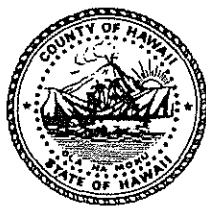


William P. Kenoi
Mayor



BJ Leithead Todd
Director

Margaret K. Masunaga
Deputy

County of Hawai'i

PLANNING DEPARTMENT

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawai'i 96720
Phone (808) 961-8288 • Fax (808) 961-8742

February 2, 2011

Mr. Sidney Fuke
100 Pauahi Street, Suite 212
Hilo, HI 96720

Dear Mr. Fuke:

Special Permit Application (SPP 10-000108)

Applicant: Parker Ranch, Inc.

Request: Proposed Light Industrial and Commercial Office Use of Existing Structures

Tax Map Key: 6-7-1:portion 25; 6-7-2:por 17

Enclosed is a replacement for Page 1 of the Leeward Planning Commission's letter to you dated February 1, 2011, regarding the above-referenced special permit. Inadvertent references to the previously requested use of the existing rodeo/equestrian facility for special events were deleted.

We apologize for this oversight and any inconvenience it may have caused.

Sincerely,

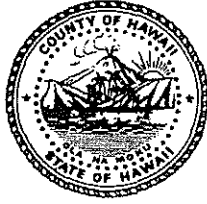
BJ LEITHEAD-TODD
Planning Director

Lparkeranchspp10-108#2

Enclosure – Replacement Page 1

cc/enc: Parker Ranch, Inc.

Sandra Song, Esq.
Department of Public Works
Department of Water Supply
County Real Property Tax Division
Planning Department - Kona
State Land Use Commission
Department of Land & Natural Resources-HPD
DOT-Highways, Honolulu
Mr. Gilbert Bailado /



County of Hawai'i

LEEWARD PLANNING COMMISSION

Aupuni Center • 101 Pauahi Street, Suite 3 • Hilo, Hawai'i 96720
Phone (808) 961-8288 • Fax (808) 961-8742

February 1, 2011

Mr. Sidney Fuke
100 Pauahi Street, Suite 212
Hilo, HI 96720

Dear Mr. Fuke:

Special Permit Application (SPP 10-000108)

Applicant: Parker Ranch, Inc.

Request: Proposed Light Industrial and Commercial Office Use of Existing Structures

Tax Map Key: 6-7-1:portion 25; 6-7-2:por 17

The Leeward Planning Commission at its duly held public hearing on January 13, 2011, voted to approve the above-referenced Special Permit to allow for the establishment of light industrial and commercial office uses within existing structures, all of which are situated on a total of approximately 14.897 acres at the Parker Ranch headquarters and rodeo/equestrian facility complex in Waimea. The project site is situated approximately 4,300 feet north of the Waimea-Kohala Airport on the east side of the Māmalahoa Highway, Waikoloa and Pu'ukapu, South Kohala, Hawai'i.

Approval of the request is based on the following:

The applicant requests a Special Permit to allow the establishment of light industrial and commercial office uses within existing structures on the property. To financially stabilize their ranching activity, the applicant proposes to maximize the use of its existing underutilized facilities by making them more accessible to the general public. At the same time, the applicant wishes to offer these limited industrial and commercial spaces in areas that minimize impacts to adjoining properties while fulfilling some of the community's land use needs. The specific proposed uses include:

- Allowing office and related uses for business that may not necessarily be associated with ranching in the existing 8,133-square foot headquarters office building. This portion of the property includes a 1,802-square foot carport capable of accommodating ten vehicles, and an open paved parking area for fifty vehicles. Total area to be used: 1.789 acres which consists of .23 acres on Parcel 25 and 1.559 acres on Parcel 17.
- Allowing light industrial and general commercial uses in the existing 9,000-square foot warehouse and 15,600-square foot maintenance facility. Proposed uses include vehicular maintenance/repair shops, equipment maintenance and repair shops, general warehousing or storage. Total area of the proposed uses: 5.968 acres.

No additional structures are proposed at this time; however, modest improvements to the existing warehouse and maintenance structure and restriping of parking areas may be needed. The headquarters building would be utilized immediately. Improvements to other structures would take 2-4 months, and would likely be available for use in early 2011.

The applicant also proposes to legitimize the use of a riding academy currently located within an existing 5,007-square foot structure ("stables" on Figure 3) and surrounding 1.0 acre of land. It should be noted that a riding academy is considered a permitted use in the State Land Use Agricultural District (HRS 205-4.5(6)) and County Agriculture zoning district (HCC 25-5-72(a)(20)), and does not require a Special Permit. Therefore, the total special permit area will be 7.757 acres in size.

The criteria for approving a Special Permit are based on Rule 6-6 in the Planning Commission Rules. Rule 6-6 states that the Planning Commission shall not approve a Special Permit unless it is found that the proposed use (a) is an unusual and reasonable use of land situated within the Agricultural District, and (b) the proposed use would promote the effectiveness and objectives of Chapter 205, Hawai'i Revised Statutes, as amended.

The proposed use is an unusual and reasonable use of land situated within the State Land Use Agricultural District and would promote the effectiveness and objectives of Chapter 205, HRS, as amended. In recognizing that lands within the agricultural district might not be best suited for agricultural activities and yet classified as such, and in recognition that certain types of uses might not be strictly agricultural in nature, yet reasonable in such districts, the legislature has provided for the Special Permit process to allow certain unusual and reasonable uses within the Agricultural district. The State Land Use Law and Regulations are intended to preserve, protect and encourage the development of lands for those uses to which they are best suited in the interest of the

public welfare of the people of the State of Hawai'i. In the case of the Agricultural District, the intent is to preserve or keep lands of high agricultural potential in agricultural use. The permit area consists of a 7.757-acre portion of two large properties; Tax Map Key 6-7-002:017 is approximately 84 acres in size and Tax Map Key 6-7-001:025 is 22,173 acres in size. The applicant is proposing to maximize the use of existing structures not currently being used for agricultural purposes. Additionally, the proposed use will not diminish the agricultural potential of the remainder of the properties which is primarily used for cattle grazing. Therefore, the proposed use will not adversely affect the preservation and agricultural use of the County's prime agricultural lands, and is not contrary to the objectives sought to be accomplished by the State Land Use Law and Regulations.

In addition to the above listed criteria, the Planning Commission shall also consider the criteria listed under Section 6-3(b)(5) (A) through (G). In considering the criteria, the Planning Director recommends the following:

(A) Such use shall not be contrary to the objectives sought to be accomplished by the Land Use Law and Regulations. The subject request is considered an unusual and reasonable use of agricultural land and the proposed uses will not adversely affect the use of the County's prime agricultural lands.

(B) The desired use would not adversely affect surrounding properties. The majority of the 7.757-acre permit area is located on a portion of an 84.4-acre parcel owned by the applicant. The large property to the south is used as pasture land and is zoned A-40a. Across Māmalahoa Highway to the west are the Lālāmilo Farm Lots on lands zoned A-5a. The Luala'i residential subdivision is located to the north, across the connector road (in-town bypass) on lands zoned RS-10. The proposed office, commercial and light industrial uses will occur within existing structures that already contain these same types of land uses associated with Parker Ranch's headquarters operation. With the implementation of recommended conditions, the requested use is not anticipated to have an adverse affect on surrounding properties.

(C) Such use shall not unreasonably burden public agencies to provide roads and streets, sewers, water, drainage, school improvements, and police and fire protection. Access to the property is via a 20-foot wide paved driveway from Māmalahoa Highway, which is a two-lane State owned and maintained highway. Ala 'Ōhi'a, also known as the Parker Ranch Connector Road or in-town bypass, is located approximately 150 feet north of the project's existing driveway. Ala 'Ōhi'a is proposed to open to traffic in 2011. The applicant intends to construct a new driveway to connect the subject properties to Ala 'Ōhi'a within two (2) years from the date this Special Permit is issued. Due to the close proximity of the existing driveway to the Ala 'Ōhi'a intersection with Māmalahoa Highway, there is the potential for traffic turning left into

the existing driveway to cause back-up through the Ala 'Ōhi'a-Māmalahoa Highway intersection. In their memo dated October 6, 2010, the Police Department recommended that an additional access to the property from Ala 'Ōhi'a should be considered to ease traffic from backing up on the highway. In light of this, and as agreed to by the Applicant, the Planning Department recommends a condition that will require the Applicant to construct a new driveway connection from the property to Ala 'Ōhi'a within two (2) years from the date of this permit. County water is available to the properties. A condition of approval will require that the applicant provide water usage calculations to the Department of Water Supply (DWS) for the proposed land uses and install an additional or larger water meter if needed. The applicant will utilize existing septic system(s) for wastewater disposal. Electricity and telephone services are available to the properties. A condition of approval will be included to require the applicant to meet all applicable County, State and Federal laws, rules, regulations and requirements. Thus the requested use will not burden public agencies to provide additional services.

(D) Unusual conditions, trends, and needs have arisen since district boundaries and regulations were established. In the 1960's and 1970's, the State's agricultural district boundaries and regulations were established and subsequently amended pursuant to HRS Chapter 205. The State Land Use Commission was created in 1961, and interim regulations and temporary district boundaries became effective in 1962. Subsequently, the regulations and Land Use District Boundaries became effective in August of 1964. The property and surrounding areas are designated for agricultural uses by both State and County land use laws. However, since the district boundaries and regulations were established, the allocation of commercial and light-industrial zoned lands in Waimea has not kept pace with the demand for these areas. Through the issuance of a Special Permit, various "non-agricultural" services may be allowed.

(E) The land upon which the proposed use is sought is unsuited for the uses permitted within the district. The property is designated Other Important Agricultural Lands by the ALISH system. Lands in this classification are important to agriculture in Hawai'i yet they exhibit properties, such as seasonal wetness, erodibility, limited rooting zone, slope, flooding, or drought, that exclude them from the Prime or Unique Agricultural Land classifications. The property is also classified as "C" or "Fair" by the Land Study Bureau's Overall Master Productivity Rating. Due to the property's "Fair" soil rating it has the potential to be agriculturally productive. However, the proposed uses will be conducted entirely within existing structures that are already used for non-agricultural purposes. No new structures are proposed. Thus, the proposed use will not diminish or foreclose future agricultural opportunities on the remainder of the property.

(F) The use will not substantially alter or change the essential character of the land and the present use. The essential character of the land in this area is rural

and agricultural. The structures (i.e. office building, maintenance and warehouse buildings) will continue to be used in a manner currently being utilized, but allow commercial purposes rather than for use solely by the applicant. Thus, the proposed use will not substantially alter or change the essential character of the land or its present use.

(G) The request will not be contrary to the General Plan, South Kohala Community Development Plan (CDP) and other documents such as Design Plans. The Land Use Pattern Allocation Guide (LUPAG) Map component of the General Plan is a representation of the document's goals and policies to guide the coordinated growth and development of the County. It reflects a graphic depiction of the physical relationship among the various land uses. The LUPAG Map establishes the basic urban and non-urban form for areas within the County. The properties are located in an area identified as Low Density Urban and Important Agricultural Land in the LUPAG Map. Allowable uses within the areas designated Low Density Urban includes residential (up to six units per acre), ancillary community and public uses, and neighborhood and convenience-type commercial uses. Important Agricultural Lands are those with better potential for sustained high agricultural yields because of soil type, climate, topography, or other factors. Although the proposed commercial and light-industrial uses are not consistent with the LUPAG map designation for this area, the applicant's request would support the following goals and policies of the General Plan:

Land Use Element

- Encourage the development and maintenance of communities meeting the needs of its residents in balance with the physical and social environment.

Economic Element

- Provide an economic environment that allows new, expanded, or improved economic opportunities that are compatible with the County's cultural, natural and social environment.

The applicant is attempting to maximize the use of the existing facilities associated with its ranch operations. By allowing other businesses to use the existing facilities for uses such as auto and equipment repair shops, furniture manufacturing shops, offices and warehousing, the applicant will be able to generate additional income to help support the continuation of their ranching operations.

One of the land use policies identified in the South Kohala CDP for Waimea Town is to preserve Waimea's sense of place. This includes preserving visually important open spaces, important agricultural lands and culturally and historically significant features. The Parker Ranch racetrack complex is identified in the plan as one of these important sites, and according to the plan is not meant to be an "officially protected" site, but is an important example of Waimea's history and *paniolo* traditions.

The racetrack complex will continue to be used to hold rodeos. Thus, the request is consistent overall with the General Plan and South Kohala CDP's goals and objectives.

When the Parker Ranch headquarters office building was built in 1994, it was situated so that it straddles the property line between the subject properties. This is not compliant with the minimum yard requirements of the zoning code. A condition of the permit will require the consolidation of the portion of the permit area that straddles the property boundary with the 84.4-acre parcel.

The proposed use is not contrary to the objectives sought to be accomplished by Chapter 205A, Hawai'i Revised Statutes, relating to coastal zone management program. The property is located over nine miles from the nearest shoreline and is outside of the Special Management Area. There is no designated public access to the mountain areas over the property. Thus the proposed use will not adversely impact any recreational resources, including access to and along the shoreline, scenic and open space nor visual resources, coastal ecosystems, and marine and coastal resources. Further, the property will not be affected by any coastal hazards or beach erosion. Therefore, the proposed use is not contrary to the objectives of Chapter 205A, Hawai'i Revised Statutes.

Based on the above considerations, the request to allow light industrial and commercial office uses within existing structures on approximately 7.757-acres is an unusual and reasonable use of land which would not be contrary to the objectives sought to be accomplished by the Land Use Law and Regulations.

Approval of this request is subject to the following conditions:

1. The applicant, its successors or assigns shall be responsible for complying with all of the stated conditions of approval.
2. The applicant shall secure Final Subdivision Approval to consolidate the 0.230-acre portion of the permit area on TMK 6-7-001:025 and TMK 6-7-002:017 within two (2) years from the effective date of this permit.
3. None of the buildings shall be expanded to provide for additional areas of office or light industrial uses on the property, nor shall any new buildings for such uses be permitted.
4. The applicant shall submit estimated daily water usage calculation for the proposed uses, prepared by a professional engineer licensed in the State of Hawai'i, for review and approval to the Department of Water Supply. Prior to commencement of the proposed use, the applicant shall install an additional or larger water meter to provide County water to the proposed uses, as required by the Department of Water Supply.

5. Prior to commencement of the proposed uses, the applicant shall secure Final Plan Approval from the Planning Department in accordance with Division 7, Article 2, Chapter 25 (Zoning Code), Hawai'i County Code. Plans shall identify all existing structures, paved driveway access, parking stalls and fire protection measures associated with the uses. Paved parking stalls shall be required for the office, commercial and light industrial uses. A landscaping plan shall be provided for the purpose of mitigating any adverse noise, dust or visual impacts on neighboring properties. The existing headquarters office building encroachment shall not be subject to minimum yard and open space requirements during plan approval.
6. The applicant shall construct a driveway connection from Ala Ohia (Parker Ranch Connector Road) to the property within two (2) years from the effective date of this permit. Upon construction of the driveway, the current driveway onto Māmalahoa Highway shall be permanently closed, except for emergency purposes.
7. Access to the project site shall meet the requirements of the Department of Public Works.
8. The applicant shall comply with all applicable County, State and Federal laws, rules, regulations and requirements.
9. An initial extension of time for the performance of conditions may be granted by the Planning Director upon the following circumstances:
 - A. Non-performance is the result of conditions that could not have been foreseen or are beyond the control of the applicant, successors, or assigns and that are not the result of their fault or negligence.
 - B. Granting of the time extension would not be contrary to the General Plan or Zoning Code.
 - C. Granting of the time extension would not be contrary to the original reasons for the granting of the permit.
 - D. The time extension granted shall be for a period not to exceed the period originally granted for performance (i.e., a condition to be performed within one year may be extended for up to one additional year).
 - E. If the applicant should require an additional extension of time, the Planning Department shall submit the applicant's request to the Planning Commission for appropriate action.

Mr. Sidney Fuke

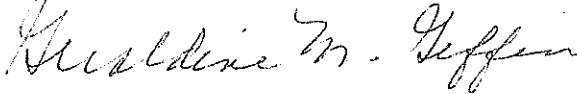
Page 8

Should any of these conditions not be met or substantially complied with in a timely fashion, the Planning Director may initiate procedures to revoke the permit

This approval does not, however, sanction the specific plans submitted with the application as they may be subject to change given specific code and regulatory requirements of the affected agencies.

Should you have any questions, please contact Daryn Arai of the Planning Department at 961-8288.

Sincerely,



Geraldine Giffin, Chairman
Leeward Planning Commission

Lparkerranchspp10-108

cc: Parker Ranch, Inc.
Sandra Song, Esq.
Department of Public Works
Department of Water Supply
County Real Property Tax Division
Planning Department - Kona
State Land Use Commission
Department of Land & Natural Resources-HPD
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Mr. Gilbert Bailado /