

ANNUAL COMPLIANCE REPORT

Makakilo Quarry, Hawaii

Prepared By
GRACE PACIFIC LLC
November 14, 2013



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Appendices

Appendix A - Letter from Keith Kurahashi to Jiro Sumada (DPP), dated November 7, 2013, regarding Clarification of SUP Condition No. 4 (4 pages)

Appendix B - Letter from Jiro Sumada (DPP) to Douglas Ing, Keith Kurahashi, dated December 27, 2012, regarding Clarification of SUP Condition No. 4 (3 pages)

Appendix C - Letter from Daniel Orodener (LUC) to Douglas Ing, Keith Kurahashi and Jiro Sumada (DPP), dated January 7, 2013, regarding Clarification of SUP Condition No. 4 (2 pages)

Appendix D - Letter from George Atta (DPP) to Grace Pacific, dated February 19, 2013, regarding 2012 Annual Compliance Report (5 pages)

Appendix E - Letter from Douglas Ing to Daniel Orodener (LUC), dated February 22, 2013, regarding Follow-up to Meeting of January 14, 2013 (2 pages)

Appendix F - Letter from Grace Pacific to George Atta (DPP), dated March 25, 2103, requesting Extension for Response; Letter from George Atta (DPP), dated April 12, 2013, approving Extension for Response (2 pages)

Appendix G - Letter from Grace Pacific to George Atta (DPP), dated April 30, 2013, responding to DPP letter of February 19, 2013 (3 pages)

Appendix H - Letter from George Atta (DPP) to Grace Pacific, dated July 19, 2013, regarding 2012 Annual Compliance Report and Grace Pacific Letter dated April 30, 2013 (12 pages)

Appendix I - Letter from Grace Pacific to George Atta (DPP), dated July 31, 2013, regarding Letter dated July 19, 2013 (1 page)

Appendix J - Letter from Grace Pacific to Daniel Orodener (LUC) and George Atta (DPP), dated August 22, 2013, regarding LLC Conversion of Grace Pacific (6 pages)

Appendix K - Correspondence from State of Hawaii Clean Air Branch dated September 5, 2013; Compliance Reports dated August 26, 2013 and October 4, 2013 (3 pages)

Appendix L - Letter from Grace Pacific to George Atta, dated September 16, 2013, regarding Letter of July 19, 2013 (2 pages)

Appendix M - Letter from Chief Harvest (HFD) to Grace Pacific, dated October 8, 2013 and Letter from Grace Pacific to Chief Neves (HFD), dated September 20, 2013, both regarding fire access roads, trailer permitting and buffer zone (4 pages)

Appendix N - Makakilo Quarry Hotline Phone Log October 01, 2012 through September 30, 2013 (2 pages)

Appendix O - Index of DVD containing Aerial Exhibits, Images and Topographic Map dated September 4, 2013 (1 page)

Appendix P – Prints of of DVD containing Aerial Exhibits, Images and Topographic Map dated September 4, 2013 (4 pages)

Appendix Q – Renaturalization Plan update on test plots (5 pages)

Appendix R – Lower Quarry Scale house load cell removal (1 page)

Appendix S – Building Permit Review/Comment Summary – A2012-11- 0289—0292 (2 pages)

Appendix T - Re-submittal of Makakilo Lower Quarry Landscape Plan, dated November 5, 2013 (9 pages)

Enclosed with Annual Report – Makakilo Quarry Beneficial Reuse Plan dated November 7, 2013

1.0 INTRODUCTION

This Annual Compliance Report has been prepared in compliance with Condition No. 9 of the State Land Use Commission's Findings of Fact, Conclusions of Law, and Decision and Order, Special Use Permit, Docket No. SP73-147, filed and effective on November 7, 2008 (the "Special Use Permit" or "SUP"), and certain conditions of the Decision and Order for the Conditional Use Permit No. 2007/CUP-91, dated July 17, 2009 (the "Conditional Use Permit" or "CUP").

This is Grace Pacific's fifth annual report demonstrating the status of compliance with the conditions of the SUP and the CUP. This report covers the period from October 1, 2012 through September 30, 2013.

The appendices to this report are organized as follows:

a) Correspondence between Grace Pacific, DPP, LUC and other agencies, in chronological order - Appendices A through M

b) Other documents relevant to this report – Appendices N through S

c) Original documents, not previously submitted to DPP or the SLUC:

Revised Lower Quarry Landscape Plan, dated November 5, 2013 -
(Appendix T)

Makakilo Quarry Beneficial Reuse Plan, dated November 7, 2013 – Enclosed
with Annual Report

2.0 ANNUAL COMPLIANCE REPORT FOR THE SPECIAL USE PERMIT (Special Use Permit, Docket No. SP73-147, adopted and approved on November 6, 2008, filed and effective on November 7, 2008)

2.1 SUP CONDITION #1

1. *Within six (6) months of the Land Use Commission's Decision and Order approving the Special Use Permit, the Applicant shall submit:*
 - a. *A new site plan with metes and bounds map and description delineating the approximately 541-acre Property, including the boundaries of the quarry excavation and berming areas, the processing site and conveyor tunnel, and the buffer area to the Director of Planning and Permitting for review and approval. The site plan shall also be submitted to the Land Use Commission.*
 - b. *A fire protection and control plan to Honolulu Fire Department for review and approval. A copy of the approved plan shall be submitted to the Director of Planning and Permitting within 30 days of approval.*

2.1.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #1.A

2009-2011. As requested by DPP in a letter dated August 24, 2010 (Appendix A to the 2010 Report), Belt Collins, Grace Pacific's agent, submitted to DPP for review and approval on October 27, 2010 an Updated Site Plan Delineation Key Map and the Metes and Bounds of the Makakilo Quarry (Appendix C to the 2010 Report). An original Site Boundary Map was submitted by Belt Collins on November 06, 2009 (Appendix A to the 2009 Report). The State Land Use Commission Boundary interpretation of Grace Pacific's 2009 submittal was dated April 20, 2010 (Appendix B to the 2010 Report).

Receipt of the requested Site Plan Delineation Key Map and the Metes and Bounds of the Makakilo Quarry was acknowledged by DPP in their letter of December 28, 2010 (Appendix A of the 2011 Report).

2012. As requested by DPP in a letter dated February 2, 2012 (Appendix G to the 2012 Report), Grace Pacific re-submitted the site plan required by Condition 1.a above, based upon the building permit set, but reduced to only those sheets relevant to the conditional requirements of the SUP and CUP, as Appendix B to the 2012 Report.

2013. DPP in a letter dated February 19, 2013 (Appendix D to this Report) noted that Condition 1.a, pertaining to Site Plan requirements, is satisfied (pages 003A, 003B, 003D 003E and 003F).

2.1.2 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #1.B

2009-2011. Satisfaction of Condition #1.B was acknowledged by DPP in their letter of August 24, 2010 (Appendix A to the 2010 Report).

2012. No changes were made to the Fire Protection and Control Plan in the 2012 reporting period. Discussions were held with DPP and HFD in May and July of 2011, respectively, about extending the fire break access roads into the south and west buffer zone. DPP, in its Feb 2, 2012 letter, (Exhibit G to the 2012 Report) determined that a fire break zone qualifies as an accessory use under Condition no. 6 of the SUP. However, no further action has been taken on the Fire Break Conceptual Plan dated May 20, 2011, pending resolution of the UXO matter discussed below under Condition #6.

2013. DPP in a letter a letter dated February 19, 2013 (Appendix D to this Report), requested an update on progress of establishing fire break zones. Grace Pacific met with HFD on August 7, 2013 and discussed fire access roads, the permitting of trailers and management of fuel in the buffer zones (Appendix M to this report). As discussed under Condition #6, little progress has been made in resolving the UXO issue, and thus no update to the Fire Protection and Control Plan. When changes are made in the future, revised plans will be included in the Annual Report.

2.2 SUP CONDITION #2

2. *Within one (1) year of the Land Use Commission's Decision and Order approving the Special Use Permit, the Applicant shall submit to the Director of Planning and Permitting for review and approval a renaturalization plan in coordination with the proposed Closure Grading Plan for the quarry site and buffer area mauka of the H-1 Freeway showing landscaping details including plant types, sizing and spacing, irrigation facilities and distribution systems.*

2.2.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #2

2009-2011. A Renaturalization Plan (RP) was submitted by Belt Collins on November 6, 2009 for review and approval. (Appendix C to the 2009 Report).

Modifications to the Renaturalization Plan were requested by DPP in a letter to Belt Collins dated August 24, 2010 (Appendix A to the 2010 Report).

In a letter dated October 8, 2010, Belt Collins requested clarification from DPP regarding said modifications (Appendix E to the 2010 Report).

In response to the October 8th request, DPP responded in a letter dated December 28, 2010 (Appendix A to the 2011 Report), stating:

“Regarding Condition 2 which requires the submittal and approval of a Renaturalization Plan (RP), we note that our August 24, 2009 letter indicates that the RP dated November 5, 2009 does not cover the remaining portions of the quarry rim, the quarry floor and the surrounding buffer areas disturbed by golf course construction.... Should you wish to clarify or modify the language of this condition, your options are to seek clarification with the Land Use Commission or submit a request to modify Condition No. 2 to the Planning Commission.”

On March 28, 2011, Belt Collins wrote to DPP indicating that Grace Pacific had decided to prepare a revision to the November 2009 RP and requested a meeting with DPP to discuss the extent of the physical area that DPP wishes to include in the revised RP (Appendix C to the 2011 Report).

2012. In a letter dated February 2, 2012 (Appendix G to the 2012 Report) DPP identified the areas of concern and agreed on a two year trial period beginning January 2012 for an approach utilizing the broadcasting of seeds and reliance on natural rainfall. See also comments on SUP Condition No. 9.b in this Report.

2013. In a letter dated February 19, 2013 (Appendix D to this Report) DPP requested a status update of implementation of the two year trial. Grace Pacific responded on April 30, 2013 (Appendix G to this Report) with an aerial photo identifying the plot locations, plant propagation and the initial planting at plot 10 (Attachments B, C and D respectively to the April 30th letter).

Attached to this Report as Appendix Q are September 2013 photos of the test plots. Plots 1, 2 and 10 have been taken off the drip irrigation; plots 4, 6 and 9 are former golf water features that have been filled to grade and need imported soil; plots 5, 7 and 8 are currently drip irrigated; and plots 3 and 11 need the irrigation lines brought in.

2.3 SUP CONDITION #3

<p>3. <i>All resource extraction, related aggregate processing and concrete and asphalt production activities, including recycling activities shall cease by December 31, 2032. Final beneficial re-use plans as approved by the Department of Planning and Permitting shall be implemented immediately upon the cessation of said resource extraction and related quarrying activities.</i></p>
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2.3.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #3

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit.

2.4 SUP CONDITION #4

4. *The Applicant shall close the processing site on Parcel 4 by relocating all uses on the site into the quarry pit or Campbell Industrial Park by December 31, 2012, and Parcel 4 shall be returned to landscaped open space use within six (6) years of the date of the Land Use Commission's Decision and Order. A landscape plan shall be submitted to the Director of Planning and Permitting for review and approval on the second anniversary date of the Land Use Commission's Decision and Order and the approved landscape plan shall be implemented within one (1) year of its approval. Landscaping shall be maintained in a natural state for the life of the Special Use Permit.*

2.4.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #4

2009-2011. Grace Pacific acknowledges this condition of the Special Use Permit to relocate all processing site uses from Parcel 4 by December 31, 2012.

A Lower Quarry Landscape Plan addressing the return of Parcel 4 to landscaped open space was submitted by Belt Collins to DPP on June 13, 2011 (Appendix D to the 2011 Report). Grace Pacific acknowledges that this submittal was due November 6, 2010, and apologies for its tardy submission.

No written response from DPP as to comments or approval of the Lower Quarry Landscape Plan had been received as of the date of the 2011 report.

2012. Based upon correspondence between DPP and Belt Collins (December 27, 2011, January 10, 2012 and February 2, 2012, being Appendices D, E and G to the 2012 Report), Grace Pacific submitted a revised Lower Quarry Landscape Plan dated October 22, 2012 with the 2012 Report as Appendix A.

Based upon DPP's December 27, 2011 request (Appendix D to the 2012 Report) to be kept apprised of the Voluntary Response Plan (VRP) for the environmental remediation of the Lower Quarry site, Grace Pacific attached to the 2012 Report as Appendices N, O and P respectively, the VRP Agreement between Grace Pacific and the State of Hawaii Department of Health dated October 2011; an Amendment to the VRP Agreement dated September 20, 2012 amending the scope of the work; and the Schedule of Work dated October 8, 2012, prepared in accordance with Exhibit B, Attachment 1 of the VRP Agreement .

At Grace Pacific's request, attorney Douglas Ing wrote DPP on August 31, 2012 seeking clarification of SUP Condition No. 4 (Appendix I to the 2012 Report).

2013. On November 7, 2012, Keith Kurahashi, on behalf of Grace Pacific, wrote to DPP (Appendix A to this Report) proposing that the structures be removed by March 31, 2013, and that sales activity cease by June 30, 2013.

On December 27, 2012, DPP wrote to Grace Pacific (Appendix B to this Report) concurring with removal of structures by March 31st and the closing of sales and the scale house by June 30th.

On December 29, 2012 Grace Pacific ceased all crushing and processing on Parcel 4. On January 2, 2013 all electrical service to Parcel 4, other than that serving the scale house, was permanently disconnected.

On January 7, 2013 Daniel Orodener, Executive Officer of the LUC, wrote to Grace Pacific suggesting that the interpretation sought earlier should have been addressed to the LUC (Appendix C to this Report).

Grace Pacific met with Mr. Orodener on January 14th, with a follow-up letter from Mr. Ing to Mr. Orodener on February 22, 2013 (Appendix E to this Report). As of this Report date, Grace Pacific has taken no further formal action with respect to a clarification of Condition no 4 of the LUC Decision & Order. However, Grace Pacific is considering and planning to seek clarification from the LUC regarding certain conditions in the SUP.

The Lower Quarry structures were removed by March 31st as reported in an April 30, 2013 letter from Grace Pacific to DPP (Attachments E and F to Appendix G to this Report). Sales ended June 29th and the scale house load cells and electronic reporting equipment were removed on July 2nd (a photo of the load cells is included as Appendix R to this Report). The scale house was subsequently demolished after abatement of asbestos materials.

In a letter dated July 19, 2013 (Appendix H to this Report), DPP proposed further revisions to the Lower Quarry Landscape Plan. A revision of this plan, dated November 5, 2013, is attached as Appendix T to this Report.

In the same July 19th letter, DPP asked about the disposition of equipment, salvaged parts and stockpiles observed in a visit to the Lower Quarry on July 2, 2013. Grace Pacific will retain a loader, excavator and high-lift for the duration of the VRP process. Subsequently, other equipment will be brought in to grade and finish landscape the property. The salvaged parts have largely been removed, with the balance to be off the property by November 30, 2013. The piled material will be retained to achieve final design elevations. The vertical and horizontal tanks will be removed from the property by November 30, 2013.

Although outside of the date range for this report, current activity under the Voluntary Remediation Program (VRP) as reported by Environmental Sciences International:

“On October 16, 2013, we began marking sample points and collecting soil samples as part of the VRP Task 4 - Site Characterization. Between October 16 to 28, 2013, surface soil samples were collected from the northwest and southwest side of the property (Areas E and F). No evidence of contamination was observed in any of the soil samples (i.e. visual or olfactory). Laboratory analytical results are pending. We have recently received our

NPDES permit and plan to start removing underground structures and utilities in the beginning of December at which time will initiate subsurface soil sampling throughout the remainder of the property using a direct-push drill rig.”

The building permits for the portable trailers had been held up in the review process by the HFD. Grace Pacific discussed a solution with the department on August 7th as mentioned under Condition 1.b above. When the permit cleared the HFD in October, it was then routed to the Waste Water Branch. A copy of the current status of the permit is attached as Appendix S to this Report.

2.5 SUP CONDITION #5

5. *Beginning January 1, 2012, quarry operations shall be limited to the following days/hours:*
- a. *Quarry excavation, crushing, stockpiling, equipment maintenance, and recycling facility – 6:00 a.m. to 6:00 p.m., Monday to Saturday.*
 - b. *Hot-mix asphalt plant - 6:00 a.m. to 6:00 p.m., Monday to Friday.*
 - c. *Unloading of cold-planed asphaltic concrete during re-paving jobs - 6:00 p.m. to 10:00 p.m., Sunday to Friday.*

2.5.1 GRACE PACIFIC’S RESPONSE TO SUP CONDITION #5

2009-2011. Grace Pacific acknowledges there will be a change in operating hours beginning in 2012, under this condition of the Special Use Permit.

2012-2013. Grace Pacific acknowledges this Condition.

2.6 SUP CONDITION #6

6. *Except for quarry, recycling activities in the quarry, and renaturalization activities, the remainder of Tax Map Key: 9-2-03: 74 shall remain in open space buffer for the life of the quarry and related activities. Minor accessory uses or structure may be permitted on Parcel 74 with the express written consent of the Director of Planning and Permitting. Any other uses shall be processed pursuant to Section 205-6. Hawai‘i Revised Statutes.*

2.6.1 GRACE PACIFIC’S RESPONSE TO SUP CONDITION #6

2009-2012. Grace Pacific acknowledges this condition of the Special Use Permit.

2012. On November 8, 2011, a brush fire occurred in the buffer zone to the south and west of the Upper Quarry pit. DPP notified Grace Pacific that the Honolulu Fire Department (HFD) discovered old military munitions (unexploded ordnance or UXO) in the

area of the fire. (Appendix C to this Report). Grace Pacific contacted HFD to obtain the map of the location of the munitions (Appendix C to this Report). The UXO was removed by the US Army's 303rd Explosive Ordnance Battalion.

Grace Pacific identified historical documents indicating that this area may have previously been part of a military training ground, referred to as Puu Makakilo Training Area. Due to the potential that additional UXO are in the area, there remains a concern regarding the safety of the public as well as Grace Pacific personnel. Grace Pacific evaluated the adequacy of existing security fencing and posted signs to warn the public about potential explosive hazards and to deter entry onto the property.

The US government is ultimately responsible for the disposition of munitions under the Military Munitions Rule, and that responsibility has been delegated to the US Army Corps of Engineers (USACE). The USACE did not have funding in FY 2013 to conduct a thorough evaluation of past military activities in the Makakilo area. Grace Pacific worked with the USACE and Senator Inouye's office to request "plus-up" funding for the USACE's Formerly Used Defense Sites (FUDS) program. If appropriated, the plus-up funding would allow the USACE to initiate a thorough evaluation of past military activities and mitigate any potential safety hazards as appropriate.

As mentioned above under Condition 1.b., DPP, in its Feb 2, 2012 letter, (Exhibit G to the 2012 Report) determined that a fire break zone qualifies as an accessory use under Condition no. 6 of the SUP. No further action has been taken on the Fire Break Conceptual Plan dated May 20, 2011, pending resolution of the UXO matter discussed above.

2013. DPP in a letter a letter dated February 19, 2013 (Appendix D to this Report), requested an update on progress of establishing fire break zones. Grace Pacific responded, in a letter dated April 30, 2013 (Appendix G to this report), that Grace was working with the Army Corps of Engineers and Senator Schatz's office to obtain funding for an investigation and cleanup. Grace has also posted warning signs on the property line fencing at the recommendation of the Army Corps. As of this Report date, it is Grace's understanding that there is a plus up in monies for the Makakilo investigation in the budget, but we are waiting for Congress (the Senate) to pass the budget. Accordingly, the Army Corps has not yet finalized their 2014 plan.

2.7 SUP CONDITION #7

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| <p>7. <i>As may be required by the State Department of Health, the Applicant shall place in service additional dust control measures to control dust generation at the project such that no visible fugitive dust shall cross the combined property boundaries of Tax Map Key: 9-2-03: 74 and 82.</i></p> |
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2.7.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #7

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit. For 2013, see also discussion under SUP Condition 9.a.

2.8 SUP CONDITION #8

8. *The Applicant shall, as a result of modifications to the final grading and beneficial re-use plans, submit an update of the drainage plan, prepared by a qualified civil engineer, as may be required by the Director of Planning and Permitting for review and approval.*

2.8.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #8

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit. There are no changes to the final grading plan in 2013.

2.9 SUP CONDITION #9

9. *On each anniversary date of the Land Use Commission's Decision and Order, the Applicant or its successor shall file with the Department of Planning and Permitting and the Land Use Commission a report and supporting documentation demonstrating the status of compliance with each of the conditions of the Special Use Permit approval. Included in the supporting documentation shall be an updated rectified aerial imagery of the quarry, buffer area and processing site and dust control management plan. The following items shall also be a part of the supporting documentation:*

- a. *Observations of fugitive dust.*
- b. *A report on replanting activities, including the areas replanted, and the type of vegetation planted.*
- c. *A report of any citizen's complaints relating to the operation along with the actions taken to ameliorate those complaints.*

The Director may present its analysis and recommendations on the annual report to the Planning Commission and the State Department of Health for further action pursuant to the Rules of the Planning Commission.

2.9.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9

2012. Grace Pacific provided the following images with the 2012 Report:

a) a corrected August 8, 2011 aerial photo of West Oahu;

b) the August 31, 2012 Makakilo Quarry Digital Orthography, depicted in three sub-areas (boxes A-C) and the overall area.

c) the August 31, 2012 Makakilo Quarry Topo Map.

d) an October 2012 aerial photo of West Oahu;

Items a) through d) above are also provided on a DVD in large, medium and small file sizes. An index of the DVD is to be found at Appendix Q to the 2012 Report. Reduced size prints of each of the above items were included as Appendix R to the 2012 Report.

2013. Grace Pacific has provided the September 4, 2013 Makakilo Quarry Digital Orthography, depicted in three areas (Upper Quarry, Lower Quarry and Overall), and a September 4, 2013 Makakilo Quarry Topographic Map with this Report. We are attaching a DVD with different levels of resolution and formatting to this Report. The index of the DVD is attached to this Report as Appendix O. Prints of the images on the DVD are attached to this as Appendix P.

The aerial photo of West Oahu, from Pearl Harbor to Kalaeloa Harbor has not been flown in time for this Report, and will be provided when available.

2.9.2 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9.A

2012. No observations of fugitive dust were reported to Grace Pacific or the State Department of Health, Clean Air Branch for the period October 1, 2011 through September 30, 2012. Correspondence from the Clean Air Branch dated October 15, 2012 is attached to the 2012 Report as Appendix K.

2013. During the July through October 2013 period, Grace Pacific's quarry crew stripped the overburden in the western corner of the excavation area, creating a new west haul road, and opening the center area for initial benching. The work was very visible and the route for the water wagon was long. Grace's Hotline received calls about the dust on July 29th, and September 3rd, and had a visit from the Clean Air Branch on August 26th (Complaint Report OA-13-143) over reports of fugitive dust. Grace's Quarry Manager discussed the matter with the Clean Air inspector and added a second water wagon to the stripping effort, and avoided working on days of high winds. The Clean Air Branch issued an informal notice of violation on September 5th, and did a follow-up on October 4th (Complaint OQ-13-204), noting "At the time of inspection, fugitive dust was being controlled in a reasonable manner". The Hotline calls are noted in Appendix N attached to this Report, and the Clean Air letter and reports are attached to this Report as Exhibit K.

2.9.3 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9.B

2009-2012. Grace Pacific has limited its replanting efforts in the Upper Quarry to temporary erosion control, awaiting approval of the Renaturalization Plan. Grace Pacific continues to maintain the buffer and screening plantings along Farrington Highway, the Kapolei Knolls buffer and the H-1 shoulder overlooking the Lower Quarry site.

Approval was given in February 2012 (see Appendix G to the 2012 Report) to begin renaturalization efforts for the buffer zone around the Upper Quarry. Eleven test plots were selected and the soils tested for characterization and recommendations. See Appendix L to the 2012 Report for the results of the soils testing.

2013. In a letter dated February 19, 2013 (Appendix D to this Report) DPP requested a status update of implementation of the two year trial. Grace Pacific responded on April 30, 2013 (Appendix G to this Report) with an aerial photo identifying the plot locations, plant propagation and the initial planting at plot 10 (Attachments B, C and D respectively to the April 30th letter).

Attached to this Report as Appendix Q are September 2013 photos of the test plots, and an aerial comparison between January and September 2013. Plots 1, 2 and 10 have been taken off the drip irrigation; plots 4, 6 and 9 are former golf water features that have been filled to grade and need imported soil; plots 5, 7 and 8 are currently drip irrigated; and plots 3 and 11 need the irrigation lines brought in. See also discussion under SUP Condition #2 earlier.

2.9.4 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #9.C

2012. Two reports of citizen complaints relating to blasting operations during the period October 1, 2011 through September 30, 2012 were received by Grace Pacific. A third report was phoned in but related to paving operations. A copy of the "Grace Pacific Makakilo Quarry Hotline" Phone Log is attached to the 2012 Report as Appendix J.

Quarry management followed up on the blasting complaints. Internal seismograph readings taken in the vicinity of the former golf clubhouse indicated readings within acceptable limits. Grace's consultant on blasting, Dr. Cathy Aimone-Martin visited the quarry in April of 2012, discussed blasting procedures with the quarry crew and reviewed records of blasts. Dr. Aimone-Martin concluded that the blast crew was doing a good job and offered several suggestions as to seismic report targets. Dr. Simone-Martin and the quarry management also met with several of the Pueonani Street residents during her visit. The residents requested advance notice of the blasting schedule. Quarry management agreed to send an email notice of the schedule. No complaints have been received on the hot line since notice of the schedule has been sent out.

During 2010 Grace Pacific has installed six seismic recording devices along the northwest perimeter of parcel 74 (adjacent to the Anuheia and Wai Kaloi neighborhoods) to

monitor the impact of blasting. Two of these had been destroyed by vandalism in 2011 and have been replaced. No seismic events approaching the level of concern have been detected by these monitors to date.

2013. No calls were received about blasting during the current reporting period. Quarry management continues to give notice of the blasting schedule to Wai Kaloi residents.

2.10 SUP CONDITION #10

10. *The Applicant shall provide a beneficial re-use plan for lands disturbed by its quarry operations. The plan shall include planning and preparation of the design and implementation scenarios for the beneficial re-use of the pit area consistent with established land use policies for the site and surrounding area. The re-use planning document and accompanying scenarios and drawings shall be submitted to the Department of Planning and Permitting, for review and approval within the fifth (5th) year after the date of the Land Use Commission's Decision and Order approving this expansion. An updated re-use plan shall be submitted to the DPP for review and approval every five (5) years thereafter. The beneficial re-use planning and design document shall be an ongoing document prepared by a professional qualified in re-use planning and contain objectives, implementation and funding strategies for reclamation of the pit area for the purpose of achieving the area's long term land use policies. The Applicant will update the plan, as may be required by the Director of Planning and Permitting, to respond appropriately to any changes in the surrounding area's land use policies.*

The beneficial re-use plan shall include at least one public access across Tax Map Key: 9-2-03: 74, connecting Tax Map Key: 9-2-03:81 and the extension of Makakilo Drive, across the project in which safe pedestrian/bicycling passage can be established. Access requirements, such as but not limited to, subdivision, nature of improvements, routing, hours accessible, shall be established as part of the final beneficial re-use plan. Suggested routing of the public access is shown on Exhibit A.

2.10.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #10

2009-2012. Grace Pacific acknowledges this condition of the Special Use Permit.

2013. The initial 2013 Makakilo Quarry Beneficial Re-Use Plan is being delivered as an enclosure with the Annual Report.

2.11 SUP CONDITION #11

11. *Approval of this Special Use Permit does not constitute compliance with other land use ordinances or governmental agencies' requirements. They are subject to separate review and approval. The Applicant shall be responsible for insuring that the final plans for the project approved under this permit comply with all applicable provisions of the Land Use Ordinance and other governmental agencies' provisions and requirements.*

2.11.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #11

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit.

2.12 SUP CONDITION #12

12. *The Applicant and/or landowner shall notify the Director of Planning and Permitting and the Land Use Commission of any changes in uses on the Property; termination of any uses on the Property; and/or transfer in ownership of the Property or any uses on the Property. The Planning Commission shall then, in consultation with the Director of Planning and Permitting, determine the appropriate disposition of this Special Use Permit and facilities.*

2.12.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #12

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit.

2010. Letters notifying DPP and LUC that a change of ownership of the Property occurred were sent on November 05, 2009 (Appendix G to the 2009 Report) and on March 26, 2010 (Appendix J on the 2010 Report).

2013. Letters notifying DPP and LUC that Grace Pacific Corporation had converted to a LLC (now known as Grace Pacific LLC) effective August 19, 2013 were sent on August 22, 2013 (Appendix J to this Report). This notice was sent for informational purposes.

2.13 SUP CONDITION #13

13. *In the event of noncompliance with any of the conditions set forth herein, the Director of Planning and Permitting may terminate all uses approved under this Special Use Permit or the Director may declare this Special Use Permit null and void or seek available civil procedures to enforce compliance.*

2.13.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #13

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit.

2.14 SUP CONDITION #14

14. *The Applicant shall, for the life of the Special Use Permit, establish and disclose to the community, a telephone number dedicated to receiving and recording complaints relating to quarry and recycling operations. A continuous volume of complaints shall warrant reconsideration of the Special Use Permit by the Planning Commission.*

2.14.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #14

2009-2013. Grace Pacific has posted the Makakilo Quarry Hotline information 671-GRACE (671-4722) on its website, www.gracepacificcorp.com, for disclosure to the community. See reporting on Conditions 9.a and 9.c above for 2013 activity on the hotline.

In addition, Grace Pacific has maintained communications with the community through a Community Advisory Group. The Community Advisory Group provides an opportunity for Grace Pacific to share information about its operations with area residents and obtain feedback from the community.

The Community Advisory Group is composed of residents and representatives from neighboring community associations. Current points of contact are:

James Brown, Kapolei Knolls

Judy Cocke, Anuhea

Ken Dorner, Villages of Kapolei

Maeda Timson, former Chairperson, Neighborhood Board No. 34

Thad Spreg, Wai Kalo'i

2013. Four complaints relevant to Quarry operations were phoned in to the Community Hotline (appendix N to this Report). Two had to do with visible dust and are discussed in the reporting for Condition 9a. The other two had to do with Grace Pacific's security patrol. At the time, the patrol route passed by the homeowner's property, on the Pueonani Street side of parcel 74. Grace subsequently re-routed the security patrol route away from the homeowner's property.

2.15 SUP CONDITION #15

15. *The uses in the quarry excavation area shall be limited to rock excavation, crushing, stockpiling, a new hot-mix asphalt plant, recycling of concrete rubble, glass, and asphaltic concrete pavement, equipment maintenance, employee support, parking, administration, and a water well and pump. No other uses shall be permitted without the approval of the Land Use Commission.*

2.15.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #15

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit.

2.16 SUP CONDITION #16

16. *The Applicant shall establish the quarry expansion in substantial compliance with the representations made to the Land Use Commission in obtaining the Land Use Commission Special Use Permit. Failure to do so may result in the revocation of the permit.*

IT IS FURTHER ORDERED that the conditions imposed by the LUC on March 23, 1973, in this docket that are applicable to the sanitary landfill operations shall remain in full force and effect.

2.16.1 GRACE PACIFIC'S RESPONSE TO SUP CONDITION #16

2009-2013. Grace Pacific acknowledges this condition of the Special Use Permit.

3.0 ANNUAL COMPLIANCE REPORT FOR THE CONDITIONAL USE PERMIT

(Conditional Use Permit, No. 2007/CUP-91, dated July 17, 2009)

3.1 CUP CONDITION #1

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| 1. <i>Blasting shall be restricted to the hours of 8:00 am to 12:00 noon, Mondays through Fridays.</i> |
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3.1.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #1

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.2 CUP CONDITION #2

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| 2. <i>Within one year of this Decision and Order, the applicant shall submit to the Director of the DPP for review and approval, final grading plans with contour intervals of five feet in areas where the slope is greater than ten percent; two feet in areas where the slope is ten percent or less.</i> |
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3.2.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #2

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2010. A Final Grading Plan was submitted to DPP on November 06, 2009 (Appendix J to the 2009 Report). A letter from DPP dated November 05, 2009 acknowledged that Condition 2 of the Conditional Use Permit was met (Appendix A to the 2010 Report).

3.3 CUP CONDITION #3

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| 3. <i>On the fifth anniversary date of this Decision and Order, and an updated every fifth year thereafter, as may be required by the Director, the applicant shall submit a beneficial reuse plan which shall show how the property is to be left in a form suitable for reuse for purposes permissible in the district, relating such reuses to existing or proposed uses of surrounding properties. Among items to be included in the plan are feasible circulation patterns in and around the site, the treatment of exposed soil or subsoil, including measures to be taken to replace topsoil or establish vegetation in</i> |
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excavated areas in order to make the property suitable for the proposed reuse, treatment of slopes to prevent erosion and delineation of floodways and floodplains (if any) to be maintained in open usage. Submittal of the beneficial reuse plan under Condition 12 of the Land Use Commission Decision and Order, dated November 7, 2008, may satisfy the requirements of this condition (providing the reuse plan complies with Land Use Ordinance Section 5.520, Specific Use Development Standards, for Resource Extraction).

3.3.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #3

2009-2012. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2013. The initial 2013 Makakilo Quarry Beneficial Reuse Plan is being delivered as an enclosure with this Report.

3.4 CUP CONDITION #4

4. *Prior to the issuance of a building permit for any structures within and/or the relocation of any structures to the Project Site, the applicant shall submit to the Director for review and approval:*
 - a. A site plan showing compliance with all development standards of the Land Use Ordinance, including but not limited to, parking and loading, structure heights and setbacks, and building coverage.
 - b. A water source and distribution plan approved by the Board of Water Supply. The plan shall include the disposition of the existing water source in the processing site.
 - c. An outdoor lighting plan showing all existing and proposed outdoor lighting fixtures. All exterior lighting shall be fully shielded to prevent glare and light spillage on surrounding lots and public rights-of-way. Lighting for unloading of cold-planed asphalt shall be directed away from adjoining residential uses and be turned off upon completion of unloading operations.

3.4.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #4.A, B, AND C

2011. A Site Plan, Water Source and Distribution Plan and Outdoor lighting Plan were submitted by Belt Collins to DPP on July 08, 2011 for review and approval. A copy of the letter is attached as Appendix G to the 2011 Report.

2012. As requested by DPP in a letter dated February 2, 2012 (Appendix F to the 2012 Report), Grace Pacific re-submitted the site plan required by Condition 1.a above, based upon the building permit set, but reduced to only those sheets relevant to the conditional requirements of the SUP and CUP, as Appendix B to the 2012 Report.

2013. In a letter dated February 19, 2013 (Appendix D to this Report) DPP noted that Condition No 4.c pertaining to an Outdoor Lighting Plan had not been approved and requested a status report on efforts to comply. Grace Pacific responded on April 30, 2013 (Appendix G to this Report) that work was underway to relocate the employee parking and lunch room to within the quarry pit. As of the date of this report, the employee parking has been relocated and the lighting in question has been disconnected.

3.5 CUP CONDITION #5

5. *The applicant shall stabilize exposed soils during the construction of any berms to minimize runoff impacts to the area's natural drainage features. Landscaping of any berms shall commence within 30 days of completion of berm construction.*

3.5.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #5

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.6 CUP CONDITION #6

6. *Operation of the resource extraction facility and accessory uses shall be in general conformance with the approved project, as described herein and shown on plans on file with the DPP. Any modification to the project and/or plans shall be subject to the prior review and approval by the Director. Major modifications shall require a new Conditional Use Permit.*

3.6.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #6

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.7 CUP CONDITION #7

7. *This application has only been reviewed and approved pursuant to the provisions of Section 21-5.520 (Resource Extraction), and its approval shall not constitute compliance with the requirements of other governmental agencies. These are subject to separate review and approval. The application shall be responsible for insuring that the final plans for the project approved under this permit comply with all applicable government agencies' provisions and requirements, including compliance with all other provisions of the Land Use Ordinance.*

3.7.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #7

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

3.8 CUP CONDITION #8

8. *The applicant and/or landowner shall submit written notification to the Director of DPP of any changes in use, including the addition of any accessory uses and/or structure, termination of any use on the property; and/or transfer in ownership of the property or of any use on the property. In the case of any addition and/or change in use, the Director shall determine if the proposed change requires a minor or major modification of the Conditional Use Permit. In the event of a change in ownership, the Director shall notify the new owner (by copy of this report) that the site and/or facility is permitted and/or governed by the Conditional Use Permit, and that compliance with all conditions of approval is required.*

3.8.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #8

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

2010. Letters notifying DPP and LUC that a change of ownership occurred were sent on November 05, 2009 (Appendix G to the 2009 Report) and on March 26, 2010 (Appendix J to the 2010 Report).

2013. Letters notifying DPP and LUC that Grace Pacific Corporation had converted to a LLC (now known as Grace Pacific LLC) effective August 19, 2013 were sent on August 22, 2013 (Appendix J to this Report). This notice was sent for informational purposes.

3.9 CUP CONDITION #9

9. *The Director may modify the conditions of this permit by imposing additional conditions, modifying existing conditions, or deleting conditions deemed satisfied upon a finding that circumstances related to the approved project have significantly changed so as to warrant a modification to the conditions of approval. In the event of the noncompliance with any of the conditions set forth herein, the Director may terminate all uses approved under this permit or halt their operation until all conditions are met or may declare this Conditional Use Permit null and void or seek civil enforcement.*

3.9.1 GRACE PACIFIC'S RESPONSE TO CUP CONDITION #9

2009-2013. Grace Pacific acknowledges this condition of the Conditional Use Permit.

----- End of 2013 Annual Report -----