

**GROVE FARM PROPERTIES, Inc.
PO BOX 2069 PUHI RURAL BRANCH
LIHUE, KAUAI, HI 96766-7069**

June 11, 1992

Ms. Esther Ueda, Executive Officer
State of Hawaii
Land Use Commission
Room 104, Old Federal Building
335 Merchant Street
Honolulu, Hawaii 96813

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LAND USE COMMISSION
STATE OF HAWAII

**Subject: LUC Docket No. A89-636/Grove Farm Properties, Inc.
Third Annual Report**

In compliance with Condition No. 13 of the Decision and Order in the above matter, Grove Farm Properties, Inc. submits the following annual report, due June 30, 1992.

Subsequent to the State of Hawaii Land Use Commission's decision on June 15, 1989, granting re-districting of 480 acres in the Lihue/Puhi Project District, the Kauai County Planning Commission approved the project on December 14, 1989. The Kauai County Council granted zoning on February 28, 1990, and the Mayor signed the bill for an ordinance on March 13, 1990. The following represents a condition-by-condition review. The condition is noted with the responsive comment in bold type.

Condition 1a. The availability of public services and facilities such as schools, sewers, parks, water, sanitation, drainage, road, refuse collection and disposal, police and fire protection, the adequacy thereof, and an assessment as to whether the anticipated density and uses to which the Property will be put would unreasonably burden State or County agencies; and how the Petitioner intends to aid in the resolution of any identified inadequate facilities or services.

Condition 1b. A detailed drainage analysis of the Property, including an assessment of the downstream impacts which would result upon approval of the Petitioner's application and the mitigative measures proposed with respect to all such impacts.

Condition 1c. A description and analysis of how the Petitioner proposes to provide its requested development with sewage and wastewater treatment and disposal.

Condition 1d. A description of the Petitioner's proposed development schedule of all the land uses proposed and phasing development, which development schedule shall also include the address development of the Project's interior roadway system.

In connection with the Petitioner's zoning application to the County, studies and reports were submitted to and accepted by the County satisfying conditions 1a, 1b, 1c and 1d. Specific responses to your letter of 7/25/90 to Grove Farm regarding possible impacts on public services and facilities were contained in our 10/9/90 letter to you. They are reiterated and updated here:

Condition 1a:

1. After discussions with the Dept. of Education, a 10.0 acre school site has been selected and incorporated into the plan. A minimum 5.0 acres of park land is planned immediately adjacent to the school site.

2. The County has approved our private sewerage concept. The State Department of Health has approved our STP design.

3. A total of 9.0 acres has been designated for County park, including the 5.0 acres mentioned in 1, above. This will be adjusted to meet actual requirements, based on the County's Park Ordinance.

4. We are continuing with engineering for water, drainage and roadways. Certain areas have been completed and are under construction. Plans for other areas are under County review and some are still in design. Our water masterplan has been approved by the County.

5. We have reached agreement with the County of Kauai regarding our participation in the solid waste program. We have paid the County substantial funds in this regard.

6. No additional burden is anticipated because of the project, including police and fire protection.

Condition 1b:

The overall drainage strategy agreed to with the Dept. of Public Works is to control storm water within the project by way of detention basins, primarily contained within the golf course area. Our drainage masterplan has been completed and is under County review.

Condition 1c:

We have received approval from the County to construct a wastewater treatment facility on a 12.6 acre parcel. The area is somewhat larger than originally anticipated because the

consultants have recommended a lagoon system and a larger site has sufficient area to accommodate some non-project flows, as requested by the County. The system will be sized to handle the entire project. Treated effluent will be recycled to irrigate the golf course. The STP site has been graded and we have entered into a construction contract for the plant itself. We expect to have construction complete in the first quarter of 1993.

Condition 1d:

The development schedule and phasing plan were transmitted to you as an enclosure to our letter of 10/9/90. In the event the schedule is revised prior to the next annual report, we will provide you a copy. Generally, things are taking longer than expected. The County has recently initiated discussions on some plan revisions which, if agreed upon, might cause some changes to the schedule.

Condition 2a. Petitioner shall provide housing opportunities for low, low-moderate and moderate income Hawaii residents by offering for sale at least thirty percent (30%) of the units at prices which families with an income range of 80 to 120 percent of Kauai County's median income can afford and thirty percent (30%) of the units which families with an income range of 120 to 140 percent of Kauai County's median income can afford. This condition may be fulfilled through projects, under such terms as may be mutually agreeable, between Petitioner and the Housing Finance and Development Corporation of the State, or other appropriate governmental agency.

This condition may also be fulfilled, with the approval of the Housing Finance and Development Corporation, through the construction of rental units to be made available at rents which families in the specified income ranges can afford.

Condition 2b. The affordable housing requirements may also be satisfied in a manner that meets with the approval of the County of Kauai and the State Housing Finance and Development Corporation. Said requirements shall take into consideration affordable on-site (within the subject Petition Property) or off-site housing units or cash payments that satisfy the then current housing needs, or other necessary or desirable community facilities.

We have concluded the search for an experienced developer to assist in meeting the requirements for providing affordable housing in accordance with the State and County guidelines

regarding the number of units, mix and price schedule. The project will be implemented in at least three phases totaling over 700 units of single- and multi-family dwellings. We hope to achieve 209 single family units and 504 multi-family units. Mapping, topographic survey, soils investigation and preliminary engineering have been initiated. Preliminary subdivision approval for the single family homes has been received and civil construction plans are under final review. The multi-family project layout was submitted to the County and approved. Construction of on-site improvements is now targeted to begin this month.

Condition 3. Petitioner shall coordinate with the State of Hawaii and/or the County of Kauai, as appropriate, to ensure that drainage, as well as other infrastructure and service systems, are compatible and developed in a timely fashion to prevent degradation of groundwater and coastal ecosystems. Such infrastructure shall be funded by the Petitioner.

Condition 4. Petitioner shall participate in or otherwise provide all additional planning studies related to the Project as required by the State Department of Transportation (DOT). Petitioner shall also participate in the funding and construction of on-site and off-site transportation improvements associated with the proposed development and in designs and schedules required, accepted and coordinated with the DOT. Petitioner shall also provide appropriate dedication of land for the widening of Kaumualii Highway fronting the proposed development and funding for project related signalization and intersection improvements as required by the DOT.

Grove Farm funded a right-of-way study for the entire frontage of the Project (and beyond) and is working with DOT and Kauai Community College on its implementation. We have approved plans for the required intersection improvements, and those plans are out to bid. We hope the intersection improvements project can be completed by October, 1992.

Condition 5. Petitioner shall fund and develop, as required by the County of Kauai and/or the State, as appropriate, the necessary measures required to obtain adequate supplies of water. Petitioner shall also fund and develop as necessary water storage and distribution systems for the proposed development. Petitioner shall obtain such permits as may be required by the State of Hawaii relating to Petitioner's development.

We have completed and received County approval of wastewater masterplan for our Project, and are proceeding with its implementation.

Condition 6. Petitioner shall comply with the requirements of the County of Kauai and the Department of Health of the State of Hawaii to expand existing on-site and off-site wastewater collection, treatment and disposal infrastructure facilities and shall include the proposed project as part of the Petitioner's master plan for a wastewater system.

The County, with State Dept. of Health input, has approved the proposed wastewater treatment facility to provide capacities for the project district, as well as expansion capabilities for possible future sewerage of certain existing subdivisions and State and County facilities. The wastewater treatment facility is under construction.

Condition 7. Petitioner shall pay its pro rata share for expansion of educational facilities by way of dedicating a site for such activities at a location within the Project area and containing an area to be mutually agreed upon by the State Department of Education, but no more than ten acres, provided the State Department of Education elects to obtain such a site prior to the zoning of the Property.

We have agreed to dedicate a ten-acre school site with an adjoining five-acre park. The location has been approved and details are being worked out with the State Department of Education.

Condition 8. Petitioner shall provide a detailed preservation plan for the two (2) identified historical sites to be prepared and submitted for review and approval by the State's Historic Sites Section and the County of Kauai's Historic Preservation Commission. These agencies shall also verify the successful execution of this plan. This plan must be executed prior to construction. Should any new historical sites be identified during project construction, Petitioner shall provide a preservation or data recovery plan as required by the DLNR.

Should any archaeological resources such as artifacts, shell, bone or charcoal deposits, human burial, rock or coral alignments, pavings or walls be encountered during the project's development, Declarant shall immediately stop work and contact the State Historic Sites Section.

Preservation plans have been completed for both sites. The plan for Halehaka Cemetery was approved by DLNR per their letter of 3/2/92. The plan for the Manager's House is pending approval.

Condition 9. Petitioner shall provide notification to all prospective occupants of the Property of the potential odor, noise and dust pollution resulting from surrounding Agricultural District lands, and that the Hawaii Right-To-Farm Act, Chapter 165, HRS, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

All occupants will be notified of the potential odor, noise and dust pollution by way of covenants.

Condition 10. Petitioner shall implement appropriate mitigation measures, as recommended by the County of Kauai to limit air and water soil erosion during construction phases which could potentially impact coastal areas.

During construction activities, we will implement and adhere to all mitigation measures as recommended by the County of Kauai.

Condition 11. Petitioner shall give notice to the Land Use Commission of any intent to sell, lease, assign, place in trust or otherwise voluntarily alter the ownership interest in the property prior to the development of the Property; provided, however, that entering into a joint venture for the development of portions of the affordable housing projects shall not require prior notice to the Land Use Commission.

The Land Use Commission will be given notice of any intention to alter ownership interest in the zoned property prior to development. On 5/3/90 we notified you by letter of our intent to sell a portion of the Project to James Schuler & Associates for affordable housing development, in accordance with the conditions of approval.

Condition 12. The Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion, and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner.

No response required.

Condition 13. Petitioner shall provide annual reports to the Land Use Commission, the Office of State Planning and the County of Kauai Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed.

Petitioner is providing annual reports as stated above.

Condition 14. Petitioner shall develop the property in substantial compliance with representations made to the Land Use Commission in obtaining the reclassification of the Property.

Petitioner will comply with representation made to the Land Use Commission in development of the property.

The above is our third annual report. We trust it meets the requirements set forth in Condition No. 13 of the Decision and Order.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Kamm', with a long horizontal flourish extending to the right.

Greg Kamm
Vice President