# EXHIBIT "37"

Michael A. Dahilig Director of Planning



Ka'āina S. Hull Deputy Director of Planning

#### COUNTY OF KAUA'I PLANNING DEPARTMENT

#### SUPPLEMENT #2 TO PLANNING DIRECTOR'S REPORT

RE:

Class IV Zoning Permit Z-IV-2018-2

Use Permit U-2018-2 Special Permit SP-2018-1

APPLICANT:

AES LAWA'I SOLAR, LLC

#### I. ADDITIONAL FINDINGS

#### AGENCY COMMENTS

In addition to previously submitted agency comments submitted to the Planning Commission, please see the following additional agency comments (attached as Exhibit A):

- County of Kaua'i, Public Works, Engineering Div., September 20, 2017
- State of Hawai'i, Department of Agriculture, September 22, 2017
- State of Hawai'i, Office of Planning September 22, 2017

#### PUBLIC TESTIMONY

In addition to previously submitted written testimony from the public to the Planning Commission, please see the following additional public testimony (attached as Exhibit B):

- Sandra Bidewell, September 18, 2017
- Kathleen Johnson, September 19, 2017
- Dr. Patricia Fallbeck and Dr. Thomas Timmons, September 19, 2017

F. 1. a.4.

SEP 2 6 2017

$\mathbf{B}\mathbf{y}$	
, ,	Ka`aina Hull
	Deputy Director of Planning
Appr	oved & Recommended to Commission
Ву	
	Michael A. Dahilig
	Director of Planning
Date	

## Exhibit A

#### COUNTY OF KAUA'I PLANNING DEPARTMENT 4444 RICE STREET, SUITE A473, LIHU'E, HI-96766 DE

Phone: (808) 241-4050

SEP 20 P3:16

Michael A. Dahilig, Planning Director (Hull) Date: Thursday August 24, 2017 TO: RECEIVED 2015

Class IV Zoning Permit Z-IV-2018-2, Use Permit U-2018-1, Special Permit SP-SUBJECT: 2018-1 Construction and Operation of a Solar Utility Facility, Tax Map Key: (4) 2-6-3: 1. AES Lawai Solar IIC PW 8.17.112

Lawai Solar, LLC			1 44 0.17.13	
FROM:				
( )	Department of Transportation - STP	(X)	DPW - Engineering	
( )	DOT- Highways, Kaua'i (info only)	( )	DPW - Wastewater	
( )	DOT-Airports, Kaua'i (info only)	( )	DPW - Building	
( )	DOT-Harbors, Kaua'i (info only)	( )	DPW - Solid Waste	
(X)	State Department of Health	( )	Department of Parks & Recreation	
( )	State Department of Agriculture	(X)	Fire Department ··	
( )	State Office of Planning	(X)	County Housing Agency	
( )	State Dept. of Bus. Econ, Dev. Tourism	( )	County Economic Development	
( )	State Land Use Commission	( )	KHPRC .	
( )	State Historic Preservation Division	(X)	Water Department	
( )	DLNR – Land Management	( )	U. S. Postal Department	
( )	DLNR - Forestry & Wildlife	(X)	UH Sea Grant	
( )	DLNR - Aquatic Resources	(X)	Other: Lee S. (Trans. Planner)	
( )	DLNR-OCCL	(X)	County Transportation Agency	
	,			

FOR YOUR COMMENTS (pertaining to your department):

September 11, 2017

We have reviewed the permit application to construct a Solar Utility Facility in Lawai and have the following comments on drainage and grading:

- 1. The applicant shall provide a drainage study to evaluate and mitigate drainage impacts of the increased storm water runoff generated from the proposed development. The development is required to keep peak storm flow rates leaving the site to predevelopment levels and to detain the increase storm runoff volume in accordance with the County's Storm Water Runoff System Manual.
- 2. A grading and grubbing permit may be required. The maximum area that may be opened for grading or grubbing at any time is ten (10) acres. The grading and/or grubbing plan shall be phased where the phasing is limited to increments of 10 acre maximum.
- 3. Best management Practices (BMPs) shall be incorporated to the maximum extent practicable to prevent damage by sedimentation, erosion, or dust from entering into connecting watercourses, natural areas, and other properties. The permittee and the

DAVID Y, IGE Governor

SHAN S. TSUTSU] Lt, Governor



SCOTT E. ENRIGHT Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

State of Hawaii DA ANNING DEPT.

1428 South King Street
Honolulu, Hawali 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613
P 22 P 2 18

September 19, 2017

Mr. Michael A. Dahilig, Director Planning Department County of Kauai 4444 Rice Street, Suite 473 Lihue, Hawaii 96766 Email: mdahilig@kauai.gov

Dear Mr. Dahilig: "

Subject:

Application for Special Permit (SP-2018-2)

AES Lawai Solar, LLC

Ground mounted solar PV system and battery energy storage

TMK: 2-6-03: portion 1 (Koloa and Lawai, Kauai)

Area: 196.333 of 1,062.291 total acres

The Department of Agriculture has reviewed the subject application and offers the following comments and recommendations.

#### Background

The subject property is owned by McBryde Sugar Company, LLC (subsidiary of Alexander and Baldwin, LLC). It is within the State Agricultural District, designated as Agriculture in the Kauai General Plan, within an area meant for agricultural activities and open space preservation according to the Koloa-Poipu-Kalaheo Development Plan, and within Kauai County's Agriculture and Open zoning districts. As the Land Use Commission has designated other lands owned by McBryde Sugar Company on Kauai, the subject property has not been and will not be designated as Important Agricultural Land. (Application, page 9)

The solar energy facility consists of 64,800 photovoltaic panels and a battery energy storage system. The total surface area of the panels, batteries, and appurtenant equipment is about 35 acres (Application, page 12) The panels will be about 7.5 feet in height in stowage position. No information is provided on the height of the panels at their lowest point as they track the sun.

The property is currently being used for cattle ranching and was cultivated in sugarcane before that. (Application, pages 9 and 18) There are six reservoirs and three dams that



Mr. Michael A. Dahilig September 19, 2017 Page 2

are adjacent to but not part of the petitioned area (Application, Exhibit C-1). The surrounding property is the remaining area of the "Master Lot" (lot of record) and is "...primarily rural, dominated by a mixture of agricultural uses." (Application, page 23)

According to the Detailed Land Classification – Island of Kauai" (Land Study Bureau, December 1967), the property has Overall Productivity Ratings of "B", "C", and "D", in declining order of predominance (Application, page 22 and Exhibit C-9) As such, solar energy facilities with a compatible agricultural activity may be permitted by special permit, pursuant to sections 205-2(d)(6)(b) and 205-4.5(a)(21), Hawaii Revised Statutes. The applicant "...will lease the usable portions of the Subject Property for the pasturing of sheep at rates which are at least 50% below the fair market rental value." (Application, page 35).

Agricultural water will be sourced from the Aepo reservoir (Application, page 23). Potable water will come from the County water system and to be used primarily for the bathroom facilities on site. (Application, page 29)

Description of the proposed compatible agricultural use on the subject property According to the Agricultural Plan for the project (Omao Farms; Daryl Kaneshiro; August 2, 2017), about 350 to 400 head of sheep will be grazed on the project site to prevent shading of panels by tall weeds and grasses and to support the growth of local agricultural food production. (Application, Exhibit E-8) The sheep operation will be managed by Omao Farms who currently raises about 650 head of sheep on adjacent ranch lands that also has an operational solar farm. Omao Farms also grazes sheep at the Kauai Island Utility Cooperative's 67-acre solar farm in Koloa and Solar City Tesla's 75-acre facility in Kapala.

Sheep at the subject site will be moved strategically from paddocks separated by electric fences. This is to prevent overgrazing.



As noted earlier, the applicant "...will lease the usable portions of the Subject Property for the pasturing of sheep at rates which are at least 50% below the fair market rental value." (Application, page 35) Department of Agriculture staff spoke with Mr. Kaneshiro about the proposed sheep operation as well as his existing operations. He is the largest sheep rancher on Kauai. Mr. Kaneshiro anticipates the sale of 200 to 250 head of sheep per year from the Lawai site to a Kauai wholesaler who handles the processing and marketing of the sheep. A few head are sold to individuals.

Besides the electric fencing of paddocks (10-30 acres each), 40-gallon water troughs are place in each paddock and filled with water from the irrigation water sources. Mr. Kaneshiro uses portable chutes to move sheep about.

Mr. Michael A. Dahilig September 19, 2017 Page 3

#### Recommendation

The Department of Agriculture supports the applicant's petition.

Based on the information provided to us by Mr. Kaneshiro, we believe this large-scale solar energy facility and the participation of Omao Farms will result in full compliance with the purpose and intent of Section 205-4.5(a)(21) as stated in Section 1 of Act 55, Session Laws of Hawaii 2014 which is to "...enable the complementary uses of utility scale solar energy generation and <u>local food production</u>..." on "B" and "C" rated agricultural land (emphasis added).

Thank you for the opportunity to provide our input. Should you have any questions, please contact Earl Yamamoto at 973-9466 or email at earl.j.yamamoto@hawaii.gov.

Sincerely,

Scott E. Enright

Chairperson, Board of Agriculture

Mr. Leo R. Asuncion, Jr. Director, Office of Planning

C:



### OFFICE OF PLANNING STATE OF HAWAII

DAVID Y, 1GE GOVERNOR

LEO R. ASUNCION DIRECTOR OFFICE OF PLANNING

County of Kaueti

235 South Beretania Street, 6th Floor, Honolulu, Hawaii 9681331 ANNING DEFT.

hone: (808) 587-2846 Fax: (808) 587-2824 Web: http://planning.hawaii.gov/

, Web

SEP 22 P2:16

Ref. No. P-15745

September 19, 2017 RECEIVED

Mr. Michael A. Dahilig, Director Department of Planning County of Kauai 4444 Rice Street, Suite 473 Lihue, Hawaii 96766

Dear Mr. Dahilig:

Subject:

AES Lawai Solar, LLC

Project: Use Permit No. U-2018-1

Class IV Zoning Permit No. Z-IV-2018-1

Special Permit No. SP-2018-2 Tax Map Keys: 2-6-003: 001 (Por.)

Location: Koloa and Lawai, Kauai, Hawaii

Thank you for the opportunity to review the subject application for a Special Use Permit to establish a 28-megawatt (MW) solar photovoltaic (PV) system in Koloa and Lawai, Kauai. The proposed project will consist of solar panels and appurtenant facilities on an approximately 196.33-acre portion of a 1,062,291-acre lot located within the State Agricultural District and in the County of Kauai Agriculture and Open Districts. The Petition Area is owned by McBryde Sugar Company, LLC, which is leasing to the Petitioner AES Lawai Solar, LLC (Petitioner) easements to operate the system. The Petitioner plans to sell the electric power to Kauai Island Utility Cooperative (KIUC). KIUC will be constructing a substation adjacent to the Petition Area on approximately 2.5 acres. The substation will collect the produced solar energy and connect it to the KIUC's island-wide electric grid. The system is unique because it will feed the electrical power generated by the system into a Battery Energy Storage System ("BESS"), which will also discharge the stored power into the KIUC grid during the non-daylight, peak hours.

Petitioner and KIUC have entered into a 25-year Power Purchase Agreement. Petitioner is an affiliate of AES Distributed Energy, Inc. a wholly owned subsidiary of The AES Corporation. The PV system will consist of ground-mounted solar panels on a single-axis trackers which will rotate along a fixed horizontal axis from east to west following the sun, which increases the efficiency of the system. The electrical output of the panels will either be directed to the BESS to be stored or go directly into the power grid operated by KIUC. The substation will be constructed concurrently with the solar project, and connected with underground lines.

The solar project site will be surrounded by a 7-foot high chain link security fence, with a 25-foot wide buffer around the security fence. The average height of the solar panels will be 7.5 feet above ground level. The distance between the solar panel rows will range from 18 feet in the south section to 25 feet in the north section.

The Petition Area is not on any Important Agricultural Lands (IAL). The landowner has designated other lands as IAL.

The guidelines for Special Permits are contained within Hawaii Administrative Rules (HAR) § 15-15-95 which allow certain "unusual and reasonable" uses within Agricultural and Rural Districts other than those for which the district is classified. HAR § 15-15-95 lists six (6) guidelines for determining whether a proposed use is "unusual and reasonable." The following assesses the proposed project relative to the Special Permit guidelines:

1. The use shall not be contrary to the objectives sought to be accomplished by Chapters 205 and 205A, HRS, and the rules of the Commission.

Hawaii Revised Statutes (HRS) Chapter 205 seeks to protect agricultural lands and ensure, their continued availability for agricultural use. It provides that the Agricultural District shall include lands with a high capacity for agricultural production, grazing, or other agricultural uses. Chapter 205 also recognizes, however, that some lands in the Agricultural District may not be suitable for the uses permitted in the Agricultural District and, therefore, other uses may be allowed with a Special Permit.

Pursuant to HRS §§ 205-2 and 205-4.5, as amended by Act 55 and Act 52, solar energy facilities may be permitted on land with Class B or C soils. More specifically, HRS §§ 205-2 and 205-4.5 state the following:

HRS § 205-2(6)(A) and (B): Solar energy facilities may be permitted on land with soil classified by the LSB as overall (master) productivity rating class B, C, D, or E. Solar energy facilities placed within land rated Class B or C, however, shall not occupy more than ten percent of the acreage of the parcel, or 20 acres of land, whichever is lesser, unless a special use permit is granted.

The proposed project requires a Special Permit as it would occupy more than 10% of the Petition Area and more than 20 acres of land. At 196.33 acres, the Petition Area occupies approximately 18% of the 1,062.291-acre parcel. The parcel contains lands designated with A, B, C, D and E. However, the majority of the area to be occupied by the solar project is B and C lands, with some E lands. The

Petitioner should provide the approximate land area in acres that would be within LSB designated B and C soils.

• HRS § 205-4.5(a)(3): Within the Agricultural District, the raising of livestock, including poultry, bees, fish, or other animal or aquatic life that are propagated for economic or personal use are permitted.

The proposed pasturage of sheep, in combination with the solar energy facility, is an allowable use. The Petitioner proposes to lease the usable portions of the Petition Area to Omao Farms, as indicated in Petitioner's Exhibit E-8 to sheep grazing at least 50% below the fair market rental value.

- HRS § 205-4.5(a)(21)(A),(B) and (C): Solar energy facilities on land rated Class B or C for which a special use permit is granted are permitted provided that:
  - (A) The area occupied by the solar energy facilities is also made available for compatible agricultural activities at a lease rate that is at least fifty per cent below the fair market rent for comparable properties;
  - (B) Proof of financial security to decommission the facility is provided to the satisfaction of the appropriate county planning commission prior to date of commencement of commercial generation; and
  - (C) Solar energy facilities shall be decommissioned at the owner's expense and according to certain requirements.

The Applicant represents that each of the above criteria would be met.

Coastal Zone Management. Page 9 of the application indicates that the larger parcel, including the Petition Area is not within the Special Management Area, however, regarding the objectives of HRS Chapter 205A, the application does not have a separate section addressing the project's compliance with applicable Coastal Zone Management (CZM) program objectives and policies. While it appears that the proposed use is not contrary to the objectives of the program, the application should include a section detailing responses to the objectives of HRS Chapter 205A.

Historic Resources. An archaeological inventory survey (AIS) has been provided. We note that the State Historic Preservation Division (SHPD) has not accepted the AIS, according to a letter dated August 30, 2017. However, SHPD indicated that the draft AIS provides adequate information, and provided the Petitioner with a list of corrections and changes to incorporate into a revised AIS. As a mitigation measure, SHPD indicates that

an archaeological monitoring plan should be prepared for one site (Site 1051) to guide monitoring, and that SHPD must accept the plan prior to work onsite.

The Petitioner should obtain approval for the revised AIS prior to any work being done in the Petition Area. Also, SHPD should approve the monitoring plan prior to any work onsite. Lastly, a condition relating to inadvertent findings should also be included. These items should be made conditions of approval.

<u>Cultural Impact Assessment.</u> The Petitioner has also submitted a draft Cultural Impact Assessment (CIA). Upon consultation with the Petitioner, we note that a revised CIA will be submitted to the County at a later date. We understand that oral interviews will be included with the revised Assessment. OP recommends a condition that the final CIA should be included with the submittal of the Special Permit to the Land Use Commission for its consideration.

Flora and Fauna. The Petition includes information and proposed mitigation measures for endangered, threatened and candidate species for the larger property and the Petition Area. We agree that the proposed recommendations as listed on pages 25-27 of the Petition should be made conditions of the approval. In addition, OP would like to recommend the following.

- a. Petitioner shall develop an endangered species awareness training module, which shall include all potential endangered species that may frequent the Petition area.
- b. All construction workers and solar facility employees shall undergo endangered species awareness training prior to starting work

#### 2. The desired use would not adversely affect surrounding property.

According to the Petition, the proposed project is not anticipated to directly or indirectly affect adjacent uses. The larger property lies to the west of Koloa town. The property is vacant, and was used primarily for sugar cane cultivation. A private cane haul road extending from Koloa Road provides access to the property.

Construction of the solar facilities would result in short-term impacts that are temporary, intermittent, and localized. Long-term impacts related to operations and maintenance, including glare, noise, ambient temperature, and electric and magnetic fields should be minimal.

3. The use would not unreasonably burden public agencies to provide streets, sewers, water, drainage, schools, fire, and police resources.

According to the application, the proposed project would not require infrastructure support from public agencies due to the following:

- Access to the site is provided by a private agricultural road which extends from Koloa Road (State highway) and Aka Road (County Road). There is no public access to the site.
- An Individual Wastewater System will be provided for bathroom facilities.
- Potable water would be available from an existing waterline on the larger property, which is connected to the County water system. The water will be used primarily for the bathroom facilities. There are water reservoirs on-site.
- Drainage across the site currently exists in the form of surface runoff based on the natural topography; the proposed project would not significantly alter the existing drainage patterns.
- It would be unlikely to use fire or police protection services.
- 4. Unusual conditions, trends, and needs have arisen since the district boundaries and rules were established.

OP recognizes the State interest in reducing our islands' dependency on fossil fuels and increasing efficiency measures, with a goal to generate 40 percent clean energy by 2030. OP also recognizes the State interest in conserving the State's agricultural land resource base and assuring the long-term availability of agricultural lands for agricultural use. OP acknowledges the proposed project seeks to balance these interests by providing both renewable energy generation and agricultural production at below-market value rent.

5. The land upon which the proposed use is sought is unsuited for the uses permitted within the district.

The land upon which the proposed use is sought is suited for the uses permitted within the district. As noted above, the project would be located on lands that are designated primarily B and C lands, as rated by the LSB productivity rating system. Under the ALISH system, the soils on the subject property are classified as Prime and Other.

Having reviewed the application and applied the available information to the applicable Special Permit guidelines, OP supports the intent of the proposed project to provide renewable energy for the island of Kauai and offers the following comments:

- Concerns will remain with regard to the statewide challenge in seeking a balance of maintaining the availability of high quality agricultural lands while promoting renewable energy sources such as solar facilities on lands within the Agricultural District.
- OP is concerned that while "agri-voltaic" projects such as this are technically feasible, the agricultural aspect of these projects often fail to be implemented as represented by the applicant, i.e. the number of sheep or other grazing animals colocated within the solar facility is negligible. The proposed project would be located on soils rated ALISH Prime; the proposed solar facility would, therefore, preclude productive agricultural land from being used for agricultural purposes and contributing to the State's goal of assuring the long-term availability of agricultural lands for agricultural use if the pasturage of sheep does not occur. Petitioner should provide greater assurances that the Petition Area will be truly used for marketable sheep grazing for as long as the SEF system is in place.
- Should the Special Permit be granted, OP recommends that the requirements of HRS § 205-4.5(a)(21)(A), (B), and (C), relating to: 1) compatible agricultural activities; 2) proof of financial security for decommissioning; and 3) decommissioning requirements, be included as specific conditions of approval.

If you have any questions, please contact Lorene Maki of our Land Use Division at (808) 587-2888.

Sincerely.

Leo R. Asunción

Director

Attachment

ce: Land Use Commission
Department of Agriculture

### Exhibit B

September 18, 2017

Ka'aina Hull, Deputy of Planning County of Kauai Planning Department

Mrs. Sandra Bidewell Trustee for Sandra Bidewell Living trust 29369 Osborne Drive Acheson, Alberta Canada, T7X 6E4

Re: 3449 Lawailoa Lane, Koloa 96756

Regarding the proposed development of a Solar Farm located at Koloa and Lawai. Litrue, Koloa, Hawaii. As an affected landowner to adjacent area of this proposed development there are several issues which will or could negatively effect my property and which I and other property owners in the vicinity are most concerned about and that they will be addressed to our satisfaction.

#### First.

The issue of electromagnetic and electronic disturbance to television and internet as well as health issues that may be caused by the close proximity of this development. We need to be assured that the setback from our subdivision is a minimum of 500 to 700 feet and that there is a guarantee that there will be no health, noise, or disturbance or any other hazard created from the development now or in the future.

#### Second.

There needs to be adequate protection in the form of a barrier from any chemical spray which may be used to eliminate weeds or any other reason which may cause health issues on our property due to drifting by the wind etc.

#### Third.

The construction and use of electric transmission, distribution lines, where, poles, towers, batteries, power inverters, other equipment and or metering, energy storage equipment and or facilities may have health effects on any people who live in close proximity to this development.

#### Fourth.

There will be negative consequences on our property values unless there is visual barriers to the solar farm which will separate and hide from view the development from Koloa Road, and the Lawalloa Lane properties.

I trust that these issues will be taken into consideration before finalizing your decision and the placement, construction and maintenance of the development and before approval will be given for this project.

Thanks you

Sandra Bidewell, Trustee

ClassIV Zoning PERMit #2-1V-2018-1 Special Permit # SP-2018-2. I have several questions and concers regarding the application by AES Lawa'i Solar, Lie. O One major concern in the initial report is the non-rederence to the cottee Fields there Trans 1992-2005. There is specifie Reference to the sugar come

Fields and to the evelent cattle genzing, but no mention of the 13 years of commelcial coffee growing I was directly affected by the coffee plantation, and question the omission of that use, and would like an answer to such omission.

Relating of sheep for weed control, but such arazing would not begin until all of the solar installation is complete. In the interim, I assume there will be spraying of herbicides, and would INSIST to be notified of any and all spraying (even it just 5 minutes before

such spraying). This is a major health concern to me. BI have not been able to discren the location of the inverter or he big power lines. I would like to know exactly whele these will be located. According to my Research, there are health and noise concerns regarding the invertees and power lines. I would like to know your research into the noise and health aspects concelling such. (DI have been a Resident of 3446 Lawai Loa Lane since 1991 (26 years). I have always loved home, my location, my peoplet

my reighbolhood. Another concern

fegarding the solar Farm is the
effect on my Future enjoyment of

my property, and the effect of

the solar Farm on my property

value. Especially since I have

just purchased another property

(3311 Uwila Place) also adjacent

to the solar Farm.

Mahalo;

Kathleen Johnson

fo. Box 810

Kalaheo-HI-96741

#(808) 332-7265

September 18, 2017

County of Kaua'i PLANNING DEPT.

Dr. Patricia Fallbeck Dr. Thomas Timmons 3448 Lawailoa Lane Koloa, Hl, 96756

17 SEP 19 A7:55

RECEIVED

Kauai Planning Commission 4444 Rice Street, Sulte A473 Lihu'e, Kaua'i, 96766

Dear Planning Commission: (Please excuse the computer glitch)
We support the concept of the Solar Farm off Koloa
Road and are pleased with the environmental precautions that were mentioned, but until we can
see actual blueprints, we are skeptical of what the
real impact on the community will be.

The residents in our neighborhood present various medical concerns: some are elderly, some some have immune deficiency problems, some are pregnant, and there is an elementary school on the adjacent property. It would be inappronite to expose any of them to consistent prize to expose any of them to consistent

We are also concerned about the noise and meterference with phone, internet, and TV reception.

Many of the residents are retired and their homes represent their ability to support themselves in their coming years. It is unknown what this project will do to home values.

We would like more definitive assurances about the future impacts of this project on These issues.

Respectfully submitted Datricia Fallhack