

BEFORE THE LAND USE COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Petition of     )     DOCKET NO. A83-557  
                                          )  
PRINCEVILLE DEVELOPMENT CORPORATION) )  
                                          )  
To reclassify approximately 390     )  
acres of land currently in the     )  
Agricultural District into the     )  
Urban District at Hanalei, Kauai, )  
Hawaii, TMK: 5-3-06: 17 and     )  
Portion of 14     )  
\_\_\_\_\_ )

FINDINGS OF FACT, CONCLUSIONS  
OF LAW AND DECISION AND ORDER

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| .....                                | ) |                    |

FINDINGS OF FACT,  
CONCLUSIONS OF LAW AND  
DECISION AND ORDER

Princeville Development Corporation, a Colorado corporation licensed to do business in the State of Hawaii (hereinafter "Petitioner") filed this petition on August 17, 1983, pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure of the Land Use Commission, State of Hawaii, to amend the land use district boundary for approximately 390 acres of land, described as Tax Map Key 5-3-06: parcel 17 and portion of parcel 14 (hereinafter "Subject Property") situate at Hanalei, Island of Kauai from the Agricultural District to the Urban District. The Land Use Commission (hereinafter "Commission"), having heard the evidence presented on this matter and having considered the full record as presented in Docket No. A83-557, hereby makes the following Findings of Fact, Conclusion of Law and Decision and Order:

### PROCEDURAL HISTORY

1. The Commission conducted consolidated hearings on this petition and with petition Docket Number A83-553 Princeville Development Corporation on November 22, 1983, February 15 and 16, 1984, April 24 and 25, 1984, and on July 19, 1984, pursuant to notices published in The Garden Island and the Honolulu Advertiser on October 14, 1983, January 13, 1984, March 16, 1984, and on July 10, 1984.

On the Commission's own motion, the hearing was reopened on August 24, 1984, pursuant to a notice published on August 20, 1984, to receive additional testimony regarding a stock offering of all of the shares of capital stock issued and outstanding by its parent corporation Consolidated Oil and Gas, Inc., and evidence regarding the financial capability of the Petitioner to complete the proposed development.

2. The Commission admitted the Concerned Citizens of Anini as Intervenors on November 22, 1983.

3. The Commission permitted Patrick Nagao, Susan Wilson, Beryl Blaich, Nick Beck, Russell Boyer, Henry Gomes, Peter Sperry, Gary Blaich, Barbara Robeson, Scott W. Robeson, Michael Machado, Suzy Steelman, Dennis Yamasato, and Scott Greenleaf to testify as public witnesses on November 22, 1983.

#### DESCRIPTION OF SUBJECT PROPERTY

4. The Subject Property is situate makai of Kuhio Highway, between the existing Princeville Phase I resort development and Kalihiwai Bay on the North Shore of the Island of Kauai.

5. The Subject Property is contiguous to and surrounded by lands of the proposed Princeville Phase II resort development concurrently approved in Docket No. A83-553.

6. The topography of the Subject Property consists of gently rolling grasslands, characterized by bluffs and well-defined drainage basins and gullies. Portions of the proposed golf course would occur on the plateau areas and portions in the Anini Gulch area.

7. The elevation of the Subject Property range between 200 and 350 feet above sea level.

8. Rainfall averages between 65 and 80 inches per annum.

9. The Soil Conservation Service of the U.S. Department of Agriculture classified virtually all of the soils on the Subject Property as belonging to the Makapili series. The Land Study Bureau of the University of Hawaii rated the Subject Property as "C", "D" or "E", on a scale of A through E (with A being the best and E being the worst agricultural lands). The State Board of Agriculture under

its "Agricultural Lands of Importance to the State of Hawaii" (ALISH) classification system rates the Subject Property as Prime Agricultural Land.

10. Petitioner is the fee simple owner of the Subject Property.

11. The Subject Property is presently used for cattle grazing by the Princeville Cattle Company, a California general partnership licensed to do business in Hawaii, which lands can be withdrawn by the Petitioner upon 45 days notice.

#### PROPOSAL FOR DEVELOPMENT

12. Petitioner proposes to develop and operate an eighteen hole golf course to accommodate the demand for golf facilities generated by the existing and planned single, multi-family and hotel developments in Princeville Phase I resort including the 300 room Sheraton Princeville Hotel.

13. The project will include (1) a golf clubhouse with a pro office, snack bar and cart storage; (2) employee and user parking; and (3) a maintenance and storage area.

14. Petitioner estimates that the golf course will cost approximately \$3.4 million.

#### PETITIONER'S FINANCIAL CAPABILITY

15. The unaudited consolidated balance sheet of Princeville Development Corporation as of May 31, 1984,

lists total assets of \$58,139,117 stockholder's equity of \$54,474,827 and liabilities of \$3,310,542.

Petitioner is a subsidiary of Consolidated Oil and Gas, Inc., a Colorado corporation, whose balance sheets lists as of November 30, 1982, total assets of \$177,898,000 current liabilities of \$21,313,000 and stockholder's equity of \$24,048,000.

16. On July 27, 1984, Consolidated Oil and Gas, Inc. filed a preliminary prospectus with the Securities and Exchange Commission disclosing a proposed issuance of warrants to purchase all of its shares in Princeville Development Corporation, to the existing shareholders of Consolidated Oil and Gas, Inc., stocks for a period of twenty-one days.

17. Princeville Development Corporation, as a separate entity and no longer a subsidiary of Consolidated Oil and Gas, Inc., would have the financial ability to complete the proposed golf course project. Petitioner proposes to develop the Subject Property in one of several alternative methods.

1. To enter into a joint venture with a third party,
2. To raise the needed funds internally within the company through issuance of debt securities, and

3. To use the company's assets to finance the needed development funds.

18. Petitioner has demonstrated the financial capacity to develop the Project, notwithstanding Consolidated Oil and Gas, Inc.'s sale of its stock Petition.

#### CONFORMANCE TO STATE AND COUNTY PLANS

19. The proposed golf course is consistent with the applicable provisions of the State Tourism Functional Plan and the State Recreational Functional Plan.

20. The County of Kauai recognizes Princeville as a resort destination area and has zoned the property as "Agriculture" and "Open" under the County's Comprehensive Zoning Ordinance.

21. The proposed use of the Subject Property is consistent with the County's General Plan and the County's General Plan Update.

22. The proposed golf course is consistent with the recommendation of the Kauai Planning Commission on the Northshore Development Plan Update.

#### PAST LAND USE COMMISSION ACTION

23. On March 30, 1981, the Commission approved Special Use Permit Docket No. SP80-349 for the construction of a second golf course on approximately 329.4 acres of land

in essentially the same area covered by this golf course petition. Petitioner now proposes to redesign the previously approved configuration to relocate two holes from the mauka side of Kuhio Highway to the makai side and to include the entire golf course makai of the highway.

IMPACT UPON RESOURCES OF THE AREA

24. Land Use. Petitioner proposes to withdraw these lands leased to Princeville Cattle Company. To mitigate these losses, Princeville Cattle Company will use the Petitioner's property mauka of Kuhio Highway under a twenty-five year lease, expiring in the year 2003. Princeville Cattle Company proposes to make long term improvements and investments in the land it would not otherwise make.

25. The Princeville Cattle Company has no relation to the Petitioner.

Ralph N. Anderson, President of Princeville Cattle Company indicated that total gross income from the cattle operations for the Subject Property and Princeville Phase II lands was \$66,000 per year. He does not expect that withdrawal of the Subject Property from cattle operation will adversely impact operations of the Princeville Cattle Company.

26. Sewerage and Drainage. At full buildout, Petitioner predicts that the proposed golf course will



generate .0063 million gallons per day (mgd) of sewerage, to be initially serviced by cesspools. Petitioner anticipates that the existing Princeville sewage treatment plant, with its 1.5 mgd capacity, will be able to handle the additional flow resulting from the proposed golf course.

27. The existing drainage pattern utilizes the deep gullies which bisect the Subject Property. Petitioner's proposed development will not disturb the existing drainage patterns, and Petitioner proposes to implement measures to mitigate any increased surface runoff resulting from the proposed development.

28. Traffic. Petitioner does not anticipate that the golf course generated traffic would significantly impact the capacity of Kuhio Highway in the vicinity of the Subject Property.

29. Water Service. Princeville Water Systems, Inc. will provide to the proposed golf course an estimated capacity of 17 million gallons per day which is sufficient to supply this additional development.

30. Petitioner will develop the necessary infrastructure to provide potable water and sewer service for the proposed development.

31. Solid Waste Disposal. The existing sanitary landfill servicing the Northshore is situate on lands owned by the Petitioner. Since the County has not provided an

alternative means of garbage disposal following the closing of the landfill, Petitioner has agreed to extend its lease for the landfill site with the County for an additional five years. Petitioner proposes to dispose of solid waste from the proposed golf course at the nearest available county facility.

32. Other Municipal Services. Other urban services, such as electricity, gas, telephone, and police and fire protection, are available or can be provided to service the proposed golf course.

33. Non Potable Water Service. Petitioner proposes to remove approximately 500,000 gallons a day from the Anini Stream basin to irrigate the proposed golf course, from a sump and pump in Anini Stream, where it crosses makai of Kuhio Highway.

34. Petitioner proposes to use potable water from the Princeville water system for golf course irrigation if Anini Stream should be unable to provide sufficient flow.

35. Fauna and Flora. Dr. Amadeo Timbol considers Anini Stream biologically marginal, and the species of concern to be protected are in the lower reaches of the stream, which flows year round. Removal of the water from Anini Stream for irrigation of the proposed golf course would not result in any significant adverse environmental impact to the fauna in Anini Stream.

36. Dr. Richard Grigg and Steven Dollar conducted a marine study and concluded that no significant adverse change in water quality or relevant offshore biological communities are expected to result from the proposed golf course.

37. Petitioner's studies indicate that there will be no other significant adverse ecological or environmental impacts, such as sonic, air quality, flora, and fauna.

38. Cultural Resource. Bishop Museum conducted an archaeological reconnaissance of the Subject Property, and concluded that no further archaeological work was required. In the event that any sites are encountered during construction, Petitioner would advise the State archaeological office.

39. View Plane. Petitioner does not believe that development of the proposed golf course would have an adverse effect on the scenic plane since the present pastureland will be replaced by grassed fairways and greens. The golf clubhouse will be landscaped and designed to minimize visual impacts on the area.

40. Employment. During the two year construction period Petitioner will employ approximately 25 employees per annum. After completion, Petitioner will employ approximately 50 employees per annum to operate the proposed golf course.

41. Petitioner will pay wages to workers during the two year construction phase of the golf course of approximately \$450,000 annually. The multiplier effect causes the construction wages to generate, in turn, approximately \$2,000,000 per annum.

42. Following the construction phase, the golf course will generate approximately \$670,000 per annum in wages, with the multiplier effect generating almost \$1.5 million annually.

CONFORMANCE TO THE STATE LAND USE DISTRICT REGULATIONS

43. The Subject Property is in close proximity or will be contiguous to, and will service, the Princeville resort area in the Urban District, which is characterized by "city-like" concentration of people, structures, streets, urban level of services and other related land uses.

44. The Subject Property is in close proximity to centers of trading and employment facilities, and would generate new businesses and employment.

45. The Subject Property has satisfactory topography and drainage for the proposed development, and is reasonably free from the danger of floods, tsunami and unstable soil conditions and other adverse environmental effects.

46. The Subject Property includes lands in appropriate locations for new urban concentrations and

generally gives consideration to areas of urban growth as indicated by the County General Plan.

#### CONCLUSIONS OF LAW

The Commission concludes the approval of Petitioner's request to reclassify approximately 390 acres from the Agricultural to the Urban District at Hanalei, County of Kauai, State of Hawaii and the amendment to the district boundaries accordingly is reasonable and non-violative of Chapter 205, Section 2, Hawaii - Revised Statutes, and Rule 2-2 of the State Land Use District Regulations of the Land Use Commission, subject to the condition stated herein.

#### ORDER

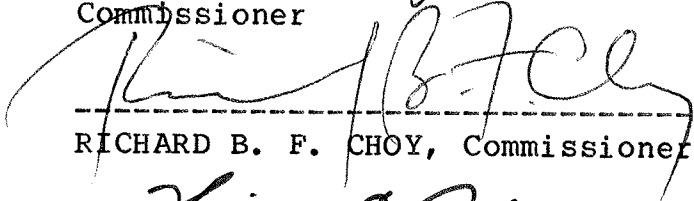
IT IS HEREBY ORDERED that the property which is the subject of this Petition, Docket No. A83-557, consisting of approximately 390 acres, situate at Princeville, Hanalei, Island and County of Kauai, State of Hawaii, Fourth Division Tax Map Keys: 5-3-06: 17 and portion of 14, and more particularly identified on the map attached hereto as Exhibit A and incorporated by reference herein, shall be and the same is hereby reclassified from the Agricultural District to the Urban District, subject to the condition that the Subject Property be used only for golf course purposes.

DOCKET NO. A83-557 - PRINCEVILLE DEVELOPMENT CORPORATION

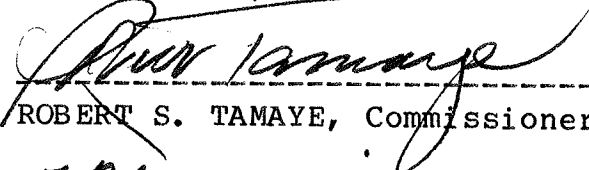
DONE at Honolulu, Hawaii, this 28th day of  
March, 1985, per motions on Dec. 18, 1984 and  
March 6, 1985.

LAND USE COMMISSION  
STATE OF HAWAII

  
WILLIAM W. L. YUEN, Chairman and  
Commissioner

  
RICHARD B. F. CHOY, Commissioner

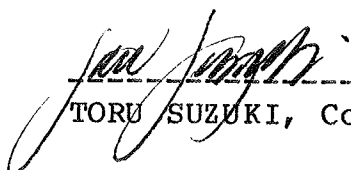
  
WINONA RUBIN, Commissioner

  
ROBERT S. TAMAYE, Commissioner

  
TEOFILO TACBIAN, Commissioner

  
FREDERICK WHITTEMORE, Commissioner

  
LAWRENCE F. CHUN, Commissioner

  
TORU SUZUKI, Commissioner

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing were duly served on the following by depositing the same in the U.S. Postal Service, certified mail, postage prepaid and addressed as follows, or by personal delivery.

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

AVERY H. YOUN, PLANNING DIRECTOR  
Planning Department  
County of Kauai  
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WALTON D. Y. HONG, ATTORNEY FOR PETITIONER  
Masuoka & Hong  
P. O. Box 1727  
Lihue, Kauai, Hawaii 96766

BERYL BLAICH, INTERVENOR  
Concerned Citizens of Anini  
P. O. Box 404  
Kilauea, Kauai, Hawaii 96754

DATED: Honolulu, Hawaii, this 28th day of March, 1985.

  
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ESTHER UEDA  
Executive Officer





DOCKET NO. A83-557 - PRINCEVILLE DEVELOPMENT CORPORATION

A copy of the Land Use Commission's Decision and Order was served upon the following by regular mail on March 28, 1985.

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

MAX GRAHAM, County Attorney  
Office of the County Attorney  
County of Kauai  
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