

**COUNCIL OF THE COUNTY OF MAUI**  
**PLANNING COMMITTEE**

March 11, 2005

**Committee**  
**Report No.**

05-30

Honorable Chair and Members  
of the County Council  
County of Maui  
Wailuku, Maui, Hawaii

Chair and Members:

Your Planning Committee, having met on February 14, 2005, makes reference to General Communication No. 04-1, from Ralph Masuda, Vice President of Planning and Zoning, Castle & Cooke Resorts, LLC, providing a status report regarding compliance with Ordinance No. 3137, amending the State Land Use District Boundary from Rural to Urban for property situated at Manele, Lanai, Hawaii (TMK: 4-9-017:por. 008).

Your Committee notes that the provision of quarterly status reports to the Council is a condition that the Council required for the development of Castle & Cooke Resorts' Terraces at Manele Project.

Your Committee notes that General Communication No. 04-1 was referred to the prior Council's Planning and Land Use Committee at the Council meeting of March 19, 2004.

At its meeting of November 30, 2004, the Planning and Land Use Committee recommended that the communication, though referenced as County Communication No. 04-1, be referred to the Council Chair for the term beginning January 2, 2005, for a recommendation as to referral or other disposition.

At its meeting of January 21, 2005, the Council referred the communication (formerly referred to as County Communication No. 04-1) to your Planning Committee (County Communication No. 05-12).

By correspondence dated February 7, 2005, the Council Chair transmitted a copy of correspondence dated January 21, 2005, from Ralph Masuda, Vice President of Planning and Zoning, Castle & Cooke Resorts, LLC, providing a second status report relating to compliance with Ordinance No. 3137.

At its meeting of February 14, 2005, your Committee met with the Planning Program Administrator, Current Planning Division, Department of

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Planning; the Director of Water Supply; the Director of Public Works and Environmental Management; a Deputy Corporation Counsel; and Ralph Masuda, Vice President of Planning and Zoning, Castle & Cooke Resorts, LLC.

There was no public testimony.

Your Committee indicated that it was satisfied with Castle & Cooke Resort's (hereinafter referred to as "the company") compliance with the first condition to prepare a draft drainage master plan and to submit the plan to the Department of Public Works and Environmental Management.

The second condition was a requirement to prepare a final drainage master plan and to submit the plan to the Department of Public Works and Environmental Management.

Mr. Masuda noted that the final Manele drainage master plan was submitted on February 27, 2004 to the Department of Public Works and Environmental Management and the Department of Planning. As this was a requirement prior to the issuance of building permits, the first building permits were issued on December 6, 2004 for the first three duplex units at the Terraces at Manele project. He further noted that mass off-site grading work was a requirement by the Maui Planning Commission prior to receipt of the building permits. That work was completed prior to the issuance of the building permits, but the fine grading work did not commence until after the building permits were in hand.

Further, he noted that the Manele drainage master plan should not be confused with the drainage master plan for Koele and Lanai City that is currently being developed.

The third condition required that the company complete Increment II of the Development and Coordination of a Park Access and Maintenance Program, prior to the completion of 50 percent of the units proposed by the Terraces at Manele project. Additionally, the plans for the improvements are required to be submitted to the Hulopo'e Beach Park Council and the Lanai Archaeological Committee.

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Mr. Masuda stated that the company conducted a meeting in 2004 between the Hulopo`e Beach Park Council and the Lanai Archaeological Committee to discuss the proposed improvements for Increment II of the program. At the meeting, the company discussed improvements on the trail around Hulopo`e Beach Park, Pu`u Pehe Peninsula and the Small Boat Harbor. Both entities stated that they did not want to see improvements around the Pu`u Pehe Peninsula due to the archaeological sensitivity of the area. Mr. Masuda acknowledged that although the condition required the completion of the improvements for Increment II prior to the completion of 50 percent of the units, the company cannot fulfill this requirement because the Hulopo`e Beach Park Council and Lanai Archaeological Committee do not want to implement the proposed improvements.

However, improvements related to Increments III and IV, to expand park facilities toward the Small Boat Harbor, are still underway. For instance, improvements to facilitate access near the keiki pond have been completed. At the request of the Hulopo`e Beach Park Council, the company has also constructed cement posts to keep four-wheel-drive vehicles out of the Pu`u Pehe Peninsula. The company has also installed new tables and barbecue grills to replace those that were broken or unsafe. All necessary County permits have been obtained for the work conducted by the company in the recreational area.

Mr. Masuda confirmed that non-sanctioned commercial use of the peninsula continues to be an ongoing concern. Large numbers of visitors to the island arrive for a day as part of a whale watch or other cruise originating from Maui. Their use of the area often conflicts with use of the area by local residents. Mr. Masuda acknowledged that the situation is stressful for both the residents and the company, as the visitors cross over the company-owned park area to get to the State-owned beach. Discussions are ongoing with the State and the Hulopo`e Beach Park Council to find ways to limit the number of people that utilize the area. The company assesses private companies who use the area in accordance with the Hulopo`e Beach Park Council Rules & Regulations. The fee is \$8 per person for use of the area for a day, while the camping fee is \$20 per day. All revenues are earmarked for the ongoing maintenance of the park.

The fourth condition required that the company provide a quarterly water use report for the Manele Project District, specifying water use for a total quarterly and average day basis. It also required that water consumption

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categories should include the Manele Bay Hotel, Manele landscaping, Manele single family potable, Manele single family brackish water, Manele multi-family potable and Manele multi-family brackish water.

It was noted that because there is only one aquifer on Lanai, a main concern for the last 35 years is the potable and non-potable water usage.

Mr. Masuda provided a brief overview of the information sent to the Council. He noted that a line break at the Manele Golf Course on September 26, 2004 is the cause for the increase in brackish water usage between the third and fourth quarters. The situation was further aggravated because replacement parts were not readily available. The line has since been repaired, and spare parts have been stored on-site in case of a future failure of the line.

The fifth condition required that the company request that the Department of Water Supply review the Lanai Water System and consider the purchase or ownership of the system.

It was noted that the Department of Water Supply may need to obtain additional funding to conduct the assessment of the water system. It was further noted that the company is the majority landowner on Lanai who also owns the Lanai Water System and develops its own projects. This conflict of interest could be resolved if the County of Maui were to own the system.

Mr. Masuda noted that the Department asked for plans regarding the water system, most of which were implemented during plantation years. There are no plans available. Anecdotal information is available from long-time residents who are former employees of the company. Eventually, however, a Water Master Plan will be developed and will include the location of all of the water lines on Lanai.

Mr. Masuda stated that the sustainable yield of the aquifer is six million gallons per day. The company is currently using two million gallons per day. If water usage rises to 4.3 million gallons per day due to future developments, the State Commission on Water Resource Management would then begin discussing whether or not the aquifer should be designated as a management area. The company is studying the possible implementation of a desalinization plant that may be built to handle irrigation needs to alleviate demand for potable water.

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Further, the company is studying the continued use of the Maunalei Water System that was used during the plantation era.

Your Committee notes that there were no questions on the sixth condition, which required that the quarterly reports be submitted to the Council and the appropriate County departments, and on the seventh condition, which required that if there was any nonperformance of any condition, no building permit or certificate of occupancy shall be issued.

Your Committee voted to recommend filing of the communication.

Your Planning Committee **RECOMMENDS** that General Communication No. 04-1 be FILED.

Adoption of this report is respectfully requested.

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