

COUNCIL OF THE COUNTY OF MAUI
COMMITTEE OF THE WHOLE

June 15, 2001

**Committee
Report No.**

01-107

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Committee of the Whole, having met on May 29, 2001 and June 6, 2001, makes reference to County Communication No. 01-149, from the Mayor, transmitting a proposed resolution entitled "APPROVING THE COUNTY'S ACQUISITION OF REAL PROPERTY IN CENTRAL KIHEI, PURSUANT TO SECTION 3.44.015.B, MAUI COUNTY CODE" and requesting adoption of the proposed resolution by July 1, 2001.

The purpose of the proposed resolution is to authorize the Director of Finance to negotiate the purchase of approximately 68.724 acres in South Maui, identified for real property tax purposes as TMK Nos. (2) 2-2-002:42, 72 and 73, for a price not to exceed \$2.4 million, to be used as a regional park.

Your Committee notes that the transmitted documents indicate that the subject property is located south of the Kihei and Lokelani school complex (which is located on Lipoa Street) in the central part of Kihei; is readily accessible from Piilani Highway, the Welakahao connector, and the proposed North/South Collector Road; and is owned by Piilani South, LLC (Piilani South).

By letter dated May 24, 2001, the Chair of your Committee requested the Mayor's response to questions about the proposed land acquisition.

At its meeting of May 29, 2001, your Committee met with an Executive Assistant to the Mayor, the Budget Director, the Director of Parks and Recreation, the Director of Public Works and Waste Management, the Deputy Planning Director, and a Deputy Corporation Counsel.

Your Committee received public testimony from a Wailuku resident who urged Council members to proceed cautiously in their deliberations on this matter. He suggested that your Committee consider the possibility of unintended

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consequences, such as potential liabilities, with respect to the County's possible purchase of the subject property.

The Executive Assistant to the Mayor provided your Committee with a document dated May 29, 2001, entitled "Proposed South Maui Park/Open Space Purchase", which provided copies of documents relating to the subject property, including maps and other information about Kihei-Makena Project District 5 (Chapter 19.74, Maui County Code), the land-use ordinance that includes the subject property.

The Deputy Planning Director provided copies of the following documents:

1. An undated memorandum from the Planning Director to the Chair of the Maui Planning Commission, regarding the transfer of various permits within Project District 5;
2. A memorandum dated November 10, 1997, from a Planner to Natalie Kiehm of The Malama Group, regarding the approval process for proposed projects within Project District 5; and
3. Maps provided by Piilani Village (a residential developer in the area near the subject property) depicting the subject property and surrounding areas.

Your Committee was informed that the subject property was divided into three parcels, comprising approximately 45 acres (Lot A), 17 acres (Lot B), and 6 acres (Lot C), respectively. Your Committee was further informed that Piilani South had made the subject property available for purchase for \$2.4 million (approximately \$35,000 per acre) to either the County or Hope Chapel (aka Kihei Christian Fellowship). This offer represented a substantial discount from the property's appraised value. Your Committee was also informed that the proposed purchase price would likely not be available after July 1, 2001.

Your Committee noted that the County's acquisition of Lots A and C would likely be most conducive to the creation of a Kihei community park and that Hope Chapel appeared to be interested in purchasing Lot B.

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Your Committee discussed the following issues with the Administration officials:

- ❖ How would the County's proposed acquisition and use of the subject property affect any private entities' existing obligations for affordable housing, traffic improvements, parks, or other conditions?
- ❖ What obligations would the County assume upon taking ownership of the subject property with respect to infrastructural development?
- ❖ How would the County develop and use the subject property?
- ❖ What are the archaeological concerns relating to the proposed development of the subject property?

To allow the Administration time to provide written answers to these questions, your Committee deferred consideration of this matter.

By letter dated June 4, 2001, the Chair of your Committee requested that the Mayor ensure that all necessary personnel attend your Committee's meeting scheduled for June 6th in order to ensure that all relevant questions about the proposed land acquisition could be answered.

By memorandum dated June 4, 2001, the Council Chair transmitted a letter dated June 1, 2001, from a representative of Hope Chapel. The letter expressed the church's willingness to facilitate a mutually beneficial disposition of the subject property for Piilani South, the County, and the church; explained that the County's proposed purchase arose because the Executive Assistant to the Mayor was a church member; and that Piilani South expressed interest in selling the subject property at a discount to the church and/or the County because the company would be credited with a charitable contribution.

By letter dated June 4, 2001, the Mayor addressed questions that were posed in the May 24th letter submitted by the Chair of your Committee and during the May 29th meeting. The letter noted the following:

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- ❖ Previously applicable affordable-housing conditions for Project District 5 have been satisfied.
- ❖ Chapter 19.74 of the Maui County Code required a minimum of 17 acres of community parks in Project District 5.
- ❖ The County would be responsible for approximately \$2 million in infrastructural improvements, including roads, sewer lines, and drainage ways.
- ❖ Another \$2 million in grading costs would be incurred, and unspecified costs would accrue from the construction of various proposed ball fields.
- ❖ A 1990 archaeological report listed several archaeological sites within the subject property, most of which would not be disturbed, and in no event would any site disturbance occur without further recovery work.
- ❖ An environmental assessment would be conducted, pursuant to Chapter 343, Hawaii Revised Statutes.

The Mayor's June 4th letter transmitted several supporting documents, including a document entitled "Archaeological Inventory Survey Piilani Residential Community Phase II" by Supervisory Archaeologist Theresa K. Donham of Paul H. Rosendahl, Ph.D., Inc.

By letter dated June 5, 2001, the Chair of your Committee requested the Mayor's consideration of the remaining questions that were raised at the May 29th meeting and a copy of an appraisal of the subject property.

At its meeting of June 6, 2001, your Committee met with an Executive Assistant to the Mayor, the Director of Finance, the Budget Director, the Director of Parks and Recreation, the Director of Public Works and Waste Management, the Planning Director, the Deputy Planning Director, and a Deputy Corporation Counsel. Your Committee received public testimony from a Wailuku resident who reiterated his prior testimony and urged Council members to proceed cautiously in their deliberations on this matter.

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Your Committee received the following documents:

- ❖ Written testimony dated June 5, 2001, from a Kihei resident, expressing support for the proposed land acquisition (from the Chair of your Committee);
- ❖ Summary Appraisal Report of Fee Simple Land Values Second Division, TMK: 2-2-02, Parcels 42, 72 & 73, Piilani Village, Kihei, Maui, Hawaii, May 2001 (from the Director of Finance);
- ❖ Cost estimates for the development of Lot A and Lot C (from the Director of Parks and Recreation); and
- ❖ A revised resolution entitled "APPROVING THE COUNTY'S ACQUISITION OF REAL PROPERTY IN CENTRAL KIHEI, PURSUANT TO SECTION 3.44.015(B), MAUI COUNTY CODE AND ACCEPTING DEDICATION OF LAND PURSUANT TO SECTION 3.44.015(C), MAUI COUNTY CODE" (from the Deputy Corporation Counsel). The purpose of the revised resolution is to authorize the Director of Finance to negotiate the purchase of approximately 51 acres (Lots A and C) in South Maui, for a price not to exceed \$1.9 million to be used as a community park.

Your Committee notes that the revised resolution differs from the originally submitted proposed resolution in the following respects:

- ❖ The revised resolution provides for the County's purchase of only two of the three lots that comprised the subject property in the original resolution.
- ❖ The revised resolution specifies that the proposed park arising from the County's purchase will be a community park instead of a regional park.
- ❖ The revised resolution indicates that Piilani South, by selling the property at a substantial discount, will be making a charitable contribution to the County.

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The Administration officials reviewed the information contained in the Mayor's June 4th letter and provided responses to your Committee's verbal and written questions. They noted that the Director of Parks and Recreation projected \$800,000 worth of improvements for Lots A and C, including several ball fields, restrooms, and parking spaces. They further noted that the County's proposed acquisition and development of Lots A and C for park-related uses did not reflect a lack of commitment to other public needs, including affordable housing. The Administration officials and your Committee agreed that there is a dire need for active parks in Kihei, a rapidly growing part of Maui. They also noted that, potentially, a police station could be located on the subject property. The Administration officials and your Committee also agreed that the proposed purchase price reflected in the revised resolution was fair to the County. Although the proposed purchase price is \$1,775,625, your Committee voted to further revise the resolution to authorize payment of up to \$1.9 million because the Director of Finance noted that closing and other incidental costs might require the County to ultimately incur costs close to that level. Your Committee acknowledged that the proposed purchase price represented only a relatively small percentage of the County's eventual costs for the proposed parks because substantial costs would be incurred for infrastructural and other development and ongoing maintenance. Although concerned about those costs, your Committee voted to recommend that the revised resolution be adopted in order to facilitate the development of a community park in Kihei, and that the communication be filed.

Your Committee is in receipt of a revised proposed resolution entitled "APPROVING THE COUNTY'S ACQUISITION OF REAL PROPERTY IN CENTRAL KIHEI, PURSUANT TO SECTION 3.44.015 (B), MAUI COUNTY CODE, AND ACCEPTING DEDICATION OF LAND PURSUANT TO SECTION 3.44.015 (C), MAUI COUNTY CODE", approved as to form and legality, incorporating your Committee's recommended revisions to the proposed resolution.

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Your Committee of the Whole RECOMMENDS the following:

1. That Resolution No. _____, as revised herein and attached hereto, entitled "APPROVING THE COUNTY'S ACQUISITION OF REAL PROPERTY IN CENTRAL KIHEI, PURSUANT TO SECTION 3.44.015 (B), MAUI COUNTY CODE AND ACCEPTING DEDICATION OF LAND PURSUANT TO SECTION 3.44.015 (C), MAUI COUNTY CODE" be ADOPTED; and

2. That County Communication No. 01-149 be FILED.

Adoption of this report is respectfully requested.

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