

WAILUA



REGIONAL PLAN

December 2009





WAILUA

Kaulana H.R. Park
Chairman
Hawaiian Homes Commission

COMMISSIONERS
Alapaki Nahale-a (East Hawai'i)
Donald S. M. Chang (O'ahu)
Stuart Hanchett (Kaua'i)
Malia Kamaka (West Hawai'i)
Francis K. Lum (O'ahu)
Perry O. Artates (Maui)
Trish Morikawa (O'ahu)
Henry Tancayo (Moloka'i and Lānai)

Anita S. Wong
Deputy to the Chairman

Robert J. Hall
Executive Assistant

DEPARTMENT OF HAWAIIAN HOME LANDS
Hale Kalaniana'ole
91-5420 Kapolei Parkway
Kapolei, Hawaii 96707

www.hawaii.gov/dhhl

Chairman's Office
Telephone: (808) 620-9500
Facsimile: (808) 620-9599

Mailing Address:
P.O. Box 1879
Honolulu, Hawai'i 96805

Planning Office
Telephone: (808) 620-9480
Facsimile: (808) 620-9559

I.	Introduction	
	Regional Plan Goals & Process	1-2
	Partnering Benefits	3
II.	Homestead & Regional Profile	
	Demographics	4
	Community Leaders & Stakeholders	5
	Elected Officials & Political Boundaries	6
III.	Regional Land & Development	
	History & Cultural Aspects of the Area	7
	Historical & Cultural Locations	8
	Hawaiian Home Lands	9
	DHHL Island Plan	10
	Development Projects Map - DHHL Wailua Regional Plan	11
	Development Projects Characteristics	12
	Development Characteristics & Trends	13
	Significant Master Plan Projects	14
IV.	Infrastructure	
	Water	15-16
	Drainage	17-18
	Wastewater & Sewer	19-20
	Roads & Transit	21-22
	Public Facilities	23-24
V.	Homestead Issues & Priorities	
	Issues & Opportunities	25
	Potential Projects	26
	Priority Projects	27-31
	Contact Information	32



I. Introduction - Regional Plan Goals & Process

The mission of the Department of Hawaiian Home Lands (DHHL) is to effectively manage the Hawaiian Home Lands Trust and to develop and deliver lands to native Hawaiians. To accomplish this, DHHL works in partnership with government agencies, private landowners, non-profit organizations, homestead associations, and other community groups. Regional plans provide the means to solidify visions and partnerships that are essential to effectively manage Hawaiian Home Lands trust lands for the betterment of native Hawaiian beneficiaries.

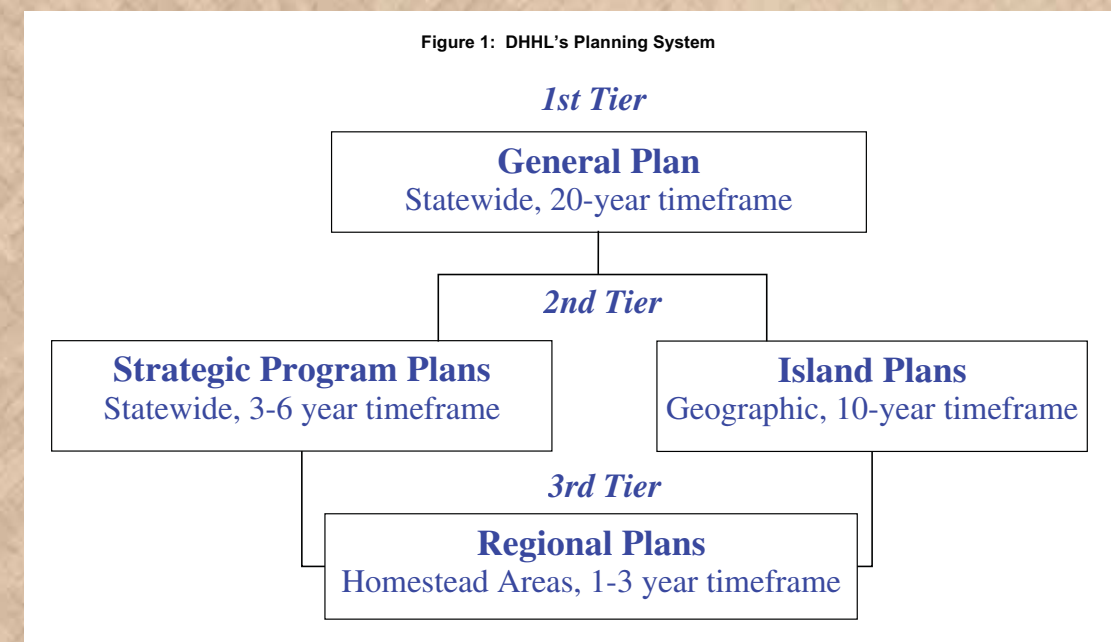
This regional plan is one of twenty (20) regional plans that DHHL is developing statewide. Wailua is one of the three regions on Kaua'i that have been selected for regional planning. In these regional plans, DHHL takes on a leadership role in the region, working to strengthen the growth of the area, developing partnerships to leverage diverse resources and capital investment; and fostering beneficiary participation in determining the future direction of the homestead community. The regional plans provide the Department and the affected homestead community opportunities to assess land use development factors, identify issues and opportunities, and identify the region's top priority projects slated for implementation within the next three (3) years.

What are Regional Plans?

Regional Plans are part of DHHL's 3-tiered Planning System (see Figure 1). At tier one is the General Plan which articulates long-range Goals and Objectives for the Department. At the second tier, there are Program Plans that are statewide in focus, covering specific topic areas such as the Native Hawaiian Housing Plan and a Native Hawaiian Development Program Plan. Also at this second tier are the Department's

Island Plans that identify the Department's Land Use Designations per island which function similar to the counties' land use zones. The regional plans are located at the third tier in the Department's planning system which focuses at the community/regional level. The regional plans apply the goals, policies, and land use designations to specific geographic regions. The regional plans are a means to:

- Identify data -- people, lands, and infrastructure of homestead communities and the surrounding region;
- Identify what DHHL and other landowners are planning to do;
- Provide the primary mechanism for beneficiary input in the development of their homestead communities;
- Identify issues and potential projects; and
- Identify Priority Projects determined by the Department and homestead community.



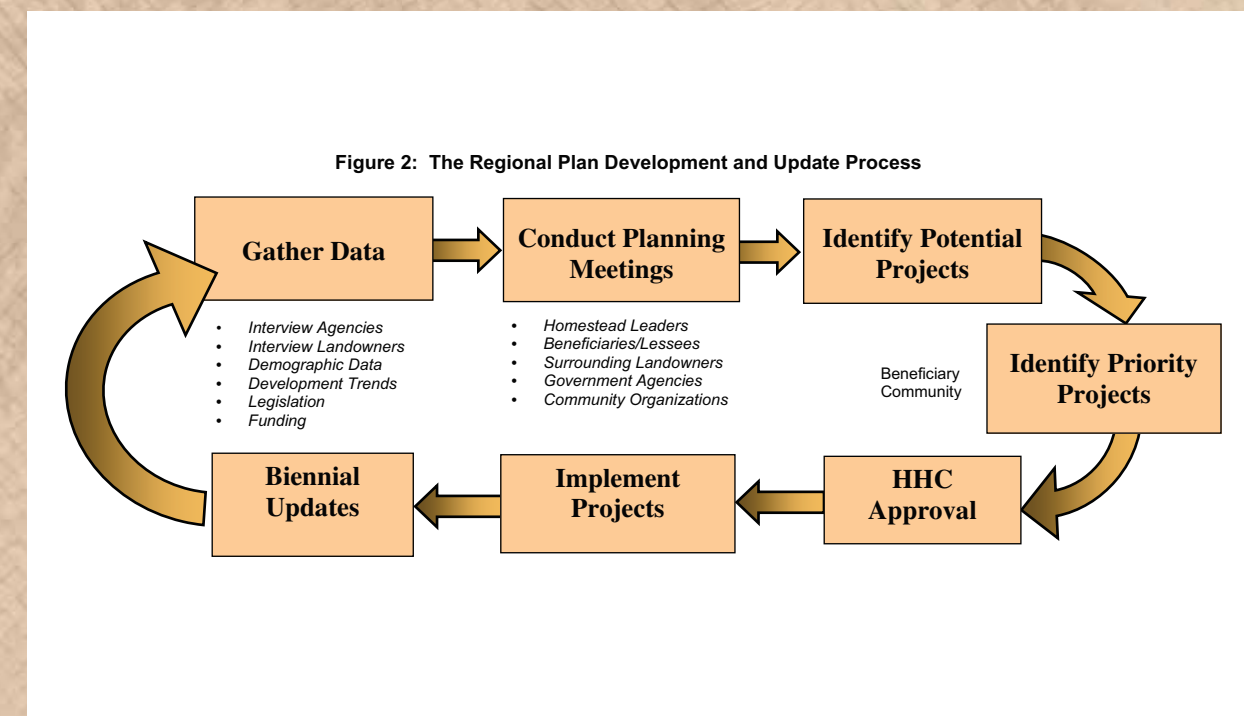
How are Regional Plan Developed?

The regional plans are developed in conjunction with lessees of the region as well as regional stakeholders (landowners, agencies, other organizations) in a series of planning meetings as illustrated in Figure 2. During these meetings, issues and opportunities that should be addressed in the regional plan are identified and a list of potential projects is developed to address those issues and opportunities. From this list lessees determine by consensus, their top five (5) priority projects that are written up with project details, budget estimates, and other pertinent project planning information. Draft regional plans are then subject to the approval of the Hawaiian Homes Commission, which means that the Commission and Department officially support the priorities identified in the regional plan.

Upon approval, the homestead community, the Department, and other development partners can seek necessary funding and pursue the implementation of the Priority Projects. The Priority Projects is a key component of aligning support and providing focus to efforts to develop the region. Finally, since DHHL knows that regional development is a dynamic process with constantly changing opportunities and emerging issues, regular regional plan updates are built into the planning process. In this way, regional plans are updated as needed, which generally have amounted to biennial updates (one update every two years), in order to keep abreast of changing conditions and new opportunities.

How are Regional Plans Used?

As a compilation of existing plans and proposed projects for the region, the regional plan helps to coordinate the orderly development of regional infrastructure improvements. With the addition of lessee input in the process, the regional plans become a powerful tool to focus energies and efforts, align interests, and secure funding for the top priorities identified in the regional plan. In this way, regional plans have become a critical tool to unify and support our beneficiary community.



Partnering Benefits

Benefits Of Partnering

DHHL is working in partnership with other government agencies, the private sector, and community organizations to develop its lands and improve community life. DHHL believes that partnerships are an effective way to leverage resources and capital investments, mitigate undesirable impacts of development, coordinate area growth, reduce risks in large-scale community projects, and create broad community benefits.

These partnerships allow for better prioritization and coordination of infrastructure improvement and the development of regional public and residential facilities. This coordination helps individual organizations achieve their goals while bringing long-term benefits to the community and region.

DHHL brings to these partnerships:

- Land for development in strategic locations with accelerated land use entitlement options
- Potential use of tax-exempt financing
- Access to legislative appropriations
- Access to federal funding such as HUD, USDA, SBA
- Flexibility in the application of development standards, zoning, and design
- Cultural understanding and resources
- A strong government/community voice to support projects through approval processes

Successful Partnerships

1. Residential Partnerships

Through partnerships DHHL has reduced the cost of homes to low-income beneficiaries. DHHL has done this by sharing in the cost of infrastructure, helping to secure tax credits, and using self-help methods of construction. Partnerships in Kapolei resulted in 70 Rent-to-Own units constructed by Mark Development using low-income tax credits and 45 self-help homes constructed with Menhune Development and Honolulu Habitat for Humanity. In these types of partnerships, DHHL often provides the land, secures federal grants, and provides access to, or assistance in, acquiring tax credits, subsidies, or other financing.

2. Infrastructure Partnerships

DHHL has partnered with county governments and utility providers on infrastructure improvements that benefit the entire community. DHHL has participated in water system development with the counties by providing funding, land easements, and access to federal

and state programs. Examples include the extension of the Lower Kula Water System on Maui, the Waimea Irrigation System and the Maku'u Water System on Hawai'i, and the Waiawa-Waipahu water system on O'ahu. DHHL water systems at Anahola on Kaua'i, and Ho'olehua on Moloka'i are interconnected with nearby County water systems providing both parties backup source and storage capacity in the event of emergencies. DHHL has also provided numerous easements over its lands to electrical, water, telephone, and cable companies to service both homestead areas and the general public.

3. Public Facilities Partnerships

DHHL has participated in a number of partnerships involving public facilities and community resources. The most notable partnerships have brought together Hawaiian agencies and non-profit organizations into a multi-service complex where a broad range of programs are housed to serve the public. Such multi-service complexes have been built on Hawaiian Home Lands in partnership with Kamehameha Schools, Queen Lili'uokalani Children's Center, Alu Like, Papa Ola Lōkahi, the Office of Hawaiian Affairs, Hawaiian community organizations, and the counties. These multi-service complexes house preschools, offices, meeting facilities, health clinics, and activity centers. For example, the Paukūkalo homestead on Maui is served by a County park on DHHL land next to a community hall, the DHHL district office, the Hawaiian Community Assets' home ownership counseling center, and a Kamehameha Schools preschool. DHHL, private businesses, government agencies, and private foundations have joined together to provide materials for playgrounds constructed by homestead associations and other community volunteers.

4. Natural Resource Management Partnerships

Through a series of management partnerships with DLNR, the Nature Conservancy's Honouliuli Preserve, and other property owners, unique ecosystems and historic sites are being protected. For example, DHHL is partnering with DLNR to protect the red 'ilima (abutilon) in East Kapolei. Other examples include the Hakalau Forest Reserve, the 'Āina Hou Management Area, the Pala'au and Mo'omomi preserves, the Kalaupapa peninsula, and the Kamā'oa-Pu'u'eo National Historic District where koa forests, endangered plants and animals, and native species are being protected for future generations. Beachfront recreational values are protected through management agreements with the City and County of Honolulu for Makapu'u, Kaiona, Kaupō, Waimānalo, and Nānākuli beach parks.



II. Homestead & Regional Profile - Demographics

Population Growth & Investment

- Population of Kaua`i County forecasted to be 65,900 in 2010 and 74,750 in 2020
- \$64 Million in General Excise and Use Tax Revenues through November of 2005
- 6,533,551 Total Visitor Days in 2005

Workforce

- Unemployment rate of 2.8 percent in 2005
- 21.9 percent of Lihu`e County workforce employed in hospitality industry in 2005
- 29,950 jobs in County in 2005

Housing & Commercial

- 27,447 housing units as of 2005
- 16,852 Owner-occupied units in 2005
- 10,595 Renter-occupied units in 2005
- 401 Private new single family units constructed in 2004
- \$280 Million collected in Private Building Permit Fees in 2004
- 20 Time-share properties in Kaua`i County in 2004

Source: U.S. Census Bureau

General Characteristics	WAILUA-ANAHOLA CCD (2000)			
	Total Population		Native Hawaiian Population	
	Number	%	Number	%
Total Population:	10,873	100.0%	3,457	31.8%
Median Age (Years)	38.3		29.9	-
Social Characteristics				
High School Graduate or Higher	6,233	87.8%	840	85.1%
Bachelor's Degree or Higher	1,580	22.3%	78	7.9%
Economic Characteristics				
Median Household Income (Dollars)	\$44,482		\$40,815	-
Housing Characteristics				
Number of Households	3,768	100.0%	471	100.0%
Households that are Families	2,733	72.5%	379	80.5%
Families with own Children under 18	1,359	-	164	-
Families with own Children under 18 that are Headed by a Married Couple	970	71.4%	107	65.2%
Families with own Children under 18 that are Headed by a Single Parent	389	28.6%	57	34.8%
Average Household Size	2.85	-	3.57	-
Total Housing Units	4,462	-	-	-
Owner Occupied Units	2,085	-	356	-
Renter Occupied Units	2,377	-	135	-
Vacant Units	682	15.3%	-	-
Homeownership Rate ((%) Kaua'i County)	-	55.3%	-	-
Rental Vacancy Rate (%)	-	3.6%	-	-
Median Value - Single Family Home ((Dollars) Kaua'i County)	\$600,000	-	\$155,200	-
Median Value - Condo ((Dollars) Kaua'i County)	\$415,240	-	-	-
Median Gross Rent (Dollars)	\$812	-	\$730	-

Community Leaders & Stakeholders

The stakeholders and the interest/agency/organizations represented below have participated in the Wailua Regional Planning process since 2007.

NAME	COMPANY / ORGANIZATION
Imaikalani Aiu	Kaua'i County Planning Department
Kupuna Akana	Na Kahu Hikina'akala
Liberta Albao	Queen Deborah Kapule Hawaiian Civic Club
Donna Apisa	Coco Palms
Bill "Kaipo" Asing	Kaua'i County Council Chair
Tom Contrades	Former Hawaiian Homes Commissioner
Kauai Castillio	Queen Lili'uokalani Children's Center, Kaua'i Unit
Donald Cataluna	OHA Trustee Kaua'i & Ni'ihau
Ted Daligdig III	Kaua'i County Planning Commission
L. Haulani Fernandez	Hui Kako'o
Gregg Fujikawa	County of Kaua'i
Stuart Hanchett	Hawaiian Homes Commission
Paul Higa	-
Stanford Iwamoto	Dept. of Transportation, Highways
Amanda Kaleiohi	Anahola Hawaiian Homes Association
Sariah Kanahele	Kekaha Self-Help Homestead
Christopher Kauahi	Anahola, Unit 6 Awardee
Shirley Ann Kauahi	Anahola, Unit 6 Awardee
Rodney Kaulupali	Sandwich Isles Communications
Ainsley Kelekoma	Anahola Hawaiian Land Farms Association
Linda Kelekoma	Anahola Hawaiian Land Farms Association
R. Mana Ku	-

NAME	COMPANY / ORGANIZATION
Kipukai Kualii	Hui Kako'o
Maryanne Kusaka	Former Kaua'i County Mayor
Steven Kyono	State Dept. of Transportation, Highways Division
Audrey K. Loo	Anahola Hawaiian Land Farms Association
John Lydgate	Friends of Kamalani
Charlotte Lydgate	-
Abraham Machado Jr	-
Kawehi Mahi	Anahola Hawaiian Homes Association
Jerry Ornellas	East Kaua'i Water User's Cooperative
Kekane Pa	Anahola, Unit 6 Awardee
Sam/Yvonne Pa	-
Kaulana H.R. Park	DHHL Commissioner Chairman
Queenie Peranso	Resident
Leah Pereira	Kekaha Hawaiian Homestead
Sharon Pomroy	Anahola Hawaiian Land Farms Association
Lorraine Rapozo	Anahola Hawaiian Homes Association
Rayne Regush	Community Advisory Council
Kawika Smith	Smith's Boats
Carl Tashima	-
Wynne Ushigome	Department of Water
JoAnn A. Yukimura	County Council



Elected Officials & Political Boundaries



Linda Lingle
Governor



Duke Aiona
Lt. Governor



Daniel K. Inouye
U.S. Senator



Daniel K. Akaka
U.S. Senator



Mazie Hirono
U.S. House of Representatives
Congressional District 2



Gary L. Hooser
State Senatorial
District 7



Hermina M. Morita
State House of Representatives
District 14

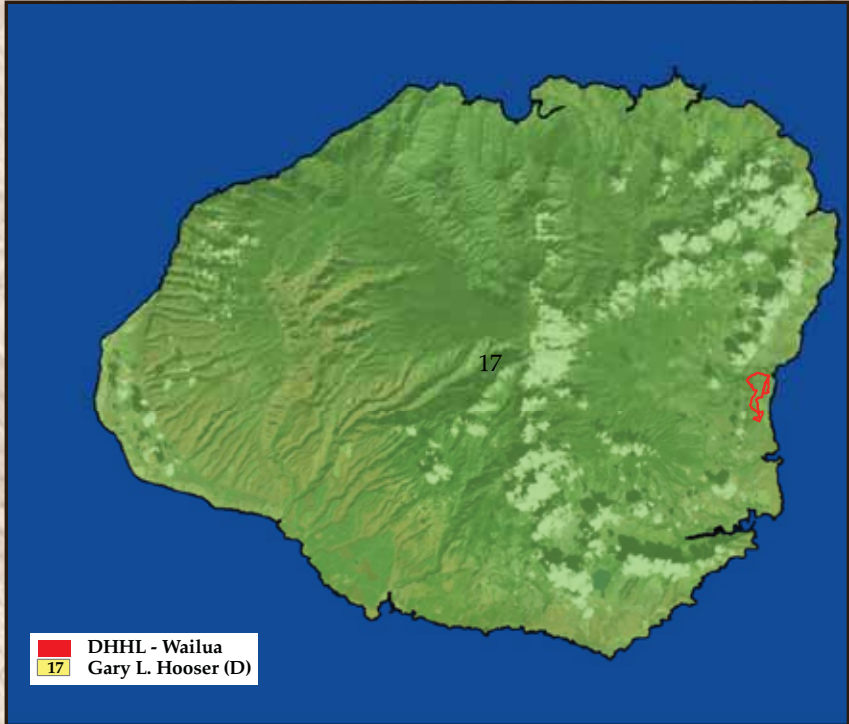


James Tokioka
State House of Representatives
District 15

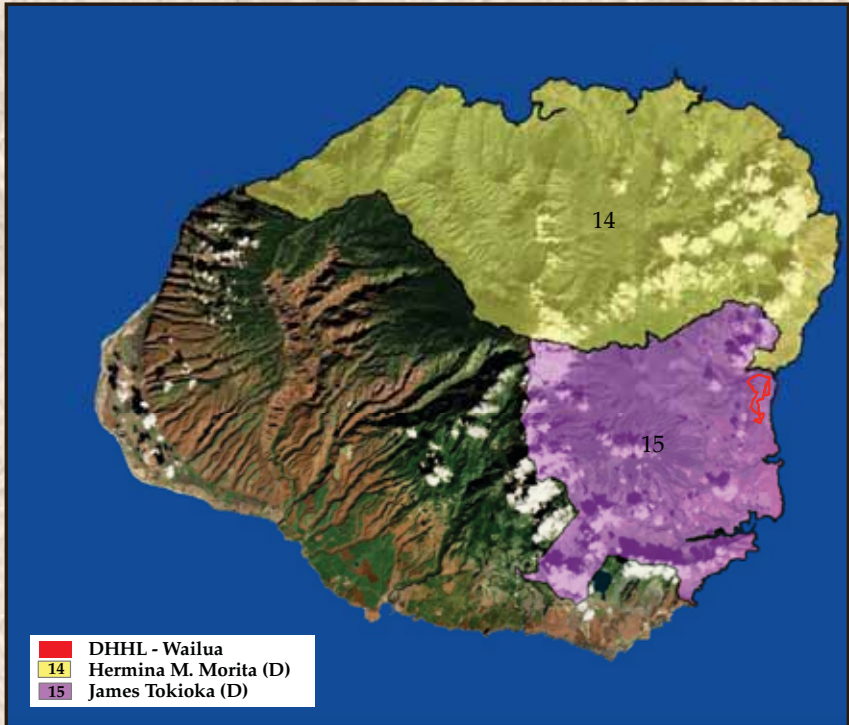


Bernard P. Carvalho, Jr.
Mayor
County of Kaua'i

State Senatorial Districts



State House of Representatives Districts



Disclaimer: The information and recommendations expressed in this report are not necessarily endorsed by the people depicted on this page. These same people cannot be held liable for the information presented or the results of the report.

III. Regional Land & Development - History and Cultural Aspects of the Area

Wailua, Kauaʻi is a region steeped in history and special significance to the Hawaiian people. Kauaʻi is the oldest and fourth largest of the inhabited Hawaiian Islands, having become part of the island chain approximately five million years ago.

The Great Sacred Wailua

Located on the Eastern or “Windward” side of Kauaʻi, it was first settled by voyagers from the Marquesas Islands, and hundreds of years later, by the Tahitians. Punanuikaiaʻāina, leader of the settlers from the Marquesas, placed a kapu on the land on either side of the river from the sea to the top of the range that divides the shore from the uplands, giving the area its traditional name, Wailua Nui a Hoʻāno, or great, sacred Wailua. Punanuikaiaʻāina himself seems to have borne this name and there is a confusion as to whether Wailua Nui a Hoʻāno is the name of a particular chief, or of the land only, or both.

Archaeological and ethnographic evidence reinforce one another and indicate that Wailua was one of the two religious and political centers of Kauaʻi during ancient times. The Aliʻi Nui (high chiefs) inhabited Wailua on the eastern side of the island in the summer months, while the winter months were spent at Waimea on the western side of the island. Wailua was the principal residence as well as administrative and religious center of Kauaʻi’s aliʻi nui for most of the year.

By tradition, Wailua was conceptually divided into parts, with “Wailuanuiahoʻāno” (“Great Sacred Wailua”) as the name of a marked, sacred area associated with the aliʻi, and the area up in the valley and hills as the area where common people lived. Wailuanuiahoʻāno was area so sacred that it was kapu to makaʻāinana; only aliʻi, their kahuna and retainers could reside or visit the area. A large portion of the DHHL Wailua property, if not the entire property, is located in Wailuanuiahoʻāno.

The significance of this sacred area is echoed in mythological literature, which shows Wailua prominently associated with some of Hawaiʻi’s most famous legendary and historical figures, including: Maui, Kawelo Pikoiaikaʻalo, Lāʻieikawai, Mōʻikeha, Laʻamaikahiki, and Kaililauokekoa. These associations indicate an ancient and continuous occupation of the area.

Also pointing to the great antiquity and importance of the settlement at Wailua is its mention as the site of many “firsts.” For example, Wailua is said to have the first kalo and ʻuala on Kauaʻi. Mōʻikeha’s hānai son Laʻamaikahiki, brought the first temple drum, the kāʻeke, to the islands and preserved it at the heiau of Holoholokū at Wailua. The first hau trees were planted along the river below Poliʻahu Heiau, and the first coconut tree in the islands was planted just north of the river mouth.

Wailua Complex Of Heiau

The Wailua Complex of Heiau is a National Historic Landmark, comprised of 5 discontinuous properties, which are all under jurisdiction of the State of Hawaiʻi. All of the sites are incorporated in the Wailua River State Park. The Landmark captures some of the in-tact structures of the once great and sacred Wailua. According

to tradition, there were once seven heiau in Wailua ahupuaʻa, including: Hikinaakalā, Malae, Kalaeokamanu (Holoholokū), Poliʻahu, Pōhakuʻeleʻele, an unnamed heiau near Kālepa and Nounou ridges, and an unnamed heiau near the convergence of the north and south forks of Wailua River. Only four of the seven structures retain their structural integrity today.

Kalaeokamanu Heiau (Holoholokū Heiau) lies on the north bank of the Wailua River. Some sources suggested that the walled enclosure at the base of Puʻuki Ridge was the heiau, but more recent research indicates the heiau may have been on top of Puʻuki Ridge. Adjacent to the heiau are the Pōhaku Hoʻohānau, the birthstones where Kauaʻi aliʻi were born, and the Pōhaku Piko, where the naval cords of the chiefly children were placed. The heiau served in conjunction with its associated birthstones. It was at the heiau that the drum would announce the news of the birth of royalty. The associated Pohaku Hoʻohānau was sacred because it was to this rock shelter that a high chieftess would go for the birth of her child to ensure its chiefly status. The place names Kalaeokamanu and Holoholokū appear to have become confused and used interchangeably over time.

Malae Heiau also known as Malaehaʻakoa and Maakaʻūkiu, is the largest heiau remaining on Kauaʻi. Its 6-foot high walls encompass approximately 2 acres. It is located just mauka of Kūhiō Highway, adjacent to the mauka DHHL Wailua lands. Its origin is traditionally traced to the mythical menehune, or the chief Mōʻikeha, who is said to have built it in the period that Wailuanuiahoʻāno ruled Kauaʻi. Traditional history talks of the cultural relationship between Malae Heiau and Poliʻahu Heiau and the visual connection between these sites is believed to be part of this relationship. A long history of sugar cane cultivation around this site has resulted in bolders and dirt being pushed up against the exterior face of the walls.

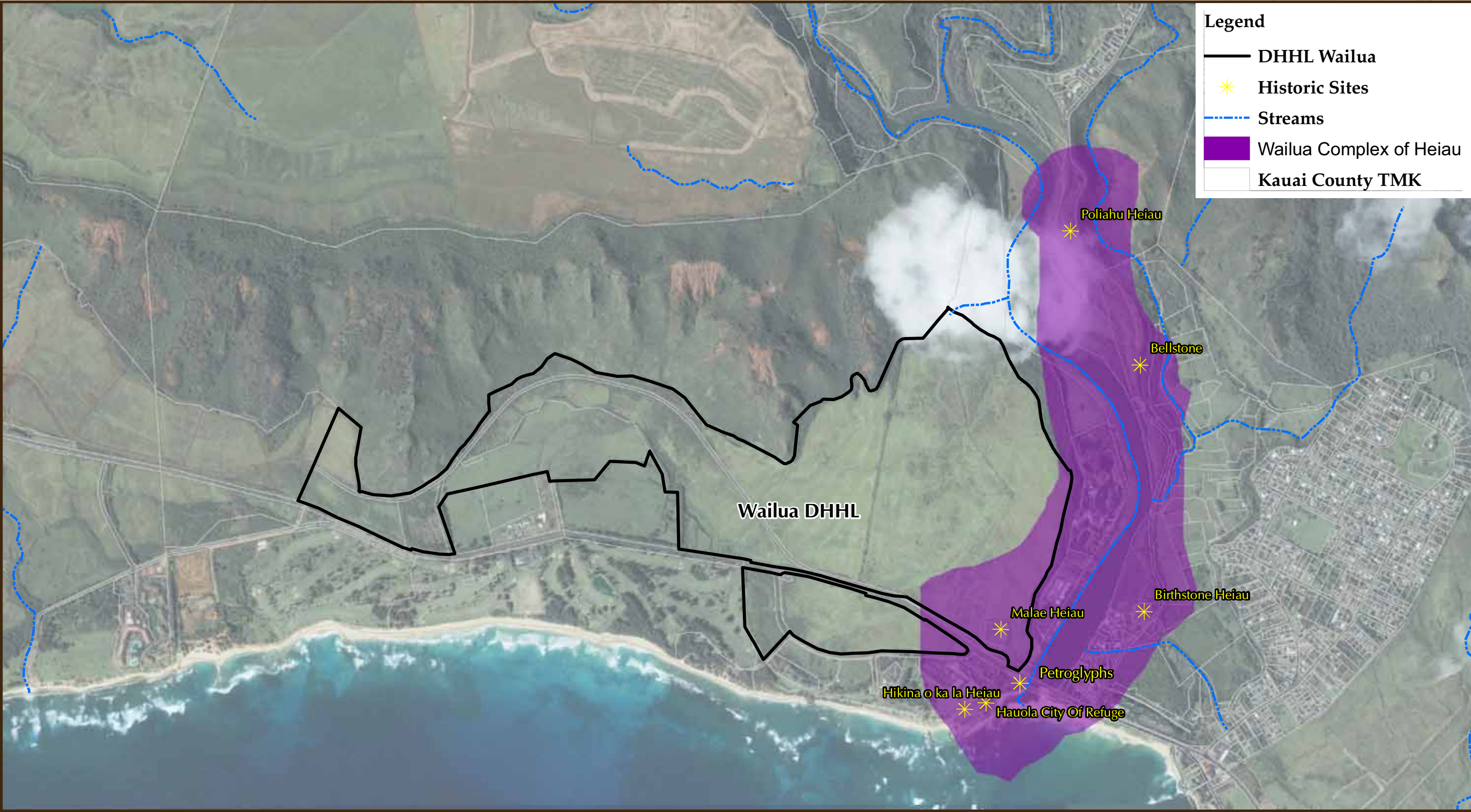
Poliʻahu Heiau is another large walled enclosure Heiau, covering slightly over one acre, located on the ridge separating the Wailua River and ʻŌpaekaʻa Stream. It is said that the menehune constructed Poliʻahu using rocks from ʻŌpaekaʻa Stream. Its companion heiau is Malae, easily viewed from the high vantage point of Poliʻahu.

Hikinaakalā Heiau (including Puʻuhōnua o Hauʻola and associated petroglyphs) is situated on the southern side of the mouth of the Wailua River. Oral tradition attributes the construction of the heiau to the chief Wailuanuiahoʻāno. Hauʻola, the place of refuge where a kapu-breaker could enter and escape punishment, is said to have been built by menehune at the direction of the legendary Waimea chief Ola, who gave it the same name as the place of refuge constructed by his father near Kekaha. The Ka Pae Kiʻi Māhū o Wailua petroglyphs are located about 130 feet north of Hauʻola. It includes a series of 8 petroglyph boulders in a cluster of 61 boulders along the shore of the Wailua River. Due to shoreline and contour changes in the River channel, the petroglyphs are now partially submerged.

The Wailua Bellstone is a basalt boulder located about one-half mile east of Poliʻahu Heiau on a bluff overlooking the Wailua River. The boulder was drummed with cobbles, producing a hollow sound that heralded the approach of chiefly or religious processions along a former trail that led from the coast up into the mountainous interior of Kauaʻi. Kaluawehe, or the “King’s Highway” began just offshore near the mouth of the Wailua River.



Historic & Cultural Locations



Hawaiian Home Lands

DHHL owns a total of 526 acres in the Wailua area. This includes 52 acres makai of Kūhiō Highway and 474 acres on the mauka side of the highway.

Lydgate Park, the Wailua Golf Course, the 46-room Kaha Lani Resort, the 216-room Aloha Beach Resort, and the Wailua Wastewater Treatment Plant border the makai lands. The mauka lands are bordered by Kālepa Ridge, Wailua River channels, the County Correctional facility, and Grove Farm agricultural lands.

The properties on both sides of the Highway are fertile agricultural lands that were used for sugarcane. However, only 67 acres are now being used for pasture and diversified agriculture and the rest remains fallow.

Wailua Land Use Plan

In May, 2004, the Hawaiian Homes Commission approved the Kauaʻi Island Plan which identified the following general land uses for the Wailua HHLs:

216 acres	640 Residential Lots at 10,000 Sq. Ft.
47 acres	Commercial (Makai Parcel)
20 acres	Community Uses
92 acres	Special Districts (buffer residential areas)
99 acres	25 Agricultural Homestead Lots at 2 acres
52 acres	General Agriculture (areas prone to flooding)
526 acres	TOTAL

Since that time, plans for development at Wailua have been refined by emerging markets and the Department’s ability to capitalize on development opportunities. These refinements, which more closely reflect the current thinking of the Department, are identified below.

Resort/Timeshare or Commercial Development

The parcel of land (the “Property”) being offered for general lease is located in Wailua, Island of Kauaʻi, Hawaiʻi. The Property is currently identified on the tax maps of the State of Hawaiʻi as Division 4, zone 3, Section 9, Plat 06, Parcel 09 and a portion of Parcel 11. The Department o of Hawaiian Home Lands (DHHL) has selected and designated the site for resort/timeshare or development because of its superior location. However, plans for other types of commercial uses or developments may be considered, provided they meet DHHL’s objectives and the upset ground rent as stated in the Legal Notice (Item II of the Information Packet).

The Property is located along Kauaʻi’s eastern coastline; approximately six miles form Līhuʻe, the island’s urban center, and 2-3 miles from Kapaʻa, which offers a large variety of dining and shopping opportunities. The Property is within walking distance to the shoreline/ beach, Wailua Golf Course, the Wailua State Park (AKA Lydgate Park) and the Wailua River. The Property has more than 2,500 feet of frontage on Kūhiō Highway, the only major highway connecting all communities on the eastern and northern side of the island.

A secondary roadway, Leho Drive, surrounds the balance of the Property except for a small portion (approximately nine acres) that borders on the Wailua Golf Course. The Property is located 1-2 miles south of the Coconut Plantation Resort Complex which contains approximately 77 acres and includes approximately 911 hotel rooms within the Aston Kauaʻi Beachboy Hotel and the Islander on the Beach Hotel, both of which front along the ocean. The Coconut Market place, which is occupied primarily with tourist related tenants, is also situated within the Coconut Plantation Resort fronting along Kūhiō Highway. Other commercial developments located north of the subject property along Kūhiō Highway include the strip commercial areas of Kapaʻa comprising of both local consumer foods and services and tourist related shops.

Residential Development

DHHL seeks a developer who is willing and able to provide a minimum of 200 single-family detached residences on a portion of a 309.3-acre parcel and a 70.7-acre parcel located in Wailua, Island of Kauaʻi, Hawaiʻi, identified as Tax Map Key Nos. (4) 3-9-02:Parcels 12 and 25. These residences will be offered solely to DHHL’s beneficiaries. In return for constructing the infrastructure for these 200 residences, and over-sizing the infrastructure to accommodate up to 600 residences, DHHL will offset the lease rent for a 50.6-acre parcel that the developer may use to construct a timeshare/resort, or other commercial venture.

The property contains 2,199,780 square feet (50.5 acres) of gross land area. DHHL intends to subdivide the 11-acre parcel into two lots, one being approximately two acres and the other approximately 9.4 acres. Once subdivided, the 9.4-acre lot will be a part of the timeshare/resort or commercial development property, however, it will continue to be separated fro the larger 41.152-acre parcel by Leho Drive, a county roadway.

The Property is currently zoned Open (O) and Agriculture (A) by the County of Kauaʻi, but has been valued as if zoned Resort (RR-20). DHHL is not subject to county and state land use zoning and plans to designate this site for development under the RR-20 guidelines for planning and permitting purposes. Such a zoning guideline would allow for the

development of a maximum of 20 dwelling units per acre of land or a maximum total of 1,010 allowable dwelling units based on the combined gross land area of 50.5 acres underlying the subject property. DHHL has indicated that they would consider the maximum density for the site to be 800 units. In the event of a hotel or motel development, each hotel or motel room shall be considered as one-half of one dwelling unit in computing the allowable number of dwelling units.

DHHL shall also consider commercial uses for the site under the County of Kauaʻi’s General Commercial (CG) district zoning. However, there will be no adjustment in the upset rent if an applicant proposes a commercial development.

Topography

The flat and rolling hills make the Wailua area relatively easy to develop and create breathtaking views from this property. A topographical survey has not been conducted of the site.

Location

The Wailua property is ideally located for a new residential community because homesteaders would be able to work in Wailua, Kapaʻa and Līhuʻe without a long commute. Services and recreational amenities are also nearby.

Agricultural Land

Some of the Department’s best agricultural land is located in Wailua.

Soils Condition

A geotechnical study of soil and sub-soil located on the Property has not been done.

Energy Policy - Green Community

The community supports and encourages the Department to consider their Energy Policy and technological solutions to develop green communities.



DHHL Land Use for Wailua

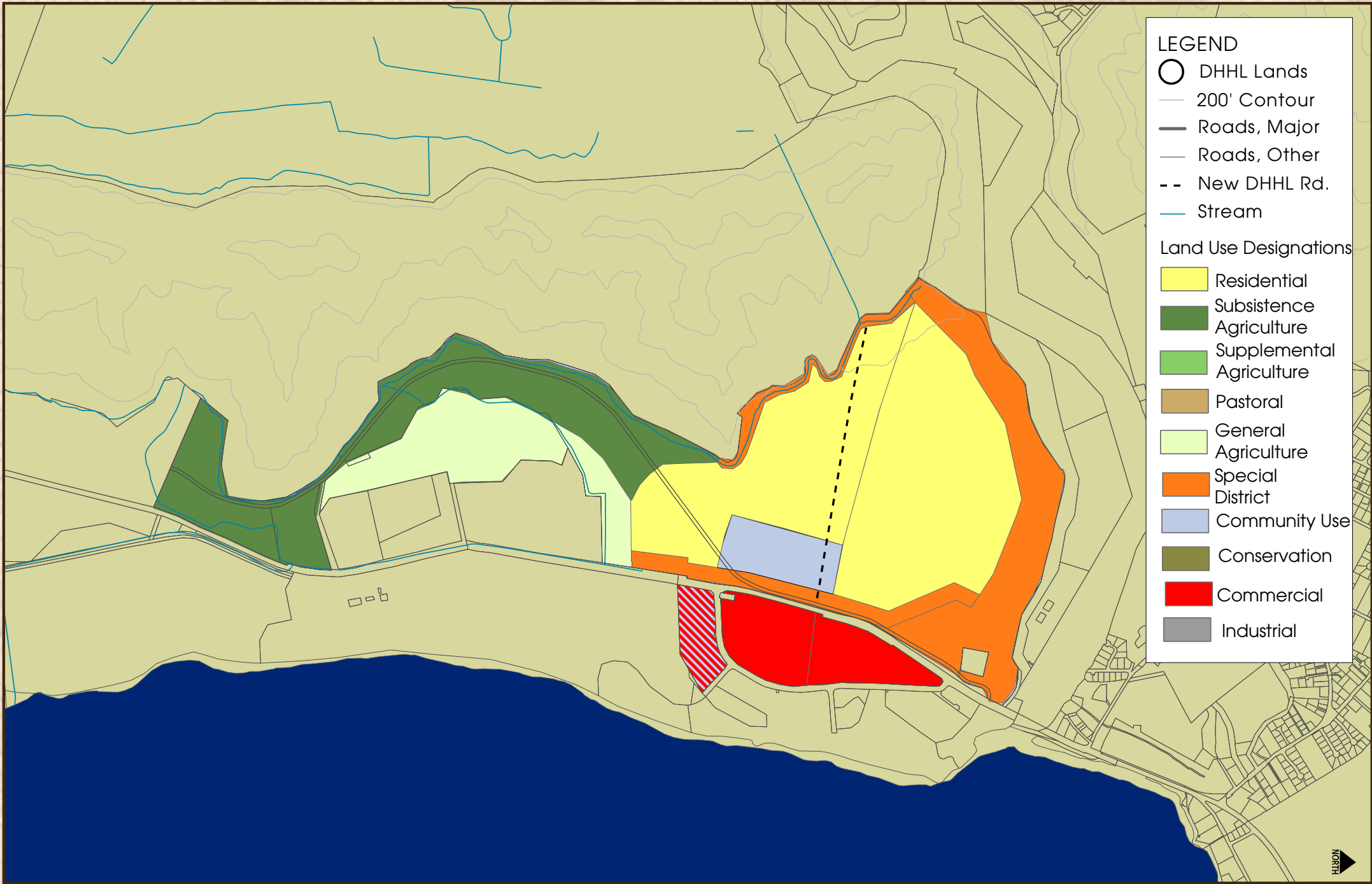
The adjacent image depicts the DHHL Kauai Island Plan land use plan for Wailua. The plan provides separate but synergistic visions for the makai and mauka lands. The makai area will be a regional commercial and social service center while the mauka area will be a major new residential area.

The Commercial and Community uses at the regional center on the makai side of the highway will cater to residents and visitors to Kauai’s eastside and north shore and generate income for DHHL as well as jobs for beneficiaries. The mauka residential community will have a school, parks, kupuna housing and other community uses. The narrow southern portion of the property will be designated Subsistence Agriculture to take advantage of the ditch and productive agricultural conditions.

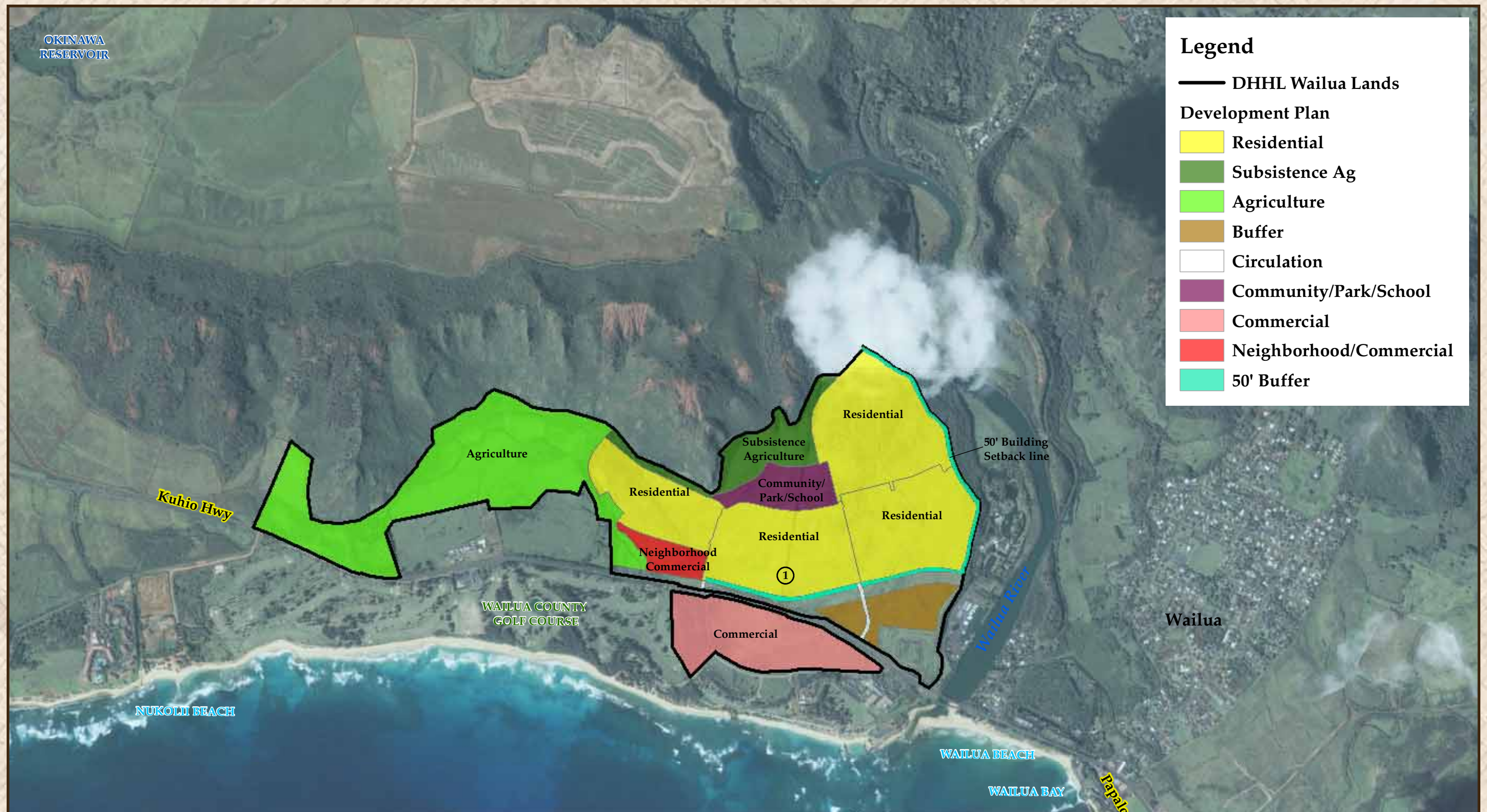
Three mauka areas have been designated Special District. Residences will be buffered from the highway by a Special District corridor. The important cultural resources near the Wailua River and Malae Heiau will be protected by another Special District strip. The third special district area borders the ditch along the western border of the property in order to preserve and protect the water.

Flood prone areas near the County correctional facility have been designated General Agriculture due to the difficulty of development. Residential homesteads in Wailua and the complementary commercial and community use areas are the top priority project recommended for development on Kaua’i.

Source: Kaua’i Island Plan



Development Projects Map - DHHL Wailua Regional Plan



Development Projects Characteristics

Housing

1. Niu Pia Farms

130 Multi-family units planned on 13 acres. An SMA permit is needed.

2. Kālepa Village – Kaua'i County Housing Agency

120 Multi-family units planned with expansion on existing acreage.

3. Līhu'e-Hanamā'ulu – Amfac/JMB

1,000 Single family and 400 Multi-family units planned on 223 acres. Infrastructure being developed. Completion date expected to be 2020.

4. Koheā Loa – D.R. Horton

444 units to be developed on four parcels in Hanamā'ulu. D.R. Horton – Schuler Division is proposing the project with the first homes to be available in late 2007 and more becoming available in 2008 and beyond. 293 dwelling units are sought to be built in the initial phase on the parcel located north of King Kaumuali'i Elementary School. The lowest-priced condominiums, to be built in the first phase, will cost about \$174,000 and the most-expensive, to be built in a fourth phase, will cost approximately \$550,000. Sales are anticipated to start in the latter part of 2007.

5. Pīkake Subdivision, Phases I and II – Grove Farm

The first phase saw eighty-eight (88) 10,200 square foot lots sold in 2006. Ninety-one (91) 11,300 square foot lots sold in 2006, as well. 95% of land sales were to local buyers.

6. Līhu'e-Puhi – Grove Farm

430 Single family and 530 Multi-family units planned on 181 acres.

Resort

5. Coconut Plantation Village

390 hotel units planned on 11 acres. An SMA, Class IV and PDU have been obtained.

6. Royal Plantation by the Sea – Bernice Bisbee

100 Multi-family units planned on 7 acres. An SMA & Class IV have been obtained.

7. Coco Palms Resort Hotel

350 hotel units planned during renovation on existing acreage.



Development Characteristics & Trends

Infrastructure

Kūhiō Highway Improvements, Extension of Temporary Kapa'a Bypass Road, Kūhiō Highway to Olohena Road:

Proposed temporary bypass road on existing cane haul road in from just south of Haua'ala Road to the intersection of the bypass road and Olohena Road. Improvements in area will also include the realignment of a portion of 'Ōpala Road and construction of a roundabout intersection between the new temporary bypass road, Olohena Road and the existing temporary bypass road.

Kapa'a 0.5 MG Storage Tank:

County of Kaua'i Department of Water proposes to construct 0.5 MG storage tank at 510-foot elevation of Kapa'a Homesteads in Kawaihau, Kaua'i. New tank and accessory facilities are designed to supplement the existing 1.0-MG Makaleha Tank of Wailua—Kapa'a Water Systems and to improve service to the Kapa'a community. The proposed project does not include development of a new source.

Līhu'e Airport Improvements:

State DOT proposes various improvements to Līhu'e Airport: reconfiguring existing heliport; expanding air cargo facility, public and employee parking, and fuel storage facilities; realigning and extending emergency vehicle access and perimeter roads and fencing; upgrading runway safety areas; constructing a new terminal exit road; and modifying the interior of existing terminal building. DOT also proposes to acquire 125-acres of adjacent land north of the airport to prevent incompatible future development.

Kapa'a Fire Station:

The County of Kaua'i, Public Works Department, is proposing to construct a new fire station in northern Kapa'a to supplement and improve existing services for the Kapa'a district. The new station would add to services currently provided by the Waipouli Station.

Kapa'a Homesteads Well No. 3:

The State of Hawai'i Department of Land and Natural Resources (DLNR) proposes to develop a permanent well on the site of the existing exploratory well in Kapa'a.

Wailua River Hydroelectric Dam:

The Federal Energy Regulatory Commission (FERC) has given notice that it received an application from Pacific Energy Resources, LLC, for the Wailua Falls Project located on the Wailua River. The proposed project would consist of a 508-foot long, 23-foot high dam with a 35-acre reservoir at 278 feet above mean sea level a proposed 4,800-foot long, 8-foot diameter steel penstock and a powerhouse containing two generating units have in a total installed capacity of 13 MW with a 2-mile long, 25kV transmission line.

Kapa'a to Keālia Bike & Pedestrian Path Bridge:

The County of Kaua'i, Department of Public Works, proposes to upgrade three existing bridges over Waika'ea Canal, Moikeha Canal and Kapa'a Stream, and construct a new bridge over Kumukumu Stream as part of the Kapa'a to Keālia Bike and Pedestrian Path.

Ahukini to Lydgate Park Bicycle/Pedestrian Path:

The Department of Public Works proposed action to provide facilities for pedestrians and bicycles through the implementation of a non-motorized path between

Ahukini Point near the airport and the existing Lydgate Park Bike and Pedestrian Path.

Lydgate-Kapa'a Bike/Pedestrian Path:

The County of Kaua'i, Department of Public Works proposes to construct a shared use path that will extend from Lydgate Park in the south to Waika'ea Canal in the north—a distance of approximately two miles. The proposed path will be one segment of a longer, continuous pathway that will ultimately travel along the east side of Kaua'i from Nāwiliwili to Anahola.

Kapa'a Bypass Road – State DOT

\$400 million project between Līhu'e to Kapa'a. EIS is expected in late 2009, or early 2010.

Wailua Waste Water Treatment Plant – Kaua'i County

Wastewater treatment master plan being developed. Planning stage estimates for renovation come in around \$20 million.

Department of Water Improvements – Kaua'i DOW

\$38 million in well, tank and transmission improvements over 20 years (by 2020). Wailua and Kapa'a Homestead work completed.



Significant Master Plan Projects

Coco Palms

Coco Palms Ventures, LLC owns about 16 acres north of the DHHL site along Kūhio Highway. Coco Palms Ventures, LLC is a joint project of The Weiser Companies and Petrie Ross Ventures. Richard Weiser, Walt Petrie and Phil Ross are its principals. The new Coco Palms Resort Villas will contain 48 bungalows and 196 luxury condominiums. It will also have a spa and two restaurants. Most of the design will be based on the old Coco Palms Hotel. The Condominiums have already been selling from a range of \$500,000 to \$616,000. This \$220 million dollar project is expected to re-open in the summer of 2008. As part of the project, Coco Palms will donate land to allow the State to widen Kūhio Highway in the area fronting the resort. This resort location, famous for being the site of the wedding scene in Elvis Presley's film "Blue Hawai'i," has been closed since 1992 when Hurricane Iniki caused extensive damage to the hotel.

Grove Farm

Grove Farm's 22,000 acres, including 5 miles of ocean front property, was sold in 2000 to Steve Case for about \$6 million dollars. The sale also included the assumption of about \$61 million of debt. This land is directly south of the DHHL property on Kūhio Highway. Grove Farm's company website (<http://www.grovefarm.com>) explains that: "Grove Farm is shifting its focus toward management of its prime holdings on Kaua'i, enhancing its land and water resources to meet Kaua'i's housing needs and to promote diversified agriculture."

William Hyde Rice, Ltd.

The descendents of missionary William Hyde Rice own the 36 acres of land directly north of the Kaua'i Community Correctional Center. The lot is undeveloped and valued at \$800,000. The entire property lies within FEMA's Zone A, Special Flood Hazard Area, therefore development prospects for this property are limited. The State of Hawai'i GIS Department has the land labeled as being owned by CCC Venture, LLC.

EWM Kaua'i LLC

In 2002, EWM Kaua'i LLC requested a zoning exemption in order to build a residential community and a golf course on 460 oceanfront acres just south of the Wailua County Golf Course. The plan was withdrawn later that year, however, due to community opposition. Owner Ernest Moody said that he would return eventually with an amended plan that might encompass some of the previous development design, which included single family homes, town homes, retail, hike and bike trails, an 18-hole golf course, and other amenities.

Kaha Lani etal.

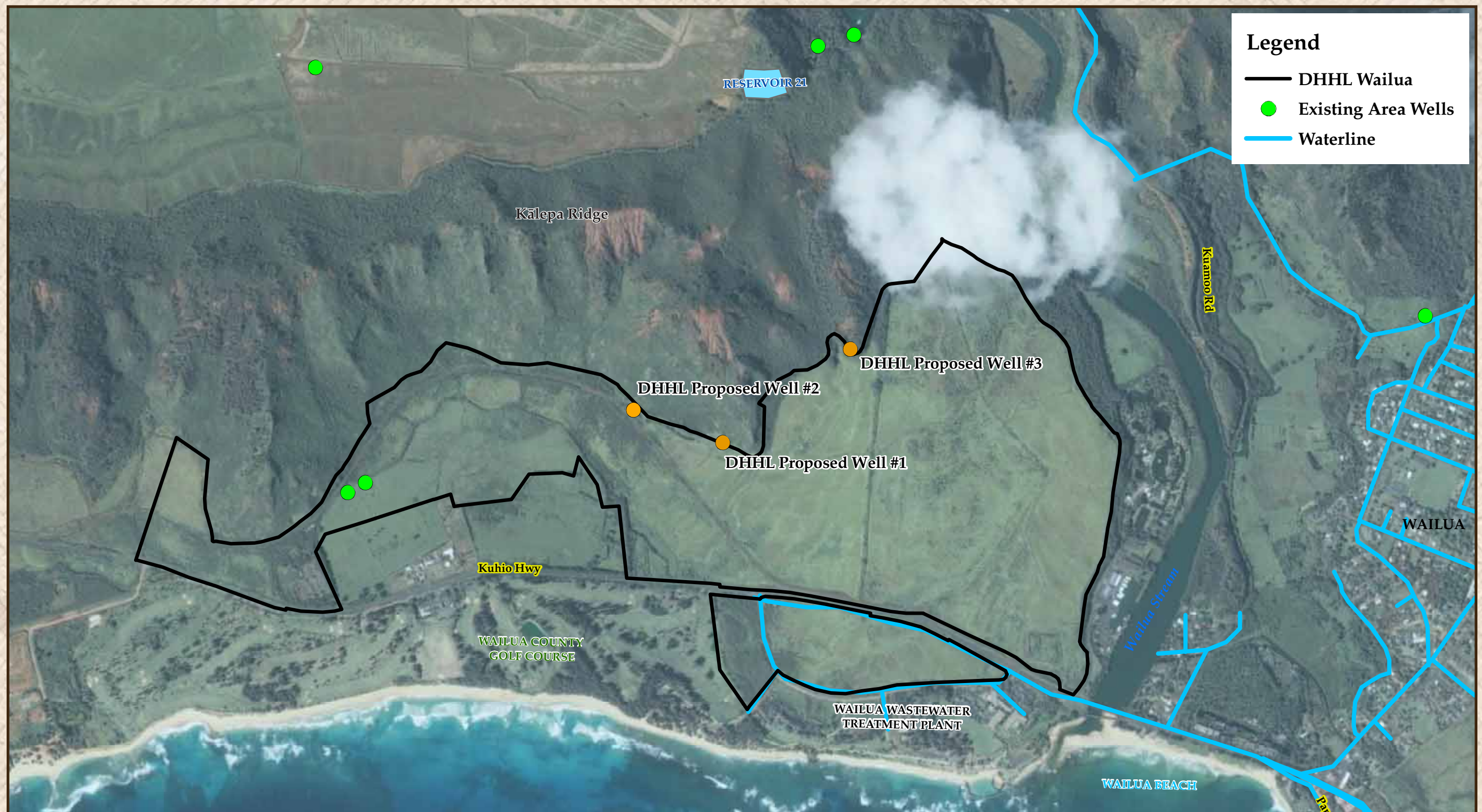
The Castle Kaha Lani Condominium Resort is a developed resort on 3.7 acres of land that contains condominium suites featuring one-, two-, and three-bedroom units with full kitchens. The resort also houses barbeque areas, putting greens, tennis courts and a swimming pool. The resort land is valued at \$7.6 million.

Bette Midler Trust

The Bette Midler Trust owns approximately 1,395 acres of land just north of the Wailua River. According to a Trust spokesman, the Trust is content to manage its properties (including 105 acres of Federal Wetlands Reserve) for agricultural purposes. Activities being carried out on the land include: the repair of the fallow cane fields, grooming of pastures, the raising of taro, and various other agricultural pursuits (which may in the future include koa planting). The Trust is cooperating with the State relating to the Kapa'a Bypass Road and Kūhio Highway widening projects.



IV. Infrastructure - Water



Existing Water System

The County of Kaua'i Department of Water (DOW) services the existing water system in the area. The DOW has several well and tank sites in operation across the Wailua River in the Wailua and Kapa'a regions.

The Wailua-Kapa'a region potable water system does not currently have available water to meet future demand. In recent years, additional gallons per minute were needed to accommodate the existing population. Due to the current shortage in water supply, DOW cannot provide water to future developments.

Proposed Water System

DOW has many proposed improvements for the water system within the Wailua-Kapa'a region. These improvements are planned for design and construction over the next 20 years; however, currently the department is experiencing delays in their scheduling. All source and storage projects are priority (Water Plan 2020, DOW, County of Kaua'i, March 2001).

The proposed water supply and well improvements include three wells within the Kapa'a Homesteads area, a well and chlorination facility within Wailua Homesteads, and a chlorination facility for the Nonou Well.

The total water system improvements for 37 projects are estimated at \$37.7 million phased over the next 20 years. DOW completed WK-24 Kapa'a Homestead Well #2 and WK-5 Mokoleua Well A. WK-A1 Homestead Well #3 was drilled, but probably won't be developed due to poor production. The rehab of Ornellas tank is ongoing and the tank stabilization is in the preliminary redesign phase. All the other projects are proposed for future construction and / or maintenance.

Based on expected ultimate densities for resort/timeshare, commercial development and the residential component (minimum 200 single-family residences), Kaua'i County's DOW has indicated that the projects will require their own water source, storage, and transmission/distribution system, or contribute a fair share to DOW projects to serve water commitments. DHHL is encouraged to try and reserve water commitments for these projects, as they might become reserved for other developments.

A Water Master Plan for the proposed DHHL Wailua Subdivision was prepared by Akinaka & Associates and completed in January 2009. The water study estimates 141,000 gallons per day is required for the 188 single family residential units planned for Phase 1 of DHHL's Wailua development. Water supply will be provided by the development of a new potable well source with a minimum capacity of 150 gpm. A backup well source of equal or greater capacity will need to be developed to meet County water standards. DHHL has identified potential locations for potable water wells along the mauka border of the Wailua development parcel.



Infrastructure - Drainage



Existing Drainage System

Existing region consists primarily of open agricultural lands that drain towards the ocean. The only significant drainage improvements are along the makai side of Kūhiō Highway and along Leho drive. These areas include a golf course, hotel, park, and wastewater treatment facilities. These areas have all been designed to convey surface runoff.

A large portion of the southern end of the Wailua property is subject to flooding. The area has currently been planned as general agriculture. This designation will remain. Larger drainage and grading improvements would be necessary within the flood areas if DHHL were to pursue housing development as an alternative.

No known drainage improvements are being implemented at this time. During development of the parcels, roadway drainage as well as a drainage master plan will need to be designed to convey the storm runoff safely to the ocean or subsurface via vegetated swales, detention/retention basins and a variety of pervious surfaces and methodologies.

Potential drainage improvements may include:

- Grassed shoulder swales along roads
- Aluminum Spiral Ribbed Pipe (ASRP)
- Standard and/or Modified drainage inlets
- Standard and/or Modified drain manholes
- Field inlets
- Outlet and/or Transition Structures
- Detention basins
- Rain catchment systems
- Green roofs
- Pervious pavements
- A forest restoration project for the slopes of Kalepa ridge would also help mitigate future runoff issues
- A conscious effort to design and use the low wetland area on the southern side of the property as part of the drainage system along with agricultural and ecological areas should also be pursued.

Proposed Drainage System Improvements

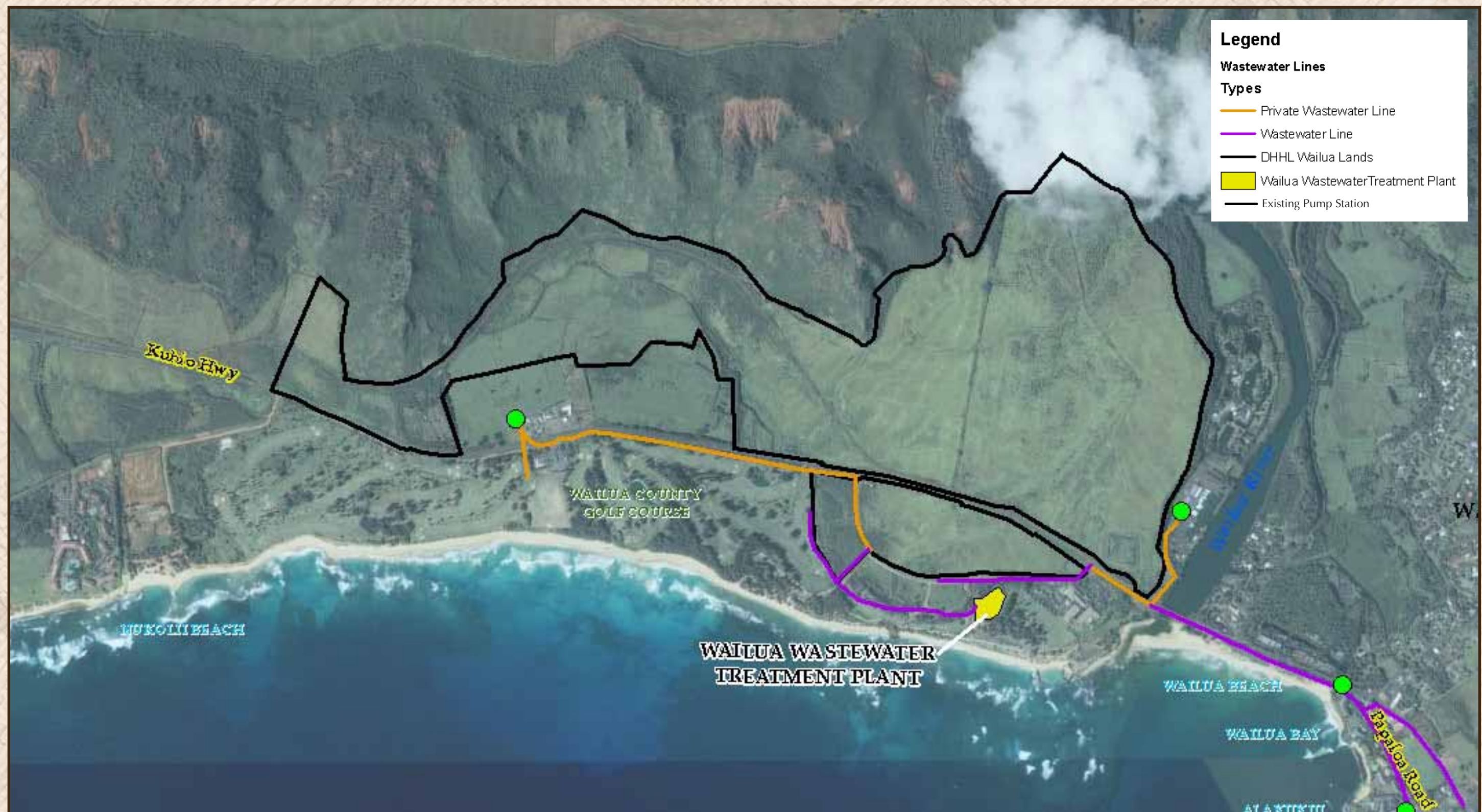
Reservoir 21 is located on land owned by the State of Hawaii Department of Land and Natural Resources. Water from this reservoir feeds into the Fern Grotto and Wailua River. Reservoir 21 also flows through Kālepa Ridge via a tunnel and exits into the old sugarcane field irrigation system which DHHL now owns. Existing leaks in the reservoir provides a useful resource of water for both the Visitor's Bureau activity at Fern Grotto and DHHL's proposed Wailua development.

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.

There are concerns regarding the surface water flow which currently follows along the old irrigation systems and the natural topography of the land surface until the ocean. Improvements are needed to maintain parts of the existing irrigation system to prevent soil erosion and flooding. During high rains flooding occurs at the state highway and near the County Jail. At minimum, a dam safety and drainage study should be conducted for the Hanamaulu Reservoir 21.



Infrastructure - Wastewater / Sewer

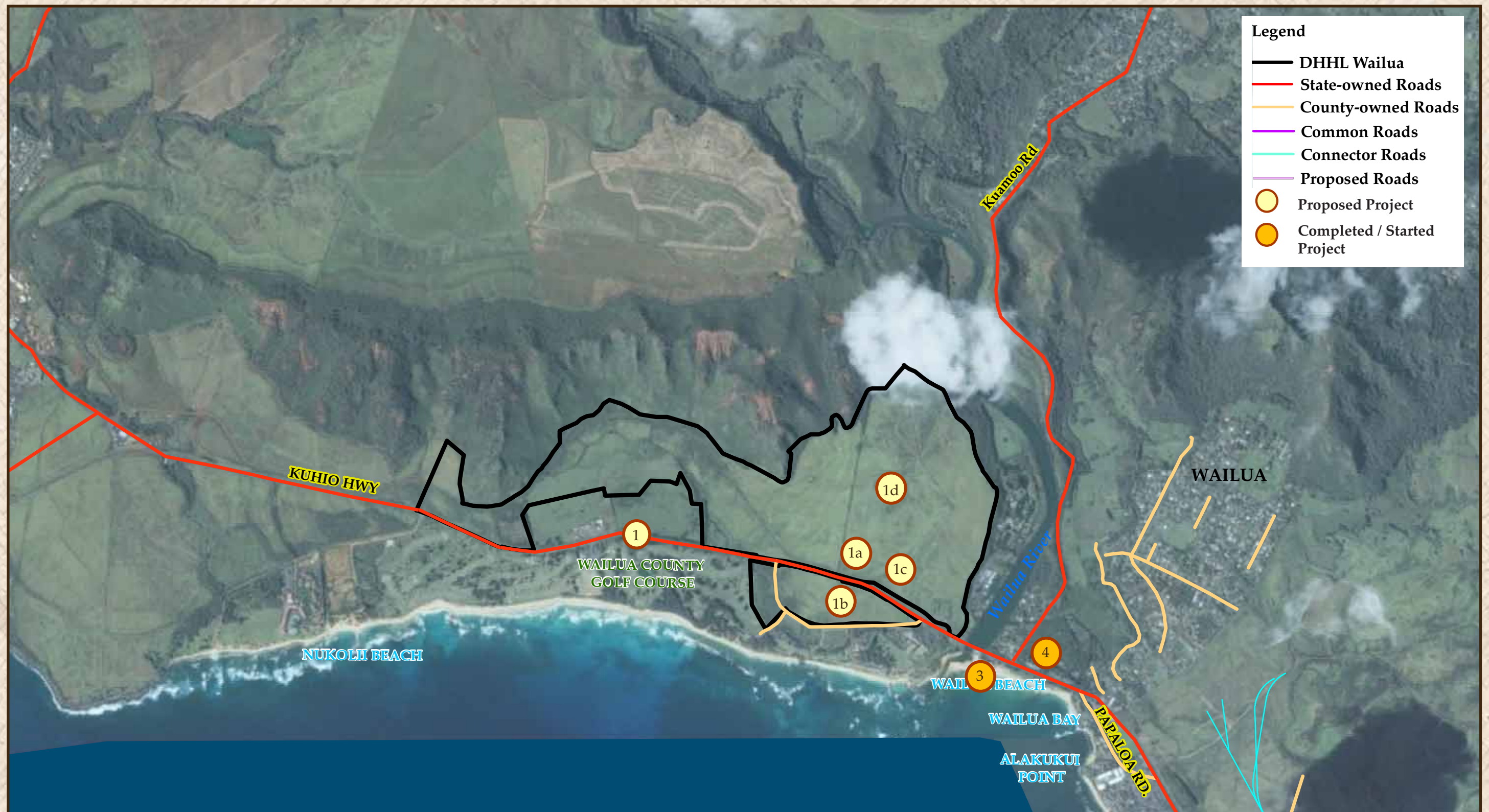


Existing Wastewater System

The nearest wastewater treatment plant is the Wailua WWTP located on Nalu Road just off of Leho Drive, east of the Wailua Properties. It has a capacity of 1.5 million gallons per day. The following bullets describe the existing wastewater issues and opportunities at Wailua.

- The County of Kaua'i operates the WWTP in close proximity to the project area. The WWTP only operates at 50% of its design capacity (1.5 MGD) and the Wastewater Division of the County's Public Works department mentioned persistent operational deficiencies with the plant. Upgrading of the plant, including the off-site transmission system, will be required to accommodate the wastewater increases from the proposed Wailua commercial and residential components.
- Currently, WWTP is capable of handling the existing wastewater needs of the Wailua/Kapa'a community.
- An Engineering contract was awarded to Fukunaga & Associates in 2005 by the County of Kaua'i for master planning and rehabilitation of the WWTP.
- The projected wastewater flow from the DHHL development is approximately 0.26 MGD and connection to the County system will have a significant impact. Including DHHL in the expansion of the Wailua WWTP will accelerate the improvement program. If DHHL connects to the County collection system during the middle term (2010 – 2015), plant flow will be approximately 1.65 MGD, which exceeds the recommended expansion to 1.5 MGD. Further expansion of the Wailua WWTP to 1.75 MGD would be required. The following facilities recommended for the far term (2015 – 2025) would have to be moved up to the middle term to accommodate the DHHL flow:
 - Construct additional membrane tanks, including permeate pumps, RAS pumps, and blowers.
 - Construct additional surge basins adjacent to the existing basins.
 - Construct an influent gravity line parallel to the 24" line currently being installed.
- The far term expansion to 2.0 MGD will have sufficient capacity to accommodate the DHHL flow. This will bring the average day flow to approximately 1.98 MGD. If the County needs to connect cesspools from areas that are not currently experiencing problems, the Kapa'a WWTP will need to be constructed.
- Beyond the far term, if all non-agricultural properties in the Wailua area are connected to the County collection system, the Wailua WWTP will still have sufficient capacity to accommodate DHHL. The total wastewater flow will be approximately 1.94 MGD and the plant capacity will be 2.0 MGD.
- The DHHL flow of 0.26 MGD will comprise approximately 13% of the total plant flow at the Wailua WWTP at the build-out flow of 2.0 MGD. The total construction cost for the 2.0 MGD Wailua WWTP is approximately \$44.8 million. Therefore, the cost to treat flow from the DHHL development will cost approximately \$5.84 million.
- WWTP's effluent will be treated to R-2 quality water and disposed through irrigation along the Wailua Golf Course pursuant to the Department of Health water reclamation requirements.
- New sewer lines will need to be constructed within the proposed development and should be able to tie into the existing County system.
- As wastewater technologies improve and new green infrastructure options arise the DHHL will review options that may consist of alternative technologies such as living machines and lagoonal systems as decentralized package unit systems.
- A potential mitigation strategy infuse the use of green technologies to reduce wastewater flow. Experience with the use of these technologies have shown potential reductions of 30-40%.
- Another strategy is the use of decentralized package systems on an incremental basis. The cost and efficiency of the alternative systems needs to be evaluated further.

Infrastructure - Roads & Transit



1

Kapa'a Relief Route

The State Department of Transportation's (SDOT) number one priority on Kaua'i (together with the four-lane Kūhiō Highway widening westbound from Līhu'e) is the Kapa'a Relief Route. HDOT is conducting a planning study to improve Kūhiō Highway between Hanamā'ulu and Kapa'a stream. The plan includes a widening of Kūhiō Highway (common to all the current alternatives), a second crossing of the Wailua River and/or a relief route around Kapa'a town or some combination of these alternatives.

Kimura International is working with SDOT in considering four alternative alignments through, or alongside, DHHL's Wailua Lands. The plan is currently in its Draft Environmental Impact Statement stage which should be completed in the fall of 2007.

1a

Kapa'a Relief Route Alternative 1

Mauka alignment 1 runs along the mauka most portions of DHHL's land (including reconnection back to the Wailua River).

1b

Kapa'a Relief Route Alternative 2

Includes the widening of the existing bridge and reuse of the existing cane haul bridge over Wailua River.

1c

Kapa'a Relief Route Alternative 3

Includes the widening of the existing bridge then runs along the mauka portion of DHHL's lands (including a high bridge from the top of the plateau to the north bank of Wailua River).

1d

Kapa'a Relief Route Alternative 4

Mauka alignment 4 runs primarily along the mauka portions of DHHL's land.

2

Kapa'a Bypass Road Extension (off map)

Construction of one-lane (southbound) roadway between Olohena Road and Kūhiō Highway, new one-lane bridge over Moikeha Canal and roundabout at Olohena Road/Bypass Road intersection currently in progress. The project was slightly delayed due to asphalt shortage. It was completed in late 2006.

3

Kūhiō Highway Cane Haul Bridge Widening at Wailua River

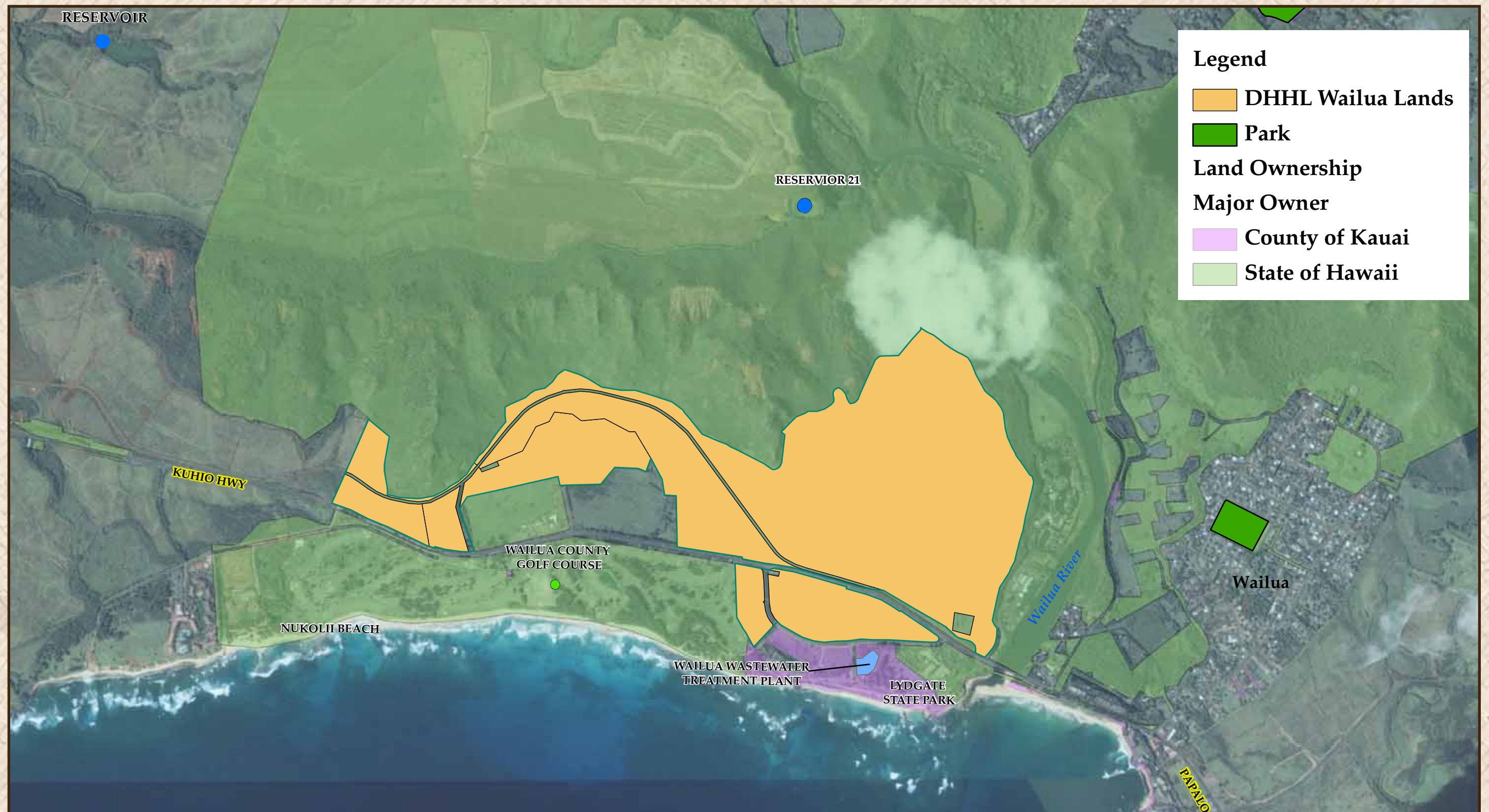
SDOT is considering upgrading the existing cane haul bridge across the Wailua River (parallel to the Kūhiō Highway Bridge) to two lanes regardless of which Kapa'a Relief Route alternative (above) is ultimately selected. This would allow Kūhiō Highway to function as a four-lane highway across the river. This project is currently in the design phase and construction was slated for the fall of 2007.

4

Kūhiō Highway 4-Lane Widening form Wailua River to Kapa'a Bypass

Part of the Governor Linda Lingle's 2006 proposed State budget included \$19 million for the improvements to Kūhiō Highway, some of which were earmarked toward improving the intersection of Kuamo'o Road and Kūhiō Highway by providing left turn storage lanes at the intersection. The alignments of the additional lanes need only to be configured and coordinated with the widening of the Wailua River Bridge. This project is currently in the design phase and was scheduled to go out to bid in the fall of 2007.

Infrastructure - Public Facilities



Existing Public Facilities

Wailua is considered a “bedroom” residential community, which does not have public facilities of its own due to its small resident population. There are currently no educational facilities, fire stations, police stations, recreation centers, etc. located in Wailua proper.

Residents typically commute North towards Waipouli and Kapa’a or Southbound to Līhu’e to utilize public facilities that are located in those larger regional hub communities.

The current facilities located in Wailua are Wailua River State Park, Lydgate Park, Wailua Golf Course, a Hindu Monastery, Kaua’i Community Correctional Facility and two small community park/playgrounds for Wailua Homesteads and Wailua House Lots residents. Several cultural sites of interest include the Malae Heiau, Hikina-o-ka-lā Heiau and the Hauola City of Refuge. There is a small store for basic amenities and most residents travel to Waipouli, between Kapa’a and Wailua, for necessities.

Several small shopping centers are in close proximity in Waipouli. Coconut Marketplace, Waipouli Town Center, and Kaua’i Village Shopping Center are within a half-mile drive north along Kūhiō Highway. Along the way are several service stations such as Rainbow Gas & Mini Mart and Leonard’s Kapa’a Service. Hanamā’ulu Service Station is approximately a half-mile south. The nearest Church is located in Waipouli.

Schools

The closest educational and daycare facilities include Ipu Ha’a Academy, Hale ‘Ōhana O Kapa’a Daycare, Kapa’a Elementary School, Kapa’a High School and St. Catherine’s Elementary & Preschool all within a mile and a half north. King Kaumuali’i Elementary School is just south of Wailua near Hanamā’ulu Triangle.

The DHHL Wailua lands are within the jurisdictional boundaries of King Kaumuali’i Elementary School, Kapa’a Middle School and Kaua’i High School.

	Private/Public	Grades	Actual Enrollment 2006-07	Projected Enrollment 2012
King Kaumuali’i Elementary	Public	K-05	520	413
Kapa’a Elementary	Public	K-05	915	865
Kapa’a Middle	Public	06-08	729	696
Kaua’i High	Public	09-12	1,229	1,189

There is no set threshold for population growth that will trigger the process of additional school creation. The Hawai’i State Department of Education will formulate forecasts for growth and work with other state agencies and developers to determine needs. A proposed development’s Environmental Assessment is one of the documents that is reviewed in this process.

The Department of Education constructed a new Kapa’a II Elementary School near Wailua House lots.

Fire / EMT Services

The Kapa’a Fire Station that serves Wailua is located at 4-757 Kūhiō Highway, Kapa’a, Hawai’i 96746. The United States Fire Administration standard for response time (from first alarm) is six minutes for 90 percent of structure fires. Maintaining an average speed of 35 miles per hour (in traffic conditions), the six-minute standard may be met within a 3.5-mile radius of the fire station. The Kapa’a Fire Station is located approximately 2.6 miles from the furthest preliminary DHHL Wailua housing unit location. Because the fire station would have a direct route to the DHHL subdivisions, along Kūhiō Highway, the six-minute response time goal would appear to be feasible (neglecting, however, the time from first alarm to actual departure of fire vehicles from the station). The farthest agricultural lands are approximately 3.7 miles from the Kapa’a Fire Station. At an average speed of 35 miles per hour, this area would appear to be just outside of the six-minute area of response.

The County broke ground July 2009 for a new Keālia Fire Station located along Kūhiō Highway between freindship House and St. Catherine’s Cemetery to supplement the Kapa’a Public Fire Services, expected to be completed by 2011.

Police Facilities

The Līhu’e Police Station is located at 3990 Kā’ana Street in Līhu’e and will serve the DHHL Wailua area. This station had recently become the new facility housing this police force, replacing an older facility that was four-to-five times smaller. The Līhu’e station is approximately 3.4 miles from the center of the DHHL Wailua subdivisions. The creation of a new station, or sub-station, closer to the DHHL Wailua project, would most likely originate at the Land Use Commission level and become a condition during the zoning change application process. The County of Kaua’i Planning Department has no set threshold that determines the need for newly created facilities based upon population increases.

Hospital Facilities

Two hospital facilities are within close proximity. The Samuel Mahelona Memorial Hospital is about a mile and a half north in Kapa’a and the Wilcox Memorial Hospital is less than a mile south. The Kapa’a Neighborhood Center is next to the Ipu Ha’a Academy. The Līhu’e Neighborhood Center is also within Līhu’e.

Financial Institutions

Many financial institutions provide service in Kapa’a including American Savings Bank, Bank of Hawai’i, First Hawaiian Bank and Kaua’i Community Federal Credit Union.

V. Homestead Issues & Priorities - Issues & Opportunities

Issues

The following issues and concerns were raised by participants at the consultation meetings.

- Flooding occurs during rainy season makai of the highway and near the jail. There is concern that the water well tapped near the jail wetland is being used to water the golf course instead of being a resource for DHHL and its beneficiaries.
- Concerned about the iwi that may be found in the future underground utility project in Wailua.
- Vegetation cleared at heiau in the past has grown back. Maintenance by volunteers is a difficult burden.
- A desire to accelerate the development process was expressed. Many participants see Wailua as a desirable location and would like to see it developed so they can move there.
- Beneficiaries would like improved access to agricultural lands. Many expressed the opinion that the irrigation water from reservoir 21 could be used for agricultural purposes.
- Views to Wailua River from Malae Heiau are important and can be preserved by repositioning proposed parking lots to the Līhu'e side of the Heiau.
- Wailua is a culturally significant area. Efforts to mitigate impacts from proposed transportation improvements continue to be a challenge.



Potential Projects

Participants expressed continued support for the priority projects and offered suggestions for other potential projects. New project ideas generated from community stakeholder and beneficiary feedback include the following:

- Inclusion of Subsistence Land Use for Wailua as suggested in the Kaua'i Island Plan.
- Seek potential partnerships with surrounding land owners like Kamehameha Schools in Waipa.
- Work with DLNR to restore pōhaku ki'i which have moved downstream due to past flooding events.
- Create a Native Forest Restoration Project to benefit soil stability along the slope and keep water in use and allow for agricultural development. Consider offering 30 year leases for 10 acres for agricultural use to lessees to plant trees as future investment. 5 year leases are not long enough to invest in taro farms.
- Improve Wailua community development plan into a Green community which may include net zero energy opportunities and subsistence use zones along the mauka property edge.

The Priority projects for the 2009 Wailua Regional Plan are describe in detail on the following pages. They include the following:

- Cultural Resource Inventory – Malae Restoration Project
- Potable Water Sources
- Kālepa Ridge Surface Water System Maintenance
- Kapa'a Relief Route
- Wailua Wastewater Treatment Plant Facility

Priority Project - Cultural Resources Inventory - Malae Heiau Restoration Project, Wailua River State Park

Description - Wailua presents an important opportunity to promote the concept that the cultural significance of an archaeological site is not confined to the particular site. In many cases, a site is significant because it is related to another site. Preservation and protection of these sites would have to include a larger buffer, inclusive of both sites and the special relationship that binds them.

In Wailua, there are a complex of historic sites, including seven (7) heiau in close proximity to each other. There are other sites of interest, including bellstones, birthstones, and petryglphs. Moreover, the Wailua area was known as the area where the royalty would spend their time and entertain visitors and dignitaries.

Within the DHHL mauka parcel is Malae Heiau, which encompasses an impressive 3 acres, making it the largest heiau on the island. The Malae Heiau is under the management jurisdiction of the State Department of Land and Natural Resources, Parks Division. In 1987, the Parks Division recognized the community organization, Nā Kahu Hikina a Ka Lā, as the curators of the Heiau. Staff archaeologists have been instrumental in working with the community in order to ensure proper signage, interpretation, and protection.

Location - The 9 acre parcel containing Malae Heiau is identified as TMK: 3-9-02:13. Malae Heiau is located adjacent to the marina area of Wailua River State Park at the intersection of Kūhiō Highway and the Marina Road and across Kūhiō Highway from Hikin’aakalā Heiau.

In 1994, the 2 acre heiau and a 7 acre buffer around the site were removed from the lease to Lihue Plantation and included within Wailua River State Park. At this time, an area of approximately 2 acres at the intersection of Kūhiō Highway and the Marina Road was retained as unencumbered State land for the proposed Wailua-Kapa’a By-Pass Road. The land included into the park provided a 100-foot wide buffer on the east and west sides of the heiau and a 300-foot wide buffer on the north and south sides. Also in 1994, the State-owned land to the south and west of the heiau were conveyed to the Department of Hawaiian Home Lands.

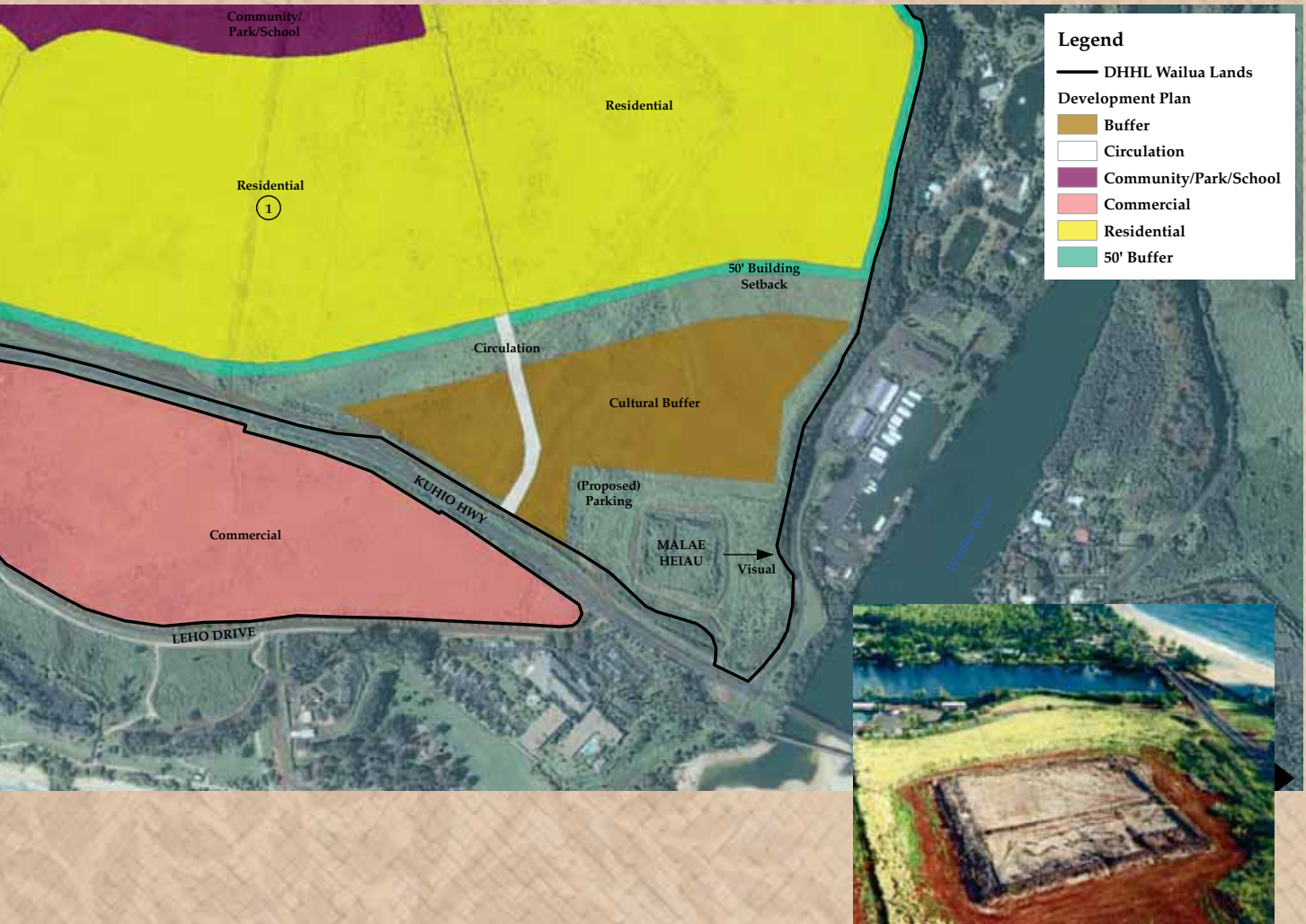
Status - In 2005, DLNR State Parks prepared a Preservation Plan & Archaeological Monitoring Plan for the Phase 1 Landscaping and Site Improvements for Malae Heiau. The preservation plan needs to be revised to preserve visual site from the heiau to Wailua River. Proposed access and parking structures should be situated south of the heiau as to prevent visual interference with activities from heiau.

Potential Partners - DHHL, DLNR State Parks, Nā Kahu Hikina a Ka Lā

Phasing - Within the next three years, we need to compile existing information and record cultural resources in the Wailua-Kālepa area. We need to define areas to protect (e.g. buffers, line of sight, etc.). Specific research would be conducted in order to:

1. Establish procedures, forms, and electronic forms and databases necessary to inventory, document, map and catalog cultural resources located on DHHL Wailua lands.
2. Estimate capital expenses and operating costs required to plan, develop, and support planned agriculture and cultural practices.
3. Revise Malae Heiau parking plan.

Cost - \$250,000 CIP funds were allocated in the State Parks CIP budget in biennium 2000-2001. The scope of the project included grading and landscaping of the buffer, removal of field boulders against the heiau, and construction of a new parking area and viewing platform. Cost estimates for construction reduced the scope of work to the grading and landscaping. Funding opportunities may exist with DLNR, Parks Division, cultural practitioners, University/College programs (water resource management, Hawaiian Studies, agriculture), High School Science classes, and beneficiaries.



Timeline for Malae Heiau Restoration Project, Wailua River State Park

2010		2011	2012 Biennial Regional Plan Update
Secure Funding	Revise Malae Parking Plan	Research and Data Collection of Wailua Region	Construction Parking

Priority Project - Potable Water Sources

Description - A Water Master Plan for the proposed DHHL Wailua Subdivision was prepared by Akinaka & Associates and completed in January 2009. Source, Storage and Transmission of water continues to be needed to support future DHHL Wailua residential development. The subdivision has no existing water commitments and the Kaua'i Department of Water has indicated that this project will require its own water source, storage and transmission/distribution system. DHHL intends to pursue the drilling for potable well sources on its lands to provide water necessary for development.

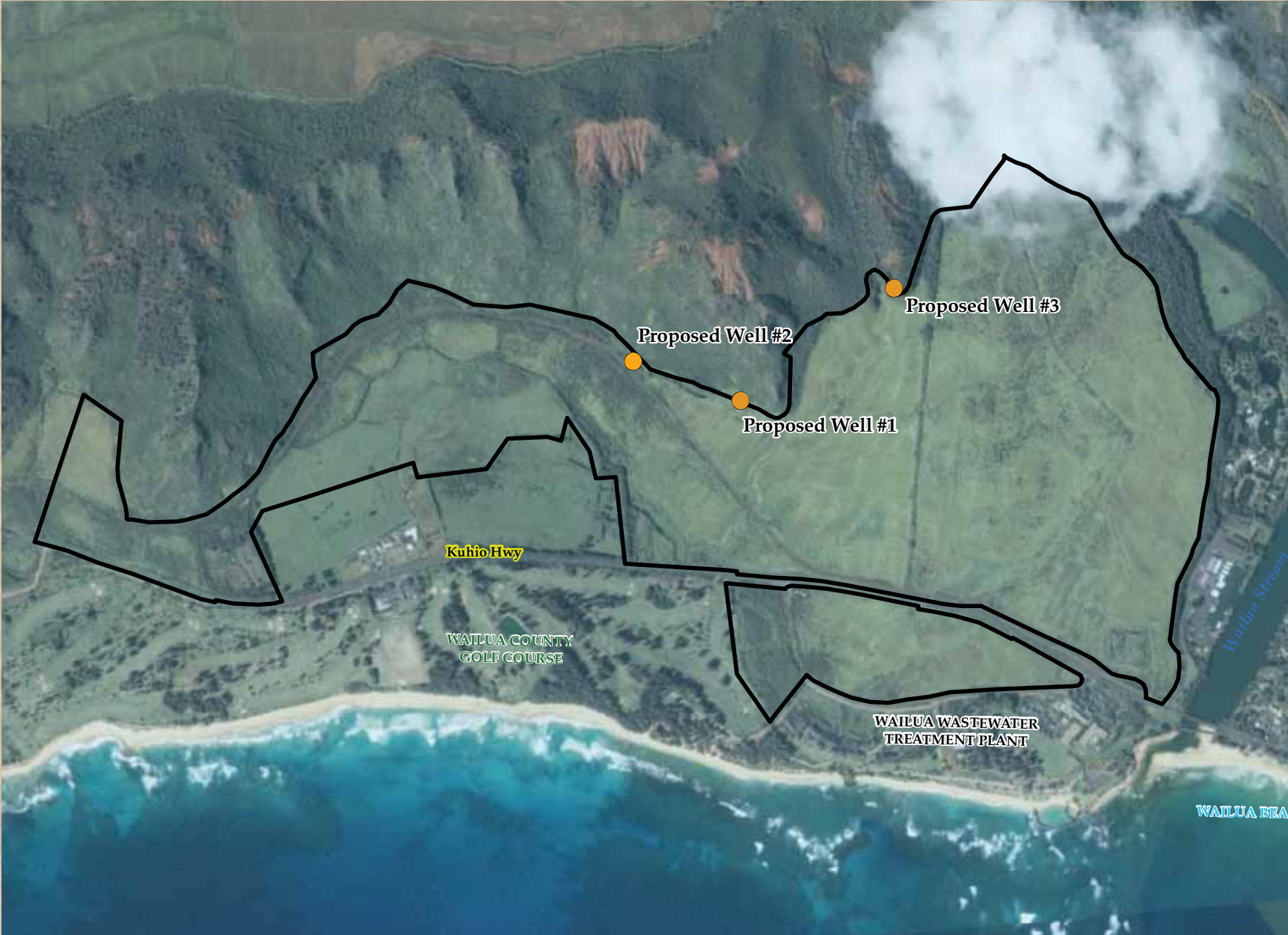
Location - DHHL proposes three water supply well improvements along the mauka portion of DHHL land. (See map)

Status - The water study completed in January 2009 estimates 141,000 gallons per day is required for the 188 single family residential units planned for Phase 1 of DHHL's Wailua development. Water supply will be provided by the development of a new potable well source with a minimum capacity of 150 gpm. A backup well source of equal or greater capacity will need to be developed to meet County water standards. DHHL has identified potential locations for potable water wells along the mauka border of the Wailua development parcel. Estimated cost of construction for each new potable well is \$3,000,000. The total cost for water source development for phase 1 which will include the source well and back up is \$6,000,000.

Potential Partners - DHHL, DLNR, County Water

Phasing - Secure funding for design, drilling, casing, outfitting and testing of two new potable well sources. The second well is needed as a backup source. DHHL and County of Kaua'i Department of Water for the connection and dedication of the proposed Wailua Water System to the County of Kaua'i DWS. DHHL and DLNR and State to secure land in the Kālepa Forest Reserve for the proposed 330' 0.5 MG tank site.

Cost - \$6 million for 2 new water source wells for Phase 1 of the Wailua residential development.



Timeline for Potable Water Sources

2010		2011	2012 Biennial Regional Plan Update
Secure Funding	EA	Drill and Construct Well #1 and #2	

Priority Project - Kālepa Ridge Surface Water System Maintenance

Description - Reservoir 21 is located on land owned by the State of Hawaii Department of Land and Natural Resources. Water from this reservoir feeds into the Fern Grotto and Wailua River. Reservoir 21 also flows through Kālepa Ridge via a tunnel and exits into the old sugarcane field irrigation system which DHHL now owns. Existing leaks in the reservoir provides a useful resource of water for both the Visitor's Bureau activity at Fern Grotto and DHHL's proposed Wailua development.

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.

There are concerns regarding the surface water flow which currently follows along the old irrigation systems and the natural topography of the land surface until the ocean. Improvements are needed to maintain parts of the existing irrigation system to prevent soil erosion and flooding. During high rains flooding occurs at the state highway and near the County Jail. At minimum, a dam safety and drainage study should be conducted for the Hanamaulu Reservoir 21.

Several improvements are proposed, including securing the walls of the Kalepa ridge tunnel and improving drainage systems. The East Kaua'i Water Users' Group may be a potential partner in this project.

Location - Hanamaulu Reservoir 21, TMK (4) 3-9-002:020; (4) 3-9-002:018

Status - DHHL is in communications with DLNR in regards to the management of the reservoir water resource.

Potential Partners - DLNR, DHHL, Kauai County Water, Kauai Visitor Bureau, DOT, East Kaua'i Water Users Group, U.S. Army Corps of Engineers

Phasing - Secure water tunnel way. Conduct drainage study.

Cost - \$100,000 for planning and design and drainage study



Timeline for Kalepa Ridge Surface Water Maintenance

2010		2011	2012 Biennial Regional Plan Update
Secure Funding	Conduct Drainage Study	Secure Walls of Kalepa Reservoir Tunnelway	Improve Surface Drainage Systems
	Assess Repair Requirements and Design	Install New Control Gate at Reservoir 21	



Priority Project - Kapa'a Relief Route

Description - The Hawai'i Department of Transportation's (HDOT) number one priority on Kaua'i (together with the four-lane Kūhiō Highway widening westbound from Līhu'e) is the Kapa'a Relief Route. HDOT is conducting a planning study to improve Kūhiō Highway between Hanamā'ulu and Kapa'a stream. The plan includes a widening of Kūhiō Highway (common to all the current alternatives), a second crossing of the Wailua River and/or a relief route around Kapa'a town or some combination of these alternatives.

HDOT is considering four alternative alignments through, or alongside, DHHL's Wailua lands. The plan is currently in its Draft Environmental Impact Statement stage, which should be completed in the fall of 2009. DHHL has expressed its preference and is planning its land use based on that preference.

Location - Wailua to Kapa'a.

Kapa'a Relief Route Alternative 1: Mauka alignment 1 runs along the mauka most portions of DHHL's land (including reconnection back to the Wailua River).

Kapa'a Relief Route Alternative 2: Includes the widening of existing bridge and reuse of existing cane haul bridge over Wailua River.

Kapa'a Relief Route Alternative 3: Includes the widening of the existing bridge then runs along the mauka portion of DHHL's lands (including a high bridge from the top of the plateau to the north bank of Wailua River).

Kapa'a Relief Route Alternative 4: Mauka alignment 4 runs primarily along the mauka portions of DHHL's land.

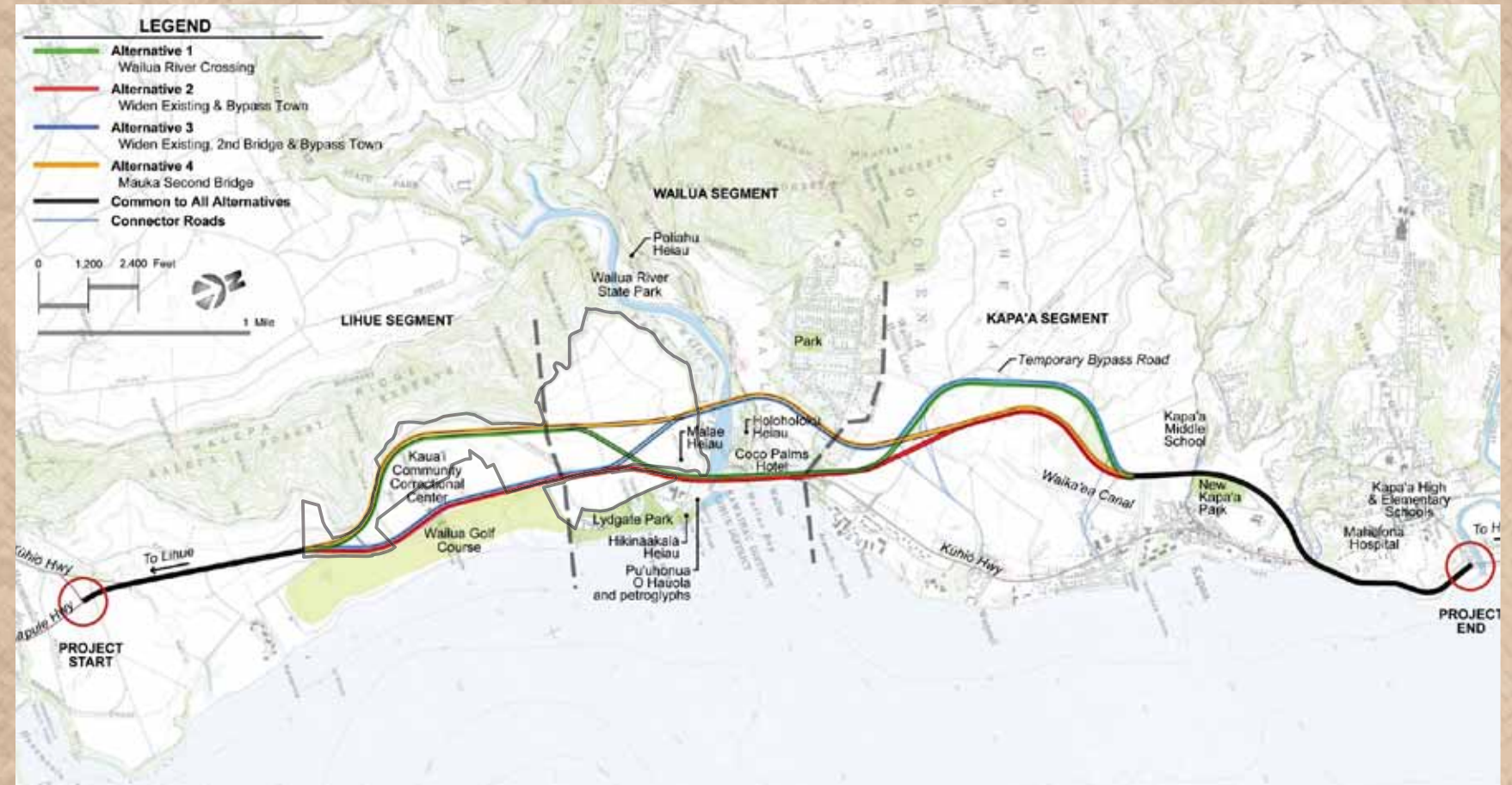
Status - DHHL has expressed preference for Alternative 3.

Potential Partners - DOT, DHHL, DLNR.

Phasing - Complete EIS and Design Construction

Cost - \$155-\$331 million

Critical Path - EIS approval is scheduled for 2009. Construction to begin 2010.



Options of expanding the current highway in front of the DHHL Wailua Site:

- Widen existing highway and bridge;
- Build a new bridge next to the existing bridge;
- Create a new road and bridge further inland (which would run through the DHHL property)

Timeline for Kapa'a Relief Route

2010		2011		2012 Biennial Regional Plan Update
Final EIS	Select Design Option	Obtain Funding	Bidding	Start Construction

Priority Project - Wailua Wastewater Treatment Plant Facility

Description - The Wailua Wastewater Treatment Plant (WWTP) requires expansion due to the recent growth in development in the area; as a condition of the WWTP and sewage pump stations; and as a function of the long-term wastewater treatment capacity needs for the Wailua-Kapa'a area.

The permitted average daily flow is currently 1.5 MGD, with a design peak flow of 5.03 MGD. The County's recently completed Engineering Study indicates that the actual treatment capacity is limited to 1.0 MGD, due to lack of redundancy, that limits the reliability of his aging facility. The wastewater needs for the Wailua-Kapa'a area are expected to continue to grow. The Wailua-Kapa'a area has over 4,000 residential cesspools that the County may consider for future connection to the sewage collection and treatment system to enhance the quality of life and environment of future generations. The Wailua WWTP not only must be updated and renovated, but must eventually be expanded to accommodate increased flows. The effluent disposal limitation of the existing ocean outfall at the Wailua WWTP imposes a future build-out flow limit (average day) of 2.0 MGD.

Location - WWTP: (4) 3-9-00 6:0 19, 2.1 acres.

Status - A Final Environmental Assessment for the improvements of the Wailua Wastewater Treatment Plan was published in April 2008.

The Wailua Wastewater Treatment Plant improvement project remains a high priority for the county of Kaua'i. This \$12 million design build project is estimated to provide 40 jobs over the 2 year construction period with a request of \$7.5 million to be funded by the Federal Environmental Protection Agency and State of Hawaii DOH Clean Water State Revolving Fund (stimulus package).

The improvements involve numerous upgrade projects to improve reliability and restore treatment capacity to allow the Wailua wastewater treatment plant to reliably serve existing customers and to allow new connections for proposed development including affordable housing projects in the community. Improvements include:

- Electrical services upgrades
- Converting the disinfection system from chlorine gas to ultraviolet disinfection system
- Upgrade biological treatment processes
- The County also anticipates future expansion of the Wailua WWTP will involve adoption of a new wastewater treatment processes such as membrane system, due to the limited space for expansion that is available at the facility

The state DOH Hawaii SRF Integrated Priority List for SFY 2009 listed the Wailua Wastewater Treatment Plan Improvements Phase I as a priority with estimated costs of \$2 million and estimated construction of 7/1/2010. Design for Phase I improvements is underway under a County contract, and the County has applied for a Federal grant for partial funding for construction. Also the Hawaii CWSRF Integrated Priority List of Projects for SFY2010 listed Phase II as a priority with estimated cost of \$14 million with estimated construction date at 01/01/2012, however design funding for this phase has not yet been secured.

The County is currently designing the Phase 1 improvements, and are working on securing funds for the construction. The Phase 1 improvements address replacement of major equipment necessitated by age and deterioration of existing facilities, and are a very high priority for the County, but are only part of what is needed in the fairly near term, hence the Phase 2 project. This is an older facility that has lots of corrosion due to proximity to the ocean (humid, salty environment) and there is a lot of work needed. Electrical equipment, of which there is plenty, is particularly affected by the corrosive environment.

Potential Partners - DLNR, DOT, DHHL, Kaua'i Visitor's Bureau

Phasing - Near term: 2006 – 2010, Middle term: 2010 – 2015, Long term: 2015 - 2020

Cost - Over the past five years, the County of Kaua'i has already invested over \$1,000,000 in planning and engineering studies and approximately \$4 million in construction for improvements.



Timeline for Wailua Wastewater Treatment Facility

2010		2011		2012 Biennial Regional Plan Update	
Design Phase 1	Construction Phase 1	Secure Funding	Design Phase 2	Construction Phase 2	



DEPARTMENT OF HAWAIIAN HOME LANDS

Hale Kalaniana'ole
91-5420 Kapolei Parkway
Kapolei, Hawai'i 96707

Telephone: (808) 620-9500
Facsimile: (808) 620-9559

www.hawaii.gov/dhhl

Prepared by:



