

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of)
RICHARD SMART REVOCABLE PERSONAL)
TRUST)
DOCKET NO. A86-601
RICHARD SMART REVOCABLE
PERSONAL TRUST
To Amend the Agricultural Land Use)
District boundary into the Urban)
Land Use District for Approximately)
404.34 Acres, at Waimea, South)
Kohala, Island and County of Hawaii,)
Tax Map Key Nos.: 6-7-02: 9,)
portion of 17, 38; 6-7-01: portion)
of 25; 6-8-01: portion of 1 and 8;)
6-2-01: portion of 9)

LAND USE COMMISSION
STATE OF HAWAII
APR 20 2 06 PM '87

FINDINGS OF FACT,
CONCLUSIONS OF LAW,
AND DECISION AND ORDER

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RICHARD SMART REVOCABLE PERSONAL TRUST)	RICHARD SMART REVOCABLE PERSONAL TRUST
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To Amend the Agricultural Land Use District boundary into the Urban Land Use District for Approximately 404.34 Acres, at Waimea, South Kohala, Island and County of Hawaii,)	
Tax Map Key Nos.: 6-7-02: 9,)	
portion of 17, 38; 6-7-01: portion of 25; 6-8-01: portion of 1 and 8;)	
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FINDINGS OF FACT,
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Richard Smart Revocable Personal Trust, an unregistered trust, recorded at the Bureau of Conveyances of the State of Hawaii on January 3, 1979, in Liber 13394 at Page 755 and also filed with the Assistant Registrar of the State of Hawaii as Document No. 917062 (hereinafter referred to as "Petitioner"), filed this Petition on April 15, 1986, pursuant to Chapter 205 Hawaii Revised Statutes, and the Rules of Practice and Procedure of the Land Use Commission, to amend the Land Use District Boundary for approximately 404.34 acres of land situate at Waimea, District of South Kohala, County and Island of Hawaii, Hawaii Tax Map Key Nos. 6-7-02: 9, portion

of 17, 38; 6-7-01: portion of 25; 6-8-01: portion of 1, portion of 8; 6-2-01: portion of 9 (hereinafter referred to as the "Property"), from the Agricultural District to the Urban District for a residential, commercial, and industrial development. The Land Use Commission (hereinafter referred to as "Commission") having heard and examined the testimony, evidence, argument of counsel and the stipulated proposed findings of fact, conclusions of law and decision and order submitted by the parties, hereby makes the following findings of fact, conclusions of law and decision and order:

FINDINGS OF FACT

PROCEDURAL MATTERS

1. The Commission held the hearing on this Petition on July 8, 1986, pursuant to notice published on June 6, 1986 in the Hawaii Tribune Herald and the Honolulu Advertiser.

2. On August 29, 1986, Petitioner filed a motion to continue the hearing until January 15, 1987. The Commission granted this motion with the condition that Petitioner shall notify the Commission by January 25, 1987, of the trustees' decision to either proceed with the hearing or withdraw the Petition.

3. The Commission continued the hearing on January 13 and 14, 1987, pursuant to notice sent by certified mail to all parties on December 11, 1986.

4. The Commission allowed Representative Mike O'Kieffe, Willis C. (Neil) Morriss, Elaine Flores and Gary Carvalho to testify as public witnesses.

5. The Commission did not receive any petitions to intervene in this proceeding.

DESCRIPTION OF THE PROPERTY

6. The Property lies on a broad plain, the Waimea Plateau, which stretches between the Kohala Mountains and the slopes of Mauna Kea. The average elevation of the Property is 2,670 feet above sea level with slopes, in most cases, of less than 10 percent.

7. Petitioner states that it is not aware of any dangers from unstable soil conditions, floods, tsunami, volcano and other adverse environmental conditions.

8. The Property is centrally located with many employment centers and residential communities accessible from the Property. To the west of the Property are the South Kohala resort developments including Waikoloa, Mauna Lani and Mauna Kea. To the east is the community of Honoka'a, and the North Kohala population center is located to the north. To the south, Mamalahoa Highway provides access to Waikoloa Village, Saddle Road and Kailua-Kona.

9. The Property, which is located in and around the town of Waimea, is served by four major roadways: Mamalahoa Highway, Kawaihae Road, Hawaii Belt Road, and Kohala Mountain Road.

10. Although the Property is mainly used to graze cattle, a portion of the Industrial Park area is leased to an automobile repair operation.

11. The Property, with the exception of Tax Map Key No.: 6-7-02: parcel 9, is owned in fee simple by the Petitioner and is divided into three separate planning areas, more specifically identified as follows:

	<u>Tax Map Key Location</u>	<u>Acreege</u>
1.	<u>Waimea Town Center Area</u>	
	6-7-02: 9	.97
	6-7-02: por. 17	193.25
	6-7-02: 38	.34
	6-7-01: por. 25	<u>99.78</u>
	subtotal	294.34
2.	<u>Industrial Park Area</u>	
	6-8-01: por. 1	35.50
	6-8-01: por. 8	<u>14.50</u>
	subtotal	50.00
3.	<u>Rural/Residential Area</u>	
	6-2-01: por. 9	<u>60.00</u>
	GRAND TOTAL	404.34

12. Frank B. Vierra, who has a life tenancy interest in TMK No.: 6-7-02: 9, consented to the proposed boundary amendment by letter dated December 3, 1986.

13. A water pipeline easement crosses Tax Map Key No.: 6-7-02: parcel 17.

Waimea Town Center Area

14. The Waimea Town Center Area, encompassing approximately 294.34 acres of the Property is located southeast

of the existing Parker Ranch Shopping Center. It is bounded by the Kuhio Village residential area on the east, Parker Ranch pasture on the south, the Parker Ranch Race Track and the Lalamilo reservoir on the southwest, vacant urban land and residential lots on the west, and commercial development on the north.

15. The Waimea Town Center Area is located at elevations between 2,660 to 2,740 feet above sea level. Slopes average 2 to 3 percent. The median annual rainfall is approximately 35 inches.

Industrial Park Area

16. The Industrial Park Area encompasses approximately 50.0 acres. It is located southwest of the Parker Ranch Race Track and immediately south of the Lalamilo Farm Lots. It is bounded by Mamalahoa Highway on the east and Parker Ranch grazing lands on the other sides. It is located directly west of the Waimea-Kohala airport, and approximately 1.5 miles southwest of the Waimea Town Center.

17. The northern portion of the Industrial Park Area has average slopes of 2 to 3 percent, and 6 percent slopes in its southern portion. Elevations range between 2,600 to 2,640 feet above sea level. Median annual rainfall is approximately 25 inches.

Rural/Residential Area

18. The Rural/Residential Area, encompassing nearly 60 acres, is located between the Kawaihae Road and Kohala Mountain

Road approximately three miles from the Waimea Town Center. It is surrounded by pasture land to the north, and residential subdivisions to the south. Ouhli Gulch is located to the west of the area.

19. The western portion of the Rural/Residential Area ranges in elevation from 2,240 to 2,320 feet above sea level. Slopes are an average of 5 percent. The median annual rainfall is approximately 31.5 inches. The eastern half of the area rises slightly higher--to elevations of 2,320 to 2,480 feet above sea level. Slopes in this area are steeper, averaging about 20 percent.

PETITIONER'S DEVELOPMENT PLAN FOR PETITION AREA

20. The Property will be developed for urban uses in accordance with the Parker Ranch 2020 Plan (Petitioner's Exhibit 8), a master plan designed to maintain the area's ranching heritage while meeting the existing and future needs of the Waimea community for the next 35 years. The Parker Ranch 2020 Plan is intended as a planning guide for the improvement and expansion of the Waimea area. The plan addresses land uses, use relationships, densities, and provides a long-term framework for development in Waimea.

21. The primary objectives of the Parker Ranch 2020 Plan (hereinafter the "Parker Ranch Project") can be summarized as follows:

- a. To meet community needs for housing, public facilities, retail, commercial, industrial space, parks, school facilities, and secondary roads;

b. To facilitate the development of dependable water sources in the community;

c. To revitalize the town center, while perpetuating an architectural style that reaffirms the town's ranching heritage; and

d. To create greenways, trails, and additional park areas to preserve the town's rural-ranch charm and country lifestyle.

22. The Property is included in the first 10-year development phase of the Parker Ranch 2020 Plan.

23. During the remaining 25 years of the Parker Ranch Project, ranch, commercial, and equestrian uses will be expanded, town commercial spaces occupied, town cultural facilities completed, the industrial area expanded, and existing facilities upgraded.

24. The following table compares the total Parker Ranch Project acreage with the Property acreage according to the three development areas:

<u>Development Areas</u>	<u>Petition Area (ac.)</u>	<u>Parker Ranch 2020 Plan (ac.)</u>
Waimea Town Center Area	294.34	493.42
Industrial Park Area	50.00	130.00
Rural/Residential	<u>60.00</u>	<u>193.76</u>
TOTAL	404.34	817.18

Waimea Town Center Area

25. Petitioner proposes to incorporate the existing Waimea Town in developing the Waimea Town Center Area.

Petitioner proposes to include the community theatre, town hall, old courthouse, post office, gymnasium, Parker School, stable and race tracks, medical and civic centers, and additional residential housing in developing this area.

26. The design concept for the Waimea Town Center Area minimizes the impact of motor vehicles. Walking, bicycling and horseback riding will be encouraged. A pedestrian-oriented town center will establish a low-key rural ambience for the proposed expansion which will be in harmony with the surrounding existing development.

27. Petitioner proposes to develop the Waimea Town Center Area according to the Parker Ranch Project as follows:

	<u>First 5 Years</u>	<u>Second 5 Years</u>	<u>10-Year Period</u>	<u>Price Range (1985 Dollars)</u>
Residential	114 acres	65 acres	179 acres	
Single-Family (7,500 to 30,000 sq. ft. lots)	245 units	255 units	500 units	\$90,000-140,000 (\$110,000 ave.)
Multi-Family	70 units	80 units	150 units	\$70,000-100,000 (\$80,000 ave.)
Commercial, Cultural and Community Facilities	43 acres	41 acres	84 acres	
Schools and Parks	35 acres	--	35 acres	
<u>Industrial Park Area</u>				

28. Petitioner proposes to develop approximately 26 lots ranging in size from about 20,000 sq. ft. to 5 acres for support services, light industrial, and high technology facilities. These facilities are intended to support and

service the construction industry, airport-related operations and general commercial activities in the Waimea community.

29. Petitioner proposes to develop the Industrial Park Area, according to the Parking Ranch Project as follows:

	<u>First 5 Years</u>	<u>Second 5 Years</u>	<u>10-Year Period</u>
Business Park/ Industrial (20,000 sq. ft. to 5-acre lots)	25 acres	25 acres	50 acres

Rural/Residential Area

30. Petitioner proposes to develop a total of about 194 acres, including the 60 acres in the Rural/Residential Area, on the western fringe of Waimea Town, approximately 2.4 miles from the town center between the Lalamilo and Kamuela View Estates Subdivisions. Approximately 60 acres are planned for residential use and 134 acres for residential/agricultural use in this area.

31. The residential lots will be approximately 15,000 and 20,000 sq. ft. lots while the agricultural lots will be in the 2 to 5 acre range.

32. Petitioner proposes to develop the entire 194 acres during the first 10-year development phase of the Parker Ranch Project. Of this amount, however, Petitioner is seeking reclassification of only about 60 acres because the remaining acreage in the rural/ residential location is designated for use as an agricultural subdivision, which is a permitted use under the existing State Agricultural District classification.

33. Petitioner proposes to develop the Rural/ Residential Area according to the Parker Ranch Project as follows:

	<u>First 5 Years</u>	<u>Second 5 Years</u>	<u>10-Year Period</u>	<u>Price Range (1985 Dollars)</u>
Single-family Residential (15,000 to 20,000 sq. ft. lots)	40 units	40 units	60 acres 80 units	\$150,000 - 250,000 (\$200,000 ave.)
Agricultural Lots (2-acre to 5-acre lots)	20 lots	15 lots	134 acres 35 units	

PETITIONER'S FINANCIAL CAPABILITY TO
UNDERTAKE THE PROPOSED DEVELOPMENT

34. Petitioner estimates total project construction and infrastructure costs to be about \$60,000,000.

35. Petitioner submitted the Richard Smart Revocable Personal Trust Audited Financial Reports dated December 31, 1983, and December 31, 1984. According to Petitioner's Exhibit 1, these financial statements present fairly the assets, liabilities, and capital of Parker Ranch. However, they are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

36. The statements of Assets, Liabilities, and Capital for Parker Ranch (a proprietorship operated by the Richard Smart Trust) lists \$7,271,256 in assets for 1983 and \$7,900,573 for 1984. Total liabilities were \$3,719,274 for 1983 and \$3,789,597 for 1984.

37. The primary investments for the Trust are with Hawaii Meat Company of which it owns 83% of the company's commonstock. Hawaii Meat Company, Ltd. had net assets of \$3,200,000 in both 1983 and 1984. The Petitioner's principal assets are various properties including land, buildings and improvements, machinery and equipment, and purchased breeding stock.

38. Petitioner also submitted the Richard Smart Revocable Personal Trust Unaudited Accountant's Compilation Report dated December 24, 1986.

39. According to Petitioner's Exhibit 11, the Petitioner on December 31, 1985 had assets in the amount of \$13,901,460; liabilities in the amount of \$2,555,215; and equity in the amount of \$11,346,245.

40. Petitioner stated that it is capable of adequately financing the first 10 years of the Parker Ranch Project as proposed in the Petition.

NEED FOR THE PROPOSED DEVELOPMENT

Waimea Town Center Area - Residential

41. According to Petitioner's market consultant, Natelson, Levander and Whitney (hereinafter "NLW"), the housing demand for the South Kohala judicial district is expected to be approximately 4,600 units by the year 2000. This is based on a projected population increase to 11,078 persons by 1990 and 18,135 persons by the year 2000.

42. According to NLW, the housing growth in the local market area of South Kohala is proceeding at a rate of 90 to 100 units per year. Over 90 percent of this inventory consists of single family detached dwellings, with the balance consisting of apartments and condominiums. Based upon the 1970 to 1980 absorption rate in the local area with allowances for 5.0 percent vacancy rate and a replacement of obsolete structures, NLW concludes that the incremental demand for new housing in South Kohala will be approximately 2,100 units by 1990, 1,500 units by 1995, and 1,000 units by the year 2000.

43. NLW also forecasted a residential demand for the next ten years of about 14,000 to 15,000 units on the Big Island, about 3500 units in the South Kohala District, and approximately 600 to 900 units for Parker Ranch lands.

44. Hotel room and condominium additions in South Kohala between 1985 and 2000 are anticipated to bring the total visitor facilities to over 7,200 units. NLW concludes that this is expected to generate a population base of 23,770 persons, a portion of which will seek housing in Waimea.

45. A survey of 15 existing and proposed developments was conducted as part of the Petitioner's market analysis to assess likely competition for housing development in and adjacent to the South Kohala Market Area. Petitioner's survey found that 12 of 15 projects surveyed were targeted in price ranges over \$200,000 while only 3 of the 15 projects were targeted for moderate to low income households.

46. Petitioner states that approximately 85% of the residential units in the Parker Ranch Project will be targeted in the affordable price range of \$60,000 to \$120,000 (in 1985 dollars), which roughly coincides with current Hawaii Housing Authority and County of Hawaii "low moderate" and "gap group" definitions.

47. NLW concludes that a significant market potential for residential development exists within the Property. Petitioner anticipates that development on Parker Ranch land should be able to capture 20 to 30 percent of the housing market for local residents during 1985 to the year 2000.

48. Based on the ten-year development phase of the Parker Ranch Project, the Petitioner forecasts a residential absorption rate for the Parker Ranch Project of approximately 250 to 370 acres.

Waimea Town Center - Commercial

49. There is an existing inventory of 130,000 square feet of retail space within the Waimea community and 50,000 to 55,000 square feet of office space. They are located within the Parker Ranch Shopping Center and along the community's main roadway.

50. NLW estimates that a town center and community shopping area could require 200,000 to 250,000 square feet of gross leasable area. To accommodate the expanding need for commercial support services for the North Kohala, South Kohala,

and Hamakua Districts, NLW estimates that 40 acres are needed for this use.

Industrial Park Area

51. There are currently seven industrial parks on the Island of Hawaii. Only one, Kaei Hana II in Kawaihae, is located within the South Kohala District. This industrial park is managed by the Department of Hawaiian Home Lands. Only 22.3 acres of the total 82.0 acres have been developed for industrial and warehousing uses.

52. In Waimea, existing industrial uses include a vacuum cooling plant, a slaughterhouse, and automotive repair facilities. Petitioner anticipates these activities will locate in the Industrial Park Area.

53. The County of Hawaii's (County) Land Use Pattern Allocation Guide (LUPAG) Map designates industrial uses for the proposed Industrial Park Area and the existing airport.

54. While demand for industrial facilities is limited at the present time, NLW states that a total of 40 to 60 acres should be set aside for long-term development as a mixed use business park and high technology complex.

Rural/Residential Area

55. NLW estimates that a range of 345 to 521 acres within the general Waimea area could be utilized for residential purposes over a 15-year period. NLW estimates that 10% should be allocated to single-family "estate lots". Under

the Parker Ranch Project, this would involve 82 to 124 units and would be developed at a density of .4 to 1.0 units per acre.

SOCIO-ECONOMIC BENEFITS AND IMPACT

Housing and Preservation of Ranching Heritage

56. The Parker Ranch Project is designed to meet Waimea's existing and future needs for housing, commercial space, industrial space, public parks, schools and other public facilities. An expanded and upgraded town center is also planned. Moreover, another objective of the Parker Ranch Project is the preservation of Waimea's ranching atmosphere and heritage. All development occurring pursuant to the Parker Ranch Project is to perpetuate an architectural style that is congruous with and reaffirms Waimea's ranching heritage.

Economic Impact

57. Petitioner projects an increase in population of 2,200 persons associated with the first 10-year phase of the Parker Ranch Project. Based on a participation ratio of 0.45 employable person per unit of population, this new population would result in 990 potential participants in the labor force.

58. The development of commercial facilities and the industrial park under the Parker Ranch Project will generate employment opportunities both short-term and long-term. The construction work force will benefit during the development and opportunities for residents of South Kohala will increase as commercial and industrial businesses initiate their operations.

Fiscal Impact

59. Petitioner estimates that total County public expenditures associated with the first 10-year phase of the Parker Ranch Project amounts to an estimated \$375,000 in constant 1985 dollars.

60. Petitioner estimates the Parker Ranch Project to generate approximately \$1.1 million by the end of the first 10-year phase, which will be sufficient to offset the estimated \$375,600 in County expenditures required by the project.

61. Petitioner anticipates that revenues generated by the proposed project, when combined with state income taxes, will be sufficient to offset state expenditures necessitated by the Parker Ranch Project.

STATE AND COUNTY PLANS AND PROGRAMS

62. The Property is located within the Agricultural Land Use District as reflected on Land Use District boundary map H-25, Kamuela, Hawaii.

63. According to the County's LUPAG Maps, the Waimea Town Center Area is designated Low Density Urban and Medium Density Urban, the Industrial Park Area is designated for Industrial Use and the Rural/Residential Area is designated Low Density Urban.

64. The current County zoning of the Waimea Town Center and Rural/Residential Areas is "A-40a"--minimum 40 acre agricultural lots. The Industrial Area is zoned "unplanned".

65. The Property does not fall within a Special Management Area.

IMPACT UPON RESOURCES OF THE AREA

Water Resources

66. Three water systems generally serve the Waimea area. The County operates a domestic system, the State Department of Land and Natural Resources (DLNR) operates an agricultural irrigation system, and Parker Ranch has private waterlines for its agricultural activities.

67. The State indicates that an existing Waimea Irrigation System water pipeline crosses the Waimea Town Center Area and that other waterlines are proposed in this area.

68. Underground sources of drinking water on the Property are classified as a "non-exempt aquifer" by the State Department of Health (DOH). DOH's Administrative Rules, Title 11, Chapter 23, Underground Injection Control (UIC), set development requirements for wastewater disposal and injection wells to prevent contamination of drinking water sources.

69. Petitioner estimates the total water requirements for development of the Parker Ranch Project to be 1.3 million gallons per day (mgd) by the year 2020. This includes 0.6 mgd during the first five years and an additional 0.4 mgd for the second five years of development. Petitioner estimates water requirements by type of use for ten years are as follows:

Single Family Residential/Rural	.23 mgd
Multi-Family	.06 mgd
Commercial	.25 mgd
Schools/Parks	.14 mgd
Industrial	.20 mgd
Agriculture	.13 mgd
TOTAL	<u>1.01 mgd</u>

70. On December 19, 1986, the Board of Land and Natural Resources approved with conditions a Conservation District Use Permit for drilling an exploratory well approximately 4 miles northeast of Waimea. DLNR's Division of Water and Land Development (hereinafter "DOWALD") was the applicant for the permit. According to DOWALD's Environmental Assessment for the project, the purpose of the project is to locate and establish a groundwater source to supplement existing sources for the state's Waimea irrigation system. Depending on test results, they will also consider the possibility of using the new source to augment the supply of domestic water in the region.

71. Petitioner proposes to meet the Parker Ranch Project's water needs with water supplied from new sources in the Kohala Mountain area. According to the Petitioner, DOWALD is expected to initiate drilling exploratory boreholes at shallow and deep drilling sites in the Kohala Mountains within a year.

72. Petitioner believes that the shallow drilling sites in the upper Hamakua Ditch area will be the least expensive source of water because of little or no pumping costs and that there is a very high probability of hitting water at this site.

73. Besides DOWALD's shallow and deep wells exploratory drilling, Petitioner states that other alternative exist for

providing sufficient water to serve the Parker Ranch Project. This includes increasing storage capacity by constructing additional 50 million gallon reservoirs above Waimea and the development of well sites at the 1200 foot elevation.

74. The State Department of Planning and Economic Development (hereinafter "DPED") believes that a commitment by all parties to fund water exploration and development efforts is necessary to provide sufficient water for existing and expanded agricultural and urban uses in Waimea.

75. Petitioner believes that development of new water resources in the Waimea area may be used to reduce the amount of domestic water used for agricultural purposes and may augment the supply of domestic water in the Waimea area.

76. Based on the water demand anticipated to be generated by the Parker Ranch Project and the future water resource development in the Waimea area, Petitioner believes that there will be sufficient and adequate potable water to serve the Parker Ranch Project.

Agricultural Resources

Waimea Town Center

77. The U.S.D.A. Soil conservation Service, Soil Survey of the Island of Hawaii, classifies the soil of the Waimea Town Center Area as Waimea very fine sandy loam (WMC) and Kikoni very fine sandy loam (KXC and KFA). Approximately 60 percent of the Waimea Town Center Area consists of soils

from the Waimea Series. This soil type is found south and southwest of the Parker Ranch Shopping Center. Soils from the Kikoni Series are to the southeast of the shopping center.

78. The Agricultural Lands of Importance to the State of Hawaii (ALISH) system classifies approximately 50 percent of the Waimea Town Center Area as "Prime". The remainder is classified as "Other Important Agricultural Land".

79. The Land Study Bureau Overall Productivity Ratings are B106 and C247. The "B" rating indicates good agricultural potential, while the "C" rating is only fair.

Industrial Park Area

80. The U.S.D.A. Soil Conservation Service, Soil Survey of the Island of Hawaii, classifies the soils within the subject property as Waimea very fine sandy loam (WMC) and Puu Pa extremely stony, very fine sandy loam (PVD). Most of the area to be developed as an industrial park under the Parker Ranch Project is covered by the Puu Pa soils while the northern portion, approximately 40 percent of the area, consists of Waimea very fine sandy loam soils.

81. The Agricultural Lands of Importance to the State of Hawaii (ALISH) system classifies approximately 20 percent of the area to be developed as an industrial park under the Parker Ranch 2020 Plan as "Other Important Agricultural Land." The remainder is not classified. The Land Study Bureau Overall Productivity Ratings are C247 for the northern 20 percent of

the area and E222 for the remainder. The "C" rating indicates fair agricultural productivity and the "E" rating indicates very poor potential.

Rural/Residential Area

82. The U.S.D.A. Soil Conservation Service, Soil Survey of the Island of Hawaii, classifies the soil within the rural/residential location as Waimea very fine sandy loam (WMC) and Waimea extremely stony very fine sandy loam (WSD). Approximately 60 percent of the rural/residential location consists of the Waimea very fine sandy loam.

83. The ALISH system classifies approximately 60 percent of the rural/residential location as "Other Important Agricultural Land". The remainder is not classified. The Land Study Bureau Overall Productivity Rating is C247. The "C" rating indicates only fair agricultural potential.

84. Petitioner believes that the development of the Parker Ranch Project will not have significant impacts to agriculture because of the relatively small size of the Property (404.34 acres) in comparison with the Parker Ranch lands (approximately 220,000 acres) and the total acreage of land zoned agriculture by the County (1,069,544 acres).

Archaeological/Historical Resources

85. An archaeological reconnaissance and literature search was conducted for the Property by the Petitioner's consultant, William J. Bonk.

86. Petitioner's consultant has subsequently consulted with the State Historic Preservation Officer and has amended his recommendations and proposed mitigation plan to address DLNR's concerns. These amended recommendations and mitigation plans have been approved by the State Historic Preservation Officer.

87. Petitioner believes that the Parker Ranch Project will not have any adverse impacts on significant archaeological resources on the Property if the recommendations and mitigation plans proposed by its consultant are followed.

Flora and Fauna

88. Petitioner's flora and fauna consultants, Erin M. Hall and Philip Bruner, conducted an avian, feral mammal and botanical survey of the Property.

89. None of the native flora or fauna species found within the Property are considered rare or endangered.

90. A plant of the Koai'a species was observed in Ouli Gulch near the Rural/Residential area, but just beyond the boundary of the Property. The Koai'a species is under review by the U.S. Fish and Wildlife Service for proposal as an endangered species. To minimize disturbance of the Koai'a, the Petitioner has stated that they will protect the gulch area from activities in adjacent development lands which might threaten the Koai'a population.

91. Petitioner believes that no adverse environmental impacts relative to flora or fauna are anticipated on the

Property because the surveyed areas have been greatly modified by grazing and planting activities.

Air Quality

92. Petitioner believes that the primary causes of air quality impacts would be traffic, volcano, and construction activity and that the Parker Ranch Project would not cause significant adverse impacts to air quality. Petitioner will comply with any air pollution regulations to minimize noise impacts.

Airport Noise

93. In their June 10, 1986 memorandum to DPED, the State Department of Transportation (DOT) stated that single event aircraft operations from the Waimea-Kohala Airport may pose some annoyances and disturbances. Petitioner will prepare a noise impact assessment study regarding airport noise at the Waimea-Kohala Airport.

ADEQUACY OF PUBLIC SERVICES AND FACILITIES

Water Services

94. The County Department of Water Supply (DWS) states that the County's existing water system facilities will be unable to support the total water demand requirements of the Parker Ranch Project and that future water system development projects are required to serve substantial new developments in Waimea.

95. Petitioner believes that there are adequate water resources in the Waimea area to satisfy the water demands generated by the Parker Ranch Project.

Sewage Treatment and Disposal

96. Petitioner anticipates that sewage and wastewater disposal will be by cesspool. Should a sewage and wastewater collection and treatment plant be necessary, the Petitioner believes that a single sewage treatment plant of up to one mgd capacity will be adequate.

97. The State Department of Health states that the Property is within a "non-exempt aquifer" and is subject to specific flow volumes promulgated by the DOH's Administrative Rules. Petitioner stated that it will develop the Parker Ranch Project in accordance with any applicable rules governing sewage treatment and disposal and will construct a wastewater collection system and treatment plant if necessary.

Solid and Industrial Waster Disposal

98. The Kailua landfill is one of two municipal sanitary landfills within the County of Hawaii; the other is located at Hilo. Currently, two dumpsters serve the Waimea community. They are hauled to Kona twice a week by the County's Department of Public Works.

99. The Petitioner estimates that a dumpster will hold approximately 15 tons of refuse. Waimea currently generates about 3 tons of refuse a day. Petitioner concludes that after

200 new homes are occupied, service will probably have to be expanded, either by adding dumpsters or by hauling the dumpsters more frequently to Kona.

100. Petitioner anticipates that the development of the Parker Ranch Project will not generate any hazardous wastes.

Drainage System

101. The Flood Insurance Study for the County of Hawaii, conducted by the Federal Insurance Administration, indicates that portions of the Waimea Town Center Area are located in Zone A1, areas of 100-year flood, and Zone B, areas between limits of the 100-year flood and 500-year flood.

102. Petitioner states that surface runoff from the development will be handled on-site or diverted to surrounding Parker Ranch land.

Roadway and Highway Services and Facilities

103. The primary roadways in Waimea are Mamalahoa Highway, linking Waimea to Kailua-Kona and Honoka'a; Lindsey Road and Kawaihae Road, linking Waimea to Queen Kaahumanu Highway; and Kohala Mountain Road, linking Waimea to the North Kohala region. The State has proposed a "bypass" highway linking Waimea to Queen Kaahumanu Highway at Kawaihae. This highway will be a long term solution to the traffic situation.

104. According to the Petitioner, access to the Waimea Town Center expansion area will be from Mamalahoa Highway, the proposed State bypass highway, and adjacent local roads. The

proposed Industrial Park Area will be accessible via Mamalahoa Highway. Petitioner will provide access to the Rural/Residential Area.

105. Petitioner will fund improvements for access to the Property, but objects to funding improvements relating to regional traffic concerns.

Schools

106. According to NLW, the Parker Ranch Project would increase Waimea's student population by approximately 295 students.

107. The State Department of Education states that the projected enrollment from the Parker Ranch Project will necessitate the construction of additional classrooms at Waimea Elementary-Intermediate and Honoka'a High School.

Parks and Recreational Services and Facilities

108. Petitioner estimates that an additional 11 acres of park land will be required to serve Waimea's population by the end of the 10-year project development period. The development plan calls for 5 acres to be added to the community's park inventory in conjunction with Waimea School and Playground development and that 6 acres of park land could be provided in the Rural/Residential Area.

Police/Fire/Hospital Services

109. Petitioner's Environmental Assessment indicates that projected developments in the Waimea and Waikoloa area

will necessitate an expanded police force. Waimea's police chief has indicated to the Petitioner that adequate police protection can be attained by expanding Waimea's current police force of 9 patrolmen and 4 officers by adding 4 more patrolmen and 2 sergeants.

110. Petitioner states that the 18-member fire protection force, including volunteers, is sufficient to provide fire protection services for the proposed development. The County Fire Chief has indicated to the Petitioner that the proposed project will not pose additional burdens on the existing fire station which is located in the Waimea Civic Center.

111. The Lucy Henriques Medical Center, located in Waimea Town, treats emergency and out-patient cases. Hospital care is provided at the Kohala Hospital near Hawi and at the Honoka'a Hospital. In light of projected development along the South Kohala coast, at Waikoloa, and in Waimea, the Petitioner concludes that a more centralized acute care facility in the South Kohala District may eventually be justified, including expansion of the Lucy Henriques Medical Center in Waimea. The development plan for the Parker Ranch Project provides room for the latter expansion.

Electric and Communication

112. Petitioner believes that the electrical and communication improvements required for the Parker Ranch

Project can be accommodated by existing electrical and communication systems.

CONTIGUITY OF THE PROPOSED RECLASSIFICATION

113. The Waimea Town Center Area of the Property is located immediately southeast of the town's main intersection at Lindsey Road and Mamalahoa Highway. It is contiguous to existing Urban Districted lands and urban uses such as the Parker Ranch Shopping Center, the Lucy Henriques Medical Center, the Waimea School, and residential areas at Kuhio Village to the east and along Mamalahoa Highway to the west.

114. The Industrial Park Area of the Property will be located within agricultural lands in close proximity to the Waimea-Kohala airport. Gary's Automotive, an automobile repair facility, is located in this area and the area is slated for industrial uses under the County General Plan's LUPAG Maps.

115. The Rural/Residential Area of the Property is located between two existing residential subdivisions. Its eastern boundary of Kohala Mountain Road is near the Hawaii Preparatory Academy.

116. The Property is generally contiguous to lands in existing Urban Districts.

CONFORMANCE WITH THE HAWAII STATE PLAN

117. The proposed reclassification substantially conforms and is consistent with the principal objectives, policies, and guidelines of the Hawaii State Plan as follows:

With regard to objectives concerning the encouragement of economically satisfying labor-intensive activities that have a favorable financial multiplier within Hawaii's economy, the construction activity created by the Petition is labor intensive. Since the lands under consideration will be developed incrementally in response to market demand, the development of the Parker Ranch Project will create a stable job situation for the construction industry in the community for many years.

With regard to objectives concerning opportunities for Hawaii's people to secure reasonably priced, safe, sanitary, livable homes located in suitable environments that satisfactorily accommodate the needs and desires of families and individuals, reclassification of the Property to the Urban district will allow implementation of the Parker Ranch Project, which in turn will provide more housing choices as to price, location, size, and environmental setting.

With regard to objectives concerning the orderly development of residential areas sensitive to community needs and other land uses, one of the most attractive features of the Property is its proximity to the central business district, community services, and existing infrastructure of Waimea. Their location will not only greatly reduce development costs but will minimize the cost of providing community services to the resulting residents.

CONFORMANCE WITH FUNCTIONAL PLANS

118. One of the objectives of the State Tourism Functional Plan is to ensure the construction of affordable dwelling units adequate to accommodate tourism employee households. The Parker Ranch Project will achieve this goal because many of the individuals locating in the Waimea area will be directly or indirectly related to the expanding resort developments on the South Kohala coast.

119. One objective of the State Water Resources Development Functional Plan is to expand the State exploration program for new sources of surface and ground water supply with emphasis on areas experiencing critical water problems. In conformity with this goal, Petitioner has made development of new water sources in the Kohala Mountains a key component of the Parker Ranch project. Petitioner has been working closely with the State and County to address Waimea's chronic water shortage problems.

120. The Parker Ranch Project also satisfies certain guidelines offered by the Housing Functional Plan in evaluating non-urban lands suitable for future housing development. Among the guidelines addressed by the Parker Ranch Project are the following: the development of a water source to support it; the immediate proximity of most of the project to existing urban centers, infrastructure and all major community services. Finally, the Parker Ranch project excludes

development of lands that are considered environmentally sensitive.

CONFORMANCE TO STATE LAND USE DISTRICT RULES

The proposed reclassification conforms to the Commission's District Regulations that govern standards for determining Urban District Boundaries and decision-making criteria for boundary amendment as follows:

Standards for Determining Urban District Boundaries

121. The Property includes lands in and around Waimea which are characterized by "city-like" concentrations of people, structures, streets, urban levels of services and other related land uses and is also in close proximity to basic services as sewers, transportation systems, water, sanitation, schools, parks and police and fire protection.

122. The Property is in close proximity to Waimea and resort developments on the South Kohala coast which are centers of trading and employment.

123. Petitioner has presented evidence in support of the economic feasibility of the development of the Property pursuant to the Parker Ranch Project.

124. The Property does not have slopes in excess of 20%, consists of lands with satisfactory topography and drainage and is reasonably free from the danger of floods, tsunami, unstable soil conditions, and other adverse environmental effects.

125. The proposed uses of the Property are consistent with their designations on the County of Hawaii General Plan's LUPAG maps.

126. The Property is surrounded by existing urban development and will not contribute to scattered spot urban development. Furthermore, impacts on community services and infrastructure costs will be minimized since adjacent public support services already exist in or near the Property or can be provided at a reasonable cost to Petitioner and the public.

Standards for Taking Lands Out of Agricultural District

127. The implementation of the Parker Ranch project will not substantially impair activity or potential agricultural production in the vicinity of the Property. The Property is used only for grazing, and reclassification will not significantly affect that agricultural activity. The Property represents only a small percentage of regional and island-wide lands with similar agricultural potential.

Ruling on Stipulated Proposed Findings of Fact

Any of the stipulated proposed findings of fact submitted by the Petitioner or the other parties not adopted by the Commission herein, or rejected by clear contrary findings of fact herein, are hereby denied and rejected.

CONCLUSIONS OF LAW

Pursuant to Chapter 205, Hawaii Revised Statutes, as amended, and the Rules of Practice and District Regulations of the Commission, the Commission finds upon a preponderance of

the evidence that the reclassification of the Property, which is the subject of the Petition, Docket No. A86-601, by the Richard Smart Revocable Personal Trust, consisting of approximately 404.34 acres of land from the Agricultural District to the Urban District at Waimea, District of South Kohala, County and Island of Hawaii, and identified as Hawaii Tax Map Key Nos. 6-7-02: 9, portion of 17, 38; 6-7-01: portion of 25; 6-8-01: portion of 1, portion of 8; and 6-2-02: portion of 9, subject to the conditions stated in the Order, conforms to the standards established in the State Land Use District Regulations, is reasonable and non-violative of Section 205-2, Hawaii Revised Statutes, and the Hawaii state Plan, as set forth in Chapter 226, Hawaii Revised Statutes.

ORDER

IT IS HEREBY ORDERED that the Property, being the subject of the Petition in Docket No. A86-601 filed by the Richard Smart Revocable Personal Trust, consisting of approximately 404.34 acres, situate at Waimea, District of South Kohala, County and State of Hawaii, and identified as Hawaii Tax Map Key Nos. 6-7-02: 9, portion of 17, 38; 6-7-01: portion of 25; 6-8-01: portion of 1, portion of 8; and 6-2-01: portion of 9, and approximately identified on Exhibit A attached hereto and incorporated by reference herein, shall be and the same is hereby reclassified from the Agricultural District to the Urban District and the State Land Use District

Boundaries are amended accordingly subject to the following conditions:

1. Petitioner shall provide housing opportunities for low and moderate income Hawaii residents by constructing and offering for sale or rent, on a preferential basis on its own or in cooperation with either or both the Hawaii Housing Authority and the County of Hawaii, within or without the Property, a number of residential units not less than ten percent (10%) of the total number of residential units, or lots and units, to be developed on the Property, to residents of Hawaii of low and moderate income as determined by the Hawaii Housing Authority or County of Hawaii from time to time, or by contributing to the development of such housing without the Property. The low and moderate preferential residential units, if offered for sale, shall be offered at prices that would enable such purchasers to qualify for and obtain State-assisted financing or Federally-insured or assisted financing intended to encourage home ownership by low and moderate income families.

2. Petitioner shall provide water pipeline easements on the Property as may be necessary for the State's Waimea Irrigation System and agricultural park developments as required by State and County agencies.

3. Petitioner shall, in coordination with the State Department of Land and Natural Resources and the County of Hawaii Department of Water Supply, develop necessary water source and transmission infrastructure to provide an adequate

supply of potable water to the Property, prior to development of the Property.

4. Petitioner shall fund and construct sewage infrastructure improvements necessary for development of the Property as may be required by State Department of Health and County agencies.

5. Petitioner shall be responsible for the design and construction of highway improvements as may be required by the State Department of Transportation and the County of Hawaii, provided that said highway improvements are rationally related to the mitigation of impacts caused by the development of the Property.

6. Petitioner shall prepare and execute an archaeological preservation and data recovery plan for review and approval by the Department of Land and Natural Resources and the County of Hawaii Planning Department.

7. Petitioner shall prepare a noise impact assessment study of aircraft operations at the Waimea-Kohala Airport relative to the Petitioner's proposed Parker Ranch 2020 Plan to be submitted to the State Department of Transportation and County Planning Department for their review and comment.

8. The Commission may fully or partially release these conditions as to all or any portion of the Property upon timely motion, and upon the provision of adequate assurance of satisfaction of these conditions by the Petitioner.

DOCKET NO. A86-601 - RICHARD SMART REVOCABLE PERSONAL TRUST

Done at Honolulu, Hawaii, this 20th day of April 1987,
per motions on March 17, 1987 and April 15, 1987.

LAND USE COMMISSION
STATE OF HAWAII

By *T. P. Tacbian*
TEOFILO PHIL TACBIAN
Chairman and Commissioner

By *Frederick P. Whittemore*
FREDERICK P. WHITTEMORE
Vice Chairman and Commissioner

By *Robert S. Tamaye*
ROBERT S. TAMAYE
Commissioner

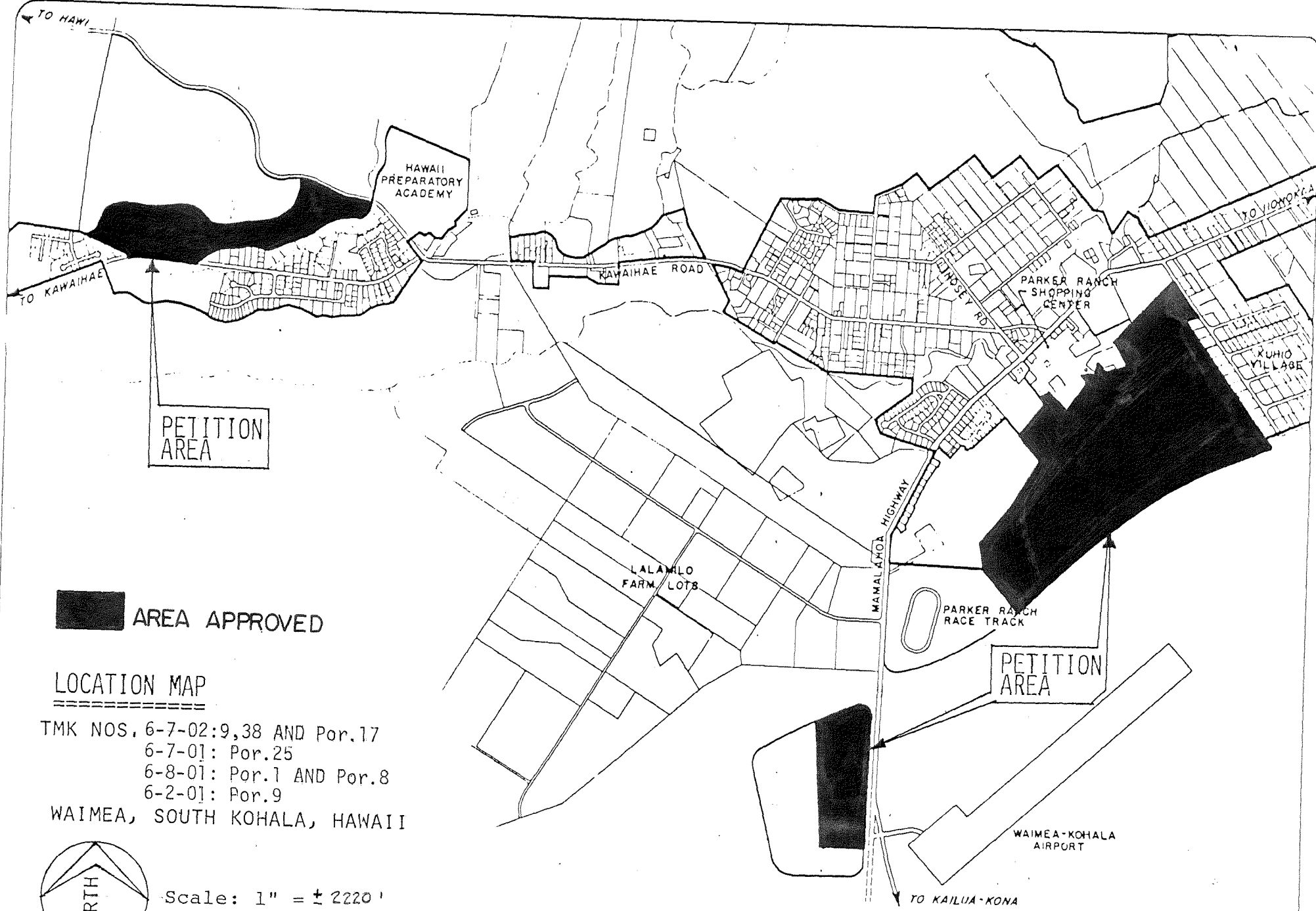
By *Richard B. F. Choy*
RICHARD B. F. CHOY
Commissioner

By *Lawrence F. Chun*
LAWRENCE F. CHUN
Commissioner

By *William W. L. Yuen*
WILLIAM W. L. YUEN
Commissioner

By *Toru Suzuki*
TORU SUZUKI
Commissioner

By *Everett L. Cuskaden*
EVERETT L. CUSKADEN
Commissioner



BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition of) DOCKET NO. A86-601
)
RICHARD SMART REVOCABLE PERSONAL) RICHARD SMART REVOCABLE
TRUST) PERSONAL TRUST
)
To amend the Agricultural Land Use)
District Boundary into the Urban)
Land Use District for Approximately)
404.34 acres at Waimea, South)
Kohala, Island and County of Hawaii,)
Tax Map Key Nos.: 6-7-02: 9,)
portion of 17, 38; 6-7-01: portion)
of 25; 6-8-01: Portion of 1 and 8;)
6-2-01: Portion of 9)
_____)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Findings of Fact, Conclusions of Law, and Decision and Order was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:

ROGER A. ULVELING, Director
Department of Planning and Economic Development
State of Hawaii
250 South King Street
Honolulu, Hawaii 96813

ALBERT LONO LYMAN, Planning Director
Planning Department
County of Hawaii
25 Aupuni Street
Hilo, Hawaii 96720

BENJAMIN A. KUDO, ESQ.
GARY G.N. WONG, ESQ.
Kobayashi, Watanabe, Sugita & Kawashima
745 Fort Street, 8th Floor
Honolulu, HI 96813

Dated: Honolulu, Hawaii, this 20th day of April 1987.



ESTHER UEDA, Executive Officer

DOCKET NO. A86-601 - RICHARD SMART REVOCABLE PERSONAL TRUST

A copy of the Land Use Commission's Decision and Order was served upon the following by regular mail on April 20, 1987.

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