

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of the Petition of)
)
THE LIHUE PLANTATION COMPANY,)
LIMITED, a Hawai'i corporation)
)
To Amend the Agricultural Land Use)
District Boundary for Approximately)
541.769 Acres and the Conservation)
Land Use District Boundary for)
Approximately 12.873 acres into the)
Urban Land Use District at)
Hanamaulu and Kalapaki, Island of)
Kauai, State of Hawai'i, Tax Map)
Key Nos. 3-6-02: por. 1, por. 4 &)
por. 20; 3-6-02:17; 3-7-01: por. 1;)
3-7-02: por. 1 & por. 12; and)
3-7-03: por. 20)
_____)

DOCKET NO. A94-703
ORDER ADOPTING HEARING
OFFICERS' PROPOSED
FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND
DECISION AND ORDER, AS
AMENDED

This is to certify that this is a true and correct
copy of the Decision and Order on file in the office
of the State Land Use Commission, Honolulu Hawaii.

JAN 04 1996
Date

by *D. H. [Signature]*
Executive Officer

JAN 4 10 34 AM '96
LAND USE COMMISSION
STATE OF HAWAII

ORDER ADOPTING HEARING OFFICERS' PROPOSED FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND DECISION AND ORDER, AS AMENDED

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3-7-03: por. 20)	
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ORDER ADOPTING HEARING OFFICERS' PROPOSED FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND DECISION AND ORDER, AS AMENDED

On July 11 and 12, and September 14, 1995, duly appointed Hearing Officers, commissioner Trudy K. Senda and chairperson, Allen K. Hoe, conducted hearings on the Petition for Land Use District Boundary Amendment ("Petition") filed by The Lihue Plantation Company, Limited, a Hawai'i corporation ("Petitioner"), on May 24, 1994, and as amended on October 11, 1994, December 7, 1994, December 23, 1994, and September 11, 1995.

On October 5, 1995, Petitioner filed a Proposed Findings of Fact, Conclusions of Law, and Decision and Order ("Proposed Decision and Order"). On October 20, 1995, the Office of State Planning ("OSP") filed a Response to Petitioner's Proposed Decision and Order. On October 24, 1995, Petitioner filed a

First Amended Proposed Decision and Order. On November 14, 1995, Petitioner filed a Response to OSP's Response to Petitioner's Proposed Decision and Order.

On November 22, 1995, the Hearing Officers submitted their Proposed Findings of Fact, Conclusions of Law, and Decision and Order ("Hearing Officers' Proposed Decision and Order") to this Commission and to the parties in this proceeding. No exceptions to the Hearing Officers' Proposed Decision and Order were filed by the parties.

On December 14, 1995, at its meeting in Honolulu, Hawai'i, this Commission heard oral arguments on the Hearing Officers' Proposed Decision and Order from the parties in this proceeding. Present were Benjamin Kudo, Esq., and Timothy Johns, representing Petitioner; Hartwell Blake, Esq., and Dee Crowell, representing the County of Kaua'i Planning Department; and Ann Ogata-Deal, Esq., and Abe Mitsuda, representing OSP.

At the December 14, 1995, meeting, Petitioner pointed out that in Finding of Fact Number 89, line 4, of the Hearing Officers' Proposed Decision and Order, the reference to "50 gallons per minute" should be amended to "350 gallons per minute."

This Commission, upon consideration of the Hearing Officers' Proposed Decision and Order, the arguments of the parties, the record and files herein, and good cause existing and upon motion duly passed by this Commission,

HEREBY ORDERS that this Commission shall adopt and incorporate herein the Hearing Officers' Proposed Decision and

Order, as amended by Petitioner, as its own Findings of Fact,
Conclusions of Law, and Decision and Order.

Done at Honolulu, Hawaii, this 4th day of January 1996,
per motion on December 14, 1995.

LAND USE COMMISSION
STATE OF HAWAII

By Allen K. Hoe
ALLEN K. HOE
Chairperson and Commissioner

By Trudy K. Senda
TRUDY K. SENDA
Vice Chairperson and Commissioner

By Rupert K. Chun
RUPERT K. CHUN
Commissioner

By M. Casey Jarman
M. CASEY JARMAN
Commissioner

By Lloyd F. Kawakami
LLOYD F. KAWAKAMI
Commissioner

By Merle A. K. Kelai
MERLE A. K. KELAI
Commissioner

By (absent)
EUSEBIO LAPENIA, JR.
Commissioner

Filed and effective on
January 4, 1996

By Joann N. Mattson
JOANN N. MATTSON
Commissioner

Certified by:

Bert Samuelson
for Executive Officer

By (absent)
ELTON WADA
Commissioner

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of the Petition of) THE LIHUE PLANTATION COMPANY,) LIMITED, a Hawai'i corporation) To Amend the Agricultural Land Use) District Boundary for Approximately) 541.769 Acres and the Conservation) Land Use District Boundary for) Approximately 12.873 acres into the) Urban Land Use District at) Hanamaulu and Kalapaki, Island of) Kauai, State of Hawai'i, Tax Map) Key Nos. 3-6-02: por. 1, por. 4 &) por. 20; 3-6-02:17; 3-7-01: por. 1;) 3-7-02: por. 1 & por. 12; and) 3-7-03: por. 20) <hr style="border: 0.5px solid black;"/>	DOCKET NO. A94-703 CERTIFICATE OF SERVICE
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Order Adopting Hearing Officers' Proposed Findings of Fact, Conclusions of Law, and Decision and Order, as Amended was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:

CERT. GREGORY G.Y. PAI, PH.D., Director
 Office of State Planning
 P. O. Box 3540
 Honolulu, Hawaii 96811-3540


CERT. DEE CROWELL, Planning Director
 Planning Department, County of Kauai
 Suite 473, Building A
 4444 Rice Street
 Lihue, Hawaii 96766

CERT. HARTWELL H.K. BLAKE, ESQ.
 County Attorney
 Office of the County Attorney
 County of Kauai
 4396 Rice Street, #202
 Lihue, Hawaii 96766

CERT. BENJAMIN A. KUDO, ESQ., Attorney for Petitioner
 Dwyer Imanaka Schraff Kudo Meyer & Fujimoto
 900 Fort Street Mall, Suite 1800
 Honolulu, Hawaii 96813

CERT. TIMOTHY JOHNS
 Amfac/JMB Hawaii, Inc.
 700 Bishop Street, 21st Floor
 Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, this 4th day of January 1996.



for ESTHER UEDA
Executive Officer

BEFORE THE LAND USE COMMISSION
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In the Matter of the Petition of)	DOCKET NO. A94-703
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THE LIHUE PLANTATION COMPANY,)	HEARING OFFICERS'
LIMITED, a Hawaii corporation)	PROPOSED FINDINGS OF
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HEARING OFFICERS' PROPOSED FINDINGS OF FACT,
CONCLUSIONS OF LAW, AND DECISION AND ORDER

The Lihue Plantation Company, Limited, a Hawaii corporation ("Petitioner"), filed a Petition for Land Use District Boundary Amendment on May 24, 1994, a First Amended Petition on October 11, 1994, a Second Amended Petition on December 7, 1994, a Third Amended Petition on December 23, 1994, and a Fourth Amended Petition on September 11, 1995, pursuant to chapter 205, Hawaii Revised Statutes ("HRS"), and chapter 15-15, Hawaii Administrative Rules ("HAR"), to amend the State land use district boundaries by reclassifying approximately 541.769 acres of land from the State Land Use Agricultural District and approximately 12.873 acres of land from the State Land Use Conservation District into the State Land Use Urban District, situated at Hanamaulu and Kalapaki, island of Kauai, State of

Hawaii, identified as Kauai Tax Map Key Nos. 3-6-02: por. 1, por. 4 & por. 20; 3-6-02:17; 3-7-01: por. 1; 3-7-02: por. 1 & por. 12; and 3-7-03: por. 20 (collectively referred to as the "Property"), for the development of single-family and multi-family residential uses, public and quasi-public facilities, village mixed-uses, industrial uses, parks, infrastructure, and open space as proposed in the Lihue-Hanamaulu Master Plan.

The Land Use Commission of the State of Hawaii ("Commission"), having heard and examined the testimony, evidence, and argument of the parties presented during the hearings; Petitioner's Proposed Findings of Fact, Conclusions of Law, and Decision and Order; the Office of State Planning's ("OSP") Response to Petitioner's Proposed Findings of Fact, Conclusions of Law, and Decision and Order; and Petitioner's Response to OSP's Response to Petitioner's Proposed Findings of Fact, Conclusions of Law, and Decision and Order, hereby makes the following findings of fact, conclusions of law, and decision and order:

FINDINGS OF FACT

Procedural Matters

1. On May 24, 1994, Petitioner filed a Petition for Land Use District Boundary Amendment with the Commission. On October 11, 1994, Petitioner filed a First Amended Petition for Land Use District Boundary Amendment. On December 7, 1994, Petitioner filed a Second Amended Petition for Land Use District Boundary Amendment. On December 23, 1994, Petitioner filed a Third Amended Petition for Land Use District Boundary Amendment.

On September 11, 1995, Petitioner filed a Fourth Amended Petition for Land Use District Boundary Amendment (collectively referred to herein as "Petition").

2. The Petition included an Environmental Assessment pursuant to section 343-5(a)(7), HRS. On June 3, 1994, and by a written Order dated June 24, 1994, the Commission required Petitioner to prepare an Environmental Impact Statement ("EIS"). On February 2, 1995, and by a written Order dated February 21, 1995, the Commission accepted Petitioner's Final EIS.

3. On April 21, 1995, a prehearing conference was conducted in Conference Room 238 of the Old Federal Building, 335 Merchant Street, in Honolulu, Hawaii, with representatives of Petitioner, OSP, and the County of Kauai Planning Department ("County") present, and at which time lists of exhibits and lists of witnesses of the parties were exchanged.

4. The Commission did not receive any petition to intervene in the proceeding.

5. On May 11 and 12, 1995, July 11 and 12, 1995, and September 14, 1995, the Commission conducted hearings on the Petition, pursuant to notice published on March 23, 1995, in the Honolulu Advertiser and The Garden Island.

6. The following persons appeared and testified as public witnesses on May 11, 1995, and/or submitted written testimonies or letters:

Keith Matsunaga, Kauai Tropical UH Fruit
Disinfestation Facility
Patrick H. Kaihara
Sarah Joseph, Teens 4 Teens
Malia Parker, Teens 4 Teens

Darcy Yukimura, Teens 4 Teens
Willie Crozier, Hawaii Operating Engineers Industry
Stabilization Fund
Charles Trembath
Clara Morris for Kenneth T. Ono, Wilcox Health
System
John Lopes, Unionized Members of the Plumbers and
Fitters Local 675 of the island of Kauai
Mike Crowder, Kauai Unionized Members of the Kauai
Building Trades Council
Floyd Fitzgerald
Billy Fernandez, Veterans Council
Lavonne Pironti, YWCA of Kauai
William Neil Rapozo, Lihue Chevron Station
Robby H. Rask, R Electric, Incorporated
Brian Fujiuchi, Kauai Police Department
Eddie Sarita
Bill Jessup, Kauai Papaya Farmers Cooperative
Mel Rapozo, Kauai Police Department
Rudy Miranda, Hawaii Carpenter's Union Local 745
Christopher Reimer for Mr. & Mrs. Jack Harter, Jack
Harter Helicopters
Ann Leighton
Turk Tokita
Cheryl Lovell-Obatake
Dee Idica for Tom Dinell, Catholic Charities
Robert Freeman
Aaron T. Uyeda, Contractors Association of Kauai
Conrad H. Murashige, K. Shioi Construction, Inc.
Russell J. Maeda, Kauai Builders, Ltd.
Sue Kanoho, Kauai Economic Development Board

7. On July 11, 1995, at its continued hearing on the
Petition, the Commission appointed commissioner Trudy K. Senda
and chairperson, Allen K. Hoe, as Hearing Officers in the subject
proceedings.

8. On July 11, 1995, the Commission took a field trip
to the Property, as well as to sites off the Property.

9. On September 14, 1995, the hearing on the Petition
was closed.

DESCRIPTION OF THE PROPERTY

10. The Property is located at Hanamaulu and Kalapaki in
the Lihue district on the island of Kauai, State of Hawaii. The

Property consists of approximately 554.642 acres of land; approximately 541.769 acres of land are in the State Land Use Agricultural District and approximately 12.873 acres of land are in the State Land Use Conservation District. The Property is specifically identified by Tax Map Key Nos. 3-6-02:por. 1, por. 4 & por. 20; 3-6-02:17; 3-7-01: por. 1; 3-7-02: por. 1 & por. 12; and 3-7-03: por. 20.

11. The Property is divided into four geographic areas: Molokoa; Ahukini Mauka; and Ahukini Makai, which are adjacent to Lihue town, Lihue Airport, and Hanamaulu Stream gulch; and Hanamaulu, which is adjacent to the existing town of Hanamaulu. Molokoa, Ahukini Mauka, and Ahukini Makai are separated by Kapule Highway and Ahukini Road. Hanamaulu is bounded by Kapule Highway and Kuhio Highway.

12. The Property is owned in fee in part by Petitioner; in part by Amfac Property Development Corp., a Hawaii corporation ("APDC"); in part by Okada Trucking Co., Ltd., a Hawaii corporation ("Okada"); and in part by the University of Hawaii ("UH"). Petitioner owns TMK Nos. 3-6-02: por. 1, 3-6-02:17, 3-7-01: por. 1, 3-7-02: por. 12, and 3-7-03: por. 20. APDC owns TMK No. 3-6-02: por. 4, Okada owns TMK No. 3-6-02: por. 20, and UH owns TMK No. 3-7-02:1. APDC, Okada, and UH, as owners of parts of the Property, agree with and have consented to the submission of the Petition.

13. The Property is primarily under cultivation for sugarcane production. Other portions of the Property are being used for an office site for a helicopter tour operation, a

Veterans Center, and a transformer site for Kauai Electric Company.

14. The Property is located south of Kalepa Ridge. The Property is a plateau with gentle slopes ranging from 1 percent to 8 percent. Elevation ranges from 60 feet above mean sea level at the eastern or makai location of the Property to approximately 200 feet above mean sea level at the western or mauka location of the Property. The average annual rainfall at the airport, which is adjacent to the Property, is 35 inches. Tradewind showers are relatively common and although heavy rains occur at times, most of the showers are light and of short duration. Normal annual rainfall is greater than 40 inches, three-fourths of which occur during the wet season from October through April. Normal precipitation in January, the wettest month, is over 6 inches, and in June, the driest month, precipitation averages 1½ inches.

15. The Soil Conservation Service Soil Survey (1972) series for each island was prepared by the U.S. Department of Agriculture Soil Conservation Service and the University of Hawaii Agricultural Experiment Station. Except for the former reservoir site located in TMK No. 3-6-02:1, all the soils on the Property are of the Lihue Series. Specifically, nearly all the soils are classified Lihue Silty Clay ("LhB") except for approximately 20 acres in TMK No. 3-6-02:1 that are classified Lihue Gravelly Silty Clay ("LIB"). Both have 0 to 8 percent slopes. This series consists of well-drained soils on uplands on the island of Kauai developed in material weathered from basic igneous rock. The annual rainfall on this series amounts to 40

to 60 inches. LhB is found on the tops of the uplands. Permeability is moderately rapid. Runoff is slow and erosion hazard is no more than slight. The characteristics of LIB are similar to LhB.

16. According to the Land Study Bureau Detailed Land Classification (1965 through 1972) series, the soils on the Property are rated B (specifically, B4li), which reflects its present and past use for sugar cultivation under irrigated conditions.

17. The Agricultural Lands of Importance to the State of Hawaii system has designated virtually all of the lands within the Property, except for the former reservoir site located in TMK No. 3-6-02:1, as "Prime Agricultural Land."

18. According to the Flood Insurance Rate Map of March 4, 1987, prepared by the Federal Emergency Management Agency ("FEMA") National Flood Insurance Program, the entire Property is located within "Zone X," an area defined as outside the 500-year floodplain. In addition, the Property lies entirely outside of the coastal flood zone attributable to either high wave action or tsunami.

PROPOSAL FOR RECLASSIFICATION

19. Petitioner proposes to develop the Property as a master-planned residential community, known as the "Lihue-Hanamaulu Master Plan" ("Project"). The Project proposes a conceptual land use plan to meet the urban expansion needs of Lihue, Kauai. As a logical urban in-fill development, the

Project maintains and supports Lihue as the government, commerce, and transportation center of Kauai.

20. The Project includes a variety of single-family and multi-family residential uses, industrial uses, public/quasi-public facilities, open space, village mixed use districts that provide for a mix of retail, commercial, and office uses, as well as infrastructure, parks, and a school site, if necessary. The County's debris recycling station that was proposed to be established on the Property under LUC Docket No. SP95-388 as part of the Project will no longer be a component of the Project. The County withdrew its Special Permit request before the Commission because FEMA, which was to have provided funding for the facility, declined the funding.

21. Specifically, the Project's residential mix will provide approximately 1,000 to 1,250 single-family units at densities of 3.5 to 9 units per acre and 400 to 550 multi-family units ranging in density of 10 to 20 units per acre. The single-family units are accommodated on approximately 180 acres and the multi-family are accommodated on approximately 35 acres. Since the above residential mix is based on current market projections, such mix may change in the long-term.

22. Petitioner proposes to also provide approximately 70 acres of commercial uses; approximately 128 acres of various industrial uses; approximately 70 acres of public/quasi-public uses; and approximately 48 acres of parks and open space.

23. The Project is divided into four quadrants: Molokoa, Ahukini Mauka, Ahukini Makai, and Hanamaulu. To support

schools, and local and regional active and passive recreational needs, Petitioner proposes to provide 22 acres of parks in both Molokoa and Ahukini Mauka. The balance of uses for Molokoa would entail a variety of residential neighborhoods of both single-family and multi-family units. The balance of uses for Ahukini Mauka would also include both single-family and multi-family units, as well as some village mixed uses. In the Ahukini Makai quadrant, Petitioner proposes to provide both light industrial and general industrial uses to support both local and regional industrial needs. Finally, in the 30-acre Hanamaulu quadrant, Petitioner proposes to complete the residential component of the existing Hanamaulu town by providing both single-family and multi-family residential units.

24. Petitioner will participate in providing its fair share of affordable housing in relation to the development of the proposed Project. As a fully integrated mixed use Project, the Project is intended to provide for the residential housing needs of local residents. No "resort-type" or second home land uses are proposed. Consequently, the residential real estate products must be economically feasible, yet priced at affordable rates to address the needs of Kauai residents. As such, a significant planning component of the Project will be the production of affordably priced for-sale housing. As the master developer, Petitioner proposes to work with the County of Kauai, exclusively, to assure that the affordable housing component is produced at prices in accordance with the applicable governmental policy and regulatory requirements.

25. The current schedule anticipates that all approvals for development will be in place to allow for major infrastructure development to begin in late 1996 or 1997. Generally, the construction phasing will be driven by some of the off-site infrastructure improvements including, but not limited to, water and sewage treatment plants. As such, construction will occur in four phases with substantial completion of the Project's infrastructure expected within the initial phase of the Project.

26. The total estimated construction cost for on-site and off-site infrastructure improvements is approximately \$55 to \$65 million. These costs are preliminary and based on the Lihue-Hanamaulu Master Plan. Costs will be refined as more detailed development plans are prepared and alternatives are selected. The order of magnitude costs (1994 dollars) are broken down as follows:

<u>INFRASTRUCTURE COST SUMMARY</u>	<u>TOTAL COST</u>
On-site Roads/Electricity	\$ 10 million to \$ 12 million
On-site Water	\$ 1 million to \$ 2 million
On-site Sewer	\$ 2 million to \$ 2.5 million
On-site Drainage	\$ 3 million to \$ 3.5 million
Off-site Road/Electricity	\$ 8 million to \$ 8.5 million
Off-site Water	\$ 8 million to \$ 10 million
Off-site Sewer	\$ 22 million to \$ 25 million
Off-site Drainage	\$ 1 million to \$ 1.5 million

Total: \$ 55 million to \$ 65 million

FINANCIAL CAPACITY TO UNDERTAKE THE PROPOSED DEVELOPMENT

27. Petitioner's Financial Statement and the Securities and Exchange Commission Report 10-K of its indirect parent company, Amfac/JMB Hawaii, Inc. ("Amfac"), indicate Petitioner's financial capacity to undertake the Project.

28. Petitioner and Amfac will finance the Project by a combination of ways including internal funding, early sales, and outside funding.

STATE AND COUNTY PLANS AND PROGRAMS

29. The Property is located within the State Land Use Agricultural and Conservation District, as reflected on the Commission's official maps K-10 (Kapaa) and K-11 (Lihue).

30. The proposed reclassification is consistent with OSP's Five-Year Boundary Review ("Boundary Review") prepared in 1992 pursuant to section 205-18, HRS. According to the Boundary Review, OSP has recommended the reclassification of portions of the Property from the State Land Use Agricultural District to the State Land Use Urban District.

31. The Property is currently classified by the County General Plan as Urban Mixed Use, Urban Residential, Public Facilities, Agriculture, and Open. Petitioner filed a petition to amend the County General Plan on May 25, 1994, for approximately 441 acres currently designated as Agriculture and Public Facilities. Such General Plan amendment would basically include almost the entire Property in the urban mixed use designation. Petitioner has requested the Kauai Planning Commission ("Planning Commission") to recommend such General Plan amendment, and the Kauai County Council ("Council") to approve such General Plan amendment. Recently, Petitioner received a favorable recommendation from the Planning Commission and is awaiting approval from the Council.

32. The Lihue Development Plan has designated a portion of the Project as "Project District 1" and the balance as "Agriculture."

33. The majority of the Property is zoned Agriculture, and a small portion of the Property, specifically along the Hanamaulu Stream valley, is zoned Open.

34. A portion of the Property is located within the Special Management Area ("SMA"), and is therefore subject to the County of Kauai's SMA Rules and Regulations, as amended.

NEED FOR THE PROPOSED DEVELOPMENT

35. Petitioner's marketing consultant, Arthur Andersen & Co., prepared a market study for the Project, dated October 1994. Overall, the development of the Project is reasonably necessary for the projected urban growth of Kauai and it assists in providing a balanced housing supply for all economic and social groups.

36. The Lihue district is projected to have a cumulative housing demand of approximately 4,347 units per year for the 1997 to 2016 period. Of this demand, the Project is projected to capture about 25 to 35 percent of the demand for single-family units and 35 to 45 percent of the demand for multi-family units. Prices for single-family units are anticipated to range from \$150,000 to \$300,000 in 1994 dollars. Prices for multi-family units are anticipated to range from \$115,000 to \$125,000 in 1994 dollars.

37. The absorption rate for the residential units of this Project is expected to average approximately 35 to 95 units

per year during the 1997 to 2016 period. As a result, based upon these projections, the Project will absorb approximately 1,300 to 1,800 units during the 1997 to 2016 period.

38. The Lihue district, which serves as the center of commerce for the island of Kauai and is the center of industrial activities, is anticipated to capture about 40 percent of the islandwide demand for industrial space. The Project is anticipated to capture an average of 40 percent of the industrial space demand in the Lihue district, and will absorb an average of 4 to 6 acres of industrial land per year over the 1997 to 2016 period.

39. There are two sources of demand for retail goods and services in Kauai: residents and visitors. The Lihue district is a traditional center of resident-oriented commerce for the island of Kauai, and such commerce is expected to continue due to its central location and the presence of a regional shopping center, Kukui Grove, and two national discounters. Also, a portion of visitor market expenditures could be captured within the district due to the presence of the Lihue Airport nearby and the significant amount of visitor accommodations located within the district.

40. The Project is anticipated to capture 30 to 40 percent of the net new demand for retail space in the Lihue district. Potential uses that could be feasible for the Project's retail parcels include a neighborhood shopping center, which would be anchored by a grocery store and drug store; a

convenience shopping center; heavy commercial and auto centers; and a visitor oriented specialty center.

41. The projected absorption rate of the retail parcels is about 1 to 2 acres per year for the 1997 to 2016 period. The Project has the potential to absorb up to 32 acres of land for retail purposes during the 1997 to 2016 period.

42. The Lihue district could capture approximately 60 percent of the islandwide demand of office space. Because of the Project's central location and proximity to existing commercial and government office areas and transportation facilities, the Project is expected to capture 50 to 60 percent of the office space demand within the Lihue district. The absorption rate for office space parcels is expected to be approximately 1 acre per year on average during the 1997 to 2016 period.

ECONOMIC IMPACTS

43. An economic and fiscal impact study was prepared by Arthur Andersen & Co., dated October 1994. About 4,475 residents are projected to reside within the Property by 2016. The labor force residing within the Property is projected to reach 2,349 by 2016. The employment accommodated within the commercial and industrial areas of the Project is projected to reach 3,410 by 2016. The total annual income from employment within the Property is projected to reach \$88.4 million in 1994 dollars by 2016.

44. With respect to the fiscal impacts to the County, the projected revenues related to the development of the Project are expected to slightly exceed the projected expenditures. This

is consistent with the concept that the Project intends to meet the needs of the projected increases in population and business activity, and that the existing relationships between expenditures and revenues would remain more or less the same.

45. With respect to fiscal impacts to the State, major new transportation facilities would not be needed to accommodate the development of the Project, and hospital services are provided by a private hospital near the Project. Based upon the Department of Education ("DOE") multipliers, the Project is expected to generate approximately 568 students by the year 2016, thereby adding an additional \$3.1 million current dollars in additional operating expenses by 2016. The general excise tax and personal income tax revenues from activities from persons on the Property will reach \$9.3 million in current dollars annually by 2016.

46. The Project will create approximately 300 to 400 full-time construction or development related jobs per year. These created jobs will be close in proximity to centers of trade and employment, and the amount of permanent jobs are expected to reach 3,410 by 2016. The Project will also create new centers of trading and employment.

SOCIAL IMPACTS

47. Petitioner's consultant, Earthplan, prepared a social impact assessment for the Project, dated September 1994. In assessing the social impacts of the Project, Earthplan analyzed the following five different areas: residential population impacts, the impacts on regional development, impacts

on neighboring communities, displacement impacts, and impacts on public services and facilities.

48. With respect to residential population impacts, the Project will generate or account for approximately 4,475 residents of whom 3,500 would be living in single-family units. At full buildout, the Project would account for about 4.6 percent of the island of Kauai's projected population for 2010 and for about 16 percent of the Lihue planning area's population.

49. With respect regional development impacts, the Project is consistent with OSP's Boundary Review recommendation for urban designation, the 1982 Kauai General Plan update designation of urban mixed use, and the Lihue development plan recommendations for residential units, parks, and community centers.

50. With respect to impacts on neighboring communities, since the Project will be next to existing residential areas, the Project will not detract from the communities' predominant residential character. The Project will be consistent with and complementary to these communities.

51. With respect to displacement impacts, although there is one non-agricultural user of the Property that will be displaced, such user already knows of the potential displacement and is prepared to relocate, if necessary. Such user has been working with the landowner and the Department of Transportation ("DOT") in locating another site.

52. With respect to impacts to public services and facilities, the Project will have no significant negative impact on either police, fire, schools, parks, or health facilities.

IMPACTS UPON RESOURCES OF THE AREA

Agricultural Resources

53. Petitioner's consultant, Evaluation Research Consultants, prepared an agricultural assessment, dated August 24, 1994. The agricultural economic impact to Petitioner in removing its lands from cultivation currently in sugar production is very minimal, particularly in light of the other changes Petitioner is undertaking, including the merging of operations with Kekaha and the replanting of fields in Kealia. The future of Petitioner's sugar plantation is much more likely to be affected by external events affecting the price of sugar rather than the loss of these lands.

54. The Property is on productive agricultural lands but due to market parameters, declining importance of sugar, and the availability of similar or better lands elsewhere in the State, taking the Property out of agriculture will not have a significant impact on the agricultural sector of the County or State.

Flora and Fauna

55. Petitioner's consultant, Char & Associates, prepared a botanical survey, dated June 1994. The Property consists of actively cultivated fields of sugarcane plants in various stages of growth, from recently sprouted stalks to older, taller plants ready to flower. These cultivated fields support a weedy mixture

of species commonly associated with agricultural lands in Hawaii. Weeds tended to be more numerous alongside the fields where it was more open and there was less competition from the fast-growing sugarcane.

56. Since the Project will be developed on lands already under active sugarcane cultivation and has been disturbed for such a long period of time, the Property is of little botanical interest or concern. The uncultivated areas were dominated by introduced or alien plants; these are plants brought to the Hawaiian Islands by humans, intentionally or accidentally. These include plants such as koa-haole, Guinea grass, Java plum, guava, and Christmas berry. The few native species found during our survey were all indigenous; that is, they are native to the Hawaiian Islands and elsewhere. However, none of the plants found are officially listed as threatened or endangered, nor are any of these plants proposed as candidates for such status.

57. Petitioner's consultant, Phillip L. Bruner, prepared avifaunal and feral mammal survey on the Property, dated August 5, 1994. The Property does not contain unique or special wildlife habitat. Feral mammals identified were rats, mice, and cats. There were 19 species of introduced birds on the Property. Three native Black-crowned Night Heron were recorded foraging along an irrigation ditch of the Property. No migratory birds were recorded on the survey; however, the Pacific Golden-Plover and the Wandering Tattler were known to frequent the Property. Moreover, the threatened Newell's Shearwater may fly over the Property as it goes back and forth between its nesting burrows in

the mountains and the open sea where it forages. In the adjacent Hanamaulu Gulch outside of the Property, two Hawaiian Hoary Bats, which are listed as endangered, were observed foraging. Two endangered Hawaiian water birds, the Common Moorhen and the Hawaiian Koloa Duck, as well as the Black-crowned Night Heron, were observed in the Hanamaulu Gulch wetlands outside of the Property. Two additional endangered Hawaiian waterbirds, the Hawaiian Coot and the Black-neck Stilt, were not observed but are thought to inhabit the wetlands. Finally, the pueo, although not observed, is also thought to forage in the Hanamaulu Gulch.

58. Since the Property is primarily agricultural sugarcane land, no special or unique habitat for birds or mammals exist on the Property. No threatened or endangered species are expected to occur with the development of the Project. As such, no mitigative measures are required. The only potential impact from the Project may be on the Newell's Shearwater that are attracted to lights as they move back and forth from their nest burrows. The attraction to light may confuse them as they often collide with power lines or vehicles. To protect the Newell Shearwater from lights associated with the Project, shields on street lights and around buildings which direct the light towards the ground will be provided. Additionally, Petitioner will follow the guidelines of the Department of Land and Natural Resources, Division of Forestry and Wildlife, to minimize the impact of urban/residential lighting on the Newell Shearwater.

Archaeological Resources

59. Petitioner's consultant, Paul H. Rosendahl, Ph.D., Inc., prepared an archaeological inventory survey of the Property, dated June 1994. There were a total of two sites within the Property. The first site (SIHP Site 1842) was a stacked stone wall situated at the northern margin of the Ahukini Mauka quadrant. This wall extended NW-SE along the edge of a cane haul road along the upper edge of the Hanamaulu Stream gulch. It was interpreted to be a historical period feature, associated with sugarcane cultivation, which served to retard the erosion of soil down the steep slope of the gulch. The site was evaluated as being significant only for information content.

60. The second site (SIHP Site 9402) was a historic building situated at the northern margin of the Molokoa Parcel. Initially identified by Department of Land and Natural Resources-State Historic Preservation Division ("DLNR-SHPD") in February 1990, this wood and hollow tile structure was built in the late 1930s and housed Kauai's first radio station, KTOH, which began broadcasting in May 1940. In 1982, the building was extensively damaged by Hurricane Iwa. In 1992, Hurricane Iniki damaged the building further, and it was not repaired. As such, the building, which is currently in very poor condition, was evaluated as being significant only for information content.

61. There are no significant archaeological sites or remains on the Property; therefore, the Project would not cause any substantial adverse impact to any significant archaeological resources.

Groundwater Resources

62. Petitioner's consultant, Water Resource Associates, prepared a hydrologic study for the Project, dated August 1994. The groundwater resources in the Lihue district occur primarily in the Koloa formation, a thick sequence of basaltic lava flows which erupted from Kilohana crater, which is about 4 miles west of Lihue town. High-level groundwater occurs extensively in the upper portion of the Koloa formation (also known as the high-level aquifer), and it has a head or static water level standing about 200 to 300 feet above sea level. This high-level aquifer consists of weathered rocks which generally have a low to moderate level of permeability.

63. Underlying the high-level aquifer, the bottom of which extends 180 to 250 feet below sea level, is a separate basal aquifer with a water level standing 30 to 50 feet above sea level. The groundwater quality in the high level aquifer is all potable and has no potential saltwater intrusion. The groundwater in the basal aquifer is also potable except near the coastal areas.

64. At full buildout, the Project will require a total average daily demand of 1.78 million gallons per day ("mgd"). The sustainable yield of the Hanamaulu aquifer system is estimated to be 40 mgd, or 50 percent of the groundwater recharge. In 1991, the withdrawal of groundwater from the aquifer system amounted to about 5 mgd, or 12.5 percent of the sustainable yield. The total withdrawal of groundwater from the aquifer system, including the water requirements of the proposed

Project, would therefore be 6.78 mgd, or 17 percent of the sustainable yield.

65. Two exploratory drilling sites have been located approximately 2 miles northwest of Lihue. Based upon an average pump capacity of 0.50 mgd and pursuant to the water systems standards of the County Department of Water, an estimated nine wells would be needed for the Project at full buildout.

66. The most feasible source of potable water supply for the Project is the high-level aquifer in the Koloa basalts. Wells need not be drilled much deeper than 400 feet and saltwater intrusion would not be a problem. Developing the basal aquifer that underlies the high level aquifer is an alternative. However, such alternative would require drilling wells about 700 to 900 feet deep, resulting in greater capital and pumping costs.

Recreational and Scenic Resources

67. The Project is not expected to have direct land use impacts on the nearby ocean-related parks. The Ahukini Makai quadrant is the nearest to Hanamaulu Beach Park and Ahukini Pier. The Project will also not impede access to parks. Several parks for passive and active recreation are planned within the Project. These include a park of approximately 4 acres at Molokoa, a 4-acre playground at Ahukini Mauka to serve as a community park, and an approximately 10-acre park in Ahukini Mauka adjacent to Kapule Highway. An approximately 4-acre site for a YMCA-type facility is also planned adjacent to the park in Molokoa. In total, approximately 22 acres are planned to meet the community's park and recreation needs.

68. Portions of certain larger parks will also be designed to serve as shallow drainage detention basins to improve the quality of surface water runoff and control the quantity of runoff flowing off-site. In addition to the 22 acres of park land, private neighborhood mini-parks and recreational facilities may be planned within the single-family and multi-family residential areas.

69. The Project will minimize adverse visual effects by conforming to setback requirements; installing appropriate landscaping; and establishing design guidelines for structures, which will include controls on building heights, locations, materials, colors, and surrounding landscaping. The proposed Kauai Gateway is intended to create a positive visual impression of Kauai as the Garden Island at the first major crossroad formed by the Ahukini Road/Kapule Highway intersection. Visitors and returning residents arriving at Lihue Airport and traveling to their destinations will all pass through this crossroad. Appropriate landscaping at the four corners will be coordinated and implemented along with DOT and the County of Kauai's Gateway beautification efforts.

Coastal/Aquatic Resources and Water Quality

70. Petitioner's consultant, Environmental Assessment Co., prepared a marine communities and water quality assessment, dated December 1994. The water quality data collected to date demonstrate the large influence that the Hanamaulu and Nawiliwili streams have on the quality of the receiving waters. For example, during the low flow conditions, many samples from

Hanamaulu Bay individually exceeded State water quality standards and the geometric mean for chlorophyll-a exceeded the standard. Turbidity in Hanamaulu Bay was very close to exceeding the standard, indicating that much of the bay is extremely turbid even during dry weather. Water quality data from Nawiliwili Bay during a dry period were similar to those from Hanamaulu Bay.

71. The marine communities are not well-developed off-shore near the Property. In both the Hanamaulu and Nawiliwili Bays, the inner reaches are dominated by sand and marine communities over much of this area and appear to be heavily influenced by occasional input of freshwater probably during periods of stormwater runoff. In the outreaches of both bays, more solid substratum is present affording attachment of corals, but in general communities are poorly developed because of the exposed nature of the bottom to wave impact and sand scour.

72. Before construction, a number of mitigative measures including, but not limited to, sediment and retention basins will be implemented to minimize the potential impact of the Project to both the water quality of Hanamaulu and Nawiliwili Bays and their marine communities.

73. Petitioner's consultant, BHP Environmental Technologies International, prepared a stream biological survey, dated July 8, 1994. Hanamaulu Stream and its associated tributaries have been heavily impacted by past and current land use practices. Consequently, there is a low diversity and abundance of native stream fish, crustaceans, mollusks, and

aquatic insect species in the Hanamaulu Stream system. These findings are typical of many urbanized streams found in Hawaii where introduced aquatic biota predominate. The area of Hanamaulu Stream with the highest quality aquatic habitat was located upstream of Kapaia Reservoir. However, Kapaia Reservoir and other reservoirs block access of migratory native fish and crustaceans to this area of the stream. The fish community in the stream consists of introduced bluegills and guppies. No Category 2 or Category 1 Candidate Endangered damselfly species in the genus *Megalagrion* were found in the Hanamaulu Stream system. Additionally, no Candidate Endangered Newcomb's snail (*Errina newcombi*) was found anywhere in the Hanamaulu Stream system.

74. The proposed Project will not have a significant impact to current populations of native freshwater Hawaiian aquatic biota within Hanamaulu Stream or the island of Kauai. The Project's impact to the existing stream biota should be minimal, because the proposed Project will incorporate erosion control measures during construction and provide landscaping and ground cover for long-term erosion control and to mitigate stream runoff.

ENVIRONMENTAL QUALITY

Noise

75. Petitioner's consultant, Y. Ebisu & Associates, prepared a study of the noise impacts of the Project to the surrounding properties, dated September 1994. The traffic noise resulting from the Project's traffic by the year 2016 is

generally less than noise that would result from non-Project traffic except for the traffic noise on Hoolako Street. For Hoolako Street, an increase of 5.7 Ldn is anticipated from the Project because the roadway will become a major access roadway. The construction of a sound attenuating wall fronting two or three existing homes along Hoolako Street is a possible noise mitigation measure.

76. For existing residences, mitigation measures can be in the form of sound attenuating walls or air conditioning which are implemented by individual property owners along a public roadway. At future residences on the Property, the use of adequate setback distances from the roadways is one method of reducing traffic noise to levels below the federal standard of 65 Ldn. Where adequate setback distances cannot be achieved, the use of sound attenuating walls and/or beams can be used to prevent adverse traffic noise impacts on single-story residences. Use of air conditioning or sound attenuating windows are the remaining traffic noise mitigation methods which may be applied where the use of setbacks, walls, or beams are not adequate.

77. Since Petitioner will situate noise sensitive land uses outside the existing and forecasted 60 Ldn noise contours for Lihue Airport, risks of adverse aircraft noise impacts will be reduced to acceptable levels. To further reduce risks of adverse noise impacts from aircraft operations at Lihue Airport, the noise disclosure provisions of section 467-31, HRS, is recommended.

78. The planned residential areas of the Project are located approximately 1,800 feet from an existing asphalt plant now located within the Hanamaulu Gulch outside of the Property, and should not be adversely impacted by asphalt plant noises in excess of 55 dBA. Industrial land uses are planned on the Property in the areas immediately adjacent to the asphalt plant, so there should not be any noise impacts on planned residential areas.

79. Because of the proximity of the Property to existing residences, unavoidable short-term noise impacts may occur during the Project's construction activities. Use of properly muffled construction equipment is recommended to minimize the impacts. Incorporation of the State Department of Health's ("DOH") construction noise limits, permit procedures, and curfew periods are noise mitigation measures which have been successfully applied in residential communities on the island of Oahu, and which are recommended for this Project.

Air Quality

80. Petitioner's consultant, Odgen Environmental and Energy Services Co., prepared an air quality impact study of the Project, dated September 1994. With respect to short-term air quality impacts, the potential for significant fugitive dust generation during the construction phase will exist. Nevertheless, mitigation measures including, but not limited to, minimizing the number of concurrent brush clearing and construction activities and watering can minimize fugitive dust emissions by 50 percent.

81. Emissions from motor vehicles create the most significant long-term air quality impact. However, emissions should become significantly less as the proposed transportation improvements are developed and the LOS ratings of Project intersections are improved to "D" or better. Mitigation measures designed to reduce overall motor vehicle emissions can also be incorporated. Encouraging public access to alternative forms of transportation, such as public transportation, car pooling, bicycling, and walking are other mitigation measures.

82. As a result of the Project, there will be no agricultural sugarcane burning on the Property. Hence, there will be a decrease in emissions of particulate matter into the environment. This will be a positive net result. Additional positive impacts of the Project will be reduced pesticide use and reduced emissions because of reduced travel time and distance to jobs for the residents.

ADEQUACY OF PUBLIC SERVICES AND FACILITIES

Highway and Roadway Facilities

83. Petitioner's consultant, Austin, Tsutsumi & Associates, Inc., prepared a traffic impact study of the Project, dated January 1995. There are four routes of egress and ingress into the Lihue core: Kaumualii Highway from the west; Nawiliwili Road/Rice Street from the east or southeast; Kuhio Highway from the northeast; and Kapule Highway.

84. The regional roadways are Kuhio Highway, Kapule Highway, and Kaumualii Highway. Internally, Ahukini Road and Rice Street, which connects Kuhio Highway and Kapule Highway,

provide the primary east-west access at the present time to the airport. As a result, the Lihue core has a very limited amount of roadways that are available to motorists to cross town in either the north-south direction or the east-west direction.

85. Traffic within the Lihue area generally moves fairly well. Traffic entering Lihue from the northeast (the Kapaa area) generally moves smoothly into Lihue and through Lihue during the peak periods of traffic. However, traffic coming from the west side finds Kaumualii Highway congested from the Puhi area northward. This is primarily due to the increase in residential units on the west side over the past few years and the slow recovery of employment in the Koloa/Poipu area due to Hurricane Iniki. However, this condition will be alleviated in the near future with the widening of Kaumualii Highway from Nawiliwili Stream to the Tree Tunnel area; the realignment of the Kuhio Highway, Kaumualii Highway, and Rice Street intersection at Lihue; and the recovery of business from Hurricane Iniki. North side commuters have had Kuhio Highway widened, from Kapule Highway to Waipouli, and a contra-flow operation implemented during the morning peak period of traffic. There are no serious commuting problems on Kuhio Highway to and from Lihue.

86. At the present time, DOT has proposed and funded the realignment of the Kaumualii Highway, Kuhio Highway, and Rice Street intersection. DOT has also proposed and funded the widening of Kaumualii Highway from the Nawiliwili Stream Bridge to the Tree Tunnel at Maluhia from two lanes to four lanes. The County has proposed and funded a project to increase the number

of lanes on Rice Street between Kuhio Highway and Kapule Highway by restriping and restricting parking. After these improvements are put in, traffic demand will be better accommodated in the short to mid-term.

87. Existing traffic operations in the Lihue area are generally good. Traffic from the west side currently experiences delays, but roadway improvements presently programmed will alleviate this condition. The Project will improve traffic circulation in central Lihue by completing the extension of Hoolako Street to Ahukini Road and the extension of Kaana Street from Hardy Street to Kapule Highway. The short-range roadway improvements recommended in the current update of the Kauai Long-Range Highway Master Plan are necessary to accommodate the de facto growth in traffic demand. If these improvements for the Lihue area are implemented, the roadways will accommodate the Project-generated traffic as well. Thirty percent of the trips that are generated by the Project will stay within the Property. Further, the proximity of the proposed commercial and industrial uses in relation to Lihue Airport and Nawiliwili Harbor will tend to reduce regional vehicular trips. Moreover, public transit will also help to reduce vehicular traffic demand on the Kauai roadways.

Water Service

88. Petitioner's consultant, Kodani & Associates, Inc., prepared a water requirement study for the Project, dated September 16, 1994. Although the Project is proximate to an existing water system, Petitioner will construct an additional

facility to increase its capacity to accommodate this Project. Petitioner will also construct or arrange for the construction of the source, storage, and transmission facilities required to supply water to the Project in accordance with the guidelines set forth in the County Department of Water Standards. Upon completion, this water infrastructure system will be made a part of the Lihue water system.

89. At full buildout, Petitioner is proposing to construct two 1 million gallon storage tanks and one 0.5 million gallon storage tank. Based on the assumption that each well will be producing an average of 50 gallons per minute, nine wells are anticipated to be developed. The actual number and location of the wells will be determined after exploratory drilling is performed. From the storage tanks, Petitioner is proposing a 16-inch transmission line to go through the sugarcane fields on to Lihiku Street where it intersects Kuhio Highway. At that point, the line will tie to the existing water line that is running on Kuhio Highway. From there, the line will continue down Ahukini Road with the 12-inch transmission line, which will go to the Molokoa, Ahukini Makai, and Ahukini Mauka areas of the Project. From the Hanamaulu area, Petitioner will be extending another 12-inch transmission line from the intersection of Kuhio Highway and Hanamaulu Beach Road onto the Property.

Wastewater Disposal

90. Petitioner's consultant, Austin, Tsutsumi & Associates, Inc., prepared a wastewater study for the Project. The only portion of the existing collection system within close

proximity to any of the development areas is a 21-inch sewer line along Kapule Highway, adjacent to Molokoa. There are no other existing sewer lines within the balance of the Property.

91. The existing Lihue Wastewater Treatment Plant ("WWTP") is a conventional activated sludge type secondary treatment plant that has recently been expanded to treat an average flow of 2.5 mgd of domestic wastewater. Prior to Hurricane Iniki, average influent flows were approximately 1.3 mgd. Current flows are slightly below this level due to damages sustained by the sewer community during Hurricane Iniki. Effluent from the Lihue WWTP is currently used for irrigation of the two Kauai Lagoon golf courses.

92. The total amount of wastewater generated from the Project will be approximately 1.6 mgd. However, because about 90,000 to 95,000 gallons per day are already accounted for by the existing Lihue WWTP, the net wastewater generated from the Project will be approximately 1.51 mgd.

93. At the present time, there are four alternatives for the treatment of wastewater generated by the Project. All alternatives are currently being evaluated, and are being closely coordinated with the County.

- a. Alternative No. 1: Expansion of the Lihue WWTP to accept the additional net estimated 1.51 mgd of flow.
- b. Alternative No. 2: All of the proposed wastewater from the proposed development, except Hanamaulu

Triangle, would be collected and conveyed to a new 1.51 mgd WWTP to be constructed on Ahukini Makai.

- c. Alternative No. 3: This alternative would be a combination of both Alternatives No. 1 and No. 2. Under this alternative, wastewater flows from Molokoa and Upper Ahukini Mauka would be conveyed to the existing 21-inch sewer line along Kapule Highway. The flows generated from these two areas would be directed to the existing Lihue WWTP. The plant would be expanded to accommodate this increased volume of wastewater flow of approximately 0.7 mgd. The balance of the flows from Lower Ahukini Mauka and Ahukini Makai would be conveyed to a new WWTP site within Ahukini Makai with a capacity of approximately 0.8 mgd. This new WWTP would remain a private facility.
- d. Alternative No. 4: This alternative, which is similar to Alternative No. 3, involves the expansion of the existing Lihue WWTP to accept the liquid stream portion of the net estimated 1.51 mgd of wastewater generated flows from the proposed development. Under this alternative, however, the solids stream portion of the new and existing flows would be pumped to a new solids handling facility sited approximately two miles away in Ahukini Makai. Here, the solids stream would be processed and

disposed of off-site, with the liquid stream being returned back to the existing WWTP.

94. At the present time, there are five alternatives being evaluated for the disposal and reuse of the treated effluent. All alternatives are currently being evaluated, and are being closely coordinated with the County.

- a. Alternative No. 1: Pumping of the treated effluent for reuse to irrigate Petitioner's sugarcane fields;
- b. Alternative No. 2: Pastureland irrigation;
- c. Alternative No. 3: Landscape irrigation along roadways and/or public areas within the Property;
- d. Alternative No. 4: Landscape irrigation along Lihue airport Terminal and/or runways; and
- e. Alternative No. 5: Golf course landscaping, if available in the future, within close proximity to the Property.

Drainage

95. Petitioner's consultant, Kodani & Associates, Inc., prepared a drainage requirement study for the Project, dated January 6, 1995. To determine the impact that the Project may have on flooding downstream of the Project, the runoff peak flows generated under existing and developed conditions for the 100-year 24-hour storm were calculated using the Soil Conservation Services TR-55 Method (Urban Hydrology for Small Watersheds). In the Molokoa and Ahukini Mauka areas, the runoff was also routed through proposed combination park/detention basins. The impact,

if any, of the additional runoff was determined to have no adverse impact to the downstream properties.

96. With respect to drainage patterns of the Property, the Molokoa area will be flowing in the southeasterly direction to Kalapaki Bay. For the Ahukini Mauka area, flows will generally be going in the northeasterly direction in Hanamaulu Valley into Hanamaulu Stream and out to Hanamaulu Bay. For the Ahukini Makai area, the flows will be going in a northeasterly direction. Portions of the flows will be going into the valley and into Hanamaulu Bay, and portions will be sheet flowing across airport land and into the ocean. For the Hanamaulu area, flows will go through three exits and siphons and will sheet flow across in a northeasterly direction onto Petitioner's lands and eventually out into the ocean.

97. The design of the drainage system that would serve the Project was based on guidelines contained in the County's Storm Drainage Standard for a 10-year storm. Pipes within the drainage system were sized based on the assumption that the flow in the pipe was inlet controlled and the allowable headwater to diameter ratio was 1.5:1. The Project will have a drainage system consisting of drain inlets, manholes, drain pipes, and outlet structures built along the roadways of the development. Drain pipe sizes will range from 18 to 96 inches in size.

98. Overall, the Project will have satisfactory topography and drainage and it will be reasonably free from danger of floods, tsunamis, unstable soil conditions, and other adverse environmental effects.

99. With respect to erosion and sediment control, the majority of the Property is in agricultural use. Using the U.S. Soil Conservation Service Erosion and Sediment Control Guide, the soil loss for the Property under existing conditions is calculated to be approximately 309 tons per year. At full buildout, the approximate soil loss would be 63 tons per year, or roughly 20 percent of existing soil conditions.

100. During construction, a temporary berm (i.e., gravel berms), temporary sedimentation basins, and filter fabric fences will be constructed to minimize any soil loss. In accordance with DOH's administrative rules, Petitioner will insure that the best management practices are utilized to prevent or minimize the discharge of sediment, debris, or other water pollutants into State waters.

101. Assuming the drainage infrastructure is constructed as recommended by Petitioner's consultant, the Project will have adequate service for drainage facilities and not necessitate an unreasonable investment in public infrastructure or support services, and it will not have any significant impacts upon the existing County drainage facilities.

Schools

102. The Property is currently served by two public elementary schools and an intermediate/high school:

- Wilcox Elementary School (grades kindergarten to sixth). Located on Umi Street in Lihue town, the school has a current enrollment of 1,004 students.

Its 1993 enrollment was approximately 1,066 students.

- King Kaumualii Elementary School (grades kindergarten to sixth). Located in Hanamaulu north of Hanamaulu Road, its current enrollment is 835 students. Its 1993 enrollment was 713.
- Kauai Intermediate and High School (grades seventh through twelfth). Located on Lala Street near Nawiliwili Road, its current enrollment is 1,775 students; 1993 enrollment was 1,718.

Wilcox Elementary School, located in the heart of the existing civic center, was built in the 1950s and is currently serving Lihue area students in kindergarten to grade six. Under the present school district boundaries, the Property would likely be serviced by all three of the above listed schools.

DOE has plans for three new schools to alleviate the current capacity problems: 1) a new elementary school for the Kapaa area (near Coco Palms Hotel) to alleviate the over capacity at King Kaumualii; 2) a new intermediate school planned for the upper areas of Kapaa; and 3) a new intermediate school near Nawiliwili proposed by Grove Farm (developer of the Puakea project).

103. The Project will increase the residential population in the area, thereby adding to the student population. A total of approximately 568 students are expected to be generated by the Project according to DOE standards: 345 elementary students in grades kindergarten to grade five, 84

intermediate students in grades six through eight, and 139 students in the high school grades from nine through twelve. These increases will impact the three existing elementary schools, which are operating beyond capacity and report a shortage of classrooms.

Petitioner originally proposed a new elementary school to address the impact of the increased student population. Project planning included a 12-acre elementary school and park site as an integral component of the pedestrian oriented master-planned community.

DOE commented that the proposed school site is unacceptable due to the close proximity of two existing elementary schools, Wilcox School in Lihue and King Kaumualii Elementary School in Hanamaulu, and its proximity to Lihue Airport, and that 12 acres off-site in Puhi for an elementary school would be preferable. In discussions with DOE, Petitioner worked to resolve the need for a new school site in the Lihue area as the existing schools are operating beyond their capacities.

104. Petitioner has offered the DOE 12.0 acres of off-site land in the Lihue district at Puhi in an "as is" condition.

Electrical Services

105. Kauai Electric Company owns and maintains the electrical systems which serve the areas adjacent to the Property. An existing 12 kv transmission line is presently located on the Property. However, the Property itself has no

electrical system since the Property is currently in agricultural use.

106. The development of the Project will result in the increased demand for electricity. The electrical peak generating demand was estimated using a factor of 2.5 kilowatts per residential unit and 25 kilowatts per acre of industrial/commercial/public uses. For the proposed residential units and 268 acres of industrial/commercial/public uses, approximately 11,700 kilowatts of electricity will be needed.

107. To meet the increased demand for electricity, a new electrical substation may be required. Main distribution lines from the substation to the Property will be constructed overhead with distribution lines within the Property being built underground. Petitioner will coordinate its planning efforts with Kauai Electric Company's efforts to supply power to the Property. Applicable standards of the State's Model Energy Code for residential and public buildings will be integrated into the Design Guidelines for the Project and will become a code requirement to obtain building permits for the various structures planned at the Project.

Police and Fire Protection

108. The Project is located in Sector 5 of the Lihue District of the Kauai Police Department ("KPD"). Sector 5 extends from the Wailua Correctional Center and the Wailua Golf Course on Kuhio Highway to the north, and to Rice Street to the south; it includes Hanamaulu. The district's police protection services are provided by officers from the Lihue Police Station

located on Umi Street. One officer is on duty in Sector 5 during each shift. Response times are presently two to three minutes to locations near the Property. An additional 10 to 12 officers will be needed in the Lihue district to service the Project's population increase at full buildout. To ensure continued levels of protective services, the Project has identified a new 9-acre police headquarters site at Molokoa.

109. Lihue Fire Station No. 3, which is located on Rice Street in Lihue, has primary responsibility for fire protection of the Property, which can be presently reached in approximately four minutes. The backup station for the Property is Kapaa Fire Station No. 2, which is located 8 miles from the Property. The current facilities have sufficient capacity to serve the Project. However, since the water supply and transmission system may be insufficient, fire control capabilities will be incorporated into the design of the water storage and transmission system employing accepted standards and regulations for fire protection.

Other Public Services

110. Kauai's three hospitals include G.N. Wilcox Memorial, Kauai Veteran's Memorial, and Samuel Mahelona Hospital. Together, they provide 113 acute care beds, 271 long-term care beds, and 4 advanced life support ambulances. The 185-bed Wilcox Memorial Hospital is adjacent to the Property, making ambulance response time to and from the Property approximately three to five minutes.

Wilcox Hospital is at approximately 64 percent occupancy, Kauai Veteran's Memorial at approximately 37 percent, and Samuel Mahelona Hospital at approximately 27 percent.

COMMITMENT OF STATE FUNDS AND RESOURCES

111. Given Petitioner's commitment to pay or arrange for certain on-site infrastructure improvements, as well as its proportionate fair share of various off-site infrastructure improvements necessitated by the Project, the Project will not result in any unreasonable commitment of State funds or resources.

CONFORMANCE TO STATE LAND USE URBAN DISTRICT STANDARDS

112. The reclassification of the Property meets the standards applicable in establishing boundaries of the State Land Use Urban District as set forth in section 15-15-18, HAR, as follows:

Standard: (1) It shall include lands characterized by "city-like" concentration of people, structures, streets, urban level of services and other related uses.

The town of Lihue, Lihue Airport, and Hanamaulu are adjacent or proximate to the Property. These uses are "city-like" in concentration and the proposed Project would expand these characteristics.

Standard: (2) It shall take into consideration the following specific factors:

(A) Proximity to centers of trading and employment where the development would generate new centers of trading and employment.

The proposed Project would be proximate to the trading and employment center of Lihue. In addition, the proposed commercial and industrial uses would add to Lihue's role as a center of trading and employment on Kauai. The new direct and indirect employment opportunities generated by the proposed Project will be established in support of an existing urban area.

(B) Substantiation of economic feasibility by Petitioner.

There is a demand and market for the land uses proposed by the Project. Based on the market study and the current development schedule, the Project will be economically viable.

(C) Proximity to basic services such as sewers, water, sanitation, schools, parks, and police and fire protection.

The Project is contiguous to existing urban development and associated infrastructure. Public services either exist or will be expanded to correspond with the projected population expansion for the area. To address Project plan requirements, infrastructure will be improved or expanded to provide required capacities and enhance services as warranted. The long-term development timeframe will allow for continued planning and coordination for development and expansion of community facilities and services.

(D) Sufficient reserve areas for urban growth in appropriate locations based on a ten (10) year projection.

The proposed Project is in an appropriate location for urban growth as it is contiguous to existing urban areas and located adjacent to major transportation systems. There is a

demand for the proposed multi-family and single-family residential product over a 15 to 20-year absorption period. The Property serves as an appropriate expansion area for urban growth adjacent to Lihue.

Standard: (3) It shall include lands with satisfactory topography and drainage and reasonably free from the danger of floods, tsunami, and unstable soil conditions and other adverse environmental effects.

The topography of the proposed Property is suitable for urban development, having an overall slope of less than 8 percent. Existing drainage patterns would remain largely intact and additional drainage system improvements would be installed. With the proposed storm water drainage system, the quantities and quality of surface runoff will be better controlled and managed. Three years after initiation of the Project, sediment loss should be less than currently experienced under sugar cultivation. The Property is located outside the 100-year storm and tsunami area.

Standard: (4) In determining urban growth for the next ten years, or in amending the boundary, lands contiguous with existing urban areas shall be given more consideration than non-contiguous land, and particularly when indicated for future urban use on state and county General Plans.

The Property is contiguous to existing urban areas. OSP has identified a portion of the Property as appropriate for urbanization in its Boundary Review.

Standard: (5) It shall include lands in appropriate locations for new urban concentrations and shall give consideration to areas of growth as shown on the state and county general plans.

The proposed land uses are consistent with policy provisions of the County of Kauai General Plan. The site is adjacent to existing urbanized lands and consistent with all applicable provisions of the Hawaii State Plan.

Standard: (7) It shall not include lands, the urbanization of which will contribute toward scattered, spot urban development necessitating unreasonable investment in public infrastructure or support services.

The Project does not constitute scattered spot development because of the urban nature of the surrounding land uses. The Project may be characterized as an "in-fill" development within the urban areas of Lihue, Lihue Airport, and Hanamaulu.

CONFORMANCE WITH THE GOALS, OBJECTIVES AND POLICIES OF HAWAII STATE PLAN; RELATIONSHIP WITH APPLICABLE PRIORITY GUIDELINES AND FUNCTIONAL PLANS

113. The reclassification of the Property conforms to the Hawaii State Plan, chapter 226, HRS, with respect to the following objectives and policies:

(§226-5) Objectives and policies for population.

- (a) ...guide population growth to be consistent with the achievement of physical, economic, and social objectives...
- (b) (2) Encourage an increase in economic activities and employment opportunities on the neighbor islands consistent with community needs and desires.
- (b) (3) Promote increased opportunities for Hawaii's people to pursue their socio-economic aspirations throughout the islands.

The Project contains a significant component of industrial, office, and commercial land uses. These land uses have been specifically included to provide the existing and future need for new land area and to generate new employment opportunities in an area proximate to existing and future residential areas. The Project will offer short-term (construction-related) and long-term (commercial, industrial, public facilities) employment to residents of the State and County of Kauai by contributing to the overall level of construction activity. Permanent operational employment opportunities will directly and individually increase employment throughout the region and State. The mixed use community would assist in providing a diversity of employment opportunities within the region at a scale and character that is consistent with that of the district and adjoining properties, and will stimulate increased economic activities in the region.

By guiding the future population growth (which is forecast to occur with or without the Project) in this manner, the achievement of physical, economic, and social objectives will be achieved and encouraged consistent with community needs and desires.

The Property is being carefully planned and located adjacent to an existing urban area designated by OSP for urban development.

(\$226-6) Objectives and policies for the economy - in general.

(a) (1) Increased and diversified employment opportunities to

achieve full employment, increased income and job choice, and improved living standards for Hawaii's people.

- (b) (6) Strive to achieve a level of construction activity responsive to, and consistent with, state growth objectives.
- (b) (8) Encourage labor-intensive activities that are economically satisfying and which offer opportunities for upward mobility.
- (b) (13) Encourage businesses that have favorable financial multiplier effects within Hawaii's economy.

Location of new housing proximate to Kauai's major employment center will foster a higher quality living standard, enhance lifestyles, and provide increased income and job choice. Increased and diversified employment opportunities, when coupled with the added availability of new housing, will provide Kauai County residents with expanded economic opportunities. Production of new homes will respond to Kauai's growing population which is consistent with State growth objectives. The multiplier effect of large-scale construction on Kauai's economy will provide local residents with additional opportunities to achieve their aspirations of homeownership and employment within a high quality living environment.

(§226-11) Objectives and policies for the physical environment - land-based, shoreline and marine resources.

- (a) (1) Prudent use of Hawaii's land-based, shoreline, and marine resources.
- (a) (2) Effective protection of Hawaii's unique and fragile environmental resources.

- (b) (2) Ensure compatibility between land-based and water-based activities and natural resources and ecological systems.
- (b) (3) Take into account the physical attributes of areas when planning and designing activities and facilities.
- (b) (8) Pursue compatible relationships among activities, facilities, and natural resources.

The Project was prepared after extensive environmental studies for the Property were conducted. These plans integrated environmental considerations into the planning process at the earliest possible stage. No unique and fragile environmental resources were identified during the planning process.

Implementation of proposed mitigation measures for the Project will ensure continued protection of the land and ocean based environments through better control of runoff and erosion, and reduced water, pesticide, and fertilizer use than under the current agricultural use. No endangered plant or animal species or their habitats will be impacted.

(§226-12) Objectives and policies for the physical environment - scenic natural beauty, and historic resources.

- (a) ...enhancement of Hawaii's scenic assets, natural beauty, and multi-cultural/historic resources.
- (b) (3) Promote the preservation of views and vistas to enhance the visual and aesthetic enjoyment of mountains, ocean, scenic landscapes, and other natural features.
- (b) (5) Encourage the design of developments and activities that

complement the natural beauty of the islands.

The Project was originated based on its site attributes and integration with surrounding urban development patterns to maintain and/or enhance the nature features of the site. Through the use of design guidelines, developers will be encouraged to site buildings to maintain the primary vistas to the mountains and ocean through the Hanamaulu Stream Valley. The Property will be landscaped to complement the surrounding environment.

(§226-13) Objectives and policies for the physical environment - land, air, and water quality.

- (a) Planning for the State's physical environment with regard to land, air, and water quality shall be directed towards the achievement of the following objectives:
 - (a) (1) Maintenance and pursuit of improved quality in Hawaii's land, air, and water resources.
 - (a) (2) Greater awareness and appreciation of Hawaii's environmental resources.
 - (b) (2) Promote the proper management of Hawaii's land and water resources.
 - (b) (3) Promote effective Measures to achieve desired quality in Hawaii's surface, ground, and coastal waters.
 - (b) (5) Reduce the threat to life and property from erosion, flooding, tsunamis, hurricanes, earthquakes, volcanic eruptions, and other natural or man-induced hazards and disasters.
 - (b) (6) Encourage design and construction practices that enhance the physical qualities of Hawaii's communities.

The Property is not subject to unusual hazards associated with erosion, flooding, tsunami, hurricanes, earthquakes, volcanic eruptions, and other natural or man-induced hazards and disasters. No significant impacts on groundwater, coastal waters, or surface waters are anticipated. Design and construction will take advantage of the existing aesthetic quality of the area while enhancing the physical attributes of Kauai.

(§226-15) Objectives and policies for facility systems - solid and liquid wastes.

- (a) (1) Maintenance of basic public health and sanitation standards relating to treatment and disposal of solid and liquid wastes.
- (b) (1) Encourage the adequate development of sewerage facilities that complement planned growth.
- (b) (2) Promote re-use and recycling to reduce solid and liquid wastes and employ a conservation ethic.

Wastewater treatment facilities will be expanded or newly constructed prior to the planned growth of the area in accordance with Project phasing. Treated wastewater will be disposed of in accordance with applicable DOH regulations as irrigation water on mauka sugarcane fields or other suitable landscaped areas. No residential units will be occupied until adequate collection, treatment, and disposal facilities are available.

(§226-16) Objectives and policies for facility system - water.

- (a) Planning for the State's facility systems with regard to water shall be directed toward achievement of the objective of the provision of

water to adequately accommodate domestic, agricultural, commercial, industrial, recreational, and other needs within resource capacities.

- (b) (1) Coordinate development of land use activities with existing and potential water supply.
- (b) (3) Reclaim and encourage the productive use of runoff water and wastewater discharges.
- (b) (4) Assist in improving the quality, efficiency, service, and storage capabilities of water systems for domestic and agricultural use.

Potable water will be provided after all necessary water source, storage, and transmission facilities developed for the Project. All applicable DOH standards for potable water use and disposal of wastewater will be implemented. Potable water will be derived from mauka groundwater wells to ensure sufficient capacity to accommodate the needs of the proposed development. The groundwater resource has significant excess capacity to sustain the projected withdrawal levels of potable water. Wastewater effluent will be reclaimed as irrigation water for Petitioner's canefields or other appropriate landscaped areas.

(§226-18) Objectives and policies for facility systems - energy/telecommunications.

- (a) Planning for the State's facility systems with regard to energy/telecommunication shall be directed towards the achievement of the following objective:
 - (2) Increased energy self-sufficiency.
- (c) To further achieve the energy objectives, it shall be the policy of the State to:

(3) Promote prudent use of power and fuel supplies through conservation measures including:

(B) Education; and

(C) Adoption of energy-efficient practices and technologies.

Through the use of design guidelines, developers will be required to carefully investigate and analyze the most cost effective and energy efficient means of providing water heating and cooling for the planned uses. The use of energy efficient lighting equipment and the promotion of energy conservation measures in the operation and maintenance of the planned facilities will also be encouraged. The latest telecommunication infrastructure will also be provided to ensure compatibility with advances in future communication technology.

(§226-19) Objectives and policies for socio-cultural advancement - housing.

(a) (1) Greater opportunities for Hawaii's people to secure reasonably priced, safe, sanitary, livable homes located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals.

(a) (2) The orderly development of residential areas sensitive to community needs and other land uses.

(b) (1) Effectively accommodate the housing needs of Hawaii's people.

(b) (2) Stimulate and promote feasible approaches that increase housing choices for low-income, moderate-income, and gap-group households.

(b) (3) Increase homeownership and rental opportunities and choices in terms

of quality, location, cost, densities, style, and size of housing.

- (b) (5) Promote design and location of housing developments taking into account the physical setting, accessibility to public facilities and services, and other concerns of existing communities and surrounding areas.
- (b) (7) Foster a variety of lifestyles traditional to Hawaii through the design and maintenance of neighborhoods that reflect the culture and values of the community.

The Project concept has been designed to foster a sense of community and cohesiveness. It is the intent of the Project to create a community that reflects values and lifestyle that are traditional to Hawaii, an appreciation and respect for the beauty of the land, and a caring for the community. Feasible approaches to expand housing opportunities for all income levels will be provided and implemented in conjunction with applicable County requirements. Affordable housing will also be developed in accordance with adopted County policies and regulations. These include for-sale single-family and multi-family housing priced at affordable, gap and market prices. Affordable rentals may also be provided.

(§226-103) Economic priority guidelines.

- (f) (1) Encourage the development, demonstration, and commercialization of renewable energy sources.
- (f) (2) Initiate, maintain, and improve energy conservation programs aimed at reducing energy waste and

increasing public awareness of the need to conserve energy.

- (f)(3) Provide incentives to encourage the use of energy conserving technology in residential, industrial, and other buildings.

The Property is located near the governmental, commercial, industrial, and employment center of Kauai. The location of the Property adjacent to existing urban land uses and employment centers will encourage the conservation of existing energy resources by reducing commuting time and distances for many residents. Infrastructure connections to existing facilities can be efficiently designed. Internally, bike routes and pedestrian walkways will encourage alternative forms of transportation that are not dependent on fossil fuels. Renewable energy use will be encouraged through the use of passive solar design techniques (i.e. encourage building orientation to sunlight and trade winds, and landscaping to facilitate natural cooling), and limited active solar energy technologies such as hot water heating systems. By promoting the development of master planned communities, the ability to control energy use through design guidelines and physical design is enhanced. The State's Mode Energy Code will be considered during the preparation of the Project's design guidelines.

The cost and energy effectiveness of utilizing energy efficient appliances and equipment within the planned residences and commercial establishments will also be analyzed to determine the most economical and energy efficient methods of providing hot

water heating and cooling, as well as energy efficient methods of water use and lighting systems for the proposed facilities.

(§226-104) Population growth and land resources priority guidelines.

- (b) (1) Encourage urban growth primarily to existing urban areas where adequate public facilities are already available or can be provided with reasonable public expenditures, and away from areas where other important benefits are present, such as protection of important agricultural land or preservation of lifestyles.
- (b) (6) Seek participation from the private sector for the cost of building infrastructure and utilities, and maintaining open spaces.
- (b) (12) Utilize Hawaii's limited land resources wisely, providing adequate land to accommodate projected population and economic growth needs while ensuring the protection of the environment and the availability of the shoreline, conservation lands, and other limited resources for future generations.

The proposed Project will be constructed according to a phased schedule as market demand and infrastructure development progresses. Construction employment over 15 to 20 years will be offered to residents. All public facilities, infrastructure, and services that require improvement or expansion as a result of Project implementation will be provided by the developer.

The proposed reclassification of the Project area to the State Land Use Urban District will provide new land necessary to accommodate projected population and economic growth needs while ensuring the protection of the environment.

(§226-106) Housing priority guidelines.

- (1) Seek to use marginal or nonessential agricultural land and public land to meet housing needs of low- and moderate-income and gap-group households.
- (4) Create incentives for development which would increase homeownership and rental opportunities for Hawaii's low- and moderate-income households, gap-group households, and residents with special needs.
- (6) Encourage public and private sector cooperation in the development of rental housing alternatives.
- (7) Encourage improved coordination between various agencies and levels of government to deal with housing policies and regulations.

To meet the anticipated demand for housing within the Lihue district in the future, the developer will work with the public and private sectors to provide all economically feasible forms of housing projects. Provisions for affordable housing and special needs housing will be provided in accordance with applicable County requirements. As previously described, the Property is proximate to Lihue Airport, Wilcox Hospital, residential, and other urban land uses. This proximity to existing urban land uses makes burning and dust control more costly and inefficient, limiting the use of the Property for "essential agriculture." The loss of sugar lands due to the Project will be mitigated by the inclusion of a like amount of area of former cane lands in Kealia into Petitioner's operations for seed cane purposes, allowing the present seed acreage in Lihue to be converted to sugar production.

114. The Project also conforms to the various functional plans, including the following:

State Housing Functional Plan

The proposed Project will provide a wide range of housing types with diversity of pricing. This broad mixture of expanded housing opportunities will stimulate and promote increased choices for low-income, moderate income, and gap group households. Increasing the housing inventory will indirectly help to stabilize the price of housing and overall quality, location, style, and size of housing. Job opportunities will be enhanced to support the purchase of housing by residents of Kauai.

Housing opportunities will be further enhanced by establishing a wide range of housing types and prices either through "for-sale" or rental housing, joint ventures with other developers or the County of Kauai, or through the payment of in-lieu fees in accordance with applicable requirements set forth by the County of Kauai. Employee rental housing may also be provided in accordance with applicable County regulations.

State Agricultural Functional Plan

The establishment of the proposed UH Kauai Fruit Disinfestation Facility now under construction on the Property will promote agriculture by opening new markets for diversified agriculture on Kauai. Immediate new plantings of papaya are anticipated to fulfill the demand for the treated fruit.

Transportation Functional Plan

Certain regional "base" improvements to Kapule Highway and Kuhio Highway are planned to be implemented by the State during the Project development years. These improvements will increase transportation capacity and modernize transportation infrastructure in accordance with the State's plan to improve regional mobility through development of major new transportation arterials. All on-site transportation infrastructure required as a result of Project development will be provided by the developer. The Project is located proximate to existing residential and employment centers. Bike routes and pedestrian walkways are planned, and mixed use zoning and related initiatives will be utilized.

All land uses have been located in accordance with accepted noise and safety zones associated with operations at Lihue Airport. None of the Project's residential development or other noise sensitive land uses are located within the current (1994) or future (2010) noise contours of 60 Ldn or higher.

CONFORMANCE TO THE COUNTY GENERAL PLAN

115. The Project is in conformance with the following goals of the County of Kauai General Plan:

To create opportunities for a greater diversity and stability of employment for residents of Kauai.

The Project will greatly expand short-term employment in the construction industry and long-term employment in the proposed industrial areas. Indirect employment in a wide range of service related industries will also be created.

To provide opportunities for suitable living quarters for all residents in all income levels.

The Project will provide a variety of housing product types at affordable, gap, and market prices for the residents of Kauai.

To promote the improvement and expansion of the island's economy, by recognizing and carefully utilizing land and water resources.

The Property has significant constraints for feasible agriculture due to the existing surrounding land uses. By developing lands adjacent to existing infrastructure for urban land uses, more efficient use of land and water resources will ultimately result, while also expanding the island's economy through fees paid by residents for water and sewer services.

To guide and control development to take full advantage of the island's form, beauty and climate and preserve the opportunity for an improved quality of life.

By providing new housing proximate to existing and future employment centers, the Project will enhance the local economy and quality of life for residents living on the Property through reduced commuting times and less crowded housing.

To create, develop and sustain an economy and a population composition that will encourage the youth of Kauai to live in the County and contribute to society.

Presently, many of Kauai's youth leave Kauai in search of better employment and housing opportunities. By providing higher quality jobs and housing, Kauai's youth would be more likely to remain in Kauai.

CONFORMANCE TO COASTAL ZONE MANAGEMENT POLICIES AND OBJECTIVES

116. The proposed reclassification of the Property for the development of the Project conforms to the polices and objectives of the Coastal Zone Management Program, chapter 205A, HRS.

RULING ON PROPOSED FINDINGS OF FACT

Any of the proposed findings of fact submitted by Petitioner or the other parties not already ruled upon by the Commission by adoption herein, or rejected by clearly contrary findings of fact herein, are hereby denied and rejected.

Any conclusion of law herein improperly designated as a finding of fact should be deemed or construed as a conclusion of law; any finding of fact herein improperly designated as a conclusion of law shall be deemed or construed as a finding of fact.

CONCLUSIONS OF LAW

Pursuant to chapter 205, HRS, and the Hawaii Land Use Commission Rules under chapter 15-15, HAR, and upon consideration of the Land Use Commission decision-making criteria under section 205-17, HRS, this Commission finds upon a clear preponderance of the evidence that the reclassification of the Property, consisting of approximately 541.769 acres in the State Land Use Agricultural District and approximately 12.873 acres in the State Land Use Conservation District situated at Hanamaulu and Kalapaki, island of Kauai, State of Hawaii, identified as Kauai Tax Map Key Nos. 3-6-02: por. 1, por. 4 & por. 20; 3-6-02:17; 3-7-01: por. 1; 3-7-02: por. 1 & por. 12; and 3-7-03: por. 20,

into the State Land Use Urban District, is reasonable, conforms to the standards for establishing the urban district boundaries, is nonviolative of section 205-2, HRS, and is consistent with the Hawaii State Plan as set forth in chapter 226, HRS, and with the policies and criteria established pursuant to sections 205-17 and 205A-2, HRS.

PROPOSED ORDER

IT IS HEREBY ORDERED that the Property, being the subject of this Docket No. A94-703 filed by Petitioner, The Lihue Plantation Company, Limited, a Hawaii corporation, consisting of approximately 541.769 acres in the State Land Use Agricultural District and approximately 12.873 acres in the State Land Use Conservation District situated at Hanamaulu and Kalapaki, island of Kauai, State of Hawaii, identified as Kauai Tax Map Key Nos. 3-6-02: por. 1, por. 4 & por. 20; 3-6-02:17; 3-7-01: por. 1; 3-7-02: por. 1 & por. 12; and 3-7-03: por. 20, and approximately shown on Exhibit "A" attached hereto and incorporated by reference herein, is hereby reclassified into the State Land Use Urban District, and the State land use district boundaries are amended accordingly, subject to the following conditions:

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

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

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"), as follows: Petitioner shall donate in fee simple, twelve (12) acres of off-site land in the Lihue district at Puhi, Kauai in an "as is" condition for an elementary school site. Agreement between Petitioner and the DOE as to the time of the conveyance(s) of the land(s) and the specific location of the twelve (12) acre site shall be obtained prior to the Petitioner acquiring county zoning or prior to the Petitioner securing county building permits if county rezoning is not required.

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.

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

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.

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 determined and approved by the Division, and an acceptable mitigation plan shall be 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.

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 acquiring county zoning or prior to the Petitioner securing county building permits if county rezoning is not required.

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.

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, media 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.

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

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.

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

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.

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

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.

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.

17. Petitioner shall initiate and fund a stream biological monitoring program. The monitoring program shall include quarterly monitoring as warranted, and be reviewed by the U.S. Fish and Wildlife Service, and approved by the State Division of Aquatic Resources, Department of Land and Natural Resources. Mitigation measures necessitated by this Project shall be implemented by the Petitioner if the results of the monitoring program warrant them. Mitigation measures, if necessary, shall be reviewed by the U.S. Fish and Wildlife

Service, and approved by the State Division of Aquatic Resources, Department of Land and Natural Resources.

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

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.

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.

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.

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.


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.


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.

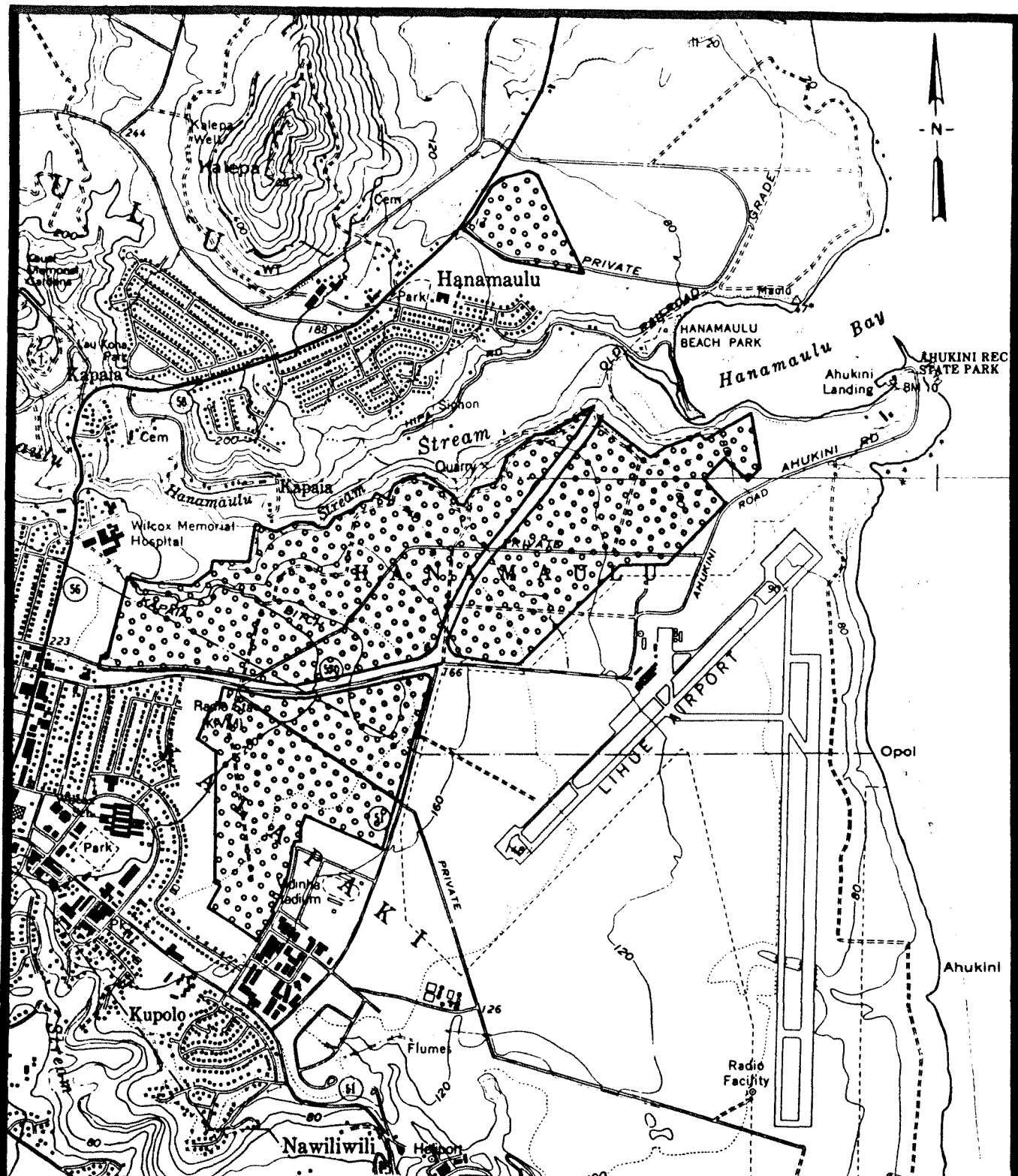
DOCKET NO. A94-703 - THE LIHUE PLANTATION CO., LTD.

Done at Honolulu, Hawaii, this 22nd day of November 1995.

LAND USE COMMISSION
STATE OF HAWAII

By 
ALLEN K. HOE
Hearing Officer

By 
TRUDY K. SENDA
Hearing Officer



DOCKET NO. A94-703 / THE LIHUE PLANTATION COMPANY, LIMITED

LOCATION MAP

TAX MAP KEY NOs: 3-6-02: por. 1, por. 4, 17, por. 20; 3-7-01: por. 1;

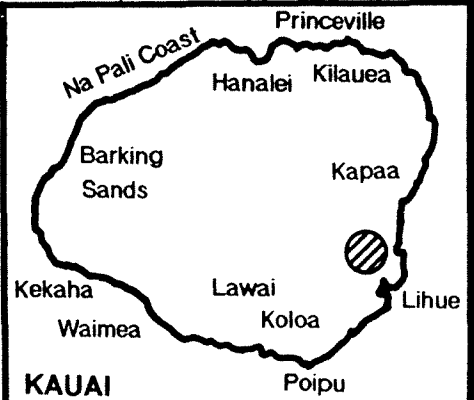
3-7-02: por. 1, por. 12; 3-7-03: por. 20

HANAMAULU - KALAPAKI, LIHUE, KAUAI

SCALE: 1" = 2,000 ft ±



APPROVED AREA



KAUAI

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of) THE LIHUE PLANTATION COMPANY,) LIMITED, a Hawaii corporation) To Amend the Agricultural Land Use) District Boundary for Approximately) 541.769 Acres and the Conservation) Land Use District Boundary for) Approximately 12.873 acres into the) Urban Land Use District at) Hanamaulu and Kalapaki, Island of) Kauai, State of Hawaii, Tax Map Key) Nos. 3-6-02: por. 1, por. 4 & por.) 20; 3-6-02:17; 3-7-01: por. 1;) 3-7-02: por. 1 & por. 12; and) 3-7-03: por. 20) <hr style="width: 50%; margin-left: 0;"/>	DOCKET NO. A94-703 CERTIFICATE OF SERVICE
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Hearing Officers' Proposed Findings of Fact, Conclusions of Law, and Decision and Order was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:

GREGORY G.Y. PAI, PH.D., Director
Office of State Planning
P. O. Box 3540
Honolulu, Hawaii 96811-3540

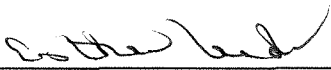
CERT. DEE CROWELL, Planning Director
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CERT. TIMOTHY JOHNS
 Amfac/JMB Hawaii, Inc.
 700 Bishop Street, 21st Floor
 Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, this 22nd day of November 1995.



ESTHER UEDA
Executive Officer