

BENJAMIN J. CAYETANO  
GOVERNOR



ANTHONY J.H. CHING  
EXECUTIVE OFFICER

**STATE OF HAWAII**  
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
**LAND USE COMMISSION**

P.O. Box 2359  
Honolulu, HI 96804-2359  
Telephone: 808-587-3822  
Fax: 808-587-3827

January 30, 2002

Mr. Michael H. Furukawa  
Vice President  
Lihue Land Company  
P. O. Box 662069  
Lihue, Hawaii 96766-7069

Dear Mr. Furukawa:

Subject: Filing of the 2002 Annual Report for A94-703/The Lihue Plantation  
Company, Ltd. – T.M.K.: 3-6-002:001; 3-6-002:004; 3-6-002:017; 3-7-001:001;  
3-7-002:001; 3-7-002:012; 3-7-003:020

This is to acknowledge receipt of the 2002 annual report for the subject docket as transmitted by your letter dated January 11, 2002.

Upon completion of our review of the annual report we will submit our comments to you, if necessary. Please note that we have requested the County of Kauai, Planning Department to review and comment on the annual report. Any comments that they may have will be provided to you.

Thank you for your cooperation in this annual reporting requirement. Please feel free to contact Russell Kumabe of my staff at (808) 587-3822, should you require clarification or any further assistance.

Sincerely,

  
ANTHONY J.H. CHING  
Executive Officer



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January 30, 2002

Mr. Dee Crowell, Director  
Department of Planning  
County of Kauai  
4444 Rice Street, Suite 473  
Lihue, Hawaii 96766

Dear Mr. Crowell:


Subject: Filing of the 2002 Annual Report for A94-703/The Lihue Plantation  
Company, Ltd. – T.M.K.: 3-6-002:001; 3-6-002:004; 3-6-002:017; 3-7-001:001;  
3-7-002:001; 3-7-002:012; 3-7-003:020

On January 16, 2002, the Land Use Commission received the 2002 annual report from the Petitioner filed pursuant to Condition No. 21 of the Findings of Fact, Conclusions of Law, and Decision and Order issued on September 4, 1996 for the above-referenced docket. As required by said conditions, we understand that the County of Kauai, Department of Planning has been served with a copy of the annual report.

We request your assistance in reviewing the 2002 annual report and provide us with any comments you may have regarding the Petitioner's compliance with conditions.

We request that any comments that your agency may have be submitted to our office with a copy to the Petitioner by February 15, 2002. Please feel free to contact Russell Kumabe of my staff at (808) 587-3822, should you require clarification or any further assistance.

Sincerely,

  
ANTHONY J. H. CHING  
Executive Officer

COPY

# Lihue Land Company

P. O. Box 662069  
Lihue, Kauai, Hawaii 96766-7069  
Phone (808) 245-3678 Fax (808) 246-9470

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LAND USE COMMISSION  
STATE OF HAWAII

2002 ANNUAL REPORT  
LUC DOCKET NO. A94-703  
Decision and Order, January 4, 1996  
(as amended on April 12, 1996)  
Lihue-Hanamaulu Master Plan Project ("Project")

January 11, 2002

## I. PROJECT PROGRESS

Concurrent with the processing of the above-captioned Petition for Boundary Amendment for the Project by the State Land Use Commission ("Commission"), the Petitioner submitted a Petition for a Zoning Amendment (Bill No. 1775) to the County of Kauai ("County") on August 25, 1995 (hereinafter "County Zoning Amendment"). Upon review and public hearings, the County Planning Commission recommended approval and the County Council approved the request on May 8, 1996 and the Mayor of Kauai signed the County Zoning Amendment into law on May 13, 1996 (Ordinance No. PM-326-96).

Petitioner is continuing to work on satisfying the conditions of approval for both the Petition for Boundary Amendment and the County Zoning Amendment that must be resolved prior to applying for County Zoning Permits and/or receiving final approval of any subdivision.

Petitioner has also had discussions with several community groups and government agencies as to the possible inclusion or relocation of certain sites into the Project Area. As we disclosed in our previous annual reports and letters dated September 29, 1997 and October 17, 1997 the following agreements have been reached.

1. Sale of approximately 4.4 acres to the UH for a Tropical Fruit Disinfestation Facility.
2. Sale of approximately 6.5 acres to the State of Hawaii for a Judiciary Complex.
3. Sale of approximately 10.0 acres to the County of Kauai for a police station, civil defense and transportation facility.

The design of roadway improvements (the extension of Kaana St. from Kapule Highway) to serve the Judiciary Complex and County's police station site has been completed. Construction plans were put out to bid and a contract to construct has been awarded. Construction of roadway improvements should start in January, 2002.

## II. COMPLIANCE WITH COMMISSION'S CONDITIONS

Compliance with the conditions of the Commission's approval referred to and incorporated in the Decision and Order dated January 4, 1996, as amended on April 12, 1996, are summarized below.

1. Petitioner shall provide affordable housing opportunities for low, low-moderate, and gap group income residents of the State of Hawaii to the satisfaction of the County of Kauai Housing Agency. The location and distribution of the affordable housing or other provisions for affordable housing shall be under such terms as may be mutually agreeable between the Petitioner and the County of Kauai.

Agreement between the Petitioner and the County of Kauai shall be obtained prior to the Petitioner applying for county zoning permits.

**Status:**

**Petitioner is waiting for an affordable housing program to be adopted by the County of Kauai. After an Affordable Housing Program is adopted by the County, an agreement for this project will be finalized and executed prior to Petitioner applying for county zoning permits.**

2. Petitioner shall provide its fair-share contribution for school facilities necessitated by the proposed Lihue-Hanamau Project, and for the benefit of the State Department of Education ("DOE"), as follows: Petitioner shall donate in fee simple, twelve (12) acres of off-site land in the Lihue district at Puhi, Kauai in an "as is" condition for an elementary school site. Agreement between Petitioner and the DOE as to the time of the conveyance(s) of the land(s) and the specific location of the twelve (12) acre site shall be obtained prior to the Petitioner applying for county zoning permits.

**Status:**

**Petitioner has met with the Facilities Branch, State Department of Education ("DOE") and the County Planning Department ("Planning Department") to review the DOE's desired location of the twelve (12) acre elementary school site. Pursuant to the County Zoning Amendment, the Petitioner agreed to a condition of approval that provided the Planning Department and DOE a one-year time period to evaluate and resolve the desired school site. The original one-year time period expired on May 13, 1997 (one year after the date zoning was signed by Mayor). DOE has requested extensions and Petitioner agreed to extensions, extending the time period to resolve the desired school site until May 13, 2001. Unfortunately, there has been no direction from DOE since May 13. However, Petitioner will continue to work with DOE in determining the school site.**

3. Petitioner shall participate in the pro rata funding and construction of adequate civil defense measures as determined by the State of Hawaii and County of Kauai civil defense agencies.

**STATUS:**

**At such time that the detailed planning and engineering is substantially completed, Petitioner will participate in resolving its pro rata funding and construction of civil defense measures as determined by the State and County civil defense agencies.**

4. Petitioner shall participate in the funding and developing of water source, storage, and transmission facilities to serve the proposed development.

**STATUS:**

**This condition is acknowledged. Petitioner submitted the Water Master Plan to the County of Kauai, Department of Water on May 16, 2000 for its review and approval.**

5. Petitioner shall participate in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, as determined by the State Department of Health and the County of Kauai.

**STATUS:**

**Petitioner has met with and is working with the County of Kauai, Department of Public Works ("DPW"), to finalize a Wastewater System Preliminary Engineering Report for the Project. The Wastewater System Preliminary Engineering Report was submitted to the County of Kauai on 3/18/98. The County, in consultation with the State Department of Health ("DOH"), will require acceptance of this report prior to approving the subdivision of the Project.**

6. Should any human burials or any historic sites such as artifacts, charcoal deposits, or stone platforms, pavings or walls be found, the Petitioner shall stop work in the immediate vicinity and contact the State Historic Preservation Division ("Division"). The significance of these finds shall then be determine and approved by the Division. The Division must verify that the fieldwork portion of the mitigation plan has been successfully executed prior to work proceeding in the immediate vicinity of the find. Burials must be treated under specific provisions of Chapter 6E, Hawaii Revised Statutes.

**STATUS:**

**The Petitioner will comply with this condition.**

7. Petitioner shall participate in the pro rata funding and construction of local and regional transportation improvements and programs including dedication of rights-of-way as determined by the State Department of Transportation ("DOT") and the County of Kauai. Agreement between the Petitioner and the DOT as to the level of funding and participation shall be obtained prior to the Petitioner applying for county zoning permit or receiving final approval of any subdivision, whichever comes first.

**STATUS:**

**Petitioner has discussed the satisfaction of this condition with the State Department of Transportation ("DOT") and the County, and is working with the DOT to identify the level of pro rata funding and participation that Petitioner is required to provide. This agreement will be completed prior to applying for county zoning permits or receiving final subdivision approval, whichever comes first.**

8. Petitioner shall fund the design and construction of drainage improvements required as a result of the development of the Property to the satisfaction of the appropriate State of Hawaii and County of Kauai agencies.

**STATUS:**

**Petitioner has prepared a drainage master plan, which was attached to the Environmental Impact Statement. Petitioner is working with the Department of Public Works to resolve details relating to the design of the required detention basins. Petitioner is also continuing to coordinate certain off-site drainage improvements with the DOT, Airports Division and with the Kauai Lagoons Resort.**

9. Petitioner shall not construct single or multi-family residential, hotels, or transient lodging, and other noise sensitive public use structures (schools, day care centers, libraries, churches, health care facilities, nursing homes, or hospitals) within areas exposed to aircraft noise levels of 60 Ldn or greater as indicated on the 1994 and 2010 aircraft noise contours within the Petitioner's January 1995 EIS. Other public use structures (government services and office buildings serving the public, transportation facilities, and parking areas), commercial facilities, government facilities not normally accessible to the public, industrial and agricultural facilities, and recreational facilities (except for outdoor music shells, amphitheaters, professional/resort sport facilities, medial event facilities, etc.) are permitted within areas exposed to aircraft noise levels of 60 Ldn or greater. The State of Hawaii will not be responsible for mitigation of facilities developed within areas exposed to aircraft noise levels of 60 Ldn or greater.

**STATUS:**

**The Petitioner will comply with this condition.**

10. Petitioner shall grant to the state of Hawaii an aviation (right to flight) easement in the form prescribed by the State of Department of Transportation ("DOT") and such easement and form shall be mutually acceptable to the DOT and the Petitioner.

**STATUS:**

**Petitioner will comply with this condition.**

11. Petitioner shall not construct any object that would constitute a hazard to air navigation at Lihue Airport as defined in Title 14, Code of Federal Regulations Part 77, (14 C.F.R. 77) and Title 19, Hawaii Administrative Rules Chapter 12 (19

H.A.R. 12), provided that this requirement shall be applicable to the construction of those improvements set forth in Petitioner's Exhibit 54, 55 and 56.

**STATUS:**

**Petitioner will comply with this condition.**

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

**STATUS:**

**Petitioner has contacted the State Department of Health (DOH) and the DOH determined that there is no existing or planned air quality monitoring program for the subject Project area.**

13. Petitioner shall cooperate with the State Department of Health and the County of Kauai Department of Public Works to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawaii Revised Statutes, and the County of Kauai's approved integrated solid waste management plans in accordance with a schedule and timeframe satisfactory to the State Department of Health.

**STATUS:**

**Petitioner will comply with this condition.**

14. Petitioner shall implement efficient soil erosion and dust control measures to the satisfaction of the State Department of Health and County of Kauai.

**STATUS:**

**Petitioner will comply with this condition.**

15. Petitioner shall notify all prospective buyers of property that the Hawaii Right-to-Farm Act, Chapter 165, Hawaii Revised Statutes, limits the circumstances under which pre-existing activities may be deemed a nuisance.

**STATUS:**

**Petitioner will comply with this condition.**

16. Petitioner shall maintain the alignment of existing cane haul roads or shall provide alternative cane haul roads at its expense to serve any continuing sugarcane cultivation within the Property.

**STATUS:**

**Petitioner will comply with this condition.**

17. Petitioner shall initiate and fund a stream biological monitoring program. The monitoring program shall include quarterly monitoring as warranted, and be

reviewed by the U.S. Fish and Wildlife Service, and approved by the State Division of Aquatic Resources, Department of Land and Natural Resources. Mitigation measures necessitated by this Project shall be implemented by the Petitioner if the results of the monitoring program warrant them. Mitigation measures, if necessary, shall be reviewed by the U.S. Fish and Wildlife Service, and approved by the State Division of Aquatic Resources, Department of Land and Natural Resources.

**STATUS:**

**Petitioner has prepared a stream biological monitoring program plan that has been reviewed by the U.S. Fish and Wildlife Service and has received approval from the Division of Aquatic Resources ("DAR"), Department of Land and Natural Resources, Stream biological monitoring will be conducted in accordance with the plan.**

18. Petitioner shall initiate and fund a nearshore and stream water quality monitoring program. The monitoring program shall be approved by the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, the State Department of Health and the State Division of Aquatic Resources, Department of Land and Natural Resources. Mitigation measures shall be implemented by the Petitioner if the results of the monitoring program warrant them. Mitigation measures shall be approved by the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, the State Department of Health and the State Division of Aquatic Resources, Department of Land and Natural Resources.

**STATUS:**

**Petitioner has prepared a nearshore and stream water quality monitoring program plan and has revised the plan in accordance with reviewing agency comments. The monitoring program plan has been approved by the DOH, DAR, and the National Marine Fisheries Service. The Petitioner is currently working with the State Office of Planning and the U.S. Fish and Wildlife Service to address their concerns and obtain their approval. Monitoring will be conducted in accordance with the approved plan.**

19. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.

**STATUS:**

**Petitioner will comply with this condition during the course of the development of the project.**

20. Petitioner shall give notice to the Commission of any intent to sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interests in the Property, prior to development of the Property.

**STATUS:**



**Petitioner will comply with this condition. Please note that this 2002 annual report is prepared and submitted by Lihue Land Company, who acquired the Property from the Lihue Plantation Company in July, 2001. Lihue Land Company is managed by the same staff as Grove Farm Company.**

21. Petitioner shall timely provide without any prior notice, annual reports to the Commission, the Office of State Planning, and the County of Kauai Planning Department in connection with the status of the subject project and Petitioner's progress in complying with the conditions imposed herein. The annual report shall be submitted in a form prescribed by the Executive Officer of the Commission.

**STATUS:**

**Petitioner has and will continue to comply with this condition.**

22. The Commission may fully or partially release the conditions provided herein 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.

**STATUS:**

**Petitioner is fully aware of this condition.**

23. Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (a) record with the Bureau of Conveyances a statement that the Property is subject to conditions imposed herein by the Land Use Commission in the reclassification of the Property, and (b) shall file a copy of such recorded statement with the Commission.

**STATUS:**

**Petitioner has complied with this condition.**

24. Petitioner shall record the conditions imposed herein by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, Hawaii Administrative Rules.

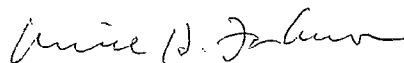
**STATUS:**

**Petitioner has complied with this condition.**

If there are any questions please feel free to contact the undersigned at (808) 245-3678.

Sincerely,

LIHUE LAND COMPANY



Michael H. Furukawa  
Vice President

C: Planning Department, County of Kauai