

DEPT

SUBJECT TO CHANGE
COUNTY OF HAWAII PLANNING DEPARTMENT
BACKGROUND REPORT

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CHALON INTERNATIONAL OF HAWAII, INC.
STATE LAND USE BOUNDARY AMENDMENT (SLU 91-3)
CHANGE OF ZONE APPLICATION (R 91-15)
USE PERMIT APPLICATION (UP 91-6)
SPECIAL MANAGEMENT AREA USE PERMIT APPLICATION (SMA 91-12)

CHALON INTERNATIONAL OF HAWAII, INC. is requesting the following for its Mahukona Lodge project:

- a. State Land Use Boundary Amendment for approximately 14.324 acres of land from the Agricultural to Urban district;
- b. Change of Zone for approximately 14.324 acres of land from the Unplanned (U) to and Resort-Hotel (V-2.0), 11.045 acres from Unplanned (U) to Open (O) and 58.45 acres from Unplanned (U) to Agricultural-one acre (A-1a);
- c. Use Permit to allow the construction of an 18-hole golf course with related facilities;
- d. Special Management Area (SMA) Use Permit to allow the construction of a 200-240 unit lodge hotel, 125-150 one acre lot subdivision, 18-hole golf course and related facilities, tennis facility, related site improvements and supporting infrastructure.

The total project covers an area of approximately 430 acres and is situated approximately 12 miles north of Kawaihae Harbor and 6 miles southwest of Hawi off the Akoni Pule

Highway between Lapakahi State Historical Park to the south and Kapaa Park to the north in Mahukona-Kapaanui, North Kohala, TMK: 5-7-2:11, 5-7-3:2, 3, 7, 8, 10, 12, & 16.

GENERAL INFORMATION

1. The applicant is the owner in fee simple of the subject properties. The Kapaanui portion of the project was previously reviewed by the Planning Commission in its issuance of SMA Use Permit No. 230 and Change of Zone Ordinances 86-82 and 90-007 (see attached).
2. An Environmental Impact Report (EIR) was prepared by the applicant to describe the potential environmental impacts resulting the proposed land use. The EIR was reviewed with the assistance of the Office of Environmental Quality Control which published a notice of availability on July 23, 1990 and August 8, 1990. This EIR was determined to be the equivalent of an "Environmental Impact Statement" described in Hawaii County Code Section 25-4(b)(20) and despite the discrepancy in the title complies with the requirements of Section 25-20(c)(4). (see attached letter)

APPLICANT'S REQUEST

3. **State Land Use Boundary Amendment:** To reclassify land currently in the Agricultural to Urban District which could then be zoned Resort-Hotel. The construction of a hotel and related facilities would be permitted.
4. **Change of Zone - Unplanned to Resort-Hotel:**

Unplanned to Resort-Hotel 2,000 square foot (V-2) to allow hotel and related uses with a maximum density of one unit per 2,000 square feet of land area. The maximum density for the 14.324 acres is 311 units.

The hotel would consist of a low-rise main structure containing 80-90 units, restaurants, spa, ballroom, coffee shop, golf clubhouse, and related facilities. An additional 120-150 guest units will be provided within 25 detached villas.

5. Change of Zone - Unplanned to Agricultural-1 acre

Approximately 58.3 acres of land from Unplanned to Agricultural-1 acre (a-1a) would allow the creation of one-acre lots surrounding the proposed 18-hole golf course. A total of 157.3 acres of A-1a zoned land would allow the creation of 125-150 lots. (Ordinance 86-82 rezoned 208.202 acres of the Kapaanui portion of the project to A-1a.) Projected sale price of these lots is \$250,000 to \$400,000.

6. Change of Zone - Unplanned to Open

Approximately 11 acres of land (immediately mauka of the State Land Use Conservation District) from Unplanned to Open would allow the creation of an Historic Interpretive Park. The Park is planned to preserve not only the rich heritage of the area, but also to provide an opportunity for guests and local residents to experience and learn more about Mahukona and its rich history. This Park will be

connected to the shoreline area situated within the Conservation District.

7. **Use Permit:** Construct an 18-hole golf course, practice range, clubhouse, maintenance facilities, and parking on approximately 217 acres of land. A 43 acre portion of the golf course would be constructed mauka of Akoni Pule Highway with golf underpasses connecting the golf holes on either side of the highway.

Golf Memberships will be available to Hawaii residents and non-residents. The course will be open for play by non-members. Kamaaina rates will be charged for Hawaii residents.

8. **SMA Use Permit:** All improvements including the hotel, golf course, agricultural-1 acre lots, and related facilities makai of Akoni Pule Highway. No work in the nearshore or offshore waters fronting the site is planned.

Structures will be sited at least 40 feet above Mean Sea Level. Structures will be sited greater than 40 feet mauka from the certified shoreline.

A 100-foot wide landscaped easement exclusive of golf course fairways will be set aside along the entire length of the property along the Akoni Pule Highway to provide a buffer area between the agriculture lots and the highway. Low growing ground cover and selective trees will be planted to maintain view to the coastline.

An extensive botanical garden and historic interpretive park is planned north of the hotel. The park would be connected to the shoreline area.

9. **Schedule:** The project would be developed over a twenty year period. The first elements of the project to be developed would include the main hotel building, portions of the associated villas, golf course, and infrastructure.
10. **Public Access** to the shore by ungated roads open to the public will be made available by the applicant. Access to the shoreline and public parking will be provided in four areas: 1) near the northern boundary of project site; 2) just north of the lodge area with parking provided in a separate lot and a trail leading to the shoreline area; 3) adjacent to Mahukona Harbor; and 4) at the hotel parking lot. Pedestrian access will be provided to the existing shoreline area and the adjacent SLU Conservation District. A **Shoreline Access Plan** has been submitted and a summary had been distributed earlier to the Planning Commission.

COUNTY AND STATE PLANS

11. **State Land Use Classification:** Existing Agriculture and Conservation; site is not currently included in any of the Office of State Planning's recommendations for boundary amendment.
12. **General Plan LUPAG Map:** Resort (Minor, page 81), Urban Expansion and Extensive Agriculture

13. Kohala Community Development Plan: (adopted by Planning Commission Resolution in 1984) recommends "Coastal Resort" use for this area.
14. West Hawaii Regional Plan (OSP): Outside of four "resort destination nodes" identified in Plan
15. Northwest Hawaii Open Space and Community Development Plan: designates Mahukona as Resort, recommends it as one of the resort projects for development in the Northwest Hawaii Region during the effective period of the Plan.
16. County Zoning: A-1a and Unplanned
17. SMA: Akoni Pule Highway is mauka border of SMA

DESCRIPTION OF THE PROJECT SITE AND SURROUNDING AREA

18. Present Use and Physical Characteristics: The property is primarily vacant with seasonal cattle grazing. The only remaining structure is a metal warehouse used by the State Department of Land and Natural Resources as part of the Lapakahi Park baseyard. The warehouse will be relocated prior to development.

Elevation ranges from 20 feet along the coast to 300 feet above mean sea level in the mauka portions of the site. The mauka portion of the project site is relatively flat. The general slope of the property is approximately 7 per cent with some steeper portions exceeding 20 per cent in the northwestern portions of the property.

19. Rainfall: less than 20" per year

20. Soils: Kawaihae Series, Very well drained, moderately deep to deep, rocky, volcanic ash, unsuited for machine tillability.
21. Land Study Bureau Overall Master Productivity Rating: "E" or very poor
22. State of Hawaii ALISH Map System Rating: "Unclassified" meaning it is not "prime", "unique" or "other important agricultural land".
23. Flood Insurance Rate Map (FIRM): Zone X, or outside of the 500 year flood plain.
24. Geologic Hazards: US Geological Survey classifies area as Zone 9, lowest severity of lava flow hazard. No eruption has occurred in this area for the past 60,000 years.
25. Adjacent Land Uses: Lapakahi State Historical Park abuts the southern property line; Mahukona Harbor and Park to the southwest is a state-owned, County operated facility that consists of a concrete wharf, small boat launch winch, and picnic/camping areas; Kapaa Park to the north of project is a county maintained park (under Executive Order from the State of Hawaii).
26. Surrounding Land Uses: Lands to the north, south, and east of the property are situated with the State Land Use Agricultural District. The land along the shoreline to the west is within the Conservation District. The Conservation District averages 260 feet in width. At its closest point,

the boundary of the project site is approximately 35 feet from the certified shoreline.

UTILITIES AND SERVICES

27. **Traffic & Access:** A new access road approximately 1950 feet further north (towards Hawi) on the Akoni Pule Highway is planned. "Mahukona Park Road" is an existing County roadway leading to Mahukona Harbor and Park will also provide access to the hotel. The county road has a 15-foot pavement within a 40-foot right-of-way. Akoni Pule Highway is a two-lane roadway within an 80-foot right-of-way.

Channelized accesses to the site from Akoni Pule Highway would be constructed by the applicant. Roadways within the development will be privately owned and maintained with the exception of the main entrance road leading to Mahukona Harbor.

A Traffic Impact Analysis Report by M & E Pacific, Inc. dated June 21, 1990 concluded that "the proposed project will have a minor traffic impact on the operation of Akoni Pule Highway. The highway will continue to operate at acceptable levels of service and the intersection operations should not have a large negative impact. However due to the high speeds on the highway, the access intersection should be fully channelized and be provided with a separate left turn lane for safety. Based on the number of left turns forecast, the storage length of the left turn lane should

accommodate two cars until 2010, after which storage for three cars will be required."

28. **Drainage:** Off-site storm runoff will be routed through the project site (via 11 culverts under the Akoni Pule Highway) and incorporated into the general water features of the golf course. Total on-site runoff has been calculated to be approximately 800 (cubic feet per second) cfs. The golf course and residential areas will generate approximately 750 cfs. This runoff would be directed into retention ponds located within the golf course and allowed to percolate into the soils. The storm water would be filtered as it passes through the soils and eventually enters the groundwater stream. Runoff from hotel facilities and parking areas will be directed to the golf course retention basins and/or drywells.
29. **Water:** No potable water facilities exist in this area at present. Potable and non-potable water systems will be developed by the applicant. The potable water system will be privately owned and will consist of two wells near Hawi, two 500,000 gallon tanks, an 8-inch transmission pipeline, and two pressure reducing stations. Development of the new system would be in compliance with State Department of Health and Department of Water Supply requirements. The applicant estimates that an average of 235,000 gallons per day (gpd) of potable water will be required at buildout.

A non-potable water system will be developed to provide an estimated 2.7 million gpd for irrigation. This system will involve the refurbishment and enlargement of the existing Kohala Ditch system. This system will be supplemented by treated wastewater from the project's wastewater treatment plant.

30. **Wastewater disposal:** A sewage treatment plant (STP) to be constructed on the mauka side of Akoni Pule Highway. Wastewater from the project will be collected and pumped to the STP where it will be subject to screening and biological treatment. The effluent will be used as a partial irrigation source for the project. A Special Permit must be secured to allow the proposed wastewater treatment plant within the SLU Agricultural District.
31. **Solid Waste** The applicant projects that the completed project would generate approximately 15 tons per day of solid waste. Until the new West Hawaii landfill is established, solid waste will be transported either to the Hilo or Kealahou landfill. The applicant is pursuing the development of recycling and composting of waste material to reduce the volume of solid waste.
32. **Police & Fire Services** would be provided by existing facilities at Kapaau, approximately 10 miles to the northeast of the site.

33. **Hospital services** in the district are provided at the Kohala Hospital in Kapaau. Kona Hospital provides "full service" health care.
34. **Parks and Recreation:** The project site is bordered by Kapaa Park to the north and Mahukona Harbor and park to the south. The applicant has stated its intention to work with the State, County and community to improve existing park facilities. Water and power will be provided to Kapaa Park by the applicant. Applicant,s proposed improvements at Mahukona Park would include safe ingress and egress to the ocean, expansion of pavilion, volleyball courts, campgrounds, picnic areas, restrooms, and parking.
35. **Schools:** The project area is served by the Kohala High & Elementary School at Honomakau, 9 miles to the northeast of the site.
36. **Telephone:** To be provided by Hawaiian Telephone Company to project area. Within the project area lines will be underground.
37. **Electricity:** Hawaii Electric Light Company (HELCO) will provide power through an existing transmission line. If necessary, new transmission lines will be installed (1) from the Kohala Ranch Substation along the mauka side of Akoni Pule Highway or (2) along Kohala Mountain Road from Waimea to the Maliu area and then to the project site. The applicant estimates that the proposed project would require approximately 1.3 megawatts of electrical power. If

existing generating capacity is not adequate, the applicant and HELCO will be responsible for construction of new electrical generating facilities to accommodate the demand. Alternative energy systems such as solar, hydro, wind, and/or waste heat recovery systems may be used to lessen electrical demands. Transmission lines within the project site will be placed underground.

Archaeological/Historic Resources

38. Two archaeological Inventory Surveys dated November 1989 and May 1990 of different portions of the project site were conducted by Paul H. Rosendahl, Ph.D., Inc. A total of 154 sites were identified within or immediately adjacent to the project area. A local non-profit historical group, Na Maka'ala 'O Kohala, has worked very closely with Chalon on identifying these site as well as to determine the treatment of these site. A Consensus Agreement between Chalon and Na Maka'ala 'O Kohala with input from the State Historic Preservation Office of the Department of Land and Natural Resources has been prepared and discusses treatment for each identified site. A summary of this Agreement has been previously distributed to the Planning Commission.

Flora and Fauna

39. A Botanical Survey of the project site dated January 1990 was conducted by Char and Associates. It was found that the vegetation on the project site is dominated by introduced plants, primarily kiawe and buffel grass. A boulder covered

slope supporting a small community of native plants was found and recommended for preservation, although none of the plants are considered threatened or endangered.

40. According to a bird and mammal survey by Maile A. Kjargaard, no endangered species of animal were found to inhabit the property, though it is possible that the Hawaiian Hawk, Hawaiian Hoary Bat, and Hawaiian Owl may utilize the area. -

Shoreline Resources

41. Offshore waters are classified by the State Department of Health as Class "A" waters.
42. A biological survey of the marine environment fronting the project area was conducted by Richard Brock, Ph.D. in January 1990. The survey found a diverse assemblage of fish in the biotope of high coral cover, as well as in the shallow high energy biotope. This abundance of fish and invertebrate species suggests that fishing pressure is probably low. The coral community is well developed in areas protected from the impact of waves. A few green turtles were observed during the survey. Humpback whales are known to transit the area at a distance offshore.

A concern with coastal development is the potential for impact on coral reefs due to sedimentation. Since transport of sediment is associated with a high rainfall events, danger of coral damage from sedimentation is negligible in this area, given the low level of rainfall. Other concerns focus on the potential for changes in nearshore water

quality from leaching of material to the watertable below. Brock states that "Studies conducted at other West Hawaii locations (e.g., Waikoloa) suggests that the fertigation[sic]/ fertilization techniques used do not impact nearshore waters (Brock and Norris 1988c)."

43. To assure that sedimentation due to uncontrolled surface runoff does not occur during construction, the applicant has proposed that sedimentation basins, ditches, and berms will be constructed downhill of construction areas.
44. The applicant is implementing an ongoing water quality monitoring program (since January 1990).

Groundwater

45. Along the North Kohala shoreline, groundwater occurs in a basal lens configuration. A layer of relatively fresh water (brackish) saturates the lavas at and near sea level. The high permeability of the lavas along most of the coast allows sea water to move freely underground resulting in groundwater with a salt content too high for potable water purposes. Potable water sources are primarily from high level springs and tunnels at upper elevations.

A Golf Course Best Management Plan & Integrated Groundwater Monitoring Plan has been prepared and a summary had been distributed to the Planning Commission earlier. The Best Management Plan and Integrated Water Quality Monitoring Plan cite the proper management of golf courses as the key to addressing potential groundwater pollution.

Hiring of competent personnel and following the plan's seven major components will attack potential problems before they occur. Components are: (1) proper golf course development, (2) proper fertility maintenance program, (3) proper pest management program, (4) proper irrigation program, (5) proper integrated pest management program, (6) proper onsite storage and handling of chemicals, (7) proper qualifications and training requirements of the golf course superintendent.

Noise/Air Quality

46. The existing noise environment is primarily a function of vehicular generated noise on Akoni Pule Highway and natural sounds, including surf and wind. Construction activity is expected to be the primary noise generator at the project site. Following completion, major noise generators are expected to be vehicular traffic and natural sounds.
47. Long-term impacts to air quality will be primarily the result of increased traffic. However, the relatively low level of traffic at buildout is not expected to generate significant levels of air pollutants. Short-term air quality impacts due to construction activities are anticipated.

Visual Resources

48. Views of the subject property are available from Akoni Pule Highway. The ocean and intervening scrub land are the primary backdrop of visual interest in the makai direction. Views in the mauka direction are dominated by the Kohala

Mountain. The proposed project would be partially visible from the Akoni Pule Highway, Mahukona Park, and along the shoreline from the north. Maximum building height above grade is proposed to be no more than 35 feet. A portion of the golf course and surrounding agricultural lots will be visible from Akoni Pule Highway looking in the mauka direction. (Refer to Figures IV-6, IV-7A, IV-7B, IV-7C, & IV-7D in the Final Environmental Impact Report)

SOCIO-ECONOMIC IMPACTS

49. The population of North Kohala in 1990 is estimated at 4,290. North Kohala's adult participation in the labor force is estimated at 73 percent. About 25 percent of employed workers living in Kohala commute at least thirty minutes or more to work.
50. A Socio-Economic Impact Assessment for the proposed development was prepared by Community Resources, Inc. The report states: "When asked to identify general issues and concerns that they thought important, members of the North Kohala community stressed growth and the value of maintaining North Kohala's rural lifestyle. Housing, growth, shoreline and mauka access, and general social and political concerns were major topics. Residents who had lived in the district all their lives tended to emphasize the need for housing and jobs, to allow the next generation to enjoy life in North Kohala. Those who had moved to the

district were more likely to stress environmental protection as a way of maintaining North Kohala's special qualities."

51. The analysis characterized the following impacts: (1) Impacts following from the implementation of Chalon's North Kohala Master Plan, (2) Displacement of existing activities at the project site, (3) Impacts on coastal access and recreational activities, (4) Employment and labor supply, (5) Impacts on property values and development, (6) Impacts of resort employment on North Kohala, and (7) Impacts of project residents and visitors on North Kohala's social and economic life. Several mitigation measures have been suggested to Chalon, such as (1) participating in a regional public-private partnership to address the labor supply questions, (2) Fund a training program for North Kohala residents, (3) Provide assistance to Kohala High School as a source for future job through job awareness training and educational programs, (4) work with existing Kohala families to encourage return of former residents who have moved elsewhere, (5) targeting new affordable housing for resort employees, (6) implementing management strategies such as child care programs, entrepreneurial programs, transportation assistance, employee housing, and career advancement.
52. Population impacts are of two types: 1) on-site at the resort, and 2) off-site through induced in-migration. On-site population, which refers to the total number of

persons in the project area including visitors, would total approximately 940. Off-site population refers to the total number of people dependent on employment at the resort including workers and their families and would total approximately 1,470. Permanent jobs for resort and related facilities are projected to be about 470 with another 420 indirect jobs. Personal income from wages and salaries paid to those employed by resort development is estimated by the applicant at \$153 million by the year 2010. Annual new revenues to the State and County of Hawaii in the year 2010 are estimated at \$1.15 million and \$.89 million respectively.

AGENCIES' COMMENTS

53. Department of Transportation-Highways Division: See attached.
54. Department of Health: See attached.
55. Department of Education:

"Our review of the final EIS for the subject amendment indicates that the development will have a small impact on the student enrollment in Kohala. Based upon 150 one-acre residential/agricultural lots, the development will generate approximately 11 students in grades K-12. "We welcome the offer of Chalon International Of Hawaii, Inc., to work with the State Department of Education to assure that adequate public school services are provided to the employees of the resort. (p IV-111)"

56. Office of State Planning:

"We oppose the reclassification of lands from the Agricultural to Urban District at Mahukona because of impacts on the recreational, environmental, historical and scenic resources of the North Kohala coastline.

"Senate Concurrent Resolution No. 179 (1988 Session) directs the State of Hawaii and the County of Hawaii to work together in a collaborative effort to ensure that the public view and open space currently existing makai of the Kawaihae-Mahukona-Hawi Road be preserved and to discourage subdivision and building development in this area. The proposed development is not consistent with the intent of the Senate Concurrent Resolution.

"In addition, the area represents the district's primary ocean recreation area which centers around Mahukona Harbor, Mahukona Park, Nishimura Bay and Kapaa Park. The harbor and the surrounding bays are green turtle habitats. The proposed State Land Use District Boundary Amendment to reclassify 14.3 acres of land along the North Kohala coastline for purposes of establishing the first phase of a planned 490-acre resort will have negative effects on coastal, recreational and scenic resources of the area, and represent a loss for the community of North Kohala of a valued and cherished undeveloped coastal resource.

"For the reasons stated above, we oppose the subject application and urge you to consider the subject request

within the context and the intent of SCR No. 179 (1988 Session)." [See attached SCR No. 179]

57. Real Property Tax Office:

"None of the subject land parcels have ever been in agricultural dedication for the 10 nor 20 year period. Tax Map Key parcels 5-7-3-7, -8, and -12 have always been assessed at the highest and best valuation.

"The remaining land parcels all have been in the actual ,AG Use, program and will experience rollback taxes at the time of Urban re-zoning on these five (5) properties. "The rollback taxes for the period 1982 through June 30, 1992, are estimated at approximately \$33,000. All property taxes on the subject land parcels are current in payment at the present time."

58. Department of Parks and Recreation:

"A resident population of about 525 persons will result from the proposed 125-150 residential/agricultural lot subdivision. Exactions equal to the providing of a 2.5 acre park site is recommended.

"If agreed to by the developer, credits may be requested for the developer,s participation in the expansion and development of Mahukona and Kapaa beach parks."

59. Police Department:

"The proposed applications have been reviewed and we foresee no adverse effect should it be granted except the

development of the golf course in Use Permit Application 91-6. We recommend consideration of the following:

1. Provide for an acceleration and deceleration lanes at ingress and egress to the main golf facility open to public access;
2. Provide for a safe crossing for pedestrians and carts from the 12th to the 13th hole and again, from the 15th to the 16th hole;
3. Provide for a safe route for maintenance vehicles servicing the golf course from maintenance building to cross the Akoni Pule Highway.

Although the posted speed limit is 55 miles per hour on Akoni Pule Highway, we have clocked vehicles traveling well in excess of the posted speed limit."

60. Department of Water Supply: See attached.

61. Soil Conservation Service:

"There are two drainageways that traverse the property as shown on the US Geological Survey Map. We suggest these drainageways be analyzed to determine if they would pose flooding problems to the proposed lots along these drainageways.

"As mentioned in the report the soils within the project area are susceptible to wind erosion when disturbed. We feel a temporary sprinkler system to control dust is needed in addition to the usual water trucks.

"We support the mitigating measures to control runoff and sedimentation during construction i section 3.3.3 of the Final Environmental Impact Report and on page 10 of the Golf Course Use Permit application. We also like the proposal to incorporate erosion and water control measures in the golf course design.

"We support the ongoing water quality monitoring program and feel this program is necessary for a quality environment."

62. Fire Department: See attached.
63. Department of Land and Natural Resources: See attached letters, note that the State Historic Preservation Office concurs with the preservation and recovery proposals in the Consensus Agreement.
64. Kohala Community Association: See attached.
65. Department of Public Works: See attached
66. No comments or objections: Office of Housing and Community Development, HELCO. Civil Defense, Department of Agriculture.

APPLICANT'S RESPONSE TO AGENCIES

67. See attached letters