

BEFORE THE LAND USE COMMISSION STATE OF HAWAI'I

In the Matter of the Petition of)	
)	DOCKET NO. DR08-37
ALEXANDER & BALDWIN, INC.)	
)	FINDINGS OF FACT,
For Declaratory Order to Designate)	CONCLUSIONS OF LAW,
Important Agricultural Lands)	AND DECISION AND ORDER
for approximately 3,773.1 acres at)	
Koloa and Waimea, Kauai, Hawai'i,)	
TMK: 1-9-01: 05, 1-9-02: 21, 1-9-02: 22,)	
1-9-03: 05, 2-1-01: 10, 2-1-01: portion)	
of 27, 2-1-01: 35, 2-1-01: 36, 2-1-01: 38,)	
2-2-01: portion of 01, 2-2-01: 07, 2-2-01: 12,)	
2-3-04: 07, 2-3-10: portion of 01, 2-3-10:)	
portion of 10, 2-3-10: 11, 2-3-10: 12,)	
2-4-06: 01, 2-5-04: 26, 2-5-06: 05, 2-5-10: 43)	
)	

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION AND ORDER

THIS IS TO CERTIFY THAT THIS IS A TRUE AND CORRECT COPY OF THE DOCUMENT ON FILE IN THE OFFICE OF THE STATE LAND USE COMMISSION, HONOLULU, HAWAII.

Date

Executive Officer



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FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION AND ORDER

ALEXANDER & BALDWIN, INC. ("Petitioner"), filed a Petition for Declaratory Order to Designate Important Agricultural Lands on December 19, 2008, pursuant to Hawai'i Revised Statutes ("HRS") §§ 205-44 and 45, and Hawai'i Administrative Rules ("HAR") chapter 15-15, to designate as Important Agricultural Lands ("IAL") approximately 3,773.1 acres of land, situated in Koloa and Waimea, Kauai, Hawai'i, Tax Map Key Nos. 1-9-01: 05, 1-9-02: 21, 1-9-02: 22,

1-9-03: 05, 2-1-01: 10, 2-1-01: portion of 27, 2-1-01: 35, 2-1-01: 36, 2-1-01: 38, 2-2-01: portion of 01, 2-2-01: 07, 2-2-01: 12, 2-3-04: 07, 2-3-10: portion of 01, 2-3-10: portion of 10, 2-3-10: 11, 2-3-10: 12, 2-4-06: 01, 2-5-04: 26, 2-5-06: 05, and 2-5-10: 43 ("Petition Area").

The Land Use Commission ("Commission"), having heard and examined the testimony, evidence, and argument of counsel presented during the hearings, along with the pleadings filed herein, hereby makes the following Findings of Fact, Conclusions of Law, and Decision and Order.

I. PROCEDURAL MATTERS

- 1. On December 19, 2008 the Petitioner filed its Petition for

 Declaratory Order to Designate Important Agricultural Lands ("Petition"), and

 Exhibits "A" through "E" of the Petition.
- 2. On February 2, 2009, the Office of Planning, State of Hawai`i ("OP") submitted its comments on the Petition to the Commission.
- 3. On February 3, 2009, the Department of Agriculture, State of Hawai'i ("DOA") submitted comments on the Petition to the Commission.
- 4. On February 4, 2009, the County of Kaua`i, Department of Planning ("County") submitted comments on the Petition to the Commission.
- 5. On February 13, 2009, the Petitioner submitted its response to OP's, DOA's and County's comments to the Commission.

- 6. On March 5, 2009, the Commission held an action meeting on the Petition in Honolulu, Hawai'i. Benjamin Matsubara, Esq., appeared on behalf of Petitioner. Ezra Kanoho, Dean Okimoto, on behalf of the Hawai'i Farm Bureau Federation, and Abbey Mayer of the Office of Planning provided public testimony.
- 7. The written comments of OP, DOA, and County, and Petitioner's response, were made a part of the record in this proceeding.
- 8. Petitioner is not seeking to reclassify any agricultural lands to the urban, rural or conservation land use district.
- 9. Petitioner has represented that it is not claiming and will not claim any credits described in HRS § 205-45(h).

II. FINDINGS OF FACT

- 10. The Petition Area consists of approximately 3,773.1 acres of land, situated in Koloa and Waimea, Kauai, Hawai`i, Tax Map Key Nos. 1-9-01: 05, 1-9-02: 21, 1-9-02: 22, 1-9-03: 05, 2-1-01: 10, 2-1-01: portion of 27, 2-1-01: 35, 2-1-01: 36, 2-1-01: 38, 2-2-01: portion of 01, 2-2-01: 07, 2-2-01: 12, 2-3-04: 07, 2-3-10: portion of 01, 2-3-10: 11, 2-3-10: 12, 2-4-06: 01, 2-5-04: 26, 2-5-06: 05, and 2-5-10: 43.
- 11. The description of the Petition Area acreage by Tax Map Key
 Numbers and Tax Maps depicting the Petition Area is shown in Petitioner's

Exhibit B, which is attached hereto and incorporated herein by reference as Exhibit "1".

- 12. The Petition Area is owned in fee simple by McBryde Sugar Company, Limited, a wholly owned subsidiary of Petitioner, who has provided its written authorization to Petitioner to file the Petition.
- 13. Petitioner seeks a determination from the Commission as to whether the lands identified by Petitioner in this Petition should be designated as IAL pursuant to HRS §§ 205-44 and 45.
- 14. It is Petitioner's position that the Petition Area meets the qualifications for designation as IAL under HRS § 205-44, and that the Commission should issue a declaratory order designating the Property as IAL pursuant to HRS § 205-45.
- 15. The majority of the Petition Area is being actively utilized for the cultivation and processing of coffee by Kauai Coffee Company, Inc. (KCC), a wholly owned subsidiary of the Petitioner. Also, portions of the Property located in Hanapepe Valley and within the coffee fields are used for the cultivation of seed corn.
- 16. Of the 3,773 acres proposed to be designated IAL, approximately 82% is in coffee cultivation, 5.2% is in seed corn cultivation and less than 1% is in pasture and other crops (rice, taro). The total area in agricultural cultivation is

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about 3,311 acres or 88% of the total proposed IAL area. The remainder of approximately 12% includes reservoirs, streams, gulches and agricultural-related facilities (pump stations, roads, etc.) which are also essential components of the agricultural operation.

- 17. The University of Hawaii, Land Study Bureau ("LSB") developed the Overall Productivity Rating, which classified soils according to five (5) levels, with "A" representing the class of highest productivity soils and "E" representing the lowest. These letters are followed by numbers which further classify the soil types by conveying such information as texture, drainage and stoniness. Based on this, approximately 62% of the Petition Area is rated "A" and approximately 20% of the Petition Area is rated "B". The remaining balance is rated "C", "D", "E" or is not classified, and includes contiguous gulches, streams, and reservoirs, essential elements of the active agricultural operations.
- 18. Based on the Sunshine Maps prepared in 1985 by the Department of Business, Economic Development and Tourism, formerly known as the State Department of Planning and Economic Development, Energy Division, over 95% of the Petition Area receives an annual average of 450 calories of solar energy per square centimeter per day.
- 19. In 1977, the State Department of Agriculture developed a classification system to identify Agricultural Lands of Importance to the State of

Hawaii ("ALISH"). The classification system is based primarily, though not exclusively, upon the soil characteristics of the lands. The three (3) classes of ALISH lands are: "Prime", "Unique", and "Other", with all remaining lands termed "Unclassified". When utilized with modern farming methods, "Prime" agricultural lands have a soil quality, growing season, and moisture supply necessary to produce sustained crop yields economically. "Unique" agricultural lands possess a combination of soil quality, growing season, and moisture supply to produce sustained high yields of a specific crop. "Other" agricultural lands include those that have not been rated as "Prime" or "Unique". The ALISH system classifies approximately 80% of the Petition Area as "Prime". The balance of the Petition Area includes contiguous gulches, streams and reservoirs that are classified as "Other" or "Unclassified".

- 20. The majority of the Petition Area has been in active coffee cultivation since the mid 1990's. Prior to then it had been in sugar cane cultivation by McBryde Sugar Company, Limited. Portions of the Petition Area located in Hanapepe Valley and within the coffee fields are used for the cultivation of seed corn.
- 21. Access to reliable sources of water and efficient irrigation systems is crucial to the cultivation of coffee, as well as other agricultural crops. To conserve water, most of the cultivated fields in the Petition Area are served by

drip irrigation systems. Currently, irrigation water is derived from a combination of sources, including non drinking water wells and surface water systems. The irrigation system includes ditches, pipelines and reservoirs for the transport and storage of water. The availability of adequate water is crucial to maintaining current agricultural operations as well as for potential expansion opportunities.

- 22. The Petition Area is provided water by the Pump 3 and Alexander Dam ditch systems which are owned by McBryde Sugar Company and operated/maintained by Kauai Coffee Company, both wholly owned subsidiaries of Petitioner. Prior to the cultivation of coffee, these irrigation systems served the cultivation of sugar by the McBryde Sugar Company. The delivery capacity of the Pump 3 and Alexander Ditch systems totals approximately 33 million gallons per day (Alexander Dam ditch system: 15 mgd; Pump 3 ditch system: 18 mgd). The long-term average water delivery from the two systems is approximately 27 mgd. The cultivated areas within the Petition Area have long been in agricultural cultivation and have historically relied upon these two systems to sufficiently meet their irrigation needs.
- 23. The Petition Area's agricultural classification is consistent with the County's General Plan and Community Plans. The general plan designates the

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Property for Agriculture or Open use. Additionally, the Property is situated within the State Agricultural District.

- 24. The Petition Area contributes to maintaining a critical land mass important to agricultural operating productivity.
- 25. Lands containing high to steep slopes which include gulches, valleys, ravines and drainage ways provide critical infrastructure support of the adjacent highly productive lands by providing and preserving the necessary natural drainage ways for adjacent lands which have been identified as highly productive.
- 26. Lands containing natural and/or man-made water ways and features such as streams, reservoirs, wetlands, and drainage basins provide critical infrastructure support for adjacent highly productive lands by providing and preserving the necessary water source for existing as well as potential future irrigation systems necessary to assure agriculture productivity for the Petition Area.
- 27. Additional lands proposed for inclusion, although not identified as historically highly productive, nor characteristic of , or containing elements which may provide critical infrastructure support for highly productive lands being proposed, are necessary to provide the overall critical "contiguous" land

mass necessary for the agricultural operating productivity of the overall approximately 3,773.1 acres of land being proposed by the Petitioner

28. The Petition Area has been in active agricultural use since the 1800's. Prior to the cultivation of coffee, the Petition Area was used for the cultivation of sugar cane by McBryde Sugar Company, Limited. Much of the supporting infrastructure developed for the cultivation and production of sugar has been adapted to the cultivation and production of coffee. These include water irrigation systems, hydroelectric generation systems, roadways and transport systems, warehousing and processing structures and facilities.

III. CONCLUSIONS OF LAW

- 1. The Commission has jurisdiction over the Petition pursuant to HRS §§ 91-8, 205-44 and 205-45 and HAR § 15-15-98.
- 2. The entire Petition Area is currently used for agricultural production and eighty-eight percent of the Petition Area is in active cultivation in accordance with HRS \S 205-44(c)(1).
- 3. The Petition Area has soil qualities and growing conditions that support agricultural production in accordance with HRS § 205-44(c)(2).
- 4. Eighty percent of the Petition Area is rated as Prime under ALISH in accordance with HRS § 205-44(c)(3).

- 5. Eighty-two percent of the Petition Area is currently in coffee cultivation in accordance with HRS § 205-44(c)(4).
- 6. The Petition Area has sufficient quantities of water to support viable agricultural production in accordance with HRS § 205-44(c)(5).
- 7. The Petition Area's designation as IAL is consistent with the general, development, and community plans of the County in accordance with HRS \S 205-44(c)(6).
- 8. The entire Petition Area, including those areas comprised of gulches, streams and reservoirs, that are not actively cultivated constitute a critical land mass that is important to agricultural operating productivity in accordance with HRS § 205-44(c)(7).
- 9. The Petition Area is within close proximity to or is near support infrastructure conducive to agricultural productivity, such as transportation to markets, water, or power in accordance with HRS § 205-44(c)(8).
- 10. The entire Petition Area, including those areas that are not actively cultivated comprised of gulches, streams and reservoirs, constitute a contiguous, intact, and functional land unit large enough to allow flexibility in agricultural production and management and is consistent with the policies of HRS § 205-43(1).

- 11. The Petition Area meets the requirements of HRS § 205-45(c) for designation as important agricultural land.
- 12. Any conclusion of law herein improperly designated as a finding of fact should be deemed or construed as a conclusion of law; any finding of fact herein improperly designated as a conclusion of law should be deemed or construed as a finding of fact.

IV. <u>DECISION AND ORDER</u>

IT IS HEREBY ORDERED that the Petition Area, consisting of approximately 3,773.1 acres of land, situated in Koloa and Waimea, Kauai, Hawai`i, Tax Map Key Nos. 1-9-01: 05, 1-9-02: 21, 1-9-02: 22, 1-9-03: 05, 2-1-01: 10, 2-1-01: portion of 27, 2-1-01: 35, 2-1-01: 36, 2-1-01: 38, 2-2-01: portion of 01, 2-2-01: 07, 2-2-01: 12, 2-3-04: 07, 2-3-10: portion of 01, 2-3-10: portion of 10, 2-3-10: 11, 2-3-10: 12, 2-4-06: 01, 2-5-04: 26, 2-5-06: 05, and 2-5-10: 43, and shown approximately on Exhibit "1," attached hereto and incorporated by reference herein, shall be and is hereby designated as Important Agricultural Lands as governed by HRS Chapter 205.

IT IS HEREBY FURTHER ORDERED that the designation of the Petition

Area as Important Agricultural Lands shall be subject to the following

conditions:

- 1. Petitioner shall comply with representations made to the Commission with respect to not claiming any credits described in HRS § 205-45(h) with respect to the Petition Area.
- 2. Within seven days of the issuance of the Commission's Decision and Order, Petitioner shall record it with the Bureau of Conveyances.

ADOPTION OF ORDER

The undersigned Commissioners, being familiar with the record
and proceedings, hereby adopt and approve the foregoing ORDER this
5th day of Mrch 2009. This ORDER and its ADOPTION
shall take effect upon the date this ORDER is certified and filed by this
Commission.
Done at Honolulu, Hawai'i, this day of
March 2009

APPROVED AS TO FORM

Deputy Attorney General

LAND USE COMMISSION STATE OF HAWAI'I

DUANE KANUHA

Chairperson and Commissioner

	By ABSENT
	VLADIMIR PAUL DEVENS
	Vice Chairperson and Commissioner
	By_ABSENT
	RANSOM PILTZ
	Vice Chairperson and Commissioner
	KYLE CHOCK
	Commissioner
	By Showing Controls
	THOMAS CONTRADES
	Commissioner
	By
	NORMAND LEZY
	Commissioner
	By USa Tudge
	LISA JUDGE
	Commissioner
	By leed
	NICHOLAS W. TEVES, JR.
Filed and effective on:	Commissioner
11 / 0 1 1 2 9	
Mar 1, 2001	By_ABSENT
	REUBEN S.F. WONG
Certified by:	Commissioner
Onthe Unite	
Orlando Davidson, Executive Off	icer

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EXHIBIT 1

(Consisting of 14 pages;)

Petitioner's Exhibit B to Petition

DR08-37

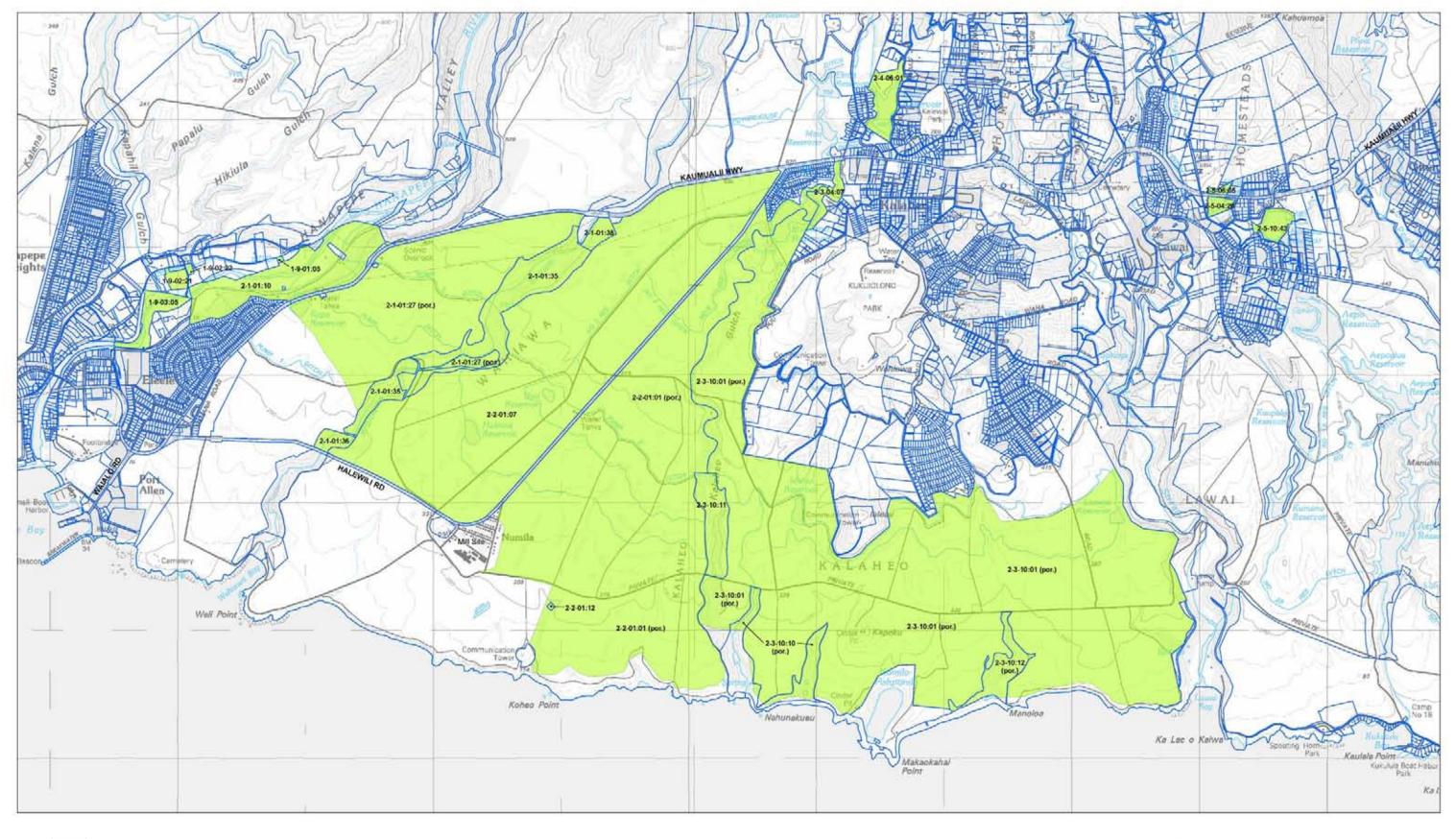
Exhibit B: Tax Map Key Description

Approximately 3,773 acres of land owned by McBryde Sugar Company, Ltd. on Kauai are proposed to be designated as IAL, specifically described as TMK numbers: 1-9-01: 05; 1-9-02: 21 and 22; 1-9-03:05; 2-1-01:10, 27 (portion), 35, 36, and 38; 2-2-1: 01 (portion), 07, and 12; 2-3-4: 07; 2-3-10: 01 (portion), 10 (portion), 11, and 12; 2-4-06:01; 2-5-04:26; 2-5-06:05; and 2-5-10:43.

The following table shows a summary of TMK numbers and approximate acreage for proposed IAL lands:

TMK NUMBER	APPROXIMATE ACREAGE
1-9-01:05	0.5
1-9-02:21	6.7
1-9-02:22	1.3
1-9-03:05	19.8
2-1-01:10	123.1
2-1-01:27 (POR.)	372.6
2-1-01:35	108.6
2-1-01:36	10.1
2-1-01:38	8.9
2-2-01:01 (POR.)	840.9
2-2-01:07	738.5
2-2-01:12	0.5
2-3-04:07	12.8
2-3-10:01 (POR.)	1,374.8
2-3-10:10 (POR.)	47.5
2-3-10:11	25.8
2-3-10:12	32.6
2-4-06:01	26.2
2-5-04:26	5.9
2-5-06:05	2.3
2-5-10:43	13.7
TOTAL:	3,773.1

Exhibit B illustrates the proposed IAL lands and the related Tax Map Key parcels. To illustrate the individual TMK parcels, Exhibits B-1 to B-11 identify the individual TMK parcels and portions thereof that are proposed to be designated IAL.



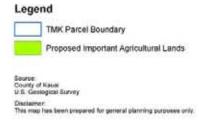


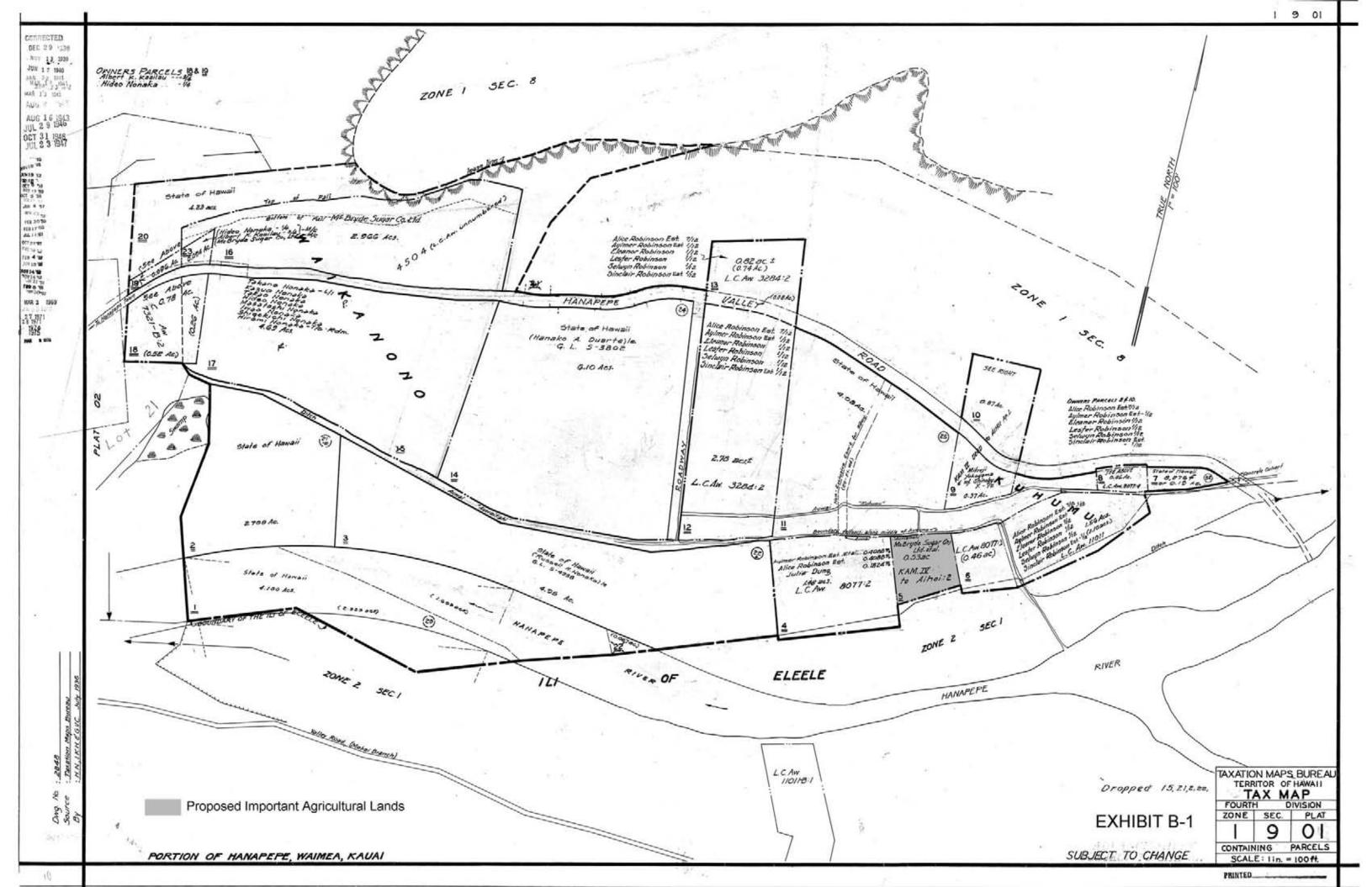
EXHIBIT B
Tax Map Key

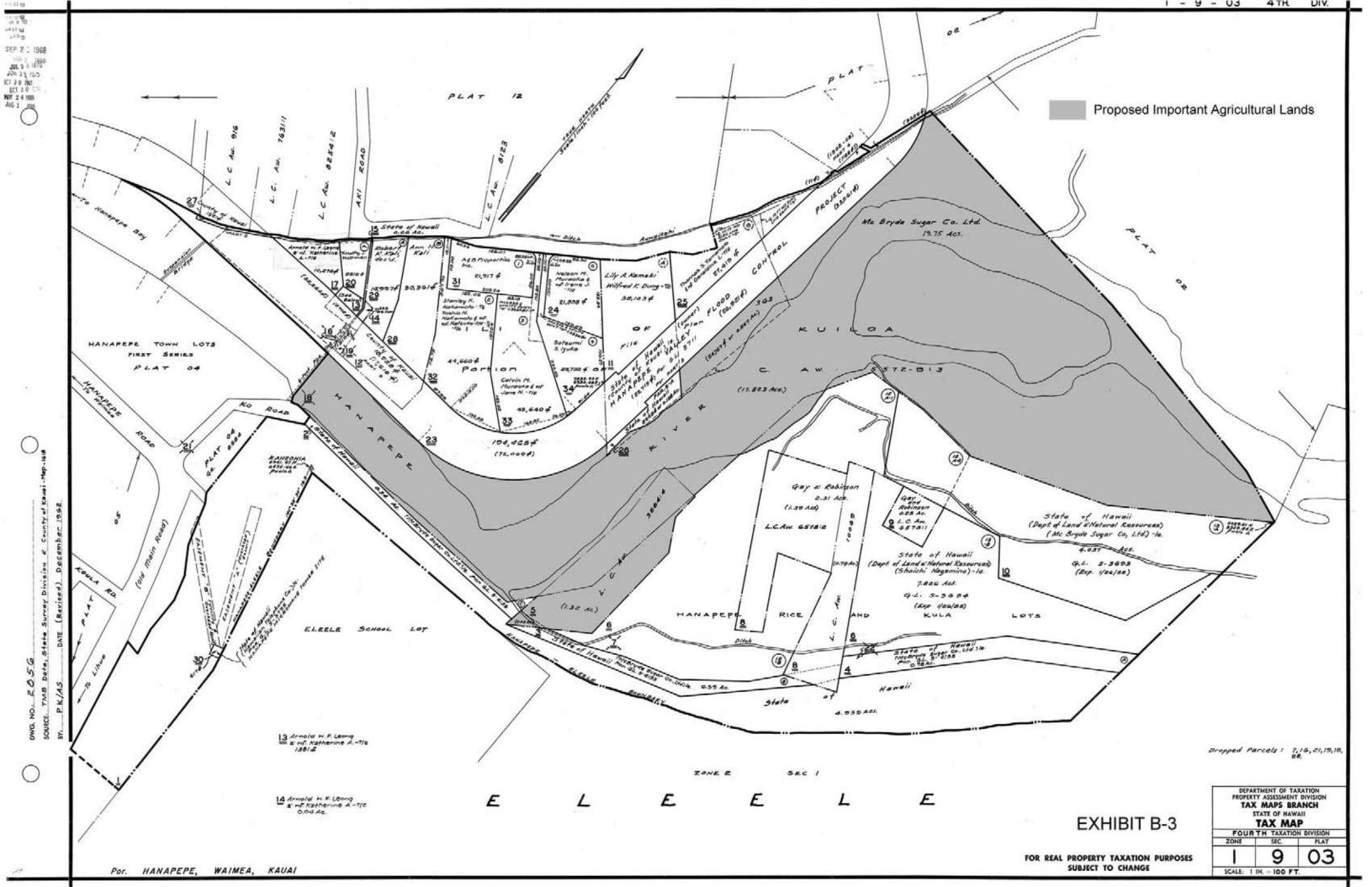
A&B IAL Kauai

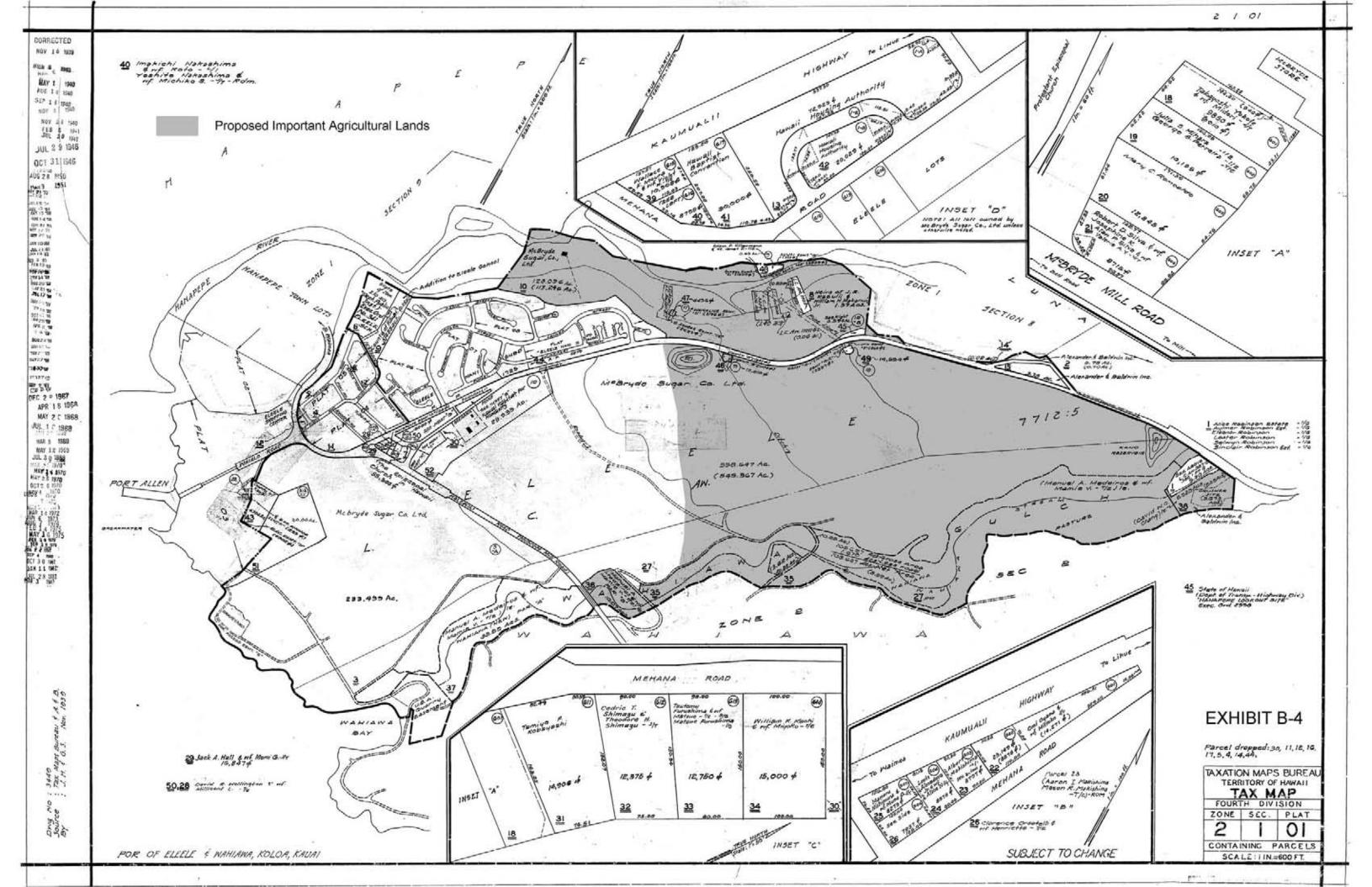
ABBINC ISLAND OF KAUAI

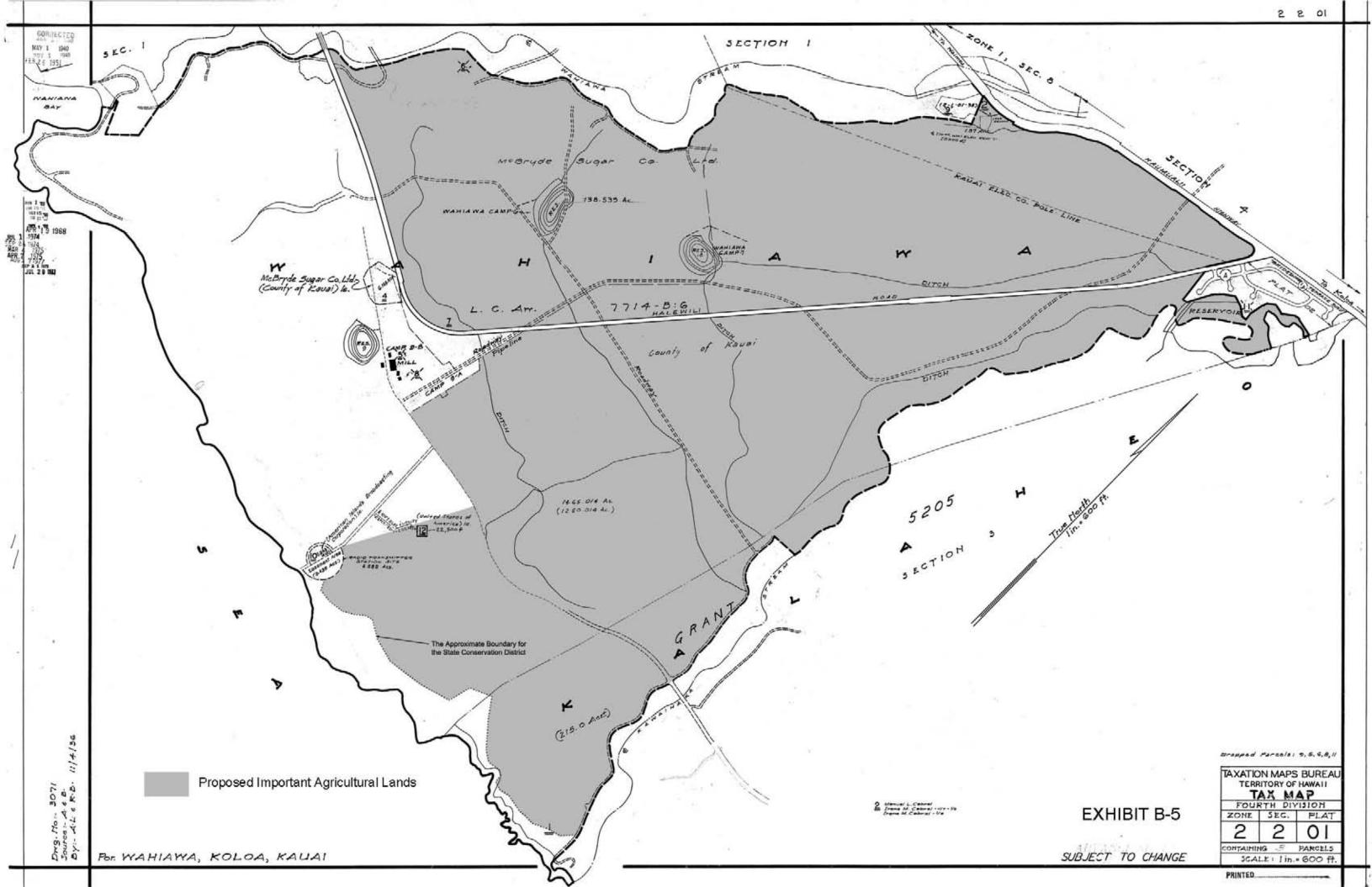
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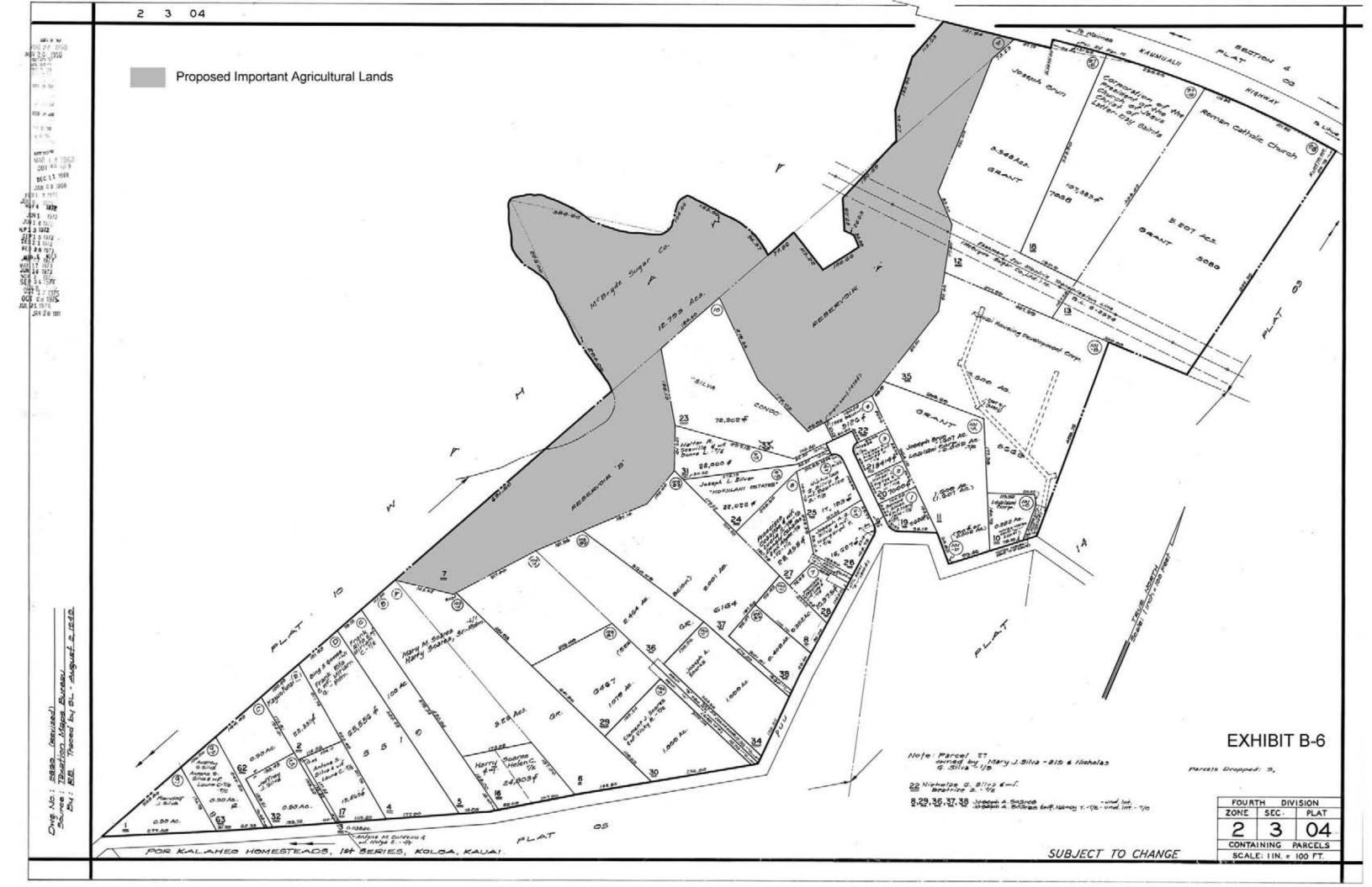
December 2008

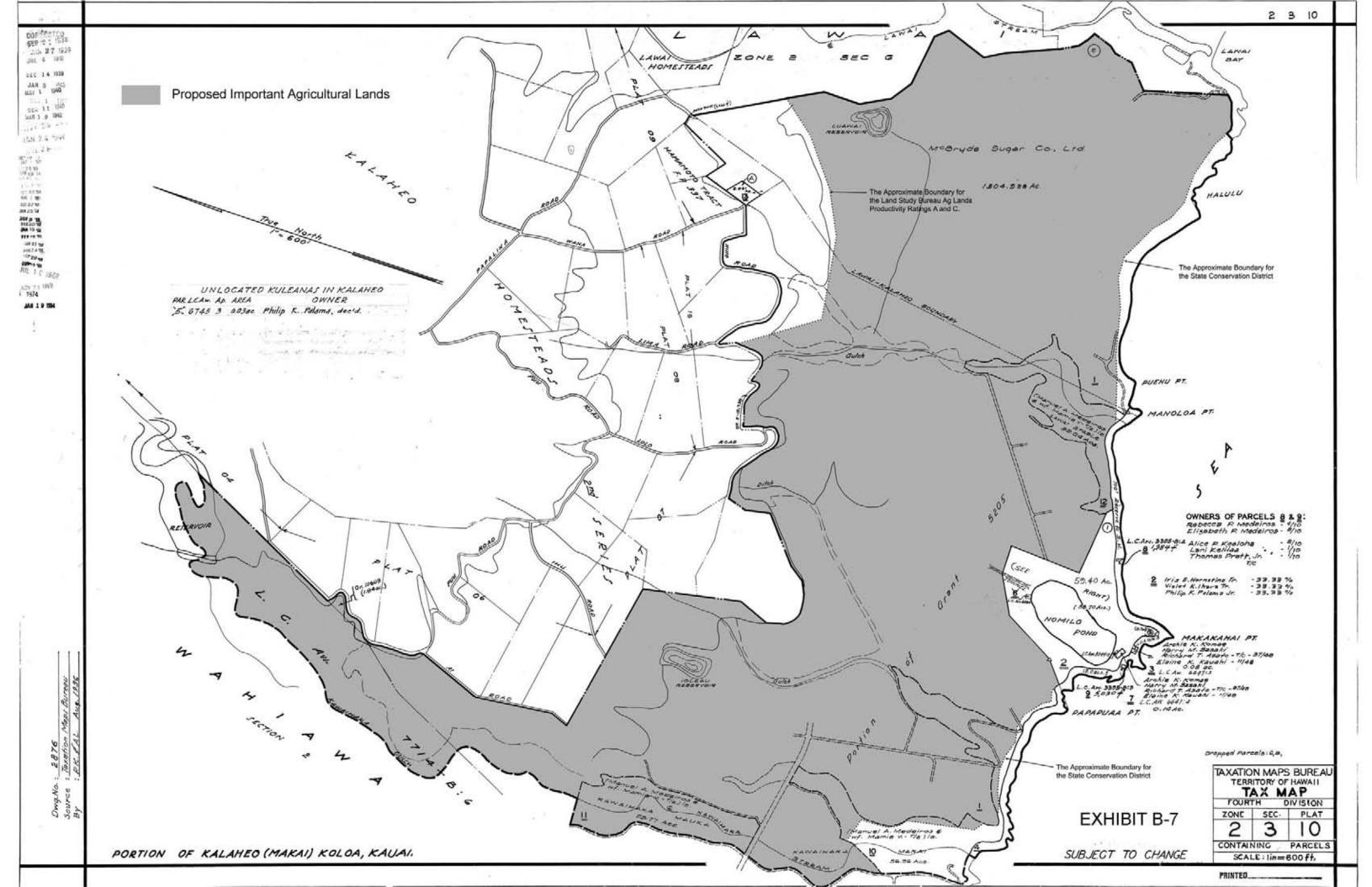


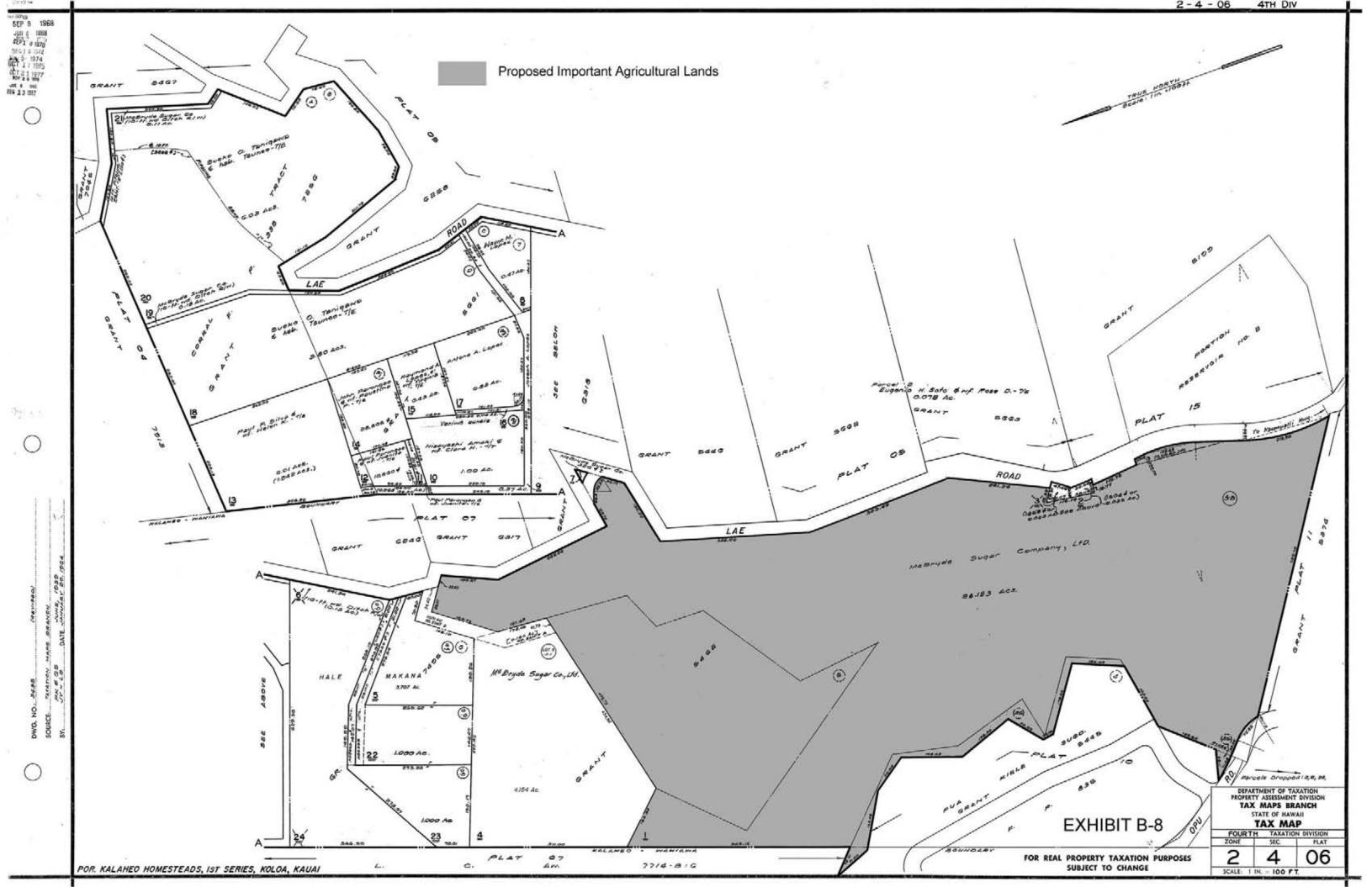


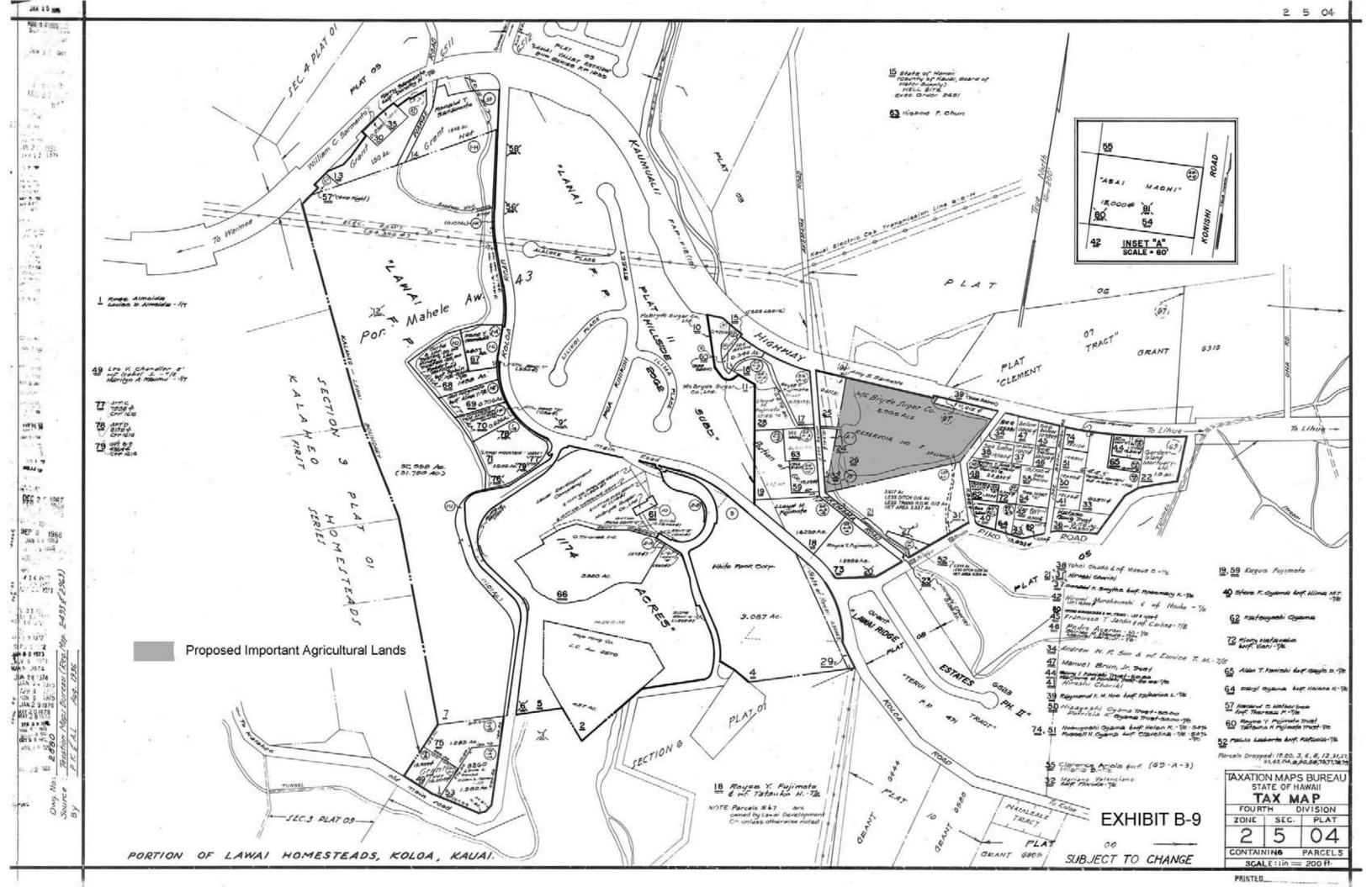


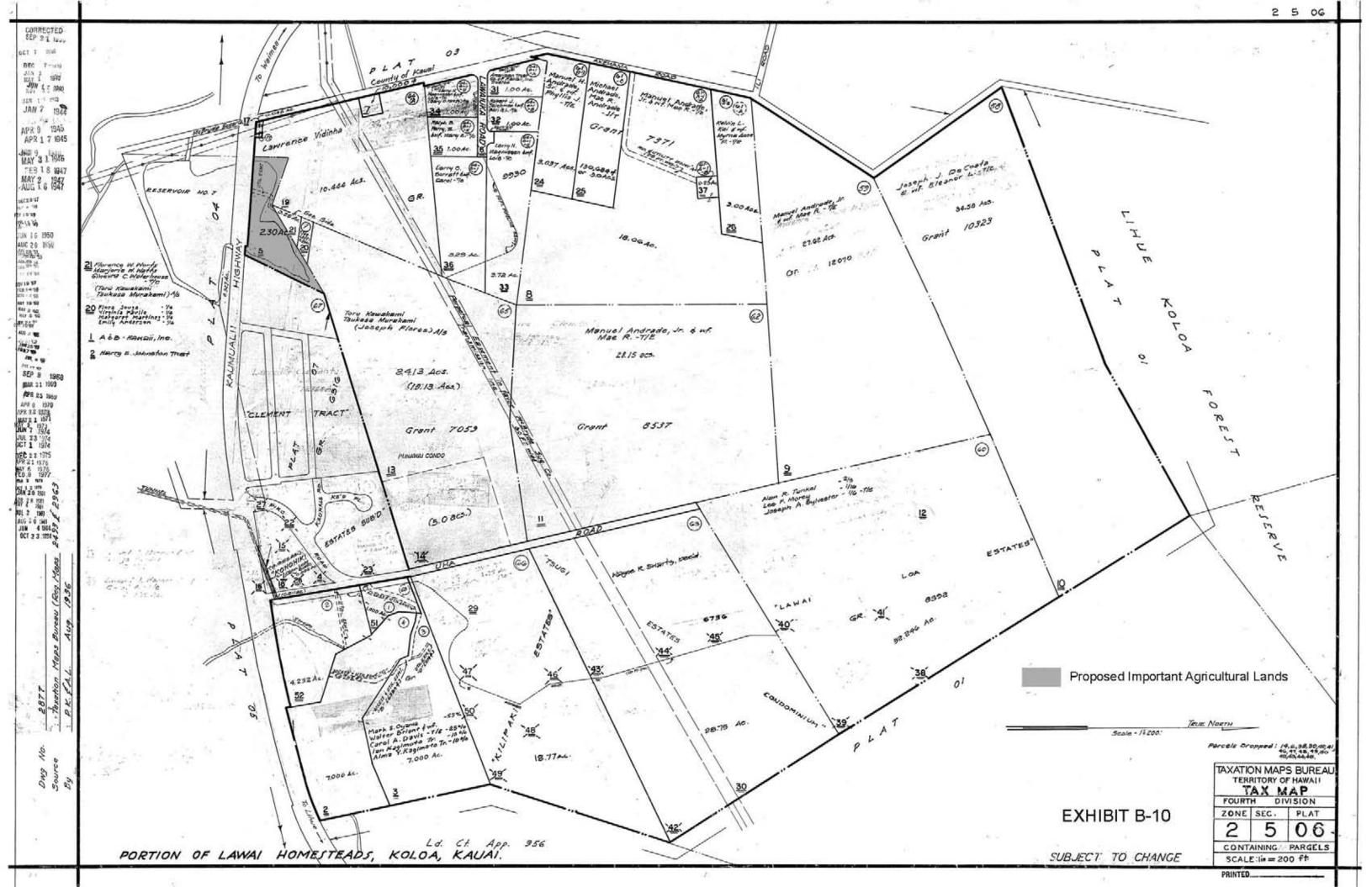












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BEFORE THE LAND USE COMMISSION STATE OF HAWAI'I

) DOCKET NO. DR08-37
) CERTIFICATE OF SERVICE)
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the FINDINGS OF FACT, FINDINGS OF FACT, CONCLUSIONS OF LAW, AND DECISION AND ORDER was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by regular or certified mail as noted:

DEL. ABBEY SETH MAYER, Director
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Honolulu, Hawaii 96804-2359

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MAIL:

CURTIS T. TABATA

Matsubara - Kotake

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Honolulu, Hawaii, Mar L 7 2

ORLANDO DAVIDSON

Executive Officer