

CERTIFIED MAIL

May 20, 1988

Ms. Anne L. Mapes
Belt, Collins & Associates
680 Ala Moana Boulevard, Suite 200
Honolulu, HI 96813

Dear Ms. Mapes:

Amendment to Special Management Area (SMA) Use Permit No. 262
Petitioner: Ritz-Carlton Hotel Company
Tax Map Key 6-8-22:8 and Portions of 7, 9, 10 & 11

The Planning Commission at its duly held public hearing on May 17, 1988, voted to approve the amendment to SMA Use Permit No. 262 to increase the total number of hotel units from 450 to 650 rooms, including other related improvements, at Kalahuipuaa, South Kohala, Hawaii.

Approval of this request is based on the following:

The purpose of Chapter 205-A, HRS, (Coastal Zone Management) and Rule No. 9 of the Planning Commission (Special Management Area) is to preserve, protect and, where possible, restore the natural resources of the coastal zone areas. As a result, special controls on development within the area along the shoreline are necessary to avoid permanent loss of valuable resources and the foreclosure of management options.

SMA Use Permit No. 262, which allowed the construction of a 450-unit hotel and related improvements, was approved upon a finding that any substantial adverse environmental or ecological impacts would be addressed with the provision of appropriate monitoring controls, mitigation programs and management plans. It is felt that those findings remain relatively unaltered even with the phased construction of 200 additional units. The implementation and enforcement of all previous permit conditions will ensure that management options cannot be forfeited and the County's valued resources will not be jeopardized.

Specifically, visual impacts will be negligible by the expansion since the proposed hotel will maintain a 6-story

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height limit. The applicant has redesigned the facility to consolidate the lobby, conference center and recreational amenities in a single structure. The resiting is actually farther from the certified shoreline and potential flood hazard zones.

While the addition of 200 more units could create short- and long-term socio-economic and infrastructural impacts, these considerations can be adequately incorporated into the original permit conditions. These would include the development of a water quality and marine life monitoring and mitigation plan, an intensive archaeological survey and mitigation plan, landscaping plan, an established lateral public shoreline access, a job training program and a construction housing management plan.

Due to the phased construction of the hotel units, Condition No. 3 must be revised to accommodate the timing:

- "3. (A) Plans for the first phase of the proposed hotel and related improvements shall be submitted to the Planning Department for Plan Approval review within one year from the effective date of Final subdivision approval. Construction of the first phase of the proposed hotel and related improvements shall commence within one year from the date of receipt of Final Plan Approval and be completed within three years thereafter. (B) Plans for the final phase of the hotel shall be submitted to the Planning Department for Plan Approval review within five years from the date of issuance of the occupancy permit for the first phase of the hotel. Construction shall commence within one year from the date of receipt of Final Plan Approval and be completed within two years thereafter."

The requested 200-unit amendment could generate increased traffic to and from the project site which should be closely monitored by the State Department of Transportation (DOT)-Highways Division. The monitoring program should include, but not be limited to, schedule of periodic monitoring, length of monitoring, and analysis of the findings against the traffic impact analysis included in the Final Environmental Impact Statement. The following new Condition No. 18 is being recommended to accommodate DOT's concern over future traffic:

- "18. A traffic monitoring program of the Queen Kaahumanu Highway-Mauna Lani Resort's access road intersection

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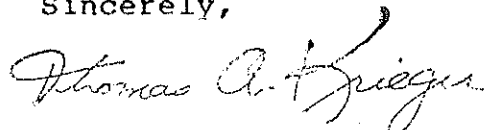
shall be submitted to and approved by the State Department of Transportation-Highways Division prior to the issuance of Final Plan Approval. If additional traffic improvements are required as determined by the findings of subsequent monitoring and analysis, the applicant shall provide the improvements in accordance with the requirements of the State Department of Transportation-Highways Division."

The remaining conditions would be renumbered accordingly.

Based on the foregoing, it is determined that the granting of the amendment request will not create a significant adverse effect on the environment and, therefore, will not be contrary to the purpose and intent of Chapter 205-A, HRS, relating to Coastal Zone Management; Rule 9 of the Planning Commission relating to the Special Management Area; the Hawaii County Zoning Code; or the General Plan.

Please feel free to contact the Planning Department if there are any questions on this matter.

Sincerely,



Thomas A. Krieger
Chairman, Planning Commission

cc: J. Douglas McGarrity
Thomas Yamamoto
Department of Public Works
Department of Water Supply
County Real Property Tax Division
Planning Office - Kona
DBED, CZM Program w/background

bcc: Plan Approval Section

CERTIFIED MAIL

September 4, 1987

Mr. Glen Koyama
Belt Collins & Associates
606 Coral Street
Honolulu, HI 96813

Dear Mr. Koyama:

Special Management Area (SMA) Use Permit Application
Shoreline Setback Variance Application
Petitioner: Ritz-Carlton Hotel Company
TMK: 6-8-22:8, Por. 7, 9 and 10

The Planning Commission at its duly held public hearing on August 25, 1987, voted to approve your applications, SMA Use Permit No. 262 and Shoreline Setback Variance No. 636, to allow the development of a 450-room hotel and related improvements at Kalahuipuaa, South Kohala, Hawaii.

Approval of the requests are based on the following:

The purpose of Chapter 205-A, Hawaii Revised Statutes and Rule No. 9, Special Management Area Rules and Regulations of the County of Hawaii, is to preserve, protect, and where possible, to restore the natural resources of the coastal zone areas. As a result, special controls on development within the area along the shoreline are necessary to avoid permanent loss of valuable resources and the foreclosure of management options.

In addition, special controls on development were also enacted to prevent unnecessary encroachment of structures and other improvements upon the shoreline. As such, shoreline setbacks were established to regulate uses and activities within the shoreline setback area. In accordance with Section 205-35(b) of the Hawaii Revised Statutes, and Section 8.9 of the Planning Commission's Rule No. 8, the Planning Commission may grant variances for certain improvements within the shoreline setback area provided that they are found to be in the public interest or a hardship will be caused to the applicant if the improvement is not allowed.

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The proposed development, as covered by the subject request, involves the construction of a 450-unit luxury hotel and related improvements at Pauoa Bay within the Mauna Lani Resort complex. Related improvements include shops, tennis courts, health club, luau area, banquet and meeting rooms, landscaping, swimming pool and two lagoons. One of the lagoons will be a seawater swimming lagoon excavated behind the existing beach. Other shoreline improvements include restoration of the existing anchialine pond and expansion of the existing shoreline beach. The proposed hotel will have two wings of guest rooms six stories high, each perpendicular to the shoreline and connected to a main lobby. Parking will be landscaped and located near the hotel entrance.

The proposed development is not anticipated to have any substantial adverse environmental or ecological effects. Surveys of the subject area indicate that the property is not a habitat for any endangered plant or animal species. A major concern, however, is the potential negative impacts of the excavation and construction of the shoreline swimming lagoon and beach improvement area on the water quality in Pauoa Bay as well as the aquatic communities of the region. The land based activities, such as the lagoon construction, the beach improvements and the possibility of dust from construction activity, may impact water quality. The County has regulatory authority over the land based activities affecting water quality. It should be noted, that the concerns related to water quality are also being reviewed and considered through other governmental permits issued by the U.S. Army Corps of Engineers, Board of Land and Natural Resources and the State Department of Health. In addition, mitigation conditions being recommended for the subject request will require the preparation of a water quality monitoring and mitigation plan which must be reviewed and approved by the Planning Director, prior to the issuance of the grading permit. With these precautionary measures in place, the proposed development is not expected to have any substantial adverse effects on coastal resources or the environment.

The shoreline swimming lagoon and beach expansion projects will significantly expand the recreational potential of Pauoa Bay for swimming, snorkeling, and sunbathing. A recommended condition for the subject request will assure public use of these improvements in the same manner and treatment as any of the guests of the hotel. Public access to the shoreline is presently available through an existing easement which may be amended. Nevertheless, public access to the proposed shoreline improvements will be available and parking will be provided for

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public use of the hotel's facilities. Together with Mauna Lani Resort's continuing public access shoreline program, it is determined that proposed improvements will be consistent with and supportive of the public interest.

With regard to the archaeological resources on the property, the applicant has agreed to perform necessary restoration and data recovery tasks in compliance with the recommended mitigation plan by the Historic Sites Section of the Department of Land and Natural Resources. The implementation of this mitigation plan has been recommended as a condition of approval of the subject request. An additional condition will also assure the protection of any unanticipated sites uncovered during construction activity.

The anchialine pond on the property, known as Keanapou fishpond, is surrounded by heavy vegetative overgrowth and has a significant accumulation of sediment and detrital organic material. The petitioner is proposing to restore the anchialine pond by removing the surrounding vegetation and pumping out the accumulated sediment from the pond. Once restoration is complete the area of free standing water in the pond will increase substantially, the aerobic conditions in the water column and on the bottom of the pond will be restored and the typical biological community of shrimp, fish, mollusks, vascular plants, and encrusting algae is expected to establish itself. As such, the proposed development activity will have a beneficial impact on this valuable coastal resource.

Although the hotel buildings will be constructed at heights of six stories, they are not expected to impede the mauka-makai view plane from Queen Kaahumanu Highway since the project site is at a lower elevation and quite a distance from the highway. Further, the proposed development will include ample open space and will be adjacent to a golf course. As such, the visual impact of the proposed project will not be substantial.

Further, no adverse impacts on air quality are expected to be generated by the proposed development. The nature of the proposed development is such that no unusual air emissions are likely to be produced from it. Air emissions generated during the construction phase can be mitigated by the proposed conditions of approval.

Any potential runoff or discharge which could reach ocean waters can be handled by on-site improvements. Negative impacts on the local water quality resulting from soil erosion and runoff during site preparation and construction phases can be

adequately mitigated through compliance with existing ordinances and regulations as well as proposed conditions of approval. Mitigation measures to minimize the impacts of construction on the coastal waters will be coordinated by the Planning Department with the conditions imposed by the State Board of Land and Natural Resources and the United States Army Corps of Engineers.

Socioeconomic concerns have been raised regarding construction and operational employee housing and employment opportunities for current residents. Potential problems in these areas may be mitigated through proposed conditions requiring construction housing and employee training management plans which must be submitted and approved by the Planning Director prior to the issuance of Final Plan Approval. Operational employee housing is being addressed by Mauna Lani's participation in construction of employee housing.

Finally, the proposed development is consistent with the General Plan, the Zoning Code and other applicable ordinances. The subject request does conform to the General Plan and Zoning Code which designates the subject area as a major resort area. The proposed activities are permitted within a resort designated area.

Based on the foregoing, it is therefore determined that the proposed development will not have any substantial adverse environmental or ecological impacts on the surrounding area. Furthermore, its approval will be consistent with the objectives and policies of Chapter 205-A, HRS, Relating to Coastal Zone Management, Rule 8 of the Planning Commission Relating to Shoreline Setbacks, and Rule 9 of the County of Hawaii Planning Commission Relating to the Special Management Area, Chapter 25 (Zoning Code) of the Hawaii County Code, as amended, and the General Plan of the County of Hawaii.

Approval of the requests are subject to the following conditions:

1. The petitioner, successors or assigns shall be responsible for complying with all of the stated conditions of approval.
2. A consolidation/resubdivision application, to create the 32-acre hotel site, shall be submitted to the Planning Department within one year from the effective date of approval of the Special Management Area (SMA) Use Permit. Final subdivision approval shall be secured within one year from the date of Tentative subdivision approval.

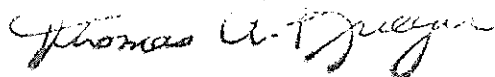
3. Plans for the proposed hotel and related improvements shall be submitted to the Planning Department for Plan Approval review within one year from the effective date of Final subdivision approval. Construction of the proposed hotel and related improvements shall commence within one year from the date of receipt of Final Plan Approval and be completed within three years thereafter.
4. The petitioner shall submit a water quality and marine life monitoring and mitigation plan, meeting with the approval of the Planning Director, prior to the issuance of the grading permit for the proposed excavation and construction of the shoreline swimming lagoon and beach improvement area.
5. An archaeological intensive survey and mitigation plans shall be submitted to the Planning Department for review and approval together with submittals for plan approval and/or prior to the issuance of any grading or grubbing permit.
6. Should any unanticipated archaeological sites or features be uncovered during land preparation activities, work within the affected area shall immediately cease and the Planning Department notified. No work within the affected area shall resume until clearance is obtained from the Planning Department.
7. As part of the Plan Approval process, the petitioner shall also include a landscaping plan which should include generous planting of trees, shrubbery, and landscaping around the proposed hotel project in order to minimize any possible visual impact from the Queen Kaahumanu Highway and the shoreline.
8. Public access to and along the shoreline shall be delineated in perpetual easements. The previously established 10-foot wide public access easement which generally runs parallel to the shoreline of the Mauna Lani Resort, including the Ritz-Carlton Hotel project site, shall be amended to allow access around the periphery of the swimming lagoon. The public access easements shall be submitted to the Planning Department for review and approval prior to the issuance of an occupancy permit. Upon receipt of the occupancy permit, the amended easements shall be recorded with the State Bureau of Conveyances.

9. A survey of the revised shoreline shall be submitted to the Planning Department prior to the issuance of an occupancy permit.
10. Public use of the swimming lagoon and beach area shall be permitted. Any restrictions on the use of the swimming lagoon and beach area shall not discriminate between the general public and the guests of the hotel.
11. The petitioner shall develop a job training program which shall be submitted to the Planning Department for review and approval prior to the issuance of Final Plan Approval.
12. A construction housing management plan shall be submitted to the Planning Department for review and approval prior to the issuance of Final Plan Approval. Such a management plan shall include a regular reporting schedule to allow the Planning Department to monitor the construction housing situation.
13. A drainage system shall be installed in accordance with the requirements of the Department of Public Works.
14. The method of sewage disposal shall meet with the approval of the appropriate governmental agencies.
15. The use of pesticides and herbicides shall conform with the applicable regulations of appropriate governmental agencies.
16. The requirements of the Department of Water Supply shall be complied with.
17. During construction, best effort measures shall be taken to minimize the potential of both fugitive dust and runoff sedimentation. Such best effort measures shall be in compliance with construction industry standards and practices utilized during construction projects of the State of Hawaii.
18. All other applicable rules, regulations and requirements shall be complied with.
19. The Planning Director may administratively grant a single one-year extension to the foregoing time conditions. Further, should the Director determine that any of the conditions have not been met or substantially complied with in a timely fashion, the Planning Director shall initiate procedures to nullify the permit.

Mr. Glen Koyama
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Please feel free to contact the Planning Department if there are any questions on this matter.

Sincerely,



Thomas A. Krieger
Chairman, Planning Commission

cc: Ritz-Carlton Hotel Company
Department of Public Works
Department of Water Supply
County Real Property Tax Division
Planning Office - Kona
DBED, CZM Program (w/background)
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