

Study file EIS  
Comments



Chris Grean  
#1 655 2591 Dole Street, Honolulu HI 96822  
grean@hawaii.edu

February 22, 2007

2007 FEB 26 P 2:55  
(Date ASBC)  
but postmarked 4/23

Molokai Properties Limited  
745 Fort Street Mall, Suite 600  
Honolulu, HI 96813  
Attention: Peter Nicholas and John Sabas  
Telephone: (808) 534-9502  
Fax: (808) 521-2279

Dear Mr. Nicholas:

I feel the proposed development for Lau Point is not in the best interest for the State of Hawaii and the people who live here. As a student of the University of Hawaii at Manoa I have been looking into the proposed development plan on Molokai in one of my classes and feel that the plan is not appropriate. I feel that development of such a pristine environmental landscape will ruin the natural beauty the area has to offer. I also feel that the environment will suffer from pollution created during this construction and after its completion. The native population of Monk seals will undoubtedly be affected by a development in the area and may effect the population and safety of these animals.

The issue of water usage is also a concern of mine. I do not believe a development would be part of a sustainable water usage program. Fresh water is a very important resource on the islands of Hawaii which many people need. Scarcity and over-use of this resource has an impact on everyone.

I appreciate the opportunity for allowing me to voice my opinion.

Sincerely,

Chris Grean

November 1, 2007

Chris Grean  
#1 655 2591 Dole Street  
Honolulu, Hawaii; 96822

**SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Mr. Grean:

Thank you for letter dated February 22, 2007 regarding the Lā'au Point Draft Environmental Impact Statement (EIS). We acknowledge your comments and offer the following responses.

Natural Beauty

We note that the juxtaposition of natural beauty and expensive homes may be offensive for those who resent the presence of outsiders or structural development. On the other hand, existing residents may appreciate the ability to visit Lā'au Point, a previously inaccessible area, regardless of nearby uses.

We direct you to review the *Community-Based Master Land Use Plan for Molokai Ranch* provided as Appendix A in the Draft EIS. Extraordinary measures are incorporated into the Master Plan and project to buffer and protect the subsistence and cultural rural resources from negative impacts. These include:

- Upholding and assuring Native Hawaiian rights of access for cultural, subsistence and spiritual purposes.
- Creating sizeable conservation zones and buffer areas to protect the cultural sites and shoreline area.
- Limiting shoreline access to a foot trail.
- Ending commercial hunting so that Moloka'i Kama'āina can legally engage in subsistence hunting on Ranch lands.
- Hiring community cultural and natural resource managers who will work with the community to monitor every phase of the project, from clearing and grading, to construction and when the new homeowners move in.
- Orienting homeowners to appreciate and support the unique and special way of life on Moloka'i as the "Last Hawaiian Island."

The findings of the cultural and social impact assessments (provided as Appendix F and Appendix M of the Draft EIS) provide further rationale for proceeding with the project based on community input. People who were active in the formation of the Master Plan as well as non-participants felt that the Master Plan is a rare and unique opportunity which offers many benefits to the Moloka'i community. Given over three decades of conflicts between the community and Molokai Ranch, the Master Plan provides mutually beneficial results.

As recognized by both supporters and opponents of the Lā'au Point project, the Master Plan is not perfect but it represents a historic good faith effort on the part of MPL and the EC to create sustainable economic solution that will protect cultural integrity of a unique Hawaiian island community. More importantly, the Master Plan process set the stage for Moloka'i's future – a future in which self-determination by the island's residents is assured.

#### Pollution

As discussed in Section 4.9.1 (Drainage) of the Draft EIS, Lā'au Point will be in compliance with all laws and regulations regarding runoff and non-point source pollution, ensuring that storm water runoff and siltation will not adversely affect the downstream Conservation District land's marine environment and nearshore and offshore water quality.

#### Monk Seals

Regarding your concerns about the monk seals, we consulted with the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service about the monk seal population at Lā'au Point. The shoreline access management plan (SAMP) contains a plan and recommendations developed in consultation with the National Oceanic and Atmospheric Administration (NOAA) Monk seal program and elements were taken directly from their draft *Recovery Plan for the Hawaiian Monk Seal* (November 2006).

The SAMP also provides rules to ensure non-disturbance of Hawaiian monk seal habitat and the promotion of Lā'au Point as an area for Hawaiian monk seals to frequent and "haul out." Rules have been developed on removal of gear, the use of certain types of gear, and responses to Hawaiian monk seal sightings. No domestic pets and animals (including hunting dogs) will be allowed in the managed area. The use of toxins and pesticides is specifically prohibited and equipment will be purchased for cordoning off areas where Hawaiian monk seals have come ashore.

To ensure that the project does not alter behavior of Hawaiian monk seals that visit the area, residents and visitors will be educated about possible interaction with these animals and the appropriate human behavior for that interaction. Appropriate protocol if one encounters a Hawaiian monk seal on the beach is to notify National Marine Fisheries Service (NMFS), who will check if the animal is injured or entangled, then put tape around the site to keep people from approaching too closely. Due to the lack of available NMFS staff on Moloka'i, a Resource Manager will monitor the Lā'au shoreline area daily.

The established mitigation measures for protecting hauled-out monk seals have been generally effective elsewhere in the Main Hawaiian Islands, and this segment of the monk seal population appears to be increasing. Prohibition of domestic animals from the shoreline may be of greater significance in limiting behavioral disturbances.

To reflect the above information in the Final EIS, as well as to address other questions and concerns regarding monk seals, Section 3.7 (Fauna) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 3.7 (Fauna)."

#### Water

MPL believes that there is ample ground and surface water to meet current needs while still supporting MPL's plans for all of its lands. The total sustainable yield for groundwater resources on Molokai is 81 mgd. For planning purposes, the Molokai Water Working Group used 33.5 mgd as the developable yield of potable water on the island. Of the 81 mgd, less than 10 mgd is currently used. Additionally, there are 36 perennial streams on Molokai, but surface water usage on Molokai amounts to an average of about 3 mgd. The issue on Molokai is not the lack of water resources but accessibility, as the bulk of the resources are on the eastern side of the island whereas development and large scale agriculture is on the western and central parts of the island.

Nevertheless, MPL is keenly aware that water is our most precious resource, and, therefore, has incorporated into its plans water system improvements to increase efficiencies and decrease system losses and aggressive water conservation strategies to minimize water demands.

To minimize water demands, MPL will use a number of different strategies. Conservation rates that provide financial incentives to customers to conserve water have already begun to be implemented and its effectiveness has already been manifested. Additionally, covenants on Lā'au Point lots will limit further subdivision of the lots, restrict disturbance of each lot to no more than 30% (approximately 1/2-acre, require catchment systems for each residence for irrigation use, requiring drip irrigation systems, double flush toilets and other water conservation devices.

In response to your comments regarding water issues, as well as to address other questions and concerns received regarding water issues, Section 4.9.2 (Water) in the Final EIS has been revised as shown on the attachment titled, "Revised Section 4.9.2 (Water)."

Thank you for reviewing the Draft EIS. Your letter will be included in the Final EIS.

Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachments:  
Revised Section 3.7 (Fauna)  
Revised Section 4.9.2 (Water)

Chris Grean  
SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
November 1, 2007  
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cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII



Thomas Witten, Pres  
PBR Hawaii  
1001 Bishop St, St. 600  
Honolulu HI

I am requesting a (60) days extension to respond to the  
hawaii joint development EIS.  
Thp  
Chuck Everhart  
426 Ala Malama  
Kaanakakai, HI

January 16, 2007

Chuck Everhart  
426 Ala Malama  
Kaanakakai, Hawaii 96748

SUBJECT: Lā'au Point Draft Environmental Impact Statement (EIS) Public Comment Period

Dear Mr. Everhart:

We have received your request for an extension of the public comment period for the Lā'au Point Draft Environmental Impact Statement (EIS).

Molokai Properties Limited will extend the deadline for comments from February 6 to February 23, 2007.

State law (Chapter 343, HRS) requires a 45-day public comment period for Draft EISs. The original 45-day public comment period for the Lā'au Point Draft EIS is from December 23, 2006 to February 6, 2007.

The extension to February 23 will provide for a public comment period of 63 days.

We look forward to your comments on the Lā'au Point Draft EIS and your participation in this public review process.

Sincerely,

John Sabas  
General Manager of Community Affairs  
Molokai Properties Limited

cc: Anthony Ching, State Land Use Commission  
Genevieve Salmonson, Office of Environmental Quality Control

**CLIFFORD O. BERMUDEZ**  
2204 KOMO MAI DRIVE PEARL CITY, HAWAII 96782  
(808) 723-4607 COB@HAWAII.EDU



February 21, 2007

November 1, 2007

PBR Hawaii  
Attention: Thomas Witten  
1001 Bishop St.  
ASB Tower, Suite 650  
Honolulu, Hawaii 96813

Clifford Bermudes  
2204 Komo Mai Drive  
Pearl City, Hawaii 96782

**SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Mr. Witten,

Dear Mr. Bermudes:

I am writing in regards to concerns I have with the planned development on La'au Point in the island of Molokai. I oppose the development for the following reasons: First, I oppose this development because it would compromise the habitat of the endangered Hawaiian Monk Seal. This particular species of animal frequents the beaches of La'au point is where development would force them into other areas which would not be suitable for them. This might result in the decline in their population and further endanger the species.

Thank you for letter dated February 21, 2007 regarding the La'au Point Draft Environmental Impact Statement (EIS). Below, we respond to your comments.

*1. First, I oppose this development because it would compromise the habitat of the endangered Hawaiian Monk Seal. This particular species of animal frequents the beaches of La'au Point is where development would force them into other areas which would not be suitable for them. This might result in the decline in their population and further endanger the species.*

Secondly, I oppose the planned development because it would disrupt the nature of the landscape there which is presently conducive to fishing and other water activities. Also, different species of birds and plants, some of them also endangered, would be displaced as a result of development there. Development would permanently change the landscape where the pristine conditions there now would be lost forever.

Lastly, I oppose this development because I too share the general sentiments that the local population of Molokai have in this matter where they oppose the development for a myriad of reasons. It appears by the open forums held on this subject that the local population of Molokai have voiced that they are in opposition to this development where I join them in their opposition.

I urge you to take serious consideration of the aforementioned when making any further decisions regarding the progress of this development. Thank you for your time and attention. Aloha.

Sincerely,

Clifford O. Bermudes

**Response:** We acknowledge your concerns about the Hawaiian monk seal habitat. We consulted with the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service about the monk seal population at La'au Point. The shoreline access management plan (SAMP) contains a plan and recommendations developed in consultation with the National Oceanic and Atmospheric Administration (NOAA) Monk seal program and elements were taken directly from their draft *Recovery Plan for the Hawaiian Monk Seal* (November 2006).

The SAMP also provides rules to ensure non-disturbance of Hawaiian monk seal habitat and the promotion of La'au Point as an area for Hawaiian monk seals to frequent and "haul out." Rules have been developed on removal of gear, the use of certain types of gear, and responses to Hawaiian monk seal sightings. No domestic pets and animals (including hunting dogs) will be allowed in the managed area. The use of toxins and pesticides is specifically prohibited and equipment will be purchased for cordoning off areas where Hawaiian monk seals have come ashore.

To ensure that the project does not alter behavior of Hawaiian monk seals that visit the area, residents and visitors will be educated about possible interaction with these animals and the appropriate human behavior for that interaction. Appropriate protocol if one encounters a Hawaiian monk seal on the beach is to notify National Marine Fisheries Service (NMFS), who will check if the animal is injured or entangled, then put tape around the site to keep people from approaching too closely. Due to the lack of available NMFS staff on Molokai, a Resource Manager will monitor the La'au shoreline area daily.

The established mitigation measures for protecting hauled-out monk seals have been generally effective elsewhere in the Main Hawaiian Islands, and this segment of the monk

Mr. Clifford Bermudes  
SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
November 1, 2007  
Page 2 of 3

seal population appears to be increasing. Prohibition of domestic animals from the shoreline may be of greater significance in limiting behavioral disturbances.

To reflect the above information in the Final EIS, as well as to address other questions and concerns regarding monk seals, Section 3.7 (Fauna) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 3.7 (Fauna)."

2. *Secondly, I oppose the planned development because it would disrupt the nature of the landscape here which is presently conducive to fishing and other water activities. Also, different species of birds and plants, some of them also endangered, would be displaced as a result of development here. Development would permanently change the landscape where the pristine conditions there now would be lost forever.*

**Response:** We acknowledge your comments. Sections 3.6 (Flora), 3.7 (Fauna), and 3.8 (Marine Environment) of the Draft EIS discuss the potential impacts and mitigation measures the Lā'au Point project will have on the shoreline habitat in the area. The project will preserve the shoreline habitat by increasing the Conservation District by 254 acres along the shoreline and related natural resource areas. The Conservation District areas at Lā'au Point will be managed by the Land Trust to ensure appropriate protocol is established for the protection of rare and endangered species in the shoreline habitats.

3. *Lastly, I oppose this development because I too share the general sentiments that the local population of Moloka'i have in this matter where they oppose the development for a myriad of reasons. It appears by the open forums held on this subject that the local population of Moloka'i have voiced that they are in opposition to this development where I join them in opposition.*

**Response:** We acknowledge your comments. We note that there is also a "local population of Moloka'i" who support the project. This project, and the *Community-Based Master Land Use Plan for Molokai Ranch* (Master Plan), which the project is an integral part of, is the product of more than 150 community and special interest group meetings (see Section 2.4 of the Draft EIS). The Master Plan was created by participating community members that volunteered their time and efforts to plan a sustainable future for Moloka'i. The Master Plan was provided in its entirety as Appendix A in the Draft EIS.

Thank you for participating in the EIS process. Your letter will be included in the Final EIS.

Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Mr. Clifford Bermudes  
SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
November 1, 2007  
Page 3 of 3

Attachment: Revised Section 3.7 (Fauna)

Cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII

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To whom it may concern,

Aloha, My name is Corey-lynn Remegio. I'm a senior at Molokai High School. I am writing on behalf of my 7<sup>th</sup> period Environmental Science class. I am writing this letter in concern of the wastewater that will take place if La'au Point were to be developed.

I read and understood the Draft Environmental Impact Statement page 83 (4.9.3) on Wastewater. I have questions to consider about the wastewater if La'au were to be developed and the water for future Hawaiian Homes development. The draft read that both Kaluako'I and Mauraialoa Village has their own private individual wastewater system. How much wastewater is already being produced by both? The draft also states that it is anticipated that permanent residence will occupy up to 60 of the homes (30 percent). The wastewater has been anticipated to use up to 20,000 gallons per day. And with additional seasonal residents 80 percent occupancy the wastewater would than be 70,000 gallons per day. I personally feel that is way to much wastewater being produced for our island aside from the water that will be used for drinking and other usages.

Department of Hawaiian Homes lands has conserved water for future development on Hawaiian Homelands. Molokai Ranch promises not to use any of the conserved water from Hawaiian Homes. Molokai Ranch has anticipated that by

developing La'au Point the wastewater alone will be as much as 20,000 - 70,000 gallons per day. How will the future generations of Hawaiian Homes be promised that they are absolutely positive there will be enough water in the aquifer to supply the residence of La'au point so they won't have to tap into the water conserved for future Hawaiian Homelands development.

Molokai Ranch say's that the water they'll use for La'au point won't be the drinking water but the brackish water. Our water cycle is simple. There's the fresh on the top the brackish in the middle and the salty on the bottom if you take out the brackish soon the salt water will rise and meet the fresh water. Once that happens the fresh will soon become the brackish.

I am a Hawaiian Homelands residence and I worry for the sake of my daughter and the many generations to come. The facts are clear there will be to much use of water to La'au Point to much waste for rich billionaires to use as leisure. I am 100 percent against the development of La'au Point. I understand that by developing La'au point it will bring job opportunities but those who think that way are only living for today and not the future. You'll be satisfied as long as the money last but when there's that need for water you can't go back and change your mind what's done is done. You can't buy water with the money you've made, it takes years to get fresh water and there will be a drought. Development to La'au

point will not benefit the people of Molokai in the future.

I understand that I'm just a student and I'd like to thank you for giving me the chance to voice my opinion by taking the time to read my letter. I hope the information I stated from the Environmental Impact Statement was accurate to the original copy. I also hope you understand my feelings about the development of La'au Point and how important water is for today's generation and the many more to come.

**Mahalo, Corey-lynn K. Remegio**



November 1, 2007

Corey-lynn K. Remegio  
Moloka'i High School  
P.O. Box 158  
Ho'olehua, Hawai'i 96729

**SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Ms. Remegio:

Thank you for your letter regarding the Lā'au Point Draft Environmental Impact Statement (EIS). We respond to your comments.

1. *The draft read that both Kaluako'i and Maunaloa Village has their own private individual wastewater system. How much wastewater is already being produced by both?*

**Response:** The existing Kaluako'i and Maunaloa Village wastewater treatment facilities are separate and independent systems that will not be connected to the proposed Lā'au treatment facility.

2. *The draft also states that it is anticipated that permanent residence will occupy up to 60 of the homes (30 percent). The wastewater has been anticipated to use up to 20,000 gallons per day. And with additional seasonal residents 80 percent occupancy the wastewater would than be 70,000 gallons per day. I personally feel that is way to much wastewater being produced for our island aside from the water that will be used for drinking and other usages.*

**Response:** We acknowledge your comments; however, we believe your concern actually deals with water consumption even though you have used the term "wastewater." Wastewater itself is not take water "from the water that will be used for drinking and other usages." Wastewater is only generated from water use. Therefore, a reduction in water use would result in less wastewater.

The proposed treatment processes of the Lā'au WWTP will not consume 20,000 to 70,000 gallons daily of potable or brackish water to operate, but in fact transform this amount of used water into high clarity recycled water to be beneficially applied in grounds irrigation. In essence, the WWTP will produce 20,000 to 70,000 gallons of usable water daily; saving these amounts of potable or brackish water that otherwise must be drawn from the basal aquifer.

As previously discussed in Section 4.9.3 of the Draft EIS, the project proposes that the primary method of effluent disposal for the Lā'au Wastewater Treatment Plant (WWTP) is beneficial reuse as irrigation water for open space and for soil erosion control in arid areas of this project. Therefore, the effluent produced by the WWTP shall meet the Hawai'i State Department of Health (DOH) R-1 recycled water quality criteria. Recycling wastewater is a form of water conservation because it provides recycled water for non-potable uses, such as



irrigation, that otherwise potable (safe drinking) water would have been used for. Wastewater treatment systems that reclaim sewer water for beneficial non-potable uses protect our environment and conserve our vital water resources.

3. *Department of Hawaiian Homes lands has conserved water for future development on Hawaiian Homelands. Molokai Ranch promises not to use any of the conserved water from Hawaiian Homes. Molokai Ranch has anticipated that by developing La'au Point the wastewater alone will be as much as 20,000 - 70,000 gallons per day. How will the future generations of Hawaiian Homes be promised that they are absolutely positive there will be enough water in the aquifer to supply the residence of La'au point so they won't have to tap into the water conserved for future Hawaiian Homelands development.*

**Response:** We will not tap into DHHL's water reservation. We can only utilize what is permitted on our water allocation permit. In addition, MPL has often reiterated its recognition of DHHL's priority rights to water, which is a priority established by law.

MPL believes that there is ample ground and surface water to meet DHHL's and the County's needs while still supporting MPL's plans for all of its lands. MPL's Water Plan does not adversely affect either DHHL's or the County's ability to develop the water resources they need for future uses.

MPL has committed to using only existing sources, at currently permitted amounts, to meet all of the potable water needs for its current water customers and MPL's future developments proposed under the Master Land Use Plan. A new non-potable source is being proposed. Currently permitted uses for potable water from Well 17 include more than 600,000 gpd for irrigation uses. When non-potable water from the Kākalahale Well becomes available, those irrigation uses that are now supplied with potable water will utilize the new non-potable source, thus freeing up sufficient potable water to meet the demands of the Lā'au Point development.

In addition, please refer to the attachment titled, "Revised Section 4.9.2 (Water)." The response to this specific comment is incorporated into the attachment. See the sections of the attachment titled, "Additional Information on the Kākalahale Well" and "DHHL's Future Water Needs."

4. *Molokai Ranch say's that the water they'll use for La'au point won't be the drinking water but the brackish water. Our water cycle is simple. There's the fresh on the top the brackish in the middle and the salty on the bottom if you take out the brackish soon the salt water will rise and meet the fresh water. Once that happens the fresh will soon become the brackish.*

**Response:** You have described a common, but not universal, basal aquifer system. In West Molokai, the basal aquifers do not have a potable water lens overlying the salt water with a brackish transition zone in between. Instead, brackish water is encountered at the uppermost layer of the lens.

This situation is also found at the Kākalahale Well site. The Kākalahale Well was developed in 1969 as a drinking water well for the Kāluako'i Resort. However, due to the brackish

quality of the water, the well was never put into production. Relative to its distance inland, chlorides of the Kākalahale Well are anomalously high. This anomaly is explained, however, by the presence of upgradient subsurface intrusives, i.e., the subsurface "plumbing" of Pu'u Kākalahale, which function as barriers to normal mauka-to-makai flow of groundwater. The upgradient intrusives, which create the brackish result in the Kākalahale Well, also function to limit the effect of pumping the Kākalahale Well on other wells upgradient of the intrusives, such as the DHHL and DWS wells in Kualapu'u.

Withdrawing brackish water from the Kākalahale Well will not result in a situation where upcoming would contaminate a potable water lens.

In addition, please refer to the attachment titled, "Revised Section 4.9.2 (Water)." The response to this specific comment is incorporated into the attachment. See the section of the attachment titled, "Explanation of Molokai's Aquifer Systems Geology."

5. *I am a Hawaiian Homelands residence and I worry for the sake of my daughter and the many generations to come. The facts are clear there will be to much use of water to La'au Point to much waste for rich billionaires to use as leisure. I am 100 percent against the development of La'au Point. I understand that by developing La'au point it will bring job opportunities but those who think that way are only living for today and not the future. You'll be satisfied as long as the money last but when there's that need for water you can't go back and change your mind what's done is done. You can't buy water with the money you've made, it takes years to get fresh water and there will be a drought. Development to La'au point will not benefit the people of Molokai in the future.*

**Response:** We acknowledge your comments.

Thank you for your participation in the EIS process. Your letter will be included in the Final EIS. Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachment: Revised Section 4.9.2 (Water)

cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII

Thomas S. Witten  
PBR Hawaii  
1001 Bishop Street  
ASB Tower, Suite 650  
Honolulu, HI 96813  
February 22, 2006

Dear Mr. Witten:

My name is Dale Gammie and I am currently a senior at the University of Hawai'i at Mānoa. I am originally from Maui and have been following the issues surrounding the Lā'au Point development on the southwest coast of Moloka'i. As far as I understand it, Moloka'i Ranch is attempting to change the land zoning from agriculture to urban so it can develop this strip of land into a resort residential community. The draft environmental impact statement addresses this development as well as the Land Trust. The two are very different and completely separate issues. The environmental impact statement should only deal with the Lā'au Point development - nothing else.

I am writing this letter as a way to express my opposition of the Lā'au Point development in West Moloka'i and its corresponding draft environmental impact statement. I am deeply disappointed with the way Moloka'i Ranch has pursued a development that would have such a huge impact on the environment in one of the last untouched locations in the State of Hawai'i. These changes in the environment are against the interests of the people of Moloka'i. There is overwhelming opposition from the community for this development. For these reasons, which will be elaborated on further, the development of Lā'au Point should be halted immediately and proceed no further.

The Lā'au Point development is a huge threat to this untouched environment. The coastal development of Lā'au Point could severely damage this ecosystem like many other resort areas in the State of Hawai'i. The non-point source pollution or polluted runoff presents one of the greatest threats to water quality in Hawai'i. This would happen during the development of Lā'au Point and into the future as humans (who will most likely not be from Moloka'i with no real appreciation for the Native Hawaiian culture and the values) continue to pollute via trash and pesticides. Coastal development and runoff, coastal pollution, and tourism and recreation pose "high" levels of threat to coral reef ecosystems.<sup>ii</sup> Reef degradation is even greater in areas where there are no wetlands and nature has a reduced ability to filter nutrients and pollutants before they enter the waters. Even though landscaping may help with some runoff, the development and construction stage will do great harm.

The source of non-point source pollution can be sediments, toxins, floatables, and pathogens and is not limited just by runoff. Wind can pick up the sediment and floatables and carry them into the ocean just as well. Additional setback measures in the environmental impact statement will not protect against this. The direct consequence of this pollution is algae blooms, fish kills,

destroyed aquatic habitats and cloudy waters.<sup>iii</sup> The indirect consequence is a negative impact on the fishing and gathering subsistence practices by the people of Moloka'i.

Lā'au Point is home to different types of endangered species that could suffer greatly due to the development. One of these endangered species is the 'ihī fern (*marsilea villosa*). In 1996, Department of Interior - U.S. Fish and Wildlife Service set forth a recovery plan that states there were just four naturally occurring populations of this fern, one of which was on the island of Moloka'i and more specifically Lā'au Point. The recovery plan specifically states that limiting factors to this species are "development, small population sizes, and trampling by humans."<sup>iv</sup> In fact, Moloka'i has 46 endangered plant species alone.<sup>v</sup> Just a few of these are located at Lā'au Point, but a map by the U.S. Fish and Wildlife Service highlights the southwest coastal area of Moloka'i as an "important habitat for threatened and endangered plants."<sup>vi</sup>

The Hawaiian Monk Seal is the most endangered U.S. mammal and most commonly found in the Northwest Hawaiian Islands. However, a sizable population lives at Lā'au Point. The U.S. Fish and Wildlife Service notes, "Factors which threaten the persistence and recovery of monk seal populations include disturbance by human activities..."<sup>vii</sup> Thus, unless we are prepared to accept the nearly certain destruction of one of the last habitats of the Hawaiian Monk Seal, we must not allow the Lā'au Point development project to continue as planned.

One of the most valuable resources of Lā'au Point are the coastal waters. These waters have been referred to as an "ice box."<sup>viii</sup> The waters are pristine and home to a flourishing coral ecosystem. Lā'au Point is a vital source of subsistence with the abundant fishing and gathering available to the locals. It also serves as one of the only natural protection areas in the State of Hawai'i for such marine animals that are endangered like the Hawaiian Monk Seal. In fact, Hawai'i is considered to be the "endangered species capital of the world" and Lā'au Point happens to be home to many of these endangered species. Elevated sediment levels will kill off indigenous fish because they will not be able to adapt in this changed environment.

Moloka'i already has its fair share of pollution problems. The southern coastline has seen polluted runoff during heavy rains. This pollution comes from abandoned pineapple fields, cropland, pastures, highways, dirt roads, feral animal activity, range fires, and the town of Kaunakakai.<sup>ix</sup> TEC Inc., the national environmental and engineering firm that prepared the marine biology study, says, "It is likely that sediment discharge from runoff to the ocean will be significantly less with the Lā'au Point project compared with existing conditions."<sup>x</sup> This is to say that since other areas have been damaged by sediment runoff and nonpoint pollution the development of Lā'au Point is okay because it will have less. Settling for "less" should not be acceptable for something that can be prevented all together.

It is nice that the draft environmental impact statement has measures to preserve inshore fishing and subsistence resources by establishing a fishing management zone and a no-commercial-take zone. It has also addressed the issue of sedimentation runoff by drainage control systems, regulation of fertilizers and pesticides, and revegetation for erosion control.<sup>xi</sup> However, it does not address the fact that wind uplifts these sediments as well and carries them into the coastal waters. This is something that is almost impossible to guard against. The noise of the development process will alienate the Hawaiian Monk Seal population. The mere presence of

humans in an area that has not had permanent human presence for hundreds of years will do harm to the Hawaiian Monk Seal population and coastal waters.

The Lā au Point development would put human activity in an otherwise unpopulated and untouched area, leading to yet another polluted area on the island of Moloka'i and in the State of Hawai'i. Lā au Point is too fragile and vulnerable to adapt to such a development. The affects would be devastating to the land, coastal waters, and living species.

Moloka'i is a relatively small island. The population there is a little over 7,000 people and the only Hawaiian island to have a Native Hawaiian majority.<sup>xii</sup> Not only do they value subsistence practices, but also the concepts of *āloha āina* and *mālama āina* which are to love and take care of the land. The people of Moloka'i want to make sure that this subsistence is sustainable. They practice these values everyday to ensure that their children and grandchildren will have these precious resources as well.

Moloka'i has been considered by its people as "the last Hawaiian island."<sup>xiii</sup> Moloka'i has been the slowest island to change in terms of western culture and economic development. The community heavily relies on Native Hawaiian cultural values and subsistence practices. In fact, 38% practice subsistence to supplement low incomes.<sup>xiv</sup> Besides the economic value from subsistence, it is a way to spread cultural knowledge from generation to generation. This is something that is very rarely found on any of the other islands, something that has been buried by development and western culture, but yet something that remains so special to the people of Moloka'i and the Native Hawaiian culture.

Subsistence allows the community to get together by sharing food and provides means for a healthy diet for a people who are ethnically prone to illnesses such as diabetes. The people of Moloka'i hunt, fish, gather, and farm as a means to get some of their food. This is their preferred way of life. In the pace of slow change, it is quite evident that tourism, development, and high prices are inconsistent with the preferred way of life.<sup>xv</sup>

The Lā au Point development in West Moloka'i is home to many cultural historic sites, many of which are untouched. Toward the coast there are permanent settlements, fishing shrines, and various cultural artifacts. More inland there are agricultural fields, multi-room dwellings, and work areas. At the summit there are religious objects, more signs of previous habitation, and more agricultural sites.

At the beginning of the Lā au project, it was said that the people of Moloka'i would have a say in the development. Since that has proven to be a deceitful tactic by Moloka'i Ranch and others involved in the development, it is still important to understand that the vast majority of Moloka'i residents are very strongly opposed to this development.

In the January 2007 Moloka'i Enterprise Community election, two challengers, Bridget Ann Mowat and Leila Stone, smashed incumbents, Colette Machado and Claud Sutcliffe, by a overwhelming 66%. The election was fueled with debate over the Lā au Point development and attracted the biggest voter turnout (over 650% higher than last year's turnout) in the history of

these elections. The challengers clearly campaigned against the Lā au point development showing that the community has an overwhelming strong opposition of the development.<sup>xvi</sup>

Dr. Davianna McGregor states that offshore reefs and oceans are impacted by pollution, erosion, and soil runoff from resorts, residential development and ranching in her recent book *Nā Kua āina*. She also happens to be the writer of the cultural impact statement in the environmental impact statement where she has no mention of this. The Lā au Point development would be detrimental to endangered species and water quality of Lā au Point and its proximal areas. Damage has already been done to the other main islands with developed coastlines such as Kihei, Kaanapali, Poipu, Kapea, Waikiki, Kailua, Kona, etc. Moloka'i cannot afford to be another victim of development. The Hawaiian Monk Seals cannot afford to be another victim of development. The *ihiihi* farm cannot afford to be another victim of development. The Moloka'i people cannot afford to be another victim of development.

The Lā au Point development is a substantial threat to the natural and pristine environments of West Moloka'i. It serves a vital part in the subsistence culture that many people in the Moloka'i community participate in. It would be a disgrace to see such an untouched and pristine place be ruined in the wake of the Lā au Point development. The new residents of the Lā au Point development would have no appreciation or care for the values and culture of the Native Hawaiian people regardless of what type of minimal training they will be forced to sit through.

The loss of natural resources from the Lā au Point development will far outweigh the economic benefits. After all, just about all of the economic benefit goes to Moloka'i Ranch, not the people of Moloka'i. In fact, it will hurt them even more as appraised land values will increase which will in turn raises property taxes. A better paying job is not worth giving up subsistence and the ability to live off the land. As Josh Pastrana, a resident of Moloka'i, says, "What exactly do they mean bring jobs to Maunaloa? Do they mean minimum wage jobs cleaning people's houses? Cleaning people's toilets? Because that is not my idea of opportunity."<sup>xvii</sup> It is not worth altering an entire way of life.

The people of Moloka'i are proud of their island and community. The Lā au Point development completely goes against the wishes of the community. Do not allow this development to proceed any further. Keep Moloka'i the way it is. Moloka'i No Ka Heke.

Sincerely,



Dale Gammie

Encl. Notes

cc: Peter Nicholas (MPL), Anthony Ching (State Land Use Commission), Office of Environmental Quality Control



Notes

<sup>1</sup> Hawaii State Department of Health. (2000).w "Hawaii's Implementation Plan for Polluted Runoff Control." Retrieved February 2, 2007, from Hawaii State Department of Health Website: <http://www.hawaii.gov/health/environmental/water/cleanwater/prc/implan-index.html>.

<sup>2</sup> National Oceanic and Atmospheric Administration. (2006). "Ranking of Major Threats to Coral Reef Ecosystems by Region." Retrieved February 10, 2007, from NOAA Website: <http://www.coris.noaa.gov/activities/actionstrategy/>.

<sup>3</sup> Hawaii State Department of Health. (2006).w "Hawaii's Implementation Plan for Polluted Runoff Control." Spear, Michael. "Recovery Plan for Marsilea Villosa." Retrieved February 10, 2007, from U.S. Fish and Wildlife Service Website: [http://ecos.fws.gov/docs/recovery\\_plans/1996/960418.pdf](http://ecos.fws.gov/docs/recovery_plans/1996/960418.pdf).

<sup>4</sup> U.S. Fish and Wildlife Service. "Critical Habitat for 46 Plant Species from Molokai." Retrieved February 10, 2007, from U.S. Fish and Wildlife Service Website: <http://www.fws.gov/pacificislands/CHRules/molokai.reproposalfs.pdf>.

<sup>5</sup> U.S. Fish and Wildlife Service. "Threatened and Endangered Plants in the Pacific Islands: Kokia Cookai." Retrieved February 10, 2007, from U.S. Fish and Wildlife Service Website: [www.fws.gov/pacificislands/wesa/kokiaindex.html](http://www.fws.gov/pacificislands/wesa/kokiaindex.html).

<sup>6</sup> U.S. Fish and Wildlife Service. "Threatened and Endangered Animals in the Pacific Islands: Hawaiian Monk Seal." Retrieved February 10, 2007, from U.S. Fish and Wildlife Service Website: <http://www.fws.gov/pacificislands/wesa/monkht.html>.

<sup>7</sup> Ullman, B. (2007). Breaking Point: Molokai Activists Occupy Proposed Subdivision Site. *Earth First*, 27(2), 12-13.

<sup>8</sup> Ibid.

<sup>9</sup> The Molokai Dispatch. "MPL Press Release: La'au Point EIS Addresses Ocean Environment Concerns." Retrieved February 15, 2007, from The Molokai Dispatch Website:

<sup>10</sup> The Molokai Dispatch. "MPL Press Release: La'au Point EIS Addresses Ocean Environment Concerns." State of Hawaii. "2004 State of Hawaii Data Book." Retrieved February 9, 2007, from Department of Business, Economic Development, and Tourism Website: <http://www.hawaii.gov/dbedt/info/economic/database/4b2004/>.

<sup>11</sup> McGregor, D. (2007). *Na Kua Ana*. Honolulu: University of Hawaii Press.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Benze, Adam. "Save La'au Candidates Voted In." Retrieved February 13, 2007, from The Molokai Dispatch Website: <http://www.themolokaidispatch.com/node/392>.

<sup>15</sup> Ullman, B. (2007). Breaking Point: Molokai Activists Occupy Proposed Subdivision Site. *Earth First*, 27(2), 12-13.

November 1, 2007

Dale Gammie  
3138 Waiālae Avenue, #916  
Honolulu, Hawai'i 96816

**SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Mr. Gammie:

Thank you for letter dated February 22, 2007 regarding the Lā'au Point Draft Environmental Impact Statement (EIS). Below, we respond to your concerns.

1. *As far as I understand it, Moloka'i Ranch is attempting to change the land zoning from agriculture to urban so it can develop this strip of land into a resort residential community. The draft environmental impact statement addresses this development as well as the Land Trust. The two are very different and completely separate issues. The environmental impact statement should only deal with the Lā'au Point development -- nothing else.*

**Response:** Your statements are incorrect. No land is being changed to Urban. We are requesting 850 acres be changed from Agricultural to Rural, 254 acres from Agricultural to Conservation, and 9 acres from Conservation to Rural. This is stated in Section 2.3.2 (Petition Area) of the Draft EIS.

The Lā'au Point project is one of the elements of in the Master Plan. Successful implementation of the Master Plan depends on the Lā'au Point project. A discussion of the Master Plan is necessary to place into context the breadth of measures available to mitigate the environmental, social and cultural impacts of the project. The State Land Use District Boundary Amendment Petition on Lā'au Point before the Land Use Commission, if approved, would not represent the LUC's approval of the Master Plan.

2. *I am writing this letter as a way to express my opposition of the Lā'au Point development in West Moloka'i and its corresponding draft environmental impact statement. I am deeply disappointed with the way Moloka'i Ranch has pursued a development that would have such a huge impact on the environment in one of the last untouched locations in the State of Hawai'i. These changes in the environment are against the interests of the people of Moloka'i. There is overwhelming opposition from the community for this development. For these reasons, which will be elaborated on further, the development of Lā'au Point should be halted immediately and proceed no further.*

**Response:** We disagree with your opinion. The Master Plan was created by participating community members that volunteered their time at numerous meetings (see Section 2.4 of the Draft EIS) to plan a sustainable future for Moloka'i. Implementation of the Master Plan will place over 50,000 acres into permanent protection from development. This does not go "against the interests of the people of Moloka'i."

Section 6.1 of Draft EIS provided discussion of a "no action" alternative, meaning the same thing as not proceeding forward with the project, as you suggest. The Draft EIS analysis concluded that "no action" would lead to greater overall impacts on cultural sites; natural resources utilized for cultural, subsistence and spiritual purposes; water resources; and the overall Hawaiian way of life on Moloka'i. This scenario would result in uncontrolled growth and unmonitored utilization of lands and natural resources. The "no action" alternative which opponents advocate would ultimately lead MPL to close down its ranch operations and either land bank the property for the future or put the lands up for sale. Employment would be reduced to 10 fulltime staff, tourist expenditures would be lost, and local businesses at Maunaloa Town and elsewhere would be affected. This, in turn, will increase the need for County and State social services.

While the "No Action" alternative would reduce the immediate demand on water resources and leave Lā'au undeveloped, in the long run, when combined with the inevitable alternative of bulk or "Piece-Meal" sale of MPL lands, it would increase the level of development, not only at Lā'au but on all Ranch lands and increase the demand for water. Under the existing community plan and zoning, MPL lands can be sold to potentially eight times the number of new landowners proposed in the Master Plan. If sold to an investment corporation, land can be developed over and beyond the proposed 200 two acre lots. The U.S. Marine Corps has already indicated that it would purchase or lease Ranch lands now slated for development on the Western coast for amphibious landings exercises. The impact to cultural sites and natural resources utilized for subsistence, cultural and spiritual purposes would be far greater than what is projected in the proposed development. "No Action" would ultimately evolve into the worst case scenario for Moloka'i.

3. *The Lā'au Point development is a huge threat to this untouched environment. The coastal development of Lā'au Point could severely damage this ecosystem like many other resort areas in the State of Hawaii. The non-point source pollution or polluted runoff presents one of the greatest threats to water quality in Hawai'i. This would happen during the development of Lā'au Point and into the future as humans (who will most likely not be from Moloka'i with no real appreciation for the Native Hawaiian culture and the values) continue to pollute via trash and pesticides. Coastal development and runoff, coastal pollution, and tourism and recreation pose "high" levels of threat to coral reef ecosystems. Reef degradation is even greater in areas where there are no wetlands and nature has a reduced ability to filter nutrients and pollutants before they enter the waters. Even though landscaping may help with some runoff, the development and construction stage will do great harm.*

**Response:** As previously discussed in Section 2.3 of the Draft EIS, the target market for Lā'au Point are people who respect the unique character of the site and of Moloka'i, and who support conservation, cultural site protection, and coastal resource management. Brochures, sales material, and other promotional documents will be reviewed by the Land Trust or the EC for accuracy and adherence to their principles. The intent for Lā'au Point is for it to be a community for people that demonstrate the value of mālama'aina (caring for, protecting, and preserving the land and sea). The project "must be the most environmentally planned, designed, and implemented large lot community in the State." This statement precedes the covenant document determined by the Land Use Committee that will place many restrictions on lot owners. Lā'au Point will be unlike any other community in Hawai'i. It is expected that

Lā'au Point residents will not be they type of people that "continue to pollute via trash and pesticides."

As discussed in Section 4.9.1 (Drainage) of the Draft EIS, Lā'au Point will be in compliance with all laws and regulations regarding runoff and non-point source pollution, ensuring that storm water runoff and siltation will not adversely affect the downstream Conservation District land's marine environment and nearshore and offshore water quality.

4. *The source of non-point source pollution can be sediments, toxins, floatables, and pathogens and is not limited just by runoff. Wind can pick up the sediment and floatables and carry them into the ocean just as well. Additional setback measures in the environmental impact statement will not protect against this. The direct consequence of this pollution is algae blooms, fish kills, destroyed aquatic habitats and cloudy waters. The indirect consequence is a negative impact on the fishing and gathering subsistence practices by the people of Moloka'i.*

**Response:** As stated in #3 above, Lā'au Point will be in compliance with all laws and regulations regarding runoff and non-point source pollution, ensuring that storm water runoff and siltation will not adversely affect the downstream Conservation District land's marine environment and nearshore and offshore water quality.

5. *Lā'au Point is home to different types of endangered species that could suffer greatly due to the development. One of these endangered species is the ihii'ihii fern (marsilea villosa). In 1996, Department of Interior - U.S. Fish and Wildlife Service set forth a recovery plan that states there were just four naturally occurring populations of this fern, one of which was on the island of Moloka'i and more specifically Lā'au Point. The recovery plan specifically states that limiting factors to this species are "development small population sizes, and trampling by humans." In fact, Moloka'i has 46 endangered plant species alone. "Just a few of these are located at Lā'au Point, but a map by the U.S. Fish and Wildlife Service highlights the southwest coastal area of Moloka'i an "important habitat for threatened and endangered plants."*

**Response:** We acknowledge the research you cited; however, the 1996 recovery plan map does not directly specify the southwest coastal area of Moloka'i as an "important habitat for threatened and endangered plants" as you cited. The 1996 recovery plan does indicate that an 'ihii'ihii'ihii (Marsilea villosa) population is known to occur at Kamāka'ipō. We confirm that ihii'ihii has been found around Kamāka'ipō Gulch. This area is proposed to be re-districted into Conservation District and designated a cultural protection zone, where no development will occur. The area will also be owned and managed by the Land Trust, who will develop and implement a resource management plan for area: this plan, called the Shoreline Access Management Plan, is further discussed in our response to #6 below.

We did locate the other research you cited regarding the 46 endangered plant species on Moloka'i. These 46 species are indicated on a USFWS map (retrieved from <<http://www.fws.gov/pacificislands/CHRules/molokai.reproposals.pdf>>). We note that this map does not propose Lā'au Point as a "critical habitat." According to the USFWS map, the proposed critical habitat areas are located along the northern coastline and East end of Moloka'i. In fact, the final rule from the USFWS does not designate any "critical habitat" for Marsilea villosa on the island of Moloka'i.

To reflect the above information in the Final EIS, as well as to address other questions and concerns regarding 'ihī 'ihīlauakea (*Marsilea villosa*) in the Final EIS, Section 3.6 (Flora) will be revised as shown on the attachment entitled, "Revised Section 3.6 (Flora)."

6. *The Hawaiian Monk Seal is the most endangered U.S. mammal and most commonly found in the Northwest Hawaiian Islands. However, a sizable population lives at Lā'au Point. The U.S. Fish and Wildlife Service notes, "Factors which threaten the persistence and recovery of monk seal populations include disturbance by human activities..." Thus, unless we are prepared to accept the nearly certain destruction of one of the last habitats of the Hawaiian Monk Seal, we must not allow the Lā'au Point development project to continue as planned.*

**Response:** The statements "...a sizable population lives at Lā'au Point" and "...nearly certain destruction of one of the last habitats of the Hawaiian Monk Seal" are unsupported dramatic hyperbole. We consulted with the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service about the monk seal population at Lā'au Point. The shoreline access management plan (SAMP) contains a plan and recommendations developed in consultation with the National Oceanic and Atmospheric Administration (NOAA) Monk seal program and elements were taken directly from their draft *Recovery Plan for the Hawaiian Monk Seal* (November 2006).

The SAMP also provides rules to ensure non-disturbance of Hawaiian monk seal habitat and the promotion of Lā'au Point as an area for Hawaiian monk seals to frequent and "haul out." Rules have been developed on removal of gear, the use of certain types of gear, and responses to Hawaiian monk seal sightings. No domestic pets and animals (including hunting dogs) will be allowed in the managed area. The use of toxins and pesticides is specifically prohibited and equipment will be purchased for cordoning off areas where Hawaiian monk seals have come ashore.

To ensure that the project does not alter behavior of Hawaiian monk seals that visit the area, residents and visitors will be educated about possible interaction with these animals and the appropriate human behavior for that interaction. Appropriate protocol if one encounters a Hawaiian monk seal on the beach is to notify National Marine Fisheries Service (NMFS), who will check if the animal is injured or entangled, then put tape around the site to keep people from approaching too closely. Due to the lack of available NMFS staff on Moloka'i, a Resource Manager will monitor the Lā'au shoreline area daily.

The established mitigation measures for protecting hauled-out monk seals have been generally effective elsewhere in the Main Hawaiian Islands, and this segment of the monk seal population appears to be increasing. Prohibition of domestic animals from the shoreline may be of greater significance in limiting behavioral disturbances.

To reflect the above information in the Final EIS, as well as to address other questions and concerns regarding monk seals, Section 3.7 (Fauna) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 3.7 (Fauna)." The SAMP has been included as an appendix to the Final EIS.

7. *One of the most valuable resources of Lā'au Point are the coastal waters. These waters have been referred to as an "ice box." The waters are pristine and home to a flourishing coral ecosystem. Lā'au Point is a vital source of subsistence with the abundant fishing and gathering available to the locals. It also serves as one of the only natural protection areas in the State of Hawai'i for such marine animals that are endangered like the Hawaiian Monk Seal. In fact, Hawai'i is considered to be the "endangered species capital of the world" and Lā'au Point happens to be home to many of these endangered species. Elevated sediment levels will kill off indigenous fish because they will not be able to adapt in this changed environment.*

**Response:** Section 3.8 of the Draft EIS provided discussion of the marine environment. We note that generally, where there is abundant fishing and gathering, the area is not described as "pristine." The baseline marine biological survey indicates that the area is not particularly unique or sensitive.

Regarding your comments about protection of the Hawaiian monk seal, please see our response to #6 above.

With regard to the elevated sediment levels, first, the resident ecosystem is accustomed to episodic inundations of sediment-laden "red water." Second, the proposed action will reduce sediment delivery to the ocean, not increase it. This is discussed in Section 3.8 of the Draft EIS.

8. *Moloka'i already has its fair share of pollution problems. The southern coastline has seen polluted runoff during heavy rains. This pollution comes from abandoned pineapple fields, cropland, pastures, highways, dirt roads, feral animal activity, range fires, and the town of Kaunakakai. TEC Inc., the national environmental and engineering firm that prepared the marine biology study, says, "It is likely that sediment discharge from runoff to the ocean will be significantly less with the Lā'au Point project compared with existing conditions." This is to say that since other areas have been damaged by sediment runoff and nonpoint pollution the development of Lā'au Point is okay because it will have less. Settling for "less" should not be acceptable for something that can be prevented all together.*

**Response:** We acknowledge your comments; however, we note that you misinterpret the quoted statement. The comparison of sediment delivery is not between Lā'au Point and other areas, but rather between Lā'au Point before and after implementation of erosion controls.

9. *It is nice that the draft environmental impact statement has measures to preserve inshore fishing and subsistence resources by establishing a fishing management zone and a no-commercial-take zone. It has also addressed the issue of sedimentation runoff by drainage control systems, regulation of fertilizers and pesticides, and revegetation for erosion control. However, it does not address the fact that wind uplifts these sediments as well and carries them into the coastal waters. This is something that is almost impossible to guard against. The noise of the development process will alienate the Hawaiian Monk Seal population. The mere presence of humans in an area that has not had permanent human presence for hundreds of years will do harm to the Hawaiian Monk Seal population and coastal waters.*

**Response:** As stated in Section 3.3 of the Draft EIS, all construction activities will comply with the provisions of Chapter 11-60.1, Hawaii Administrative Rules, and Section 11-60.1-33 on fugitive dust.

As stated in Section 4.5 of the Draft EIS, construction activities will also comply with Chapter 11-46, HAR (Community Noise Control). Proper mitigation measures will be employed to minimize construction-related noise and comply with all Federal and State noise control regulations. The substantial setback from the shoreline (250 to 1,000 feet) will also provide mitigation for potential noise impacts caused by the development process.

Your claims that noise will alienate monk seals and that the "mere presence of humans" will harm the monk seals are unsupported. Monk seals have been sighted on all the main Hawaiian Islands, even at developed shoreline areas with noise and human presence such as Waikiki on O'ahu and Poi'pū on Kaua'i.

*The Lā'āu Point development would put human activity in an otherwise unpopulated and untouched area, leading to yet another polluted area on the island of Moloka'i and in the State of Hawaii. Lā'āu Point is too fragile and vulnerable to adapt to such a development. The effects would be devastating to the land, coastal waters, and living species.*

**Response:** Comment noted. See our response to #2 above regarding the "no action" alternative.

10. *Moloka'i is a relatively small island. The population there is a little over 7,000 people and the only Hawaiian island to have a Native Hawaiian majority. Not only do they value subsistence practices, but also the concepts of aloha 'āina and mālama 'āina which are to love and take care of the land. The people of Moloka'i want to make sure that this subsistence is sustainable. They practice these values everyday to ensure that their children and grandchildren will have these precious resources as well.*

**Response:** We concur that subsistence activities are valued on Moloka'i. As discussed in Section 2.3.7, an agreement between MPL and the Moloka'i Land Trust/BC will ensure that the Lā'āu Point project promotes the importance of maintaining subsistence activities in the Conservation District areas and other protected resource areas. The Shoreline Access Management Plan will be managed and enforced by the Land Trust.

Given that the area proposed for development has been the private property of Molokai Ranch, the primary cultural practitioners of the area are current and former Molokai Ranch cowboys and employees, their 'ohana and longtime kama'āina residents of the Maunaloa community. The Master Plan outlines cultural principles and policies for the establishment and management of a Cultural Protection and Subsistence Management Zone, including areas of the proposed Lā'āu development. Extraordinary measures will be taken by the Moloka'i Land Trust in cooperation with the homeowners to work with the longtime residents of Maunaloa and longtime ranch cowboy and employee families to protect subsistence hunting and fishing. These measures will also protect the quality of the cultural sites, complexes, and resources.

The Shoreline Access and Management Plan provides for its implementation and further development by a committee that will include representatives of cultural practitioners of the area including Ranch employees, Maunaloa residents, persons with ancestral ties to the south and west coasts, well as the homeowners, and the Moloka'i Land Trust which is comprised of members from the larger community.

During the community-based planning process that resulted in the Master Plan, the persistence of subsistence on Moloka'i was of central significance. The Cultural Impact Assessment (provided as Appendix F of the Draft EIS) refers to the measures outlined in the Master Plan to protect subsistence fishing on page 113 and referred to above. Details of the plan to protect subsistence fishing and gathering were provided on pages 118 through 121. In addition, access will be managed to protect subsistence resources as discussed on pages 116 - 118.

Additionally, the CC&Rs and shoreline access management plan for the project will include measures to restrict access to foot only between Dixie Maru and Hale O Lono in order to conserve resources, with an acknowledgement of Native Hawaiian gathering rights as defined by law for subsistence purposes, in a designated subsistence management area.

The project's CC&Rs reflect the community-driven shoreline access management plan, which outlines the guidelines to monitor and enforce protection of the cultural and natural resources in the area proposed for development. The SAMP has been included as an appendix to the Final EIS.

12. *Moloka'i has been considered by its people as "the last Hawaiian island." Molokai has been the slowest island to change in terms of western culture and economic development. The community heavily relies on Native Hawaiian cultural values and subsistence practices. In fact, 38% practice subsistence to supplement low incomes." Besides the economic value from subsistence, it is a way to spread cultural knowledge from generation to generation. This is something that is very rarely found on any of the other islands, something that has been buried by development and western culture, but yet something that remains so special to the people of Moloka'i and the Native Hawaiian culture.*

**Response:** We concur that Moloka'i is considered the "last Hawaiian island." We note that the Master Plan ensures Moloka'i's continued status as "the last Hawaiian island." See our response to #2 above.

13. *Subsistence allows the community to get together by sharing food and provides means for a healthy diet for a people who are ethnically prone to illnesses such as diabetes. The people of Moloka'i hunt, fish, gather, and farm as a means to get some of their food. This is their preferred way of life. In the pace of slow change, it is quite evident that tourism, development, and high prices are inconsistent with the preferred way of life.*

**Response:** We concur. See our response to #11 above regarding how the project promotes the importance of maintaining subsistence activities.

14. *The Lā'āu Point development in West Moloka'i is home to many cultural historic sites, many of which are untouched. Toward the coast there are permanent settlements, fishing shrines, and various*

*cultured artifacts. More inland there are agricultural fields, multi-room dwellings, and work areas. At the summit there are religious objects, more signs of previous habitation, and more agricultural sites.*

**Response:** We acknowledge your comments. The archaeological and historic cultural resources are discussed in detail in Sections 4.1 and 4.2, and Appendices E and F of the Draft EIS.

*15. At the beginning of the Lā'āu project, it was said that the people of Moloka'i would have a say in the development. Since that has proven to be a deceitful tactic by Moloka'i Ranch and others involved in the development, it is still important to understand that the vast majority of Moloka'i residents are very strongly opposed to this development.*

**Response:** We strongly disagree with your statements. The EC conducted the lengthy community-based process (see Section 2.1.6 of the Draft EIS). There was nothing deceitful about it by the EC or MPL. All meetings were public and the vote was televised.

First, the Master Plan reflects the efforts and values of hundreds of Moloka'i residents. The process of coming up with the Master Plan was transparent and open to anyone who was interested in participating. Further, in interviews conducted for the Social Impact Assessment (Appendix M of the Draft EIS), people felt that the Master Plan: 1) provides a reliable basis for community expectations; 2) allows for meaningful local control; 3) contains significant conservation and preservation measures; 4) allows for the protection and management of subsistence activities; and 5) will lead to the reopening of the Kahaako'i Hotel and upgrade of the Golf Course. These are not Molokai Ranch's comments, but input from those who value the Master Plan.

Second, the Social Impact Assessment (SIA) found that the community's reaction is not a simple "for" versus "against" statistic. While project and Master Plan opponents were the most vocal in expressing their views, the SIA heard from many people who offered their thoughtful and sometimes complex reactions to Lā'āu Point and Master Plan. There were pros and cons to both the Master Plan and Lā'āu Point, and the complexity of people's reactions was presented in Section 4.4 of the SIA. Input ranged from full support of Lā'āu Point and the Master Plan, to conditional acceptance of Lā'āu while supporting the Master Plan; to opposition to Lā'āu Point while supporting the Master Plan; and to opposition to both Lā'āu Point and the Master Plan.

*16. In the January 2007 Moloka'i Enterprise Community election, two challengers, Bridget Ann Mowat and Leila Stone, smashed incumbents, Colette Machado and Claud Sutcliffe, by a overwhelming 66%. The election was fueled with debate over the Lā'āu Point development and attracted the biggest voter turnout (over 650% higher than last year's turnout) in the history of these elections. The challengers clearly campaigned against the Lā'āu point development showing that the community has an overwhelming strong opposition of the development.*

**Response:** We disagree with your conclusion that the election results directly correlate with this project. The election held on January 31, 2007 was for two board members the Molokai Enterprise Community (EC) Governance Board. While some candidates ran on platforms that

included stances on the proposed development at Lā'āu Point, the proposed development at Lā'āu Point is not a project of the EC.

The EC facilitated the Master Plan planning process (as discussed in Section 2.1.6 of the Draft EIS), and later voted to support the Master Plan based on the strong recommendation from the Land Use Committee. The EC has also stated that the Plan represents the fulfillment at the highest levels of the key principles of the USDA's Empowerment Zones/ Enterprise Community program, which are: 1) Economic Opportunity; 2) Sustainable Community Development; 3) Community-based Partnerships; and 4) Strategic Vision for Change.

A total of 1,284 voters turned out for the January 31, 2007 EC election, casting a total of 2,541 votes (2 votes per person minus 27 abstentions and voided ballots). This turnout, while record-setting for EC elections, represents only 25.6% of Moloka'i residents over 18 (According to the 2000 Census, the Moloka'i population over 18 years of age is 5,015). Bridget Mowat and Leila Stone, who won the two seats and campaigned on an "anti-Lā'āu" platform, received a combined 1,683 votes, or 65.5%, equivalent to 841.5 voters. A total of 841.5 voters represent only 16.8% of Molokai's eligible voting age population.

To assume that an election for Board Directors of a private nonprofit corporation is equivalent to a referendum on the Master Plan or a mandate for the Lā'āu Point project, no matter what the candidates' platforms, is not only a misrepresentation of fact on many levels, but could also be seen as disenfranchising the other 3,731 eligible Moloka'i residents (74.4%) who did not turn out to vote.

A community vote on the Master Plan never occurred; there is no provision for one. Regulatory organizations are charged with making the decisions on entitlement issues such as with Lā'āu Point. The EC election was for the Board of Directors that has no such regulatory power.

*17. Dr. Davianna McGregor states that offshore reefs and oceans are impacted by pollution, erosion, and soil runoff from resorts, residential development and ranching in her recent book Na Kua'āina. She also happens to be the writer of the cultural impact statement in the environmental impact statement where she has no mention of this. The Lā'āu Point development would be detrimental to endangered species and water quality of Lā'āu Point and its proximal areas. Damage has already been done to the other main islands with developed coastlines such as Kīhei, Kaanapali, Poipu, Kapaa, Waikiki, Kailua, Kona, etc. Moloka'i cannot afford to be another victim of development. The Hawaiian Monk Seals cannot afford to be another victim of development. The ihu'ihū fern cannot afford to be another victim of development. The Moloka'i people cannot afford to be another victim of development.*

**Response:** The reference by Dr. McGregor in her book *Na Kua'āina: Living Hawaiian Culture*, is primarily to uncontrolled and unmonitored developments which occurred on O'ahu. While there is the potential for the same problem to occur with unmonitored, uncontrolled development on Moloka'i, the planned rural residential development along the west and south coastal areas adjacent to Lā'āu Point will include strict measures, conditions, covenants and restrictions to prevent pollution, erosion and soil runoff. These are addressed in Draft EIS Appendices D, N, O, Q, and the CC&Rs (Section 2.5.6 of the Draft EIS).



18. *The Lā'au Point development is a substantial threat to the natural and pristine environments of West Moloka'i. It serves a vital part in the subsistence culture that many people in the Moloka'i community participate in. It would be a disgrace to see such an untouched and pristine place be ruined in the wake of the Lā'au Point development. The new residents of the Lā'au Point development would have no appreciation or care for the values and culture of the Native Hawaiian people regardless of what type of minimal training they will be forced to sit through.*

**Response:** See our response #3 above regarding the target market for Lā'au Point residents. Admittedly, educational classes for landowners, vacationing or permanent, are a new approach to a decades old problem of disconnect between new landowners from outside Hawai'i and the local and Native Hawaiian communities.

We assume that educating new residents would have a better effect than if new residents were not educated at all. It is very likely that new buyers will be willing to attend classes to learn how to protect the environmental resources and Moloka'i lifestyle and culture. This is already occurring, whereby relatively newer residents are participating in environmental advocacy and protection efforts.

Currently, MPL allows limited beach access for MPL employees and Maunaloa residents to the area projected for residential development. It is mandatory that employees and their guests view a conservation video in order to qualify for a beach pass. This system has worked well and received the cooperation of those who have used beach passes.

To reflect the information above in the Final EIS, as well as to address other questions and concerns regarding shoreline access issues, Section 4.3 (Trails and Access) has been revised as shown on the attachment titled, "Revised Section 4.3 (Trails and Access)," and the SAMP has been included as an Appendix to the Final EIS.

19. *The loss of natural resources from the Lā'au Point development will far outweigh the economic benefits. After all, just about all of the economic benefit goes to Moloka'i Ranch, not the people of Moloka'i. In fact, it will hurt them even more as appraised land values will increase which will in turn raises property taxes. A better paying job is not worth giving up subsistence and the ability to live off the land. As Josh Pastrana, a resident of Moloka'i, says, "What exactly do they mean bring jobs to Maunaloa? Do they mean minimum wage jobs cleaning people's houses? Cleaning people's toilets? Because that is not my idea of opportunity." It is not worth altering an entire way of life.*

**Response:** We respectfully disagree with your comment. As discussed in Section 2.1.6 of the Draft EIS, the goals of EC Project #47, which created the Master Plan, was to create new employment opportunities and affordable housing options for Moloka'i residents, as well as provide them with more control of their future.

Implementation of the Master Plan will provide Moloka'i residents employment in current Ranch operations, as well as new jobs in the construction, maintenance, and service industries at prevailing wages.

As discussed in Section 4.8.4 of the Draft EIS, the re-opening of the Kahaiko'i Hotel is crucial to revitalizing the Moloka'i tourism economy. Section 4.1.5 of the Master Plan (Appendix A in the Draft EIS) contains the recommended principles to guide tourism for Moloka'i. The subsequent *Moloka'i Responsible Tourism Initiative: A Community-Based Visitor Plan for Moloka'i* (EC Project #30) provided a five-year plan for sustainable, community-based tourism on Moloka'i. As discussed in these plans, the re-opening of Kahaiko'i Hotel and the subsequent revitalization of the tourism industry will provide over 100 stable jobs for Moloka'i residents. To reflect the above information in the Final EIS, and address other questions and concerns received regarding jobs, Section 4.8.4 has been revised to include the following clarification:

Proceeds from the sale of the Lā'au Point lots will fund the renovations and upgrading of the Kahaiko'i Hotel and Golf Course. These facilities are crucial to revitalizing the Moloka'i tourism economy and are projected to provide over 100 jobs for Moloka'i residents. By outsourcing various hotel functions such as laundry, gift shop, beach shack and spa, and by committing to use local produce, small business opportunities will also be created for the community. However, the direct impact of Lā'au Point on tourism will be limited since no vacation rentals are allowed under the Lā'au Point CC&Rs.

MPL is now totally managed on the island by members of the community, with many Native Hawaiians in key roles. Over the past five years there has been a conscious effort to promote local people into management positions within the Molokai Ranch Lodge and Beach Village. Local people, including a majority of Native Hawaiians, now hold all key management positions at the hotels and within the MPL management structure for maintenance and other on-island activities. Those individuals will form the core nucleus of the future management team in other MPL enterprises such as the Kahaiko'i Hotel.

Regarding specific new jobs created by the Lā'au Point project, these jobs will be a mix of construction, maintenance, and service jobs at prevailing wages. Some will be short-term, depending on the length of time for full build-out, and some will be permanent and long-term. Many jobs will be contracted, therefore, for the contracted jobs during construction or after build-out. MPL will not be providing direct training and employment opportunities. Several positions also will be available for the operation and maintenance of the wastewater treatment plant. As mentioned above there will also be jobs re-created upon the re-opening of the Kahaiko'i Hotel.

Regarding your concern about increasing property taxes, the Lā'au Point project is not expected to affect real property taxes. As discussed in Section 4.8.2 and Appendix L of the Draft EIS, assessments of existing property that is not adjacent (and thus not competing in the same market or market area), and/or that has different highest and best use potentials, will not be directly affected. This finding is based on analysis of paired assessment trends over time between expanding development and non-adjacent land holdings, an understanding of value trends and influences, and discussion with Maui County and O'ahu tax offices concerning this specific matter. The Lā'au Point project is physically separated from the rest of Moloka'i by hundreds of acres of Ranch land, and will be a unique market unto itself.

Mr. Dale Gammie  
SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
November 1, 2007  
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Thank you for reviewing the Draft EIS. Your letter will be included in the Final EIS.

Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachments:

Revised Section 3.6 (Flora)  
Revised Section 3.7 (Fauna)  
Revised Section 4.3 (Trails and Access)

cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII

RECEIVED

FEB 20 2007

PBR HAWAII

February 12, 2007

State Land Use Commission  
P.O. Box 21359  
Honolulu, HI 96804

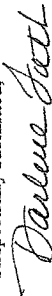
Dear Commissioners:

In my previous letter to State Land Use Commission, dated 5/26/06, I registered my intention to intervene in proceedings on Molokai Properties, Ltd. request to reclassify lands at La'au Point for residential development.

This land reclassification would allow residential development too large in scope to be folded into the community. Molokai is trying to hold to an Hawaiian lifestyle that has been trampled by progress elsewhere in the island chain. Another 200 high dollar estates (most of which will be purchased by mainlanders, many of which will be purchased on speculation and very likely none of which will be purchased by current Molokai Hawaiian residents) will have major and irreversible physical, fiscal and cultural impact. Physical impact? Water usage is a major consideration. Traffic, beach access, fishing and gathering, inadvertent disturbance of burial sites are just a few others. Fiscal impact? Property taxes will continue the uphill climb. Molokai property owners will have to deal with ever higher tax bills forcing many to sell their lands or lose them to taxes. Tax revenues will continue to disappear into Maui County coffers. Cultural impact? An infusion of 200 wealthy landowners is not likely to be absorbed into the Hawaiian community anytime soon. Not to mention the continuing divergence of income levels which tends to further divide the community.

The Enterprise Community leadership election on January 31, 2007 clearly demonstrates community opposition to past EC support of La'au development. A zoning change would ignore the voice of community opposition made clear by the recent EC leadership election and by displays of solidarity against La'au development demonstrated by meetings, forums, and other organized community events.

Respectfully submitted,



Darlene Toth  
Box 215, Maunaloa, HI 96770

cc:

PBR Hawaii, 1001 Bishop Street, ASB Tower, Ste 650, Honolulu, HI 96813  
Office of Environmental Quality Control, 235 S. Beretania Street, Ste 702, Honolulu, HI 96813

Maui County Planning Department, 250 South High Street, Wailuku, HI 96793



Molokai  
Properties  
Limited

November 1, 2007

Darlene Toth  
Box 215  
Maunaloa, Hawaii 96770

**SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Ms. Toth:

Thank you for your letter dated February 12, 2007 regarding the La'au Point Draft Environmental Impact Statement (EIS). We respond to your comments.

We understand that you filed a "notice to intervene" with the State Land Use Commission (LUC) in May 2006 regarding the La'au Point State Land Use District Boundary Amendment petition. If you plan to formally file a "petition to intervene," you will need to comply with LUC Rules (HAR §15-15-52 Intervention in proceeding for district boundary amendments). The LUC rules can be obtained on their website at <[http://luc.state.hi.us/docs/luc\\_rules.pdf](http://luc.state.hi.us/docs/luc_rules.pdf)>.

**Physical impact**

The issues you cite were previously addressed in the following sections and appendices of the Draft EIS: Water, Section 4.9.2 and Appendix P; Traffic, Section 4.4 and Appendix G; beach access, Section 4.3; fishing and gathering, Sections 2.3.7 and 4.2, and Appendices A and F; and burial sites, Section 4.1 and Appendix E.

**Fiscal impact**

As discussed in Section 4.8.2 of the Draft EIS, there have been concerns raised regarding the potential impact of La'au Point on increased property taxes for other Molokai homeowners. The Hallstrom Group, Inc., examined potential increases to real property tax on existing properties in the areas of Maunaloa, Kualapu'u, Kaunakakai, and beyond as a result of the La'au Point project. Appendix L contains the Hallstrom Group's comments.

According to the Hallstrom Group (2006), assessments of existing property that is not adjacent (and thus not competing in the same market or market area), and/or that has different highest and best use potentials, will not be directly affected. This finding is based on analysis of paired assessment trends over time between expanding development and non-adjacent land holdings, an understanding of value trends and influences, and discussion with Maui County and O'ahu tax offices concerning this specific matter. Of particular note has been the historic lack of "cause and effect" between changes in market prices in Kaluako'i and assessed values elsewhere on the island.

The La'au Point project is physically separated from the rest of Molokai by hundreds of acres of Ranch land, and will be a unique market unto itself. Secondary impacts, if any, might only be potentially possible among the makai portions of the Kaluako'i lots; however, even this

Ms. Darlene Toth  
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the Master Plan based on the strong recommendation from the Land Use Committee. The EC has also stated that the Master Plan represents the fulfillment at the highest levels of the key principles of the USDA's Empowerment Zone/ Enterprise Community program, which are: 1) Economic Opportunity; 2) Sustainable Community Development; 3) Community-based Partnerships; and 4) Strategic Vision for Change.

A total of 1,284 voters turned out for the January 31, 2007 EC election, casting a total of 2,541 votes (2 votes per person minus 27 abstentions and voided ballots). This turnout, while record-setting for EC elections, represents only 25.6% of Moloka'i residents over 18 (According to the 2000 Census, the Moloka'i population over 18 years of age is 5,015). Bridget Mowat and Leila Stone, who won the two seats and campaigned on an "anti-Lā'au" platform, received a combined 1,683 votes, or 65.5%, equivalent to 841.5 voters. A total of 841.5 voters represent only 16.8% of Moloka'i's eligible voting age population.

To assume that an election for Board Directors of a private nonprofit corporation is equivalent to a referendum on the Master Plan or a mandate for the Lā'au Point project, no matter what the candidates' platforms, is not only a misrepresentation of fact on many levels, but could also be seen as disenfranchising the other 3,731 eligible Moloka'i residents (74.4%) who did not turn out to vote.

A community vote on the Master Plan never occurred; there is no provision for one. Regulatory organizations are charged with making the decisions on entitlement issues such as with Lā'au Point. The EC election was for Board Directors that have no such regulatory power.

Without knowing specifically what the "other forums and events" were as referenced in your letter, it is extremely difficult to respond. MPL can say, however, that the community meetings and focus groups organized around the Cultural and Social Impact Statements and Water plan meetings were designed to gather community members' concerns with the proposed development, so they could be documented and addressed in the EIS. These meetings were never intended to be rallies for Master Plan supporters.

Thank you for participating in the EIS process. Your letter will be included in the Final EIS.  
Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Ms. Darlene Toth  
SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
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inventory already has an established data set of its own comparable market activity. In addition, the 55,000+ acres of protective lands of the Land Trust and easements will isolate and distinguish Lā'au Point from the rest of Moloka'i. Changes in assessments are the result of comparable market transactions, fueled by new economic activity or a scarce amenity; Lā'au Point is not a comparable to the existing real estate.

Only to the extent there is new worker in-migration to the island to support or sustain the development and its residents, could there be some modest indirect impact on selected real estate activity and prices. Offsetting this is the moratorium on further MPL land development as a result of the Land Trust and easements, which will reinforce the status quo and limit further development.

#### **Cultural impact**

As discussed in Section 4.8.3 of the Draft EIS, social impacts of Lā'au Point have been related to expectations and preconceptions of other social groups. There is a tendency to expect certain behavior and values of people who are different. Race and gender have culturally and historically been the bases for expectations. Economic class differences also elicit preconceptions, as do age, religion, politics, occupation and lifestyle. The bases for these expectations vary, including cultural mores, the media, experience, parents, authority, etc.

Interestingly, the Lā'au Point project is not adding a new element (affluent people) to Moloka'i's social environment. East Moloka'i, in particular, has been experiencing affluent people buying homes. Interaction between existing residents and affluent newcomers is therefore already occurring. From accounts in interviews and meetings, Moloka'i Style is still persistent and resilient in spite of these new residents (refer to Appendix M of the Draft EIS).

To mitigate potential social conflicts due to economic disparities between the existing and new residents, there needs to be social integration on a regional level. Newcomers will be informed of and sensitized to local values and lifestyle through a CC&R requirement that they attend education classes that will be with kūpuna who would be working with the Land Trust. The Land Trust will further enlist the support of existing residents to help the new homeowners assimilate into the community through Hawaiian spiritual, cultural, and Moloka'i lifestyle education. Interactions between new Lā'au Point residents and existing residents can be positive if both parties are respectful and appreciate each other's right to enjoy Lā'au Point.

#### **EC Election**

Regarding your remark about the EC election, we respectfully disagree with your conclusion that there is a direct correlation between the election results and the project. The EC Board election was not a formal mandate for the Lā'au Point project. The election held on January 31, 2007 was for two board members the EC Governance Board. While some candidates ran on platforms that included stances on the proposed development at Lā'au Point, the proposed development at Lā'au Point is not a project of the EC.

The EC facilitated the *Community-Based Master Land Use Plan for Molokai Ranch* (Master Plan) planning process (as discussed in Section 2.1.6 of the Draft EIS), and later voted to support

Ms. Darlene Toth  
SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
November 1, 2007  
Page 4 of 4

cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII

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**La'au Point Draft Environmental Impact Statement**

**Comments From DeGray Vanderbilt , Box 1348, Kaunakakai, Molokai, Hawaii 96748  
Telephone (808) 283-8171**

**E-mailed to Molokai Properties Limited, the state Land Use Commission, OEQC and  
PBR Hawaii on February 23, 2007**

**Please disregard the numbers on the comments.**

**For the ease of decision makers and others relying on the Final Environmental Impact  
Statement as an important informational tool, please provide MPL's responses directly  
after each comment. Thank you  
Background Section Page vii:**

**DEIS Text:** Out of those discussions grew a partnership of the Enterprise Community and  
MPL to create a visionary plan for Molokai Ranch's 60,000+ acres that would reflect the kind of  
community the residents desired.

**Comment 1:** **During the process sponsored by the MPL/EC partnership to create a  
"visionary plan" what message was MPL receiving relative to La'au Point luxury home  
residential subdivision proposed along the undeveloped shoreline of La'au Point.**

**DEIS Text:** More than 1,000 Molokai resident's participated in the planning process, which  
involved impassioned debate, critical thinking and soul-searching.

**Comment 1A:** How many of the more than 1,000 Molokai residents participated to the point  
that they were involved in "impassioned debate, critical thinking and soul searching"?

**DEIS Text:** The prospect of Molokai Ranch lands being split up and sold, or parent company  
Brierly Investments Limited (BIL) selling MPL because it would never be economically viable,  
and the community facing the resultant prospect of never again being able to have the  
opportunity of planning its future, made the urgency of reaching consensus on the Plan of  
critical importance to both the Molokai EC and MPL.

**Comment 2:** **Describe what has to happen, and within what time frame, for BIL to "be  
economically viable" on a sustained basis so that it does not have to consider splitting  
up and selling Molokai Ranch lands.**

**Comment 3:** **What assurances, if any, has BIL provided the community that it will not  
split up and sell all or a portion of its lands if the Master Plan is approved with its La'au  
Point development component?**

**Comment 4:** **Was a "consensus" ever reached on the Plan, and if so please describe  
what was determined to be a consensus (i.e 100%, 75%, 50%, etc.) and who are parties  
that reached said consensus?**

**DEIS Text:** This Environmental Impact Statement (EIS) is one component of the  
implementation of an integrated Community-Based Master Land Use Plan for Molokai Ranch.  
Because this La'au Point EIS cannot be viewed in isolation, the entire Plan has been included  
as Appendix A.

**Comment 5:** **Having stated the above, does MPL feel the all information contained in  
the DEIS and its Appendixes (including Appendix A) is subject to public comment? If  
not, please explain what portions of the DEIS, MPL would deem inappropriate for public  
comment thereby soliciting the following response from MPL, which was often  
employed by MPL in responding to comments it received on the EISPN: "The comment  
is relevant to the EIS for La'au Point: therefore discussion of this topic in the EIS is not  
warranted"**

**DEIS Text:** This comprehensive land-planning process, certainly the most unique ever to have  
taken place in Hawaii, will hopefully lead to reconciliation of families that have been separated  
by controversy for more than a decade.

**Comment 6:** **What is the "controversy" that has separated families for more than a decade, and  
how many families does MPL estimated are today suffering from being separated from their  
family members because of the referenced "Controversy"?**

**Comment 6A:** **Is the "controversy" mentioned in 6 above, which has separated families for more  
than a decade the same as the "conflicts" between the Ranch and the community that have  
spanned more than 3 decades that is mentioned on Page 13 of the DEIS?**

**Page 4 DEIS**

**DEIS Text:** The La'au Point project proposes 200 two-acre rural-residential lots.

**Comment 7:** **Based on the current Plan, how many potential dwelling units could be developed on  
each of the 200 two-acre rural-residential lots?**

**Page 17 DEIS**

**DEIS Text:** In the early 1970s, Molokai Ranch, then owned by the Cooke family, entered into a  
partnership with Louisiana Land and Exploration Company for the development of the  
Kaluakoi Hotel and Resort. It subsequently sold its interest in the undertaking and later tried to  
diversify into mainland commercial property. After initial success, the cash requirements of  
these investments led to the eventual sale of Molokai Ranch stock to Brierly Investments  
Limited (later to become BIL International Limited), who became its sole stockholder in 1987.  
At that time, Molokai Ranch consisted of approximately 52,000 acres. The Kaluakoi Hotel,  
under separate ownership, closed in 2000. In October 2001, BIL International, on behalf of  
Molokai Ranch, re-acquired 6,300 acres on the southwest corner of Molokai previously known  
as the Alpha parcel. In December 2001, Molokai Ranch acquired the land holdings of Kukui

(Molokai), Inc., that included the abandoned Kaluakoi Hotel, the Kaluakoi Golf Course, and the undeveloped lands of the resort area.

The following are comments MPL received on the EISPN on the sales history of the La'au Point parcel and or Kaluakoi resort and MPL's related responses:

EISPN Comment: It is alleged that LL&E secured ownership of the approximate 7,000 acre Luau Point parcel from Molokai Ranch by agreeing to a request by Molokai Ranch that LL&E pay off a debt it owed to Molokai Ranch in connection with the Kaluakoi Resort purchase early. Please explain the specifics of how LL&E acquired ownership of the Luau Point parcel.

**Ranch response:** Louisiana Land and Exploration Company is mentioned in the EISPN as part of the detailed land use history of Molokai Ranch property. Louisiana Land and Exploration Company is no longer involved with Molokai Ranch or any of its associated companies. Therefore details regarding Louisiana Land and Exploration Company's past involvements, sales, debts, or percentage of interests are not related to the current Luau Point project and not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted.

Other related EISPN Comments:

How did Kukui (Molokai) Inc. acquire the Kaluakoi Resort properties?

How much did Kukui (Molokai) pay for the Kaluakoi Resort properties?

How much did Molokai pay Kukui (Molokai) for the Kaluakoi Resort properties?

**Ranch response to all three above comments:** Details regarding how Kukui (Molokai) Inc. acquired the Kaluakoi Resort or sales price are not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted.

**NOTATION:** It seems that Davianna McGregor, who prepared the Cultural Impact Assessment for MPL's DEIS felt information regarding the real estate sales history of the La'au Point parcel and the Kaluakoi resort properties was relevant to the EIS and topics worth including in her report that was paid for by MPL and approved for inclusion in the DEIS by Ranch CEO Peter Nicholas. Some of her information appears accurate and other portions of her data she presented on the real estate history is not accurate and conflicts even with statements made by MPL on Page 17 of the DEIS.

In order provide accurate, instead of piecemeal data, and to avoid burdening the reader of the Final EIS from having to excessively, cross-reference and in order to provide decision makers with the actual factual data involved with the aforementioned real estate topics, please respond to the following:

**Comment 8:** When in the 1970s did Molokai Ranch enter into a partnership with Louisiana Land and Exploration (LLE) for the Kaluakoi Resort property and how many acres of property was involved with that partnership?

**Comment 9:** What was the amount of monetary compensation Molokai Ranch received from LLE to enter into the partnership agreement (i.e. up front cash, promissory note, etc.)

**Comment 10:** Did the original Molokai Ranch/LLE partnership agreement include the La'au Point parcel?

**Comment 10A:** If the La'au parcel was not part of the original Ranch/LLE partnership agreement, how did LLE gain ownership control of the La'au Point parcel? (Note: It has been reported that Molokai Ranch deeded over the 6,300 to 7,000 acre La'au Point parcel in return for LLE paying of a promissory note early that it had given the Ranch as part of the original partnership deal Molokai Ranch and LLE entered into).

**Comment 11:** On Page 54 of Appendix J, Ms. McGregor states that the Ranch sold the La'au Point parcel to an individual investor from Las Vegas for \$21 million. Is this an accurate statement? (It is reported that LLE, not the ranch, sold the La'au parcel to a Trust in Las Vegas for \$21 million). Please clarify the transaction that led to the Las Vegas individual owning La'au Point.

**Comment 12:** What was the name of the Las Vegas purchaser, and was the buyer connected in any way with MPL or any of MPL's affiliated companies?

**Comment 13:** Ms. McGregor states in the DEIS (page 54) that "within a week this investor (from Las Vegas) sold the lands (La'au Point parcel) to Alpha USA for \$35 million." Is this an accurate statement?

**Comment 14:** Who owned Alpha USA, a US company or foreign company?

**Comment 15:** What is the name of the company that owned Alpha USA?

**Comment 16:** What is the relevance of Ms. McGregor including the detail that, "Alpha USA hired Henry Ayau as its representative, and Walter Ritte as a consultant?"

**Comment 17:** Was Mr. Ritte was a paid consultant? If so, what was his compensation?

**Comment 18:** What is the information source Ms. McGregor relied on to determine that Mr. Ritte was a "hired" consultant of Alpha USA?

**Comment 19:** Did MPL consult with Mr. Ritte during the process in which the Master Land Use Plan for Molokai Ranch was being prepared?

**Comment 20:** Was Mr. Ritte paid by MPL for the time he spent consulting with MPL?

Moana Makani residential lots (total lots and approximate total acreage)  
Other

Comment 31: What is gross total of real estate sales realized from its resort properties since acquiring the property in December 2001 up until February 23, 2007?

Comment 32: How many Papohaku Ranchland lots does MPL still own as of February 23, 2007 and what is the estimated market value of those holdings?

Comment 33: On page 17 of the DEIS it states, "In 1987 Brierly Investments Limited (later to become BIL International Limited) became sole stockholder of Molokai Ranch and the Ranch consisted of approximately 52,000 acres." Since 1987 how much gross sales has BIL realized from selling portions its 52,000 acres and how many total acres have been involved in those sales?

Comment 34: In Section 11 of the DEIS, MPL was asked to explain a statement by its parent company that "the Molokai Properties operation managed to remain cash positive during the 2004/2005 financial year." MPL did not respond to the specific comment. Please provide the explanation requested above in light of the fact that MPL claims in the EISPN it continues to have a large "cash deficit" each year.

Section 2.0 of DEIS PROJECT DESCRIPTION (pages 15 to 35)

Section 2.1.7

DEIS Text: Meeting the community's desire to renovate and re-open the 152-room Kaluakoyi Hotel (which was closed in 2001) and upgrade the Kaluakoyi Golf Course, which is estimated to cost in excess of \$30 million.

Comment 35: What is the most current cost of renovating the hotel and when was that determined?

Comment 36: What is the most current cost of upgrading the golf course and when was that determined?

DEIS Text: The re-opening of the hotel was a primary focus of the Plan. Funding for the Kaluakoyi Hotel and Golf Course renovations will come from sales of the La'au Point rural residential lots. An application for a Special Management Area permit to renovate and re-open the Kaluakoyi Hotel has been filed with the Maui County.

Comment 37: What entitlements or other actions have to occur before MPL is able to have the funding available from lot sales to apply to the renovation of the hotel?

Comment 38: MPL has stated that the hotel will not be re-opened unless the La'au project is approved? Is MPL anticipating that the Molokai Planning Commission will begin processing the SMA permit for the hotel prior to having a decision on the La'au

Comment 21: Has Mr. Ritte ever served as a paid consultant for Molokai Ranch/MPL since Peter Nicholas became CEO?

Comment 22: On the acknowledgement section of Appendix A Walter Ritte and Davianna McGregor are listed as members of the Land Use Committee (LUC) that recommended approval of the Master Land Use Plan for Molokai Ranch to the Molokai Enterprise Community Board. How did Ms. McGregor and Mr. Ritte vote on the LUC recommendation (i.e. yes, no or abstain)?

Comment 23: Since the LUC vote to recommend approval of the Ranch Master Plan, has Ms. McGregor received any compensation as a hired consultant?

Comment 24: How much did Alpha USA sell the La'au Point parcel for, and how many acres were involved in the sale? (Note: It was reported that Alpha sold the La'au parcel for \$6,000,000.)

Comment 25: What was the name of the company that purchased the La'au parcel from Alpha USA, and what was the relationship of that company to Molokai Ranch or any of the Ranch's affiliated companies?

Comment 26: When did MPL/Molokai Ranch finally re-acquire the La'au parcel and what was the purchase price and number of acres involved in the sale?

Comment 27: On page 17 of the DEIS it mentions, "In December 2001, Molokai Ranch acquired the land holdings of Kukui (Molokai), Inc. that included the abandoned Kaluakoi hotel, the Kaluakoi golf course, and the undeveloped lands of the resort area" What did Molokai Ranch pay Kukui (Molokai) for its land holdings at the Kaluakoi resort and how many acres were involved with the sale?

Comment 28: What was the name of the company that owned Kukui (Molokai), Inc. and was that company as US or foreign company?

Comment 29: Who did Kukui (Molokai) purchase the Kaluakoi resort from and what was the price Kukui (Molokai) paid?

Comment 30: Please provide a breakdown of the lands at the Kaluakoi resort purchased by Molokai Ranch on December 2001 with the approximate number of acres in each purchase component listed below:

Kaluakoi hotel  
Kalukoi golf course  
Lands north of the Kaluakoi hotel that include several hotel, condominium and residential sites, as well as, a major commercial site as noted in the Molokai Community Plan  
Papohaku Ranchland residential lots (total lots and approximate total acreage)



project from the Land Use Commission (boundary amendment) or the Maui County Council (community plan amendment and zoning change)? If so, what is MPL's rationale for assuming the Molokai Planning Commission would take the time to process the hotel renovation project when MPL is not willing to assure the Commission that it will move forward expeditiously with the project if the Commission approves it?

DEIS Text: Having the funds for its current tourism and agricultural operations, ensuring the continued employment of its current staff, MPL is currently cash negative from its operations by approximately \$3.8 million annually, and is supported by its parent company, Bill International Limited.

**Comment 40:** How many does MPL employ respectively in its current tourism and ag operations, and how much does the salaries of these employees represent of the \$3.8 million dollar annual loss.

**Comment 41:** What is the source of funds MPL is anticipating to fund current tourism and ag operations and what is the respective cost annually to fund each of these MPL operations?

**Comment 42:** Please provide a breakdown of what operational and other expenses that make up MPL \$3.8 million annual deficit.

DEIS Text: Actively promoting the protection and enhancement of subsistence, an important element of life on Molokai, that includes ensuring access to the shoreline across the property for subsistence gathering. Access to areas that have been closed to the community for generations will be opened for walking access, and the perpetual right to subsistence gathering will be noted on the titles of all access areas.

**Comment 43:** If the La'au shoreline area has been closed to the community for generations, how will opening it up lead to the enhancement and protection of subsistence resources?

**Comment 44:** Describe the lands that make up the "access areas"

**Comment 45:** Will the owners of the residential lots and their guests and or caretakers be required to use the same "access areas" to access the La'au shoreline resources, or will they be allowed to access the shoreline from their respective residential lots?

DEIS TEXT: Gifting land and other income streams or revenue sources, with an appraised value of more than \$50 million, to Molokai Land Trust and to Molokai Community Development Corporation (see Sections 2.1.8 and 2.1.9). The lands to be gifted contain a vast array of cultural and archaeological, subsistence, environmental, agricultural, recreational, and economic-based resources.

**Comment 46:** What is the difference between an "income stream" and a "revenue source"?

**Comment 47:** What is the amount of acreage that valued at \$50 million and what is the source of that evaluation.

**Comment 48:** What are the current property taxes on the gifted lands valued at \$50 million?

**Comment 49:** What water resources, if any, are available on the gifted lands?

DEIS Text: Preventing development on more than 55,000 acres (85 percent) of its property in perpetuity, thereby protecting the rural agricultural and open space nature of the island through: Land Trust donations (26,200 acres); protective Agricultural/Rural Landscape Reserve easements (24,950 acres); existing easements to other entities, i.e. Molokai Forest Reserve and Kamakou Reserve (4,040 acres); and La'au Point Cultural Protection Zones and Conservation lands (434 acres). The Molokai Land Trust (see Section 2.1.8) will assume ownership and management of the donated land that is to be preserved. The easement lands will remain in MPL ownership; however, they will be covenanted with restrictive easements enforceable by the Molokai Land Trust (see Proposed Ownership Map in Appendix A, p. 11). These restrictive easements designated as either Open Space Conservation, Rural Landscape Reserve, or Agriculture District easements will effectively remove development opportunities from these lands and result in "lost revenue opportunity cost" of more than \$25 million to MPL.

**Comment 50:** If development will be prevented on the 24,950 acres of easement lands, why does MPL desire to maintain ownership of these lands?

**Comment 51:** To assure the community that future development will be prevented on the easement lands, why doesn't MPL put a deed restriction on these lands preventing future development such as "farm dwellings" that are currently being developed on agriculture lands at the Kaluakoi resort?

**Comment 52:** Please provide in the Final EIS a copy of the restrictive/covenant easement agreements applicable to the conservation, rural landscape reserve and agricultural lands, as well as, the agreement governing the Land Trust and the La'au Point Cultural Protection Zones and Conservation lands.

**Comment 53:** Please define the development opportunities that make up "lost revenue opportunity cost" resulting from applying the easement agreements, and how the value of these lost opportunities was determined?

DEIS Text: Protecting subsistence through a future application to the State to establish a subsistence fishing zone from the coast to the outer edge of the reef or where there is no reef, out to a quarter-mile from the shoreline along the 40-mile perimeter of the property.

**Comment 54:** Has MPL applied to the State to establish the subsistence fishing zone noted above and on Page 19 of the DEIS? If not, when does MPL anticipate submitting an application?

**Comment 55:** Please explain the process required to establish the subsistence zone as defined by MPL, and an estimate of how long it will take to secure the needed approvals for such a zone.

#### 6.0 ALTERNATIVES TO THE PROPOSED ACTION

**DEIS TEXT:** Criteria for Evaluating Alternatives – Alternatives to the La'au Point project were evaluated against the project objectives along with MPL's criteria of achieving economic viability while minimizing potential adverse environmental, social, and cultural impacts. These included: Reasonable financial returns must be generated from the funds invested.

**Comment:** Please explain what MPL considers a "reasonable financial return" on funds invested, and what is MPL's formula for calculating its return on invested funds.

**Comment:** In calculating a financial return on invested funds what discount rate does MPL use to determine the present value of future cash flows?

**DEIS Text:** For all proposed alternatives, MPL analyzed the proposals using financial models to ensure it was not ignoring any feasible alternative. In April 2005, MPL reported to the Land Use Committee and the ALDC on its review of 10 alternatives that had been proposed over the previous 14 months by a variety of community members and planners, including alternatives proposed by the ALDC planning consultant.

**Comment:** How many proposed alternatives did MPL analyze using its financial model?

**Comment:** Please explain the different "financial models" used by MPL.

**Comment:** Did MPL's employ any discounted cash flow analyses in its financial modeling?

**Comment:** Were any of the 10 proposed alternatives presented to the Land Use Committee in April 2005 proposed by MPL? If not, did MPL evaluate any other alternatives?

**Comment:** At which of its meeting(s) did the LUC discuss the report MPL prepared on alternative developments, and were written minutes prepared to document discussions at those meeting(s).

**Comment:** Did the LUC ask MPL for any follow-up information on the 10 alternatives the LUC reviewed?

**Comment:** The LUC evaluated the 10 alternatives in April 2005, when did the EC evaluate the 10 alternatives?

**DEIS Text:** In summary, all alternatives proposed were evaluated against the project objectives and not selected over the proposed La'au Point project (detailed in Section 2.3) for the following primary reasons. The alternative plans:

- Did not produce the revenue and returns necessary to fund the re-opening of the Kalakos Hotel and support the future viability of Molokai Properties Limited.
- Were not viable economically as stand alone projects.
- Would require vastly increased safe drinking (potable) and non-drinking (non-potable) water use that could not be supported by the Land Use Committee or the EC.
- Proposed increases of up to 1,000 units which increased the resident population to levels that were unacceptable to the Land Use Committee and the EC.

**Comment:** What amount of "revenue" is necessary to re-open the Kaluakoi hotel?

**Comment:** What amount of "returns" is required to support the future viability of MPL?

**Comment:** Explain the components that make a project "viable economically as a stand alone project.

**Comment:** When evaluating alternatives that included residential development, did MPL apply the same water use assumptions for each residential lot as it assumed for the each lot in the La'au Point development? If not, why were different assumption employed in analyzing alternatives?

**Comment:** What criteria did the Land Use Committee and/or the EC establish for MPL to use in its evaluation of alternatives?

#### 6.1 "NO ACTION" ALTERNATIVE

**DEIS Text:** The "no action" alternative would also not generate the \$30 million+ required to renovate and re-open the Kaluakoi Hotel. MPL is currently seeking a Special Management Area permit in anticipation that the La'au Point project will receive approval. Unless MPL begins the preliminary design work on the hotel now, it could be at least two years after regulatory approvals for La'au Point that the hotel is re-opened. Doing the necessary preliminary work on the hotel now means an earlier re-opening.

**Comment:** What assurances and/or information, if any, allow MPL to anticipate that the La'au Point project "will receive approval"?

**Comment:** How does MPL rate the Molokai community's support for the La'au Point project?

Comment: Describe the "preliminary design work on the hotel" that MPL needs to start now, and an estimate of how long it will take to complete this work?

Comment: What percentage, if any, of the "design work on the hotel" has MPL completed as of February 23, 2007?

Comment: Assuming no contested case, how long does MPL estimate it will take to receive its SMA Permit approvals for the Kalakos Hotel?

Comment: Assuming no contested case, how long does MPL estimate it will take to receive its SMA Permit associated with the La'au Point project?

Comment: In the DEIS Text above, MPL states that "it could be at least two years after regulatory approvals for La'au Point that the hotel is re-opened. Please explain specifically what would take "at least two years" to accomplish before the Hotel could be re-opened?

DEIS Text: Finally, the "no action" alternative would deny the State, County, and general public of the potential public benefits associated with the La'au Point project. Some of these benefits include:

- \$246 million in total development and construction investment.
- 1,350 person years of construction-related employment over project build-out (a "person year" is the amount of time a person can work in one year).
- \$17.7 million in construction-related taxes.
- \$1.3 million in annual real estate tax revenues at the end of the lot sales period in 2012; tax revenues will increase at a rate of \$90,000 each year until it reaches \$2.1 million at full build-out.
- Other County tax revenue (fuel tax, utility tax, license fee, permits, state/federal grants), which is estimated to reach \$1.6 million annually after full build-out.
- Annual state revenues from taxes on residents and their expenditures of \$276,000 at the end of lot sales in 2012, climbing to \$1.3 million by 2023.
- Annual expenditures on Molokai at build-out of about \$4.4 million, which represents about \$22,000 in on-island spending per residence.
- Support of 60 on-going jobs upon full build-out in 2023 through resident spending and the La'au Point homeowners' association.
- Five percent of land sales going to support the Land Trust; this commitment is estimated to provide over \$10.2 million for the on-going operations related to the preservation and enhancement of the dedicated lands.

#### COMMENTS ON THE ABOVE DATA POINTS:

Comment: Please explain the specific components that make up the \$246 million in total development and construction investment.

Comment: Is the person years total for construction related employment include the buildout of the projects proposed dwelling units?

Comment: What are the percentage taxes applied and what is the gross construction related total dollars the taxes are applied to?

Comment: Is MPL assuming that the average value of the 200 lots that property taxes are calculated on is \$1,300,000 in 2012, and that full-buildout the average value of the 200 lots with dwelling unit(s) that property taxes are calculated on is \$2,600,000? If not what is, please explain how the tax amounts were calculated.

Comment: Please provide a breakdown of the revenue sources by category of County tax revenues that will total \$1,600,000 annually. Will the County continue to receive the \$1,600,000 in annual tax revenues in subsequent years following full-buildout of the project?

Comment: What does "full-buildout: assume, development of all 200 lots with one residential dwelling?...with two residential dwellings on each lot....or other?"

Comment: As with the County tax revenues, please provide a line item breakdown of the various state taxes revenues that make up the \$276,000 and \$1,300,000 in 2023. What assumption is made on the amount of tax revenues the state will realize each year after 2023?

Comment: Please provide a breakdown of the amounts in each on-island expenditure categories that contributes to the \$4.4 million total. How many residents has MPL assumed would be contributing to the \$4.4 million annual on-island expenditure total?

Comment: Please describe the nature of the 60 full-time jobs referenced in the project benefits chart.

Comment: The \$10.2 from land sales going to support the Land Trust works out to be 5% of \$204 million in land sales. In the DEIS, MPL notes that the 5% is based on a net lot sales figure. The \$204 net sales is a product of what gross sales figure? Please explain the type of expenses that are netted from gross sales to reach the \$204 net number that the 5% is applied to.

Comment: In comparing each of the alternative developments to La'au did MPL evaluate what the State, County and general public would be denied if a particular proposed alternative was not implemented? If so, please provide a copy of each of these evaluations.

Comment: Did MPL evaluate what benefits the State, County and general public will realize if MPL develops the undeveloped sites its owns at the Kaluakoi resort that are designated in our community plan (approved by the community and adopted into law), which six several hotel sites, three condo sites, a couple of commercial sites, a second

golf course and single-family and rural sites that be could potentially developed into four times as many residential lots as are being proposed at La'au? If so, please provide a copy of that evaluation.

**6.2 BULK OR "PIECE-MEAL" SALE OF OTHER MPL LAND INVESTMENT ALTERNATIVES**

Comment: As of February 23, 2007, how many Papohaku Ranchland lots are still owned by Kaluakoi LLC and what is the estimated total market value of these lots based on recent sales involving Papohaku lots.

Comment: MPL said that an appraisal has recently been done to determine the value of its 101 parcels. What was the appraised value of these parcels and what assumptions were made in determining the appraised value?

Comment: In the future, will MPL have the option to sell the 24,950 acres or rural and Ag lands that MPL proposes to protect through easement agreements?

Comment: How many of MPL's 101 lots would remain available for sale after transferring lands to the CDC and/or Molokai Land Trust, and what is the appraised sale value of those remaining lots as set forth in the recent appraisal report done on these lands?

Comment: Is there any restriction on the Land Trust or CDC selling lands that MPL deeds to them?

Comment: What assurances, if any, has the Molokai community received from MPL's parent company, BIL Investment Limited, or The Guocco Group, that MPL will not continue sell off its remaining parcels if La'au is approved?

**6.3 AGRICULTURAL SUBDIVISION ALTERNATIVE**

As previously discussed in Section 3.3, the soils of the parcel have severe limitations for cultivation. Therefore, the only feasible agricultural activity that could prosper on this parcel would be grazing, which has proven to not be economically sustainable for Molokai Ranch.

Comment: In the DEIS, MPL claims to be in the Ranching business. Is the ranching business "economically sustainable" for MPL.

DEIS Text: ...it is questionable as to whether there would be a market for agricultural lots in West Molokai. Unlike the La'au Point project, which would subdivide and sell 400 acres (200 lots) to private landowners, the agricultural lot subdivision alternative would involve selling 6,348 acres to farmers in direct competition with more suitable agricultural lands elsewhere throughout Molokai and the State.

Comment: There are numerous existing agricultural lots at the Kaluakoi Resort on West Molokai that are currently being sold at close to \$2 million, One 5-acre ag lot at the

resort with a "farm dwelling" on it is on the market for \$6.8 million. Are these agricultural subdivision lots being sold to farmers?

Comment: What "direct competition" do the owners of the 300 plus agricultural subdivision lots on West Molokai at the Kalakos Resort have with products grown on agricultural lands elsewhere on Molokai and in the State?

**6.4 OTHER MPL LAND DEVELOPMENT ALTERNATIVES**

DEIS Text:

Table 7. Summary of Other MPL Land Development Alternatives

Alternative	# of Lots/Units	Approx. Land area (acres)	Estimated Water use per lot/unit (gals/day)	Estimated Total Water Use (gals/day)	Estimated Population impact per lot	Total Population	Estimated Financial Return (total dollars)
1 Maunaloa to La'au - 25-acre lots	175	4,650	3,000	525,000	2	350	\$4,336,000
2 Maunaloa to La'au - 10-acre lots	420	4,350	3,000	1,260,000	2	840	\$15,731,000
3 Maunaloa to La'au - 2-acre lots	600	1,450	3,000	1,800,000	2	1,200	\$6,455,000
4 Maunaloa Ag	27	700	3,000	81,000	2	54	\$2,613,000
5 Kaunakakai Ag	70	1,800	3,000	210,000	2	140	\$1,974,000
6 Kualapu	40	7	500	20,000	4	160	(\$92,000)
7 Kaluakoi Rural #1	500	300	1,000/unit potable 2,000/acre nonpot	500,000 potable 250,000 nonpotable	2	1,000	\$0
8 Kaluakoi Rural #2	800	720	1,000/unit potable 2,000/acre nonpotable	800,000 potable 360,000 nonpotable	2	1,600	\$36,752,000
9 Kaluakoi Resort Condo	1,000	92.75	560/unit potable 2,000/acre nonpotable	560,000 potable 185,500 nonpotable	1.5	1,500	\$38,000,000

(e) Water Use: 525,000 gallons/day  
(f) Population increase: 350  
(g) Land Requirement: 4,650 acres

**Comment:** Would all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** How did MPL calculate the \$72,450,000 total revenue?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 68,114,000

**Comment:** The \$4,336,000 return is based on what amount of invested funds. reasonable returns on the funds invested. Therefore, this alternative was rejected.

**Comment:** What assumptions did MPL use to determine water usage of 3,000 gpd, and how is the 3,000 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 4,650 acres (i.e. roads, waste water plant, lots, etc?)

**DEIS Text:** Agricultural lots are often marketed to farmers desiring to cultivate diversified crops. The economic feasibility and market demand of this alternative is questionable due to the lack of infrastructure and high cost of front-end investment needed.

**Comment:** How many of the several hundred agricultural lots within the Kalakos resort have been marketed to farmers who are actively involved in the cultivation of diversified crops?

**Comment:** What infrastructure is lacking and is the lacking infrastructure existing in the area proposed for the La'au Point development?

**Comment:** How much is the high cost of front-end investment needed an how does this compare to the high cost front-end investment needed for the La'au Point development?

#### 6.4.1 10-acre Minimum lot size

**DEIS Text:** Located in the same geographic area as the project above, this project contemplates a Community Plan Amendment to create higher densities and greater net revenues. This model contains 420 units.

(a) Revenue per lot: \$275,000  
(b) Total Revenue: \$115,500,000

**Comment:** Please include the corresponding figures from the above chart to the La'au Point development.

**DEIS Text:** MPL also examined DeGray Vanderbilt's La'au Point alternative (the Kaluakoi Rural Subdivision and Golf Course) to make sure MPL had looked at every aspect.

**Comment:** Did DeGray Vanderbilt make his proposal to MPL in writing? If not, how did MPL hear about the proposed alternative MPL identifies with him?

**Comment:** Did Vanderbilt propose 500 lots be used in the model? Is there enough rural lands designated in community plan in the area of the proposed alternative to develop 500 rural

**Comment:** In developing the financial model for Vanderbilt's proposed alternative, did MPL consult with Vanderbilt at all?

**Comment:** Did MPL provide Vanderbilt with any of the detailed findings relative to its feasibility study on the viability of his proposed alternative?

**Comment:** Do the revenue figures associated with the evaluations of the proposed alternatives in Section 6.0 reflect accurately what property is currently selling for on the West end. If not, would current real estate values make any or all of the proposed alternatives a viable option to the La'au Point development, especially if MPL went with an alternative that did not require a State Boundary Amendment, County Zoning

#### 6.4.1 MAUNALOA TOWARDS LA'AU POINT

**DEIS Text:** Professor Luciano Minerbi from the University of Hawaii's Urban and Regional Planning Department recommended that MPL look at a development area below Maunaloa town extending toward Lāyau Point but staying a minimum of a mile from the shoreline.

**Comment:** Did Professor Minerbi qualify his recommendation to MPL in any way?

**Comment:** What assumptions, if any did Professor Minerbi suggest be used to evaluate the three alternatives in Section 6.4.1?

#### 6.4.1 25-acre Minimum lot size alternative

**DEIS Text:**

(a) Revenue per lot: \$450,000  
(b) Total Revenue: \$72,450,000  
(c) Cost to Develop: \$68,114,000  
(d) Financial Return: \$4,336,000

- (c) Cost to Develop: \$99,769,000
- (d) Financial Return: \$15,731,000
- (e) Water Use: 1,260,000 gallons/day
- (f) Population increase: 840
- (g) Land Requirement: 4,350 acres

**Comment:** Would all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 99,769,000

**Comment:** The \$15,731,000 return is based on what amount of invested funds.

**Comment:** What assumptions did MPL use to determine water usage of 3,000 gpd, and how is the 3,000 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 4,350 acres (i.e. roads, waste water plant, lots, etc?)

**DEIS Text:** Although this alternative creates a high profit return, this alternative's proposed water use is not available to the company, more land is required, and the increase in population is beyond what was conceived as acceptable to the community. Therefore, this alternative was rejected.

**Comment:** Why is more water usage for each lot assumed for this alternative than for the La'au Point proposed development?

**Comment:** Who conceived what the community would find an acceptable increase in population and what is conceived as the maximum acceptable population increase the community would accept.

**Comment:** How does the population increase for this alternative comparable to the population increase projected for the La'au Point development?

**2-Acre Minimum Lot Size -- DEIS Text:** Smaller lots are preferable for small-scale diversified agricultural operations. Like the concept above, a Community Plan amendment to allow minimum 2-acre lot size is also contemplated with this scheme. This project of 600 sites, would have a much smaller footprint than the two alternatives above, but would have considerably greater population and water impacts.

- (a) Revenue per lot: \$200,000
- (b) Total Revenue: \$120,000,000
- (c) Cost to Develop: \$113,545,000

- (d) Financial Return: \$ 6,445,000
- (e) Water Use: 1,800,000 gallons/day
- (f) Population increase: 1,200
- (g) Land Requirement: 1,450 acres

**Comment:** Will all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 113,545,000?

**Comment:** The \$6,445,000 return is based on what amount of invested funds.

**Comment:** What assumptions did MPL use to determine water usage of 3,000 gpd, and how is the 3,000 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 1,450 acres (i.e. roads, waste water plant, lots, etc?)

**DEIS Text:** This alternative does not generate reasonable returns on the funds invested, proposed water use is not available to the company, more land is required, and the increase in population is beyond what was conceived as acceptable to the community. Therefore, this alternative was rejected.

**Comment:** Why is more water usage for each 2-acre lot assumed for this alternative than for the 2-acre lots in the proposed La'au Point development?

**Comment:** What was the percentage rate of return on funds invested?

**Comment:** What would have been a reasonable return on invested funds?

#### 6.4.2 Maunaloa Agricultural Subdivision

**DEIS Text:** This alternative would utilize the best 700 acres of pasture land just above Maunaloa to create a 25-acre agricultural lot subdivision. This development would provide 27 lots and infrastructure demands were relatively low.

- (a) Revenue per lot: \$500,000
- (b) Total Revenue: \$13,500,000
- (c) Cost to Develop: \$10,887,500
- (d) Financial Return: \$2,612,500
- (e) Water Use: 81,000 gallons/day
- (f) Population increase: 54 people
- (g) Land Requirement: 700 acres

**Comment:** Will all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$10,887,500?

**Comment:** The \$2,612,500 return is based on what amount of invested funds.

**Comment:** What assumptions did MPL use to determine water usage of 3,000 gpd on the 25-acre lots, and how is the 3,000 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 700 acres (i.e. roads, waste water plant, lots, etc?)

**DEIS Text:** This alternative does not generate reasonable returns on the funds invested. Therefore, this alternative was rejected.

**Comment:** What was the percentage rate of return on funds invested?

**Comment:** What would have been a reasonable return on invested funds?

#### 6.4.3 Kaunakakai Agricultural Subdivision

This alternative would develop the existing cornfields below Manila Camp and all the land directly above Manila Camp up to about the 1500-foot elevation. Consistent with the Molokai Community Plan's 25-acre minimum agricultural lot size, the lots would require 1,800 acres, creating 70 lots – 2 suitable for diversified agriculture and 68 pasture lots. As the cornfields are an existing agricultural water use, that water use is not included in the summary below.

(a)	Revenue per lot:	\$475,000 - \$625,000
(b)	Total Revenue:	\$33,980,000
(c)	Cost to Develop:	\$32,006,000
(d)	Financial Return:	\$1,974,000
(e)	Water Use:	210,000 gallons/day
(f)	Population increase:	140 people
(g)	Land Requirement:	1,800 acres

**Comment:** Will all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$32,006,000?

**Comment:** The \$1,974,000 return is based on what amount of invested funds.

**Comment:** What assumptions did MPL use to determine water usage of 3,000 gpd on the lots, and how is the 3,000 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 1,800 acres (i.e. roads, waste water plant, lots, etc?)

**DEIS Text:** This alternative does not generate reasonable returns on the funds invested, proposed water use is not available to the company, and more land is required. Therefore, this alternative was rejected.

**Comment:** What was the percentage rate of return on funds invested?

**Comment:** What would have been a reasonable return on invested funds?

#### 6.4.4 Kualapuu Residential Subdivision

Conceived as an affordable housing project adjacent to the existing town and the Kalae Highway, the project would be able to benefit from existing infrastructure to reduce costs to some degree. This initial increment was sized at 40 lots.

(a)	Revenue per lot:	\$60,000
(b)	Total Revenue:	\$2,400,000
(c)	Cost to Develop:	\$2,492,000
(d)	Financial Return:	(\$92,000) loss
(e)	Water Use:	20,000 gallons/day
(f)	Population increase:	160
(g)	Land Requirement:	7 acres

**Comment:** Will all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** How large are the lots?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$2,492,000?

**Comment:** What assumptions did MPL use to determine water usage of 500 gpd on the lots, and how is the 500 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 7 acres (i.e. roads, waste water plant, lots, etc?)

DEIS Text: This alternative results in a financial loss. Therefore, this alternative was rejected.

#### 6.4.5 Kaluakoi Rural Subdivision and Golf Course

DEIS Text: This concept looked at 500 half-acres designated for rural lot development in conjunction with a new 18-hole golf course. About half of the lots would have golf course frontage, while the remainder would have ocean views.

(a) Revenue per lot:	\$245,000
(b) Total Revenue:	\$122,256,000
(c) Cost to Develop:	\$122,259,000
(d) Financial Return:	Breakeven
(e) Water Use:	750,000 gallons/day
(f) Population increase:	1,000
(g) Land Requirement:	425 acres

**Comment:** Will all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ \$122,259,000?

**Comment:** The "breakeven" return is based on what amount of invested funds.

**Comment:** What assumptions did MPL use to determine water usage of 1,500 gpd on the 25-acre lots, and how is the 1,500 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 425 acres (i.e. roads, waste water plant, lots, etc?)

DEIS Text: This concept replicated a previous land use plan concept that provided 800 three-quarter acre lots planned around 27 holes of golf. As would be expected, the population and water impacts are considerable. However, the financial contribution from this project is disappointing.

(a) Revenue per lot:	
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(1) Golf Course frontage:	\$300,000
(2) View Lots:	\$200,000
Total Revenue:	\$200,500,000
Cost to Develop:	\$163,748,000
Financial Return:	\$36,752,000
Water Use:	1,160,000 gallons/day
Population increase:	1,600
Land Requirement:	900 acres

**Comment:** Will all lots have ocean views?

**Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ \$163,748,000?

**Comment:** The \$36,752,000 return is based on what amount of invested funds.

**Comment:** What assumptions did MPL use to determine water usage of 1,450 gpd on the 25-acre lots, and how is the 1,450 divided between potable and non-potable water.

**Comment:** What are components that make up the total land requirement of 900 acres (i.e. roads, waste water plant, lots, etc?)

DEIS Text: This alternative's proposed water use is not available to the company and the increase in population is beyond what was conceived as acceptable to the community. Therefore, this alternative was rejected.

**Comment:** Was the financial return suitable?

#### Kaluakoi Resort Condo Units

For this analysis MPL assumed that 1,000 units might determine a return that was feasible. Two-bedroom, 1,200 square foot units were assumed. It was also presumed that MPL would need to build the units with an investor/partner due to the enormous financial requirements of this development.

(a) Revenue per unit:	\$500,000
(b) Total Revenue:	\$500,000,000
(c) Cost to Develop:	\$462,000,000
(d) Financial Return:	\$ 38,000,000
(e) Water Use:	745,000 gallons/day
(f) Population increase:	1,500
(g) Land Requirement:	92.75 acres





**SECTION 11 OF THE DRAFT ENVIRONMENTAL IMPACT STATEMENT ENTITLED :  
COMMENTS ON THE ENVIRONMENTAL IMPACT STATEMENT PREPARATION NOTICE  
AND RESPONSE**

In cases where comments were not responded to because MPL felt they were not relevant to the EIS process or for other reasons, those substantive comments have been restated below to solicit an adequate response.

In cases where MPL provided only a partial response to substantive comments, a follow-up comments have been included to solicit an adequate response.

In cases where an MPL response makes it seem as though MPL may not have understood the substantive comment, the comment has been re-written to solicit an adequate response.

The sections of the EISPN which the comments relate to are noted with the restated comments.

**1.0 COMMENTS ON THE PETITION FOR LAND USE BOUNDARY AMENDMENT**

**Page 2:**

How many Molokai Ranch staff members are assigned to tourism operations and how many to agricultural operations?

**Page 6:**

Re: Development Timetable: When does MPL anticipate it will begin realizing sale proceeds from the La au Point luxury house subdivision?

**Comments on Page v:**

What specific Molokai development plans between 1990 and 2003 met with strong community opposition because the ranch did not consult with the community on its development plans?

How would Molokai Ranch rate the community opposition to the propose luxury residential subdivision being proposed for development at La au Point?

When did MPL purchase Kaluakoi Hotel, Kaluakoi Golf Course and surrounding land?

Who did Molokai Ranch purchase these properties from?

What was the purchase price?

How many acres surrounding the Kaluakoi Hotel and Golf Course did Molokai Ranch purchase?

Please list the various parcels included in the "surrounding lands" purchased at the what is known as the Kaluakoi resort, and provide the current state zoning designation, the current county zoning designation, the current community plan designation, the parcel size and the potential development density of each parcel assuming county zoning is secured for each parcel that allows for maximum densities consistent with the land use designations in the current community plan (i.e. multi-family, hotel, single family, commercial, rural, open space, etc.

The 339-page EISPN document references the Maui County General Plan and the Molokai Community Plan often. Please include a copy of these plans in the Draft EIS document. (Note: it would be helpful to decision makers to have the pages from these documents that set forth the themes, goals, objectives and policies, so that they are able to determine if MPL adequately comments on all provisions in those documents that MPL's project is consistent with, as well as the provisions in these documents that the MPL's project may not be consistent with.)

Why did Molokai Ranch purchase the abovementioned properties surrounding the Kaluakoi Hotel and Golf Course, Molokai Ranch, when at the time of the purchase Molokai ranch was emphasizing to the community its financial hardships?

What are the total sales proceeds Molokai Ranch has accumulated from the sale of parcels that were part of the purchase of the lands within the existing Kaluakoi resort?

Is Molokai Ranch planning sell off these designated development properties in the future or be a partner in the developments over the long haul to insure that the integrity is upheld for of a "visionary plan for Molokai Ranch's 60,000+ acres that would reflect the kind of community the residents desired."

**What development standards (i.e. timing, water use, densities, extent of Molokai Ranch's participation, , if any, did the Land Use Committee or the Enterprise Community Board consider for the future development of the Kaluakoi resort parcels purchased by Molokai Ranch prior to their respective adoption of the Master Land Use Plan as noted on Page 7 of the EISPN.**

Since its purchase of all of the aforementioned parcels designated for future development in the Molokai Community Plan, what efforts has Molokai Ranch made to develop these many residential , multi-family , hotel and commercial income generating development projects that could be alternative revenue producing projects that are alternatives to the La au Point development?

**Comments on Page 5 of Exhibit 1**

The La'au Point coastal area currently serves as a haven for the endangered monk seal. How will the development of up to 400 dwelling units along the shoreline area of La'au enhance the "unspoiled coastal environment" in which the monk seal population currently thrives?

What is the current population of "the small town of Maunaloa?"

How many total residential lots exist in Maunaloa Town?

How many of these residential lots have homes developed on them?

What is the projected population of Maunaloa Town if the all the currently available lots are developed?

How many of the 150 people the Ranch employs are a) full-time, b) part-time, c) on-call and d) casual hire employees.

Explain how the terminology used on page 5 that "MPL" has a cash deficit of \$3.7 million per annum" relates to the statement from in the BIL International Limited (BIL) Report for 2005 that is included as Exhibit 3 of the EISPN document package which states: "The Molokai Properties operation managed to remain cash positive during the 2004/2005 financial year...."

Please provide a line item breakdown of Molokai Ranch's operating components that make up the Ranch's "cash deficit of \$3.7 million per annum", and explain how the Ranch's Master Land Use Plan will specifically address the Ranch's annual cash flow deficit for each operation.

How will the Master Land Use Plan specifically assure and economic future for Molokai Ranch's employees?

Please provide an explanation of the relationship between MPL, Molokai Ranch and BIL and any other entity that may be in the corporate relationship chain between Molokai Ranch and BIL International and provide a copy of the Board of Directors of each entity.

What percentage of BIL's "audited equity of US\$1 billion" does BIL's holdings on Molokai represent?

When was Kolo Wharf abandoned, and what is the relevance of referencing this abandoned development project in the EISPN?

Are there any other abandoned developments along the "shores south of Maunaloa"? If so, please provide an explanation of those developments.

Since BIL (formerly Brierly Investments) assumed ownership of Molokai Ranch have there been any other proposed developments along the "shores south of Maunaloa"? If so, please provide an explanation of those developments.

## 2.0 COMMENTS ON PAGE 7 OF EXHIBIT 1

What business was the Louisiana Land and Exploration Company (LL&E) in and what resort development experience did LL&E have prior to entering into its partnership with Molokai Ranch?

What was the partnership interest of LL&E and how much did LL&E pay for its percentage interest?

Who did Molokai Ranch "subsequently sell its interest in the undertaking" to, and what was price did the ranch receive for its interest?

It is alleged that LL&E secured ownership of the approximate 7,000 acre La'au Point parcel from Molokai Ranch by agreeing to a request by Molokai Ranch that LL&E pay off a debt it owed to Molokai Ranch in connection with the Kaluakoi Resort purchase early. Please explain the specifics of how LL&E acquired ownership of the La'au Point parcel.

How did Kukui (Molokai) Inc. acquire the Kaluakoi Resort properties?

How much did Kukui (Molokai) pay for the Kaluakoi Resort properties?

How much did Molokai pay Kukui (Molokai) for the Kaluakoi Resort properties?

Molokai ranch joined "with over 1,000 community participants" to discuss the Master Land Use Plan. How many more than 1,000 participants were there?

Did the "over 1,000 community participants" consist of over 1,000 different participants? If not how many "different" participants were involved in discussing the Master land Use Plan?

Please provide a copy of any plans the ALDC submitted "for alternatives to development at La'au Point".

Please provide a list of all the Land Use Committee members showing which members voted for, which members voted against, which members abstained from voting, and which members did not vote for the adoption of segments of the Master Land Use Plan at the Committee's meeting of August 1, 2005.

How were people chosen to be on the Land Use Committee?

Was it open to all Molokai residents who asked for representation on the Committee?

How many meetings did the Land Use Committee have?

Please provide a list of members' attendance at the Land Use Committee meetings.

Why didn't the Land Use Committee adopt all segments of the Master Land Use Plan?

Please provide a list of all the EC Board members and note, which Board members voted to adopt the Master Land Use Plan, who on the EC Board voted against the Plan and who did not vote.

The Molokai community has been advised that Department of Hawaiian Home Lands (DHHL) Commission and the Board of Trustees for the Office of Hawaiian Affairs have all indicated their endorsement of the "Community-Based Master Land Use Plan for Molokai Ranch". Please provide as part of the Draft EIS evidence of their respective support and a copy of the minutes of any meetings at which the support of the Ranch's Land Use Master Plan was discussed and/or approved by the DHHL Commission and the OHA Trustees

### Comments of Page 8 of Exhibit 1.

How was the Molokai Enterprise Community mandated as the organization "representing the Molokai community"?

How many potential dwelling units could be developed in the La'au Point community?

Based on projected timetables when does Molokai Ranch anticipate receiving La'au Point lot sale proceeds that "are crucial to funding of the Kaiuakoi Hotel renovations and Golf Course Upgrades"?

Who will provide the guarantees for the lot development construction funding Molokai ranch, BIL International or an investment partner? **MPL Response: MPL will be responsible for lot development construction funding. Follow-up questions: Will the construction loan be made to MPL. If so, what is the collateral for MPL's Loan, MPL's credit or pre-sold La'au Point lots or some other form of collateral? Will the construction money be provided to MPL by its parent company or other affiliated company?**

Please provide a list of Molokai Ranch's current tourism operations, the profit or loss ("cash negative") from each operation, the amount of funding anticipated to be applied to each operation from the sale of the La'au Point lots, the current staff assigned to each operation, and how the funding from the La'au Point sales will result in "ensure the continued employment for Molokai Ranch's current staff."

Please provide a list of Molokai Ranch's current agricultural operations, the profit or loss ("cash negative") from each operation, the amount of funding anticipated to be applied to each operation from the sale of the La'au Point lots, the current staff assigned to each operation and how the funding from the La'au Point sales will result in "ensure the continued employment for Molokai ranch's current staff."

Please explain the amount of financial support BIL provided to its Molokai operations during 2003, 2004 and 2005.

Please explain how Molokai Ranch is legally able to close walking access along the shoreline of its La'au Point parcel to Molokai residents for subsistence gathering. **Follow-up question: Today, without any La'au Point project and/or Master Land Use Plan, is there anything that would restrict a Molokai resident (Hawaiian or non-Hawaiian) from walking along the shoreline from Kaupoa Camp to La'au Point and on to Hale O Lono harbor for purposes of a) subsistence gathering/fishing?**

Please provide a breakdown of the value for each land, income stream and revenues source which total more than \$50 million being gifted to the Molokai Land Trust and the Molokai Community Development Corporation.

Please provide a summary of the specific development opportunities, which result in a total of "lost revenue opportunity costs" of more than \$25 million as a result of restrictive easements applied to certain Molokai Ranch lands.

### 3.0 COMMENTS ON PAGE 9 OF EXHIBIT 1

Who will manage the Land Trust operations and how will those in charge of the Land Trust be selected? **MPL Response: The Land Trust is a community-based land steward organization, not related to MPL. Therefore, we are unable to respond on their behalf. Follow-up comments: How has MPL been assisting in the development of the entity that will be the Land Trust referenced in the DEIS? Based on MPL's current knowledge of the Land Trust organization being formed, how will those managing the Land Trust be selected?**

What was the name of the golf course development planned by previous Ranch management in the Naiwa area, and to what extent was the Ranch going to be

Who will run the Community Development Corporation (CDC) and how will those in charge of the CDC be selected? **Ranch response: The CDC will be an independent entity from MPL. Therefore, we are unable to respond on the CDC's behalf. Follow-up question: How has MPL been assisting in the development of the entity that will be the Land Trust referenced in the DEIS? Based on MPL's current knowledge of the Land Trust organization being formed, how will those managing the Land Trust be selected?**

What standards have been established for the development of affordable housing? **Follow-up question: What standards and/or guidelines (minimum lot size, dwelling units size, quality of building materials etc.) did the Land Use Committee or the EC discuss and/or agree on before recommending approval or approving the Master Land Use Plan, which includes the La'au Point project?**

What does Molokai Ranch feel is the range of home sale prices that is affordable to Molokai's working families? **Ranch response: Sales prices for the affordable homes have not been determined, but are expected to be based on a percentage of the median income for Molokai as established annually by the federal Department of Housing and Urban**

**Development (HUD). Follow-up question:** Affordable homes (up to 4-bedroom, 2 bath) are being built on homestead lands for under \$70,000 and most, if not all of these homes are being purchased by Molokai workforce families earning less than \$30,000 annually. During the Master Planning process did MPL, members of the LUC and/or the EC Board members discuss and/or approve any policy statements to ensure that affordable homeownership opportunities would be available to this wage-earning segment of Molokai's workforce community?

### 3.1 COMMENTS ON PAGE 10 OF EXHIBIT 1

MPL will "put aside 200 acres for affordable housing around the towns of Kualapuu and Maunaloa." What does "put aside" mean? **Ranch response:** MPL will also reserve 200 acres around the towns of Kualapuu and Maunaloa to be made available for community housing. Although MPL will retain ownership of these reserved lands, development decisions and timing will be made by the community via the CDC and not by MPL. **Follow-up comments:** CDC's development decision regarding the development of community housing would have to factor in affordability. Having said this, who would determine what price the land that has been "put aside" by MPL (but still owned by MPL) on which any proposed affordable housing would be built?

How will the community be assured that these lands will be available in perpetuity for affordable housing?

What process will be used by the community to determine the future expansion of these towns?

On Page 10 is the statement, "In addition to land for housing, MPL will gift the CDC with the following.....". Does MPL intend to gift the land for housing around Maunaloa and Kualapuu like it did for affordable housing lands around Kaunakakai? If not, why not? **Ranch response:** MPL will only be gifting the land in Kaunakakai. The lands around Kualapuu and Maunaloa will be made available for affordable housing to be decided and managed by the CDC; however, MPL will retain ownership of the lands. **Follow-up comment:** What is the rationale for MPL gifting the lands around Kaunakakai for affordable housing and not gifting the lands around Maunaloa and Kualapuu for affordable housing? Was this issue discussed and decided on by the Land Use Committee members and/or the EC Board?

In 2001, the Molokai Community Plan sent to the County Council for approval called for the 5-acre parcel in Kaunakakai to become the permanent home of the Junior Roping Club. The Ranch objected to what the community wanted. What were the reasons the Ranch objected to the parcel being dedicated to the use of the Junior Roping Club?

The EISPN states that the 3.2-acre parcel being gifted to the CDC "will be sold to the Maui Community College at market value". Based on recent appraisals of this parcel of property, what does the Ranch estimate the "market value" of this parcel is today?

Is the CDC required to sell the 3.2 acres to the college at "market value"? **Ranch response to above two comments:** The CDC and MPL will obtain an independent valuation of the parcel when Maui Community College wishes to acquire the parcel. MPL has made no requirements on the sale price to the CDC. **Follow-up comment:** If the CDC is separate and unaffiliated with MPL, why is MPOL involved in obtaining an "independent valuation" for the 3.2 acre parcel it gifted to the CDC? If the CDC should elect to gift the 3.2 acre parcel to MCC, does MPL have any say in the matter?

It appears that MPL is projecting that the sales of the La'au Point lots will be over a 5-year period. What is the average sale price of the lots MPL projects receiving over the five-year sale period? **Ranch response:** **Follow-up comment:** What is MPL anticipating gross sales revenue will be on the original sales over the proposed 5-year sales period?

In the statement "a net 5 percent of the sale revenue", explain what components go into determining the "net". What is the delay in determining what the percentage the CDC will receive from lot and/or house resales? **Ranch response to two comments:** All agents' fees and other taxes will be deducted from the sale price before the 5 percent is calculated. The percentage from re-sales has yet to be negotiated with the CDC following determination of the entitlements. **Follow-up comments:** Please identify the "other taxes" and percentage of those "other taxes" and the "agent's fees" and percentage of the "agent's fees". Who decided that 5 percent on original sales was the appropriate amount to go to the CDC? If the "determination of the entitlements" was not a factor in deciding on the 5% figure to CDC on original sales, why is the entitlement issue a factor in agreeing on a percentage of the resale prices that would go to the CDC?

**3.2 PLEASE PROVIDE A DRAFT OF THE PROPOSED CCR'S. FOLLOW-UP COMMENT: PLEASE PROVIDE A THE FINAL CCR DOCUMENT THAT CONTAINS THE PROVISIONS THAT THE LUC UNDERSTOOD WOULD BE INCLUDED IN THE FINAL CCRS INCLUDING A PROVISION THAT THE CCR'S COULD NEVER BE CHANGED.**

3.3

### 3.4 COMMENTS ON PAGE 11 OF EXHIBIT 1

Please explain the format of the "entity" that will have jurisdiction over the 451 acres of Conservation District lands, and explain how the "shared responsibility" will translate to any decision making process? **Ranch response:** The Conservation District areas to be protected (approximately 434 acres) within the La'au Point project will be the subject of an easement held by the Molokai Land Trust. These protected lands will be part of an entity that is controlled jointly by La'au Point homeowners and the Land Trust. **Follow-**

**up comments:** Please provide a copy of the "easement" agreement in the FEIS. If there is a difference of opinion between the Land Trust and the La'au Point homeowners in how the Conservation District lands are to be controlled, who prevails? Will the community have any input into decisions on how the Conservation District areas will be managed?

Please provide a copy of the document explaining the specifics of the relationship between the Land Trust and the La'au Point homeowners relative to managing the 451-acre Conservation District lands. **Ranch response:** Such a document has not been created yet; it is pending entitlement approval for the La'au Point project; therefore governing rules for decision-making have not been established. **Follow-up comments:** Did the EC's Land Use Committee or the EC Board discuss and agree on any guidelines governing management goals for the Conservation District goals? If so, please provide a copy of these guidelines.

If the Land Trust and the La'au Point homeowners have a difference of opinion management strategies in the Conservation District, will the Land Trust be the final authority? **Follow-up comment:** Will the Land Trust be the final authority if there is a disputed with the La'au Point homeowners over how to manage the Conservation District lands?

#### **Comments on Page 12 Exhibit 1**

What specific measures will be employed to "maintain" the "subsistence activities" are currently being practiced in the Conservation District areas?

What "subsistence activities" are currently being practiced from the "Conservation District lands in the La'au Point area?

#### **Comments on Page 13 Exhibit 1**

Based on current plans, how many dwelling in total could potential be developed on the 400 acres of "Rural-Residential lots referenced in Table 1? **Ranch response:** La'au Point will contain 200 single-family rural-residential lots. **Follow-up comment:** Based on the zoning MPL is seeking for the La'au Point residential lots, how many dwelling units are permitted to be built on each lot?

The Molokai Community Plan talks about a minimum 40-acre Park in the area just west of Hale O Lono Harbor. How does the applicant view this park development in the scheme of the overall development at La'au Point?

What access rights currently exist for the "people of Molokai" to and along the approximate 5.2 miles of undeveloped shoreline from Hale O Lono harbor to Kaupoa Beach, which borders the proposed development of a 400-unit oceanfront, luxury, second-home development? **Ranch response:** Currently, a subsistence committee comprising of senior Molokai Ranch employees, most of who are from the Maunaloa community, manages permitted access

by Ranch employees. Employees and their families usually camp out on weekends. However, employees who are off on weekdays can go during the week, provided access at that time is approved by the employees' committee. They are limited to two or three vehicles and ten adults. ATV's and motorcycles are not allowed. Families can go only once a month to give everyone a chance. Gathering is allowed for parties, and there is a three-gallon limit on opihi. **Follow-up comment:** Who else in the Molokai community, other than Molokai ranch employees, is able to access the undeveloped shorelines surrounding La'au Point? Is MPL able to restrict any member of the Molokai community from lateral access along the La'au Point shorelines areas? If so, explain how MPL is able to enforce such a restriction.

What access restrictions, if any, will apply to the La'au Point homeowners and their guests and friends and caretakers? **Ranch response:** Increased public access to the shoreline and other coastal resources has the potential to damage the natural environment and diminish the uniqueness of the coast. Therefore, to protect the natural resources of the shoreline, a shoreline access management plan for the area will be implemented which addresses maintenance and resource management for the area. As previously discussed, the Conservation District shoreline areas will be jointly controlled and managed by the Land Trust and homeowners' association. **Follow-up comment:** Please provide a copy of the shoreline management plan in the FEIS. Will lot owners, their guests, caretakers and friends be able to access the shoreline directly from their respective lots, or will they have to go to one of the two designated public access areas?

What specific access rights to and along the currently undeveloped La'au point area shoreline exist under the law for Native Hawaiians? What is the applicant's understanding of who qualifies as a "Native Hawaiian" as far as having access rights currently under the law to the La'au Point shoreline area? **Ranch response:** MPL recognizes all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by descendants of Native Hawaiians. **Follow-up comment:** Are there any restrictions enforceable by MPL against Native Hawaiians freely accessing the La'au Point area for subsistence, cultural and religious practices customarily and traditionally exercised in the La'au Point area. If so, please define these enforceable restrictions.

What will be the penalties, if any, for anyone violating the aforementioned "other protections" in the CCR's or the "strict access measures that will insure that the resources are not depleted". **Ranch response:** Penalties, if any, may be addressed in the shoreline access management plan. **Follow-up comment:** Please provide a copy of the shoreline access management plan with the FEIS. If there are no penalties or enforcement how will the shoreline access management plan be effective?

#### **Comments on Page 18 Exhibit 1**

Why were "ranching activities" halted in the La'au Point community site in 2000? **Ranch response:** No ranching activities currently exist on parcel since MPL's purchase. We cannot respond to questions regarding previous owners' activities. **Follow-up**

comment: Please check with Ranch cowboys (i.e Jimmy Duvauchelle) to find out why the "ranching activities" were halted at La'au Point in 2000.

### 3.5 COMMENTS ON PAGE 20 EXHIBIT 1

Does the applicant have any evidence, other than the results of a "recent field survey", to determine the frequency of the Monk seals' presence along the undeveloped La'au Point shoreline between Hale O Lono harbor and Kaupoa Beach? Is there any time of the year when Monk seals frequent the La'au Point shoreline areas more than other times of the year? **Ranch response to the two above comments:** The Fauna Survey (to be included as an appendix of the Draft EIS) reports that two endangered Hawaiian Monk Seals (*Monachus schauinslandi*) were observed resting on Sam Wights Beach north of La'au Point. **Follow-up comment:** Please provide an adequate response that addresses the specific comments.

### 3.6 COMMENTS ON PAGE 21 EXHIBIT 1

How does the applicant explain the fact that the amount of fish resources in the La'au Point area, which is subject to restricted public access, is 42% lower than fish populations in open access areas statewide? How will fish populations improve by opening the area to the development of up to 400 dwelling units and the development of more convenient public access routes complete with bathrooms and other amenities, which will result in more people utilizing the La'au Point shoreline area? **Ranch response to the two above comments:** Traditionally, La'au Point was not a place that was fished on a regular basis because it is isolated and difficult to reach. However, the increased use of boats on Molokai and Oahu has changed this. People interviewed for the cultural impact assessment (to be included as an appendix of the Draft EIS) noted that the resources have declined in the area with heavy seasonal harvesting by boaters from Oahu and the opening of Hale O Lono Harbor and Kailuakoi as closer launching points to La'au Point for Molokai boaters. The *Community-Based Master Land Use Plan for Molokai Ranch* proposes the establishment of a subsistence fishing zone, which will require special legislation to be enacted by the State legislature. The zone would encompass the areas stretching from the shoreline to the outer edge of the reef on the Southern coast, and where there is no reef on the western shoreline, out a quarter-mile from the shoreline along the 40-mile perimeter of MPL's coastline property. The subsistence fishing zone for La'au would be modeled after the Hui Malama O Mo'omomi Subsistence Fishing Zone which has proven to be successful in protecting the coastal resources at Mo'omomi.

### Comments on Page 24 Exhibit 1

What "community access" to the La'au Point shoreline area exists currently for "cultural practices", and how will the current access be "improved" other than development of paved roads and parking. **Ranch response:** Currently, a subsistence committee comprising of

senior Molokai Ranch employees, most of who are from the Maunaloa community, manages permitted access by Ranch employees. Employees and their families usually camp out on weekends. However, employees who are off on weekdays can go during the week, provided access at that time is approved by the employees' committee. They are limited to two or three vehicles and ten adults. ATV's and motorcycles are not allowed. Families can go only once a month to give everyone a chance. Gathering is allowed for parties, and there is a three-gallon limit on opihi. **Follow-up comment:** The response does not adequately address the comment.

In addition to "ensuring the community has access to the subsistence resources" via a planned "public coastal trail", won't the subsistence resources also be open to in-state and out-of-state visitors to Molokai? **Ranch response:** Increased public access to the shoreline and other coastal resources has the potential to damage the natural environment and diminish the uniqueness of the coast. Therefore, to protect the natural resources of the shoreline, a shoreline access management plan for the area will be implemented which addresses maintenance and resource management for the area. As previously discussed, the Conservation District shoreline areas will be jointly controlled and managed by the Land Trust and homeowners' association. **Follow-up comment:** What enforceable provisions are proposed for the shoreline access management plan that will stop any one (local Molokai resident, off-island, in-state resident or out-of-state visitor) from ignoring the plan and simply accessing the subsistence resources in the La'au Point area by walking laterally along the shoreline?

Who in the Molokai community is currently limited from access the La'au Point shoreline area if they wanted to go there for recreation, subsistence and/or cultural activities? **Follow-up comment:** In adequate response, unless the response is that everyone in the Molokai community, accept Molokai ranch employees, is currently limited from access the La'au Point shoreline area to enjoy recreation, subsistence and/or cultural activities?

Does the applicant equate easier access for all members of the public (visitors as well as Molokai residents) to the La'au Point shoreline via paved roads and paved parking lots will improve the "fish populations" and/or the traditional practices of the descendants of Native Hawaiians? **Ranch response:** Traditionally, La'au Point was not a place that was fished on a regular basis because it is isolated and difficult to reach. However, the increased use of boats on Molokai and Oahu has changed this. People interviewed for the cultural impact assessment (to be included as an appendix of the Draft EIS) noted that the resources have declined in the area with heavy seasonal harvesting by boaters from Oahu and the opening of Hale O Lono Harbor and Kailuakoi as closer launching points to La'au Point for Molokai boaters. The *Community-Based Master Land Use Plan for Molokai Ranch* proposes the establishment of a subsistence fishing zone, which will require special legislation to be enacted by the State legislature. **Follow-up comment:** What is the status of establishing special legislation for the proposed subsistence fishing zone for La'au, and who has the responsibility to move that legislation through?

### 3.7 COMMENTS ON PAGE 26 EXHIBIT 1

In 2001 the EISPN states the population of West Molokai was 2,569 people. What is the population today? Not counting the 400 potential homes from the La'au Point luxury residential subdivision development, what does the applicant estimate the population on the West End would be if the Kaluakoi Resort and the Maunaloa Town are build out in accordance with the land use intentions set forth in the current Molokai community plan? **Follow-up comment: MPL's response did not address the comment.**

### 3.8 COMMENTS ON PAGE 27 EXHIBIT 1

On Page 26 it states that the "community can plan its own affordable housing in Kaunakakai without recourse to MPL" (emphasis added). What recourse is there to MPL before the community can plan the development of affordable housing in Kualapuu or Maunaloa. **Comment re-stated: What does "without recourse to MPL" mean, and would the same condition of no recourse to MPL apply as the community plans its own affordable housing in Maunalo and Kualapuu?**

Does the applicant feel that the Community supports the development of the 100-acres to be set aside in Kualapuu and Maunaloa, and portions of the 1,000 acres donated around Kaunakakai for affordable housing as needed as needed to supply affordable homes for Molokai's working families that would qualify for affordable housing (i.e. teachers, Ranch employee's, county and state workers, policemen, firemen, retail employees, agricultural workers, hotel and visitor industry employees, etc.)? Ranch response:

What does Molokai Ranch consider to be "reasonable prices" that the 100-acres around each of the towns of Kualapuu and Maunaloa can be reserved for "to ensure the development of these (lands) for future affordable housing"? Ranch response: MPL has no estimate currently of the prices it is likely to negotiate with the CDC for the use of those lands, but the prices will be at levels that can make homes more affordable on these lands than other similar lands. **Follow-up comments: MPL's response is inadequate and vague. What does MPL consider "similar lands" and what does MPL estimate the value of these "similar lands" (house lots) are in today's market? Who made the decisions to have donate lands for affordable housing in Kaunakakai and not have the lands donated in Maunaloa and Kualapuu?**

### Comments on Page 28 Exhibit 1

Please provide in the Draft EIS a summary verifying the different operations that are contributing to MPL's "operational cash deficit of \$3.7 million per annum. Specifically, how will the Community-Based Master Land Use Plan cure MPL's "operational cash deficit of \$3.7 million per annum"? **Ranch response (referred to response on an earlier comment): According to the Economic and Fiscal Impacts Report (to be included as an appendix to the Draft EIS), the net loss from operations in 2001 to 2006 has been approximately \$31.6 million. Whereas often painful cost cutting has reduced operating losses from**

\$8.6 million in 2001 to a range of \$3.6 to \$3.8 million in the last three years, the increasing costs of water, energy, and insurance make it difficult to expect profitable operations in the future. In addition to operating losses, annual capital expenditures are another drain on cash flow, averaging over \$800,000 per year over the past five years. Taken in total, MPL has subsidized the continuing operations and upkeep of Molokai Ranch to \$4.7 million to \$10.2 million per year. The cumulative subsidy over the past six years has been \$36.9 million. **Follow-up comment: The response does not address the specifics of the comment. Please provide an adequate response.**

Please provide a breakdown by parcel indicating the "value of the donated land" or "the potential lost-opportunity cost of developing land" that totals more than \$75 million dollars. What is the source used to determine the aforementioned \$75 million dollar value? **Ranch response: Values were determined from information provided by real estate appraisal company The Hallstrom Group in a property valuation report. These values are subject to change and not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted. Follow-up comments: Please provide a breakdown of the parcels requested and the appraised value of each parcel. Where identify in the FEIS, where a copy of The Hallstrom Group appraisal report can be obtained by members of the Molokai community.**

### Comments on Page 29

What is the saline content of the brackish Kakalahale well and when was this data gathered? **Follow-up comments: When was the data indicated 500 ppm chlorides gathered and what was the source of the data (i.e. pump test?). Assuming 500 ppm chlorides, what would be the cost per 1000 gallons be to desalinate the Kakalahale well water to drinking water standards?**

The EISPN does not mention anything about the Ranch's potential water source from the Pala'au Shrimp Farm. Is Molokai ranch still planning to employ this source of water in its future development plans if needed? How much water is available from this source? What is the saline content of this water? Is there any requirement to go to the COWRM for any kind of permit for MPL to transport water from the Pala'au Shrimp Farm area to service irrigation needs in another area of the island where future development takes. **Follow-up comment: If water were transported from Pala'au by MPL to the Kaluakoi resort for use on a golf course would such a use require any type of permit from the state Water Commission? MPL has a permit to pump over 800,000 gpd from the Pala'au Shrimp Farm well, yet anticipates only 500,000 gpd will be available for other uses. What happens to the unaccounted for 300,000 gpd? Did Molokai Ranch or MPL ever have plans to pipe brackish water from the Pala'au Shrimp Farm to the West end for use on a golf course? If so, please explain the circumstances and how the water was to be transported to the West end for use on the golf course.**

What transmission alternatives for the Kakalahale well water is MPL evaluating? **MPL response: MPL has indicated that it will seek to use existing pipeline easements across**



DHHL's Ho'olehua lands for the transmission of Kākahāhale water. When Kākahāhale Well use is permitted, MPL will not transmit brackish water from the well to the West End using the Molokai Irrigation System (MIS) system. Follow-up comments: Who within DHHL has the authority to approve the transmission of Kākahāhale water across DHHL lands? Who is MPL negotiating with for the transmission approval, and what is the status of those approvals? What alternatives, if any, does MPL have for transmitting Kākahāhale water to the West end if transmission across DHHL lands is not approved? Does pipeline size have anything to do with DHHL approval for transmission of Kākahāhale water across its lands? If so, please explain.

The EISPN states that MPL "will also make its excess potable water capacity available for use of communities outside its property". Please explain the specifics of this general statement? What is the potential amount of "excess potable water" that MPL may have available for use by others in the community and from what source(s) would the excess come from? Is the availability of the "excess potable water" envisioned by MPL, contingent on not further impacting the integrity of other water sources in order to generate the MPL's excess water capacity? MPL responses to the above three comments: MPL has offered to make the excess safe drinking (potable) water capacity available from Well 17 for the use of communities outside its property, if, as proposed in the Water Plan, water from Well 17 is freed up from existing irrigation uses. The amount of water available for use of communities outside of MPL's property has not been determined. Follow-up comments: In a recent promotional brochure sent by MPL to all Molokai residents, MPL made the following statements (follow-up comment following each statement) regarding water and its use: 1) The DHHL-approved allocation of 2.9 mgpd from the Kualapu'u aquifer is preserved forever for homesteaders – Follow-up comment: How does the preservation of DHHL's water allocation effected one way or the other by the development of the La'au Point project? 2) Molokai Properties has offered the County and DHHL use of up to 500,000 gpd from Well 17, eliminating the need for DHHL and the County to spend up to \$8 million in new infrastructure costs - Follow-up comment: It is assumed that the 500,000 is additional water pumped from Well 17 over and above MPL's current allocation/use of approximately 1,000,000 gpd.. Based on this assumption and assuming MPL is confident that an additional 500,000 gpd can be pumped from Well 17, why doesn't MPL use this additional water from its Well 17 for its own needs instead of giving it to other water users? Please describe the infrastructure components that cost \$8 million. 3) The Plan proposes never using any more drinking water, only brackish water that homesteaders don't want to use on their land because it is too salty — Follow-up comment: if 1,000,000 gpd of Kākahāhale water was mixed with 1,000,000 of surface water, what would the chloride count be in the blended water (approximately), and would homesteaders be willing to use this blended water on their lands? 4) MPL has stated that it does not need any more drinking water than 2.5 mgpd currently proposed in the Plan. Well 17 will account for one million gpd of existing drinking water, 500,000 gpd would come from the Ranch's mountain system, and an application would be filed to bring 1 million gpd of brackish water from the Kākahāhale well. — Follow-up comment: if MPL maintains the 500,000 gpd from its Well 17 that it was going to give away to DHHL and/or the County of Maui this will give MPL 1.5 mgpd from Well 17. Add to this to the 500,000 gpd of water from its mountain system, and the 500,000 gpd MPI claims is available from its Pala'au well

source, and that gives MPL a total of 2.5 mgpd of water without having to re-open the Kākahāhale well. So why is MPL pursuing the re-opening of the Kākahāhale Well, if its already has available to it, the 2.5 mgpd it needs to sustain the Plan?

What is the status of the "Waiola Well application"? MPL response: The Waiola o Molokai water use permit was remanded by the Supreme Court. Many of the issues raised in the Waiola Well case were resolved by the Water Commission and affirmed by the Supreme Court. Follow-up comment: What issues were not resolved by the Water Commission and affirmed by the Supreme Court?

Isaac Hall is one of two attorneys listed in the EISPN as representing MPL. Has Mr. Hall ever represented any Molokai individuals or community groups against the Molokai Ranch and/or MPL over development or water issues? If so, please provide a list of the actions Mr. Hall has taken on against the Ranch on behalf of community members. MPL response: Details regarding Mr. Hall's previous clients are not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted.

What are the current water rates applicable to Kāluakoi residents and how will these rates be restructured in the future? Follow-up comment: MPL is talking about a conservation rate in the near future of approximately \$6.50 per 1000 gallons used over 1,000 gpd for users served by MPI's water utility company. How does this rate compare to the cost of desalination of sea water?

What is average monthly water usage in 1000 gallon per day for residents of the Papohaku Ranchlands residential subdivision? What is the average usage of residents in Maunaloa Town? MPL response to the above two comments: Papohaku Ranchlands and Maunaloa Town are not part of the La'au Point project, and therefore, discussion of this topic in the EIS is not warranted. Follow-up comment: Please provide an adequate response.

#### Comments on Page 33 Exhibit 1

What is the status of a park of a proposed park consisting of approximately 40-acres in the area of Hale O Lono harbor? Would this 40-acre park be in addition to the 16.5-acre park near Hale O Lono that is part of the La'au Point development? Ranch response: MPL has not proposed or referred to a 40-acre park at Hale o Lono Harbor in regard to the La'au Point project. The Lā'au Point project will include two public parks (totaling approximately 17 acres), one by Kamākaipō Gulch (1.0 acres) on the west end of the community, and the other (16.0 acres) near Hale O Lono Harbor at the south end. This 17-acre total exceeds the 2.26 acres of parks required for a 200-lot development under the County's subdivision requirements (MCC Sec. 18.16.320). Follow-up comment: Is MPL aware of the 40-acre public park proposed for the Hale O Lono area?

In order for those members of the public, as well as decision makers, who are reading the Draft EIS to be fully informed about the policies, goals and objectives of the Maui County General Plan and the Molokai Community Plan may or may not "conform to", please attach a full copy of these important community planning documents that have been adopted into law by ordinance to the Draft EIS.

### 3.10 COMMENTS ON PAGE 39 EXHIBIT 1

There was also a plan for the development of a major timeshare project on lands already zoned for such development within the Kaluakoi Resort. Timeshare is the rage today with developers so much so that developers/landowners are converting existing hotels or demolishing profitable hotels to make way for bigger timeshare developments. Please provide the details of the timeshare alternative that MPL said it did for the timeshare alternative.  
**Follow-up comment:** If a timeshare project generated the same net project profits for MPL as the proposed La'au development, would MPL consider the timeshare project as an alternative to developing at La'au Point? If not, why not?

Comments on page 13 of Appendix A to the EISPN

Section 1.8.1: What mandate from the Community did Ke Apuni Lokahi (KAL) have be the community's representative in developing a Master Land Use Plan for Molokai ranch lands?

Page 40 Section 3.6

What is the status of the camping facilities at Kolo Camp and Paniolo Camp that operated similar to Kaupoa Camp? **Ranch response:** Details regarding Kolo Camp and Paniolo Camp are not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted.

Page 41 Section 3.7.4

MPL has indicated that it would be seeking an investor to provide the necessary financial strength to fund the reopening of the Kaluakoi Hotel. What is the status of MPL's search for an investor? **Ranch response:** What amount of money or loan guarantees is MPL looking for an investor to provide. For the investors funding commitment, what will MPL offer an investor as far as participation the La'au Point development profits or future profits from other MPL "development" lands? **Ranch response to the above three comments:** Details regarding investors for Kaluakoi Hotel are not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted. **Follow-up comments:** MPL's CEO advised the EC's Land Use Committee on more than one occasion that it was seeking an investor to fund the investment needed to re-open the Kaluakoi Hotel and that the La'u Point project was needed to give the investor comfort that there would be revenues coming in to provide a return on investment. MPL's Peter Nicholas even distributed a letter to the members of the Land Use Committee stating that MPL was looking for an investor who

saw more in Molokai than just dollars. Is MPL still seeking an investor? If so, please respond to the above comments adequately.

Page 41 Section 3.7.5

How many of the Papohaku Ranchland lots have currently been built on. How many potential swellings can be developed on the 272 Papohaku lots? Recently, the County of Maui approved one the Papohaku lot owners to subdivide his 6-acre lot into two lots, each about 3 acres. What is the potential number of additional lots that could be created within the Papohaku Ranchlands residential subdivision if all the lot owners to subdivide their properties? How many lots are in the Moana Makani Residential subdivision and how many additional lots could be created if all the lot owners to subdivide their lots to the maximum extent allowable under the law? **MPL response:** Speculation on other residential subdivisions is unpredictable, the DEIS will include discussion regarding relative cumulative impacts. **Follow-up comment:** The information solicited from the above three comments is important for determining development potential in relation to available water sources, please provide constructive responses to the comments.

Page 53 Section 4.1.1

By what authority will MPL, the La'au Point community property owners or members of the Molokai community be able to enforce the subsistence fishing activities described on Pages 61 and 62?

Page 66 Section 4.1.4

How many acres of land suitable for agricultural production currently are not in production but need protection? How much water will be needed to make these lands productive and what is the source of the water needed? **MPL response:** We do not have a response to this question. **Re-stated comment:** MPL claims that 14,390 acres of agricultural land are proposed to be protected under the Master Plan via easements so they are available for future agricultural production. How much water will be needed to make these lands productive and what is the source of the water needed?

Page 70: What is MPL's plan to work with the Molokai community's unique effort to establish Kaulakakai "as a special destination area for residents and visitors alike" as noted in the Molokai Community Plan for the property located makai of Kamehameha Highway between the highway and Kaulakakai harbor? **Ranch response:** The development of Kaulakakai is not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted. **Follow-up comment—**MPL CEO Peter Nicholas during a videotaped Land Use Committee meeting said that he would not sell any of MPL's lands in Kaulakakai makai of Kamehameha Highway until the community had worked out a Master Plan for the area. Can this promise from Mr. Nicholas still be counted on by the community?

Page 71: Please define a "put option". **Ranch response:** An option for securities or shares that can be "put" to other shareholders at a specified time or under specified circumstances. **Follow-up comments:** MPL proposes a put option on the Kaluakoi



Hotel. Who would the put option go to? How will the put option price be determined? Please provide a copy of the "put option" agreement with the FEIS.

3.11 PAGE 85 SECTION 5.1.3

Based on the "appropriate activities" envisioned for the Rural Landscape Reserve please provide an example in which residential development would be warranted?  
Ranch response: Rural Landscape Reserves will preserve large open space landscapes throughout La'au Point. Buildings or structures will not be allowed in Rural Landscape Reserves. Follow-up comment: MPL response seems to conflict with Appendix A of the DEIS, which states that residential use will be permitted in certain circumstances on Rural Landscape Reserve lands. Please clear up the discrepancy.

Page 138:

When does MPL plan to have an investor on board? Has MPL approached any investors? Is there any investor interest? Ranch response: Detailed investor information is not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted.  
Follow-up comment: Does MPL need another entity to provide investment funds to fund the re-opening of the Kaluakoi Hotel?

November 1, 2007

DeGray Vanderbilt  
Box 1348  
Kaunakakai, Hawai'i 96748

SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT

Dear Mr. Vanderbilt:

Thank you for your letter dated February 23, 2007 regarding the La'au Point Draft Environmental Impact Statement (EIS). Below, we respond to your comments.

Background Section Page vii

1. Comment 1: During the process sponsored by the MPL/EC partnership to create a "visionary plan" what message was MPL receiving relative to La'au Point luxury home residential subdivision proposed along the undeveloped shoreline of La'au Point.

Comment 1A: How many of the more than 1,000 Molokai residents participated to the point that they were involved in "impassioned debate, critical thinking and soul searching"?

Response: The message MPL received during the Community-Based Master Land Use Plan for Molokai Ranch (Master Plan) process was that the La'au Point development would be controversial as every other development has been in Molokai's history. For this reason, and at the wish of those who participated in the planning process, it was decided that the project should go through a very public review process with a State Land Use District Boundary Amendment petition, County zone change application, Community Plan Amendment, and the Special Management Area permit approvals.

Based on attendance sheets and other documents, MPL estimates that there were approximately 1,000 participants in the master planning process. MPL makes this assertion in good faith. It is possible that attendance sheets for the many meetings held during the community planning process have several individuals listed more than once, or errors were made in counting the attendees; however, the variance in total number of participants is minimal.

The participants who took part in the committee discussions are named in the Master Plan, which was included as Appendix A of the Draft EIS. Section 2.4 of the Draft EIS entitled "Community Meetings and Involvement" details all the meetings and timetables for these discussions.

Again, it is stressed all meetings were open to the public and participation from the entire island was encouraged.

DeGray Vanderbilt

SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT

November 1, 2007

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2. *Comment 2: Describe what has to happen, and within what time frame, for BIL to "be economically viable" on a sustained basis so that it does not have to consider splitting up and selling Molokai Ranch lands.*

**Response:** MPL has no other alternative for economic survival than the plans set forth in the Master Plan, which was determined over a three-year community-based process under Enterprise Community (EC) guidance. Without this Master Plan, the aspects discussed in the "no action" alternative (see Section 6.1 of the Draft EIS) would occur. MPL would sell its entire property piece-meal over time to obtain the highest prices.

3. *Comment 3: What assurances, if any, has BIL provided the community that it will not split up and sell all or a portion of its lands if the Master Plan is approved with its Lā'au Point development component?*

**Response:** Pending Lā'au Point entitlements, the complete implementation of the Master Plan will place 85 percent of Ranch lands in protection from future development. The legal agreements to be signed conveying the land donations and easements provide assurance.

4. *Comment 4: Was a "consensus" ever reached on the Plan, and if so please describe what was determined to be a consensus (i.e. 100%, 75%, 50%, etc.) and who are parties that reached said consensus?*

**Response:** A 70 percent support vote on the Master Plan and the Lā'au Point project was given by the Land Use Committee and subsequently the EC Governance Board.

5. *Comment 5: Having stated the above, does MPL feel the all information contained in the DEIS and its Appendices (including Appendix A) is subject to public comment? If not, please explain what portions of the DEIS, MPL would deem inappropriate for public comment thereby soliciting the following response from MPL, which was often employed by MPL in responding to comments it received on the EISP: "The comment is irrelevant to the EIS for Lā'au Point; therefore discussion of this topic in the EIS is not warranted"*

**Response:** Points regarding the environmental impacts disclosed in the EIS, including appendices, are subject to public comment. The EIS process is intended to disclose a proposed action, impacts from that action, and mitigation measures to reduce and eliminate adverse environmental impacts created by the action. Therefore, for example, questions arising in relation to previous actions of MPL's predecessors are unrelated to the proposed action and not within the scope of this EIS.

6. *Comment 6: What is the "controversy" that has separated families for more than a decade, and how many families does MPL estimate are today suffering from being separated from their family members because of the referenced "Controversy"?*

*Comment 6A: Is the "controversy" mentioned in 6 above, which has separated families for more than a decade the same as the "conflicts" between the Ranch and the community that have spanned more than 3 decades that is mentioned on Page 13 of the DEIS?*

DeGray Vanderbilt

SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT

November 1, 2007

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**Response:** The controversies that separated families for decades include MPL decisions to initiate previous developments, such as the redevelopment of Māmaloa town, without first seeking the community's input on such decisions. These actions divided families, even MPL employees' families, who believed MPL should have discussed its plans with the community before making decisions.

For the Master Plan and its proposed Lā'au Point project, MPL sought community input over three years, which is unprecedented by developers throughout the State of Hawai'i. The Master Plan has reconciled the controversy that MPL in the past had not consulted with the community. In general, the families of MPL employees are united in their support for the Master Plan because they realize the lengths MPL went into seeking community input.

#### Page 4 DEIS

7. *Comment 7: Based on the current Plan, how many potential dwelling units could be developed on each of the 200 two-acre rural-residential lots?*

**Response:** Based on the current plan, there could be a maximum of 400 dwelling units (200 residences plus 200 'ohana units), which is permitted under current county ordinances that allow a family 'ohana unit on properties. However, the Master Plan and Lā'au Point covenants are specific in that the total building size must not exceed 5,000 square feet, so if residents want an 'ohana dwelling (which would be subject to approval by the homeowners' design review committee), then both dwellings together could not exceed a total of 5,000 square feet.

#### Page 17 DEIS

*Notation: It seems that Davianna McGregor, who prepared the Cultural Impact Assessment for MPL's DEIS felt information regarding the real estate sales history of the Lā'au Point parcel and the Kāhako'i resort properties was relevant to the EIS and topics worth including in her report that was paid for by MPL and approved for inclusion in the DEIS by Ranch CEO Peter Nicholas. Some of her information appears accurate and other portions of her data she presented on the real estate history is not accurate and conflicts even with statements made by MPL on Page 17 of the DEIS.*

**Response:** Professor McGregor included a history of the change in land ownership of the Kāhako'i ahupua'a, which is relevant. However the financial details of the sales transactions are not relevant to the EIS. Her information is based upon oral history interviews. Professor McGregor made her own decisions about what to include in the Cultural Impact Assessment, without any interference from Ranch CEO Peter Nicholas.

8. *Comment 8: When in the 1970s did Molokai Ranch enter into a partnership with Louisiana Land and Exploration (LLE) for the Kāhako'i Resort property and how many acres of property was involved with that partnership?*

**Response:** MPL did not enter into a partnership with LL&E for the Kāhako'i land. You are referring to MPL's predecessor owner of Molokai Ranch. Regardless, as previously addressed in response #5 above, details of predecessors' actions are not relevant to this EIS, and MPL has no knowledge of transactions its predecessors completed.

9. *Comment 9: What was the amount of monetary compensation Molokai Ranch received from LLE to enter into the partnership agreement (i.e. up front cash, promissory note, etc.)*

**Response:** MPL is unaware of any financial arrangement its predecessor made with any party. Regardless, these companies no longer hold an interest in the parcel, and therefore, comments regarding them are not relevant to the outcome of this project or to the scope of the EIS.

10. *Comment 10: Did the original Molokai Ranch/LLE partnership agreement include the La'au Point parcel? Comment 10A: If the La'au parcel was not part of the original Ranch/LLE partnership agreement, how did LLE gain ownership control of the La'au Point parcel? (Note: It has been reported that Molokai Ranch deeded over the 6,300 to 7,000 acre La'au Point parcel in return for LLE paying of a promissory note early that it had given the Ranch as part of the original partnership deal. Molokai Ranch and LLE entered into.)*

**Response:** As previously addressed in responses above, details of predecessors' actions are not relevant to this EIS.

11. *Comment 11: On Page 54 of Appendix J, Ms. McGregor states that the Ranch sold the La'au Point parcel to an individual investor from Las Vegas for \$21 million. Is this an accurate statement? (It is reported that LLE, not the ranch, sold the La'au parcel to a Trust in Las Vegas for \$21 million). Please clarify the transaction that led to the Las Vegas individual owning La'au Point.*

12. *Comment 12: What was the name of the Las Vegas purchaser, and was the buyer connected in any way with MPL or any of MPL's affiliated companies?*

13. *Comment 13: Ms. McGregor states in the DEIS (page 54) that "within a week this investor (from Las Vegas) sold the lands (La'au Point parcel) to Alpha USA for \$35 million." Is this an accurate statement?*

**Response:** MPL is unable to verify any information about its predecessors' financial arrangements or financial arrangements made by previous owners of property it acquired. Regardless, the Las Vegas purchaser no longer holds an interest in the parcel, and therefore, comments regarding this person are not relevant to the outcome of this project or the scope of the EIS.

Please note that Professor McGregor included information from an oral history account of the chain of land ownership of the area proposed for development. The details you are requesting here were not provided in the oral history accounts.

14. *Comment 14: Who owned Alpha USA, a US company or foreign company?*

15. *Comment 15: What is the name of the company that owned Alpha USA?*

**Response:** MPL is unaware of any financial arrangement made by its predecessor. Regardless, Alpha USA no longer holds an interest in the parcel, and therefore, comments regarding this company are not relevant to the outcome of this project or to the scope of the EIS.

16. *Comment 16: What is the relevance of Ms. McGregor including the detail that, "Alpha USA hired Henry Ayau as its representative, and Walter Ritte as a consultant?"*

**Response:** Professor McGregor was provided this information during an interview. The relevance of including this detail is that Alpha USA worked with members of the Molokai community to design a plan for the same land that is currently being proposed for development. That plan would have led to more intense development of the La'au parcel than is currently being proposed.

17. *Comment 17: Was Mr. Ritte was a paid consultant? If so, what was his compensation?*

18. *Comment 18: What is the information source Ms. McGregor relied on to determine that Mr. Ritte was a "hired" consultant of Alpha USA?*

**Response:** The information was provided in an oral history interview and whether Mr. Ritte was paid or not was not shared, nor is it relevant to this EIS.

19. *Comment 19: Did MPL consult with Mr. Ritte during the process in which the Master Land Use Plan for Molokai Ranch was being prepared?*

**Response:** Mr. Ritte participated during the planning process for the Community-Based Master Land Use Plan for Molokai Ranch. MPL had a continuing dialogue with Mr. Ritte and many other participants during the Master Plan process.

20. *Comment 20: Was Mr. Ritte paid by MPL for the time he spent consulting with MPL?*

21. *Comment 21: Has Mr. Ritte ever served as a paid consultant for Molokai Ranch/MPL since Peter Nicholas became CEO?*

**Response:** Since Peter Nicholas was appointed CEO of Molokai Properties Limited in 2002, Mr. Ritte has never been a paid consultant to MPL and has never received any funds for payment of any services from MPL.

22. *Comment 22: On the acknowledgement section of Appendix A Walter Ritte and Davianna McGregor are listed as members of the Land Use Committee (LUC) that recommended approval of the Master Land Use Plan for Molokai Ranch to the Molokai Enterprise Community Board. How did Ms. McGregor and Mr. Ritte vote on the LUC recommendation (i.e. yes, no or abstain)?*

**Response:** Mr. Ritte voted "no" on the vote to include the La'au development in the Master Plan, and he voted "no" on the overall Master Plan. Professor McGregor abstained on the inclusion of the La'au development in the Master Plan, and she voted "yes" on the overall Master Plan.

23. *Comment 23: Since the LUC vote to recommend approval of the Ranch Master Plan, has Ms. McGregor received any compensation as a hired consultant?*

**Response:** Professor McGregor conducted the cultural impact assessment for the La'au Point project (provided as Appendix F in the Draft EIS). She was asked by MPL to conduct the assessment as she was the best qualified person to undertake the study and had abstained from voting on the project.

MPL did not pay Professor McGregor for her report; instead her fees were donated, at her request, to the Moloka'i Land Trust.

24. *Comment 24: How much did Alpha USA sell the Lā'au Point parcel for, and how many acres were involved in the sale? (Note: It was reported that Alpha sold the Lā'au parcel for \$6,000,000.)*  
25. *Comment 25: What was the name of the company that purchased the Lā'au parcel from Alpha USA, and what was the relationship of that company to Moloka'i Ranch or any of the Ranch's affiliated companies?*

**Response:** The company that purchased the Lā'au parcel (6,348 acres) from Alpha USA was Moloka'i Acquisition LLC, a subsidiary of MPL. The price that was paid for the parcel is proprietary information.

26. *Comment 26: When did MPL/Moloka'i Ranch finally re-acquire the Lā'au parcel and what was the purchase price and number of acres involved in the sale?*

**Response:** MPL acquired the Lā'au parcel (6,348 acres) in 2001. The purchase price is proprietary and confidential information and therefore not included in the EIS.

27. *Comment 27: On page 17 of the DEIS it mentions, "In December 2001, Moloka'i Ranch acquired the land holdings of Kukui (Moloka'i), Inc. that included the abandoned Kaluakoi hotel, the Kaluakoi golf course, and the undeveloped lands of the resort area." What did Moloka'i Ranch pay Kukui (Moloka'i) for its land holdings at the Kaluakoi resort and how many acres were involved with the sale?*

**Response:** The Kaluakoi parcel (3,965 acres) was acquired by MPL in 2001. The purchase price is proprietary and confidential information and therefore not included in the EIS.

28. *Comment 28: What was the name of the company that owned Kukui (Moloka'i), Inc, and was that company a US or foreign company?*

29. *Comment 29: Who did Kukui (Moloka'i) purchase the Kaluakoi resort from and what was the price Kukui (Moloka'i) paid?*

**Response:** MPL has no knowledge of the financial arrangements of its predecessors. Kukui (Moloka'i), Inc., no longer holds an interest in the parcel; and therefore, comments regarding this company are not relevant to the outcome of this project or the scope of the EIS.

30. *Comment 30: Please provide a breakdown of the lands at the Kaluakoi resort purchased by Moloka'i Ranch on December 2001 with the approximate number of acres in each purchase component listed below: Kaluakoi hotel, Kaluakoi golf course, Lands north of the Kaluakoi hotel that include several hotel, condominium and residential sites, as well as, a major commercial site as noted in the Moloka'i Community Plan, Papohaku Ranchland residential lots (total lots and approximate total acreage), Moana Makani residential lots (total lots and approximate total acreage). Other*

**Response:** The breakdown of lands at Kaluakoi Resort is not applicable to this EIS since these lands are not part of the proposed action; however, you may obtain the information from the Land Court.

31. *Comment 31: What is gross total of real estate sales realized from its resort properties since acquiring the property in December 2001 up until February 23, 2007?*

**Response:** This information is commercially sensitive.

32. *Comment 32: How many Papohaku Ranchland lots does MPL still own as of February 23, 2007 and what is the estimated market value of those holdings?*

**Response:** Although MPL does still own a substantial number of Papohaku Ranchland lots, which it inherited when it purchased the Kaluakoi property, the information you request is commercially sensitive. In addition, Papohaku Ranchland property is not part of the Master Plan or proposed project; therefore, activity regarding these lots has not been evaluated here.

33. *Comment 33: On page 17 of the DEIS it states, "In 1987 Brierty Investments Limited (later to become BIL International Limited) became sole stockholder of Moloka'i Ranch and the Ranch consisted of approximately 52,000 acres." Since 1987 how much gross sales has BIL realized from selling portions its 52,000 acres and how many total acres have been involved in those sales?*

**Response:** This information is commercially sensitive, and under the Stock Exchange rules, BIL and its subsidiaries cannot release information to one party without releasing it to all shareholders.

34. *Comment 34: In Section 11 of the DEIS, MPL was asked to explain a statement by its parent company that "the Moloka'i Properties operation managed to remain cash positive during the 2004/2005 financial year." MPL did not respond to the specific comment. Please provide the explanation requested above in light of the fact that MPL claims in the EISPN it continues to have a large "cash deficit" each year.*

**Response:** MPL's operating cash deficit between 2001 and 2007, as outlined in the Economic and Fiscal Impacts Report (Appendix J of the Draft EIS), totaled \$42 million. MPL has been fortunate to be able to sell entitled residential lots at Kaluakoi and Maunaloa and some agricultural parcels to meet that deficit and remain cash positive, thereby giving its creditors confidence it can meet its on-going commitments.

#### Section 2.1.7

35. *Comment 35: What is the most current cost of renovating the hotel and when was that determined?*

**Response:** The most current costs for renovating the Kaluakoi Hotel were obtained in 2006. As of November 2006, those costs were in excess of \$30 million. These costs do not include the anticipated losses over the first few years of the hotel's operation.

36. *Comment 36: What is the most current cost of upgrading the golf course and when was that determined?*

**Response:** Depending on the extent of upgrading, which ranges from a complete renovation of the golf course to only minimal work, the price estimates have ranged between \$1.5 million and \$3.5 million. All estimates involve the installation of a new irrigation system, which will conserve water use on the golf course. The last cost estimate obtained by MPL was in 2005.

37. *Comment 37: What entitlements or other actions have to occur before MPL is able to have the funding available from lot sales to apply to the renovation of the hotel?*

**Response:** In the Final EIS, this information is provided in Sections 1.1, 1.74, and Section 5.3 as shown in the attachment titled, "Revised Permits and Approvals."

38. *Comment 38: MPL has stated that the hotel will not be re-opened unless the Lā'au project is approved? Is MPL anticipating that the Moloka'i Planning Commission will begin processing the SMA permit for the hotel prior to having a decision on the Lā'au project from the Land Use Commission (boundary amendment) or the Maui County Council (community plan amendment and zoning change)? If so, what is MPL's rationale for assuming the Moloka'i Planning Commission would take the time to process the hotel renovation project when MPL is not willing to assure the Commission that it will move forward expeditiously with the project if the Commission approves it?*

**Response:** MPL intends to begin construction of the hotel as soon as funds are available. That will require the permits for the Kaluako'i project to be in place when the Lā'au project has been approved. MPL has submitted applications for the renovation of the hotel property and is currently awaiting acceptance of the application and a hearing before the Moloka'i Planning Commission. We expect the Planning Commission to begin the processing of the Special Management Area (SMA) permit for the hotel prior to Lā'au project approval. MPL has had no communication from the planning commission as to timing of hearing the permit.

MPL hopes that both the Moloka'i Planning Commission and Maui County will deal with its permit applications judiciously. MPL is meeting the wishes of its Master Plan commitment by ensuring that it has approval to re-open the Kaluako'i Hotel just as soon as funding is available. If MPL waited until it received the approval for Lā'au and then sought an SMA permit, considerable time would be lost.

39. **Response:** We note there was no "Comment 39" provided.

40. *Comment 40: How many does MPL employ respectively in its current tourism and ag operations, and how much does the salaries of these employees represent the \$3.8 million dollar annual loss.*

**Response:** MPL staff numbers are seasonal and depend on activity in its tourism operations. MPL has approximately 80-85 full-time staff in its tourism operations and about 25 full-time involved in agriculture and agricultural maintenance operations. The rest of your question is proprietary information.

41. *Comment 41: What is the source of funds MPL is anticipating to fund current tourism and ag operations and what is the respective cost annually to fund each of these MPL operations?*

**Response:** MPL's tourism operations are funded from visitors to the island and the local community. MPL's agricultural operations are funded from the sale of cattle.

42. *Comment 42: Please provide a breakdown of what operational and other expenses that make up MPL \$3.8 million annual deficit.*

**Response:** A breakdown of MPL's operational losses are contained in the Economic and Fiscal Impacts report (Appendix J of the Draft EIS). Any further breakdown is proprietary information, is commercially sensitive, and not within the EIS scope.

43. *Comment 43: If the Lā'au shoreline area has been closed to the community for generations, how will opening it up lead to the enhancement and protection of subsistence resources?*

**Response:** Currently, access to the area and utilization of the resources is unregulated and its impacts have not been measured. Community members and others regularly fish for lobster and bait fish in the area with no restrictions or supervision, which may lead to a depletion of the resources.

Under the terms of the Master Plan, a shoreline access management plan (SAMP) will be in place that seeks to regulate, preserve, and manage the resources of the area. Land stewards, also known as resource managers, will enforce access rules and ensure subsistence gatherers only take what they need and can carry. Resource managers will also ensure the Lā'au areas are closed at breeding times or at times that will allow resource replenishment.

To reflect the information above in the Final EIS, as well as to address other questions and concerns regarding shoreline access issues, Section 4.3 (Trails and Access) has been revised as shown on the attachment titled, "Revised Section 4.3 (Trails and Access)," and the SAMP has been included as an Appendix to the Final EIS.

44. *Comment 44: Describe the lands that make up the "access areas"*

**Response:** Accessible areas for the community will be those areas in the expanded Conservation District totaling 434 acres adjacent to the shoreline. The Moloka'i Land Trust, along with the homeowners, will be charged with the management of these Conservation District areas. There will be two public access points for the Conservation District areas located at the Kamāka ipō and Pu'u Hakina ends of the project area. These public access points will include shoreline parks, parking, and comfort stations.

45. *Comment 45: Will the owners of the residential lots and their guests and or caretakers be required to use the same "access areas" to access the Lā'au shoreline resources, or will they be allowed to access the shoreline from their respective residential lots?*

**Response:** Homeowners may access the shoreline from the residential area; however, they will be required to adhere to the rules of the SAMP, which designate certain protected areas in the Conservation zone as off-limits to non-cultural practitioners.

All Lā'au Point homeowners will be required to undergo an education program about the restrictions on access, its importance, and the requirements of the SAMP. This educational process, the lack of infrastructure and paths through the Conservation zone, and the density of

the foliage and rough terrain as a practical and natural barrier will support adherence to the SAMP.

To reflect the information above in the Final EIS, as well as to address other questions and concerns regarding shoreline access issues, Section 4.3 (Trails and Access) has been revised as shown on the attachment titled, "Revised Section 4.3 (Trails and Access)," and the SAMP has been included as an Appendix to the Final EIS.

46. *Comment 46: What is the difference between an "income stream" and a "revenue source"?*

**Response:** An "income stream" is the amount of money flowing during a given time frame. A "revenue source" is where the money is coming from. For example, the Land Trust will receive an income stream of \$250,000 per year from its revenue source, which is rental income from communications towers located on donated lands.

47. *Comment 47: What is the amount of acreage that valued at \$50 million and what is the source of that evaluation.*

**Response:** The information concerning the source of the valuation of the land to be donated to the Land Trust, and the source for the reduction in the value of land to be placed under protective easements, are contained in a valuation report completed for MPL's parent, the Guoco Group in February 2005. The valuation report is publicly available on MPL's parent company website, [www.btigroup.com](http://www.btigroup.com).

- As provided in Sections 2.1.8 and 2.1.9 of the Draft EIS, the acreage and funds involved are:
- 26,200 acres donated to the Molokai Land Trust and Community Development Corporation (CDC). The Hallstrom report shows this land is valued at \$40 million.
  - The effective reduction in value of the 24,500 acres because of restrictive easements of \$25 million - a 50 percent reduction in the current appraised value of \$51,000,000.
  - Funds supplied to the Molokai CDC (estimated to be \$10 million) from the sale of the Lā'au Point parcels. This was not included in the \$50 million estimate.

The lost opportunity cost from the sale of land being gifted to the CDC (Fire station, Junior Roping Club short term lease, and future sale of land to the Community College). These amounts have been included in the \$40 million appraised value.

48. *Comment 48: What are the current property taxes on the gifted lands valued at \$50 million?*

**Response:** From what we can estimate from Land tax records, the current land taxes are about \$40,000 per annum.

49. *Comment 49: What water resources, if any, are available on the gifted lands?*

**Response:** There is currently non-potable water supplied through agriculture water lines to water troughs on various parts of the land that will be donated to the Land Trust.

MPL will supply non-potable water for toilets and for subsistence activities to the boundary of the Mokiio parcel, the first 1,600 acres of land to be donated to the Land Trust. MPL and the Land Trust have agreed to review water needs for the entire Land Trust lands once it is known whether it is successful in obtaining its permit for the brackish well at Kākalahale.

50. *Comment 50: If development will be prevented on the 24,950 acres of easement lands, why does MPL desire to maintain ownership of these lands?*

**Response:** MPL has not indicated whether, once the agriculture easements (14,390 acres) in particular, are in place, whether it wishes to either retain the land for its own use, lease the land to third parties, or sell it to those parties who are willing to purchase the lands with restrictive easements on it. This decision has yet to be made.

51. *Comment 51: To assure the community that future development will be prevented on the easement lands, why doesn't MPL put a deed restriction on these lands preventing future development such as "farm dwellings" that are currently being developed on agriculture lands at the Kalaokoi resort?*

**Response:** Restrictive easements preventing developments, other than single-family farm dwellings accessory to actual farming purposes, will be placed on the agricultural easement land, and restrictions preventing any development on Rural Landscape Reserve Land, will be held by the Land Trust.

52. *Comment 52: Please provide in the Final EIS a copy of the restrictive/covenant easement agreements applicable to the conservation, rural landscape reserve and agricultural lands, as well as the agreement governing the Land Trust and the Lā'au Point Cultural Protection Zones and Conservation lands.*

**Response:** As of November 2007, the CC&Rs were undergoing review by the Molokai Land Trust. The Land Use Commission and other regulatory agencies may further require changes to the CC&Rs during their review process; therefore, a final version of the CC&Rs is not available as of November 2007, and the issue of the completion of the CC&Rs is included as an unresolved issue in the Final EIS. The CC&Rs will be available for review at the Land Use Commission hearings on the State Land Use District Boundary Amendment petition.

Some of the other agreements are currently being drafted and being negotiated with the Molokai Land Trust, and will be available at the time of LUC petition hearings. These include:

- The Expanded Conservation District easement to the Land Trust.
- The Easements over the Rural Reserve and Agricultural lands.
- The Shoreline Access Management Plan.

53. *Comment 53: Please define the development opportunities that make up "lost revenue opportunity costs" resulting from applying the easement agreements, and how the value of these lost opportunities was determined?*

**Response:** The development opportunities that make up the lost revenue opportunity costs include:



- Protective agriculture easements on 14,390 acres will prevent the development of 25-acre lots which are currently allowed under the community plan and the current zoning. It will also prevent the future subdivision of the land into house lots.
- Protective Open Space Easements over another 10,560 acres will prevent any development of any sort on Open Space land.
- The current market valuation of those lands completed by Hallstrom in 2006, and available on the BIL International Limited website shows the market value for the 25,000 acres at \$51 million.
- MPL believes, and its valuers agree, that once restrictive easements are placed on the total of the 25,950 acres, the value of those parcels will decrease by more than 50% because no development opportunities will be available at any time in the future.
- The ability under the current Moloka'i Community Plan designation to subdivide Agricultural land into 25-acre lots.

54. *Comment 54: Has MPL applied to the State to establish the subsistence fishing zone noted above and on Page 19 of the DEIS? If not, when does MPL anticipate submitting an application?*

55. *Comment 55: Please explain the process required to establish the subsistence zone as defined by MPL, and an estimate of how long it will take to secure the needed approvals for such a zone.*

**Response:** The designation of "subsistence fishing areas" is subject to agreement by the DLNR and other organizations outside of its control. To reflect this information in the Final EIS Section 2.3.7 (Access for Subsistence Gathering) has been revised to include the following:

As recommended in the *Community-Based Master Land Use Plan for Molokai Ranch*, to preserve inshore fishing/subsistence resources, a subsistence fishing zone in the coastal waters along all of the Ranch's coastline property will be sought. This means that from one quarter-mile out from the shoreline (north and west shore) and from the beach to the reef edge/breaker line (south shore), only Molokai residents will be able to fish for subsistence, effectively banning off-island boats from fishing in these in-shore areas. ~~State legislation will be needed for this to be enforced.~~

The 1994 Hawai'i State Legislature created a process for designating community-based subsistence fishing areas (Act 271/194). The guidelines for a community-based subsistence fishing management area in *Community-Based Master Land Use Plan for Molokai Ranch* would need to be developed into a management plan and draft administrative rules for adoption by the Department of Land and Natural Resources (DLNR) Division of Aquatic Resources (DAR) working in coordination with the landowners, the community and the subsistence fishers and gatherers. The administrative rules would need to undergo a public hearing process on Moloka'i, O'ahu and other neighbor islands. Overall, the process would take from 18 months to 2 years. The development of guidelines and policies for such a management area within the *Community-Based Master Land Use Plan for Molokai Ranch* is the first step toward its establishment.

Once the community-based subsistence fishing management area is established through the DAR rule-making process, the rules will be enforced by DOCARE in conjunction with the shoreline resource managers who will be hired jointly by the homeowners and the Moloka'i Land Trust.

**6.0 ALTERNATIVES TO THE PROPOSED ACTION**

56. *Comment: Please explain what MPL considers a "reasonable financial return" on funds invested, and what is MPL's formula for calculating its return on invested funds.*

57. *Comment: In calculating a financial return on invested funds what discount rate does MPL use to determine the present value of future cash flows?*

**Response:** MPL's financial return criteria are commercially sensitive.

58. *Comment: How many proposed alternatives did MPL analyze using its financial model?*

**Response:** As provided in Section 6.4 of the Draft EIS, MPL analyzed nine different alternatives using the financial model.

59. *Comment: Please explain the different "financial models" used by MPL.*

**Response:** These were previously discussed in detail in Section 6.4 of the Draft EIS.

60. *Comment: Did MPL's employ any discounted cash flow analyses in its financial modeling?*

**Response:** MPL did not use a discounted cash flow. Discounted cash flow criteria would have worsened the financial returns considerably.

61. *Comment: Were any of the 10 proposed alternatives presented to the Land Use Committee in April 2005 proposed by MPL? If not, did MPL evaluate any other alternatives?*

**Response:** MPL presented its alternatives report to the Land Use Committee on April 10, 2005 (see Section 6.0 of draft EIS), and the alternatives were discussed at that meeting and subsequent meetings of the Land Use Committee when the Lā'au Point project was open for discussion. Alternatives had also been discussed in the Economics committee meetings.

In order to meet the wishes of the Alternatives to Lā'au Development Committee (ALDC) concerning alternatives, the EC paid for a consultant, Clark Stevens, to look at alternatives to the Lā'au project. This report and action that had been taken by MPL and the EC is discussed at length in Section 6.5 of the Draft EIS.

MPL has further analyzed alternatives subsequent to those meetings. To reflect this information in the Final EIS, as well as to address other questions and concerns regarding alternatives, Section 6.0 (Alternatives) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 6.0 (Alternatives)."

62. *Comment: At which of its meeting(s) did the IUC discuss the report MPL prepared on alternative developments, and were written minutes prepared to document discussions at those meeting(s).*

**Response:** The Alternatives were discussed at an April 2005 committee meeting. MPL does not have access to meeting minutes.

63. *Comment: Did the LUC ask MPL for any follow-up information on the 10 alternatives the LUC reviewed?*

**Response:** The Land Use Committee was confident, after reviewing the alternatives, that MPL had gone to exhaustive lengths to review all known alternatives. During the meetings specifically designed to discuss the Lā'au Point development, no member of the LUC sought further information other than what had been provided, although the alternatives were discussed.

64. *Comment: The LUC evaluated the 10 alternatives in April 2005, when did the EC evaluate the 10 alternatives?*

**Response:** The EC specifically asked the ALDC for recommendations on alternatives that had been proposed by Clark Stevens. The ALDC representatives sought time to find an investor to buy the Lā'au Point parcel and prevent the development going ahead. The EC was not prepared to wait for this possibility, indicating that at any time an investor could make an offer to MPL. MPL gave the EC an assurance that it would seriously consider any offer made through the EC for the Lā'au parcel that would meet its financial criteria. This is still the case.

65. *Comment: What amount of "revenue" is necessary to re-open the Kaluako'i hotel?*

**Response:** This is commercially sensitive; however, MPL has stated that to break even it will need to fill 152 rooms at 60% occupancy at an average room rate of at least \$130 per day, as well as revenue from its food and beverage operations.

66. *Comment: What amount of "returns" is required to support the future viability of MPL?*

**Response:** This information is commercially sensitive, but MPL has indicated returns from the Lā'au development will enable the re-opening of the Kaluako'i Hotel, both providing the impetus for increased activity for its entire operations.

67. *Comment: Explain the components that make a project "viable economically as a stand alone project."*

**Response:** Normally, in financial terms, a project is economically viable when: a) its income exceeds its costs, including costs of funding; and b) the percentage of its returns over the capital invested is in excess of putting that money into another secure investment such as government stocks.

68. *Comment: When evaluating alternatives that included residential development, did MPL apply the same water use assumptions for each residential lot as it assumed for each lot in the Lā'au Point development? If not, why were different assumptions employed in analyzing alternatives?*

**Response:** As the alternatives analysis shows, different amounts of water use were used, and in some cases less domestic potable water was factored into the alternatives analysis. For example, in the Kualapu'u residential development, only 500 gallons per day was proposed based on that area's historic water use.

On larger rural development lots, more total water was factored based on the need to irrigate more land than the two acres proposed for Lā'au Point. But in the alternative "Kaluako'i Resort Condo Units," only 500 gallons per day of potable water was proposed, less than the amount proposed for Lā'au Point residents.

MPL has further analyzed alternatives regarding water use. To reflect this information in the Final EIS, as well as to address other questions and concerns regarding alternatives, Section 6.0 (Alternatives) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 6.0 (Alternatives)."

69. *Comment: What criteria did the Land Use Committee and/or the EC establish for MPL to use in its evaluation of alternatives?*

**Response:** MPL believes the Land Use Committee accepted MPL's criteria as a suitable evaluation method for alternatives. The alternatives were measured against the Lā'au proposal in terms of the funds the alternative proposal generated, the water it would use, and the proposed population increases.

For example, it was made clear that if an alternative did not provide the funds that was needed to re-open the Kaluako'i Hotel, and fund its initial losses, then it did not measure up against the existing Lā'au proposal. If an alternative required more potable drinking water than MPL was able to propose from the Kakalahale Well or more water than was agreed in the Water Plan (Chapter 6 of the Master Plan and Appendix P of the Draft EIS), then it did not measure up to the Lā'au proposal. If the alternative proposed population increases of more than the Lā'au development, it did not measure up to the Lā'au proposal.

#### 6.I "NO ACTION" ALTERNATIVE

70. *Comment: What assurances and/or information, if any, allow MPL to anticipate that the Lā'au Point project "will receive approval".*

**Response:** There is no assurance that MPL will receive regulatory approvals for those parts of the Master Plan that need State Land Use Commission and other regulatory approvals.

71. *Comment: How does MPL rate the Molokai community's support for the Lā'au Point project?*

**Response:** There is clearly support for the project and the Master Plan. The Master Plan was created by participating community members who volunteered their time at numerous meetings (see Section 2.4 of the Draft EIS) to plan a sustainable future for Moloka'i. The Master Plan is a thoughtful and comprehensive compilation of many community members' visions for Moloka'i. The Master Plan participants have made it clear their support through the creation of the Master Plan document (provided in its entirety as Appendix A of the Draft EIS). MPL believes the majority of the community, although silent and not vocal like the opponents, supports the Master Plan. Many supporters feel intimidated by the current actions of opponents and are fearful of turning out to meetings or expressing their support vocally.

72. *Comment:* Describe the "preliminary design work on the hotel" that MPL needs to start now, and an estimate of how long it will take to complete this work?

**Response:** MPL has contracted for conceptual architectural plans at the schematic phase only. MPL has completed basic architectural drawings relating to the renovation, done a color plan and submitted a landscape plan. Another six to nine months is needed to complete working drawings. This involves architects, engineers and interior designers.

These plans are necessary to prepare the preliminary permit submittals. Additional design work will take place at a later date following a hearing on the SMA application by the Moloka'i Planning Commission. The Kaluako'i Hotel design, renovation, and re-opening is its own project, requiring separate entitlements from Lā'āu Point. Therefore, further specific project details about Kaluako'i shall be addressed in a future environmental assessment.

73. *Comment:* What percentage, if any, of the "design work on the hotel" has MPL completed as of February 23, 2007?

**Response:** Approximately 30 percent. See our response to #72.

74. *Comment:* Assuming no contested case, how long does MPL estimate it will take to receive its SMA Permit approvals for the Kaluako'i Hotel?

**Response:** The answer to this question is dependent on the Moloka'i Planning Commission's schedule since they are the approving agency for the SMA permit. Normally in these cases, it should take no longer than six to nine months from the time of application.

75. *Comment:* Assuming no contested case, how long does MPL estimate it will take to receive its SMA Permit associated with the Lā'āu Point project?

**Response:** We cannot estimate this because it is up to the approving agency's schedule.

76. *Comment:* In the DEIS Text above, MPL states that "it could be at least two years after regulatory approvals for Lā'āu Point that the hotel is re-opened. Please explain specifically what would take "at least two years" to accomplish before the Hotel could be re-opened?"

**Response:** MPL is not sure whether the Moloka'i Planning Commission will agree to grant the SMA permit for the Kaluako'i Hotel before the Lā'āu Point project has received all of its permits and approvals.

MPL has also been told by building contractors that the construction phase could take as long as 18 months to two years.

MPL is uncertain as to whether it will have the funds itself, or be able to attract an investor immediately upon approvals of the Lā'āu project, and therefore, has allowed some time for that to be actioned and confirmed.

**COMMENTS ON THE ABOVE DATA POINTS**

77. *Comment:* Please explain the specific components that make up the \$246 million in total development and construction investment.

**Response:** The components are specified in Table 7 of Appendix J of the Draft EIS.

78. *Comment:* Is the person years total for construction related employment include the buildout of the projects proposed dwelling units?

**Response:** Yes.

79. *Comment:* What are the percentage taxes applied and what is the gross construction related total dollars the taxes are applied to?

**Response:** Excise tax on finished development is 4.0 percent; excise tax on building materials is 0.5 percent; and applied to gross construction cost of \$229 million.

80. *Comment:* Is MPL assuming that the average value of the 200 lots that property taxes are calculated on is \$1,300,000 in 2012, and that full-buildout the average value of the 200 lots with dwelling unit(s) that property taxes are calculated on is \$2,600,000? If not what is, please explain how the tax amounts were calculated.

**Response:** Based on data available at the time of the development of the Master Plan, average lot prices range from \$460,000 for south facing ocean view lots to \$1.75 million for west facing oceanfront lots. The overall average price is \$1,023,750. The tax amounts referenced above include finished residences on a portion of the lots.

81. *Comment:* Please provide a breakdown of the revenue sources by category of County tax revenues that will total \$1,600,000 annually. Will the County continue to receive the \$1,600,000 in annual tax revenues in subsequent years following full-buildout of the project?

**Response:** Whereas property taxes represent the majority (58 percent) of County tax revenue, other sources (including charges for services, transient occupancy tax, licenses, permits, franchise and fuel taxes, and special assessments) typically represent about 74 percent of property tax revenue. These revenues would continue on in subsequent years.

82. *Comment:* What does "full-buildout: assume, development of all 200 lots with one residential dwelling?...with two residential dwellings on each lot...or other?"

**Response:** The buildout assumption is that the average residence is 3,500 square feet, which is the average at Kohala Ranch on the Big Island, and therefore, as close a comparison in terms of a large lot development. No assumption was made as to whether this included an 'ohana dwelling or not.

As previously responded in #7 above, based on the current plan, there could be a potential of 400 dwellings under current county ordinances that allow a family 'ohana unit on properties. However, the Master Plan and Lā'āu Point covenants are specific in that the total building area must not exceed 5,000 square feet, so if some residents want an 'ohana dwelling (which would

be subject to approval by the homeowners' design review committee), then both dwellings together could not exceed a total of 5,000 square feet.

83. *Comment: As with the County tax revenues, please provide a line item breakdown of the various state taxes revenues that make up the \$276,000 and \$1,300,000 in 2023. What assumption is made on the amount of tax revenues the state will realize each year after 2023?*

**Response:** In response to this comment, Section 4.8.4 of the Final EIS has been amended as shown below:

- Annual state revenues from taxes on residents and their expenditures of \$276,000 at the end of lot sales in 2012; climbing to \$1.3 million by 2023. A line-item breakdown of these state tax revenues are as follows:

	For 2012	For 2023
Excise Tax	\$28,668	\$240,000
Income Tax	\$64,000	\$960,000
Conveyance Taxes	\$183,324	\$106,205

These revenues would continue on in subsequent years.

84. *Comment: Please provide a breakdown of the amounts in each on-island expenditure categories that contributes to the \$4.4 million total. How many residents has MPL assumed would be contributing to the \$4.4 million annual on-island expenditure total?*

**Response:** The model is based on an average household income for Lā'āu Point owners of \$250,000, of which 45 percent is spent on goods and services, with 65 percent of that amount being spent on Moloka'i. For seasonal residents, the amount spent on goods and services is prorated according to the percentage of the year (18 percent) they are expected to "be present" or "reside" on Moloka'i. Again, 65 percent of that pro-rated amount is spent on Moloka'i.

85. *Comment: Please describe the nature of the 60 full-time jobs referenced in the project benefits chart.*

**Response:** The new jobs will be a mix of construction, maintenance, and service jobs at prevailing wages.

86. *Comment: The \$10.2M from land sales going to support the Land Trust works out to be 5% of \$204 million in land sales. In the DEIS, MPL notes that the 5% is based on a net lot sales figure. The \$204 net sales is a product of what gross sales figure? Please explain the type of expenses that are netted from gross sales to reach the \$204 net number that the 5% is applied to.*

**Response:** The Economic and Fiscal Impacts Report (Appendix J of the Draft EIS) and comments on funds going to support the Land Trust gave approximate figures on likely funds based on a range of sale prices for lots.

The Economics Report did not allow for sale expenses such as real estate commissions and county, state, and other fees that may be applicable at the time on the sale of land, and therefore, did not accurately reflect sums likely to go to the Land Trust based on Net Revenue. The following will be corrected to 4.8.4 in the Final EIS:

Five percent of land sales going to support the Land Trust; this commitment will provide over \$10.2 million (prior to the payment of any real estate commissions or other regulatory costs) for the preservation and enhancement of the dedicated lands.

87. *Comment: In comparing each of the alternative developments to La'āu did MPL evaluate what the State, County and general public would be denied if a particular proposed alternative was not implemented? If so, please provide a copy of each of these evaluations.*

**Response:** No. MPL rejected some alternatives because they were not economically viable, water requirements were too great, or would lead to population increases which the island could not sustain.

88. *Comment: Did MPL evaluate what benefits the State, County and general public will realize if MPL develops the undeveloped sites its owns at the Kaluakoi resort that are designated in our community plan (approved by the community and adopted into law), which six several hotel sites, three condo sites, a couple of commercial sites, a second golf course and single-family and rural sites that be could potentially developed into four times as many residential lots as are being proposed at La'āu? If so, please provide a copy of that evaluation.*

**Response:** No. There are no plans to develop those sites, and therefore, were not evaluated.

**6.2 BULK OR "PIECE-MEAL" SALE OF OTHER MPL LAND INVENTORY ALTERNATIVES**

89. *Comment: As of February 23, 2007, how many Papohaku Ranchland lots are still owned by Kaluakoi LLC and what is the estimated total market value of these lots based on recent sales involving Papohaku lots.*

**Response:** As previously addressed in response #32, this is proprietary information.

90. *Comment: MPL said that an appraisal has recently been done to determine the value of its 101 parcels. What was the appraised value of these parcels and what assumptions were made in determining the appraised value?*

**Response:** The EIS does not state that an appraisal has been done for MPL's 101 parcels. One of its parent organizations, the Guoco Group, sought a market valuation of MPL's land in early 2006 which showed the break-up value of all its landholdings would realize more than \$200 million.

91. *Comment: In the future, will MPL have the option to sell the 24,950 acres or rural and Ag lands that MPL proposes to protect through easement agreements?*

**Response:** Yes. The easements will run with the land regardless of who owns it. MPL has not indicated whether, once the agriculture easements (14,390 acres) in particular, are in place, whether it wishes to either retain the land for its own use, lease the land to third parties, or sell it to those parties who are willing to purchase the lands with restrictive easements. This decision has yet to be made.

92. *Comment: How many of MPL's 101 lots would remain available for sale after transferring lands to the CDC and/or Molokai Land Trust, and what is the appraised sale value of those remaining lots as set forth in the recent appraisal report done on these lands?*

**Response:** More than 40 percent of MPL's holdings will be donated to either the Land Trust or the CDC. More than half of MPL's TMK parcels remain following donation of land to the Land Trust and CDC.

93. *Comment: Is there any restriction on the Land Trust or CDC selling lands that MPL deems to them?*

**Response:** MPL believes that the Land Trust Articles of Incorporation and Bylaws prohibit the sale of donated properties. Most Land Trusts are able to transfer land only to qualified governmental entities or public charities.

The Land Trust is a private, nonprofit corporation organized under Hawai'i State Statute HRS-414D, and as such, its organizing documents are private. Questions about these documents should be posed directly to the Land Trust.

94. *Comment: What assurances, if any, has the Molokai community received from MPL's parent company, BIL Investment Limited, or The Guocco Group, that MPL will not continue sell off its remaining parcels if Lā'au is approved?*

**Response:** See our response to #3 above.

#### 6.3 AGRICULTURAL SUBDIVISION ALTERNATIVE

95. *Comment: In the DEIS, MPL claims to be in the Ranching business. Is the ranching business "economically sustainable" for MPL.*

**Response:** No. By the time all costs are taken into account – land tax, staff, maintenance, transport and vehicle costs – MPL's cattle operation is cash negative. Similar to other large ranch owners in Hawai'i, Molokai Ranch must rely on other revenue sources, such as the Lodge and resort operations, to supplement its ranching segment.

96. *Comment: There are numerous existing agricultural lots at the Kaluakoi Resort on West Molokai that are currently being sold at close to \$2 million. One 5-acre ag lot at the resort with a "farm dwelling" on it is on the market for \$6.8 million. Are these agricultural subdivision lots being sold to farmers?*

**Response:** We are unaware of any lot being sold for \$2 million. Regardless, these are not MPL properties and owned by third parties, and therefore not relevant to the EIS.

97. *Comment: What "direct competition" do the owners of the 300 plus agricultural subdivision lots on West Molokai at the Kalakos Resort have with products grown on agricultural lands elsewhere on Molokai and in the State?*

**Response:** This comment is taken out of context from the Draft EIS text (Section 6.3, page 149), which refers to the agricultural subdivision alternative for the Lā'au Point parcel, not Kaluakoi'i Resort.

MPL is only aware of the economics of raising cattle. The economics of cattle farming should be similar within Molokai'i locales, but Molokai'i farmers are at a disadvantage to other farmers in the state because of the limited transport availability and its high cost.

#### 6.4 OTHER MPL LAND DEVELOPMENT ALTERNATIVES

98. *Comment: Please include the corresponding figures from the above chart to the Lā'au Point development.*

**Response:** The Lā'au Point project provides a higher dollar return than each of the nine alternatives shown in your chart, uses only the water set out in the Water Plan from the Master Plan, and will only be occupied on average by 30 percent of its owners at most times.

99. *Comment: Did DeGray Vanderbilt make his proposal to MPL in writing? If not, how did MPL hear about the proposed alternative MPL identifies with him?*

**Response:** You sought an evaluation of this alternative verbally at a Master Plan meeting in 2003. You raised this as an alternative to Lā'au during a meeting of the Land Use Committee. You initially raised the alternative verbally, but later included the same question in a list of about 100 submitted to the Land Use Committee.

MPL studied the alternative, and in fact developed a number of other alternatives based on his hypothesis, in order to examine the viability of an alternative using rural lots.

MPL supplied you and other members of the Land Use Committee with details of why the alternative would not work financially. This explanation was given to you and the Land Use Committee in a document that is on record with the Land Use Committee and dated April 2005 and is titled, "Alternatives to the Lā'au Point Development Proposal."

100. *Comment: Did Vanderbilt propose 500 lots be used in the model? Is there enough rural lands designated in community plan in the area of the proposed alternative to develop 500 rural (sic)*

**Response:** We note that you were vague in your proposal, so MPL tried to find an economically viable model that would work. Work done on a lesser number of lots put the project into a deficit on the criteria used. Therefore, this alternative was rejected.

101. *Comment: In developing the financial model for Vanderbilt's proposed alternative, did MPL consult with Vanderbilt at all?*

102. *Comment: Did MPL provide Vanderbilt with any of the detailed findings relative to its feasibility study on the viability of his proposed alternative?*

**Response:** At the April 2005 meeting, MPL discussed the results in detail with you.

103. *Comment: Do the revenue figures associated with the evaluations of the proposed alternatives in Section 6.0 reflect accurately what property is currently selling for on the West end. If not, would current real estate values make any or all of the proposed alternatives a viable option to the Lā'au Point development, especially if MPL went with an alternative that did not require a State Boundary Amendment, County Zoning.*

6.4.1 MAUNALOA TOWARDS LĀ'AU POINT

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents and from information MPL had regarding sales at the time of similar lots. In the mid-year 2007 real estate market, the revenue figures for the alternatives would be much lower, making these alternatives even less viable.

104. Comment: Did Professor Minerbi qualify his recommendation to MPL in any way?

**Response:** Professor Minerbi verbally offered his suggestion in community meetings but did not qualify his recommendation. He drew a proposed subdivision outline on a map of the West End that gave the parameters of the subdivision.

105. Comment: What assumptions, if any did Professor Minerbi suggest be used to evaluate the three alternatives in Section 6.4.1?

**Response:** Professor Minerbi suggested that the value of view sheds, a protected coastal area dedicated to conservation that is owned in common by the landowners, and proximity to expanded amenities that could be available in Maunaloa town, might be factors to weigh in the appraised and sale value of lots that could be developed from Maunaloa Town makai to Lā'au Point as compared to oceanfront lots.

6.4.1 25-acre Minimum lot size alternative

106. Comment: Would all lots have ocean views?

**Response:** Yes, but no views of the beaches or waves breaking, which is a key factor in lot value realizations.

107. Comment: What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** MPL assumed the value at the time in 2005 of similar lot sales in Kalaauko'i. Since mid to late 2005, the market price of these similar lots has dropped considerably.

108. Comment: How did MPL calculate the \$72,450,000 total revenue?

**Response:** By multiplying the lot revenue by the number of lots proposed.

109. Comment: What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 68,114,000

**Response:** Usual construction costs, consultants' fees (engineering, water, etc.), other regulatory fees, archeological evaluations, road infrastructure, and services.

110. Comment: The \$4,336,000 return is based on what amount of invested funds.

**Response:** The amount is based on reasonable returns on the funds invested. Therefore, this alternative was rejected because it was unviable.

111. Comment: What assumptions did MPL use to determine water usage of 3,000 gpd, and how is the 3,000 divided between potable and non-potable water.

**Response:** MPL assumed mostly non-potable water use because of the desire by rural lot owners to irrigate lots that presumably would have some farming use as per the designation in the Moloka'i Community Plan.

112. Comment: What are components that make up the total land requirement of 4,650 acres (i.e. roads, waste water plant, lots, etc.?)

**Response:** A total of 4,375 acres in lots, the remainder for infrastructure development.

113. Comment: How many of the several hundred agricultural lots within the Kalaikoi resort have been marketed to farmers who are actively involved in the cultivation of diversified crops?

**Response:** MPL is unaware of any lots that have been marketed for any particular use. As you are aware, there are covenant restrictions on agriculture at Kalaauko'i.

114. Comment: What infrastructure is lacking and is the lacking infrastructure existing in the area proposed for the Lā'au Point development?

**Response:** There is no existing infrastructure at Lā'au Point.

115. Comment: How much is the high cost of front-end investment needed and how does this compare to the high cost front-end investment needed for the Lā'au Point development?

**Response:** This alternative needs \$55 million, compared to similar cost at Lā'au Point for an additional 25 lots. Yet, the revenue from the Lā'au Point project is more than more than 2.7 times this alternative scenario.

6.4.1 10-acre Minimum lot size

116. Comment: Would all lots have ocean views?

**Response:** No. Because of the density and smaller sized lots less than 25 acres, many lots may not have ocean views because of topography and the necessity to site houses in areas where views of the ocean are not possible.

117. Comment: What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents, and from information MPL had regarding sales at the time of similar lots. In the mid-year 2007 real estate market, the revenue figures for the alternatives would be much lower, making these projects even less viable.

118. *Comment: What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 99,769,000?*

**Response:** Usual construction costs, consultants' fees (engineering, water, etc.), other regulatory fees, archeological evaluations, road infrastructure, and services.

119. *Comment: The \$15,731,000 return is based on what amount of invested funds.*

**Response:** The investment of \$99,769,000.

120. *Comment: What assumptions did MPL use to determine water usage of 3,000 gpd, and how is the 3,000 divided between potable and non-potable water.*

**Response:** MPL assumed mostly non-potable water use because of the desire by rural lot owners to irrigate lots that presumably would have some farming use as per the designation in the Moloka'i Community Plan.

121. *Comment: What are components that make up the total land requirement of 4,350 acres (i.e. roads, waste water plant, lots, etc?)*

**Response:** A total of 4,200 acres in lots, the remainder for infrastructure development.

122. *Comment: Why is more water usage for each lot assumed for this alternative than for the La'au Point proposed development?*

**Response:** This development proposed rural 10-acre lots, which would require more water than 2-acre lots.

123. *Comment: Who conceived what the community would find an acceptable increase in population and what is conceived as the maximum acceptable population increase the community would accept.*

**Response:** This was the common theme that came through during EC Project #47 committee meetings and at community meetings based on the least number of newcomers to the island as possible.

124. *Comment: How does the population increase for this alternative comparable to the population increase projected for the La'au Point development?*

**Response:** As this alternative would involve most of the residents living on their 10-acre lots, the population would more than double. This alternative, however, was ruled out not for this reason, but because the financial return was less than the funds needed to re-open the Kaluako'i Hotel.

**2-Acre Minimum Lot Size**

125. *Comment: Will all lots have ocean views?*

**Response:** Many would not because of the higher density of this alternative.

126. *Comment: What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?*

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents, and from information MPL had regarding sales at the time of similar lots. In the mid-year 2007 real estate market, the revenue figures for the alternatives would be much lower, making these projects even less viable.

127. *Comment: What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 113,545,000?*

**Response:** Usual construction costs, consultants' fees (engineering, water, etc.), other regulatory fees, archeological evaluations, road infrastructure, and services.

128. *Comment: The \$6,445,000 return is based on what amount of invested funds.*

**Response:** An investment of \$113,500,000.

129. *Comment: What assumptions did MPL use to determine water usage of 3,000 gpd, and how is the 3,000 divided between potable and non-potable water.*

**Response:** It had been presumed that the buyers of these lots would prefer to be involved in more intensive agriculture than those on larger lots, thus the requirement for water (mostly non-potable) would be as high for 2-acre lots as for the 10-acre lots.

130. *Comment: What are components that make up the total land requirement of 1,450 acres (i.e. roads, waste water plant, lots, etc?)*

**Response:** 1,200 acres for lots plus the remaining infrastructure.

131. *Comment: Why is more water usage for each 2-acre lot assumed for this alternative than for the 2-acre lots in the proposed La'au Point development?*

**Response:** As previously addressed in #129 above, it had been presumed that the buyers of these lots would prefer to be involved in more intensive agriculture than those on larger lots, thus the requirement for water would be as high for 2-acre lots as for the 10-acre lots.

La'au Point buyers, because of the project area's lack of suitability for agricultural use, would use a much lesser amount of water.

132. *Comment: What was the percentage rate of return on funds invested?*

**Response:** 5.3% pre-net present value (NPV).

133. *Comment: What would have been a reasonable return on invested funds?*

**Response:** Higher than 5.3 percent; otherwise, MPL shareholders might as well just invest their funds in a bank.

6.4.2 Maunaloa Agricultural Subdivision

134. Comment: Will all lots have ocean views?

**Response:** MPL believes that most of these lots would have ocean views.

135. Comment: What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents, and from information MPL had regarding sales at the time of similar lots. In the mid-year 2007 real estate market, the revenue figures for the alternatives would be much lower, making these projects even less viable.

136. Comment: What are the line items amounts of each of the cost components that make up the total cost to develop of \$ \$10,887,500?

**Response:** Usual construction costs, consultants' fees (engineering, water, etc.), other regulatory fees, archeological evaluations, road infrastructure, and services.

137. Comment: The \$2,612,500 return is based on what amount of invested funds.

**Response:** Invested funds of \$10.7 million.

138. Comment: What assumptions did MPL use to determine water usage of 3,000 gpd on the 25-acre lots, and how is the 3,000 divided between potable and non-potable water.

**Response:** MPL assumed mostly non-potable water use because of the desire by rural lot owners to irrigate lots that presumably would have some farming use as per the designation in the Moloka'i Community Plan.

139. Comment: What are components that make up the total land requirement of 700 acres (i.e. roads, waste water plant, lots, etc.?)

**Response:** 675 acres for the rural lots, the remaining for infrastructure. The infrastructure is less than the previous evaluated rural lots because of its proximity to Maunaloa.

140. Comment: What was the percentage rate of return on funds invested?

**Response:** While this alternative shows a pre-NPV return of 24 percent, to obtain the funds necessary to re-open the hotel, MPL would need to construct 20 of these rural subdivisions, using 14,000 acres. This is because the further the developments were from Maunaloa, the more expensive the infrastructure and the lower the returns would be.

141. Comment: What would have been a reasonable return on invested funds?

**Response:** See our response to #140 above.

6.4.3 Kaunakakai Agricultural Subdivision

142. Comment: Will all lots have ocean views?

**Response:** Mostly, depending on the where the houses are sited. The revenue presumes they all will have views.

143. Comment: What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents and from information MPL had as to sales at the time of similar lots at the West End. However in hindsight, it proposed lot revenues that were probably too high if revenues at Kawela are comparable. In the mid-year 2007 real estate market, the revenue figures for all the alternatives would be much lower, making these projects even less viable.

144. Comment: What are the line items amounts of each of the cost components that make up the total cost to develop of \$ \$32,006,000?

**Response:** Usual construction costs, consultants' fees (engineering, water, etc.), other regulatory fees, archeological evaluations, road infrastructure, and services.

145. Comment: The \$1,974,000 return is based on what amount of invested funds.

**Response:** \$32 million.

146. Comment: What assumptions did MPL use to determine water usage of 3,000 gpd on the lots, and how is the 3,000 divided between potable and non-potable water.

**Response:** MPL assumed mostly non-potable water use because of the desire by rural lot owners to irrigate lots that presumably would have some farming use as per the designation in the Moloka'i Community Plan.

147. Comment: What are components that make up the total land requirement of 1,800 acres (i.e. roads, waste water plant, lots, etc.?)

**Response:** 1,750 acres with the remaining acreage for infrastructure. Infrastructure acreage is similar to the Maunaloa rural lot alternative because this alternative is close to existing infrastructure and therefore costs and acreage needs are less.

148. Comment: What was the percentage rate of return on funds invested?

149. Comment: What would have been a reasonable return on invested funds?

**Response:** 5.9 percent, but like the Maunaloa rural subdivision, not enough total funds would be generated to re-open the Kaluako'i Hotel.



**6.4.4 Kualapu'u Residential Subdivision**

**150. Comment:** Will all lots have ocean views?

**Response:** It is unlikely any would have ocean views because of its location and topography.

**151. Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents and from information MPL had as to sales at the time. In the mid-year 2007 real estate market, the revenue figures for all the alternatives would be much lower, making these alternatives even less viable.

**152. Comment:** How large are the lots?

**Response:** Between 5,000 and 7,000 square feet.

**153. Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 2,492,000?

**Response:** Usual construction costs, consultants' fees (engineering, water, etc.), other regulatory fees, archeological evaluations, road infrastructure, and services.

**154. Comment:** What assumptions did MPL use to determine water usage of 500 gpd on the lots, and how is the 500 divided between potable and non-potable water.

**Response:** MPL used its Kualapu'u customer base to establish consumption rates. Because Kualapu'u has higher than average West End rainfall, Kualapu'u lots would have lower (mostly potable) water use.

**155. Comment:** What are components that make up the total land requirement of 7 acres (i.e. roads, waste water plant, lots, etc.?)

**Response:** A total of 6.5 acres in lots, with the remaining in roadways and other infrastructure, with the project relying on extension of current roads and water lines.

**6.4.5 Kalaakoi Rural Subdivision and Golf Course**

**156. Comment:** Will all lots have ocean views?

**Response:** No, half would likely have ocean views.

**157. Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents and from information MPL had as to sales at the time. In the mid-year 2007 real estate market, the revenue figures for all the alternatives would be much lower, making these alternatives even less viable.

**158. Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 122,239,000?

**Response:** Eighteen hole golf course cost of \$1 million per hole to develop, usual construction costs, consultants' fees (engineering, water, etc), other regulatory fees, archeological evaluations, road infrastructure, and services.

**159. Comment:** The "breakeven" return is based on what amount of invested funds.

**Response:** \$122.2 million.

**160. Comment:** What assumptions did MPL use to determine water usage of 1,500 gpd on the 25-acre lots, and how is the 1,500 divided between potable and non-potable water.

**Response:** MPL assumed water usage of 1,000 gallons per day for non-potable and 500 gallons per day for potable.

**161. Comment:** What are components that make up the total land requirement of 425 acres (i.e. roads, waste water plant, lots, etc.?)

**Response:** 250 acres in housing/lots, 120 acres in golf course and golf course infrastructure, and the remaining acreage in infrastructure.

**162. Comment:** Will all lots have ocean views?

**Response:** As per the previous golf course and lot scenario, about half would and the other half would have rural views.

**163. Comment:** What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents and from information MPL had as to sales at the time and the value of the ground component of the condo-unit projects adjacent to the Kalaiko'i Hotel. In the mid-year 2007 real estate market, the revenue figures for all the alternatives would be much lower, making these projects even less viable.

**164. Comment:** What are the line items amounts of each of the cost components that make up the total cost to develop of \$ 163,748,000?

**Response:** A total of 27 golf holes at \$1 million per hole to develop, usual construction costs, consultants' fees (engineering, water, etc), other regulatory fees, archeological evaluations, road infrastructure, and services.

**165. Comment:** The \$36,752,000 return is based on what amount of invested funds.

**Response:** \$200.5 million.

166. *Comment: What assumptions did MPL use to determine water usage of 1,450 gpd on the 25-acre lots, and how is the 1,450 divided between potable and non-potable water.*

**Response:** MPL assumed water usage of approximately 1,000 gallons per day for non-potable uses and 500 gallons per day for potable uses.

167. *Comment: What are components that make up the total land requirement of 900 acres (i.e. roads, waste water plant, lots, etc?)*

**Response:** A total of 220 acres for golf courses, 600 acres for the condo units, and the remainder for infrastructure.

168. *Comment: Was the financial return suitable?*

**Response:** The population and water use increase was by far the highest of any alternative studied, and therefore, rejected because of this and because of the huge capital investment and uncertainty of return.

Although the financial return would be acceptable, MPL would not have had access to the development funds and would be highly unlikely to attract an investor for this project. Also, it would never seek the amount of water allocation needed for the project.

**Kaluakoi Resort Condo Units**

169. *Comment: Will all lots have ocean views?*

**Response:** From our analysis, we did not think so.

170. *Comment: What assumptions did MPL use to come up with the Revenue per lot, and are those assumptions still applicable based as of February 23, 2007?*

**Response:** The revenue figures used in the evaluations were obtained from real estate surveys conducted among real estate agents and from information MPL had as to sales at the time and the value of the ground component of the condo-unit projects adjacent to the Kaluakoi Hotel. In the mid-year 2007 real estate market, the revenue figures for all the alternatives would be much lower, making these projects even less viable.

171. *Comment: What are the line items amounts of each of the cost components that make up the total cost to develop of \$ \$462,000,000?*

**Response:** Usual construction costs, consultants' fees (engineering, water, etc), other regulatory fees, archeological evaluations, road infrastructure, and services.

172. *Comment: The \$38,000,000 return is based on what amount of invested funds.*

**Response:** Funds invested of \$462 million.

173. *Comment: What assumptions did MPL use to determine water usage of 745 gpd per unit?*

**Response:** MPL assumed historic average condominium water use.

174. *Comment: What are components that make up the total land requirement of 92.75 acres*

**Response:** Condominiums on 89 acres of the 92.75 acres, the remaining for infrastructure.

175. *Comment: What was the rate of return on invested funds, and was this an acceptable return.*

**Response:** 7.6 percent. This was not an acceptable return based on the amount invested, the likely time to sell out the project, and the uncertainty about whether the project could ever be sold at all.

176. *Comment: Did MPL run the alternative assuming a timesharing project? If not, why not.*

**Response:** Yes, we did a time-share assumption, but MPL's parent company does not support time-share developments, so the scenario was not examined further. Also, the Land Use Committee and economics committee members made it very clear they would not support a time-share project.

177. *Comment: What is the preliminary estimate of the cost of capital and the funding costs associated with the La'au Point development? Have these costs been included in the \$88,150,000 "preliminary costs" projected for the La'au Point development shown in Table 3 on page 35 of the DEIS?*

**Response:** The cost of capital has been assumed and factored into the project, but not detailed or disclosed in public information given on the project's costs.

178. *Comment: What amount, if any, did MPL include for "sales revenue assigned to the Land Trust" in its \$88,150,000 project cost figure?*

**Response:** None, as revenue from the Land Trust is taken from net revenue proceeds, not project costs.

179. *Comment: Did MPL factor in any cost factor for delays in the regulatory permitting process into its \$88,150,000 project cost figure?*

**Response:** All costs were projected to be at 2008 costs and some contingencies built in for inflation and delays.

180. *Comment: If MPL were to factor in a "net present value of future cash flows" into evaluating alternatives, what percentage discount rate would MPL apply?*

**Response:** 10 percent per annum. However, as previously addressed in response #57 above, MPL has not applied a discounted rate.

181. *Comment: In the land value appraisal, which was recently done for MPL's land holdings, was a "value of money" or "discount rate used to value future cash flows" used? If so, what was that rate and what was the rationale for applying that specific rate?*

**Response:** From MPL's reading of the appraisal report, which was completed by a Hawai'i appraiser for MPL's parent company, the net present value of future land sales on a break-up scenario was not factored in as most sales were projected to be over one to three years. However, when the valuation looked at future income streams from rentals, and a NPV calculation of those future cash flows was used to determine a value of the rental streams at the time of the valuation.

**La'au Point Preliminary Project Costs**

182. *Comment: To better understand the "Cost to Develop" the La'au Point project in relationship to the "Cost to Develop" figures MPL has depicted for the various alternative projects it evaluated, it is important to fully understand the components that make up the \$88,150,000 project cost for La'au Point development. Therefore, please provide the following explanations of the cost items shown on page 35 of the DEIS-Comment: What are the specific line item costs associated with the "Infrastructure and Development" total cost of \$17,730,000*

**Response:** Costs associated with infrastructure development include: electrical, road connections, land restoration and erosion control, sewer system, potable and non-potable water systems.

183. *Comment: What are the specific line item costs associated with the "Amenities" total cost of 2,350,000*

**Response:** Costs associated with amenities include: public access and parking systems, park improvements, entry facilities, and resource manager's house.

184. *Comment: What are the specific line item costs associated with the Onsite (roadways, housepads, water systems, etc.) total cost of \$39,234,000*

**Response:** Onsite costs include: pavements, earthworks, embankments, roadway appurtenances, drainage improvements, re-grassing, lot creation, potable water system, non-potable water system, underground electrical, and both major and minor roads.

185. *Comment: What are the specific line items costs associated with the Design & Contingencies, Other Costs" total cost of \$12,683,000*

**Response:** Design and contingencies, and other costs include: subdivision bond, legal costs, this EIS study, civil engineering fees, further archeological studies, electrical engineering fees, surveying costs, and other consultants, as well as a normal construction contingency over the entire project.

186. *Comment: What are the specific line item costs associated with the "Maintenance, Operations, and Management" total cost of \$16,153,000*

**Response:** Maintenance, operations, and management costs include: project management, maintenance costs associated with the project until sell out, management of the subdivision until sell-out, and additional staff costs over the life of the project.

187. *Comment: What is the gross sales MPL is anticipating from the 200 La'au Point lots sold over the projected 5-year sales period.*

**Response:** MPL has stated on numerous occasions it anticipated receiving gross receipts from the project of about \$200 million, but this is highly dependant on a buoyant property market.

188. *Comment: What is the estimated amount of the gross sales total that MPL will apply the 5% die to the CDC as an endowment?*

**Response:** All the gross sales of initial lot sales, less selling costs such as real estate fees and any other regulatory costs imposed on the sale of lots in such a project, is the amount calculated.

**1.0 COMMENTS ON THE PETITION FOR LAND USE BOUNDARY AMENDMENT**

189. *Page 2: How many Molokai Ranch staff members are assigned to tourism operations and how many to agricultural operations?*

**Response:** This was previously answered in #40 above.

190. *Page 6: Re: Development Timetable: When does MPL anticipate it will begin realizing sale proceeds from the La'au Point luxury house subdivision?*

**Response:** Pending project entitlements, MPL anticipates it will begin receiving proceeds from this project in 2010.

**Comments on Page 1:**

191. *What specific Molokai development plans between 1990 and 2003 met with strong community opposition because the ranch did not consult with the community on its development plans?*

**Response:** Some of the previous development plans that met with strong community opposition were hotels, condo projects, equestrian arenas, airports and helicopter landing strips, including:

- A 375 room hotel on Kaiaka Rock at the Kabako'i Resort.
- A 150 unit condominium at Kawākiu.
- The Highlands Golf Course and Club House at Nā'īwa.
- The Waioala Well and Pipeline.

192. *How would Molokai Ranch rate the community opposition to the propose luxury residential subdivision being proposed for development at La'au Point?*

**Response:** We are aware there is opposition to the project.

193. *When did MPL purchase Kahuakai Hotel, Kahuakai Golf Course and surrounding land?*

**Response:** In December 2001; this is stated in Section 2.1.5 of the Draft EIS.

194. Who did Molokai Ranch purchase these properties from?

**Response:** Kukui (Molokai), Inc.; this is stated in Section 2.1.5 of the Draft EIS.

195. What was the purchase price?

**Response:** Purchase price information is confidential and this information is not relevant to the EIS.

196. How many acres surrounding the Kahaikai Hotel and Golf Course did Molokai Ranch purchase?

**Response:** These lands are not part of the proposed action and there are no plans for development there; therefore, discussion is not relevant to the EIS.

197. Please list the various parcels included in the "surrounding lands" purchased at the what is known as the Kahaikai resort, and provide the current state zoning designation, the current county zoning designation, the current community plan designation, the parcel size and the potential development density of each parcel assuming county zoning is secured for each parcel that allows for maximum densities consistent with the land use designations in the current community plan (i.e. multi-family, hotel, single family, commercial, rural, open space, etc.

**Response:** These lands are not part of the proposed action and there are no plans for development there; therefore, discussion is not relevant to the EIS.

198. The 339-page EISPN document references the Maui County General Plan and the Molokai Community Plan often. Please include a copy of these plans in the Draft EIS document. (Note: it would be helpful to decision makers to have the pages from these documents that set forth the themes, goals, objectives and policies, so that they are able to determine if MPL adequately comments on all provisions in those documents that MPL's project is consistent with, as well as, the provisions in these documents that the MPL's project may not be consistent with.)

**Response:** The Maui County General Plan and the Molokai Community Plan are both public documents, and therefore, available directly from the County of Maui Planning Department. The documents can also be downloaded from its website.

The following statement will be added in Section 5.2.1 of the Final EIS:

The Maui County General Plan is a public document, and therefore, is available directly from the County of Maui Planning Department, and accessible directly from the Maui County website.

The following statement will be added in Section 5.2.2 of the Final EIS:

The Molokai Community Plan is a public document, and therefore, is available directly from the County of Maui Planning Department, and accessible directly from the Maui County website.

199. Why did Molokai Ranch purchase the abovementioned properties surrounding the Kahaikai Hotel and Golf Course, Molokai Ranch, when at the time of the purchase Molokai Ranch was emphasizing to the community its financial hardships?

**Response:** The decision was based on sound business practices. MPL was able to purchase these properties with funding from its parent company.

200. What are the total sales proceeds Molokai Ranch has accumulated from the sale of parcels that were part of the purchase of the lands within the existing Kahaikai resort?

**Response:** The actual sale amounts are proprietary, but we note that land sales have enabled the MPL to fund this Land Use application, remain cash positive, continue employing its 140 staff, and overall cover its operating cash losses since 2001.

201. Is Molokai Ranch planning sell off these designated development properties in the future or be a partner in the developments over the long haul to insure that the integrity is upheld for of a "visionary plan for Molokai Ranch's 60,000+ acres that would reflect the kind of community the residents desired."

**Response:** MPL will uphold the promises made in the Master Plan. MPL will be a partner in these developments.

202. What development standards (i.e. timing, water use, densities, extent of Molokai Ranch's participation, if any), did the Land Use Committee or the Enterprise Community Board consider for the future development of the Kahaikai resort parcels purchased by Molokai Ranch prior to their respective adoption of the Master Land Use Plan as noted on Page 7 of the EISPN.

**Response:** No plans for development of those properties were contemplated by either group.

203. Since its purchase of all of the aforementioned parcels designated for future development in the Molokai Community Plan, what efforts has Molokai Ranch made to develop these many residential, multi-family, hotel, and commercial income generating development projects that could be alternative revenue producing projects that are alternatives to the La'au Point development?

**Response:** No concrete plans were pursued, because all scenarios for their development did not make economic sense.

Comments on Page 5 of Exhibit 1

204. The La'au Point coastal area currently serves as a haven for the endangered monk seal. How will the development of up to 400 dwelling units along the shoreline area of La'au enhance the "unspoiled coastal environment" in which the monk seal population currently thrives?

**Response:** We consulted with the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service about the monk seal population at La'au Point. The shoreline access management plan (SAMP) contains a plan and recommendations developed in consultation with the National Oceanic and Atmospheric Administration (NOAA) Monk seal program and elements were taken directly from their draft Recovery Plan for the Hawaiian Monk Seal (November 2006).

The SAMP also provides rules to ensure non-disturbance of Hawaiian monk seal habitat and the promotion of La'au Point as an area for Hawaiian monk seals to frequent and "haul out." Rules have been developed on removal of gear, the use of certain types of gear, and responses to

Hawaiian monk seal sightings. No domestic pets and animals (including hunting dogs) will be allowed in the managed area. The use of toxins and pesticides is specifically prohibited and equipment will be purchased for cordoning off areas where Hawaiian monk seals have come ashore.

To ensure that the project does not alter behavior of Hawaiian monk seals that visit the area, residents and visitors will be educated about possible interaction with these animals and the appropriate human behavior for that interaction. Appropriate protocol if one encounters a Hawaiian monk seal on the beach is to notify National Marine Fisheries Service (NMFS), who will check if the animal is injured or entangled, then put tape around the site to keep people from approaching too closely. Due to the lack of available NMFS staff on Mōloka'i, a Resource Manager will monitor the Lā'au shoreline area daily.

The established mitigation measures for protecting hauled-out monk seals have been generally effective elsewhere in the Main Hawaiian Islands, and this segment of the monk seal population appears to be increasing. Prohibition of domestic animals from the shoreline may be of greater significance in limiting behavioral disturbances.

To reflect the above information in the Final EIS, as well as to address other questions and concerns regarding monk seals, Section 3.7 (Fauna) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 3.7 (Fauna)." The SAMMP has been included as an appendix to the Final EIS.

205. *What is the current population of "the small town of Maunaloa?"*

**Response:** According to the US Census 2000, the population of Maunaloa is 230 people.

206. *How many total residential lots exist in Maunaloa Town?*

**Response:** Excluding the housing project, 240.

207. *How many of these residential lots have homes developed on them?*

**Response:** Approximately 100.

208. *What is the projected population of Maunaloa Town if the all the currently available lots are developed?*

**Response:** Up to 600 people.

209. *How many of the 150 people the Ranch employs are a) full-time, b) part-time, c) on-call and d) casual hire employees.*

**Response:** Currently, there are 110 full-time, and another 40 part-time and casual hires.

210. *Explain how the terminology used on page 5 that "MPL" has a cash deficit of \$3.7 million per annum" relates to the statement from in the BIL International Limited (BIL) Report for 2005 that is included as Exhibit 3 of the EISPN document package which states: "The Molokai Properties operation managed to remain cash positive during the 2004/2005 financial year..."*

211. *Please provide a line item breakdown of Molokai Ranch's operating components that make up the Ranch's "cash deficit of \$3.7 million per annum", and explain how the Ranch's Master Land Use Plan will specifically address the Ranch's annual cash flow deficit for each operation.*

**Response:** See our response to #34 above regarding our cash deficit.

212. *How will the Master Land Use Plan specifically assure and economic future for Molokai Ranch's employees?*

**Response:** Implementation of the Master Plan provides a sustainable future for MPL and its employees by ensuring the company has a sound financial base and is not cash negative from its operations.

213. *Please provide an explanation of the relationship between MPL, Molokai Ranch and BIL and any other entity that may be in the corporate relationship chain between Molokai Ranch and BIL International and provide a copy of the Board of Directors of each entity.*

**Response:** MPL is a fully owned subsidiary of BIL International Limited. Other information you request is not made available to the public.

214. *What percentage of BIL's "audited equity of US\$1 billion" does BIL's holdings on Molokai represent?*

**Response:** This information is not released to shareholders, and therefore, cannot be disclosed.

215. *When was Kolo Wharf abandoned, and what is the relevance of referencing this abandoned development project in the EISPN?*

**Response:** Kolo Wharf was abandoned in the 1980s. It was a historic wharf structure. This is referenced in Section 2.1.3 (Surrounding Land Use) in the EIS for locational purposes. There are no plans for development there.

216. *Are there any other abandoned developments along the "shores south of Maunaloa"? If so, please provide an explanation of those developments.*

**Response:** The proposed Land Trust land donations and easement lands will prevent future development on those lands. Listing abandoned developments is not necessary for the EIS.

217. *Since BIL (formerly Briery Investments) assumed ownership of Molokai Ranch have there been any other proposed developments along the "shores south of Maunaloa"? If so, please provide an explanation of those developments.*

**Response:** Not specifically along the south shore similar to the Lā'au development. In the late 1990s, some plans were proposed to develop agricultural lots between Maunaloa and the south

shore, but these plans were never submitted to regulators. Following an internal review, current MPL management understands that these plans were found to not be viable.

**2.0 COMMENTS ON PAGE 7 OF EXHIBIT 1**

218. *What business was the Louisiana Land and Exploration Company (LL&E) in and what resort development experience did LL&E have prior to entering into its partnership with Molokai Ranch?*
219. *What was the partnership interest of LL&E and how much did LL&E pay for its percentage interest?*
220. *Who did Molokai Ranch "subsequently sell its interest in the undertaking" to, and what was price did the ranch receive for its interest?*
221. *It is alleged that LL&E secured ownership of the approximate 7,000 acre La'au Point parcel from Molokai Ranch by agreeing to a request by Molokai Ranch that LL&E pay off a debt it owed to Molokai Ranch in connection with the Kaluakoi Resort purchase early. Please explain the specifics of how LL&E acquired ownership of the La'au Point parcel.*

**Response:** LL&E no longer holds an interest in the parcel, and therefore, comments regarding this company's past practices are not relevant to the scope of this project or EIS.

222. *How did Kukui (Molokai) Inc. acquire the Kaluakoi Resort properties?*

223. *How much did Kukui (Molokai) pay for the Kaluakoi Resort properties?*

**Response:** Kukui (Molokai) Inc., no longer holds an interest in the parcel, and therefore, comments regarding this company's past practices are not relevant to the outcome of this project or the scope of the EIS.

224. *How much did Molokai pay Kukui (Molokai) for the Kaluakoi Resort properties?*

**Response:** MPL has no knowledge of the financial transactions of its predecessors or the previous financial dealings of those companies.

225. *Molokai ranch joined "with over 1,000 community participants" to discuss the Master Land Use Plan. How many more than 1,000 participants were there?*

226. *Did the "over 1,000 community participants" consist of over 1,000 different participants? If not how many "different" participants were involved in discussing the Master Land Use Plan?*

**Response:** MPL estimates that there were around 1,000 participants in the master planning process based on attendance sheets and other documents.

227. *Please provide a copy of any plans the ALDC submitted "for alternatives to development at La'au Point".*

**Response:** None were submitted in writing to the Land Use Committee by the ALDC itself.

228. *Please provide a list of all the Land Use Committee members showing which members voted for, which members voted against, which members abstained from voting, and which members did not vote for the adoption of segments of the Master Land Use Plan at the Committee's meeting of August 1, 2005.*

**Response:** We first note that the details of the EC Project #47's Land Use Committee voting records are not relevant as discussion in the EIS. Questions of this nature are best directed to the EC, not MPL. The information we do know regarding your comments is provided below.

The members of the EC Land Use Committee were: Vannie Ainoa, Lawrence Aki, William Akutagawa, Ella Alcon, George and Pat Benda, Rikki Cooke, Cheryl Corbiell, Stacy Crivello, Zhaneil Dudoit, Jimmy Duvauchelle, Harold Edwards, Kekama Helm, Dewitt Jones, Barbara Kalipi, Halona Kaopuiki, Moke Kim, David Lunney, Colette Machado, Danny Mateo (ex-officio), Davianna McGregor, Ed Misaki, Peter Nicholas, Milton Pa, Kuulei Perez, Walter Ritte, John Sabas, DeGray Vanderbilt, and Matt Yamashita.

The Land Use Committee voted on two separate motions.

Motion 1: In order to advance the "Community-Based Master Land Use Plan for Molokai Ranch," the Land Use Committee approves the La'au Development portion of the plan based upon and accepting the circulated Principles and Policies, Cultural Resource Protection Zones, and Design Guidelines and CC&Rs for the La'au Subdivision. Vote: 19 Yes, 6 No, 2 Abstain.

Motion 2: The Land Use Committee approves the Land Ownership/Management Map and the Land Use Districts Map based on the approved Community Guidelines for Principles and Policies and recommends that the Land Use Committee move forward to complete the "Community-Based Master Land Use Plan for Molokai Ranch." Vote: 21 Yes, 3 No, 3 Abstain.

229. *How were people chosen to be on the Land Use Committee?*

**Response:** The Land Use Committee comprised the chairpersons and deputy-chairpersons of the five sub-committees under the EC's Project #47, and others who asked to be included on the committee.

230. *Was it open to all Molokai residents who asked for representation on the Committee?*

**Response:** See our response to #229 above.

231. *How many meetings did the Land Use Committee have?*

**Response:** From December 2003 to October 2005, there were 28 total Land Use Committee meetings; this is stated on page 31, Section 2.4 of the Draft EIS.

232. *Please provide a list of members' attendance at the Land Use Committee meetings.*

**Response:** The lists of attendees at the EC meetings on the Master Plan are held by the EC. As such, any questions or requests for the lists should be directed to them.

233. *Why didn't the Land Use Committee adopt all segments of the Master Land Use Plan?*

**Response:** From MPL's knowledge, the Land Use Committee did adopt the Master Plan in its entirety.

234. Please provide a list of all the EC Board members and note, which Board members voted to adopt the Master Land Use Plan, who on the EC Board voted against adopting the Plan and who did not vote.

**Response:** See our response to #228 above.

235. The Molokai community has been advised that Department of Hawaiian Home Lands (DHHL), Commission and the Board of Trustees for the Office of Hawaiian Affairs have all indicated their endorsement of the "Community-Based Master Land Use Plan for Molokai Ranch". Please provide as part of the Draft EIS evidence of their respective support and a copy of the minutes of any meetings at which the support of the Ranch's Land Use Master Plan was discussed and/or approved by the DHHL, Commission and the OHA Trustees

**Response:** The DHHL Commission has not taken a position regarding the Master Plan. A copy of the OHA resolution supporting the Master Plan can be obtained from their website at <<http://www.oha.org/pdf/MolokaiLandReso.pdf>>.

**Comments of Page 8 of Exhibit 1.**

236. How has the Molokai Enterprise Community mandated as the organization "representing the Molokai community"?

**Response:** The Molokai Enterprise Community (EC) is part of the federal U.S. Department of Agriculture EC/EZ Program. The EC process in the U.S. began in 1998, which included the participation from the Molokai community to develop a 10-year strategic plan for Molokai. The EC Board is an all-volunteer, community elected board responsible for setting operating policies, allocating USDA Enterprise Community funds, and working with the community to implement and update the EC Strategic Plan.

237. How many potential dwelling units could be developed in the La'au Point community?

**Response:** See our response to #7 above.

238. Based on projected timetables when does Molokai Ranch anticipate receiving La'au Point lot sale proceeds that "are crucial to funding of the Kaluakoi Hotel renovations and Golf Course Upgrades"?

**Response:** As responded in #190 above, pending project entitlements, MPL anticipates it will begin receiving proceeds from this project in 2010.

239. Who will provide the guarantees for the lot development construction funding Molokai ranch, BIL International or an investment partner? MPL Response: MPL will be responsible for lot development construction funding. Follow-up questions: Will the construction loan be made to MPL. If so, what is the collateral for MPL's Loan, MPL's credit or pre-sold La'au Point lots or some other form of collateral? Will the construction money be provided to MPL by its parent company or other affiliated company?

**Response:** The answers to these questions are proprietary.

240. Please provide a list of Molokai Ranch's current tourism operations, the profit or loss ("cash negative") from each operation, the amount of funding anticipated to be applied to each operation from the sale of the La'au Point lots, the current staff assigned to each operation, and how the funding from the La'au Point sales will result in "ensure the continued employment for Molokai Ranch's current staff."

**Response:** The answers to these questions are proprietary.

241. Please provide a list of Molokai Ranch's current agricultural operations, the profit or loss ("cash negative") from each operation, the amount of funding anticipated to be applied to each operation from the sale of the La'au Point lots, the current staff assigned to each operation and how the funding from the La'au Point sales will result in "ensure the continued employment for Molokai ranch's current staff."

**Response:** The answers to these questions have been previously outlined or are contained in the Fiscal Report. Any further information is proprietary.

242. Please explain the amount of financial support BIL provided to its Molokai operations during 2003, 2004 and 2005.

**Response:** As previously indicated, no financial support was provided in those years.

243. Please explain how Molokai Ranch is legally able to close walking access along the shoreline of its La'au Point parcel to Molokai residents for subsistence gathering. Follow-up question: Today, without any La'au Point project and/or Master Land Use Plan, is there anything that would restrict a Molokai resident (Hawaiian or non-Hawaiian) from walking along the shoreline from Kaupoa Camp to La'au Point and on to Hale O Lono harbor for purposes of a) subsistence gathering/fishing?

**Response:** Walking access on the shoreline below the highest wash of the waves will always be accessible to the public. Accessing the shoreline from other areas inland require entering private property, which MPL can legally restrict as the landowner.

244. Please provide a breakdown of the value for each land, income stream and revenues source which total more than \$50 million being gifted to the Molokai Land Trust and the Molokai Community Development Corporation.

**Response:** See our response to #47 above.

245. Please provide a summary of the specific development opportunities, which result in a total of "lost revenue opportunity costs" of more than \$25 million as a result of restrictive easements applied to certain Molokai Ranch lands.

**Response:** See our response to #53 above.

### 3.0 COMMENTS ON PAGE 9 OF EXHIBIT 1

246. Who will manage the Land Trust operations and how will those in charge of the Land Trust be selected? MPL Response: The Land Trust is a community-based land steward organization, not related to MPL. Therefore, we are unable to respond on their behalf. Follow-up comments: How

*has MPL been assisting in the development of the entity that will be the Land Trust referenced in the DEIS? Based on MPL's current knowledge of the Land Trust organization being formed, how will those managing the Land Trust be selected?*

**Response:** Since the Moloka'i Land Trust is an independent nonprofit corporation, policies and procedures for selecting directors will be formed by the Land Trust, not MPL. The Land Trust will be managed by its directors and staff. MPL cannot answer comments directed specifically to the Land Trust.

MPL representatives were invited to attend several of the Land Trust Steering Committee meetings and to provide technical assistance. Most of this technical assistance focused on specific land, infrastructure and boundary issues and terms of the Master Plan. MPL is an ex-officio, non-voting member of the Land Trust board purely to assist the Molokai Land Trust with information concerning its donated lands.

247. *What was the name of the golf course development planned by previous Ranch management in the Naiva area, and to what extent was the Ranch going to be [sic]*

**Response:** This question is incomplete; however, the name of the golf course you are referring to is Highlands Golf Course.

248. *Who will run the Community Development Corporation (CDC) and how will those in charge of the CDC be selected? Ranch response: The CDC will be an independent entity from MPL. Therefore, we are unable to respond on the CDC's behalf. Follow-up question: How has MPL been assisting in the development of the entity that will be the Land Trust referenced in the DEIS? Based on MPL's current knowledge of the Land Trust organization being formed, how will those managing the Land Trust be selected?*

**Response:** MPL has not been assisting in the development of the Land Trust, but providing information on its lands in order that the Land Trust can make appropriate future decisions. See our response to #246 above.

249. *What standards have been established for the development of affordable housing? Follow-up question: What standards and/or guidelines (minimum lot size, dwelling unit size, quality of building materials etc.) did the Land Use Committee or the EC discuss and/or agree on before recommending approval or approving the Master Land Use Plan, which includes the La'au Point project?*

**Response:** The Land Use Committee did not get into specific detail on affordable housing standards or guidelines (minimum lot size, dwelling unit size, quality of building materials, etc.). Section 4.8.2 of the Draft EIS provides discussion on affordable housing.

250. *What does Molokai Ranch feel is the range of home sale prices that is affordable to Molokai's working families? Ranch response: Sales prices for the affordable homes have not been determined, but are expected to be based on a percentage of the median income for Molokai as established annually by the federal Department of Housing and Urban Development (HUD). Follow-up question: Affordable homes (up to 4-bedroom, 2 bath) are being built on homestead lands for under \$70,000 and most, if not all of these homes are being purchased by Molokai workforce families*

*earning less than \$30,000 annually. During the Master Planning process did MPL, members of the LUC and/or the EC Board members discuss and/or approve any policy statements to ensure that affordable homeownership opportunities would be available to this wage-earning segment of Molokai's workforce community?*

**Response:** Homestead lands are only available to native Hawaiians, and are not allocated solely according to median income; therefore, it is not a reasonable comparison. We reiterate that affordable housing prices will be based on a percentage of the median income for Molokai as established by the HUD.

The houses on DHHL lands to which you refer as "self-help" houses, are a scheme under which owners and family members construct their homes under guidance from a registered builder. Many people on Molokai are unable to undertake this type of scheme.

### 3.1 COMMENTS ON PAGE 10 OF EXHIBIT 1

251. *MPL will "put aside 200 acres for affordable housing around the towns of Kualapuu and Maunaloa." What does "put aside" mean? Ranch response: MPL will also reserve 200 acres around the towns of Kualapuu and Maunaloa to be made available for community housing. Although MPL will retain ownership of these reserved lands, development decisions and timing will be made by the community via the CDC and not by MPL. Follow-up comments: CDC's development decision regarding the development of community housing would have to factor in affordability. Having said this, who would determine what price the land that has been "put aside" by MPL (but still owned by MPL) on which any proposed affordable housing would be built?*

**Response:** In response to your comment, in the Final EIS Section 1.7.2 will be revised as follows:

**Housing** – The La'au Point project will address affordable housing in the implementation of *Community-Based Master Land Use Plan for Molokai Ranch* (see Section 2.1.1.7). Throughout the community-planning process, the vesting of land back into community hands and ensuring the development returns (La'au Point income) be shared by the community was part of a larger vision by the Molokai community to plan and finance housing for themselves. MPL has reserved will put title restrictions on 100 acres around each of the towns of Kualapuu and Maunaloa for community expansion to limit the use of these lands for affordable housing. Approximately 1,100 acres will also be gifted to the Community Development Corporation (CDC), a large portion of which can be used for community-themed affordable housing. Section 4.8.2 contains the full discussion.

In addition, in the Final EIS Section 2.1.9 (Molokai Community Development Corporation (CDC)) will be revised as follows:

To assist the CDC with providing affordable housing, MPL will convey ownership of 1,100 acres of land mauka to the CDC for future housing development. MPL will also reserve put title restrictions on 200 100 acres around each of the towns of Kualapuu and Maunaloa to be made available for community housing to limit the use of these lands for affordable housing. Although MPL will retain ownership of the reserved lands, development decisions and timing will be made by the community via the CDC and not by MPL.



The CDC will work with partners such as Lokahi Pacific, the 501c3 organization that is currently completing 10 affordable homes in Maunaloa on land provided at a reduced price by MPL. Funds from the La'au development (the initial five percent of lot sales and the subsequent half a percent of subsequent lot or house and lot sales) will be used to fund CDC activities. The CDC will own the Kaunakakai land of 1,100 acres, it being donated by MPL.

Self-determination is a critical component behind the creation of the CDC and this plan for development of community affordable housing. Moreover, placing housing development in the hands of a community organization, rather than a developer, provides the opportunity for appropriate development timing, which is important in a slow-growing community like Moloka'i.

Affordable housing is intended for resident members of the Moloka'i community, within the income bracket and definitions as defined by the County of Maui. Affordable housing will be developed by the CDC. The CDC is tasked with providing affordable homes for Moloka'i residents. Residency requirements for affordable homes will be as specified under Section 2.96.020, Maui County Code (MCC).

Further, in the Final EIS Section 4.8.2 (Housing) will be revised as follows:

**Affordable Housing** – The La'au Point project will address affordable housing in the implementation of *Community-Based Master Land Use Plan for Molokai Ranch* (see Section 2.1.7). During the community planning process, the EC and other Moloka'i community members involved in creating the Plan clearly indicated that "only Moloka'i residents will decide future expansion of existing communities" (Appendix A, p. 5). Throughout the community planning process, the vesting of land back into community hands and ensuring the development returns (La'au Point income) be shared by the community was part of a larger vision by the Moloka'i community to plan and finance housing for themselves without the involvement of MPL.

The community process identified up to 100 acres around each of the towns of, Kualapu'u and Maunaloa for the future development of "Ohana Neighborhood Communities" (i.e., affordable housing) to be developed by partnering various community resources such as Habitat for Humanity, Self-Help Housing, and others. As previously noted, approximately 1,100 acres will also be gifted to the Moloka'i Community Development Corporation (CDC); a large portion of which can be used for community affordable homes. As discussed in the Plan, the community desires a link between affordable housing and other community-facilities present at each of the three communities to insure that they be developed as balanced communities. The community also does not support a large affordable housing project in one area only (Appendix A, p. 69).

There will be a continuing need in the future for more housing for Moloka'i families at affordable prices based on incomes. MPL, EC, and others in the community, such as Habitat for Humanity to name just one organization, can coordinate the planning and implementation of future affordable housing projects. MPL easement-lands-for-lease-at-affordable-prices will put title restrictions on 100 acres around each of the towns of Kualapu'u and Maunaloa to ensure limit the development of these lands for future

affordable housing projects. Although MPL will retain land ownership, affordable housing development decisions will be made by the community-represented CDC and not by MPL.

The economic value of the land donations, and the income from La'au Point (estimated at more than \$10 million from initial lots sales and an endowment from the income from subsequent lot and house sales) will enable the Moloka'i CDC to plan, site, and construct affordable homes itself. Self-determination is a critical component behind the creation of the CDC and this Plan for development of community affordable housing. Moreover, placing housing development in the hands of a community organization provides the opportunity for appropriate development timing, which is important in a slow-growing community like Moloka'i. As stated in the Plan: "The growth of Kaunakakai, Kualapu'u, and Maunaloa should be community-planned and should be allowed to happen naturally as community-driven demands require" (Appendix A, p. 67).

For the purposes of affordable housing, residency will be as specified under the County of Maui Residential Workforce Housing Policy, Chapter 2.96, MCC. Specifically, under Section 2.96.020, MCC, "Resident" means a person who meets one of the following criteria:

1. Currently employed in the County;
2. Retired from employment in the County, having worked in the County immediately prior to retirement;
3. A full-time student residing in the County;
4. A disabled person residing in the County who was employed in the County prior to becoming disabled;
5. The parent or guardian of a disabled person residing in the County;
6. A spouse or dependent of any such employee, retired person, student, or disabled person residing in the County; or
7. In the event of the death of the employee, retired person, student, or disabled person, the spouse or dependent of any such person residing in the County.

To satisfy the affordable housing requirements of Chapter 2.96, MCC, MPL will seek an adjustment as specified under Section 2.96.030(C)(1), MCC. The terms of the adjustment will specify the provisions discussed above.

252. How will the community be assured that these lands will be available in perpetuity for affordable housing?

**Response:** See response to # 251 above. Title restrictions will limit the use of these lands for affordable housing

253. What process will be used by the community to determine the future expansion of these towns?

**Response:** The CDC, in conjunction with the County housing department and entities such as Habitat for Humanity, will determine when that need arises.

254. On Page 10 is the statement, "In addition to land for housing, MPL will gift the CDC with the following.....". Does MPL intend to gift the land for housing around Maunaloa and Kualapu'u like it did for affordable housing lands around Kaunakakai? If not, why not? Ranch response: MPL will

*only be gifting the land in Kaunakakai. The lands around Kualapuu and Maunaloa will be made available for affordable housing to be decided and managed by the CDC; however, MPL will retain ownership of the lands. Follow-up comment: What is the rationale for MPL gifting the lands around Kaunakakai for affordable housing and not gifting the lands around Maunaloa and Kualapuu for affordable housing? Was this issue discussed and decided on by the Land Use Committee members and/or the EC Board?*

**Response:** The issue was discussed and agreed by the Land Use Committee by majority vote in context of the Master Plan.

*255. In 2001, the Molokai Community Plan sent to the County Council for approval called for the 5-acre parcel in Kaunakakai to become the permanent home of the Junior Roping Club. The Ranch objected to what the community wanted. What were the reasons the Ranch objected to the parcel being dedicated to the use of the Junior Roping Club?*

**Response:** The parcel you reference is a valued piece of property zoned industrial. MPL believes the Junior Roping Club over the longer term should be located in a more rural environment than downtown Kaunakakai. It is prepared to assist the club with that re-location when its lease runs out.

*256. The EISPN states that the 3.2-acre parcel being gifted to the CDC "will be sold to the Maui Community College at market value". Based on recent appraisals of this parcel of property, what does the Ranch estimate the "market value" of this parcel is today? Is the CDC required to sell the 3.2 acres to the college at "market value"? Ranch response to above two comments: The CDC and MPL will obtain an independent valuation of the parcel when Maui Community College wishes to acquire the parcel. MPL has made no requirements on the sale price to the CDC. Follow-up comment: If the CDC is separate and unaffiliated with MPL, why is MPL involved in obtaining an "independent valuation" for the 3.2-acre parcel it gifted to the CDC? If the CDC should elect to gift the 3.2-acre parcel to MCC, does MPL have any say in the matter?*

**Response:** This 3.2-acre parcel is part of a larger TMK. For tax filing purposes, we are required to know the value of the land we gift. Once title has passed to the CDC, it is free to discuss any alternative with the College.

*257. It appears that MPL is projecting that the sales of the La'au Point lots will be over a 5-year period. What is the average sale price of the lots MPL projects receiving over the five-year sale period? Ranch response: Follow-up comment: What is MPL anticipating gross sales revenue will be on the original sales over the proposed 5-year sales period?*

**Response:** MPL has stated in the Draft EIS that in 2006, it anticipated receiving gross sales of \$200 million on an average of \$1 million per lot for sales of the properties. On an effective cash basis this needs to be discounted for "the time value of money" or "net present value" of the sales compared to costs outlaid for construction.

*258. In the statement "a net 5 percent of the sale revenue", explain what components go into determining the "net". What is the delay in determining what the percentage the CDC will receive from lot and/or house resales? Ranch response to two comments: All agents' fees and other taxes will be deducted from the sale price before the 5 percent is calculated. The percentage from re-sales has yet to be negotiated with the CDC following determination of the entitlements. Follow-up comments:*

*Please identify the "other taxes" and percentage of those "other taxes" and the "agent's fees" and percentage of the "agent's fees". Who decided that 5 percent on original sales was the appropriate amount to go to the CDC? If the "determination of the entitlements" was not a factor in deciding on the 5% figure to CDC on original sales, why is the entitlement issue a factor in agreeing on a percentage of the resale prices that would go to the CDC?*

**Response:** Net revenue will be the revenue after all costs associated with sale, including any state or other charges or taxes or deduction from the sale proceeds, and real estate commissions.

The "five percent" amount was determined during the planning process of the Master Plan. This was an agreement reached by the Land Use Committee and MPL during its deliberations on the Lā'au project and later confirmed in the Master Plan that was supported by a 70 percent vote by the Land Use Committee and a 70 percent vote of the Molokai Enterprise Community Governance Board.

The determination of entitlements and the fact that MPL would be paying the 5 percent, rather than future lot owners paying in the instance of re-sales, was a factor in deciding on the 5 percent figure.

MPL proposed the net 5 percent, and it was accepted by the Land Use Committee as generous.

*259. 3.2 Please provide a draft of the proposed CCR's. Follow-up comment: Please provide a the final CCR document that contains the provisions that the LUC understood would be included in the final CCRs including a provision that the CCR's could never be changed.*

**Response:** As of November 2007 the CC&Rs were undergoing review by the Molokai Land Trust. The Land Use Commission and other regulatory agencies may further require changes to the CC&Rs during their review process; therefore, a final version of the CC&Rs is not available as of November 2007, and the issue of the completion of the CC&Rs is included as an unresolved issue in the Final EIS. The CC&Rs will be available for review at the Land Use Commission hearings on the State Land Use District Boundary Amendment petition.

#### 3.4 COMMENTS ON PAGE II OF EXHIBIT 1

*260. Please explain the format of the "entity" that will have jurisdiction over the 451 acres of Conservation District lands, and explain how the "shared responsibility" will translate to any decision making process? Ranch response: The Conservation District areas to be protected (approximately 434 acres) within the Lā'au Point project will be the subject of an easement held by the Molokai Land Trust. These protected lands will be part of an entity that is controlled jointly by Lā'au Point homeowners and the Land Trust. Follow-up comments: Please provide a copy of the "easement" agreement in the FEIS. If there is a difference of opinion between the Land Trust and the Lā'au Point homeowners in how the Conservation District lands are to be controlled, who prevails? Will the community have any input into decisions on how the Conservation District areas will be managed?*

*261. Please provide a copy of the document explaining the specifics of the relationship between the Land Trust and the Lā'au Point homeowners relative to managing the 451-acre Conservation District lands. Ranch response: Such a document has not been created yet; it is pending entitlement approval for the Lā'au Point project; therefore governing rules for decision-making have not been established. Follow-up comments: Did the EC's Land Use Committee or the EC Board discuss and*

agree on any guidelines governing management goals for the Conservation District goals? If so, please provide a copy of these guidelines.  
262. If the Land Trust and the La'au Point homeowners have a difference of opinion management strategies in the Conservation District, will the Land Trust be the final authority? Follow-up comment: Will the Land Trust be the final authority if there is a disputed with the La'au Point homeowners over how to manage the Conservation District lands?

**Response:** As addressed in #52 above, these documents are currently being drafted and being negotiated with the Moloka'i Land Trust, and will be available at the time of the Land Use Commission hearings on the State Land Use District Boundary Amendment petition. These include:

- The Expanded Conservation District easement to the Land Trust.
- The Easements over the Rural Reserve and Agricultural lands.
- The Shoreline Access Management Plan (SAMP).

The SAMP, which has been developed in conjunction with the Moloka'i Land Trust, provides a mechanism for developing management plans for the area. The SAMP will be appended to the Final EIS.

**Comments on Page 12 Exhibit 1**

263. What specific measures will be employed to "maintain" the "subsistence activities" are currently being practiced in the Conservation District areas?

**Response:** The specific measures to maintain subsistence activities in the Conservation District areas are thoroughly discussed in Section 4.2 of the Draft EIS (pages 59-60). These include (as amended in the Final EIS):

- Seek to establish a subsistence fishing zone (see Appendix A, p. 59), which will not require special legislation to be enacted by the State legislature (as previously discussed in Section 2.3.7). The zone would encompass the areas stretching from the shoreline to the outer edge of the reef on the Southern coast, and where there is no reef on the western shoreline, out a quarter-mile from the shoreline along the 40-mile perimeter of MPL's coastline property. The subsistence fishing zone for La'au would be modeled after the Hui Māhāna O Mo'omomi Subsistence Fishing Zone which has proven to be most successful in protecting the coastal resources at Mo'omomi.
- End commercial hunting (commercial leases expire 2007), and allowing only subsistence hunting on the property.
- Ensure access to the shoreline will be available only by foot.
- Establish demonstration fishing nurseries/kapu sites to insure reproduction of key subsistence food species (e.g. 'opili, mo'i, mullet, limu, lobster, ulua, ulu he'e).
- Support protection for Penguin Banks from overfishing.
- Each year, an experienced Resource Group, comprising Māhāna subsistence practitioners and the Land Trust will recommend open areas for subsistence fishing based on protecting and not depleting the resources.
- Those provided access to fish and gather once the community-based subsistence fishing management zone is established will be asked to take an educational course on traditional fishing methods, practices and conservation measures that will be offered by the resource managers, with guidance by the Māhāna residents.

- Erect a fence to demarcate private property from public access area. All of the informants felt that it is important to have a clear physical demarcation, such as a log fence, running along the individual property lines to distinguish between private property and the public access area. By putting in a fence of some kind the public will know the boundary.
- Establish an access trail that would follow the contour of the old traditional trail as much as possible. Existing kiawe would serve as a buffer between the trail and the sand and ocean. This can help reduce impact of the trail on the beach and ocean. The trail will be unpaved and only for walking (no cars, ATVs, or bicycles). Because of community concerns about how kiawe drain water from this dry part of the island, selected pruning may be necessary to enable the re-establishment of native plants in the Conservation areas.

264. What "subsistence activities" are currently being practiced from the "Conservation District lands in the La'au Point area?"

**Response:** This comment was discussed in detail in Section 4.2 and Appendix F of the Draft EIS. Activities include: fishing, hunting, gathering of various invertebrates, and gathering of plant materials.

**Comments on Page 13 Exhibit 1**

265. Based on current plans, how many dwelling in total could potential be developed on the 400 acres of "Rural-Residential lots referenced in Table 1? Ranch response: La'au Point will contain 200 single-family rural-residential lots. Follow-up comment: Based on the zoning MPL is seeking for the La'au Point residential lots, how many dwelling units are permitted to be built on each lot?

**Response:** See our response to #7 above.

266. The Molokai Community Plan talks about a minimum 40-acre park in the area just west of Hale O Lono Harbor. How does the applicant view this park development in the scheme of the overall development at La'au Point?

**Response:** To the best of the knowledge of current management, The County of Maui has never approached MPL regarding the creation of a 40-acre park. The La'au Point project will create two shoreline public parks to be dedicated to the County or the Land Trust.

267. What access rights currently exist for the "people of Molokai" to and along the approximate 5.2 miles of undeveloped shoreline from Hale O Lono harbor to Kaupoa Beach, which borders the proposed development of a 400-unit oceanfront, luxury, second-home development? Ranch response: Currently, a subsistence committee comprising of senior Molokai Ranch employees, most of who are from the Maunaloa community, manages permitted access by Ranch employees. Employees and their families usually camp out on weekends. However, employees who are off on weekdays can go during the week, provided access at that time is approved by the employees' committee. They are limited to two or three vehicles and ten adults. ATVs and motorcycles are not allowed. Families can go only once a month to give everyone a chance. Gathering is allowed for parties, and there is a three-gallon limit on opihi. Follow-up comment: Who else in the Molokai community, other than Molokai ranch employees, is able to access the undeveloped shorelines surrounding La'au Point? Is MPL able to restrict any member of the Molokai community from lateral access along the La'au Point shorelines areas? If so, explain how MPL is able to enforce such a restriction.

**Response:** MPL is not allowed to restrict lateral access along the shoreline below highest wash of the waves. Access across Molokai Ranch land can be controlled as allowed to any private property owner. Molokai Ranch employees, guests of the Ranch and its employees have access to these areas beyond the shoreline.

Vehicular traffic is prohibited on Ranch property mauka of the shoreline along the existing trail. There is no way to prevent foot travel in the conservation area along the trail. Current enforcement in the area is difficult due to the terrain and is handled by requests to vacate the premises or through police intervention in extreme cases.

268. *What access restrictions, if any, will apply to the La'au Point homeowners and their guests and friends and caretakers? Ranch response: Increased public access to the shoreline and other coastal resources has the potential to damage the natural environment and diminish the uniqueness of the coast. Therefore, to protect the natural resources of the shoreline, a shoreline access management plan for the area will be implemented which addresses maintenance and resource management for the area. As previously discussed, the Conservation District shoreline areas will be jointly controlled and managed by the Land Trust and homeowners' association. Follow-up comment: Please provide a copy of the shoreline management plan in the FEIS. Will lot owners, their guests, caretakers and friends be able to access the shoreline directly from their respective lots, or will they have to go to one of the two designated public access areas?*

**Response:** See our response to #45 above.

269. *What specific access rights to and along the currently undeveloped La'au point area shoreline exist under the law for Native Hawaiians? What is the applicant's understanding of who qualifies as a "Native Hawaiian" as far as having access rights currently under the law to the La'au Point shoreline area? Ranch response: MPL recognizes all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by descendants of Native Hawaiians. Follow-up comment: Are there any restrictions enforceable by MPL against Native Hawaiians freely accessing the La'au Point area for subsistence, cultural and religious practices customarily and traditionally exercised in the La'au Point area. If so, please define these enforceable restrictions.*

**Response:** Land owners' and Native Hawaiians rights on undeveloped land are clear under Hawai'i statutes.

270. *What will be the penalties, if any, for anyone violating the aforementioned "other protections" in the CCR's or the "strict access measures that will insure that the resources are not depleted". Ranch response: Penalties, if any, may be addressed in the shoreline access management plan. Follow-up comment: Please provide a copy of the shoreline access management plan with the FEIS. If there are no penalties or enforcement how will the shoreline access management plan be effective?*

**Response:** Penalties are governed by the terms of the SAMP, ancillary agreements, and Hawai'i Law.

**Comments on Page 18 Exhibit 1**

271. *Why were "ranching activities" halted in the La'au Point community site in 2000? Ranch response: No ranching activities currently exist on parcel since MPL's purchase. We cannot respond to questions regarding previous owners' activities. Follow-up comment: Please check with Ranch*

*cowboys (i.e Jimmy Duvauchelle) to find out why the the "ranching activities" were halted at La'au Point in 2000.*

**Response:** There were more suitable areas for ranching on other MPL property.

**3.5 COMMENTS ON PAGE 20 EXHIBIT 1**

272. *Does the applicant have any evidence, other the results of a "recent field survey", to determine the frequency of the Monk seals' presence along the undeveloped La'au Point shoreline between Hale O Lono harbor and Kaupoa Beach? Is there any time of the year when Monk seals frequent the La'au Point shoreline areas more than other times of the year? Ranch response: to the two above comments: The Fauna Survey (to be included as an appendix of the Draft EIS) reports that two endangered Hawaiian Monk Seals (Monachus schowinslandi) were observed resting on Sam Wights Beach north of La'au Point. Follow-up comment: Please provide an adequate response that addresses the specific comments.*

**Response:** See our response to #204 above.

**3.6 COMMENTS ON PAGE 21 EXHIBIT 1**

273. *How does the applicant explain the fact that the amount of fish resources in the La'au Point area, which is subject to restricted public access, is 42% lower than fish populations in open access areas statewide? How will fish populations improve by opening the area to the development of up to 400 dwelling units and the development of more convenient public access routes complete with bathrooms and other amenities, which will result in more people utilizing the La'au Point shoreline area? Ranch response to the two above comments: Traditionally, La'au Point was not a place that was fished on a regular basis because it is isolated and difficult to reach. However, the increased use of boats on Molokai and Oahu has changed this. People interviewed for the cultural impact assessment (to be included as an appendix of the Draft EIS) noted that the resources have declined in the area with heavy seasonal harvesting by boaters from Oahu and the opening of Hale O Lono Harbor and Kalaikoi as closer launching points to La'au Point for Molokai's boaters. The Community-Based Master Land Use Plan for Molokai Ranch proposes the establishment a subsistence fishing zone, which will require special legislation to be enacted by the State legislature. The zone would encompass the areas stretching from the shoreline to the outer edge of the reef on the Southern coast, and where there is no reef on the western shoreline, out a quarter-mile from the shoreline along the 40-mile perimeter of MPL's coastline property. The subsistence fishing zone for La'au would be modeled after the Hui Malama O Mo'omomi Subsistence Fishing Zone which has proven to be successful in protecting the coastal resources at Mo'omomi.*

**Response:** Please see the response to Comment 43 in regard to your questions about fish populations and public access. Regarding a correction related to the need for state legislation for the establishment a subsistence fishing zone, please see the response to #54 above.

**Comments on Page 24 Exhibit 1**

274. *What "community access" to the La'au Point shoreline area exists currently for "cultural practices", and how will the current access be "improved" other than development of paved roads and parking. Ranch response: Currently, a subsistence committee comprising of senior Molokai Ranch employees, most of who are from the Maunaloa community, manages permitted access by Ranch employees. Employees and their families usually camp out on weekends. However, employees who are off on weekdays can go during the week, provided access at that time is approved by the employees' committee. They are limited to two or three vehicles and ten adults. ATV's and motorcycles are not allowed. Families can go only once a month to give everyone a chance.*

*Gathering is allowed for parties, and there is a three-gallon limit on opihi. Follow-up comment: The response does not adequately address the comment.*

**Response:** MPL recognizes all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by descendants of Native Hawaiians. Others may not access the property except along the shoreline. The proposed project will improve access over existing conditions by providing two shoreline parks, public parking areas, and comfort stations at both ends of the project.

275. *In addition to "ensuring the community has access to the subsistence resources" via a planned "public coastal trail", won't the subsistence resources also be open to in-state and out-of-state visitors to Molokai? Ranch response: Increased public access to the shoreline and other coastal resources has the potential to damage the natural environment and diminish the uniqueness of the coast. Therefore, to protect the natural resources of the shoreline, a shoreline access management plan for the area will be implemented which addresses maintenance and resource management for the area. As previously discussed, the Conservation District shoreline areas will be jointly controlled and managed by the Land Trust and homeowners' association. Follow-up comment: What enforceable provisions are proposed for the shoreline access management plan that will stop any one (local Molokai resident, off-island, in-state resident or out-of-state visitor) from ignoring the plan and simply accessing the subsistence resources in the La'au Point area by walking laterally along the shoreline?*

**Response:** Land Trust managers will enforce the shoreline rules. The SAMP provides that the resource managers will be on property to ensure compliance. Violators will be asked to leave the premises. If violators remain on the privately held portions of the property after requests to vacate, law enforcement officials can be summoned.

276. *Who in the Molokai community is currently limited from access the La'au Point shoreline area if they wanted to go there for recreation, subsistence and/or cultural activities? Follow-up comment: In adequate response, unless the response is that everyone in the Molokai community, accept Molokai ranch employees, is currently limited from access the La'au Point shoreline area to enjoy recreation, subsistence and/or cultural activities?*

**Response:** See our response to #267 above.

277. *Does the applicant equate access for all members of the public (visitors as well as Molokai residents) to the La'au Point shoreline via paved roads and paved parking lots will improve the "fish populations" and/or the traditional practices of the descendants of Native Hawaiians? Ranch response: Traditionally, La'au Point was not a place that was fished on a regular basis because it is isolated and difficult to reach. However, the increased use of boats on Molokai and Oahu has changed this. People interviewed for the cultural impact assessment (to be included as an appendix of the Draft EIS) noted that the resources have declined in the area with heavy seasonal harvesting by boaters from Oahu and the opening of Hale O Lono Harbor and Kahaiki as closer launching points to La'au Point for Molokai's boaters. The Community-Based Master Land Use Plan for Molokai Ranch proposes the establishment a subsistence fishing zone, which will require special legislation to be enacted by the State legislature. Follow-up comment: What is the status of establishing special legislation for the proposed subsistence fishing zone for La'au, and who has the responsibility to move that legislation through?*

**Response:** See our response to #54 above.

**3.7 COMMENTS ON PAGE 26 EXHIBIT 1**

278. *In 2001 the EISPN states the population of West Molokai was 2,569 people. What is the population today? Not counting the 400 potential homes from the La'au Point luxury residential subdivision development, what does the applicant estimate the population on the West End would be if the Kuluakoi Resort and the Maunaloa Town are built out in accordance with the land use intentions set forth in the current Molokai community plan? Follow-up comment: MPL's response did not address the comment.*

**Response:** MPL has no access to current population statistics other than census figures referenced. We do know that approximately 50 to 60 new houses have been built and occupied in the West End since the census was conducted.

**3.8 COMMENTS ON PAGE 27 EXHIBIT 1**

279. *On Page 26 it states that the "community can plan its own affordable housing in Kaunakakai without recourse to MPL". What recourse is there to MPL before the community can plan the development of affordable housing in Kualapuu or Maunaloa. Comment re-stated: What does "without recourse to MPL" mean, and would the same condition of no recourse to MPL apply as the community plans its own affordable housing in Maunaloa and Kualapuu?*

**Response:** The land to be donated at Kaunakakai will be given in fee simple so MPL will have no interest in the land following its donation. The CDC will be able to plan its own affordable housing without having to include MPL. In other words, MPL will not influence CDC decision-making for community expansion or affordable housing.

In addition, MPL will not influence the CDC's decision-making regarding community expansion in Maunaloa and Kualapuu.

280. *Does the applicant feel that the Community supports the development of the 100-acres to be set aside in Kualapuu and Maunaloa, and portions of the 1,000 acres donated around Kaunakakai for affordable housing as needed as needed to supply affordable homes for Molokai's working families that would qualify for affordable housing (i.e. teachers, Ranch employee's, county and state workers, policemen, firemen, retail employees, agricultural workers, hotel and visitor industry employees, etc.)?*

281. *What does Molokai Ranch consider to be "reasonable prices" that the 100-acres around each of the towns of Kualapuu and Maunaloa can be reserved for "to ensure the development of these (lands) for future affordable housing"? Ranch response: MPL has no estimate currently of the prices it is likely to negotiate with the CDC for the use of those lands, but the prices will be at levels that can make homes more affordable on these lands than other similar lands. Follow-up comments: MPL's response is inadequate and vague. What does MPL consider "similar lands" and what does MPL estimate the value of these "similar lands" (house lots) are in today's market? Who made the decisions to have donate lands for affordable housing in Kaunakakai and not have the lands donated in Maunaloa and Kualapuu?*

**Response:** The lands to be dedicated to the CDC for development were determined during the planning process for the Master Plan supported by the Land Use Committee and the Molokai Enterprise Community.

**Comments on Page 28 Exhibit 1**

282. Please provide in the Draft EIS a summary verifying the different operations that are contributing to MPL's "operational cash deficit of \$3.7 million per annum. Specifically, how will the Community-Based Master Land Use Plan cure MPL's "operational cash deficit of \$3.7 million per annum"? Ranch response (referred to response on an earlier comment): According to the Economic and Fiscal Impacts Report (to be included as an appendix to the Draft EIS), the net loss from operations in 2001 to 2006 has been approximately \$31.6 million. Whereas often painful cost cutting has reduced operating losses from \$8.6 million in 2001 to a range of \$3.6 to \$3.8 million in the last three years, the increasing costs of water, energy, and insurance make it difficult to expect profitable operations in the future. In addition to operating losses, annual capital expenditures are another drain on cash flow, averaging over \$800,000 per year over the past five years. Taken in total, MPL has subsidized the continuing operations and upkeep of Molokai Ranch to \$4.7 million to \$10.2 million per year. The cumulative subsidy over the past six years has been \$36.9 million. Follow-up comment: The response does not address the specifics of the comment. Please provide an adequate response.

**Response:** Any financial information, other than that outlined by the Economic and Fiscal Impacts Report (Appendix J in the Draft EIS) is commercially sensitive.

283. Please provide a breakdown by parcel indicating the "value of the donated land" or "the potential lost-opportunity cost of developing land" that totals more than \$75 million dollars. What is the source used to determine the aforementioned \$75 million dollar value? Ranch response: Values were determined from information provided by real estate appraisal company The Hallstrom Group in a property valuation report. These values are subject to change and not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted. Follow-up comments: Please provide a breakdown of the parcels requested and the appraised value of each parcel. Where identify in the FEIS, where a copy of The Hallstrom Group appraisal report can be obtained by members of the Molokai community.

**Response:** The appraised value of the donated lands that can be identified (not the decrease in value of the easement lands) in the 2006 Hallstrom report was \$40 million. The Hallstrom report is available on the website of MPL's parent, BIL International Limited at [www.bilgroup.com](http://www.bilgroup.com).

**Comments on Page 29**

284. What is the saline content of the brackish Kakalahale well and when was this data gathered? Follow-up comments: When was the data indicated 500 ppm chlorides gathered and what was the source of the data (i.e. pump test?). Assuming 500 ppm chlorides, what would be the cost per 1000 gallons be to desalinate the Kakalahale well water to drinking water standards?

**Response:** As mentioned in MPL's water plan (discussed in Section 4.9.2 and provided in Appendix P of the Draft EIS), desalting is still about four times more expensive on Molokai (not helped by the island's high energy costs) than developing an operating deep groundwater well. Regardless, the Kakalahale well water will be for non-potable water uses.

285. The EISPN does not mention anything about the Ranch's potential water source from the Pala'au Shrimp Farm. Is Molokai ranch still planning to employ this source of water in its future development plans if needed? How much water is available from this source? What is the saline content of this water? Is there any requirement to go to the COWRM for any kind of permit for MPL to transport water from the Pala'au Shrimp Farm area to service irrigation needs in another area of

the island where future development takes. Follow-up comment: If water were transported from Pala'au by MPL to the Kahuakoi resort for use on a golf course would such a use require any type of permit from the state Water Commission? MPL has a permit to pump over 800,000 gpd from the Pala'au Shrimp Farm well, yet anticipates only 500,000 gpd will be available for other uses. What happens to the unaccounted for 300,000 gpd? Did Molokai Ranch or MPL ever have plans to pipe brackish water from the Pala'au Shrimp Farm to the West end for use on a golf course? If so, please explain the circumstances and how the water was to be transported to the West end for use on the golf course.

**Response:** No permit from the Water Commission is required for reclaimed water. As an alternative source of water for the golf course, MPL is considering the re-use of water that has already been cycled through the shrimp farm.

286. What transmission alternatives for the Kakalahale well water is MPL evaluating? MPL response: MPL has indicated that it will seek to use existing pipeline easements across DHHL's Ho'olehua lands for the transmission of Kakalahale water. When Kakalahale Well use is permitted, MPL will not transmit brackish water from the well to the West End using the Molokai Irrigation System (MIS) system. Follow-up comments: Who within DHHL (has the authority to approve the transmission of Kakalahale water across DHHL lands? Who is MPL negotiating with for the transmission approval, and what is the status of those approvals? What alternatives, if any, does MPL have for transmitting Kakalahale water to the West end if transmission across DHHL lands is not approved? Does pipeline size have anything to do with DHHL approval for transmission of Kakalahale water across its lands? If so, please explain.

**Response:** MPL currently has two existing pipeline easements across DHHL lands; therefore, transmission approval is not required to transport water across those easements, although any changes to pipeline size requires DHHL approval. MPL has not investigated or analyzed alternatives to the transmission of water although theoretically other options may exist.

In response to your comments regarding water transmission, as well as to address other questions and concerns received regarding water issues, Section 4.9.2 (Water) in the Final EIS has been revised as shown on the attachment titled, "Revised Section 4.9.2 (Water)."

287. The EISPN states that MPL "will also make its excess potable water capacity available for use of communities outside its property". Please explain the specifics of this general statement? What is the potential amount of "excess potable water" that MPL may have available for use by others in the community and from what source(s) would the excess come from? Is the availability of the "excess potable water" envisioned by MPL contingent on not further impacting the integrity of other water sources in order to generate the MPL's excess water capacity? MPL responses to the above three comments: MPL has offered to make the excess safe drinking (potable) water capacity available from Well 17 for the use of communities outside its property, if, as proposed in the Water Plan, water from Well 17 is freed up from existing irrigation uses. The amount of water available for use of communities outside of MPL's property has not been determined. Follow-up comments: In a recent promotional brochure sent by MPL to all Molokai residents, MPL made the following statements (follow-up comment following each statement) regarding water and its use: 1) The DHHL-approved allocation of 2.9 mgpd from the Kualapuu aquifer is preserved forever for homeowners - Follow-up comment: How does the preservation of DHHL's water allocation effected one way or the other by the development of the La'au Point project?

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**Response:** To meet its potable water needs, MPL has committed to using only existing sources in amounts that are already permitted. In other words, a determination has already been made that the use of 1,018 mgd from Well 17 and water collected in Molokai Ranch's Mountain Water System will not interfere with DHHL's existing permits and reservation.

In response to your comments regarding DHHL's water allocation, as well as to address other questions and concerns received regarding water issues, Section 4.9.2 (Water) in the Final EIS has been revised as shown on the attachment titled, "Revised Section 4.9.2 (Water)." See the section of the attachment titled, "DHHL's Future Water Needs."

288. 2) Molokai Properties has offered the County and DHHL use of up to 500,000 gpd from Well 17, eliminating the need for DHHL and the County to spend up to \$8 million in new infrastructure costs  
- Follow-up comment: It is assumed that the 500,000 is additional water pumped from Well 17 over and above MPL's current allocation/basis of approximately 1,000,000 gpd. Based on this assumption and assuming MPL is confident that an additional 500,000 gpd can be pumped from Well 17, why doesn't MPL use this additional water from its Well 17 for its own needs instead of giving it to other water users? Please describe the infrastructure components that cost \$8 million.

**Response:** MPL believes that water quality should match the use. In other words, drinking quality water should be reserved for household and drinking water uses, and non-potable quality water should be used for irrigation. This is especially important on Molokai where drinking quality water is not abundant in the more populated areas. Well 17, which currently produces more than 1 mgd of drinking quality water, has the potential of producing another 500,000 gpd of drinking quality water. MPL does not need additional drinking quality water; it needs water for irrigation, which can utilize non-potable quality water. MPL has offered Well 17's excess capacity to DHHL and the County in recognition of their needs for additional water for domestic and household uses.

Regarding your question to "describe the infrastructure components that cost \$8 million," we do not know where this cost figure comes from; this cost is not referenced in the EIS. We expect, though, that the infrastructure cost you refer to includes the expense of having to drill wells.

289. 3) The Plan proposes never using any more drinking water, only brackish water that homesteaders don't want to use on their land because it is too salty. — Follow-up comment: If 1,000,000 gpd of Kākalahale water was mixed with 1,000,000 of surface water, what would the chloride count be in the blended water (approximately), and would homesteaders be willing to use this blended water on their lands?

**Response:** Kākalahale Well water is only slightly brackish at about 400 mg/L. Often, surface water is non-potable, not because of chloride content, but because of other impurities (silt, bacteria, etc.). There should be no hesitation with using blended water for irrigation.

290. 4) MPL has stated that it does not need any more drinking water than 2.5 mgpd currently proposed in the Plan. Well 17 will account for one million gpd of existing drinking water. 500,000 gpd would come from the Ranch's mountain system, and an application would be filed to bring 1 million gpd of brackish water from the Kākalahale well. — Follow-up comment: If MPL maintains the 500,000 gpd from its Well 17 that it was going to give away to DHHL and/or the County of Maui this will give MPL 1.5 mgpd from Well 17. Add to this to the 500,000 gpd of water from its mountain system,

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and the 500,000 gpd MPL claims is available from its Pala'au well source, and that gives MPL a total of 2.5 mgpd of water without having to re-open the Kākalahale well. So why is MPL pursuing the re-opening of the Kākalahale Well, if it already has available to it, the 2.5 mgpd it needs to sustain the Plan?

**Response:** MPL has stated that it will not seek a water use permit for any more potable water. MPL will rely on the 1.018 mgd allocation from Well 17 that it currently has and treatment of approximately 500,000 gpd of surface water from its Mountain Water System to meet all of its potable water needs.

As addressed in #288 above, MPL believes that water quality should match the use. In other words, drinking quality water should be reserved for household and drinking water uses, and non-potable quality water should be used for irrigation. This is especially important on Molokai where drinking quality water is not abundant in the more populated areas. Well 17, which currently produces more than 1 mgd of drinking quality water, has the potential of producing another 500,000 gpd of drinking quality water. MPL does not need additional drinking quality water; it needs water for irrigation, which can utilize non-potable quality water. MPL has offered Well 17's excess capacity to DHHL and the County in recognition of their needs for additional water for domestic and household uses.

291. What is the status of the "Waioala Well application"? MPL response: The Waioala o Molokai water use permit was remanded by the Supreme Court. Many of the issues raised in the Waioala Well case were resolved by the Water Commission and affirmed by the Supreme Court. Follow-up comment: What issues were not resolved by the Water Commission and affirmed by the Supreme Court?

**Response:** The Hawai'i Supreme Court remanded the Waioala water use permit case to the Water Commission for further proceedings on two issues.

First, the court held that although it had been shown that pumping from the proposed Waioala well would not adversely impact the existing DHHL wells in Kualapu'u, MPL had not provided evidence to show that pumping from the Waioala well would not impact DHHL's ability to withdraw its 2,905 reservation amount from the Kualapu'u aquifer.

Second, the court held that MPL did not meet its burden in showing that water withdrawals from the Waioala well would not abridge native Hawaiian traditional and customary gathering rights. In the Waioala contested case, MPL took a defensive posture with respect to the issue of traditional and customary native gathering rights. In other words, MPL focused on discounting or impeaching the testimony of those who claimed that native Hawaiian gathering rights would be abridged. The court held that that was not sufficient for MPL to meet its burden as the applicant. Instead, MPL had to make an affirmative showing that withdrawal of water from the Waioala well would not abridge native Hawaiian traditional and customary gathering rights. Additionally, the court held that there was a procedural error in not allowing one of MPL's witnesses to be fully cross-examined, which may have affected the Water Commission's findings of fact with respect to the impact on native gathering rights.

The court ruled that in all other respects MPL had met the requirements for a water use permit for the Waioala well.



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In response to your comment above, as well as to address other questions and concerns received regarding water issues, Section 4.9.2 (Water) in the Final EIS has been revised as shown on the attachment titled, "Revised Section 4.9.2 (Water)." See the section of the attachment titled, "Waiala Well Issues Raised."

292. Isaac Hall is one of two attorneys listed in the EISPN as representing MPL. Has Mr. Hall ever represented any Molokai individuals or community groups against the Molokai Ranch and/or MPL over development or water issues? If so, please provide a list of the actions Mr. Hall has taken on against the Ranch on behalf of community members. MPL response: Details regarding Mr. Hall's previous clients are not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted.

**Response:** We note that you did not have a follow-up comment. MPL maintains its previous answer was adequate.

293. What are the current water rates applicable to Kahuako'i residents and how will these rates be restructured in the future? Follow-up comment: MPL is talking about a conservation rate in the near future of approximately \$6.50 per 1000 gallons used over 1,000 gpd for users served by MPL's water utility company. How does this rate compare to the cost of desalination of sea water?

**Response:** As mentioned in MPL's water plan, desalting is still about four times more expensive on Molokai (not helped by the island's high energy costs) than developing an operating deep groundwater well. A pilot plan on O'ahu developed in the early 2000s still remains idle today because of escalating energy costs needed, in simple terms, to push the brackish water through a membrane to remove the salts.

294. What is average monthly water usage in 1000 gallon per day for residents of the Papohaku Ranchlands residential subdivision? What is the average usage of residents in Maunaloa Town? MPL response to the above two comments: Papohaku Ranchlands and Maunaloa Town are not part of the La'au Point project, and therefore, discussion of this topic in the EIS is not warranted. Follow-up comment: Please provide an adequate response.

**Response:** We concur with our original response. Also, see our response to #32 above.

#### Comments on Page 33 Exhibit 1

295. What is the status of a park of a proposed park consisting of approximately 40-acres in the area of Hale O Lono harbor? Would this 40-acre park be in addition to the 16.5-acre park near Hale O Lono that is part of the La'au Point development? Ranch response: MPL has not proposed or referred to a 40-acre park at Hale O Lono Harbor in regard to the La'au Point project. The La'au Point project will include two public parks (totaling approximately 17 acres), one by Kamakaipō Gulch (11.0 acres) on the west end of the community, and the other (16.0 acres) near Hale O Lono Harbor at the south end. This 17-acre total exceeds the 2.26 acres of parks required for a 200-lot development under the County's subdivision requirements (MCC Sec. 18.16.320). Follow-up comment: Is MPL aware of the 40-acre public park proposed for the Hale O Lono area?

**Response:** See our response to #266 above.

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#### 3.9 COMMENTS ON PAGE 37 EXHIBIT 1

296. In order for those members of the public, as well as decision makers, who are reading the Draft EIS to be fully informed about the policies, goals and objectives of the Maui County General Plan and the Molokai Community Plan may or may not "conform to", please attach a full copy of these important community planning documents that have been adopted into law by ordinance to the Draft EIS.

**Response:** See our response to #198 above.

#### 3.10 COMMENTS ON PAGE 39 EXHIBIT 1

297. There was also a plan for the development of a major timeshare project on lands already zoned for such development within the Kahuako'i Resort. Timeshare is the rage today with developers so much so that developers/landowners are converting existing hotels or demolishing profitable hotels to make way for bigger timeshare developments. Please provide the details of the timeshare alternative that MPL said it did for the timeshare alternative. Follow-up comment: If a timeshare project generated the same net project profits for MPL as the proposed La'au development, would MPL consider the timeshare project as an alternative to developing at La'au Point? If not, why not?

**Response:** See our response to #176 above. MPL never stated that a timeshare development would provide a similar return to the La'au Point development. It took a preliminary look at the possibility of converting the hotel to a timeshare but for many reasons, including financial returns, the company's inability to meet timeshare marketing criteria, and the desire to re-open the hotel as a hotel, it did not pursue this.

#### Comments on page 13 of Appendix A to the EISPN

298. Section 1.8.1: What mandate from the Community did Ke Apani Lokahi (KAL) have to be the community's representative in developing a Master Land Use Plan for Molokai ranch lands?

**Response:** The Master Plan was created by all participants in the community-based planning process, not only KAL (also known as EC). MPL cannot answer questions on behalf of KAL.

299. Page 40 Section 3.6: What is the status of the camping facilities at Kolo Camp and Paniolo Camp that operated similar to Kaupoo Camp? Ranch response: Details regarding Kolo Camp and Paniolo Camp are not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted.

**Response:** We retain the view that details regarding Kolo Camp and Paniolo Camp are not relevant to this EIS.

300. Page 41, Section 3.7.4: MPL has indicated that it would be seeking an investor to provide the necessary financial strength to fund the reopening of the Kahuako'i Hotel. What is the status of MPL's search for an investor? Ranch response: What amount of money or loan guarantees is MPL looking for an investor to provide. For the investors funding commitment, what will MPL offer an investor as far as participation in the La'au Point development profits or future profits from other MPL "development" lands? Ranch response to the above three comments: Details regarding investors for Kahuako'i Hotel are not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted. Follow-up comment: MPL's CEO advised the EC's Land Use Committee on more than one occasion that it was seeking an investor to fund the investment needed to re-open the Kahuako'i Hotel and that the La'au Point project was needed to give the investor comfort that there would be revenues coming in to provide a return on investment. MPL's Peter Nicholas even distributed a



*letter to the members of the Land Use Committee stating that MPL was looking for an investor who saw more in Molokai than just dollars. Is MPL still seeking an investor? If so, please respond to the above comments adequately.*

**Response:** MPL is still hoping to attract an investor to either assist it in funding the Lā'au Point development costs or invest in its entire land holdings. MPL has been discussing investment in Lā'au and in its property with a number of potential investors both from Hawai'i and the US mainland over the past three years. All investors, who are also keen to invest in the re-opening of the Kahaiko'i Hotel, are awaiting the outcome of the entitlement process. We note that over the past five years, MPL has never been contacted by an investor who is interested in re-opening the Kahaiko'i Hotel without the potential returns from the Lā'au Point development.

The structuring of either a joint venture in the Lā'au development or in its total property assets, or the structuring of a relationship between MPL and that potential investor is commercially sensitive.

**301. Page 41 Section 3.7.5: How many of the Papohaku Ranchland lots have currently been built on. How many potential swittings can be developed on the 272 Papohaku lots? Recently, the County of Maui approved one the Papohaku lot owners to subdivide his 6-acre lot into two lots, each about 3 acres. What is the potential number of additional lots that could be created within the Papohaku Ranchlands residential subdivision if all the lot owners to subdivided their properties? How many lots are in the Moana Makani Residential subdivision and how many additional lots could be created if all the lot owners to subdivide their lots to the maximum extent allowable under the law? MPL response: Speculation on other residential subdivisions is unpredictable, the DEIS will include discussion regarding relative cumulative impacts. Follow-up comment: The information solicited from the above three comments is important for determining development potential in relation to available water sources, please provide constructive responses to the comments.**

**Response:** We have made a good faith effort to prepare an EIS in compliance with Chapter 343 and the underlying regulations found in HAR §11-200-1 et. seq. We concur that the Draft EIS must address cumulative impacts, the secondary and non-physical effects of a proposal and the socio-economic consequences of a proposed action. We have done so to the greatest extent possible in this EIS.

Cumulative impacts are restricted to those future actions that are reasonably foreseeable. Because there are no definite plans set forth regarding the "potential number of additional lots that could be created within the Pāpohaku Ranchlands residential subdivision if all the lot owners to subdivided their properties," this cannot be considered reasonably foreseeable for the purposes of this EIS. The same applies for speculation of the Moana Makani subdivision.

**302. Page 53 Section 4.1.1: By what authority will MPL, the Lā'au Point community property owners or members of the Molokai community be able to enforce the subsistence fishing activities described on Pages 61 and 62?**

**Response:** The Lā'au point shoreline, below the highest wash of the waves, is public lands under the jurisdiction of the DLNR. DLNR may enforce its rules and regulations in this area. As a result, unless DLNR has established rules governing the subsistence resource there is no way that anyone can be prevented from ignoring the SAMP if they do not in any way enter onto the

private lands. In order to deal with this dilemma, MPL, the Land Trust and the community are committed to making every reasonable effort to establish the Subsistence Fishing Zone with rules designed to preserve the resources. Adherence to the SAMP will be a condition of entry onto the privately held lands. Those who violate the SAMP will not be allowed entry or may only enter under proscribed circumstances. Also, see our response to #54 above.

**303. Page 66 Section 4.1.4: How many acres of land suitable for agricultural production currently are not in production but need protection? How much water will be needed to make these lands productive and what is the source of the water needed? MPL response: We do not have a response to this question. Re-stated comment: MPL claims that 14,390 acres of agricultural land are proposed to be protected under the Master Plan via easements so they are available for future agricultural production. How much water will be needed to make these lands productive and what is the source of the water needed?**

**Response:** MPL does not have response to this question as the variables of weather, crop choice and irrigation techniques vary too greatly. The answer to this question is wholly dependent on the agricultural use and therefore MPL is unable to answer this in any meaningful way at this time.

It should first be clarified that these lands are currently in agricultural use. The easements will ensure that agricultural use of these lands will continue into the future. Much of these lands are utilized for ranching, which has low water requirements. Water for irrigation of MPL's agricultural lands is supplied by Molokai Ranch's Mountain Water System.

**304. Page 70: What is MPL's plan to work with the Molokai community's unique effort to establish Kaunakakai "as a special destination area for residents and visitors alike" as noted in the Molokai Community Plan for the property located makai of Kamehameha Highway between the highway and Kaunakakai harbor? Ranch response: The development of Kaunakakai is not relevant to this EIS; therefore, discussion of this topic in the EIS is not warranted. Follow-up comment— MPL CEO Peter Nicholas during a videotaped Land Use Committee meeting said that he would not sell any of MPL's lands in Kaunakakai makai of Kamehameha Highway until the community had worked out a Master Plan for the area. Can this promise from Mr. Nicholas still be counted on by the community?**

**Response:** What Mr. Nicholas said was that during the community planning process, which is now completed, MPL would not sell any land it owned in Kaunakakai. MPL complied with this by ensuring two land sales/donations – one to the County of Maui for a new fire station, and the other a donation of land to the Molokai Veterans – receive the blessing of the Land Use Committee. MPL will uphold the promises made in the Master Plan.

**305. Page 71: Please define a "put option". Ranch response: An option for securities or shares that can be "put" to other shareholders at a specified time or under specified circumstances. Follow-up comments: MPL proposes a put option on the Kahaiko'i Hotel. Who would the put option go to? How will the put option price be determined? Please provide a copy of the "put option" agreement with the FEIS.**

**Response:** The "put option" would be held by the CDC and negotiated with that organization in private. Such a put option will be put in place once the Molokai Planning Commission approves the SMA permit for refurbishment of the Kahaiko'i Hotel.

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**3.11 PAGE 85 SECTION 5.1.3**  
306. Based on the "appropriate activities" envisioned for the Rural Landscape Reserve please provide an example in which residential development would be warranted? Ranch response: Rural Landscape Reserves will preserve large open space landscapes throughout La'au Point. Buildings or structures will not be allowed in Rural Landscape Reserves. Follow-up comment: MPL response seems to conflict with Appendix A of the DEIS, which states that residential use will be permitted in certain circumstances on Rural Landscape Reserve lands. Please clear up the discrepancy.

**Response:** As noted in Section 2.1.8 (Moloka'i Land Trust) of the Draft EIS, Rural Landscape Reserve easements will protect open space and views on five large parcels on which no buildings or development will be permitted. The Land Trust will administer agreed upon land use policies for these areas, and enforce the dedicated use of the easement lands.

307. Page 138: When does MPL plan to have an investor on board? Has MPL approached any investors? Is there any investor interest? Ranch response: Detailed investor information is not relevant to the EIS; therefore, discussion of this topic in the EIS is not warranted. Follow-up comment: Does MPL need another entity to provide investment funds to fund the re-opening of the Kaluakoi Hotel?

**Response:** See our response to #300 above.

Thank you for your participation in the EIS process. Your letter will be included in the Final EIS.  
Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachments:  
Revised Permits and Approvals  
Revised Section 4.3 (Trails and Access)  
Revised Section 6.0 (Alternatives)  
Revised Section 3.7 (Fauna)  
Revised Section 4.9.2 (Water)

cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII



THOMAS S. WITTEN, ASLA

PRES

PBR HAWAII

1001 BISHOP ST

ASB TOWER SUITE 650

HONOLULU HI 96813

Dear Mr. Thomas Witten

As a member of the Molokai Community I am writing  
that you consider extending the date to draft so  
that we may be able to read about the EIS  
sooner, to ascertain the impact it will have  
on Molokai and the whole state.

Sincerely,  
Drake Wells

January 16, 2007

Drake Wells  
c/o Walter Ritté  
P O Box 486  
Kaunakakai, HI 96748

SUBJECT: Lā'au Point Draft Environmental Impact Statement (EIS) Public Comment  
Period

Dear Mr. Wells: *Drake Wells*

We have received your request for an extension of the public comment period for the Lā'au Point  
Draft Environmental Impact Statement (EIS).

Molokai Properties Limited will extend the deadline for comments from February 6 to February  
23, 2007.

State law (Chapter 343, HRS) requires a 45-day public comment period for Draft EISs. The  
original 45-day public comment period for the Lā'au Point Draft EIS is from December 23, 2006  
to February 6, 2007.

The extension to February 23 will provide for a public comment period of 63 days.

We look forward to your comments on the Lā'au Point Draft EIS and your participation in this  
public review process.

Sincerely,

*John Sabas*

John Sabas  
General Manager of Community Affairs  
Molokai Properties Limited

cc: Anthony Ching, State Land Use Commission  
Genevieve Salmonson, Office of Environmental Quality Control

*Study-fake  
to comment*



DEAR MR. WELLS  
MY NAME IS DRAKE WELLS. I HAVE BEEN A RESIDENT OF THIS ALOHA STATE SINCE 1967. I HAVE LIVED ON MOLOKAI FOR 30 YRS. I RETIRED FROM THE STATE DASH FARM KULAPAPA 2003. 14 YRS SERVICE. I AM VERY CONCERNED ABOUT LAWA WATER. THERE HAS BEEN A WATER SHORTAGE FOR 15 YEARS. WE HAVE SEEN BOA WATER RESOURCES MANAGEMENT STAGE SINCE TERRITORIAL DAYS. I WAGE YOU AND THE BOA TO VOTE AS TO RANCH'S LAWA POINT. RESPECTFULLY YOURS Drake Wells

Drake Wells  
P.O. Box 100  
Kaunakakai, HI 96748-0100

*address added  
by WWC staff*

RECEIVED  
FEB 22 2007  
STATE OF HAWAII  
LAND USE COMMISSION

November 1, 2007

Drake Wells  
P.O. Box 100  
Kaunakakai, Hawaii 96748-0100

SUBJECT: LA'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT

Dear Mr. Wells:

Thank you for letter regarding the La'au Point Draft Environmental Impact Statement (EIS). We acknowledge your concerns about the island water shortage. As explained in Section 4.9.2 of the Draft EIS and Chapter 6 of the *Community-Based Master Land Use Plan for Molokai Ranch* (provided as Appendix A of the Draft EIS), a key feature of the project's water plan is that only existing sources, at currently permitted amounts, will be utilized to meet all of the potable water needs for the project.

MPL believes that there is ample ground and surface water to meet DHHL's and the County's needs while still supporting MPL's plans for all of its lands. MPL's Water Plan does not adversely affect either DHHL's or the County's ability to develop the water resources they need for future uses.

To meet its potable water needs, MPL has committed to using only existing sources in amounts that are already permitted. In other words, a determination has already been made that the use of 1.018 mgd from Well 17 and water collected in Molokai Ranch's Mountain Water System will not interfere with DHHL's existing permits and reservation.

To address your comments in the Final EIS, as well as to address other questions and concerns regarding water issues in the Final EIS, Section 4.9.2 (Water) has been revised as shown on the attachment titled, "Revised Section 4.9.2 (Water)."

Thank you for participating in the EIS process. Your letter will be included in the Final EIS.  
Sincerely,

Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachment: Revised Section 4.9.2 (Water)

Drake Wells  
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Page 2 of 2

Cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII

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From: Elizabeth Johnson  
104 Oniomi Drive  
P.O. Box 1830  
Kaunakakai, Hawaii 96748  
Phone 808-553-5228  
Fax 808-553-5359

To: Anthony Ching  
State Land Use Commission  
P.O. Box 2359  
Honolulu, Hawaii 96804  
Phone 808-587-3822  
Fax 808-587-3827

Office of Environmental Quality Control  
235 Beretania St. Suite 702  
Honolulu, Hawaii 96813  
Fax 808-586-4184

Date: January 27, 2007

Re: La'au Point Draft Environmental Impact Statement (DEIS) – December 2006

I have several comments on the above document.

1. This document consists of more than 800 pages, some of it in very tiny print so that 2 pages can fit onto one. It is not user friendly or easily readable. For complete understanding of this document a person must have considerable knowledge of the law and the working of government as well as knowledge of all of the various subjects that are addressed, such as water, soil, flora, fauna, economics, archaeology, culture, etc. Some of Molokai's people have limited formal education and limited reading ability. This plan affects virtually all those currently making Molokai their home, and all of these people deserve to have an impact statement concerning their environment, written in language they can understand.

2. There is considerable confusion generated in 2 areas of this document in the title *Community Based Land Use Plan for Molokai Ranch*. What has been known for years as Molokai Ranch, primarily an agricultural endeavor, is now in actuality Molokai Properties Limited (MPL), a land development company under foreign ownership. This proposed plan is a development plan for MPL. Furthermore, using the word *Community* in this title confuses this DEIS with the *Molokai Community Plan of 2001*. If this DEIS document were to be consistent in using MPL instead of Molokai Ranch and if they could remove the word *Community* from the MPL plan it would be easier to understand what is actually being proposed. There would be no previously conceived idea of what "Molokai Ranch" or the "Community Plan" means.

January 27, 2007  
Page 2

3. The DEIS refers more than once to the large number of community meetings and number of participants that were involved in the development of the MPL plan. This is used as evidence that there is wide community support for MPL plan. Contrarily, for any meeting that I personally attended, the vast majority were not in favor of developing La'au Point. When I attempted to access minutes from the Molokai Enterprise Community (EC) of meetings that I did not attend, I was told that the minutes were not public documents. How can the public find out what transpired at these public meetings?

4. On the issue of water, it is again confusing. To say the population is to be increased by 200 (or is it 400 – another area of confusion) large estate homes, without asking for a larger water allotment doesn't pass the common sense test.

5. The CC&R's for the La'au Homeowners Association are not included in this document although section 2.3.6 provides a summary of what they will cover. Who will enforce the CC&R's and what will be penalties for non compliance, on the part of the homeowner and the enforcer? I think both the La'au homeowner by-laws and CC&R's are pertinent to this DEIS and should be included to make this a complete document.

6. There is not enough information on the Molokai Land Trust (MLT), how it will be funded and governed. What relationship if any, is there with the La'au homeowners association? If the MLT is part of the MPL plan, the complete details should be available to the community.

7. In the same light, the role and formation of the Community Development Corporation (CDC) is not clear. What is the relationship between the CDC and the La'au homeowners association?

8. There is no question that this proposed development will have tremendous social impact on Molokai residents. Indeed, the social impact is already being felt. Our Community is divided as I have never seen it before, at least in the 40 years that I have lived here.

9. There is an immediate need for affordable housing for Molokai people. This need will not be satisfied by large fancy multimillionaire homes that are occupied for only a portion of the year.

10. Once land is taken out of the Agricultural classification, it is lost forever. Currently, throughout our State there is a call to preserve Agricultural lands for agriculture and for our future. To remove land from Agricultural zoning at La'au Point at this time would be a giant step backward.

Thank you for listening to my concerns.

  
Elizabeth Johnson



Elizabeth Johnson  
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November 1, 2007  
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We acknowledge your confusion of the titles *Community-Based Master Land Use Plan for Molokai Ranch* and the *Molokai Community Plan*. However, these are different documents and we believe the titles are different enough to avoid confusion.

3. *The DEIS refers more than once to the large number of community meetings and number of participants that were involved in the development of the MPL plan. This is used as evidence that there is wide community support for MPL plan. Contrarily, for any meeting that I personally attended, the vast majority were not in favor of developing La'au Point. When I attempted to access minutes from the Molokai Enterprise Community (EC) of meetings that I did not attend, I was told that the minutes were not public documents. How can the public find out what transpired at these public meetings?*

**Response:** We acknowledge your comments; however, we do not believe that the true feelings of the greater community can be gauged at such venues.

We note that most EC Board Meetings are attended by fewer than 100 people, many of whom are the same, one meeting to the next, Master Plan supporters and opponents alike. Many of the Master Plan opponents continually seen in attendance have waged a diligent and contentious propaganda campaign against KAL-EC over the past 12-18 months, because of their previous vote to support the Master Plan. The atmosphere at EC meetings over this same time period has been extremely tense, sometimes overflowing into outright violence. Police have been called to ensure safety and are often in attendance in advance as a preventive measure.

We cannot comment on KAL-EC policy on distribution of Board Meeting minutes. Nor do we know which minutes have been 'refused' and to whom they have been 'refused,' if ever. We can say, however, that KAL, as a private, Hawaii nonprofit corporation organized under HRS-414D, is under no legal obligation to make its Board Meeting minutes public. We do note meetings were aired on the Akaku Channel 53.

4. *On the issue of water, it is again confusing. To say the population is to be increased by 200 (or is it 400 — another area of confusion) large estate homes, without asking for a larger water allotment doesn't pass the common sense test.*

**Response:** Chapter 6 of the Master Plan (provided as Appendix A in the Draft EIS) details the proposed water allocation plan for the project. MPL has committed to using only existing sources, at currently permitted amounts, to meet all of the potable water needs for its current water customers and MPL's future developments proposed under the Master Plan. The water use proposed is in accordance with domestic Maui County standards (600 gallons per day) and we believe the 1,500 gallons per day proposed for irrigation use is more than actually will be required.

As far as source, a new non-potable source is being proposed. Existing irrigation uses that are now supplied with potable water will utilize the new non-potable source, thus freeing up sufficient potable water to meet the demands of the increased population.

5. *The CC&R's for the La'au Homeowners Association are not included in this document although section 2.3.6 provides a summary of what they will cover. Who will enforce the CC&R's and what will be penalties for non-compliance, on the part of the homeowner and the enforcer? I think both the*

November 1, 2007

Elizabeth Johnson  
104 Oniom Drive  
Kaunakakai, Hawaii 96748

SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT

Dear Ms. Johnson:

Thank you for your letter dated January 27, 2007 regarding the Lā'au Point Draft Environmental Impact Statement (EIS). We acknowledge your comments.

1. *This document consists of more than 800 pages, some of it in very tiny print so that 2 pages can fit onto one. It is not user friendly or easily readable. For complete understanding of this document a person must have considerable knowledge of the law and the working of government as well as knowledge of all of the various subjects that are addressed, such as water, soil, flora, fauna, economics, archaeology, culture, etc. Some of Molokai's people have limited formal education and limited reading ability. This plan affects virtually all those currently making Molokai their home, and all of these people deserve to have an impact statement concerning their environment, written in language they can understand.*

**Response:** We acknowledge your comments. We understand that some pages of the document contain two pages per sheet which results in small print; however, this format is used so that the hard copy of the document would not be too unwieldy to handle. If every page were printed full-size, the hard copy document would have yielded over a 1,000 pages. For this reason, we also offer the EIS on CD to view on a computer; this provides the reader the option to enlarge pages for easier reading.

2. *There is considerable confusion generated in 2 areas of this document in the title Community Based Land Use Plan for Molokai Ranch. What has been known for years as Molokai Ranch, primarily an agricultural endeavor, is now in actuality, Molokai Properties Limited (MPL), a land development company under foreign ownership. This proposed plan is a development plan for MPL. Furthermore, using the word Community in this title confuses this DEIS with the Molokai Community Plan of 2001. If this DEIS document were to be consistent in using MPL instead of Molokai Ranch and if they could remove the word Community from the MPL plan it would be easier to understand what is actually being proposed. There would be no previously conceived idea of what "Molokai Ranch" or the "Community Plan" means.*

**Response:** We acknowledge your comments. It is stated in the beginning of the Draft EIS (page iv, Background) that Molokai Ranch is also known as Molokai Properties Limited. It is not uncommon for companies to have a formal name and do business as another (example: Molokai Properties Limited dba Molokai Ranch).

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*Lā'au homeowner by-laws and CC&R's are pertinent to this DEIS and should be included to make this a complete document.*

**Response:** Section 2.3.6 of the Draft EIS and Chapter 5 of the Master Plan provide covenants that will be in the Lā'au Point CC&R's. The enforcement of the CC&R's shall be pursued by the Lā'au Point homeowners' association, affected persons such as the Land Trust who will be a party to the CC&R's, and in certain situations MPL, as the declarant under the CC&R's. The CC&R's will be enforceable by all legal matters. The CC&R's are currently being prepared and will be provided at the LUC hearing for the Final EIS.

6. *There is not enough information on the Molokai Land Trust (MLT), how it will be funded and governed. What relationship if any, is there with the Lā'au homeowners association? If the MLT is part of the MPL plan, the complete details should be available to the community.*

**Response:** The Molokai Land Trust is a private, non-profit corporation with its focus on land conservation. The Land Trust owns land fee simple or acquires conservation easements to conserve land for future generations. There is a current nine-member board of directors, but the size of the board may increase. The Land Trust includes its own bylaws to govern its lands. The Land Trust board of directors will determine rules and regulations as written in their bylaws. The Land Trust has adopted the same standards and practices of the Land Trust Alliance, which is a national organization that focuses on providing support to land trusts. The Land Trust Alliance standards and practices can be reviewed at < <http://www.lta.org/sp/index.html> >.

No member of the Land Trust is from MPL, although MPL is a non-voting ex-officio member in order to assist the Land Trust with on-going information about MPL land scheduled for donation. Most of the Land Trust's initial directors were part of a volunteer steering committee under the guidance of Ke 'Aupuni Lōkahi (KAL) for the purpose of creating a land trust that would protect culturally and environmentally important lands on Molokai. The committee members spent several hundred hours educating themselves on the land trust model and working with consultants and experts in the land conservation field to create the Land Trust. The current board of directors include: Colette Machado, Richard Cooke III, Stephanie Crivello, Cheryl Corbiell, Clarence Halona Kaopuiki, William Akutagawa, David Lunney, Davianna McGregor, and Edwin Misaki. Other directors are soon to be appointed.

7. *In the same light, the role and formation of the Community Development Corporation (CDC) is not clear. What is the relationship between the CDC and the Lā'au homeowners association?*

**Response:** There is no relationship from an organizational standpoint. The CDC will be an independent entity and will have no connection whatsoever with the Lā'au homeowners nor the Molokai Land Trust. Pursuant to agreements with the Land Trust and the CDC, funds will be given to the CDC (and indirectly the Land Trust) from fees assessed on Lā'au Point homeowners.

8. *There is no question that this proposed development will have tremendous social impact on Molokai residents. Indeed, the social impact is already being felt. Our Community is divided as I have never seen it before, at least in the 40 years that I have lived here.*

Elizabeth Johnson

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**Response:** The social impact assessment (SIA) was provided as Appendix M and discussed in Section 4.8 of the Draft EIS. You imply that the current conflict and division in the community is due to this project. We disagree. The controversy surrounding this project is not unique to Lā'au Point. In focus group sessions and interviews conducted for SIA, people repeatedly said that they do not go to meetings because of confrontational behavior. Kūpuna were concerned that this type of behavior was becoming more common. The confrontational behavior was exhibited in recent projects that are not connected to Lā'au Point, such as the proposal to allow cruise ships to land in Molokai and the University of Hawai'i patent applications for genetically-modified taro.

We understand people are passionate about Molokai, and equally passionate about protecting their island and perpetuating the Molokai Style. Regardless of their position on the Lā'au Point project or the Master Plan, people want to protect Molokai from detrimental change. The controversy stems from a divergence in the approach on how to protect and perpetuate what is valuable in Molokai. The Lā'au Point project is a reflection of this divergence, and not the cause of conflict.

9. *There is an immediate need for affordable housing for Molokai people. This need will not be satisfied by large fancy multimillionaire homes that are occupied for only a portion of the year.*

**Response:** Section 4.8.2 of the Draft EIS discussed affordable housing and how lot sales will fund future affordable housing projects.

10. *Once land is taken out of the Agricultural classification, it is lost forever. Currently, throughout our State there is a call to preserve Agricultural lands for agriculture and for our future. To remove land from Agricultural zoning at Lā'au Point at this time would be a giant step backward.*

**Response:** Section 3.4 of the Draft EIS discussed the agricultural impacts, along with mitigation measures. The Master Plan actually protects agricultural land under easements which will ensure their agricultural use forever.

Thank you for reviewing the Draft EIS. Your letter will be included in the Final EIS.

Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII



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February 19, 2007 PBR HAWAII

Ella Alcon  
P.O. Box 1346  
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Mr. Anthony Ching  
State Land Use Commission  
P.O. Box 2359  
Honolulu, HI 96804

Peter Nicholas  
Molokai Properties Limited  
745 Fort Street Mall, Ste. 600  
Honolulu, HI 96813

Thomas Witten  
PBR Hawaii  
1001 Bishop St. Ste. 650  
Honolulu, HI 96813

Genevieve Salmonson  
OEQC  
235 S. Beretania St. #702  
Honolulu, HI 96813

Comments on the Draft Environmental Impact Statement for La'au Point

Dear Mr. Ching, Mr. Nicholas, Mr. Witten, and Ms. Salmonson:

My name is Ella Alcon and I was a member of the Enterprise Community Land Use Committee, which was responsible in finalizing the guidelines for policies and principles for the Community-Based Master Land Use Plan for Molokai Properties Limited.

In retrospect I believe the entire planning process was flawed because the two most important issues, the La'au Point development and the use of our precious water were intentionally left to the very end. The members knew that the La'au Point development and the use of our water would be contentious issues finding it difficult to come to an agreement. For many residents when it comes to developing La'au or the use of water, there is no middle ground. This was known from the very start of the planning process and unfortunately the development of La'au did not get its fair share of the discussion.

After two years of meetings and the creation of the so called Community-Based Master Land Use Plan, the Enterprise Community Land Use Committee was asked to take a vote either to end the process and do away with the "Plan" or continue the process taking it to

the next step and vote to recommend to the Enterprise Community Board that the committee supported the intentions of seeking Community approval. This "Plan" was to be a Community-Based Plan that the community would embrace and agree to.

The Enterprise Community claims that they received overwhelming community support for the "Plan" at the numerous community meetings held. As an Enterprise Community Land Use Committee member I voted in favor to take this "Plan" to the next level hoping for community input and allowing the community to decide what was best for this island. I never voted in favor of developing La'au Point. I want to make it clear that my vote was to take the "Plan" to the community, which was already determined by MPL from the beginning of the process.

I was born and raised here on Molokai and have lived here for 50 years. I can say with confidence that I know my community well and am convinced beyond a doubt that the overwhelming majority of residents oppose the development of La'au Point and the use of our precious water for this project.

The "Plan" sounds enticing, offering the community a land trust of thousands of acres of land, reopening Kalua Ko'i Hotel etc. but the bottom line is all of that cannot compare to the value and worth of our precious water and La'au Point. The Enterprise Community Board does not have the support of the community when it comes to the Development of La'au Point. Let's be clear, if this "Plan" is not Community-Based then it should not be called that.

Social Impact:

La'au is a very pristine place with great spiritual and cultural significance and it would be devastating to have it marred by 200 luxury homes for people who may not have an appreciation for this precious place. The visual appearance of this sacred land will be changed forever. We the people of this island will feel out of place when we visit La'au. The people living there will have different values and lifestyles and will not have a spiritual and cultural connection to the aina. There will always be contention no matter how much time goes by. Every generation will feel the same bitterness and resentment that the generation before has felt. It will never end!

Moloka'i is truly a special place that needs to be protected. We cannot sit back and allow this beautiful island to become like it's sister islands. We have to stand firm because once our lands are built upon and desecrated there is no turning back. If our generation does not protect our aina, all that we cherish, love, and enjoy will be gone forever. We owe it to our future generations to fight with our heart and soul to keep Moloka'i, Moloka'i.

Respectfully,



Ella Alcon



Ella Alcon  
SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT  
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favor of the Master Plan, it did include the Lā'au Point project. The Master Plan's financial viability is dependent on the Lā'au Point component.

The Master Plan is being taken to the next level of community input—decisions by the regulators at the Land Use Commission, the Moloka'i Planning Commission, and Maui County.

- I was born and raised here on Molokai and have lived here for 50 years. I can say with confidence that I know my community well and am convinced beyond a doubt that the overwhelming majority of residents oppose the development of Lā'au Point and the use of our precious water for this project. The "Plan" sounds enticing, offering the community a land trust of thousands of acres of land, reopening Kahua Kō'i Hotel etc. but the bottom line is all of that cannot compare to the value and worth of our precious water and Lā'au Point. The Enterprise Community Board does not have the support of the community when it comes to the Development of Lā'au Point. Let's be clear, if this "Plan" is not Community-Based then it should not be called that.*

**Response:** We do not believe you or any one person, including ourselves, can speak on behalf of the "overwhelming majority of residents" on Moloka'i.

We also note that there are many Moloka'i residents who support the project. Master Plan was created by participating community members, like yourself, who volunteered their time at numerous meetings (see Section 2.4 of the Draft EIS) to plan a sustainable future for Moloka'i. The Master Plan is a thoughtful and comprehensive compilation of many community members' visions for Moloka'i. The Master Plan participants have made it clear their support through the comprehensive Master Plan document.

We note that the vast majority of development proposals in Hawai'i are solely the product of the landowner and/or developer, with minimal community input prior to the stage when the proposals face State and County regulatory approvals. Recognizing that community input is crucial to the success of any development on Moloka'i, MPL, in partnership with the EC, held more than 150 community and special interest group meetings in which more than 1,000 Moloka'i residents participated. The result was the Master Plan. Adoption and implementation of the Master Plan rests with MPL and the Land Trust, and with regulators such as the Land Use Commission, the Molokai Planning Commission, and the Maui County Council.

Notwithstanding the community process that went into creation of the Master Plan, the Master Plan requires approvals from State and county agencies which are obligated to review the proposal in the context of a number of different criteria established by law. As with any other development proposal, this Master Plan is not subject to community referendum. Instead, the community elects State Governments and local government officials to make many decisions on its behalf. Those authorities appoint people to statutory organizations such as the State Land Use Commission and the Moloka'i Planning Commission in order that they can decide issues such as this Master Plan's implementation.

- La'au is a very pristine place with great spiritual and cultural significance and it would be devastating to have it marred by 200 luxury homes for people who may not have an appreciation for this precious place. The visual appearance of this sacred land will be changed forever. We the people of this island will feel out of place when we visit La'au. The people living there will have different*

November 1, 2007

Ella Alcon  
P.O. Box 1346  
Kaunakakai, Hawai'i 96748

**SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Ms. Alcon:

Thank you for letter dated February 19, 2007 regarding the Lā'au Point Draft Environmental Impact Statement (EIS). We acknowledge your comments regarding the community-based master land use planning process, the EC Board vote, and the spiritual and cultural significance of Lā'au. Below, we offer responses.

- In retrospect I believe the entire planning process was flawed because the two most important issues, the Lā'au Point development and the use of our precious water were intentionally left to the very end. The members knew that the Lā'au Point development and the use of our water would be contentious issues finding it difficult to come to an agreement. For many residents when it comes to developing Lā'au or the use of our water, there is no middle ground. This was known from the very start of the planning process and unfortunately the development of Lā'au did not get its fair share of the discussion.*

**Response:** We disagree with your statement that the planning process was "flawed." On January 28 and 29, 2003, the Conservation Fund convened a meeting of all interested parties at Kulana 'Ōhiwi. A process for agreed and Peter Nicholas outlined what MPL needed from that process to remain viable. At the time, during a discussion of the process, Peter Nicholas said that it was not much use discussing water or the Lā'au development unless the community agreed other major aspects of a Master Plan for the property. This valid process was agreed upon by many of those people who now object to the process.

To reflect this information in the Final EIS, as well as to address other questions and concerns regarding the validity of the community-based planning process, Section 2.5 will be revised as shown on the attachment titled, "Revised Section 2.4 (Community Meetings and Involvement)."

- The Enterprise Community claims that they received overwhelming community support for the "Plan" at the numerous community meetings held. As an Enterprise Community Land Use Committee member I voted in favor to take this "Plan" to the next level hoping for community input and allowing the community to decide what was best for this island. I never voted in favor of developing Lā'au Point. I want to make it clear that my vote was to take the "Plan" to the community, which was already determined by MPL from the beginning of the process.*

**Response:** We acknowledge your comment. We note that Lā'au Point is a part of the overall Community-Based Master Land Use Plan for Molokai Ranch (provided as Appendix A in the Draft EIS; hereafter referred to as "Master Plan"). Therefore, as you know, when you voted in

Ella Alcon

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Page 3 of 4

*values and lifestyles and will not have a spiritual and cultural connection to the aina. There will always be contention no matter how much time goes by. Every generation will feel the same bitterness and resentment that the generation before has felt. It will never end!*

**Response:** You have made several statements regarding social impacts and we will address each one. First, you say that the new residents "may not have an appreciation for this precious place." This is based on an expectation or stereotype that is unfounded. Moloka'i is a unique community and island. Those who choose to buy a lot and build a house at Lā'au Point will likely be attracted to the beauty and mystique of the area. It is very likely that new buyers will share Moloka'i's desire to protect the environmental resources and Moloka'i lifestyle and culture. This is already occurring, whereby relatively newer residents are participating in environmental advocacy and protection efforts on Moloka'i. This was previously discussed in Section 4.8.3 of the Draft EIS.

In addition, it was stated in Section 2.3 of the EIS, the target market for Lā'au Point are people who respect the unique character of the site and of Moloka'i, and who support conservation, cultural site protection, and coastal resource management. Brochures, sales material, and other promotional documents will be reviewed by the Land Trust or the EC for accuracy and adherence to their principles. The intent for Lā'au Point is for it to be a community for people that demonstrate the value of mālama'aina (caring for, protecting, and preserving the land and sea). The project "must be the most environmentally planned, designed, and implemented large lot community in the State." This statement precedes the covenant document determined by the Land Use Committee that will place many restrictions on lot owners. Lā'au Point will be unlike any other community in Hawai'i.

Second, you are concerned about feeling out of place when you visit Lā'au. According to interviews conducted in the Social Impact Assessment (Appendix M of the Draft EIS), Lā'au Point is not commonly visited by Moloka'i residents. The inaccessibility of Lā'au Point was commonly discussed in interviews, and, typically, people did not visit Lā'au Point unless they received permission by the landowner or they trespassed illegally. The project will actually increase community access to an unfrequented area.

Third, you point out that there will be "different values and lifestyles" and "contention no matter how much time has gone by." Moloka'i is already growing and exposure to non-Moloka'i people is part of the Moloka'i social environment. Section 2 of the Social Impact Assessment presents detailed information regarding population trends and demographics. The information indicates that the island has experienced steady growth since the 1970s for an overall 43 percent increase by 2000. Significantly, East Maui's population grew by 82 percent between 1970 and 2000.

Further, Lā'au Point will not add a new element on luxury housing on Moloka'i. This is already occurring in East Maui and other portions of Moloka'i. Interaction between people of different economic status is already occurring.

Finally, the level of new population due to Lā'au Point is not significant to cause major social impact. As discussed in Section 5.1 of the Social Impact Assessment, the permanent population

Ella Alcon

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at build-out is estimated at 174 persons, which is only two percent of the forecasted 2025 population. We do not believe that adding 174 permanent residents to Moloka'i will cause the "bitterness and resentment" that you describe for future generations.

5. *Moloka'i is truly a special place that needs to be protected. We cannot sit back and allow this beautiful island to become like it's sister islands. We have to stand firm because once our lands are built upon and desecrated there is no turning back. If our generation does not protect our aina, all that we cherish, love, and enjoy will be gone forever. We owe it to our future generations to fight with our heart and soul to keep Moloka'i, Moloka'i.*

**Response:** The Master Plan, in essence, would prevent Moloka'i from becoming like its "sister islands" because it would put over 50,000 acres into permanent protection through land donations and easements to the Moloka'i Land Trust. In addition, the Master Plan's intention for slow, controlled growth for Moloka'i is unlike the other islands' seemingly rapid, uncontrolled growth.

Thank you for reviewing the Draft EIS. Your letter will be included in the Final EIS.

Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachment: Revised Section 2.4 (Community Meetings and Involvement)

Cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII

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FEB 26 2007

PBR HAWAII

Erick D. Bailey  
98-1403E Kaahumanu St.  
Aiea, HI. 96701  
(808) 489-5002  
20 February 2007

PBR Hawaii  
1001 Bishop Street  
ASB Tower, Suite 650  
Honolulu, HI 96813  
Attention: Thomas Witten  
Telephone: (808) 521-5631  
Fax: (808) 523-1402

Subject: La'au Point, Molokai

Dear Sir,

I'm writing to you in regards to an aggressive building project proposed for the area of La'au Point, Molokai. 200 hundred luxury homes on the West side of Molokai are being proposed for construction. I am very much in favor of progress and improving the land and if the funds were available I too would certainly be thinking of purchasing one of these beautiful homes. Unfortunately, not much thought or consideration has gone into the choice of location or its impact. To use an area such as "La'au Point" just for the sake of raising money to fund other projects is totally ridiculous. The impact it would have on the eco system of La'au Point and its community would cause more harm than good. Please take more time to look at all of Molokai as a whole rather than La'au Point only. Many potential buyers would love to buy one of these magnificent houses regardless of where in Molokai it was located just to own a part of paradise.

I understand also that the beautiful and endangered Monk seals could also be severely impacted by construction, kids and a number of marauding dogs. If it was as simple as relocating the seals that would be one thing but you can't keep a sea creature restricted to an area by signs and good will only. No sir! This should really take plenty of time and thought on how this construction and changing of the landscape might affect Hawaiian wild life.

Why not stagger your luxury homes around other areas of the island of Molokai? You would get the much needed funds for selling these homes and would benefit other communities by raising their property values. You might also try dividing the 200 homes into smaller luxury neighborhoods of 15-30 homes and perhaps

building them in a gated community. There is certainly more than one side of an island to live on. People want choice and more options when buying a home. Limiting that choice to one area is not a choice. Let the developers and the community come together and encourage improvements across the whole island rather than a single area. Let's not bulldoze La'au Point in a rush for funds.

We are all a part of the Hawaiian community and everything that happens to our state affects us all. Lets take that into account as we consider and work for a long term solution. Let us not forget what the good book says and how it affects our decision making for all of our neighbors: Behold, how good and how pleasant it is for brethren to dwell together in unity (Psalm 133:1). May we all dwell in harmony as we solve this issue concerning "La'au Point". Let us all work to create a better future for all who love and respect this beautiful land of ours we call home.

Sincerely,

  
Erick D. Bailey  
U.S. Navy, retired



November 1, 2007

Emrick D. Bailey  
98-1403E Ka'ahumanu Street  
Aiea, Hawai'i 96701

**SUBJECT: LĀ'AU POINT DRAFT ENVIRONMENTAL IMPACT STATEMENT**

Dear Mr. Bailey:

Thank you for letter dated February 20, 2007 regarding the Lā'au Point Draft Environmental Impact Statement (EIS). We respond to your comments.

*1. I am very much in favor of progress and improving the land and if the funds were available I too would certainly be thinking of purchasing one of these beautiful homes. Unfortunately, not much thought or consideration has gone into the choice of location or its impact. To use an area such as "La'au Point" just for the sake of raising money to fund other projects is totally ridiculous. The impact it would have on the eco system of La'au Point and its community would cause more harm than good. Please take more time to look at all of Molokai as a whole rather than La'au Point only. Many potential buyers would love to buy one of these magnificent houses regardless of where in Molokai it was located just to own a part of paradise.*

**Response:** We acknowledge your comments and we respectfully disagree. This project, and the *Community-Based Master Land Use Plan for Molokai Ranch* (Master Plan), which the project is an integral part of, is the product of more than 150 community and special interest group meetings over a three-year span (see Section 2.4 of the Draft EIS). The Master Plan was created by participating community members that volunteered their time and efforts to plan a sustainable future for Molokai'i. The Master Plan is a long-term solution for Molokai'i.

Much thought, time, and consideration have been put into examining the location and impacts for this project. Various alternatives, which included other locations and other lot/unit mixes, were examined and discussed in Section 6.0 of the Draft EIS.

As previously discussed in Section 2.3 of the Draft EIS, the target market for Lā'au Point are people who respect the unique character of the site and of Molokai'i, and who support conservation, cultural site protection, and coastal resource management. Brochures, sales material, and other promotional documents will be reviewed by the Land Trust or the EC for accuracy and adherence to their principles. The intent for Lā'au Point is for it to be a community for people that demonstrate the value of mālama'āina (caring for, protecting, and preserving the land and sea). The project "must be the most environmentally planned, designed, and implemented large lot community in the State." This statement precedes the covenant document determined by the Land Use Committee that will place many restrictions on lot owners. Lā'au Point will be unlike any other community in Hawai'i.

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*2. I understand also that the beautiful and endangered Monk seals could also be severely impacted by construction, kids and a number of marauding dogs. If it was as simple as relocating the seals that would be one thing but you can't keep a sea creature restricted to an area by signs and good will only. No sir! This should really take plenty of time and thought on how this construction and changing of the landscape might affect Hawaiian wild life.*

**Response:** We consulted with the National Oceanic and Atmospheric Administration (NOAA) National Marine Fisheries Service about the monk seal population at Lā'au Point. The shoreline access management plan (SAMP) contains a plan and recommendations developed in consultation with the National Oceanic and Atmospheric Administration (NOAA) Monk seal program and elements were taken directly from their draft *Recovery Plan for the Hawaiian Monk Seal* (November 2006).

The SAMP also provides rules to ensure non-disturbance of Hawaiian monk seal habitat and the promotion of Lā'au Point as an area for Hawaiian monk seals to frequent and "haul out." Rules have been developed on removal of gear, the use of certain types of gear, and responses to Hawaiian monk seal sightings. No domestic pets and animals (including hunting dogs) will be allowed in the managed area. The use of toxins and pesticides is specifically prohibited and equipment will be purchased for cordoning off areas where Hawaiian monk seals have come ashore.

To ensure that the project does not alter behavior of Hawaiian monk seals that visit the area, residents and visitors will be educated about possible interaction with these animals and the appropriate human behavior for that interaction. Appropriate protocol if one encounters a Hawaiian monk seal on the beach is to notify National Marine Fisheries Service (NMFS), who will check if the animal is injured or entangled, then put tape around the site to keep people from approaching too closely. Due to the lack of available NMFS staff on Molokai'i, a Resource Manager will monitor the Lā'au shoreline area daily.

The established mitigation measures for protecting hauled-out monk seals have been generally effective elsewhere in the Main Hawaiian Islands, and this segment of the monk seal population appears to be increasing. Prohibition of domestic animals from the shoreline may be of greater significance in limiting behavioral disturbances.

To reflect the above information in the Final EIS, as well as to address other questions and concerns regarding monk seals, Section 3.7 (Fauna) of the Final EIS has been revised as shown on the attachment titled, "Revised Section 3.7 (Fauna)." The SAMP has been included as an appendix to the Final EIS.

*3. Why not stagger your luxury homes around other areas of the island of Molokai? You would get the much needed funds for selling these homes and would benefit other communities by raising their property values. You might also try dividing the 200 homes into smaller luxury neighborhoods of 15-30 homes and perhaps building them in a gated community. There is certainly more than one side of an island to live on. People want choice and more options when buying a home. Limiting that choice to one area is not a choice. Let the developers and the community come together and encourage improvements across the whole island rather than a single area. Let's not bulldoze Lā'au Point in a rush for funds.*

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**Response:** As stated in #1 above, various alternatives, which included other locations and other lot/unit mixes, were examined and discussed in Section 6.0 of the Draft EIS. In addition, the following were evident during the planning process:

- MPL and the island do not support gated communities.
- The Moloka'i Community Plan states that development of house lots should be restricted to the West End of the island.
- The community, through the Master Plan process, indicated that it only wanted housing for the community developed now in Maunaloa, Kualapu'u, and Kaunakakai and supported the La'au project as a result.
- Housing for the community, or "affordable homes" as they are termed, will not be profitable for any developer and are usually constructed with the aid of funds from a 501c3 charitable organization.

The above information is reflected in the Master Plan, which is provided in its entirety as Appendix A in the Draft EIS.

Thank you for participating in the EIS process. Your letter will be included in the Final EIS.

Sincerely,



Peter Nicholas  
President and CEO  
Molokai Properties Limited

Attachment: Revised Section 3.7 (Fauna)

Cc: Anthony Ching, State Land Use Commission  
Office of Environmental Quality Control  
Jeff Hunt, Maui Planning Department  
Thomas S. Witten, PBR HAWAII