



LAND USE COMMISSION
STATE OF HAWAII

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January 29, 2018

Daniel E. Orodener, Executive Officer
Riley E Hakoda, Planner/Chief Clerk
Land Use Commission
State of Hawaii
Department of Business, Economic Development and Tourism
P. O. Box 2359
Honolulu, HI 96804-2359

Dear Messrs. Orodener and Hakoda:

Subject: 2018 Annual Report
LUC Docket No. A94-703
The Lihue Plantation Company, Limited
Decision and Order, January 4, 1996 (as amended on April 12, 1996 and
December 18, 2006)
Lihue-Hanamaulu Master Plan Project ("Project")

In compliance with the decision and order of the State Land Use Commission, we are submitting one original and two copies of this annual report. Copies of this report are also being provided to the State Office of Planning and the Planning Department, County of Kauai.

In July 2001, Visionary, LLC (dba Lihue Land Company), a Virginia limited liability company, purchased most of Lihue Plantation Company's lands, including the petition area, from Lihue Plantation. Under the terms of the purchase, Lihue Land Company accepted all obligations under this docket except for the Kaana Street improvements, which remained an obligation of Lihue Plantation. It should be noted that both Lihue Land Company and Grove Farm Company, Inc., share common officers, directors and staff.

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 continues 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.

As discussed in our previous annual reports, the following agreements have been reached.

1. Sale of approximately 4.4 acres to the University of Hawaii 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.
4. Sale of approximately 2.510 acres to the YWCA for a community center.

Since our last filed report, we have agreed to exchange approximately 2.9 acres with the County of Kauai for upgrades of the Hanamaulu and Kapaia sewer pump stations.

The Kaana Street roadway improvements from Kapule Highway to serve the Judiciary Complex and County's police station site was completed by Lihue Plantation in April, 2003.

As discussed in our previous annual reports, the following transactions have occurred.

1. The YWCA parcel (approximately 2.510 acres) was re-purchased by Grove Farm Company, Inc. in May 2012. The YWCA had an opportunity to purchase an existing building in Lihue and no longer wanted to pursue developing this parcel.
2. The Department of Transportation – Airports Division (DOT) executed a memorandum of sale to purchase lots 2,3, and 5 (approximately 77.5 acres) in Ahukini Makai.

II. COMPLIANCE WITH COMMISSION'S CONDITIONS

Progress towards 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, is 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 **within the entire Petition Area**. 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. **An Affordable Housing Agreement between the Petitioner and the County of Kauai shall be obtained prior to the Petitioner applying for county zoning permits or receiving final approval of any subdivision, whichever comes first, for any portion of the Petition Area other than the 30.106 acre portion of the Petition Area located within the Hanamaulu Triangle.**

Status:

This condition was amended in December 2006 and is emphasized above. D.R. Horton has purchased the Hanamaulu Triangle and a significant amount of this project will consist of affordable housing. This condition was amended to allow them to proceed with the lengthy zoning permit process prior to the execution of the affordable housing agreement. The necessary infrastructure is in place and D.R. Horton has begun constructing homes.

In June 2006, we reached an agreement with the County Housing Agency to provide 25% of the housing units at affordable prices and took steps towards obtaining County Council approval. However, in October 2006 Bill No. 2202 Draft 2 assessing a 30% affordable housing requirement to all residential developments with incentives was passed by the County of Kauai Council in November 2007 and became in effect December 2007. Subsequently, Administration and County of Kauai Housing executed an amended Housing Agreement with Ha'ili Moe, Visionary and DR Horton on June 5th 2008.

2. Petitioner shall provide its fair-share contribution for school facilities necessitated by the proposed Lihue-Hanamaulu Project, and for the benefit of the State Department of Education ("DOE"). **Terms of the donation shall be agreed upon in writing by Petitioner and the DOE**

prior to Petitioner receiving final subdivision approval, or apply for a building permit, whichever comes first, for any portion of the Petition Area.

Status:

This condition was amended in December 2006 and is emphasized above.

In addition to this condition, the County of Kauai imposed a condition pursuant to Ordinance No. PM-326-96 requiring the Petitioner to reserve a 15-acre site within the "Ahukini Mauka" portion of the Lihue-Hanamaulu Project for a future school site. Although this ordinance contradicted the LUC's original condition for a school site in Puhi, the DOE preferred a site in Lihue-Hanamaulu because of its future growth potential and the infrastructure limitations in Puhi. This condition has now been amended to eliminate the requirement of a 12-acre site in Puhi.

An Educational Contribution Agreement was executed with the DOE on January 17, 2007. Pursuant to this agreement, we will donate 12 acres for a new school site in the Ahukini Mauka portion and 3 acres adjacent to King Kaumualii Elementary School for future expansion for a total of 15 acres. Therefore, this condition is satisfied.

We have received tentative subdivision approval for the King Kaumualii Elementary School 3-acre expansion and are working towards satisfying its conditions.

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:

We will work with the civil defense agencies to resolve this condition.

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

STATUS:

The last version of the Water Master Plan created on June 10, 2009 (printed on July 21, 2009) was approved by the Department of Water on July 14, 2009.

The initial source capacity for the Project will come from a surface water treatment plant. This plant was completed and has been operating since early 2006.

Construction plans for the Kapaia 18" transmission line are nearly complete. A draft Environmental Assessment has been submitted to the Office of Environmental Quality Control.

We will continue to work with the DOW to provide adequate storage and transmission facilities for the remainder of the Project.

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:

The Wastewater Master Plan dated December 30, 2008, was approved by the County of Kauai on February 26, 2009. We will continue to work with the County of Kauai and State Department of Health in identifying the necessary treatment, transmission and disposal facilities; and participate in the funding and construction of these wastewater requirements.

We are currently working with the County of Kauai, Wastewater Division, on the above mentioned upgrades of the Hanamaulu and Kapaia sewer pump stations; and plans for a new sewer pump station required for Ahukini Makai have been submitted for review.

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:

We 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, for any portion of the Petition Area other than the 30.106 acre portion of the Petition Area located within the Hanamaulu Triangle. Agreement between the Petitioner and the DOT as to the level of funding and participation required for the 30.106 acre portion of the Petition Area located within the Hanamaulu Triangle shall be obtained prior to the Petitioner applying for a county building permit or receiving final approval of any subdivision, whichever comes first, for the 30.106 acre portion of the Petition Area located within the Hanamaulu Triangle.

STATUS:

This condition was amended in December 2006 and is emphasized above. The State Department of Transportation has reviewed D.R. Horton's plans for the Hanamaulu Triangle and has provided comments. This amendment allows D.R. Horton to proceed upon satisfaction of the DOT conditions.

We will continue to work with the DOT to identify the level of pro rata funding and participation that we are required to provide for the remainder of the Project.

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:

We prepared a drainage master plan, which was attached to the Environmental Impact Statement. As individual developments within the Project are planned, we will work with the appropriate County

and State agencies to resolve details relating to the design of the required on-site and off-site drainage improvements.

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:

We will comply with this condition. However, please note that the State DOT-Airports published a Final Environmental Impact Statement for the Lihue Airport Improvements in November 2007 which included an updated acoustic study by Y. Ebisu & Associates (Appendix C). In it, the study found that the areas projected to be exposed to 60 Ldn or greater noise impacts in 2011 and 2020 are significantly reduced due to improvements in aircraft technologies.

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:

We 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:

We will comply with this condition.

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

STATUS:

The Department of Health has determined that there is no existing or planned air quality monitoring program for the Project.

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:

We 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:

We 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:

We 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:

Sugarcane is no longer being cultivated on the Property.

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. The Petitioner shall implement mitigation measures necessitated by this Project 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:

A stream biological monitoring program plan 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 monitoring will be conducted in accordance with the plan.

18. Petitioner shall initiate and fund a near shore 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:

A near-shore and stream water quality monitoring program plan has been approved by these agencies listed above. 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:

We will comply with this condition.

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:

We will comply with this condition.

In September 2005, we sold the "Hanamaulu Triangle" portion of the Project, TMK (4) 3-7-03:020, to D.R. Horton. After a D.R. Horton large lot subdivision, a 6-acre parcel has since been returned. Pending its subdivision, approximately 3 acres will be dedicated to the Department of Education for a King Kaumualii Elementary School expansion, and the other approximate 2.9 acres will be dedicated to the County of Kaua'i for a community center.

In January 2009, Visionary, LLC signed a Memorandum of Sale (DOT) with the State Department of Transportation Airports Division for the purchase of lots 2 and 5 within TMK (4) 3-7-02:001 for their future expansion plans of the Lihue Airport. In June 8, 2010, another Memorandum of Sale with the DOT was executed for lot 3. The sale will conclude upon final subdivision approval. Total land area acquired by the DOT is approximately 77.5 acres.

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:

We will 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:

We are 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:

We have 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:

We have complied with this condition.

If there are questions please feel free to contact the undersigned at (808) 632-2525

Sincerely,



Shawn Shimabukuro

C: State Office of Planning
Planning Department, County of Kauai