

Specifically, due to likely Federal involvement, the K2020 project would be subject to a section 7 consultation. As a result of the consultation, the Service indicates that K2020 may have to obtain funding for planned endangered plant preserves in Hawaii Unit 13 and the restoration of the portions of critical habitat that are temporarily disturbed.

The area currently occupied by the sewage plant and planned for a wetlands endangered species park is not included in the critical habitat designation and thus this analysis anticipates no costs associated with this portion of the K2020 planned project.

(96) *Comment:* One commenter commented that the designation of critical habitat would restrict the Department of Transportation's options in the design, maintenance, and construction of highways in affected areas and threaten the limited resources available to maintain and improve State highways. This commenter also stated that the designation of critical habitat would significantly increase the cost of planning design, construction, maintenance, and repair of the following roads: Saddle Road, Kohala Mountain Road, Kawaihae Road, Queen Kaahumanu Highway, Mamalahoa Highway, Volcano Road, and Kealahou Parkway.

Our Response: The costs associated with planned road projects in critical habitat are discussed in Chapter VI, Section 3.i. of the DEA and in Sections 3.j. and 3.k. of the Addendum. These sections discuss the Saddle Road Improvement and Realignment project and the planned widening of the Queen Kaahumanu Highway. The Kawaihae Road is not included in the critical habitat designation. Within the 10-year timeframe of this analysis, there are no known construction, maintenance, and repair projects for the Kohala Mountain Road and the Volcano Road that will impact the primary constituent elements for the listed plants in the critical habitat designation.

The Mamalahoa Highway (Route 190) safety improvements in Hawaii Unit 10 involve simple re-paving and resurfacing of the existing roadway. As mentioned in the DEA, the critical habitat provisions of section 7 do not apply to the operation and maintenance (O&M) of existing manmade features and structures because these features do not contain any primary constituent elements. Thus, the safety improvements planned for Mamalahoa Highway in Hawaii Unit 10 would not be subject to section 7 consultation because they involve operation and maintenance activities rather than new construction.

Finally, while the widening of Kealahou Parkway (Route 197) in Hawaii Unit 13 is a long-term project, there is no timetable given for the project. It is likely that extension of the Parkway (outside of the critical habitat designated critical habitat area) would be required before widening the existing portion of roadway; however, no timetable is given for the completion of the extension. In addition, the State DOT is working on several other widening projects in the area, with its main focus on widening the Queen Kaahumanu Highway from downtown Kailua to the Airport, that are not estimated to be completed until 2011. Given the circumstances, it is unlikely that widening of Kealahou Parkway (Route 197) will occur within the next 10 years.

(97) *Comment:* Several commenters commented that the designation of critical habitat on trust lands (e.g., the Queen Liliuokalani Trust and Kamehameha Schools) could negate decades of planning as well as millions of dollars of infrastructure investment. This, in turn, could adversely affect future revenues that would be generated by these entities and, therefore, their ability to carry out social and cultural mandates to provide for their beneficiaries. One commenter specifically referenced concerns over Keahuolu Ahupuaa being the last and only future of producing lands owned by the Queen Liliuokalani Trust and the need for those lands to continue the legacy left by the Queen.

Our Response: The economic, social, cultural, and political impacts associated with the loss of the development potential on Queen Liliuokalani Trust (QLT) land in Hawaii Unit 13 are discussed in detail in Chapter VI, Section 4.c.(7) of the DEA and the State and County Development Approvals section in the Addendum. Specifically, the Addendum estimates that the critical habitat designation could lead to a delay in State and county development approvals. This would delay completion of the project and the associated lease-rent revenues for QLT. This could have related social and cultural costs for the community.

The portions of the parcel owned by Kamehameha Schools and leased by PIA-Kona Limited Partnership that are planned for housing development are not included in the final designation. The portions of this parcel that are included in the critical habitat designation are currently managed as an endangered plant preserve, and there are no plans for a change in management. Kamehameha Schools did not identify other lands in the critical

habitat designation that are planned for development or are likely to generate significant future revenues.

(98) *Comment:* One commenter commented on areas of the economic analysis where they felt it both overestimated and underestimated economic costs. The commenter requested that the DEA be revised to reflect that QLT's own analysis did acknowledge that additional funds would be expended to achieve build-out of Phases I and II. The commenter also asked that the economic analysis include the increased likelihood of loss of entitlements and revenue and increased costs associated with permitting costs and development of infrastructure for Phase III.

Our Response: Chapter VI, Section 4.c.(7) of the DEA discusses the costs associated with the loss of development potential at the Keahuolu project site. The DEA references an economic impact analysis supplied by QLT that states the portions of the planned development in Phases I and II in the proposed critical habitat would yield \$44.2 million per year in lease-rent revenue after the project is fully completed. The DEA states that this estimate tends to overstate the total economic impact because it does not include additional funds that would have to be expended by QLT in order to reach full completion. The QLT analysis acknowledges this fact, and thus the QLT analysis did not overstate the total economic impact.

The economic impacts associated with a delay of entitlements, a loss of revenue, and a potential modification to the development approvals for Phase III of the Keahuolu Project are discussed in the State and County Development Approvals section of the Addendum. In particular, costs are anticipated to range from \$14.1 million to \$21.9 million.

(99) *Comment:* One commenter raised a specific concern about the economic impact to Kamehameha Schools and PIA-Kona Limited Partnership.

Our Response: The portions of the parcel owned by Kamehameha Schools and leased by PIA-Kona Limited Partnership that are planned for housing development are not included in the final designation. The portions of this parcel that are included in the critical habitat designation are currently managed as an endangered plant preserve, and there are no plans for a change in management. As such, this analysis anticipates there will be no economic impact to the owners of this parcel as a result of the critical habitat designation.

(100) *Comment:* Two commenters commented that critical habitat in the Kailua to Keahole area of Kona is