

December 3, 1968

Mr. Harrison Cooke, President
Molokai Ranch, Limited
P. O. Box 8
Kaunakakai, Molokai 96748

Dear Mr. Cooke:

The petition by Molokai Ranch, Limited (A68-192) to amend the Agricultural District boundary to incorporate 6,800 acres of land in the Urban District at Kaluakoi, Molokai, identifiable by Tax Map Key 5-1-02: portion of parcel 1, was considered by the Land Use Commission at its meeting on November 29, 1968. Please be advised that the Commission approved the rezoning of approximately 3,305 acres of the area requested as the first increment for the total development of the Kaluakoi Resort Community.

A USGS map of the area approved by the Commission is attached and indicates the south boundary of the area rezoned as a straight line between the point of intersection of Papohaku Gulch and the sea and the confluence of three pineapple field roads at the approximate elevation of 608 feet.

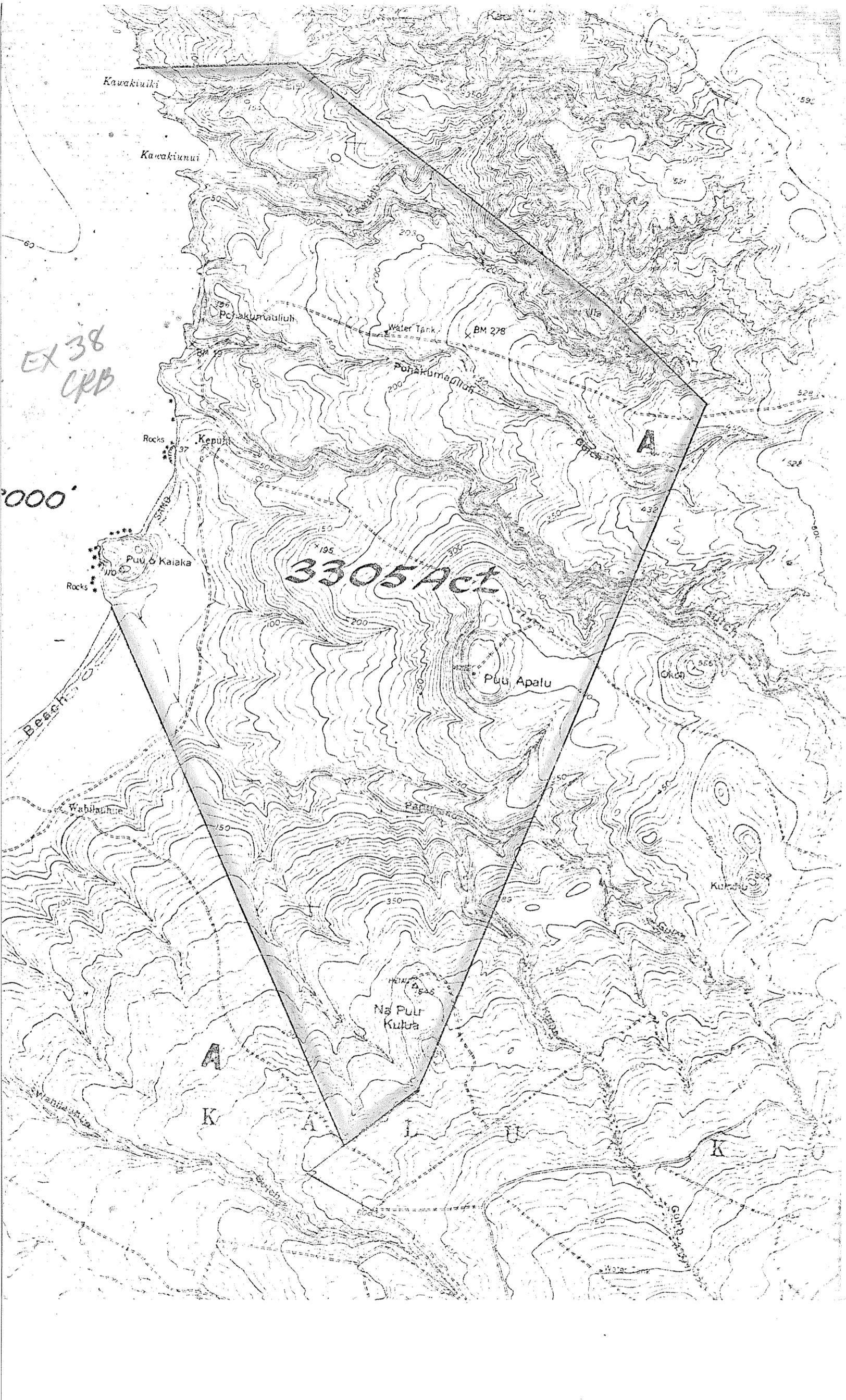
Very truly yours,

RAMON DURAN
Executive Officer

Enclosure

cc: Department of Taxation
Department of Land & Natural Resources
Maui County Planning Commission

EX 37
CPB



Kavakiuiki

Kavakiunui

Pohakuauiui

Water Tank

BM 278

Ula

Pohakuauiui

Rocks

Kepu

Puu o Kaiaka

Puu Apalu

Okon

Kula

Na Puu Kula

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EX 38
CPB

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3305 Act

STATE OF HAWAII
LAND USE COMMISSION

MEMORANDUM

November 29, 1968

TO: LAND USE COMMISSION
FROM: STAFF
SUBJECT: A68-192 - MOLOKAI RANCH, LIMITED

Background

The Molokai Ranch, Limited Development Plans for a resort region include a total area of 19,600 acres. The application is for 6,800 acres centered around Papohaku Beach. It is currently zoned agriculture and requested to be zoned urban. The land is all owned by Molokai Ranch, Limited and is mostly soils classified "D" and "E" with only 500 acres responding well to irrigation. The development plans for the application area were prepared by Belt, Collins and Associates. The development company is a joint venture of Molokai Ranch, Limited and Louisiana Land and Exploration Company of New Orleans under the name of Kaluakoi Corporation.

Maui County has recommended approval of changing the entire 6,800 acres from agricultural to urban use.

The staff recommendation at the September 13 hearing recognized the tourist potential and agreed that this is an area which can attract an entirely new urban complex. Therefore, the land should be rezoned from agricultural to urban. The question of how much land to zone is the crux of the problem; but on the

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CPB

basis of the Molokai Ranch Development Plans, October, 1967, the staff recommended rezoning 1,460 acres in the area north of Kakaako Gulch extending from the sea to the mauka boundary. This was deemed sufficient land to accommodate the initial development program contained in the report and was consistent with the Land Use Commission's regulation of limiting rezoning to ten-year needs. It was also recommended that this application be reviewed by the Commission's consultants and evaluated in relation to the entire State through the comprehensive study presently underway.

Since the September 13, 1968, hearing, the Molokai Chamber of Commerce has written a letter recommending approval of this change.

Also, Mr. Edmund J. Watson has submitted a report entitled "Kaluakoi Ten Year Development Program 1969-1979" as requested by the Commission at the hearing of September 13, 1968. The report contains more detailed development proposals prepared by Belt, Collins and Associates and submitted to the Commission on October 28, 1968. Copies of the report were distributed to each Commissioner. The Kaluakoi Corporation planners reaffirmed their petition requesting reclassification of the entire 6,800 acres and gave the following reasons:

1. Provide sufficient land area for master plan concept avoiding concentration of all elements in a confined area
2. Provide flexible designing as the project proceeds.

3. Provide a basis for final agreement between the Kaluakoi Corporation partners.
4. Provide assurance the project can be prosecuted to a point of economic feasibility.
5. Provide flexibility to meet dynamic tourist demands.
6. Provide land area to accomplish the ten-year program submitted with this report.

The program proposes 4,505 rooms or villas in a hotel complex and 3,455 residences with two golf courses and appropriate service facilities at an estimated total cost of \$243,366,000.

It is expected to generate a population of 7,000. Of the 6,800 acres to be zoned, 2,893 acres are expected to remain in open land; 3,935 acres will be built on; and 2,475 acres or 63% of the area to be developed is expected to be built on or under construction by 1979.

Molokai Ranch Development Plan October, 1967

In contrast to the above ten-year plan, the 1967 plan's first phase, 1968-1980, anticipated the following construction:

1. 250 hotel rooms,
2. 250 residences,
3. 1 golf course if water is available.

It was expected to generate a population of 625 and should affect about 1,460 acres of the 6,800 acres requested.

Further Study Needed

A comparison between the 1967 plan and the dramatic speed up of development in the 1968 plan raises several questions or comments for further study.

1. Scattered development - The 1967 plan concentrated the first phase of development in an area of approximately 1,460 acres. The 1968 plan commits the developer to the installation of utilities and services throughout the area.
2. Water - The 1967 report states there is only sufficient water for one 250-room hotel and 250 residential units. Irrigation water from a Libby, McNeil and Libby line could provide enough extra water for a nine-hole golf course. Beyond this, the planners were hoping for more water from the state irrigation project and possibly Molokai Ranch mountain sources. The current state water project is committed to agricultural uses. The project could be extended, but no firm proposal or time schedule exists.
3. Other public works: roads, schools, harbor - The 1967 report states that any private development will have to be tied to substantial public capital improvements. The 1968 plan does not mention this.
4. Markets - There is no detailed market study of the need for these facilities in either plan. Such a study would

seem all the more necessary in the 1968 plan.

5. Financing - The 1968 ten year development plan has a total cost estimate of \$243,366,000. During the public hearing the petitioners stated that the agreement between the two companies prescribes that the investment for the first ten-year period shall be 12,000 acres and an additional \$10 million.

Consultant Report

The Commission's consultants, Eckbo, Dean, Austin & Williams, were asked to comment on the application and the revised 1968 plan submitted by Belt, Collins and Associates. Their report is presently being prepared at this writing and should be evaluated by the Commission before action is taken on this petition.

STATE OF HAWAII
LAND USE COMMISSION

VOTE RECORD

ITEM A68-192 - MOLOKAI RANCH, LTD. DATE November 29, 1968

PLACE Molokai Community Center TIME 1:00 p.m.
Kaunakakai, Molokai

NAME	YES	NO	ABSTAIN	ABSENT
MURAKAMI, KEIGO	✓			
WUNG, LESLIE	✓			
INABA, GORO	✓			
MARK, SHELLEY	✓			
KIDO, SUNAO	✓			
CHOI, WILBERT	✓			
5 NAPIER, ALEXANDER	✓			
NISHIMURA, SHIRO	✓			
BURNS, C. E. S.	✓			

COMMENTS:

+ 2000 sq ft
Papa'eo Gulch
approved

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STATE OF HAWAII
LAND USE COMMISSION

Minutes of Meeting

Molokai Community Center
Kaunakakai, Molokai

November 29, 1968 - 1:00 p.m.

Commissioners Present: C. E. S. Burns, Jr., Chairman
Wilbert Choi
Shelley Mark
Sunao Kido
Leslie Wung
Alexander Napier
Shiro Nishimura
Goro Inaba
Keigo Murakami

Staff Present: Ramon Duran, Executive Officer
Ah Sung Leong, Planner
Jack Morse, Deputy Attorney General
Jean Soma, Stenographer

Chairman Burns called for the first item on the agenda following the swearing in of persons wishing to testify before the Commission.

ACTION

✓ PETITION BY MOLOKAI RANCH, LIMITED (A68-192) TO RECLASSIFY 6,800 ACRES FROM AGRICULTURAL TO URBAN AT KALUAKOI, MOLOKAI

Executive Officer, Mr. Duran, presented the staff recommendation to rezone 1,460 acres in the area north of Kakaako Gulch extending from the sea to the mauka boundary. (See copy of report on file.) He also presented a report from Mr. Edward Williams, partner in the firm of Eckbo, Dean, Austin & Williams, consultants for the Land Use Commission Boundary Review Program, in which Mr. Williams recommended "that the petitioner request an extension of time and the Commission agree to such extension, to give the petitioner time to prepare a more suitable development schedule and incremental zoning plan, and an economic feasibility and marketing study. Should the petitioner not request an extension of time, our recommendation is that the petition be denied, and the petitioner be asked to resubmit his proposal later".

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November 29, 1968

Following the presentation of the staff recommendation, Mr. Duran pointed out on the district map the property under consideration, the surrounding areas, and also the portion of land for which the staff recommended rezoning.

Chairman Burns wondered what the developer's responsibilities were in terms of supplying water to the subject area. Mr. Duran replied that the developer agreed to provide the water source and transmission lines and that in the future they hope to work out an agreement with the State whereby they could jointly provide additional water facilities that will be beneficial to the State and to the development project. This matter was discussed at the September 13, 1968, public hearing and in the October, 1967, Molokai Ranch Development Plans; but no mention was made of this in the 1968 report submitted by the petitioners.

Mr. Duran further informed Chairman Burns that the staff is still of the opinion that it is impossible to meet the time schedule that has been submitted by the applicants in their 1968 report. Furthermore, the applicants would be required to build more than one dwelling unit per day for 10 years and approximately two resort units per day. Such a development timetable has never taken place in the State of Hawaii. However, the staff still believes that the proposed project is a good one and should be permitted to proceed. The Land Use Regulations adopted by the Land Use Commission provides that lands be rezoned for 10-year periods of growth. Thus, it is unrealistic to rezone approximately 4,000 acres out of the total 6,800 acres that are proposed to be developed. (See copy of report on file.)

In response to Commissioner Nishimura's inquiry as to the significance of the proposed construction of 250 hotel rooms during the 12-year period from 1968-1980, Mr. Duran advised that this was anticipated in the petitioners' 1967 report projection. The new projection is that they propose to build 4,505 hotel rooms in this same period of time. Subsequently, there is a significant difference between the petitioners' 1967 and 1968 development plans.

Commissioner Napier assumed that the petitioners will be required to build approximately two rooms a day. Mr. Duran then stated that a 100-room hotel would have to be built approximately every three months.

Mr. Duran advised Commissioner Kido that he was correct in his understanding of the matter that as far as the staff is concerned, they are recommending rezoning 1,460 acres above

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Kakaako Gulch for urban purposes. Furthermore, the consultants recognize the validity of the proposed residential-resort community; and they have suggested several alternatives in their letter report.

Mr. Duran agreed with Commissioner Murakami's concept that the amount of land the petitioners need is related to economic feasibility. Nevertheless, the petitioners have not submitted any economic study to the Commission at this time. Commissioner Murakami then disclosed his belief that perhaps the request for the rezoning of 6,800 acres of agricultural land is the acreage the petitioners need to get started on their proposed development. Mr. Duran remarked that Mililani Town started their development project with only 700 acres of land out of a total ownership of 3,000 acres. Also, Mililani Town could not have developed 3,000 acres in 10 years; and they are one of the biggest developers in the State. He then cited, as an example, that Mr. Henry Kaiser, with leasehold rights on approximately 3,000-4,000 acres of developable land on Bishop Estate property, has at the present time developed only 2,000 homes in a 10-year period. Accordingly, there does not seem to be any substantial basis to justify the rezoning of the total 6,800 acres requested by the petitioners at this time.

When questioned about his opinion as to whether or not development has been more intense during the past 1½ years as compared to the last 7 years, Mr. Duran commented that although he did not have the actual figures, it was his opinion that during the past year the State of Hawaii has not experienced enough development to equal what has transpired in the past 7 years. In addition, the Land Use Commission is mandated to undertake a boundary review program every 5 years; and there is no reason why if the petitioners double the development that they anticipate that the Commission couldn't provide more land. It is only logical that the Commission grant the rezoning of enough land for the petitioners to get an incremental start on their proposed development since nowhere in the State have we ever experienced the development of 6,000 acres in 10 years.

Mr. Harrison Cooke, President of Molokai Ranch, Limited, came forth with the statement that as far as the 6,800 acres of land situated on the West End of Molokai are concerned, it is the "absolute ultimate" of what the petitioners desire. The granting of even half of the requested acreage would enable the petitioners to reveal to Louisiana Land and Exploration Company of New Orleans, Louisiana, that the first step has been taken to undertake the proposed development. Mr. Cooke then submitted

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that should the Commission decide to grant only half the acreage that is being requested, the petitioners would be pleased with the rezoning of the area from the ocean to Kaiaka Hill, following Papohaku Gulch, rather than the portion just north of Kakaako Gulch as recommended by staff. In support of this statement, Mr. Cooke testified that they will need sufficient area to incorporate all of the developments they have proposed.

In reply to Commissioner Napier's inquiry, Mr. Cooke stated that this area encompasses approximately 3,400 acres.

Vice-Chairman Choi suggested that perhaps the rezoning of Papohaku Gulch and following a straight line across the property under consideration would allow the petitioners a better chance for developing a more feasible development. Mr. Cooke agreed and added that this would encompass approximately 2,000 acres south to Kaiaka Gulch.

Commissioner Napier expressed his concern that the rezoning of this land area would result in a lot of open space. Mr. Cooke informed him that nearly 1,500 acres would be left in open space.

Mr. Edmund J. Watson, Vice-President and Chief Engineer of Belt, Collins, and Associates, informed Commissioner Mark that the development program is based on the assumption of an initial increment of 1,200-1,500 hotel rooms. Mr. Watson pointed out that throughout their correspondence to the Land Use Commission they have stated that their position was they were studying the probability of an accelerated program and that the number of hotel rooms in the 1967 and 1968 reports are quite irrelevant. The petitioners will immediately need two golf courses in the event that they build 1,200-1,500 hotel rooms to accommodate this type of resort and that the experience at Kaanapali, Maui, would support this fact. The 6,800 acres is needed to get into the development program. This concept actually involves the separation of the function of the service area and the town center from the prime resort area. Mr. Watson further stated that in their correspondence of October 28, 1968, they did not disclose that the petitioners would complete the construction in the area under question during a 10-year period but rather they would be committed to this construction and that they were not of the intention of completing the construction of houses during this same period of time.

Mr. Watson then advised the Commission that according to the standards Dr. Hitch has established in his "South Kohala Coast Report" for employee generation of the 1,200-1,500 hotel rooms,

November 29, 1968

there is a very significant amount of employees; and those employees must be housed on the site. The generation of working individuals for this area is in the magnitude of 1.7 persons per hotel room.

Mr. Cooke agreed with Mr. Watson that the Papohaku Gulch line would be a suitable boundary line on the presumption that the developers will still be permitted to build a golf course.

Commissioner Murakami moved that the Commission grant the petitioners' request for Urban Districting from Papohaku Gulch to the south of Kaiaka Hill, which encompasses 3,305 acres of the area requested as the first increment for the future development of the Kaluakoi Resort Community. The motion was seconded by Commissioner Napier and was unanimously carried.

PETITION BY BOISE CASCADE HOME AND LAND CORPORATION (A68-194) TO RECLASSIFY 549 ACRES FROM CONSERVATION TO URBAN AND 5,300 ACRES FROM AGRICULTURE TO URBAN AT ANAEHOOMALU AND WAIKOLOA, SOUTH KOHALA, HAWAII

A detailed account of the property in question and also of the surrounding areas was presented by Mr. Duran. The staff maintained its recommendation documented in the original staff report that the applicants have not proven "need" for over 5,000 acres for residential development and, therefore, the petition be denied. Mr. Duran then delivered a portion of the letter report submitted by Eckbo, Dean, Austin and Williams, consultants for the Land Use Commission's Boundary Review Program, in which they concurred with the staff recommendation regarding the denial of the 550-acre portion due to the fact that uses desired are permitted by Regulation #4 of the Department of Land and Natural Resources and therefore a rezoning is not necessary. The consultants also recommended that the rezoning of 5,300 acres from agriculture to urban be denied because the Land Use Law was designed to curb the type of plan the petitioners propose for a land subdivision and lot sales program.

Mr. Duran further commented that the consultants attempted to point out that the exhibits submitted by the petitioners in support of their petition, which were circulated to the Commissioners at the meeting, are examples of the type of developments which were mentioned and are occurring on the Island of Hawaii at present. In addition, some of the exhibits are duplications of advertisements by Boise Cascade which tend to indicate that their proposed development is more of the lot

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AUSTIN &
WILLIAMS

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NOV 20 1968

State of Hawaii
LAND USE COMMISSION

November 19, 1968

Land Use Commission
Department of Planning & Economic Development
426 Queen Street
Honolulu, Hawaii

Attention: Mr. Ramon Duran, Executive Officer
Re: A68-192 - Molokai Ranch, Limited

Gentlemen:

The following is our review of the subject petition in accordance with our contract.

There appear to be two significant points involved in the subject petition. First, the proposal for a resort-residential community that would become a major tourist destination seems to be well founded, if certain technical matters such as financing, water and transportation can be satisfactorily resolved. Second, the petition for a rezoning of 6,800 acres is for an area far exceeding the amount of land desirably placed in an urban area according to both the Land Use Law and Land Use Commission Regulations.

The project has excellent potential for its stated purpose, and we feel that the question of the size of the area to be rezoned can be satisfactorily resolved. We also feel that the proposal would help in the diversification of the economic base of Molokai and have a desirable effect on the state economy and growth as well.

It should be noted here that the petitioner's prospectus indicates that the anticipated development is based upon the construction of resort hotels and related facilities, employee housing, retiree and second homes. This is not a proposal to subdivide and sell mail-order lots in a wholesale manner and is not judged as such, but is looked upon as a responsible and bona-fide proposal for a new resort community deserving of support in accordance with established procedures and regulations of the Land Use Commission.

The petitioner stated at the hearing that if the entire area of 6,800 acres

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11/18/68 Xerox'd copies for Commission. Jack Hume

is not rezoned that the joint venture partners, Louisisna Land and Exploration Company would not proceed with its part of the commitment since such was conditioned on the total rezoning. It is our opinion that this may not be the case if the joint venture partner reviews the important applicable condition, namely, the Land Use Commission Regulations which require that determination of reserve areas for urban growth be limited to those required for a 10 year projected growth.

The reasons behind this limitation of urban area are well founded in Hawaii's history of speculative land subdivision and are related in the opening statement of the Land Use Law which says, "Inadequate controls have caused many of Hawaii's limited and valuable lands to be used for purposes that may have a short-term gain to a few but result in a long-term loss to the income and growth potential of our economy." It is, in fact, one of the purposes of the law to encourage orderly development of the kind the petitioner proposes.

Recommendation

In spite of the above, it is our recommendation that the petitioner request an extension of time and the Commission agree to such extension, to give the petitioner time to prepare a more suitable development schedule and incremental zoning plan, and an economic feasibility and marketing study. Should the petitioner not request an extension of time, our recommendation is that the petition be denied, and the petitioner be asked to resubmit his proposal later.

The following are our reasons for this recommendation:

1. The Commission has been presented with two very conflicting development schedules with no explanation of why they are so different. The first schedule is contained in the "Recommended Revisions to the Molokai Ranch Development Plan," 1967 by Belt, Collins and Associates which we will hereafter call the original report. The second schedule is contained in the "Kaluakoi 10-year Development Program," 1969-79, dated October 28, 1968 by Belt, Collins and Associates, Ltd., which we will hereafter call the revised report.

Examples of the conflicting development schedules are as follows:

Page 49 of the original report contains the following:

Staging Plan

The staging plan outlined below is based, in general, on the following forecast of hotel construction:

1968 to 1980	build	250 hotel rooms
1980 to 1985	build	500 hotel rooms
1985 to 1990	build	500 hotel rooms
1990 to 1995	build	750 hotel rooms
1995 and beyond	build	2,000 hotel rooms

The revised report calls for construction or under construction or committed 2,750 hotel rooms and 5,210 villas, cottages, townhouses and houses by 1979 (a ten year period).

Note that one plan calls for 250 hotel rooms by 1980 and the other plan calls for 2,750 hotel rooms in approximately the same period without any explanation of the difference or reasons for the change.

Similarly, in regard to population there are unexplained discrepancies. In the original report, Table 13 on page 50 projects a resident population by 1980 of 650 persons (hotel employees and families) while the revised report's 5,210 living units would provide a resident population of approximately 7,000 (page 5).

2. The original report called for the first phase development to take place in the area north of Kakaako Gulch and was the basis of the staff's recommendations for rezoning that area of approximately 1,460 acres to an Urban District as a first increment.

The revised report, according to maps submitted, calls for the initial developments to take place in about a dozen places throughout the 6,800 acre site.

In our opinion, the development plan suggested in the revised report contains the built-in danger of being uneconomic and productive of scatteration in the event that the program is stopped or delayed. By this plan, the developer would be committed to the installation of utilities and services throughout the site. The scale of this spread out plan can be imagined by comparing it to the total area zoned Urban in the Wailuku Judicial District which according to the State General Plan consists of 6,424 acres. This area contains both Wailuku and Kahului.

3. It would appear that the revised report's 10-year development program is the result of a decision to dramatically speed up the program. However, no substantiation of the feasibility or implications of this speed up is submitted. There are a number of questions that arise:

- a. Is there a market study to substantiate the accelerated program? We assume that a large portion of the proposed homes will be for second homes and retirees.

In this respect we are reminded of the Kohala Coast Report by Dilrock in which Dr. Thomas K. Hitch stated: "There have been a number of research efforts designed to determine the potential and probable demand in Hawaii for houses to serve as homes for retired people or as second homes for people not yet retired. There is only one way to determine how many people will act on this interest if given the opportunity, and that is to develop lots or build homes to put on the market. Residential areas should be developed incrementally, and the pace of the development will depend upon sales experience. Lower cost and less quality residences outside of the prime resort area will attract a larger volume market, but even this market will have to develop in time on a phased basis. Without previous and comparable experience, it cannot be forecast with any degree of precision."

- b. A large number of homes should be for hotel worker and construction workers and their families. There may be a relationship between the availability and price of housing for hotel workers and construction workers and the speed with which the development can proceed, but neither of the reports has indicated that studies have been made with respect to these issues.
- c. Such a dramatic speed up would create a large employment market, a housing problem, and other problems related to the workers' family life. A feasibility study should investigate all of these problems including availability of schools. It is noted that the two schools shown on the development plan are not included in the program.

4. There is an additional area of concern which should be illuminated. The original report on page 47 states: "Any significant private capital investment in the West End land of the Molokai Ranch will have to be tied into a substantial program of public capital improvements. It is important that the public program be balanced with the private investment. Sometimes it is thought that only zoning and subdivision regulations are used in protecting the public

interest in the development and use of private land. To the contrary and particularly in the case of the proposed Kaluakoi Resort Region, the public interest in development should be expressed in the State and Maui County capital improvement programs. Without public investment in water and roads, for example, development of the resort region is probably not possible."

In spite of this statement, the revised program does not refer to this issue and subsequently leaves considerable doubt relative to the feasibility of the project.

Additional Recommendation

In our opinion, pressure from the petitioner to gain urban zoning for the full 6,800 acres at this time may be due to apprehension about future Land Use Commission actions. However, if the Land Use Commission should agree to such a large rezoning under pressure, it would be setting a hazardous precedent, in view of the fact that prudent administration of zoning requires equality of opportunity and treatment. Other equal petitioners, however many, would deserve to be treated in the same way, and conceivably a plethora of petitioners treated equally in this way could commit all of the lands of Hawaii in a very short time.

Because of the need for protecting long-term capital investment from possible political actions reflecting momentary expediency, we suggest that the Land Use Commission make it clear to petitioners whose projects will extend beyond 10-year periods that it recognizes the petitioner's right to expect favorable consideration for incremental rezoning as need for additional lands is demonstrated by development of the proposed project.

As development proceeds and the petitioner shows need for additional areas, the Land Use Commission can provide the necessary areas in increments timed to the development schedule. Under this process the State is assured that if a change of ownership occurs, the land will not be used speculatively in opposition to the intent of the Land Use Law. The developer is assured the benefits of more orderly and progressive land tax policy and absence of unscrupulous competition.

We trust the above analysis and recommendations will meet with your approval.

Sincerely yours,

ECKBO, DEAN, AUSTIN & WILLIAMS



Edward A. Williams

November 18, 1968

Mr. Harrison Cooke, President
Molokai Ranch, Limited
P. O. Box 8
Kaunakakai, Molokai 96748

Dear Mr. Cooke:

The Land Use Commission next meets at
1:00 p.m. at the Molokai Community Center,
Kaunakakai, Molokai, on November 29, 1968.

On or about that time a decision on
the petition of Molokai Ranch, Limited (A68-192)
will be rendered.

There is no requirement for you to be
present. However, should you wish to attend,
please feel free to do so.

Very truly yours,

RAMON DURAN
Executive Officer

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BELT, COLLINS & ASSOCIATES, LTD.
engineers, planners and landscape architects
1402 KAPIOLANI BLVD. • HONOLULU, HAWAII 96814 • PHONE 949-4767

RECEIVED

NOV 7 1968

DEPARTMENT OF PLANNING AND ECONOMIC DEVELOPMENT
November 6, 1968
LAND USE COMMISSION

State of Hawaii
LAND USE COMMISSION

Land Use Commission
Department of Planning & Economic Development
State of Hawaii
426 Queen Street
Honolulu, Hawaii 96813

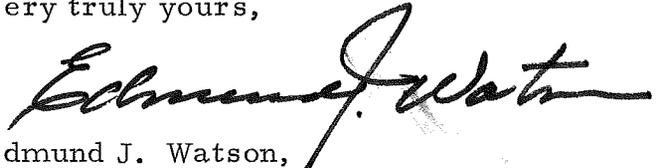
Gentlemen:

We have discovered a typographical error in our letter of October 28, 1968, accompanying our report entitled "Kaluakoi 10-Year Development Program".

On the first page of the letter, third paragraph, please change the figure "6,400 acres" to "6,800 acres".

We apologize for any inconvenience this oversight has caused.

Very truly yours,



Edmund J. Watson,
Vice-President & Chief Engineer,
Belt, Collins & Associates, Ltd.

(General Manager, Kaluakoi Corporation)

EJW:sf

cc: Mr. Edmond J. Langhetee, Jr.
Mr. Harrison Cooke

537 8215

copy to all commissioners & letters

EX 44
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WILLIAMS

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OCT 30 1968

State of Hawaii
LAND USE COMMISSION

October 28, 1968

Land Use Commission
Department of Planning and Economic Development
426 Queen Street
Honolulu, Hawaii

Attention: Mr. Ramon Duran, Executive Officer.

Re: A68-192-Molakai Ranch, Limited

Gentlemen:

The following is our review of the subject petition in accordance with our contract.

There appear to be two significant points involved in the subject petition. First, the proposal for a resort-residential community that would become a major tourist destination seems to be well founded, if certain technical matters such as financing, water and transportation can be satisfactorily resolved. Second, the petition for a rezoning of 6,800 acres is for an area far exceeding the amount of land desirably placed in an urban area according to both the Land Use Law and Land Use Commission Regulations.

After due consideration of these two major issues and the side issues around them, we recommend that the Land Use Commission staff recommendation be supported and approved. That recommendation is hereby quoted from the staff report of September 13, 1968:

"It is recommended that an area sufficient to accommodate a 10 year growth period be rezoned from Agriculture to Urban. Since such a development or construction schedule is presently not available, it is recommended that the area north of Kakaako Gulch extending from the sea to the mauka

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CRB

boundary of the area in question, which approximates 1,460 acres, be rezoned to the Urban District.

This should provide sufficient land area to accommodate the initial development program phase 1 and 2 contained in the Belt-Collins' report, which includes the development of 500 resort hotel rooms, an 18 hole golf course in the Kawakiu-Kipuhi area, and 1,050 residential units."

According to the estimated schedule in the Belt-Collins' report, this will provide sufficient area for development to the year 1985. Provision of the recommended area should allow the developer the desirable flexibility in planning and arrangement of facilities.

The project has excellent potential for its stated purpose and we feel that the question of the size of the area to be rezoned can be satisfactorily resolved. We also feel that the proposal would help in the diversification of the economic base of Molokai and have a desirable effect on the state economy and growth as well.

It should be noted here that the petitioner's prospectus indicates that the anticipated development is based upon the construction of resort hotels and related facilities, employee housing and approximately 450 second homes. This is not a proposal to subdivide and sell mail-order lots in a wholesale manner and is not judged as such, but is looked upon as a bona-fide proposal for a new resort community deserving of support in accordance with established procedures and regulations of the Land Use Commission.

The petitioner has stated that if the entire area of 6,800 acres is not rezoned that the joint venture partners, Louisiana Land and Exploration Co., would not proceed with its part of the commitment since such was conditioned on the total rezoning. It is our opinion that this may not be the case if the joint venture partner reviews the important applicable condition, namely, the Land Use Commission Regulations require determination of reserve areas for urban growth to those required for a 10 year projected growth.

The reasons behind this limitation of urban area are well founded in Hawaii's history of speculative land subdivision and are related in the opening statement of the Land Use Law which says, "Inadequate controls have caused many of Hawaii's limited and valuable lands to be used for purposes that may have a short-term gain to a few but result in a long-term loss to the income and growth potential of our economy." It is, in fact, one of the purposes of the law to encourage orderly development of the kind the petitioner proposes.

As development proceeds and the petitioner shows need for additional areas, the Land Use Commission can provide the necessary areas in increments timed to the development schedule. Under this process the State is assured that if a change of ownership occurs, the land will not be used speculatively in opposition to the intent of the Land Use Law. The developer is assured the benefits of more orderly and progressive land tax policy and absence of unscrupulous competition.

In our opinion, pressure from the petitioner to gain urban zoning for the full 6,800 acres at this time may be due to apprehension about future Land Use Commission actions. However, if the Land Use Commission should agree to such a large rezoning, it would be setting a hazardous precedent, in view of the fact that prudent administration of zoning requires equality of opportunity and treatment. Other equal petitioners, however many, would deserve to be treated in the same way, and conceivably a plethora of petitioners treated equally in this way could commit all of the lands of Hawaii in a very short time.

Because of the need for protecting long-term capital investment from possible political actions reflecting momentary expediency, should the Land Use Commission act in accordance with the staff recommendation, we suggest that it make clear to the petitioner that it recognizes the petitioner's right to expect favorable consideration for incremental rezoning as need for additional lands is demonstrated by development of the proposed project.

There are two weak elements of the petitioner's submittal that we feel it is important to comment on. Although in this case they have not had a critical affect on our recommendations, they are the kind of elements that sometimes might be of critical importance and should not be overlooked. The first, is the lack of an economic feasibility study to substantiate the proposed development, and the second is the lack of more comprehensive physical planning and time schedule. If the Land Use Commission acts favorably on this petition, these are two of the first studies the petitioner will have to make. Needless to say, should the petitioner subsequently find that the project is economically infeasible, it would be embarrassing to all concerned.

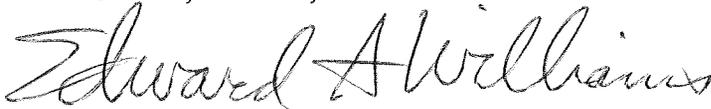
The lack of a more thorough planning and design study could have a serious affect in another way. It is possible, though improbable, that a more thorough study would indicate that initial development be located other than where presently proposed. It also seems that more adequate design studies, together with standards for use of design processes and personnel should be presented, in order for the Commission to have assurance of the ultimate level of quality of the project.

In light of these possibilities, it may well be that the Commission should establish minimum standards for submittals of this magnitude in the course of the present review program.

We trust the above will meet with your approval.

Respectfully yours,

ECKBO, DEAN, AUSTIN & WILLIAMS

A handwritten signature in cursive script that reads "Edward A. Williams". The signature is written in dark ink and is positioned below the typed name of the firm.

E. A. Williams

EAW:isw

October 30, 1968

Mr. Howard Altman
Eckbo, Dean, Austin & Williams
1649 Kapiolani Boulevard
Suite 22
Honolulu, Hawaii 96814

Dear Howard,

Attached herewith is a report from Belt, Collins & Associates regarding the Molokai Ranch rezoning petition.

The Land Use Commission is required to act upon this petition before December 12 to be within its legal limitations of the Land Use Law. We have tentatively scheduled a meeting on Molokai for Friday, December 6, 1968. This attached information is supplemental to justify their rezoning request of the entire 6,800 acres. As you know, the Land Use Commission because of the magnitude of the area involved has requested your review and comments on this boundary change.

I should like to discuss this matter with you by at least the latter part of November in order that a staff memorandum can be prepared and a procedure for your comments agreed upon.

Sincerely yours,

RAMON DURAN
Executive Officer

Attach.

EX 47
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2576

BELT, COLLINS & ASSOCIATES, LTD.
engineers, planners and landscape architects
1402 KAPIOLANI BLVD. • HONOLULU, HAWAII 96814 • PHONE 949-4767

October 28, 1968

RECEIVED

OCT 29 1968

State of Hawaii
LAND USE COMMISSION

Land Use Commission
Department of Planning & Economic Development
State of Hawaii
426 Queen Street
Honolulu, Hawaii 96813

Gentlemen:

In compliance with verbal requests made immediately following the Land Use Commission hearing held on Molokai September 13, 1968, and pursuant to previous correspondence from Mr. Duran of the Land Use Commission staff, dated September 4, 1968, we are herewith submitting supplemental information to support our request for the reclassification of 6,800 acres of land in the Kaluakoi district, Island of Molokai, from agricultural to urban classification.

With this letter report, we are submitting six copies each of two tables setting forth the anticipated development program for these lands during the period 1969 - 1979. The two tables are entitled, respectively, "Kaluakoi 10-Year Development Program -- Land Use -- By Classification and Acreage" and "Kaluakoi 10-Year Development Program -- Number of Living Units by Classification". Also submitted are six copies each of four maps showing the three phases of development within the 10-year period and the total development pattern for the area based on the conceptual plan Kaluakoi Corporation proposes to implement. We are further including six copies each of three sheets of a projected construction cost estimate broken down by the three phases of development. Lastly, we are submitting six copies each of a list of anticipated types of construction for primary project elements, as previously requested by Mr. Duran.

We would like to reaffirm our petition requesting the reclassification of 6,400 acres for the following reasons:

1. Provide sufficient land for the implementation of the master plan concept which does not permit the concentration of all elements of a tourist destination area in a concentrated zone.

EX 48
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4/9/69 - sent copy to Senoo Kido

2. Provide for flexibility in the advancement of the master plan concept and preliminary engineering design to accommodate variations from the concept which undoubtedly will occur as the plan is advanced, as feasibility studies are implemented, and as engineering design proceeds.
3. Provide a basis for the final conclusion of agreements between the joint venture parties of Molokai Ranch, Ltd. and Louisiana Land and Exploration Company that will permit the substantial advance investment in off-site developments that will be required for the implementation of the project.
4. Provide a basis for assurances to the directors of the joint ventures that the project may be prosecuted to a point of economic feasibility.
5. Provide ability to move expeditiously in the advancement of the planning, programing, and implementation necessary to satisfy the dynamic need for facilities to meet anticipated tourism demand.
6. Provide the needed land area to accomplish the 10-year program identified on the tables and maps submitted with this letter report.

We feel that the rezoning of this land would fulfill the basic intent of the Land Use Commission law which intent is to put the lands of Hawaii to their highest and best use. We feel that the implementation of the Kaluakoi program will promote economic progress for Molokai on an orderly and desirable, though accelerated, basis.

As you are aware, the rezoning of the subject land has the endorsement of the Planning Committee of Molokai, the Molokai Chamber of Commerce, the Maui Planning Commission, and the office of the Chairman of the Board of Supervisors of Maui County.

In view of the character of the data appended to this report, it is appropriate to supply a definition of Kaluakoi Corporation's role in the total development program. In essence, Kaluakoi Corporation is a land development entity whose function will be to provide the dynamics that will induce investment on the part of others to create a total visitor destination area. Kaluakoi Corporation's concept does not permit the raw-land slice-up sales approach, but rather the appropriate role of land developer in providing "hard cash" to give the necessary incentive for private and government investment.

Further, Kaluakoi Corporation's role, based on a self-interest position, will be to provide the necessary controls, covenants, and restrictions to maximize the desirability of continued development of all the land involved in the basic agreement between the joint venturers. Examination of the attached data demonstrates the need for Kaluakoi Corporation to maintain the high quality of environment in the area so as not to mitigate against the continuation of development that would bring the project to a satisfactory investment conclusion. The extensive amounts of initial capital investment required, on the order of \$16 Million during the first ten years with pay-back late in project life, dictate that the desirability of the area for both tourism development and other project categories of use be maintained at a maximum.

There are several points with respect to the program, submitted in the form of accompanying maps and tables, on which it appears appropriate to comment. First, and most importantly, it should be recognized that the accomplishment of the program delineated does not imply full utilization of the land rezoned to a maximum density level. There will be, under the envisioned program, areas not developed as of 1979, and there will be areas where the level of density development will not be at the final density set in the BCA report entitled "Molokai Ranch Development Plan".

The aspect of net developable area should be noted. Essentially, a large land area within the boundary of the 6,800 acres will not be developed in a full urban sense. Specifically, large areas will be left undeveloped by virtue of the fact that these are drainage areas; steep, undevelopable slopes; floodways; limited-size parcels lying between lands which are not developable and pineapple lands which are not sufficiently connected to developable areas to treat their inclusion in the building program. In addition to these areas, a segment of land is committed to the concept of a parkway through the project; an even larger area is committed to the ultimate development of three golf courses, two full-sized and one executive, and finally, substantial acreage in the creation of a beach-park area which would extend into the so-called pedestrian parkways.

The program, as presented, revolves essentially around the development, in the first phase of the first increment, of a 1,200- to 1,500-room resort complex of luxury or semi-luxury caliber. The adoption of this initial step in the development program immediately establishes substantial commitments in terms of both off-site and on-site development costs.

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Particularly, this initial step involves a commitment to the development of major water facilities, sewage collection and treatment facilities, waste water reclamation facilities, access roads, storm drainage, and all utility and site requirements that would be generated by the 1,500-room complex. The program would require coincidental development of town-like facilities for the substantial population created by the development. It would require the construction of two 18-hole golf courses to be completed and in operation by, or shortly following, the opening of the complex. It would require the development of other amenities; such as, a beach park facility which would maintain the attractiveness of the area to the visitor.

The tables will indicate that the net land area available for development out of the 6,800 acres is approximately 3,900 acres, or the open land of the project would amount to approximately 2,890 acres. A large portion of the so-called open land would either be non-revenue or minimum-revenue producing. These open areas, however, are necessary for several reasons, among which are:

1. The maintenance of the open concept of the master plan,
2. The provision of the non-crowding amenity as related to the separation of class and type of facility,
3. The provision of a suitable and meaningful area for public use for both tourist and Hawaii residents,
4. The maximization of the quality of golf courses to be constructed in connection with the development and,
5. The accommodation of many recreational amenities necessary to enhance the attractiveness of the Kaluakoi development for its "guests".

In order to provide the essential dynamics, it is planned that the land developer will put together the design package for the 1,200-1,500-room hotel complex, the two golf courses, plus the appropriate access roads, utilities, and other infrastructure. The land developer would not expect to provide the construction money for the various hotel buildings, etc. but to provide construction money for those utility structures needed in connection with primary services and for golf course construction. The financial commitment by the land developer for the facilities required of him during the first phase of the first increment has an order-of-magnitude value of approximately \$11 Million. This, in concert with the monetary commitments involved in the basic agreements of the joint venture, dictates, in turn, a maximum land commitment that will allow the project to be carried to its projected development level at 1979.

Mr. Duran has asked for the delineation of the type of construction anticipated for the development of the subject lands. It is somewhat premature to make a definite decision on this item since the planning and engineering elements have not been sufficiently advanced. However, we expect the following type of construction pattern:

1. Luxury hotels and semi-luxury hotels -- reinforced concrete.
2. Resort, Hillside, and Fairway Villas -- reinforced concrete and/or hollow block masonry.
3. Hillside hotels -- reinforced concrete, hollow block masonry, and hollow block masonry and wood frame mix.
4. Vacation Villages, Hillside Cottages, and Kaiwi Homes -- hollow block masonry, wood frame post and beam, and general mixed components residential construction.
5. Town Center -- masonry, reinforced concrete, and hollow block masonry and wood mix.
6. Service Center -- hollow block masonry, sheet metal (aluminum or steel) and probably wood elements to carry out architectural concepts.

Although there would be a mix of construction techniques, it is anticipated that a considerable effort will be expended in the development of architectural patterns that will tie the various components of the development together and provide a "basic theme".

Obviously, one of the major problems will be the development of the community required to support the facility contemplated in the first increment of the Kaluakoi development. Mr. Duran has also requested some indication of the population pattern that would be developed from this major destination development be indicated. The program, as set forth on the submitted tables, generates a population pattern, by phases, of the following general character:

1. First Phase -- 3,000 persons.
2. Second Phase -- 5,000 persons, including first phase.
3. Third Phase -- 7,000 persons, total all phases -- first increment.

October 28, 1968

We would like to point out that the phasing indicated in the various documents submitted are breakdowns that provide a convenient frame of reference for the codification of information. In actuality, the development of the subject project will not be in the form of phase development, but rather of a continuous scheduling of development.

It should be made clear that Kaluakoi Corporation does not believe that all the items identified in the 10-year program will necessarily be complete by 1979, but rather that these items will be under active construction or construction contract commitment.

We would be pleased, now that our program is more specifically defined, to meet with the staff of the Land Use Commission, the Commission itself, or other necessary parties to further discuss, clarify, or resolve any items that will assist in expediting the implementation of the Kaluakoi program.

Very truly yours,



Edmund J. Watson,
Vice-President & Chief Engineer,
Belt, Collins & Associates, Ltd.

(General Manager, Kaluakoi Corporation)

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Encls.