

Exhibit 6-1
Projected Supportable Commercial Areas - Primary Trade Area
 In square feet, 2010 to 2030

	<u>Basis/reference</u>	<u>2010</u>	<u>2020</u>	<u>2030</u>	<u>Ave. annual change, 2010-2030</u>
Resident population in Primary Trade Area:					
Population in North Kona-North & South Kohala-Waikoloa ¹	Exhibit 2-4	26,800	41,800	58,300	4.0%
Relation to Trade Area	2.7 in 2000 2.4 in 2006	2.1	2.0	1.8	-0.8%
Population in Trade Area		56,000	84,000	105,000	3.2%
Retail-based demand assessment:					
Trade Area daytime resident population -	<i>Estimated at</i>				
<i>Ratio to resident pop</i>	<i>1.28 in 2006²</i>	1.35	1.40	1.40	0.2%
Daytime residents		75,600	117,600	147,000	3.4%
Visitor population ³	2006: 21,700	23,500	26,500	32,300	1.6%
Retail consumer population in Trade Area		97,300	144,100	179,300	3.1%
Supportable GLA in Primary Trade Area	40 sf/person	<u>3,000,000</u>	<u>4,700,000</u>	<u>5,900,000</u>	<u>3.4%</u>
Office-based demand assessment:					
Civilian labor force	54% of resident population	30,200	45,200	56,600	3.2%
Supportable RBA in Primary Trade Area	18 sf/person in 2006 ⁴	20	25	25	1.1%
		<u>600,000</u>	<u>1,100,000</u>	<u>1,400,000</u>	<u>4.3%</u>
Total supportable commercial areas		<u>3,600,000</u>	<u>5,800,000</u>	<u>7,300,000</u>	<u>3.6%</u>

Note: Demand projections could be conservative in that market support from area second home is residents not explicitly considered.

¹ Census Tracts 215.01 and 217.01, respectively.

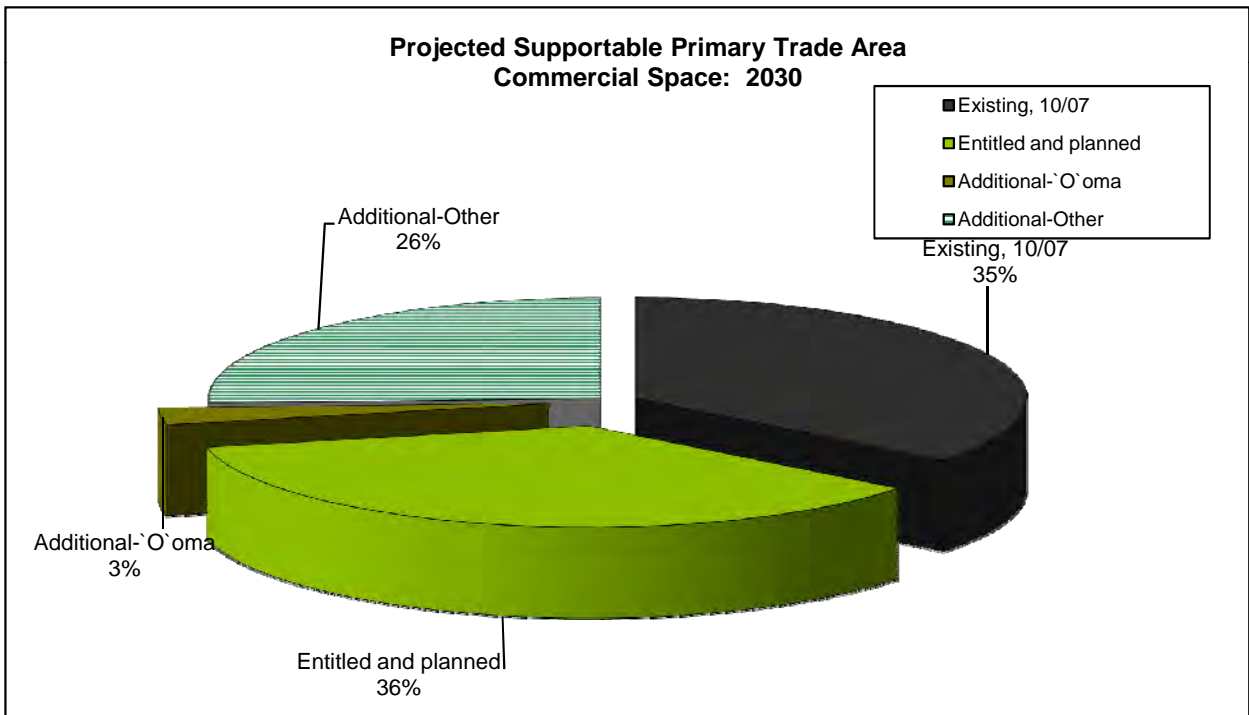
² Based on 2000 ratios and weighted average for PTA, as shown in Exhibit 5-6. This indicator could be low compared to the daytime ratios that would be effective for the larger regions considered here, since it is derived from the relatively small CDP places.

³ Assumes annually compounded 2% average growth in visitor population, most originating in planned interval ownership developments. 2006 figure as shown in Exhibit 5-6. Growth rate based on projections set forth by University of Hawaii Economic Research Organization in "Tourism Pause Means Further Slowing Ahead," March 2, 2007; visitor populations projected do not consider the growing resort second home resident population of the region.

⁴ As shown in Exhibit 5-7. Future ratio assumed to approach Oahu's 2006 average.

Exhibit 6-2
Commercial Market Assessment for `O`oma
 Cumulative square feet, 2020 and 2030

	Basis/reference	2020	2030
`O`oma commercial market:			
Potential development phasing	<i>200,000 maximum</i>	100,000	200,000
Mauka (Current Urban District)	<i>150,000 maximum</i>	50,000	150,000
Makai (Petition Area)	<i>50,000 maximum</i>	50,000	50,000
Share of total future PTA		2%	3%
Share of net unplanned PTA market support		9%	10%
Projected supportable space in Primary Trade Area:			
	<i>Cumulative figures</i>		
Existing, 10/07	<i>Exhibit 5-3</i>	2,596,000	2,596,000
Entitled and planned for 2007+	<i>Exhibit 5-3</i>	2,070,000	2,630,000
Net additional supportable		1,134,000	2,074,000
Total	<i>Exhibit 6-1</i>	5,800,000	7,300,000



Note: Demand projections could be conservative in that market support from area second home residents is not explicitly considered.

Source: Mikiko Corporation, 2007

Market Assessment for O`oma Beachside Village

Appendices

Appendix 1: Census Tract 215.01 – Portion of North Kona District Considered Within the Competitive Residential Market Area

KXPRESS

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Project 2833752 - Prepared for Mikiko Corporation
Census Tract 215.01
Hawaii County, HI



Source: Claritas, Inc., March 8, 2007.

Appendix 2: Census Tract 217.01 – Portion of South Kohala District Considered Within the Competitive Residential Market Area

KXPRESS

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Project 2833751 - Prepared for Mikiko Corporation
Census Tract 217.01
Hawaii County, HI



Source: Claritas, Inc., March 8, 2007.

Appendix 3: Planned Primary Residential Development Projects in Census Tracts 215.01 and 217.01, Island of Hawaii

Subject and Primary Residential Projects with
State Entitlement or Exemption, as of October 2007

Project Identification	Landowner or developer	Number of units			Est % primary resident & buildout ¹	Projected additional RHU at buildout	Comment
		Total	Built as of 10/07	Potential future			
North Kona-North (CT 215.01):							
Subject: O'oma Beachside Village	O'oma Beachside Village, LLC	1,200	0	1,200	84%	1,010	Subject. Planned for 1,000 to 1,200 units, including affordable housing.
Palamanui (previously Hilu Hilu)	Hunt Development Group/Charles Schwab/Guy Lam	1,100	0	1,100	85%	940	Within 725-acre site tied to proposed UH West Hawaii campus; first homes 2009+. Excludes dormitories.
Keauhuolu Lands (RCX-2)	Queen Lili'uokalani Trust	234	0	234	95%	220	Mauka of Henry St. & South of Palani Rd. Plans in flux as of September 2007.
Kaloko Heights	Stanford Carr Development/Kaloko Heights Associates LLC	1,362	0	1,362	85%	1,160	Adjacent to Subject, on Hina Lani Drive. Market homes on 7,500 to 15,000 sq. ft.; also MF. First product +/- 2013.
Villages of La'iohua (Kealakehe ahupua'a)	State-DHHL	1,364	0	1,364	95%	1,300	Residential lots at Villages 1,2,4,5,6,7,11. Village 3 (Kaniohale) completed 2001. Villages 8, 9, 10 taken by HHFDC and are subject to EIS for Urbanization.
Seascape	Westpro Holdings	108	0	108	90%	100	Affordable condos with buy-back provision. Building permits issued 2007.
Wainani Estates	INA; marketed by Clark Realty Corporation	49	30	19	85%	20	Vacant lots, Increment One (30 lots) now on the market, 15,000 to 25,000 sq. ft. Ko'i Ko'i Street near Kaiminani Street.
South Kohala-Waikoloa (CT 217.01):							
Aina Le`a	Bridge Aina Le`a (Banter, Inc.); seeking developer	1,924	0	1,924	20%	380	Across from Mauna Lani Resort; plans include 2 golf courses & 25-acre shopping center.
Wehilani (formerly "Na Puu Nani")	Castle & Cooke Waikoloa LLC (C&C Homes Hawaii, Inc. subsidiary)	883	65	818	90%	740	Makana Kai (MF) and Kikaha (SF) now marketing. West & south of Waikoloa Village entrance.
Kilohana Kai at Waikoloa Phase II	Clearly Waikoloa; marketed by Hawaiian Island Homes, Peter Savio	230	115	115	70%	80	80 homes/150 vacant lots. Ph I (51 units) sold out 2005; Phase II now being marketed. Completion of Ph III projected 2008.
Kamakoa Vistas (Waikoloa Workforce Housing)	UniDev LLC/Hawai'i Island Housing Trust (land owner)	1,200	0	1,200	95%	1,140	1,000 to 1,200, of which 400 rentals. County deeded land to HIHT & has committed \$40 million for infrastructure. Community Facilities District financing.

Appendix 3: Planned Primary Residential Development Projects in Census Tracts 215.01 and 217.01, Island of Hawaii

Subject and Primary Residential Projects with
State Entitlement or Exemption, as of October 2007

Project identification	Landowner or developer	Number of units			Est % primary resident & buildout ¹	Projected additional RHU at buildout	Comment
		Total	Built as of 10/07	Potential future			
Sunset Ridge	Towne Development	197	100	97	95%	90	High \$400,000s to low \$700,000s in 2007; 65 acres, north of Wehilani.
Keolalani at Waikoloa (formerly "Waikoloa Heights")	Keolalani Investment Partners (purchased from Lynch; entity known as Waikoloa Ma La'i)	3,000	0	3,000	65%	1,950	Land zoned RS-10; assumed RHU productivity estimated based on slope and a share of development being purchased by off-island investors. No affordable condition; required sewer, water line and bridge improvements will add to project infrastructure costs.
Waikoloa Village	Metric Holdings, Inc.	476	0	476	90%	430	45 acres total; also planned for lifestyle retail. Across Waikoloa Road from Village Golf Course.

Totals, rounded (excludes Subject):

North Kona-North	4,200	0	4,200	3,700
South Kohala-Waikoloa	7,900	300	7,600	4,800
	12,100	300	11,800	8,500

Note - Based on survey of projects planned on lands with State Land Use "Urban" designation as of October 1, 2007, or with landowner that may be exempt from LUC governance. Survey targeted projects of 100 or more planned units. Excludes projects developed in conjunction with beachfront resorts offering golf and/or hotel amenities; also excludes QLT Urban lands for which LUC petitions to be filed to redesignate uses from commercial to residential. Figures shown based on stated owner or developer plans where available, else maximum entitled units.

INA - Information not available; sq. ft. - square feet; u - residential unit; RHU - primary resident housing unit; MU - Mixed use development including residential and retail uses; SF - Single-family detached home; MF - Multifamily; TH - Townhouse (multifamily); LUC - State Land Use Commission; HHFDC - Hawaii Housing Finance & Development Corporation; DHHL - Department of Hawaiian Home Lands; DLNR - Department of Land & Natural Resources; MFY - median family income; DEIS - Draft Environmental Impact Statement; QLT - Queen Lili'uokalani Trust.

¹ Reflects estimated percent of project anticipated to sell to primary residents already established on-Island and the likelihood of project building to maximum entitled capacity.

Sources: Interviews with project principals, developers, planners and brokers, and County and State officials; Honolulu Advertiser; Honolulu Star Bulletin; Pacific Business News; West Hawaii Today; State of Hawaii, Office of Environmental Quality Control; project websites and internet searches.

**Appendix 4: Entitled and Planned Commercial Developments in the
North Kona and South Kohala Districts**

Subject and Projects with State LUC Entitlement and Plans, as of October 2007

Project identification	Landowner or developer	Site area (Ac)	Estimated GLA (Sq. ft.)	Comments
North Kona:				
<i>O'oma Beachside Village</i>	<i>North Kona Village, LLC</i>	<i>INA</i>	<i>200,000</i>	<i>6 acres in Makai Area, of which 3 to be canoe club; balance on Mauka Area.</i>
Kaloko Heights	Stanford Carr Development/Kaloko Heights Associates LLC	5	50,000	Neighborhood commercial; zoned CN-20.
Palamanui (previously Hilu Hilu)	Hunt Development Group/Charles Schwab/Guy Lam	INA	70,000	Village and Community Commercial areas designated within 725-acre site. Excludes 70-acre potential business park.
Kona Kai Ola	Jacoby Development, Inc. (Atlanta)/State DLNR and DHHL	51	500,000	50-acres along Queen Kaahumanu, rest around harbor. Project also includes 800-slips, 700 hotel rooms, 1,800 timeshare units.
Kona Commons	MacNaughton, Kobayashi, Queen Lili'uokalani Trust	65	700,000	"Village style Main Street". Phase I - 132,400 sq. ft. by 10/08. On QLT leased lands makai of Queen Kaahumanu Hwy.
CG10 site	Queen Lili'uokalani Trust Estate	12	200,000	Office and retail potential development; no residential planned at this time.
Lots 14 & 15	Queen Lili'uokalani Trust Estate	9	60,000	Plans under review.
Makalapua Shopping Center Phase 2	Queen Lili'uokalani Trust Estate	20	116,000	Up to 20-acre expansion permitted by water agreements within current Urban Phase 1. Development likely pending petition to LUC for residential uses in this area.
Lanihau Shopping Center Phase 2	Westwood Development Group	22.4	220,000	Fronts Henry Street. Westwood also involved in Aina Le`a.
INA	Pua`a Development, LLC	14.97	20,000	SLU-04-009, Neighborhood commercial. Across Pualani Estates, makai of Hwy 11.
South Kohala:				
Queen's Marketplace	INA	INA	135,000	Anchor Island Gourmet Markets (ABC Stores/KTA).
Aina Le`a	Bridge Aina Le`a	25	200,000	Estimate based on land area; project in need of financing and development partner.
Waikoloa Village	Metric Holdings, Inc.	12.92	200,000	Zoned CV-10; project also includes residential rentals, senior housing, hotel.
Waimea Town Center	Parker Ranch	20	200,000	Town Center Plan under review; represents maximum development expected.
Potential development but no plans specified:				
NELHA	State of Hawaii	400	0	Plans unspecified but some 400 acres of Commercial/Industrial land are potentially available.

Totals of available information, rounded (excludes Subject):

North Kona	1,890,000
South Kohala	740,000
Total, Primary Trade Area	<u>2,630,000</u>

Note: Survey covers projects with LUC "Urban" designation as of April 1, 2007, and targeted community and regional retail/office facilities, generally those of 20,000 square feet or more. Excludes industrial-designated commercial projects such as West Hawaii Business Park and Kaloko Industrial Park.

INA - Information not available; Ac - Acres; LUC - Land Use Commission; U/C - Under construction; MU - mixed-use development, including residential and retail; SC - Shopping center

Sources: Interviews with project developers, landowners, planners and brokers; area site visits; PM Realty Group, 2007; Pacific Business News, 2006, "Book of Lists: 2007"; Pacific Business News (weekly); developer websites; Honolulu Advertiser; West Hawaii Today; internet searches.

Appendix 5: Report Conditions

This assessment is based on information provided by government agencies, developers, brokers, landowners, and other third party sources. While every attempt has been made to verify information via multiple sources, it is not always possible to do so. MC cannot guarantee the accuracy of all information upon which its assessments may be based.

MC has no responsibility to update this report or any of the underlying data for events and circumstances occurring after October 1, 2007, the date of substantial completion of primary data collection.

This report is for the planning purposes of NKV, PBR and their consultants, as well as for public disclosure of the nature of `O`oma pursuant to seeking State and County land entitlements. It is not to be used for solicitation of investment or other third party purposes without prior written consent of the author.

This report does not offer an appraisal of `O`oma, nor should it be construed as any opinion of value for `O`oma.

ECONOMIC & FISCAL IMPACT ASSESSMENT



**ECONOMIC AND FISCAL IMPACT
ASSESSMENT FOR `O`OMA BEACHSIDE
VILLAGE**

North Kona, Island of Hawai`i

Prepared for:
`O`oma Beachside Village, LLC

FINAL REPORT
April 2008

Economic and Fiscal Impact Assessment for `O`oma Beachside Village

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Market Assessment for `O`oma Beachside Village

Acronyms and Other Terms Used in this Report

AGI.....	Adjusted Gross Income, for tax purposes
av.....	Average
County.....	County of Hawai`i
CPI-U.....	Consumer Price Index - Urban
CT.....	Census tract, as defined by the U.S. Census Bureau
DBEDT.....	State of Hawai`i, Department of Business, Economic Development and Tourism
est.....	Estimated
FY.....	Fiscal Year
FF&E.....	Furniture, fixtures & equipment
FTE.....	Full-time equivalent
GET.....	General Excise Tax
GLA.....	Gross leasable area, in square feet
Island.....	Island of Hawai`i
LUC.....	State of Hawai`i, Land Use Commission
MF.....	Multi-family
MC.....	Mikiko Corporation
mils.....	Millions
`O`oma.....	`O`oma Beachside Village, the subject property and/or development proposal
`O`oma Beachside Village, LLC.....	The entity that owns and proposes to develop `O`oma; also the entity that is petitioning the State Land Use Commission to reclassify the Petition Area into the LUC Urban District
PBR HAWAII.....	PBR HAWAII & Associates, Inc.
psf.....	Per square foot
SF.....	Single-family home
sq. ft.....	Square feet

State..... State of Hawai`i
TI..... Commercial tenant improvements
wtd..... Weighted, as in a weighted average

Economic and Fiscal Impact Assessment for `O`oma Beachside Village

Report Text

1 – Introduction and Executive Summary

This chapter relates the study background, objectives, approach and principal conclusions of an economic and fiscal impact assessment prepared for the proposed `O`oma Beachside Village (`O`oma) on the island of Hawai`i (Island). The following chapters offer a more detailed explanation of the findings and analyses on which these conclusions are based.

`O`oma Beachside Village and Study Background

`O`oma Beachside Village, LLC has initiated a planning and entitlement process for its proposed `O`oma development. The mixed-use, master-planned community is planned for some 303 acres in the North Kona District of the Island. The site fronts on Queen Ka`ahumanu Highway as well as the ocean, and is south of the State of Hawai`i's Natural Energy Laboratory of Hawai`i and north of The Shores at Kohanaiki, a resort development. Some 83 acres of the site are currently in the State Land Use Commission (LUC) Urban District, while the balance is designated in the LUC Conservation District.

The planning firm PBR HAWAII & Associates, Inc. (PBR HAWAII) is preparing materials to support these entitlement efforts.

Mikiko Corporation Study Objectives

Mikiko Corporation (MC) was engaged to prepare two reports for `O`oma:

- 1) **Market assessment** – An assessment of the anticipated future market support for the residential and commercial uses proposed.
- 2) **Economic and fiscal impact assessment** – An assessment of the anticipated future economic and fiscal impacts of `O`oma.

The market report is contained in a separate document. The economic and fiscal impact assessment reported in this document uses the findings of the market report as input assumptions.

Study Approach

This economic and fiscal impact assessment is intended to assess `O`oma's effects within the State of Hawai`i (State) and Hawai`i County (County). Impacts that were evaluated include:

✦ Economic impacts:

- Expenditures by persons who move to the County because of `O`oma;
- Development-related employment;
- Operations-related employment; and
- Personal income deriving from development and operations.

✦ Population impacts:

- Residential utilization patterns; and
- In-migrants to the State and Island.

✦ Fiscal impacts:

- Property tax and other County government revenues;
- General excise tax, income and other State government revenues;
- County and State government expenditures; and
- County and State net fiscal operating impacts.

State and County revenues and expenses projected herein are generally based on the structure of tax collections and services reported as of the fiscal year ending June 30, 2006 for the State¹, and June 30, 2007 for the County. The projected impacts would differ if governmental taxing and spending policies were to be materially altered in the future.

All dollar amounts in this report are stated in 2007 dollars, and year references are to calendar years, unless otherwise stated.

¹ While the County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007 was available for use in this study, the State's analogous report is not due to be released until late May, 2008. Thus, the study utilizes the State's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006, with adjustment for inflation.

Executive Summary

Development Proposal

`O`oma Beachside Village, LLC is the fee owner of an approximately 303-acre site in North Kona, island of Hawai`i. It proposes to develop a mixed-use community to be known as `O`oma Beachside Village on this property. `O`oma would include up to 1,200 homes and 200,000 square feet of commercial retail and office spaces, including ocean-facing restaurants and a canoe club. The community would also include a 3-acre charter school site, an 18-acre public shoreline park, and 85 acres of other trails, preserve areas, and open space.

Based on the entitlements required to commence development and other factors, the first properties at `O`oma could be expected to be available for sale or lease in 2012. `O`oma is projected to be completely built out, and all homes sold by the developer, by 2029.

The development plan is as summarized below.

Overview of Proposed Developments at `O`oma Beachside Village 2007 dollars

	Comment	2010 to 2020	2021 to 2030	Total
Homes:				
	<i>Average sales price:</i>			
Finished homes (single & multifamily), market	\$540,000	553	322	875
Estate lots, market	\$650,000	85	0	85
Affordable homes (multifamily)*	\$271,000	112	128	240
Total/wtd. average	\$494,000	750	450	1,200
Other:				
Commercial centers	GLA sq. ft.	100,000	100,000	200,000
School site	Acres	3	0	3
Parks, trails, open space/buffers	Acres	103	0	103
Canoe club	Acres	2	0	2
Total development costs	Hard and soft costs (mils.)	\$312.5	\$228.1	\$540.6

* Assumes 20% of total units and a 1:1 credit per County guidelines currently in effect. Actual credits could vary depending on affordable housing market segments and other factors to be agreed upon with the County, and such variation could change the affordable unit count.

Estimated average price considers County's 2007 guidelines for pricing of for-sale units for a family of four earning 110% to 130% of the County median family income. Target markets and specific pricing to be determined in agreements to be established with the County

Based on current guidelines, about 20% of `O`oma's homes are expected to be provided in accordance with County standards for affordable housing (see note to box above.) This analysis assumes that this housing is developed for sale. Alternatively, `O`oma Beachside Village, LLC may develop some of its affordable housing as rental housing.

As noted above, `O`oma development costs are estimated to total some \$540.6 million, including on- and off-site infrastructure, vertical construction, and commercial tenant improvements, as well as "soft costs" such as professional services, administration of operating subsidiaries, marketing and the like.

`O`oma Beachside Village Impacts²

`O`oma would generate significant, on-going economic and fiscal benefits for residents of Hawaii, as well as for the County and State governments. Development of `O`oma would generate employment and consequent income and taxes. In addition, by attracting new residents to the Island and generating additional real estate sales activity, `O`oma is expected to support long-term impacts, including additional consumer expenditures, employment opportunities, personal income and government revenue enhancement.

Highlights of the projected impacts are summarized in the table on the next page.

Economic Impacts

- ❑ **Development employment** – During the approximately first half of its development, `O`oma could generate employment for some 380 full-time equivalent (FTE) persons per year through its direct, indirect and induced impacts. During the subsequent years of the community's buildout, this might subside to some 290 FTE development-related jobs per year, considering direct, indirect and induced impacts. These jobs are expected to be associated with average annual personal earnings³ of some \$21.4 million (2010 to 2020) or \$17.1 million (2021 to 2030), at about \$57,000 to \$59,000 per FTE job.
- ❑ **Operational employment** - By 2030, when all developer products at `O`oma are projected to have been sold out and/or to be in stabilized operations, `O`oma is expected to have generated about 480 permanent, ongoing new FTE jobs on-site and in real estate sales and marketing. These 480 FTE jobs are in addition to the development-related employment described above.

Among the 480 new FTE jobs, about 200 could be net additional to the County and State⁴. They could include professional, technical and managerial positions at

² See following chapter for study methodology and definitions of key terminology, such as "direct," "indirect" and "induced" impacts.

³ Earnings are defined as wage, salary and proprietary income, plus director's fees and employer contributions to health insurance, less employee contributions to social insurance. "Earnings" are typically less than salaries.

⁴ See Chapter 2 for explanation of new vs. net additional jobs, under bullet header "Commercial facilities."

the office areas, sales and marketing positions supported by sales and leasing of property, and myriad other positions generated throughout the economy, as supported by the activity generated by such new expenditures. Altogether, these net additional operations-related positions could be expected to generate personal earnings for Hawai'i residents of about \$10.8 million per year, or an average of about \$54,000 per FTE job.

Summary of Projected Economic and Fiscal Impacts
2007 dollars, in millions except where noted

	Comment	By 2020	By 2030	Average/ At completion*
FTE employment** :				
Development-related	<i>Average annual in preceding period (direct, indirect & induced)</i>	380	290	340
Operations-related				
Total generated by project	<i>On-site and directly supported</i>	250	480	480
Net additional jobs	<i>Additional to County or State</i>	90	200	200
Total personal earnings*** :				
	Annual, on-going			
Development-related	<i>Average annual in preceding period (direct jobs only)</i>	\$21.4	\$17.1	\$19.3
Operations-related	<i>On net additional jobs only (direct, indirect & induced)</i>	\$6.1	\$10.8	\$10.8
Average earnings per FTE job*** :				
	Direct, indirect and induced (not in millions)			
Development-related	<i>Average annual in preceding period</i>	\$57,000	\$59,000	\$56,000
Operations-related	<i>On net additional jobs only</i>	\$67,000	\$54,000	\$54,000
On-site resident population	Average daily residents, including FTE visitors/second home owners	1,670	2,850	2,850
In-migrant resident population:				
	Average daily employees, dependents, and part-time residents			
To the County	<i>Total in-migrants</i>	160	430	430
To the State	<i>Subset of County in-migrants</i>	110	320	320
Net additional government operating revenues**** :				
	Operating revenues less operating expenditures			
For the County		\$2.3	\$3.2	\$3.2
For the State		\$2.1	\$1.4	\$1.4
Revenue/expenditure ratio**** :				
	For government operations			
For the County		10.6	6.0	6.0
For the State		5.2	1.9	1.9

* Figures represent average annual estimates for development-related impacts, considering the 2010-2030 period as a whole (these impacts would not exist after 2030) and 2030 estimates ("at completion") for operations-related, population and fiscal impacts. The latter figures are considered to stabilize in 2030 and to persist thereafter.

** FTE = Full-time equivalent, defined as 40 hours per week or 2,080 hours per year.

*** Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

**** Does not consider impact and permit fees that may be paid to County or State governments.

Sources: `O`oma Beachside Village, LLC, 2007; Mikiko Corporation, 2008.

☒ Population Impacts

- ☐ **In-migrants to the County and State** - It can be assumed that the jobs created by `O`oma, particularly its professional, technical and managerial career opportunities, as well as the homes to be developed, will create incentives for some neighbor islanders or former Island residents to move to Hawai`i Island. `O`oma's housing opportunities are also expected to attract some second home owners or other investors who normally live off-Island.

These and other indirect factors can be expected to result by 2030 in perhaps 430 FTE persons living on the Island, but not necessarily at `O`oma, who otherwise might not have moved to the Island. Of these 430, approximately 110 are anticipated to come from elsewhere in the State, and 320 might be persons who moved to the Island from out-of-State.

- ☐ **On-site population at `O`oma** - At `O`oma itself, resident population on an average day is projected at some 2,850 persons at buildout. Of this total, some 2,580 or about 90% could be expected to be primary residents.

☒ Fiscal Impacts

- ☐ **Net County fiscal impacts** - Net additional County revenue resulting from the completed development of `O`oma is expected to exceed the concomitant County government expenditures by a factor of 6.0, or some \$3.2 million per year in net additional County revenues, at project completion.
- ☐ **Net State fiscal impacts** - For the State, net additional operating revenues generated by `O`oma are estimated at \$1.4 million per year by 2030 and beyond. This represents a revenue/expenditure ratio of about 1.9.

These public sector contributions do not consider the value of the school site, public parks or various off-site infrastructural improvements to be contributed by `O`oma Beachside Village, LLC. Neither do they consider the various impacts and permit fees that may be paid to the County and State governments during development. Such additional contributions would increase the public and fiscal benefits of `O`oma.

Report Organization

The rest of the report is organized in three parts, as follows:

- 1) **Remainder of Text** - Explanation of the study analyses and conclusions, including:
 - ◆ Study Approach
 - ◆ Economic Impacts
 - ◆ In-Migrant Population
 - ◆ Fiscal Impacts
- 2) **Exhibits**- Detailed bases and findings on which the conclusions are based.
- 3) **Appendices** – Report conditions and further documentation of input assumptions.

2. Study Approach

Special Considerations

Special considerations for some of `O`oma's facilities guide the analyses presented herein. These and other aspects of this study's analytical framework are set forth below.

- ✦ **Time frame** – This analysis extends from 2010 to 2030, a 21-year period that would span from preconstruction planning through `O`oma's buildout. The first homes at `O`oma are estimated to be available for purchase in 2012, and the first commercial developments to be available for occupancy the same year. All residential units, as well as commercial and industrial spaces, are projected to be sold and/or occupied by 2029. Thus, in contrast to its buildout period, `O`oma's sell-out period is estimated to be 18 years (2012 to 2029).
- ✦ **Use and classification of residential units** – As explained further in MC's market study, some 16% of the homes sold at `O`oma are anticipated to be used for purposes other than as primary residences.⁵ These could include second or vacation home buyers, as well as investor-buyers who do not plan to rent the units as primary residences. For purposes of this analysis, such buyers are assumed to customarily live off-Island. This group is distinguished from the primary resident buyers in terms of their economic and fiscal impacts.
 - Non primary residents staying at `O`oma (estimated to be approximately 270 persons at completion) would bring new investments, earnings and expenditures to the State and County. Conversely, such buyers also require some additional government resources and services. In short, they generate new economic and fiscal impacts within the County and State.
 - Primary residents living at `O`oma (estimated to be approximately 2,580 persons at completion) are assumed to have lived elsewhere on the Island even if `O`oma were not developed. Thus, while they may increase population at the `O`oma site itself, from the County or State's standpoint, their presence is not an impact.
- ✦ **Commercial facilities** - The proposed commercial facilities are expected to attract spending from `O`oma residents and employees, Island residents not living at `O`oma, and Island visitors. However, it is likely that Island residents and visitors would have spent an equivalent amount on dining out and/or personal services whether or not `O`oma's commercial facilities were developed. Thus, given a competitive retail market on the Island, the planned commercial facilities could lead

⁵ This is based on 20% of the 80% of units estimated to be sold as market units (20% x 80% = 16%).

to a geographic reallocation of spending within the region, but would not in themselves be expected to increase expenditures made in the County or State.

On the other hand, commercial facilities would contribute to `O`oma's ability to attract residential buyers to `O`oma.

In other words, `O`oma's on-site commercial facilities will employ workers, pay taxes and generate other economic and fiscal benefits. These are considered directly generated impacts and most of the new jobs would be located on-site. However, the net benefits of `O`oma's commercial facilities are measured in terms of the new Island residents and visitors that `O`oma attracts, and the spending, taxes and other benefits these non primary resident persons will generate throughout the County and State. Many of these impacts are likely to be felt off-site.

This report distinguishes the "new" vs. the "net additional" jobs attributable to `O`oma. The net additional jobs would be those supported by the additional spending generated on-Island by those who attracted to live on the Island because of `O`oma's development.

Only the net additional jobs (as opposed to the new jobs) and spending are considered as input to the estimation of fiscal impacts, such as income taxes, GET, and the like. This methodology is considered a conservative approach to estimating `O`oma's fiscal impacts. For instance:

- ❑ While the opening of a new store may not in itself increase aggregate spending on the Island, it is likely to lead to some net additional job creation, since each store needs a manager and some operating staff, regardless of its level of sales.
- ❑ Existing Island residents who move out of another household because of the living opportunities in `O`oma are likely to spend more, at least initially, on various household items, since there are many costs typically associated with setting up a new household. In the methodology described above, such additional spending is ignored, while only that spent by additional Island residents is modeled.

✘ **Other uses/considerations not modeled** – This assessment does not consider the economic and fiscal impacts of development that would be of a public or civic nature. Thus, the costs and employment generated by buildings or other facilities at the proposed charter school, the parks, or any other public facilities, are not modeled. Neither are the values of the lands underlying such uses considered in estimating real property taxes.

Additionally, impact and permit fees that may be paid to the State and County governments are not modeled.

- ✘ **Entitlement spending not considered** – `O`oma Beachside Village, LLC's currently on-going entitlement process for `O`oma is already generating economic and fiscal benefits by employing professionals and supporting various vendors around the State. However, since such benefits are not dependent on the outcome of the entitlement process, they are not enumerated in this analysis.
- ✘ **Other** –This study does not compare the proposed developments to prior master plan(s) for the property nor to other developments that could be hypothesized given the lands' existing entitlements.

Definition of Terminology

Within this report, the following definitions apply:

- ✘ **Direct impacts** - Those economic, population or other impacts attributable to persons or activities that are a direct result of the proposed development. For instance, direct employment impacts might include those involved in building the proposed facilities, such as construction workers, and those who would later work at them in their operations.

Many, but not all of direct impacts can be expected to occur on-site. For instance, a portion of the construction budget is for architects and engineers. While such persons' employment might be temporarily dependent on the contracts generated by `O`oma, they may do the majority of their work from offices in Kona, Honolulu or elsewhere. Likewise, administrative and managerial staff located off-site would support construction professionals working on-site.

- ✘ **Indirect impacts** – Indirect impacts occur when the businesses or persons who are directly affected make expenditures for additional supplies or services. For instance, some of the additional retail spending by those newly attracted to Hawai`i by `O`oma could be spent on eating out. These elevated dining out expenditures could indirectly increase demand for produce, seafood and meats from Hawai`i farms, fishermen and/or ranching enterprises. `O`oma would thus have indirectly supported new business opportunities for area providers of such goods and services.

- ✘ **Induced impacts** – Induced impacts occur throughout the community when those persons or companies that have benefited from the direct or indirect impacts of `O`oma spend their associated earnings on consumer goods and services. For instance, a construction worker may spend her earned wages to buy a new pair of shoes, or to pay for her child's day care. The farmer who sells produce to a restaurant at `O`oma may use some of his profit to take his family out to the movies. The businesses and individuals impacted by such re-spending are said to enjoy induced economic impacts from `O`oma.

- ☒ **Total impacts** – Total impacts are defined as the sum of direct, indirect and induced impacts for any given variable.
- ☒ **Resident population** – Resident population refers to all those persons who habitually reside in a given area, whether or not they may have temporarily traveled away.
- ☒ **De facto population** – De facto population refers to all those persons who could be expected to be present in a place at any given time. Thus it would exclude residents who are temporarily away on a trip, but would include visitors who are temporarily present.
- ☒ **Full-time equivalent** – This study measures employment opportunities in full-time equivalent (FTE) units. For purposes of this study, one full-time equivalent position is defined as 2,080 hours of employment (including paid vacation and sick leave) per year. This is equivalent to 40 hours per week, and may also be referred to as a “person-year” of employment. Two half-time jobs would be considered together represent one FTE job.

ʻOʻoma Beachside Village Parameters

Assumptions regarding the scale, nature and timing of ʻOʻoma are made in order to assess its impacts. This assessment is based on findings of the market study, and on timelines and development programs provided by ʻOʻoma Beachside Village, LLC, PBR HAWAII and others as noted.

Development Program (Exhibit 2-1)

ʻOʻoma is proposed to be developed with up to 1,200 residential units, and up to 200,000 square feet of commercial retail and office space.

Among the residential units, about 20% or some 240 could be developed as affordable housing, in accordance with County guidelines. If these units were developed for sale (as opposed to rentals), they could expect to be sold for about \$271,000 on average, based on County guidelines in effect as of May 2007 for a family of four earning 110% to 130% of the County median family income.

Market-priced residential properties offered for sale would include finished multi- and single-family homes as well as estate lots on which buyers might construct their own custom homes. Finished homes are projected to be sold at an average price of \$540,000, while the estate lots could be priced at about \$650,000. Considering both finished homes and estate lots, average market home production and sales could occur at about 54 units per year.

Assuming entitlements are obtained on a timely basis, infrastructure development could begin in 2010, and the first residential homes could be available for occupancy in 2012. All developer products at ʻOʻoma are anticipated to be sold out and/or leased by 2029.

This analysis extends to 2030, in order to capture the impacts of stabilized operations a year or so after sell-out.

Residential Buyer and Utilization Patterns (Exhibit 2-2)

Based on buyer origin patterns at representative other developments on the Island, as explained in MC's market study, 80% of market units and all of the affordable units are assumed to be purchased (or in the case of affordable units, possibly rented) by primary residents who are already established on the Island. The remaining 20% of market units could be purchased by non primary resident household, who are assumed to come from off-Island, as explained above.

As a percent of total units (not just of market units), at completion, `O`oma's units are assumed to be used as follows (numbers rounded):

- ✘ **Primary residences**, including market and affordable units – 1,010 units, or 84%;
- ✘ **Non primary residences**, all market units – 190 units, or 16%.

The primary residences at `O`oma are assumed to be occupied 95% of the time, at 2.7 persons per household for both market units and affordable units. Projected household size is based on the projected average Island household size for 2030, as also presented in MC's market study. The number of primary residents expected to be on-site on an average day is 2,580.

Non primary residents are assumed to reside at their `O`oma property an average of 20% of the year by 2020, and up to 50% by 2030. This increase is attributable to the gradual buildout of homes on the estate lots, a share of which could be expected to be purchased for second or vacation home use.

Non primary resident homes are estimated to house an average of 2.8 persons when they are in use, based on interviews with brokers, developers and others familiar with the Kona second and vacation home marketplace. Thus, the number of non primary residents expected to be on site on an average day is about 270.

These assumptions support an average daily `O`oma population of some 2,850 persons by 2030, of which 2,580 or about 90% could be primary residents and 270 or about 10% could be second home owners or vacationers.

3. Economic Impacts

`O`oma may be expected to impact the State and County economies by (a) generating development activity, which supports expenditures for goods and services, (b) creating and supporting jobs and business enterprises in its ongoing operations, and (c) attracting new Island residents who would make new expenditures. The new jobs would in turn generate additional personal earnings in the County and throughout the State.

Non Primary Resident Expenditures (Exhibit 3-1)

Expenditures by part-time or vacation home owners attracted to the County by `O`oma will contribute economic benefits. Direct expenditures made in Hawai`i by the non primary residents themselves are projected to amount to about \$1.6 million in 2020, increasing to some \$6.0 million per year by 2030 and thereafter. Including the indirect and induced impacts of these direct expenditures, the total contribution to the State economy by `O`oma's non primary residents is expected to amount to about \$10.3 million per year by 2030 and thereafter.

`O`oma Beachside Village Costs

Coefficients and Multipliers (Exhibit 3-2)

The State of Hawai`i, Department of Business, Economic Development and Tourism (DBEDT) periodically evaluates the economic interdependencies of the various industries within the State, and their rates of job and personal earnings creation. The latest such study is dated June 2006 and entitled, "The 2002 State Input-Output Study for Hawai`i." Appendix 2 shows the information extracted from this report for use in the analysis of `O`oma's development activity.

✘ **Final demand industry coefficients** show the relationship between input, or spending within any given industry category, and its resulting creation of jobs and earnings in other sectors of the State economy⁶. Such coefficients are used to estimate the direct effects of the construction and development activities planned for `O`oma.

✘ **Industry multipliers** show the relationship between direct jobs or earnings and the indirect and induced jobs or earnings that they can be expected to subsequently support.

⁶ Personal earnings are defined in the DBEDT study as wage and salary income plus proprietors' income, director's fees, and employer contributions to health insurance, less personal contributions to social insurance (i.e., social security taxes).

Development Costs (Exhibits 3-3 and 3-4)

Based on estimates provided by `O`oma Beachside Village, LLC, their planners, engineers and other sources as cited in the exhibits, `O`oma's development is expected to lead to some \$540.6 million in development-related expenditures over the 21 years between 2010 and 2030. This budget is in 2007 dollars and includes:

- ✘ **Professional services** – planning, architectural, engineering, landscape design, development management, and similar services. Note that this excludes those services related to the effort to entitle `O`oma's lands, as expenditures for such services are not contingent upon obtaining the entitlements
- ✘ **Construction** – on- and off-site infrastructure, land subdivision and site preparation, commercial and residential facility development, and retail and office tenant improvements.
- ✘ **Other** – administrative overhead, subsidiary operations, marketing, public relations, off-site community contributions, legal services and other “soft” costs incurred during `O`oma's development and developer sales, post-entitlement.

Because the latest DBEDT coefficients are calibrated to 2002 dollars, the development budgets are also re-estimated in 2002 dollars, as shown in the middle rows of Exhibit 3-3.

Exhibit 3-4 restates the 2007 figures on an average annual basis within each period, rather than as a total. Over the projection period, `O`oma could be expected to average \$25.7 million per year in development expenditures in the State. The rate of expenditures would be higher than this average between 2010 and 2020, when large shares of the planning, infrastructure development and vertical construction are expected to take place.

Employment and Earnings

Development Employment (Exhibit 3-5)

During its buildout, `O`oma could directly generate some 3,000 person-years of development-related work. The majority of this work would occur on-site. However, some, such as the professional services and administrative positions, are likely to be located off-site. A great deal of the off-site employment may be expected to be located elsewhere on the Island or in Honolulu. This estimate includes wage, salaried and proprietary employment opportunities supported by `O`oma's development.

Considering also the indirect and induced employment opportunities that these direct impacts are likely to support, the total impacts of `O`oma's development could be expected to have represented 7,200 total FTE jobs by 2030, or 3,000 direct jobs plus 4,200 indirect and induced jobs⁷.

⁷ See Chapter 2 for discussion and examples of direct as compared to indirect and induced impacts.

The impacts are also considered on an average annual basis, in order to suggest the numbers of persons that could be employed in `O`oma's development in an average year. Over the entire development period from 2010 to 2030, `O`oma is anticipated to support an average of 140 direct FTE development-related jobs within the State each year. Total employment impacts, including direct, indirect and induced FTE jobs, could represent about 340 FTE positions each year.

Personal Earnings from Development (Exhibits 3-6 and 3-7)

Direct personal earnings associated with the above positions could amount to some \$208.0 million over `O`oma's development. Considering the indirect and induced earnings, the State's workers could expect to enjoy some \$406.0 million in additional earnings over `O`oma's development.

On an annual basis, these total earnings represent an average of \$19.3 million from 2010 to 2030. The indirect and induced benefits could be expected to be supported throughout the State, with concentration on Hawai`i Island.

Comparing projected earnings to the employment figures shown previously, the FTE-wages, salaries, proprietary income and other earnings generated by `O`oma's overall development are estimated to average about \$69,000 per direct FTE position, or \$56,000 considering its total, more dispersed impacts.

Since many households include more than one jobholder, and many employees themselves hold more than one job, these position-specific earnings can be expected to be associated with higher average household incomes.⁸ On average, those employed in positions directly supported by `O`oma's development could be expected to have household incomes averaging \$90,000, while those associated with all jobs created through `O`oma's direct, indirect or induced effects could be expected to have household incomes averaging \$73,000. These would represent 155% and 125% of the median household income for the County, which was estimated at \$58,200.⁹

Operational Employment (Exhibits 3-8 and 3-9)

In addition to its development-related positions, `O`oma would create numerous long-term permanent jobs in its operations. Operational employment may be considered in two ways:

⁸ Ratio derived from 2006 average Hawai`i County earnings for full-time, year-round workers with earnings (\$45,284) and 2006 average Hawai`i County household income (\$60,912). Earnings as provided by U.S. Census Bureau, 2006 American Community Survey; household income estimated by Claritas, Inc., February 2007. See Exhibit 3-7 for further information.

⁹ Median based on 2006 figures from the U.S. Department of Housing & Urban Development, for a family of four, as provided by the County of Hawai`i; this income level used in County affordable housing guidelines in effect as of May 2007.

☒ **Employment generated by facilities (“new” jobs)** (Exhibit 3-8) – The development and operations of `O`oma’s facilities are expected to be directly associated with about 480 permanent new FTE positions in its operations. Most of these jobs would be on-site, such as employees of `O`oma’s retail and office facilities. These estimates do not include employees of public or community facilities and amenities that may be developed on-site, such as at the proposed charter school or parks.

☒ **Net additional employment** (Exhibit 3-9) - As explained in Chapter 2, it is conservatively assumed that existing Island residents would spend an equivalent amount on consumer goods and services whether or not `O`oma’s commercial facilities were developed. One impact of `O`oma’s development may be a geographic reallocation of spending and hence jobs within the region. Thus, while representing new jobs, many of the jobs located at `O`oma would not necessarily be net additional jobs for the State or County.

On the other hand, to the extent that `O`oma attracts new residents to the Island, those persons’ spending can be considered new monies in the State’s and the County’s economies. Such new spending will generate new employment opportunities that may be dispersed Statewide.

In conclusion, `O`oma’s impacts on employment opportunities Statewide are estimated:

- ☐ Via employment multipliers applied to estimated spending by non primary residents attracted by `O`oma, and
- ☐ Via employment multipliers applied to the projected volume of sales and leasing costs and commissions.

Altogether, some 40 direct FTE operational jobs to be generated Statewide by `O`oma are considered likely to be net additional jobs in 2020, and some 90 by 2030. Indirect and induced effects would add more permanent positions, for a total of some 200 net additional permanent FTE positions by the time of `O`oma’s stabilization in 2030.

Personal Earnings from Net Additional Operational Activity (Exhibits 3-10 and 3-11)

Personal earnings are estimated for the net additional operational jobs supported by `O`oma. Direct wages and salaries paid to those employed in `O`oma’s operations, plus proprietary earnings, director’s fees and the like earned as a direct result of `O`oma’s resident spending are expected to reach \$4.6 million per year by `O`oma’s stabilization in 2030. Including personal earnings associated with the indirect and induced positions, `O`oma could be expected to generate some \$10.8 million per year in ongoing payroll within the State.

These figures do not include gratuities, bonuses or some of the employee benefits that would also be realized by many of the employees and proprietors benefiting from this economic growth.

Based on the multipliers derived from DBEDT's Input-Output Study, the direct employment and proprietary opportunities generated by `O`oma could be expected to support average FTE earnings of about \$51,000 at stabilization. Indirect and induced operational positions could be expected to support FTE earnings of about \$56,000.

As for development employment, these earnings per job may be expected to be associated with higher average household incomes. Using the same methodology explained previously, the households that include a person employed through direct, indirect or induced employment impacts of `O`oma is expected to have average incomes of about \$70,000. This would mean these `O`oma-associated households would be earning about 120% of the County's median income as defined for a family of four, as defined in the County's 2007 affordable housing guidelines.

4. In-Migrant Population

The development of `O`oma is expected to result in some in-migration to the State and from within the State to the County.

`O`oma Beachside Village Residents (Exhibit 4-1)

The majority (perhaps 90%) of non primary resident homebuyers at `O`oma are anticipated to come from out-of State, while 10% or so could be from neighbor islands.

By 2020, non primary residents living at `O`oma are estimated at about 70 persons on any given day. By 2030, the in-migrant population residing at `O`oma is estimated at 270 FTE persons, or about 10% of the total resident population at `O`oma on any given day.¹⁰ Some 240 of these persons are estimated to come from out-of-State.

Employees and Dependents (Exhibit 4-1)

Some of those employed by activity generated by `O`oma may come from off-Island, attracted to Hawai`i County because of a job opportunity, or because `O`oma's development provided an entrée to the Island. These might include young householders who grew up in Hawai`i but had been working on the U.S. mainland due to the lack of attractive career and living environments in Hawai`i, or neighbor islanders who seek employment and lifestyle opportunities such as envisioned at `O`oma. Other household members might also accompany such in-migrating workers.

✠ **Development employees** - Hawai`i's labor market is considered to have sufficient supply and the required skills to satisfy most of `O`oma's development labor needs. A nominal 5% of FTE specialty staffing needs are assumed to come from outside the State. Such persons may temporarily reside on the Island during periods of `O`oma's development, and could represent some 6 to 8 persons at any given time.

The construction labor pool on Hawai`i Island is more limited than found Statewide. Therefore, approximately 5% of `O`oma's development employees are expected to come from elsewhere within the State. The combined total of development related employees expected to come from off-Island (either from out of State, or from neighbor islands) would thus be 10% of the FTE employees needed for development of `O`oma. This would still be a relatively nominal number, such as 12 to 16 FTE positions in any given year.

¹⁰ Based on the estimated total of 2,850 average daily persons in residence as of 2030, as shown in Exhibit 2-2.

✘ **Operational employees** – Some 95% of `O`oma’s operational employee needs are anticipated to be satisfied from within the State’s and 85% from within the County’s labor pool. Conversely, this could mean that at stabilization in 2030, perhaps 70 persons would have been attracted to the County because of `O`oma’s operational employment needs, while the other 410 new operational employees would be expected to have been previously established Island residents¹¹.

✘ **Dependents** - In-migrant dependents are estimated at an average of 0.2 per FTE in-migrant construction worker, since the position on which the “move” is based would be temporary, and 1.0 per FTE in-migrant operational employee.

Total In-Migrant Impacts (Exhibit 4-1)

In total, by 2030, `O`oma is projected to have been associated with about 430 in-migrants to the County, of whom perhaps 320 could also have been new to the State. This would include those in-migrating as vacation or second home owners, those moving because of employment opportunities, and the dependents of both these populations.

¹¹ Based on the total of 480 new FTE operational jobs shown in Exhibit 3-8.

5. Fiscal Impacts

`O`oma's fiscal impacts are estimated by comparing its anticipated impacts on government revenues to the government service costs associated with the additional population `O`oma could attract to the State and County.

Operating Revenues

Real Property Taxes (Exhibit 5-1)

`O`oma's most significant fiscal impact would be the higher real property taxes it would generate compared to those currently paid on the site. Net new real property taxes are based on the County's Fiscal Year 2007-2008 (FY08) rates for land and building uses of the relevant land use classifications.

Future assessed values will be based on the County assessors' estimates at a future time, and County standards of practice for establishing such values. For projection purposes, the following proxies are used:

✘ **Assessed values of the residential areas as improved** are based on an estimated average primary home sales price of \$495,000, which is slightly higher than the overall figure shown previously in Exhibit 2-1. This is due to the exclusion of vacation or second homes from this mix, and the inclusion of custom improvements on a few of the estate lots.

Vacation or second homes (those owned by non primary residents) are anticipated to have an average tax assessed value of \$933,000, based on an assumed mix of units by type (multifamily, single-family and estate lots) and the addition of custom homes expected to be built on a share of the estate lots.

✘ **Assessed values of the unimproved residential areas** are based on comparison to FY08 tax assessed values per acre at Kaloko Heights, which is near to `O`oma in North Kona, and LUC Urban-designated with residential zoning. `O`oma's unimproved areas' assessed values are also based on a pro-rata share of `O`oma's residential lands assumed to remain undeveloped at any given time. This figure goes to \$0 by 2030, since all homes are anticipated to be built by that date.

✘ **Assessed values of the commercial improvements** are estimated based on the estimated "hard" construction costs for the buildings, plus their tenant improvement costs, as presented previously in Exhibit 3-3.

☒ **Assessed values of the commercial lands** are based on comparison to currently assessed values for LUC Urban-designated, unimproved, zoned commercial sites at Kaloko Heights and in Keahuolū, both in North Kona.

Based on these inputs, `O`oma is estimated to have a tax assessed value of about \$504.2 million in 2020, and \$744.1 million by 2030, when it is assumed to be fully built-out.

County Real Property Tax Revenues (Exhibit 5-1)

Considering the estimated assessments and the current County real property taxation structure, `O`oma could support potential new real property taxes of up to \$3.0 million by 2020 or \$4.5 million per year by 2030 and thereafter.

Deductions from these figures include real property taxes currently paid for the subject lands, and an allowance for homeowner's exemptions.

On balance, `O`oma is projected to supply the County with about \$2.5 million in net additional real property tax revenues in 2020, and \$3.7 million on an on-going annual basis after its completion in 2030.

Total County Government Operating Revenues (Exhibit 5-2)

In addition to real property taxes, the County obtains liquid fuel taxes, license and permit fees and various other charges from residents and businesses. Based on the revenues reported by Hawai`i County for FY07, these minor County taxes and fees amount to about \$277 per resident, in 2007 dollars. Applying this revenue rate to the number of persons expected to move to the County because of `O`oma yields a nominal amount of other new County revenues.¹²

Added to the real property taxes discussed above, net new taxes earned by the County as a result of `O`oma's development and operations are estimated at a total of \$2.5 million in 2020 or \$3.8 million per year by 2030 and thereafter.

These figures do not include impact and permit fees anticipated to be paid to the County during the development of `O`oma, nor the value of lands or improvements that may be dedicated to County agencies such as for parks and roads.

State Government Operating Revenues (Exhibits 5-3 and 5-4)

Additional operating revenues accruing to the State government are expected to derive principally from:

¹² The estimate excludes public service company taxes, public utility franchises taxes, investment earnings and other revenues noted as "miscellaneous." It includes charges for services; business and other permits, licenses and fees; and the fuel tax. County of Hawai`i, "Comprehensive Annual Financial Report: Fiscal Year Ended June 30, 2007," January 2008.

- ☒ GET applied to `O`oma's development expenditures, brokers' commissions, the in-State spending by its non primary residents and those employees who came from out of State.
- ☒ Individual income taxes paid by `O`oma's employees, including both its development- and operations-related employees.
- ☒ Other sources evaluated include income taxes on new personal earnings generated by `O`oma, and specific excise, licenses, fees, fines and other payments to the State made by those who move to Hawai`i because of `O`oma.

Assumptions on which the above sources are estimated are shown in Exhibit 5-3.

Exhibit 5-4 applies these assumptions and shows net new operating revenues for the State at some \$2.6 million in 2020, or \$2.8 million per year by 2030 and thereafter.

These projected State tax revenues are conservative in that they do not include:

- ☒ Potential income taxes from certain business operating incomes, including those that may be paid by the operating entity for `O`oma,
- ☒ Personal income tax on gratuities, bonuses or other earnings by `O`oma employees not accounted for herein,
- ☒ GET and income taxes that may be incurred on rental income earned by owners at `O`oma,
- ☒ Conveyance taxes on commercial space leasing,
- ☒ Conveyance taxes on the ongoing resales of residential and commercial properties within `O`oma, and
- ☒ State surcharges on motor and tour vehicles that could be rented by `O`oma's residents.

The figures cited also exclude fees and permits that may be paid to the State on behalf of `O`oma over the years of its development. Neither do they include the value of lands or improvements that may be dedicated to the State.

Operating Expenses

Per Capita Government Operating Expenditures (Exhibits 5-5 and 5-6)

Both State and County governments can be expected to incur additional operating expenses in supporting the in-migrants that are attracted by `O`oma. An analysis of the County's FY07 operating expenditures, net of Federal and State grants, suggests that the County spends some \$1,490 per FTE resident per year, in 2007 dollars. These

expenditures support functions ranging from public safety and highways to recreation, as well as County debt service and benefits for its employees.

A similar analysis of State government operating expenditures, based on data available for FY06, suggests that the State spends about \$4,600 per year to support government operations on behalf of each FTE resident.

Additional County Government Operating Expenditures (Exhibit 5-7)

The per capita budgets derived above are applied to the counts of those anticipated to immigrate to the County because of employment or housing opportunities at `O`oma. This results in an estimated \$0.6 million in additional County government operating expenditures in 2030 and thereafter.

Additional State Government Operating Expenditures (Exhibit 5-8)

Employing an analogous methodology, the State could be expected to require up to \$1.5 million more per year to support the net additional residents `O`oma could eventually attract, by 2030.

Net Fiscal Benefits (Exhibit 5-9)

Comparing the net new government operating revenues and expenditures discussed above yields projected net fiscal benefits for the County and State governments.

☒ **County government** operating revenues attributable to `O`oma are anticipated to exceed the additional operating expenses in both of the benchmark years evaluated. By `O`oma's stabilization in 2030, net additional operating revenues could represent some \$3.2 million per year, for a revenue/expenditure ratio of about 6.0.

☒ **The State government's** operating revenues are also anticipated to exceed the additional operating expenses throughout `O`oma's development and operating periods. The State's net additional revenues are projected to amount to \$1.4 million per year by project stabilization in 2030. New revenues to the State government could then represent about 1.9 times new State government operating expenditures.

Economic and Fiscal Impact Assessment for `O`oma Beachside Village

Exhibits

Exhibit 2-1 `O`oma Concept and Potential Development Timing 2010 to 2030

	<u>Unit</u>	<u>Notes</u>	<u>2010-20</u>	<u>2021-30</u>	<u>Total</u>
Highlights of period:			<ul style="list-style-type: none"> ■ 2010-2012: infra-structure planning and development ■ 2012: first home sales ■ 2012: first commercial development 	<ul style="list-style-type: none"> ■ `O`oma buildout by 2029 ■ 2029: final home sale 	
Development in period:					
Residential unit completions/sales -		<u>Av. price:</u>			
Finished homes (single & multifamily), market	Sold homes	<u>\$540,000</u>	<u>49</u>	553	322
Estate lots, market	Sold lots	\$650,000	5	85	0
Affordable homes (multifamily) ²	Sold homes	<u>\$271,000</u>	<u>13</u>	<u>112</u>	<u>128</u>
Subtotal, residential units/weighted average price		<u>\$494,000</u>	<u>67</u>	<u>750</u>	<u>450</u>
Custom home development on estate lots (by lot buyers)		50% by end of first period 90% by end of second period	43	34	77
Commercial centers	Gross leasable square feet		<u>100,000</u>	<u>100,000</u>	<u>200,000</u>
Cumulative development by end of period:					
Residential unit completions/sales -					
Finished homes (single & multifamily), market	Sold homes		553	875	
Estate lots, market			85	85	
Affordable homes (multifamily) ²	Sold homes		<u>112</u>	<u>240</u>	
Subtotal			<u>750</u>	<u>1,200</u>	
Custom home development on estate lots (by lot buyers)			43	77	
Commercial centers	Gross leasable square feet		<u>100,000</u>	<u>200,000</u>	

1 Average over entire project selling period; not necessarily the pace each product class is projected to sell at during its own marketing period.

2 Assumes 20% of total units and a 1:1 credit per County guidelines currently in effect. Actual credits could vary depending on affordable housing market segments and other factors to be agreed upon with the County, and such variation could change the affordable unit count. Estimated average price considers County's guidelines in effect as of May 1, 2007, as applicable to for-sale units for a family of four earning 110% to 130% of the County median family income; figure shown is that specified for the 120% of median family income family of four. Target markets and specific pricing to be determined in agreements to be established with the County.

Sources: `O`oma Beachside Village, LLC, 2007; Mikiko Corporation.

Exhibit 2-2
Buyer Origins and Residential Utilization Patterns
2020 and 2030

	<u>Basis/reference</u>	<u>2020</u>	<u>2030</u>
Usage assumptions:			
Market units-primary residences	80% of sold market units	510	768
Market units-non primary residences	20% of sold market units	128	192
Affordable units ¹	100% of sold affordable units	112	240
Total		<u>750</u>	<u>1,200</u>
Unit occupancy assumptions:			
Market units-primary residences	Allowance for vacancy/transitions	95%	95%
Market units-non primary residences	Share of year spent on-island (increases as homes are built on estate lots)	20%	50%
Affordable units	Allowance for vacancy/transitions	95%	95%
Utilization pattern:			
Average daily occupied units -	Usage and occupancy assumptions		
Market units-primary residences		485	730
Market units-non primary residences		26	96
Affordable units (all primary homes)		106	228
Total, rounded		<u>620</u>	<u>1,050</u>
Average daily persons in residence ² -			
Market units-primary residences	2.7 persons per occupied unit	1,309	1,970
Market units-non primary residences	2.8 persons per occupied unit	71	269
Affordable units	2.7 persons per occupied unit	287	615
Total, rounded		<u>1,670</u>	<u>2,850</u>

1 Assumes 20% of total units and a 1:1 credit per County guidelines currently in effect. Actual credits could vary depending on affordable housing market segments and other factors to be agreed upon with the County, and such variation could change the affordable unit count.

2 Average household sizes for primary residents based on 2020 Island of Hawai'i figure as shown in Mikiko Corporation, "Market Assessment for 'O'oma Beachside Village," December 2007, Exhibit 2-6. That for non primary residents based on interviews with selected comparison property brokers and developers.

Exhibit 3-1
Non Primary Resident Expenditures in Hawai'i: Average Annual
2020 and 2030 (2007 dollars, in millions, except as noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
Bases for direct expenditures:			
Average household income	Second & vacation home owners \$250,000		
Percent of income spent on island ¹	(See Exhibit 2-2): 25%		
Persons per household	(See Exhibit 2-2): 2.8		
Projections:			
Direct expenditures	Expenditure per FTE person: \$22,300	\$1.6	\$6.0
Indirect & induced	0.71 multiplier ²	\$1.1	\$4.3
Total		\$2.7	\$10.3

1 Based on estimated average spending on local consumption items of 53% of pre-tax income, weighted according to average occupancy of unit, as shown on prior exhibit. Spending allocation derived from figures shown in Department of Business, Economic Development and Tourism, State of Hawaii Data Book 2006, "Table 13.25, Average Annual Expenditures and Other Characteristics of Consumer Units, for Honolulu: 2000-2001 to 2004-2005," 2004-2005 figures, excluding shelter and personal insurance and pensions expenditures. DBEDT source references U.S. Bureau of Labor Statistics, Selected Western Metropolitan Statistical Areas: Average annual Expenditures and Characteristics, Consumer Expenditure Survey (annual.)

2 Based on estimates by Dr. Xijun Tian, DBEDT (personal communication, 4/18/1999). Considers weighted average visitors to Hawai'i and their expenditures as allocated to 118 industry categories as available in 1992 State Input-Output model by DBEDT.

Exhibit 3-2 Industry Coefficients and Multipliers for Development Activities

FINAL DEMAND INDUSTRY COEFFICIENTS¹

	DBEDT industrial categories applied	Final demand coefficient per \$1 million (2002\$) project cost		
		Jobs ²	FTE factor ³	\$ Earnings ⁴
Professional services	#45-Architectural and engineering services	10.31	0.80	0.63
Construction:				
Residential units	#13-SF housing construction, and #14-Construction of other buildings	7.99	0.87	0.40
Commercial facilities	#14-Construction of other buildings	8.41	0.87	0.44
Tenant improvements	#14-Construction of other buildings	8.41	0.87	0.44
Infrastructure	#15-Heavy & civil engineering construction	11.61	0.87	0.86
Other costs	#42-Real estate, #44-Legal services, #40-Other finance and insurance	8.55	0.80	0.52

DIRECT-EFFECT INDUSTRY MULTIPLIERS⁵

	DBEDT industrial categories applied	Indirect & induced multiplier per direct:	
		FTE job	\$ Earnings ⁴
Professional services	Same as above	1.03	0.63
Construction:			
Residential units	Same as above	1.46	1.12
Commercial facilities	Same as above	1.42	1.05
Tenant improvements	Same as above	1.42	1.05
Infrastructure	Same as above	1.40	0.67
Other	Same as above	0.97	1.17

1 For direct impacts of development expenditures. Type I total jobs and earnings direct impact coefficients, from Hawai'i State Department of Business, Economic Development & Tourism, "The 2002 State Input-Output Study for Hawai'i," June 2006 (revised from May 2006), Detailed Tables. Jobs coefficients are for 2012; earnings coefficients not provided for future years.

2 Based on final demand, total jobs multipliers from the Input-Output Study. Study estimates total wage, salaried and proprietary jobs, both full- and part-time (not full-time equivalent).

3 Adjustment factor applied in addition to the jobs coefficient to estimate full-time equivalent jobs at 40 hours per week. Factor derived from the 34.9 average weekly hours reported worked in the natural resources, mining and construction industries and 32.0 in professional & business services industries for the State of Hawai'i for 2007, as reported by Hawai'i Department of Labor and Industrial Relations, "Experimental All Employee Hours & Earnings," 3/28/2008, at www.hiwi.org, as accessed 4/1/2008.

4 Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

5 For indirect and induced impacts of respective direct impacts. Indirect and induced factors derived from Type II Direct-Effect total job/total job and earnings/earnings multipliers as shown in DBEDT, Ibid, "Job multipliers for 2012-2012" and "2002 Detailed Output, Earnings and Tax Multipliers for Hawai'i."

Exhibit 3-3
Estimated Current Development Costs: Total for Each Period
2010 to 2030 (2007 and 2002 dollars, in millions unless stated)

	<u>Basis/reference (not in mils unless stated)</u>	<u>2010 2020</u>	<u>2021 2030</u>	<u>Total</u>
In 2007 dollars:				
Professional services ¹	<i>3% of construction excl. infrastructure, with 60% assumed expended by 2020</i>	\$6.9	\$4.6	\$11.5
Construction -				
Production homes (affordable & market, SF and MF)	<i>"Hard" costs, net of contingencies: 1,110 sq. ft. at psf cost: \$210</i>	\$155.0	\$104.9	\$259.9
Custom homes (built by lot buyers)	<i>2,500 sq. ft. at psf cost: \$400</i>	\$42.5	\$34.0	\$76.5
Commercial facilities	<i>\$160 per sq. ft. developed in period</i>	\$16.0	\$16.0	\$32.0
Tenant improvements ²	<i>\$70 per sq. ft. developed in period</i>	\$7.0	\$7.0	\$14.0
Infrastructure ³	<i>\$108.4 mil. total, of which 60% assumed expended by 2010</i>	\$65.1	\$43.4	\$108.4
Subtotal		<u>\$285.6</u>	<u>\$205.3</u>	<u>\$490.8</u>
Other	<i>10% of construction excl. infrastructure, distributed pro rata by number of years in period</i>	<u>\$20.0</u>	<u>\$18.2</u>	<u>\$38.2</u>
Total, rounded		<u>\$312.5</u>	<u>\$228.1</u>	<u>\$540.6</u>
In 2002 dollars:⁴				
Professional services	<i>72% of 2007 costs</i>	\$5.0	\$3.3	\$8.3
Construction -				
Residential units		\$142.2	\$100.0	\$242.2
Commercial facilities		\$11.5	\$11.5	\$23.0
Tenant improvements		\$5.0	\$5.0	\$10.1
Infrastructure		\$46.8	\$31.2	\$78.1
Other		<u>\$14.4</u>	<u>\$13.1</u>	<u>\$27.5</u>
Total, rounded		<u>\$255.6</u>	<u>\$188.7</u>	<u>\$444.3</u>

Sources: *O'oma Beachside Village, LLC; brokers and developers of selected comparison projects; other sources as noted.

1 Planning, engineering and related for infrastructure and commercial and residential pad development; architectural, engineering and related for vertical developments.

2 Includes developer- and tenant-provided construction budgets.

3 M&E Pacific, Inc., estimated \$100,500,000 in 2006 dollars (est. May 2007). Inflated based on DBEDT estimate for 2006-2007 construction cost change of 7.9% based on the Honolulu Construction Cost Index: Single Family Residence (Quarterly Statistical and Economic Report, 1Q 2008, published February 26, 2008; Table E-6.) Cost estimate includes site preparation, roadways, drainage, sewer and water systems, and utilities stubbed to development pads on-site, plus frontage road/highway connection and water and utilities off-site. Excludes landscaping, parks and related equipment, beachfront improvements, community pavilion and contingencies.

4 Construction cost deflator from DBEDT, single-family residence construction cost indices from First Hawaiian Bank and DBEDT, see citation above.

Exhibit 3-4
Estimated Current Development Costs: Average Annual
2010 to 2030 (2007 dollars, in millions)

	<u>Basis/reference</u>	<u>2010 2020</u>	<u>2021 2030</u>	<u>Overall average</u>
Costs by type:	<i>Exhibit 3-3, annualized</i>			
Professional services		\$0.6	\$0.5	\$0.5
Construction -				
Residential units		\$14.1	\$10.5	\$12.4
Commercial facilities		\$1.5	\$1.6	\$1.5
FF&E/Tenant improvements ¹		\$0.6	\$0.7	\$0.7
Infrastructure ²		\$5.9	\$4.3	\$5.2
Other		\$1.8	\$1.8	\$1.8
Total, rounded		<u>\$28.4</u>	<u>\$22.8</u>	<u>\$25.7</u>

1 Includes developer- and tenant-provided construction budgets.

2 Excludes landscaping, parks and related equipment, beachfront improvements, community pavilion and contingencies.

Exhibit 3-5
Development Employment: FTE Jobs¹
2010 to 2030 (Total in each period)

	<u>Basis/reference</u>	<u>2010 2020</u>	<u>2021 2030</u>	<u>Total/ average</u>
Total:				
Direct jobs -	<i>Exhibits 3-2 and 3-3</i>			
Professional services		41	27	68
Construction -				
Residential units		988	695	1,684
Commercial facilities		84	84	169
FF&E/Tenant improvements ²		37	37	74
Infrastructure ³		473	315	789
Other		99	90	188
Subtotal direct jobs (rounded)		<u>1,700</u>	<u>1,200</u>	<u>3,000</u>
Indirect and induced jobs⁴	<i>Exhibit 3-2</i>	2,416	1,744	4,160
Total jobs (rounded)		<u>4,100</u>	<u>2,900</u>	<u>7,200</u>
Average annual:				
Direct jobs -				
Professional services		4	3	3
Construction ^{2,3}		144	113	129
Other		9	9	9
Subtotal direct jobs (rounded)		<u>160</u>	<u>120</u>	<u>140</u>
Indirect and induced jobs⁴		220	174	198
Total jobs (rounded)		<u>380</u>	<u>290</u>	<u>340</u>

1 FTE = Full time equivalent, defined as 40 hours per week or 2,080 hours per year.

2 Includes employees supported by developer- and tenant-provided construction activities.

3 Excludes landscaping, parks and related equipment, beachfront improvements, community pavilion and contingencies.

4 Based on weighted average of Direct-Effect jobs multipliers for each job category, as shown on Exhibit 3-2.

Exhibit 3-6
Personal Earnings from Development: Total in Period
2010 to 2030 (2007 dollars, in millions)

<u>Basis/reference</u>	<u>2010 2020</u>	<u>2021 2030</u>	<u>Total</u>
<i>Exhibits 3-2 & 3-3</i>			
Direct earnings¹:			
Professional services	\$3.0	\$2.0	\$5.1
Construction -			
Residential units	\$60.2	\$42.3	\$102.5
Commercial facilities	\$5.4	\$5.4	\$10.7
FF&E/Tenant improvements ²	\$2.3	\$2.3	\$4.7
Infrastructure ³	\$42.7	\$28.4	\$71.1
Other	\$7.3	\$6.6	\$13.9
Subtotal, direct	\$120.9	\$87.1	\$208.0
Indirect and induced earnings⁴	\$114.5	\$83.6	\$198.0
Total earnings	\$235.3	\$170.7	\$406.0

Note: Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

1 Based on industry coefficients and FTE factors as shown in Exhibit 3-2 and estimated construction costs in 2002 dollars, as shown in Exhibit 3-3. Figures inflated to estimated 2007 dollars based on change in Honolulu CPI-U from 2002 to 2007, at 21.7% as obtained from U.S. Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/PDQ>, as accessed April 3, 2008.

2 Includes earnings supported by developer- and tenant-provided construction activities.

3 Excludes landscaping, parks and related equipment, beachfront improvements, community recreation facilities.

4 Weighted average of estimated direct earnings by industry as shown above, and Direct-Effect industry multipliers shown in Exhibit 3-2.

Exhibit 3-7
Personal Earnings from Development: Average Annual
2010 to 2030 (2007 dollars, in millions except average earnings)

<u>Basis/reference</u>	<u>2010 2020</u>	<u>2021 2030</u>	<u>Average</u>
Average annual in period:			
<i>Exhibit 3-6, refers to all jobs</i>			
Direct earnings	\$11.0	\$8.7	\$9.9
Indirect & induced earnings	\$10.4	\$8.4	\$9.4
Total earnings	\$21.4	\$17.1	\$19.3
Average per new FTE job:			
<i>Exhibits 3-5 and 3-6, rounded</i>			
Direct jobs	\$71,000	\$73,000	\$69,000
Indirect and induced jobs	\$47,000	\$48,000	\$48,000
Average per job	\$57,000	\$59,000	\$56,000
Estimated household income¹:			
<i>1.3 times average wage</i>			
For direct job-holders	\$92,000	\$95,000	\$90,000
For indirect and induced job-holders	\$61,000	\$62,000	\$62,000
All O'oma-related job-holders	\$74,000	\$77,000	\$73,000
Percent of County median income²:			
<i>\$58,200 for a family of four, as applicable to affordable housing guidelines</i>			
For direct job-holders	158%	163%	155%
For indirect and induced job-holders	105%	107%	107%
All O'oma-related job-holders	127%	132%	125%

Note: Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

1 Ratio estimated from 2006 average Hawai'i County earnings for full-time, year-round workers with earnings (\$45,284) and 2006 average Hawai'i County household income (\$60,912). Earnings as provided by U.S. Census Bureau, 2006 American Community Survey, "S2001: Earnings in the Past 12 Months;" household income estimated by Claritas, Inc., February, 2007. Multiplier reflects multiple job-holders within each family as well as multiple job-holding by individuals.

2 Median income based on 2006 figures from U.S. Department of Housing & Urban Development, for a family of four, as provided by the County of Hawai'i. This income level used in County affordable housing guidelines effective May 1, 2007.

Exhibit 3-8
Direct Operational Employment Generated by Facilities at `O`oma:
New FTE Jobs
2020 and 2030

	<u>Basis/reference</u>	<u>2020</u>	<u>2030</u>
On-site:			
Commercial retail/office	<i>425 square feet GLA per FTE job</i>	235	471
Other associated jobs:			
Residential and commercial leasing and sales	See Exhibit 3-9	14	10
		<hr/>	<hr/>
Total direct jobs associated with `O`oma, rounded		<u>250</u>	<u>480</u>

Note: Excludes employees at public or community facilities on-site, such as at the school and parks; also excludes service providers to private homes.

Exhibit 3-9
Net Additional Operational Employment:
Net Additional FTE Jobs¹
2020 and 2030 (2007 dollars, in millions)

Bases for projection:	Basis/reference	2020	2030
<i>Av. annual spending by non primary residents</i>	<i>Direct, indirect & induced, in state: Exhibit 3-1</i>	\$2.7	\$10.3
<i>Av. annual residential selling costs</i>	<i>See Exhibit 3-1</i>		
<i>Sell-out of developer inventory</i>	<i>2.0% of gross sales, preceding years²</i>	\$0.8	\$0.5
<i>Resales after 2020</i>	<i>3.5% Turnover per year³</i> <i>6.0% of gross sales, same av. price</i>	\$0.0	\$0.1
<i>Av. annual commercial leasing expenses -</i>	<i>Listor & outside brokers' commissions plus sales & marketing expenses</i>		
<i>Initial lease-up</i>	<i>\$1.4 mil total, listing & outside agents</i>	\$0.2	\$0.1
<i>Releasing after 2020</i>	<i>5.0% Turnover per year</i>	\$0.0	\$0.0
Projected net additional jobs:			
Direct -			
<i>Attributable to non primary residents⁴</i>	<i>23.0 /\$mil, net margin: 35%</i>	22	82
<i>Real estate leasing & sales</i>	<i>14.0 /\$mil selling costs, new and resales</i>	14	10
Subtotal, direct jobs, rounded		40	90
Indirect and induced -			
	<i>Multiplier and industry category applied⁵:</i>		
<i>Attributable to non primary residents</i>	<i>1.07 Average of select industries</i>	23	88
<i>Real estate leasing & sales</i>	<i>1.91 Real estate & rentals industries</i>	26	19
<i>Subtotal, indirect & induced jobs, rounded</i>		50	110
Total net additional jobs		90	200

1 FTE = Full time equivalent, defined as 40 hours per week or 2,080 hours per year.

2 Assumes 2% inside commissions; no outside commissions.

3 From 2020 on, resales activity assumed at 3.5% of completed and sold residential inventory shown in Exhibit 2-1. Resales factor based on 2006 Hawai'i Island activity of 2,833 units vs. estimated 75,185 total housing units (3.8%); University of Hawai'i Economic Research Organization, April 3, 2008 and American Community Survey, September 12, 2007; also considers 2002 sales of 2,640 homes vs. housing inventory of 65,703 (4.0%). Housing inventories for both sampled years as reported by DBEDT. Commissions and other selling costs estimated at rate shown and average prices shown in Exhibit 2-1.

4 Category includes shopping center and office operational employment, since net additional employment is largely considered a function of induced new spending on-island, not leasable area to be developed at 'O'oma. Also spending by existing island residents, such as at the commercial centers to be developed, is assumed to have occurred elsewhere on-island even if 'O'oma were not developed.

Retail spending subject to reduction by 35% assumed retail trade margin prior to application of weighted average Type II jobs multiplier shown in Appendix 2. This results in conservative estimates since DBEDT multipliers for many applicable industry categories such as services, agriculture, food processing & etc. are calculated assuming they will be applied to total expenditures rather than trade margin expenditures.

5 Based on Type II Direct-Effect Multipliers (less 1.0 each) as shown by industry groups in Appendix 2. Non primary residents based on all industries shown.

Exhibit 3-10
Personal Earnings from Net Additional Operational Activity:
Total Annual
2020 and 2030 (2007 dollars, in millions except where noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
Direct earnings -	<i>Estimated average FTE salary or other basis:</i>		
Attributable to non primary residents	\$47,400 Average Hawai'i Island earnings ¹	\$1.0	\$3.9
Av. annual commercial leasing -	Residential & commercial properties, Ex. 3-9		
Initial lease-up		\$0.2	\$0.1
Releasing after 2020		\$0.0	\$0.0
Real estate sales & marketing -	Residential & commercial properties, Ex. 3-9		
Sell out of developed inventory		\$0.8	\$0.5
On-going resales after 2020		\$0.0	\$0.1
Subtotal, direct earnings		\$2.0	\$4.6
Indirect and induced earnings -	<i>Multiplier and industry category²:</i>		
Attributable to non primary residents	1.01 Average of select industries	\$1.0	\$3.9
Real estate leasing and sales	3.07 Real estate & rentals industries	\$3.0	\$2.2
Subtotal, indirect & induced		\$4.1	\$6.1
Total earnings		\$6.1	\$10.8

Note: Exhibit portrays on those earnings on positions that would be new to the Island; not on all employment associated with 'O'oma.

1 Exclusive of tips, bonuses, etc. Mean earnings for full-time, year-round workers with earnings of \$45,284 in 2006, as reported by U.S. Census Bureau, 2006 American Community Survey, with inflation to 2007 dollars based on 4.75% change in Honolulu CPI-U from 2006 to 2007, as reported by U.S. Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/PDQ>, as accessed April 3, 2008.

2 Based on Type II Direct-Effect Multipliers (less 1.0 each) as shown by industry groups in Appendix 2. Non primary residents based on all industries shown.

Exhibit 3-11
Personal Earnings from Net Additional Operational Activity:
Average Per Job and Household
2020 and 2030 (2007 dollars)

	<u>Basis/reference</u>	<u>2020</u>	<u>2030</u>
Average earnings per net additional FTE job:	<i>Not in millions</i>		
Direct jobs		\$50,000	\$51,000
Indirect and induced jobs		\$81,000	\$56,000
Average per job		\$67,000	\$54,000
Estimated household income¹:	<i>1.3 times average wage</i>		
For direct job-holders		\$65,000	\$66,000
For indirect and induced job-holders		\$105,000	\$73,000
All `O`oma-related job-holders		\$87,000	\$70,000
Percent of County median income²:	<i>\$58,200 for a family of four, as applicable to affordable housing guidelines</i>		
For direct job-holders		112%	113%
For indirect and induced job-holders		180%	125%
All `O`oma-related job-holders		149%	120%

Note: Exhibit portrays earnings on positions that would be new to the Island; not on all employment associated with `O`oma.

Earnings defined to include wage, salary and proprietary incomes, plus directors' fees and employer contributions to health insurance, less employee contributions to social insurance.

1 Ratio estimated from 2006 average Hawai'i County earnings for full-time, year-round workers with earnings (\$45,284) and 2006 average Hawai'i County household income (\$60,912). Earnings as provided by U.S. Census Bureau, 2006 American Community Survey, "S2001: Earnings in the Past 12 Months;" household income estimated by Claritas, Inc., February, 2007. Multiplier reflects multiple job-holders within each family as well as multiple job-holding by individuals.

2 Median income based on 2006 figures from U.S. Department of Housing & Urban Development, for a family of four, as provided by the County of Hawai'i. This income level used in County affordable housing guidelines effective May 1, 2007.

Exhibit 4-1 Average Daily In-Migrant Population 2020 and 2030

	Basis/reference	2020	2030
‘O‘oma non primary residents:			
Average FTE persons in residence	<i>At non primary resident units: Exhibit 2-2</i>	71	269
In-migrants to State (rounded)	<i>90% of FTE persons in residence</i>	<u>60</u>	<u>240</u>
In-migrants to Co. (rounded)¹	<i>100% of FTE persons in residence</i>	<u>70</u>	<u>270</u>
Employees:			
In-migrants to the State ¹ -	<i>(Subset of in-migrants to County)</i>		
Development employees	<i>5% of direct av. annual jobs (Ex. 3-5)</i>	8	6
Direct operational employees	<i>8% of jobs generated (Exhibit 3-8)</i>	20	38
Dependents ²	<i>Ratio of in-migrant employees</i>	<u>22</u>	<u>40</u>
In-migrants to State (rounded)³		<u>50</u>	<u>80</u>
In-migrants to County ³ -	<i>(Includes in-migrants to State)</i>		
Development employees	<i>10% of direct av. annual jobs (Ex. 3-5)</i>	16	12
Operational employees	<i>15% of jobs generated (Exhibit 3-8)</i>	38	72
Dependents ²	<i>Ratio of in-migrant employees</i>	<u>41</u>	<u>74</u>
In-migrants to County (rounded)³		<u>90</u>	<u>160</u>
Total population impact (average daily):	<i>Non primary residents (FTE), employees and their dependents</i>		
To State		<u>110</u>	<u>320</u>
To County		<u>160</u>	<u>430</u>

1 Subset of County in-migrants. See footnote 3, below.

2 In-migrant dependents estimated to average 0.2 per in-migrant development employee, and 1.0 per in-migrant operational employee.

3 In-migrants to the County include all those moving to the State plus any that may move between islands due to job opportunities at ‘O‘oma.

Exhibit 5-1
Real Property Taxes Generated by Development
2020 and 2030 (2007 dollars, in millions except as noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
Total assessed values:			
Improved primary residences ¹	1,008 units @ av. value: \$495,000	\$308.1	\$499.0
Improved second/vacation homes ¹	192 units @ av. value: \$933,000	\$119.1	\$179.1
Unimproved residential ²	Estimated assessed value per acre: \$40,000	\$2.6	\$0.0
Commercial - land ²	20 acres, @ per acre: \$450,000	\$9.0	\$9.0
Commercial - improvements	Vert. cost (Ex. 3-3) + share of TI @ 100%	\$23.0	\$23.0
Parks, recreation center & other ³	Not estimated	\$0.0	\$0.0
Total assessed values		<u>\$504.2</u>	<u>\$744.1</u>
Real property tax revenues:			
Potential new revenues -	<u>FY08 rates per \$1,000 net taxable value</u>		
Improved primary residences	\$5.55 Homeowner	\$1.7	\$2.8
Improved second/vacation homes	\$8.10 Improved Residential; Apartment	\$1.0	\$1.5
Unimproved residential	\$8.10 Unimproved Residential	\$0.0	\$0.0
Commercial - land	\$9.00 Commercial	\$0.1	\$0.1
Commercial - improvements	\$9.00 Commercial	\$0.2	\$0.2
Subtotal, potential tax revenues		<u>\$3.0</u>	<u>\$4.5</u>
Less deductions -			
RPT payments prior to `O`oma	\$45,000 FY08, per `O`oma Beachside Village, LLC	\$0.0	\$0.0
Homeowner's exemption ⁴	\$132,000 average/unit, primary residences	\$0.5	\$0.7
Subtotal deductions		<u>\$0.5</u>	<u>\$0.8</u>
Estimated net additional RPT		<u>\$2.5</u>	<u>\$3.7</u>

Note: Figures exclude real property tax impacts of public facility lands such as schools, parks and roads presumed to be dedicated but not taxed.

1 Average values differ from those shown in Exhibit 2-1 because they include owner-built improvements on the estate lots and because they combine the three product types in different mixes, in order to represent primary vs. second/vacation home owner properties.

2 Tax assessed values for unimproved lands based on other lands of similar classification in North Kona. Undeveloped residential areas estimated pro rata based on the number of units sold and a total of 173 acres in residential use, for a total value of: \$6,920,000 Includes 127 acres planned exclusively for residential uses plus share of 66 acres proposed for mixed uses within the Villages; the latter area allocated for tax estimation purposes as follows: 20 acres for commercial and 46 acres for residential uses.

3 Taxes on parks, roads, trails, recreation center, school and open spaces not estimated as they are assumed to be exempt (if publicly owned) and/or taxed at a negligible rate.

4 Assumes 75% of primary resident household heads are less than 60, qualifying for a \$120,000 exemption, 15% are aged 60 to 69, qualifying for a \$160,000 exemption, and 10% are aged 70 or more, for a \$180,000 homeowner's exemption. Exemptions likely overstated and thus tax collections understated because affordable housing units would not be able to achieve the full "additional exemption" of \$80,000 that is based on 20% of assessed value. Exemption levels based on rules stated in County of Hawai'i, Real Property Tax Division, "Explanation of the Real Property Tax Homeowner Exemption," revised January 2006, at www.hawaiipropertytax.com, as accessed April 3, 2008. Age distribution based on 2007 estimates for population aged 25 and older, for CTs 215.01, 217.01 and the County of Hawai'i, base data provided by Claritas, Inc., November 2007.

Exhibit 5-2
Total Annual Revenues to County Government
Attributable to Development & In-Migrant Population
2020 and 2030 (2007 dollars, in millions, except as noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
Bases for projection:			
<i>FTE in-migrants to County -</i>	<i>Exhibit 4-1</i>		
`O`oma non primary residents		70	270
Employees and their dependents		90	160
Estimated tax and other revenues:			
Net new property tax revenues	<i>Exhibit 5-1</i>	\$2.5	\$3.7
Taxes and other revenue sources from in-migrant residents ¹	<i>Other than real property taxes</i> <i>\$277 per resident</i>	\$0.0	\$0.1
Total new County revenues		<u>\$2.5</u>	<u>\$3.8</u>

Note: Does not consider impact and permit fees that may be paid to the County.

1 Includes fuel tax, licenses and permits and charges for services. Excludes public service company tax, public utility franchise tax, investment earnings and miscellaneous. As stated in County of Hawai'i, "Comprehensive Annual Financial Report: Fiscal Year Ended June 30, 2007," January 2008.

Exhibit 5-3
Bases for Projecting State Government Revenues
2020 and 2030 (2007 dollars, in millions, except as noted)

	<u>Basis/reference</u>	<u>2020</u>	<u>2030</u>
For GET calculations:			
O'oma development costs -	<i>Exhibit 3-4, average annual for preceding period</i>		
Professional services		\$0.6	\$0.5
Construction and other		\$27.8	\$22.3
Subtotal development cost		<u>\$28.4</u>	<u>\$22.8</u>
Real estate sales & marketing costs -	<i>Based on average activity in prior 5 years</i>		
Residential	<i>New and resold units, Exhibit 3-9</i>	\$0.8	\$0.6
Commercial	<i>Leasing revenue, Exhibit 3-9</i>	\$0.2	\$0.1
Subtotal		<u>\$1.0</u>	<u>\$0.7</u>
Spending by non primary residents	<i>In-State spending: Exhibit 3-9</i>	\$2.7	\$10.3
In-migrant employees & dependents to State -			
Number persons	<i>Exhibit 4-1</i>	50	80
Estimated number households	<i>2.5 persons per household</i>	20	32
In-State spending by hhds ¹	<i>58% of average of earnings per development and operational job (below)</i>	\$0.7	\$1.0
For individual income taxes:			
Net new personal income earned -	<i>Average annual in preceding period</i>		
Development employment	<i>Exhibit 3-7 (total personal earnings)</i>	\$21.4	\$17.1
Operational employment	<i>Exhibit 3-10 (total personal earnings)</i>	\$6.1	\$10.8
Av. personal earnings/FTE job -			
Development employment	<i>Exhibit 3-7 (total personal earnings)</i>	\$57,000	\$59,000
Operational employment	<i>Exhibit 3-10 (total personal earnings)</i>	\$67,000	\$54,000
For other State taxes:			
FTE in-migrants to State	<i>FTE non primary residents, employees and their dependents Exhibit 4-1</i>	110	320

Note: Does not consider impact and permit fees that may be paid to the State.

¹ U.S. Department of Labor, Bureau of Labor Statistics, "Consumer Spending Patterns in Honolulu: 2001-02", released April 30, 2004 at www.bls.gov/ro9/cexhono.htm. Estimate uses study findings showing 77.6% of pre-tax income of household units was spent, of which 75.1% were on items likely subject to Hawai'i Gross Excise Tax. Excludes spending on shelter (owned dwellings), cash contributions, personal insurance and pensions. Applied to estimated in-migrant households and average of personal earnings for 2020 and 2030 for operational employees, as shown. Excludes potential household income from other household members.

Exhibit 5-4
Projected State Government Revenues
2020 and 2030 (2007 dollars, in millions, except as noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
General excise taxes, on:			
Development ¹		\$0.7	\$0.6
Real estate sales and marketing	<i>4.0% of costs</i>	\$0.0	\$0.0
Spending by `O`oma's non primary residents	<i>4.0% of spending</i>	\$0.1	\$0.4
Spending by in-migrants to State	<i>4.0% of employee & dependent spending</i>	\$0.0	\$0.0
Individual income taxes²:			
Development employees	<i>6.1% effective tax rate on av. family income estimated at \$62,000 as shown in Ex. 3-7</i>	\$1.3	\$1.0
Operational employees	<i>6.1% effective tax rate on av. family income estimated at \$60,000 as shown in Ex. 3-11</i>	\$0.4	\$0.7
Other taxes and revenues from in-migrants³	<i>\$222 per person</i>	<u>\$0.0</u>	<u>\$0.1</u>
Total, additional revenues		<u>\$2.6</u>	<u>\$2.8</u>

Note: Does not consider impact and permit fees that may be paid to the State.

- 1 Based on 4% on 100% of professional services and 60% of construction costs, plus a wholesale construction materials tax of 0.5% against 40% of construction costs.
- 2 Based on 2007 Tax Tables, for married taxpayers filing joint returns and range of average personal earnings per job shown in prior exhibits noted. Adjusted Gross Incomes (AGI) assumed to be 15% less than total average earnings shown. Estimated tax impact likely to be conservative due to frequency of dual incomes and multiple job-holding among Hawai'i households, which could push household incomes to higher tax brackets.
- 3 Based on total FY 2006 State tax revenue receipts as reported by State of Hawai'i, "Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006," statement of activities-general revenue taxes. Includes tobacco and liquor taxes, liquid fuel tax, and motor vehicle weight & registration tax. Excludes fines & forfeitures, licenses and other fees. Figures inflated to 2007 dollars.

Exhibit 5-5
Hawai`i County Governmental Expenditures
Net of Intergovernmental Revenues (State and Federal)
Per Capita in Fiscal Year July 1, 2006 to June 30, 2007

	Expenditures (\$thousands)	Service population ¹	Expenditures (not in thousands) per:	
			Resident	Visitor
Governmental funds:				
General Government	\$37,651	193,500	\$195	\$195
Public Safety	\$93,241	193,500	\$482	\$482
Highways and Streets	\$14,033	193,500	\$73	\$73
Sanitation	\$31,817	193,500	\$164	\$164
Health, Education & Welfare	\$21,470	171,200	\$125	\$0
Culture and Recreation	\$17,118	193,500	\$88	\$88
Pension and Retirement Contributions	\$21,796	171,200	\$127	\$0
Employees' Health Insurance	\$16,941	171,200	\$99	\$0
Miscellaneous	\$5,108	193,500	\$26	\$26
Debt Service (principal & interest)	\$25,970	193,500	\$134	\$134
Capital Outlays	\$52,285	193,500	\$270	\$270
Less: Intergovernmental revenues (Federal and State)	(\$63,599)	193,500	(\$329)	(\$329)
Subtotal	<u>\$273,831</u>		<u>\$1,456</u>	<u>\$1,104</u>
Proprietary funds:				
Kulaimano Elderly Housing Project	\$277	171,200	\$2	\$0
`O`uli Ekahi Affordable Housing Project	\$317	171,200	\$2	\$0
Less: Federal rental subsidy	(\$134)	171,200	(\$1)	\$0
Subtotal	<u>\$460</u>		<u>\$3</u>	<u>\$0</u>
Total, in 2006-2007 dollars	<u>\$274,291</u>		<u>\$1,458</u>	<u>\$1,104</u>
Total, in 2007 dollars, rounded, based on increase of²	2.3%		<u><u>\$1,490</u></u>	<u><u>\$1,130</u></u>

Note: Line items may also have debt service and employee benefit expenses within each, but exclude depreciation.

1 Resident population as of January 1, 2007 estimated based on July 1 estimates from U.S. Census Bureau, Federal-State Cooperative Program for Population Estimates, as reported by State of Hawai`i, DBEDT, March 2008; de facto population estimated based on 2005 and 2006 ratios of de facto to resident population, as also reported by DBEDT.

2 Based on annual 2007 Honolulu CPI-U vs. average of 2nd half 2006 and 1st half 2007 CPI-U, as reported by U.S. Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov>, accessed April 3, 2008.

Source: County of Hawai`i, "Comprehensive Annual Financial Report: Fiscal Year Ended June 30, 2007," January 2008.

Exhibit 5-6
State of Hawai`i Governmental Expenditures
Net of Intergovernmental Revenues (Federal)
Per Capita in Fiscal Year July 1, 2005 to June 30, 2006

	Operating expenditures (\$thousands)	Service population ¹	Expenditures (not in thousands) per:	
			Resident	Visitor
Governmental funds:				
General Government	\$493,301	1,393,000	\$354	\$354
Public Safety	\$322,578	1,393,000	\$232	\$232
Highways	\$267,213	1,393,000	\$192	\$192
Conservation of Natural Resources	\$86,628	1,393,000	\$62	\$62
Health	\$685,679	1,393,000	\$492	\$492
Welfare	\$1,709,810	1,273,100	\$1,343	\$0
Lower Education	\$1,984,129	1,273,100	\$1,559	\$0
Higher Education	\$678,338	1,273,100	\$533	\$0
Other Education	\$19,183	1,273,100	\$15	\$0
Culture and Recreation	\$87,478	1,393,000	\$63	\$63
Urban Redevelopment and Housing	\$60,725	1,273,100	\$48	\$0
Economic Development and Assistance	\$215,559	1,273,100	\$169	\$0
Other	\$4,634	1,273,100	\$4	\$4
Debt service	\$447,577	1,393,000	\$321	\$321
Less: Intergovernmental revenues	(\$1,601,005)	1,393,000	(\$1,149)	(\$1,149)
Subtotal	<u>\$5,461,827</u>		<u>\$4,237</u>	<u>\$570</u>
Proprietary funds:				
Airports	\$175,884	1,393,000	\$126	\$126
Harbors	\$38,224	1,393,000	\$27	\$27
Unemployment compensation	\$105,786	1,273,100	\$83	\$0
Nonmajor proprietary fund	\$2,587	1,393,000	\$2	\$2
Less: Federal grants to Airports Division	(\$7,750)	1,393,000	(\$6)	(\$6)
Subtotal	<u>\$314,731</u>		<u>\$233</u>	<u>\$150</u>
Total, in 2005-2006 dollars	<u>\$5,776,558</u>		<u>\$4,470</u>	<u>\$720</u>
Total, in 2007 dollars, rounded, based on increase of²		3.0%	<u>\$4,600</u>	<u>\$740</u>

Note: Figures include legislative expenses; line items may also have debt service and employee benefit expenses within each. They exclude depreciation and expenses of "Component Units" including the University of Hawai`i, Housing and Community Development Corporation of Hawai`i, Hawai`i Health Systems Corporation and Hawai`i Hurricane Relief Fund. The first three charge for services, and receive capital and operating grants and contributions.

1 Resident and de facto populations as of January 1, 2006 estimated based on July 1 estimates from U.S. Census Bureau, Federal-State Cooperative Program for Population Estimates, as reported by State of Hawai`i, DBEDT, March 2008.

2 Based on annual 2007 Honolulu CPI-U vs. average of 2nd half 2005 and 1st half 2006 CPI-U, as reported by U.S. Department of Labor, Bureau of Labor Statistics at <http://data.bls.gov>, accessed April 3, 2008.

Source: State of Hawai`i, Department of Accounting and General Services, "State of Hawai`i: Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2006," 2007.

Exhibit 5-7
Annual County Government Expenditures
Attributable to Population In-Migrating
2020 and 2030 (2007 dollars, in millions, except where noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
Bases for County projection -			
<i>FTE in-migrants to County</i>	<i>Non primary residents, employees and dependents (Ex. 4-1)</i>	160	430
Annual expenditures -			
FTE in-migrants to County	\$1,490 per person, ref: Exhibit 5-5	\$0.2	\$0.6
Subtotal new County expenditures		<u>\$0.2</u>	<u>\$0.6</u>

Exhibit 5-8
Annual State Government Expenditures
Attributable to Population In-migrating
2020 and 2030 (2007 dollars, in millions, except where noted)

	<u>Basis/reference (not in millions)</u>	<u>2020</u>	<u>2030</u>
Bases for State projection -			
<i>FTE in-migrants to State</i>	<i>Non primary residents, employees and dependents (Ex. 4-1)</i>	110	320
Annual expenditures -			
FTE in-migrants to State	\$4,600 per FTE person, ref: Exhibit 5-6	\$0.5	\$1.5
Subtotal new State expenditures		<u>\$0.5</u>	<u>\$1.5</u>

Exhibit 5-9
County & State Government Revenue and Expenditure Comparison
2020 and 2030 (2007 dollars, in millions)

	Basis/reference	2020	2030
County of Hawai'i:			
New revenues	<i>Exhibit 5-2</i>	\$2.5	\$3.8
New expenditures	<i>Exhibit 5-7</i>	\$0.2	\$0.6
Net additional revenues		<u>\$2.3</u>	<u>\$3.2</u>
Revenue ÷ expenditure ratio¹		<u>10.6</u>	<u>6.0</u>
State of Hawai'i:			
New revenues ²	<i>Exhibit 5-4</i>	\$2.6	\$2.8
New expenditures	<i>Exhibit 5-8</i>	\$0.5	\$1.5
Net additional revenues		<u>\$2.1</u>	<u>\$1.4</u>
Revenue ÷ expenditure ratio¹		<u>5.2</u>	<u>1.9</u>

N/A - Not applicable.

Note: Other than school impact fees, does not consider applicable impact and permit fees to be paid to County and State governments. These could include sewer, water, transportation and other fees and permits.

1 New revenues divided by new expenditures. Calculated where denominator (additional expenses) exceeds zero.

2 Excludes potential income taxes from any operating entities, GET on ground lease rents and applicable government permit and impact fees that may be paid.

Economic and Fiscal Impact Assessment for `O`oma Beachside Village

Appendices

Appendix 1: Report Conditions

This assessment incorporates information provided by government agencies, developers, brokers, landowners, `O`oma Beachside Village, LLC, PBR HAWAII, and other sources as cited in the exhibits. While attempts have been made to verify information via multiple sources, it is not always possible to do so. MC cannot guarantee the accuracy of all information upon which its assessments may be based.

MC has no responsibility to update this report or any of the underlying data for events and circumstances occurring after April 4, 2008, the date of substantial completion of primary data collection.

This report is for the planning purposes of `O`oma Beachside Village, LLC, PBR HAWAII and their consultants, as well as for public disclosure of the nature of `O`oma pursuant to seeking State and County land entitlements. It is not intended to be used for solicitation of investment.

This report does not offer an appraisal of the Subject, nor should it be construed as an opinion of value for `O`oma.

Appendix 2: Derivation of Multipliers for Part-Time Resident Spending

	Type II final demand <u>multipliers</u>		Type II final demand effect multipliers (for indirect & <u>induced impacts</u>)	
	<u>Earnings</u>	<u>Job</u>	<u>Earnings</u>	<u>Job</u>
	Agriculture	0.66	36.6	1.77
Food processing	0.51	21.6	3.05	3.05
Other manufacturing	0.34	10.2	1.97	2.36
Transportation	0.57	17.7	2.26	2.55
Information	0.52	13.6	1.71	2.15
Utilities	0.33	8.2	2.38	4.17
Wholesale trade	0.55	17.1	1.76	1.96
Retail trade	0.57	24.4	1.69	1.51
Real estate & rentals	0.22	9.1	4.07	2.91
Professional services	0.81	23.3	1.69	1.97
Business services	0.83	30.9	1.69	1.62
Educational services	0.83	33.2	1.70	1.57
Health services	0.77	24.1	1.71	1.91
Arts & entertainment	0.77	37.4	1.59	1.38
Accommodations	0.63	20.0	1.90	2.06
Eating & drinking	0.60	30.5	1.99	1.54
Other services	0.69	30.7	1.80	1.54
Government	<u>0.85</u>	<u>24.7</u>	<u>1.40</u>	<u>1.54</u>
Average	<u>0.61</u>	<u>23.0</u>	<u>2.01</u>	<u>2.07</u>

Source: State of Hawai'i, Department of Business, Economic Development and Tourism, "The 2002 State Input-Output Study for Hawaii," June 2006 (as revised from May 2006), Table 2.4.

APRIL 13, 2007, LUC HEARING
(DOCKET NUMBER A07-774) TESTIMONY



"Grace Horowitz"
<grace.horowitz@thetownegroup.com>

04/10/2007 03:32 PM

To <luc@dbedt.hawaii.gov>

cc <cyuen@co.hawaii.hi.us>, <cohmayor@co.hawaii.hi.us>, <KAPILAGO@co.hawaii.hi.us>

bcc

Subject Action

2007 APR 12 PM 2:41
OFFICE OF THE ATTORNEY GENERAL
STATE OF HAWAII

To whom it may concern;

I am a resident of Kailua Kona Hawaii, I have lived here for the past 33 years, since I was a baby.

I, along with my family, children and friends have enjoyed camping and relaxing along the coastline area's of Kohanaiki and O'oma for as long as I can remember.

I am respectfully asking that an EIS be required before any change is considered or made to O'oma's current Conservation designation.

The West side of our island has very few beaches that are accessible and close to our homes, please keep this land as a conservation and open area so that we and our future generations can appreciate and enjoy our beautiful island, our home.

Blessings,

Grace K.M. Horowitz

CONFIDENTIALITY NOTICE:

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than the intended recipient is not a waiver of any attorney-client or work-product privilege.



"Keli Campbell"
<keli@tombomb.net>

04/11/2007 09:41 AM

Please respond to
<keli@tombomb.net>

To <luc@dbedt.hawaii.gov>

cc <cyuen@co.hawaii.hi.us>, <cohmayer@co.hawaii.hi.us>, <KAPILAGO@co.hawaii.hi.us>

bcc

Subject O'oma Property, Kona, Hawai'i County

To whom it may concern

Please require the owners of the O'oma property to (at the very least) prepare an Environmental Impact Statement regarding their development. Furthermore, please keep the O'oma property zoned conservation. My name is Keli Campbell and I grew up surfing at Kohanaiki. The Kona community, the surfing community and the Hawai'ian community have already sacrificed a piece of the 'aina to development at Kohanaiki in exchange for a small part of the coast. Much of Kona's natural landscape has been paved over, and we've seen the direct result; traffic hazards, more pollution and an overall sense of loss from the people of this island. Do we really need another development, especially on the stretch of coast where most of Kona's children learn to ride waves, appreciate the ocean and environment and families bond? Thank you for your very careful consideration regarding this project. The decisions you make are for the good of this island and its people and I beg you to protect our open spaces and island environment.

mahalo nui,

Keli Campbell
p.o. box 760
Holualoa, HI 96725
808-557-9112

2007 APR 12 P 2:44
STATE OF HAWAII
LAW OFFICE OF THE ATTORNEY GENERAL

Need personalized email and website? Look no further. It's easy with Doteasy \$0 Web Hosting! Learn more at www.doteasy.com



"George Broderson"
<ghbroderson@hawaii.rr.com
>

04/09/2007 10:05 PM

To <luc@dbedt.hawaii.gov>

cc

bcc

Subject Action VII - pt.2 #A07-774 North Kona Village LLC. Meeting
Date 4-13-07

Dear Commission Members

I am writing to request that the North Kona Village LLC. Development groups request for land reclassification be denied. At a minimum they are required to submit an EIS statement with the hope that a quality assessment be made concerning their plans.

The reason I am asking you to deny their land use reclassification request is simply that good reasons were considered in the original zoning. As a member of the Kona Community for 34 years I have been active in both sides of the development issues along the Kona and Kohala Coasts. I have made my livelihood from the landscaping industry and have formed my life and raised my family (and now my grandchildren) along the shores of Kohanaiki and O'oma. I have attended the planning meetings held here in Kona listening to the heart of the people. I have to say with all due respect that at times I have wondered if those we entrust with our care also here what we have to say.

Kona's population has increased dramatically at the expense of what people are hoping to find here. That would be a "since of place" surrounded by Ocean and Mountain views. Sounds like a sales ad that a developer might use doesn't it. Please let us keep the remaining few spots we have.

Respectfully Submitted

George Broderson and Family

2007 APR 13 A 7:39

COMMUNICATION



Duane
<derway@hawaii.rr.com>
04/11/2007 05:47 PM

To luc@dbedt.hawaii.gov
cc <cyuen@co.hawaii.hi.us>, <cohmayer@co.hawaii.hi.us>,
<KAPILAGO@co.hawaii.hi.us>
bcc
Subject Re: 13 April '07 item 2 :A07-774 NORTH KONA VILLAGE,
LLC (Hawaii)

Aloha!!!

Please copy and distribute required number of copies for Commission
Members and Staff.



Duane PTP Letter to LUC.doc

2007 APR 13 A 7:41
LUCAS

PLAN TO PROTECT KONA



74-5602-A Alapa Street
Suite 725
Kailua-Kona, HI 96740

11 April 2007

Hawai'i State Land Use Commission
Department of Business, Economic Development & Tourism
State of Hawaii
P.O. Box 2359
Honolulu, Hawaii 96804-2359

Re: 13 April '07 item 2 :A07-774 NORTH KONA VILLAGE, LLC (Hawaii)

Aloha Commissioner Judge, Chairperson
Aloha Commissioner Montgomery, Vice Chair,
Aloha Commissioner Formby, Vice Chair and
Aloha Commission Members Kanuha, Contrades, Wong, Im, Piltz and Teves!!!

Except for approximately 60 acres, this precious coastal area is currently in Conservation designation. This is entirely appropriate and should remain in Conservation. So where to start?

Certainly a place to start is an EIS that addresses economic, cultural and environmental issues. Plan to Protect Kona endorses the need: an EA would not formally address these issues in a way that examines alternatives that have less impact than building 1,000 homes.

If this were a great place for such a development, it would have been included in the Kona Community Development Plan process, now being wrapped up. It was not. The process included over a hundred small group meetings of stakeholders and several large meetings with 300 plus people to get consensus on what was appropriate for Kona. In addition Working Groups addressed Environmental, Cultural, Economic issues and turned in reports. While the final report lies in the future, I can safely say developments such as being proposed were deemed inappropriate for this area of Kona.

In any event, an EIS needs to be developed before any change is considered or made to O'oma's current Conservation designation.

A handwritten signature in cursive script that reads "Duane D. Erway".

Duane D. Erway , President

Plan To Protect Kona is a 501c3 organization formed to encourage land use and economic development decisions that reflect Sustainable Development and Smart Growth policies.

2007 APR 13 A 7 41
OFFICE OF THE ATTORNEY GENERAL



"pHyllis"
<pHyllisHanson@hawaii.rr.com>

04/11/2007 09:50 PM

To <luc@dbedt.hawaii.gov>

cc <cyuen@co.hawaii.hi.us>, <KAPILAGO@co.hawaii.hi.us>

bcc

Subject re: O`oma as Conservation land

Please require an EIS for any development of the proposal, by North Kona Village LLC at O`oma.

We need to maintain open space, so let's keep the conservation designation also.

Thank you

Phyllis Hanson
Kailua Kona

2007 APR 13 A 7:45
MAIL ROOM



Randy Rugar
<randyldna@earthlink.net>

04/12/2007 01:14 AM

Please respond to
Randy Rugar
<randyldna@earthlink.net>

To luc@dbedt.hawaii.gov

cc

bcc

Subject RE: North Kona Village

Aloha Public Servants!

Please take into consideration the following requests:

1. require North Kona Village LLC to do an EIS for their proposed 300-acre coastal development at O'oma II in Kona.
2. maintain the Conservation designation of O'oma so that it will remain natural, open space (with potential to be acquired as public open space, as was requested by the public).

Respectfully,

Randy Rugar, Ph.D.

2007 APR 11 7:47 AM
MAIL ROOM



"Cory \ (Martha) Harden"
<mh@interpac.net>

04/11/2007 10:54 PM

To <luc@dbedt.hawaii.gov>

cc <cyuen@co.hawaii.hi.us>, <cohmayor@co.hawaii.hi.us>,
"GVT CTY HI CNCL Pilago" <kapilago@co.hawaii.hi.us>,
"Janice Palma-Glennie" <palmtree7@earthlink.net>

bcc

Subject O'oma

LUC
2007 APR 13 A 7:47

Dear LUC,

Open, coastal land in West Hawai'i is at a premium
Luxury housing, shops, traffic, and construction jobs are not.

Bulldozing and building have claimed Oahu, Maui, and Kauai. The untouched tracts of Hawai'i Island are the next target.

My dad had pictures of Waikiki with one hotel and all palm trees taken when he was 30. When he was 70, all the hotels were up.

I remember Kona, when I was growing up, with two hotels and just cottages...quiet two-lane roads, plenty of room to park and swim at Disappearing Sands...in one generation, it can all be lost.

O'oma II was chosen as one of the top ten special places in Hawai'i County to be acquired as open, public space.
So please require North Kona Village LLC to do an EIS for their proposed 300-acre coastal development at O'oma II in Kona.

And please maintain the Conservation designation of O'oma so that it will remain natural, open space (with potential to be acquired as public open space, as was requested by the public).

mahalo,
Cory (Martha) Harden
PO Box 10265
Hilo, Occupied Hawai'i 96721
808-968-8965
mh@interpac.net



TOM CAREY
<tmcfarms@yahoo.com>
04/12/2007 08:07 AM

To luc@dbedt.hawaii.gov
cc cyuen@co.hawaii.hi.us, cohmayor@co.hawaii.hi.us,
kapilago@co.hawaii.hi.us
bcc
Subject Protect our ocean and coast!!!

Hawaii state land use commision

Please require north kona village to do a EIS for the proposed 300 acre coastal development at O'oma II in Kona. This is your responsibility to the taxpaying residents.

Also please maintain the conservation designation of O'oma so that it will remain natural open space,with the potential to be acquired as public open space for use by the public.

Thank you, Tom Carey, Kona, Hawaii April 12 2007

2007 APR 13 4:49 PM
MAIL ROOM



"kamaukala campbell"
<chadkona@hotmail.com>
04/12/2007 10:19 AM

To luc@dbedt.hawaii.gov
cc cyuen@co.hawaii.hi.us, cohmayor@co.hawaii.hi.us,
kapilago@co.hawaii.hi.us
bcc
Subject O'oma

To whom it may concern,
I am writing to strongly suggest that you require North Kona Village LLC to do an EIS for their proposed 300 acre development at O'oma II in Kona. I have heard talk that they plan to do this anyhow, but an order from the government would be appropriate in any case.
I grew up in Kona, learned to surf at Kohanaiki, just south of O'oma, and have seen firsthand the mostly negative effects of the whirlwind of development that Kona has seen in the last 10-12 years. I oppose the development on principle alone, but in the very least I would hope our government would DEMAND a complete EIS from this company whos' main contribution to the community will be "one heck of of a playground" (West Hawaii Today, 4/10/07).
thank you for your time,
chad kamaukala campbell,
Kona

2007 APR 13 A 7:51
COMMUNICATION

Get a FREE Web site, company branded e-mail and more from Microsoft Office Live! <http://clk.atdmt.com/MRT/go/mcrssaub0050001411mrt/direct/01/>



"Kerry S. Alligood"
<ksalligood@hawaii.rr.com>
04/12/2007 12:21 PM

To <luc@dbedt.hawaii.gov>
cc <cohmayor@co.hawaii.hi.us>, <cyuen@co.hawaii.hi.us>,
<kapilago@co.hawaii.hi.us>
bcc
Subject O' Oma II EIS by North Kona Village LLC

State Land Use Commission,

I am sending this email today because I feel the issue at hand is extremely serious and if approved will have a negative impact on the West Hawaii community and the Big Island in general for many, many years to come. Because of the massive scope of the North Kona Village LLC proposed project and the sensitivity of it's coastline location I believe it is **prudent** that an EIS be required of the developer. By requiring an EIS it will enable the community as well as our local government to fully understand the impact this project will have on our water/sewer systems, traffic, schools, medical, fire and police, libraries, parks, the ocean and just the quality of life in general. The West Hawaii infrastructure is barely able to sustain with our current and recent growth rate. Additionally the land was designated Conservation for a reason and the community has fought off two previous attempts to urbanize the O' Oma II land so why are we going through this again. There are a few who will feel this project is good and are willing to cave in to the developer because it **may** provide some affordable housing but the trade off is much more detrimental than the shortage of affordable housing.

In closing, I ask you to please require an EIS so the community can be properly educated on what is actually being proposed and to please maintain the Conservation designation this land has earned and truly deserves. What we need is more open space for all to enjoy not more luxury housing, shops and traffic.

Sincerely,

Kerry S. Alligood
Kerry S. Alligood
808-885-4155 (phone)
805-680-2162 (cell)
808-887-0779 (fax)

2007 APR 13 10:40 AM
LUCAS



hainp004@hawaii.rr.com
04/12/2007 11:56 AM

To luc@dbedt.hawaii.gov
cc cyuen@co.hawaii.hi.us, cohmayor@co.hawaii.hi.us,
KAPILAGO@co.hawaii.hi.us
bcc
Subject EIS for O'oma development

Dear LUC:

Please require North Kona Village LLC to do an EIS for their proposed 300-acre coastal development at O'oma II in Kona. Please maintain the Conservation designation of O'oma so that it will remain natural, open space (with potential to be acquired as public open space, as was requested by the public).

Thanks,

Peter Hain
73-1066A Ahikawa St.
Kailua Kona, HI 96740

2007 APR 13 A 7:54
MAY 1 2007



westpeak@aol.com
04/12/2007 12:30 PM

To luc@dbedt.hawaii.gov
cc
bcc
Subject Save O'oma Conservation Designation

2007 APR 13 A 8:01
DBEDT

Gentlepersons:

I am a 10 year resident of the North Kona District. I have seen this area grow without planning or control. It is indeed an understatement to say that this lack of planning, fueled by out of state greed, and some in state profiteers, has severely affected my family's and my quality of life. Overpopulation and unbearable traffic where there once was none, loss of or severely limited access to beaches, lack of public parks, and no upkeep or maintenance of the places we will have to enjoy, pristine waters being polluted by golf course run off and rampant overdevelopment, and most concerning a change in the spirit of the people - "live aloha" is becoming harder and harder to hold onto.

Please require North Kona Village LLC to obtain an EIS for its 300 acres in O`oma II. Please honor the public's clear, undisputed position that O`oma MUST remain a conservation designation so the area can be preserved and potentially acquired for a very much needed public open space.

Respectfully,

Andrea Alden, Attorney at Law
Kailua Trade Center
75-5706 Hanama Pl #208A
Kailua-Kona HI 96740

Home:
75-317 East Kakalina Place
Kailua-Kona HI 96740

AOL now offers free email to everyone. Find out more about what's free from AOL at AOL.com.



"debbyd"
<debbyd@hawaii.rr.com>
04/12/2007 10:01 AM

To <luc@dbedt.hawaii.gov>
cc
bcc
Subject Open, coastal land in West Hawai'i

State Land Use Commission at:
Fax: (808) 587-3827
email:luc@dbedt.hawaii.gov

Aloha-

I am writing to put on record my objection to the new project planned in the area next to our treasured ex-land mark Pine Trees.(very, very sad that you let this land mark be removed!!!!) This project called O`oma II is to be developed on land which is zoned primarily conservation land. We have lost so much of our ocean views here in Kona and the ocean can hardly be seen when driving down Alii Drive. Please do not allow this zoning change to take place and leave this area zoned conservation and it's ocean views to be enjoyed by all. Why is all of Hilo's oceanfront area zoned special management, conservation area and we do not have these protections of our views here in Kona where most of the visitors come?? And last but not least we need new roads before we have any more projects approved here on the Kona side, traffic is a nightmare in the morning and pau hana hours of the day. Please listen to the public and your conscience and do not approve this project!

Please require North Kona Village LLC to do an EIS for their proposed 300-acre coastal development at O`oma II in Kona. maintain the Conservation designation of O`oma so that it will remain natural, open space (with potential to be acquired as public open space, as was requested by the public).

Debby Datkowitz
kuakini hwy
K-K, HI 96740

2007 APR 13 A 8:01
LUCAS
HONOLULU



"Susan Decker"
<lentz@kona.net>

04/12/2007 03:30 PM

Please respond to
"Susan Decker"
<lentz@kona.net>

To <luc@dbedt.hawaii.gov>

cc <cyuen@co.hawaii.hi.us>, <cohmayor@co.hawaii.hi.us>,
<KAPILAGO@co.hawaii.hi.us>

bcc

Subject O'oma II, North Kona

Dear Sirs,

Please require that:

- 1) North Kona Village LLC prepare and submit an EIS for the proposed 300-acre costal development project in North Kona at O'oma II; and
- 2) the current Conservation designation be retained to preserve the potential for public acquisition as open space.

Conversion of this property to any other land classification is not in the best interests of the citizens of North Kona. Please assist in preserving our coastline, our life style and quality of life in North Kona in your disposition of this matter.

Sincerely,

Susan Decker
76-156 Kamehamalu Street
Kailua-Kona, HI 96740
808-326-9725

Kona resident since 1984

2007 APR 13 AM 8:00
COMMUNICATION



"shannon rudolph"
<shannonkona@gmail.com>
04/12/2007 08:37 AM

To luc@dbedt.hawaii.gov
cc cyuen@co.hawaii.hi.us, cohmayor@co.hawaii.hi.us,
KAPILAGO@co.hawaii.hi.us
bcc
Subject EIS of O`oma as Conservation land

Aloha Land Use Commission Members,

Please plan very carefully, what little open coastal space, we have remaining on our island. Please require North Kona Village LLC do an EIS for the proposed 300 acre development at O'oma, in Kona. Please maintain the Conservation designation of O'oma.

The public has requested that this land be purchased by the County of Hawaii, to save for future generations. Many believe we are selling our island to the highest bidder, but really, we are giving it away. We MUST require MUCH more than we are receiving, to ok developments such as these.

Mahalo, Shannon Rudolph
P.O. 243 Holualoa, Hi. 96725

2007 APR 13 10:01 AM



Aaron Stene
<aaron@hawaiiintel.net>

04/12/2007 11:31 AM

Please respond to
aaron@hawaiiintel.net

To luc@dbedt.hawaii.gov, aaron@hawaiiintel.net
cc
bcc
Subject Ooma Beachside Village

Aloha,

In regards to the proposed Ooma Beachside Village project, I strongly believe it its ill advised to allow 1,000 new homes in this area. The existing infrastructure in the area is ill equipped for these additional homes. Plus it deeply concerns me that these homes will be in close proximity to OTEC/NELHA. The government should explore the possibility of purchasing this property. So the public will have perpetual access to this land for future generations.

Best Regards,
Aaron Stene

2007 APR 13 A 7:53
LUC
S...
7:10AM



Kalei Rapoza
<bass_fission@yahoo.com>

04/12/2007 02:41 PM

Please respond to
bass_fission@yahoo.com

To luc@dbedt.hawaii.gov

cc

bcc

Subject Testimony - A07-774 North Kona Village, LLC (Hawaii)

Aloha,

Please find attached testimony for Action A07-774 North Kona Village, LLC (Hawaii).

Mahalo,

Kalei Rapoza

Be a PS3 game guru.

Get your game face on with the latest PS3 news and previews at Yahoo! Games.



LUC Testimony - April 11 2007.doc

APR 13 A 8 00
LUC Testimony - April 11 2007.doc

April 11, 2007

Honorable Lisa M Judge
Chairperson, Land Use Commission
Department of Business, Economic Development & Tourism
State of Hawaii
235 South Beretania Street, Room 406
Honolulu, HI 96813

Re: A07-774 North Kona Village, LLC (Hawaii) – determination of whether the Land Use Commission is the appropriate accepting authority pursuant to Chapter 343 HRS and whether the reclassification of conservation lands requires an Environmental Assessment

Dear Chairwoman Judge,

My name is Kalei Rapoza, Second Year Law Student at William S. Richardson School of Law, not affiliated with any organization, group, or company having stake or interest in the following matter. I am writing testimony to **Strongly Support** the need for an Environmental Assessment pursuant to HRS Chapter 343 to determine “significant impact” prior to the reclassification of the proposed project area from Conservation District to the Urban District.

HRS Chapter 343 mandates:

“Whenever an applicant proposes an action specified by subsection (a) that requires approval of an agency and that is not a specific type of action declared exempt under section 343-6, the agency initially receiving and agreeing to process the request for approval shall prepare an environmental assessment of the proposed action at the earliest practicable time to determine whether an environmental impact statement shall be required.” HRS § 343-5(c) (2006)

Based on the Hawaii Supreme Court’s holding in Sierra Club v. Office of Planning, State of Hawaii, 109 Haw. 411, 417, 126 P.3d 1098, 1104 (2006), an environmental assessment shall be prepared at the earliest practicable time when: “(1) an applicant proposes an action specified by HRS § 343-5(a); (2) the action requires approval of an agency; and (3) the action is not exempt under HRS § 343-6.”

The LUC is required by law to prepare and environmental assessment prior to the proposed reclassification. As the Hawaii Supreme Court held in Pearl Ridge Estates Community Assoc. v. Lear Siegler, Inc., 65 Haw. 133, 134, 648 P.2d 702, 704 (1982), “when an application is made for the **reclassification of conservation lands** to other uses, an environmental assessment is necessary before the LUC can reclassify the lands.”

Under HRS § 343-5(a)(7) an environmental assessment shall be required for actions that “[p]ropose any reclassification of any land classified as a conservation district by the state land use commission under chapter 205.” Should significant impacts be determined then an

Environmental Impact Statement must be performed, otherwise, a finding of no significant impact shall be prepared.

HRS Chapter 205-4 states:

“Any department or agency of the State...or any person with a property interest in the land sought to be reclassified, may petition the land use commission for a change in the boundary of a district. This section applies to all petitions for changes in district boundaries of lands within conservation districts.” HRS § 205-4(a) (2006)

In summary, in the case of North Kona Village, LLC, all three factors are present requiring an EA at the earliest practicable time:

- (1) Action under HRS § 343-5(a) - Request for reclassification of conservation district – HRS § 343-5(a)(7)
- (2) Approval of an agency – under HRS § 205-4(a). Clearly the proposed reclassification of 181.169 acres fulfills the requirement of “land areas greater than fifteen acres.”
- (3) This action is not exempt under HRS § 343-6

I strongly urge the Land Use Commission to perform an Environmental Assessment prior to reclassification of the concerned land in order to determine whether there is significant impact and whether to conduct an Environmental Impact Statement. Thank you for the opportunity to present my position regarding this matter.

Very truly yours,

Kalei Rapoza



Jane Bockus
<jane.bockus@hawaiiantel.net>

04/11/2007 09:38 PM

To cyuen@co.hawaii.hi.us, KAPILAGO@co.hawaii.hi.u,
luc@dbedt.hawaii.gov, cohmayor@co.hawaii.hi.us
cc palmtree7@earthlink.net

bcc

Subject

Please keep the Conservation designation for O'oma - we need that open space!

Another development that close to the airport will soon be demanding that aircraft take "noise abatement" procedures, and possibly limiting the hours of operation at Keahole Airport.

The Magoon Estate land at Mahaiula was made into the Kona Coast State Park, as it was felt that any development there would soon be objecting to airport noise and I feel that the plans to develop the 300 acres at O'oma would have the same result. With current plans to build another runway, allowing any further development close to the airport is ridiculous!

Mahalo,
Jane Bockus

2007 APR 13 A 7:44
LMA
S...



"Fuller"
<fishman@ilhawaii.net>

04/11/2007 04:33 PM

Please respond to
"Fuller" <fishman@kona.net>

To <luc@dbedt.hawaii.gov>

cc "Chris Yuen" <cyuen@co.hawaii.hi.us>, "Harry Kim"
<cohmayer@co.hawaii.hi.us>, "Angel Pilago"
<KPILAGO@co.hawaii.hi.us>

bcc

Subject Preserve the open space along West Hawaii coast at O'oma

Aloha,

As the development continues along our already over crowded coastline there is still a chance for the public to work together to preserve a parcel of land that is currently dedicated as CONSERVATION...O'oma. We already are "lucky" enough to have hotels, prepackaged parks, strip malls and golf courses. How about some good old fashioned OPEN SPACE?

I am an educator in Kona. With over 33 years experience in the public school system I can see first hand what today's pace is doing to the stability and structure of our society. Children of today need a place to go where they can reflect, have **unstructured** play experiences and also reconnect with their families and culture. Let's not sell our future generations short by building up every speck of open land.

Think about it!

Mahalo,
Carol Fuller

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
2007 APR 12 P 2:54



"Charles Flaherty"
<oneheart@aloha.net>
04/12/2007 10:07 PM

To <luc@dbedt.hawaii.gov>
cc "'Mayor Harry Kim'" <cohmayor@interpac.net>,
<CYUEN@co.hawaii.hi.us>, <KAPILAGO@co.hawaii.hi.us>
bcc
Subject Testimony, LUC meeting agenda item VII.2, A07-774

April 12, 2007

Re: April 13, 2007 meeting agenda item VII.2, A07-774

Aloha mai Mr. Chair and members of the State Land Use Commission,

I am writing in regard to the North Kona Village, LLC application for reclassification of 181.169 acres from Conservation to Urban State Land Use District.

I have been unable to review the detailed information regarding the North Kona Village, LLC application as the information is located solely in the Hilo Planning Department office, a 2 ½ hour drive from the Kona Planning Department office.

However, I can provide the Commission with the following information to determine whether the proposed action may have a "significant effect" to warrant the preparation of an Environmental Impact Statement pursuant to Chapter 343, HRS.

In August 2003, the Third Circuit Court-appointed water monitor reported "the water quality in nearshore coastal waters off Hokuli'a has obviously deteriorated since the third sampling in February 2003...we conclude that the most likely source of these nutrients are the immediate Hokuli'a lands under construction."

In April 2004, the same water monitor reported "there is strong evidence that activities at the Hokuli'a site are contributing significant amounts of nitrate+nitrite-nitrogen to the groundwater".

In April 2006, the Marine Sciences Department at University of Hawai'i-Hilo issued a report, *A Review of Coastal Monitoring Data for Developments in West Hawai'i*, prepared for the County of Hawai'i. The Executive Summary contained the following statements:

- "Historical water quality analyses from Waikoloa and Hokuli'a revealed that nitrogen water quality parameters have significantly increased at both developments over the past ten years."
- "Nutrient concentrations were more elevated at low salinities, suggesting that nutrients originate from freshwater sources like fertilizers, irrigation water, or waste water. These elevated nutrient concentrations may lead to algal blooms in West Hawai'i, which may be comprised of exotic and/or harmful species."
- "Results from these analyses [from 13 coastal developments in West Hawai'i, including the Natural Energy Laboratory of Hawai'i adjacent to the proposed North Kona Village, LLC project] are consistent with historical temporal trends from these sites, suggesting that **conditions in West Hawai'i may be developing for extreme environmental degradation, possibly resulting in algal blooms like those in West Maui.**"

The results of water quality testing offshore 13 developments in West Hawai'i have proven that the proposed action will have a "significant effect" on the environment and the preparation of an Environmental Impact Statement pursuant to Chapter 343 is warranted.

The State Supreme Court has found that both the State of Hawai'i and the County of Hawai'i, including this Commission, have an "affirmative duty" to protect the Class AA pristine nearshore waters of West

2007 APR 13 A 8:06
STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

Hawai'i.

It is now clear that the Land Use Commission should never have reclassified the nearshore areas in West Hawai'i from Conservation to Urban as that conditions are developing in West Hawai'i for extreme environmental degradation of our constitutionally-protected nearshore marine waters.

I strongly encourage this Commission to take proactive steps to reverse its prior decisions and to reclassify all West Hawai'i lands not already developed between Queen Ka'ahumanu Highway and the shoreline from the Urban District and back into the Conservation District.

Mahalo,

Charles Flaherty
P O Box 922
Captain Cook HI 96704

P.O. Box 1185
Volcano, HI 96785

April 9, 2007

STATE LAND USE COMMISSION
STATE OF HAWAII

2007 APR 10 A 11: 13

Sandy-File EIS
comments
✓ Mc Max

State Land Use Commission
235 S. Beretania St. 406
Honolulu, HI
(hand delivered)

RE: A07-774 North Kona Village LLC Development at O'oma

Members of the State Land Use Commission:

I am writing both to explain why a full environmental impact statement should be required for North Kona Village's project at O'oma, and why approval of this project is not a good idea.

Global Warming

✓ It is beyond dispute that global warming and sea level rise are real. Government agencies, like the LUC, need to begin to carefully plan a long-term retreat from the coastline. With sea level rise predicted to rise twenty to seventy feet over the next century, it makes little sense to approve more development near the coastline. In any case, the EIS should specifically examine the issue of sea level rise and how it could impact this project.

Scenic Vistas

This project will significantly and adversely affect scenic views of the ocean. Poor planning in the past has caused far too much development *ma kai* of Queen Ka'ahumanu Highway. We should not sacrifice any more coastal open space in this area.

Class AA Waters

✓ Coastal water quality in this area is outstanding. The difference between water quality here and the coastal waters off urban Honolulu is staggering. Runoff from urban development has permanently deteriorated Honolulu's water quality. There is no question that this development will significantly degrade water quality in the area. There is no reason why Kona's water quality should be sacrificed for the benefit of housing for the rich.

Jobs

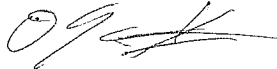
Kona is already at full employment. The region does not have the capacity to absorb more jobs – let alone a need for any more.

Traffic

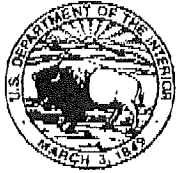
If any of the LUC members have tried to drive through Kona during “rush” hour, you would understand that traffic in Kona is far, far worse than on O`ahu. This project will only exacerbate existing conditions. There is no question that for this reason alone the project will have a significant and adverse environmental impact.

Development at O`oma provides absolutely no public benefits whatsoever. Kona does not need more luxury housing, traffic, or construction jobs. Kona needs to preserve its coastal open space.

Sincerely,

A handwritten signature in black ink, appearing to read "DK Frankel", with a stylized flourish at the end.

David Kimo Frankel



IN REPLY REFER TO:

United States Department of the Interior

NATIONAL PARK SERVICE
 Kaloko-Honokohau National Historical Park
 73-4786 Kanalani St., Suite 14
 Kailua-Kona, HI 96740

April 12, 2007

STATE LAND USE COMMISSION, 13 APRIL 2007. DOCKET NO. A07-774; North Kona Village, LLC.

TESTIMONY OF THE NATIONAL PARK SERVICE

The National Park Service submits this testimony to the Land Use Commission in support of the preparation of an Environmental Impact Statement (EIS) by North Kona Village, LLC for their proposed action. A new development of this magnitude (1000 homes) along the environmentally sensitive coastal shoreline, and near a National Park and National Historic Landmark requires a rigorous environmental review at the level of an EIS. The proposed action is likely to have a significant effect on the environment, an irrevocable commitment of natural resources by the withdrawal of groundwater to support the proposed development's potable and non-potable water needs, and substantial effects on cultural practices and cultural resources. Additionally, the cumulative impacts of the proposed development in the context of this rapidly urbanizing section of West Hawaii's coastline are likely to be significant and must be thoroughly considered in an EIS. The National Park Service is particularly concerned about the potential for significant effects to local water and groundwater resources, and how water withdrawals and reinjection will affect groundwater inside the National Park. Groundwater quantity and quality are critical to Kaloko-Honokohau National Historical Park's 140+ anchialine pools, two historic fishponds, 596 acres of marine waters, and their associated ecosystems. Reduction in the quality and quantity of available groundwater will significantly impact these nationally significant cultural and natural resources.

Thank you for the opportunity to provide this testimony.

Sincerely

Geraldine K. Bell
 for Geraldine K. Bell, ACTING
 Superintendent

WATER BOARD OF THE COUNTY OF HAWAII
RESOLUTION No. 08-08

WATER BOARD

COUNTY OF HAWAII, STATE OF HAWAII

RESOLUTION NO. 08-08

RESOLUTION OF SUPPORT FOR DEVELOPMENT OF WATER DESALINATION FACILITIES FOR O'OMA BEACHSIDE VILLAGE, LLC SITUATE IN THE DISTRICT OF NORTH KONA, COUNTY AND STATE OF HAWAII, IDENTIFIED AS TMK NO. (3) 7-3-009:004 AND 022.

BE IT RESOLVED BY THE WATER BOARD OF THE COUNTY OF HAWAII:

WHEREAS the Water Board of the County of Hawaii is desirous of securing additional sources of water to service existing and future customers of the Department of Water Supply ("DWS");

WHEREAS these water improvements and source development may include desalination facilities developed by private parties;

WHEREAS pursuant to Section 8-2, Article VIII (Department of Water Supply) of the Charter of the County of Hawaii (2006, as amended), the Water Board shall manage, control and operate the water works of the County and . . . adopt rules and regulations which shall have the force and effect of law relating to the management, control, operation, preservation and protection of the water works of the County;

WHEREAS pursuant to Section 11.2 (Water) and Section 11.2.2 (Policies) of the County of Hawaii General Plan (February 2005, as amended), a coordinated effort by County, State and private interests shall be developed to identify and implement sources of additional water supply to ensure sufficient quantities of water for existing and future needs of high growth areas;

WHEREAS the Rules and Regulations of the Department of Water Supply (October 21, 2004, as amended) ("DWS Rules") Section 4-5 states that the development of any water system that is to be connected to the public water system shall be in accordance with the requirements and standards of the DWS, of the State Department of Health and all applicable laws;

WHEREAS O'oma Beachside Village, LLC proposes to develop a masterplanned community consisting of residential, commercial, mixed-use villages, shoreline and neighborhood parks and open space at TMK (3) 7-3-009:004 and 022 at O'oma 2nd, North Kona, Hawaii (the "Project");

WHEREAS O'oma Beachside Village, LLC has proposed to the DWS as one of its options for potable water to service development of the Project, that the developer design, construct and operate a desalination water treatment plant and facilities necessary to service the Project, and upon inspection and approval pursuant to a schedule established by the DWS, offer for dedication the desalination facilities to the Water Board for acceptance as part of the DWS potable water system;

WHEREAS O'oma Beachside Village, LLC has proposed that the desalination facilities be constructed on site at the Project, on lands owned by the State of Hawaii, located mauka of the Project at TMK (3) 7-3-009: portion of 005, and/or (3) 7-3-010: portion of 043 and/or 044, or other lands, as mutually agreed upon by DWS, Water Board and O'oma Beachside Village, LLC;

WHEREAS the Project anticipates a maximum daily demand for potable water of approximately 1,032,750 gallons per day, and is proposing a reduction in the maximum daily demand of potable water through the use of non-potable brackish, blended and/or gray water for use in common area irrigation to reduce the demand for potable water and to meet the maximum non-potable daily demand of 408,000 gallons per day;

WHEREAS the DWS is currently in discussions with O'oma Beachside Village, LLC on the potential of accepting for dedication the desalination facilities, conditioned upon the approval by the State Department of Health;

NOW THEREFORE, BE IT RESOLVED by the Water Board of the County of Hawai'i, State of Hawai'i, that it express the support of the development of desalination facilities by private parties such as O'oma Beachside Village, LLC, for dedication to the Water Board, provided however, that the DWS and the State Department of Health both approve of the desalination facilities and of the quality of water produced by said facilities and that there is sufficient demand and infrastructure for distribution of the water to operate the facility in an economically responsible manner;

BE IT FURTHER RESOLVED that the DWS be and is hereby authorized and empowered to continue discussions with O'oma Beachside Village, LLC, as provided by law, for the design, development and operation of future desalination facilities, for dedication to the Water Board.

BE IT FINALLY RESOLVED that the Secretary forward certified copies of this

Resolution to the Manager of the DWS, Deputy Manager of the DWS, County Planning Director and Hawai'i County Mayor.

I hereby certify that the foregoing Resolution No. 08-08 was, by the vote indicated below, adopted by the Water Board of the County of Hawai'i on the 25th day of November, 2008.

WATER BOARD
 COUNTY OF HAWAII
 HILO, HAWAII

ATTEST: Doreen Shiota
 Doreen Shiota, Secretary
 Department of Water Supply


 THOMAS GOYA, CHAIRPERSON
 WATER BOARD, COUNTY OF HAWAII

ROLL CALL VOTE

	AYES	NOES	ABSENT	EXCUSED
HARAI	✓			
LINDSEY	✓			
KIM			✓	
KONANUI			✓	
KUAILANI	✓			
MEIERDIERCKS	✓			
MUKAI			✓	
SMITH	✓			
CHAIRPERSON GOYA	✓			
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