STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES Land Division Honolulu, Hawaii 96813

December 11, 2020

PSF No: 01KD-204 19KD-131 & 20KD-091

Board of Land and Natural Resources State of Hawaii Honolulu, Hawaii

KAUAI

Amend Prior Board Action of April 1, 2005, Item D-7, Amend Prior Action of November 5, 2003, Item D-10, Grant of Perpetual, Non-Exclusive Easement to Department of Water for Water Tank Overflow and Drainage Purposes, Waipouli, Kauai, Tax Map Key: (4) 4-4-003: Ditch 7 within 089.

The purpose of the current amendment is to: 1) clarify that the prior Board actions were for two separate easements: a) issuance of a perpetual, non-exclusive easement (W-1) to the County of Kauai, Department of Water Supply for water tank overflow and drainage purposes, and b) issuance of a 55-year term, non-exclusive easement (AU-1) for the "Back Lot," intended to be issued to Kapaa 382 LLC, as the landowner, 2) to change the Grantee name for Easement AU-1 from Kapaa 382 LLC to the Association of Apartment Owners of Kulana Condominium, due to a change in landownership, and 3) to include a provision to allow Easement AU-1 to "Run with the Land" identified as Lot 8B.

BACKGROUND:

At its meeting of November 5, 2003, item D-10, the Board of Land and Natural Resources approved the issuance of a perpetual, non-exclusive easement to the County of Kauai, Department of Water for water tank overflow and drainage purposes, Waipouli, Kapaa, Kauai, Tax Map Key: (4) 4-4-003:089. (Exhibit A)

At its meeting of April 1, 2005, item D-4, the Board of Land and Natural Resources approved to amend its prior action of November 5, 2003 (D-10), to increase the area for the overflow and drainage easement from 150 square feet to 2,325 square feet, and to authorize a 25-foot-wide access and utility easement for the "Back Lot." (Exhibit B)

The subject ditch, referred to as State Ditch 7, is a 15-foot-wide ditch that bisects private property known as Lot 8 (also designated as TMK: (4) 4-4-003:089). The ditch was excepted and reserved from Grant 7286, which conveyed Lot 8 from the Territory of Hawaii to John Baptista Souza on May 30, 1919. The reservation of State Ditch 7 creates a front portion of Lot 8 (referred to as Lot 8A), which is adjacent to Hauiki Road, and a back portion of Lot 8 (referred to as Lot 8B). Easement AU-1 is for access and utility

purposes and will allow the owner of Lot 8B to cross the State Ditch 7 to gain access to and obtain utilities from Hauiki Road.

A 0.25 million-gallon water storage tank was constructed on Lot 8A, which will be conveyed and dedicated over to the County of Kauai. The water storage tank required an easement to combine overflow and drainage systems into the adjacent State Ditch 7. At time of the April 2005 Board action, Lot 8B, the "Back Lot," was retained by Kapaa 382, LLC, as the landowner.

REMARKS:

In the process of preparing the easement document for execution by the County of Kauai, staff realized that the easement document was incorrect. The intent of the original request was to issue two separate easements to two different entities, and not to have the two easements issued to the County. For reasons unknown, the prior Board action did not reference the name of the grantee for the access and utility easement for Lot 8B. As a result, it was mistakenly interpreted and assumed by the Department of the Attorney General that the two easements were to be issued to the County. The intent of the original request was that the County of Kauai would be issued only an easement for water tank overflow and drainage purposes, and that an access and utility easement for the "Back Lot" was to be issued to Kapaa 382, LLC.

By letter dated April 30, 2018, Max Graham, attorney representing the landowner, indicated that the new owner of the property is now the Association of Apartment Owners of Kulana Condominium (AOAO Kulana), therefore, the easement for Lot 8B, the "Back Lot," should now be issued to AOAO Kulana. (Exhibit C)

Staff confirmed through the Department of Commerce and Consumer Affairs that the status of Kapaa 382, LLC was terminated on December 1, 2009. Further, through the County of Kauai Real Property Tax Office, it was confirmed that AOAO Kulana is the Fee Owner of TMK: (4) 4-4-003:089.

Due to the aforementioned, staff would like to recommend that the prior Board actions be amended to clarify that Easement W-1 for water tank overflow and drainage purposes for Lot 8A, shall be issued to the County of Kauai, Department of Water, and that a second easement for Lot 8B, identified as Easement AU-1 for access and utility purposes to be issued to AOAO Kulana, for a 55-year term. Easement AU-1 shall "Run with the Land" identified as Lot 8B.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of November 5, 2003, under agenda item D-10, as amended by its action of April 1, 2005, under agenda item D-7, to authorize: 1) the

TMK: (4) 4-4-003: Ditch 7 within 089

issuance of a perpetual, non-exclusive easement (W-1) for water tank overflow and drainage purposes to the County of Kauai, Department of Water, and 2) the issuance of a 55-year term, non-exclusive access and utility easement (AU-1) for the "Back Lot" to the Association of Apartment Owners of Kulana Condominium, and 3) to include a provision to allow Easement AU-1 to "Run with the Land" identified as Lot 8B.

2. Except as amended hereby, all terms and conditions as approved on November 5, 2003 and as amended on April 1, 2005 shall remain the same.

Respectfully Submitted,

Wesley Matsunaga

Wesley T. Matsunaga
District Land Agent

APPROVED FOR SUBMITTAL:

RT

Sgame Q. Case

Suzanne D. Case, Chairperson

EXHIBIT A

STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES Land Division Honolulu, Hawaii 96813

November 5, 2003

Board of Land and Natural Resources State of Hawaii Honolulu, Hawaii

.

Kauai

PSF No.:01KD-204

Grant of Perpetual, Non-Exclusive Easement to Department of Water for Water Tank Overflow and Drainage Purposes, Waipouli, Kauai Tax Map Key: (4) 4-4-03: within 89

APPLICANT:

Kapaa 382, LLC, a Hawaii Limited Liability Company, whose business and mailing address is 4569 Kukui Street, Suite 200, Kapaa, Hawaii, 96746, for the Department of Water, County of Kauai.

LEGAL REFERENCE:

Section 171-95, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands and waters, includes drainage basin of Kapaa situated at Kapaa, Waipouli, Kauai identified by Tax Map Key: (4) 4-4-03: within 89, as shown on the attached map labeled Exhibit A and Exhibit B.

AREA:

Water Tank Overflow and Drainage Easement: 150 Square Feet, more or less.

ZONING:

State Land Use District: Agricultural, Conservation and Urban County of Kauai CZO: Agriculture, Open and Residental

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES for water taken

NO for the water transportation infrastructure

APPROVED BY THE BOARD OF LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON KUK

ITEM D-10

CURRENT USE STATUS:

Encumbered by Revocable Permit No. S-7310, to East Kauai Water Users: Cooperative, for irrigation purposes.

CHARACTER OF USE:

For water tank overflow and drainage: Right, privilege and authority to construct, use, maintain, repair, replace and remove drainage structure over, under and across State-owned land.

COMMENCEMENT DATE:

To be determined by the Chairperson.

CONSIDERATION:

Gratis

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, that states "Operation, repairs or maintenance of existing structures, facilities, equipment or topographical features, involving negligible of no expansion of change of use beyond that previously existing."

DCCA VERIFICATION:

Department Of Water, County of Kauai

Place of business registration confirmed: N/A Registered business name confirmed: N/A Applicant in good standing confirmed: N/A

Kapaa 382 LLC

Place of business registration confirmed: Yes Registered business name confirmed: Yes Applicant in good standing confirmed: Yes

APPLICANT REQUIREMENTS:

Applicant shall be required to:

1) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost;

REMARKS:

Kapaa 382 LLC received tentative approval on August 29 1999 for Kulana Subdivision, which are portions of Grant 5266 to Rufus P. Spalding and R.P. 737, L.C. Aw. 8559-B Apana 42 to William C. Lunalilo, Subdivided into Lots 1 to 21 inclusive, Located in Kapaa, Waipouli, Kauai.

Tentative approval recommendations by the Department of Water:

The subdivider shall prepare and receive Department of Water's approval of a Water Master Plan for full development of the area. The Master Plan shall address source, storage and transmission facilities, along with detailed water demand calculations.

The subdivider shall prepare and get Department of Water's approval of construction drawings for necessary water system facilities or post a performance bond for construction.

These facilities shall include all necessary facilities as required by the approved Water Master Plan.

The subdivider shall prepare and convey to the Department of Water a right-of-entry and grant of easement for the purpose of construction, operation for the subdivision water system improvements installed in other than County owned property.

These recommendations required the Kapaa 382 LLC to construct a 0.25 million-gallon water storage tank on parcel 89 as shown on TMK: 4-4-03. The water storage tank require a combine overflow and drainage system that will flow into State Ditch 7.

As recommended by the Department of Water, Kapaa 382 LLC will need a grant of easement for the overflow and drainage system to State Ditch 7 from the State to the Department of Water.

East Kauai Water Users' Cooperative who was issued Revocable Permit S-7310 for the purpose of operating the East Kauai Water System have no objections to the request for the easements being located within State Ditch 7 under condition specified in the letter dated June 17, 2003 to Ms. Charlene Unoki. Exhibit C

Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Staff has no objection in issuance of the easement to the Department of Water.

RECOMMENDATION: That the Board:

- 1. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a perpetual non-exclusive easement to Department of Water covering the subject area for Water Tank Overflow and Drainage purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current perpetual easement document form, as may be amended from time to time;
 - B. The perpetual easement shall inure to the benefit of the real property described as Tax Map Key: (4) 4-4-03: within 89.
 - C. Review and approval by the Department of the Attorney General; and
 - D. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

Thomas H. Oi

District Land Agent

APPROVED FOR SUBMITTAL:

Peter T. Youngh Ch

Chairperson

November 5, 2003 Land Board Meeting -

D-10: Grant of Perpetual, Non-Exclusive Easement to Department of Water for Water Tank Overflow and Drainage Purposes, Waipouli, Kauai, TMK: (4) 4-4-03: within 89. (KDLO/Tommy)

Approved as amended. The Board amended paragraph 1 of the Recommendation Section to read as follows:

- "1. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a perpetual non-exclusive easement to Department of Water covering the subject area for Water Tank Overflow and Drainage purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The standard terms and conditions of the most current perpetual easement document form, as may be amended from time to time;
 - [B. The perpetual easement shall inure to the benefit of the real property described as Tax Map Key:(4) 4-4-03: within 89.]
 - B. Grantee shall be required to submit a letter from a licensed engineer stating that no additional structural support for State Ditch 7 in the easement area is necessary. If structural improvements are necessary, construction plans for such improvements shall be approved by the Department.
 - C. Grantee shall not interfere with the flow of water in the State ditch right-of-way except as may be necessary to construct, reconstruct, repair, maintain or install improvements within the easement area.

 Grantee shall give the Department five (5) working days notice of any flow interruption. Furthermore, the water flow shall not be interrupted for more than 48 hours within any one week period.
 - D. Grantee shall obtain prior approval of the Department for any construction work performed within the easement area.
 - [C.]E. Review and approval by the Department of the Attorney General; and
 - [D.]<u>F.</u> Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State."

PROJECT LOCATION

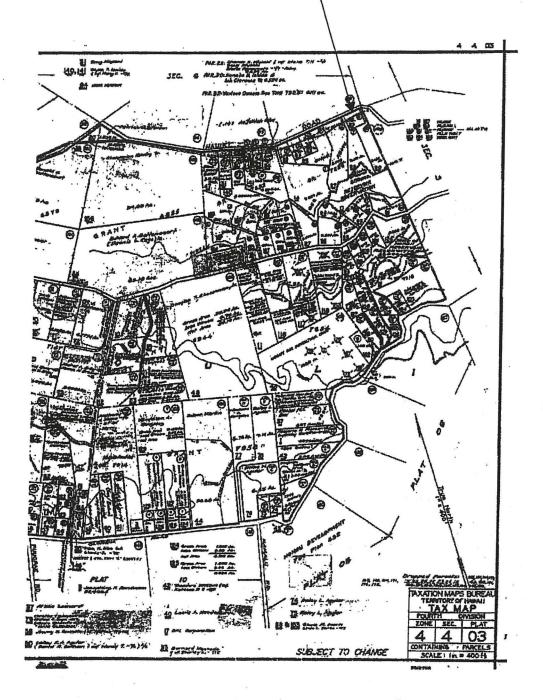
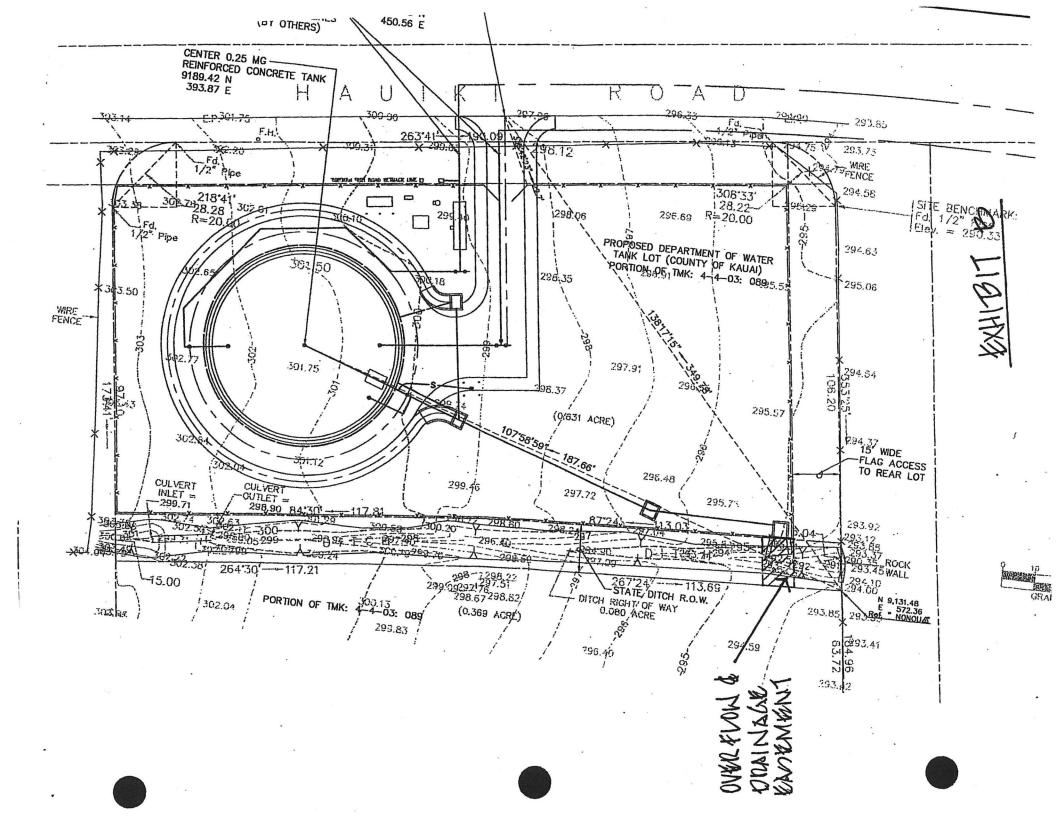


EXHIBIT A



BELLES GRAHAM PROUDFOOT & WILSON

ATTORNEYS AT LAW

COUNSEL

JONATHAN J. CHUN PAMELA P. RASK

MICHAEL J. BELLES MAX W.J. GRAHAM, JR. DAVID W. PROUDFOOT DONALD H. WILSON

Federal I.D. No. 99-0317663

WATUMULL PLAZA 4334 RICE STREET, SUITE 202 LIHUE, KAUAI, HAWAII 96766-1388

> TELEPHONE NO: (808) 245-4705 FACSIMILE NO: (808) 245-3277 E-MAIL: mail@kauai-law.com

> > June 17, 2003

Ms. Charlene Unoki
District Land Agent
Department of Land and Natural Resources
State of Hawaii
3060 Eiwa Street, Suite 306
Lihue, Kauai, Hawaii 96766

Re:

Revocable Permit No. S-7310

Permittee: East Kauai Water Users' Cooperative

Request for State Lands (Easement/State Ditch 7)

Applicant:

Kapaa 382, LLC

Applicant's Property: Kapaa, Kauai, Hawaii

Kauai TMK No. (4) 4-3-03:05 (por.)

Dear Ms. Unoki:

I am writing on behalf of the East Kauai Water Users' Cooperative ("Cooperative") to the Request For State Lands submitted by the Applicant, Kapaa 382, LLC. The Applicant is requesting an easement for access and utility purposes across, and for water discharge purposes into, a portion of State Ditch 7. State Ditch 7 is a right-of-way which is owned in fee simple by the State of Hawaii and which forms part of the East Kauai Water System. The State of Hawaii, through its Board of Land and Natural Resources ("Land Board"), has issued Revocable Permit No. S-7310 in favor of the Cooperative for the purpose of operating the East Kauai Water System, including State Ditch 7.

With this as background, the Cooperative offers the following comments:

1. The Applicant is requesting two separate easements (for access/utilities and for water discharge purposes) across and into a portion of State Ditch 7 which is located within property owned by the Applicant ("Applicant's Property"). The requested easement for access and utility purposes is shown crosshatched on the site map enclosed in the Applicant's letter to you. The requested easement for water discharge will be within any portion of Ditch 7

Ms. Charlene Unoki
District Land Agent
Department of Land and Natural Resources
June 17, 2003
Page 2

located adjacent to the Applicant's Property. The access easement area and the discharge easement area are jointly referred to as the "Easement Area".

- 2. The Cooperative has no objections to the requested easements being located in these areas as shown on the maps attached to the Application provided that the Applicant takes adequate safeguard to protect the integrity of State Ditch 7 in these areas. At a minimum, any grant of easement to the Applicant should be conditioned on the performance by the Applicant of the following requirements:
- a. The use of the easement for vehicular access or utility purposes and water discharge purposes may result in damage to the State Ditch 7 unless the Easement Area is reinforced with adequate structural supports. As a result, the Applicant should be required to submit to the Department of Land and Natural Resources ("DLNR") for its prior review and approval: a letter from a licensed engineer stating that no additional structural improvements are necessary; or, if structural improvements are necessary, construction plans ("Construction Plans") prepared by a licensed engineer for such improvements as may be necessary to protect the State Ditch 7 from damage. The Construction Plans should show the location of all proposed utilities and roads and all discharge pipes, utilities and structures within the Access Easement Area.
- b. The Applicant should not be allowed to undertake any construction activities within the Easement Area or to install, construct or place any improvements within the Easement Area, until the Construction Plans have been reviewed and approved by DLNR.
- c. The Applicant should not be allowed to utilize the Easement Area for vehicular access or water discharge purposes unless and until the improvements related to such use (if required) have been constructed in accordance with the Construction Plans, and the Applicant's engineer has certified completion of the improvements in accordance with the Construction Plans to DLNR.
- 3. The Cooperative further request that the document granting the easement to the Applicant contain the following provisions:
- a. The Applicant should not be allowed to interfere with the flow of water in State Ditch 7 except as might be necessary to construct, reconstruct, repair, maintain or install improvements within the Easement Area. In such case, the Applicant should be required to give DLNR five (5) working days prior notice of such interference with the water flow. In no

Ms. Charlene Unoki
District Land Agent
Department of Land and Natural Resources
June 17, 2003
Page 3

case should the water flow be interrupted for more than 48 hours within any one week period of time.

- b. The Applicant should be liable to the State for any damages which the Applicant may cause to State Ditch 7. If the Applicant causes any damage to State Ditch 7, then the Applicant should be required to repair any such damages immediately.
- c. All construction work performed within the Easement Area by the Applicant should be undertaken pursuant to construction plans prepared by a licensed engineer and approved by DLNR and should be performed only by licensed contractors when required by law.
- d. The grant of easement should be nonexclusive, with a reservation in favor of the State to grant further easements, licenses, revocable permits, or leases over the Easement Area for other purposes, including the maintenance of an irrigation water transportation system.
- e. The grant of easement should be subject to the rights and privileges set forth in Revocable Permit No. S-7310.

Thank you very much for allowing the Cooperative to comment on this Application. Please be sure to contact me if you have any questions concerning the matters raised in this letter.

Sincerely yours,

BELLES GRAHAM

PROUDFOOT & WILSON

Max W. J. Graham, Jr.

MWJG:jgm

cc: Mr. Jerry Ornellas, President, EKWUC

Mr. William R. Hancock Mr. Stephen W. Long

EXHIBIT B

State of Hawaii DEPARTMENT OF LAND AND NATURAL RESOURCES Land Division Honolulu, Hawaii 96813

April 1, 2005

Board of Land and Natural Resources State of Hawaii Honolulu, Hawaii 96813

KAUAI

PSF: 01KD-204

Subject:

Amend Prior Board Action of November 5, 2003, (Item D-10), Grant of Term, Non-Exclusive Easement to Department of Water for Water Tank Overflow and Drainage Purposes, Waipouli, Kauai, TMK $4^{th}/4-4-3$: within 89

On-November 8, 2003 the Land Board amended and approved Agenda Item-D-10 regarding the above referenced subject matter. The Board amendments were to add conditions of approval that were inserted in all similar easement requests for active portions of the ditch being managed by the East Kauai Water Users Cooperative.

Two lots are being created by Kapaa 382 LLC, owner of parcel 89. The first is known as the "Water Tank Lot", and abuts Hauiki Road. This lot will be developed with a Water tank and related water facilities, and will be dedicated to the County of Kauai Water Department. Because State ditch 7 bisects this lot, a second lot known as the "Back Lot" is being retained by the developer. The requested access and utility easement is in favor of the Back Lot, and the overflow and drainage easement is in favor of the Water Tank Lot.

A refinement to the Water Department plans necessitates the following revisions:

- Rather than utilize just a portion of the ditch for overflow and drainage purposes, the entire ditch area running through parcel 89 is being requested. This increases the area from 150 sq.ft. to approximately 2,325 sq.ft. This easement will be in favor of the Department of Water.
 - A 25 ft wide access and utility easement across State ditch 7 to the lot designated "Back Lot" is necessary (25' x 15'). This easement will be in favor of Kapaa 382, LLC.

RECOMMENDATION: That the Board:

A. Amend the Land Board action of November 3, 2003, Agenda Item D-10 by authorizing the grant of an access and utility easement over State Ditch 7 in favor of the "Back Lot", and increasing the land area that will function as the overflow and drainage easement.

APPROVED BY THE BOARD OF LAND AND NATURAL RESOURCES AT ITS MEETING HELD ON MA

ITEM D-7

B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully submitted,

MICHAEL L. LAURETA Kauai Land Agent

APPROVED FOR SUBMITTAL:

PETER T. YOUNG, Chairperson

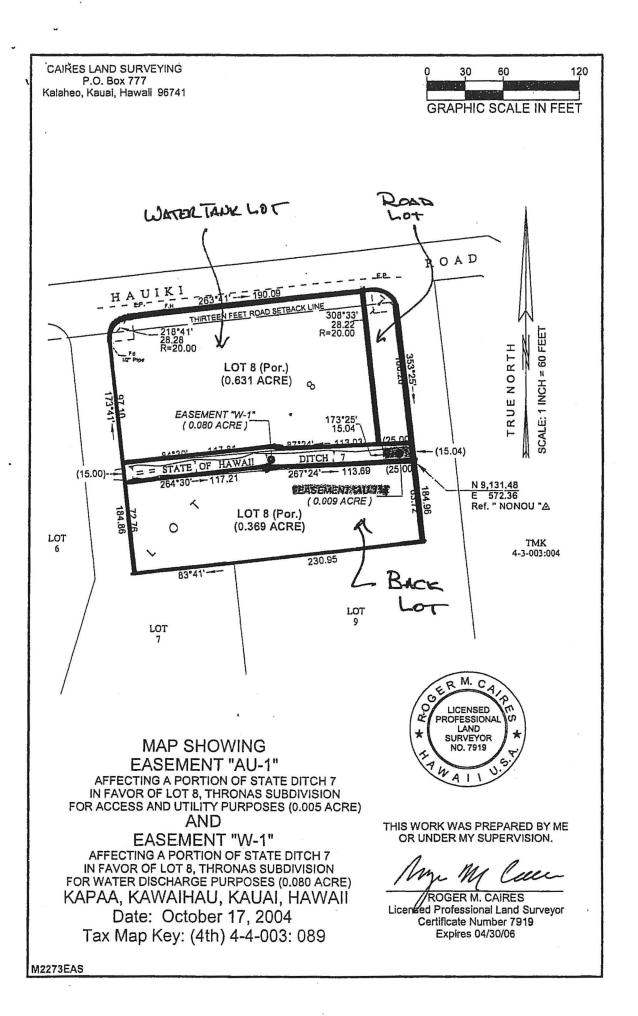


EXHIBIT C

BELLES GRAHAM PROUDFOOT WILSON & CHUN, LLP ATTORNEYS AT LAW

MICHAEL J. BELLES MAX W.J. GRAHAM, JR. DONALD H. WILSON JONATHAN J. CHUN IAN K. JUNG WATUMULL PLAZA 4334 RICE STREET, SUITE 202 LIHUE, KAUAI, HAWAII 96766-1388

> TELEPHONE NO: (808) 245-4705 FACSIMILE NO: (808) 245-3277 E-MAIL: mail@kauai-law.com

OF COUNSEL
DAVID W. PROUDFOOT

COUNSEL LORNA A. NISHIMITSU Federal I D No 99-0317663

April 30, 2018

Mr. Wesley T. Matsunaga District Land Agent Department of Land and Natural Resources State of Hawaii 3060 Eiwa Street, Suite 208 Lihue, Kauai, Hawaii 96766

VIA EMAIL & REGULAR MAIL

Re:

PSF:01KD-204

Grant of Term, Non-Exclusive Easements for

Water Tank Overflow and Access and Utility Purposes

Kapaa, Waipouli, Kauai, TMK: (4) 4-4-003:089

Lot 8, Thronas Subdivision

Land Patent Grant No. 7286 To John B. Souza (por.)

Kapaa and Waipouli, Kauai, Hawaii Kauai Tax Map Key No. (4) 4-4-003:089

New Owner: Association of Apartment Owners of Kulana

Dear Mr. Matsunaga:

I am writing to you on behalf of the Association of Apartment Owners of Kulana ("Kulana Association"), the new owners of the above-described property ("Lot 8"). An irrigation ditch known as State Ditch 7 runs through Lot 8. At its meetings held November 4, 2003 and April 1, 2005, the Board of Land and Natural Resources ("Land Board") approved the grant of two easements across a portion of State Ditch 7 ("State Ditch 7 Portion") [Exhibit "1"]. One easement is for access and utility purposes (designated as "Easement AU-1") and the other is for drainage and for the discharge of excess water (from a proposed water tank) into State Ditch 7 (designated as "Easement W-1").

Mr. Wesley T. Matsunaga District Land Agent Department of Land and Natural Resources April 30, 2018 Page 2

By letter dated February 24, 2005, I submitted copies of the following materials to the Department of Land and Natural Resources ("DLNR"): Map Showing Easement W-1 and Easement AU-1; an Easement AU-1 Description; and an Easement W-1 Description.

I have enclosed updated copies of these submittals in this letter as Exhibits "2", "3" and "4".

The easements were subsequently appraised at a value of \$6,855.00. By letter dated February 1, 2010 [Exhibit "5"], I submitted payment in full for the appraised value to DLNR.

Because the State Ditch 7 Portion crosses Lot 8, it creates a front portion of Lot 8 (referred to as Lot 8A) which is adjacent to Hauiki Road, and a back portion of Lot 8 (referred to as Lot 8B). Easement AU-1 is for access and utility purposes and will allow the owner of Lot 8B to cross the State Ditch 7 Portion to gain access to, and obtain utilities from, Hauiki Road.

Lot 8 was recently conveyed to the Kulana Association. The Lot 8A portion has been improved with a water tank and related facilities, which the Kulana Association intends to convey and dedicate to the Board of Water Supply, County of Kauai.

Although the Land Board approved Easements AU-1 and W-1, the Grant of Easement ("GOE") documents for the two easements were never prepared. I am requesting that the GOE documents now be prepared. They should run in favor of the following persons:

- 1. <u>GOE for Easement AU-1</u>. This GOE should run in favor of Lot 8B and the Kulana Association, whose mailing address is 2970 Haleko Road, Suite 103, Lihue, Kauai, Hawaii 96766.
- 2. <u>GOE for Easement W-1</u>. This GOE should run in favor of Lot 8A and the Board of Water Supply, County of Kauai, whose mailing address is 4398 Pua Loke Street, Lihue, Kauai, Hawaii 96766.

Please let me know if you need any further information in order to complete this matter.

Mr. Wesley T. Matsunaga District Land Agent Department of Land and Natural Resources April 30, 2018 Page 3

Thank you very much for your assistance and cooperation.

Sincerely yours,

BELLES GRAHAM PROUDFOOT WILSON & CHUN, LLP

Max W. J. Graham, Jr.

MWJG:jgm Enclosures

cc: Mr. Mark Sullivan, w/encls. (via email only)