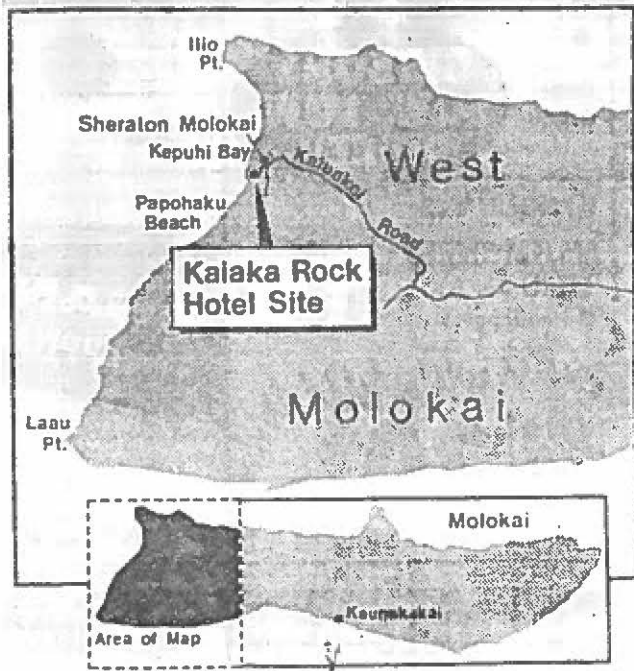


Dispute over Kaiaka Rock Hotel settled

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Advertiser newsmap

An agreement has been reached between developers of the Kaiaka Rock Hotel and a group opposing the project to settle a dispute that had made enemies of neighbors on the Friendly Isle.

Terms of the agreement clear the way for the 375-room project on Molokai to move ahead, while resolving differences over water resources and other concerns with the development, said state and county officials.

Lt. Gov. John Waihee and Maui Mayor Hannibal Tavares, asked to help mediate the dispute earlier this year, jointly announced the agreement in separate press conferences yesterday.

Waihee said the signed pact will resolve all of the concerns raised by the Molokai group, Hui Alaloe. It was the group's challenge of a shoreline management permit issued by the Maui Planning Commission that had brought the project to a halt.

The agreement calls for Hui Alaloe to drop its challenge. In return, the group was assured that

the state, county and developers of both the hotel and the Kaluakoi Resort have worked out a way to "relieve the long-standing Molokai water shortage."

Waihee said the "landmark agreement" also calls for restoration and preservation of a heiau on the hotel site, establishment of a resort industry training program for Molokai residents and development of 63 employee homes at Maunaloa Town by 1989.

Hui Alaloe's challenge of the hotel project brought protests from other Molokai residents who said the group jeopardized their jobs with Kaluakoi Resort and Sheraton Molokai Hotel.

A group of pro-hotel residents flew to Oahu in January to urge Gov. George Ariyoshi and Waihee to use their influence in bringing the controversy to an end.

Announcement of the agreement was greeted with enthusiasm by supporters of the hotel and the members of Hui Alaloe who contested it.

Joyce Kainoa, speaking for the residents who intervened in the hotel project, said the agreement assures Hoolehua farmers that the county and Kaluakoi Resort will get off the Molokai

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irrigation system. The use of the agricultural water system to transport water across Hoolehua for the resort was a key issue in the dispute.

The folks contesting the hotel were focusing particularly on the county's commitment to "coordinate" future construction of a new water line to Kaluakoi on the west end of Molokai where the hotel will be built.

Waihee said the agreement calls for construction of the line within seven years. Kaluakoi must put up a surety bond of about \$1 million that can be "called" by

Maui County to construct the line. The total cost of the project hasn't been worked out yet, according to Waihee.

The state and county will also drill a new well near the existing Kaluakoi Well 17 in Central Molokai. That will free Kaluakoi of a requirement that it build a backup well and transfers its funding commitment to the transmission line.

"I'm very happy, obviously," said Stephen Thomas, the partner in Kaiaka Associates who has been leading the development effort since it was first announced in early 1983.

Thomas said he will move ahead in arranging financing, expected to go higher than original estimates of \$75 million to \$85 million. Kaiaka Associates also will be moving to acquire building permits, with

Thomas saying he hoped to have a groundbreaking at the 22-acre site in nine to 12 months.

Phil Boydston, vice president of the troubled West Molokai resort, said the agreement "is very encouraging." With the agreement to withdraw the appeal, the hotel developers can "move to the next step," and enhance the Kaluakoi Resort's hopes for pulling out of the financial doldrums.

After the Sheraton Molokai Hotel and two condominium projects were built nearly 10 years ago, there was no significant construction at Kaluakoi.

After years of no new construction and continuing deficits, Kaluakoi ordered cutbacks on operations in January that included layoffs of Kaluakoi personnel.