/PLANNED:**

Petitioner had an Air Quality Study of the surrounding area prepared by B.D. Neal & Associates, 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. DOH has reviewed the Air Quality Study and has determined that Petitioner has met the requirements of this condition, as indicated in DOH’s November 29, 2000 letter to Petitioner’s consultant, William L. Moore, a copy of which was submitted with last year’s Annual Report.

11. The Petitioner shall implement effective soil erosion and dust control measures during all Increments of the development.
EFFORTS MADE/PLANNED:

Petitioner has provided and will continue to provide effective dust control and soil erosion procedures.

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. Petitioner requests that no further annual reports be required for Increment I of Petitioner's property.

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:

The development of Increment I of Petitioner's property is substantially complete, and Petitioner intends to file a motion to request the release of certain of the foregoing conditions relating to Increment I that are no longer applicable.


McCLEAN HONOKOHAU PROPERTIES

By [Signature]
Robert S. McClean, as Trustee of the Robert S. McClean Trust
General Partner
November 29, 2001

Mr. Robert S. McClean
Honokohau Properties
P.O. Box 3000
Kailua-Kona, Hawaii 96745

Dear Mr. McClean:

SUBJECT: Completion of Historic Preservation Requirements
Honokohau, North Kona, Hawaii Island
TMK: 7-4-08;26 and 49

Thank you for your letter of October 26, 2001 and our apologies for not responding earlier. You have requested written confirmation that the archaeological mitigation project undertaken by PHRI on the subject parcels was successfully completed.

The PHRI data recovery report for Parcels 26 and 49 was accepted in a letter dated August 1, 1994 (Don Hibbard to Paul Rosendahl): The only remaining site is a burial located on Parcel 26. A burial treatment plan for the burial has been approved. Our records indicate that the historic preservation review process for the two parcels has been concluded.

Aloha,

DON HIBBARD, Administrator
State Historic Preservation Division

c. Chris Yuen, Hawaii County Planning Department
    Kai Emler, Hawaii County Department of Public Works (Kona)
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:

CHRISTOPHER J. YUEN, Director
Planning Department
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

GERALDINE GIFFIN, Chairman
Planning Commission
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

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

INTERVENORS:

Isemoto Contracting Co., Ltd.
648 Piilani Street
Hilo, Hawaii 96720

SJA Partnership
P.O. Box 429
Captain Cook, Hawaii 96704

March E. Taylor
Taylor Family Limited Partnership
74-5598 Alapa Street
Kailua-Kona, Hawaii 96740

[Signature]

ROBERT J. SMOLENSKI
Attorney for Petitioner