

parcel-by-parcel basis whereby the change in the likelihood of development, if any, associated with the intended designation is identified. The costs associated with these impacts are presented in the Indirect Costs section of the Addendum.

(28) *Comment:* The State of Hawaii Department of Business, Economic Development and Tourism (DBEDT) population and tourism growth projections were used for this study. These estimates are higher than the 2000 Kaua'i's General Plan projections. DBEDT's projections are controversial and contested.

Our Response: The DBEDT projections are presented in Table II-1 of the DEA, although both the DBEDT and General Plan projections are discussed in Chapter II of the DEA. The General Plan projections and information from developers are used to determine the amount of development that is planned in the intended critical habitat designation.

While the DBEDT projections are used in comparisons of lost economic activity to projected island-wide economic activity in the DEA, neither the DBEDT projections nor the General Plan projections are directly used in the calculation of updated cost estimates presented in the Addendum.

(29) *Comment:* It is erroneous to assume hotel and resort development displaced at Po'ipu is not likely to be replaced by equivalent projects elsewhere on Kauai. (V-57). In fact, there is island-wide competition for the resort market, and new areas such as Kapalawai have received Kauai's General Plan resort designation. Also, visitor accommodations on Kauai are diversified with significant uncounted numbers of people staying in vacation rental homes, bed and breakfasts and camping outside of planned visitor destination areas. According to the Kauai General Plan analysis, the total number of resort and residential units already permitted, as opposed to those desired, is 5,836. (Appendices, Tables C and D). If the density allotted to Kukui'ula is cut in half, that total number is 4,036. Taking the HIGH number of baseline development (2,253, which includes not permitted units desired by Grove Farm), it appears that there must be 1,783 permitted units *outside* of the proposed critical habitat area. Future growth opportunities in Koloa, not requiring cave species mitigation construction, do exist in both the resort and residential categories. Growth opportunities in the Koloa area are not foreclosed by habitat designation.

Our Response: As a result of the Service's intended modifications to critical habitat, the DEA's estimates of loss of resort/residential development in the Po'ipu area and reduction in the amount of islandwide development no longer reflect the impacts associated with the intended designation. As discussed in the Indirect Costs section of the Addendum, even if some of the development planned in critical habitat does not take place, it is assumed that other development projects in the Koloa/Po'ipu area will be able to be increased in density or area to satisfy unmet demand for residential or resort/residential development.

(30) *Comment:* The costs of public support of residential and tourism development is not adequately identified or calculated. These costs should be considered avoided costs for reductions in growth. Among the missing estimates for the taxpayers "growth subsidies" are the following: (1) Public expenditures for more schools or expansion of existing schools, including teachers, staff and administrators; for police, fire, ambulance, lifeguard personnel and equipment; solid waste; recycling; governmental administrative services; etc. Public subsidies of each unit of residential and of tourism development are substantial; (2) Most of these costs, as well as those for water, sewage, and roads (which the study states will not be affected by habitat designation and do require consultations etc.), are increased when development is sprawling rather than contiguous. Development of Maha'ulepu and the Sugar Mill area would leap beyond current developed areas; (3) Another avoided cost would be the cost to attain permits for projects and project design costs, etc. To get permits needed to develop, Grove Farm has previously estimated costs of over \$5 million, higher than numbers in the study.

Our Response: As discussed in the Indirect Costs section of the Addendum, a reduction in islandwide development attributable to the intended designation is no longer anticipated. Similarly, it is assumed there will be no impacts to the Maha'ulepu development since the areas planned for development are no longer in critical habitat. As such, any avoided public-support costs for reductions in development are not anticipated.

(31) *Comment:* Table ES-1 appears to present both the low and high ends of the economic impacts estimated, implying that the low-end value reflects the likely least cost that critical habitat designation would impose. In fact, review of the DEA reveals that the

"low" value represents the low end of the possible worst-case scenario, not the low end of all likely scenarios.

Our Response: The impact estimates have been revised in the Addendum to include expected impacts for a number of possible scenarios and the Service's intended modifications to critical habitat. As such, the high and low estimates in Table Add-3 represent the range of reasonably foreseeable direct costs associated with section 7 implementation for the cave animals and the indirect costs associated with the intended designation.

(32) *Comment:* The DEA fails to recognize that the costs to investigate the implications of critical habitat are sunk costs associated with the designation process, not additional costs that final designations would impose. Any concerned party investigating the proposed designation of critical habitat on their lands have already hired their lawyers and consultants, and incurred the costs associated with figuring out the implications of designation on their lands. Even were the private landowners' lands ultimately excluded from the final critical habitat designation, the landowners would still not recoup those costs; the money has already been spent. These costs should not be included in the analysis of future potential costs from designation since they have already been incurred and were incurred regardless of the final designation decision.

Our Response: For completeness, estimated expenditures by landowners to investigate the implications of the proposed critical habitat were included in the DEA and Addendum, even if the funds have already been expended and are not recoverable. In estimating costs, a distinction is not made between the designation process and the final designation.

(33) *Comment:* Project modification costs are underestimated, particularly the cascading effect of project realignment with the purpose of avoiding critical habitat. Also, the costs of avoiding subsurface impacts to sewer lines, buried cables, etc., in addition to roads, is underestimated.

Our Response: The project modification cost estimates take into account a variety of projects, locations, and contingencies, and are based on (1) discussions with the Service and construction contractors, and (2) an examination of the historical record of project modifications regarding the cave animals. The one historical case of a road realignment due to the cave animals involved the Koloa Bypass Road. In this case, the realignment was minor and was completed quickly at