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BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII

STATE OF HAWAII  
LAND USE COMMISSION

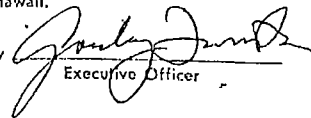
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In the Matter of the Petition )  
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 of )  
 )  
 THE TRUSTEES OF THE )  
 LILIUOKALANI TRUST )  
 )  
 To Amend the Agricultural Land )  
 Use District Boundary to )  
 Reclassify Approximately 175 )  
 Acres at North Kona, Island of )  
 Hawaii into the Urban Land Use )  
 District )

DOCKET NO. A79-470

This is to certify that this is a true and correct copy of the  
Decision and Order on file in the office of the State Land Use  
Commission, Honolulu, Hawaii.

OCT 30 1980  
Date

by   
Executive Officer

DECISION AND ORDER

BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Petition )	DOCKET NO. A79-470
of )	
THE TRUSTEES OF THE )	FINDINGS OF FACT,
LILIUOKALANI TRUST )	CONCLUSIONS OF LAW AND
)	DECISION AND ORDER
To Amend the Agricultural Land )	
Use District Boundary to )	
Reclassify Approximately )	
175 Acres at North Kona, )	
Island of Hawaii into the )	
Urban Land Use District )	

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

The above-captioned land use boundary amendment proceeding was initiated by the petition of The Trustees of the Liliuokalani Trust, pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure of the Land Use Commission, State of Hawaii, to amend the Land Use District Boundary of certain lands consisting of approximately 175 acres, Tax Map Key 7-4-08: Portions of 2 and 12, situated at Keahuolu, North Kona, Island of Hawaii, from the Agricultural District to the Urban District. The Land Use Commission, having heard and examined the testimony and evidence presented during hearings held on April 29 and 30, 1980, at the Kona Surf Hotel, Mauna Kea Conference Room, Keauhou, North Kona, Hawaii, and on May 14, 1980, at the Kona Hilton Hotel Resolution Room, Kailua-Kona, North Kona, Hawaii, hereby makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

PROCEDURAL MATTERS

1. The petition was filed on December 7, 1979, by Judge Norito Kawakami and Michael R. Marsh, attorneys for the Petitioner, The Trustees of the Liliuokalani Trust.
2. Notice of the hearing scheduled for April 29, 1980, at 10:00 a.m., was published in the Honolulu Advertiser and Hawaii Tribune Herald on March 26, 1980.
3. A prehearing conference was held on April 18, 1980, at 9:00 a.m. at the State Department of Planning and Economic Department's Conference Room, Honolulu, Hawaii.
4. The following persons requested to appear as public witnesses: Henslee F. Towill, Marilyn Yangson of the West Hawaii Family Support Council; and George Henrickson, Real Estate Consultant for Lanihau Corporation. The public witnesses were admitted and heard on April 29, 1980.

DESCRIPTION OF THE SUBJECT PROPERTIES

5. The two (2) areas involved are located within the land division of Keahuolu, North Kona, Island of Hawaii. The subject property proposed for industrial uses (hereinafter referred to as "Site I"), totaling approximately 100 acres, is located adjacent to and west of the existing Kona Industrial Subdivision, between Queen Kaahumanu Highway and the Old Kona Airport Road, Tax Map Key 7-4-08: Portion of 2. The subject property proposed for Commercial uses (hereinafter referred to as "Site II"), totaling approximately 75 acres, is located at the northern corner of the Queen

Kaahumanu Highway-Palani Road intersection, Tax Map Key  
7-4-08: Portion of 12.

6. The Liliuokalani Trust holds fee simple title to the subject properties.

7. The subject properties are presently vacant and undeveloped. There is, however, an existing runaway truck ramp within Site II.

8. Vegetation on the subject properties is limited to natural growth of kiawe, Christmas berry, noni, Koā haole, and wild mountain grass.

9. The subject properties are basically classified by the U. S. Department of Agriculture, Soil Conservation Service as Pahoehoe Lava Flows. A small portion of Site II at the corner of the Queen Kaahumanu Highway-Palani Road intersection is of the Punaluu Soil Series. Sites I and II have slopes of 0 to 5 percent and 5 to 10 percent, respectively.

10. Site I is situated within the County of Hawaii's Special Management Area.

11. According to the Land Study Bureau's Detailed Land Classification for the Island of Hawaii, the subject properties have a master productivity rating of "E" or Very Poor and are generally unsuitable for agricultural activities.

12. An archaeological reconnaissance survey conducted for the Petitioner revealed that there are several archaeological features on both sites.

PROPOSAL FOR DEVELOPMENT

13. Site I will be developed for the expansion of the existing Kona Industrial Subdivision. This 100-acre area is proposed to be developed into 70-75 one (1) acre sized lots with related improvements. It will take about ten (10) years to complete this entire development which may be co-developed by the Petitioner. The first phase will consist of approximately thirty (30) lots and expected to be completed by 1985. The lots will be provided on a leasehold basis for a period of thirty (30) years with three ten-year periods. The estimated improvements costs are \$2.4 million.

14. Site II will be used for the development of a regional shopping center. The area is proposed to be developed in three (3) phases. Hart Estate Management Company of California will be responsible for the development of Phases I and II.

15. Phase I will involve 10-15 acres and will provide for approximately 90-100,000 square feet of retail space. The estimated development cost is \$8.33 million, and the estimated completion date is 1985.

16. Phase II will involve approximately thirty (30) acres with about 200,000 square feet of retail space. Estimated completion date is 1990.

17. Phase III will commit the remaining area for an interim sewage treatment plant and long-range development of small-scale service/commercial uses. The interim sewage treatment plant is expected to service both the Industrial Subdivision on Site I and the Regional

Shopping Center on Phases I and II of Site II. The treatment plant is expected to be developed by the Petitioner by 1981 at a cost of about \$1.45 million.

STATE AND COUNTY PLANS

18. The Land Use Pattern Allocation Guide Map of the Hawaii County General Plan as amended by Ordinance No. 456 in 1979 designates Site I for "industrial" uses. Site II has been designated for "High Density Urban Development" and "Extensive Agriculture/Alternate Urban Expansion."

19. The Petitioner's proposed developments may be permitted within the Land Use Pattern Allocation Guide Map designations provided that the applicable goals, policies, and standards of the Hawaii County General Plan can be met.

20. The County zoning designation for Sites I and II is "Unplanned." This zoning designation does not permit those uses proposed by the Petitioner.

21. The Kailua Village Design Plan adopted as Ordinance 217 in 1976, further clarifies the Hawaii County General Plan with regard to land use guidance and specific design criteria within the Kailua Village Design District. Proposed Site II does not conform to the land use pattern of the Kailua Village Design Plan.

22. County of Hawaii Resolution No. 603, recently passed by the Council of the County of Hawaii directs the Planning Director and the Planning Commission to favorably consider requests for rezoning to commercial and other uses which conform to the land use and circulation plan

set forth in the Kailua Village Design Plan. The Resolution further states that until the completion of the Queen Kaahumanu Highway extension, the Kuakini Highway corridor projects and the Kahaluu Water Distribution System (Phase I and II), changes of land use and development in the Kailua Village area shall conform to the Kailua Village Design Plan and high intensity uses and developments on the periphery or outside of the designated boundaries of the Kailua Village Design Plan be de-emphasized.

NEED FOR GROWTH AND DEVELOPMENT

23. The population of North Kona has increased approximately 72.9 percent over the past 10 years. Most of this growth is a result of tourism and the development of complementary facilities such as hotels, condominiums, restaurants, and other related service areas.

24. The largest employer in North Kona is the service industry-related sector. Approximately 60 percent of the jobs are in hotels, real estate, recreation and amusement facilities, repair services, personal services, and professional services. Retail trade is the second largest employer in the region, representing 20 percent of the area's employment.

25. Although definitive short-term employment during construction is uncertain, there will be some demands generated through the early development phases. Long-term employment opportunities generated by the Petitioner's proposed developments will result in a projected total of 490 and 570 jobs for Site I and Site II, respectively.

26. The impact of available jobs on the labor market will follow the development of the primary sectors of the economy. In response to the requirements of these primary employment sectors, job opportunities in the retail trade, miscellaneous manufacturing, wholesale and non-primary service industries can be expected to increase.

27. The Petitioner had prepared a master plan for all of their Keahuolu property in 1961. Since then, an updated master plan was prepared in 1979 to reflect changing conditions in the Petitioner's overall objectives and programs. The subject area conforms to the Keahuolu master plan.

28. A need for additional light industrial sized lots in close proximity to the Kailua urban area has been established. The Petitioner has received at least 69 requests for industrial lots since late 1968. The requests, when noted, were generally for one to three acres. All industrial lots in the Petitioner's existing Kona Industrial Subdivision have already been developed or assigned.

29. The Hawaii County General Plan designates only three areas within the North Kona District for industrial uses. One area designated for such uses is Site I of the petitioned areas.

30. The Hawaii County General Plan Land Use Pattern Allocation Guide Map as amended in 1979 designates a portion of Site II for High Density Urban Development. The report prepared by the Planning Department on this redesignation stated:



As Kona's economy continues to expand, the need to accommodate future urban related uses such as industrial and residential becomes important. It is also critical that a specific commercial center to service the region's needs be generally identified. Failure to do so would make it more conducive to have a random pattern of commercial areas without any centralized core. Accordingly, in reviewing growth patterns and existing and future transportation systems, it was concluded that the Palani Road/Queen Kaahumanu area would be most suitable for High Density Urban uses. The presence of a major shopping center, a proposed commercial office/retail development on the Ka'u end of Palani Road and a fire station provide the basis for this commercial core.

This area makai of Queen Kaahumanu Highway also includes the existing Kona shopping Center together with approximately 22 acres presently within the urban district and zoned for commercial uses. Of this amount, the Petitioner owns about 8 acres. The remainder of Site II is situated within the Land Use Pattern Allocation Guide Map Extensive Agricultural/Alternate Urban Expansion designation.

31. The Petitioner has demonstrated that a strong market demand exists for a regional retail center in North Kona. Major retail operators have also expressed a positive interest in locating within the district. Based on the available major retail tenants in Hawaii, however, it is doubtful that the trade area could support more than one regional commercial center.

32. Vacant commercially zoned lands and urban-designated lands for commercial uses presently exist within the Kailua Urban Core. These lands are adaptable for a major commercial complex similar to the Petitioner's proposal and

are or will be sufficient to accommodate the existing and projected market demands for the Kona area.

33. Some of these vacant commercially zoned lands are in the process of being developed into a major regional shopping center.

34. Under the growth and development directives of the Hawaii County General Plan and the Kailua Village Design Plan, there is no reasonable need at this time to provide additional Commercial land in the Kailua-Kona area outside of the Kailua Urban core as established by the boundaries of the Kailua Village Urban Design Plan.

#### RESOURCES OF THE AREA

##### Agricultural

35. The subject properties are vacant and consist of lava flows and other rocky soils which are poorly suited for intensive agricultural uses.

##### Archaeological/Historical Resources

36. An archaeological reconnaissance survey which included the subject properties was conducted in 1979 by Paul H. Rosendahl, Ph.D., Consulting Archaeologist.

37. According to the survey, there are five (5) features and/or feature complexes within Site I and two (2) within Site II.

38. The most significant features are concentrated in an area mauka of Site II and are not within the petitioned area.

39. The features identified within Site I and Site II do not appear to be worthy of preservation. The Petitioner's consulting archaeologist further suggested, however, that an intensive archaeological survey be conducted as a necessary part of future planning and development of the project area.

Environmental Resources

40. Long-term, air quality impacts will generally meet with all applicable standards under most probable meteorological conditions. Short-term impacts during construction can be mitigated through on-site control measures.

41. The proposed development will only slightly increase noise levels. Mitigation measures are not deemed necessary.

Natural Resources

42. Rainfall in the subject area averages 25 inches per year.

43. The subject area is not situated within tsunami inundation or flood hazard areas.

44. The watershed tributary to the petitioned area is a basin of about 500 acres. The soil and slope characteristics allow most of the rainfall to percolate to the water table.

45. There are no known rare or endangered plants and/or animals on the subject area.

Scenic and Aesthetic Resources

46. Structural development of the petitioned areas will have certain visual impacts. The Petitioner proposed to mitigate potentially adverse visual impacts by the development and incorporation of master landscaping plans. Site development design standards will also be imposed as part of the overall development.

PUBLIC SERVICES AND FACILITIES

Electricity and Telephone

47. Electrical and telephone services can or will be made available to the subject properties.

Police and Fire Protection

48. Police protection can be made available to the subject properties. Fire protection can also be ensured provided that water service to meet minimum fire flow requirements is installed.

Sewage Treatment and Solid Waste Disposal Services

49. Solid waste will be transported by private contractor to the appropriate disposal areas.

50. The County's Kailua-Kona Wastewater Treatment Plant is located within the existing Kona Industrial Subdivision. With a present design capacity of 1.0 million gallons per day (MGD), the plant has an existing flow rate of approximately .6 MGD and a proposed development commitment of .4 MGD, which does not include the Petitioner's proposed developments.

51. The County plans to expand the existing plant at the present site from 1.0 MGD to 1.4 MGD. By 1985-86, the County expects to complete construction of a new wastewater facility adjacent to the Honokohau area and the existing treatment plant will be phased out.

52. The total estimated average daily flows for the Petitioner's development is 268,000 gallons per day (GPD).

53. The Petitioner proposes to either construct an interim sewage treatment facility until municipal sewer services are completed or assist the County by sharing the cost of expanding the existing treatment facility.

54. The State Department of Health feels that an interim sewage treatment plant is an acceptable alternative if the existing sewage system is unavailable to handle the proposed developments.

#### Water Services

55. The County Department of Water Supply will not be able to support the water demand requirements for the proposed developments until both Phases I and II of the Kuakini Transmission Main Project are completed.

56. The contract has been awarded for the Phase I work and completion is expected in February of 1981. Phase II is in the final design stage and subject to the Governor's approval, bid advertisements are scheduled for late May, 1980. If the funds are released, construction is expected to be completed by mid-1981.

57. The estimated maximum day water demand requirements for the proposed developments is .7 MGD.

Roadway and Highway Services

58. Development of the subject areas will impact upon three major roadways: Queen Kaahumanu Highway, Palani Road and the Old Airport Road.

59. Queen Kaahumanu Highway, State Route FAP 19, is the main corridor connecting both the town of Kailua-Kona and resort region towards Keauhou, with Ke-ahole Airport and Kawaihae Harbor. These are the two major entry points of the region for goods and people. The highway borders both the proposed industrial and the proposed commercial project sites. The highway is a two-lane, two-way facility with an 80-foot right-of-way in the vicinity of the project sites. The estimated peak-hour capacity is 1,840 vehicles per hour (VPH).

60. Palani Road serves as a major mauka-makai corridor for Kailua-Kona, and as a connector to Mamalahoa Highway. Although the right-of-way is State-owned, the County has authority for its maintenance. It intercepts four major routes that run parallel to the coastline. These routes are Ali'i Drive at the makai terminus, Kuakini Highway, Queen Kaahumanu Highway, and Mamalahoa Highway at the mauka terminus. Palani Road has two lanes from Ali'i Drive to Kuakini Highway, four lanes to Queen Kaahumanu Highway, and then two lanes for its remaining length. It is designated as State Route FAP 11 and FAS 190, makai and

mauka, respectively, of Queen Kaahumanu Highway. The highway borders the commercial project site. The estimated peak-hour capacity is 1,145 VPH mauka of Queen Kaahumanu Highway, and 3,045 VPH between Queen Kaahumanu Highway and Kuakini Highway.

61. The Old Airport Road is a two-way, two-lane facility that serves local traffic generated by abutting properties, the existing Kona Industrial Subdivision, and the County park at the former Kona Airport. The road is an extension of Kuakini Highway from Palani Road to its end at the park. The estimated peak-hour capacity is 1,320 vph.

62. The total estimated peak-hour volumes generated by the proposed uses are 480 and 1,200 VPH for Site I and Site II, respectively. These are divided into 240 and 400 VPH for Phase I, and 240 and 800 VPH for Phase II of the total development.

63. The 1976 traffic counts from the State Highway Division, State Department of Transportation were used by the Petitioner to calculate traffic projections and volumes anticipated by the proposed development. The County utilized the 1978 traffic counts from the same source in conducting a similar traffic analysis. The County's analysis indicated a significant increase in traffic counts over the affected roadways and intersections.

64. Traffic growth on the adjacent roadways affected by the petition is assumed to occur at an annual average rate of 8 percent.

65. The projected traffic volumes and impacts on roadway capacities are affected by intersections, pedestrians, and traffic signals that may restrict movement of vehicles and therefore reduce capacity.

66. The unsignalized intersection at Palani Road and Queen Kaahumanu Highway and the signalized intersection of Palani Road and the Old Airport Road/Kuakini Highway have a significant impact upon prevailing peak-hour capacity.

67. Presently, the Palani Road/Old Airport Road/Kuakini Highway intersection is at level of Service E or at capacity.

68. The County is planning certain improvements along Kuakini Highway and also at the Palani/Old Airport Road/Kuakini Highway intersection. The proposed improvements will facilitate movement onto Kuakini Highway but will not significantly increase the capacity but "it may help at certain intersections." Available funds for the project have dwindled, and therefore the project has been similarly reduced.

69. The Queen Kaahumanu Highway will be extended for 3.1 miles from the Palani Road intersection through the Kona Heights and Kona Hillside Subdivisions to the existing Kuakini Highway near Kealakowaa Heiau. This State project is expected to result in a 15 to 60 percent traffic reduction for Palani Road between the Queen Kaahumanu and Kuakini Highways. The project is currently in the design and right-of-way phases which will be finished in 1982 or



1983. Construction can be completed by 1985, although the actual completion date cannot be determined at this time.

70. The primary function of the Queen Kaahumanu extension is to facilitate traffic circulation within the Kailua Village and to accommodate inter- and intra-regional traffic demands.

71. There are significant differences in projecting roadway capacity and calculating intersection capacity. Unless certain intersection improvements are undertaken, there will be adverse impacts to key intersections within the Kailua Village core. More specifically, the Petitioner's estimated 1985 and 1990 traffic volumes for Palani Road between Queen Kaahumanu and Kuakini Highways are based on the anticipated completion and operation of the State's proposed Queen Kaahumanu Highway.

#### SCATTERIZATION AND CONTIGUITY OF DEVELOPMENT

72. Proposed Site I is makai of the Queen Kaahumanu Highway and directly adjacent to the existing Kona Industrial subdivision. It is in agreement with the Hawaii County General Plan "Industrial" designation and is a logical extension of the County's philosophy of timing and/or staging of developments.

73. Proposed Site II is mauka of the Queen Kaahumanu Highway and situated at the Palani Road junction. Site II is surrounded by upward sloping open areas presently within the State Agricultural District. It is separated

from the existing State Urban District by Queen Kaahumanu Highway.

STANDARDS FOR DETERMINING DISTRICT BOUNDARIES

74. Proposed Site I is reasonably necessary to accommodate growth and development. It will provide a needed industrial expansion area in close proximity to the Urban core which will support the growing requirements of the service-industry-related sector.

75. Site I does not have any specific site constraints with respect to topography, drainage, flood hazards, tsunami or other adverse environmental effects.

76. The proposed development of Site I for industrial purposes will not unreasonably burden existing or anticipated infrastructure and can be readily coordinated with such timed improvements.

77. Proposed Site II is not reasonably necessary at this time to accommodate growth and/or development since the Kailua area already contains vacant lands which are currently zoned or designated on the Land Use Pattern Allocation Guide Map for such uses. These lands are sufficient to accommodate uses similar to those proposed by the Petitioner.

CONCLUSIONS OF LAW

Pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure, and the State Land Use District Regulations of the State Land Use Commission, the reclassification of a proposed industrial subdivision

herein referred to as Site I situated at Keahuolu, North Kona, Island of Hawaii, containing a total of approximately 100 acres of land from the Agriculture to the Urban District is reasonable, non-violative of Section 205-2, HRS, and is consistent with the Interim Statewide Land Use Guidance Policies established pursuant to Section 205-16.1, HRS, and by the State Land Use District Regulation 6-1. The Commission further concludes that:

1. The proposed regional shopping center herein referred to as Site II, would be contrary to the overall growth and development directives of the Hawaii County General Plan and the Kailua Village Design Plan.

2. There are adequate undeveloped zoned and urban designated lands within the Kailua area which can be utilized for the proposed uses.

3. Although electrical, telephone, police, and fire protection are available, adequate municipal wastewater treatment facilities and water services are not available to the subject property. Moreover, the anticipated increase in highway and roadway capacity cannot be adequately handled by certain intersections adjacent to the subject development. In conjunction with the lack of existing intersection capacity, the Queen Kaahumanu Highway would have to be extended in order to provide an orderly circulation alternative for the Kailua Urban Core. The construction timetable for this State project is uncertain at this time.

4. Reclassification of the subject property situated at Keahuolu, North Kona, Island of Hawaii, containing a total of approximately 75 acres of land from the Agricultural to the Urban District for the purposes of developing a regional shopping center would thus not be reasonable, would violate Section 205-2, HRS, and is not consistent with the Interim Statewide Land Use Guidance Policies established pursuant to Section 205-16.1, HRS, and by State Land Use District Regulation 6-1.

DECISION AND ORDER

IT IS HEREBY ORDERED:

That Site I of the petitioned property consisting of approximately 100 acres of land situated at Keahuolu, North Kona, Island of Hawaii identified by Tax Map Key Third Division 7-4-08; Portion of 2 be reclassified from the Agricultural District to the Urban District; and

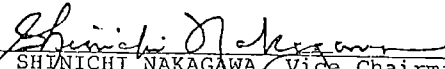
That Site II of the petitioned property consisting of approximately 75 acres of land situated at Keahuolu, North Kona, Island of Hawaii identified by Tax Map Key Third Division 7-4-08: Portion of 12, shall remain in the Agricultural District within which it is classified.

DONE at Honolulu, Hawaii, this 15th day  
of October, 1980, by Motion passed by the  
Commission on August 5, 1980, in Honolulu, Hawaii.

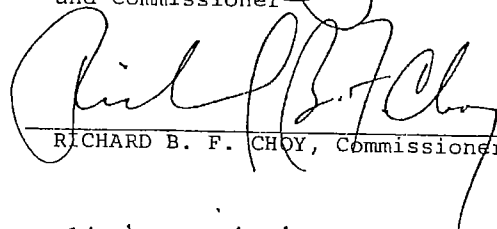
LAND USE COMMISSION  
State of Hawaii



C. W. DUKE, Chairman and  
Commissioner



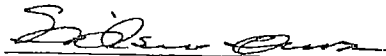
SHYNICHI NAKAGAWA, Vice Chairman  
and Commissioner



RICHARD B. F. CHOY, Commissioner



SHINSEI MIYASATO, Commissioner



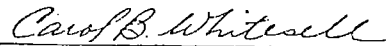
MITSUO OURA, Commissioner



GEORGE R. PASCUA, Commissioner



EDWARD K. YANAI, Commissioner



CAROL B. WHITESELL, Commissioner

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Land Use Commission's 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:

HIDETO KONO, Director  
Department of Planning & Economic Development  
State of Hawaii  
250 South King Street  
Honolulu, Hawaii 96813

ANNETTE CHOCK, Deputy Attorney General  
Department of Attorney General  
Capital Investment Building  
Penthouse, 850 Richards Street  
Honolulu, Hawaii 96813

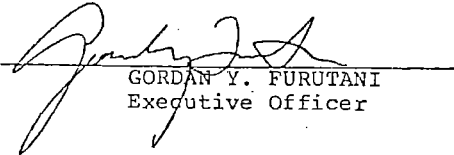
SIDNEY FUKU, Planning Director  
Planning Department  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawaii 96720

STEPHEN BESS, Corporation Counsel  
Office of the Corporation Counsel  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawaii 96720

NORITO KAWAKAMI and MICHAEL MARSH  
Attorneys for Petitioner  
1100 First Hawaiian Bank Building  
Honolulu, Hawaii 96813

HART ESTATE MANAGEMENT COMPANY  
P. O. Box 609  
Ross, California 94957

DATED: Honolulu, Hawaii, this 30th day of October, 1980.

  
GORDAN Y. FURUTANI  
Executive Officer