

BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of the Petition of)
)
HALEKUA DEVELOPMENT CORPORATION,)
a Hawai'i corporation)
)
To Amend the Agricultural Land Use)
District Boundary into the Urban)
Land Use District for Approximately)
503.886 Acres of Land at Waikele)
and Ho'ae'ae, 'Ewa, O'ahu, City and)
County of Honolulu, Hawai'i, Tax)
Map Key No. 9-4-02: 1, portion of)
52, 70, and 71)
_____)

DOCKET NO. A92-683
AMENDED FINDINGS OF
FACT, CONCLUSIONS OF
LAW, AND DECISION AND
ORDER

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

Halekua Development Corporation, a Hawai'i corporation ("Petitioner"), filed a Petition for Land Use District Boundary Amendment on August 14, 1992, pursuant to chapter 205, Hawai'i Revised Statutes ("HRS"), and chapter 15-15, Hawai'i Administrative Rules ("HAR"), to amend the State land use district boundary by reclassifying approximately 504.865 acres of land situated at Waikele and Ho'ae'ae, 'Ewa, O'ahu, City and County of Honolulu, Hawai'i, identified as Tax Map Key No. 9-4-02: portion of 1 and portion of 52 ("Property" or "Petition Area"), from the State Land Use Agricultural District to the State Land Use Urban District.

The Land Use Commission of the State of Hawai'i ("Commission"), having reviewed and examined the testimony, evidence, and argument of the parties presented during the hearings; the Stipulated Proposed Findings of Fact, Conclusions

of Law, and Decision and Order of Petitioner and the Office of State Planning ("OSP"); and the City and County of Honolulu Planning Department's ("Planning Department") response to the Stipulated Proposed Findings of Fact, Conclusions of Law, and Decision and Order, issued its Findings of Fact, Conclusions of Law, and Decision and Order granting the reclassification of the Property from the State Land Use Agricultural District to the State Land Use Urban District on December 9, 1993 ("original Findings of Fact").

Petitioner filed a Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order on June 25, 1996; an Amendment to Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order on July 2, 1996; and a Second Amendment to Motion to Amend Findings of Fact, Conclusions of Law, and Decision and Order on September 4, 1996 (collectively referred to as "Motion to Amend"). The Commission, having reviewed and examined the testimony, evidence, and argument of the parties presented during the hearing on the Motion to Amend, hereby makes the following amended findings of fact, conclusions of law, and decision and order:

FINDINGS OF FACT

PROCEDURAL MATTERS

1. On August 14, 1992, Petitioner filed a Petition for Land Use District Boundary Amendment ("Petition").
2. Petitioner filed an Addendum to its Petition on November 10, 1992, clarifying Petitioner's interest in the Property.

3. A prehearing conference on the Petition was held on November 17, 1992, at which time the parties exchanged lists of exhibits and witnesses.

4. The Commission held hearings on the Petition on December 3 and 4, 1992, and March 31, 1993, pursuant to a public notice published on October 22, 1992, in the Honolulu Star-Bulletin.

5. On November 9, 1992, the Commission received a letter from Senator Randy Iwase. On November 30, 1992, the Commission received a letter from the Department of the Navy. Both of these letters were admitted into evidence by the Commission without objection.

6. On December 3, 1992, the Commission heard public testimony in support of the Petition from the following: Mr. C.O. "Andy" Anderson; Mr. Cal Kawamoto, Chairman of the Waipahu Neighborhood Board; and Mr. Allan McAngus, President of the Village Park Athletic Association. Written testimony in support of the Petition from Ms. Annette Yamaguchi was also admitted into evidence by the Commission without objection.

7. On June 16, 1993, the matter was presented for decision-making before the Commission. At that time the Commission admitted into evidence, with no objections from the parties, a letter from Senator Randy Iwase dated June 9, 1993, advising the Commission of the passage of Senate Bill 5, S.D.1, H.D.2, and approved by the Governor as Act 149 on May 21, 1993. Upon its own motion, the Commission continued consideration of

the Petition to further analyze the statutory provisions of Act 149, SLH 1993.

8. On June 29, 1993, upon its own motion, the Commission again continued consideration of the Petition.

9. On July 16, 1993, Petitioner filed a Motion to Reopen Hearing, which was granted by the Commission on July 16, 1993, and by a written Order Granting Motion to Reopen Hearing filed on July 23, 1993. On July 26, 1993, the Commission issued its "Order Re: Submission of Exhibits and Identification of Witnesses" for this docket. The Commission thereupon held a reopened hearing on September 9, 1993, pursuant to a public notice published on August 6, 1993, in the Honolulu Star-Bulletin.

10. At the September 9, 1993, hearing, the Commission heard additional public testimony in support of the Petition from the following: Thomas Kagimoto, President of the Royal Kunia Community Association; Fritz McKenzie, chairperson of the Central O'ahu Task Force which was formed pursuant to City Council Resolution #90-448 CD-1; and Jerry Souza.

11. On August 1, 1995, Petitioner filed a Motion to Change Ownership Interest in the Petition Area ("Motion to Change Ownership Interest"). On August 25, 1995, the Commission granted Petitioner's Motion to Change Ownership Interest and Petitioner's oral request to correct the metes and bounds description of the Petition Area. On September 6, 1995, the Commission issued its Order Granting Motion to Correct Metes and Bounds Description of the Petition Area. The Petition Area was hereinafter to be

comprised of approximately 503.886 acres. On September 19, 1995, the Commission issued its Order Granting Motion to Change Ownership Interest in the Petition Area.

DESCRIPTION OF THE PROPERTY

12. The Property is located at Waikele and Ho'ae'ae, 'Ewa, O'ahu, and is currently identified as Tax Map Key No. 9-4-02: 1, portion of 52, 70, and 71. The Property is located approximately 1.2 miles north of the Kunia Interchange of Interstate Route H-1. The Property is bounded on the south by the Royal Kunia Phase I residential subdivision; on the west by Kunia Road; on the east by Waikele Stream; and on the north by overhead electrical transmission lines. At the northwest corner of the Property is an approximately 150-acre area proposed for an agricultural park by Petitioner as part of the Royal Kunia Phase II development.

13. The Property and the proposed agricultural park area were originally owned in fee simple by Caroline J. Robinson Limited Partnership, a Hawai'i limited partnership; Bishop Trust Company, Limited, a Hawai'i corporation, Trustee; Chinn Ho, Herman G.P. Lemke and Mildred Teresa Centeio, Trustees; Waikele Lands, Ltd., a Hawai'i corporation, and American Trust Co. of Hawai'i, Inc., a Hawai'i corporation, Trustee (collectively referred to herein as "Robinson Estate"). Petitioner had executed an agreement to purchase the Property and the proposed agricultural park area from the Robinson Estate in fee simple.

14. By way of Limited Warranty Deeds recorded with the Bureau of Conveyances on September 12, 1995, 347.036 acres of the

Property were conveyed from the Robinson Estate to Petitioner. By way of Warranty Deeds recorded with the Bureau of Conveyances on April 16, 1996, 137.016 acres of this Property were conveyed from Petitioner to HRT, Ltd., and related entities in fee simple.

15. The site is fallow and is no longer being utilized for sugarcane production by Oahu Sugar Company ("OSC").

16. The Property slopes downwards from the northwest to the southeast at a gradient of 2 to 6 percent. The ground elevations range from approximately 450 feet to 575 feet mean sea level. Two drainageways traverse the middle section of the Property.

17. The annual median rainfall is approximately 34" (State gage no. 740.1). The months of May to September are usually drier than October to April. Temperatures are approximately 1 degree fahrenheit higher than Wahiawa (based on a general observation that temperatures in Hawai'i decrease approximately 3.2 degrees fahrenheit per 1,000 feet in elevation). The average annual maximum temperature is approximately 79 degrees fahrenheit and the average annual minimum temperature is approximately 64 degrees fahrenheit. Predominant wind direction and the higher wind speeds are from the northeast to east direction. The average wind speed is 11.5 miles per hour.

18. Red to reddish brown residual soils are generally found on the Property. The surface soils are underlain by rocks, generally near depths of approximately 10 feet. Boulders and cobbles were encountered at lesser depths.

19. The U.S. Department of Agriculture, Soil Conservation Service ("SCS"), classifies the soils as Lahaina silty clay (LaA, LaB) and Moloka'i silty clay loam (MuD, MuB). The predominant soil types, LaA and LaB, comprise approximately 84 percent of the Property. The Lahaina and Moloka'i soils have similar characteristics--they are moderately permeable, have slight to moderate erosion hazards, and are underlain by bedrock at depths greater than five feet.

20. The soils on the Property, as indicated by the Agriculture Lands of Importance to the State of Hawai'i ("ALISH"), Land Study Bureau ("LSB"), and SCS classification systems, consist of:

- ALISH: Prime (95 percent of the Property)
- LSB: Overall productivity ratings of "A" (94 percent of the Property) and "B" (remainder of the Property); and
- SCS: I or II (90 percent of the Property); III or IV (10 percent of the Property)

21. The Federal Emergency Management Agency's Flood Insurance Rate Map, Panel 150001-0000, dated September 28, 1990, indicates that the Property is located in Zone D (areas in which flood hazards are undetermined).

22. The seismic risk classification for the Property and the entire island of O'ahu is Zone 1 (Uniform Building Code). Zone 1 indicates that the island is subject to minor earthquake damage.

PROPOSAL FOR RECLASSIFICATION

23. Petitioner has proposed to develop the Property as a project called Royal Kunia Phase II. Royal Kunia Phase II is envisioned as a planned community which will complement Royal Kunia Phase I and the existing Village Park residential subdivision located south of Royal Kunia Phase I. Petitioner has a Master Plan which encompasses both Royal Kunia Phase I and Royal Kunia Phase II. The Royal Kunia Phase II development will include approximately 2,000 single-family and multi-family residences, 123 acres of light industrial uses, a public park, and a school site ("Project"). The 150-acre agricultural park is also part of the development. The land for the agricultural park is not proposed for reclassification and is to remain in the Agricultural District.

24. Petitioner's land use plan of the proposed Project was originally anticipated to be comprised of the following land use components:

PROPERTY:

<u>Land Use</u>	<u>Acres</u>	<u>Units</u>
Single-Family	124.0	800
Low-Density Apartments	74.0	1,200
Golf Course	160.0	
Light Industrial	123.0	
School	6.0	
Public Park	10.0	
Circulation	8.0	
<u>TOTAL AREA TO BE DEVELOPED</u>	505.0	2,000
<u>AGRICULTURAL PARK:</u>	150.0	
<u>TOTAL PHASE II DEVELOPMENT AREA:</u>	655.0	

25. Petitioner's revised land use plan is as follows:

PROPERTY:

<u>Land Use</u>	<u>Acres</u>	<u>Units</u>
Single-Family	290.8	1,250
Low-Density Apartments	70.3	750
Light Industrial	123.7	
School	8.0	
Public Park	11.1	
<u>TOTAL AREA TO BE DEVELOPED</u>	503.9	2,000
<u>AGRICULTURAL PARK:</u>	151.1	
<u>TOTAL PHASE II DEVELOPMENT AREA:</u>	655.0	

26. The Village Park, Royal Kunia Phase I, and Royal Kunia Phase II subdivisions are considered together by Petitioner as an integrated community for purposes of planning and the provision of amenities, such as the proposed recreation center for use by the entire community consisting of all three subdivisions.

27. A variety of homes will be offered to people of different income levels and to families of various sizes. The original Project was to consist of townhomes, single-family dwellings, and golf course frontage lots. The Project, as originally proposed, was anticipated to consist of 800 single-family units, which would average 6.5 units per residential-acre. The low-density apartment area consisted of 1,200 units and would average 16.2 units per acre. These 1,200 units would consist of a variety of 1, 2, and 3-bedroom townhome units offered for sale both as market units and as affordable units.

28. The single-family market units were to be priced between \$270,000-\$350,000 at 1992 prices. Higher priced market units were anticipated to be between \$325,000-\$400,000. Multi-family market units were anticipated to be sold in the \$250,000-\$300,000 price range.

29. Under the revised plan, the Project will consist of 1,250 single-family units on varying lot sizes but with a minimum lot size of 5,000 square feet. It is anticipated that these units will be priced between \$290,000-\$350,000 at 1996 prices. The low-density apartment areas will consist of 750 units, with 600 of these units being designated for affordable housing. At least 200 of these units will be provided for households earning 80 percent or less of median income. The revised plan will decrease the overall density for the Project by approximately 40 percent, from 10.1 units per acre to about 6.1 units per acre.

30. Petitioner had originally agreed to develop 60 percent of the Project's housing units as affordable housing for residents of the State of Hawai'i, in accordance with the Affordable Housing Guidelines adopted by the State Housing Finance and Development Corporation ("HFDC"), effective July 1, 1992, as periodically amended.

31. The City and County of Honolulu is requiring Petitioner to provide a minimum of 30 percent of the units in the revised plan for the Project for sale or rent to households that do not exceed 120 percent of O'ahu's median income. At least 10 percent of the total units proposed for the Project must be for households earning 80 percent or less of the area median income.

HFDC has agreed that the County's affordable housing requirements are generally consistent with the HFDC Affordable Housing Guidelines and that this requirement is acceptable to HFDC.

32. All of the affordable units for the Project will be developed within the Property, and will consist of affordable rental units as well as for-sale units.

33. The affordable units will be developed concurrently with the market units.

34. A total of 123 acres is proposed to be developed as a "business park." The industrial area is expected to serve the needs of a wide range of "light industries" and businesses.

35. An 11.1-acre public park is proposed for the Project. The park site will be dedicated to the City and County of Honolulu, Department of Parks and Recreation, to meet the requirements of the Park Dedication Ordinance.

36. A 6-acre school site was originally proposed for the Project. The revised plan for the Project contains a larger school site of 8 acres, in accordance with the Department of Education's ("DOE") request. This school site, along with the existing Kalei'opu'u Elementary School and playground in the Village Park subdivision, and a proposed school site in Royal Kunia Phase I, will serve the projected elementary student enrollment expected in the future.

37. Petitioner has reserved 150 acres at the northern boundary of the Property for use as a State operated agricultural park. Petitioner is proposing that the 150 acres be conveyed to the State of Hawai'i and subdivided into a number of agricultural

lots to be farmed by individual farmers. Petitioner will provide utility improvements up to the park, while the State will provide improvements within the park. Homes for farmers are to be built in cluster housing on a portion of the park acreage.

38. Petitioner and the Department of Agriculture of the State of Hawai'i ("DOA") have entered into a Memorandum of Understanding, dated March 30, 1993, in which Petitioner agrees to convey 150 acres of land within the Royal Kunia Phase II development to the State of Hawai'i for the purpose of establishing a State agricultural park. In accordance with the terms of the Memorandum of Understanding, the parties have been negotiating the terms of a more detailed Development Agreement. The DOA has accepted the final negotiated terms and conditions for the Development Agreement. The parties have agreed to an extension of time for executing the Development Agreement so that the DOA may conduct an environmental assessment of the site, in accordance with requirements by the Office of the Attorney General.

39. The DOA has expressed its support of Petitioner's Project, and its willingness to accept and develop the 150-acre agricultural park site.

40. Petitioner has agreed with the DOA that in the event that Petitioner's proposed reclassification of the Property is approved, Petitioner will convey free and clear title to the 150 acres for the agricultural park within six months after receiving the necessary land use approvals from the State of

Hawai'i and the City and County of Honolulu, or by December 31, 1997, whichever event shall occur sooner.

41. Petitioner will design and construct off-site infrastructure improvements for the agricultural park including off-site roadways, potable and irrigation water lines, and sewer lines and other utility connections, up to the property boundary of the agricultural park at no cost to the DOA.

42. The Project was originally intended to be developed in two 3-year period increments. The first increment was to begin in 1994 and be completed in 1996. In the first increment, Petitioner intended to do the planning, engineering, and construction of all the major off-site improvements for the Property. It was anticipated that a portion of the affordable multi-family units and a portion of the single-family units as well as all of the market multi-family units would be completed within the first increment. A portion of the industrial park would also be developed. During the second 3-year period increment, starting in 1997 and ending in 1999, the remaining affordable multi-family units and single-family units would be developed. The remainder of the industrial park and the golf course were also to be completed.

43. It is anticipated that under the revised plan, the Project will be developed over a 12-year period. The affordable multi-family units will be developed proportionately along with the market single-family units.

44. The components of the Project are projected to be absorbed at varying rates. Residential absorption of 500 units

per year was originally expected, which would have resulted in the absorption of the residential portion of the Project within four years. Under the revised plan, it is anticipated that the Project will reach capture rates of 12 to 18 percent of the regional market and will be fully absorbed within 12 years. The original industrial absorption was projected to be 18 acres per year starting from 1995 and 15 acres per year through 2002 thereafter, or a total of eight years to absorb the entire development. It is now anticipated that the major access roadway for the industrial park will be completed during 1997 and that construction of the internal roadways and utilities for the industrial subdivision will commence within one year subsequent to completion of the major roadway. It is estimated that 15 acres of the industrial park will be absorbed per year, varying depending upon market conditions and other factors.

45. The infrastructure for the Project, including off-site water, sewer, and drainage system is being developed with the Royal Kunia Phase I infrastructure, which has already been financed and is currently under construction. The majority of the infrastructure for Royal Kunia Phase I has been designed to accommodate future development in the Project.

46. Total construction costs for the infrastructure and on-site improvements were originally estimated to be approximately \$110,000,000. In addition, the residential unit costs were estimated to be approximately \$185,000,000, for a total Project cost of \$295,000,000 based on 1992 dollars. The updated infrastructure costs under the revised plan for the

Project are estimated to be \$129,600,000 and updated residential unit costs are estimated at \$205,000,000, for a total revised estimated Project cost of \$334,600,000.

PETITIONER'S FINANCIAL CAPABILITY
TO UNDERTAKE THE PROPOSED DEVELOPMENT

47. Petitioner's Balance Sheet, dated June 30, 1992, evidenced that Petitioner had the financial capability to undertake the Project. Petitioner had total assets of \$92,491,247.84 and liabilities and stockholder's equity of \$92,491,247.84. Petitioner's updated Balance Sheet, dated February 28, 1996, indicates that Petitioner has total assets of \$62,711,119, total liabilities of \$10,956,162, and total stockholder's equity of \$51,754,957.

48. At the time of the original hearings on the Petition, Petitioner's lead lender had expressed that construction financing could be arranged for the Project.

49. At the time of the original hearings on the Petition, the Project, including the 60 percent affordable housing component that was anticipated at that time, was financially feasible.

50. Herbert Horita, the President and sole stockholder of Halekua Development Corporation, Petitioner herein, has 30 years of development experience in Hawai'i, involving the development of approximately 11,300 units, including the development of the Village Park and Royal Kunia Phase I subdivisions.

51. Petitioner through its President, Herbert Horita, represented in the original hearings on the Petition that he intends to develop the Project on his own and in its entirety. Petitioner subsequently obtained Commission approval to allow HRT, Ltd., to purchase and develop the 123-acre industrial park and approximately 9 acres of apartment designated land within the Property.

STATE AND COUNTY PLANS AND PROGRAMS

52. The Property is located within the State Land Use Agricultural District, as reflected on Land Use District Boundary Map O-5 ("Schofield Barracks").

53. Pursuant to the 1991 Development Plan Amendment Annual Review, Petitioner obtained approval for 1,000 residential units to be situated on 57 acres designated for Low-Density Apartments and 35 acres designated for Single-Family Dwellings. Petitioner also obtained approval of 123 acres for industrial uses, 10 acres for a public park, 6 acres for a public school site, and 160 acres designated for preservation.

54. Petitioner sought a Development Plan Amendment in the 1993 annual review process of the City and County of Honolulu for an additional 1,000 residential units. This approval was obtained in October 1994.

55. The Property was originally zoned Ag-1 Restricted Agriculture. Petitioner sought rezoning covering 1,000 residential units and the industrial area into R-5 Residential, A-1 Low Density Apartment, and I-1 Industrial zoning classifications. This rezoning was approved in March 1995.

56. The Planning Department is opposed to Petitioner's Project for the Property.

57. The Property was not included in the urban recommendations in OSP's Final State Land Use District Boundary Review report for O'ahu because of the agricultural resource value of these lands. Furthermore, Petitioner did not propose the Property for consideration in the Five-Year Boundary Review.

58. A case-by-case review has resulted in OSP's conditional support of this Petition, because of the opportunity provided by Petitioner to preserve in perpetuity 150 acres of prime agricultural land as an agricultural park.

NEED FOR THE PROPOSED DEVELOPMENT

59. A report entitled "Market Assessment for Royal Kunia Phase II" was prepared by John Zapotocky in June 1992, which addressed the market analyses for the residential, industrial, and golf course developments ("Zapotocky study"). An updated market study entitled "Market Study of the Proposed Royal Kunia Phase II Master Plan Revision" was prepared by the Hallstrom Group in May 1996 to address the market analysis under the revised plan for the Project.

60. Based on the Zapotocky study, the Commission found that the shortage of residential housing throughout the State of Hawai'i in general and on O'ahu in particular, had been a growing problem for over a decade. The supply of new housing units had not kept pace with the demand for a number of reasons. State and City agencies had developed estimates of unit shortfalls ranging

from 20,000 to 40,000 units, while private studies suggested that the existing shortfall might be as high as 50,000 units.

61. Based on the Zapotocky study, the Commission found that the resident population of O`ahu increased from 630,528 to 762,565 from 1970 to 1980, an increase of 20 percent. From April 1980 to April 1990, the resident population of O`ahu increased from 762,565 to 836,231, or 9.7 percent. The official State forecast of population for the island of O`ahu through the year 2010 projected a resident population of 999,500 persons. The housing stock would have to increase to accommodate the increase in population.

62. Based on the Zapotocky study, the Commission found that the number of persons housed in each unit determines the number of units required per given population. The household size in the United States, State of Hawai`i, and City and County of Honolulu had been declining for at least the past 50 years. Within the State, household size had declined from 4.46 persons in 1940 to 3.15 persons in 1980 to 3.01 persons in 1990. This trend was expected to continue in the State of Hawai`i driven primarily by demographic trends.

63. Based on the Zapotocky study, the Commission found that the O`ahu vacancy rates as measured by Postal Vacancy Surveys, Federal Home Loan Bank Surveys, and State Health Department monitoring indicated that vacancies in the 1989 to 1990 timeframe were at historic lows (below 2 percent) and well below the 5 percent considered adequate to provide homeowners and renters with mobility.

64. Based on the Zapotocky study, the Commission found that the total demand for residential units on O'ahu was expected to exceed 378,800 by the year 2010. Based on the existing inventory as of the end of 1990, there would be a total demand by the year 2010 of 106,400 units. Thus, average annual demand was projected to be 5,300 units per year. Assuming that 84,600 units (90 percent of the 94,000 additional units approved in the City and County Development Plans and by the Commission) were developed by 2010, a shortfall of 21,800 units or an average of 1,100 units per year was projected.

65. Based on the Zapotocky study, the Commission found that given the overall shortfall of over 20,000 units by the year 2010, the Project could meet approximately 10 percent of this overall shortfall. On an annual basis, the 500-unit per year production target could eliminate up to 50 percent of the estimated unit shortfall for the years in which the Project was producing units. Given the above scenario, the absorption of 500 units per year within the Project was anticipated.

66. Based on the Zapotocky study, the Commission found that a greater shortfall was estimated if the need for affordable units was considered. A total of 63,000 affordable units would be needed by 2010, with an existing potential supply of 33,800 units. Thus, a shortfall of 28,200 units would require that a supply of 48,600 additional units be approved if 60 percent of those units were committed to be affordable units.

67. Based on the Zapotocky study, the Commission found that given the shortage of affordable housing on O'ahu and the

experience of the Mililani Mauka and Waikele developments, the affordable units of the Project could be absorbed as fast as they could be developed for the foreseeable future.

68. Based on the Hallstrom study, the Commission finds that up to 54,000 new housing units would be required in the Central O'ahu/'Ewa/Kapolei region by the year 2010. Approximately 75 percent of this demand would be for units having a current price of \$350,000 or less.

69. Based on the Hallstrom study, the Commission finds that the average lot sizes for homes in this region have dropped in 12 of the last 16 years, stabilizing recently at about 4,600 square feet. About 82 percent of the homes built since 1978 are on lots averaging 5,000 square feet or less. The trend toward smaller lots continues in almost every community in an effort to cut cost and maximize profit.

70. Based on the Hallstrom study, the Commission finds that although lot sizes have decreased over time, the living areas of single-family residences have constantly increased. The study concluded that the current market fails to provide potential purchasers with a meaningful diversity of choice and is dominated by product that features similar sized units on similar sized lots. The study indicates that this limited diversity could pose major market acceptance problems over the long term.

71. Based on the Hallstrom study, the Commission finds that a significant number of potential homebuyers prefer larger lot sizes for single-family homes and lessened densities for all residential product types. This is substantiated in the study by

the finding that projects offering larger lot sizes experience absorption rates of 15 to 40 percent faster than otherwise competitive inventory on smaller parcels.

72. Based on the Hallstrom study, the Commission concludes that the lessened densities and larger lot sizes that are proposed in the revised master plan for the Project will provide a product type which is highly sought after and generally under-supplied in the regional marketplace.

73. Based on the Hallstrom study, the Commission concludes that the revised plan for the Project will provide buyers with additional space for future home expansion, enhanced privacy, and room for more at-home activities. The single-family homes will be designed with expandable floor plans which will allow homeowners to make incremental expansions/upgrades when money is available, and will further increase the value of the residence upon resale. It is anticipated that the inventory will appeal to the primary homebuyer group which has historically been attracted to the Royal Kunia project.

74. Based on the Hallstrom study, the Commission finds that the demand for new golf courses on O'ahu has declined dramatically in recent years due to poor capital investment and over-supply factors. The conversion of the golf course acreage into single-family use will allow for lessened intensity and density throughout the Project.

75. Based on the Hallstrom study, the Commission finds that some 26,362 additional units will need to be developed in Central O'ahu by the year 2020, or an average of 1,054 new units

finished annually. Seventy-five percent of the market demand will fall in the category of homes having a current sales price of up to \$350,000. It is anticipated that most of the Project's units will fall within this average price range, with approximately 30 percent of the units falling into the affordable price range.

76. Based on the Hallstrom study, the Commission finds that while the average living area of finished homes increased by 31 percent from 1984 through 1994, the finished lot sizes have decreased by 2.92 percent. Since the onset of the recession in 1991, 93 percent of the homes sited on lots larger than 5,500 square feet have been successfully sold, while only 72 percent of those on smaller lots have been absorbed. The revised plan for the Project would offer larger lots at similar prices relative to the original Project, and would result in allowing the Project to achieve higher absorption rates in today's market.

77. Based on the Hallstrom study, the Commission estimates that 82 percent of the housing inventory would have average lot sizes of 5,000 square feet or less, while only 7 percent would offer sizes of 6,000 square feet or larger.

78. Based on the Hallstrom study, the Commission concludes that the revised plan for Project should be able to achieve a stabilized capture rate of 12 to 14 percent, with the single-family component under the revised plan reaching capture rates of up to 18 percent, in line with the leading developments in the area. This will result in speeding absorption of the product by 2 to 5 years over current estimates.

79. Based on the Zapotocky study, the Commission found that future demand for new industrial land was projected to come primarily from the growth in industrial jobs. Through the year 2010, it was estimated that there would be a demand for a total of 898 acres of industrial land. Assuming a flexibility factor of 25 percent to assure that industrial land use needs are not unduly restricted by artificial restraints, the islandwide demand for industrial land by the year 2010 was anticipated to be 1,123 acres.

80. Based on the Zapotocky study, the Commission found that in addition to job generated demand for industrial land, the conversion of existing industrial lands to other uses was expected to result in a demand for an additional 322 acres by the year 2010.

81. Based on the Zapotocky study, the Commission found that based on projected demand and existing and projected supply of industrial lands, the shortage of industrial land in Central O'ahu was estimated to be 133 acres by the year 2010. If, however, it was assumed that additional demand in the Primary Urban Center ("PUC") would have to be accommodated outside of the PUC, then this figure was likely to grow.

82. The area to remain in agriculture as an agricultural park has good agronomic conditions. Most of the site is comprised of good soils, and the area receives considerable sunshine. There will be an eventual water requirement of approximately 1 million gallons per day ("mgd") to irrigate crops. Further, the site is a short trucking distance

to the large Honolulu market for domestic sales and farm purchases, and to the airport and harbor for shipments to overseas markets.

83. There is a demand for State agricultural park leases on O'ahu. The DOA maintains a list of parties interested in agricultural park leases which contains approximately 500 expressions of interest, representing approximately 350 individuals.

84. It is anticipated that the State of Hawai'i will lease the agricultural park to the Hawai'i Farm Bureau, who will manage it and sublease over 20 small lots to farmers.

ECONOMIC IMPACTS

85. A report entitled "Proposed Royal Kunia Phase II: Impact on State and County Revenues and Expenditures" was prepared by Decision Analysts Hawaii, Inc., in July 1992 ("DAH's original report"). An updated report was prepared in May 1996 for the revised plan for the Project ("DAH's updated report").

86. Based on DAH's original report, the Commission estimated that during the construction of the Project, construction employment and total construction payroll would average approximately 430 jobs and \$19.4 million per year, respectively. However, these figures would fluctuate greatly from one year to the next, depending upon the phase of construction.

87. Based on DAH's original report, the Commission found that the direct on-site employment at Project build-out would be approximately 1,450 jobs, most of which would be

generated by light-industry activities within the industrial area. Additional employment would be provided by the golf course, school, and grounds and home maintenance. The agricultural park would support approximately 30 farm related jobs. Total payroll for all of these jobs would be approximately \$36.2 million per year.

88. Based on DAH's original report, the Commission found that State and County revenues which would be derived from the Project were expected to be significant and sufficient to allow government to afford the capital improvements and services required to accommodate the Project. The estimates of government revenues which would be derived from residents and commercial activities in the Project include taxes (property, excise, income, and other taxes), user charges and fees, earnings, and all other sources of revenues. The revenues were expected to be sufficient to: (1) finance park, fire-station, and school improvements; (2) provide the same level of per-unit services as is provided currently to island residents; and (3) serve additional community needs with the remaining net revenues.

89. Based on DAH'S original report, the Commission found that rollback taxes to the County resulting from withdrawal of the land from agriculture would be approximately \$500,000. At the Project's completion, County revenues derived from the Project were projected to be \$6.2 million per year, while expenditures to support the Project were expected to be \$4.7 million (including debt service on park and fire-station improvements), thereby resulting in net County revenues of

approximately \$1.5 million per year. This compares to approximately \$3,000 per year derived from property taxes on the Property when used for agriculture.

90. Based on DAH's original report, the Commission found that for the State, excise tax revenues generated by construction activity were estimated to be \$30.5 million, a sum which exceeds the \$10 million projected expenditure by the State for required improvements (primarily school improvements). Upon completion of the Project, State revenues derived therefrom were projected to be approximately \$17.2 million per year, with the largest revenues being derived from (1) excise taxes of \$5.3 million per year related to consumption expenditures of residents and sales of on-site businesses, and (2) personal and corporate income taxes of \$8.5 million per year paid by residents of the Project and on-site businesses. The remaining \$3.4 million per year in State revenues was derived from a variety of sources related to population. Expenditures required to support the Project were estimated to be approximately \$12.1 million per year (including debt service on school improvements). Therefore, the State was estimated to receive a net income of approximately \$5.1 million per year. Currently, the State derives negligible tax revenues from activities on the Property.

91. Based on DAH's updated report, the Commission finds that at full development, City revenues under the revised plan for the Project are expected to reach \$6.6 million per year, with \$3.9 million of this being derived from property taxes. The

remaining \$2.7 million per year are derived from a variety of sources related to population.

92. Based on DAH's updated report, the Commission finds that most of the capital improvements will be provided or financed by Petitioner. These items include land for park improvements, interior roads, the widening of Kunia Road, water development and distribution systems, drainage, collector and sewer trunk systems, and pro rata contributions for wastewater treatment facilities.

93. Based on DAH's updated report, the Commission concludes that at full development, total annual expenditures by the City will amount to about \$5.1 million per year. Net revenues to the City are estimated to be approximately \$1.5 million per year.

94. Based on DAH's updated report, the Commission finds that construction activity under the revised plan for the Project would generate a total of \$43.2 million in excise, personal income, and corporate income tax revenues. At full development, the increase in State tax revenues is expected to be \$27.7 million per year.

95. Based on DAH's updated report, the Commission finds that at full development, total annual expenditures by the State will amount to about \$19.9 million per year. The major capital improvement required to support the proposed Project will be school improvements, which are estimated to be \$11.8 million.

96. Based on DAH's updated report, the Commission concludes that net revenues under the revised plan for the

Project will be approximately \$7.8 million per year once full development is achieved.

SOCIAL IMPACTS

97. In March 1989, Earthplan prepared a social impact assessment for the Project. A second report was prepared by Earthplan in June 1992, which updated the information presented in the 1989 report.

98. The Property is part of the Waipahu Neighborhood Board area ("Waipahu Area") which extends from the H-2 Freeway to Kunia Road, and runs mauka - makai from Kupehau Road (south of Kunia Village) and Mililani Cemetery Road.

99. On the average, the Waipahu Area grew 4.2 percent a year; this rate is higher than the 2.6 percent average annual growth rate for Central O'ahu. Approximately 19,300 persons live in the communities mauka of the H-1 Freeway. Approximately 32,000 people live in Waipahu Town and other areas makai of the freeway.

100. The original Project was estimated to house approximately 6,060 persons, based on a household size of 3.03 persons. The original Project's population represented a 5 percent increase over the 1990 Central O'ahu population of 130,526 persons. Under the revised plan, the Project is estimated to house approximately 6,250 persons, based on a household size of 2.5 persons per multi-family unit and 3.5 persons per single-family unit.

101. The Waipahu Area, particularly Waipahu Town, is generally lower on the economic scale in the islandwide

community. Waipahu had proportionally more families below poverty level, less people in managerial/professional occupations, more immigrants, and lower educational levels. The residents mauka of the H-1 Freeway tend to have higher incomes, better-paying jobs, and a lower unemployment rate.

102. The Project is consistent with the community's desire for increased diversity in the community. The Project will bring in a population which will likely reflect the social and economic characteristics of the overall island.

103. Village Park is estimated to house a population of 5,500 persons. When fully developed, Royal Kunia Phase I could house approximately 7,500 people. The original Project's estimated 6,060 residents would bring the total population of the three developments to approximately 19,060 persons. Under the revised plan, the Project's estimated residents would bring the total population to approximately 19,250 persons.

104. The Project will increase the community's need for public services, as well as provide justification for more services and facilities. Both phases of Royal Kunia include public facilities to meet the needs of the additional population.

IMPACTS UPON RESOURCES OF THE AREA

Agricultural Resources

105. A report entitled "Royal Kunia Phase II: Impact on Agriculture" was prepared by Decision Analysts Hawaii, Inc., in July 1992.

106. The agricultural value of the Property is high. The Property has all of the natural attributes necessary for the

successful cultivation of agricultural commodities. It has fertile soils, low incidences of cloud cover, high levels of insolation, and access to inexpensive irrigation water.

107. Since the late 1960s, approximately 177,000 acres have been or will be released from sugar and pineapple cultivation.

108. Of the 177,000 acres released from sugar and pineapple, approximately 33,000 acres have been or are scheduled to be put to other uses, such as macadamia nut cultivation, urban uses, and some golf courses. Therefore, over 140,000 acres will be available for diversified agriculture.

109. Approximately 5,000 acres of land are presently being used in diversified agriculture to supply the Hawai'i market.

110. OSC has gradually ceased operations. It was anticipated that this would result in the release of 10,500 acres from sugar cultivation and the release of 350 workers.

111. The 150-acre State agricultural park will contribute to the growth of diversified agriculture on O'ahu by increasing the supply of high quality and well-located agricultural land that is available to small farmers. Furthermore, the land will be offered at attractive lease rents.

112. The DOA supports Petitioner's proposal because it represents a unique opportunity for the State to acquire and have developed at minimal cost a usable-sized tract of prime agricultural land for diversified crop production made available

to small farmers in 5 to 10-acre subdivided agricultural park lots under long-term leases at affordable rents.

113. The Hawai'i Farm Bureau Federation supports Petitioner's proposed reclassification of land with the understanding the Royal Kunia Phase II development includes the development of the agricultural park.

Flora

114. A botanical survey of the Property was conducted by Char and Associates in November 1988. A walk-through method was used in the survey. Almost the entire Property was covered with sugarcane (Saccharum officinarum). The Property was devoid of noteworthy botanical features.

115. A total of 59 species of vascular plants were found on the Property. Of these, 57 (97 percent) were exotic weeds or deliberately introduced plants and two (3 percent) were native or presumed-native plants. None of the species found on the Property were officially listed as endangered or threatened, nor were any species proposed or candidates for such status.

116. There is little of botanical significance on the Property, as most of the area has been extensively cultivated in sugarcane for many years. The Project is not expected to have a significant impact on the total island populations of the species involved.

Fauna

117. An Avifaunal and Feral Mammal Survey was conducted on the Property by Phillip L. Bruner, Assistant Professor of Biology, BYU-H, in November 1988.

118. No endemic birds were recorded during the survey. No indigenous resident species were recorded. A total of 45 Pacific Golden Plover (Pluvialis fulva) were recorded during the survey. Most were seen along the roads which run in all directions through the Property and in a recently cleared sugarcane field just outside the west boundary. No other migratory birds were recorded.

119. A total of 15 species of exotic birds were recorded. The most abundant species was the Zebra Dove (Geopelia striata), followed closely by the Japanese White-eye (Zosterops japonicus).

120. With respect to feral mammals, Mongoose (Herpestes auropunctatus) were commonly observed during the field survey. Feral cats were also observed. No rats or mice were observed, but a trapping program would likely show that their numbers are similar to that one would find elsewhere in sugarcane fields on O'ahu.

121. Overall, the conversion of the Property from a sugarcane monoculture to a more diversified habitat of trees and grass should have a positive effect on the populations of most bird species present on the Property.

Archaeological/Historical Resources

122. An archaeological reconnaissance survey of the Property was conducted in November 1988 by Joseph Kennedy of Archaeological Consultants of Hawai'i.

123. At the time of the survey, the entire Property was covered in sugarcane. The Property contains no remaining

above-ground archaeological features and offers little opportunity for subsurface recovery. The data that support this conclusion include survey results, lack of indicator data of past use from the literature and map sources, and an environmental setting that does not lend itself to permanent habitation. There appears to be no need for additional archaeological work on the Property.

124. Because no evidence of past utilization in the form of structural or midden remains were found, and because there have been no archaeological or historical sites previously recorded on the Property, there should be no adverse impacts caused by the Project.

125. Should any archaeological or historic remains be uncovered during construction, Petitioner will stop further construction in the area and will immediately notify the State Historic Preservation Division, Department of Land and Natural Resources.

Groundwater Resources

126. A report entitled "Environmental Impact of Fertilizer, Herbicide and Pesticide Use on the Proposed Royal Kunia Phase II Golf Course" was prepared by Charles L. Murdoch, Ph.D., and Richard E. Green, Ph.D., in November 1988 for the original Project.

127. The original Petition analyzed the effects of the proposed golf course upon groundwater resources in the area and found that a properly developed and managed golf course would not

present a threat to the quality of either groundwater or surface drainage waters in the Petition Area.

128. The recharge of groundwater on the Petition Area is minimal due to the relatively low rainfall in the area. In addition, the organic matter in the soils on the Petition Area tends to retard movement of most chemicals.

Scenic Resources

129. The lower portion of Kunia Road is distinctly non-agricultural due to the H-1 Freeway, the Village Park development, and the Royal Kunia Phase I development. It has a lowrise residential character, landscaped with ornamental plants, and suburban type intersections and roadways connecting to Kunia Road. This character may be representative of the Project, which will replace most of the agricultural (sugarcane) crops currently occupying the Property. While it will create a distinct visual difference, there are no significant public views or visual features that will be impacted.

130. Measures which will serve to mitigate visual impacts include: maintenance of a substantial landscaped setback along Kunia Road; incorporation of bodies of open space and street tree plantings within the development; and low height limits on industrial buildings adjacent to Kunia Road, with additional screening provided with solid walls in conjunction with approved thematic landscape plantings.

ENVIRONMENTAL QUALITY

Noise

131. Existing sources of noise along the Property include vehicular traffic along the cane haul road and Kunia Road.

132. In addition to the existing sources of noise, potential sources of noise generated by the Royal Kunia Phase II development include increased vehicular traffic along Kunia Road, and noise generated by industrial uses, agricultural park, and recreational areas.

133. Most of the Kunia Road frontage will be for industrial development and the agricultural park, which will be a buffer between the noise generated by traffic on Kunia Road and the residential areas. Where the residential development adjoins Kunia Road, appropriate setbacks and landscaping will be introduced to buffer the noise.

134. There is a potential for noise generated in the industrial areas to impact the adjacent areas planned for residential use. Petitioner has represented that uses in the industrial area will be used primarily for "light industries," such as research and development and communications and technology. Restrictive covenants, including restrictions on noise, will be drafted and incorporated by Petitioner into any conveyance or lease agreement to ensure a compatible relationship between the industrial uses and the other components of the Project. Petitioner has represented that it will follow all City and County and State laws relating to noise, including without

limitation all City ordinances relating to the separation of industrial and residential districts.

135. An 11-acre public park that is proposed for the Project may generate noise and impact the residential areas. The noise generated from this facility should be minimal.

Air Quality

136. A report entitled "Air Quality Study for the Proposed Royal Kunia Phase II Project (Revised)" dated May 13, 1992, was prepared by B.D. Neal and Associates. A revised report entitled "Air Quality Study for the Proposed Royal Kunia Phase II Project, (Increments 2 and 3)" dated January 1996, was prepared by B.D. Neal and Associates based on the revised plan for the Project.

137. The present air quality of the Property is relatively good and has probably improved recently with the discontinuation of sugarcane growing in the area. Air quality data from nearby monitoring stations operated by the State indicate that both State and National air quality standards are currently being met, although it is likely carbon monoxide concentrations may occasionally exceed the more stringent State standards near traffic-congested areas.

138. The major potential short-term air quality impact for the Project will occur from the emission of fugitive dust during construction. The impact upon air quality during construction will be mitigated by the implementation of a dust control plan to ensure compliance with State regulations. Fugitive dust emissions will be controlled by watering of active

work areas, using wind screens, keeping adjacent paved roads clean, and by covering of open-bodied trucks. Other dust control measures will include limiting the area that can be disturbed at any given time and/or mulching. Paving and landscaping of the Property early in the construction schedule will also reduce dust emissions. Exhaust emissions will be mitigated by moving construction equipment and workers to and from the Property during off-peak traffic hours, whenever practicable.

139. Vehicles coming to and from the Project will use Kunia Road and the Project collector roads. To assess the impact of emissions from these vehicles, an air quality modeling study was undertaken to estimate current ambient concentrations of carbon monoxide along Kunia Road and to predict future levels both with and without the Project. Present carbon monoxide concentrations are estimated to be well within National ambient air quality standards but may occasionally exceed the State standards during adverse conditions near Kunia Road/Kupuna Loop intersections. In the year 2005 without the Project, concentrations are predicted to decrease at the Kupuna Loop intersections to levels meeting the State standards even with the additional traffic associated with Royal Kunia Phase I development and other growth in the area. This is due to the effects of older, more-polluting vehicles leaving the State's roadways during the next several years. With the Project, worst-case concentration levels will continue to occasionally exceed the State standards in small "hot spot" areas near Kunia Road/Kupuna Loop (south) intersection while the National

standards will be met, but the highest concentrations in the Property will likely be lower than present worst-case values.

140. Traffic-related impacts upon air quality may be mitigated by improving roadways and reducing traffic. Aside from improving roadways, air pollution impacts from vehicular emissions could be additionally mitigated by reducing traffic through the promotion of bus service and car pooling and/or by adjusting local school and business hours to begin and end during off-peak times. Petitioner has represented that it will encourage the use of the park and ride facility located at Royal Kunia Phase I.

141. Any long-term impacts on air quality due to indirect emissions from supplying the Project with electricity and from the disposal of waste materials generated by the Project will likely be small based on the relatively small magnitudes of both the estimated demands and the indirect emissions.

142. Air quality impacts from possible emissions from the activities within the agricultural park will be in the form of dust or pesticide usage. These emissions will be mitigated by the wind pattern in the area which will tend to carry the emissions away from the residential areas of the Project.

Dust and Erosion

143. An Engineering Study for Royal Kunia Phase II was prepared by ParEn, Inc., in August 1992.

144. The entire Property will be graded. Expected impacts from grading include: dust from grading operations and exposed soil subject to wind and rainfall erosion.

145. Dust generation and soil erosion will be minimized by compliance with the City and County of Honolulu's grading ordinance, Chapter 23, Grading, Soil Erosion and Sediment Control, Revised Ordinances of Honolulu, 1978, as amended. Erosion control measures will be implemented as outlined in the City and County of Honolulu Soil Erosion Standards and Guidelines, November 1975.

ADEQUACY OF PUBLIC SERVICES AND FACILITIES

Highways and Roadway Facilities

146. A Traffic Impact Analysis Report was prepared by Julian Ng, Inc., in April 1992 ("original traffic study"). An updated report entitled "Traffic Impact Report Royal Kunia Phase II, Increment 3" was prepared by Julian Ng, Inc., in January 1996, based on the revised plan for the Project ("revised traffic study") and additional information from traffic consultant, Julian Ng, was provided by way of letters dated June 7, 1996, and August 27, 1996.

147. The Project is located adjacent to Kunia Road approximately 1.2 miles north of Kunia Interchange of Interstate Route H-1. Between the interchange and the development, there are two intersections on Kunia Road for access to the existing Village Park Subdivision and one existing intersection on Kunia Road for access to Royal Kunia Phase I. Further to the south, Kunia Road intersects Farrington Highway and connects directly to the realigned Fort Weaver Road. It also partially intersects Honowai Street and Waipahu Street. This network serves the

Project with interconnections to Waipahu and 'Ewa. To the north, Kunia Road provides direct access to Schofield Barracks, Wheeler Field, Wahiawa, and the North Shore.

148. In 1990, Kunia Road north of Village Park, adjacent to the Project, served an average daily traffic ("ADT") of 8,100 vehicles. Existing peak hour highway conditions on Kunia Road were described by Level of Service ("LOS") D.

149. Based upon evidence from the original traffic study, the Commission found that if the Project were not developed, the ADT on Kunia Road was projected to increase from 8,100 vehicles per day ("VPD") in 1990 to 12,600 VPD in 2005. Peak hour conditions in the year 2005 were projected to be LOS B for a four-lane Kunia Road; if Kunia Road were to remain a two-lane highway, peak hour conditions would be described by LOS E.

150. The revised traffic study included a regression analysis of the 24-hour traffic counts taken by the State Highway Division in 1985-1987, 1989, and 1992-1994. There was an average annual growth rate of 5.87 percent. Utilizing this rate, the 9,600 VPD count in 1994 increased to 18,900 VPD in 2005 without the proposed Project.

151. Access to the Project is proposed through a new intersection with Kunia Road and an internal roadway connecting to Royal Kunia Phase I and Village Park. The proposed collector will connect to Kunia Road in a T-intersection and will be signalized. The new intersection will be located approximately

1.4 miles north of the existing Kunia Interchange of Interstate Route H-1.

152. Based upon evidence from the original traffic study, the Commission found that the Project was estimated to generate a peak hourly volume of 3,020 vehicle trips. Many of these trips, however, were expected to remain within the Village Park/Royal Kunia area because of the mix of activities provided, resulting in a net impact to Kunia Road of approximately 2,010 vehicles per hour.

153. As part of the off-site roadway improvements to support Royal Kunia Phase I, Petitioner has represented that it will widen Kunia Road from two to four lanes between the Kupuna Loop south intersection and the Phase I Collector, install a new traffic signal at the intersection of Kunia Road and the Phase I Collector when warranted, and provide separate median left turn lanes at the intersections. At its approach to Kunia Road, the Phase I Collector will have two left turn lanes and a separate right turn lane, similar to the existing south Kupuna Loop approach.

154. The addition of a third lane in each direction on Kunia Road between the north Kupuna Loop intersection and Kunia Interchange will serve to accommodate the additional traffic generated by the Project with minimal impact to the traffic conditions on Kunia Road.

155. Based upon evidence from the original traffic study, the Commission found that the impact to traffic conditions on Kunia Road to the north of the Project, where peak hour

volumes were projected to increase by as much as 20 percent, would be minimal, and LOS would not be affected by the Project. Updated figures indicate a faster rate of growth of non-Project traffic, which results in reducing the Project's proportionate impact to the projected traffic volumes.

156. At the intersection of the Phase II Collector and Kunia Road, proper signalization will serve to accommodate the traffic generated by the Project. Adequate capacity will be available, with LOS B and LOS C describing peak hour conditions.

157. The timing of the signalized intersections on Kunia Road to the south of the Project, including the intersection for Royal Kunia Phase I, will also serve to accommodate the additional traffic generated by the Project, with good peak hour LOS.

158. Using the population estimates from the Department of Planning of the City and County of Honolulu for the year 2005, the Project will house less than 3 percent of the future residents in the Central O'ahu and 'Ewa regions. In the year 2010, this percentage drops to less than 2-1/2 percent. The Project will increase traffic demand by the same percentages mentioned above if the traffic characteristics of future residents remain the same as those of the existing residents. The Project's impact upon traffic is expected to be less, however, because future developments in 'Ewa and Central O'ahu will provide job sites away from the central core of Honolulu, and therefore many residents will not be traveling toward the central core.

159. Measures such as ride-sharing or increased mass transit service, coordinated with a transportation management association or with employers, and utilizing the park-and-ride site in Royal Kunia Phase I, could improve transportation options for future employees, residents, and visitors at Royal Kunia.

160. The Department of Public Works, City and County of Honolulu, comments that all proposed roads should be designed to City standards. All dedicated roadways that will be accessible to pedestrian traffic should be designed to accommodate persons with disabilities. Existing streets used as ingress and egress to the Project may also need upgrading to accommodate the demands of the Project.

161. The State Department of Transportation ("DOT") comments that Petitioner should be required to provide the following:

- A. All of the other improvements needed (which will not be provided by the Village Park and Royal Kunia, Phase I projects) to make Kunia Road a 4-lane highway with auxiliary lanes for both left and right turning movements (between Kunia Interchange and the northernmost boundary of Royal Kunia, Phase II) and a third northbound lane between Kunia Interchange and the north Kupuna Loop intersection.
- B. A report that analyzes the impact of the proposed Phase II project's traffic on the Kunia Interchange and evaluate alternatives that will mitigate the impacts.
- C. Plans for construction work within the State highway right-of-way must be submitted to DOT, Highways Division for review and approval.

DOT also states that all required improvements must be provided at no cost to the State and shall comply with all applicable State design standards.

162. Act 149, 1993 Session Laws of Hawai'i (formerly Senate Bill No. 5), amends section 226-17, HRS, and sets forth a requirement that planning efforts for a Statewide transportation system accommodate and be consistent with planned growth objectives throughout the State, and also sets forth the policy of the State to coordinate intergovernmental land use and transportation planning activities to ensure the timely delivery of supporting transportation infrastructure in order to accommodate planned growth objectives.

163. The planned growth objectives for the island of O'ahu, pursuant to the projected increase in population, designates the 'Ewa area as a location of a secondary urban center and the Central O'ahu area for additional residential development to support the increasing population.

164. Although the Property is located within the Central O'ahu Development Plan area, from a transportation perspective, the Property is more relevant to the 'Ewa Development Plan area. Any traffic generated from the Property will be joining traffic that is generated in the 'Ewa area as opposed to the Central O'ahu area. From a traffic perspective, the Project is consistent with the planned growth objectives of directed growth in the 'Ewa area.

165. In the effort to coordinate transportation and land use planning activities, Petitioner has participated and

continues to participate in a regional transportation plan for the 'Ewa area, namely, the 'Ewa Region Highway Transportation Master Plan. Although the Property is in the Central O'ahu Development Plan area, Petitioner is participating in a transportation plan for the 'Ewa region because the transportation services related to the Project will be affected by and will affect the traffic in the 'Ewa region.

166. The 'Ewa Region Highway Master Plan Working Group ("Working Group") consists of major developers in the 'Ewa region who funded a study and who worked with the planning and transportation agencies of the State of Hawai'i and City and County of Honolulu in preparing the 'Ewa Region Highway Transportation Master Plan.

167. The original 'Ewa Region Highway Transportation Master Plan estimated the level of development in the region for the years 1997 and 2005, including Royal Kunia Phase I and Phase II, and projected traffic volumes for such development. The traffic improvements necessary to support such development were identified and recommended in the Plan for the years 1997 and 2005.

168. The recommendations in the original 'Ewa Region Highway Transportation Master Plan for the year 1997 had been conceptually approved by the DOT, and the Working Group was asked to implement the Plan. The DOT supported the participation of Petitioner in the 'Ewa Region Highway Master Plan. The original year 2005 plan was under review with the State.

169. The original `Ewa Region Highway Transportation Master Plan included recommendations which directly affected the Project including: a second off-ramp lane from the H-1 Freeway to Kunia Road, mauka bound, and the widening of Kunia Road from two to four lanes, mauka of the Kunia Interchange. Royal Kunia Phase I includes the widening of Kunia Road fronting the Project down to the Kunia Interchange, and includes a second right-turn lane from the H-1 Freeway off-ramp onto Kunia Road.

170. Currently, the Working Group is participating in a study being conducted by the City and County of Honolulu for a proposed "North-South" Road which would run parallel to and between Fort Weaver Road and Fort Barrette Road, and which would connect to the H-1 Freeway at a new interchange. The City expects to release an initial draft of the plan in the near future. The City's plan would identify roadway improvements as well as serve as a basis for cost sharing among the developers.

171. The industrial park and the agricultural park within the Royal Kunia Phase II development will provide jobs and serve to help decentralize jobs from the central Honolulu area and ease the growth of job-related traffic demands on the traffic corridors into and out of central Honolulu.

172. Petitioner is an active member of the Leeward Oahu Transportation Management Association ("LOTMA"). The objective of LOTMA is to take a leadership role in the transportation needs of the Leeward O`ahu region and to be proactive in finding solutions to transportation problems and providing needed services and programs related to transportation.

173. In the effort to coordinate private and public sector transportation and land use planning activities, LOTMA works closely with the State of Hawai'i and City and County of Honolulu transportation departments, and the transit authority in implementing its programs.

174. Petitioner has taken steps towards implementing LOTMA's goals and objectives by, among other things, distributing to homeowners LOTMA's literature providing information on ride sharing, bus services and carpooling, providing park and ride facilities, providing child care facilities, and educating the residents with respect to LOTMA's programs and objectives.

175. The DOT is currently working on plans to improve the highway system from the juncture of the H-1 and H-2 Freeways to downtown Honolulu to provide temporary relief for commuters originating from Leeward and Central O'ahu and traveling into downtown Honolulu.

Water Service

176. The existing Village Park Subdivision and a portion of Royal Kunia Phase I are currently serviced by Kunia Well II. Source and storage facilities are located approximately 0.8 miles above Village Park along Kunia Road. This site includes a 1.5 mg "440" reservoir, a 1.0 mg "440" reservoir, and two deep wells. An activated carbon water treatment system at this site has been installed for contaminant removal by Petitioner and has been dedicated to the Board of Water Supply.

177. The development of the Project will require an average flow of 1.56 mgd. The flow requirement was computed

according to the Board of Water Supply, City and County of Honolulu, Water System Standards, Volume 1, 1985, as amended.

178. A Water Master Plan and Interim Water Master Plan were approved by the City and County of Honolulu, Board of Water Supply, on November 29, 1989 and November 5, 1990, respectively. A revised Water Master Plan was approved by the Board of Water Supply in October 1992. A subsequent revised Water Master Plan for the revised plan was submitted in May 1996 and is pending approval.

179. The following improvements will be installed with the development of the Project:

1. One deep well to be located at the Kunia Wells II site;
2. One booster pump to be located at the Kunia Wells II site;
3. Two Granular Activated Carbon contactor units to be located at the Kunia Wells II site; and
4. One permanent concrete reservoir (2 million gallons).

180. Agricultural park irrigation will require an average flow of 700,000 gal/day.

181. A possible alternate source of non-potable water is the Waiahole Ditch. There is a possibility that there will be excess water available from Waiahole Ditch, which may be able to provide an additional source of non-potable water for the agricultural park.

Wastewater Disposal

182. Wastewater from the Project will be collected by a network of pipes and will flow through Royal Kunia Phase I via a 24" trunk line and will terminate at the existing Waipahu Sewage Pump Station on Depot Road. From there, the wastewater will be pumped to the Honouliuli Sewer Treatment Plant.

183. Average daily wastewater flow generated by the development of the Property will be approximately 1.8 mgd. The flow requirement was computed according the City and County of Honolulu, Design Standards of the Division of Wastewater Management, Volume 1, February 1984, as amended.

A revised sewer master plan was approved by the Department of Wastewater Management in November 1993. A subsequent revised sewer master plan based on the revised plan for the Project was submitted in May 1996 and is pending approval.

Drainage

184. Approximately 55 percent of the storm runoff generated by the Project will be carried by various drainage facilities running through Royal Kunia Phase I and the existing Village Park Subdivision. The runoff will then flow into existing drainage facilities that are maintained by the City and County of Honolulu.

Approximately 43 percent of the storm runoff generated by the new development will be detained and diverted into detention basins. The runoff will then flow over land and by pipe to additional detention basins. The detention basins will

serve to temporarily detain runoff and reduce the peak flows to conditions prior to development. Approximately 2 percent of the storm runoff generated by the new development will discharge down a gully and into Waikele Stream. Development of the Property is not expected to have any noticeable impact upon the configuration of Waikele Stream. Flow levels and water quality of Waikele Stream are not expected to be altered or changed to any noticeable or measurable degree.

185. A Drainage Master Plan was been submitted to and approved by the City and County of Honolulu, Department of Public Works, on January 16, 1991. A revised drainage master plan was approved on September 25, 1995. A subsequent revised drainage master plan based on the revised plan for the Project will be submitted to the Department of Public Works shortly. Storm runoff will be handled by on-site improvements that will be designed in accordance with current City and County Drainage Design Standards.

Solid Waste Disposal

186. The City and County of Honolulu provides refuse collection service for the existing Village Park Subdivision and Royal Kunia Subdivision Phase I. Within the 'Ewa area, the City and County operates the Waipahu Incinerator.

187. After the Project is fully developed, it will generate approximately 32 tons of light industrial, institutional, and residential solid waste per day.

188. Refuse collection will be provided by both government and private work forces. The City and County of

Honolulu will service single-family dwellings, while private collectors will service commercial and business establishments. Apartment units can be served by either the City and County or private collectors.

Schools

189. State DOE officials estimated that the original Project would generate a total of 732 students. Approximately 448 students would attend grades kindergarten through six. The Project would generate an estimated 132 students in the intermediate school grades of seven and eight. Approximately 152 students would be generated in the high school category. Under the revised plan, the Project is estimated to generate a total of 820 students.

190. Existing schools which will be impacted by this increase in enrollment include Kalei'opu'u Elementary School in Village Park; Waipahu Intermediate School, which is approximately in the middle of Waipahu Town and makai of Farrington Highway; and Waipahu High School, located at the eastern end of Waipahu Town and makai of the main highway. In addition, Royal Kunia Phase I has reserved a school site.

191. The Project will impact the public education facilities by adding more students to the area. The intermediate and high schools in this district are already operating near or at capacity. Additional facilities will be needed to accommodate any major population increase anticipated in Waipahu, whether it is generated by Royal Kunia Phase I, Waikele, or the Project.

192. Kalei'opu'u Elementary School is projected to reach its design enrollment by 1995 due to the development of Royal Kunia Phase I.

193. An elementary school site within Royal Kunia Phase I is planned, and the Project has also reserved an elementary school site. Petitioner has agreed to provide an 8-acre elementary school site within the Project.

Parks

194. Village Park currently has the Ho'ae'ae Park within its boundaries. Royal Kunia Phase I includes 10.3 acres for a public park and 12.1 acres for a private recreation area, as well as two golf courses.

195. The Project includes approximately 11 acres intended for park dedication. The 11-acre dedication meets the acreage requirements of the Park Dedication Ordinance. Additional public funds will be needed to improve and maintain the park site.

196. During the governmental approval process, Petitioner has represented that it will communicate with the Department of Parks and Recreation to establish the exact location, size, and configuration of the park site.

Health Care

197. Kahi Mohala, a psychiatric treatment facility, and St. Francis Medical Center - West are located near the Property. The latter facility is a general community hospital which contains 136 acute care beds and has 130 resident physicians. The hospital offers X-ray, laboratory, obstetrics, and emergency

services. St. Francis received State and City and County approvals to increase the land area and further develop the center according to its five-year master plan. The master plan calls for a research and wellness/conference facilities, office building, day care, and skilled nursing and support facilities.

198. Near the Pearlridge Shopping Center, the Pali Momi Medical Center houses 116 beds, an ambulatory services center, and a medical office building. In Moanalua, the Kaiser Foundation Health Plan has a central hospital. Kaiser subscribers in the Waipahu area can also use services at the Punawai Clinic.

199. The Waipahu Fire Station will respond to emergencies at the Property, and backup will be provided by the City ambulance at 'Aiea.

200. The existing health care facilities in the vicinity will be adequate to serve the residents of the Project.

Police and Fire Protection

201. The Pearl City Police Station on Waimano Home Road currently serves Waipahu, 'Ewa, and Wai'anae, the latter of which has a substation. The Project is in the Waipahu District, Beat 328. The Beat has one officer per watch and assistance can be provided by the other six officers assigned to the district. Recently an additional Beat was added due to the population increase in the area.

202. The Project will add approximately 6,250 residents to this area. As with any other development, an increase in the population and density will increase the demand for police

services. Further, additional population will increase traffic, raising the potential for traffic-related accidents.

203. Waipahu community leaders have been requesting a police substation in the Waipahu area. To meet the needs of this growing community, the Police Department has been planning a number of changes in conjunction with the development of 'Ewa. In addition to new facilities and additional staff, the possibility of establishing a new district which includes 'Ewa and Wai'anae is being studied. If this occurs, then the district covered by the Pearl City Police Station will be smaller and police protection services may be more efficiently delivered.

204. The Project will increase the demand for fire protection services by adding approximately 6,250 people to the area. Plans for adding or expanding Waipahu facilities may need to be expedited if the existing facilities cannot accommodate the needs of the growing population.

205. Fire protection would be provided by the Waipahu and Pearl City Fire Stations. The Waipahu Fire Station has an engine and a ladder company, and 12 people staff these companies in one 24-hour shift. The Pearl City Fire Station has an engine company and 6 fire fighters available in a 24-hour shift. In addition, backup protection would be provided by the Wai'anae, 'Aiea, and Moanalua Fire Stations, and possibly from the recently opened Kapolei Fire Station.

Electric and Telephone Service

206. The Hawaiian Electric Company ("HECO") Ho'ae'ae substation which services the Village Park subdivision is not

adequate to provide service to Royal Kunia Phases I and II. New electrical facilities will therefore be installed within Phases I and II. Additional telephone facilities will also be installed within Royal Kunia Phase I and extended to Phase II.

207. A new HECO substation (Kunia Makai Substation) with one transformer and a new 12 KV distribution feeder system originating from the new substation was installed with the development of Royal Kunia Phase I. Additional improvements to service the Project include a new substation, a single overhead steel pole to extend two 46-kilovolt (kV) circuits, and a new 12-kV distribution circuit system from the new substation to the Project site.

208. Hawaiian Telephone Company completed construction of a new substation within Royal Kunia Phase I which will provide enough service to accommodate both Royal Kunia Phase I and Phase II.

Civil Defense

209. The State Department of Defense, Office of the Director of Civil Defense, comments that emergency warning systems must be planned for the safety of communities, just as parks, schools, fire hydrants, utilities, and sidewalks. The Civil Defense agency proposes that three new 115 decibel ("DB") solar powered outdoor warning sirens be located within the Project. The proposed 115 DB sirens require a 100-foot radius buffer zone in which there are no residential buildings.

210. The O'ahu Civil Defense Agency of the City and County of Honolulu states that full consideration must be given

to adequate public warning, evacuation, and sheltering of planned residential and commercial developments. The O'ahu Civil Defense Agency estimates that six 115 decibel civil defense sirens should be installed as part of the Project's infrastructure.

COMMITMENT OF STATE FUNDS AND RESOURCES

211. State and County revenues which will be derived from the Project are expected to be significant, and sufficient to allow government to afford the capital improvements and services required to accommodate the Project.

CONFORMANCE TO URBAN DISTRICT STANDARDS

212. The proposed reclassification conforms to the standards applicable for determining the boundaries for the Urban District as set forth in section 205-17, HRS, and section 15-15-18, HAR.

213. The Property is in proximity to several employment centers, including Pearl Harbor/Airport, Waipahu, the secondary urban center of 'Ewa, and Schofield/Wahiawa. The Property is also adjacent to Royal Kunia Phase I and its associated commercial and industrial area and golf and recreational areas. In addition, the proposed industrial area within the Project will generate new employment opportunities.

214. The Project is economically feasible, as demonstrated by Petitioner's finances and market assessment.

215. The Project is in proximity to facilities and services that serve Royal Kunia Phase I, Village Park, and Waipahu Town. These facilities can be expanded to adequately service the Project.

216. The Project will contribute towards mitigating the chronic housing shortage problem by providing up to 2,000 affordable and market residential units.

217. The Property is suitable for urban development. Its topography is relatively flat and non-stony; it is not prone to flooding or other natural hazards, and the soils are stable.

218. The Project is contiguous with Royal Kunia Phase I which in turn connects to Village Park. Supportive services will be provided primarily through the expansion of existing services to neighboring communities. Any new governmental supportive services will be offset by the tax revenues generated by the Project.

CONFORMANCE WITH THE GOALS, OBJECTIVES, AND POLICIES
OF THE HAWAI'I STATE PLAN; RELATIONSHIP WITH APPLICABLE
PRIORITY GUIDELINES AND FUNCTIONAL PLANS

219. The urban designation of the Property is in general conformance with the Hawai'i State Plan and the overall theme, goals, objectives and priority guidelines for the future long-range development of the State.

220. In conformance with HRS section 226-5(b)(1), (b)(3), and (b)(7), the Project responds to both Statewide and local policies which rely upon O'ahu and in particular the 'Ewa and Central Districts, to accommodate a substantial amount of increase in population in Hawai'i. The Project will provide a significant amount of the affordable housing needed to support such growth policies and objectives. A substantial percentage of the residential units will be provided for moderate income groups, thereby providing an opportunity for a larger segment of

Hawai'i's people to pursue their social and economic aspirations through homeownership.

221. In conformance with HRS section 226-104(a)(3), adequate support facilities are available or shall be provided through the development of the Project. Other public expenditures for services and infrastructure will be offset by an increase in the tax revenues generated through general excise, property, and other forms of taxation.

222. In conformance with HRS section 226-6(a)(1) and (b)(3), the Project will include 123 acres of land for industrial activities generating an employment of approximately 1,450 people. A variety of business activities are envisioned, including the availability of various industrial lot sizes to accommodate the small businesses, as well as the larger and expanding businesses.

223. In conformance with HRS section 226-7(a)(2), 226-103(d)(1), (d)(7), and (d)(8), the proposed 150-acre State agricultural park will contribute to the growth of diversified agriculture on O'ahu by increasing the supply of high quality and well-located agricultural land that is available to small farmers.

224. In conformance with HRS sections 226-13(b)(7) and 226-104(b)(1), the Project borders Royal Kunia Phase I and the existing Village Park and is therefore in close proximity to public services and facilities. Petitioner will provide the necessary support facilities to include sewer, water, drainage,

and roadways. Anticipated tax revenues generated by the Project will exceed the cost for other public facilities and services.

225. In conformance with HRS section 226-11(b)(4), no critical resources will be irretrievably damaged by the Project. There are no native or endangered species, habitats, archaeological sites, or other environmentally sensitive areas within the Property.

226. In conformance with HRS section 226-15(b)(1), the Project will be developed with a modern wastewater disposal system and will be a component to an overall sewer system for the region. The implementation of Royal Kunia's wastewater facilities is being coordinated with the Division of Wastewater Management, which is in the process of expanding the existing Waipahu Sewage Pump Station and Honouliuli Wastewater Treatment Plant.

227. In conformance with HRS section 226-16(b)(1), sufficient water is available to support the Project.

228. In conformance with HRS section 226-17(a)(2), (b)(2), and (b)(12), the planning and design efforts of Petitioner will be coordinated with appropriate Federal, State, and County agencies regarding the achievement of statewide transportation objectives. On-site transportation systems to include roadway design and widening, timed signalization of intersections, bus shelters, parking, and other physical elements, shall be designed to ensure efficient traffic management. Petitioner has initiated and participated in measures to mitigate regional traffic impacts and has promoted

the coordination of land use and transportation planning activities through participation in the 'Ewa Highway Transportation Master Plan Working Group and in LOTMA.

229. In conformance with HRS section 226-18(b)(4), extension of electric and telephone facilities will be planned to coincide with the Project's development. Such facilities will be extended from existing adjacent community facilities. On-site facilities for the utility systems will have a minimal impact on the environment. Noise, aesthetic considerations, safety hazards, and loading impact will be within normally applied guidelines.

230. In conformance with HRS sections 226-19(b)(1), (b)(2), (b)(3), (b)(5), and 226-104(b)(1), the Project will contain 2,000 residential units. A substantial percentage of the residential units will be provided for moderate income groups. The Project will provide a broad range of unit types and unit prices which will appeal to a range of homebuyers and a wide range of family sizes.

231. In conformance with the objectives and policies of the State Agriculture Functional Plan, the 150-acre State agricultural park will contribute to the growth of diversified agriculture on O'ahu by increasing the supply of high quality and well-located agricultural land that is available to small farmers.

232. In conformance with the objectives and policies of the State Health Functional Plan, health and medical care facilities are located in the immediate region and are expected

to accommodate the additional population of the Project. Environmental matters of the State Health Plan have been addressed relating to air quality, noise impacts, and the adequacy of public facilities and services. Where adverse impacts have been identified, appropriate mitigative measures have been proposed by Petitioner.

233. In conformance with the objectives and policies of the State Housing Functional Plan, the Project will contribute significantly to the State's housing inventory in offering a broad range of unit types at various sizes and costs.

234. In conformance with the objectives and policies of the State Historic Preservation Functional Plan, no significant archaeological or historical sites exist in the area.

235. In conformance with the objectives and policies of the State Recreation Functional Plan, the Project includes an 11-acre public park.

236. In conformance with the objectives and policies of the State Transportation Functional Plan, necessary roadway modifications will be made and mitigative measures such as a park and ride program will be encouraged by Petitioner.

237. In conformance with the objectives and policies of the State Energy Functional Plan, energy conservation methods will be investigated for use in the Project, and buildings, where possible, will be designed to take advantage of natural ventilation.

238. In conformance with the objectives and policies of the State Water Resources Functional Plan, Petitioner will

coordinate with the State Department of Land and Natural Resources and the Board of Water Supply in addressing the Project's water needs. The proposed water system development for the Project is not expected to be of any significant impact. Water quality impacts in the area are expected to be minimal.

CONFORMANCE WITH COASTAL ZONE MANAGEMENT OBJECTIVES AND POLICIES

239. The Project complies with and supports the objectives of the Hawai'i Coastal Zone Management Program.

240. In compliance with recreational resources objectives, the proposed 11-acre park together with other recreational amenities in Royal Kunia Phase I, will serve the recreational needs of the residents.

241. In compliance with historic resources objectives, no archaeological or historically significant resources are known to exist on the Property.

242. In compliance with scenic and open space resources objectives, development along Kunia Road will have a substantial landscaped setback area to ensure visual compatibility between the current agricultural character and the Project. Street tree plantings and other landscape amenities will have substantial mitigative effects in minimizing the overall impact of the Project when viewing in a mauka direction.

243. In compliance with coastal ecosystem objectives, development of the Property is not expected to have any notable impact upon the configuration of Waikele Stream, and flow levels and water quality of the stream are not expected to be altered or changed to any measurable degree.

244. In compliance with economic uses objectives, the Project, especially the industrial area, will stimulate the regional, County, and State economies.

245. In compliance with coastal hazards objectives, the Project is not subject to inundation by coastal storm waves or tsunamis due to its inland location. A revised drainage master plan based on the revised plan for the Project will be submitted to the Department of Public Works.

RULING ON PROPOSED FINDINGS OF FACT

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

Any conclusion of law herein improperly designated as a finding of fact shall be deemed or construed as a conclusion of law; any finding of fact herein improperly designated as a conclusion of law shall be deemed or construed as a finding of fact.

CONCLUSIONS OF LAW

Pursuant to chapter 205, HRS, and the Hawai'i Land Use Commission Rules under chapter 15-15, HAR, and upon consideration of the Land Use Commission decision-making criteria under section 205-17, HRS, this Commission finds upon a clear preponderance of the evidence that the reclassification of the Property, consisting of approximately 503.886 acres of land located at Waikele and Ho'ae'ae, 'Ewa, O'ahu, City and County of Honolulu, Hawai'i, identified as Tax Map Key No. 9-4-02: 1, portion of 52,

70, and 71, from the State Land Use Agricultural District to the State Land Use Urban District, subject to the conditions hereinafter stated in the Order, is reasonable, conforms to the standards for establishing the urban district boundaries, is non-violative of section 205-2, HRS, and is consistent with the Hawai'i State Plan as set forth in chapter 226, HRS.

ORDER

IT IS HEREBY ORDERED that the Property, being the subject of this Docket No. A92-683 by Petitioner Halekua Development Corporation, a Hawai'i corporation, consisting of approximately 503.886 acres of land located at Waikele and Ho'ae'ae, 'Ewa, O'ahu, City and County of Honolulu, Hawai'i, identified as Tax Map Key No.: 9-4-02: 1, portion of 52, 70 and 71, and approximately identified on Exhibit "A" attached hereto and incorporated by reference herein, is hereby reclassified from the State Land Use Agricultural District into the State Land Use Urban District, and that the State land use district boundaries are amended accordingly, subject to the following conditions:

1. Petitioner shall provide affordable housing opportunities for low to moderate income residents of the State of Hawai'i to the satisfaction of the City and County of Honolulu. The location and distribution of the affordable housing and other provisions for affordable housing shall be under such terms as are mutually agreeable to the Petitioner and the City and County of Honolulu.

2. Petitioner shall fund, design, and construct the local and regional transportation improvements necessitated by

the proposed development, on a pro rata basis, and as determined and approved by the State Department of Transportation and the City and County of Honolulu, Department of Transportation Services, including without limitation the dedication of any rights-of-way to the State or County. Petitioner shall also be required to provide the following:

- A. All of the other improvements needed (which will not be provided by the Village Park and Royal Kunia, Phase I projects) to make Kunia Road a 4-lane highway with auxiliary lanes for both left and right turning movements (between Kunia Interchange and the northernmost boundary of Royal Kunia, Phase II) and a third northbound lane between Kunia Interchange and the north Kupuna Loop intersection.
- B. A report that analyzes the impact of the proposed Phase II project's traffic on the Kunia Interchange and evaluate alternatives that will mitigate the impacts.
- C. Plans for construction work within the State highway right-of-way must be submitted to DOT, Highways Division for review and approval.

Agreement by the State Department of Transportation on the level of funding and participation shall be obtained prior to the Petitioner applying for county zoning.

3. Petitioner, at no cost to the State, shall appoint a permanent transportation manager whose function is the formulation, use, and continuation of alternative transportation opportunities that would optimize the use of existing and proposed transportation systems. In the alternative, Petitioner may participate in a regional program for transportation management with other developers and/or landowners. This program shall address the transportation opportunities that would

optimize the use of existing and proposed transportation systems. Either option will continue to be in effect unless otherwise directed by the State Department of Transportation. The program for either option shall be reviewed and approved by the State Department of Transportation prior to implementation. The transportation manager or Petitioner shall conduct a yearly evaluation of the program's effectiveness and shall make a written report of its evaluation available to the State Department of Transportation for program review and modification, if necessary.

4. Petitioner shall monitor the traffic attributable to the proposed Project at on-site and off-site locations and shall undertake subsequent mitigative measures that may be deemed to be required by Petitioner, the State Department of Transportation, or the City and County of Honolulu. The mitigative measures shall be coordinated with and approved by the State Department of Transportation and the City and County of Honolulu.

5. Petitioner shall cooperate with the State Department of Health and the City and County of Honolulu Department of Public Works to conform to the program goals and objectives of the Integrated Solid Waste Management Act, Chapter 342G, Hawai'i Revised Statutes, in accordance with a schedule satisfactory to the Department of Health and the City and County of Honolulu.

6. Petitioner shall contribute to the development, funding, and/or construction of school facilities on a pro rata

basis as a result of the development on the Property, as determined by and to the satisfaction of the Department of Education (DOE). Agreement by DOE on the level of funding and participation shall be obtained prior to Petitioner applying for county zoning.

7. Petitioner shall coordinate with the Honolulu Board of Water Supply and the Department of Land and Natural Resources to obtain the required water for the project. In the event that water is not available from existing sources due to insufficient supply, Petitioner shall fund and develop the necessary water source, storage, and transmission systems and facilities.

8. Petitioner shall participate, on a pro rata basis, in the funding for construction and installation of appropriate civil defense measures as determined by State and City civil defense agencies.

9. Petitioner shall erect a chain link fence along the eastern boundary of the Property that is common with the Waikele Branch of Naval Magazine, Lualualei.

10. Petitioner shall clear and maintain the land situated within 20 feet of the eastern boundary of the Property, free of trees and vegetation taller than eight inches high.

11. Petitioner shall coordinate with the State Department of Health and the City and County of Honolulu to establish appropriate systems to contain spills and prevent materials, such as petroleum products, chemicals, solvents or other pollutants from leaching into the storm drainage system and adversely affecting the groundwater and coastal waters.

12. Petitioner shall participate in the funding and construction of adequate wastewater treatment, transmission and disposal facilities, on a pro rata basis, as determined by the State Department of Health and the City and County Department of Public Works.

13. Petitioner shall implement effective soil erosion and dust control measures both during and after construction to the satisfaction of the State Department of Health.

14. Petitioner shall participate in an air quality monitoring program as specified by the State Department of Health.

15. Petitioner shall provide notification to all owners and occupants of the Property of the potential odor, noise, and dust pollution resulting from surrounding Agricultural District lands, and that the Hawai'i Right-to-Farm Act, Chapter 165, Hawai'i Revised Statutes, limits the circumstances under which pre-existing farming activities may be deemed a nuisance.

16. Petitioner shall provide drainage improvements for the subject project and shall coordinate off-site improvements with adjoining landowners and developers, and/or other Federal, State, and City agencies.

17. Should any archaeological resources such as artifacts, shell, bone or charcoal deposits, human burials, or rock or coral alignments, paving or walls of historic or prehistoric significance be encountered during the development of the Property, Petitioner shall immediately stop work on the

impacted area and contact the Historic Preservation Division of the State of Hawai'i Department of Land and Natural Resources.

18. Petitioner shall obtain Development Plan approvals from the City and County of Honolulu within five (5) years from the date of this Order.

19. Petitioner shall convey the agricultural park to the State of Hawai'i, and provide off-site infrastructure to the agricultural park, pursuant to the terms of the Memorandum of Understanding dated March 30, 1993 entered into by Petitioner and the Department of Agriculture.

20. Petitioner shall develop the Property in substantial compliance with the representations made to the Commission. Petitioner's or its successor's failure to so develop the Property may result in reversion of the Property to its former classification, or change to a more appropriate classification.

21. In reliance upon Petitioner's representation that it will develop the Project on his own and in its entirety, the Petitioner shall obtain the prior approval from the Land Use Commission before it can sell, lease, assign, place in trust, or otherwise voluntarily alter the ownership interest in the Property or Project covered by the approved Petition.

Petitioner shall request the prior approval from the Land Use Commission to alter the ownership interest in the Property or Project by filing a motion to request approval to alter ownership interest and supporting affidavits that will provide relevant information, including without limitation

(1) the name(s) and address(es) of the prospective owner(s) or real party(ies) in interest; (2) the reason for the alteration of ownership interest; (3) any information related to any proposed change in the representations made by Petitioner to the Commission and in its Petition filed pursuant to section 15-15-50, Hawai'i Administrative Rules, including without limitation any information pertaining to the financial capabilities of the prospective owner(s) to proceed with the Project as set forth in section 15-15-50(8); and, (4) a written acknowledgement and affirmation of the prospective owner(s) that the prospective owner(s) shall comply with all of the conditions in this Order.

22. Petitioner shall promptly provide without any prior notice, annual reports to the Land Use Commission, the Office of Planning, and the City and County of Honolulu Planning Department in connection with the status of the Project and Petitioner's progress in complying with the conditions imposed. The annual reports shall summarize: (1) Petitioner's progress in complying with the conditions imposed; and (2) changes to the Project as represented to the Land Use Commission. The annual report shall also include a written statement from each state and county agency affected by these conditions that Petitioner's representations in the annual report related to the respective state or county agency being affected is true and accurate.

23. The Land Commission may fully or partially release these conditions as to all or any portions of the Property upon

timely motion and upon the provision of adequate assurance of satisfaction of these conditions by Petitioner.

Adequate assurance of satisfaction may be evidenced by execution of a certificate of satisfaction in recordable form stating that such condition has been satisfied, in whole or in part. The Office of Planning will certify for itself and all state departments and agencies, and the City and County of Honolulu Planning Department will certify for itself and all county departments and agencies. Any other party to the boundary amendment proceeding may be asked to indicate whether they concur in the certification of satisfaction.

24. Within 7 days of the issuance of the Commission's Decision and Order for the subject reclassification, Petitioner shall (1) record with the Bureau of Conveyances a statement to the effect that the Property is subject to conditions imposed by the Land Use Commission in the reclassification of the Property; and (2) shall file a copy of such recorded statement with the Commission.

25. Petitioner shall record the conditions imposed by the Commission with the Bureau of Conveyances pursuant to Section 15-15-92, Hawai'i Administrative Rules.

Done at Honolulu, Hawaii, this 1st day of October 1996,
per motion on September 12, 1996.

LAND USE COMMISSION
STATE OF HAWAII

By (absent)
TRUDY K. SENDA
Chairperson and Commissioner

By Rupert K. Chun
RUPERT K. CHUN
Vice Chairperson and Commissioner

By Lawrence N.C. Ing
LAWRENCE N.C. ING
Commissioner

By M. Casey Jarman
M. CASEY JARMAN
Commissioner

By (absent)
HERBERT S.K. KAOPUA, SR.
Commissioner

By Lloyd F. Kawakami
LLOYD F. KAWAKAMI
Commissioner

By Merle A. K. Kelai
MERLE A. K. KELAI
Commissioner

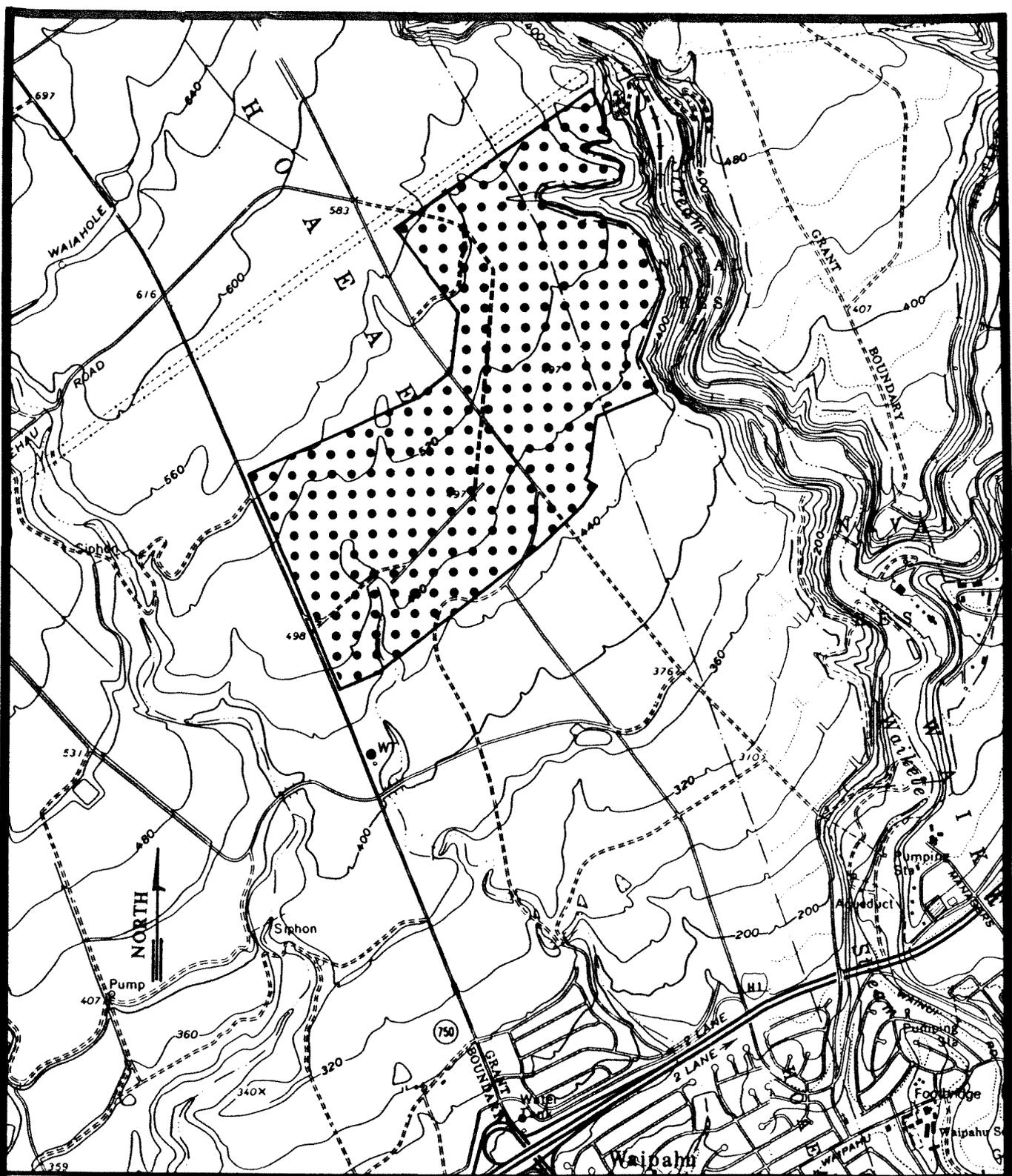
Filed and effective on
October 1, 1996

Certified by:

[Signature]
Executive Officer

By (absent)
EUSEBIO LAPENIA, JR.
Commissioner

By Joann N. Mattson
JOANN N. MATTSON
Commissioner



DOCKET NO. A92 - 683 / HALEKUA DEVELOPMENT CORPORATION, a Hawai'i Corporation

LOCATION MAP

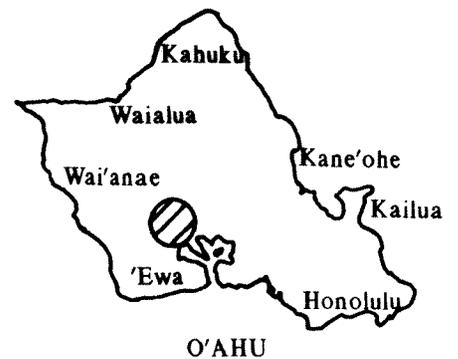
TAX MAP KEY: 9-4-02: 1, por. 52, 70, & 71

WAIKELE-HO'AE'AE, 'EWA, O'AHU, HAWAII



APPROVED AREA

SCALE: 1" = 2,000 ft. ±



BEFORE THE LAND USE COMMISSION
OF THE STATE OF HAWAI'I

In the Matter of the Petition of) DOCKET NO. A92-683
)
HALEKUA DEVELOPMENT CORPORATION,) CERTIFICATE OF SERVICE
a Hawai'i corporation)
)
To Amend the Agricultural Land Use)
District Boundary into the Urban)
Land Use District for Approximately)
503.886 Acres of Land at Waikele)
and Ho'ae'ae, 'Ewa, O'ahu, City and)
County of Honolulu, Hawai'i, Tax)
Map Key No. 9-4-02: 1, portion of)
52, 70, and 71)
_____)

CERTIFICATE OF SERVICE

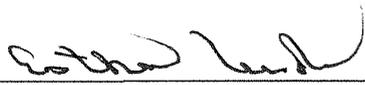
I hereby certify that a copy of the Amended Findings of Fact, Conclusions of Law, and Decision and Order was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:

CERT. RICK EGGED, Director
Office of Planning
P. O. Box 3540
Honolulu, Hawaii 96811-3540

CERT. CHERYL SOON, Chief Planning Officer
Planning Department
City and County of Honolulu
650 South King Street
Honolulu, Hawaii 96813

CERT. JAN N. SULLIVAN, ESQ., Attorney for Petitioner
Takeyama & Sullivan
1100 Alakea Street, Suite 3110
Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, this 1st day of October 1996.



ESTHER UEDA
Executive Officer