#### STATE OF HAWAI'I DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION MEETING/WORKSHOP AGENDA

Līhu'e State Building, 3060 Eiwa Street, Līhu'e, Kaua'i, Rooms A-C Monday, August 20, 2018 at 10:00 a.m. to be continued, if necessary, on Tuesday, August 21, 2018, at 9:00 a.m.

#### I. ORDER OF BUSINESS

- A. Roll Call
- B. Approval of Agenda
- C. Approval of Minutes for February 2018, January 2015
- D. Public Testimony on Agendized Items

#### II. ITEMS FOR DECISION MAKING

#### A. CONSENT AGENDA

#### Homestead Services Division

- D-2 Approval of Consent to Mortgage (see exhibit)
- D-3 Approval of Streamline Refinance of Loans (see exhibit)
- D-4 Approval to Schedule Loan Delinquency Contested Case Hearings (see exhibit)
- D-5 Approval of Refinance of Loans (see exhibit)
- D-6 Ratification of Loan Approvals (see exhibit)
- D-7 Approval of Homestead Application / Cancellations (see exhibit)
- D-8 Commission Designation of Successors to Application Rights Public Notice 2015, 2017 (see exhibit)
- D-9 Approval of Designation of Successors to Leasehold Interest (see exhibit)
- D-10 Approval of Assignment to Leasehold Interest (see exhibit)
- D-11 Approval of Amendment of Leasehold Interest (see exhibit)
- D-12 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees (see exhibit)
- D-13 Commission Designation of Successor ABRAHAM S. TORRES, JR., Residential Lease No. 4556, Lot No. 12, Nanakuli, Oahu
- D-14 Request to Schedule a Contested Case Hearing ADAM KAIWI, JR., Residential Lease No. 8187, Lot No. 52, Waimanalo, Oahu
- D-15 Request to Schedule a Contested Case Hearing DANIEL PERREIRA, JR., Residential Lease No. 4637, Lot No. 68, Waianae, Oahu
- D-16 Request to Schedule Contested Case Hearing **RAY R. RAPOZO, JR.**, Residential Lease No. 4343, Lot No. 59, Anahola, Kauai, Hawaii
- D-17 Request to Schedule Contested Case Hearing Lease Violation, HARRIDEEN L. AMBROSE, Residential Lease No. 5410, Lot No. 16, Paukukalo, Maui, Hawaii
- D-18 Request to Schedule Contested Case Hearing Lease Violation, BENJAMIN R. VICTORINO, JR., Residential Lease No. 8204, Lot No. 10, Paukukalo, Maui, Hawaii
- D-19 Request to Schedule a Contested Case Hearing Authorization to Proceed to Public Notice Under Section 209, HHCA, Due to Nonresponsive Designated Successor MYRTLE T. FUJIMOTO (Deceased), DARCY T. FUJIMOTO (Designated Successor), Residential Lease No. 1497, Lot No. 4, Waiakea, Hawaii

#### B. REGULAR AGENDA

Office of the Chairman

C-1 Resolution 297 – Honoring Commissioner Kathleen Puamaeole Chin

Land Management Division

F-1 Annual Renewal of Right of Entry Permit(s), Kaua'i Island (see exhibit)

#### Planning Office

- G-1 Acceptance of Beneficiary Consultation Report for Proprosed Water Rate Increase for the DHHL Anahola Farm Lots Water System
- III. **EXECUTIVE SESSION** (discussion to be held during lunch break)

The Commission anticipates convening in executive meeting pursuant to Section 92-5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission's powers, duties, privileges, immunities, and liabilities on these matters.

1. Commission's Duty in Implementing HAR Section 10-3-36 - Transfer of Homestead Leases

#### IV. ITEMS FOR INFORMATION/DISCUSSION

#### A. GENERAL AGENDA

Requests to Address the Commission

- J-1 Kilipaki Vaughan Anahola Fire Station Update
- J-2 Agnes Kini-Martin KA Farmers Hui Request
- J-3 Naomi Hanohano Kauluokahai Award
- J-4 Bronson Lovell Anahola Health and Wellness Program

#### B. WORKSHOPS

Office of the Chairman

C-2 Mutual Aid and Assistance Agreement with the County of Kaua'i

Land Development Division

E-1 Soil Testing at Kekaha Residential Lots, Unit 4

Planning Office

- G-2 DHHL Kaua'i Water Projects and Issues
- G-3 Update on Pu'u 'Ōpae Special Area Master Plan (SAMP), Waimea, Kaua'i, TMK (4) 1-2-002:023
- G-4 Update on Kaua'i Regional Plan Priority Projects
- G-5 Summary of Response to Proposed Legislative Action Request for 2019 & Draft Legislative Proposal

#### STATE OF HAWAI'I DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION MEETING/WORKSHOP AGENDA

Līhu'e State Building, 3060 Eiwa Street, Līhu'e, Kaua'i, Rooms A-C Tuesday, August 21, 2018, at 9:00 a.m.

#### I. ORDER OF BUSINESS

- A. Roll Call
- B. Public Testimony on Agendized Items

#### **II. ITEMS FOR DECISION MAKING**

A. REGULAR AGENDA

Office of the Chairman

- C-2 To Authorize the Chairman to enter into and/or participate in a Mutual Aid and Assistance Agreement with the County of Kaua'i
- C-3 Adoption of the HHC Investment and Spending Policies relating to DHHL Trust Funds

Planning Division

G-6 Approval of Water Rate Increase for DHHL Anahola Farm Lots Water System

#### III. ITEMS FOR INFORMATION/DISCUSSION

Homestead Services Division

- D-1 HSD Status Reports
  - A Homestead Lease and Application Totals and Monthly Activity Reports
  - B Delinquency Report
  - C- DHHL Guarantees for USDA-RD Mortgage Loans

#### IV. ANNOUNCEMENTS AND ADJOURNMENT

- A. Next Meeting September 16, 17, & 18, 2018, Ka'u and Keaukaha, Hawai'i, Hawai'i
- B. Adjournment

Note: Contested Case Hearings begin at 1:00 p.m.

Jobie M. K. Masagatani, Chairman Hawaiian Homes Commission

#### **COMMISSION MEMBERS**

Randy K. Awo, Maui Michael P. Kahikina, Oʻahu David B. Kaʻapu, West Hawaiʻi Vacant, Kauaʻi Zachary Helm, Moloka'i Wallace A. Ishibashi, East Hawai'i Wren Wescoatt, O'ahu Vacant, O'ahu

Next community meeting is scheduled on Monday, August 20, 2018, 6:30 p.m. – 8:30 p.m., Chiefess Kamakahelei Middle School Cafeteria

Special Accommodations (such as Sign Language Interpreter, large print, taped material) can be provided, if requested, at least five (5) working days before the scheduled meeting on the respective island by calling Bryan Cheplic, at the Information & Community Relations Office, on Oahu, (808) 620-9590.

#### ITEM D-2 EXHIBIT APPROVAL OF CONSENT TO MORTGAGE

LESSEE	LEASE NO.	AREA
ASINSIN, Melonie S.	4507	Nanakuli, Oahu
BARNES, Edlynn K. K.	5510	Lualualei, Oahu
BONN, Lyan	12478	Kauluokahai, Oahu
CHAI, Robin N.	8240	Waiakea, Hawaii
CRAMER, Stephen J. K.	3463	Paukukalo, Maui
CRIVELLO, Stephanie S. H.	2304A	Kalamaula, Molokai
EDWARDS, Donna	12371	Kauluokahai, Oahu
GONSALVES, Alexandria	12386	Kauluokahai, Oahu
GONZALES, Kekoa K. K.	12665	Kanehili, Oahu
HAAE-DELA CRUZ, Bernadette	7365	Nanakuli, Oahu
HAUOLI, David E.	5366	Waianae, Oahu
HOLU, Kevin K.	3273	Nanakuli, Oahu
KAMELAMELA, Ashlyn	12373	Kauluokahai, Oahu
KAWAKAMI, Melvin K.	4951	Nanakuli, Oahu
KEAWEAMAHI, Yolanda U.	6554	Anahola, Kauai
KEHANO, Peter R.	7521	Waiohuli, Maui
KEONE, Kamaehue Blake	12466	Kauluokahai, Oahu
KILAULANI, Esmond	12518	Kauluokahai, Oahu
KISSEL, Stacie K.	12404	Kauluokahai, Oahu
KUALAAU, lokepa	10316	Waiohuli, Maui
LUCRISIA, Naleisha	12477	Kauluokahai, Oahu
LYMAN, Danna	12409	Kauluokahai, Oahu
MAIKOWSKI, Francis	12459	Kauluokahai, Oahu
MOSSMAN, Kealii K.	7545	Waiohuli, Maui
NAKOA, Kanoelehua C.	8212	Waimanalo, Oahu
NAKOA, Peter K. M. T.	10040	Waiehu 3, Maui
NEEDHAM, Kimo W.	12279	Waiehu 4, Maui
NEVES, Sherene	12486	Kauluokahai, Oahu
PA, Stanley S. K.	6533	Anahola, Kauai
PAAHANA, Ryan	12211	Waiehu 4, Maui
REINY, Vonnel	12337	Kauluokahai, Oahu
REYES, Sheldon	12428	Kauluokahai, Oahu
RIVERA, Janel L.	3834	Paukukalo, Maui
SCHUTTE, Kalani S., Jr.	3392B	Puukapu, Hawaii
SEMINAVAGE, Eugene O.	11961	Kaupea, Oahu
SPENCER, Casey	12338	Kauluokahai, Oahu
SPENCER-KENNEDY, Daniel K.	7029	Puupulehu, Hawaii
SPILLNER, Wynnette	12430	Kauluokahai, Oahu
WILLIS, Denise L.	4902	Kuhio Village, Hawaii
ZABLAN, Barnaby K.	10006	Nanakuli, Oahu

#### ITEM D-3 EXHIBIT APPROVAL OF STREAMLINE REFINANCE OF LOANS

LESSEE	LEASE NO.	AREA
CHANG-LEONG, Leola	7551	Waiohulu, Maui
KIDO, Pam	8634	Nanakuli, Oahu
REIS, Maylynn	3275	Nanakuli, Oahu

#### **ITEM D-4 EXHIBIT**

#### APPROVAL TO SCHEDULE LOAN DELINQUENCY CONTESTED CASE HEARINGS

LESSEE	LEASE NO.	AREA
HOEWAA, Arthur, Jr.	5442	Paukukalo, Maui
ISHIKAWA, Melvin S.	8552	PKE, Oahu
JANICKI, Downnie L.	755	Nanakuli, Oahu
KEAMO, Esther	369	Nanakuli, Oahu
MATSUMURA, Norine	10083	Waiehu Kou III, Maui
PEA, George L.I.	4019	Waiakea, Hawaii

#### <u>ITEM D-5 EXHIBIT</u>

#### APPROVAL OF REFINANCE OF LOANS

LESSEE	LEASE NO.	AREA
CAMACHO, Dayla O.	11335	

#### ITEM D-6 EXHIBIT

#### RATIFICATION OF LOAN APPROVALS

LESSEE

WOODWARD, Llewellyn M.

LEASE NO.

8682

AREA

AREA

Anahola, Kauai

Kekaha, Kauai

#### ITEM D-7 EXHIBIT HOMESTEAD APPLICATION TRANSFERS / CANCELLATIONS

#### APPLICANT

BENAVIDES, Arviella L.U.K. CRABBE, Mark N. HUDDY NAHALEA, Valmajane L. KAEO, Isabelle K. KALEIKINI, Bellerina H.K. KAMALANI, Ann-Gaylin K. KAMANAO, Jamie K. KAUWE, Davis, Jr. KEAULANA, Lee A.K. KITTERMAN, Junette H. KITTERMAN, Junette H. LAWTHER, Haunani D. Oahu IW Res Maui IW Res Oahu IW Agr Oahu IW Agr to Hawaii IW Agr Oahu IW Res Hawaii IW Pas Oahu IW Res Hawaii IW Res Maui IW Res Maui IW Res Maui IW Res Maui IW Pas to Molokai IW Pas LOPES, Isaac MILITANTE, Georgene K.K. NAHULU, Reina U. NUUANU, Edward P.F. ORNELLAS, Norma H.K. ORNELLAS, Norma H.K. PAI, Philip K. PINTO, Carolyn I. SANTOS-CORREA, Audrey I. Oahu IW Res to Hawaii IW Res Oahu IW Res Oahu IW Res Oahu IW Res Maui IW Agr Maui IW Res Oahu IW Res Oahu IW Res Oahu IW Agr to Hawaii IW Agr \* IW = Islandwide

#### **ITEM D-8 EXHIBIT**

COMMISSION DESIGNATION OF SUCCESSORS TO APPLICATION RIGHTS - PN 2015, 2017

#### APPLICANT

KAEO, Kailani S. KAEO, Kailani S. KAMANAO, Jamie K. NAHULU, Reina U.

#### AREA

Oahu IW Res Hawaii IW Agr Oahu IW Res Oahu IW Res \* IW = Islandwide

#### **ITEM D-9 EXHIBIT**

LIST OF LESSEES WHO DESIGNATED SUCCESSORS TO THEIR LEASEHOLD INTEREST FOR MONTH OF AUGUST 2018

LESSEE	LEASE NO.	AREA
ADOLPHO, Mathilda M.	4697	Hoolehua, Molokai
BELL, June N.	5141	Nanakuli, Oahu
BRAY, Ward K.	7984	Puukapu, Hawaii
COPE, Agnes	3020	Nanakuli, Oahu
DELA CRUZ, John P., Jr.	7092	Kawaihae, Hawaii
HALL, Arthur K.	9050	Puukapu, Hawaii
HAPENNEY, Patsy	5733	Anahola, Kauai
JENSEN, Donna-May L.	4760	Waimea, Hawaii
KEOLA, Jeffrey W.M.	5591	Lualualei, Oahu
KUKONU, Rodney	7278	Nanakuli, Oahu
LEONG, Herbert A., Jr.	4933	Kuhio Village, Hawaii
MIHA, Lydia L.K.	2157	Kewalo, Oahu
WARREN, Elizabeth K.	9430	Kaniohale, Hawaii

#### ITEM D-10 EXHIBIT APPROVAL OF ASSIGNMENT OF LEASEHOLD INTEREST

LESSEE	LEASE NO.	AREA
ALANI, Hursley A.	10027	Kawaihae, Hawaii
CHUN, Benjamin	8212	Waimanalo, Oahu
CORDEIRO, Mele-Elena C.	11961	Kaupea, Oahu
DAMUNI, Shalei N.	7545	Waiohuli, Maui

JOSE, Elizabeth H.	8417	PKE, Oahu
KAPANA, Abraham T., Jr.	5510	Lualualei, Oahu
MAHI, Wayne K.	9371	Kaniohale, Hawaii
PELEKAI-WAI, Kalena K.	8390	PKE, Oahu
PELEKAI, Louie P., Jr.	8390	PKE, Oahu
PERRY, Jo Ann K.	9267	Kaniohale, Hawaii
PETERSON, Mabeth K.	260	Nanakuli, Oahu
PILAYO, Christopher K., Jr.	2489	Waimanalo, Oahu
SCHOLTZ, Byron F.	1988	Waimanalo, Oahu
SHINTANI, Christy U.	9246	Kaniohale, Hawaii
TANGARO, Leihoku D.	12665	Kanehili, Oahu
GONZALES, Leimomi	12665	Kanehili, Oahu
BUNKER, Octavia L.	12367	Kapolei, Oahu
KAIHEWALU, Genghis K.	10361	Waiohuli, Maui
KAINOA, Royal J., Jr.	11844	Kapolei, Oahu
ORTIZ, Matthew K.	12508	Kapolei, Oahu
AIWOHI, Warrick J.	7991	Puukapu, Hawaii
CHUNG-SASADA, Georgena K.	583-A	Hoolehua, Molokai
KIRLAND, Rose C.K.K.	9992	Anahola, Kauai
ROBINS, John E.K., Sr.	9677	Nanakuli, Oahu
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# ITEM D-11 EXHIBIT APPROVAL OF AMENDMENT OF LEASEHOLD INTEREST

LESSEE	LEASE NO.	AREA
BROWN, Rissa I.K.	3715	Waimanalo, Oahu
CHUNG-SASADA, Georgena K.	583-A	Hoolehua, Molokai
COPE, Agnes	3020	Nanakuli, Oahu
CORDEIRO, Johnette N.K.	3542	Nanakuli, Oahu
ACHONG, Wayne P.	3145	Waimanalo, Oahu
DE SILVA, Victoria K.	3145	Waimanalo, Oahu
HELM, Zachary Z.	6068	Kalamaula, Molokai
KAWAAUHAU, Alberta K.	2107	Keaukaha, Hawaii
KUKONU, Rodney	7278	Nanakuli, Oahu
MIHA, Lydia L.K.	2157	Kewalo, Oahu
PETERSON, Mabeth K.	260	Nanakuli, Oahu
PILAYO, Christopher K., Jr.	2489	Waimanalo, Oahu
SAGARIO, Madelyn S.P.	6058	Kalamaula, Molokai
SCHOLTZ, Byron F.	1988	Waimanalo, Oahu
SEIPEL, Esther H.	3769	Nanakuli, Oahu

### ITEM D-12 EXHIBIT APPROVAL TO ISSUE A NON-EXCLUSIVE LICENSE FOR ROOFTOP PHOTOVOLTAIC SYSTEMS FOR CERTAIN LESSEES

LESSEE	LEASE NO.	AREA
FERNANDEZ, Jaysha Nicole K.N.	7112	Kawaihae, Hawaii
GABRIEL, Leonard	11571	Kanehili, Oahu
GIER, Watson	8421	PKE, Oahu

KAAA, Denise L.	9599	Waimanalo, Oahu
KALEOPAA, Emily R.	9683	Lualualei, Oahu
MOSSMAN, Kealii K.	7545	Waiohuli, Maui
NAVARRO, Luis C., Jr.	11693	Kanehili, Oahu
PALACOL-ATUMATA, Evelyn M.	11958	Kaupea, Oahu
TAGAWA, June Melody	6734	Waianae, Oahu

# <u>ITEM F-1 EXHIBIT</u> ANNUAL RENEWAL OF RIGHT OF ENTRY PERMIT(S), KAUA'I ISLAND

ACRE	NO.	USE	PERMITTEE	LOCATION	Date Started
11	533	Agriculture	Don Mahi	Anahola	10/1/1990
0.344	550	Agriculture	Kuini Contrades	Anahola	5/1/2003
8	554	Agriculture	Linda Kaauwai-Iwamoto	Anahola	11/1/2000
1.07	558	Agriculture	Frank S. Rivera, Sr. and Amber	Anahola	5/1/2005
		· ·	Rivera		
20	543	Agriculture	Palahiko Farms	Kekaha	7/28/2009
0.25	540	Caretaker	Michael J. DeMotta	Hanapepe	9/1/2002
0.188	549	Caretaker	William Leleo	Anahola	9/1/2005
0.092	553	Caretaker	Sunny L. Honda	Anahola	6/1/1992
3.6	560	Caretaker	Valerie Woods	Anahola	3/8/2002
0.009	536	Commercial	Patricia Contrades	Anahola	7/23/2013
0.023	564	Commercial	Woodrow K. Contrades	Anahola	4/1/1994
16.07	475	Industrial	Honsador Lumber, LLC/Mona Lisa	Kapaa	
2			Boyer		
0.46	538	Industrial	Kauai Habitat for Humanity	Напарере	7/1/1996
0.58	542	Industrial	Kauai Farm Fuels	Hanapepe	4/1/2007
0.059	574	Industrial	Paul T. Esaki	Kapaa	2/1/1986
0.23	537	Industrial	Roger Palama	Hanapepe	10/1/1995
0.344	541	Industrial	Wallace Rita and Clyde Odo	Hanapepe	7/1/2005
0.367	544	Industrial	Akita Enterprises, Ltd.	Hanapepe	7/1/1999
0.55	546	Industrial	Akita Enterprises, Ltd.	Караа	7/22/2013
0.918	566	Industrial	Jack L. and Margaret C. Phillips	Kapaa	3/1/2001
3.264	531	Pastoral	Solomon Lovell	Anahola	12/1/1981
14.90	532	Pastoral	Esther K. Medeiros	Anahola	2/1/1984
3					
30	534	Pastoral	Richard Kaui	Anahola	4/1/1994
13	535	Pastoral	Gordon Rosa	Anahola	4/1/1994
2.866	545	Pastoral	Clay Kelekoma	Anahola	4/15/1982
50	547	Pastoral	Patrick Kelekoma and Clay	Anahola	7/5/2005
			Kelekoma	4	
5	551	Pastoral	John Hanson	Anahola	5/1/2005
2.849	552	Pastoral	Lono K.M. Fu	Anahola-Kamalomaloo	9/1/2005
0.55	556	Pastoral	Richard and Kuulei Ornellas	Anahola/ Kamalomaloo	8/1/2003
173	557	Pastoral	Tarey Low	Anahola/ Kamalomaloo	4/1/2004
21.03	562	Pastoral	Joseph Borden	Anahola/Kamalomaloo	7/23/2013

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## Notice of Annual Hawaiian Homes Commission Regular Meeting

Monday, August 20, 2018 at 10:00 a.m.\* and Tuesday, August 21, 2018 at 9:00 a.m

### at Lihue State Office Building, Conference Rooms A - C 3060 Eiwa Street, Lihue, Kaua'i, 96766

Hawaiian Homes Commission Meeting agendas are available approximately one week in advance on the HHC Meetings page on the DHHL website: www.dhhl.gov/hhc

\*Meeting times are subject to change. Please check our website for an updated schedule

# Hawaiian Homes Commission Meeting with the Kaua'i Homestead Community

on Monday, August 20, 2018 from 6:30 - 8:30 p.m. at Chiefess Kamakahelei Middle School Cafeteria 4431 Nuhou Street, Lihu'e, Kaua'i, 96766

### AGENDA

6:30 - 7:00 p.m. 7:00 - 7:30 p.m. 7:30 - 8:30 p.m. 8:30 p.m. DHHL Update Homestead Community Update Open House<sup>\*\*</sup> Adjournment

\*\*During Open House representatives from DHHL Division will be available for one-on-one consultations. Community organizations will also be present with informational booths.

To request accommodations for a sign language interpreter or accessible parking (must be requested five days prior to the meeting date), or for more information, please contact the DHHL Information and Community Relations Office on O'ahu at 808-620-9590.

DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION August 20 & 21, 2018 Lihu'e , Kauai

# C-ITEMS OFFICE OF THE CHAIRMAN

#### STATE OF HAWAII

#### DEPARTMENT OF HAWAIIAN HOME LANDS

AUGUST 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: William J. Aila, Jr., Deputy to the Chairman mapately b

SUBJECT: Adoption of Resolution No. 297 Honoring Kathleen Puamaeole Chin for Her Service to the Hawaiian Homes Commission

#### RECOMMENDED MOTION/ACTION:

That the Hawaiian Homes Commission adopts Resolution No. 297, as attached, honoring Kathleen Puamaeole Chin for her service to the Hawaiian Homes Commission.



# HAWAIIAN HOMES COMMISSION RESOLUTION NUMBER 297

# HONORING KATHLEEN PUAMAEOLE CHIN FOR HER SERVICE TO THE HAWAIIAN HOMES COMMISSION

WHEREAS, Prince Jonah Kuhio Kalanianaole, was Hawaii's delegate to the United States Congress from 1902 until his untimely passing on January 7, 1922; and,

WHEREAS, Prince Jonah Kuhio Kalanianaole introduced the Hawaiian Homes Commission Act for passage by the United States Congress for the betterment of his beloved Hawaiian people; and,

WHEREAS, the Hawaiian Homes Commission Act was signed on July 9, 1921 by President Warren G. Harding and fully operative on September 16, 1921; and,

WHEREAS, Kathleen Puamaeole Chin was appointed to this Commission on November 10, 2014 by Governor Neil S. Abercrombie; and,

WHEREAS, Kathleen Puamaeole Chin is a Kauai resident whose service to her community includes being a member of the Kauai Native Hawaiian Chamber of Commerce Board of Directors and the West Kauai Hawaiian Homes Association;



## HAWAIIAN HOMES COMMISSION

NOW, THEREFORE, BE IT RESOLVED, the undersigned, duly recognized as the chairman and members of the Hawaiian Homes Commission, on this 20th day of August 2018, do set forth their signatures in recognition of Kathleen Puamaeole Chin and her service to the legacy of Prince Jonah Kuhio Kalanianaole and the thousands of beneficiaries of the Hawaiian Homes Commission Act; and

BE IT FURTHER RESOLVED that copies of this Resolution be transmitted in its entirety to the Honorable Bernard Carvalho, Mayor of the County of Kauai; the Kauai Native Hawaiian Chamber of Commerce; and the West Kauai Hawaiian Homes Association.

ADOPTED THIS 20th day of August 2018, at Lihue, Kauai, State of Hawaii, by the Hawaiian Homes Commission in Regular Meeting assembled.

OFFERED BY:

Jobie M. K. Masagatani, Chair

David Kaapu, Member

Wallace A. Ishibashi, Member

Wren Westcoatt III, Member

Michael P. Kahikina, Member

Randy Kalei Awo, Member

Zachary Helm, Member

Vacant

### STATE OF HAWAII

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 20 & 21, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: William J. Aila Jr., Deputy to the Chairman

SUBJECT: Mutual Aid and Assistance Agreement with the County of Kaua'i

Workshop and Decision Making Submittal.

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RELEVANT MATERIAL WILL BE DISTRIBUTED AT THE TABLE.

#### ITEM NO. C-2

#### STATE OF HAWAII

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 21, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Rodney K. M. Lau, Administrative Services Officer

SUBJECT: Adoption of the HHC Investment and Spending Policies relating to DHHL Trust Funds.

#### RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission (HHC) adopt the HHC Investment and Spending Policies relating to DHHL Trust Funds.

#### DISCUSSION

In March 2018, the Department of Hawaiian Home Lands expressed interest in investing monies of the Hawaiian Home Lands Trust Fund (HHLTF) and the Native Hawaiian Rehabilitation Fund (NHRF) in securities and other investment vehicles as authorized by their respective statutes.

The HHLTF and NHRF are currently in the State Treasury and invested in the State's cash pool by the Department of Budget and Finance. DHHL has never exercised the provision of managing and investing cash from these two funds outside of the State Treasury. DHHL is looking for investments that will produce higher yields than the cash pool investments.

DHHL asked that an ad-hoc committee titled "Investigative Committee on Investment and Spending Policies relating to DHHL Trust Funds", comprised of Hawaiian Homes Commissioners familiar with investment industry practices and standards, join together to initiate a recommended plan on how DHHL should proceed. The Committee, comprised of Chair Jobie Masagatani and Commissioners David Kaapu, Wally Ishibashi, and Wren Westcoatt, participated in four (4) thought provoking meetings to put together investment and spending policies. Over a period of March to July 2018, the investment policies of the Office of Hawaiian Affairs (OHA), the Hawaii State Employees' Retirement System, the University of Hawaii Board of Regents, and the Hawaii Prep Academy were reviewed to pull out the best policies from each of

ITEM NO. C-3

those institutions. A telephone conference call was held with the Mayo Clinic chief investment officer who described the best investment and spending management practices they adopted that made their endowment investment program successful in supporting their programs.

Spending policies of the University of California Berkeley Foundation, the University of California General Endowment Pool, the Virginia State University, and the Mayo Clinic Endowment Fund were also reviewed. With earnings from investments that would get a higher return than the payout, a spending policy is necessary to minimize invading the principal but would allow the fund to grow. The best policies from each of these institutions were pulled together to develop a cohesive spending policy statement.

On July 17, 2018, the "Investigative Committee on Investment and Spending Policies relating to DHHL Trust Funds" presented their report to the full HHC at their regular meeting. The Investment and Spending Policy report provides a framework of policies recommended to the Department to promote a permanent stream of income in perpetuity with the overarching link of prudent financial management.

The Investment and Spending Policies presented to the HHC in the July 2017 HHC meeting has been reformatted to improve readability and is shown as Exhibit I.

The adopted Hawaiian Homes Commission Investment and Spending Policies is a valuable tool that will be used to begin discussions with the Attorney General Office and the Department of Budget and Finance to facilitate investing from the respective DHHL Trust Funds.

We respectfully request that the HHC Investment and Spending Policies be adopted.

### Department of Hawaiian Home Lands Investment Policy

#### Purpose

To set forth an investment policy that ensures the sustainability of DHHL's financial resources, meets DHHL's investment objectives and provides guidelines for management and implementation.

#### **Definitions:**

"Fund" – the DHHL financial account(s) listed in [Schedule A] "Sustainability" - As used in this policy, sustainability means serving the needs of the present beneficiaries without jeopardizing the needs of the future beneficiaries. "DHHL Trust Funds" – DHHL Trust Funds listed in [Schedule D]

#### Policy:

#### General

The investment of funds and the purchases and sales of bonds, stocks, and other securities and assets from DHHL trust or investment funds is the responsibility of the Commission and shall be made with the approval or direction of the Commission. The Chair or Chair's designee is authorized to take any action and to execute and deliver on behalf of the Commission such documents and certificates as may be necessary or desirable in connection with the acceptance, sale or transfer of investment securities, and is authorized to implement the procedures and guidelines for the day-to-day administration of all DHHL investment activities.

#### Management

The Commission has the fiduciary responsibility of preserving institutional resources, including the Fund in perpetuity. The Commission oversees DHHL policies and processes concerning investments and asset management and is subject to certain legal duties including acting prudently and in the interest of the beneficiaries, and the duty to correct or report improprieties of other fiduciaries. Periodically, the Commission shall review comprehensive reports on the performance of the Fund's investments.

The Commission's committee on working investment ("Committee") may be established from time to time pursuant to chapter 92, Hawaii Revised Statutes to review matters related to investment policy, management and implementation. The Committee shall

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recommend to the Commission, changes to investment policies, objectives, guidelines, performance targets, goals for the investment consultant, rebalancing of asset allocations, and any other aspects of this policy and its implementation. The Committee shall also recommend to the Commission the engagement, evaluation and termination of an investment consultant ("Investment Consultant").

- The Investment Consultant shall be a qualified, experienced investment professional retained by DHHL to assist the Commission in optimizing long term financial returns for the Fund, consistent with the investment objectives and guidelines outlined this policy. Procurement shall be conducted by the DHHL. The Investment Consultant shall be selected through a formal competitive process by the DHHL, in consultation with the Committee. The Investment Consultant shall:
  - Assist in defining the investment objectives of the Fund and in establishing investment policy guidelines;
  - Assist in the selection of the appropriate asset classes and percentages to invest in each class based on return expectations and risk;
  - Implement short-term asset allocation shifts;
  - Select, appoint, and replace fund advisors or managers;
  - Provide quarterly reports on Fund performance; and
  - Provide other services as specified by the Commission and/or Committee.

### **Investment Goals and Guidelines**

#### General Objectives

<u>Prioritized Investment Objectives.</u> The overall objectives of the Fund are in the following order of priority:

- 1. To grow the Fund's assets consistently by at least inflation plus five percent annually (Consistent Capital Growth);
- 2. To invest in a manner that seeks to ensure the continuous preservation of purchasing power of the overall portfolio, in excess of inflation (Capital Preservation);
- 3. To achieve a portfolio return that meets or exceeds the return of the Fund's Policy Portfolio Benchmark on a net of fee basis over a long-time horizon (Benchmark Outperformance); and

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4. To diversify the portfolio b) asset type, security (issuer) and Investment Manager to reduce the volatility of returns (Adequate Diversification).

<u>Long-Term Objective</u>. Consistent capital growth is the primary objective of the Fund. The investment portfolio shall be designed with the objective of protecting principal while earning a rate of return that is targeted to meet or exceed the real spending rate and the strategic benchmark index of the Fund over the long term in order to preserve the Fund 's assets and ensure that sufficient liquidity will be available to cover future cash requirements. Consistent capital growth is achieved by investing prudently in a wide range of asset classes to achieve proper diversification, thereby reducing volatility. Since the Investment Consultant will focus on long-term capital appreciation, the Fund may experience a drawdown of principal, although over a full market cycle, the financial advisors in aggregate are expected to produce a total annual return that will exceed inflation as measured by the Consumer Price Index (CPI) by five percent.

<u>Volatility Objective.</u> It is anticipated that the Fund will experience an annualized average volatility of approximately 13% annually with a maximum rolling 12-month annualized volatility of roughly 20% over a market cycle.

<u>Compliance & Liquidity</u>. All parties named in this Statement shall carry out their business in compliance to all existing and future applicable state and federal regulations (Regulatory Compliance Requirement) and for assets subject to their discretion maintain adequate liquidity to meet all anticipated expenditures after sufficient notice (Adequate Liquidity Requirement).

<u>Definition of Market Cycle.</u> Throughout this Statement the term "market cycle" is used. Market cycles include both a rising and a declining market. Generally, a rising market will be defined as a period of at least two consecutive quarters of rising stock prices and a declining market will be defined as a period of at least two consecutive quarters of declining stock prices. Therefore, a Market Cycle (the minimum period of evaluation) shall be at least one year and more typically three to six years.

Definition of Investment Consultant, Investment Advisor, and Investment Manager. Throughout this policy, the terms "Investment Consultant," "Investment Advisor" and Investment Manager" are used. "Consultant" shall refer to the single entity selected by the Commission and hired by DHHL to assist the Commission in optimizing long term financial returns for the Fund and to monitor and evaluate the Advisors and Managers. "Advisor" shall refer to each fiduciary (typically utilizing the "manager-of-managers" approach) selected by the Consultant to exercise investment discretion over a portion of the Fund's assets within the parameters specified in this policy and as directed by the Consultant. "Manager" shall refer to any portfolio manager selected by the Advisors, or by the Consultant directly, to invest the Fund's assets. The Consultant's compensation shall not include commissions or fees associated with the purchase or sale of any particular investment, while Advisors and Managers may earn commissions and fees.

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#### Guidelines

#### Standards of Care

The Commissioners and DHHL Staff. The standard of care applied to the Commission and DHHL staff assigned to the Fund shall be the "prudent person" standard, defined as follows: "Investments shall be made with judgment and care, under circumstances then prevailing. which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The Commission may rely upon the expert advice and counsel of its external providers to satisfy the prudent person" standard provided the Commission has established adequate controls and fulfills its oversight responsibilities regarding the external providers as outlined in this policy.

External Providers. The standard of care applied to all external providers (i.e., Consultant, Advisors, Managers) shall be similar in effect to the "prudent expert" standard, defined as: "Investments shall be managed with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims".

#### Equity investments

Equity investments shall be made in quality common stocks, convertible preferred stocks and convertible bonds, with an emphasis on total return. Investment Managers should generally invest for the longer term; however, this should not preclude the Investment Manager from making interim changes to meet the investment goals of the Fund.

Cash and cash equivalent investments

All cash, wherever and whenever possible, should be invested in liquid interest-bearing accounts or securities, including shares of money market funds.

#### Asset Allocation

This guideline is intended to manage risk by ensuring that the portfolio will not be overly skewed towards one type of investment. The principle of prudence requires that the portfolio be well balanced with respect to fixed income investments and equity investments.

The portfolio will be invested among different asset classes within the minimum and maximum allocations specified in the attached **Schedule A: Asset Allocation** 

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#### Guidelines.

Within the allocation guidelines the Investment Consultant may affect the purchase and sale of the Fund's investments to achieve the objectives of this policy and will provide an update on the actual allocation of investments in the Fund in periodic reports to the Commission.

From time to time, the Investment Consultant may recommend changing the minimum or allocation guidelines temporarily, during adverse market conditions if such action is prudent and protects the principal of the Fund. Any changes to the allocation guidelines shall be approved by the Committee or the Commission, and permanent changes to the allocation guidelines shall require an amendment to Schedule A.

The Committee will review the Fund's asset allocation and the Investment Consultant's performance at least annually and shall determine whether the amounts invested should be rebalanced among asset classes, types of investments or Investment Advisors or Managers to achieve the objectives of this policy.

#### Preservation of principal

The Investment Advisors and Managers shall make reasonable efforts to preserve the principal of funds provided them, with the understanding that risk and potential return vary according to the type of asset.

#### Liquidity

As a matter of course, the Commission intends to spend to a portion of the Fund balance regularly on DHHL activities to serve Beneficiaries. The DHHL Chair or the Committee will provide guidance to the Investment Consultant about the amount and timing of withdrawals from the Fund, with as much advance notice as possible, so that assets may be liquidated without negatively impacting the overall performance of investments. At least 50% of the total Fund 's assets must be liquid on at least a monthly basis at market value without restriction or advance notice longer than five business days under normal conditions.

#### Diversification

To maintain a diverse portfolio, the Investment Consultant shall avoid the concentration of assets, by limiting each individual stock investment or bond position, other than obligations of the U.S. government, to no more than 5% of the Fund's portfolio.

Permitted and prohibited investments

Subject to the "prudent man" rule, a list of permitted and prohibited investments is included in the attached as **Schedule B: Permitted and Prohibited Investments**.

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Investment Consultant, Advisor, Manager Performance Monitoring. The Committee or the Commission shall monitor the performance reports of the Investment Consultant. The Investment Consultant shall monitor monthly statements and quarterly performance reports from the Advisors or Managers. Performance of the Fund returns will be evaluated as specified in the attached **Schedule C: Fund Performance Evaluation.** 

#### Alerts

Investment Consultant, Advisors and Managers are expected to keep the Commission and DHHL staff informed of any material changes in their respective firms (i.e. change in personnel, ownership, policy, etc.).

#### Termination

If at any time the standard required is not being met by an Investment Consultant, Advisor or Manager, the Commission will determine what action will be taken. The decision to terminate an Investment Consultant shall be by majority vote of the Commission present at the meeting subject to the contractual agreement. The Investment Consultant may terminate engagement with and Advisor or Manager and will advise the Commission in periodic reports.

#### Errors & Omissions

The Investment Consultant is to correct any material violation of the provisions of this Statement within a reasonable time period upon discovery. The Advisor will reimburse the Fund for a realized loss resulting from a material violation as agreed in the contract between the Commission and the Advisor.

#### Fund Performance Evaluation

Performance of the Fund returns will be evaluated as specified in the attached **Schedule C: Fund Performance Evaluation.** 

#### **Risk Management**

The Commission recognizes that the undertaking of risks is generally unavoidable in investment management. The purpose of this policy is not to eliminate risks, but to understand the risks through the implementation of disciplined processes and procedures. Risk control measures include continuous monitoring and timely reporting by DHHL staff and/or Investment Consultant to ensure the effectiveness of DHHL 's investment risk management through the guidelines and implementation of this policy.

### Schedule A: Asset Allocation Guidelines

	Minimum	Maximum
Equities	30%	70%
Fixed Income	30%	70%
Floating Rate Securities	0%	20%
Municipal Bonds	0%	10%
High Yield Bonds	0%	20%
Cash	0%	40%

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#### Schedule B: Permitted and Prohibited Investments.

The use of the following investment vehicles is permitted: <sup>1</sup> Savings accounts

Commercial paper with A-1 or P-1 rating

Certificate of deposit

Floating rate securities High yield bonds Municipal bonds

Money market funds/common trust cash equivalent funds

U.S. government, its agencies, or its instrumentalities Securities guaranteed by or collateralized by securities guaranteed by the U.S. government, its agencies, or its instrumentalities

Debt securities and convertible securities of U.S. corporations and supranational organizations

Preferred stocks Common stocks

Publicly- trade foreign securities

Mutual funds exchange traded funds and common trust or commingled funds American depository receipts/shares

Global depository receipts/shares

The writing (selling) of covered call options

Real estate, real estate investment trusts, and real estate mortgages

Forward foreign exchange contracts, and bond/currency options and futures may be used for the defensive hedging of foreign currency exposure Limited partnerships

All investment vehicles selected for the portfolio must have a readily ascertainable market value.

Prohibited investments/transactions

Investments in companies which, including predecessors, have a record of less than three years of continuous operation

Commodities

Lettered stock and private placements Selling "naked" puts and/or calls

, Derivative securities not covered under permitted investments Adjustable rate issues with coupons which move inversely to an index

Securities issues by the managers, their parents or subsidiaries Assets of the Fund in their own interest or for their own account Transactions involving fund assets on behalf of a party whose interests are adverse to the interests of the Fund or its beneficiaries Transactions involving third party compensation for their own account from any party in connection with a transaction involving Fund assets

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#### Schedule C: Fund Performance Evaluation

Investment performance and management of the Fund and the separately managed portfolio will be evaluated over a three-year investment horizon. Evaluation will be conducted based on the quantitative and qualitative standards which are applicable to the Fund and the separately managed portfolios, as applicable.

Quantitative standards

The extent to which the compounded annual rate of return of the total Fund equals or exceeds the Fund's performance objective.

Performance will be measured on a time-weighted basis which recognizes the changes in market value, as well as income received; any appreciation or depreciation that occurs during the period examined, whether realized through the sale of securities or left unrealized by holding the securities; and eliminates the influence of cash flow or asset transfers that are essentially beyond the control of the investment manager.

#### Qualitative standards

The investment manager's adherence to the investment policies and guidelines of the Fund.

The investment manager's consistency in the application of their own investment philosophy.

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### Schedule D: DHHL Trust Funds:

- 1. Hawaiian Home Lands Trust Fund (§213.6, HHCA)
- 2. Native Hawaiian Rehabilitation Fund (§213(i), HHCA)

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### Department of Hawaiian Home Lands Spending Policy

#### Purpose:

The investment and spending policies are intended to manage the DHHL Trust Fund assets listed in Schedule A ("the Fund") to provide a predictable stream of funding to the DHHL beneficiary programs while seeking to maintain and increase purchasing power of the Fund, in perpetuity. Under the investment policy, the Fund assets are invested in a manner that is intended to produce a real return, net of inflation and management costs ("Net Earnings"), of at least 5% percent over the long term. Actual returns in any given year may vary from this amount. The spending policy provides guidance on how earnings from investments are to be spent on beneficiary programs and/or reinvested in order to grow the Fund.

- A. The general spending policy is to appropriate Fund earnings annually, between expenditures on DHHL programs and reinvestment for the continued growth of the Fund, as follows:
  - If the annual Net Earnings are less than or equal to 5%, then the full amount of the Net Earnings is to be allocated to beneficiary programs; or
  - If the annual Net Earnings are greater than 5% and less than or equal to 8%, then the first 5% is to be allocated to beneficiary programs and the remaining amount is to be reinvested in the Fund; or
  - If the annual Net Earnings are greater than 8%, then the first 5% is to be allocated to beneficiary programs, and the next 3% is to be reinvested in the Fund, and the remaining amount (beyond 8%) is to be allocated or reinvested based on a recommendation by the Investment Committee and as determined by vote of the Commission.
- B. An ad-hoc Investment Committee comprised of Commissioners shall be responsible for reviewing the spending policy formula on an annual basis. The ad-hoc committee shall review the resultant payout dollar distribution, based on the existing formula, giving due and prudent consideration to other factors such as:
  - Need to ensure stability of funding from one year to next for planning purposes;
  - Prevailing market conditions and their potential impact;
  - Realized gains reserve;
  - Other Trust Fund sources of funding; and

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- Overall funding environment for the Hawaiian Home Lands program
- C. The ad-hoc committee may, at its discretion, recommend an alternate payout percentage for a specific fiscal year, and shall submit its recommendation to the Hawaiian Homes Commission for decision-making. Such temporary deviations from the investment and/or spending policies require an affirmative vote of no less than seven (7) of the sitting Commissioners.
- D. While the purpose of the spending policy is to protect and grow the Fund for the benefit of beneficiaries in perpetuity, future circumstances may require the Commission to make amend the spending policy. Amendments to the spending policy require an affirmative vote of no less than seven (7) of the sitting Commissioners.

As Approved by the Hawaiian Homes Commission on \_\_\_\_\_

DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION August 20 & 21, 2018 Lihu'e , Kauai

# D-ITEMS HOMESTEAD SERVICES DIVISION

#### STATE OF HAWAII

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

From: Dean T. Oshiro, Acting HSD Administrato  $\mathcal{W}$ 

SUBJECT: Homestead Services Division Status Reports

#### RECOMMENDED MOTION/ACTION

NONE

#### DISCUSSION

The following reports are for information only:

- Exhibit A: Homestead Lease & Application Totals and Monthly Activity Reports
- Exhibit B: Delinquency Report
- Exhibit C: DHHL Guarantees for USDA-RD Mortgage Loans

#### July 16, 2018

SUBJECT: Homestead Lease and Application	Totals and Monthly Activity Reports
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· .	LEASE A	CTIVITY REP	ORT	. 1
	Month three	ough July 31, :	2018	
_	As of 6/30/18	Add	Cancel	As of 7/31/18
Residential	8,371	1	2	8,370
Agriculturual	1,096	0	0	1,096
Pastoral	410	0	0	410
Total	9,877	1	2	9,876

1.1.1.1

The number of Converted Undivided Interest Lessees represents an increase of 420 families moving into homes. Their Undivided Interest lease was converted to a regular homestead lease.

	As of 6/30/18	Converted	Surrendered/ Cancelled	As of 7/31/18
Undivided	902	0	0	902
Balance as of 7/31/2018				
Awarded Relocated to UNDV Rescinded Surrendered Cancelled Converted		1,434 7 111 5 3 420		
Balance to Convert		902		

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#### Lease Report For the Month Ending July 31, 2018

		RESIDI	ENCE		Þ	GRIC	ULTURE -			- PAST	URE	••••	T(	DTAL I	EASES	
	Last Month	Add C	Cancel	TOTAL	Last Month	Add C	ancel	TOTAL	Last Month	Add Ca	ncei	TOTAL	Last Month	Add Ca	ancel	TOTAL
OAHU							<u> </u>									
Hoolimalima	70	0	0	70	0	Û	0	Û	0	0	0	0	70	0	0	70
Kakaina	10	0	0	10	0	0	0	Q	0	0	0	0	10	0	0	10
Kalawahine	91	0	0	91	0	0	0	0	0	0	0	0	91	0	0	91
Kanehili	358	0	0	358	0	0	0	0	0	Q	٥	0	358	0	0	358
Kapolei	255	0	0	255	0	0	0	0	0	0	0	0	255	0	٥	255
Kaupea	325	0	٥	325	0	0	٥	0	0	0	0	0	325	0	0	325
Kaupuni	19	0	0	19	0	0	0	0	0	0	0	0	19	0	0	19
Kewalo	249	0	0	249	0	0	0	0	0	0	0	0	249	0	0	249
Kúmilihau	52	0	0	52	0	0	0	0	0	0	0	0	52	0	0	52
i ualualei	149	0	0	149	31	0	0	31	0	0	0	0	160	0	0	180
Malu'nhai	156	0	0	156	0	0	0	0	0	Û	Ó	0	156	0	0	156
Nanakuli	1.048	1	1	1.048	0	0	0	0	0	0	0	0	1,050	1	0	1,048
Panakolaa	64	D	â	64	0	0	0	0	0	0	0	0	64	0	Đ	64
Princess Kahapu Estates	271	0	0	271	Ō	Ō	0	Û	0	0	0	0	271	0	0	271
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Wajanao	419	ů	Ď	419	11	Ó	Ó	11	0	0	0	¢	430	0	0	430
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Hikina	30	Ū	0	30	0	0	0	0	0	0	0	0	30	0	0	30
Kahikinui	0	0	0	0	0	0	0	0	75	0	0	75	75	0	0	75
Keckea	0	0	0	0	65	Q	Û	65	0	0	0	0	65	0	0	65
Lealii	104	0	Ó	104	Û	0	0	0	0	0	0	Û	104	0	0	104
Patikukalo	180	n n	ġ	180	0	Ó	Ó	0	0	0	0	0	160	0	0	180
Waiehu 1	30	n n	ñ	39	, 0	Ó	0	0	Ó	C	0	Ó	39	0	0	39
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TOTAL	1,200			3,200	00	v	<u> </u>				v		1100	<u> </u>		
EAST HAWAII												-				
Discovery Harbour	2	0	0	2	0	0	0	0	0	0	0	0	2	0	0	2
Kamana	Ó	0	0	0	0	0	0	0	25	0	0	25	25	0	0	25
Kaumana	43	0	1	42	0	0	0	0	0	0	0	0	43	0	1	42
Kaaukaha	473		, 0	473	0	Ō	0	0	0	0	0	0	473	0	0	473
Kudiniawa		í ň	ñ	3	0	n.	Ō	Ď	Ó	0	0	0	3	0	0	3
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University Heights	100		0	200	0	0	0	о П	n	ň	ő	0	298	õ	0	298
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TOTAL	841	) U	1	033	190	U.	Ų	390	ZJ			23	1,200	•		1,100
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Kamaku	Ì	n Ö	0	ů 0	0	0	Ó	0	16	0	0	16	16	0	Q	16
Kaniohola	22	1 0	0	224	0	0	0	0	0	0	Û	0	224	0	· 0	224
Kanonae	19	, v	ň	186	0	ő	ů N	0	1	ů.	0	1	187	0	0	187
Kawainae	20	, 0 , 0	0	284	ň	ň	ň	• 0	, n	Ď	ō	0	284	0	Ó	284
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MOLOKAI																
Hoolehua	15	70	0	157	346	0	0	346	21	0	0	21	524	0	0	524
Kalamaula	16	3 0	0	163	71	0	0	71	3	0	0	:	3 237	0	0	237
Kapaakea	4	7 0	0	47		0	0	0	3	0	0	:	3 50	0	0	50
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Lanai	2	9 0	0	29	) (	) 0	0	0	(	) ()	0		0 29	0	0	29
TOTAL	2	9 0	0	29	. (	) 0	0	0	(	) (	0		0 29	0	0	29
STATEWIDE TOTAL	8,37	11 1	2	8,370	) 1,096	5 0	0	1,096	410	) ()	0	41	u 9,877	1	2	9,876

ITEM NO. D-1 EXHIBIT-A .

AREA WAITING LIST													
		RESIDE	INCE	Π		AGRICUL	TURE	Π		PASTL	IRE	$\square$	
DISTRICT AREA	Last Month	Add	Cancel	TOTAL	Last Month	Add (	Cancel	TOTAL	Last Month	Add (	cancel	TOTAL	TOTAL
Oahu District	961	0	0	961	o	0	0	0	0	0	0	0	961
Maui District	20	0	0	50	4	0	0	শ	5	0	0	ۍ	59
Hawaii District	130	0	0	130	28	0	0	28	46	0	0	46	204
Kauai District	51	0	0	51	e	0	0	ю	28	0	0	28	82
Molokai District	20	0	0	20	18	0	0	18	-	0	0	1	39
TOTAL	1,212	•	0	1,212	53	0	0	23	80	0	0	80	1,345
ISLANDWIDE WAITING LIST													
		RESIDE	NCE			<b>VGRICUL</b>	TURE			PASTL	RE	Π	
ISLAND	Last Month	Add	Cancel	TOTAL	Last Month	Add	Cancel	TOTAL	Last Month	) ppp	Cancel	TOTAL	TOTAL
Oahu	9,694	14	2	9,706	3,691	ഹ	0	3,696	0	0	0	0	13,402
Maui	3,796	2	0	3,798	4,657	e	<b>~</b>	4,659	607	-	0	608	9,065
Hawaii	5,729	с)	-	5,733	7,157	6	-	7,165	1,873	-	0	1,874	14,772
Kauai	1,613	4	0	1,617	2,215	2	0	2,217	299	0	0	299	4,133
Molokai	792	0	0	792	1050	0	0	1050	199	0	0	199	2,041
Lanai	86	0	0	86	0	¢	0	0	0	0	0	0	86
TOTAL	21,710	25	ę	21,732	18,770	19	73	18,787	2,978	7	0	2,980	43,499
AREA AND ISLANDWIDE LIS I													
	RES		AG	PAS	TOTAL	Ľ		ADDITION:				CANCELLATIC	SN
OAHU	10,667	i	3,696	0	14,363	ļ	lew Applic	ations	44	2	ew Lease	Awards	3
MAUI	3,848		4,663	613	9,124	4	pplication	Transfers	2	٩	pplication	Iransfers	2
HAWAII	5,863		7,193	1,920	14,976	I	ease Resc	cissions	0		uccid and	Cancel Own	0
KAUAI	1,668		2,220	327	4,215	٩	pp Reinsta	atements	0	<b>а.</b>	ublic Notic	e Cancel	0
MOLOKAI	812		1,068	200	2,080	I	IHC Adjust	tments	0	~	oluntary C	ancellations	0
LANAI	86	į	0	0	86			TOTAL	. 46		ease Succ	essorships	0
TOTAL	22,944		18,840	3,060	44,844					± 1	IHC Adjust	ments	0
										- •	ecd No Si	uccessor	
											aditional A	koreage	
										-1	npin DH	BILLIEG TOTAL	יי כ
												12121	,

HOMESTEAD AREA AND ISLANDWIDE APPLICATIONS WAITING LIST MONTHLY REPORT FOR THE MONTH ENDING July 31, 2018

ITEM NO.D-1 EXHIBIT A

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		RESIDE	NCE			AGRICUL	TURE			PASTL	IRE		
	I ast Month	Add	Cancel	TOTAL	Last Month	Add	Cancel	TOTAL	Last Month	Add (	Cancel	TOTAL	TOTAL
	170		c	170	0	0	0	0	o	0	0	0	170
Nanakui		• c	• c	142	0	0	0	0	0	0	0	0	142
waianae		o c	• c	-	0	0	0	0	0	0	0	0	0
Lualualei	5 F		, c		• c		0	0	0	0	0	0	71
Papakolea/Kewalo		<b>.</b> .		578				0	0	0	0	0	578
Waimanalo	8/G		<b>.</b>	010	o c	> c	• e			0	0	0	961
Subtotal Area	961	- ;	5 0	102	2 601	ס ע	- c	3 696		0	0	0	13,402
Islandwide	9,694	14	2	9,706	160'5			0000			, c	   	14 363
TOTAL OAHU APPS	10,655	14	5	10,667	3,691	ŝ	0	3,696	5	5	>	5	000°t-
MAUI DISTRICT	î	(	¢	ŭ	c	c	c	c	c	0	0	0	20
Paukukalo	20	Þ		2			00		o u		• c		6
Kula	0	0	0	0	4.	<b>.</b>		4.4	<b>о</b> ч	<b>,</b>		<b>с</b> и	9
Subtotal Area	6	0	0	50	4	0	5	4	0 100		5 0		0 065
Islandwide	3,796	2	0	3,798	4,657	3	<del>.</del> -	4,659	607		5	000	
TOTAL MAULAPPS	3,846	7	0	3,848	4,661	n	-	4,663	612		5	510	9, 124
HAWAII DISTRICT											ſ	¢	8
	69	C	c	69	0	0	0	0	0	0	0	Ð	20
Nedunaliar Vialanca	3 0			0	16	0	0	16	o	0	0	0	16
Fanaewa		• c			C	C	0	0	0	0	0	0	0
Humuula	- ș			с Ч	• c		c	0	0	0	0	0	16
Kawaihae	16	2	5	<u></u>	2	> c	, c	, <del>č</del>	46	c	c	46	103
Waimea	45	0	0	45	21	5	<b>.</b>	28	<b>P</b> ¥	• c	• c	a k	204
Subtratal Area	130	0	0	130	28	0	þ	87	<del>1</del>	<b>.</b>	<b>`</b>	f	022 01
Control and a control of the control	5.729	ú	<b>*</b>	5,733	7,157	6	-	7,165	1,873			- 1/8/4	14,112
	5,859	2	~	5,863	7,185	თ	Ŧ	7,193	1,919	-	•	1,920	14,310
KALLAL DISTRICT											1	ä	10
	43	c	0	43	¢	0	0	ო	21	0	0	5	10
Ananula Mattat - Dano	çα	• c	• c	ß	0	0	0	0	7	0	0	7	ខ្ម
	2.5	• c	• c	5	'n	0	0	ю	28	0	0	28	82
Subtotal Area	1 612		• c	1 617	2.215	2	0	2,217	299	0	0	299	4,133
	1001			1 668	2.218	~	0	2,220	327	0	0	327	4,215
TOTAL KAUAI APPS	+00'1	t	2	2005				•					
MOLOKAI DISTRICT		ı	¢	•	c	c	c	c	C	0	0	0	4
Kalamaula	4	0	5	ৰ গ		<b>,</b>	<b>,</b> ,	, å		c		<b>~</b>	27
Hoolehua	8	0	0	× I	ō,	-	- C	2 0	- c	, c	Ċ	c	7
Kapaakea	7	0	0	1	5	- ·		<b>.</b>				• •	÷
One Ali	-	0	0		0	0	0	<b>-</b> :		<b>,</b>	0		. 06
Subtotal Area	20	0	0	20	18	0	0	18		<b>)</b> (	<b>-</b> 0	- 007	50 C
	792	0	0	792	1,050	0	0	1,050	199	-		88	14017
TOTAL MOLOKAI APPS	812	0	0	812	1,068	0	0	1,068	200	0	D	2002	7,000
LANAI DISTRICT		I	4	Ş	c	¢	c	C	c	c	0	0	86
Islandwide	86	0	þ	ĝ						ŀ		c	86
TOTAL LANAI APPS	86	0	0	88	D			-		> c	, c	08	1 345
TOTAL AREA ONLY	1,212	0	0	1,212	53	0	0	53		⇒ (			040'I
TOTAL ISLANDWIDE	21,710	25	с ,	21,732	18,770	6 <u>7</u>	~ ~	18,78/	2,570	10		3.060	44,844
TOTAL STATEWIDE	22,922	25	e	22,944	18,823	ת	V	10,040	~~~~	ı	>		

ITEM NO. D-1

DELINQUENCY REPORT - STATEWIDE	August zu, zu ið (\$Thousands)
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Total Outstandir (	tandir (	ارد (sooo)	Total Deli	nquency (000s)	30 Days	s (low) 6 (000s)	30 Days (1	Medium) (000s)	90 Days	(High) (000s)	180 Days (	Severe) (000s)	7/31/2	018
I	411 411	<u>Amt.</u> 35,850	<u>116</u>	<u>Amt.</u> 11,285	<u>8</u> 8	<u>Amt.</u> 2,419	<u>No.</u>	<u>Amt.</u> 559	16. 16	<u>Amt.</u> 1,607	03 03	<u>Amt.</u> 6,700	<u>No.</u> 28.2%	\$ 31.5%
	221	13,595	60	4,131	7	312	4	515	თ	250	40	3,055	27.1%	30.4%
	80	7,880	<del>, ,</del>	678	7	188	<del></del>	16	÷	130	7	344	13.8%	8.6%
	89	6,306	24	841	7	100	9	89	ი	72	13	579	27.0%	13.3%
	103	7,277	16	978	с,	367	ы	169	2	34	9	408	15.5%	13.4%
	88	10,018	23	2,940	က၊	412	5	309	7	915	11	1,304	<u>26.1%</u>	29.3%
	992 100.0%	80,926 100.0%	250 25.2%	20,852 25.8%	49 4.9%	3,798 4.7%	23 2.3%	1,657 2.0%	38 3.8%	3,008 3.7%	140 14.1%	12,389 15.3%	25.2%	25.8%
ding RPT)	237	7,713	237	7,713	0	o	0	0	237	7,713			100%	100%
Advances	1,229	88,639	487	28,565	49	3,798	23	1,657	275	10,721	140	12,389	39.6%	32.2%
TEES as of June 30.	<u>2017</u> 1	101	0	0	0	0	0	0	Ċ	0			0.0%	%0.0
	297	39,078	50	6,142	0	0	0	0	50	6,142			16.8%	15.7%
anity	74	3,295	29	1430	0	0	0	0	29	1,430			39.2%	43.4%
	ч	74	0	0	0	0	0	0	0	0			0.0%	0.0%
	-	7	<b>~</b>	7	0	0	0	0	-	7			100.0%	100.0%
	18	313	14	289	0	0	0	0	14	289			77.8%	92.3%
	7	1,334	0	0	0	0	0	0	0	0			0.0%	0.0%
	48	481	-	9	0	0	0	0	1	Q			2.1%	1.2%
TEE	451	44,683	<u>96</u>	7,874	0	ol	OI	O	<u>9</u> 2	7.874			<u>21.1%</u>	<u>17.6%</u>
	198	32,337	ы	641	-	249	۳	188	-	204			1.5%	2.0%
ED for Recovery	147	18,510	126	17,351	Ð	0	0	0	4	354	122	16,997	85.7%	93.7%
us	<u>2.800</u>	431,537	197	23,589	0	0	0	0	197	23,589			7.0%	5.5%
NS	<u>3,145</u>	482,384	326	41,581	-I	249	۲I	188	202	<u>24,147</u>	122	16,997	10.4%	<u>8.6%</u>
LS(EXC Adv/RP	4,588	607,992	671	70,307	50	4,047	24	1,845	335	35,029	262	29,386	14.6%	11.6%
ALS	4.825	615,705	908	78,020	50	4,047	24	1,845	572	42,742	262	29,386		12.7%

<u>ITEM NO. D-1</u>

EXHIBIT B


**Direct Loans** 

OAHU

ITEM NO. D-1 EXHIBIT B





ITEM NO. D-1 EXHIBIT B





ITEM NO. D-1 EXHIBIT B





ITEM NO. D-1 EXHIBIT B







ITEM NO. D-1 EXHIBIT B

# <u>SUBJECT</u>: DHHL Guarantees for USDA-Rural Development Mortgage Loans

DISCUSSION: The Department issued guarantees for the following USDA Rural Development loans:

LOT NO.	AREA	LESSEE	Loan Amount	Date Approved
14	Waimanalo	Wilcox, Robert K.	\$264,633	7/24/18
32	Waimanalo	Kauhola, William A.	\$221,575	7/24/18
28	Kakaina	Mokulehua, John W.	\$245,744	8/1/18

	No.	Balance
FY Ending 6/30/18	3	\$ 682,166
Previous Months This Month	3	\$
FY '18-'19 to date	3	\$ 731,952

## DEPARTMENT OF HAWAIIAN HOME LANDS

# August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Dean Oshiro, Acting HSD Administrator Homestead Services Division

SUBJECT: Approval of Consent to Mortgage

#### RECOMMENDED MOTION/ACTION

To approve the following consents to mortgages for Federal Housing Administration (FHA) insured loans, Department of Veterans Affairs (VA) loans, United States Department of Agriculture, Rural Development (USDA, RD) guaranteed loans, United States Housing and Urban Development (HUD 184A) guaranteed loans and Conventional (CON) loans insured by private mortgage insurers.

DISCUSSION

PROPERTY	LESSEE	LENDER	LOAN AMOUNT
OAHU			
Nanakuli Lease No. 3273 TMK: 1-8-9-006:016	HOLU, Kevin K. (Purchase)USDA, RD	Mann Mortgage	\$ 457,000
Kanehili Lease No. 12665 TMK: 1-9-1-151:008	GONZALES, Kekoa K. K. (Purchase)VA	Department of Veterans Affairs	\$ 561,000
Waianae Lease No. 5366 TMK: 1-8-5-033:077	HAUOLI, David E. Cash Out Refi) FHA	Mann Mortgage	\$ 106,000
Nanakuli Lease No. 4507 TMK: 1-8-9-010:082	ASINSIN, Melonie S. (Cash Out Refi) FHA	HomeStreet Bank	\$ 202,410

# OAHU

Nanakuli Lease No. 7365 TMK: 1-8-9-016:082	HAAE-DELA CRUZ, Bernadette (Cash Out Refi) FHA	Hightechlend ing Inc.	\$ 313,000
Nanakuli Lease No. 10006 TMK: 1-8-9-004:050	ZABLAN, Barnaby K. (Cash Out Refi) FHA	Guild Mortgage Company	\$ 236,000
Kaupea Lease No. 11961 TMK: 1-9-1-139:050	SEMINAVAGE, Eugene O. Purchase)FHA	HomeStreet Bank	\$ 311,400
Nanakuli Lease No. 4951 TMK: 1-8-9-011:018	KAWAKAMI, Melvin K. (Cash Out Refi) FHA	Hightechlend ing Inc.	\$ 313,000
Waimanalo Lease No. 8212 TMK: 1-4-1-037:038	NAKOA, Kanoelehua C. (Purchase)HUD 184A	Bank of Hawaii	\$ 424,528
Kauluokahai Lease No. 12466 TMK: 1-9-1-017:110	KEONE, Kamaehue Blake (Purchase)FHA	HomeStreet Bank	\$ 358,397
Kauluokahai Lease No. 12428 TMK: 1-9-1-017:033	REYES, Sheldon (Purchase)USDA, RD	HomeStreet Bank	\$ 373,207
Kauluokahai Lease No. 12371 TMK: 1-9-1-017:034	EDWARDS, Donna (Purchase)FHA	Bank of Hawaii	\$ 359,473
Kauluokahai Lease No. 12386 TMK: 1-9-1-017:018	GONSALVES, Alexandria (Purchase)HUD 184A	Bank of Hawaii	\$ 369,610

# <u>OAHU</u>

Kauluokahai Lease No. 12478 TMK: 1-9-1-017:017	BONN, Lyan (Purchase)HUD 184A	HomeStreet Bank	\$ 331,155
Kauluokahai Lease No. 12338 TMK: 1-9-1-017:016	SPENCER, Casey (Purchase)FHA	HomeStreet Bank	\$ 375,725
Kauluokahai Lease No. 12459 TMK: 1-9-1-017:015	MAIKOWSKI, Francis (Purchase)HUD 184A	HomeStreet Bank	\$ 347,421
Kauluokahai Lease No. 12518 TMK: 1-9-1-017:035	KILAULANI, Esmond (Purchase)FHA	Bank of Hawaii	\$ 310,817
Kauluokahai Lease No. 12486 TMK: 1-9-1-017:036	NEVES, Sherene (Purchase)FHA	HomeStreet Bank	\$ 358,397
Kauluokahai Lease No. 12477 TMK: 1-9-1-017:038	LUCRISIA, Naleisha (Purchase)HUD 184A	Bank of Hawaii	\$ 330,372
Kauluokahai Lease No. 12337 TMK: 1-9-1-017:014	REINY, Vonnel (Purchase)FHA	HomeStreet Bank	\$ 361,502
Kauluokahai Lease No. 12373 TMK: 1-9-1-017:013	KAMELAMELA, Ashlyn (Purchase)HUD 184A	HomeStreet Bank	\$ 355,000
Kauluokahai Lease No. 12409 TMK: 1-9-1-017:027	LYMAN, Danna (Purchase)HUD 184A	HomeStreet Bank	\$ 350,536

# OAHU

Kauluokahai Lease No. 12404 TMK: 1-9-1-017:021	KISSEL, Stacie K. (Purchase)HUD 184A	HomeStreet Bank	\$ 347,421
Lualualei Lease No. 5510 TMK: 1-8-6-023:143	BARNES, Edlynn K. K. (Purchase)FHA	Guild Mortgage Company	\$ 378,000
Kauluokahai Lease No. 12430 TMK: 1-9-1-017:039	SPILLNER, Wynnette (Purchase)USDA, RD	Guild Mortgage Company	\$ 358,484
MOLOKAI			
Kalamaula Lease No. 2304A TMK: 2-5-2-008:129	CRIVELLO, Stephanie S. H. (Cash Out Refi) FHA	Aries Loans Inc.	\$ 286,000
MAUI			
Waiehu 3 Lease No. 10040 TMK: 2-3-2-024:011	NAKOA, Peter K. M. T. (Purchase)HUD 184A	Bank of Hawaii	\$ 138,218
Waiohuli Lease No. 7545 TMK: 2-2-2-027:038	MOSSMAN, Kealii K. (Assumption)FHA	HomeStreet Bank	\$ 234,152
Paukukalo Lease No. 3463 TMK: 2-3-3-005:022	CRAMER, Stephen J. K. (Cash Out Refi) FHA	Aries Loans Inc.	\$ 158,000
Waiohuli Lease No. 10316 TMK: 2-2-2-033:060	KUALAAU, Iokepa (1 Step Construction) FHA	HomeStreet Bank	\$ 251,510
Paukukalo Lease No. 3834 TMK: 2-3-3-005:059	RIVERA, Janel L. (Purchase)FHA	Mann Mortgage ITEM NO.	\$ 111,000 D-2

# MAUI

Waiehu 4 Lease No. 12211 TMK: 2-3-2-026:043	PAAHANA, Ryan (Assumption)FHA	HomeStreet Bank	\$ 136,180
Waiohuli Lease No. 7521 TMK: 2-2-2-027:003	KEHANO, Peter R. (Cash Out Refi) HUD 184A	HomeStreet Bank	\$ 525,200
Waiehu 4 Lease No. 12279 TMK: 2-3-2-025:005	NEEDHAM, Kimo W. (Cash Out Refi) FHA	HomeStreet Bank	\$ 201,511
KAUAI			
Anahola Lease No. 6554 TMK: 4-4-8-017:037	KEAWEAMAHI, Yolanda U. (Cash Out Refi) HUD 184A	Bank of Hawaii	\$ 252,500
Anahola Lease No. 6533 TMK: 4-4-8-017:032	PA, Stanley S. K. (Purchase)FHA	Guild Mortgage Company	\$ 166,000
HAWAII			
Waiakea Lease No. 8240 TMK: 3-2-2-057:027	CHAI, Robin N. (Purchase)FHA	HomeStreet Bank	\$ 115,192
Kuhio Village Lease No. 4902 TMK: 3-6-4-007:026	WILLIS, Denise L. (Cash Out Refi) FHA	Bank of Hawaii	\$ 140,130
Puupulehu Lease No. 7029 TMK: 3-6-4-032:002	SPENCER-KENNEDY, Daniel K. (Cash Out Refi)FHA	HomeStreet Bank	\$ 381,984

# HAWAII

Puukapu Lease No. 3392B TMK: 3-6-4-004:056 SCHUTTE, Kalani S., Jr. (Streamline Refi) FHA Siwell Inc., \$ 137,000 dba Capital Mortgage Services of Texas

RECAP		FHA		VA		USDA-RD
	$\underline{NO}$ .	AMOUNT	$\underline{NO.}$	AMOUNT	<u>NO.</u>	AMOUNT
FY Ending 6/30/18	298	\$ 77,704,372	13	\$4,914,100	12	\$3,929,543
Prior Months This Month Total FY '18-'19	0 <u>25</u> 25	\$    0 <u>    6,302,780</u> \$   6,302,780	0 . <u>1</u> 1	\$      0 <u>    561,000</u> \$  561,000	$-\frac{3}{3}$	\$0 <u>1,188,691</u> \$1,188,691
HUD 184A FY Ending 6/30/18	82	\$23,579,214				
Prior Months This Month Total FY '18-'19	0 <u>11</u> 11	\$ 0 <u>3,771,961</u> \$ 3,771,961				

## DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Dean Oshiro, Acting HSD Administrator Homestead Services Division

SUBJECT: Approval of Streamline Refinance of Loans

#### RECOMMENDED MOTION/ACTION

To approve the refinancing of loans from the Hawaiian Home General Loan Fund.

#### DISCUSSION

The following lessees have met the "Streamline/Interest rate reduction loan" criteria, which was approved by the Hawaiian Homes Commission at its August 19, 2013 meeting. This criteria includes twelve (12) consecutive monthly payments, borrower's current interest rate is higher than the current DHHL interest rate, current with their Homeowners Insurance, Real Property Tax, Lease Rent, county sewer/refuse fees, and does not have any advances made by DHHL on the borrowers behalf.

HSD's recommendation for approval is based on actual payment history, over the past twelve (12) months and the review of the above-mentioned criteria. Streamline/Interest Rate Loan refinancing will provide lessees a chance to simply reduce their interest rate and payments without DHHL having to credit and/or income qualify the borrower.

The following lessee(s) has met the aforementioned criteria and is recommended for Streamline/Interest rate reduction loan refinance program:

LESSE	3	LEASE NO. & AREA	REFINANCING LOAN TERMS
Kido,	Pam	8634, Nanakuli	NTE \$39,000 @4.5% interest per annum, NTE \$299 monthly, repayable over 30 years.
Loan	Purpose:	Refinance Contract of Loar Original loan amount of \$5 per annum, \$306 monthly, r over 30 years. A Contested Hearing was not held for t	n no. 16947. 51,000 at 6% cepayable 1 Case this account.
Reis,	Maylynn	3275, Nanakuli	NTE \$352,000 @4.5% interest per annum, NTE \$1,785 monthly, repayable over 30 years.
Loan	Purpose:	Refinance Contract of Loan Original loan amount of \$2 6.125% per annum, \$1,530 m repayable over 30 years. A Case Hearing was not held account.	no. 18822. 51,715 at wonthly, Contested for this
Chang-	Leong, Leo	ola 7551, Waiohuli	NTE \$207,000 @4.5% interest per annum, NTE \$1,050 monthly, repayable over 30 years.
Loan	Purpose:	Refinance HUD Buyback Loan Original loan amount of \$2 per annum, \$1,115 monthly, over 30 years. A Contested Hearing is scheduled for A 2018 for this account.	no. 19289. 07,600 at 5% repayable Case ugust 15,
		·	

## DEPARTMENT OF HAWAIIAN HOME LANDS

# August 20, 2018

- TO: Chairman and Members, Hawaiian Homes Commission
- FROM: Dean Oshiro, Acting HSD Administrator
- SUBJECT: Approval to Schedule Loan Delinquency Contested Case Hearings

# RECOMMENDED MOTION/ACTION

To authorize the scheduling of the following loan delinquency contested case hearings as shown below.

#### DISCUSSION

The department has been working to resolve the problem of loan delinquencies. The past due delinquent loan status with lessees continues to be a problem for the department; therefore, we recommend that contested case hearings be scheduled:

Lessee	<u>Lease</u> <u>No.</u>	Area	Loan <u>No.</u>	Monthly Payment	Amount <u>at 7/18</u>	Balance At 7/18
<u>Oahu</u>						
Ishikawa, Melvin S.	8552	PKE	19537 (HUD- Buyback)	TBD	TBD	TBD
Keamo, Esther	0369	Nanakuli	19538 (HUD- Buyback)	TBD	TBD	TBD
Janicki, Downnie L.	0755	Nanakuli	19539 (VA- Buyback)	TBD	TBD	TBD
Hawaii						
Pea, George L.I.	4019	Waiakea	19534 (HUD- Buyback)	TBD	TBD	TBD

Lessee	Lease No.	Area	Loan No.	Monthly Payment	Amount at 7/18	Balance At 7/18
Maui						
Matsumura, Norine	10083	WK-III	19533 (HUD- Buyback)	TBD	TBD	TBD
Hoewaa, Arthur Jr.	5442	Paukukalo	15405	\$334	\$2,534	\$26,969

ITEM NO. D-4

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# DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

- TO: Chairman and Members, Hawaiian Homes Commission
- FROM: Dean Oshiro, Acting HSD Administrator

SUBJECT: Approval of Refinance of Loans

#### RECOMMENDED MOTION/ACTION

To approve the refinancing of loans from the Hawaiian Home General Loan Fund.

#### DISCUSSION

There are lessees who are seriously delinquent on their loans, but have been making consistent payments for twelve (12) months or more. These lessees have been trying to pay an additional amount above and beyond the required payment in an effort to reduce their delinquency amount. However, because the delinquency amount is large, it would take years for that amount to be paid in full.

HSD's recommendation for approval is based on actual payment history, at minimum, over the preceding twelve (12) months. If a lessee has demonstrated a conscientious effort to reduce the delinquency amount by making consistent monthly payments for twelve months, HSD will recommend that the lessee's loan balance be refinanced. Loan refinancing will provide a deserving lessee a new start in establishing a credit standing.

The following lessee(s) has met the aforementioned criteria and is recommended for loan refinancing:

LESSEE	LEASE NO. & AREA	REFINANCING LOAN TERMS		
Camacho, Dayla O	. 11335, Kekaha	NTE \$188,000, @4.5% interest per annum, payment NTE \$1,045 monthly, repayable over 25 years.		
Loan Purpose: Refinance of Contract of Loan no. 18972. Original loan amount of \$205,443 at 4.5% per annum, \$1,041 monthly payable over 30 years. A Contested Case Hearing was not held for this account.				

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DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Dean Oshiro, Acting HSD Administratory Homestead Services Division

SUBJECT: Ratification of Loan Approvals

#### RECOMMENDED MOTION/ACTION

To ratify the approval of the following loan previously approved by the Chairman, pursuant to section 10-2-17, Ratification of chairman's action, of the Department of Hawaiian Home Lands Administrative Rules.

LESSEE	LEASE NO. & AREA	LOAN TERMS
Woodward, Llew	ellyn M. 8682, Anahola	NTE \$113,700 @ 4.5% interest per annum, NTE \$647 monthly, repayable over 24 years
Loan Purpose:	Consolidate and refinance 18154 and 18155 to reduce	e contract of loan nos. e monthly payments due to

18154 and 18155 to reduce monthly payments due to financial hardship. Original amount for loan no. 18154 is \$9,758 at 6.25% per annum, \$78 monthly, repayable over 17 years. Original amount for loan no. 18155 is \$111,709 at 6% per annum, \$670 monthly, repayable over 30 years. Contested Case Hearings for these accounts were held on August 23, 2016.

REFINANCE	<u>NO.</u>	LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month	3	\$ 392,735 -0- <u>113,700</u>
REPAIR	<u>NO.</u>	\$ 113,700 LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month Total FY '18-'19	· 0 0 · <u>0</u> 0	\$ -0- -0- -0- \$ -0-
HOME CONSTRUCTION	<u>NO.</u>	LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month Total FY '18-'19	2 0 -0 0	\$ 368,000 -0- <u>-0-</u> \$ -0-
FARM	<u>NO .</u>	LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month Total FY '18-'19	0 0 0 0	\$ -0- -0- -0- \$ -0-
TRANSFER WITH LOAN	NO.	LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month Total FY '18-'19	0 0 0 0	\$ -0- -0- <u>-0-</u> \$ -0-
AWARD	NO.	LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month Total FY '18-'19	0 0 0	\$ -0- -0- <u>-0-</u> \$ -0-
OTHER	NO.	LOAN AMOUNT
FY Ending 6/30/18 Prior Months This Month Total FY '18-'19	0 0 0	\$ -0- -0- -0- \$ -0-

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### DEPARTMENT OF HAWAIIAN HOME LANDS

# August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean T. Oshiro, Acting HSD Administrator

FROM: Ross K. Kapeliela, Application Officer (MALL) Homestead Services Division

SUBJECT: Approval of Homestead Application Transfers/Cancellations

#### RECOMMENDED MOTION/ACTION

To approve the transfers and cancellations of applications from the Application Waiting Lists for reasons described below:

#### DISCUSSION

1. Requests of Applicants to Transfer

#### OAHU ISLANDWIDE AGRICULTURAL LEASE LIST

KAEO, Isabelle :	К.	11/25/1992	HAWAII	AGR	03/21/2018
SANTOS-CORREA,	Audrey I.	01/20/1988	HAWAII	AGR	05/03/2018

#### OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

KITTERMAN, Junette H.	03/02/2010	MOLOKAI	RES	03/20/2018
LOPES, Isaac	10/27/2015	HAWAII	RES	03/06/2018

#### MAUI ISLANDWIDE AGRICULTURAL LEASE LIST

ORNELLAS, Norma H.K. 07/31/1986 MOLOKAI AGR 09/15/2016

#### MAUI ISLANDWIDE PASTORAL LEASE LIST

KITTERMAN, Junette H. 08/07/2008 MOLOKAI PAS 03/20/2018

# MAUI ISLANDWIDE RESIDENTIAL LEASE LIST

ORNELLAS, Norma H.K.	07/31/1986	MOLOKAI	RES	09/15/2016
HAWAII ISLANDWIDE RESIDENTI	AL LEASE LIST			
KAUWE, Davis, Jr.	07/25/2006	OAHU	RES	09/15/2016

2. Deceased Applicants

NONE FOR SUBMITTAL

3. Awards of Leases

# OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

BENAVIDES, Arviella L.U.K.	Assigned Residential Lease #464-B, Lot 243-B in Nanakuli, Oahu dated 07/12/2018. Remove application dated 06/12/2002.
HUDDY NAHALEA, Valmajane L.	Assigned Residential Lease #3260, Lot 147-B in Nanakuli, Oahu dated 04/06/2018. Remove application dated 04/22/2009.
KALEIKINI, Bellerina H.K.	Assigned Residential Lease #5632, Lot 130 in Lualualei, Oahu dated 06/01/2018. Remove application dated 04/20/2006.
MILITANTE, Georgene K.K.	Assigned Residential Lease #310, Lot 112 in Nanakuli, Oahu dated 05/04/2018. Remove application dated 08/23/1995.
NUUANU, Edward P.F.	Assigned Residential Lease #4551, Lot 14 in Nanakuli, Oahu dated 07/09/2018. Remove application dated 09/24/2014.

 PAI, Philip K.
 Assigned Residential Lease #12143, Lot 16981 in Kaupea, Oahu dated 12/13/2016. Remove application dated 02/14/2012.
 PINTO, Carolyn I.
 Assigned Residential Lease

Assigned Residential Lease #11393, Lot 17196 in Kaupea, Oahu dated 06/22/2018. Remove application dated 09/06/1990.

Assigned Residential Lease

#### MAUI ISLANDWIDE RESIDENTIAL LEASE LIST

CRABBE, Mark N.

		#10345, UNDV048 in Waiohuli, Maui dated 05/23/2018. Remove application dated 07/24/1986.
KEAULANA,	Lee A.K.	Assigned Residential Lease #3481, Lot 58 in Nanakuli, Oahu dated 04/24/2018. Remove

#### HAWAII ISLANDWIDE PASTORAL LEASE LIST

KAMALANI, Ann-Gaylin K.

Assigned Residential Lease #8076, Lot 102 in Puukapu, Hawaii dated 06/18/2018. Remove application dated 08/13/1998.

application dated 08/14/1998.

### KAUAI ISLANDWIDE RESIDENTIAL LEASE LIST

LAWTHER, Haunani D.

Assigned Residential Lease #2033, Lot 183 in Kewalo, Oahu dated 06/28/2018. Remove application dated 07/15/1985.

4. Native Hawaiian Qualification

# NONE FOR SUBMITTAL

# 5. Voluntary Cancellation

# NONE FOR SUBMITTAL

# 6. Successorship

# OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

KAMANAO, Jamie K.	Succeeded to Waimanalo Area / Oahu Islandwide Residential application of grandfather, James Kamanao, dated 03/04/1974. Remove application dated 06/04/2015.
NAHULU, Reina U.	Succeeded to Oahu Islandwide Residential application of mother, Sandra K. Maka, dated 01/18/1985. Remove application

dated 04/10/2015.

7. Additional Acreage

NONE FOR SUBMITTAL

8. HHC Adjustments

NONE FOR SUBMITTAL

Last Month's Transaction Total	5
Last Month's Cumulative FY 2018-2019 Transaction Total	5
Transfers from Island to Island	8
Deceased	0
Cancellations:	
Awards of Leases	11
NHQ	0
Voluntary Cancellations	0
Successorship	2
Additional Acreage	0
HHC Adjustments	0
This Month's Transaction Total	21
This Month's Cumulative FY 2018-2019 Transaction Total	26

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

- TO: Chairman and Members, Hawaiian Homes Commission
- THROUGH: Dean T. Oshiro, Acting HSD Administrator V
- FROM: Ross K. Kapeliela, Applications Officer
- SUBJECT: Commission Designation of Successors to Application Rights - Public Notice 2015, 2017

#### RECOMMENDED MOTION/ACTION

To designate the following individuals as successors to the application rights of deceased applicants who have no qualified successors of record.

### DISCUSSION

The following qualified applicants passed away on or after October 26, 1998, without naming qualified successors. Pursuant to 10-3-8(c) of the Hawaii Administrative Rules, a public notice listing the names of deceased applicants and calling for possible successors to their application rights was published in the Honolulu Star-Advertiser, The Maui News, Hawaii Tribune Herald, West Hawaii Today, and The Garden Island on the last two consecutive Sundays of November for the year the department received notification. Requests to succeed to the decedents' application rights were submitted within the required 180 days following the last date of publication. Prospective successors were the sole respondents and are deemed by the department to have met the requirements of successorship. HSD recommends approval of the following designees:

1.Deceased Applicant: Date of death: Successor to application rights Relationship to decedent: Island: Type: Date of Application: Date of Public Notice:

James Kamanao February 17, 2014 Jamie K. Kamanao Grandchild Oahu Islandwide Residential March 4, 1974 November, 2017 2.Deceased Applicant: Date of death: Successor to application rights Relationship to decedent: Island: Type: Date of Application: Date of Public Notice:

3a.Deceased Applicant: Date of death: Successor to application rights Relationship to decedent: Island: Type: Date of Application: Date of Public Notice:

# 3b.

Island: Type: Date of Application: Date of Public Notice: Sandra K. Maka September 14, 2014 Reina U. Nahulu Child Oahu Islandwide Residential January 18, 1985 November, 2015

Donnalee M. Williams June 7, 2013 Kailani S. Kaeo Niece Hawaii Islandwide Agricultural May 18, 1988 November, 2017

Oahu Islandwide Residential June 9, 1978 November, 2017

Fiscal Year Total, July 2018-June 2019	4 
Current Month's Total	0

## DEPARTMENT OF HAWAIIAN HOME LANDS

## August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting Administrator Homestead Services Division

FROM: Juan Garcia, Oahu District Office Supervisor Homestead Services Division

SUBJECT: Approval of Designation of Successors to Leasehold Interest and Designation of Persons to Receive the Net Proceeds

## RECOMMENDED MOTION/ACTION

To approve the designation of successors to the leasehold interest and person to receive the net proceeds, pursuant to Section 209, Hawaiian Homes Commission Act, 1920, astamended.

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\*See attached list of Lessee.

Leasehold Interest: Ratified for August 2018 Previous FY 2018 - 2019 FY 2018 - 2019 Total to Date

Ratified for FY '17 - '18 87

Net ProceedsRatified for August 20180Previous FY 2018 - 20190FY 2018 - 2019 Total to Date0Ratified for FY '17 - '181

# LIST OF LESSEES WHO DESIGNATED SUCCESSORS TO THEIR LEASEHOLD INTEREST FOR MONTH OF AUGUST 2018

# Deceased Lessee

1. Mathilda M. Adolpho Lot No.: 13-A-1C Area: Hoolehua, Molokai Lease No. 4697

## Designated Successor

PRIMARY: Rita Costanzo, Daughter

# ALTERNATE:

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

2. June N. Bell Lot No.: 56 Area: Nanakuli, Oahu Lease No. 5141 PRIMARY: Joint Tenants Stephanie L. Kakalia, Daughter Kilika C. Bell Naki, Grandson

# $\frac{\text{ALTERNATE:}}{\text{N/A}}$

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

3. Ward K. Bray Lot No.: 9 Area: Puukapu, Hawaii Lease No. 7984 PRIMARY: Sila L. B. Jim, Sister

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

# Deceased Lessee

- 4. Agnes Cope Lot No.: 157 Area: Nanakuli, Oahu Lease No. 3020
- 5. John P. Dela Cruz, Jr. Lot No.: 81 Area: Kawaihae, Hawaii Lease No. 7092
- 6. Arthur K. Hall Lot No.: 23B Area: Puukapu, Hawaii Lease No. 9050

Designated Successor

PRIMARY: Joint Tenants George Herbert Cope, Husband, Omit due to death on 11/30/1992 Thomas A. Kanahele, III, Son

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

<u>PRIMARY:</u> Josephine Tanimoto, Sister

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

PRIMARY: Jeffrey W. Hall, Brother

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

7. Patsy Hapenney Lot No.: 70 Area: Anahola, Kauai Lease No. 5733 PRIMARY: Tenant In Common Henry Ornellas, Brother

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

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# Deceased Lessee

- 8. Donna-May L. Jensen Lot No.: 19A Area: Waimea, Hawaii Lease No. 4760
- n Alexandra Alexandra Alexandra Alexandra
- 9. Jeffrey W. M. Keola Lot No.: 123 Area: Lualualei, Oahu Lease No. 5591

10. Rodney Kukonu Lot No.: 26 Area: Nanakuli, Oahu Lease No. 7278

- Designated Successor
- PRIMARY: Katherine P. Cagulada, Daughter
- ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

PRIMARY: Tenant In Common Kammie S. S. Keola, Sister James W. H. Keola, Brother

# ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

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<u>PRIMARY:</u> Moku Lopaka Kukonu, Son

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

11. Herbert A. Leong, Jr. Lot No.: 76-A Area: Kuhio Village, Hawaii Lease No. 4933

PRIMARY: Kristen Castro, Daughter

ALTERNATE: Joint Tenants Jasmine Juan Leong, Granddaughter Kiana Juan Leong, Granddaughter

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

# Deceased Lessee

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12. Lydia L. K. Miha Lot No.: 42 Area: Kewalo, Oahu Lease No. 2157 Designated Successor

PRIMARY: Joint Tenants Yolanda Brown, Sister Elizabeth L. P. Hilo, Sister

ALTERNATE: Tenants In <u>Common</u> \*Tashiana Brown Nahinu, Niece \*Nicholas G. K. Hilo, Nephew \*Omit due to lack of genealogy documents.

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

13. Elizabeth K. Warren Lot No.: 117 Area: Kaniohale, Hawaii Lease No. 9430 PRIMARY: Leonard K. H. Warren, Son

ALTERNATE: N/A

DESIGNEE TO RECEIVE NET PROCEEDS: N/A

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting Administrator Homestead Services Division

FROM: Juan Garcia, Oahu District Offloe Supervisor Homestead Services Division

SUBJECT: Approval of Assignment of Leasehold Interest

#### RECOMMENDED MOTION/ACTION

To approve the assignment of the leasehold interest, pursuant to Section 208, Hawaiian Homes Commission Act, 1920, as amended, and subject to any applicable terms and conditions of the assignment, including but not limited to the approval of a loan.

#### DISCUSSION

Twenty-four (24) assignments of lease.

#### LESSEE

#### TRANSFEREE

1. Name: Hursley A. Alani Name: Kapono M. Alani
Res. Lease No.: 10027 Relationship: Son
Lease Date: 4/1/2005 Loan Assump: No
Lot No.: 74 Applicant: No
Area/Island: Kawaihae,
Hawaii
Property Sold: No
Amount: N/A
Improvements: 3 bedroom, 2 bath dwelling

Reason for Transfer: "Giving lease to relative."

#### LESSEE

#### TRANSFEREE

2. Name: Benjamin Chun Res. Lease No.: 8212 Lease Date: 2/15/1993 Lot No.: 38 Area/Island: Waimanalo, Oahu 6/16/2009 Property Sold: Yes Amount: \$430,000.00 Improvements: 3 bedroom, 1 bath dwelling

Reason for Transfer: "Aging and downsizing." Special Condition: Transferee to obtain funds to pay purchase price.

3. Name: Mele-Elena C. Cordeiro Name: Eugene O. Seminavage Res. Lease No.: 11961 Relationship: Son Lease Date: 10/23/2007 Loan Assump: No Lot No.: 17127 Applicant: No Area/Island: Kaupea, Oahu Property Sold: Yes Amount: \$400,000.00 Improvements: 4 bedroom, 3 bath dwelling

Reason for Transfer: "Giving lease to relative. " Special Condition: Transferee to obtain funds to pay purchase price.

4. Name: Shalei N. Damuni Name: Kealii K. Mossman Res. Lease No.: 7545 Relationship: Brother Lease Date: 2/7/2002 Loan Assump: No Lot No.: 124 Applicant: Yes, Maui IW Res., Area/Island: Waiohuli, Maui 2/24/2010 Property Sold: Yes Amount: \$430,000.00 Improvements: 4 bedroom, 2-1/2 bath dwelling

Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price.
#### TRANSFEREE

5. Name: Elizabeth H. Jose Name: Donald L. Jose, Jr. Res. Lease No.: 8417 Relationship: Son Lease Date: 12/1/1995 Loan Assump: No Lot No.: 126 Applicant: No Area/Island: PKE, Oahu Property Sold: Yes Amount: \$233,550.00 Improvements: 3 bedroom, 2 bath dwelling Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price. 6. Name: Abraham T. Kapana, Jr. Name: Edlynn K. K. Barnes Res. Lease No.: 5510 Relationship: Daughter Lease Date: 6/3/1985 Loan Assump: No Lot No.: 143 Applicant: No Area/Island: Lualualei, Oahu Property Sold: Yes Amount: \$361,754.00 Improvements: 3 bedroom, 3 bath dwelling Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price. 7. Name: Wayne K. Mahi Name: Hua-Wai M. Mahi-Goddard Res. Lease No.: 9371 Relationship: Daughter Lease Date: 5/1/1999 Loan Assump: No Applicant: Yes, Hawaii IW Lot No.: 58 Res., 5/15/1997 Area/Island: Kaniohale, Hawaii Property Sold: No Amount: N/A Improvements: 3 bedroom, 2 bath dwelling

Reason for Transfer: "Giving lease to relative."

#### TRANSFEREE

8. Name: Kalena K. Pelekai-Wai Name: Louie P. Pelekai, Jr., Res. Lease No.: 8390 Relationship: Cousin Lease Date: 5/1/1996 Loan Assump: No Lot No.: 99 Applicant: Yes, Oahu IW Res., Area/Island: PKE, Oahu 2/12/2018 Property Sold: Yes Amount: \$275,000.00 Improvements: 2 bedroom, 1 bath dwelling Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price. See simultaneous transfer below. 9. Name: Louie P. Pelekai, Jr., Name: Bronson K. Pelekai Res. Lease No.: 8390 Relationship: Son Lease Date: 5/1/1996 Loan Assump: No Lot No.: 99 Applicant: No Area/Island: PKE, Oahu Property Sold: Yes Amount: \$275,000.00 Improvements: 2 bedroom, 1 bath dwelling Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price. 10. Name: Jo Ann K. Perry Name: Whendy K. Brown Res. Lease No.: 9267 Relationship: Daughter Lease Date: 3/1/1999 Loan Assump: No Lot No.: 54 Applicant: No Area/Island: Kaniohale, Hawaii Property Sold: Yes Amount: \$110,000.00 Improvements: 3 bedroom, 2 bath dwelling Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price.

#### TRANSFEREE

11. Name: Mabeth K. Peterson Name: Kimberlee K. Peterson Res. Lease No.: 260 Relationship: Daughter Lease Date: 5/13/1930 Loan Assump: No Lot No.: 22A Applicant: No Area/Island: Nanakuli, Oahu Property Sold: No Amount: N/A Improvements: 2 bedroom, 1 bath dwelling Reason for Transfer: "Giving lease to relative." 12. Name: Christopher K. Pilayo, Name: Magdalena T. K. P. Jr. Bilermo, Gloria Jean Gaines, Res. Lease No.: 2489 Melvia K. Zimmerman, Beverly Lease Date: 11/13/1950 J. N. Chaves, & Carolyn K. Lot No.: 79 Garcia Area/Island: Waimanalo, Oahu Relationship: Sisters Property Sold: No Loan Assump: No Amount: N/A Applicant: No Improvements: 3 bedroom, 2 bath dwelling Reason for Transfer: "Giving lease to relatives." 13. Name: Byron F. Scholtz Name: Byron F. Scholtz & Jon Res. Lease No.: 1988 Scholtz Lease Date: 9/29/1948 Relationship: Lessee & Son Lot No.: 69A Loan Assump: No Area/Island: Waimanalo, Oahu Applicant: No Property Sold: No Amount: N/A Improvements: 3 bedroom, 1-1/2 bath dwelling Reason for Transfer: "Add son to lease."

#### TRANSFEREE

14. Name: Christy U. Shintani Name: Dean E. K. Ahuna Res. Lease No.: 9246 Relationship: None Lease Date: 5/1/1999 Loan Assump: No Lot No.: 33 Applicant: Yes, Hawaii IW Area/Island: Kaniohale, Res., 6/9/2003 Hawaii Property Sold: Yes Amount: \$238,500.00 Improvements: 3 bedroom, 1 bath dwelling

Reason for Transfer: "Moving." Special Condition: Transferee to obtain funds to pay purchase price.

15. Name: Leihoku D. Tangaro Res. Lease No.: 12665 Lease Date: 12/22/2010 Lot No.: 18295 Area/Island: Kanehili, Oahu Property Sold: Yes Amount: \$550,000.00 Improvements: 3 bedroom, 2 bath dwelling

Reason for Transfer: Moving off island." Special Condition: Transferee to obtain funds to pay purchase price. See simultaneous transfer below.

16. Name: Leimomi Gonzales Res. Lease No.: 12665 Lease Date: 12/22/2010 Lot No.: 18295 Area/Island: Kanehili, Oahu Property Sold: Yes Amount: \$550,000.00 Improvements: 3 bedroom, 2 bath dwelling

Reason for Transfer: "Giving lease to relative." Special Condition: Transferee to obtain funds to pay purchase price.

#### TRANSFEREE

- 17. Name: Octavia L. Bunker Res. Lease No.: 12367 Lease Date: 12/6/2008 Lot No.: UNDV048 Area/Island: Kapolei, Oahu Property Sold: No Amount: N/A Improvements: None
- 18. Name: Genghis K. Kaihewalu Res. Lease No.: 10361 Lease Date: 6/18/2005 Lot No.: UNDV064 Area/Island: Waiohuli, Maui Property Sold: No Amount: N/A Improvements: None

Reason for Transfer: "Adding relative to lease."

19. Name: Royal J. Kainoa, Jr. Name: Robin K. Puahala Res. Lease No.: 11844 Lease Date: 12/2/2006 Lot No.: UNDV301 Area/Island: Kapolei, Oahu Property Sold: No Amount: N/A Improvements: None

Reason for Transfer: "Giving lease to relative."

#### TRANSFEREE

20. Name: Matthew K. Ortiz Res. Lease No.: 12508 Lease Date: 12/6/2008 Lot No.: UNDV189 Area/Island: Kapolei, Oahu Property Sold: No Amount: N/A Improvements: None

Reason for Transfer: "Giving lease to relative."

21. Name: Warrick J. Aiwohi Pas. Lease No.: 7991 Lease Date: 2/1/1991 Lot No.: 16 Area/Island: Puukapu, Hawaii Property Sold: No Amount: N/A Improvements: None

Reason for Transfer: "Giving lease to relative."

22. Name: Georgena K. Chung-Sasada Agr. Lease No.: 583A Lease Date: 11/30/1934 Lot No.: 79B Area/Island: Hoolehua, Molokai Property Sold: No Amount: N/A Improvements: None Name: Kristy K. C. Mollena Relationship: Niece Loan Assump: No Applicant: No

Reason for Transfer: "Gift to Niece."

#### TRANSFEREE

23. Name: Rose C. K. K. Kirland Res. Lease No.: 9992 Lease Date: 1/15/2004 Lot No.: 66 Area/Island: Anahola, Kauai Property Sold: No Amount: N/A Improvements: None

Reason for Transfer: "Adding relatives to lease."

24. Name: John E. K. Robins, Sr. Name: Jonnelle K. Palmero Res. Lease No.: 9677 Lease Date: 8/15/2000 Lot No.: 74 Area/Island: Nanakuli, Oahu Property Sold: Yes Amount: \$197,000.00 Improvements: 4 bedroom, 2 bath dwelling

Reason for Transfer: "Giving lease to relative and financial reasons." Special Condition: Transferee to obtain funds to pay purchase price.

Assignments for the Month of August `1824Previous FY '18 - '19 balance20FY '18 - '19 total to date44

Assignments for FY '17 - '18 271

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting HSD Administrator

FROM: Juan Garcia, Oahu District Office Supervisor Homestead Services Division

SUBJECT: Approval of Amendment of Leasehold Interest

#### RECOMMENDED MOTION/ACTION

To approve the amendment of the leasehold interest listed below.

#### DISCUSSION

Fourteen (14) amendments of lease.

1.	Lessee:	Ríssa I. K. Brown
	Res. Lease No.:	3715
	Lot No., Area, Island:	18, Waimanalo, Oahu
	Amendment:	To update the property description.

2. Lessee: Georgena K. Chung-Sasada Agr. Lease No.: 583-A Lot No., Area, Island: 79-B, Hoolehua, Molokai Amendment: To amend the lease title and lessor's name, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years.

3. Lessee: Agnes Cope Res. Lease No.: 3020 157, Nanakuli, Oahu Lot No., Area, Island: Amendment: To amend the lease title and lessor's name, to update the property description, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years. 4. Lessee: Johnette N. K. Cordeiro 3542 Res. Lease No.: 20A, Nanakuli, Oahu Lot No., Area, Island: Amendment: To amend the lease to incorporate the currently used terms, covenants, and conditions in the lease. 5. Wayne P. Achong & Victoria K. De Lessee: Silva Res. Lease No.: 3145 97, Waimanalo, Oahu Lot No., Area, Island: Amendment: To amend the lease title and lessor's name, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years. б. Zachary Z. Helm Lessee: Res. Lease No.: 6068 37, Kalamaula, Molokai Lot No., Area, Island: Amendment: To amend the commencement date and property description. 7. Alberta K. Kawaauhau Lessee: Res. Lease No.: 2107 214-B, Keaukaha, Hawaii Lot No., Area, Island: Amendment: To amend the lease to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years.

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- 8. Lessee: Rodney Kukonu 7278 Res. Lease No.: Lot No., Area, Island: 26, Nanakuli, Oahu Amendment: To update the property description. 9. Lessee: Lydia L. K. Miha 2157 Res. Lease No.: Lot No., Area, Island: 42, Kewalo, Oahu Amendment: To amend the lease title and lessor's name, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years. Mabeth K. Peterson 10. Lessee: Res. Lease No.: 260 22-A, Nanakuli, Oahu Lot No., Area, Island: Amendment: To amend the lease title and lessor's name, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years. 11. Lessee: Christopher K. Pilayo, Jr. Res. Lease No.: 2489 Lot No., Area, Island: 79, Waimanalo, Oahu Amendment: To amend the lease title and lessor's name, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years. 12. Lessee: Madelyn S. P. Sagario Res. Lease No.: 6058 Lot No., Area, Island: 4, Kalamaula, Molokai
  - To amend the commencement date and property description.

Amendment:

- 13. Lessee: Res. Lease No.: Lot No., Area, Island: Amendment:
- 14. Lessee: Es Res. Lease No.: 37 Lot No., Area, Island: 30 Amendment: To

Amendments for FY '17 - '18

Byron F. Scholtz 1988 69-A, Waimanalo, Oahu To amend the lease title and lessor's name.

Esther H. Seipel 3769 d: 305, Nanakuli, Oahu To amend the lease title and lessor's name, to update the property description, to incorporate the currently used terms, covenants, and conditions in the lease, and to extend the lease term to an aggregate term of 199 years.

Amendments for the Month of August `18	14
Previous FY '18 - '19 balance	_7
FY '18 - '19 total to date	21

ITEM NO. D-11

249

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting HSD Administrator

FROM: Juan Garcia, Oahu District Offloe Supervisor Homestead Services Division

SUBJECT: Approval to Issue a Non-Exclusive License for Rooftop Photovoltaic Systems for Certain Lessees

#### RECOMMENDED MOTION/ACTION

To approve the issuance of a non-exclusive license to allow the Permittee to provide adequate services related to the installation, maintenance, and operation of a photovoltaic system on the premises leased by the respective Lessees.

The non-exclusive license is necessary as the Lessee cannot issue his/her own licenses.

#### DISCUSSION

Nine (9) non-exclusive licenses.

Lot No., Area, Island:

Permittee:

1.	Lessee: Res. Lease No.: Lot No., Area, Island: Permittee:	Jaysha Nicole K.N. Fernandez 7112 59, Kawaihae, Hawaii Sunrun Inc.
2.	Lessee: Res. Lease No.: Lot No., Area, Island: Permittee:	Leonard Gabriel 11571 18587, Kanehili, Oahu Sunrun Inc.
3.	Lessee: Res. Lease No.:	Watson Gier 8421

130, PKE, Oahu

Sunrun Inc.

ITEM NO. D-12

4. Lessee: Denise L. Kaaa Res. Lease No.: 9599 Lot No., Area, Island: 2, Waimanalo, Oahu Permittee: RevoluSun Power LLC 5. Lessee: Emily R. Kaleopaa Res. Lease No.: 9683 Lot No., Area, Island: 138, Lualualei, Oahu Permittee: Sunrun Inc. 6. Lessee: Kealii K. Mossman Res. Lease No.: 7545 Lot No., Area, Island: 124, Waiohuli, Maui Permittee: Sunrun Inc. 7. Lessee: Luis C. Navarro, Jr. Res. Lease No.: 11693 Lot No., Area, Island: 18509, Kanehili, Oahu Permittee: Sunrun Inc. 8. Lessee: Evelyn M. Palacol-Atumata Res. Lease No.: 11958 Lot No., Area, Island: 17249, Kaupea, Oahu 1 . Permittee: Sunrun Inc. 9. Lessee: June Melody Tagawa Res. Lease No.: 6734 Lot No., Area, Island: 72, Waianae, Oahu Permittee: Sunrun Inc.

Non-Exclusive License t	for the Month of July '18	9
Previous FY '18 - '19 k	oalance	_11
FY '18 - '19 total to a	date	20
Non-Exclusive License i	for FY '17 - '18	102

ITEM NO. D-12

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission
THROUGH: Dean Oshiro, Acting Administrator Webstead Services Division
FROM: Juan Garcia, Oahu District Office Supervisor Homestead Services Division
SUBJECT: Commission Designation of Successor Abraham S. Torres, Jr., Lease No. 4556 Lot No. 12, Nanakuli, Oahu

#### RECOMMENDED MOTION/ACTION

To approve the designation of Kilohoku 'O Kamoana Ke'ali'i Pono I Kamalu A'o Pohakea Torres-Ka'aihue (Kilohoku), a minor, as successor to Residential Lease No. 4556, Nanakuli, Oahu for the remaining term of the lease.

#### DISCUSSION

Commencing on June 7, 1978, Abraham S. Torres, Jr. (Decedent), was awarded Department of Hawaiian Home Lands Residential Lot Lease No. 4556, Lot No. 12, Nanakuli, Oahu (Lease).

On November 19, 1986, the Decedent designated his daughter, Rena Pohai Kealoha Torres (Rena), as successor to the Lease.

On November 26, 2014, a death certificate was received by the Department which confirmed the Decedent passing on November 10, 2014.

On September 9, 2015, the Department completed the research of Rena's native Hawaiian blood quantum and found her to be less than the required 25% Hawaiian. Hence she is not a qualified successor. As there was no alternate designated successor, the department moved forward with the Public notice process on the successorship of the Lease.

In compliance with the Administrative Rules 10-3-63, the Department published legal ads in the Honolulu Star Advertiser, The Hawaii Tribune Herald, The West Hawaii Today, The Maui News, and The Garden Island newspapers on June 4, 14, 18 and 28, 2017, to notify all interested, eligible and qualified heirs of the Decedent, to submit their lease successorship claims.

The Department received a successorship claim from the Decedent's grandson, Kilohoku K. Torres-Ka'aihue (Kilohoku), a minor. Kilohoku has been determined to be at least 31% Hawaiian and is eligible for succession.

Kilohoku's mother, Rena, has been appointed by the State's Circuit Court of the First Circuit as Conservator for her minor son.

The Department also received a successorship claim from the Decedent's son, Abraham S. Torres, III (Abraham). However, on December 11, 2017, Abraham submitted a renouncement of his successorship interest to the Lease to allow his half-sister's son to succeed to the Lease.

Existing improvements consist of a three-bedroom, two-bath single family dwelling, with an open carport, which was built in 1978. Kilohoku, Rena, and other family members live in the home.

As of July 31, 2018, there are no outstanding loans and Lease rent is paid current. Real property taxes are due in the amount of approximately \$38.

The Department requests approval of its recommendation.

ITEM NO. D-13

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting Homestead Services Davision Administrator

FROM: Juan Garcia, Oahu District Office Supervisor Homestead Services Division

SUBJECT: Request to Schedule a Contested Case Hearing Adam Kaiwi, Jr., Residential Lease No. 8187, Lot No. 52, Waimanalo, Oahu

#### RECOMMENDED MOTION/ACTION

To approve the scheduling of a contested case hearing for Adam Kaiwi, Jr. (Adam), successor to Lease No. 8187, Lot No. 52 situated at Waimanalo, Oahu, for the nonpayment of the appraised value of the improvements.

#### DISCUSSION

On February 15, 1993, Adam Kaiwi (Decedent), was awarded Residential Lease No. 8187, Lot No. 52, situate in Waimanalo, Oahu (Lease).

On February 11, 2003, the Decedent designated his wife, Sarah Kaiwi (Sarah), to receive the appraised value of the improvements less all outstanding debts attached to the lease.

On March 25, 2015 the Decedent passed away.

In compliance with the Administrative Rules 10-3-63, the Department published legal ads in the Honolulu Star Advertiser, The Hawaii Tribune Herald, The West Hawaii Today, The Maui News, and The Garden Island newspapers on February 7, 17, 21, and March 2, 2016 to notify all interested, eligible and qualified heirs of the Decedent, to submit their lease successorship claims. The Department received successorship claims from the Decedent's sons, Adam and Wayne Kaiwi (Wayne).

On April 17, 2017, the Hawaiian Homes Commission approved to designate Adam and Wayne as successors to Lease, subject to the payment of the appraised value of the improvements, in the amount of \$142,000, within 90 days of the execution of the Transfer Through Successorship lease instrument.

On July 26, 2017, Wayne submitted to the Department a written statement renouncing his successorship interest to the Lease.

By way of the Transfer Through Successorship lease instrument, dated September 11, 2017, the interest in the lease was conveyed to Adam, with the condition to pay the Department the appraised value in the amount of \$142,000.

Adam failed to pay the amount due, therefore, he is in violation of the terms and condition of the Lease. As of August 1, 2018, no payment has been received.

The department requests the approval of its recommendation.

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting Administrator Homestead Services Division

FROM: Juan Garcia, Oahu District Supervisor Homestead Services Division

SUBJECT: Request to Schedule a Contested Case Hearing DANIEL N. PERREIRA, JR. Lease No. 4637, Lot No. 68, Waianae, Oahu

#### RECOMMENDED MOTION/ACTION

To approve Daniel N. Perreira Jr.'s request for the scheduling of a contested case hearing regarding Residential Lease No. 4637, Lot No. 68, Waianae, Oahu, (Lease) and formerly held by the late Daniel N. Perreira (Decedent).

#### DISCUSSION

On November 9, 1977, Daniel N. Perreira (Decedent), received Department of Hawaiian Home Lands Residential Lot lease No. 4637, Lot No. 68, Waianae, Oahu (Lease). The Decedent designated his son, Daniel N. Perreira, Jr. (Daniel), as successor to his lease.

On October 17, 2016, a death certificate was received by the Department which confirmed the Decedent passed away on May 11, 2011.

On July 14, 2017, the Department completed the research of Daniel's native Hawaiian blood quantum and found him to be less than the required 25% Hawaiian.

In compliance with the Administrative Rule 10-3-63, the Department published legal ads in the Honolulu Star Advertiser, The Garden Isle, the Hawaii Tribune Herald, the West Hawaii Today, and The Maui News on December 3, 13, 17, 27, 2017, to notify all interested, eligible and qualified heirs of the Decedent, to submit their lease successorship claims. The Department did not receive a successorship claim to the Lease.

At its meeting on May 14, 2018, the Hawaiian Homes Commission (Commission) approved the cancellation of the Lease.

By Department letter, dated June 4, 2018, Daniel was informed of the cancellation of the Lease and notified to vacate the premises within 45 days.

By letter dated July 19, 2018, Daniel submitted a request for a contested case hearing to address his Hawaiian blood quantum. (See attached Exhibit A)

The Department is requesting the approval of its recommendation.

July 19,2018

## Aloha Chairman Mazagatani

Thope and pray this letter finds you and your Commissioners in good health and spirit. Let me begin, by expressing our appreciation, for allowing my family and I the opportunity to appear before the Commission on the July coefficient was the commission on the July agenda in Kapolei. We are still shocked by the eviction letter that we have received last month June 10, 2018), without being aware and informed of my Father's lack of blood quantum. We are willing to Cooperate with the department and commission that would result in a pasitive outcome. We are thankful that the department, Specifically Juan Grarcia, is willing to work with us in allowing my family and I the time we need to prove my father's generalogical background. With that being Said, we are requesting to appear before the commission at its next general meeting in August, to receive approval for a contested case Hearing concerning my father, Daniel Nakoana Perreira's blood quantum. My family and I are very greatful and pray for a speedy response -+ Sincerely your's 0 Daniel Nakoana Perreira Jr (son/successon 20 JUL ITEM NO. D-15 HIBIT A

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

- TO: Chairman and Members, Hawaiian Homes Commission
- THROUGH: Dean Oshiro, Acting Administrator Homestead Services Division
- FROM: Erna A. Kamibayashi, Kauai District Supervisor Homestead Services Division
- SUBJECT: Request to Schedule Contested Case Hearing Lease Violations - Ray Rapozo, Jr., Residential lease 4343, Lot 59, Anahola, Kauai

#### RECOMMENDED MOTION/ACTION

To approve the scheduling of a contested case hearing request by lessee Ray Rapozo, Jr. to remove his father, Ray Rapozo's Limited Life Interest in residential lease number 4343.

#### DISCUSSION

Lessee Ray Rapozo Jr. has submitted a letter requesting a contested case hearing to remove his father, Ray Rapozo, Sr.'s limited life interest in Residential Lease 4343, Lot 59, located in Anahola, Kauai.

On September 21, 1977, Residential Lease 4343, Lot 59, was awarded to Rachel Namauu Rapozo. Upon her passing the lease transferred through successorship to her son Ray Richard Rapozo. In 2006, the Department was in the process of cancelling the lease due to non-payment of mortgage. However, prior to cancellation, the lease was transferred to Ray Rapozo, Jr. with limited life interest retained by Ray Rapozo, Sr. under the condition that Mr. Ray Rapozo, Jr. secure financing for all outstanding debts attached to the residential lease.

On July 25, 2018, Mr. Ray Rapozo, Jr. came to the Kauai District Office to notify our staff of health and safety issues he was having with his father. He provided a copy of a Petition for an order for protection (TRO) for himself and his family and a letter requesting a contested case hearing. Through the contested case hearing process, Mr. Ray Rapozo, Jr. will seek authorization from the Hawaiian Homes Commission to remove his father's limited life interest from his lease.

The Department recommends approval of the action as submitted.

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

- To: Chairman and Members, Hawaiian Home Commission
- Through: Dean Oshiro, Acting Administrator Homestead Services Division
- From: Toni Eaton, Maui District Supervisor Homestead Services Division
- Subject: Request to Schedule Contested Case Hearing Lease Violation, HARRIDEEN L. AMBROSE, Residential Lease No. 5410, Lot No. 16 Paukukalo, Maui, Hawaii

#### RECOMMENDED MOTION/ACTION:

To approve the scheduling of contested case hearing for the lessee listed below:

#### DISCUSSION:

The following lessee has violated the terms and conditions of her homestead lease agreement; Hawaiian Homes Act, Section 208-5 Conditions of Lease; "As the lessee of the above property, you must occupy the property as your primary residence." Mrs. Ambrose has not complied with this condition therefore, we recommend that a contested case hearing be scheduled.

Lessee:	Harrideen L. Ambrose
Residential Lease No.:	5410
Lot No./Area/Island:	16/ Paukukalo, Maui
Lease Violation:	Failure to occupy

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

- To: Chairman and Members, Hawaiian Home Commission
- Through: Dean Oshiro, Acting Administrator Homestead Services Division
- From: Toni Eaton, Maui District Supervisor Homestead Services Division
- Subject: Request to Schedule Contested Case Hearing-Lease Violation - BENJAMIN R. VICTORINO, JR., Residential Lease No. 8204, Lot No. 10, Paukukalo, Maui, Hawaii

#### RECOMMENDED MOTION/ACTION:

To approve the scheduling of contested case hearing for the lessee listed below:

#### DISCUSSION:

The following lessee has violated the terms and conditions of his homestead lease agreement; paragraph 19 of above lease states: "Residence Lot. The Lessee shall occupy and commence to use the residence lot as Lessee's home within one year of the date of this lease, and shall thereafter continue to occupy and use said lands on Lessee's own behalf." Mr. Victorino has not complied with this condition therefore, we recommend that a contested case hearing be scheduled.

Lessee:	Benjamin R. Victorino, Jr.
Residential Lease No.:	8204
Lot No./Area/Island:	10 / Paukukalo / Maui
Lease Violation:	Failure to occupy

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Dean Oshiro, Acting Administrator Homestead Services Division

- FROM: Olinda L. Fisher, East Hawaii District Office
- SUBJECT: Request to Schedule a Contested Case Hearing -Authorization to Proceed to Public Notice Under Section 209, HHCA, Due to Nonresponsive Designated Successor -Myrtle T. Fujimoto (Deceased), Darcy T. Fujimoto (Designated Successor), Residential Lease No. 1497, Lot No. 4, Waiakea, Hawaii

#### RECOMMENDED MOTION/ACTION

To approve the scheduling of a contested case hearing for the designated successor.

#### DISCUSSION

The department has tried on numerous occasions to contact the respective designated successor to execute the Lease to complete the successorship. Department correspondence were mailed to the designated successor requesting they contact the Department to arrange for the execution of the successorship of lease document. Four (4) different California addresses were attempted will all mailed being returned. In addition, the Department attempted to make contact through known telephone numbers, however, these attempts were also unsuccessful in reaching the designated successor. In certain cases, the Department has no information on any known location or mailing address for the designated successor, therefore, the Department is unable to make contact.

Through the contested case hearing process, the Department will seek authorization to proceed with the public notice process to locate the designated successor and if unsuccessful, start the cancellation process of the designated successors' rights and then to notify other related individuals interested in succeeding to this lease, to submit a successorship claim.

#### RECOMMENDATION

The department recommends approval of the motion as stated.

#### Deceased Lessee

#### Designated Successor

Darcy T. Fujimoto

1. Myrtle L. Fujimoto Lot No: 4 Area: Waiakea, Hawaii Lease No: 01497

DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION August 20 & 21, 2018 Lihu'e , Kauai

### E-ITEMS LAND DEVELOPMENT DIVISION

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 21, 2018

Chairman and Members, Hawaiian Homes Commission To:

Thru: William J. Aila, Jr., Deputy to the Chairman

William J. Aila, Jr., Deputy to the Chairman Norman Sakamoto, Acting LDD Administrator From:

Subject: Soil Testing at Kekaha Residential Lots, Unit 4

#### RECOMMENDED MOTION/ACTION:

For information only

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 21, 2018

Chairman and Members, Hawaiian Homes Commission To:

Thru:

William J. Aila, Jr., Deputy to the Chairman  $\mathcal{M}_{\mathcal{M}}$ Norman Sakamoto, Acting LDD Administrator  $\mathcal{N}_{\mathcal{M}}$ From:

Subject: Soil Testing at Kekaha Residential Lots, Unit 4

#### RECOMMENDED MOTION/ACTION:

#### For information only

#### BACKGROUND:

- 1. On October 27, 2014, the Hawaiian Homes Commission (HHC) approved the preparation of an Environmental Hazard Management Plan (EHMP) for the Kekaha Residential Lots, Unit 4 subdivision, based on findings contained in the Phase I and II Environmental Site Assessment (ESA) Reports prepared by AECOM Technical Services Inc. (AECOM). This HHC submittal containing the historical chronology is attached as "Exhibit A".
- Also in October 2014, the State Department of Health (DOH), 2. after reviewing the initial Phase II report, informed DHHL of its recommendation to conduct additional soil sampling to confirm depth of the clean layer of soil present at the site, and to analyze samples from soil cores where visible debris impacts are found.
- review 3. of After AECOM's cost proposal to provide supplemental testing, AECOM was authorized to conduct supplemental testing of the subsurface soils between May 11 and 13, 2015. The Kekaha homestead organizations were informed of the testing period and specific lessees were informed if samples were to be taken from within their homestead lot, based on AECOM's sampling model.
- 4. The Phase II ESA Report including the supplemental testing was recently completed by AECOM in September 2015, and was transmitted to DOH for review. The recommendations to 1) mitigate surface tar-like materials and 2) prepare an EHMP,

provided by AECOM, mirror the comments provided by DOH Hazard Evaluation and Emergency Response (HEER) office.

- 5. In the Phase II ESA Report, AECOM has provided construction drawings for Lots 1, 2 and 3 to mitigate the surface discovery of the tar-like finds. These construction drawings are being submitted to the County of Kauai for approval. Land Development Division (LDD) prepared bid documents for an Invitation for Bid (IFB) to remove surface soil and tar-like finds, replacement and cover with clean fill, and construction of a retaining wall to embank the new slope. LDD had anticipated posting the IFB in early November, with construction work starting in the spring of 2017. LDD met with the lessees to share the specific construction plan details prior to posting the IFB.
- 6. AECOM prepared the specific management recommendations requirements in the EHMP, and completed the recommended actions by end of November 2015, subject to various reviews by DOH and Carlsmith Ball LLP. Limited copies of the finalized EHMP was distributed to the Kekaha homestead associations.
- 7. On September 7, 2016, staff from AECOM, DHHL and DOH HEER held an informational meeting with the homeowners of Kekaha Unit 4 subdivision to share the testing results of AECOM's Phase II ESA and proposed Environmental Hazard Management Plan. The community voiced its concerns regarding the burdensome nature of the Environmental Hazard Management Plan and the subsurface test results from two lots that contained levels of lead, mercury and arsenic exceeding DOH Environmental Action Levels (EAL).
- 8. As a result of the September community meeting, DHHL caused the implementation of additional testing of the surface soils on a community basis and subsurface testing of Lots 3 and 39. Since AECOM's contract had expired, DHHL procured a new environmental engineering firm, Elemental Environmental, LLC (E2) to implement a surface soil testing program for all 50 lots within the Kekaha Unit 4 subdivision and more rigorous subsurface testing on Lots 3 and 39 to ascertain if the occurrence of lead, arsenic and mercury was prevalent through the soil profile. А community meeting was held on December 15, 2016, to introduce E2 and to explain the soil testing program. Between January 9 and January 14, 2017, E2 collected surface soil samples from 47 lots and conducted immediate onsite X-ray fluorescence testing (XRF) for arsenic, lead

and mercury. All of these metals were found at levels below State EALS. E2 sent samples for laboratory testing for more definitive results. To date, **none** of the surface soil samples from 47 lots displayed mercury, lead and/or arsenic at levels exceeding State EALS.

- 9. In March 2017, E2 conducted subsurface soil testing on Lots 3 and 39 and tested surface soil from three lots. previously not tested. Thirty cores were drilled to a depth of five feet on Lots 3 and 39. Soil samples collected from the cores were tested with XRF technology and core samples were sent to the laboratory for heavy metal contaminant analysis. To date, none of the subsurface and surface soil samples displayed mercury, lead and/or arsenic levels exceeding State EALs. High levels of petroleum hydrocarbons were detected, but appear to be results of human activities related to boat and or vehicle maintenance. DHHL and E2 conducted a community meeting on March 15, 2017, to share the preliminary results of the surface and subsurface soil testing. All laboratory results for surface and subsurface soils have been finalized. DHHL and E2 conducted a community informational meeting on August 15, 2017 to provide each of the Kekaha Unit 4 homeowners with individual results showing no occurrence of mercury, lead, and arsenic above State EALs.
- 10. Vegetable and fruit samples were collected in January 2017, to test for potential metals uptake into the vegetables and fruit. E2 and DOH HEER have evaluated the laboratory data. The following results were also shared with the community on August 15, 2018:
  - a. Trace concentrations of metals identified in the produce are from naturally occurring metals in the soil and not associated with contamination;
  - b. Any produce grown in gardens or purchased in stores will contain non-toxic, trace amounts of naturally occurring metals in soil, including nutrients like iron, and;
  - c. Consumption of this produce does not pose a risk to human health.
- 11. E2 is preparing a Soil Management Plan, which include Best Management Practice guides for the community which would supersede the management plan authored by AECOM. DHHL, E2 and DOH are finalizing the documents to be distributed to the Kekaha Unit 4 community before the end of calendar 2018.

12. As part of AECOM's contract, a tar remediation plan and grade adjustment improvements to ensure adequate capping was prepared for competitive sealed bid procurement. Construction bids were opened in March 2017; however, all bids exceeded the budgeted amount approved by the HHC. The Hawaii Administrative Rules governing Invitations for Bid allow for negotiation with the low bidder to bring the project within budget. DHHL modified the scope of services to address the priority matter of mitigating tar found in the exposed surface and upper soil profile in Lot 3. Former Kekaha Sugar staff pointed out that the tar occurrence is centered at Lot 3. To reduce the quantity of excavation work, an alternative grade adjustment wall has been designed.

The construction contract is in process of funding certification. Notice to proceed is anticipated in September 2018. An onsite meeting with Lot 3 homeowner and contractor is planned prior to mobilization.

13. Lots 1 and 2 have altered the original slope and no tar has been discovered on those properties. No additional work is planned on Lots 1 and 2.

#### SUMMARY:

- 1. Supplemental surface and subsurface soil testing was completed by E2. Based on the test results, which measured below State EALs, no further testing is required.
- 2. Vegetables, herbs and fruit samples were collected and analyzed. Based on the analysis, as well as collaboration with State DOH, no further testing is planned.
- 3. Based on the testing results, E2 will prepare a Soil Management Plan, including Best Management Practices, a guide for community use.
- 4. E2, in collaboration with State DOH, is preparing a new EHMP, which would supersede the original AECOM EHMP.
- 5. Tar remediation and grade adjustment improvements is tentatively scheduled for mobilization in September 2018, subject to contract certification. DHHL plans to discuss construction scope and schedule with Lot 3 homeowner.

### DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION August 20 & 21, 2018 Lihu'e , Kauai

### F-ITEMS LAND MANAGEMENT DIVISION

#### DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 20 - 21, 2018

To: Chairman and Members, Hawaiian Homes Commission

From: Peter "Kahana" Albinio, Jr., Acting Administrator Land Management Division

Subject: Annual Renewal of Right of Entry Permit(s), Kaua'i Island

<u>RECOMMENDED MOTION/ACTION</u>: That the Hawaiian Homes Commission (HHC) approve the following actions while developing a process to making short-term agricultural and pastoral land dispositions available to beneficiaries:

- A) Renew all Kaua'i Island Right of Entry Permit(s) as listed on Exhibit "A" and identified by approximate location on the Kaua'i Island Map Exhibit "A-1" that are in compliance and issued temporary approvals, as of September 1, 2018.
- B) The annual renewal period, shall be on a month-to-month basis, for up to twelve (12) months, but no longer than August 30, 2019.
- C) Authorize the Chairman to negotiate and set forth other terms and conditions that may be deemed to be appropriate and necessary.

#### DISCUSSION

This submittal represents annual renewals for all Kaua'i Island ROE permit(s) only, which shall effectively expire on August 30, 2018. As a means of maintaining a process by which PERMITEE'S can be assured that their permits have been renewed, notification letters will be transmitted accordingly.

For information purposes Exhibit "A" references all Right of Entry Permits on Kaua'i Island by order of commencement date, land use, then by acreage. While Right of Entry Permits generate additional revenue to the Trust, its primary purpose provides DHHL the ability to efficiently manage its lands through the issuance of these short-term dispositions which are typically not needed for longer-term dispositions (such as homesteading or general leases) over a 20-year time period or as dictated by DHHL's respective island plans. DHHL's total Kaua'i Island land inventory covers approximately 20,565.0 acres<sup>1</sup> or 10% of DHHL's statewide inventory. The short-term disposition(s) within the Kaua'i Island inventory cover approximately 698.0 acres or 3% of its inventory.

Right of Entry Permits help in having presence on DHHL lands thereby reducing costs for land management activity functions (i.e. signage, landscaping, fencing, removing trash and derelict vehicles, and prevents trespassing on unencumbered lands) that DHHL would bear if the lands were to sit vacant.

<sup>&</sup>lt;sup>1</sup> DHHL Kaua'i Island Plan – Final Report, Group 70 International, June 2004

Permitees are required to assume responsibility for the land, post insurance, indemnify the department, and manage and maintain the land.

Until improvements to the Revocable Permit Program can be implemented, this process will be used for Annual Renewals of these month-to-month ROE Permit dispositions.

The table below reflects the revenue generated from ROE permit(s) on Kaua'i Island, which is approximately 3.0% (\$93,958) of the ROE total revenues (\$2,803,945) that DHHL receives statewide. Kaua'i Island holds 31 of the 142 ROE permits Statewide which are used for various purposes outside of industrial/commercial use. Land Management Division (LMD) proposes an average increased rent of 4% to permitees whose land use is designated for commercial/industrial purposes.

FY 2018		Total	FY 2019		Total
Agriculture	\$3,792	5	Agriculture	\$3,792	5
Caretaker/Landscape	\$1,464	4	Caretaker/Landscape	\$1,464	4
Commercial	\$965	2	Commercial	\$965	2
Community	\$0	-	Community	\$0	-
Industrial	\$73,577	9	Industrial	\$76,520	9
Office	\$0	-	Office	\$0	-
Pastoral	\$14,160	11	Pastoral	\$14,160	11
Preservation	\$0		Preservation	\$0	-
Recreation	\$0	-	Recreation	\$0	-
Research	\$0		Research	\$0	-
Stabling	\$0		Stabling	\$0	-
	\$93,958	31		\$97,716	31

According to research done by Colliers International, (See Exhibit "B") "the Oahu Industrial vacancy rate rose to 1.97% its highest level in two years at year end 2017 ... average asking industrial base rents rose to their highest level in a decade at \$1.30 per square foot per month..." In light of this research, LMD is recommending a 4% increase in rental rates

For FY 2019, renewals for the 31 Right of Entry Permits located on Kaua'i Island will total an annual rent revenue of \$97,716 as referenced in the table above. Rental fees for agricultural and pastoral use permits vary and are typically established at less than fair market rates (discounted) but not less than \$240/annum due to various site issues such as, insufficient/no infrastructure, no legal access, substandard lot size or irregular shape, etc.

#### AUTHORITY / LEGAL REFERENCE:

§171-55, Hawaii Revised Statutes, as amended, a "permit on a month-to-month basis may continue for a period not to exceed one year from the date of issuance; provided that the commission may allow the permit to continue on a month-to-month basis for additional one-year periods."

#### **RECOMMENDATION:**

Land Management Division respectfully requests approval of the motion as stated.

TYPE	ISLAND	ACRE	NO.	USE	PERMITTEE	LOCATION	TMK "(p)" denotes portion of S	Date	Current Fees All ROE Permits	Proposed Fees for Commercial/Industrial permits
ROE	KAUAI	11	533	Agriculture	Don Mahi	Anahola	(4) 4-8-018:031	0661/1/	\$1,488.00	
ROE	KAUAI	0.344	550	Agriculture	Kuini Contrades	Anahola	(4) 4-8-008:001 (p) 5/	/1/2003	\$264.00	
ROE	KAUAI	8	554	Agriculture	Linda Kaauwai-Jwamoto	Anahola	(4) 4-8-005:042 (p) 11	/1/2000	\$576.00	
ROE	KAUAI	1.07	558	Agriculture	Frank S. Rivera, Sr. and Amber Rivera	Anahola	(4) 4-8-003:020 (p) 5/	1/2005	\$264.00	
ROE	KAUAI	20	543	Agriculture	Palahiko Farms	Kekaha	(4) 1-2-002:023 (p)	28/2009	\$1,200.00	
ROE	KAUAI	0.25	540	Caretaker	Michael J. DeMotta	Hanapepe	(4) 1-8-007:021 (p) 9/	1/2002	\$408.00	
ROE	KAUAI	0.188	549	Caretaker	William Leleo	Anahola	(4) 4-8-003:018 (p) 9/	'1/2005	\$264.00	
ROE	KAUAI	0.092	553	Caretaker	Sunny L. Honda	Anahola	(4) 4-8-009:010 (p) 6/	1/1992	\$264.00	
ROE	KAUAI	3.6	560	Caretaker	Valerie Woods	Anahola	3/	8/2002	\$528.00	
ROE	KAUAI	0.009	536	Commercial	Patricia Contrades	Anahola	(4) 4-8-011:045 (p)	23/2013	\$396.00	
ROE	KAUAI	0.023	564	Commercial	Woodrow K. Contrades	Anahola	(4) 4-8-011:045 (p) 4/	1/1994	\$569.00	
ROE	KAUAI	16.072	475	Industrial	Honsador Lumber, LLC/Mona Lisa Boyer	Kapaa	(4) 4-5-015:003 (p) & 034		\$35,232.00	\$36,641.28
ROE	KAUAI	0.46	538	Industrial	Kauai Habitat for Humanity	Hanapepe	(4) 1-8-008:035 (p) 7/	9661/1	\$546.00	\$567.84
ROE	KAUAI	0.58	542	Industrial	Kauai Farm Fuels	Hanapepe	(4) 1-8-008:081 (p) 4/	1/2007	\$10,382.40	\$10,797.70
ROE	KAUAI	0.059	574	Industrial	Paul T. Esaki	Kapaa	(4) 4-5-015:048 2/	9861/1	\$494.40	\$514,18
ROE	KAUAI	0.23	537	Industrial	Roger Palama	Hanapepe	(4) 1-8-008:035 (p) 10	/1/1995	\$1,360.00	\$1,414.40
ROE	KAUAI	0.344	541	Industrial	Wallace Rita and Clyde Odo	Hanapepe	(4) 1-8-008:035 (p) 7/	1/2005	\$6,885.00	\$7,160.40
ROE	KAUAI	0.367	544	Industrial	Akita Enterprises, Ltd.	Hanapepe	(4) 1-8-008:035 (p) 7/	6661/1	\$5,574.00	\$5,796.96
ROE	KAUAI	0.55	546	Industrial	Akita Enterprises, Ltd.	Kapaa	(4) 4-5-005:006 (p) 7/7	22/2013	\$5,352.00	\$5,566.08
ROE	KAUAI	0.918	566	Industrial	Jack L. and Margaret C. Phillips	Kapaa	(4) 4-5-005:006 (p) 3/	1/2001	\$7,750.80	\$8,060.83
ROE	KAUAI	3.264	531	Pastoral	Solomon Lovell	Anahola	(4) 4-8-006:004 12	1861/1/	\$528.00	
ROE	KAUAI	14.903	532	Pastoral	Esther K. Medeiros	Anahola	(4) 8-011:005, 006, 2/ 011, 013 & 049	1/1984	\$1,704.00	

# EXHIBIT "A" Item No. F-1
\$1,380.00	\$636.00	\$1,392.00	\$1,392.00	\$1,320.00	\$264.00	\$2,184.00	\$2,400.00	\$960.00
4/1/1994	4/1/1994	4/15/1982	7/5/2005	5/1/2005	9/1/2005	8/1/2003	4/1/2004	7/23/2013
(4) 4-8-005:038 (p)	(4) 4-8-005:038 (p)	(4) 4-8-015:024 to )26	(4) 4-7-004:022 (p)	(4) 4-8-003:013 (p)	(4) 4-8-003:020 (p)	(4) 4-8-011:063 (p)	(4) 4-7-002:004	(4) 4-8-003:004 (p)
Anahola	Anahola	Anahola	Anahola	Anahola	Anahola- Kamalomaloo	Anahola/ Kamalomaloo	Anahola/ Kamalomaloo	Anahola/Kama Iomaloo
Richard Kaui	Gordon Rosa	Clay Kelekoma	Patrick Kelekoma and Clay Kelekoma	John Hanson	Lono K.M. Fu	Richard and Kuulei Ornellas	Tarey Low	Joseph Borden
534 Pastoral	535 Pastoral	545 Pastoral	547 Pastoral	551 Pastoral	552 Pastoral	556 Pastoral	557 Pastoral	562 Pastoral
30	13	2.866	50	5	2.849	0.55	173	21.03
KAUAI	KAUAI	KAUAI	KAUAI	KAUAI	KAUAI	KAUAI	KAUAI	KAUAI
ROE	ROE	ROE	ROE	ROE	ROE	ROE	ROE	ROE

Denotes Beneficiary

EXHIBIT "A" Item No. F-1



DHHL's Kaua'i Lands

EXHIBIT "A-1"

ITEM NO. F-1

ES-1

Oahu | Hawaii-**Research & Forecast Report** 

## **INDUSTRIAL MARKET** Year-End 2017

# Market Summary

## Mike Hamasu Director of Research | Hawaii

- > Oahu's industrial market loss of 38,942 square feet of occupancy during the fourth quarter, as vacancy rates rose to 1.97%, its highest level in two years.
- > This is the third consecutive guarterly increase to vacancy rates as more than 157,000 square feet of negative net absorption was recorded for the year.
- > Positive gains in tourism expenditures for the first nine months of 2017 helped to boost wholesale revenues which rebounded strongly with an 18.4% jump over last September's sales revenues.
- > Mirroring wholesale revenues, contracting sales also posted a healthy 3.14% gain over last year's September year-to-date levels.
- > Direct weighted average asking industrial base rents rose to their highest level in a decade at \$1.30 per square foot per month, which reflects a gain of 7.4% over last year's average rent levels.
- > While there are the beginnings of some speculative development that will start in 2018, it is unclear if these development efforts will be enough to create meaningful change to a market with a sub-2% vacancy rate.



## Industrial Net Absorption vs. Vacancy Rate

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Summary Statistics	Market Indicators	Year End	
4Q 2017 Industrial Market		Relative to prior quarter	2017
4Q2017 Net Absorption	-157,222 SF	VACANCY	
Vacancy Rate	1.97%	NET ABSORPTION	
Direct Weighted Average Asking Rent	\$1.30 PSF/Mo.	CONSTRUCTION	
Average Operating Expense	\$0.37 PSF/Mo.	RENTAL RATE	1

Colliers INTERNATIONAL

elerating

## Oahu Industrial Direct Wtd. Avg. Asking NNN Rents



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## Wholesale Sales (September YTD)



Item No. F-1

Source: State Dept. of Taxation

DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION August 20 & 21, 2018 Lihu'e , Kauai

## G-ITEMS PLANNING PROGRAM DIVISION

#### State of Hawaii Department of Hawaiian Home Lands August 20 - 21, 2018

To:	Chair and Members, Hawaiian Homes Commission
Through:	M. Kaleo Manuel, Acting Planning Program Manager
From:	Gigi Cairel, Grants Specialist Man E. Halealoha Ayau, Water Resources Specialist

Subject: Acceptance of Beneficiary Consultation Report for Proposed Water Rate Increase for the DHHL Anahola Farm Lots Water System

#### RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission (HHC) accepts this Beneficiary Consultation Report as the public record of beneficiary input and feedback relative to the proposed water rate increase for the Department of Hawaiian Home Lands (DHHL) Anahola Farm Lots Water System.

Acceptance of the report does not indicate concurrence or approval of any staff recommendations that may appear herein.

#### DISCUSSION

The HHC approved the DHHL request to proceed with beneficiary consultation regarding the proposed increase to the water rates for all DHHL-owned systems at the HHC February 2018 meeting. DHHL conducted a beneficiary consultation meeting in Anahola on June 6, 2018. There was also a 30-day comment period to get feedback from beneficiaries about the proposed increase to the Anahola water system rates. In addition, DHHL and consultants conducted an informational presentation on the water system improvements project and construction timeline.

Using the water billing addresses on file, DHHL mailed a meeting notification (see Exhibit A) to all users connected to the Anahola Farm Lots Water System, which includes 30 Bayview residential lessees and 45 Anahola agriculture lessees. Only 3 beneficiaries attended (see Exhibit B). A powerpoint presentation was used, along with handouts to provide information and the content of the proposed increase to the water rates (see Exhibit C). In spite of the low turnout, those present were engaged and thoughtful in their comments and feedback. DHHL created a webpage dedicated to the beneficiary consultation process for the proposed water rate increase for the Anahola water system (http://dhhl.hawaii.gov/po/ beneficiaryconsultation/proposed-increase-to-water-rate-schedules-foranahola-drinking-water-system/) for those that could not attend the June 6, 2018 meeting or who wanted access to the information independently. The information posted on the webpage includes the following:

- Background from the November 15, 2017 Information meeting on Water System expenses.
- June 6, 2018 Beneficiary Consultation on proposed increase to the Anahola water rates (powerpoint presentation and handouts, including proposed water rates schedules for residential beneficiaries and agriculture beneficiaries).

Related to the proposed water rates discussion, DHHL also conducted beneficiary consultation on proposed Water Administrative Rules on June 22, 2017 on Kaua'i. Information on the proposed rules and the beneficiary consultation meetings held are also posted on the DHHL website at http://dhhl.hawaii.gov/department-of-hawaiian-home-landsadministrative-rules/.

In addition to comments collected at the June 6, 2018 meeting, beneficiaries could submit written comments using the half-sheets provided at the meeting, by sending email or mail to the DHHL Planning Office. The period to submit written comments closed on July 5, 2018. No comments were received.

#### Analysis of Transcribed Meeting Notes

The table below are the summarized meeting notes from the June 6, 2018 beneficiary consultation. Actual comments received are attached as Exhibit D. They are organized into patterns or themes and provides a staff response. The table also identifies specific suggestions from beneficiary comments that resulted in recommendations related to the proposed water rate increase.

Theme	Beneficiary comments	Staff response
Alternative	Is alternative energy	The preliminary
energy to	being considered as part	engineering report
reduce	of the water system	determined it was not
electricity	improvements?	cost feasible.
costs		
Water	Why change from the	Water utility customers
billing	current bi-monthly to	are more likely to keep
	monthly billing?	up with their payments
		on a monthly basis,

ow will this [non-cash uyment] be valued and redited towards [water .11] amounts owed?	instead of every two months. And, with the proposed rate increase, the monthly amount due will be less of a shock to the ratepayer. The non-cash payment option is a proposal in
ow will this [non-cash yment] be valued and redited towards [water .11] amounts owed?	The non-cash payment option is a proposal in
in the community rovide services to help educe operational osts?	Administrative Rules. Procedures and details are still in discussion. DHHL is reviewing all contracts for water system operations and maintenance for cost savings. There is potential for the community to provide services.
emment here was about ploring why eneficiaries are not lying their water bill	Currently, DHHL district offices reach out to lessees and draft a "work out" payment plan. The proposed Water Administrative Rules include provisions and procedures for water billing, collections, enforcement and delinquencies, including allowance for non-cash payment. Based on the FY 2016 Cost of Service Study, total expenses was \$250,000. Under the current rate structure, DHHL billed for \$67,000 and about 11% (\$27,000) was collected. The shortfall of \$40,000
	<pre>ment here was about ploring why heficiaries are not ying their water bill</pre>

Theme Beneficiary comments	Staff response
	Further research is
	needed to better
	understand the needs and
	extent of the water bill
	delinquencies.

#### CONSISTENCY WITH DHHL PLANNING SYSTEM

#### DHHL Planning System

The DHHL Planning System consists of three tiers of plans -General Plan, Island Plans and Strategic Program Plans, and Regional Plans.

#### DHHL General Plan (2002)

The DHHL General Plan is intended as a high-level policy and long-range planning document to implement the HHCA of 1920, as amended. Within this plan, the proposed increase to the rate schedule for the DHHL Anahola Water System is consistent with the Water Resources goal to provide access to quality water in the most cost-effective and efficient manner.

#### Kaua'i Island Plan (2004)

The Kaua'i Island Plan is primarily a land use designation document. The DHHL Anahola Farm Lots water system serves the Bayview residential and Anahola Farm Lots.

#### Water Policy Plan (2014)

The proposed increase to the rate schedule for the DHHL Anahola Water System directly addresses the following priority policy goals and objectives in the Water Policy Plan.

- Develop, manage and steward water in a manner that balances cost, efficiency measures, and Public Trust uses
- Educate beneficiaries, DHHL, HHC and other stakeholders continually on our water kuleana
- Secure revenue and reduce operation costs to break even; and increase security and reliability for DHHL beneficiaries and water system users

#### Anahola Regional Plan (2010)

Within the Anahola Regional Plan, water is identified as major infrastructure, homestead issues, priorities, and potential projects. The DHHL Anahola Water system is one of two major water systems supporting the DHHL Anahola homestead area. Water, both potable and non-potable (surface water for agriculture use), is an identified Issue and Priority in the regional plan.

#### RECOMMENDATION

Staff respectfully requests acceptance as recommended.

DAVID Y. IGE GOVERNOR STATE OF HAWAII

DOUGLAS S. CHIN LT GOVERNOR STATE OF HAWAII



JOBIE M. K. MASAGATANI CHAIRMAN HAWAHAN HOMES COMMISSION

WILLIAM J. AILA, JR. DEPITY TO THE CHAIRMAN

#### STATE OF HAWAII DEPARTMENT OF HAWAIIAN HOME LANDS P. O. BOX 1879 HONOLULU, HAWAII 96805

HONOLULU, HAWAII 96805

May 18, 2018

Aloha,

The Department of Hawaiian Home Lands (DHHL) will be conducting (1) an Informational Meeting on the upcoming **Anahola water system improvements project** and (2) a Beneficiary Consultation on the **proposed increase** in water rates that DHHL charges its customers (you) to help cover costs to provide reliable water service to your homestead. The current rates are due to expire on June 30, 2018. Before the Hawaiian Homes Commission (HHC) takes action on the proposed increase in rates, DHHL would like to hear beneficiary input.

The department, beneficiaries and other users of the system each have kuleana. For DHHL, we continuously look for ways to cut costs and operate the system efficiently. For beneficiaries and other water users, your kuleana is to use water wisely and pay your water bill.

The objectives for this meeting are as follows:

- Project Update on the Anahola water system improvements
- Present a summary of DHHL's costs to manage, operate and maintain the water system
- Explain what DHHL is doing to keep costs down
- Get feedback on the proposed increase in water rates

## Wednesday, June 6, 2018 6:00 p.m. to 8:00 p.m. Anahola Clubhouse

We all know the importance of clean and safe drinking water. You and your 'ohana are affected directly. We hope you will take advantage of this opportunity, share your mana'o, and perhaps, learn something new about your water system. The input you share will be presented to the HHC in their decision making process.

Aloha and mahalo,

Jobie M. K. Masagatani, Chair Hawaiian Homes Commission



Department of Hawaiian Home Lands Anahola Farm Lots water system

Wednesday – June 6, 2018 6:00 PM – 8:00 PM – Anahola Clubhouse

## **Meeting Agenda**

subject to change

- I. Overview
- II. Project update: Anahola water system improvements
- III. Summary of DHHL costs to operate the water system
- IV. Your water bill
- V. Get Feedback on proposed increase in water rates
- VI. Wrap Up

If you have any questions, please contact the following.

Ms. Gigi Cairel, Planning Office (808) 620-9461; Fax (808) 620-9559

Email: DHHL.Planning@hawaii.gov

Or visit our website, www.DHHL.hawaii.gov, and click on "Beneficiary Consultations"





# DEPARTMENT OF HAWAIIAN HOME LANDS SIGN-IN SHEET

EVENTBC Archala Water Rafes DATE 6/6/18 - Clubhouse

	TELEPHONE											
	E-MAIL											
cant and Lessee, O=Other)**	MAILING ADDRESS											
**(A=Applicant, L=Lessee, Both=Appli	NAME	Denivis + KAUN NEVER	Agnes Mark: Kui									
(Please print)	BENEFICIARY	ALBO	ALBO	ALBO	ALBO	ALBO	ALBO	ALBO	ALBO	ALBO	ALBO	ALBO



# **Beneficiary Consultation**

## **Proposed Increase in Water Rates**

DHHL Anahola Water System June 2018

## Agenda

## • Pule

- Welcome & Introduction
  - Meeting Purpose & Kuleana
  - The Beneficiary Consultation Process
- DHHL Presentation
  - Background & Need
  - Proposed increase to the water rates
- Community input
- Next Steps



## **Meeting Purpose**

Gather input from Beneficiaries on the proposed increase in water rates for the Anahola water system

Note: Current water rates expire June 30, 2018

## Refresher

- Hawaiian Homes Commission Act
   Retain exclusive control of water systems
- Water Policy Plan

   Secure revenue & reduce costs to "break even"
- Water Administrative Rules

   Water bill payments, options, Shut-Off (last resort)
- Information meeting on System Costs
  - Expenses = \$248,763 and Revenue = \$66,985
    <u>Shortfall \$181,778</u>



## **Meeting Kuleana**

## ✓ Be creative!

- Work toward future solutions/aspirations
- Disagreement is ok as long as we are respectful of each other
- ✓ Everyone gets a turn first, then repeats
- ✓ Cell phones off or on silent

## Please hold questions until <u>after</u> presentation

## **Meeting Kuleana**

You are personally responsible for:

- Make sure everyone has equal opportunity to express their ideas
- ✓ Actively listen (listen to understand)
- ✓ Ask questions to clarify
  - (get the right info)
- ✓ Have an open mind; open heart
- ✓ Focus our attention on speaker







## Water System Goals

Provide safe, clean drinking water

- Provide reliable water delivery service (24/7)
- And cover all operating costs & have Reserve Funds for emergencies, cash flow, capital improvements

## **Typical Water System Expenses**

## **ADMINISTRATION**

## **OPERATIONS**

- Certified Operator
- Well Pumps
- Electricity
- Storage tank
- Booster pumps
- Pipes, fire hydrants
- Security

RESERVE FUNDS

- Operating = cash flow
- Emergency = when pumps break down
- Capital improvement = Rainy Day fund
- Debt service on loans



Anahola Water System Expenses Fiscal Year 2015 - 2016								
	% of Total	Amount						
Personnel - DHHL	16%	\$40,906						
Contracted Operator, includes:	71%	175,758						
✓ 0&M Service								
✓ Repair, Maintenance, Other								
Operations, Repair, Maintenance	0%	649						
Electricity	10%	24,469						
Telephone	0%	175						
Fee for Service	3%	6,806						
Reserves	0%	-0-						
TOTAL	100%	\$248,763						







## **Need for Water Rate Increase**

- Last rate increase in 2004
- ➤ Costs have gone up
- Shortfall is at least \$182,000
- ≻Reserve Funds



## What DHHL is doing to increase revenue

✓ Obtained \$3 million federal grant for major CIP

- Completed Cost of Service Analysis
   Reviewed water system budget, expenses, revenue
- Developed Administrative Rules to address nonpayment of water bills
- ✓ Reviewed and analyzed water rates

# What DHHL is doing to increase system operational efficiency

- ✓ Review operator contract
- ✓ Check for leaks
- ✓ Increased scheduled maintenance
  - Helps parts/equipment to last longer
- Developed Administrative Rules to address unaccounted for water loss /theft



## "Water Rates 101"

Water rates are based on:

(1) Meter size – 5/8" to 2"

(2)"Usage Fee" – Amount of water used over a 2month period, grouped in 3 levels or "Tiers" for Residential and 2 Tiers for Agriculture

**Refer to Handout** 

Residential Rates Proposed Increases								
1.1.1	<u>SAI</u>	MPLE Wate	er Bill	HALK T				
5/8	3" meter &	20,000 gal	lons bi-mon	ithly				
	Current	<u>Year 1</u>	<u>Year 5</u>	<u>Year 10</u>				
Meter	\$24.00	\$28.08	\$44.40	\$64.80				
Usage	\$55.20	\$64.60	\$102.20	\$149.00				
TOTAL	TOTAL \$79.20 \$92.68 \$146.60 \$213.80							
100% increase over the meter fee, spread incrementally over 10 years PLUS 7% annual increase Refer to Handout								

Agriculture Rates Proposed Increases								
	SAME	PLE Water	Bill	使我们们				
1 1/2" mete	er (1 struc	ture) & 65	,000 gal. bi	-monthly				
	<u>Current</u>	<u>Year 1</u>	<u>Year 5</u>	<u>Year 10</u>				
Meter	\$24.00	\$28.08	\$44.40	\$64.80				
Usage	\$97.00	\$113.55	\$179.75	\$261.85				
TOTAL \$121.00 \$141.63 \$224.15 \$326.65								
100% increase over the meter fee, spread incrementally over 10 years PLUS 7% annual increase Refer to Handout								





## **Beneficiary Consultation Process**

Estimated Date	Action Step
June 6, 2018	BC Meeting in Anahola
June 30, 2018	Current water rates expire
July 5, 2018	End of 30-day BC comment period
August 20-21, 2018	Hawaiian Homes Commission meeting on Kaua'i
July 1, 2019	New water system rates become effective (pending HHC approval)
	21

## **Next Steps for DHHL**

- Complete public hearings for Water Administrative Rules
- Implement major capital improvements (\$3M federal grant) to increase operational efficiencies
- Complete next Cost of Service Analysis for FY 17 and FY 18
- Complete next Water Rate Study in FY 2020



## **Next Steps for You**

- Participate in the BC Process
   Send written comments by July 5
- Attend, testify or submit public testimony at the HHC – August 20-21 on Kaua'i
- Think about today's discussion
- Talk to family, friends, neighbors
- Fix leaks
- Conserve water
- Everyone do their part, including DHHL





## CURRENT RESIDENTIAL RATES

Current meter service fees as approved by the Hawaiian Homes Commission, May 2004

Meter size (inches) Bi-Monthly	Existing Base fee (\$) Bi-Monthly
5/8"	\$24.00
3/4"	\$32.00
1"	\$50.00
1 1/2"	\$90.00
2"	\$150.00
4"	\$440.00

Current water use rates (per 1,000 gallons) as approved by the Hawaiian Homes Commission, May 2004

	TIER 1	TIER 2	TIER 3
	Rate: \$2.76 per 1,000 gals.	Rate: \$3.20 per 1,000 gals.	Rate: \$4.50 per 1,000 gals.
METER SIZE	First Rate Block	Second Rate Block	Third Rate Block
	(gallons used bi-monthly)	(gallons used bi-monthly)	(gallons used bi-monthly)
5/8"	0 - 20,000	20,001 - 40,000	> 40,000
3/4"	0 - 70,000	70,001 - 140,000	> 140,000
1"	0 - 200,000	200,001 - 400,000	> 400,000
1 1/2"	0 - 600,000	600,001 - 1,200,000	> 1,200,000
2"	0-1,200,000	1,200,001 - 2,400,000	> 2,400,000
4"	0-6,000,000	6,000,001 - 12,000,000	> 12,000,000

## PROPOSED RESIDENTIAL RATES

## **PROPOSED** Meter Service Fee

Meter size (inches)	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
5/8"	\$28.08	\$32.16	\$36.24	\$40.32	\$44.40	\$48.48	\$52.56	\$56.64	\$60.72	\$64.80
3/4"	\$37.44	\$42.88	\$48.32	\$53.76	\$59.20	\$64.64	\$70.08	\$75.52	\$80.96	\$86.40
1"	\$58.50	\$67.00	\$75.50	\$84.00	\$92.50	\$101.00	\$109.50	\$118.00	\$126.50	\$135.00
1 1/2"	\$105.30	\$120.60	\$135.90	\$151.20	\$166.50	\$181.80	\$197.10	\$212.40	\$227.70	\$243.00
2"	\$175.50	\$201.00	\$226.50	\$252.00	\$277.50	\$303.00	\$328.50	\$354.00	\$379.50	\$405.00
4"	\$514.80	\$589.60	\$664.40	\$739.20	\$814.00	\$888.80	\$963.60	\$1,038.40	\$1,113.20	\$1,188.00

## **PROPOSED** Water Service Delivery Fee

Per 1,000 gallons	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Tier 1	\$3.23	\$3.70	\$4.17	\$4.64	\$5.11	\$5.58	\$6.04	\$6.51	\$6.98	\$7.45
Tier 2	\$3.74	\$4.29	\$4.83	\$5.38	\$5.92	\$6.46	\$7.01	\$7.55	\$8.10	\$8.64
Tier 3	\$5.27	\$6.03	\$6.80	\$7.56	\$8.33	\$9.09	\$9.86	\$10.62	\$11.39	\$12.15

	TIER 1	TIER 2	TIER 3	
	See table above for rates	See table above for rates	See table above for rates	
METER SIZE	First Rate Block	Second Rate Block	Third Rate Block	
	(gallons used bi-monthly)	(gallons used bi-monthly)	(gallons used bi-monthly)	
5/8"	0 - 20,000	20,001 - 40,000	> 40,000	
3/4"	0 - 70,000	70,001 - 140,000	> 140,000	
1"	0 - 200,000	200,001 - 400,000	> 400,000	
1 1/2"	0 - 600,000	600,001 - 1,200,000	> 1,200,000	
2"	0 - 1,200,000	1,200,001 - 2,400,000	> 2,400,000	
4"	0-6,000,000	6,000,001 - 12,000,000	> 12,000,000	

PROPOSED Residential Rates





Current meter service fees as approved by the Hawaiian Homes Commission, May 2004

Meter size (inches) Bi-Monthly	Existing Base fee (\$) Bi-Monthly
5/8"	\$24.00
3/4"	\$32.00
1"	\$50.00
1 1/2"	\$90.00
2"	\$150.00
4"	\$440.00

Current water use rates (per 1,000 gallons) as approved by the Hawaiian Homes Commission, May 2004

		TIER 1	TIER 2
		Rate: \$2.76	Rate: \$0.70
METER SIZE	<b>#</b> of structures	<b>First Rate Block</b>	Second Rate Block
		(gallons used bi-monthly)	(gallons used bi-monthly)
5/8"	N/A	0 - 25,000	> 25,000
3/4"	1	0 - 25,000	> 25,000
3/4"	2	0 - 50,000	> 50,000
1 1/2"	1	0 - 25,000	> 25,000
1 1/2"	2	0 - 50,000	> 50,000
2"	1	0 - 25,000	> 25,000
2"	2	0 - 50,000	> 50,000

## PROPOSED AGRICULTURE RATES

## **PROPOSED** Meter Service Fee

Meter size										
(inches)	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
5/8"	\$28.08	\$32.16	\$36.24	\$40.32	\$44.40	\$48.48	\$52.56	\$56.64	\$60.72	\$64.80
3/4"	\$37.44	\$42.88	\$48.32	\$53.76	\$59.20	\$64.64	\$70.08	\$75.52	\$80.96	\$86.40
1"	\$58.50	\$67.00	\$75.50	\$84.00	\$92.50	\$101.00	\$109.50	\$118.00	\$126.50	\$135.00
1 1/2"	\$105.30	\$120.60	\$135.90	\$151.20	\$166.50	\$181.80	\$197.10	\$212.40	\$227.70	\$243.00
2"	\$175.50	\$201.00	\$226.50	\$252.00	\$277.50	\$303.00	\$328.50	\$354.00	\$379.50	\$405.00
4"	\$514.80	\$589.60	\$664.40	\$739.20	\$814.00	\$888.80	\$963.60	\$1,038.40	\$1,113.20	\$1,188.00

## **PROPOSED** Water Delivery Fees

Per 1,000 gallons	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Tier 1	\$3.23	\$3.70	\$4.17	\$4.64	\$5.11	\$5.58	\$6.04	\$6.51	\$6.98	\$7.45
Tier 2	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.41	\$1.53	\$1.65	\$1.77	\$1.89

		TIER 1	TIER 2
		See above table for rates	See above table for rates
METER SIZE	<b># of structures</b>	First Rate Block	Second Rate Block
		(gallons used bi-monthly)	(gallons used bi-monthly)
5/8"	N/A	0-25,000	> 25,000
3/4"	1	0 - 25,000	> 25,000
3/4"	2	0 - 50,000	> 50,000
1 1/2"	1	0-25,000	> 25,000
1 1/2"	2	0 - 50,000	> 50,000
2"	1	0-25,000	> 25,000
2"	2	0 - 50,000	> 50,000

PROPOSED Agriculture Rates

## Department of Hawaiian Home Lands Beneficiary Consultation – Anahola water system rates proposed increase Location: Anahola Clubhouse June 6, 2018 – 6:00 – 8:00 PM

## Meeting Notes

Question: How much did it cost to operate the water system? Response: For FYE 2016, \$250,000. Shortfall of \$182,000

Question: Where will meters be read?

Response: Currently, DHHL Kauai district office. Long term, the plan is to have Smart Meters, so meter readings will be done electronically and feed in to a central office.

Question: Will there be a solar system to reduce electricity costs? Response: No. The preliminary engineering report determined it was not cost feasible.

Additional comment:

If the department is considering increasing water rates and spending \$7M in improvements, the department should re-consider solar/PV.

Comment: Water line break in the past was not responded to in a timely fashion by the DHHL contractor Aqua. Need to improve response time.

Question: Why only an 11% collection rate?

Response: People are not paying and DHHL [currently] does not have authority to shut off water service.

Question: What is the plan for the [new] water rates? Do we have to wait until the Water Administrative Rules pass?

Response: Rate increase will take effect July 1, 2019 [if approved by the Hawaiian Homes Commission] and are independent of the promulgation of the Rules.

Comment: Currently we are on a 2-month billing cycle, and moving toward a monthly billing system.

Comment: conduct the cost of service analysis every year to see if the water system operates more efficiently which may lower the projected cost increases in the subsequent years.

Question: If there is a non-cash transaction [for payment of delinquent water bills], how does the value of the non-cash get credited to the amount owed? Who monitors?

Question: Can the community perform services on the water system as part of their non-cash transaction to help lower the costs of operations?

Question: why go to monthly billing, instead of [keeping] the every 2 months? Response: This was a recommendation of the DHHL consultant that worked on the Water Rates Study. Two primary reasons: (1) to help the department with cash flow issues. (2) customers are more likely to keep up with their water bills if it is on a monthly basis, rather than every other month.

#### STATE OF HAWAII

#### DEPARTMENT OF HAWAIIAN HOME LANDS

August 20-21, 2018

To: Chairman and Members, Hawaiian Homes Commission

From: M. Kaleo Manuel, Acting Planning Program Manager Subject: DHHL Kaua i Water Projects and Issues

RECOMMENDED MOTION/ACTION

None; for information only.

#### DISCUSSION

Several water issues and efforts of significance to beneficiaries and the Department of Hawaiian Home Lands (DHHL) have been ongoing on Kaua`i. This submittal updates the 2017 submittal (Item G-2) to the Hawaiian Homes Commission (HHC) and provides current updated information on the following:

- (1) Wailua Well No. 1
- (2) Wailua River/Stream Interim Instream Flow Standards
- (3) Anahola Dams
- (4) Anahola Farm Lots Water System (PWS #432) Improvements Project
- (5) Waimea Surface Water Reservation request and Other Actions Authorized by the HHC
- (6) Water Rights Seminars

(1) Wailua Well No.1

DHHL successfully completed the construction of Wailua Well No. 1 and is in the process of filing and submitting well completion reports with the Commission on Water Resource Management (CWRM). This well will be the primary source of potable water for DHHL's 526 acres of land in Wailua for residential homesteads and community and commercial uses.

- 1 -

ITEM NO. G-2



Figure 1. DHHL Wailua Well No. 1

Figure 1. Location Map from Final Environmental Assessment DHHL Wailua Well No. 1 Project, August 2017

#### (2) <u>Wailua River/Stream Interim Instream Flow Standards</u>

On August 21, 2018, the CWRM will be hearing Item B-2 on its monthly agenda related to amending the Interim Instream Flow Standards (IIFS) for the Surface Water Hydrologic Unit of Wailua (2040): Waikoko and North Fork Wailua Stream (See Exhibit A). On page 15 of the staff submittal, there is a brief analysis of the impact to Hawaiian Home Lands that identifies a pending reservation request by DHHL for 7.564 million gallons per day (mgd) of non-potable water in Wailua of which there is a projected demand of 0.337 mgd by 2031 per the State Water Projects Plan (May 2017). The staff submittal also concludes that DHHL's Wailua lands can only be served via the Hanamā'ulu Ditch on the South Fork Wailua Stream based on how water was historically delivered during the plantation era. Therefore, the staff submittal does not recommend action on DHHL's pending reservation request.

Unfortunately, the staff submittal does not account for other opportunities for DHHL to secure water from Wailua River downstream, which runs as close to 600 feet adjacent to DHHL's Wailua lands. Engineering and feasibility of that option still needs to be investigated, but it may be a more practical transmission and source option than relying on miles of old sugar ditch systems to provide water to DHHL's Wailua lands at the end of the old plantation system.

DHHL staff will be submitting testimony on the CWRM staff submittal and recommend that the CWRM approve a surface water reservation for DHHL simultaneously with setting the IIFS, which is in their authority per the State Water Code Chapter 174C-101(a) that states:

"Provisions of this chapter shall not be construed to amend or modify rights or entitlements to water as provided for by the Hawaiian Homes Commission Act, 1920, as amended, and by chapters 167 and 168, relating to the Molokai irrigation system. Decisions of the commission on water resource management relating to the planning for, regulation, management, and conservation of water resources in the State shall, to the extent applicable and consistent with other legal requirements and authority, incorporate and protect adequate reserves of water for current and foreseeable development and use of Hawaiian home lands as set forth in section 221 of the Hawaiian Homes Commission Act."

DHHL staff may also request a contested case hearing to preserve its rights to a contested case in the event CWRM does not act on DHHL's reservation request.

#### (3) Anahola Dams

An agricultural water-distribution system, previously used by the Līhu'e Plantation until 1988, could be repurposed to provide water to DHHL's Anahola agricultural lands. However, surfacewater intakes, ditches, and tunnels have not been regularly maintained since the decline of sugarcane cultivation. Thus, much of the surface water system is no longer in usable condition. In addition, DHHL must work with the DLNRadministered Hawai'i Dam Safety Program (HAR Chapter 13-190.1), which was created pursuant to the Hawai'i Dam and Reservoir Safety Act of 2007 (HRS Chapter 179D). This law, passed after the Kaloko Dam failure, sought to reduce the risk of dam or reservoir failure. These dam and reservoir safety laws govern the design, construction, operation, maintenance, alteration, and removal of dams, reservoirs, and appurtenant works. Dams less than six feet in height (regardless of capacity) or that have a storage capacity of less than 5 million gallons are not subject to State regulation; hence dams and reservoirs can be reduced in size to become "deregulated".

Because of a lack of maintenance of this system and the new regulations described above, the potential adaptation and reuse of reservoirs, dams, and ditches is complex. Five reservoirs exist on DHHL land at Anahola and a sixth reservoir lies adjacent to these lands. <u>See</u> Figure 2. DHHL has been reviewing options related to the reservoirs and related infrastructure.

DHHL engaged a Dam Feasibility Study that recommended the removal of two dams (Lower Anahola Reservoir and Field 2 Kealia Reservoir), and the reducing of the dam height and size of two reservoirs to remove them from the scope of State dam regulations (Upper Anahola Reservoir and Field 1 Kealia Reservoir). The proposed cost of these actions is \$3,000,000, which was appropriated by the 2014 Legislature. Construction is anticipated to begin by end of 2018.



Figure 2. Existing Anahola surface water system.

Figure 2. DHHL's Anahola lands include reservoirs created during previous plantation uses of the area. From DHHL, Anahola Regional Plan, at 16 (Jun. 2010).

#### (4) <u>Anahola Farm Lots Water System (PWS #432) Improvements</u> Project

In August 2016, the Department of Hawaiian Home Lands (DHHL) received notice of a funding award of \$3.1 million in federal grant funds from the US Department of Agriculture (USDA) Rural Development. With DHHL's contribution of \$3.7 million, the total project cost is \$6.8 million. These funds are to be used for major capital improvements to the DHHL Anahola Farm Lots Public (drinking) Water System (PWS #432), as defined by the State Department of Health. The system serves the Anahola Farm Lots and Bayview residents on Kaua'i. The system has a total of 77 connections: 45 agriculture lessees; 30 Bayview residential lessees; 1 non-homestead lot under a DHHL Revocable Permit; and an inter-connection to the County of Kaua'i water system for emergency purposes. Improvements are needed to address the following:

- Many components of the system have reached their useful life span and need to be replaced, such as the storage tank and distribution lines.
- Improve water system pressure issues.
- Address safety and security measures at the DHHL Water Storage Tank Site and at the Inter-connect site with the KDOW system.
- Increase operational efficiencies of the well pumps, control valves, and fire protection facilities.

Phase 1 of the project is in contract with Kaiwa Construction for \$3.196 million and will cover the improvement of distribution water lines, meters, and backflow preventers. The remaining improvements will be part of Phase 2. Project construction is expected to be completed by August 2021. The project includes:

## (5) <u>Waimea Surface Water Reservation request and Other</u> Actions Authorized by the HHC

DHHL owns 15,061 acres of land at Waimea, Kaua`i. The Waimea lands, which are part of the original lands set aside by Congress in 1921 for this trust in the HHCA, comprise of 73 percent of the DHHL land holdings on Kaua`i. Two major irrigation systems withdraw water from the Waimea river and its tributaries: the Koke`e Ditch System and the Kekaha Ditch System.

On January 15, 2013, the HHC authorized the Chairman to take various possible actions to secure water for current and foreseeable development and use on its landholdings in the area.

On November 17, 2015, DHHL filed with the State of Hawaii Commission on Water Resources Management a Petition for Reservation of surface water of 33.145 Million Gallons Per Day originating from the watershed of, and tributary to, the Waimea River and diverted by the Kōke'e and Kekaha Ditch Systems (including water originating in Waikoali, Kawaikōī, Kauaikinana, and Kōke'e Streams and other tributaries of the Waimea River) for use in the Waimea, Kaua'i Hawaiian Home Lands.



Figure 3. Koke`e Ditch Irrigation System.

Figure 3. DHHL 's Waimea lands currently use some irrigation water from the Koke`e Ditch and could be further irrigated by that system. From DHHL, West Kaua'i Regional Plan, at 16 (Mar. 2011).

On April 17, 2017, the HHC approved entering into a mediation agreement concerning water allocation in the Waimea Watershed Area on Kaua'i.

On April 18, 2017, State of Hawaii Commission on Water Resources Management approved a Mediation Agreement for the Waimea Watershed Area between DHHL, KIUC, the Pō'ai Wai Ola/West Kaua'i Watershed Alliance, the State of Hawaii Agribusiness Development Corporation, and the Kekaha Agriculture Association ("Mediation Agreement") which instantly returned water back to Waimea River, provided water for a hydroelectric project, and ensured water for homesteading and agricultural needs.

On April 25, 2017, DHHL filed with the State of Hawaii a Modified Petition for Reservation of surface water of 6.903 Million Gallons Per Day originating from the watershed of, and tributary

to, the Waimea River and diverted by the Kōke`e and Kekaha Ditch Systems (including water originating in Waikoali, Kawaikōī, Kauaikinana, and Kōke`e Streams and other tributaries of the Waimea River) for use in the Waimea, Kaua`i Hawaiian Home Lands

On June 20, 2017, the State of Hawaii Commission on Water Resources Management granted DHHL's Modified Petition for Reservation of surface water of 6.903 Million Gallons Per Day originating from the watershed of, and tributary to, the Waimea River and diverted by the Kōke'e and Kekaha Ditch Systems (including water originating in Waikoali, Kawaikōī, Kauaikinana, and Kōke'e Streams and other tributaries of the Waimea River) for use in the Waimea, Kaua'i Hawaiian Home Lands. This is the first surface water reservation ever issued to DHHL or any other entity.

DHHL continues to participate in quarterly meetings with the parties involved in the mediation agreement to monitor and ensure that the requirements and conditions of the agreement are being met.

#### (6) Water Rights Seminars

DHHL has a Memorandum of Agreement with the University of Hawai'i William S. Richardson School of Law Ka Huli Ao Center for Excellence in Native Hawaiian Law to develop and conduct water rights seminars in ten (10) communities throughout the State. These seminars are aligned with the priority policies of the HHC Water Policy Plan of 2014 and aim to empower and educate beneficiaries about their water kuleana. Two (2) seminars will be held on the island of Kaua'i; August 15, 2018 in Anahola and August 16, 2018 in Kekaha (See Exhibit B).

#### RECOMMENDATION

None; for information only.


SUZANNE D. CASE

BRUCE S. ANDERSON, PH.D. WILLIAM D. BALFOUR, JR. KAMANA BEAMER, PH.D. MICHAEL G. BUCK NEIL J. HANNAHS PAUL J. MEYER

JEFFREY T. PEARSON, P.E.

#### STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES COMMISSION ON WATER RESOURCE MANAGEMENT P.O. BOX 621 HONOLULU, HAWAII 96809

### STAFF SUBMITTAL

# For the meeting of the COMMISSION ON WATER RESOURCE MANAGEMENT

August 21, 2018 Līhu'e, Kaua'i

### Amended Interim Instream Flow Standards For the Surface Water Hydrologic Unit of Wailua (2040): Waikoko and North Fork Wailua Streams

### SUMMARY OF REQUEST:

Staff is requesting that the Commission consider the recommendations for amending the interim instream flow standard (Interim IFS) for two streams contained within the Wailua surface water hydrologic unit in East Kaua'i:

WAILUA (2040): Waikoko Stream (Tributary of South Fork Wailua River) WAILUA (2040): North Fork Wailua River (i.e., Wai'ale'ale Stream)

LOCATION MAP: See Figure 1

### BACKGROUND:

The State Water Code (Code), Chapter 174C, Hawai'i Revised Statutes (HRS), provides that the Commission may adopt interim IFS on a stream-by-stream basis or a general IFS applicable to all streams within a specified area. This submittal seeks to address two streams in East Kaua'i.

The current interim instream flow standards (interim IFS) for the streams being considered were established by way of Hawai'i Administrative Rules (HAR) §13-169-48, which, in pertinent part, reads as follows:

<u>Interim instream flow standard for Kaua'i</u>. The Interim Instream Flow Standard for all streams on Kaua'i, as adopted by the commission on water resource management on June 15, 1988, shall be that amount of water flowing in each stream on the effective date of this

standard, and as that flow may naturally vary throughout the year and from year to year without further amounts of water being diverted off stream through new or expanded diversions, and under the stream conditions existing on the effective date of the standard...

The current interim IFS became effective on December 31, 1987. Thus, the status quo interim IFS, in effect, grandfathered all then-existing diversions that were registered with the Commission in subsequent years. Following the initial registration of stream diversions works, any new or substantially modified stream diversion works has structure required a permit for construction and amendment to the interim IFS.

Under the Code, the Commission has the responsibility of establishing IFS on a stream-bystream basis whenever necessary to protect the public interest in the waters of the State. In the 2000 appellate ruling on the first Waiāhole Ditch Contested Case Decision and Order ("*Waiāhole* I"), the Hawai'i Supreme Court emphasized that "instream flow standards serve as the primary mechanism by which the Commission is to discharge its duty to protect and promote the entire range of public trust purposes dependent upon instream flows." 94 Haw. 97, 148, 9 P.3d 409, 460. The Code defines an instream flow standard as a "quantity or flow of water or depth of water which is required to be present at a specific location in a stream system at certain specified times of the year to protect fishery, wildlife, recreational, aesthetic, scenic, and other beneficial instream uses." *See* HRS § 174C-3 ("Definitions"). In considering a petition to amend an interim instream flow standard, the Code directs the Commission to "weigh the importance of the present or potential instream values with the importance of the present or potential uses of water for noninstream purposes, including the economic impact of restricting such uses." HRS § 174C-71(2)(D).

"Instream use" means beneficial uses of stream water for significant purposes which are located in the stream and which are achieved by leaving the water in the stream. Instream uses include, but are not limited to:

- 1) Maintenance of fish and wildlife habitats;
- 2) Outdoor recreational activities;
- 3) Maintenance of ecosystems such as estuaries, wetlands, and stream vegetation;
- 4) Aesthetic values such as waterfalls and scenic waterways;
- 5) Navigation;
- 6) Instream hydropower generation;
- 7) Maintenance of water quality;
- 8) The conveyance of irrigation and domestic water supplies to downstream points of diversion; and
- 9) The protection of traditional and customary Hawaiian rights.

"Noninstream use" means the use of stream water that is diverted or removed from its stream channel and includes the use of stream water outside of the channel for domestic, agricultural, and industrial purposes.

Since the establishment of the Stream Protection and Management Branch in July 2002, the Commission has been developing a framework for setting measurable instream flow standards statewide. This framework involves an assessment of natural flow conditions for the current climate period (1984-2013), an analysis of the instream uses protected by the State Water Code, the existing and planned off stream uses of surface water, and the availability of water from multiple sources.

The assessment of instream uses for the Wailua watershed has been separated into multiple phases, the first of which addresses interim instream flow standards for the West Branch of the North Fork Wailua River (hereafter referred to as Wai'ale'ale Stream) at diversion 716 and the Waikoko Stream at diversion 713. These registered diversions occur on land owned by the State of Hawai'i (Figure 1).





### HISTORICAL CONTEXT

The Līhu'e Basin in Southeast Kaua'i is an important economic, social, cultural, educational, recreational, industrial, agricultural, and residential region for the Island of Kaua'i. Today, it is the primary center for importing and exporting products, houses the state and county governments, and is home to many residents. Historically, the Līhu'e Basin was a focal region in Hawaiian culture; where the King and much royalty lived, where cultural and spiritual practices were carried out, and where large populations inhabited. The Wailua ahupua'a, in particular, has tremendous importance as one of two religious and political centers of Kaua'i (The other being Waimea) as evidenced by its full name: "Wailua Nui a Hoāno" or great sacred Wailua. The many significant religious and cultural archaeological sites as well as the substantial potential for food production in the area also suggest the region was a population center for Kaua'i (Kekua and Alapa'i, 2010).

The expansive Wailua complex of heiau that still exists today is evidence of the great cultural and historical importance of the region. The region was divided into two distinct places: sacred areas associated with the high chiefs, Kahuna and royalty in the lower reaches on either side of the river; and the commoners living on lands along the middle to upper reaches. Kaua'i's large canyons and substantial rainfall-driven streamflow supported irrigated cultivation along its main watercourses far inland (e.g., Wailua, Hanapepe, Waimea), and thus the development of considerable populations which had, at best, infrequent contacts with the sea (Handy and Handy 1972). Such a backland population was an anomaly across the Hawaiian Islands, but resulted in much terracing above stream flood stage which was used for taro lo'i. Wailua (meaning "two waters") contains the islands' piko (literally navel) that physically and spiritually provides the waters that nourish the island. The names Wai'ale'ale ("rippling water") and Waikoko ("blood water") provides a metaphorical reference to the life-giving properties of water as part of the island's circulatory system. The archaeological evidence and historical record suggests Wailua was developed as an expansive food-producing region with land and water stewardship guided by the 'aha moku system. The Royal court traveled to Kawaikini, the summit of Mt. Wai'ale'ale to pay homage to the cyclical patterns they perceived in weather, rainfall, and streamflow.

On April 29, 2015, the Commission authorized the Chairperson to enter into a Joint Funding Agreement between the Commission and the United States Geological Survey (USGS) for a cooperative study to assess low-flow characteristics for streams in Southeast Kaua'i, spanning watersheds from Wailua to Hanapepe. The agreement was then signed on May 5, 2015. The study is anticipated to be completed in the last quarter of calendar year 2019, with substantial fieldwork completed by the first quarter of calendar year 2019. This agreement is supporting fieldwork, data analysis, and documentation resulting in the production of a USGS Scientific Investigations Report. Because the fieldwork and analysis is ongoing, only point measurement data and completed seepage run data that have been collected and made available through the National Water Information System (<u>https://waterdata.usgs.gov/nwis</u>) as well as historical data, were compiled for this recommendation.

In 2015, Commission staff began to research the history of individual diversions and irrigation systems in Southeast Kaua'i. The streams in Southeast Kaua'i were diverted as part of sugarcane plantation irrigation systems starting in the late 1880s. The 'IIi'ili'ula-North Wailua Ditch was used to bring water from tributaries of the North and South forks of the Wailua River to Waiahi Stream, itself a tributary of the South Fork Wailua, in order to generate hydropower and irrigate sugarcane. The first hydropower plant, now called the Lower Waiahi Hydropower plant, was built in 1914 and currently has a 800 kilowatt capacity. In 1931, the Upper Waiahi Hydropower plant was built at the 1,050 ft. elevation with a 500 kilowatt capacity. In total, there are 15 diversions which contribute to ditch flows in the 'IIi'ili'ula-North Wailua Ditch (Upper Waiahi Hydropower plant) or the South Intake Ditch and North Intake Ditch (Lower Waiahi Hydropower plant). With the passage of the Hawai'i State Water Code, these diversions were registered, with the instream flow standard adopted as status quo in 1988.

Towards the closure of Līhu'e Plantation in 1999, the operation of the 'Ili'ili'ula-North Wailua Ditch, its diversions and the associated hydropower plants were transferred to Kaua'i Electric Company and then to Kaua'i Island Utility Cooperative (KIUC). Despite the cessation of sugarcane cultivation, streamflow has continued to be diverted by KIUC for hydropower. The KIUC is a not-for-profit utility owned by the people of Kaua'i (rate payers) and managed by a governing board. The Board has a goal of generating 70% of the electrical needs of the island from renewable resources by 2030, with hydropower being an important, consistently reliable, energy source that stabilizes the power generating portfolio.

There are nine registered diversions on the 'Ili'ili'ula-North Wailua Ditch that feed the upper Waiahi Hydropower plant. Two of these diversions are located on land owned by the State of Hawai'i (Table 1): one on a tributary of the North Fork Wailua River (Wai'ale'ale Stream) and one on a tributary of the South Fork Wailua River (Waikoko Stream).

that arrent water in		Vortin Wallaa Diten.			
Diversion					
Registration	Diversion				
ID	name	Stream name	Registrant	Hydrologic Unit	Primary Use
716	Bluehole Intake	Waiʻaleʻale (North Fork Wailua tributary)	Līhu'e Plantation	Wailua	Hydropower & Sugarcane Irrigation
713	Waikoko Intake	Waikoko (South Fork Wailua tributary)	Līhu'e Plantation	Wailua	Hydropower & Sugarcane Irrigation

Table 1. Registered diversions, stream name, registrant, and their registered primary use on land owned by the State of Hawai'i that divert water into the 'lli'ili'ula-North Wailua Ditch.

The USGS maintained continuous flow monitoring stations on the 'Ili'ili'ula-North Wailua Ditch for extended periods of time; the first at the Bluehole Intake (USGS 16061000) and the second past the Waikoko Stream Intake (USGS 16061200) on the ditch (Table 2).

			Median amount
Station ID	Station name	Period of record	measured
16061000	'Ili'ili'ula-North Wailua Ditch blw Bluehole	1932-1985	19.0 (12.3)
16061200	'Ili'ili'ula-North Wailua Ditch blw Waikoko	1965-2002	21.0 (13.6)

Tabla 1	LICCC ditab flow monitoring	on the	fillfillfulo North	Wallug Ditab	louble feet	nor ocond /	million collon	o nor doull
Iade Z		on me	10 10 10 2-10 000	vvalitia Diich	ICHDIC IEEE	Del Secono i	million (Jalion	S Del davi
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In 1991, a massive flood damaged diversion 716 on Wai'ale'ale Stream and in April 1992, the diversion was repaired. In the seven years prior to the damage (calendar years 1984-1990), daily flow at the USGS station 16061200 on the Ili'ili'ula-North Wailua Ditch averaged 14.5 million gallons per day (median 14.54 million gallons per day). In the seven years post-damage repair (calendar years 1993-1999), flow at the USGS station 16061200 averaged 13.3 million gallons per day (median flow 13.57 million gallons per day). This decline in flow captured occurred when essentially equivalent average flow (31.00 million gallons per day vs. 29.34 million gallons per day) and median flow (18.74 million gallons per day vs. 19.39 million gallons per day) occurred at USGS station 16068000 on the East Branch of the North Fork Wailua River.

In the fall of 2016, heavy machinery was used to partially remove the concrete structure that forms the dam of the Bluehole Intake on Wai'ale'ale Stream. Since that time, Wai'ale'ale Stream has flowed past the diversion during all but the most extreme low-flow periods. However, mauka to makai flow has not been legally established for either stream, impeding cultural uses of the area including traditional and customary gathering practices and spiritual practices. Commission staff has received a number of informal and formal complaints and inquiries (e.g., phone calls, letters, emails) regarding instream flow standards in this region (Table 3).

Date	Description of Complaint
December 1, 2016	Traditional cultural practices and gathering rights affected by diversions in the upper reaches of the Wailua River.
December 12, 2016	Aesthetic value harmed by lack of mauka to makai flow; impaired traditional and customary gathering practices.
April 6, 2017	No mauka to makai flow from the sacred Wai'ale'ale.
October 12, 2017	KIUC's diversions have a detrimental impact on the environment, human health, and religious and cultural values.
January 22, 2018	KIUC is diverting water for Grove Farm.

Table 3. Summary of complaints and inquiries to commission staff associated with the NF Wailua and Waikoko streams in the Wailua Hydrologic Unit, East Kaua'i.

Historically, these streams provided excellent habitat for native aquatic fauna. However, the purposeful introduction and continued propagation of non-native fish and invertebrate species that prey upon native species has almost completely eliminated native aquatic fauna. Continuous mauka to makai flow is estimated to naturally occur 100-percent of the time in all perennial streams in the Wailua Watershed. However, only two long-term continuous gaging stations exist in the watershed: one that monitors natural flow (USGS 16068000); and one that monitors regulated flow (USGS 16069000) below diversions on the South Fork Wailua River (Figure 2). Recently, a continuous flow gaging station was established on Waiahi Stream above the Upper Waiahi Hydropower Plant tailrace to monitor natural flows (USGS 16057900).

### Staff Submittal Wailua Interim Instream Flow Standards

In October 2015, Commission staff began to reach out to irrigation managers, community groups, land owners, 'Aha Moku representatives and stakeholders in order to better understand the current state of water management and to gather information regarding instream uses in Southeast Kaua'i. In January 2016, staff began conducting field investigations with managers and stakeholders, installing stream monitoring stations, and surveying stream resources (Table 4).



Based upon the best available information, as presented in the Instream Flow Standard Assessment Report (IFSAR) and provided in this submittal, staff has developed a recommendation that seeks to protect instream uses while providing for some noninstream uses. The recommendations provided herein have also been developed in consideration of interim IFS values that were adopted by the Commission for previous areas of Kaua'i (i.e.,Waimea Watershed Agreement). As in those decisions, the Commission staff has relied upon the basic tenets of adaptive management, which are to: 1) Establish management objectives; 2) Implement management decisions; 3) Monitor effectiveness of decisions; 4) Evaluate results of management; and 5) Revise management decisions can then be revised and the process repeated. This is a learning process that can be repeated over and over, until a sound management decision is reached. Due to the complex and dynamic nature of Hawai'i's stream systems, adaptive management affords staff the ability to proceed in making reasonable management decisions and

<sup>&</sup>lt;sup>1</sup> Adapted from The Instream Flow Council, 2004, p.126.

# ensuring that impacts are minimized in the face of uncertainty, thus allowing staff to proceed responsibly while advancing the clear intentions of the State Water Code.

Table 4. Summary of field investigations and meetings, by date, taken by Commission staff in support of amendment to the interim instream flow standards for Southeast Kaua'i. [GF = Grove Farm; KIUC = Kaua'i Island Utility Cooperative, EKWU = East Kaua'i Water Users]

Date	Description
January 12-13, 2016	WB NF Wailua field investigation; SF Wailua stream diversions investigation
February 5, 2016	Site visits with GF; Upper Līhu'e Ditch and Hanamaulu Ditch Intakes
February 12, 2016	Site visits with GF; Papuoa Reservoir Ditch & Waita-Koloa Ditch
March 1, 2016	Site visit with US Fish & Wildlife on NF Wailua River
November 2, 2016	Site visit with Kaua'i Ranch on Kealia Stream; Kealia Ditch mesurement
November 2, 2016	Site visit with KIUC on NF Wailua River
December 8, 2016	Site visit with EKWU; Makalahena and Kapahi ditch; Wailua Reservoir Ditch
December 8, 2016	Site visit with GF; ditch measurements
December 8, 2016	Site visit with Kaua'i Ranch; Kealia Ditch measurement
February 22, 2017	NF Wailua River habitat survey
March 22, 2017	NF Wailua River habitat survey
March 23, 2017	Installation of gaging station on Upper Līhu'e Ditch at USGS 16057000
April 12, 2017	Installation of gaging station on Hanamaulu Ditch at USGS 16058000
September 8, 2017	Site visit with GF; ditch measurements
September 18, 2017	Site visit with GF; ditch measurements
September 22, 2017	Site visit with GF; ditch measurements
December 2017	Meeting with GF
January 18, 2018	Recon site investigation for establishment of stream gaging station below Bluehole Intake
January 22, 2018	Community meeting with other DLNR staff regarding State jurisdictions on Water use in Līhu'e Basin; NF Wailua flow measurement
February 12-13, 2018	Installation of gaging station on NF Wailua; flow measurement
March 13, 2018	Stream recon above and below Hanamaulu Ditch Intake for gaging stations
April 17, 2018	Meeting with interested community members regarding cultural practices
April 20, 2018	Meeting with 'Aha Moku representatives regarding cultural practices in Wailua
May 4-5, 2018	Site visits with 'Aha Moku representatives and cultural practitioners in SE Kaua'i
May 21, 2018	Seepage run measurements on the 'Ili'ili'ula-North Wailua Ditch
May 29, 2018	Site visits with 'Aha Moku representatives and cultural practitioners in SE Kaua'i
June 15, 2018	NF Wailua River flow measurement
June 21, 2018	Public fact-gathering meeting in Līhu'e
July 13, 2018	NF Wailua River flow measurement
July 30, 2018	Meeting with Puna District 'Aha Moku representatives

### **ISSUES/ANALYSIS**:

This section of the submittal begins with general considerations of issues that broadly apply to the development of an interim IFS for any stream in Wailua (Figure 1). The general considerations are followed by a simplified schematic diagram and assessment summary. The summary identifies key points from the IFSAR and is by no means intended to substitute for the

information compiled in the report. Likewise, the schematic diagram is a simplified representation of the streams and irrigation systems and is not intended to substitute for the information compiled in the report.

In developing the interim IFS recommendations, staff has attempted to remain consistent in weighing all of the instream and noninstream uses of each stream based upon the best available information presented in the IFSAR, along with the oral and written comments received through the public review process. Needless to say, this process has proved challenging due to the unique nature of each stream, whether in attempting to compare stream characteristics across multiple hydrologic units or within Wailua itself. Further, the substantial groundwater gains and large area encompassed by the watershed impacts the perceptions of reduced flow on downstream users.

The first step in developing the IFS is assessing the specific hydrologic characteristics of the hydrologic unit. Streams are largely characterized by the different geologic components that affect flow regimes, particularly the groundwater contribution to streamflow. The amount of water flowing in a given stream is also affected by regional climate variations (e.g., rainfall, fog drip, solar radiation) and the topography defining the catchment area. The quantity and quality of data available that is reflective of these geologic and hydrologic characteristics varies considerably from stream to stream. For streams with available measured data, the process for developing an interim IFS may be greatly different from that of streams with limited hydrologic data.

The next step is to weigh often competing instream and noninstream uses of water against the amount of water available to accommodate the needs of these uses. Again, the quantity and quality of information varies from stream to stream. This step is further complicated by the tremendous variability of instream and noninstream uses across and within surface water hydrologic units. For example, one stream may support extensive taro cultivation while another may primarily support domestic uses. The potential of the stream and hydrologic unit to support additional water use in the future has also been considered. The public trust purposes of water: (1) water in its natural state; (2) water for traditional and customary practices; (3) water for domestic uses; (4) water for the Department of Hawaiian Home Lands, must be protected whenever feasible. There are no absolute priorities amongst the public trust purposes. In considering noninstream uses, the Commission must weigh competing public and private water uses on a case-by-case basis. In allowing for noninstream uses, the "object is not maximum consumptive use, but rather the most equitable, reasonable, and beneficial allocation of state water resources, with full recognition that resource protection also constitutes 'use'." In re Waiola O Molokai, 103 Hawai'i 401, 430, 83 P.3d 664, 693 (2004). The process requires weighing the present or potential instream and noninstream uses based upon best available information.

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Figure 4. Estimated median streamflow (million gallons per day) and streamflow gains (million gallons per day per mile) for **Waikoko and Wai'ale streams and** the West Branch of the North Fork Wailua River.



**Specific Hydrologic Considerations:** The hydrologic characteristics of a stream are critical to determining the interim IFS recommendation. These characteristics indicate the effects of geology and soils on the flow of water in the stream. Of great importance is the concept of a gaining and losing stream reach. A gaining reach is typically interpreted as where the streambed intersects the underlying water table and groundwater contributes to streamflow as seepage or springs. In East Kaua'i, streams are generally gaining from their headwater reaches at high elevations all the way to the lower elevation reaches. The considerable groundwater gains from springs is due to the infiltration of rainfall on ridges radiating from Mt. Wai'ale'ale as well as water that percolates from the high elevation Alaka'i Marsh. In such a situation, even when a diversion withdraws 100% of stream water, inflow from springs downstream continue to provide surface flow. For example, even when the Bluehole Intake on Wai'ale'ale Stream removed 100% of the stream's flow, there was a 2.28 cubic feet per second (1.47 million gallons per day) gain in streamflow 1.1 miles downstream on May 4, 2017 (Figure 4).

Without long-term continuous monitoring of streamflow, other methods must be employed to estimate the natural availability of surface water at these locations. Natural flow duration discharge characteristics were estimated using a variety of data sources, including partial-record gaging stations with an index station on the East Branch North Fork Wailua River (USGS 16068000), drainage basin characteristics relative to a long-term continuous record of stream flow, and ditch gaging records. Continuous ditch flows were available at the Bluehole Intake (USGS 16061000) on Wai'ale'ale Stream and on the 'Ili'ili'ula-North Wailua Ditch below the Waikoko Stream intake (USGS 16061200), with many years of overlapping records (see Table 2). Using continuous-record gaging station data that represents historic (pre-1984) and current (1984-2013) climate periods, adjustments can be made to estimated surface flow available at the Bluehole Intake on Wai'ale'ale Stream (Figure 3). Using these data and adjusting for changes in rainfall over time as represented by an index station (USGS 16068000), estimates of low-flow statistics can be made (Table 5).

Table 5. Estimated natural low-flow exceedance values for two streams above the diversion on the 'Ili'ili'ula-North Wailua Ditch	
in the Wailua Hydrologic Unit using record augmentation with ditch flow monitoring data converted to the current (1984-2013)	
climate period with USGS 1606800 as an Index Station. [cubic feet per second (million gallons per day)]	

Stream	Estimated natural-flow Q <sub>50</sub>	Estimated natural-flow Q <sub>60</sub>	Estimated natural-flow Q70	Estimated natural-flow Q <sub>80</sub>	Estimated natural-flow Q <sub>90</sub>
Wai'ale'ale	17.7 (11.5)	17.2 (11.4)	16.2 (10.5)	15.2 (9.8)	13.1 (8.5)
Waikoko	3.9 (2.5)	2.9 (1.9)	1.9 (1.3)	1.9 (1.3)	1.63 (1.0)

The Wai'ale'ale Stream would naturally contribute approximately 41% of the median ( $Q_{50}$ ) flow (43.0 cubic feet per second; 27.8 million gallons per day) to the West Branch of the North Fork Wailua as measured at USGS 16063000 at an elevation of 640 ft. Further, this represents only 46% of the total flow at the confluence of the East and West Branches of the North Fork Wailua River. The groundwater gains and estimated median streamflow for Wai'ale'ale and Waikoko streams are identified in Figure 4. As groundwater contributes substantially to surface flow in these streams below the diversions, the restoration of stream flow will have a negligible effect on groundwater recharge.

Other methods may be employed to establish the availability of water at these diversions using basin characteristics and modeling with index stations, point measurements at partial-record gaging stations and record augmentation, or rainfall-runoff modeling. Using the mean baseflow index and watershed characteristics of nearby stations, the median baseflow (BFQ<sub>50</sub>) for Wai'ale'ale Stream was estimated as 5.64 million gallons per day.

In previous USGS studies on Maui, the flow that supports full or nearly full habitat restoration has been estimated as: (1) the Q<sub>70</sub> flow, the magnitude of total flow that occurs at least 70-percent of the time (Oki et al. 2010, USGS SIR 2010-5011); (2) 80-percent of the natural median flow (Gingerich and Wolff 2005, USGS SIR 2005-5213); or (3) a flow equal to 64% of median baseflow (Gingerich 2014, East Maui Contested Case Hearing). However, the applicability of habitat models developed on Maui to streams on Kaua'i is unknown. If we assume that the flow that supports 90% of the available habitat (H<sub>90</sub>) is also 64% of BFQ<sub>50</sub>, this equates to 3.60 million gallons per day in Wai'ale'ale Stream at the Bluehole Intake. Long-term declines in rainfall on Mt. Wai'ale'ale and throughout the State of Hawai'i have affected both groundwater recharge and the contribution of groundwater to streamflow (Oki 2004), resulting in declines in surface flow.





Another factor in the selection of interim IFS sites, though not necessarily hydrologic in nature, is the accessibility of each proposed site for monitoring and regulation by Commission staff. For Wailua, major diversions are usually situated in high elevations and monitoring stations are challenging to install and maintain. An interim IFS on Wai'ale'ale Stream can be monitored about 1000 ft. below the Bluehole Intake, although seepage gains between these points results in approximately 0.45 million gallons per day of streamflow, even when there is no flow past the diversion. Measurements made at this location are provided in Table 6.

**Instream Use Considerations:** Cultural practitioners regard the Wai'ale'ale region as sacred for gathering, ceremonial and religious rites. The maintenance of instream flows is important for the protection of traditional and customary practices, as they support stream (e.g., hihiwai, 'ōpae, 'o'opu) and riparian (vegetation) resources for gathering. Pre-contact Hawaiian communities cultivated taro intensively throughout the lower reaches of the Wailua Ahupua'a. The large tracks of protected mauka lands were kept as Crown Land during the Great Mahele (in 1848) or as private lands of Kamehameha III (Kauikeaouli) and no Land Court Awards (LCA) were given in the vicinity of the affected reaches. A total of 25 LCAs were awarded for approximately 75 acres in Wailua, all in the lowest reaches of the watershed in what is now the Wailua State Park. Present day, most of Wailua is owned and managed by either Grove Farm (private) or the State of Hawai'i as Forest Reserve or State Parks (zoned conservation). Of the estimated 5.1 square miles of pre-contact irrigated wetland agriculture, approximately 4.0 square miles (78 percent) existed on land currently owned by the State of Hawai'i. No written or oral testimonies received indicated that a lack of streamflow limited taro production.

wallua River below the E	siuenoie intake. [cubi	<u>c feet per second (millio</u>	n gallons per day)j
Date	Time	Stage (ft.)	Flow
1/18/2018	10:15	2.38	6.74 (4.36)
1/22/2018	15:41	2.20	4.06 (2.26)
2/13/2018	9:40	1.82	0.73 (0.47)
3/13/2018	8:16	3.17	59.38 (38.38)
3/13/2018	14:20	3.47	91.69 (59.26)
6/15/2018	10:10	3.02	29.04 (18.77)
7/13/2018	12:53	2.32	4.85 (3.14)

Table 6. Stage and flow measurement at CWRM gaging station 2-191 on the North Fork Wailua River below the Bluehole Intake. [cubic feet per second (million gallons per day)]

While the traditional Hawaiian ahupua'a concept is based on the premise of mauka-to-makai flow, it is difficult to fully represent the importance of surface water from Wai'ale'ale Stream to Kaua'i and Hawaiian culture. The region is highlighted in Hawaiian chants and in the Kumulipo, the Hawaiian creation story. The image of freshwater flowing mauka to makai is fundamental to both the physical and spiritual force which drives Hawaiian cultural practices. As such, the great historical and cultural importance of water from Mt. Wai'ale'ale contributing to surface flow in Wailua cannot be understated.

Recreation within streams and the aesthetic value of flowing water (e.g., contrasting to a dry streambed) are also important. The local community values the use of these streams for swimming, hiking, fishing, and hunting activities. Surface water quality, especially at the mouth of the river, is of great concern to community members. However, this is greatly influenced by runoff events transporting fecal bacteria from mammals and subsurface flows transporting cesspool effluent into the stream. As such, restoration of low flows in the headwaters will have little impact to water quality at the river mouth.

The streams in Wailua are currently dominated by a variety of non-native aquatic species that were purposefully introduced for recreational fishing and consumption. Species such as the smallmouth (*Micropterus dolomieu*) and largemouth (*Micropterus salmoides*) bass, tilapia (*Oreochromis* spp.) and Tahitian prawn (*Macrobrachium lar*) are commonly found throughout,

preying upon native 'o'opu and 'ōpae species. Native 'o'opu species (e.g., *Awaous stamineus*, *Eleotris sandwicensis*, *Sicyopterus stimpsoni*) are only found in the lowest reaches and do not survive in the middle and uppermost reaches due to predation. While the maintenance and restoration of stream habitat improves with increased streamflow, the presence of non-native species that dominate these streams limits the improvement in habitat available to native species. Other instream uses that must be considered include maintenance of water quality (e.g., temperature, dissolved oxygen, turbidity), instream hydropower, and ecosystem services (e.g., supporting riparian species of value, streambank stability, biogeochemical cycling, groundwater recharge, impacts to estuaries).

There are currently no domestic uses of water within the Forest Reserve or downstream of the reserve. Other considerations include critical habitat for the endangered Newcomb's Snail (*Erinna newcombi*) which includes springs adjacent to the stream upstream of the Bluehole Intake. The original extent of critical habitat was determined based on reports provided by scientists with the University of Hawai'i to the U.S. Fish and Wildlife Service (USFWS). Recent surveys by USFWS found no evidence that this species exists either upstream or downstream of the diversion structure and further, restoration of flows will not impact springs which feed the stream and originate as high elevation rainfall (USFWS memo dated 12 March 2018). However, the current absence of the species in these areas does not diminish the conservation value of restored flow.

**Noninstream Use Considerations:** The diversions on Wai'ale'ale Stream and Waikoko Stream are part of the 'Ili'ili'ula-North Wailua Ditch that eventually supplies water to the penstock of the Upper Waiahi Hydropower plant (Figure 5). While the current use of this ditch by KIUC is the generation of hydropower, these diversions were originally built by Līhu'e Plantation as part of an integrated system to move water around the Līhu'e Basin for the production of both hydropower and to irrigate sugarcane and other crops. KIUC does not control the use of the water once it leaves the tailrace of the Lower Waiahi Hydropower plant. Recent monitoring of the hydropower tailrace provides the average flow of water through the Upper (19.3 million gallons per day) and Lower (25.7 million gallons per day) Waiahi Hydropower plants when they are operational. From 2014-2016, the combined energy produced from the two Waiahi hydropower plants equates to the annual power consumed by approximately 1,250 homes.

There are two factors that determine the economic impact of the Waiahi hydropower plants: (1) the production cost of using an alternative source of energy for KIUC customers; and (2) the fuel saved by not using diesel generators. The combined average annual energy output of the Upper and Lower Waiahi hydropower plants is 8,760 megawatt hours. The fixed cost to maintain the plants is \$240,000 per year plus administration/unplanned costs which equates to \$400,000 per year (~\$50 per megawatt hour). If the KIUC fuel contract is for ~\$70 per barrel this equates to \$18.62 per million British Thermal Units (mmbtu) for diesel fuel. The most efficient diesel generator produces 9.6 mmbtu per megawatt hour, equating to \$179 per megawatt hour. Thus, these two hydropower plants combined produce a savings of \$129 per megawatt hour or approximately \$1,130,000 per year for KIUC customers. By using hydropower, KIUC avoids purchasing 674,000 gallons of fuel per year. This savings is passed on, indirectly, to KIUC's customers.

The partial list below summarizes some of the economic and environmental impacts of limiting water availability to KIUC:

- \$1,130,000 cost savings compared to diesel fuel
- The greenhouse gas emissions equivalent of 8,760 megawatt hours generated per year by diesel fuel generators burning 674,000 gallons (16,050 barrels) of diesel: 6,901 metric tons CO<sub>2</sub> equivalent per year

### **Impact to Hawaiian Home Lands**

The Department of Hawaiian Home Lands (DHHL) Wailua land holdings exist south of Wailua River, east of Kālepa Ridge. The DHHL has a tentative reservation of 7.564 million gallons per day of non-potable water in Wailua, of which there is a projected demand of 0.337 million gallons per day by 2031. Currently, non-potable water supply can only reach DHHL parcels via the Hanamā'ulu Ditch on the South Fork Wailua River (REG.681) through Reservoir 21 (Figure 5). To meet the DHHL needs for these lands, infrastructure must be upgraded to connect Reservoir 21 to DHHL via an existing tunnel through Kālepa Ridge. This system does not draw water from the North Fork Wailua River. To the extent that flow restoration on Wai'ale'ale Stream will decrease the movement of water from the North Fork Wailua to the South Fork Wailua, this will impact the availability of water diverted by the Hanamā'ulu Ditch. However, this represents less than 10% of the current average flow at diversion 681 and less than 4% of the total water available. Water and will not be greatly affected by a decision regarding an interim IFS for Wai'ale'ale or Waikoko streams.

### **Impact to Municipal Water Supply**

The Waiahi Surface Water Treatment Facility (SWTF) provides 3.6 cubic feet per second (2.3 million gallons per day) of potable water to the Līhu'e-Hanamā'ulu Water District (or approximately 50% of the total average daily water needs for the water district). This water originates in Waiahi Stream on the South Fork Wailua River and is diverted by the Hanamā'ulu Ditch at diversion 681 and then to Kapaia Reservoir (Figure 5). As with DHHL, to the extent that flow restoration on Wai'ale'ale Stream will decrease the movement of water from the North Fork Wailua to the South Fork Wailua, this will impact the availability of water diverted by the Hanamā'ulu Ditch. However, water availability to the Waiahi SWTF will be addressed by an interim IFS on the South Fork Wailua River and will not be greatly affected by a decision regarding an interim IFS for Wai'ale'ale or Waikoko streams.

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Figure 5. Simplified schematic diagram of registered surface water diversions, hydropower plants, major off-stream water uses, and proposed interim IFS locations overlaying land ownership in the Wailua Hydrologic Unit, Kaua'i.



### Assessment Summary of Instream Uses: Wai'ale'ale and Waikoko streams

**Hydrology.** Based on the available information and field investigations, Wai'ale'ale and Waikoko streams naturally flow mauka to makai 100-percent of the time. At the 'Ili'ili'ula-North Wailua Ditch, median flow in Wai'ale'ale Stream is estimated as 17.7 cubic feet per second (11.5 million gallons per day) and in Waikoko Stream as 3.9 cubic feet per second (2.5 million gallons per day). During the plantation era, 100% of baseflows were diverted by the Bluehole Intake on Wai'ale'ale Stream as well as the intake on Waikoko Stream. Damage to the dam structure on Wai'ale'ale Stream in the fall of 2016 has resulted in some restored flow returning below the Bluehole Intake and there is leakage of water past the Waikoko Stream diversion. Current (2016-present) operation of these diversions has permitted continual flow downstream of the diversions and numerous springs continue to contribute to surface flow. Stream restoration will slightly increase the flow of water in the North Fork Wailua at the mouth and slightly decrease the flow of water in the South Fork Wailua at the mouth, but will have no impact on groundwater recharge, as the groundwater supports gaining stream reaches throughout the watershed.

**Maintenance of Fish and Wildlife Habitat.** Wai'ale'ale and Waikoko streams would naturally provide mauka to makai streamflow year-round and as such, could provide substantial habitat for freshwater fauna. It is likely that native species, including 'o'opu nōpili (*Sicyopterus stimpsoni*), 'o'opu alamo'o (*Lentipes concolor*), 'o'opu nākea (*Awaous stamineus*), and 'ōpae kala'ole (*Atyoida bisulcata*) once inhabited these stream reaches. However, previous surveys by the Division of Aquatic Resources (DAR), US Fish and Wildlife Service, and private consultants, have found few to zero native species in the Wai'ale'ale and Waikoko streams. The long-term diversion of water from these streams and the introduction of non-native species have had a strong negative impact on the community of native species. Further, despite the restoration of some flows to Wai'ale'ale Stream for 1.5 years, no native species have returned to the reach below the diversion. The presence of large populations of non-native species, especially smallmouth bass (*Micropterus dolomieu*), largemouth bass (*Micropterus salmoides*), tilapia (*Oreochromis spp.*), and Tahitian prawn (*Macrobrachium lar*) throughout the Wailua watershed limits the recolonization of these reaches by native species. Because of these non-native species, restoration of streamflow will have little impact on native stream fauna.

**Outdoor Recreational Activities.** Wai'ale'ale and Waikoko streams provide local residents and tourists with recreational opportunities along their upper reaches. Swimming is common in the stream above the diversion due to the pools created by the dams. The streams are also utilized by hunters when they camp nearby. Often inspired by social media, many people hike along the streams and banks, despite the lack of formal trails. Fishing for smallmouth bass is common in the middle and lower reaches. Restoration of streamflow may increase the abundance of bass desired for recreational fishing, but is likely to have little impact on the recreational activities of the watershed.

**Maintenance of Ecosystems.** The riparian zone is dominated by non-native vegetation throughout the watershed. Surface flow provides habitat for native damselfly species and may connect populations of the endangered Newcomb's snail (*Erinna newcombi*), which inhabits

springs along the stream channel. Restoration will improve stream ecosystem function, but will have little impact on nearshore ecosystems.

**Aesthetic.** Wai'ale'ale Stream is particularly important for its aesthetic value as it originates in the Bluehole region of Mt. Wai'ale'ale, which has aesthetic value to hikers and cultural practitioners. Restoration will support continual mauka to makai flow that improves the aesthetic value of the stream.

**Maintenance of Water Quality.** Wai'ale'ale and Waikoko streams are classified by the Department of Health as Class 1b inland waters in the upper elevations and Class 2 inland waters in the lower elevations. They do not appear on the 2014 List of Impaired Waters in Hawai'i, Clean Water Act §303(d), although there was insufficient data to support any conclusions. Restoration of flow will have a small effect on stream temperature below the diversion, but will have little to no effect on water quality at the mouth of the river, which is driven by the abundance of cesspools and non-native mammals in the watershed.

**Conveyance of Irrigation and Domestic Water Supplies.** Wai'ale'ale and Waikoko streams are not used for the conveyance of irrigation or domestic water supplies.

**Protection of Traditional and Customary Hawaiian Rights.** Historically, only the lower onethird of the ahupua'a was occupied by home sites, as the mauka most land was designated as Crown Lands which prevented the development of taro lo'i along Wai'ale'ale and Waikoko streams. Due to the substantial gains in streamflow from groundwater inflows, reduced flows below the diversions in Wai'ale'ale and Waikoko streams do not currently affect taro cultivation. However, traditional gathering of plants, fungi, and aquatic fauna in Wailua is common, and stream restoration will benefit this. The region has tremendous historic and cultural importance and features prominently in Hawaiian spiritual practices. The waters carry the literal and spiritual nourishment from the mountain to the ocean that Hawaiian communities have relied upon for generations. As such, the physical presence of stream diversions has a negative effect on these practices and restoration of mauka to makai streamflow is critical to protecting Hawaiian culture.

**Noninstream Uses.** The diversions on Wai'ale'ale Stream (REG.716) and Waikoko Stream (REG.713) are part of the 'Ili'ili'ula-North Wailua Ditch. The water is taken from the stream channel and combined with other surface water sources to generate hydropower by KIUC. The water is then returned to the Waiahi Stream, a tributary of the South Fork Wailua River. The KIUC is a not-for-profit utility that functions for the benefit of all Kaua'i Island rate payers. Thus the entire Kaua'i Island community connected to the electrical grid benefits from this use. The Wai'ale'ale and Waikoko diversions contribute about 50%, and 17% of the total flow in the 'Ili'ili'ula-North Wailua Ditch, respectively. Each million gallons per day of flow returned to streams is estimated to reduce the total hydropower output by 4-5% during low flow periods.

### ENVIRONMENTAL REVIEW CHAPTER 343, HAWAII REVISED STATUTES

Hawaii Revised Statutes, Chapter 343 is inapplicable because the amendment of an interim IFS is not an "action" and, alternatively, does not constitute a trigger under HRS § 343-5(a).

### **<u>RECOMMENDATION</u>**:

### WAI'ALE'ALE STREAM RECOMMENDATION:

Water from Wai'ale'ale Stream is diverted at an elevation of 1,100 ft. by Kaua'i Island Utility Cooperative in order to operate a hydropower plant. Due to numerous springs along the banks and groundwater gains within the stream channel, the stream gains approximately 2.28 cubic feet per second (1.47 million gallons per day) between the diversion and the confluence with the next stream at an elevation of approximately 700 ft. The stream could support native aquatic species if it wasn't invaded by non-native species (e.g., smallmouth bass, largemouth bass, Tahitian prawn), which both compete for resources and prey upon native species recruiting to the stream. Despite existing operations providing mauka to makai stream flow, there is no legal protection for this flow and historically (status quo at the time of registration), the dam diverted 100% of low flows (approximately median flow and below). In order to balance instream and noninstream uses of the Wai'ale'ale Stream, restored flow should result in suitable aesthetic value, should not inhibit traditional gathering practices, and adequately maintain mauka to makai connectivity for traditional and customary practices. While it is difficult to quantify the impact a lack of streamflow may have on such practices, at minimum, mauka to makai flow is necessary to support these practices.

A connectivity flow could be established at an estimated flow of 1.5 cubic feet per second (1.0 million gallons per day), which would have a negligible (~5%) negative impact on hydropower production, but provides mauka to makai connectivity. However, given the substantial historical and cultural importance of Mt. Wai'ale'ale, Wailua watershed, and Wai'ale'ale Stream, in particular, staff believes that this level of restoration may not be adequate to meet the needs of cultural practitioners.

Alternatively, the restoration of 5.4 cubic feet per second (3.5 million gallons per day) will substantially improve the protection of instream uses. This will have a negative impact (~16% reduction annually) on hydropower production, especially during low flow periods. Such a restoration would protect the traditional and customary practices that rely on the life-giving mauka to makai flows envisioned in Hawaiian chants and reestablish the aesthetic value of the stream. Utilization of the waters from Mt. Wai'ale'ale must be done with deference to these practices while recognizing the important value Hawaiian culture places on this region. This flow restoration will provide for ecosystem services such as expanding the availability of habitat for native aquatic species, if their predators are removed. Further, the recreational value of the stream in the affected reach will be maintained if these flows are restored. By contrast, if the natural flow in the stream (complete removal of the diversion) is re-established, there would be a large negative impact (~50% reduction) on hydropower production during all but high flow periods, likely resulting in the closure of the hydropower plants.

Therefore, staff recommends that one measurable interim IFS be established for Wai'ale'ale Stream:

- <u>Proposed Interim IFS</u>: Near an altitude of 1,050 feet, below the 'Ili'ili'ula-North Wailua Ditch, the interim IFS shall be established at an estimated flow of 6.2 cubic feet per second (4.0 million gallons per day). This value represents 5.4 cubic feet per second (3.5 million gallons per day) of restoration at the diversion and plus the approximately 0.8 cubic feet per second (0.5 million gallons per day) in seepage gain. Due to the uncertainty surrounding this value, the interim IFS may be revised by a future Commission action as more data are gathered.
- The Commission makes all findings of fact in the submittal in support of this recommendation.

In addition to the General Recommendations listed below, staff recommends approval of the following adaptive management strategies for Wai'ale'ale Stream:

- Follow-up surveys of instream biota by the Division of Aquatic Resources to determine the impact restored flows have on the population of native and non-native species above and below the diversion.
- Follow-up surveys of cultural practitioners to determine the impact restored flow have on traditional and cultural practices.

### WAIKOKO STREAM RECOMMENDATION:

Staff recommends that one measurable interim IFS be established for Waikoko Stream:

- Proposed Interim IFS: Near an altitude of 1,075 feet on Waikoko Stream, below the 'Ili'ili'ula-North Wailua Ditch, the interim IFS shall be 1.3 cubic feet per second (0.8 million gallons per day). This value represents 33% of the currently estimated total median flow (Q<sub>50</sub>) of 2.5 mgd above the diversion. Due to the uncertainty surrounding this value, the interim IFS may be revised by a future Commission action as more data are gathered.
- This decision is based on the above submittal which shall constitute the Commission's findings of fact in support of this decision.

In addition to the General Recommendations listed below, staff recommends approval of the following adaptive management strategies for Waikoko Stream:

• Follow-up surveys of instream biota by the Division of Aquatic Resources to determine the impact restored flows have on the population of native and non-native species above and below the diversion.

### **GENERAL RECOMMENDATIONS:**

Staff recommends approval of the following adaptive management strategies for the hydrologic unit being considered:

### IMPLEMENTATION

• KIUC shall be responsible to improve the efficiencies of the transport of water in the 'Ili'ili'ula-North Wailua Ditch by limiting leakage at adits, from the siphon, and from

unlined portions of the ditch, minimizing off stream water losses and impacts to the natural stream resources.

- Within one year, if they receive a long-term water lease from the Board of Land and Natural Resources, KIUC will redesign the diversion intakes to provide a continuous wetted path over the diversion, eliminate overhanging structures, and improve the safety and aesthetic look of the diversion.
- Staff shall continue to coordinate with KIUC to enforce the provisions of the State Water Code.
- Staff shall continue to coordinate with KIUC to identify and determine appropriate actions with regard to attaining the proposed interim IFS values downstream of existing diversion structures.
- Staff shall continue to assess existing conditions and the status of all diversions, in coordination with the Division of Aquatic Resources other state or federal agencies to determine if any modifications are possible to improve habitat conditions for stream biota.

### MONITORING

- Staff shall maintain a continuous gaging station on Wai'ale'ale Stream to monitor compliance with the interim IFS and make periodic measurements on Waikoko Stream to assess the attainability of the interim IFS.
- KIUC will maintain continuous monitoring stations on the 'lli'ili'ula-North Wailua Ditch at the former USGS gaging stations at the Wai'ale'ale Stream diversion and Waikoko Stream diversion as well as tailrace monitoring for each of the hydropower plants.

### **EVALUATION**

- Within three years from the date of adoption of an interim IFS, staff shall report to the Commission on the progress of implementing the interim IFS and the application of the adaptive management strategies outlined above, and the impacts of the interim IFS upon instream and noninstream uses.
- Within one year, KIUC shall report to the Commission on the status and implementation of their diversion modifications and provide data on the volume of water delivered by each diversion and total water diverted by the 'Ili'ili'ula-North Wailua Ditch.

Respectfully submitted,

JEFFRÉY T. PEARSON, P.E. Deputy Director

Note: Exhibits 1 and 2 are available from the Commission website at <u>http://dlnr.hawaii.gov/cwrm/surfacewater/ifs/wailua\_ifs/</u>.

Exhibit 1 DRAFT Instream Flow Standard Assessment Report for Wailua Unit 6040, PR-2018-06

Exhibit 2 Compilation of Public Review Comments for Wailua Unit 6040, PR-2018-07

Exhibit 3 U.S. Fish and Wildlife Service Memo dated March 12, 2018

APPROVED FOR SUBMITTAL:

L 1) Mon SUZANNE D. CASE

Chairperson

I U.S Pacific ROUTING	DATE: 3-12-18	
<ol> <li>Greg Koob - Conservation at</li> <li>Michelle Clark - PIFWO Kat</li> <li>File</li> </ol>	SUBJECT: Trip Report - Makaleha Stream, Makaleha Springs, and North Fork Wailua Stream, Kauai	
FROM: Gordon Smith	FWS-PIFWO, Honolulu (808) 792-9457	

Makaleha Stream at the site of Makaleha Spring and the North Fork Wailua River in the vicinity of the 'Ili'iliula ditch diversions (the "Blue Hole diversion") were surveyed for the presence of *Errina newcombi* (Newcomb's snail) on March 6 and 7, 2018. Weather and hydrologic patterns were typical of winter/spring conditions with intermittent showers and episodic high flows in the weeks prior to field visits (Figure 1).

The purpose of the survey was as follows:

1. Makaleha Stream and Spring - this is location is described in previous FWS reports as a known location with an extant population of Newcomb's snail. The most recent FWS survey was in 2003 and field notes indicate that "few" snails were observed. The intent of the survey was to relocate the population and if possible obtain digital photographs of snails in-situ, as well as photomicrographs of egg masses which apparently have not been previously documented.

2. North Fork Wailua River, 'Ili'iliula ditch diversion - Mike Kido of the Hawaii Stream Research Center reported snails at an unspecified location upstream of this diversion in 1995. Based on that report, critical habitat for Newcomb's snail was designated immediately upstream of the diversion and extends to the headwaters of the stream. Snails have not been observed at this location in subsequent surveys despite several visits to the area by FWS biologists and others. The intent of the survey was to thoroughly examine the stream channel and adjacent tributaries to confirm the presence of snails in this reach of the N. Fork Wailua River.

Results and observations:

1. Makaleha Springs consists of several large springs that originate from a boulder-and-bedrock-covered hillside that is heavily vegetated. All of the tributary spring channels were searched for snails for approximately two hours. Only two juvenile-sized individuals were found. The snails were located within a crevice and could not be successfully photographed. Three Hester-Dendy artificial substrate plates were installed in the vicinity of the snails (Figure 2). If snails move onto the artificial substrate plates they can be safely removed from the water to better observe and photograph snails and egg masses. A follow-up visit to the site in late April or early May is recommended.

2. The North Fork Wailua River was surveyed approximately 500m upstream and 500m downstream of the diversion over a four-hour timeperiod (Figure 3). In addition, all seven of the smaller valley wall tributaries encountered were thoroughly examined from 50m to 300m up-gradient from their confluence with the main channel. The survey effort extended from about 10am to 2pm with a short break for lunch. No snails were observed.



Figure 1. Daily discharge at the N. Fork Wailua River guage indicating episodic high flows in the two weeks prior to survey dates.



Figure 2. Hester-Dendy artificial substrate samplers



Figure 3. GPS tracklog and waypoints from Newcomb's snail survey in the vicinity of the "Blue Hole" diversion. Waypoints indicate small tributary streams entering main channel.

### Ka Huli Ao Center for Excellence in Native Hawaiian Law Presents:

# **I MANA I KA WAI** DHHL WATER LAW & ADVOCACY TRAINING



Please join us if you want to learn more about the water rights and responsibilities of DHHL beneficiaries and how to bring projects and initiatives to life on the ground in your community!

Ka Huli Ao will provide a brief overview of Hawai'i's legal framework governing water resource management. We will also discuss specific ways homestead communities can advocate for the pono use and protection of wai.

Dinner and refreshments provided for those who RSVP.

Wai'ale'ale, Kaua'i

## WEDNESDAY, AUGUST 15, 2018

**5 PM - 8:30 PM Anahola Clubhouse** 3900 Kawelo Street Anahola, Kaua'i 96751

Free & open to all DHHL beneficiaries. Limited space available. Please RSVP to Mahina at <u>nhlawctr@hawaii.edu</u> or 808-782-3337 by August 13, 2018.







Ka Huli Ao Center for Excellence in Native Hawaiian Law Presents:

# **I MANA I KA WAI** DHHL WATER LAW & ADVOCACY TRAINING



Waimea, Kauaʻi

Please join us if you want to learn more about the water rights and responsibilities of DHHL beneficiaries and how to bring projects and initiatives to life on the ground in your community!

Ka Huli Ao will provide a brief overview of Hawai'i's legal framework governing water resource management. We will also discuss specific ways homestead communities can advocate for the pono use and protection of wai.

# THURSDAY, AUGUST 16, 2018

5:30 PM - 9 PM Kekaha Elementary School Cafeteria 8140 Kekaha Road Kekaha, Kaua'i 96752

Dinner and refreshments provided for those who RSVP.

Free & open to all DHHL beneficiaries. Limited space available. Please RSVP to Mahina at <u>nhlawctr@hawaii.edu</u> or 808-782-3337 by August 14, 2018.







### STATE OF HAWAII DEPARTMENT OF HAWAIIAN HOME LANDS

August 20-21, 2018

Chairman and Members, Hawaiian Homes Commission To:

Thru:

M. Kaleo Manuel, Acting Planning Program Manager From: Bob Freitas, Plan

Update on Pu'u 'Opae Special Area Master Plan(SAMP), Subject: 'Ōpelu/Ka'awaloa, Waimea, Kaua'i, TMK (4)1-2-002:023

### RECOMMENDED ACTION

None; For information only.

### DISCUSSION

The purpose of this submittal is to provide the Hawaiian Homes Commission (HHC) with an update on the status of the Pu'u 'Opae Special Area Master Plan(SAMP).

#### BACKGROUND

There are 14,558.7 acres of Hawaiian Home Lands at Waimea, Kaua'i designated as Tax Map Key (TMK)(4)1-2-002:023. These lands are part of the original land inventory identified in section 203 of the Hawaiian Homes Commission Act of 1920, as amended. Approximately 1,192 acres of the area are the focus of the Pu'u 'Ōpae Special Area Master Plan (SAMP)located at the mauka convergence if Niu Ridge, Makahoa Ridge, and Kaunalewa Ridge, near Koke'e State Park. The Department of Hawaiian Home Lands (DHHL) is developing the Pu'u 'Opae SAMP to advance the community's efforts and the work of the Kekaha Hawaiian Homestead Association (KHHA) to develop the lands at Pu'u 'Opae for homesteading and agricultural uses.

The 2004 Kaua'i Island Plan (KIP) identified five existing pastoral homestead lots at Pu'u 'Opae and currently

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one homesteader is residing on their homestead lot. The KIP indicated that there would be no future pastoral homesteads created due to the extremely high development cost. The KIP designated the land use of the Pu'u 'Ōpae area as a Special District. Special districts are subject to future design studies due to the presence of unusual opportunities and or physical constraints.

DHHL'S West Kaua'i Regional Plan (WKRP) adopted by the HHC in 2011 identified Pu'u 'Öpae as a priority project and as a special place that required proper planning to benefit the whole community. It recognized that the reservoir should be maintained and the irrigation system rehabilitated for use by agricultural users and possible future agricultural lessees. The Regional Plan recognized that many areas have good soil for agriculture.

A unique opportunity arose involving a recent water settlement in the Waimea area that will provide access and water to the Pu'u 'Opae area. The department negotiated a 65 year lease with Kauai Island Utility Cooperative (KIUC) to construct, own, operate and maintain the proposed Waimea Hydro Electric Project on DHHL Lands located in Waimea, Kaua'i. The proposed project will use only a small fraction of the Waimea lands. The project will consist of Koke'e ditch repairs and upgrades, rehabilitation of Pu'u Lua, Pu'u 'Opae, and Mana reservoirs, two new sections of underground pipelines and two new powerhouses. The project will employ a pumped storage hydroelectric technique to produce up to 25MW of electricity. Pumped storage provides a way to store solar energy and release the energy when it is most needed. Most importantly the project will provide much needed infrastructure to this remote homestead area.

The KIP, WKRP and KIUC agreement provides the opportunity to make the Pu'u ' $\bar{\rm O}pae$  Special Area Master Plan possible. (Attachment A)

The SAMP incorporates the existing work of the Kekaha Hawaiian Homestead Association's Farm and Irrigation Plan (FIP), it also creates a master plan to provide agricultural homesteading opportunities under HAR §10-3-30, Kuleana homestead leases. These new Kuleana Homestead Agricultural Lots will be for subsistence uses by lessees who are willing to live on and accept an unimproved lot, the settlement plan will be based on the Kahikinui, Maui model which successfully accommodated more beneficiaries on undeveloped, and minimally improved lots (Ka 'Ohana O Kahikinui).

The three components of the SAMP project are the Pu'u 'Ōpae Special Area Master Plan, Settlement Plan and Environmental Assessment.

The primary purpose of the Pu'u 'Ōpae SAMP is to maximize the number of Kuleana Homesteading opportunities for DHHL beneficiaries on the waiting list, and to provide opportunities to produce food in a self-sufficient community at Pu'u 'Ōpae.

Map 12 of the Summary Report provides a conceptual map of the Pu'u ' $\bar{O}$ pae SAMP. In summary, the following are proposed:

- 166 Acres Subsistence Agriculture = 240, ½ acre Kuleana homestead lots
- 231 Acres Community Use = KHHA license
- 795 acres General Agriculture and Special District = Reforestation, Agroforestry, native plant and invasive species management

### Planning Process

DHHL contracted with G70 on September 1, 2017 to prepare the Pu'u 'Ōpae SAMP. Preliminary site visits were conducted and an informal meeting was held with the West Kauai Hawaiian Homestead Association and the Kekaha Hawaiian Homestead Association to provide an overview of the project.

During 2017-2018 various technical studies were conducted, meetings were held with county and state offices, stakeholder interviews were conducted including coordination with KIUC. The SAMP represents one third of the project and approximately \$94,951.50 has been expended to date.

The DHHL Pu'u 'Ōpae SAMP is subject to Hawaiian Homes Commission Approval. A formal Beneficiary Consultation will be completed prior to HHC approval.

Upon HHC approval of the SAMP the settlement plan will be developed pursuant to §10-3-30 Kuleana homestead leases.

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Based on the SAMP and the Settlement Plan the Environmental Assessment will be initiated and is expected to be completed by the second quarter of 2019.

### RECOMMENDED ACTION/MOTION:

e.

None; For information only.

ITEM NO. G-3



# **SUMMARY REPORT**

## DHHL PU'U 'OPAE SPECIAL AREA MASTER PLAN

'ÕPELU/KA'AWALOA, WAIMEA, KAUA'I TMK (4) 1-2-002:023 (POR.)





PREPARED BY:



AUGUST 2018

# SUMMARY REPORT FOR THE DHHL PU'U 'OPAE SPECIAL AREA MASTER PLAN

TMK (4) 1-2-002:023 (por.) 'Ōpelu/Ka'awaloa, Waimea, Kaua'i, Hawai'i

### Prepared for:

State of Hawai'i Department of Hawaiian Home Lands Hale Kalaniana'ole 91-5420 Kapolei Parkway Kapolei, HI 96707

### Prepared by:

G70 111 South King Street, Suite 170 Honolulu, HI 96813

### AUGUST 2018

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Puʻu ʻŌpae Special Area Master Plan August 2018

## ACRONYMS

ADC	Agricultural Development Corporation
cfs	Cubic feet per second
DHHL	Department of Hawaiian Home Lands
DLNR	Department of Land and Natural Resources
DOFAW	Division of Forestry and Wildlife
FEMA	Federal Emergency Management Agency
FIP	Farm and Irrigation Plan
FIRM	Flood Insurance Rate Map
HAR	Hawai'i Administrative Rules
HDOA	Hawai'i Department of Agriculture
HHC	Hawaiian Homes Commission
HHCA	Hawaiian Homes Commission Act
HRS	Hawai'i Revised Statutes
KAA	Kekaha Agricultural Association
KHHA	Kekaha Hawaiian Homestead Association
KIUC	Kaua'i Island Utility Cooperative
KODIS	Kōke'e Ditch and Irrigation System
KSC	Kekaha Sugar Company
mgd	Million gallons per day
msl	Mean sea level
MW	Megawatt
NAGPRA	Native American Graves and Protection Act
NOAA	National Oceanic and Atmospheric Administration
RMH	Resource Mapping Hawai'i
SAMP	Special Area Master Plan
TMK	Тах Мар Кеу


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## **EXECUTIVE SUMMARY**

The 14,556 acres of Hawaiian Home Lands at Pu'u ' $\bar{O}$ pae designated as Tax Map Key (TMK) (4)1-2-002:023 are located at the mauka convergence of Niu Ridge, Makahoa Ridge, and Kaunalewa Ridge, near Kōke'e State Park in Kekaha, Kaua'i. Approximately 1,192 acres of the area are the focus of the Pu'u ' $\bar{O}$ pae Special Area Master Plan (SAMP) (*Map 1*).

The Department of Hawaiian Home Lands is developing the Pu'u 'Ōpae SAMP to advance the efforts and work of the Kekaha Hawaiian Homestead Association (KHHA) and West Kaua'i community to develop the lands at Pu'u 'Ōpae for homesteading and agricultural uses.

This Summary Report describes KHHA's vision and the SAMP's alignment with DHHL's mission, plans, and policies; the planning process; existing conditions of the lands; and the conceptual land uses envisioned for the Pu'u 'Ōpae SAMP.

## **1.0 VISION AND ALIGNMENT OF THE SPECIAL AREA MASTER PLAN**

The vison for the Pu'u 'Ōpae Special Area Master Plan (SAMP) is to provide native Hawaiians with the opportunity to settle on their home lands with homesteading and subsistence agricultural opportunities.

The lands at Pu'u 'Ōpae on West Kaua'i extend over 14,556 acres at the mauka convergence of Niu Ridge, Makahoa Ridge, and Kaunalewa Ridge near Kōke'e State Park. The proposed uses at Pu'u 'Ōpae, which will be outlined in this Summary Report, support the ongoing planning efforts of the Hawaiian Homes Commission (HHC) and the DHHL, and advance the overall mission of the Hawaiian Homes Commission Act (HHCA), a federally created trust for native Hawaiians.





#### Hawaiian Homes Commission Act and Department of Hawaiian Home Lands

The mission of the HHC, proposed by Prince Kūhiō and enacted by Congress in 1920 through the HHCA, is to "provide for the rehabilitation of the native Hawaiian people through a government-sponsored homesteading program." The HHCA was incorporated as a provision in the State Constitution in 1959. The responsibility of the Hawaiian Home Lands trust was then transferred to the State at that time. Today, the State's DHHL now manages and administers the Hawaiian Home Lands trust, which accounts for over 200,000 acres throughout six of the Hawaiian Islands, and provides homestead leases and loans for residential, agricultural, and pastoral purposes.

To administer its land trust and effectively develop its lands for native Hawaiians, DHHL has established overarching strategic goals and objectives. In addition, a Statewide General Plan provides larger guidance for planning at the island and regional levels.

### DHHL Strategic Goals and Objectives and DHHL General Plan

The Pu'u 'Ōpae SAMP meets the objectives of the HHC and supports the DHHL Strategic Goals and Objectives of Delivering Diverse Homesteading Opportunities, and the goals and objectives of DHHL's 2002 General Plan.

Specifically, the following Goals and Objectives of the 2002 General Plan provide relevant guidance for the Pu'u 'Ōpae SAMP:

#### Land Use Planning

Goals:

- Utilize Hawaiian Home Lands for uses most appropriate to meet the needs and desires of the beneficiary population.
- Develop livable, sustainable communities that provide space for or access to the amenities that serve the daily needs of its residents.

Objectives:

- Provide space for and designate a mixture of appropriate land uses, economic opportunities and community services in a native Hawaiian-friendly environment.
- Develop improved relationships with the Counties to ensure reliable and adequate delivery of services to homesteaders.

#### Agricultural and Pastoral Uses

Goals:

- Increase the number of agricultural and pastoral leases awarded each year.
- Provide infrastructure, technical assistance and financial support commensurate with the intended uses of agricultural and pastoral lots.
- Provide agriculture and pastoral commercial leasing opportunities for beneficiaries.
- Conserve the most productive agriculture lands for intensive agriculture and pastoral use.

Objectives:

- Provide agriculture and pastoral homestead lots for subsistence and supplemental purposes.
- Establish minimum infrastructure requirements for agricultural and pastoral leases.

#### Water Resources

Goals:

- Provide access to quality water in the most cost-effective and efficient manner.
- Ensure the availability of sufficient water to carry out Hawaiian Home Lands' mission.
- Aggressively exercise and protect Hawaiian home land water rights.

Pu'u 'Ōpae Special Area Master Plan August 2018

#### Objectives:

- Establish water partnership arrangements.
- Identify and establish a clear understanding of existing water resources available to the Hawaiian Home Lands Trust.
- Implement State water use plans, rules and permits to ensure access to water resources for current and future uses on Hawaiian home lands.

#### Land and Resource Management

Goals:

- Be responsible, long-term stewards of the Trust's lands and the natural, historic and community resources located on these lands.

Objectives:

- Preserve and protect significant natural, historic and community resources on Trust lands.
- Manage interim land dispositions in a manner that is environmentally sound and does not jeopardize their future uses.

#### **Building Healthy Communities**

Goals:

- Empower the homestead associations to manage and govern their communities.
- Establish self-sufficient and healthy communities on Trust lands.

Objectives:

- Build partnerships with public and private agencies to ensure reliable and adequate delivery of services to homesteaders.
- Establish and implement a planning system that increases beneficiary participation in the development and use of Hawaiian home lands and improves communications between DHHL and the beneficiary community.

#### DHHL Kaua'i Island Plan

The SAMP is also being developed for consistency with DHHL's 2004 Kaua'i Island Plan, which designates the property as Special District and General Agriculture areas.

- **Special District** designations are defined as areas requiring attention because of unusual opportunities and/or constraints. Examples include natural hazard areas, open spaces, raw lands far from infrastructure (difficult to improve), mixed use areas, and green ways.
- **General Agriculture** designations are for lands on which intensive or extensive farming or ranching is allowed. Uses subject to Chapter 25, Hawai'i Revised Statutes (HRS). These lands may serve as an interim use until opportunities for higher and better uses become available.

Pu'u 'Ōpae is specifically called out in the 2004 Kaua'i Island Plan for the development of a pu'uhonua, "or a retreat and place of refuge for beneficiaries island-wide" on the Special District designated lands. The Kaua'i Island Plan also envisioned the area as a place for community economic development, and traditional healing and therapies.

## DHHL West Kaua'i Regional Plan

Through the planned homesteading and agricultural uses in the Pu'u 'Ōpae SAMP, DHHL will advance the Department's 2011 West Kaua'i Regional Plan priority project, which designates the lands at Pu'u 'Ōpae for future development. Specifically, the Plan called for the following plans for Pu'u 'Ōpae:

- The reservoir should be maintained for use by agricultural users.
- An agricultural master plan should be developed.
- An access road and road maintenance are part of the plan for Pu'u 'Ōpae.
- The following projects were suggested in the Regional Plan for consideration:
  - Taro growing
  - Hydroelectric power generation
  - Diversified crops
  - Cultural or wellness center

### KHHA Farm and Irrigation Plan

In 2014, the KHHA authored the Farm and Irrigation Plan (FIP) (*Appendix A*), with the mission to create "a cultural pu'uhonua where Hawaiians are able to reconnect with the land and water, and acquire farming, pastoral and forest management skills that ensure their self-sufficiency." The FIP was prepared, in part, to address the West Kaua'i Regional Plan's priority project of developing an agricultural and water plan for Pu'u 'Ōpae.

### Hawai'i Administrative Rules 10-3-30, Kuleana Homestead Leases

Chapter 3 under Title 10 of the Hawai'i Administrative Rules (HAR), Department of Hawaiian Home Lands, stipulates the rules for kuleana homestead leases, which are homestead lots on unimproved available Hawaiian home land tracts, for the purposes of expeditiously placing beneficiaries on the land. The determination of kuleana homestead lots are based on the following considerations:

- 1) Physical and environmental characteristics of the land;
- 2) Excessive cost to develop the tract for any reason including: the physical characteristics of the land, the distance of the land from existing electrical, water, waste water disposal, communications, and other utility systems;
- 3) Department land management plans and programs;
- 4) Applicant interest or proposals identifying tracts of land; and
- 5) Suitability for use by lessees who wish immediate access to the land for subsistence uses and who are willing to live on the land and accept an unimproved lot.

The rules place the determination of homestead waiting lists for kuleana homestead lots at the discretion of DHHL. DHHL, along with interested applicants, are charged with developing a plan for settlement and development, which must be approved by the HHC. This SAMP is the precursor to a detailed settlement plan for kuleana homestead development at Pu'u ' $\bar{0}$ pae.

This SAMP will guide the details of the settlement plan, which must include (1) the location and description of the tract of land; (2) the approximate size and number of lots to be awarded; (3) the location of a community center and common areas; (4) the preliminary conceptual

proposals for community management and economic development of adjacent department lands, if applicable; (5) a plan for identifying, protecting and preserving all significant historical, archaeological, and biological sites; and (6) a timetable to commence settlement after the award of the lots.

# **2.0 PROJECT STATEMENT**

Building from the existing work of KHHA contained in the FIP—which includes planned infrastructure improvements, test crops, reforestation, an educational training center, and agricultural homestead lots—and from the guidance of existing plans and policies, DHHL is master planning the lands at Pu'u 'Ōpae to provide agricultural homesteading opportunities as established under HAR §10-3-30, *Kuleana homestead leases*.

Kuleana Homestead Lots are defined under HAR §10-3-30 as unimproved Hawaiian Home Lands for subsistence uses by lessees who are willing to live on and accept an unimproved lot. Under the guidelines of §10-3-30, the project seeks to develop a kuleana homestead community utilizing the concepts from similarly developed DHHL lands, such as Kahikinui, Maui, which successfully accommodated more beneficiaries on undeveloped, and minimally improved lots for agriculture (Ka 'Ohana O Kahikinui).

The primary purpose of the Pu'u 'Ōpae SAMP is to maximize the number of Kuleana Homesteading opportunities for DHHL beneficiaries on the waiting list, and to provide opportunities to produce food in a self-sufficient community at Pu'u 'Ōpae.

# **3.0 PLANNING PROCESS**

Planning for the DHHL lands at Pu'u 'Ōpae began with the 2011 DHHL West Kaua'i Regional Plan, which identified the area for a priority project. The vision for the priority project in the West Kaua'i region was to develop an Agricultural and Water Plan to restore and utilize the lands at Pu'u 'Ōpae. In 2012, KHHA submitted a request for and was granted a Right of Entry to begin land management and maintenance activities at Pu'u 'Ōpae. In addition, KHHA began preparing a master plan called the Farm and Irrigation Plan (FIP) to begin implementing the West Kaua'i Regional Plan priority project goals.

The FIP's mālama honua approach to agriculture was developed to provide triple bottom line gains for the community, addressing social, economic, and environmental concerns. Three key values guided the FIP: 1) akua first, values first (connections and respect for all beings, spirits, and living things); 2) kuleana (reconnecting Hawaiians with the land, and reestablishing the reciprocal relationship between kanaka and 'āina); and 3) from kupuna to 'ōpio (intergenerational transfer of knowledge and values). The FIP proposed the development of a test and learning site, renewable energy through hydroelectric and solar energy ventures, and land grants and conservation management. Through a phased approach, approximately 150 acres were proposed to be developed for test and learning sites within years 1-5, renewable energy was slated for development up to Year 5, land grants of 2-5 acre lots and 5-10 acre lots were to be developed between Years 5 and 7, and conservation management was to be implemented from the 7<sup>th</sup> year onward.

By 2014, the KHHA FIP was finalized, covering a total of 1,440 acres (Section 1, Figure 1 of *Appendix A*), with nearly 300 beneficiaries signing a statement of support for KHHA's proposed work. Subsequent to the completion of the FIP, KHHA requested from DHHL the use

of 231 acres of the 1,440 acres for Phase 1 of 7 phases. License No. 816 was awarded to KHHA in October 2017 for a 20-year term. The License can be extended for an additional 5-year term, up to a total of 25 years.

The FIP's planned short-term work for the licensed area included surveying of existing fencing, repairs and replacement as needed; construction of a raised platform to serve as a meeting venue; construction of a small toolshed to store and protect small equipment on site; and the development of long-term structures that would require more extensive permitting: processing facility, simple modular homes, and a permanent community structure.

Simultaneous to the work completed and planned by KHHA, other agricultural and utility entities that manage lands in and around the project area play a key role in moving this SAMP forward.

## Agriculture

Neighboring the DHHL lands at Pu'u 'Ōpae are approximately 12,592 acres which are managed by the Agribusiness Development Corporation (ADC). ADC is a State organization with appointed directors from the private sector, Hawai'i Department of Agriculture (HDOA), Department of Land and Natural Resources (DLNR), and the Department of Business, Economic Development, and Tourism (DBEDT). ADC is charged with acquiring and managing in partnership with farmers, ranchers, and aquaculture groups, select high-value lands, water systems, and infrastructure for commercial agricultural use.

In 2001, the former lands of Kekaha Sugar Company (KSC) were assumed by ADC for management, after it was handed a master lease from the Board of Land and Natural Resources (BLNR), transferring management from the Department of Land and Natural Resources (DLNR). Prior to the State's ownership of the lands, KSC, which was formed in 1898, held ownership and management of the lands until its operations shut down in February 2001. KSC historically drew water from three main ditches (Kekaha Ditch, Kōke'e Ditch, and Waimea Ditch) for its sugarcane lands. Today, of the three ditches, Kekaha Ditch (27 miles long) and Kōke'e Ditch (21 miles long) are still running.

Drainage for the ADC lands is provided by two pumps at the Kawai'ele and Nohili pumping stations, which run to were historically used to lower the groundwater table for successful sugarcane cultivation. The pumping stations continue to run today, with hydroelectric power generated within the ADC lands. Two generating plants, Wai'awa Hydro and Mauka Hydro, continue to operate to provide electricity for current agricultural tenants.

In 2004, the State DLNR transferred management of the former KSC infrastructure to ADC, per a Memorandum of Agreement (MOA) with the Kekaha Agricultural Association (KAA), a tenant organization formed in 2003. KAA is a dues-paying membership organization, with members including Syngenta, Wine of Kaua'i, Pioneer, and BASF Corporation.

## **Renewable Energy and Water**

The Kaua'i Island Utility Corporation (KIUC), a not-for profit electric cooperative, is proposing a hydroelectric energy project at Pu'u 'Ōpae. The primary purpose of the project is to support the KIUC's energy grid's stability and reliability; to load shift solar photovoltaic energy to evening peak load; to diversify the renewable energy portfolio; and to reduce Kaua'i's

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dependency on fossil fuels. The project will load shift solar generation through pumped storage, store and release hydroelectric generation, and deliver irrigation to lands adjacent to the hydroelectric project. The KIUC project is planned to be designed for up to 25 megawatts (MW) of peak hydropower capacity, 250 megawatt hours (MWH) of daily storage capability, and thirty gigawatt hours (GWH) or hydroelectric generation annually. It is also intended to provide irrigation water to support agriculture at Pu'u 'Ōpae.

Since the hydroelectric energy project will utilize the existing Kōke'e Ditch Irrigation System (KODIS) and three earthen dam reservoirs (Pu'u Lua, Pu'u 'Ōpae, and Mānā reservoirs), KIUC will rehabilitate the existing infrastructure and construct the following to support the hydroelectric project:

- Repair the entire length of the Kōke'e Ditch System to Pu'u Moe Divide.
- Repair the existing diversions to allow for instream flow releases.
- Replace the gate structure at Pu'u Moe Divide with a new gate structure and intake for the hydroelectric pipeline.
- Rehabilitate the Pu'u Lua, Pu'u 'Ōpae (back to original 88-million-gallon capacity), and Mānā reservoirs in accordance with current Hawai'i dam safety regulatory standards.
- Construct a new pressurized pipeline, approximately 25,000 feet in length, that replaces the lateral branch of the Kōke'e Ditch extending between Pu'u Moe Divide and Pu'u 'Ōpae reservoir.
- Construct a new pressurized pipeline running between Pu'u 'Opae reservoir and Mana Reservoir, approximately 12,000 feet in length.
- Construct two hydroelectric facilities with a combined capacity of 25 MW and a 33,500 horsepower pump station.
- Repair all existing dirt roads that provide access to the facilities being utilized by KIUC, inclusive of the access off Kōke'e Road through Niu Valley.

## Water Mediation

In 2017, A Mediation Agreement for the Waimea Watershed Area was entered into by DHHL, the KIUC, ADC, KAA, and the West Kaua'i Watershed Alliance for the allocation of waters in the region. Under the Agreement, 6.903 mgd from the Kōke'e Ditch Irrigation System (KODIS) (at the most upstream property line and down) is reserved for Pu'u 'Ōpae users and potential homesteaders.

The Mediation Agreement also indicates a reservation of 11 mgd, which includes DHHL's 6.903 mgd, to support KIUC's hydroelectric project. This reservation ensures that 1) KIUC may accomplish its renewable energy project, and 2) the diversion of water in the Kekaha Ditch System will be reduced. It is therefore important for KIUC's reservation to encompass DHHL's reservation, and for KIUC to be considered a key partner in the development of Pu'u 'Ōpae.

## **Community Planning**

DHHL began the Community Consultation process with KHHA for the FIP in 2017. A Beneficiary Consultation meeting was held in January 2017 to discuss the long-term use of 231 acres by KHHA to implement the Pu'u 'Ōpae FIP. Both DHHL and KHHA presented project information and followed up with an open discussion for participants to ask questions and provide comments about the Pu'u 'Ōpae FIP. From the community input gathered, there was

strong support for the use of Pu'u 'Ōpae as envisioned in the Kaua'i Island Plan and West Kaua'i Regional Plan. The most salient comments focused on the community's desire to be kept informed and involved throughout project implementation to meet their needs and serve the families of West Kaua'i. According to the Beneficiary Consultation Report compiled by DHHL, some of the questions from beneficiary outreach efforts included the following:

- Will waitlisted people be awarded the agricultural lands they are asking for if they participate?
- Who are the subsistence agriculture awards for people already on the agricultural lots wait list?
- Is this project for all Kekaha, or all native Hawaiian beneficiaries? Just the people on the wait list? Who benefits?
- What are the criteria for people to be awarded lands? How much land will they be getting?
- What steps are there to guard against people who say they want to do agriculture, but will live there and not farm?
- What does the timetable look like for this project?

In October 2017, DHHL and G70 held an informational meeting with KHHA and the West Kaua'i Hawaiian Homestead Association at the Kekaha Enterprise Center to discuss preliminary plans for Pu'u 'Ōpae to build upon the work of the FIP and meet the needs of DHHL beneficiaries. The meeting included a general discussion of plans to develop kuleana homestead lots and agricultural opportunities, and introductions of the project team.

Primary concerns and comments expressed at the October meeting included:

- Will there be enough water for agricultural and homestead build out?
- Explore if water is available and to what extent homesteading lots are feasible.
- How much water are we pumping out/throwing away each day? This needs to be identified and losses stopped.
- If Pu'u Lua is to the point of overflowing, open it up and let the water flow to Pu'u 'Ōpae reservoir.
- Waiawa hydroelectric powerplant waters were being run and released/wasted into the ocean.
- Will potable drinking water be available?
- Artesian wells are being desecrated.
- Rainfall is not the same anymore. We will continually have less rainwater and surface water. We should be doing more water storage. Need to be looking at other options.
- All the water does not need to go to Pu'u 'Ōpae, it also needs to go to Kitano Reservoir and other areas in Waimea.
- The best way to reduce fire risk is to start farming, removing grasses.
- DLNR is still extending permits to hunt in Pu'u 'Õpae.
- Why was the DLNR hunting contract extended? Hawaiians can control hunting on their own lands.
- When they renew the hunting license, change the type of hunting allowed.
- Ahupua'a principles how do we incorporate this into planning?
- How can we change our communities? Healthy food, healthy lands, getting kids working.

# **4.0 DESCRIPTION OF LANDS**

The project property was historically leased to and used by the Kekaha Sugar Company (KSC) for sugarcane production during the plantation era circa 1900. Water from the Waimea watershed was used to irrigate highland sugarcane fields located just below Pu'u 'Ōpae reservoir through the late 1990s. Today, infrastructure from KSC operations still exists, but the now-vacant cane fields are no longer in use. The following sections describe in detail the existing environmental setting of the project area.

## 4.1 Climate and Rainfall

Climate in West Kaua'i can be characterized as having clear skies and dry conditions. Temperatures for Pu'u 'Ōpae are mild, ranging between the mid-60 degrees Fahrenheit in the winter months and low-70 degrees Fahrenheit in the summer months.

Rainfall data is collected by the National Oceanic Atmospheric Administration (NOAA) Climatic Data Center at Station Kanalohuluhulu 1075 and Hukipo 945. The Kanalohuluhulu rain gauge is located at 3,291 feet above mean sea level (msl), and approximately 8 miles northeast of the SAMP area (Refer to *Table 1*). The Hukipo rain gauge is located at elevation 244 feet above msl and approximately 5 miles makai of the project site (Refer to *Table 2*). Daily rainfall data for Kanalohuluhulu is available from January 1955 through December 2013, for a span of 59 years. Rainfall data at the Hukipo site is available from January 1, 1950 through December 31, 2000 for a total span of 51 years.

The rainfall data was processed for effective rainfall needed for agricultural uses at the property, which is important for the purposes of the Pu'u 'Ōpae SAMP. Effective rainfall is considered as rainfall up to 0.8 inches per day, with the assumption that remaining rainfall will runoff or percolate beyond plant uptake capacities. Effective rainfall was then applied across the project area to calculate average rainfall available for agricultural crops in million gallons per day (mgd) for each month.

Monthly effective rainfall averages from both stations range from as low as 0.33 inches in the summer to as high as 6.31 inches in the winter. The average annual rainfall for Pu'u ' $\bar{O}$ pae is expected to be closer to the Kanalohuluhulu station, around 65 inches (*Table 1*). Refer to *Map 2* for rainfall of the area.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Avg Rainfall (in)	11.59	8.10	7.49	4.73	3.18	1.89	2.17	2.36	2.20	4.51	7.47	10.59	66.27
Avg Effective Rainfall (in)	6.31	5.21	4.81	3.70	2.62	1.74	2.05	2.08	2.07	3.18	4.44	5.85	44.07
Avg Daily Rainfall Volume* (mgd)	9.17	8.34	7.00	5.56	3.82	2.62	2.98	3.03	3.12	4.62	6.68	8.52	65.46
* Over 1,661 acres (Existing pastoral lot useable area + KHHA license + Pu'u 'Ōpae Homestead project area)													

#### Table 1: Summary of NOAA Rainfall Data for Kanalohuluhulu Station

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
Avg Rainfall (in)	4.52	2.75	2.47	1.36	1.20	0.35	0.59	0.99	1.04	2.55	3.03	4.09	24.93
Avg Effective Rainfall (in)	2.68	1.85	1.54	0.93	0.84	0.33	0.49	0.68	0.86	1.51	1.64	2.00	15.33
Avg Daily Rainfall Volume* (mgd)	3.90	2.95	2.24	1.40	1.22	0.49	0.71	0.99	1.29	2.19	2.46	2.92	22.74
* Over 1,661 acres (Existing pastoral lot useable area + KHHA license + Puu Opae Homestead project area)													

Table 2: Summary of NOAA Rainfall Data for Hukipo Station

## 4.2 Topography and Slope

Ortho-imagery data was collected for the project area by Resource Mapping Hawai'i (RMH) in February 2018. The data was taken at approximately 1,500 feet above ground level and at a resolution of 2 cm. The aerial images were processed and used to create a digital elevation model (DEM) from which contours and a topographic map were generated of the project area.

As depicted in *Map 3*, the project property generally slopes to the west and drains into the adjacent property through several valleys along the western property boundary. The major discharges occur through Niu Valley, where an existing culvert was observed along Niu Valley Road. Elevations within the project area range from 850 feet above msl to 2,200 feet above msl.

## 4.3 Streams and Drainage/Hydrology

There are several intermittent streams within and surrounding the project area. Based on the Federal Emergency Management Agency's (FEMA) Flood Insurance Rate Maps, Pu'u 'Ōpae is located within Flood Zone X, defined as "areas determined to be outside the 0.2% annual chance floodplain." The preliminary Flood Insurance Rate Map (FIRM) that has not yet been accepted by the County also identifies the project area as within Flood Zone X, defined as "areas of minimal flood hazard, which are the areas outside the Special Flood Hazard Area and higher than the elevation of the 0.2 percent annual chance flood."

# 4.4 Geology and Soils

Soil types within the project area are identified in the U.S. Department of Agriculture, Natural Resources Conservation Service, Web Soil Survey. As depicted in *Map 4*, The project area consists of Makaweli silty clay loam with 6% to 35% slopes, Mahana silt loam at 12 to 35% slopes, Badland-Mahana complex, Pu'u 'Ōpae silty clay loam at 8% to 40% slopes, and Waiawa extremely rocky clay at 30% to 80% slopes.

- Makaweli stony silty clay loam soils come from igneous rock parent material. They are generally well drained and are classified as medium runoff soils. These soils are prime for farmlands if well irrigated.
- **Mahana silt loam soils** exist from volcanic ash. They are well drained soils, with medium runoff. Mahana soils are not classified for prime farmland.



- **Badland-Mahana complex soils** are of volcanic ejecta and basic igneous rocks. They are well drained soils, and are classified as high runoff. These soils are not classified for prime farmland.
- **Pu'u 'Opae silty clay loam soils** come from basic igneous rock parent material. They are well drained soils with medium runoff. These soils are not classified for prime farmland.
- **Wai'awa clay soils** are made of alluvium and colluvium parent material. They area well drained soils with a very high runoff class. These soils are not classified for prime farmland.

## 4.5 Flora and Fauna

The climate and terrain of Pu'u 'Ōpae consist of a mix of pastoral and lowland mesic forest and shrublands. According to the State Division of Forestry and Wildlife's (DOFAW) threatened and endangered plant species maps, the vicinity of the project area consists of range of concentrations varying from low to high concentrations of threatened and endangered species. While the project area has not been evaluated for species richness and abundance, the following floral and faunal species have been identified within the larger region.

## Flora

The surrounding area of the nearby Pu'u ka Pele Forest Reserve is populated by both native and disturbed native plant communities. Common non-native plant species in the region consist of beard grass (*schizachyrium condensatum*), lantana (*lantana camara*), blackberry (*rubus argutus*), molasses grass (*melinus minutiflora*), and kikuyu grass (*pennisetum clandestium*). Native species found in the surrounding area include pūkiawe (*styphelia tameiameiae*), 'a'alil'i (*dodonaea viscosa*), 'uki'uki (*dianella sandwicensis*), koa (*acacia koa*), 'ōhi'a (*metrosideros polymorpha*), kauila (*alphitonia ponderosa*), 'iliahi (*santalum spp*), naio (*myoporum sandwicense*), and lonomea (*sapindus oahuensis*). Provided Pu'u 'Ōpae's proximity to Pu'u ka Pele Forest Reserve, it is likely that the project area is populated by the same type and distribution pattern of native and non-native plant species.

## Fauna

Bird species of the surrounding areas of Pu'u 'Ōpae from along the Waimea Canyon rim include native bird populations such as the 'elepaio (chasiempis sandwichensis), apapane (himatione sanguinea), and amakihi (hemignathus kauaiensis). Other native birds known in the surrounding region include the endangered nene (branta sandwicensis), white-tailed tropic bird (phaethon lepturus), pueo (asio flammeus sandwichensis), and brown noddy (anous stolidus). Non-native birds known to inhabit the surrounding areas include the melodiuous laughing thrush (garrulax canorus), shama (copsychus malabaricus), Japanese bush warbler (cettia diphone), Japanese white-eye (zosterops japonicus), feral fowl (gallus gallus), greater necklaced laughing thrush (garrulax pectoralis), pigeon (columbia livia domestica), common mynah (acridotheres tristis), northern mockingbird (mimus polyglottus), northern cardinal (cardinalis cardinalis), red-crested cardinal (paroaria coronate), house sparrow (passer domesticus), house finch (carpodacus mexicanus), chestnet mannikin (lonchura malacca), nutmeg mannikin (lonchura punctulata), and barn owl (tyto alba).

Seabirds may also overfly the area, including Newell's Shearwaters (*puffinus auricularis newelli*) and band-rumped storm-petrels (*oceanodroma castro*), which were detected near Kauhao Ridge approximately 5.6 miles north of Pu'u 'Ōpae.

The Hawaiian hoary bat (Lasiurus cinereus semotus), or ope'ape'a, is the only endemic land mammal to Hawai'i, and is a federally listed endangered species. This species, which roost in trees, may exist within and overfly the project area, as they are known to exist in the vicinity of Pu'u ka Pele Forest and have been observed in the evenings.

Non-native mammals most likely found within the project area include game animals such as feral pigs (sus scrofa), feral goats (capra hirca), and black-tailed deer (odocoileus hemionus columbianus); rats (rattus spp.); mice (muss spp.); and less commonly feral dogs (canis domesticus), and feral cats (felis domesticus).

A biological study will be prepared for the project area further along in the detailed project development phase.

## 4.6 Archaeological, Historical, and Cultural Resources

According to research provided by Kauahi Ching, the place names of west Kaua'i and the Waimea ahupua'a are largely unaccounted for in Hawaiian knowledge books or maps. Background research in mele of the area brought forth many place names, many of which are not referenced in modern day maps. Of the notable phrases found in mele of the larger Kona moku (district), three provide insight into the region's past:

- Wai'ula'iliahi "E ka Waiulailiahi o Waimea" was written by Hawaiian scholar Mary • Kawena Puku'i, in describing the Waimea River's red hues after heavy rains. The reference to 'iliahi suggests not only the river's color resembling 'iliahi blossoms after rains, but the abundance of 'iliahi in the Waimea area.
- "Kukui launui o Kona" a common phrase in mele of West Kaua'i, references the abundance of kukui trees in the Kona moku.
- "Ka 'ohai o Kahelu" The ridge neighboring Pu'u 'Opae is named Kahelu, and it is mentioned in mele for the 'ohai trees that grew along this ridge. Refer to Map 6 for historic place names and ridges in the Kona moku recorded in 1891.

The KHHA FIP gathered baseline information on cultural sites and resources for the project area. From interviews and document research for lands within Pu'u 'Opae, KHHA found several statements that warranted further research for potential significance, including:

- The original Pu'u 'Opae reservoir may have been constructed under the reign of King Ola, • the leader of the Menehune people, predating the arrival of native Hawaiians to the area.
- The following sites within the ahupua'a of Mānā may fall in or near the project site: a village on nearby Makahoa Ridge; five pu'u (mounds) situated near the Pu'u 'Opae project area may have served as altars used by Menehune for their offerings; and petroglyphs may have been found near Pu'u 'Opae.

The background research compiled by KHHA also notes Pu'u 'Opae as the site of food production during World War II, and as a site of vegetable gardens for sugar plantation workers.

Most recently, a Literature Review was completed by Keala Pono Archaeological Consulting in March 2018 and is included as Appendix B. The Literature Review revealed that the region of



Mānā, in which Pu'u 'Ōpae is situated, was largely dominated by swamp lands, stretched from Barking Sands nearly to Waimea. Sweet potato was the major crop of the area, with some cultivation of kalo in the marshlands. Fish was also abundant in this region's coastal waters and freshwater streams.

Waimea's neighboring ahupua'a of Wai'awa was described as a place of kalo cultivation and the grounds of Makahoe Heiau. This village of Makahoe was described as a "small, platform village shrine...four and one-half miles from the coast and at an altitude of 1200 feet" (Bennett, as cited in Keala Pono 2015). Terraced kalo and other dryland crops were cultivated at Makahoe. Petroglyphs were also documented in the area.

Moʻolelo of Puʻu ʻŌpae link the area to Menehune, wherein it is said that one of the kings paid Menehune with shrimp or fish for their work building an ʻauwai. In fact, the name Puʻu ʻŌpae (Shrimp Hill) comes from the hill where payment in shrimp was made for their work.

Post-contact, West Kaua'i became the site of large-scale sugar mills, and at a smaller scale, rice farming and ranching. Today, the mauka portions of the project area continue to be utilized for ranching.

Of the previous archaeological field investigations conducted in the project vicinity between 1906 and 1997, findings from numerous reports have included four heiau, a village shrine, platforms; eight heiau, burial caves, habitation sites, an agricultural terraces; ceremonial, habitation and agricultural features; a single alignment of stones that define the sides of a ridgetop flat; a complex including three platforms, an enclosure, and a rectangular boulder accumulation; a boulder alignment; the Civilian Conservation Corps Camps dated from the 1930s; 11 features of a former Army campsite from the 1940s; and seven sites which consisted of historic roads, a trash dump, and traditional agricultural features. See Map 7. From those findings, it is estimated that only one feature –Makahoe heiau– is located within the current project area for the Pu'u 'Ōpae SAMP.

## 4.7 Wildfire Conditions

According to the Hawai'i Wildfire Management Organization (HWMO), the project area is located within a wildfire-prone environment, being located near several communities that received high hazard ratings in a 2012 Statewide community wildfire hazard assessment. The 2012 assessment was conducted by HWMO with the help of first responders, utilizing 36 different criteria to determine wildfire risk for each island. Hazard ratings were rated by site inspections and expertise of first responders, with a scale of low to high fire hazard.

Historical occurrences of significant fires in the region include a wildfire in July 2004 which affected 20 acres; a wildfire in September 2003, which affected 50 acres; and a wildfire in August 2010 which affected 25 acres. Refer to *Map 8.* 



Pu'u 'Ōpae's high hazard rating is due to the following factors:

- Steep slopes.
- Low precipitation.
- Frequent exposure to moderate winds over 15 mph.
- Seasonal exposure to drought conditions and desiccation of vegetation.
- History of nearby wildfire ignitions.
- Major features that adversely affect wildfire behavior, such as ravines, chutes, and saddles.
- Proximity of fire prone vegetative fuels around the area.
- Vegetative fuel load is 71-100% cover, with mostly contiguous, uninterrupted vegetation.

The SAMP project area falls within both the Department of Forestry and Wildlife (DOFAW) Primary Response Area and the Kaua'i Fire Department Primary Response/DOFAW Co-Op Response Area. Refer to *Map* 9.

## 4.8 Utilities and Infrastructure

G70 prepared a preliminary engineering report for the project in July 2018 (*Appendix C*). The study addressed roadways, water supply, wastewater, and storm drainage.

### **Roads and Access**

#### Off-site roads

All access points to the project site are controlled with locked gates. Primary access to the project site is currently provided mauka of the property, from Kōke'e Road between mile markers 9 and 10. This portion of Kōke'e Road is a paved two-lane road owned and maintained by the State Department of Transportation. The entry road to the project site off Kōke'e Road runs through land owned by the State Department of Land and Natural Resources (DLNR) and managed by two different divisions – Division of State Parks and Division of Forestry and Wildlife. This road is an unpaved dirt road approximately 12-feet-wide.

Other main access points exist off the makai property boundary through Niu Valley and Waiawa Valley off Mānā Road. Mānā Road is a gravel roadway located on state land managed by the ADC. ADC leases Mānā Road, along with agricultural lands in the area to KAA. KAA is a dues-paying membership with agricultural members including Syngenta, Wine of Kauai, Pioneer, and BASF Corporation. Alternative access to Niu Valley and Waiawa is possible off Old Mānā Road or Old Government Road, which is an older dirt road mauka of and parallel to Mānā Road. It is similarly located on State land managed by the ADC.

#### On-site Roads

All existing on-site roads within the property are unpaved, 4-wheel drive roads, many of which originated in the 1920's for sugarcane and irrigation operations by the Kekaha Sugar Company. Aerial imagery taken in February 2018 indicates various existing dirt roads throughout the project area and within DHHL's entire property, consisting of 14,556 acres total.



The existing dirt roads on DHHL property provide access to the Pu'u 'Ōpae project site. The primary on-site roads include the unnamed road from Kōke'e Road that passes through land owned and managed by DLNR, and Niu Valley Road from the makai property boundary.

The unnamed road off Kōke'e Road first leads to DHHL's pastoral lots mauka of the project area, occupied by one tenant, and leads to the Pu'u 'Ōpae project area. The road is a one-lane unpaved dirt road approximately 12-feet-wide.

Niu Valley Road is an existing one-lane dirt road exhibiting erosion with significant deep ruts. Rocks and boulders currently keep the use of these roads slow and dangerous. The road traverses a steep valley wall between the upper plain of Pu'u 'Õpae and the bottom of the valley, and crosses over a gully with an existing box culvert. The elevation difference is approximately 900 feet. Due to the steep (greater than 50% slope) terrain and lack of maintenance, the road is highly susceptible to erosion.

Other available access also includes Marine Road or Hunter's Road through Wai'awa Valley at the makai property boundary, accessible off Mānā Road. Marine Road is used by hunters despite difficult passage, including steep slopes, broken concrete sections, large rocks and boulders, and significant rutting and erosion.

Historically, access to the site was also provided off lower Kōke'e Road through Black-gate Road. The road is within DHHL property, and was observed to be in major need of repair due to erosion. Black-gate Road does not appear to be in use due to severe erosion and disrepair.

#### Water

#### Potable Water

There is no existing County of Kaua'i or DHHL potable water system at the project area or in the vicinity.

## Non-potable Water

Non-potable water is currently provided by KODIS. KODIS consists of three storage reservoirs and a 21-mile long irrigation ditch/tunnel system originally constructed in 1927 by the Kekaha Sugar Company in 1927. Water is diverted at intake structures from perennial streams (Waikoali, Kawaikoi, Kaua'ikanana, and Kōke'e Streams) within the upper reaches of the Waimea River watershed. Water is transmitted first to Pu'u Lua reservoir then to the Pu'u Moe divide, where the irrigation ditch splits into two separate ditches and water is divided toward Pu'u 'Ōpae and Kitano reservoirs.

Currently, Kitano reservoir is decommissioned due to vandalism after the March 14, 2006 Ka Loko Reservoir disaster in Kilauea, Kaua'i. KODIS currently does not deliver water into the Pu'u 'Ōpae reservoir due to damages and lack of maintenance of the irrigation ditch. Water is also being diverted because of a recent investigation into the structural capacity of the Pu'u 'Ōpae reservoir, determined that the reservoir strength is compromised. Pu'u Lua reservoir is still in use, but at a lower capacity than originally designed. The reservoir is used for storage as well as for recreational trout fishing stocked by DLNR, and for emergency wildfire use.

The portion of KODIS within the project property consists of an unlined earthen irrigation ditch and the Pu'u ' $\bar{O}$ pae storage reservoir. The Pu'u ' $\bar{O}$ pae reservoir is situated at an elevation of

1,570 feet above msl (RMH Digital elevation model, February 2018). The reservoir spans approximately 10 acres with a maximum depth of 50 feet.

### KODIS Flow Rates

Surface flow data was obtained from the U.S. geological Survey's National Water Information System for the site name: Koke'e Ditch. The gauge is located at elevation 3,310 feet above mean sea level, above the Pu'u Lua Reservoir and much further mauka of the project site. However, this was the closest gauge to the property, and no uses are expected between the gauge and the project area.

Monthly mean flow in cubic feet per second (cfs) was available from January 1927 through December 1982 for a total span of 56 years. Monthly mean flow is the average of daily flows collected in a particular month. For example, the USGS data reported an average daily flow of 29 cfs (or 18.0 mgd) in the month of January (Refer to *Table 3*).

#### Table 3: USGS Koke'e Ditch Water Data

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Mean mean	18.0	19.6	21.9	22.3	18.1	12.4	14.8	11.5	8.4	10.1	16.1	17.7
flow (mgd)												

### Wastewater

There are no existing County sewer systems near the project property. The nearest wastewater treatment plant is the Waimea Wastewater Treatment Plant, which is located over 4 miles away. The project property is located above the State Underground Injection Control line. Wastewater in the area is typically treated and disposed of through the use of an Individual Wastewater System (IWS) or a Wastewater Treatment Works, the latter having more stringent design criteria, permitting, and operating requirements.

The project property is also located within the State Agricultural land use zone. As such, any building in this zone may be exempt from HAR 11-62 – Wastewater Systems, if buildings or facilities are essential to the operation of an agricultural enterprise.

## 4.9 Recreational and Subsistence Hunting Resources

#### Trails

The trails nearest to Pu'u 'Ōpae are the Kukui Trail, Iliau Nature Loop, Contour Road, and Lapa Ridge Road, which are managed by the Division of Forestry and Wildlife.

## Subsistence and Recreational Hunting

Under current agreements with DLNR, 1,374 acres within the project site, between Wailau Valley (east of project area) and Ka'awaloa Valley (west of project area) are designated as a hunting safety zone. Refer to *Map* 5.

Under Hawai'i Administrative Rules §13-5-2, no person is allowed to hunt, possess a loaded weapon or discharge any weapon within or across a designated safety zone, Hawaiian Home Lands safety zone, or closed area. However, some community members have expressed concerns about violators who sometimes hunt within the safety zone.

10,232 acres within the DHHL TMK are designated as Hunting Unit A, with 556 acres located within the Pu'u 'Ōpae SAMP area. Hunting Unit A allows for hunting game birds, and mammals including feral pigs, feral goats, and black-tailed deer. Hunters may only possess unloaded firearms, while traveling on approved access routes into Unit A.

Permitted hunting for feral pigs by rifles, shotguns, muzzleloaders, or archery is open from the months of March to January. Hunting for feral goats and feral pigs by archery only is open in the first full weekend in June. Hunting for feral goats and feral pigs by muzzleloaders only is allowed in the second full weekend in June, and the third full weekend in June through August; with permits for two weekends issued per hunter. Hunting for black-tailed deer with muzzleloaders only is open in the first full weekend in September. The rifle season (rifles, shotguns, muzzleloaders, or archery) for black-tailed deer is open for seven consecutive weekends including and preceding the last full weekend in October. Dogs are not permitted for any hunting within Unit A. Hunters are not allowed to enter the Pu'u 'Ōpae project area.

## 4.10 Land Use Designations, Adjacent and Current Land Uses

## Land Use Designations

Development for the island of Kaua'i is guided by the State Land Use District, as well as the County of Kaua'i zoning designations. However, per the HHCA, the HCC is responsible for determining appropriate land uses on Hawaiian Home Lands. As such, the development for the SAMP project area at Pu'u 'Ōpae is influenced by the DHHL Land Use Designations, which are defined in the Kaua'i Island Plan.

### State Land Use Designation

The SAMP site is situated within the State Land Use Agricultural District. According to the Land Study Bureau Detailed Land Classifications, the area has been classified for agricultural type uses. Under Chapter 205-5, HRS, the minimum lot size for agricultural uses is one acre.

## County of Kaua'i Zoning

The County of Kaua'i designates the SAMP site as Agriculture and Open District zones (*Map 10*). Permitted residential densities on Agriculture lands allow one dwelling unit per parcel of one acre or larger. The maximum heights of buildings other than those intended for residential use is 50 ft.

For subdivisions of contiguous parcels under common ownership prior to or on September 1, 1972, larger than 300 acres, a maximum of 75 acres may be subdivided into no more than 10 parcels, no less than 5 acres in size. However, restrictions to subdivisions do not apply to requests from governmental agencies.

Within the Open District, no more than one single family detached farm dwelling per 5 acres is permitted when the parcel is located within a State Land Use Designation of Agricultural. No subdivision shall be created which is less than 5 acres in size within a State Land Use Designation of Agriculture.



## DHHL Kauaʻi Island Plan

DHHL assigns Land Use Designations (LUD) for all its lands in each Island Plan. LUDs indicate the areas of priority homestead development by setting, intent, purpose, and lot size (*Table 4*). According to the DHHL Kaua'i Island Plan (2004), the Pu'u 'Ōpae lands are designated as Special Area, and General Agriculture (*Refer to Map 10*).

	Setting/Intent/Purpose	Lot Size	Minimum Infrastructure
Residential (Homestead)	Residential subdivisions built to County standards in areas close to existing infrastructure	≤ 1 acre	County standards
Subsistence Agriculture (Homestead)	Small lot agriculture. Lifestyle areas intended to allow for home consumption of agricultural products. Occupancy optional.	≤ 5 acres	Water (catchment or potable or surface) Road access
Supplemental Agriculture (Homestead)	Large lot agriculture. Intended to provide opportunities for agricultural production for supplemental income & home use. Occupancy optional. Farm plan & 2/3 cultivation required.	≤ 40 acres	Water (catchment or surface) & Road access
Pastoral (Homestead)	Large lot agriculture specifically for pastoral uses. Occupancy optional. Ranch plan & fencing required.	≤ 1,000 acres	Road access & livestock drinking water
General Agriculture	Intensive or extensive farming or ranching allowed. Uses subject to HRS Chapter 205. May serve as an interim use until opportunities for higher & better uses become available.	TBD	N/A
Special District	Areas requiring special attention because of unusual opportunities & / or constraints. E.g. natural hazard areas, open spaces, raw lands far from infrastructure (difficult to improve), mixed use areas, green-ways	TBD	To be determined
Community Use	Common areas for community uses. Includes space for parks & recreation, cultural activities, CBED, & other public amenities.	TBD	County standards
Conservation	e.g. water sheds, endangered species, sensitive historic & cultural sites	TBD	N/A
Commercial	e.g. Retail, business & commercial activities	TBD	County standards
Industrial	e.g. processing, construction, manufacturing, transportation, whole sale & warehousing	TBD	County standards

Table 4: Land Use Designations (DHHL Kaua'i Island Plan 2004)



#### Adjacent Land Use

#### DHHL Lessee

Approximately 476 acres Currently there is only one DHHL leaseholder in the Pu'u 'Ōpae area, which is approximately two miles mauka of the SAMP lands. The lessee resides on the property and utilizes the land for pastoral uses. No potable water serves the property.

#### DLNR Hunting

The land within the SAMP is designated as a Safety Zone by the DNLR, as it is situated adjacent to DLNR-hunting lands.

### Current Land Use

The KHHA's 231 acres currently under license within the Pu'u 'Ōpae SAMP project area is planned for Community agriculture, food production, and educational programs.

According to the KHHA FIP, community-based agriculture and food processing facilities, gathering spaces, and educational programs can serve the region, which currently lacks adequate commercial and cultural centers. KHHA's vision for the 231 acres is to transform it into a learning environment, which will provide sustainable agriculture opportunities for the Waimea-Kekaha community.

### 4.11 Community Demographics

DHHL's 20,565 acres account for 6% of the total land area of Kaua'i. The Pu'u ' $\bar{O}$ pae SAMP lands are located within Census Tract 409. Data gathered from the American FactFinder for this tract from the most recent Census in 2010 reveal that the total population for the Kekaha community is 5,561 with 1,884 total households. The median age is 40.5.

According to the 2006-2010 American Community Survey Estimates, about 84.2% of the population has a high school diploma. About 17.9% of the population possess a bachelor's degree or higher. In 2010, the estimated median household income for Kekaha was \$60,673, compared to the statewide median income of \$66,420.

There is a total of 2,262 housing units in Kekaha, with about 83% of those units occupied. Of the occupied housing, 1,114 units are owner-occupied. There are currently 118 DHHL housing units in Kekaha, which are all owner-occupied.

The Native Hawaiian Data Book statistics from 2013-2017 show that native Hawaiians on Kaua'i:

- 1) Are more likely to be below the federal poverty level than non-Hawaiians on the island; and
- 2) Make up the largest group of people in homeless prevention programs (41.7%)

In the 2004 Kaua'i Island Plan, agriculture applications made up the largest type of applications, with residential awards being the most preferred. Currently 2,215 people are on the Kaua'i Island agricultural waiting list for DHHL. Community input from the 2004 Kaua'i Island Plan included inquiries about availability of agricultural lots. Waimea and Kekaha-specific input included an expressed desire for agricultural, subsistence agricultural, pastoral, and residential land uses.

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According to a community-wide survey conducted for the Kaua'i Island Plan, 3.4% of residential applicants preferred awards in Kekaha, and 6.9% of applicants preferred awards in Waimea. 13.7% of agricultural applicants preferred awards in Waimea, and 31.9% of pastoral applicants preferred awards in Waimea. 4.3% and 19.4% of applicants had not preference for awards within Waimea or Kekaha, respectively.

They survey also revealed that the majority (78%( of agriculture applicants preferred 1-5 acrelots. Agriculture and pastoral applicants also voiced a preference to live on their homesteads.

Recommendations and input from the Kaua'i Island Plan It was recommended by community members that that areas be developed as 0.5-acre residential lots. Further, Ni'ihau beneficiaries on the waitlist prefer West Kaua'i for homestead development. A community center in Kekaha was also mentioned as a desire for the West Kaua'i beneficiaries.

# **5.0 LAND USE PLANNING CRITERIA**

With consideration to the existing environmental and land use conditions at Pu'u 'Ōpae, also accounting for sociocultural and economic factors, it is essential to properly configure the future land uses at Pu'u 'Ōpae for effective place-based management of the area.

Various environmental and social criteria were evaluated to plan for and delineate the lands at Pu'u 'Ōpae for kuleana homestead lots, community multi-purpose spaces, general agriculture, and natural and cultural resource management.

Based upon the infrastructure assessment and existing conditions at Pu'u 'Ōpae, several criteria were used to site the kuleana homestead lots and developable areas. The following criteria were considered:

Criteria	Value
Topography	Less than 15% slopes, away from drainage ways and
	flood hazards
Proximity to Roadways	Existing or new dirt roads
Size	0.5 Acre lots
Proximity to Water	Pu'u 'Ōpae Reservoir & KODIS proximity by yards
KIUC Improvements	Incorporate synergies in the two projects
Wildfire Risk	Sited away from fuel sources, easy wildfire dispersal
Hunting Boundaries	Sited away from existing hunting zones and well within
	safety zones
Proximity to Natural and Cultural	Sited away from denser areas of intact native forested
Resources	areas, and traditional, cultural sites and features.

Table 5: Land Use Planning Criteria for the Pu'u 'Ōpae SAMP

# 6.0 CONCEPTUAL LAND USE PLAN

The SAMP is comprised of the following land engagement/use categories: kuleana homestead lots for subsistence agricultural use, community areas, access, and natural and cultural resource management areas. Refer to *Map 12*.

## 6.1 Proposed Land Uses

### Kuleana Homestead Use

Kuleana homestead lots are defined under Hawai'i Administrative Rules (HAR) §10-3-30 as unimproved Hawaiian home lands for subsistence uses by lessees who are willing to live on and accept an unimproved lot. Approximately 166 acres of the Master Plan area will be dedicated to 240 kuleana homestead lots, each sized for 0.5 acres.

It is envisioned that these homestead lots will be made available to DHHL beneficiaries on current wait lists who indicate a preference for pastoral and kuleana homesteading opportunities. Each lot will be 0.5 acres in size, offering enough space to build a residence as well as pursue small-scale agriculture.

### Community Use

The area of KHHA's existing license for 231 acres is dedicated to Community spaces for agriculture, including a community agricultural training program, orchards, and a pastoral area (See *Map 11*). Some of the detailed activities proposed by KHHA include:

- Repairing catch basins for improved waterflow into fields.
- Road, ditch, irrigation, and fence repairs and maintenance.
- Constructing a platform and storage area.
- Sustainable Agriculture workshops with associated workdays.
- Establishing test nurseries for starter plants and seasonal crops and trees (traditional Hawaiian plants as well as canoe plants).
- Simultaneous orchard test plantings with livestock corrals.
- Testing of existing grasses, and pastoral uses for soil remediation.
- Testing for water treatment for future potable water provisions.

Due to the lack of easy access to grocery stores in the region, as well as the limited employment opportunities and lower levels of education attainment, the community's vision for the licensed area includes "a learning environment that will serve the historically marginalized and education deprived population." This includes agricultural training grounds and supplies and partnerships with the University of Hawai'i and its College of Tropical Agriculture and Human Resources to develop culturally relevant curriculum. These opportunities will not only provide quality educational opportunities to the community but also make healthy and sustainable foods more easily accessible to the community.

Agricultural cultivation in this area is planned to include orchard and fruit trees, as well as pasture lands for livestock.

## Wildfire Management

The high wildfire risk for the area will require long-term wildfire management as a part of Pu'u 'Ōpae's settlement.

## Hunting/Game Management

Due to the existing hunting zones surrounding the project area, hunting and game management will be critical to ensure the safety for residents and visitors to Pu'u 'Ōpae. Proposed LUDs for the SAMP accounted for the boundary between the safety and hunting zones on the southern boundary of the project area. As such, a 100-yard buffer will be established. No development or activities will be permitted within the buffer for safety purposes.

## 6.2 Proposed Recommendations to Amend Land Use Designations

With the proposed land use configurations for Pu'u 'Ōpae solidified through this SAMP, the DHHL Land Use Designations from the Kaua'i Island Plan should evolve to better suit the new kuleana homestead lots (See *Map 13*).

The KHHA licensed area which was formerly designated as General Agriculture will be designated as Community Use. Further, the remaining areas designated as General Agriculture will be re-designated as Subsistence Agriculture for lots ranging between 0.5-1 acre lots. Through this sizing approach, Pu'u ' $\bar{O}$ pae will be able to accommodate between 120-240 lots for beneficiaries on the agriculture waiting list.

**Community Use** is a designation for common areas for the community. These spaces include uses such as parks and recreation, cultural activities, community based economic development, and other public amenities.

**Subsistence Agriculture** is a land use designation for small agricultural lots. These are meant for lifestyle agricultural areas for home consumption of agricultural products. Occupancy of these lots are optional.

## 6.3 Proposed Infrastructure

## Water Infrastructure

The KIUC hydroelectric project will replace approximately 34,200 feet of existing unlined irrigation ditch from the Pu'u Moe Divide to Pu'u 'Ōpae and Mānā reservoirs with a closed pipe system. The KIUC project will also rehabilitate the Pu'u 'Ōpae reservoir to its original 88-million-gallon capacity and to current Hawai'i Dam Safety Regulation standards. Once constructed, KIUC will assume operation and maintenance of the Kōke'e Ditch Irrigation System.

KIUC's project will provide DHHL pastoral lots (and associated lessees) located mauka of Pu'u 'Ōpae with a water storage tank connected to KIUC's underground piped water system for their use. In addition, the updated KODIS system will service the Pu'u 'Ōpae project area. The project will draw water directly from KIUC's underground piped water system or directly from the Pu'u 'Ōpae reservoir. Due to the high pressures expected in the underground pipes, direct connections to this system will need to be verified and approved by KIUC.

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Conversely, a new direct water line connection to the reservoir, including filtration systems, shall be installed to draw water from the reservoir for the Pu'u 'Opae project area. A new piped irrigation system will then provide non-potable water to the Kuleana homestead lots. The nonpotable water system from the Pu'u 'Opae Reservoir should be underground to prevent damage from the potential high pressures the system may also experience. Two pressure service zones may be required to support the development, including a new reservoir or holding pond at the lower elevations of the project site.

Each lot will be metered and the laterals sized appropriately for anticipated use (agricultural crops or pastoral).

#### Non-potable Water Demands and Use

Conservative estimated water demands are based primarily on the proposed land uses as well as on consumption by the anticipated number of people and farm animals. Land use is assumed to be similar to what was proposed in the FIP, which consisted of general agriculture use including farming, pastoral use, lo'i, an agriculture university, and residential use.

The following land uses and associated demands and associated demands in gallons per acre per day were used in the KHHA FIP. These water demands were measured against standards or studies completed by the University of Hawai'i College of Tropical Agriculture and Human Resources, and were found to be conservative.

Per the Mediation Agreement for the Waimea Watershed area, DHHL is granted 6.903 mgd water reservation from KODIS. The Mediation Agreement further stipulates that DHHL has the right to file for additional water reservations for the Waimea Watershed. Based upon the available water from KODIS and DHHL's reservation 6.903 mgd combined with rainfall, the data indicates the combined non-potable water sources are sufficient to meet the total estimated project demand of 5.738 mgd (Refer to Table 6).



Table 6: Predicted	Water Use	Demands	for the	Puʻu	'Ōpae SAMP
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Area: Existing pastoral lots 1	-5			Land area: 476 acres				
Land Use	GAD	Acres	MGD	Notes				
Pastoral	3,800	238	0.904					
Animal Care			0.010					
Sub-total		238	.914					
Area: KHHA License				Land area: 231 acres				
Land Use	GAD	Acres	MGD	Notes				
Loʻi	150,000	10	1.5	Minimum = 64,000 GAD per CTAHR				
Orchard	2,500	38	0.095					
Community/Gathering	2,000	13	0.026					
Aqua-culture	18,000	2	0.036					
Pastoral	3,800	57	0.217					
Reforestation	2,000	74	0.148	Reforested areas will not be permanently irrigated. Irrigation will be reduced significantly once reforested areas take hold. Reforested areas located above Pu'u 'Ōpae reservoir will not have a water source.				
Animal Care			0.003					
Pu'u 'Ōpae Reservoir	0	10	0					
Roads		27						
Sub-total		231	2.025					
Area: Pu'u 'Ōpae homestead	lots			Land area: 1192 acres				
Land Use	GAD	Acres	MGD	Notes				
Agriculture	2,500	424	1,060	Equivalent to Hawai'i Water System Standards for Kaua'i Agriculture				
Pastoral	3,800	118	0.448					
Homesteading	2,000	120	0.24	Kuleana Homestead Lots = 0.5 acres, anticipated 240 lots = 120 acres in homesteading. 2,000 GAD per FIP.				
Reforestation	2,000	523	1.046					
Animal Care			0.005					
Roads		7						
Subtotal		1192	2.799					
Grand Total Land Use + People + Animals		1661	5.738	Existing pastoral lots +KHHA licensed area + Puʻu ʻŌpae homestead lots				

In the summer months of September and October, it is expected that, while there is sufficient water to support the Pu'u ' $\bar{O}$ pae project, a full 11 mgd reservation for KIUC will not be available (See *Table 7*). In partnership with KIUC, usage of water on-site may need to be controlled for the benefit of both KIUC and DHHL.

## Table 7: Water Balance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Effective rainfall (mgd) Kanalohuluhulu Station	9.17	8.34	7.00	5.56	3.82	2.62	2.98	3.03	3.12	4.62	6.68	8.52
Effective rainfall (mgd) Hukipo Station	4.02	3.23	2.27	1.40	1.22	0.49	0.71	0.99	1.31	2.22	2.46	3.03
KODIS Mean Flow (mgd)	18.0	19.6	21.9	22.3	18.1	12.4	14.8	11.5	8.4	10.1	16.1	17.7
DHHL Water Reservation from Kokee Ditch (mgd)	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9
Land Uses Demand (KHHA FIP)	(4.824)											
Land Uses Demand (Existing)						(0.9	14)					
Balance - Kahnalohuluhulu	10.3 4	9.51	8.16	6.73	4.98	3.78	4.15	4.19	4.28	5.79	7.84	9.68
Balance - Hukipo	5.06	4.11	3.40	2.57	2.38	1.66	1.87	2.15	2.45	3.36	3.63	4.08

Storage within Pu'u 'Ōpae Reservoir at 88 million gallons will also alleviate intra and interseasonal variations in rainfall and KODIS ditch flows. Flow rates within the water balance are based upon ditch gauge data from a gauge in a location slightly different from the project area. However, conservatively, it should be assumed that the ditch system is not functioning as it did in 1982 and that rainfall patterns are changing with global climate shifts. Water conservation measures should therefore be accounted for when fully planning agricultural irrigation for Pu'u 'Ōpae.

## **Fire Protection**

Emergency water systems for fire protection must rely on aerial water drops from County of Kaua'i Fire Department assets. No on-site fire protection system, such as fire hydrants, are proposed for the project. Pu'u 'Ōpae and Pu'u Lua reservoirs should be upgraded to allow the fire department adequate access to provide dipping services in the event of a fire. All lessee improvements must also abide by all applicable State and County codes related to land use, building, health, and safety.

## Potable Water

Under the provisions of HAR §10-3-30 – *Kuleana Homestead Leases*, the provision of potable or irrigation water is not required for the issuance of kuleana homestead leases. Potable water systems are not proposed for settlement purposes at this time. However, working and living at Pu'u 'Ōpae will not be impeded by the lack of potable water sources: homesteaders have the option to either treat their water from available irrigation water sources or haul their own potable water in from other sources. Water treatment systems installed at respective lots will need to meet the requirements as provided in HAR §11-20 – *Rules Relating to Public Water Systems*.

Options for water treatment include individual water storage tanks or ponds combined with commercially available compact reverse osmosis or UV disinfection systems for residential use.

### Wastewater

Although residences are not a requirement of Kuleana homestead lots, it is anticipated that DHHL lessees would likely construct their own residences in accordance with the Kuleana Homestead Lease program, wherein all improvements would be subject to applicable State and County codes and permits. Wastewater systems for planned residences and the community common areas should be planned in accordance with HAR §11-62 – *Wastewater Systems*.

The project is anticipated to generate an average daily wastewater flow of approximately 48,000 gallons per day (GPD) at full build-out. This estimate is based on 240 units with 2 bedrooms at 200 GPD. The community center, common areas, agricultural university, and other uses will be planned by KHHA, under their current license agreement with DHHL. Additional wastewater from agricultural activities must also be managed.

An IWS consists of two components: 1) treatment (septic of other active treatment system), and 2) disposal. IWS would be allowed to serve the future individual residences, however once the development of an area exceeds fifty single family residential lots or dwelling units, a wastewater treatment facility may be required if the developments consist of a density of more than 1 dwelling per acre. While each lot is planned to be 0.5 acres in size, the overall development itself is nearly 1963 acres in total for 240 Kuleana Homestead lots. Confirmation that IWS are appropriate will be the responsibility of the lessee. Cesspools will not likely be allowed.

Due to the nature of the Kuleana Homestead Lease program, it is expected that occupancy of each lot will be highly variable, resulting in a highly variable daily wastewater flow projection throughout the week.

Two options are available for homesteaders to dispose of treated effluent from their homes:

- Infiltration infiltration trenches, absorption beds, ponds
- Re-use non-potable irrigation

Infiltration of treated effluent can be utilized if it is not considered an injection well, and if it is designed in compliance with HAR §11-62 *Wastewater Systems* and §11-23 *Underground Injection Control.* 



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Wastewater reuse (e.g. subsurface irrigation of areas surrounding the wastewater treatment center) can be utilized if designed in accordance with the DOH Wastewater Branch's Guidelines for the Treatment and Use of Recycled Water.

## Agricultural Wastewater

All agricultural waste shall be handled in a manner that is compliant with HAR §11-62 and the State of Hawai'i Department of Health's Guidelines for Livestock Waste Management. Additional requirements may be implemented by the United States Department of Agriculture, Natural Resources Conservation Service, for which there is a West Kaua'i Soil and Water Conservation District. Typically, thresholds on the number of animals and types of animals raised on homestead lots may trigger different requirements within the two agencies.

#### Roads, Access, and Parking

Access to the property will include use of existing access from the bottom of the site through Niu Valley off Mānā Road, and from the top from Kōke'e Road. Use of Mānā Road or Old Mānā Road for the Niu Valley access will require coordination with KAA. As a lessee, KAA will be required to submit a proposed Right of Entry agreement to ADC for review and approval.

Onsite roads will include the use of existing unpaved roads. The primary access road will run east-west across the site connecting the road through Niu Valley with the road off Koke'e Road. KIUC's hydroelectric project includes minor road improvements to this primary access consisting of repairs, re-grading, and installation of culverts to address erosion issues. The roads will all remain as unpaved, compacted gravel roads requiring 4-wheel drive vehicles.

#### 6.4 Natural Resource and Cultural Resource Management

#### Natural Resource Management

What was historically a culturally significant area where trees were harvested for canoemaking, the once forested lands of Pu'u 'Opae now consist of a mix of native and non-native woody plants, with game animals and ungulates that likely traverse the area.

Approximately 180 acres of the SAMP will be dedicated to reforestation activities, including invasive plant removal and outplanting of common native species.

Management and care for the natural resources at Pu'u 'Opae are planned to include the following elements:

- Native Ecosystem and Watershed Management: Areas of Pu'u 'Opae are planned for native reforestation for increase native biodiversity, soil erosion control, increased water uptake, and aquifer recharge "The rain follows the forest."
- Wildfire Management: Wildfire management considerations provided by HWMO will be integrated into the design of the entire project area, which is prone to wildfire. Effective management will be crucial to protecting existing native species on the property. Wildfire prevention measures will include: reducing and maintaining vegetation along roads and in human-accessed areas; managing grasses to interrupt continuity of fuel sources throughout the project area; managing "ladder fuels," or areas where ground vegetation is connected to canopy vegetation; and creating buffers of reduced vegetation hazards around developed areas.



- Threatened, Endangered, and Rare Species Management: A biologist is planned to traverse the project area to identify the potential for threatened, endangered, and rare species present. For floral species identified as threatened, endangered, or rare, plant conservation may include collecting plant material for outplanting progeny, and protecting species from predation through appropriate fencing. For faunal species, such as the Hawaiian hoary bat and the nēnē, management will involve collaborating with the Hawai'i Bat Research Cooperative or DLNR Division of Forestry and Wildlife (DOFAW) to assist in their conservation efforts.
- Invasive Species and Ungulate Management: Observed invasive plant species at Pu'u 'Ōpae may be managed through chemical or mechanical removal efforts. Boundary fences may need to be established to prevent feral ungulate populations from traversing the homestead and forested areas.

In addition to traditional native ecosystem reforestation, 376 acres will be dedicated to limited reforestation and agroforestry. Implementation of agroforestry methods for Pu'u 'Opae may include, but may not be limited to:

- Alley cropping Cultivating food crops with a long-term tree species to provide both food and in the long term, high value lumber.
- Indigenous/Tropical Forest Farming Specialized native and tropical food crops that require cooler temperatures, and varying degrees of sunlight, can be cultivated under the canopy of certain tree species through this method of agroforestry.
- **Silvopasture** Raising livestock along with cultivated plants and trees can provide ample shade and foraging for animals, while also providing desired fruits and nuts or other products from specialty trees.

## **Cultural Resource Management**

Given the extensive traditional Hawaiian and plantation history of the Waimea region, there is a likelihood that cultural and historical resources may exist within the Pu'u 'Ōpae SAMP area. The cultural and historical resources identified on the property should be cared for through several management strategies prior to, during, and after the development of Pu'u 'Ōpae. Pre-development activities could include:

- Conduct and complete site surveys and resource inventory of cultural resources.
- Conduct and complete historic research of the area based upon ethnohistorical interviews.
- Develop and maintain a database to plan and prioritize appropriate treatment options for resources determined for preservation and/or adaptive reuse.

For identified wahi kanu and wahi kupuna:

- Conduct and complete area survey to delineate the extent of boundaries for resource management.
- Consult with known 'ohana, agencies, organizations, and other key community cultural stakeholders.
- Develop appropriate mitigation to effectively manage and eliminate risks that threaten the short- and long-term protection and stewardship of resources.
- Conduct routine inspection to manage and maintain the integrity of wahi kupuna and to identify, update or prioritize new strategic actions as needed.

Post-development:

- Develop and maintain guidelines for cultural resources management and stewardship inclusive of long-term preservation, restoration, adaptive reuse, access, and interpretation of sites through place-based learning.
- Introduce and incorporate educational programs and opportunities for community to engage and over time take on stewardship responsibilities.

Under State law, future lessees of the kuleana homesteading lots within Pu'u 'Ōpae will be required to comply with Chapter 6E, HRS and the applicable administrative rules for any project that may require a State or County permit or approval. Further, since DHHL lands are defined as tribal lands under the Native American Graves Protection and Repatriation Act (NAGPRA) of 1990, if iwi kupuna, funerary objects, sacred objects, or objects of cultural patrimony are encountered, its statutory requirements and rules for notification, inventory, consultation, and resolution would apply.

## SUMMARY

The DHHL lands at Pu'u 'Ōpae on West Kaua'i have been a focal point at multiple scales of DHHL planning initiatives. Stemming from state to island to regional planning levels, Pu'u 'Ōpae has long been planned for eventual agricultural, homesteading, and community use to meet the needs and desires of DHHL beneficiaries.

Building from KHHA's previous work to plan for the area, the Pu'u 'Õpae SAMP provides the basis from which to further develop the lands at Pu'u 'Õpae for agricultural, homesteading, and natural and cultural resource management through the Kuleana homesteading program.

Provided the environmental setting of Pu'u 'Ōpae and the planned improvements to the Pu'u 'Ōpae reservoir, existing roads, and associated water infrastructure, a minimum of approximately 240 kuleana homestead lots are planned for development. In addition, spaces for general agriculture, reforestation, and future limited reforestation will be provided at Pu'u 'Ōpae.

# References

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U.S. Department of Agriculture (2018). Agroforestry. Retrieved from <u>https://www.usda.gov/topics/forestry/agroforestry</u>.












Figure 6. Historic Map of West Kaua'i (Gay and Robinson, 1891)

















# STATE OF HAWAII DEPARTMENT OF HAWAIIAN HOME LANDS

August 20-21, 2018

To: Chairman and Members, Hawaiian Homes Commission Thru: M. Kaleo Manuel, Acting Planning Program Manager From: Bob Freitas, HHL Program Planner Subject: Kaua'i Regional Update

## RECOMMENDED\_ACTION

None; For information only.

## BACKGROUND

Per the directive of the Chairman, Planning Office will be providing the Hawaiian Homes Commission (HHC) with updates of the respective DHHL geographic region in which the HHC conducts its monthly meeting. The purpose of the update is to provide the Commission with information related to prior policies and/or plans that were previously adopted by the HHC specific to the Island of Kauai.

# DISCUSSION

# Existing Plans & Implementation Status

Kauai Island Plan (2004)

The purpose of each DHHL Island Plan is to (1) assign land use designations for land holdings on each island, (2) establish land use goals and objectives of the General Plan specific to each island, and (3) identify island-wide needs, opportunities, and priorities. The Kaua'i Island Plan was adopted by the HHC in 2004. The 2004 Kaua'i Island Plan delineated seven planning areas - Waimea, Kekaha, Hanapēpē, Wailua, Kapa'a, Anahola/Kamalomalo'o, and Moloa'a.

ITEM NO. G-4



Kaua'i Island Land use designations and acreage amounts

Land Use	Acres	Percent of total
Residential	1,190	5.79%
Subsistence Ag	1,204	5.85%
Supplemental Ag	0	0
Pastoral	623	3.03%
General Ag	13,684	66.54%
Special district	2,812	13.67%
Community Use	211	1.03%
Conservation	693	3.37%
Commercial	132	.64%
Industrial	16	.08%
Total	20,565	100%

Kaua`i Island Plan (2004) - Residential Priorities

- 1. <u>Residential Lots in Wailua (231 lots)</u>
  - Off-site water wells and storage facilities and onsite roads and water and sewage transmission lines are required. Additionally, intersection improvements and fill is needed to level a

topographic depression. Status: DHHL's Wailua well #1 is now capped and cased and can be put in to production if/when DHHL decides to move forward with homestead planning and development.

- 2. <u>Residential Lots in Hanapēpē (40 lots)</u>
  - Project can be completed without major off-site infrastructure costs. Status: Legislature approved \$1 million in CIP funding for FY 18 for planning, design, and construction of Phase 2 of residential subdivision. Planning Office is conducting a Master Plan and Environmental Assessment for all 365 acres of its Hanapēpē lands.
- 3. <u>Residential Lots in Anahola/Kamalomalo`o (350 lots)</u>
  - This area is prioritized because there are larger tracts of undeveloped land that can be served by the existing wells, but a sewage treatment plant should be constructed. Status: A total of 20 vacant lots were selected on January 21, 2017 by undivided interest beneficiaries in Phase 1 of Pi'ilani Mai Ke Kai homestead (2 vacant lots remain in Phase 1). There are 51 vacant lots that will be available in Phase 2 of Pi'ilani Mai Ke Kai.

Wailua Regional Plan (2009) Priority Projects

- 1. <u>Cultural Resources Inventory Malae Heiau Restoration</u> <u>Project, Wailua River State Park</u>
  - Wailua presents an opportunity to promote the concept of the importance of cultural significance and archaeological sites. Status: The Kaua'i Island Plan identifies a cultural buffer on DHHL lands along Wailua River by designating the lands as Special District. Future discussions on how to protect and manage these cultural sites will need to be discussed as Wailua is planned for development.
- 2. Potable Water Sources
  - A Water Master Plan for the proposed DHHL Wailua Subdivision was completed in January 2009. Source, Storage and Transmission of water continues to be needed to support development. *Status:*
  - DHHL's Wailua well #1 is now capped and cased and can be put in to production if/when DHHL decides to move forward with homestead planning and development.

- 3. <u>Kālepa Ridge Surface Water System Maintenance</u>
  - DHHL is looking at opportunities to utilize this surface water resource for agricultural uses for the proposed Wailua development. The community has expressed interest in creating agricultural lots to feed their families. Status: Staff is coordinating with Agribusiness Development Corporation (ADC) and the Commission on Water Resource Management (CWRM) on potential allocation and use of water in the region.
- 4. <u>Kapa`a Relief Route</u>
  - The Hawai`i Department of Transportation's (DOT) number one priority on Kaua`i was the Kapa`a Relief Route and considered four alternative alignments through, or alongside, DHHL's Wailua lands. Status: Staff continues to coordinate with the County of Kaua`i and DOT on the road alignment.
- 5. <u>Wailua Wastewater Treatment Plant Facility</u>
  - The Wailua Wastewater Treatment Plant requires expansion and potential relocation due to recent growth in the area and as a function of the longterm wastewater treatment capacity needs for the Wailua-Kapa`a area. Status: Staff continues to coordinate with County of Kaua'i on the potential relocation and expansion of the treatment plant.

Anahola Regional Plan (2010) Priority Projects

- 1. <u>Ke Aloha O Kō Kākou `Āina, the Anahola Town Center Plan</u> (ATCP)\*
  - Continue the support of the community created ATCP as a gathering place.
- 2. Anahola Clubhouse and Park Improvements
  - The Anahola Club House and Community Park is a valuable community resource. Improvements are underway by the County to ensure safety and continued use.
- 3. <u>Secure & Manage Surface Water Resources (non-potable)</u>
  - A USGS study was conducted on Anahola Stream to look at availability of water resources. Reservoirs were assessed, recommendations for remediation, removal, and de-regulating were developed, and construction work to be conducted soon. *Status: Dam construction pending design modifications per DLNR Dam Safety*.

- 4. Support Kanuikapono 21st Century Ahupua`a Place Based Labs
  - Kanuikapono is a charter school in Anahola which integrates resource management of natural and cultural resources within the ahupua`a.
- 5. Improve Road and Traffic Circulation to Kūhiō Highway
  - The proposed project seeks to improve road connectivity in Anahola by increasing direct access to Kūhiō Highway.

Other Anahola Updates

- The Anahola Farmers Market was re-opened and the Kalalea Anehola Farmers Hui made up of the 47 Anahola homestead farmers is managing the market and working towards a long term disposition.
- The Anahola Hawaiian Homes Association and the Homestead Community Development Corporation are working towards a land disposition for the Kumu Youth Camp facility located at Anahola Bay. They are resolving a waste water treatment violation with the Department of Health. Upon satisfaction of the violation and release from DOH, DHHL will need to consider the term and type of disposition.
- The Anahola Hawaiian Homes Association and the Homestead Community Development Corporation as part of the Town Center plan are exploring economic development opportunities at the Anahola Market Place, they are working with the Small Business Association to develop micro businesses and other community based initiatives. The Association understands that there is a need to modify their license agreement to include the new uses and comply with various regulations. Current uses need to be amended to balance community and commercial uses of the market place.
- DHHL with USDA funding is in the process of improving the Anahola Farm lots and Bay View water system.
- DHHL is expanding Pi'ilani Mai Ke Kai with new awards and there are discussions with the Association to use portions of the buffer area surrounding the homesteads to manage the homeless

camps and also manage fires in the area they want to develop a community garden program.

- DHHL is working with the County to address the coastal erosion of Aliomanu Road which could affect homesteaders in the area.
- DHHL has contracted with G70 to develop the DHHL Anahola Kuleana Homestead Settlement Plan for the Anahola Mauka lands. (Fall 2018 start date)
- DHHL cleaned up the old Camp Faith property at Anahola Bay and is in the process of creating a community use park facility which will be managed under DHHL rules via the Kauai District Office using the Keaukaha model.

West Kaua`i Regional Plan (2010)

- 1. <u>Develop an Agricultural & Water plan</u>
  - Three-part project that calls for the restoration and use of Pu`u `Ōpae. Status: The HHC issued the Kekaha Hawaiian Homestead Associations a license to 231 acres of lands at Pu`u `Õpae to implement the first phase of their master plan. DHHL has contracted G70 to assist DHHL in developing a Special Area Plan for its Waimea lands that coordinates planning, design, and implementation of land uses and homestead development around and adjacent to Pu`u `Ōpae. (See HHC August 2018 submittal G-3)
- 2. <u>Develop a Multi-purpose</u>, <u>Evacuation & Education</u> <u>Center/Shelter</u>
  - This multi-purpose facility would serve as a culture and education center when not used as a disaster shelter. *Status: Implementation pending.*
- 3. Support the Development of the Kekaha Enterprise Center
  - The Kauai Community College and the Council for Native Hawaiian Advancement developed the 2,000 square foot single story facility on 2.629 acres which is used to provide social and community services to the Beneficiaries living in Kekaha. Status: Project completed and in operation managed by the West Kauai Hawaiian Homestead Association.

- 4. <u>Develop Renewable Energy Projects Compatible with</u> <u>Agriculture</u>
  - The community indicated a willingness to support projects that meet the goals of compatibility with agriculture. Status: DHHL is partnering with KIUC to develop a pumped hydroelectric project on its Waimea, Kaua'I lands.
- 5. <u>Develop Agricultural Uses for Hanapēpē Farm Lots/Lease</u> <u>Areas</u>
  - The existing lots in Hanapēpē are too narrow and feel crowded. Residents have expressed a desire to use the area behind their lots for agricultural uses, recreational uses or simply as open space. Status: Planning Office is conducting a Master Plan and Environmental Assessment for the Hanapēpē lands which will include residential and subsistence agricultural uses resulting in an expansion of the homestead area.

RECOMMENDED ACTION/MOTION:

None; For information only.

# STATE OF HAWAII DEPARTMENT OF HAWAIIAN HOME LANDS

August 20-21, 2018

- To: Chairman and Members, Hawaiian Homes Commission
- Through: Kaleo Manuel, Acting Planning Program Manager
- From: Lehua Kinilau-Cano, HHL Legislative Analyst Schue Kinle-Cano
- Subject: For Information Only Summary of Response to Proposed Legislative Action Request for 2019 & Draft Legislative Proposal

#### RECOMMENDED ACTION/MOTION:

None; For information only.

#### DISCUSSION

Immediately following last month's Hawaiian Homes Commission meeting, outreach commenced requesting input on DHHL's Legislative Package for the 2019 legislative session. An email was sent to the 7 Commissioners, 128 staff, 133 testifiers on DHHL related measures from the 2016-2018 legislative sessions, 41 legislative talk story attendees, and 82 homestead associations and other stakeholders. The outreach list is attached as Exhibit 'A'.

As of the deadline date of August 10, 2018, 7 proposals were received. Here is a summary of the proposals:

Issue	#	Result
Lower BQ for successorship	3	Legislation enacted,
		Congressional consent
		required
Reduce blood quantum	1	More review
Allow individuals from	1	Legislation not required
Wailuanui to lease lands in		
Wailuanui		
Sale/Transfer of homestead	1	Review in accordance with
properties		Act 179 (2018)
Transparent/Living list	1	Legislation not required
Funding for community park	1	Budget
Funding for NSW equipment	1	Budget

The proposals received do not require legislative action. As a result, only one draft legislative proposal is presented below and the actual draft of the bill and justification sheet is enclosed in Exhibit `B'.

#### PROPOSAL SUMMARY

Proposal HHL-01(19) RELATING TO AFFORDABE HOUSING ON HAWAIIAN HOME LANDS.

This proposal makes permanent Act 141, Session Laws of Hawaii 2009, which requires the county to issue affordable housing credits to the Department of Hawaiian Home Lands and Act 98, Session Laws of Hawaii 2012, which requires the counties to issue affordable housing credits for each residential unit developed by the Department of Hawaiian Home Lands.

Making permanent the affordable housing credit program will allow the department to continue to provide incentive to private sector developers to build affordable homes on Hawaiian home lands. Since Act 141 was enacted in 2009, the department has worked with each county to request and acquire affordable housing credits for completed units in homestead communities. This pilot program has resulted in successful private-public partnerships through the exchange of credits creating resources for the department to further develop homestead lots.

#### CONCLUSION

This draft legislative proposal will be finalized and submitted for approval by the Commission next month and also submitted for review by the Governor, Department of the Attorney General, and the Department of Budget & Finance. The proposal is pending final approval and no proposal is considered part of the package until final approval is granted by the Governor. In this phase of the review process, the department may amend or withdraw any measure.

#### RECOMMENDED ACTION/MOTION:

None; For information only.

TESTIFIERS ON DHHL RELATED MEASURES FROM 2016				
Name	Organization			
Kihei Ahuna	Keaukaha Panaewa Farms Association			
Paula Aila				
Kainea Aiwohi				
Micah Alameda				
Aldene Albinio				
Kahana Albinio				
Annelle Amaral	Association of Hawaiian Civic Clubs			
Amber				
Kamakana Aquino	Waimanalo Hawaiian Homes Association			
Dylan Armstrong				
Don Aweau				
Natasha Boteilho				
Quenton Browm				
Michelle Brown				
Bill Brown	Pana'ewa Hawaiian Home Lands Community Association			
Doreen N. Canto				
S Carreira				
Kathleen Pua Chin				
Demont Conner	Ho`omana Pono, LLC			
Stacy Helm Crivello	Councilmember			
Leimana DaMate	Aha Moku Advisory Council			
Robin Danner	Sovereign Councils of the Hawaiian Homelands Assembly			
Rosie F Davis				
Vince Kanai Dodge				
Jeffrey Fujimoto	· ·			
Doreen Gaspar	Kapaakea Hawaiian Homestead Assn			
Makanalani Gomes				
Kama Hopkins				
Wallace A. Ishibashi Jr.				
Sharronlee Joseph				
Wilma Noelani Joy				
Elmer Ka`ai				
Kaala				
Patrick Kahawaiolaa	Keaukaha Community Association			
Kate Kahoano				
Craig "Bo" Kahui	Villages of Laiopua Association			
Rachel L. Kailianu	Ho`omana Pono, LLC			
Carol Lee Kamekona				
Diane Kanealii	Kailapa Community Association			
Roger Kanealii				
Lilia Kapuniai				
Marion Kapuniai				
Michelle Kauhane	Council for Native Hawaiian Advancement			
Puni Kekauoha				
Kapua Keliikoa-Kamai				

Leimomi Khan	Kalihi Palama Hawaiian Civic Club
Derek Kimura	
Agnes Marti Kini	KAFarmers Hui
Lemonie Kolowena	
Kipukai Kualii	Kauai Councilmember
Stephanie Lauifi	
Joe Kuhio Lewis	Kapolei Community Development Corporation
Sybil Lopez	Kalama'ula Mauka Homestead Association
Malcolm Mackey	
Makaha	
Kealii Makekau	
Velma Mariano	
Leif Mokuahi Jr	
Kaimo Muhlestein	
Viola Mundrick	
Brent Keliiokamalu Nakihei	
Madeline Neely	
Dean Oshiro	
Karen Poepoe	
Paul Kaipo Pomaikai	
Kilia Purdy-Avelino	
Claudia Quintanilla	
Loretta Ritte	
Walter Ritte	
Gene Ross Davis	
Homelani Schaedel	
Jame K. Schaedel	
Kehaulani Shintani	
Cappy Solatorio	Kewalo Hawaiian Homes Community Association
Healani Sonoda-Pale	Ka Lahui Hawaii Political Action Committee
Stacelynn	
Wendy Waipa	Keaukaha Community Association
Faye Liko Wallace	
Charlie White	
Allen Yanos	
OTHER STAKEHOLDERS	
Name	Organization
Keeaumoku Kapu	Aha Moku o Maui Inc.
Kammy Purdy	Ahupua`a o Moloka`i
Black Ho'ohuli	Ahupua`a o Nanakuli
Dre Kalili	Association of Hawaiian Civic Clubs
Jalna Keala	Association of Hawaiian Civic Clubs
Blossom Feiteira	Association of Hawaiians for Homestead Lands
Samson Brown	Au Puni O Hawaii
Winifred Basques	Hau`ouiwi Homestead Association on Lana`i
Jeff Gilbreath	Hawaiian Community Assets, Inc.
Kealii Lopez	Imua Hawaii

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Piilani Hanohano	Kamehameha Schools		
Melissa Pavlicek	Kamehameha Schools		
Vivian Ainoa	Kamiloloa One Alii Homestead Association		
Roth Puahala	Ke One O Kakuhihewa		
Paula Kekahuna	Maku`u Farmers Association		
Uilani Kapu	Na Aikane O Maui		
Mililani Trask	Na Koa Ikaika Ka Lahui Hawaii		
Roxanne Hanawahine	Na Ohana o Puaoi a me Hanawahine		
Paige Kapiolani Barber	Nanakuli Housing Corporation		
Sylvia Hussey	Native Hawaiian Education Council		
Pohai Ryan	Native Hawaiian Hospitality Association		
Camille Kalama	Native Hawaiian Legal Corporation		
Alan Murakami	Native Hawaiian Legal Corporation		
Kaliko Chun	Nelson case		
Monica Morris	Office of Hawaiian Affairs		
Sterling Wong	Office of Hawaiian Affairs		
Sharlene Chun-Lum	Papa Ola Lokahi		
Apela Peahi	Peahi Ohana		
Ronald Kodani	Piihonua Hawaiian Homestead Community Association		
Roy Oliveira	Waiehu Kou Phase 3 Association		
Daniel Ornellas	Waiehu Kou Phase 3 Association		
Cynthia Rezentes			
Keoni Agard			
Keoni Bunag			
Sharlette Poe			
Randy Akee			
Carrie Ann Shirota			
Pauahi Hookano			
Nina Fisher			
RaeDeen Karasuda			
HOMESTEAD ASSOCIATIONS			
Name	Organization		
Jeffrey Kekoa	Ka'u Hawaiian Home Lands Association		
Charlie Keene	Kaumana Hawaiian Homes Community Association		
Maydean Bowman	Kawaihae Puaka'ilima Community Association		
Nalani Reich	Lalamilo Residence Lots Association		
Dora Aio	Villages of Laiopua Association		
Mike Hodson	Waimea Hawaiian Homesteaders Association, Inc.		
Kawai Warren	Kekaha Hawaiian Homestead Association		
Karen Kahanu Keawe	Piilani Mai Ke Kai Community Association		
Harry Rodrigues	Waiohuli Undivided Interest		
Harry Newman	Ka Ohana O Kahikinui		
Kaulana Mossman	Keokea Homestead Farm Lots Association		
Rod Paahana	Villages of Leialii Phase 1A Association		
Alapaki Heanu	Waiehu Kou Community Homestead Association		
Mark Adams	Waiehu Kou Residence Lots Phase II Association		
Perry Artates	Waiohuli Hawaiian Homesteaders Association		

Ochie Bush	Hoolehua Homestead Association
Gayla Haliniak-Lloyd	Kalamaula Homesteaders Association
Faith Tuipulotu	MHFA, Inc.
Ronald Davis	Molokai Homestead Livestock Association
Tamar DeFries	Hui Makaainana a Kalawahine
Randy Akau	Kanehili Community Association
Uilani Keliikoa	Kaupuni Village Community Association
Nathan Kaipo Punahele	Kumuhau and Kakaina
Kamaki Kanahele	Nanakuli Hawaiian Homestead Community Association
Lionel Wright	Papakolea Community Association
Avery Choy	Princess Kahanu Estates Association
Herbert Hewlen	Waianae Kai Hawaiian Homestead Association
Lokana Keliikoa-Pua	Waianae Valley Homestead Community Association
LEGISLATIVE TALK STORY SESSIONS	
Name	Organization
Dee-Ann Elea Kahokuloa	
April Kealoha	
Lori Buchanan	
Garnet Clark	
Jewellyn Kirkland	
Germaine Toguchi	
Senator Maile Shimabukuro	
Helen N. Wai	
Germaine Meyers	
Sanoe Marfil	
Noe Lopes	
Diane Marshall	
David Keola	
Cheryl Moore	
Nani Kaina	
Kekoa Enomoto	
Kai Pelayo	
Kawehilani Enriques	
Kehau Filimoeatu	
Kuulei Nishiyama	
Kaiulani Lambert	
Joanna Howard	
Chanell Omerod	
Carol Catian	
Donna Pomaikai	
Arthur M. Naeole Jr.	
Ron Wise	
Mansha Catian	
Lono Koholua	
Kanani Sang	
Leo Bright	
Kahaunani Mahoe Thoene	

Robert Akau	
Keaka Kealoha	
Cora Schnackenberg	
Zhan Lindo	
Juanita Reyher-Colon	
Leilani Wallace	
Keani Rawlins	
Ardis Farris	
Hala Pakala	
TESTIFIERS ON DHHL RELATED MEASURE	S FROM 2017
Name	Organization
Lawrence Lasua	Kalamaula Homesteaders Association
Alexander Akana	
Melody Alcon	
Carl M Jellings Sr	
Jim Cisler	
Asti Merino	
Teri Heede	
Robert K. Lindsey, Jr.	
Lorry A Merino	
Stephen Park	
Piilani Akana	
Melissa Rietfors	
Suzanne Marciel	
Kalola Kaulili	
Javier Mendez-Alvarez	
Faataatia Lauifi Jr	
Shahe Nelsen	
Manu Kakabuna	
Dawn Tanimoto	
Nooloni	
Reis Haitsuka	
Kalani Johnston	
Robert Kaaihue	
Faataatia Lauifi Sr	
Jerry Wayne Flowers Jr	
Solomon P Kahoohalahala	
Crystal Kia Paul	
Jimmy Gomes	
Tyson Kubo	
Verna Uyetake	
Kealakai Knoche	
Sherry Sasada	
Frances Dinnan	

Ronald Lee	
Kahili Norman	
Debbie Kini	
Kimberlee Woodward	
Maxine Anderson	
Shon Bowden III	
OTHER STAKEHOLDERS	
Name	Organization
Patti Barbee	
	Queens
	Papa Ola Lokahi
Kawika Riley	Office of Hawaiian Affairs
Namaka Rawlins	Aha Punana Leo
Angela Correa-Pei	Kamehameha Schools
Joceyn Doane	Office of Hawaiian Affairs
Tercia Ku	Papa Ola Lokahi
Mervina Cash-Kaeo	Alu Like
Sommerset Wong	Kamehameha Schools
Ka'ano'i Walk	Kamehameha Schools
Kau'i Burgess	Kamehameha Schools
Melissa Umemori Hampe	Kamehameha Schools
Diane Paloma	Lunalilo Home
TESTIFIERS ON DHHL RELATED MEASURE	S FROM 2018
Name	Organization
	League of Women Voters
Melodie Aduja	OCC Legislative Priorities Committee
Kuhea Asiu	
Rhiannon Chandler-Iao	
Randy Ching	
Robert Chong	
Kris Coffield	Imua Alliance
Henry Curtis	Life of the Land
Kaipo Gomes	
Jean Lilley	Hawaii Habitat for Humanity
Terrence L. Walsh, Jr.	Catholic Charities Hawaii

# JUSTIFICATION SHEET

DEPARTMENT :	Hawaiian Home Lands
TITLE:	A BILL FOR AN ACT RELATING TO AFFORDABLE HOUSING ON HAWAIIAN HOME LANDS.
PURPOSE:	Repeals the July 1, 2019, sunset of Act 141, Session Laws of Hawaii 2009, and the July 1, 2019, sunset of Act 98, Session Laws of Hawaii 2012, to make a pilot affordable housing credit program permanent.
MEANS:	Amend section 3 of Act 141, Session Laws of Hawaii 2009, and section 3 of Act 98, Session Laws of Hawaii 2012.
JUSTIFICATION:	Making permanent the affordable housing credit program will allow the department to continue to provide incentive to private sector developers to build affordable homes on Hawaiian home lands. Since Act 141 was enacted in 2009, the department has worked with each county to request and acquire affordable housing credits for completed units in homestead communities. This pilot program has resulted in successful private- public partnerships through the exchange of credits creating resources for the department to further develop homestead lots.
	<u>Impact on the public:</u> There is a positive impact on the public as this proposal helps ensure that the department will have resources for programs for native Hawaiian lessees and applicants, including the development of homestead lots, loans, and other rehabilitation programs.
	Impact on the department and other agencies: This proposal allows the department to continue to access needed resources to
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	support its programs without requiring any general funds.
GENERAL FUND:	None.
OTHER FUNDS:	None.
PPBS PROGRAM DESIGNATION:	HHL 602.
OTHER AFFECTED AGENCIES:	None.
EFFECTIVE DATE:	June 30, 2019.

HHL-01(19)

HHC ITEM NO. G-5 Exhibit B

# State of Hawaii

Department of Hawaiian Home Lands

August 20 - 21, 2018

To: Chair and Members, Hawaiian Homes Commission

Through: M. Kaleo Manuel, Acting Planning Program Manager Hill C. Cairel, Grants Specialist Minim E. Halealoha Ayau, Water Resources Specialist

Subject: Approval of Water Rate Increase for DHHL Anahola Farm Lots Water System.

# RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission (HHC) approve the water rate increase for the Department of Hawaiian Home Lands (DHHL) Anahola Farm Lots Water System. Rates shall take effect July 1, 2019.

#### BACKGROUND AND PURPOSE

The Department of Hawaiian Home Lands (DHHL) owns and operates the Anahola Farm Lots drinking water system (PWS 432<sup>1</sup>) on the island of Kaua'i. Of the four water systems that DHHL owns statewide, the Anahola system is the third largest in size and the second oldest (over 30 years). The system serves an average of 77 connections and over 250 people. Homestead areas served are the Bayview residential and Anahola farm lots. Lastly, the DHHL Anahola system has an emergency inter-tie with the County of Kaua'i water system. All other homestead areas in Anahola, including Pi'ilani Mai Ke Kai, receive drinking water service from the County of Kaua'i.

As the owner of water systems, HHC and DHHL are responsible for providing safe, clean water and protecting community health and safety, while maintaining compliance with federal and state laws. Drinking water for the DHHL Anahola system comes from one DHHL-owned groundwater well and treatment consists of sodium hypochlorite. The source water is excellent and water quality testing meets all water quality standards. The Anahola system is

<sup>&</sup>lt;sup>1</sup>PWS is the Public Water System number assigned by the State Department of Health for every regulated drinking water system in the State of Hawaii.

operated under contract with a private company. Department of Health requires the DHHL Anahola system to have a Certified Grade 1 water operator.

To improve the operational efficiency of the Anahola water system, DHHL sought federal funds to make major capital improvements. The US Department of Agriculture (USDA) Rural Development obligated \$3.1 million for the improvements to the DHHL Anahola system. DHHL is contributing over \$3.7 million, making the total project cost \$6.8 million. Typically, capital reserves are budgeted from the revenue generated by the water rates. DHHL is very fortunate to receive this federal grant assistance, thus making it possible to not pass on these capital improvement costs to the rate payers. The improvements, which includes replacing the 500,000 gallon storage tank, are scheduled to be completed by 2021. It is anticipated the system will achieve significant operational efficiency and cost reductions.

As with any government-owned water system, a major challenge is balancing water service adequacy and dependability with costs and customer rate affordability. DHHL's aging systems need continued investment to keep them operational. Many parts of the systems are near the end of their life cycle, such as storage tanks, booster pumps, and distribution lines. DHHL is not alone. Water utilities across the country are facing the same challenge. Over the past year, DHHL studied our systems needs and worked to understand the costs of providing water service. Every component critical to delivering water, protecting our ground water source wells, storage, distribution, and treatment, was closely analyzed and planned to ensure sustainability and viability for future generations. The results tell us that we must raise rates to continue providing clean, safe and dependable water supply to beneficiaries served by the DHHL systems. To keep rates affordable to beneficiaries, we must seek other funds, including Trust funds. At the same time, the costs of providing water service have grown steeply - labor, materials, fuel, electric power to run our well pumps and other components.

# Interim Cost of [Water Delivery] Service Analysis

The HHC approved Water Policy Plan, Policy #3, goal #17 states,

"Secure revenue and reduce operation costs so DHHL water systems break even financially over time."

As a first step in fulfilling this goal and to mitigate unsustainable financial losses from delivering drinking water to beneficiaries, DHHL sought technical assistance from the Rural Community Assistance Corporation (RCAC), a federal 501(c)(3)

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nonprofit with over 40 years experience with small, rural community water/wastewater utilities in the western region of the U.S. RCAC conducted an interim Cost of [Water Delivery] Service (COS) analysis on all four DHHL-owned water systems. The COS was completed in June 2017 for DHHL Fiscal Years 2015 and 2016. The COS analysis was based on after-the-fact reviews of DHHL expenses, all of which was not coded within the DHHL accounting system to the Anahola water system enterprise. The COS was presented at an informational workshop held at the June 2017 HHC regularly scheduled meeting. Also, information from the COS relative to the Anahola water system was shared at an informational meeting with Anahola beneficiaries in November The COS was intended to serve as the base to evaluate the 2017. current DHHL water rate schedules and make recommendations for provisional rates.

Since completion of the COS analysis, DHHL lessons learned include:

- Gathering water system expense data was extremely challenging, given DHHL's current budgeting and accounting systems. Thus, the COS may not have captured all of the "true costs" of each system.
- Address non-payment of water bills.
- Increase dedicated staff to manage and operate the DHHL water systems.
- Increase staff training and management oversight on accurate coding of water system expenses and revenue.
- Centralize internal management and oversight of the Anahola system with DHHL's other three water systems to achieve management and operational efficiencies and consistency.

The COS gave us a good start in understanding the financial needs of the Anahola system. With the COS completed, the next step was to conduct an interim water rate study to help DHHL move toward sustainably managing its water systems.

Typically, water rate studies identify the total revenue required by a utility to conduct its normal day-to-day operations, while anticipating future operating and capital needs, such as an emergency replacement of a pump. After determining revenue needs, a rate schedule is developed to divide the costs of delivering clean, safe water among users. There are numerous ways that rates can be structured. DHHL uses 3 types as follows.

 Increasing block rates - a schedule of rates where each succeeding block (e.g., 1 - 10,000 gallons; 10,001 -25,000; over 25,000 gallons) is charged at a higher rate than the previous blocks. This is the rate structure used by the DHHL Anahola, Ho'olehua (Moloka'i), and Kawaihae (Hawai'i) water systems.

- Decreasing block rates a schedule of rates where each succeeding block (e.g., 1 - 10,000 gallons; 10,001 -30,000, over 30,000 gallons) is charged at a lesser rate than the previous blocks. Typically, this rate structure is used to encourage local economic development. DHHL uses this structure for DHHL agriculture beneficiaries to encourage farming in Anahola and Ho'olehua on Moloka'i.
- Uniform rates all users pay the same amount regardless of the quantity of water used. This is the rate structure used for the DHHL Pu'ukapu non-potable water system on Hawai'i island.

Water systems typically adopt policies or criteria to guide structuring rates such as encouraging water conservation, ensuring affordability for residents, encouraging economic development, etc.

## DISCUSSION

For most small water systems, the main source of revenue, and often times the only source, is derived from Water Rate schedules. Generally, water rates fund daily operations, routine maintenance, repairs, electricity, and four types of reserves operating, emergency, capital and debt service. On this latter, DHHL is fortunate to not have any debt service on any of DHHL's water systems. The current DHHL water rate schedule for the Anahola water system expires on June 30, 2019 or until new rates are approved by HHC. The last time rates were raised was in 2004. The increase (10%) was done incrementally over a 10-year period to achieve parity with County water rates. While the County's rates have increased over time, DHHL has not.

In November 2017, DHHL staff conducted a series of wellreceived community education meetings statewide to increase awareness of the department's costs to deliver clean, safe water to beneficiaries. And, on June 6, 2018, the DHHL Beneficiary Consultation was held on the proposed rate increase to the Anahola water system.

From Table 1 below, the Anahola system operated at a loss of close to \$182,000 in Fiscal Year 2016. Taking into account Reserves, the shortfall increases to \$260,000 (Table 2). Nonpayment of water bills amounted to \$40,172 (or 22% of the \$182,000 shortfall). The magnitude of these losses is indicative of a deficiency in the current water rates and, to some extent, indicative of system managerial and operational inefficiencies. The losses of the Anahola water system are paid out of Trust funds. This revenue shortfall continues to increase as operational costs increase, aging infrastructure needs to be repaired or replaced, and non-payment of water bills increases. DHHL must look for ways to reduce subsidization and operate the water system in a financially sufficient manner.

# Table 1 DHHL Anahola Water System FY 2016 - Revenue and Expenses without Reserves

	BILLED	COLLECTED	Difference
	Amount	Amount	
Total Revenue	\$66,985	\$26,813	\$40,172
Total Expenses to operate the system	\$248,763	\$248,763	-0-
Shortfall	<\$181,778>	<\$221,950>	\$40,172

# Table 2 DHHL Anahola Water System FY 2016 - Revenue and Expenses with Reserves

	BILLED	COLLECTED	Difference
	Amount	Amount	
Total Revenue	\$66,985	\$26,813	\$40,172
Total Expenses to	\$248,763	\$248,763	-0-
operate the system			
Reserve funds	\$75,151	\$75,151	-0-
TOTAL	\$323,914	\$323,914	- 0 -
Shortfall	<\$256,929>	<\$297,101>	\$40,172

As stated earlier, the Anahola water system serves an average of 77 connections - all are beneficiaries. By industry standards, this system is considered very small, so DHHL is not able to achieve economies of scale such as the County water departments. Additionally, our current rate schedule is very low and has not kept up with rising costs, so revenue generated from the rate schedule does not produce enough to recover costs.

To financially break even, DHHL must look at decreasing expenses and finding new ways to increase revenue. Here are current approaches.

Table 3					
Current	Approaches	to	Balance	Water	Budget

	Decrease expenses		Increase revenues	
•	Seek cost efficiencies in the water system budget	•	Address non-payment of water bills	
٠	Continue leak detection	•	Increase water rates	
<ul> <li>Investigate un-accounted for water</li> <li>Increase routine maintenance</li> </ul>		•	Obtained \$3.1 million in CIP funds from US Department of Agriculture Rural Development	
		•	Explore other sources for CIP funding	

For DHHL, the following five criteria were used for the interim Rate Study.

- 1. Aligned with the mandates of the Hawaiian Homes Commission Act of 1920 (HHCA) and the HHC Water Policy Plan.
- 2. DHHL is first and foremost a Public Trust for HHCA beneficiaries.
- 3. Beneficiary affordability Industry standard is that rates are considered affordable at 1.5% and not more than 3% of the US Census median household income.
- 4. Equitability rates are considered fair and equitable when each customer class pays its proportional share of the cost to provide for the delivery of clean, safe water.
- 5. Financial sustainability or "break even", per Water Policy Plan Goal #17.

# Interim Water Rate Study - Findings and Recommendations

Major findings:

- Though DHHL's rate schedules are complex, they are highly equitable.
- Each DHHL water system serves diverse and unique communities with varying operating costs and numbers of connections. Thus, rate options were calculated separately and are unique to a particular system. Because of the uniqueness of each system, comparing rates among DHHL's four systems is generally not useful. Nor is it useful to compare DHHL's rate schedules to the County water departments or any other water utility. The Counties are able to achieve economies of scale, due to their large population base and wide range of customer classes (residential (single- & multi-family), agriculture, community facilities, commercial/industrial).
- All DHHL water systems are operating at a deficit totaling \$900,000 annually.
- The current DHHL accounting system is not structured in a manner that allows capturing of costs by each individual

water system. Thus, the amount each water system is supported by other funds is unclear.

• Management and operations of the DHHL water systems is highly de-centralized and severely under-staffed. Addressing staffing levels is an important step as this can increase costs further or reduce them; build internal capacity and expertise; and increase operational efficiencies.

Overall Recommendations from the interim Rate Study are as follows. DHHL is agreeable to these recommendations.

- Add 3% annual increase for inflation, regardless of which rate option DHHL implements.
- Implement rates in the range of 1.5% to 3.0% of US Census median household income. DHHL to consider conducting its own income surveys, if US Census data is not accurate in homestead areas.
- Change from bi-monthly billing to monthly to achieve fiscal sustainability and customer affordability objectives.
- When more reliable financial statements (based on Enterprise Accounting) are consistently generated, it is recommended that DHHL compare the projected costs used in the Rate Study to calculate rates to actual costs tracked.
- Develop long-term plan and have written policies to fund reserve accounts.
- Conduct annual reviews of accounts receivable's aging reports to verify the amounts that are deemed uncollectible. This should be done every year as part of the budgeting process.
- Educate water customers regarding the costs of service and the need for rate increases. Often, when customers understand this, resistance to rate increases lessens.
- Develop and enforce stringent collections and water service shut-off policies to keep delinquent accounts at a minimum.

There are two areas where DHHL differs from the recommendations in the Study. These are discussed below.

- 1. The preferred rate option in the Study
  - The preferred rate option in the Study is to partially recover operational costs and budget for reserves from sources other than water rate income. This option projects a annual shortfall of \$153,646 (Trust subsidy). To achieve this, the rate increase in Year 1 is a 100% increase to both the meter fee and water usage (consumption) fee. To avoid having the Trust subsidy grow over the years, a 7% annual increase after the initial 100% in the first year has been assumed. Per the Study, this rate increase is still considered affordable, except for high-volume water users.

The DHHL recommendation is a modified version of the Study's preferred option. DHHL believes this rate option best meets the five criteria, particularly rate affordability and Trust obligation to beneficiaries. The modification is to implement this rate increase incrementally over 10 years. Primary reason is to minimize rate shock to beneficiary customers. Of all the four DHHL water systems, the Anahola water system serves a population with the lowest median household income (MHI) - according to Census, \$36,250 MHI.

2. <u>Phased approach to implementing rate increase</u> The Study cautions against using a phased approach because a phased approach may ultimately result in higher rates at the end of the period in which the incremental increase is implemented.

The DHHL recommendation is to use a phased approach to minimize the rate shock to beneficiaries and to help beneficiaries financially prepare. In the last rate increase in 2004, DHHL used a phased approach. Specifically, the recommendation is to incrementally increase the rates over a 10-year period. For beneficiaries this would be 10% annual increase to both the meter fees and water usage fees, plus the 7% annual increase to prevent the Trust Subsidy from growing.

See Exhibit A for existing and proposed water rate schedules

The table below is a comparison of current rates and new rates at Years 1, 5 and 10 for the major users on the Anahola water system.

User type	Meter size	Average	Current	Year 1	Year 5	Year 10
		gallons	Bill			
		bi-monthly	Today			
Residential	5/8″	20,000	\$79.20	\$92.68	\$146.60	\$213.80
Beneficiary						
Agriculture	1 1/2″	65,000	\$121.00	\$141.63	\$224.15	\$326.65
Beneficiary	1-structure					

# Table 4 Bi-Monthly Water Bill Projections By Major User Type

#### IMPLEMENTATION

To support this action to increase water rates, a comprehensive approach is required. Staff recommends the following five implementing actions - Central Water Branch, Enterprise Accounting, Customer Education, water bill delinquencies, and enforcement.

## 1. Establish Central Water Utility Branch

It is recommended to organize a Central Water Utility work group with dedicated staff that possess technical, managerial, and financial expertise. This was discussed at the Water System 101 Training at the HHC June 2017 meeting and was the top recommendation in the Effective Utility Management paper, October 2017.

As an interim step, DHHL may consider a cross-divisional team that regularly meets to oversee the technical, managerial and financial aspects of all four DHHL water systems.

2. Implement Enterprise Accounting

Financial reports are needed for internal use as well as for federal USDA grant compliance. USDA has invested \$3.1 million in the Anahola water system and DHHL has been struggling with producing the required financial reports.

It is critical that DHHL implement the Enterprise Accounting policy adopted by the HHC in 2012.

- a. First step is to establish water system budgets at the start of each fiscal year.
- b. Quarterly, track budget-to-actual. Adjust budget as needed.
- c. Invest in technology billing software, water usage data collection.
- d. Per Rules, regularly conduct COS and Rate Studies and adjust rates accordingly.
- e. Investigate integrity of data both internal and from contracted water system operators (ie, water usage data) accordingly.
- 3. Continue Water customer outreach and education

Best management practice in the drinking water industry is to educate customers regarding the costs to provide safe, clean water and the need for rate increases. Many people believe water should be free and do not understand the cost of making water safe and dependably delivered to their homes. Often, when customers understand this, resistance to a rate increase lessens. Customer education is a proactive effort to minimize "rate shock".

4. Address beneficiary non-payment of water bills

DHHL to conduct annual reviews of accounts receivables aging reports to verify the amounts that are deemed uncollectible. This should be done every year as part of the DHHL budgeting process. The older the account is, the less likely it will be collected. DHHL to consider including the annual water budget a cost for uncollectible accounts. At the same time, DHHL to continue assisting lessees with payment workout plans. When the Water Administrative Rules are approved (estimated by January 2019), DHHL will have the legal authority to better manage delinquencies including accepting non-cash payment, imposing late payment penalties and shutting off water service as a last resort.

5. Enforcement

DHHL to implement stringent collections and water shut-off procedures to keep delinquent accounts at a minimum. No rate schedule adopted will succeed if customers do not pay their bills and enforcement provisions in the (pending) Water Administrative Rules are not followed.

## AUTHORITY

- HHCA of 1920, as amended, Section 221f. "Water systems under the exclusive control of the department shall remain under its exclusive control."
- DHHL Hawaii Administrative Rules, Section 10-3-76(i). "Water from department systems shall be sold at rates established by the commission. The department shall establish the frequency of billing and may determine a minimum monthly charge."
- Public Utilities, Hawaii Revised Statutes Chapter 269, Section 31(a), regarding setting water rates. "This chapter shall not apply to . . . public utilities owned and operated by the State, or any county, or other political subdivision."
- Water Policy Plan, HHC approved July 2014 (Exhibit B)
  - <u>Mission</u>: Understand our trust water assets and manage water systems.
  - <u>Priority Policies</u>: Develop, manage and steward water in a manner that balances cost, efficiency measures, and Public Trust uses; and educate beneficiaries, DHHL, HHC and other stakeholders continually on our water kuleana.
  - o <u>Goals</u>: Secure revenue and reduce operation costs to break even; and increase security and reliability for DHHL beneficiaries and water system users.
  - Water System Enterprise Accounting Policy, HHC adopted 2012 (Exhibit C). DHHL will budget for the Water System utilizing an enterprise account accounting structure.

## RECOMMENDATION

Staff respectfully requests approval of the recommended motion as stated above.

Department of Hawaiian Home Lands Proposed increase to Anahola Water System Rates June 6, 2018

# CURRENT RESIDENTIAL RATES

Current meter service fees as approved by the Hawaiian Homes Commission, May 2004

Meter size (inches) Bi-Monthly	Existing Base fee (\$) Bi-Monthly
5/8"	\$24.00
3/4"	\$32.00
1"	\$50.00
1 1/2"	\$90.00
2"	\$150.00
4"	\$440.00

Current water use rates (per 1,000 gallons) as approved by the Hawaiian Homes Commission, May 2004

	TIER 1	TIER 2	TIER 3		
	Rate: \$2.76 per 1,000 gals.	Rate: \$3.20 per 1,000 gals.	Rate: \$4.50 per 1,000 gals.		
METER SIZE	First Rate Block	Second Rate Block	Third Rate Block		
	(gallons used bi-monthly)	(gallons used bi-monthly)	(gallons used bi-monthly)		
5/8"	0-20,000	20,001 - 40,000	> 40,000		
3/4"	0-70,000	70,001 - 140,000	> 140,000		
1"	0 - 200,000	200,001 - 400,000	> 400,000		
1 1/2"	0 - 600,000	600,001 - 1,200,000	> 1,200,000		
2"	0-1,200,000	1,200,001 - 2,400,000	> 2,400,000		
4"	0-6,000,000	6,000,001 - 12,000,000	> 12,000,000		

**CURRENT** Residential Rates

EXHIBIT A
Department of Hawaiian Home Lands Proposed increase to Anahola Water System Rates June 6, 2018

## **PROPOSED** RESIDENTIAL RATES

#### **PROPOSED** Meter Service Fee

Meter size (inches)	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
5/8"	\$28.08	\$32.16	\$36.24	\$40.32	\$44.40	\$48.48	\$52.56	\$56.64	\$60.72	\$64.80
3/4"	\$37.44	\$42.88	\$48.32	\$53.76	\$59.20	\$64.64	\$70.08	\$75.52	\$80.96	\$86.40
1"	\$58.50	\$67.00	\$75.50	\$84.00	\$92.50	\$101.00	\$109.50	\$118.00	\$126.50	\$135.00
1 1/2"	\$105.30	\$120.60	\$135.90	\$151.20	\$166.50	\$181.80	\$197.10	\$212.40	\$227.70	\$243.00
2"	\$175.50	\$201.00	\$226.50	\$252.00	\$277.50	\$303.00	\$328.50	\$354.00	\$379.50	\$405.00
4"	\$514.80	\$589.60	\$664.40	\$739.20	\$814.00	\$888.80	\$963.60	\$1,038.40	\$1,113.20	\$1,188.00

#### PROPOSED Water Service Delivery Fee

Per 1,000 gallons	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Tier 1	\$3.23	\$3.70	\$4.17	\$4.64	\$5.11	\$5.58	\$6.04	\$6.51	\$6.98	\$7.45
Tier 2	\$3.74	\$4.29	\$4.83	\$5.38	\$5.92	\$6.46	\$7.01	\$7.55	\$8.10	\$8.64
Tier 3	\$5.27	\$6.03	\$6.80	\$7.56	\$8.33	\$9.09	\$9.86	\$10.62	\$11.39	\$12.15

	TIER 1	TIER 2	TIER 3
	See table above for rates	See table above for rates	See table above for rates
METER SIZE	First Rate Block	Second Rate Block	Third Rate Block
	(gallons used bi-monthly)	(gallons used bi-monthly)	(gallons used bi-monthly)
5/8"	0 - 20,000	20,001 - 40,000	> 40,000
3/4"	0 - 70,000	70,001 - 140,000	> 140,000
1"	0 - 200,000	200,001 - 400,000	> 400,000
1 1/2"	0 - 600,000	600,001 - 1,200,000	> 1,200,000
2"	0-1,200,000	1,200,001 - 2,400,000	> 2,400,000
4"	0 - 6,000,000	6,000,001 - 12,000,000	> 12,000,000

**PROPOSED** Residential Rates



Department of Hawaiian Home Lands Proposed increase to Anahola Water System Rates June 6, 2018



Current meter service fees as approved by the Hawaiian Homes Commission, May 2004

Meter size (inches) Bi-Monthly	Existing Base fee (\$) Bi-Monthly
5/8"	\$24.00
3/4"	\$32.00
1"	\$50.00
1 1/2"	\$90.00
2"	\$150.00
4"	\$440.00

Current water use rates (per 1,000 gallons) as approved by the Hawaiian Homes Commission, May 2004

<b>#</b>		TIER 1	TIER 2
		Rate: \$2.76	Rate: \$0.70
METER SIZE	<b># of structures</b>	First Rate Block	Second Rate Block
		(gallons used bi-monthly)	(gallons used bi-monthly)
5/8"	N/A	0 - 25,000	> 25,000
3/4"	1	0-25,000	> 25,000
3/4"	2	0 - 50,000	> 50,000
1 1/2"	1	0 - 25,000	> 25,000
1 1/2"	2	0 - 50,000	> 50,000
2"	1	0 - 25,000	> 25,000
2"	2	0-50,000	> 50,000

**CURRENT** Agriculture Rates



#### Department of Hawaiian Home Lands Proposed increase to Anahola Water System Rates June 6, 2018

## PROPOSED AGRICULTURE RATES

#### **PROPOSED** Meter Service Fee

						4				1
Meter size										
(inches)	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
5/8"	\$28.08	\$32.16	\$36.24	\$40.32	\$44.40	\$48.48	\$52.56	\$56.64	\$60.72	\$64.80
3/4"	\$37.44	\$42.88	\$48.32	\$53.76	\$59.20	\$64.64	\$70.08	\$75.52	\$80.96	\$86.40
1"	\$58.50	\$67.00	\$75.50	\$84.00	\$92.50	\$101.00	\$109.50	\$118.00	\$126.50	\$135.00
1 1/2"	\$105.30	\$120.60	\$135.90	\$151.20	\$166.50	\$181.80	\$197.10	\$212.40	\$227.70	\$243.00
2"	\$175.50	\$201.00	\$226.50	\$252.00	\$277.50	\$303.00	\$328.50	\$354.00	\$379.50	\$405.00
4"	\$514.80	\$589.60	\$664.40	\$739.20	\$814.00	\$888.80	\$963.60	\$1,038.40	\$1,113.20	\$1,188.00

### **PROPOSED** Water Delivery Fees

Per 1,000 gallons	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Tier 1	\$3.23	\$3.70	\$4.17	\$4.64	\$5.11	\$5.58	\$6.04	\$6.51	\$6.98	\$7.45
Tier 2	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.41	\$1.53	\$1.65	\$1.77	\$1.89

		TIER 1	TIER 2
		See above table for rates	See above table for rates
METER SIZE	<b># of structures</b>	First Rate Block	Second Rate Block
		(gallons used bi-monthly)	(gallons used bi-monthly)
5/8"	N/A	0 - 25,000	> 25,000
3/4"	1	0 - 25,000	> 25,000
3/4"	2	0 - 50,000	> 50,000
1 1/2"	1	0 - 25,000	> 25,000
1 1/2"	2	0 - 50,000	> 50,000
2"	1	0-25,000	> 25,000
2"	2	0 - 50,000	> 50,000

PROPOSED Agriculture Rates

EXHIBIT A

#### HAWAIIAN HOMES COMMISSION WATER POLICY PLAN

#### July 22, 2014

#### Vision

Our vision is that there will be adequate amounts of <u>water</u> and supporting infrastructure so that homestead lands will always be usable and accessible, to enable us to return to our lands to fully support our self-sufficiency and self-determination in the administration of the Hawaiian Homes Commission Act (HHCA), and the preservation of our values, traditions, and culture.

#### Mission

In a manner consistent with our <u>values</u>, the Hawaiian Homes Commission (HHC) and Department of Hawaiian Home Lands (DHHL) shall strive to ensure the availability of adequate, quality <u>water</u> by working cooperatively to:

- Understand our trust water assets;
- Plan for our <u>water</u> needs;
- Aggressively understand, exercise and assert our <u>kuleana</u> as stewards of <u>water</u>;
- Develop and protect <u>water</u> sources; and
- Manage water systems.

#### Values

- 1. Waiwai: Mohala i ka wai ka maka o ka pua. Unfolded by the water are the faces of the flowers. The availability of water to our lands and people is integral to the trust and our mission.
- 2. Waihona: <u>Ua lehulehu a manomano ka `ikena a ka Hawai`i</u>. Great and numerous is the knowledge of the Hawaiians. Honoring and documenting our knowledge about <u>water</u> is essential to managing it.
- 3. Mālama: <u>He ali`i ka `āina; he kauwā ke kanaka</u>. *The land is a chief; man is its servant*. We consider <u>water</u> to be part of our genealogy and so we manage it in a manner that cares for its long-term sustainability for all things, as we also use it productively for our mission.
- 4. Laulima: <u>E lauhoe mai nā wa'a; i ke kā, i ka hoe; i ka hoe, i ke kā; pae aku i ka 'āina</u>. Everybody paddle the canoes together; bail and paddle, paddle and bail, and the shore is reached. We are one people who now share Hawai`i with others. DHHL is only one of many Hawaiian serving institutions. We will assert our rights while considering our larger lāhui `õiwi and the larger world in which we live.



#### Policies

The HHC and the DHHL are seeking to be proactive in our management of water. Our Priority Policies are to:

- Expressly determine and plan for future <u>water</u> needs and actively participate in broader <u>water</u> management, use and protection efforts in Hawai`i in order to secure <u>water</u>.
- 2. Aggressively exercise, reclaim, and protect Hawaiian home land water kuleana.
- 3. Develop, manage, and steward <u>water</u> in a manner that balances cost, <u>efficiency</u> <u>measures</u>, and <u>Public Trust</u> uses in the short and long term.
- Affirmatively communicate our decisions, our reasoning, and our performance in managing, stewarding, and using <u>water</u> before and after making major <u>water</u> decisions.

Additionally, the HHC and the DHHL should consider in their work the following statements:

- 5. Educate beneficiaries, the DHHL, HHC, and other stakeholders continually on our <u>water kuleana</u>.
- 6. Foster self-sufficiency of beneficiaries by promoting the adequate supply of <u>water</u> for homesteading when developing or managing <u>water</u>.
- 7. Foster the self-determination of beneficiaries by seeking ways for beneficiaries to participate in the management of <u>water</u> by delegating authority related to <u>water</u> subject to the discretion of the HHC as described in the <u>HHCA</u>.
- 8. Make <u>water</u> decisions that incorporate traditional and place-based knowledge of our people and are clear and methodical in their reasoning.
- 9. Make efforts to understand, maintain, and improve the quality of <u>water</u> as it moves into and through our lands and is used by beneficiaries.
- 10. Affirmatively consider the development and use of <u>alternative sources</u> of <u>water</u> and <u>efficiency measures</u> in <u>water</u> decision-making.
- 11. Ensure that <u>water</u> decisions are consistent with other Departmental <u>policies</u>, programs, and plans including but not limited to the <u>Energy Policy</u> and Agricultural Program.
- 12. Explicitly consider <u>water</u> availability and the costs to provide adequate <u>water</u> when developing new homestead areas, designating land uses, issuing land dispositions, or exchanging properties.



#### Goals

To make progress on achieving our Mission and complying with our Policies, the Priority Goals of the HHC and the DHHL are to:

- 1. Affirmatively communicate with beneficiaries regarding <u>water</u> decisions, performance, and <u>water</u> rights on a regional and annual basis.
- 2. Aggressively, proactively, consistently and comprehensively advocate for the <u>kuleana</u> of the beneficiaries, the DHHL, and the HHC to <u>water</u> before all relevant agencies and entities.
- 3. Develop and manage a Water Assets Inventory (WAI).
- 4. Support watershed protection and restoration on DHHL lands and source areas for DHHL <u>water</u>.

Additional goals that DHHL and the HHC shall seek to achieve, based on the availability of resources, organized by Mission activities, are:

#### Part I. Understand our trust water assets

- 1. Revise the DHHL submittal template to the HHC for water related decisions.
- 2. Revise budgets to show the total costs of a) <u>water</u> system management b) all spending on <u>water</u> issues.
- 3. Staff and organize the DHHL consistent with importance of water to the trust.

#### Part II. Plan for our water needs

- 4. Determine current and foreseeable future needs based upon periodic reviews of <u>water</u> availability projections that incorporate climate change, projected beneficiary demand, <u>alternative sources</u> and <u>efficiency measures</u>.
- 5. Design homesteads and manage lands to create and enhance <u>water</u> availability, optimizing costs, use of <u>alternative sources</u> and <u>efficiency measures</u>.

#### Part III. Aggressively understand, exercise and assert our water rights

- 6. Secure adequate and enforceable reservations of <u>water</u> for current and foreseeable future needs for all of its lands across the islands.
- 7. Partner with trust beneficiaries in water advocacy efforts.
- 8. Engage in updates to all <u>Hawai`i Water Plan</u> elements to ensure DHHL <u>water</u> needs and rights are addressed.
- 9. Advocate that all <u>Water Use Permit Applications</u> properly address the <u>water</u> rights of DHHL and other Hawaiian <u>water</u> rights.
- 10. Advocate that County Boards of Water Supply and other County agencies that affect <u>water</u> have the spirit of the <u>HHCA</u> faithfully carried out to protect DHHL

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water uses as a <u>Public Trust</u> use of <u>water</u> and manage rates so they are affordable by beneficiaries.

11. Ensure that all legal provisions for the licensing of state water are followed.

#### Part IV. Develop and protect water sources

- 12. Carefully weigh alternatives regarding the dedication or DHHL management of new <u>water</u> systems.
- 13. Methodically and consistently manage and allocate water credits.
- 14. Support the drilling of wells by beneficiaries for their own use on lots where appropriate.
- 15. Partner with Department of Health and others on <u>water</u> quality education and outreach.
- 16. Continue to pursue development of agricultural water systems.

#### Part V. Manage water systems

- 17. Secure revenue and reduce operation costs so DHHL <u>water</u> systems break even financially over the long term.
- 18. Increase security and reliability for DHHL water users.
- 19. Pursue resolution by the Department of Agriculture of prior audit findings in the management of the Moloka`i Irrigation System and full repair of the System

#### Delegation of Authorities, Reporting, and Consultation

- 1. Delegation
  - a. The HHC delegates authority to the Chairperson to prepare an Implementation Program for this Water Policy Plan, which shall be subject to the approval by HHC. The Program shall identify tasks to implement each goal, and shall specify tasks that apply statewide as well as tasks that apply to different islands or regions under each goal.

#### 2. Reporting

- a. The Chairperson shall submit the proposed Implementation Program to the HHC annually in conjunction with the Department's budget request.
- b. The Chairperson shall annually report on progress on execution of the approved Implementation Program and overall progress towards achieving the goals of and maintaining compliance with the Water Policy Plan.
- 3. Consultation
  - a. The Chairperson shall consult with the HHC on any major water issues not contained in the Implementation Program.

#### Legal Authorities

- 1. Hawai'i State Constitution
- 2. Hawaiian Homes Commission Act of 1921, as amended
- 3. Hawai'i State Water Code, HRS 174C
- 4. In the Matter of Water Use Permit Applications (Waiāhole I case)
- 5. <u>Wai`ola o Moloka`i</u>
- 6. Kauai Springs, Inc. v. Planning Commission of the County of Kauai

#### Related Plans and Policies

- 1. DHHL General Plan
- 2. DHHL Energy Policy
- 3. Hawaiian Homes Commission Beneficiary Consultation Policy

#### References

- 1. 1983. Pūku`i, Mary Kawena. 'Õlelo No'eau: Hawaiian Proverbs & Poetical Sayings. Honolulu: Bernice Pauahi Bishop Museum.
- 2. Aia i hea ka wai a Käne? (Traditional chant, "Where is the water of Kane?")

EXHIBIT B

#### Definitions

Alternative sources: Alternative sources include but are not limited to the water developed through reuse and recycling technologies and best practices, capture of flood waters, desalinated waters, and other sources as may be appropriate for proposed uses.

Hawai'i Water Plan: The Hawai'i Water Plan and its parts, as detailed in Part III of the Hawai'i State Water Code (HRS 174C), is the state's "program of comprehensive water resources planning to address the problems of supply and conservation of water" (HRS 174C-2(b)).

Efficiency Measures: Efficiency measures include optimal design and development, alternative energy utilization, changing in behavioral practices and technologies that support onsite distributed wastewater systems.

Kuleana: Kuleana encompasses both rights and responsibilities. DHHL's water kuleana includes its responsibilities under its mission and the legal rights to water enshrined in the HHCA and state Constitutional and statutory provisions. Kuleana exists within the genealogical and spiritual relationship between water and the lāhui `õiwi.

Public Trust: As delineated in the Hawai'i Supreme Court <u>Waiāhole I</u> and <u>Wai'ola</u> <u>O Moloka'i</u> cases, public trust uses of water include domestic uses, traditional and customary Hawaiian rights, the protection and procreation of fish and wildlife, the maintenance of proper ecological balance and scenic beauty, and reservations of water for the DHHL.

Water: In this policy, water includes mists, fog, rain, and other precipitation; water as it flows above or below ground, and into the ocean; water used for homesteading; alternative sources including waste, brackish, and salt water; water used in the exercise of traditional and customary practices; infrastructure used to produce, store and transmit water; and water we use as well as water to which we have rights.

Water Assets Inventory (WAI): A comprehensive geographically referenced database of the water assets of the DHHL, including traditional knowledge related to water, DHHL owned water infrastructure, current and future water demand, water agreements, water credits, and potential water sources.

#### **Approval Date**

Policy approved by the Hawaiian Homes Commission on July 22, 2014.



#### STATE OF HAWAII DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 20, 2012

- To: Chairman and Members, Hawaiian Homes Commission
- From: Dreana Kalili, Policy and Program Analyst A Ray Enos, Land Issues Officer
- Subject: Management and Accounting Guidelines for the Water Systems Owned and Operated by the Department of Hawaiian Home Lands to Submit with USDA-RUS Applications

#### RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission adopt these management and accounting guidelines for water systems owned and operated by the department.

#### DISCUSSION

Within Hawaii, water is free, however, there is a cost to pump, store, treat, and transport the water to homes, businesses, and public facilities like schools. On Hawaiian Home Lands, water systems have been and continue to be constructed by the department, and then are either leased to the applicable County water department, or are operated and maintained by the department. Water users of the system pay a fraction of the cost to operate the system and the operating costs of the water systems owned and operated by the department are heavily supplemented by trust funds.

Since 2008, the department has partnered with Na Kupaa O Kuhio to apply for and receive grant and low-interest loan assistance from the U.S. Department of Agriculture Rural Utilities Service (USDA RUS) to develop water systems for homesteaders. The department is eligible to directly apply for USDA-RUS assistance. However, under the department's current accounting structure, the water system expenses and receipts are imbedded in the overall department budget process and as such, the department is not able to demonstrate financial sustainability throughout the life of the improvements and meet the USDA-RUS grant determination criteria.

Section 213(e) of the Hawaiian Homes Commission Act, as amended,

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authorizes the Operating portion of the Hawaiian Home Operating Fund to be used for the construction, operation and maintenance of revenue-producing activities that are intended to serve principally occupants on Hawaiian home lands (such as the Molokai Water System, and the Anahola Farm Lots Water System, on the island of Kauai, and the Kawaihae Water System on the island of Hawaii).

The department is able to create separate enterprise accounts for all water system revenue producing activities in the Operating portion of the Hawaiian Home Operating Fund. The separate ledger accounts will be referred to collectively as the Hawaiian Home Lands (HHL) enterprise account.

In basic terms, this method of accounting will effectively isolate the water system budget from the department's larger budget. An enterprise account establishes a separate accounting and financial reporting mechanism for services for which a fee is charged in exchange for goods or services. The Administrative Services Office has indicated that the enterprise account, as an alternative method of accounting, can be prepared using existing accounting records.

The specific management and accounting guidelines for the water systems owned and operated by the DHHL are found attached in Exhibit A.

#### USDA RUS Grant Criteria

The purpose of USDA-RUS Water and Environment Program is to provide loan and grant funds for water and waste projects serving the most financially needy communities. Financial assistance from the program should result in reasonable user costs for rural residents, rural businesses, and other rural users. The excerpts of the grant criteria are found in Exhibit B and are designed to ensure this program purpose is met.

As a grant and loan applicant, DHHL must meet these criteria and demonstrate the following:

- That grants it receives will not result in an Equivalent Dwelling Unit (EDU) costs below similar system user cost. The EDU means the level of service provided to a typical rural residential dwelling;
- 2) That the debt service portion of the average annual EDU cost, for users in the applicant's service area, exceeds the following percentages of median household income by 0.5% when the median household income of the service area is equal to or below 80% of the statewide nonmetropolitan median income (in other words, if the median income for

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the service area is \$48,000, a water system is eligible for a grant if the debt service portion to individual system users is more than \$240 over one year);

- That its annual cost for delivery of service is subsidized; and
- 4) That water system user charges are reasonable, or the planned revenue should be sufficient to provide for all debt service, debt reserve, operation and maintenance, and, if appropriate, additional revenue for facility replacement of short-lived assets without building a substantial surplus.

The staff recommendation is to adopt the "Management and Accounting Guidelines for the Water Systems Owned and Operated by the Department of Hawaiian Home Lands" to align DHHL's operating and accounting processes related to these water systems with the USDA-RUS program criteria and goals.

It is critical that DHHL demonstrate these criteria are met so it can qualify for the maximum grant award allowed per project. These grant funds are needed to increase the operating efficiency of its water systems to decrease trust subsidies, and maximum grant awards means less funds expended from the trust.



#### MANAGEMENT AND ACCOUNTING GUIDELINES FOR THE WATER SYSTEMS OWNED AND OPERATED BY THE DEPARTMENT OF HAWAIIAN HOME LANDS

#### August 2012

- 1) The Water System will carry out the Department's goals, objectives and policies through a service delivery system financed through the utility's operating and capital The relationship between the operating and budgets. capital budgets will be explicitly recognized and incorporated into the budget process in a manner consistent with sound accounting and management practices. Funding for these budgets shall be adequate to provide operating services and maintenance or enhancement of fixed assets needed to support the demand for the water utility. The Commission will establish all user charges fees at a level related to the full costs (operating, direct, indirect and capital) of providing the service. Supplemental funding for the Water System enterprise account may be made by the Commission in order to avoid rate shock to the users. The Commission will review fees/charges at least every four years. As the need arises the Commission may adjust the rates by resolution. The Department will maintain records to document compliance with the user charge requirements, including records of the review, and such records will be available to the users.
- 2) The Water System user charge shall consist of a base rate and a consumption charge which combined shall be considered the water utility user charge. The Department Budget Officer shall establish a account or account within the Department's budget for the Water System utility charges. Moneys received as a result of the Water System utility user charge shall be allocated to the Water System Enterprise Account in the amounts established in the water utility charge resolution of the Commission. Except as otherwise provided or allowed by state law, the utility account or accounts shall be used solely for the purposes of the utility.
- 3) It is recognized that in order for the Water System to be a sustainable, self-supporting enterprise, there would need to be a substantial rate increase to users which would result in rate shock and have undesirable consequences. It is recognized that the utility rate for the Water System will need to be reviewed and reauthorized by the Commission. The Water System

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enterprise account may continue to be subsidized by the Department as to avoid rate shock and the Commission may consider financial self-sufficiency and sustainability along with its other goals and objectives when establishing the Water System rates in the future.

4) DHHL will budget for the Water System utilizing an enterprise account accounting structure that is subsidized by the Department's other funds. However, the Commission may authorize the Department's budget officer to transfer moneys from other funds into the Water System Enterprise account to address emergency conditions or public health and safety considerations.

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## U.S. DEPARTM. ... I OF AGRICULTURE RURAL U. \_\_ITIES SERVICE WATER AND WASTE LOANS AND GRANT CRITERIA (Excerpts from the Code of Federal Regulations, Title 7, Part 1780)

#### § 1780.1 General. (Excerpts)

(c) RUS debt instruments will require an agreement that if at any time it shall appear to the Government that the borrower is able to refinance the amount of the indebtedness to the Government then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

(j) Water and waste applicants must demonstrate that they possess the financial, technical, and managerial capability necessary to consistently comply with pertinent Federal and State laws and requirements. In developing water and waste systems, applicants must consider alternatives of ownership, system design, and the sharing of services.

## § 1780.3 Definitions and grammatical rules of construction. (Excerpts)

Equivalent Dwelling Unit (EDU) means the level of service provided to a typical rural residential dwelling.

*Rural and rural areas* means any area not in a city or town with a population in excess of 10,000 inhabitants, according to the latest decennial census of the United States.

*Rural Development* means the mission area of the Under Secretary for Rural Development. Rural Development State and local offices will administer this water and waste program on behalf of the Rural Utilities Service.

*RUS* means the Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to section 232 of the Department of Agriculture Reorganization Act of 1994 (Pub. L. 103–354, 108 Stat. 3178), successor to the Farmer's Home Administration and the Rural Development Administration with respect to certain water and waste disposal loan and grant programs.

Service area means the area reasonably expected to be served by the project.

Similar system cost means the average annual EDU user cost of a system within a community having similar economic conditions and being served by the same type of established system. Similar system cost shall include all charges, taxes, and assessments attributable to the system including debt service, reserves and operation and maintenance costs.

#### § 1780.7 Eligibility.

Facilities financed by water and waste disposal loans or grants must serve rural areas.

(a) Eligible applicant. An applicant must be:

(1) A public body, such as a municipality, county, district, authority, or other political subdivision of a state, territory or commonwealth;

(2) An organization operated on a not-for-profit basis, such as an association, cooperative, or private corporation. The organization must be an association controlled by a local public body or bodies, or have a broadly based ownership by or membership of people of the local community; or

(3) Indian tribes on Federal and State reservations and other Federally recognized Indian tribes.

EXHIBIT B



(b) Eligible facilities. Facilities fi. .ced by RUS may be located in non-rul reas. However, loan and grant funds may be used to finance only that portion of the facility serving rural areas, regardless of facility location.

(c) Eligible projects. (1) Projects must serve a rural area which, if such project is completed, is not likely to decline in population below that for which the project was designed.

(2) Projects must be designed and constructed so that adequate capacity will or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area to the extent practicable.

(3) Projects must be necessary for orderly community development and consistent with a current comprehensive community water, waste disposal, or other current development plan for the rural area.

(d) Credit elsewhere. Applicants must certify in writing and the Agency shall determine and document that the applicant is unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms.

(e) Legal authority and responsibility. Each applicant must have or will obtain the legal authority necessary for owning, constructing, operating, and maintaining the proposed facility or service and for obtaining, giving security for, and repaying the proposed loan. The applicant shall be responsible for operating, maintaining, and managing the facility, and providing for its continued availability and use at reasonable user rates and charges. This responsibility shall be exercised by the applicant even though the facility may be operated, maintained, or managed by a third party under contract or management agreement. Guidance for preparing a management agreement is available from the Agency. Such contracts, management agreements, or leases must not contain options or other provisions for transfer of ownership.

(f) Economic feasibility. All projects financed under the provisions of this section must be based on taxes, assessments, income, fees, or other satisfactory sources of revenues in an amount sufficient to provide for facility operation and maintenance, reasonable reserves, and debt payment. If the primary use of the facility is by business and the success or failure of the facility is dependent on the business, then the economic viability of that business must be assessed.

(g) Federal Debt Collection Act of 1990 (28 U.S.C. 3001 et seq.). An outstanding judgment obtained by the United States in a Federal Court (other than in the United States Tax Court), which has been recorded, shall cause the applicant to be ineligible to receive a loan or grant until the judgment is paid in full or otherwise satisfied.

[62 FR 33478, June 19, 1997, as amended at 64 FR 29946, June 4, 1999]

#### § 1780.9 Eligible loan and grant purposes.

Loan and grant funds may be used only for the following purposes:

(a) To construct, enlarge, extend, or otherwise improve rural water, sanitary sewage, solid waste disposal, and storm wastewater disposal facilities.

(b) To construct or relocate public buildings, roads, bridges, fences, or utilities, and to make other public improvements necessary for the successful operation or protection of facilities authorized in paragraph (a) of this section.

(c) To relocate private buildings, roads, bridges, fences, or utilities, and other private improvements necessary for the successful operation or protection of facilities authorized in paragraph (a) of this section.

(d) For payment of other utility connection charges as provided in service contracts between utility systems.

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(c) When a necessary part of the \_\_\_\_\_, ect relates to those facilities authorize \_\_\_\_\_, paragraphs (a), (b), (c) or (d) of this section the following may be considered:

(1) Loan or grant funds may be used for:

(i) Reasonable fees and costs such as: legal, engineering, administrative services, fiscal advisory, recording, environmental analyses and surveys, possible salvage or other mitigation measures, planning, establishing or acquiring rights;

(ii) Costs of acquiring interest in land; rights, such as water rights, leases, permits, rights-of-way; and other evidence of land or water control or protection necessary for development of the facility;

(iii) Purchasing or renting equipment necessary to install, operate, maintain, extend, or protect facilities;

(iv) Cost of additional applicant labor and other expenses necessary to install and extend service; and

(v) In unusual cases, the cost for connecting the user to the main service line.

(2) Only loan funds may be used for:

(i) Interest incurred during construction in conjunction with multiple advances or interest on interim financing;

(ii) Initial operating expenses, including interest, for a period ordinarily not exceeding one year when the applicant is unable to pay such expenses;

(iii) The purchase of existing facilities when it is necessary either to improve service or prevent the loss of service;

(iv) Refinancing debts incurred by, or on behalf of, an applicant when all of the following conditions exist:

(A) The debts being refinanced are a secondary part of the total loan;

(B) The debts were incurred for the facility or service being financed or any part thereof; and

(C) Arrangements cannot be made with the creditors to extend or modify the terms of the debts so that a sound basis will exist for making a loan; and

(v) Prepayment of costs for which RUS grant funds were obligated.

(3) Grant funds may be used to restore loan funds used to prepay grant obligated costs.

(f) Construction incurred before loan or grant approval.

(1) Funds may be used to pay obligations for eligible project costs incurred before loan or grant approval if such requests are made in writing by the applicant and the Agency determines that:

(i) Compelling reasons exist for incurring obligations before loan or grant approval;

(ii) The obligations will be incurred for authorized loan or grant purposes; and

(iii) The Agency's authorization to pay such obligations is on the condition that it is not committed to make the loan or grant; it assumes no responsibility for any obligations incurred by the applicant; and the applicant must subsequently meet all loan or grant approval requirements, including environmental and contracting requirements.

EXHIBIT B



(2) If construction is started with Agency approval, post-approval in account ance with this section may be considered, provided the construction meets applicable requirements including those regarding approval and environmental matters.

(g) Water or sewer service may be provided through individual installations or small clusters of users within an applicant's service area. The approval official should consider items such as: quantity and quality of the individual installations that may be developed; cost effectiveness of the individual facility compared with the initial and long term user cost on a central system; health and pollution problems attributable to individual facilities; operational or management problems peculiar to individual installations; and permit and regulatory agency requirements.

(1) Applicants providing service through individual facilities must meet the eligibility requirements in §1780.7.

(2) The Agency must approve the form of agreement between the applicant and individual users for the installation, operation, maintenance and payment for individual facilities.

(3) If taxes or assessments are not pledged as security, applicants providing service through individual facilities must obtain security necessary to assure collection of any sum the individual user is obligated to pay the applicant.

(4) Notes representing indebtedness owed the applicant by a user for an individual facility will be scheduled for payment over a period not to exceed the useful life of the individual facility or the RUS loan, whichever is shorter. The interest rate will not exceed the interest rate charged the applicant on the RUS indebtedness.

(5) Applicants providing service through individual or cluster facilities must obtain:

(i) Easements for the installation and ingress to and egress from the facility if determined necessary by RUS; and

(ii) An adequate method for denying service in the event of nonpayment of user fees.

#### § 1780.10 Limitations.

(a) Loan and grant funds may not be used to finance:

(1) Facilities which are not modest in size, design, and cost;

(2) Loan or grant finder's fees;

(3) The construction of any new combined storm and sanitary sewer facilities;

(4) Any portion of the cost of a facility which does not serve a rural area;

(5) That portion of project costs normally provided by a business or industrial user, such as wastewater pretreatment, etc.;

(6) Rental for the use of equipment or machinery owned by the applicant;

(7) For other purposes not directly related to operating and maintenance of the facility being installed or improved; and

(8) A judgment which would disqualify an applicant for a loan or grant as provided for in §1780.7(g).

(b) Grant funds may not be used to:

(1) Reduce EDU costs to a level less than similar system cost;

EXHIBIT B



(2) Pay any costs of a project whe. ...e median household income of the set. ...e area is more than 100 percent of the nonmetropolitan median household income of the State;

(3) Pay project costs when other loan funding for the project is not at reasonable rates and terms; and

(4) Pay project costs when other funding is a guaranteed loan obtained in accordance with 7 CFR part 1779 of this title.

(c) Grants may not be made in excess of the following percentages of the RUS eligible project development costs. Facilities previously installed will not be considered in determining the development costs.

(1) 75 percent when the median household income of the service area is below the higher of the poverty line or 80% of the state nonmetropolitan median income and the project is necessary to alleviate a health or sanitary problem.

(2) 45 percent when the median household income of the service area exceeds the 80 percent requirements described in paragraph (c)(1) of this section but is not more than 100 percent of the statewide nonmetropolitan median household income.

(3) Applicants are advised that the percentages contained in paragraphs (c)(1) and (c)(2) of this section are maximum amounts and may be further limited due to availability of funds or the grant determination procedures contained in \$1780.35 (b).

[62 FR 33478, June 19, 1997, as amended at 64 FR 29946, June 4, 1999; 66 FR 23151, May 8, 2001]

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EXHIBIT

## DEPARTMENT OF HAWAIIAN HOME LANDS HAWAIIAN HOMES COMMISSION August 20 & 21, 2018 Lihu'e , Kauai

# J-ITEMS GENERAL AGENDA

Aloha Ms. Burrows-Nu`uanu,

Please find this email as a humble request by the Kauai Fire Department to Chair Jobie Masagatani and the Hawaiian Homes Commission to have Item "Anahola Fire Station Update" placed on the Hawaiian Homes Commission "J Agenda" for the August 2018 Meeting to be held here on Kauai. I am very appreciative of the time granted last August 2017 in briefing the Hawaiian Homes Commission on the Anahola Fire Incidents.

Please also note that if Chair Masagatani, Commission, and DHHL Staff are amenable, I would be happy to provide all a separate Briefing, as well as, collaborate on an Anahola Site Visit. This Briefing and Site Visit would likely give Leadership and Staff a better picture and understanding of the issues and the collaborative possibilities. Please let me know what would work best for all.

Mahalo nui for your humble consideration.

#### Ke Aloha Nui.

Kilipaki Vaughan Deputy Fire Chief Kauai Fire Department 4444 Rice Street Suite 315 Lihue, Hawaii 96766 808-241-4980 Work 808-645-6351 Mobile



From:	Agnes Marti Kini
To:	Burrows-Nuuanu, Leatrice W
Subject:	Re: J Agenda Request
Date:	Monday, July 23, 2018 8:52:36 AM
Attachments:	image001.png

Aloha Kakahiaka Lea! Mahalo for answering the phone too:)

I would like to request on behalf of the Kalalea Anehola Farmers Hui, an audience with our DHHL Commissioners regarding two things;

1. Request by the KAFarmers Hui to hold a Beneficiary Community Consultation Meeting to acquire the General Lease for the current Farmer's Market parcel on, 4541 Hokualele Rd., Anahola Kauai, HI. 96703.

2. Requesting discovery of Grant Funds of \$5000 dollars on a Capacity Building Grant that was awarded to our KAF HUI in 2016 and was never paid to the Hui. (Proper efforts through proper channels, Bob Freitas & Gigi Cairel, were made by myself with no success.)

Mahalo for you time and kokua Lea, Aunty Aggie, Agnes D. Keaolani Marti-Kini President, KAF HUI

On Mon, Jul 23, 2018 at 8:34 AM, Burrows-Nuuanu, Leatrice W <<u>leatrice.w.burrows-nuuanu@hawaii.gov</u>> wrote:



July 30, 2018

The Honorable Commissioners Hawaiian Homes Commission Department of Hawaiian Homelands Hale Kalaniana'ole 91-5420 Kapolei Parkway Kapolei, HI 96707

Aloha Commissioners,

My name is Naomi Hanohano and I am a beneficiary of the Hawaiian Homelands at Princess Kahanu Estates Lot 169 in Nanakuli. I have a simple request but a very lengthy explanation of why I am making this request.

My husband Edward Hanohano is still on the beneficiary list and was recently notified that his number has come up for the new Kauluokahai in Kapolei. He has sent in his interest letter and we done everything we needed to do to get a prequalification letter from Kui Meyer at Home Street Bank. He would like to try to select a lot at the upcoming meeting in September but he is unable to because I have an award at Princess Kahanu Estates.

My request is that my husband be allowed to select a lot at the meeting. I know the rule is that a husband and wife cannot each have their own awards because there are so many on the list who also need homes and that is a very good rule but in this case I would like to explain why I am making this request.

I want to say that we love our home at PKE but it is a large 4 bedroom home for just the two of us and we always told ourselves that our house deserves a family to fill it up. When we received this house in 2004 our only child (daughter) was newly married and hapai to our first mo'opuna, we were so happy that God has blessed us with this home. Over the years, this house has been home to not only our family but also to other family members who needed a place to stay and of course family who has come home to visit.

In 2012, our daughter was blessed to acquire her own home in PKE and long story short, it has just been the two of us for a while in the large home. As we are getting older we have talked about selling this home and moving to something smaller. I am more than happy to sell our home and we saw this opportunity as a way to get something smaller (hopefully) at Kauluokahai but as you all know, it does take around six months or so to close a sale and the selection meeting is only two months away.

I also want to let you know that when we got our home in 2004 it was offered as a pre-owned home or "as is" at the time, it was not a brand new turnkey home, we had to at our own expense and labor repair it so it could pass the loan even before it was awarded to us. We are so grateful and over the years we had made other improvements such as painted the entire inside and outside, installed brand new flooring, a new wall, sidewalks, a slab in the backyard and even a photovoltaic system, we thought that this would be our forever home. We even thought that we would pass it down to our mo'opuna but we never know what the future holds for them. We realize that the best thing to do for them is to take care of ourselves as we age.



I am not asking for us to have two homes but we feel it would be unfair for us to have to give up the home we have made beautiful just for the possibility for Edward to select at Kauluokahai.

I am thanking you in advance for all of your consideration in this request and if you want me to appear in person to make my plea, I would be more than happy to be at the next commission meeting.

Much Mahalo and Aloha,

Naomi L Hanohano Princess Kahanu Estates Lot 169 87-119 Laiku Street Nanakuli, Hawaii 96792

#### Burrows-Nuuanu, Leatrice W

From:	Aila Jr, William J
Sent:	Wednesday, August 01, 2018 9:32 AM
То:	Bronson lovell; Duncan, Kaipo
Cc:	dana@oha.org; Burrows-Nuuanu, Leatrice W
Subject:	RE: Camp faith

Aloha Mr. Lovell! By way of this response and copy to Leah Burrows-Nuuanu, I am forwarding you request to the appropriate office. Mahalo!

From: Bronson lovell [mailto:manakoa72@ymail.com]
Sent: Tuesday, July 31, 2018 9:56 PM
To: Duncan, Kaipo <kaipo.duncan@hawaii.gov>
Cc: Aila Jr, William J <william.j.ailajr@hawaii.gov>; dana@oha.org
Subject: Camp faith

Sent from my iPhoneAloha Mr. Aila,

We would like to request to be on the August 2018, DHHL Kauai Community Meeting Agenda regarding the what was known as the old "Camp Faith" property in Anahola entering from Kamane Road. to propose a health and wellness program that benefits Native Hawaiian beneficiaries of Anahola, keiki, ohana and kupuna.

Mahalo,
Bronson Lovell
(Anahola NH Beneficiary)
808-635-2023

