

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition)
)
 of)
)
 KAMEHAMEHA DEVELOPMENT CORPORATION)
)
 To Amend the Agricultural Land Use)
 District Boundary to Reclassify)
 Approximately 880 Acres at Keauhou,)
 Kona, Island of Hawaii into the)
 Urban Land Use District)
 _____)

DOCKET NO. A79-461

DECISION AND ORDER

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FINDINGS OF FACT
AND
CONCLUSIONS OF LAW

The above-captioned land use boundary amendment proceeding was initiated by the petition of Kamehameha Development Corporation 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 880 acres, Tax Map Key Nos. 7-8-7: portion of parcel 11, 7-8-10:2, 7-8-10: portion of parcel 4, 7-8-10:29, 7-8-10: portion of parcel 30, 7-8-10:41, 7-8-10:42, 7-8-10:50, 7-8-10: portion of parcel 51, 7-8-11:5, and 7-8-11:8 (hereinafter referred to as the "subject property"), situated at Keauhou, Kona, Island of Hawaii, State of Hawaii, from the Agricultural District to the Urban District. The Land Use Commission, having heard the evidence presented on the matter during the hearing held on December 4, 1979, and December 5, 1979, in Kailua, Kona, Hawaii, and having duly considered the record in this Docket, the proposed findings of

fact and conclusions of law, and the comments to the proposed findings of fact and conclusions of law, hereby makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

PROCEDURAL MATTERS

1. The petition was filed on June 29, 1979, by Kamehameha Development Corporation, as holder of a fee simple interest in a portion of the subject property and as authorized agent of The Trustees Under the Will and of the Estate of Bernice Pauahi Bishop, Deceased (hereinafter referred to as "Bishop Estate"), who are the holders of a fee simple interest in the remaining portion of the subject property, requesting the Land Use Commission to amend the Agricultural District boundary at Keauhou, Kona, Island of Hawaii, by reclassifying the subject property into the Urban District, certificate of service of the petition being attached thereto.

2. Notice of the hearing scheduled for December 4, 1979, at 9:30 a.m., in the Resolution Room, Kona Hilton Hotel, Kailua-Kona, Hawaii, was published in the Hawaii Tribune Herald and the Honolulu Advertiser on October 26, 1979, and served by mail on the parties.

3. On November 14, 1979, an application for intervention by Elizabeth Ann Stone, as President of Honest Environmental Citizens Against Progress, was received by the Land Use Commission. The application for intervention was not timely filed under Rules of Practice and Procedure 6-7.

4. On November 27, 1979, a prehearing conference was held by the staff of the Land Use Commission, with the Chairman

of the Commission in attendance, to facilitate the exchange of exhibits and witness lists by the parties. All of the parties were in attendance. The petitioner for intervention, Elizabeth Stone, did not appear.

5. On November 27, 1979, a motion to oppose and dismiss petition for intervention was filed by Petitioner Kamehameha Development Corporation, which motion was timely filed under Rules of Practice 6-7.

6. On December 4, 1979, a memorandum by said Elizabeth Ann Stone in opposition to Petitioner's motion to oppose and dismiss petition for intervention was received by the Land Use Commission.

7. By motion duly passed on December 4, 1979, the Land Use Commission on January 17, 1980, issued an order granting Petitioner's motion to oppose and dismiss petition for intervention by Elizabeth Ann Stone, President, Honest Environmental Citizens Against Progress.

8. Requests to appear as public witnesses were received from Elizabeth Ann Stone as President of Honest Environmental Citizens Against Progress, Charles Bockus, Timothy S. Fitzpatrick as President of the Environmental Law Center of the Pacific, Richard M. Frazier, Harvey Weeks and Richard T. Ishida; and a communication from James Greenwell requesting to submit a written comment on the petition. The aforesaid requests were unopposed by the parties.

9. All public witnesses who had requested to appear were permitted to be heard on December 4, 1979. Written statement dated December 4, 1979, by Robert Hind, Jr., Harold Wada, Patrick Masutomi, Shizuo Uchimura and Richard T. Ishida, was

received by the Commission and filed on December 4, 1979. Written comment sought to be submitted by James M. Greenwell as President of Palani Ranch Company, Inc., and as a public witness was introduced by Petitioner as Petitioner's Exhibit 15 and admitted into the record by the Commission on December 4, 1979.

DESCRIPTION OF THE SUBJECT PROPERTY

10. The property which is the subject of the petition, is located at Keauhou, Kona, Island of Hawaii, and consists of approximately 880 acres covering several parcels of land within the Third Taxation Division. The Tax Map Key numbers, approximate acreages and the legal ownership of the said parcels are as follows:

<u>Tax Map Key</u>	<u>Approximate Acreage</u>	<u>Owner(s)</u>
7-8-7:por. of parcel 11	2.0	Kamehameha Development Corporation; Bishop Estate
7-8-10:2	147.66	Bishop Estate
7-8-10:por. of parcel 4	92.0	Bishop Estate
7-8-10:29	37.01	Kamehameha Development Corporation
7-8-10:por. of parcel 30	318.0	Kamehameha Development Corporation
7-8-10:41	2.582	Kamehameha Development Corporation
7-8-10:42	2.561	Kamehameha Development Corporation
7-8-10:50	253.478	Kamehameha Development Corporation
7-8-10:por. of parcel 51	19.0	Kamehameha Development Corporation
7-8-11:5	3.9	Kamehameha Development Corporation
7-8-11:8	1.95	Kamehameha Development Corporation; Bishop Estate
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	880.141	

11. The Petitioner, Kamehameha Development Corporation, a Hawaii corporation, is a wholly owned subsidiary of Bishop Estate.

12. The Petitioner has been duly authorized by Bishop Estate to act as its agent for purposes of the petition insofar as lands of Bishop Estate are concerned.

13. The subject property is generally defined by the old railroad right-of-way on the mauka (east) side, the State Urban District boundary on the makai (west) side and ahupua'a lines to the north and south.

14. The topography of the subject property ranges from moderately to steeply sloping with an average overall slope of approximately 15 percent. Elevations range from 150 to 700 feet above mean sea level with all slopes in a makai direction.

15. The subject property is being used primarily for grazing purposes, and about one acre thereof is being used for bee keeping.

16. According to the Land Study Bureau's "Detailed Land Classification Map No. 22 of the Island of Hawaii," most of the soil within the subject property has a master productivity rating of "E" or very poor and least suited for agriculture. Portions of the subject property have an overall master productivity rating of "D" or "poor" according to the Land Study Bureau overall classification system.

17. The subject property originally consisted of Pahoehoe and Aa lava flows but presently also consists of Kaimu extremely stony peat, Punaluu extremely rocky peat and Kainaliu

extremely stony silty clay loam. The relatively young, slightly dissected domes of the Island of Hawaii have gentle slopes and little soil, and the unweathered highly permeable lavas allow virtually all of the rainfall to percolate to the water table so that the rains in subject property's upper watershed area never reach the coast by surface flows.

18. The subject property is not classified as "Prime" or "Unique" Agricultural Land on maps delineating Agricultural Lands of Importance to the State of Hawaii published by the Hawaii State Department of Agriculture. A portion of the subject property is classified as "Other Important Agricultural Land."

PROPOSAL FOR DEVELOPMENT

19. The Petitioner proposes to develop the subject property as part of and to be integrated with the existing Keauhou-Kona resort area.

20. The Petitioner's proposed land uses within the subject property of 880 acres include a net residential area of 450 acres for 1,350 improved residential lots, 130 acres for a major portion of an 18-hole golf course, 12 acres for three neighborhood parks, 13 acres for a portion of an historic park, which will include most of the Holua Slide area, 95 acres for major roads and 180 acres for undevelopable land. The Petitioner intends to leave those areas which are considered to be undevelopable due to severe slopes, in their natural state as open space.

21. The Petitioner proposes to develop the 880 acres in three phrases as follows:

	<u>Residential</u> <u>Number</u>	<u>Area</u>	<u>Golf</u> <u>Course</u>	<u>Neigh.</u> <u>Parks</u>	<u>Other</u>	<u>Total</u>
Phase I	460 Units	153 ac.	130 ac.	4 ac.	76 ac.	363 ac.
Phase II	425 units	142 ac.	-	4 ac.	90 ac.	236 ac.
Phase III	<u>465 units</u>	<u>155 ac.</u>	<u>-</u>	<u>4 ac.</u>	<u>122 ac.</u>	<u>281 ac.</u>
TOTAL	1350 units	450 ac.	130 ac.	12 ac.	288 ac.	880 ac.

22. A major objective of the Petitioner for the subject property is to create a high quality, major resort destination area (including a golf course) which is generally characterized by medium to low density development. The Petitioner intends to develop finished subdivision lots and then plans to sell these lots to people who either desire to build their own home or the Petitioner may sell groups of lots to contractors or other developers. These lots will be intended to satisfy a demand for the higher priced resort housing market.

23. A portion of the subject property will be allocated to meeting the needs for employee housing. The Petitioner has indicated a preference to locate such housing on the northern portion of Phase I and a willingness to provide employee housing through preferential marketing or a direct supply of such housing. The specific area and extent for such housing will be more particularly identified and addressed as part of negotiating the county zoning, subdivision and detailed planning with County agencies.

24. After all approvals necessary for the proposed project are issued by the appropriate State and County agencies, it is estimated that construction of each of the three phases can be completed within a five-year period for each phase. Construction of site improvements for Phase I, which includes a portion of the golf course, is estimated to be completed within two and one-half to three and one-half years.

25. The Phase I Mauka Cost Estimate contains five major cost categories:

1. An 18-hole golf course including the portion in the Urban district	\$5,000,000
2. Irrigation Water System	590,000
3. Subdivision Improvements	5,540,000
4. Park Improvements (8 acres)	200,000
5. Sewage Treatment Facility Expansion	700,000
Contingency (20%)	<u>2,400,000</u>
Total Cost	\$14,430,000

STATE AND COUNTY PLANS

26. The subject property is in the State Land Use Agricultural District.

27. The Land Use Pattern Allocation Guide Map of the county of Hawaii General Plan designates the subject property for Low Density Urban Development and Alternate Urban Expansion. Both land use designations allow residential and supportive uses. Thus, the proposed district boundary amendment is consistent with the general plan of the County of Hawaii.

28. The current county zoning for the subject property is unplanned (U). This zoning district applies to areas not subjected to sufficient studies to adopt a specific district classification. At the time of the hearing, the subject property was not within the County Special Management Area; however, the County is considering the inclusion of the subject property within the Special Management Area.

29. According to the State Tourism Functional Plan (draft dated September, 1979) North and South Kona, Hilo and South Kohala are potential sites for "Major Designated Resort

Regions" on the Island of Hawaii. The Functional Plan Draft defines North Kona as covering an area which includes the subject property.

NEED FOR GROWTH AND DEVELOPMENT

30. The economic outlook of the tourism industry of the State of Hawaii and of the County of Hawaii appears quite favorable.

31. Data contained in the State Tourism Functional Plan shows that the North Kona coast is Hawaii County's major visitor destination area accounting for 60 percent of the 1979 visitor count.

32. The North Kona District (census Tracts 215-216) is projected to increase in population from 10,100 in 1980 to 13,100 in 1985 and 16,500 in 1990. The estimated number of households generated by this growth in population is 1,400 between 1980-1985 and 1,200 households between 1985-1990. This growth in the number of households together with an estimated decrease in single family housing units from 60 percent of the inventory in 1980 to 50 percent of the inventory in 1990, indicate a local resident demand for single family units for 400 units from 1977 to 1980, then increasing to 700 units between 1980 and 1985, before declining again to 400 units from 1985 to 1990. Similarly, demand for residential multi-family units is projected to be 400 units from 1977 to 1980, up to 900 additional units from 1980 to 1985, and 900 additional units from 1985 to 1990.

33. Estimated demand for condominium apartment units at Keauhou-Kona resort development community could be as high as 440 units from 1977 to 1980, up to 1,100 additional units

from 1980 to 1985, and up to 1,010 additional units from 1985 to 1990.

34. Estimated demand for subdivision lots at Keauhou-Kona resort development community could be as high as 600 lots from 1977 to 1980, up to 1,050 additional lots from 1980 to 1985, and up to 600 additional lots from 1985 to 1990.

35. The Keauhou-Kona Country Club has the only 18-hole golf course in Kona, which course must satisfy not only the demand created by visitors to Keauhou, but also visitors to other parts of Kona and local residents as well. The golf course at Waikoloa and the golf course at Sea Mountain are not reasonably located alternative courses for Kona residents. The demand upon the golf course created by local residents in Kona is larger than the usual demand at courses in other resort communities because the Keauhou-Kona Country Club is the only golf course in Kona.

36. The total number of plays at the Keauhou-Kona golf course has increased from 51,048 for the year 1976-1977 to 54,149 for the year 1977-1978 and to 58,072 for the year 1978-1979.

37. The desired character of the Keauhou-Kona golf course is one of high quality and relaxation which establishes the effective capacity of the golf course to be about 175 to 180 plays a day. However, during the entire winter quarter, average daily plays have exceeded the effective capacity in the last three years at an increasing rate. Daily plays have even reached 300. In those months where the average daily play is less than the desired capacity, play on some days is higher

than such average so that there are many days with daily plays in such months which greatly exceed the desired capacity.

38. The increasing number of plays at the golf course has caused increasing difficulty in obtaining starting times so that the Kona Surf Hotel has had to discontinue certain golf package programs used to attract the independent traveler. The Kona Surf Hotel has received numerous complaints from its guests regarding their inability to get starting times at the golf course. Occupancy and viability of a hotel in Keauhou-Kona are dependent upon the sufficiency of golf course amenities, as well as other recreational facilities and opportunities.

39. In order to induce hotel developers to commit large sums of money to build and operate hotels in Keauhou, Petitioner has had to agree to provide priority to the hotel guests for starting times on the existing golf course. This priority and the increasing golf play have often deprived local residents from obtaining starting times during the months of January up to April and have caused local residents to be bumped-off from their starting times in favor of hotel guests.

40. The lands in Keauhou-Kona within the existing Urban District and makai of Alii Drive have been substantially developed, are under construction, or subject to development commitments, and are not available for development by Petitioner. Certain lands within the existing urban district and mauka of Alii Drive remain available for development.

41. A substantial portion of the lands in Keauhou-Kona makai of the subject property within the existing Urban district lying between the existing Urban district boundary and Alii Drive

is intended as part of the proposed golf course extending into the subject property or as proposed open space uses for parks and historic sites. To construct an 18-hole golf course wholly confined within the area lying between the existing Urban district boundary and Alii Drive is unsuitable because the steep slope of the said area is incompatible with the requirements of a golf course.

42. The Petitioner has demonstrated that reclassification of Phase I, Phase II and a small portion of Phase III at its proposed development is reasonably necessary to provide a sufficient reserve area to satisfy projected recreational and resort housing demands in the Keauhou-Kona area, based upon a ten-year projection. The Petitioner has not demonstrated that reclassification of the remainder of Phase III is reasonably necessary to satisfy projected resort housing demand in the Keauhou-Kona area based on a ten-year projection.

RESOURCES OF THE AREA

Agricultural Resources:

43. The Land Study Bureau's overall master productivity ratings for agricultural use for the subject land are Class D (Poor) and Class E (Very Poor). No crops are being cultivated on the subject property which is currently being used for intermittent grazing. One acre of the subject property is being used as a bee keeping operation.

44. The current lessee of the subject property has stated that the site is only marginally suitable for agricultural purposes and that he will not suffer undue hardship by the incremental termination of the pasture lease.

45. Public witness Richard M. Frazier, owner of land adjoining and surrounded by the subject property, who has attempted farming in the area, testified that "farming is absolutely hopeless."

46. The State Department of Agriculture has stated that it has "no objection to the [Petitioner's] request if there is an adequate water supply to serve the needs of the development without jeopardizing the area's supply of water for agricultural needs."

Water Resources:

47. The source for domestic water for the proposed project on the subject property is the Kahaluu Shaft which has an estimated capacity of about six million gallons per day.

48. Based on the 1,350 units projected for the subject property, the water requirement for domestic potable water is about 800,000 gallons per day. Additional water requirements for the golf course would be supplied by brackish water and sewage affluent.

49. The Department of Water Supply of the County of Hawaii had stated that it had no objections to Petitioner's request for land use reclassification from Agricultural to Urban provided that the land use change be made incrementally and that the Department's commitment of 0.276 mgd of water was for Phase I only. Since then, however, the recent awarding of a contract by the State Department of Land and Natural Resources for the improvement of the existing water system near the subject property will enable the County Water Department to commit water for the entire three phases upon the completion of the contract.

50. Petitioner, through its consultant, Belt Collins and Associates, has submitted a plan to the State Department of Land and Natural Resources for protection of the Kahaluu Shaft groundwater resource. The plan provides for a buffer zone around Kahaluu Shaft (lying in Phases I and II of the proposed development) and a sewerage system to collect and treat domestic waste for the proposed urban areas. The Department has indicated that it is satisfied with the aforesaid plan.

Natural Resources:

51. The proposed development would involve the transformation of the subject property from its current undeveloped condition to a new residential and recreational community through extensive construction activities. Because the subject property is situated on relatively unweathered aa and pahoehoe lava flows, the natural soil cover in this area is minimal. As a result, any areas requiring extensive landscaping (including the golf course) will require the introduction of topsoil. Those areas which are considered to be undevelopable due to the severity of slopes will be left in their natural state, as will those areas which contain historic sites.

52. The vegetative cover of the subject property consists mostly of sparsely distributed kiawe and haole koa trees; there are, however, three distinct groupings of mature monkeypod trees.

53. All of the animal life found on the subject property (birds as well as mammals) is highly mobile. None of the species are either rare or endangered, with the exception of the Hawaiian (Hoary) bat. This bat, a rare and endangered

mammal, is not unique to the site, and, in fact, is known to inhabit much of the west coast of the Big Island as well as other islands in the Hawaiian chain. There are indications that the proposed development would not have a negative impact upon this mammal.

Because the proposed project will be constructed incrementally, it is believed that the existing fauna will have little trouble migrating to adjacent parcels of land which will remain undeveloped. It is expected that many of the animals will be displaced only temporarily and will return upon completion of construction.

Historic Resources:

54. The project site contains three known significant archaeological sites.

1. Keahiolo Heiau - a heiau located between two fairways of the proposed golf course.
2. Ohia Cave Complex - an extensive underground burial cave network, a portion of which extends under the project site.
3. Holua Slide - a royal slide dating from the 1500's.

In addition, the northern one-third of the project site is included in the Kahaluu Historic District which was placed on the National Register of Historic Places. However, most of the specific sites noted within the District are makai of the subject property.

55. The Petitioner has not conducted an intensive archaeological survey of the subject property, but has represented that it intends to retain and preserve significant archaeological sites, and assist, where appropriate, in the restoration of their original features for the purpose of

public education and cultural preservation. The Holua Slide area will be designated as a historic park site prior to the development of adjacent lands. To insure that no other significant sites will be damaged or destroyed, the Petitioner intends to continue its past practice and policy of causing archaeological surveys to be conducted for each project site prior to construction.

PUBLIC SERVICES AND FACILITIES

Firefighting Services:

56. Existing fire protection services at Kailua-Kona are available to service the proposed development on the subject property.

Police Services:

57. The Kona District headquarters for the County of Hawaii Police Department located in Captain Cook, with a substation located in Kailua-Kona, is available to respond to calls within the proposed development on the subject property.

Schools:

58. The proposed development on the subject property will affect the State Department of Education's ability to accommodate the enrollment increase generated by the proposed 1,350 single family units. Since the Department has only projected regional enrollments and detailed expansion plans to 1983, it is difficult to predict exactly how increased enrollment will fit into the Department's long-range plan for school facilities at this time. The Petitioner has represented that it is willing to make land available for a school if an additional school is determined to be appropriate within the subject property.

Utility Services:

59. The Hawaii Electric Light Company, Inc. (HELCO), operates power generating units on the Island of Hawaii which have a theoretical peak operating capacity of 124 megawatts (MW) with the largest unit on. The actual peak capacity, however, is calculated with the largest generating unit down. This leaves an actual capacity of 101 MW. At the present time, the power demand is only 83 MW, leaving a reserve of 18 MW of power with the existing facilities. The residential power demand in Hawaii County is estimated to be 1.5 kilowatts (KW) per unit, which means that the 1,350 units proposed for the subject property will require approximately 2.0 MW. Subtracting this figure from the present reserve of 18 MW indicates that there still will be a 16 MW reserve with the proposed project.

60. The telephone switching station which serves Keauhou is located along Kuakini Highway, south of the Mamalahoa Highway intersection. It has a capacity to serve 3,500 telephone subscribers, with a current load of approximately 1,000 subscribers. This facility can be enlarged, should the demand make it necessary.

Sewage Treatment and Disposal Services:

61. A sewage treatment facility is located within the existing Keauhou development just north of Heeia Bay. This facility presently serves only those resorts and condominium projects within the existing Keauhou Development. It has secondary treatment capabilities, and has a rated capacity of

about one million gallons per day. The plan is currently treating approximately 0.25 million gallons per day. It is anticipated that the 1,350 dwelling units proposed for the site will generate approximately 0.54 million gallons per day of effluent (400/gallons/unit). When added to the effluent that will be generated by those projects at Keauhou which are not a part of this petition (but are either under construction or in the planning phases), the loading will ultimately exceed the plant's capacity, and it will have to be expanded. However, the Petitioner has already made provisions for its expansion and will cover all construction costs when the expansion is necessary. All of the treated sewage effluent is presently used for irrigation of the golf course, and this system would be expanded to serve the proposed second course. During the start up of the plant in 1970-71, effluent was disposed of through dry wells located near the plant, and dye studies were conducted of the disposal system. These tests showed that there was no leaching of the effluent from the wells into the coastal waters adjacent to the site.

Solid Waste Disposal Services:

62. All of the solid waste generated by the existing Keauhou Development is disposed of at the Kailua sanitary landfill. All the other developments within Kona District also utilize this facility. It is expected that this practice will continue with the proposed project. The life-span of the existing disposal site is not known but it is anticipated that additional facilities will be required in the future.

Roadway and Highway Services and Facilities:

63. There are two major accessways to enter the subject property. From Kailua-Kona, there is Alii Drive which is a two-lane road that follows the coastline down to the existing Keauhou development. Along the mauka portion of the subject property is Kuakini Highway, which is also a two-lane road that originates in Kailua and angles southeast-northwest along the lower slopes of Mt. Hualalai. The accessway from Kuakini Highway to the existing Keauhou Development is Kamehameha III Road, which angles northeast-southwest from the highway and intersects Alii Drive and continues down to Keauhou Bay. As the proposed project is developed, additional minor roads will be constructed within the subject property.

64. The traffic generated at the Keauhou-Kona Development will affect three transportation corridors: Kuakini Highway, Kamehameha III Road, and Alii Drive. Using a prescribed methodology from the Highway Capacity Manual (1965) the capacities and the service volumes of both Kuakini Highway and Alii Drive were calculated to be 1,723 vehicles per hour (vph) and 1,034 vph per corridor, respectively. The capacity and service volume of Kamehameha III Road were somewhat less at 1,485 vph and 900 vph, respectively. The present usage of the aforesaid transportation corridors measured at selected points indicate average peak hour volumes of traffic of 205 to 849 vehicles which are well below the capacity and service volume. The completion of Phase III would generate an estimated maximum of 600 to 700 additional trips on Kuakini and Alii Highways at the peak hour which, when added to the existing flows, is still several hundred trips below their design capacities of over 1,700 vehicles per hour.

65. There are certain regional highway improvement plans that will also alleviate the increased traffic generated by the proposed project. These improvement plans include the Kuakini Highway Realignment (or Queen Kaahumanu Extension) and the Alii Drive Realignment. The Kuakini Highway Realignment, which would alleviate traffic congestion at the intersection of Palani Road and Kuakini Highway, is currently scheduled by the State for 1982 or 1983. The Alii Drive Realignment is not being actively pursued by the County of Hawaii at this time. But the County has initiated action to improve a section of the Kuakini Highway between Palani Road and Huailili Road by December 1980 in order to alleviate increasing traffic problems in Kailua Village. There is a need for Petitioner to improve certain roads, including the possible construction of that portion of the proposed Alii Drive Realignment which traverses through the Petitioner's property.

Water Services:

66. The source for domestic water for the subject property is the Kahaluu Shaft which has an estimated capacity of about six million gallons per day. The Department of Water Supply of the County of Hawaii has committed to provide water for Phase I and is also capable of committing water for the remaining phases.

CONTIGUITY OF PROPOSED DEVELOPMENT TO EXISTING
URBAN AREAS AND FACILITIES

67. The subject property is located mauka of and is contiguous to a 1,215-acre Urban District, of which 417.9 acres

have already been zoned by the County for resort and multi-family residential uses. The parcels makai of Alii Drive within the Urban District have been improved with all necessary supporting off-site infrastructure including major roads, water mains, and a sewage treatment facility providing secondary treatment. The resort character of the area is supported by the Keauhou-Kona Golf Course, an 18-hole championship golf course, three resort hotels, and several resort condominium projects. Included in this inventory are the 550-room Kona Surf Hotel, 430-room Kona Lagoon Hotel, and the 318-room Keauhou Beach Hotel as well as the 48-unit Keauhou Resort, the 76-unit Keauhou-Kona Surf and Racquet Club, the 48-unit Keauhou Akahi, and the 56-unit Keauhou Palena condominiums. Other condominium projects are under construction, and still others are planned; these include two additional hotels, a commercial area and a major tennis center.

68. The area makai of Alii Drive, of which area the proposed project is intended to be an expansion, is substantially developed as a self contained resort destination area within the standards of a major resort area as described in the Hawaii County General Plan.

POTENTIAL FOR EMPLOYMENT OPPORTUNITIES

69. The proposed second golf course within the subject property will favorably impact upon the potential for hotel employment at Keauhou. Because the existing course has reached its playing capacity, hotel developers and operators have been unwilling to proceed with the construction of any additional hotels until a second course has been completed. Development of the two remaining hotel sites at

Keauhou represents approximately 1,000 to 1,500 direct jobs in the hotels and many additional indirect jobs in the region.

STANDARDS FOR DETERMINING DISTRICT BOUNDARIES

70. The proposed project is a mauka extension of the existing Keauhou-Kona resort development which already includes lands characterized by "city-like" concentrations of people, structures, streets, urban level of services and other related land uses.

71. The subject property is adjacent to the existing employment areas of the Keauhou-Kona resort development and located five miles south of Kailua-Kona town.

72. The subject property is located in close or reasonable proximity to basic services such as water, sewage, police and fire protection, electrical and telephone utilities, and schools.

73. The subject property has satisfactory topography, drainage and soil conditions. The topography of the project site ranges from moderately to steeply sloping with an average overall slope of approximately 15 percent. Those areas which are considered to be undevelopable due to the severity of slopes will be left in their natural state. The relatively young, slightly dissected domes of the Island of Hawaii have gentle slopes and little soil. The unweathered highly permeable lavas allow virtually all of the rainfall to percolate to the water table, and consequently, rains in the development's upper watershed area never reach the coast by surface flows.

74. All of Phase I and Phase II of the project and a portion of Phase III of the proposed development of the

subject property are reasonably necessary to accommodate growth and development as a logical expansion of the existing Keauhou-Kona resort development. The Hawaii County General Plan designates the subject property for Low Density Urban Development and Alternate Urban Expansion which designations allow the residential and supportive uses proposed for the subject property.

75. The Petitioner, Kamehameha Development Corporation, as the developer has the financial stability and capacity to cause the construction of the proposed development and the obtaining of the necessary financing therefor.

76. The proposed golf course is reasonably necessary to accommodate the demand for golf plays created by the hotel guests and local residents.

INCREMENTAL DISTRICTING

77. Full urban development of the entire subject property cannot reasonably be completed within five years from the date of Commission approval. Petitioner intends to accomplish the development of the subject property in three phases. Phase I can be completed within five years from the date of Commission approval, and thereafter Phases II and III could be completed within five years of their respective commencement dates.

78. Phase I can be completed within 2-1/2 to 3-1/2 years. The infrastructure for all three phases are integrally related and must be planned as a whole in advance and the economics therefor justified and committed in advance. Phase I is needed now to meet current demands. The land covered in Phase II is also presently needed to meet the projected ten-year demand for urban growth, but development of Phase II may only be commenced upon substantial completion of Phase I.

79. The State Department of Planning and Economic Development recommends approval of Phase I subject to Petitioner providing for adequate employee housing, buffer zone around the Kahaluu water shaft, archaeological survey prior to construction, and dedication of a needed school site.

80. The County of Hawaii recommends approval of the entire request for all three phases in order that a comprehensive and coordinated review of the Petitioner's total development program can be made by the County. The County of Hawaii has indicated that, upon such approval, it shall require certain conditions and information in conjunction with the submission of any rezoning request by Petitioner including a master plan of the entire area, archaeological study with a view to preserve historic sites, a buffer zone around the Kahaluu Shaft, establishment of comprehensive design principles, provision for certain roadway improvements, and a program to provide housing for low and moderate income families and provision for other recreational facilities.

RULING ON PROPOSED FINDINGS OF FACT

Any of the proposed findings of fact submitted by the Petitioner or the other parties not already ruled upon by the Land Use Commission by adoption herein, or rejected by clearly contrary findings of fact herein, are hereby denied and rejected.

CONCLUSIONS OF LAW

Pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure, and the State Land Use

District Regulations, the Commission concludes that the reclassification of all of the lands within Phase I of the Petitioner's development plan of the subject property situated at Keauhou, Kona, Island of Hawaii, consisting of approximately 358.59 acres, and more particularly identified by Tax Map Key Numbers 7-8-07: portion of 11, 7-8-11:5, 7-8-10:41, 7-8-10: portion of 29, 7-8-10: portion of 2, 7-8-10: portion of 50, 7-8-10: portion of 51, 7-8-10: portion of 4, and 7-8-10: portion of 30, and more particularly described in Exhibit A attached hereto and incorporated by reference herein, and also portions of the lands within Phase III of the Petitioner's development plan of the subject property consisting of approximately 24.0 acres and more particularly identified by Tax Map Key Numbers 7-8-10: portion of 30 and 7-8-10: portion of 51, and more particularly described in said Exhibit A, from the Agricultural to the Urban District and amendment of the Land Use District Boundaries to permit the development of Phase I and portions of Phase III is reasonable, non-violative of Section 205-2, Hawaii Revised Statutes, and is consistent with the Interim Statewide Land Use Guidance Policies established pursuant to Section 205-16.1, Hawaii Revised Statutes, and by the State Land Use District Regulation 6-1.

The Commission further concludes that although full development of the lands within Phase II of the Petitioner's development plan cannot be reasonably completed within five years from the date of the Commission's decision in this matter, reclassification of the lands within Phase II of the Petitioner's development plan of the subject property consisting of 227.97 acres and more particularly identified by Tax Map Key Numbers 7-8-10: portion of 2, 7-8-10: portion of 50, and 7-8-10: portion of 4, and more particularly described in said Exhibit A, from

the Agricultural to the Urban District and amendment of the Land Use District Boundaries to permit the development of Phase II is reasonable, non-violative of Section 205-2, Hawaii Revised Statutes, and is consistent with the Interim Statewide Land Use Guidance Policies established pursuant to Section 205-16.1, Hawaii Revised Statutes, and by State Land Use District Regulation 6-1. Therefore, incremental redistricting of the lands within Phase II of the Petitioner's development is reasonable and warranted pursuant to State Land Use District Regulation 6-2.

The Commission further concludes that reclassification of the remaining portions of the lands within Phase III of the Petitioner's development plan consisting of 269.59 acres and more particularly identified as Tax Map Key Numbers 7-8-10: portion of 30, 7-8-10: portion of 51, 7-8-10:42, 7-8-10: portion of 29, 7-8-11:8, and more particularly described in said Exhibit A, has not been shown to be reasonably necessary and reclassification of said lands is violative of Section 205-2, Hawaii Revised Statutes, and will be inconsistent with Interim Statewide Land Use Guidance Policies established pursuant to Section 205-16.1, Hawaii Revised Statutes, and by State Land Use District Regulation 6-1.

ORDER

IT IS HEREBY ORDERED:

That the lands within Phase I of the Petitioner's development plan in Docket Number A79-461, consisting of 358.59 acres, more particularly identified as Tax Map Key Numbers 7-8-07: portion of 11, 7-8-11:5, 7-8-10:41, 7-8-10: portion of 29, 7-8-10: portion of 2, 7-8-10: portion of 50,

7-8-10: portion of 51, 7-8-10: portion of 4, and 7-8-10: portion of 30, and more particularly described in said Exhibit A, and the lands within the portion of Phase III of the Petitioner's development plan consisting of 24.0 acres, more particularly identified as Tax Map Key Numbers 7-8-10: portion of 30 and 7-8-10: portion of 51, situated at Keauhou, North Kona, Island of Hawaii, State of Hawaii, and more particularly described in said Exhibit A, shall be and the same are hereby reclassified from the Agricultural to the Urban classification and the District Boundaries are amended accordingly.

BE IT ALSO ORDERED that lands within Phase II of the Petitioner's development plan consisting of 227.97 acres, more particularly identified as Tax Map Key Numbers 7-8-10: portion of 2, 7-8-10: portion of 50, and 7-8-10: portion of 4, situated at Keauhou, North Kona, Island of Hawaii, State of Hawaii, and more particularly described in said Exhibit A, shall be and the same are approved for incremental development pursuant to State Land Use District Regulation 6-2 and that re-districting from the Agricultural to the Urban classification will be granted upon receipt of an application by Petitioner for redistricting of this second increment upon a prima facie showing that there has occurred substantial completion of the onsite and offsite improvements within Phase I and the portions of Phase III as described herein and in accordance with the Petitioner's development plan as indicated above, within five years of the date of this order.

BE IT FURTHER ORDERED that the remaining portions of land within Phase III of the Petitioner's development plan as

described herein, consisting of 269.59 acres and more particularly identified as Tax Map Key Numbers 7-8-10: portion of 30, 7-8-10: portion of 51, 7-8-10:42, 7-8-10: portion of 29 and 7-8-11:8, and more particularly described in said Exhibit A, be and is hereby denied reclassification from the Agricultural to the Urban District.

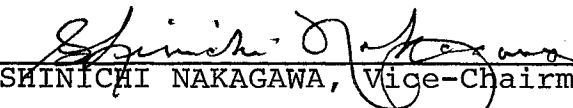
BE IT FURTHER ORDERED that the reclassification and incremental districting of the lands described herein shall be subject to the following conditions of the Land Use Commission:

1. That the Petitioner will include adequate buffer areas as indicated by the State Department of Land and Natural Resources in the immediate area around the Kahaluu Shaft Portal and other existing wells within this resort development so as to preserve their long-term viability as a major source of domestic water for the North Kona region.
2. That prior to any alteration of the subject property, the Petitioner shall have an archaeological survey conducted by a professional archaeologist, to identify the nature, location and value of all historic sites present on the subject property.


DONE at Honolulu, Hawaii, this 5th day of
August, 1980, per motion on April 2, 1980.

LAND USE COMMISSION
STATE OF HAWAII


CHARLES W. DUKE, Chairman

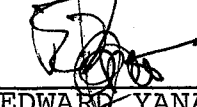

SHINICHI NAKAGAWA, Vice-Chairman

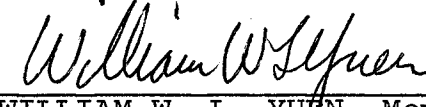

SHINSEI MIYASATO Member


MITSUO OURA, Member


GEORGE PASCUA, Member


CAROL WHITESELL, Member


EDWARD YANAI, Member


WILLIAM W. L. YUEN, Member

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Petition)
)
 of)
)
 KAMEHAMEHA DEVELOPMENT CORPORATION) DOCKET NO. A79-461
)
 To Amend the Agricultural Land Use)
 District Boundary to Reclassify)
 Approximately 880 Acres at Keauhou,)
 Kona, Island of Hawaii into the)
 Urban Land Use District)
)

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
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State of Hawaii
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Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, this 14th day of August, 1980.



JORDAN Y. FURUTANI
Executive Officer