

(2) The potential economic loss associated with a reduction in property value due to redistricting of all Agricultural land to the Protective Subzone of the Conservation District has been significantly reduced due to the modification of critical habitat units. While the economic loss as estimated for the modified designation could approach \$715,000, the probability of redistricting is estimated to be small, resulting in a low expected property value loss.

(3) In addition to property value losses, the DEA and associated Addendum do address several types of indirect costs, including the possibility of mandated conservation management, loss in hunting revenue, and others. However, although the economic analysis does provide stylized and/or worst-case estimates of some of the potential indirect costs, the actual probability of these impacts occurring is not estimated due to the limited information regarding the likelihood of these impacts. As a result, the expected value of the impacts is not reported. Rather than report the stylized and/or worst-case estimates, the analysis presents qualitative descriptions of the magnitude of the impacts to account for the fact that the expected values are not known.

(21) *Comment:* One commenter stated that the Service is unaware of a significant number of future housing or resort development activities in coastal areas on Molokai that might trigger section 7 consultation by requiring permits from Federal agencies.

Our Response: Chapter VI, Section 3.e. of the DEA discussed potential residential development within the critical habitat and concluded that no resort or residential development was anticipated within the next 10 years. This estimate reflected information gathered that the lands within the proposed designation are either: (1) Managed by landowners who stated that they do not have plans to develop; (2) within a recreational preserve; (3) governed by agreements under the East Molokai Watershed Partnership; or (4) do not have publicly available development plans. No new information has been provided that contradicts this conclusion; thus, no changes have been made to the DEA in this regard.

(22) *Comment:* One commenter noted that critical habitat Units F and G are potential sites for groundwater exploration, and Federal funding or agencies may be involved.

Our Response: Chapter VI, Section 3.g. of the DEA discussed section 7 costs associated with water system development as part of the Molokai

Irrigation System or by Molokai Ranch. The Addendum analyzes additional information from the Maui County Department of Water Supply regarding a proposed backup well and concludes that the planned well and accompanying access road are located outside the critical habitat, as modified. As such, no additional costs were included in the Addendum for this project.

(23) *Comment:* One commenter stated that the designation of critical habitat in Units F and G would require hundreds of Kapaakea subdivision future beneficiaries to conduct an environmental assessment and section 7 consultation in order to construct their home and prepare ground for farming. The commenter further noted that Department of Hawaiian Homeland's homesteading program uses Federal programs to guarantee and insure the mortgages of homesteaders, and Federal funds may be used to construct site improvements and homes.

Our Response: The economic analysis focused primarily on the "reasonably foreseeable" projects, land uses, and activities that could affect the physical and biological features of the proposed critical habitat units as these are the activities that could be affected by the critical habitat designation. As previously discussed, "Reasonably foreseeable" projects, land uses, and activities were defined in the DEA as those which are: (1) Currently authorized, permitted, or funded; (2) proposed in plans currently available to the public; or (3) projected or likely to occur within the next 10 years based on (a) recent economic or land-use trends, development patterns, evolving technologies, competitive advantages, etc., and (b) limits imposed by land-use controls, access, terrain, infrastructure, and other restrictions on development. The economic analysis did not discuss future development within Kapaakea because none of the information available indicated that new residential development or new agricultural activity was likely within the next 10 years; thus, these activities were not considered "reasonably foreseeable."

Units F and G have been modified, and as a result, the total amount of DHHL land within critical habitat has been reduced by two-thirds, from approximately 1,350 ha (3,336 ac) to 425 ha (1,049 ac). The DHHL land remaining in critical habitat is located mauka (towards the mountains) and eastward of the existing Kapaakea Homestead, and most is adjacent to the Molokai Forest Reserve. There are no publicly available plans for development of this area within the next 10 years, nor has

DHHL indicated that development of this area within the next 10 years is likely. Thus, no section 7 costs for residential development by Native Hawaiian beneficiaries in Units F and G subdivision were included in the Addendum.

(24) *Comment:* One commenter stated that Molokai hunters were concerned about the potential loss of hunting areas and questioned whether or not fences to exclude ungulates will be constructed, and, if so, where construction will take place. Another commenter questioned why a cost was associated with project modifications to the management of game hunting on State managed lands, because Molokai does not have any State hunting areas that are managed to maintain or enhance game mammal populations. The commenter also questioned the methodology used to estimate the project modification cost because game mammals travel freely.

Our Response: Chapter VI, Section 3.a. of the DEA discussed the direct impacts of section 7 implementation on hunting taking place on DLNR lands on Molokai. The analysis estimated future project modifications associated with game mammal management by extrapolating from historical consultation records. These records indicate that DLNR generally installs fencing around bird watering stations as a project modification stemming from consultations with the Service. As a result, the analysis assumed that fencing would continue to occur around watering stations in the future.

The DEA goes on to estimate an increase in the number of watering stations to be fenced under the assumption that the proposed habitat area would extend beyond the area historically considered in consultations with the Service on the listed plants. The DEA presents a cost estimate of \$17,600 to \$148,000. However, public comment suggested that consultations already do address areas both occupied and unoccupied by the listed plants because ungulates are assumed to roam freely across the island. As such, there would likely not be an increase in the number of watering stations fenced. Adopting this new assumption, and also incorporating the intended reductions in the designation as indicated by the Service, the Addendum revised the estimate to a range of \$4,400 to \$37,000. This conclusion is based on discussions with DLNR, other stakeholders familiar with the issue, and decades of public testimony by hunters.

(25) *Comment:* One commenter requested that its lands not be designated as critical habitat due to the following reasons: (1) Land values