

BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Petition of )  
MAUNA LANI RESORT, INC. )  
To Amend the Agricultural and the )  
Conservation Land Use District )  
Boundary into the Urban Land Use )  
District for approximately 654 )  
acres at Kalahuipua'a, Anaehoomalu )  
and Waikoloa, South Kohala, County )  
of Hawaii, Hawaii, Tax Map Key )  
Nos.: 6-8-01: 49, portion of 22, )  
portion 50, portion 52 and portion )  
53; 6-8-22: 29, 30, 31, portion 1, )  
portion 22, portion 23, portion )  
32 and portion 35 )

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DOCKET NO. A84-583  
MAUNA LANI RESORT, INC.

FINDINGS OF FACT,  
CONCLUSIONS OF LAW AND  
DECISION AND ORDER

BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII

|                                      |                         |
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| In the Matter of the Petition of )   | DOCKET NO. A84-583      |
| MAUNA LANI RESORT, INC. )            |                         |
| To Amend the Agricultural and the )  | MAUNA LANI RESORT, INC. |
| Conservation Land Use District )     |                         |
| Boundary into the Urban Land Use )   |                         |
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| portion 22, portion 23, portion )    |                         |
| 32 and portion 35 )                  |                         |

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

Mauna Lani Resort, Inc. (hereinafter referred to as the "Petitioner"), a Hawaii corporation, filed this Petition on October 26, 1985 and an amendment to the Petition on September 13, 1985, pursuant to Chapter 205, Hawaii Revised Statutes and the Rules of Practice and Procedure of the Land Use Commission, State of Hawaii, to amend the Land Use District Boundary for approximately 654 acres of land at Kalahuipua'a, Anaehoomalu and Waikoloa, South Kohala, Hawaii, identified as Hawaii Tax Map Key Nos.: 6-8-01:49, portion of 22, portion of 50, portion of 52, and portion of 53; and 6-8-22:29, 30, 31, portion of 1, portion of 22, portion of 23, portion of 32 and portion of 35

from the Agricultural and Conservation Districts to the Urban District (hereinafter referred to as the "Property") for hotel, single and multi-family, light industrial and golf course uses. The Land Use Commission (hereinafter referred to as the "Commission"), having heard and examined the testimony, evidence, argument of counsel, the proposed findings of fact, conclusions of law, presented at the hearing, hereby makes the following findings of fact and conclusions of law:

#### FINDINGS OF FACT

##### PROCEDURAL MATTERS

1. The Commission conducted hearings on the Petition on April 22, 1985, and on September 24 and 25, 1985, pursuant to notice published in the Honolulu Advertiser and the Hawaii Tribune Herald on March 15, 1985.

2. Edward M. Tsuji, Sam Hook, Elaine Flores, and Colin Koholo testified as public witnesses on September 24, 1985.

3. The Commission did not receive any petition to intervene.

##### DESCRIPTION OF PROPERTY

4. The Property is located makai of the Queen Kaahumanu Highway between the Waikoloa Beach Resort to the south and Puako Beach Lots to the north and is adjacent to Petitioner's 778.5-acre Mauna Lani Resort in the Urban District.

5. Petitioner owns the Property in fee simple. Approximately 486 acres of the Property is classified in the Agricultural District and approximately 168 acres is classified in the Conservation District. The Property is identified by the following Hawaii Tax Map Key Nos.:

| <u>Agricultural to Urban<br/>(Property A)</u> | <u>Conservation to Urban<br/>(Property B)</u> |
|---|---|
| 6-8-01: 49                                    | 6-8-22: Portion of 32                         |
| 6-8-01: Portion of 22                         |   |
| 6-8-01: Portion of 50                         |   |
| 6-8-01: Portion of 52                         |   |
| 6-8-01: Portion of 53                         |   |
| 6-8-22: 29                                    |   |
| 6-8-22: 30                                    |   |
| 6-8-22: 31                                    |   |
| 6-8-22: Portion of 1                          |   |
| 6-8-22: Portion of 22                         |   |
| 6-8-22: Portion of 23                         |   |
| 6-8-22: Portion of 32                         |   |
| 6-8-22: Portion of 35                         |   |

6. The Property slopes seaward at an average rate of ten percent from an elevation of approximately 220 feet above sea level along Queen Kaahumanu Highway to the shoreline. The mean annual temperature in the Property and the surrounding area is about 78°F. and the average annual rainfall, as indicated by the Weather Bureau's Puako gauge, is about 9 inches.

7. The Property is currently undeveloped and consists primarily of lava rock and scattered vegetation.

8. The soils within the Property are as follows:  
Property A (Agricultural to Urban) - The soil within Property A is predominantly classified by the United States Department of

Agricultural Soil Conservation Service Soil Survey report for Hawaii as Rock Land (rRO) which consists of pahoehoe bedrock covered in places with a thin layer of transported soil. Lava outcrops are exposed on over 50 to 90 percent of the surface. The soil that is present is generally confined to holes and cracks in the bedrock.

Property B (Conservation to Urban) - The soil within Property B is primarily composed of A'a Lava Flows (rLV) and contains essentially no soil or vegetation. It also contains an area classified as Beaches (BH) at Honoka'ope Bay. The sand extends inland over the a'a lava.

9. The State Department of Agriculture in its Agricultural Lands of Importance to the State of Hawaii classification system classifies a ten-acre portion of Property A as "Other Important Agricultural Land". The remainder of the Property is unclassified.

10. The Federal Insurance Administration, in its Flood Insurance Studies for Hawaii County, designates most of Property B as Zone C or area of minimal flooding. However, portions of the coastal areas are subject to tsunami inundation. A portion of Honoka'ope Bay is designated Zone V15, a Coastal High Hazard Area. The approximate 100-year tsunami elevation for these areas is 8 feet above mean sea level. The 100-year event has a one percent chance of being equalled or exceeded in any given year.

All of Property A is designated as Zone C. These areas are not considered as flood prone areas.

PROPOSAL FOR DEVELOPMENT

11. Petitioner proposes to increase the size of the existing 778.5-acre Mauna Lani Resort Urban District to approximately 1,432 acres to provide additional recreational opportunities and visual amenities and to develop the existing Mauna Lani Resort at a lower density. Petitioner does not propose to increase the number of hotel, resort condominium and residential units allowed by the current master plan. The existing County of Hawaii (hereinafter the "County") zoning for the 778.5-acre Urban District allows the Petitioner to develop 3,000 hotel rooms and 3,182 residential units, shopping and entertainment activities and recreational facilities.

12. Petitioner proposes to reclassify the Property in order: (a) to provide a second golf course and additional open space and recreational areas, including a public shoreline park, (b) to accommodate support facilities that have been constructed in the Agricultural District adjacent to the existing Urban District, (c) to relocate the hotel site now located on the eastern side of Honoka'ope Bay to a more suitable location at its southern end and (d) to decrease the density of development within the resort's residential and hotel areas, thereby promoting the achievement of established luxury resort design goals and standards.

13. Petitioner proposes the following land uses in Petitioner's existing and revised plans:

| <u>Type of Use</u>        | <u>Land Use in Acres</u> |                     |                 |
|---------------------------|--------------------------|---------------------|-----------------|
|                           | <u>Existing Plan</u>     | <u>Revised Plan</u> | <u>Increase</u> |
| Resort Hotel              | 124.2                    | 144.5               | 20.3            |
| Resort Residential        | 318.2                    | 458.5               | 140.3           |
| Commercial                | 27.1                     | 40.9                | 13.8            |
| Resort Support Facilities | 5.8                      | 110.9               | 105.1           |
| Open/Road                 | 57.0                     | 173.2               | 116.2           |
| Golf Course               | 205.0                    | 370.0               | 165.0           |
| Golf Course Reserve       | 0.0                      | 86.3                | 86.3            |
| Historic Preserve         | 23.7                     | 23.7                | 0.0             |
| Park                      | 3.2                      | 3.2                 | 0.0             |
| Recreation, Misc., Other  | <u>14.3</u>              | <u>21.3</u>         | <u>7.0</u>      |
| Total                     | 778.5                    | 1,432.5             | 654.0           |

14. Petitioner proposes to provide public access to the shoreline at the northern and southern ends of the resort and will include public parking.

15. Petitioner proposes to provide a public shoreline park adjacent to holes 9 and 10 of the new northern golf course, which park will include a comfort station and showers, picnic facilities (10 tables and 5 barbecue pits), and parking (initially 12 stalls and 17 planned additional stalls).

16. Petitioner currently provides support facilities north and mauka of the existing resort including a sewage treatment plant, resort offices, warehousing, storage and contractor's yard. Petitioner proposes to provide industrial services and uses associated with resort expansion in this area.

17. Petitioner proposes to add another 23 acres to the golf course and a park area (both with shoreline orientation)

near Pauoa Bay on lands to be leased from the State of Hawaii.

18. Petitioner estimates the construction costs of the infrastructure for the resort to be \$8,000,000.00 to \$9,000,000.00 and construction costs for the golf course to be \$9,000,000.00.

19. Petitioner proposes to sell the multi-family units in the Mauna Lani Resort at a price, in 1984 dollars, ranging from \$350,000.00 to \$550,000.00.

20. Petitioner proposes to sell house lots, at prices, in 1984 dollars, ranging from \$250,000.00 to \$450,000.00.

21. Petitioner proposes to sell house and lot packages at prices, in 1984 dollars, ranging from \$600,000.00 to \$1,200,000.00.

22. Petitioner projects to complete construction of all infrastructure, the second golf course and the beach and tennis court for the resort within five years of obtaining necessary government approvals.

PETITIONER'S FINANCIAL CAPABILITY TO  
UNDERTAKE THE PROPOSED DEVELOPMENT

23. Petitioner is a wholly owned subsidiary of the Mitsui Corporation of Japan.

24. Petitioner has three corporate subsidiaries: Mauna Lani STP Corp. which operates the sewage treatment plant, Mauna Lani Bay Hotel Corporation which owns the existing hotel and Mauna Lani Realty which operates the realty division.

25. Petitioner's land holdings in the South Kohala area include approximately 3,975 acres along the coastline from



Honokaope Bay to Makaiwa Bay and mauka to Queen Kaahumanu Highway. Petitioner owns approximately 3,200 acres in fee simple.

26. Petitioner's consolidated balance sheet as of June 30, 1984 lists total assets of \$146,149,308.00 and share stockholders' equity of \$26,171,006.00.

STATE AND COUNTY PLANS AND PROGRAMS

27. Property A is within the Agricultural District and Property B is within the Conservation District as reflected on Land Use District Boundary Maps H-15 (Puu Hinai, Hawaii) and H-5 (Anaehoomalu, Hawaii) respectively.

28. The Hawaii County General Plan identifies the Property and the existing Mauna Lani Resort as a Major Resort Area, a self-contained resort destination area which provides basic and support facilities, including a minimum of 3,000 hotel units, residential developments and recreational amenities to serve the entire development.

29. The County General Plan Land Use Pattern Allocation Guide (LUPAG) Map designates the area for resort, urban and alternate urban expansion.

30. The County zoning designation for Property A and Property B are Unplanned (U) and Open, respectively.

31. The entire Mauna Lani Resort, including the Property area, is within the County "Special Management Area" (SMA). The County of Hawaii has granted SMA approval for the

existing master plan for Mauna Lani Resort. Petitioner will need SMA approvals for two golf holes and a public shoreline access and park near Pauoa Bay.

NEED FOR THE PROPOSED DEVELOPMENT

32. Petitioner's market consultant, Ming Chew & Associates (Ming Chew), prepared a market study for resort facilities at Mauna Lani Resort projecting the following demand:

| <u>Types of Units Needed</u> | <u>1990</u> | <u>1995</u> | <u>2000</u>   |
|------------------------------|-------------|-------------|---------------|
| a. Hotel rooms               | 400         | 700         | 900 - 1,100   |
| b. Multi-family units        | 400         | 800         | 1,400 - 1,800 |
| c. House Lots                | 25          | 50          | 70 - 90       |
| d. House and Lots            | 25          | 50          | 70 - 90       |

33. Ming Chew also projected a need for 25,000 square feet of commercial space by 1990, 50,000 square feet by 1995 and 80,000-100,500 square feet by 2000. Ming Chew further estimates that hotel and residential units would generate a demand for auxiliary services (resort support facilities) requiring approximately 15 acres in 1990, 30 acres in 1995 and 45-55 acres in 2000. Ming Chew also projects the cumulative demand for additional resort facilities, including the existing auxiliary land uses, to be 40 acres by 1990, 55 acres by 1995 and 70-80 acres by 2000.

34. Ming Chew also estimated additional golf demand for the Kohala Coast Resort Region to be 51,000 annual rounds in 1990, 92,000 annual rounds in 1995 and 128,000 annual rounds in the year 2000.

Petitioner believes that this demand cannot be accommodated at the existing golf course which is near its desired maximum capacities. Petitioner projects a demand to open the second 18-hole golf course at the Mauna Lani Resort by the time the next hotel begins operations, and that Petitioner will operate the second 18-hole course at capacity by 1990. Petitioner proposes to develop a third and fourth golf course to accommodate additional demand projected for 1995.

#### Employee Housing

35. Petitioner's consultant, Peat, Marwick, Mitchell & Co., projects a total demand for additional housing units, including demand from operations-related employees and construction-related employees to be approximately 250 housing units by 1990, 400 units by 1995 and 600 units by 2000.

36. The County of Hawaii estimates a maximum requirement of one employee housing unit for every two hotel rooms. During the request for rezoning, the requirements for employee housing are adjusted to fulfill the need in the area where the hotel development is planned.

Petitioner will continue efforts to provide affordable employee housing to the area in cooperation with the County.

#### IMPACT UPON RESOURCES OF THE AREA

37. Petitioner submitted its Final Environmental Impact Statement on July 9, 1985, which the Commission accepted on August 2, 1985.

### Agricultural Resources

38. The State Department of Agriculture's (DOA) analysis indicates the Property's relatively poor agricultural suitability.

39. The Land Study Bureau's overall master productivity rating of the Property for agricultural use is Class "E" or Very Poor.

40. The Property consists largely of lava fills and scattered vegetation. Most of the Property has minimal agricultural potential and reclassification of the Property would have no impact on actual or potential agricultural productivity of the Property or surrounding areas.

### Flora and Fauna

41. Earthwatch, Environmental Resource Investigators, conducted a botanical survey of the Property in April, 1984. Earthwatch observed no proposed, listed or candidate endangered or threatened plant species on the Property.

42. Philip Bruner conducted bird and mammal surveys in 1979 and 1984, and observed no rare or endangered bird and mammal species on the Property.

### Anchialine Ponds

43. Petitioner's consultant, Richard Brock, conducted a survey of the fishponds and anchialine ponds for the Property and the Mauna Lani Resort area in 1985. All of the ponds surveyed except for one pond are situate within the existing

Urban District. Alga had become established in this anchialine pond, which is located in Property B, in the area of the proposed hotel site at Honoka'ope Bay. The current survey revealed that amphirods that were found in 1972 were no longer present in 1985, and opai'ula was again observed in 1985. Machiolek and Brock in 1972, classified the ponds within the Mauna Lani Resort as Class B rather than Class A.

44. Petitioner's consultant proposed the following management plan for the anchialine ponds: a) removal of exotic fish from the pond; b) employee awareness of the natural resource, c) a passive educational display system and d) the creation of new anchialine ponds.

#### Marine Environment

45. Steven Dollar conducted an assessment of the effect of drainage sedimentation, soils runoff and shoreline runoff and modification and concluded that construction to date has not resulted in significant impact on the chemical or biological environment.

46. Petitioner anticipates that development of the Property would have no significant impact on the surrounding marine environment and ecosystems.

#### Recreational Resources

47. Petitioner states that development of the Property will increase access to recreational amenities. Petitioner will provide two new public access paths to the shoreline, one

at the southern end of the resort to Honoka'ope Bay with 20 public parking stalls, and another to the proposed public shoreline park north of Pauoa Bay with approximately 37 public parking stalls and eight stalls near the entrance to the petroglyph fields.

Petitioner has provided a public pedestrian trail along the seaward boundary of the resort. Petitioner also proposes to construct a second 18-hole golf course to be open to the public.

#### Visual

48. Petitioner anticipates that a portion of the development on the Property will be visible from the Queen Kaahumanu Highway. Petitioner will shield any proposed improvements from the highway.

#### Archaeological Resources

49. The Kalahuipua'a and Lalamilo Ahupua'as, including the Mauna Lani Resort and the Puako petroglyph field, were the subject of numerous archaeological surveys conducted in 1955, 1964, 1973 to 1975 and 1984. The 1973 and 1975 study by Patrick Kirch, covered approximately 4,000 acres of land in the Puako and Kalahuipua'a areas which included intensive and aerial surveys and a salvage excavation. The 1955 and 1964 examinations and the 1984 reconnaissance survey were done by B. P. Bishop Museum.

50. The Property has many archaeological and historic resources, including the historic Mamalahoa Trail (King's Trail) which borders the southeast portion of Property B, and another trail of waterworn cobbles leading from Iliilinaehe Bay running parallel to the coast to Honoka'ope Bay.

51. Petitioner found six archaeological sites in Property B and four in Property A.

52. Petitioner's consultant, Science Management, Inc. prepared an interpretive management plan for historic resources at Kalahuipua'a in 1982. The plan, adopted by Petitioner for guiding resort development, proposes to present the history and prehistory of Kalahuipua'a to visitors and residents through the use of signs, illustrative materials, exhibits and leaflets, and a system of trails to connect various points of interest. The plan also provides for the management or the long-term preservation of archaeological sites.

53. Petitioner will photograph and record all newly discovered sites and forward copies of these records to the State Historic Preservation Office and the County Planning Department.

#### Surface Water and Drainage

54. Five gulches cross portions of the Property. The gulches are normally dry, sometimes for more than a year at a time. Petitioner will design a drainage system to limit or divert storm water runoff from the shoreline to dry wells on

site. Petitioner does not anticipate the development will adversely impact drainage on the Property.

#### Air Quality

55. Petitioner's air quality consultant, Jim Morrow, conducted an air quality study for the Mauna Lani Resort area and concluded that the proposed development will result in increased air pollutants. Mr. Morrow recommended improvements to Queen Kaahumanu Highway that may be necessary to satisfy State Air Quality Standards.

Petitioner will continue to comply with State and Federal air quality standards as the development proceeds.

#### Noise Quality

56. Petitioner's acoustical and noise consultants, Ebisu and Associates, conducted a noise study for the proposed development and concluded that noise levels will increase due to construction activities and increased traffic.

Petitioner will comply with all State and Federal laws relative to noise generated by the proposed development.

### ADEQUACY OF PUBLIC SERVICES AND FACILITIES

#### Water Service

57. Potable water for the Property is provided by the Lalamilo water system, a joint project funded by the County, State, Petitioner and other resort developers in the area. The total available potable water capacity in the four-well system is approximately 3.88 million gallons per day (MGD) of which



Petitioner is allocated approximately 2.3 MGD. Petitioner presently uses approximately 520,000 gallons of water per day. Petitioner projects development of the Property will generate a demand of approximately 2.23 MGD in 1995 and a demand for about 6 MGD at full development.

58. Petitioner proposes to develop additional water sources for the area by adding five well sites at the Lalamilo Water System II to adequately serve the Mauna Lani Resort development beyond 1995. Petitioner will dedicate these sites to the County Department of Water Supply.

59. Petitioner proposes to coordinate water development for Mauna Lani Resort with the County and the State Department of Land and Natural Resources in order to obtain the water allotment necessary to meet the projected full development demand.

#### Sewage Treatment and Disposal

60. The Mauna Lani Resort is served by a sewage treatment plant (STP) constructed and operated by the Petitioner. Petitioner uses treated effluent from the STP only for tree nursery irrigation at this time.

61. The existing STP has a design capacity of 0.76 MGD of effluent and can be expanded to handle 2.1 MGD. Current flow at 100 percent occupancy of the existing resort is 0.134 MGD. Petitioner will expand the facility to accommodate additional sewage flows at full development.

62. Petitioner proposes to dilute surplus wastewater with brackish water in manmade lakes within the golf course. Petitioner estimates that golf course irrigation will utilize 2.0 MGD of this diluted wastewater.

#### Roadway and Highway Facilities

63. The Petitioner's consultant, Belt Collins and Associates, conducted a traffic analysis and concluded that the existing capacity for the Queen Kaahumanu Highway-Mauna Lani Drive intersection is adequate to serve demand anticipated to the year 2000. Petitioner, in coordination with the requirements of the State Department of Transportation, proposes to signalize the intersection, construct a left-turn storage lane on Mauna Lani Drive for vehicles turning northbound onto Queen Kaahumanu Highway, and widen Queen Kaahumanu Highway in the vicinity of the intersection to include an additional northbound lane by the year 2000.

#### Schools

64. The State Department of Education (DOE) stated that current enrollment at Kohala High and Elementary School is 738 students in grades Kindergarten to grade 12. The DOE does not anticipate that enrollment between 1985 to the year 2000 will exceed the capacity of the school.

#### Electrical/Telephone Services

65. Hawaii Electric Light Company, Ltd. (HELCO) supplies electricity to the Mauna Lani Resort. Hawaiian Telephone Company provides telephone service to the Property.

Fire and Police Protection

66. The County provides fire protection to the Property from the Waimea and Kawaihae Fire Station, and also from the Kailua-Kona Fire Station.

67. The County provides police service to the Property from the Waimea Police Station.

Solid Waste Disposal

68. There is no government operated solid waste disposal service for the County of Hawaii. Petitioner currently hires private companies to haul solid waste to the Kailua-Kona landfill and will continue this arrangement until a new County landfill in Puuanahulu is operational.

PREFERENCE FOR DEVELOPMENT

69. Petitioner projects the proposed Mauna Lani Resort will provide approximately 2,100 permanent direct employment opportunities by the year 2000 and approximately 4,000 indirect employment opportunities throughout the state by the year 2000.

CONTIGUITY OF THE PROPOSED RECLASSIFICATION

70. The proposed reclassification of the Property from the Agricultural and the Conservation to the Urban District would result in the expansion of the existing Mauna Lani Urban District toward Queen Kaahumanu Highway and to the Waikoloa Urban District.

CONFORMANCE TO STATE LAND USE DISTRICT REGULATIONS

71. The proposed reclassification conforms to Part II,

Section 2-2, of the Commission's District Regulations as follows:

a. Petitioner's proposed reclassification is an extension of the Mauna Lani Resort Urban District and will support the development of a proposed full-service hotel which will provide jobs for Hawaii residents.

b. Petitioner has demonstrated its financial capability to undertake the proposed project and the Petitioner's market study indicates a need for the proposed luxury single-family and multi-family units with the second 18-hole golf course and supporting facilities together with the proposed full-service hotel.

c. Public services and facilities are available or will be made available to service the project. Petitioner will develop additional water sources, expand the sewage treatment plant to meet the anticipated demands and fund the proposed traffic improvements. Petitioner has also proposed to develop public accesses and parks at Honoka'ope and Pauoa Bays.

d. Petitioner's proposed reclassification will not adversely affect resources such as historical/archaeological sites, endangered flora/fauna and recreational opportunities.

e. Petitioner's proposed reclassification conforms to the County General Pan Land Use Pattern Allocation Guide (LUPAG) map and State Tourism Plan which identifies South Kohala as a visitor destination area designated for tourism growth.

Incremental Districting

72. Petitioner proposes to construct most of the infrastructure, the second 18-hole golf course, second hotel and a substantial number of residential units and associated resort amenities within five years after obtaining necessary governmental approvals.

CONFORMANCE WITH THE HAWAII STATE PLAN

73. The proposed reclassification conforms to the following goal and policies of the Hawaii State Plan:

State Goal

Section 4(1) "A strong, viable economy, characterized by stability, diversity and growth, that enables the fulfillment of the needs and expectations of Hawaii's present and future generations."

Petitioner's proposed Mauna Lani resort expansion will create and enhance employment opportunities for Hawaii residents due to the development of a second full-service hotel. This hotel will provide employment opportunities during and after construction.

Policies

Section 8(b)(3) "Improve the quality of existing visitor destination areas."

Petitioner's proposed Mauna Lani Resort expansion will complement the existing high-quality South Kohala Visitor Destination Area.

Section 8(b)(5) "Ensure that visitor facilities and destination areas are carefully

planned and sensitive to existing neighboring communities and activities."

Petitioner's proposed reclassification will support one of the five proposed full-service hotels. Shoreline access to Pauoa Bay and Honoka'ope Bay will be developed and enhanced by public parking, restroom and shower facilities.

Section 8(b)(6) "Develop the industry in a manner that will provide the greatest number of primary jobs and steady employment for Hawaii's people."

Petitioner's proposed Mauna Lani Resort expansion will create employment opportunities during the construction phase and operation of the proposed development.

#### RULING ON PROPOSED FINDINGS OF FACT

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

#### CONCLUSIONS OF LAW

Pursuant to Chapter 205, Hawaii Revised Statutes, as amended, and the Rules of Practice and Procedure and District Regulations of the State Land Use Commission, the Commission finds upon a preponderance of the evidence that the reclassification of the Property, which is the subject of the Petition, Docket No. A84-583 by Mauna Lani Resort, Inc., consisting of approximately 654 acres of land from the Agricultural and Conservation Districts into the Urban District at

Kalahuipua'aa, Anaehoomalu and Waikoloa, South Kohala, County of Hawaii, Hawaii Tax Map Key Nos.: 6-8-01:49, portion of 22, portion of 50, portion of 52 and portion of 53, 6-8-22: 29, 30, 31, portion of 1, portion of 22, portion of 23, portion of 32 and portion of 35 (Property A); and Hawaii Tax Map Key No.: 6-8-22: Portion of 32 (Property B), for the development of the Mauna Lani Resort, subject to the conditions stated in the Order below, conforms to the standards established in the State Land Use District Regulations, is reasonable and non-violative of Section 205-2, Hawaii Revised Statutes, and the Hawaii State Plan, as set forth in Chapter 226, Hawaii Revised Statutes.

ORDER

IT IS HEREBY ORDERED that the Property, being the subject of this Petition Docket No. A84-583 by Mauna Lani Resorts, Inc., consisting of approximately 654 acres, situate at Kalahuipa'a, Anaehoomalu and Waikoloa, South Kohala, Hawaii, and identified as Hawaii Tax Map Key Nos.: 6-8-01:49, portion 22, portion 50, portion 52, portion 53, 6-8-22:29, 30, 31, portion 1, portion 22, portion 23, portion 32, and portion 35 (Property A); and Hawaii Tax Map Key Nos.: 6-8-22: portion of 32 (Property B), and approximately identified on Exhibit A attached hereto and incorporated by reference herein, shall be and the same is hereby reclassified from the Agricultural and Conservation Districts to the Urban District and the State Land Use District Boundaries are amended accordingly subject to the following conditions:

1. Petitioner shall provide housing opportunities for low and moderate income Hawaii residents and/or employees employed at the Mauna Lani Resort by constructing and offering for sale or rent, on a preferential basis on its own or in cooperation with either or both the Hawaii Housing Authority and the County of Hawaii, within or without the Property, a number of residential units not less than ten percent (10%) of the number of resort residential units to be developed on the Property to residents of Hawaii and/or employees employed at the Mauna Lani Resort of low and moderate income as determined by the Hawaii Housing Authority or the County of Hawaii from time to time or by contributing to the development of such housing without the Property. The preferential residential units shall be offered for sale or rent at prices that would enable such purchasers, including bargaining units of employees of Petitioner to qualify for and obtain State-assisted financing (e.g., Act 105 or Hula Mae) or federally-insured or assisted financing (e.g., FHA, Section 245 Program) intended to encourage home ownership by low and moderate income families or employees.

2. Petitioner shall fund the design and construction in conjunction with the State Department of Transportation of improvements to the Queen Kaahumanu Highway and Mauna Lani Drive intersection as maybe required by the State Department of Transportation.



3. Petitioner shall provide public access to Honoka'ope and Pauoa Bays and provide public access along the seaward boundary of the Property to connect with the existing shoreline easement to create a continuous shoreline trail at the Mauna Lani Resort area which trail shall be available to the public for recreational use including fishing, swimming, and viewing of archaeological sites in the Mauna Lani Resort area. Petitioner shall provide such public access either by the dedication of an easement to the State of Hawaii or County of Hawaii or by recording and or filing with the Bureau of Conveyances and the Land Court of the State of Hawaii as appropriate or unilateral declaration imposing such easement obligations.

4. In the event Petitioner shall discover any new historic or archaeological sites during construction, Petitioner shall immediately notify appropriate State and County agencies and take such measures as required by the appropriate State and County agencies to preserve such historical or archaeological sites.

5. Petitioner shall develop a full-service hotel on the Property in conjunction with the recreational and residential projects to ensure employment opportunities.

6. Petitioner shall develop additional water sources to meet the anticipated total water demands for the project.

7. Petitioner shall develop a management plan for the

existing anchialine ponds in coordination with the State Department of Land and Natural Resources and other appropriate agencies.

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

DOCKET NO. A84-583 - MAUNA LANI RESORT, INC.

Done at Honolulu, Hawaii, this 3rd day of March  
1986, per motions on December 10, 1985 and February 5, 1986,

LAND USE COMMISSION  
STATE OF HAWAII

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

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

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

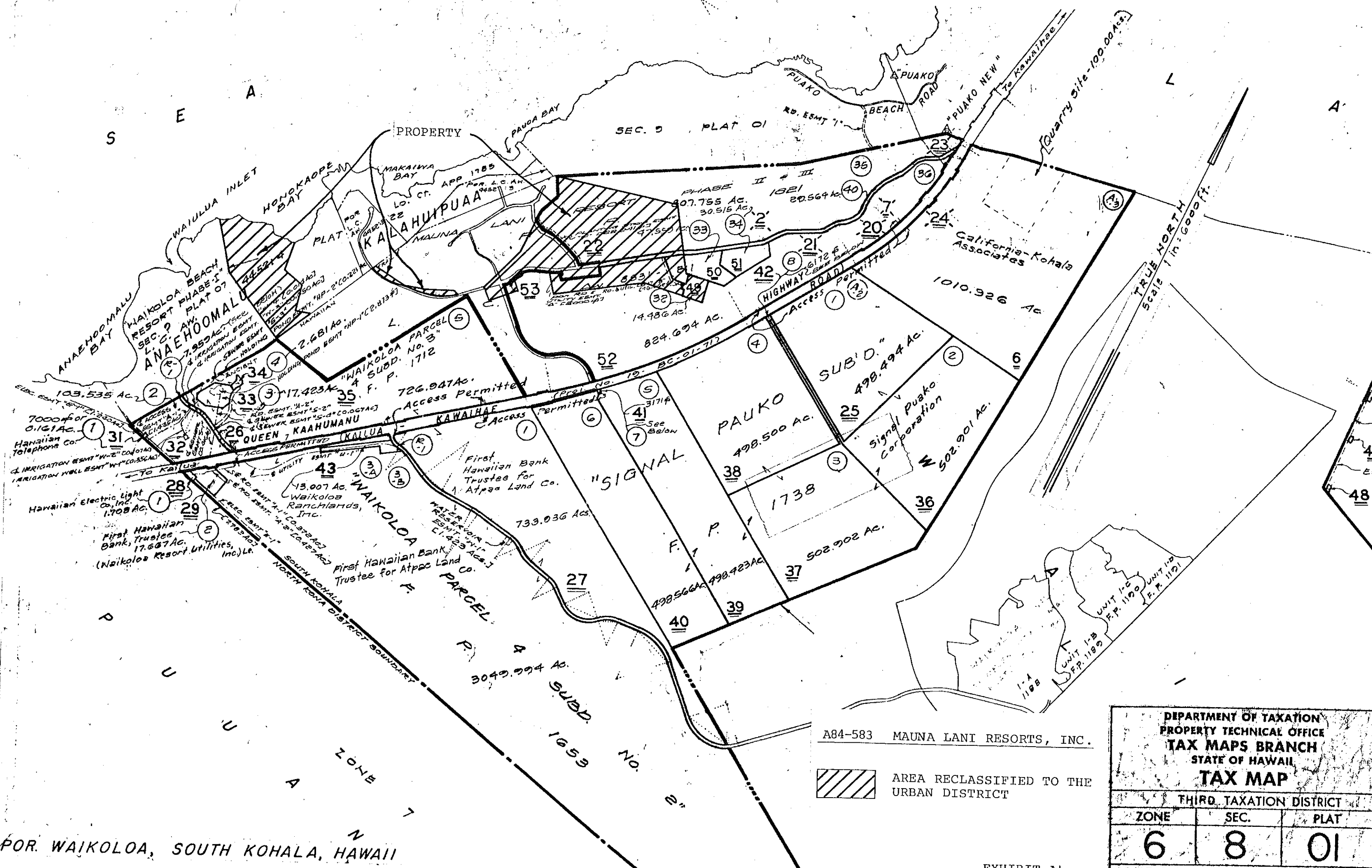
BY *Toru Suzuki*  
TORU SUZUKI  
Commissioner

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


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

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

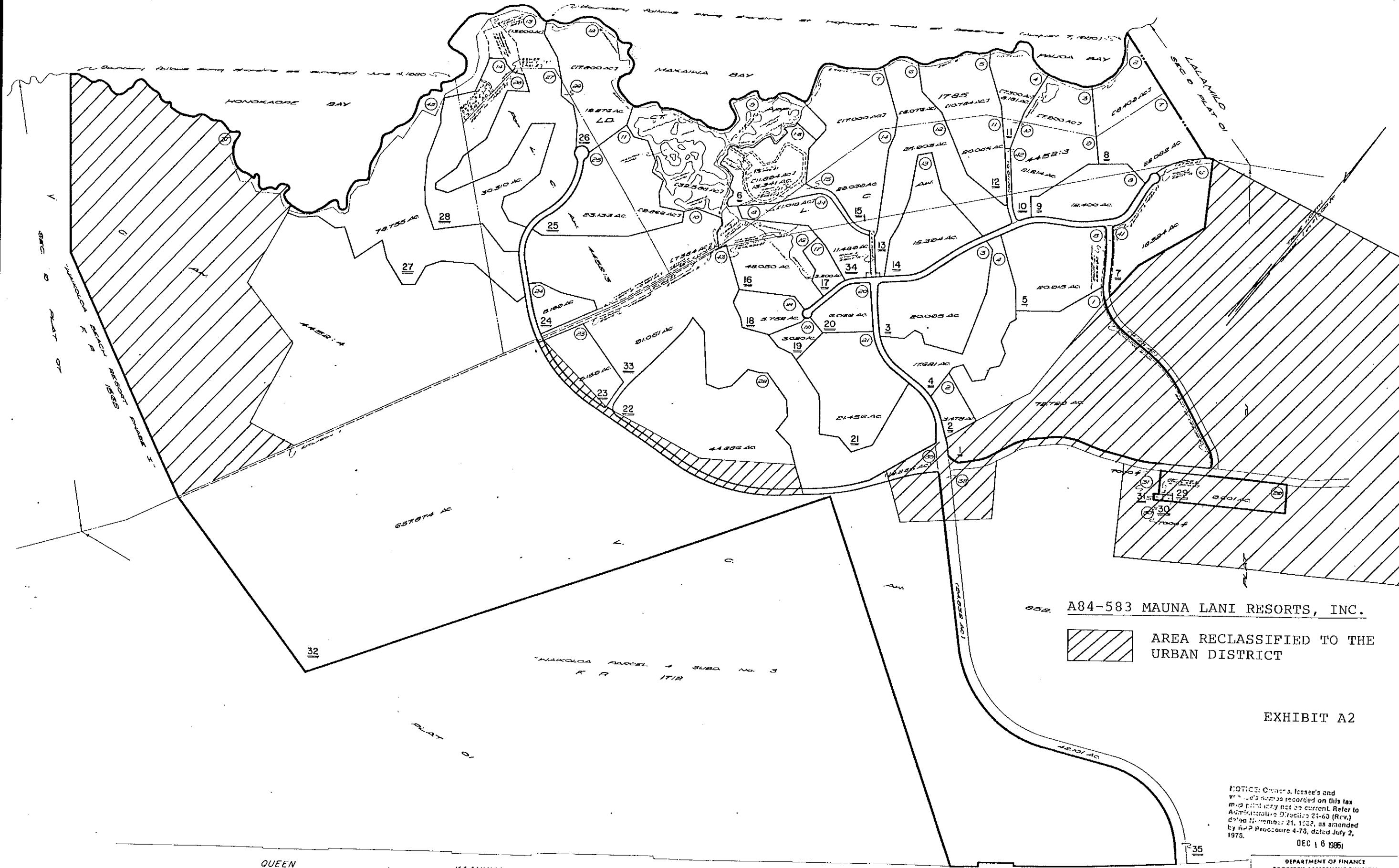
BY *Winona E. Rubin*  
WINONA E. RUBIN  
Commissioner



A84-583 MAUNA LANI RESORTS, INC.

 AREA RECLASSIFIED TO THE URBAN DISTRICT

|   |      |      |
|---|------|------|
| DEPARTMENT OF TAXATION<br>PROPERTY TECHNICAL OFFICE<br>TAX MAPS BRANCH<br>STATE OF HAWAII |      |      |
| TAX MAP   |      |      |
| THIRD TAXATION DISTRICT   |      |      |
| ZONE  | SEC. | PLAT |
| 6   | 8    | 01   |
| SCALE: 1 IN. = 6000 FT.   |      |      |



A84-583 MAUNA LANI RESORTS, INC.


 AREA RECLASSIFIED TO THE URBAN DISTRICT

EXHIBIT A2

NOTICE: Owners, lessees and  
 vendors names recorded on this tax  
 map may not be current. Refer to  
 Administrative Directive 24-63 (Rev.)  
 dated November 21, 1982, as amended  
 by HWP Procedure 4-75, dated July 2,  
 1975.

DEC 16 1985

DEPARTMENT OF FINANCE  
 PROPERTY ASSESSMENT DIVISION  
 TAX MAPS SECTION  
 STATE OF HAWAII  
 TAX MAP

| COUNTY OF HAWAII |     |      |
|------------------|-----|------|
| ZONE             | SEC | PLAT |
| 6                | 8   | 22   |

FOR PROPERTY ASSESSMENT PURPOSES SUBJECT TO CHANGE

"MAUNA LANI RESORT - PHASES II & III," per F.P. 18218, MAP 7 LD CT APP 1785, KALAHUIPUAA, ANAEHOOMALU & WAIKOLOA, SOUTH KOHALA, HAWAII, HAWAII (Formerly per 6-8-01 & 6-9-01)

SOURCE: [illegible]  
 BY: [illegible]  
 DATE: [illegible]  
 DWG NO.: [illegible]

DOCKET NO. A84-583 - MAUNA LANI RESORT, INC.

A copy of the Land Use Commission's Decision and Order was served upon the following by regular mail on March 3, 1986.

EVERETT KANESHIGE, Deputy Attorney General  
Department of the Attorney General  
State Capitol, 4th Floor  
Honolulu, Hawaii 96813

RONALD IBARRA, Corporation Counsel  
Office of the Corporation Counsel  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawaii 96720

THOMAS H. YAMAMOTO P.E.  
Senior Vice President  
Mauna Lani Resort, Inc.  
P. O. Box 4959  
Kawaihae, Hawaii 96743-4959

BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Petition of )  
MAUNA LANI RESORT, INC. ) DOCKET NO. A84-583  
) MAUNA LANI RESORT, INC.  
)  
To Amend the Agricultural and the )  
Conservation Land Use District )  
Boundary into the Urban Land Use )  
District for approximately 654 )  
acres at Kalahuipua'a, Anaehoomalu )  
and Waikoloa, South Kohala, County )  
of Hawaii, Hawaii, Tax Map Key )  
Nos.: 6-8-01: 49, portion of 22, )  
portion 50, portion 52 and portion )  
53; 6-8-22: 29, 30, 31, portion 1, )  
portion 22, portion 23, portion )  
32 and portion 35 )

CERTIFICATE OF SERVICE

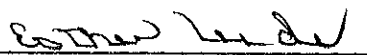
I hereby certify that a copy of the Land Use Commission Decision and Order was served upon the following by either hand delivery or depositing the same in the U. S. Postal Service by certified mail:

KENT M. KEITH, Director  
Department of Planning and Economic Development  
State of Hawaii  
250 South King Street  
Honolulu, Hawaii 96813

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

JEFFREY N. WATANABE  
J. DOUGLAS ING  
BENJAMIN A. KUDO  
Kobayashi, Watanabe, Sugita & Kawashima  
Attorneys for Petitioner  
8th Floor, Hawaii Building  
745 Fort Street  
Honolulu, Hawaii 96813

DATED: Honolulu, Hawaii, this 3rd day of March 1986.

  
ESTHER UEDA  
Executive Officer