

Harry Kim  
Mayor



**County of Hawaii**  
**PLANNING COMMISSION**

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APR 9 2003

Mr. Rodney Funakoshi  
Wilson Okamoto Corporation  
1907 S. Beretania Street, Suite 400  
Honolulu, HI 96826

Dear Mr. Funakoshi:

Special Management Area Use Permit Application (SMA 03-001)  
Request: Renovations to the Former Kona Surf Hotel  
Applicant: Koa Hotels LLC  
Tax Map Key: 7-8-10:38, 39, 59 and 7-8-12:58

The Planning Commission at its duly held public hearing on April 4, 2003, voted to approve the above-referenced application. Special Management Area (SMA) Use Permit No. 429 is hereby issued to allow renovations to the former Kona Surf Hotel at Keauhou 2nd, North Kona, Hawai'i.

Approval of this request is based on the following:

The purpose of Chapter 205A, Hawaii Revised Statutes (HRS), and 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. Therefore, special controls on development within an area along the shoreline are necessary to avoid permanent loss of valuable resources and the foreclosure of management options.

**The proposed renovation of the former Kona Surf Hotel will not have any significant adverse environmental or ecological effect, except as such adverse effect is minimized to the extent practicable and clearly outweighed by public health, safety, or compelling public interest.** Such adverse effect shall include, but not be limited to, the potential cumulative impact of individual developments, each one of which taken in itself might not have a substantial adverse effect and elimination of planning options. The applicant is proposing to renovate the former Kona Surf Hotel. The renovated hotel will reopen as the Sheraton Keauhou Bay Resort. Renovations will include:

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- Construction of a multi-level freshwater pool and pool bar at the southwestern portion of the project site. The pool was originally proposed to be located at the northwestern portion of the project site, adjacent to the existing wedding chapel. However, due to concerns expressed by the adjoining property owners, the pool will be constructed at the southwestern portion of the site. The new pool and pool bar will encompass an area of approximately one acre, and will be located at a minimum 50 feet inland from the certified shoreline. Shoreline certification is pending with the Department of Land and Natural Resources. The active freshwater pool area will include natural rock and landscaped areas with water free-flowing from an upper pool to a lower pool. From one of the pool decks, a walkway and stairs will lead to the top of the cliff rockwork and the starting platform for the new slide, which passes through the rockwork and exits into one of the lower pool coves. A children's "Beach" Pool will be attached to the multi-level pool. This free-form pool with rockwork edges will have a loose sand bottom gradually sloping up to a dry sand beach. Adjacent to the children's "Beach" Pool will be a "lava" rock textured deck with an array of interactive fountains. Two spas will be situated near the pool to provide water massage and heat.
- An atrium will be integrated with the freshwater pool. It will include water features surrounded by natural rock features and waterfalls. Lush planting pockets will surround the water features, which is proposed to be a winding waterway flowing between the hotel wings and connecting to the freshwater pool. The atrium garden will consist of a palm forest theme, incorporating a variety of palm species.
- The porte cochere and lobby are proposed to be expanded to provide a distinct sense of arrival and a platform for views of Keauhou Bay and the surrounding hills. The porte cochere and lobby roof structure will have a semi-transparent ceiling. The lobby will be expanded by approximately 7,100 square feet, and is designed as a gathering place, front desk, lounge, entertainment, historical education, and arts and crafts area.
- Expansion of the existing SS Makee Restaurant by approximately 6,640 square feet, along with renovated spaces including a game room, library, and fitness center.
- The Convention Center Ballroom will be renovated, and a 3,600-square foot covered prefunction area will be re-roofed to offer outdoor gathering spaces.

- A new 1.5-acre Luau Lawn will be developed at the south portion of the property. The luau lawn will include a 560-square foot buffet hale, 56-foot radius hula stage, and walkways. The existing swimming pool in this area will be demolished and filled. Nearby tennis courts and shuffle board areas will be resurfaced and restored.
- The hotel entry will incorporate an a'a lava rock sign, entry trellis and landscaping.
- Additional parking on a 1.7-acre lot adjacent to Kaleiopapa Road and the construction of an entry feature consisting of an ohia trellis, faux wood bridge and landscaping at the entrance to the hotel.
- The proposed landscape design concept is to create a more attractive entry feature and sense of arrival, more open space for outdoor family functions, and improved pedestrian circulation throughout the property. Over the years, a wide variety of plant material was introduced and added to the original planting plan, creating a lack of cohesiveness and a sense of disarray. The proposed landscape design will combine existing and new plant material to unify the property, creating a stronger, singular image of the hotel. Many of the mature trees and palms will be retained as feasible. The most significant trees and palms are Monkeypod, Royal Poinciana, Variegated Hala, Plumeria species, Coconuts and Cycad Palms. The landscape plant palette will consist predominantly of native Hawaiian and Polynesian introduced species, with an emphasis on drought-resistant and salt-tolerant plant material. While these plants will provide the framework for the landscaping, tropical plants will be used to add color, texture and fragrance.

The proposed renovation will not have an adverse impact to coastal recreational or visual resources to the shoreline and coastal ecosystems. As the property is already developed, views to and along the shoreline will not be adversely affected by the proposed renovation. In addition, the proposed project will not negatively impact the scenic and open space resources of the area. There are no public recreational resources being affected by the project. The project site is not directly tied with the recreational resources of the coastal areas, and will not reduce the size of the coastline or other areas used for public recreational uses. There will be no disruption of existing public access to the shoreline. Public access to Keauhou Bay is available via a public access easement off of Ehukai Street. There are 10 parking stalls reserved for users of the public access easement. Because access around the coast near the saltwater pool can be dangerous, the

public will be allowed to access the western shoreline of the hotel property by using the hotel walkways.

The proposed renovation will not create significant adverse impacts upon immediately adjacent properties as possible construction related impacts to air quality and water will be mitigated by implementing appropriate best management practices and adhering to permit conditions.

Land uses directly adjacent to the project site include Keauhou Bay to the north, Kaleiopapa Street and vacant lands to the east zoned V-1.75, Kona Country Club zoned Open to the south, and five parcels zoned RS-10 to the northeast. There are single family residences on TMK: 7-8-12: 1, 2 and 57.

**The proposed project is consistent with the objectives and policies as provided by Chapter 205A, HRS, and Special Management Area guidelines contained in Rule No. 9 of the Planning Commission Rules of Practice and Procedure.** The project site has been highly altered from past development and the majority of flora present consists of introduced landscape species. There are no known federally listed threatened or endangered flora species at the site. No known federally listed threatened or endangered faunal species are known to nest at or inhabit the project site. According to past archaeological studies of the project site, archaeological sites are concentrated at the northeastern portion of the hotel property. An archaeological assessment conducted by Cultural Surveys Hawaii in January, 2003 confirmed the presence of previously identified sites at the northeastern portion of the project site including remnants of Heiau Kaukulaelae, a cattle pen, canoe shed, modern house platform, fishing shrine, platforms, and terraces. According to a Cultural Impact Study prepared for the project, there does not appear to be any traditional Hawaiian trails that traverse through the site. There is also no evidence of former or on-going hunting or gathering of plant resources at the site.

County water is available to the project site through a 12-inch water main extending along Ehukai Street. There are two separate lateral service connections to the existing resort. An 8-inch waterline connection to the 12-inch main provides potable and fire protection water service for the existing Convention Center building. A 6-inch waterline connection services the existing hotel building. The renovated hotel will continue to utilize the wastewater treatment services provided by Keauhou Community Services, Inc. at its Heeia Wastewater Sewage Treatment Plant.

**The proposed development is consistent with the County General Plan and Zoning Code.** The General Plan Land Use Pattern Allocation Guide (LUPAG) Map designation for this area is Resort and the County zoning is Resort (V-.75). The proposed

project will complement the goals, policies and standards of the Economic and Land Use Elements of the General Plan.

While the proposed project will not have a direct impact upon coastal recreational resources, review of developments within the Special Management Area must also consider the cumulative impacts of such developments upon these resources. Access to the site is from Alii Drive to Kaleiopapa Road and Ehukai Street. Ehukai Street, a County roadway, has a pavement width of 20 feet. Based on a Traffic Impact Analysis Report (TIAR) prepared to assess impacts associated with the re-opening of the hotel on the area roadway system, there would be negligible impact on traffic operating conditions in the vicinity of the project site.

Based on the above findings, it is determined that the proposed development and related improvements will not have any substantial adverse impacts on the surrounding area, nor will its approval be contrary to the objectives and policies of Chapter 205A, HRS, relating to Coastal Zone Management and Rule No. 9 of the Planning Commission relating to the Special Management Area.

Approval of this request is subject to the following conditions. Should any of the foregoing conditions not be met or substantially complied with in a timely fashion, the Planning Director shall initiate procedures to revoke the permit.

1. The applicant, its successor or assigns shall be responsible for complying with all stated conditions of approval.
2. The renovations shall be completed within five (5) years from the date of this permit. Prior to construction, the applicant shall secure Final Plan Approval from the Planning Director in accordance with Sections 25-2-70, Chapter 25 (Zoning Code), Hawaii County Code. Plans shall identify all existing and proposed structures, paved driveway access and parking stalls associated with the proposed development.
3. A drainage study of the property shall be prepared and submitted to the Department of Public works for review and approval prior to submittal of plans for Plan Approval review. Drainage improvements, if required, shall be constructed, meeting with the approval of the Department of Public Works prior to the issuance of a Certificate of Occupancy.
4. During construction, measures shall be taken to minimize the potential of both fugitive dust and runoff sedimentation. Such measures shall be in compliance with construction industry standards and practices utilized during construction projects in the State of Hawaii.

5. Connect to the exiting sewer line on Ehukai Street, meeting with the approval of the Department of Public Works prior to the issuance of a certificate of occupancy.
6. A Solid Waste Management Plan shall be submitted to the Department of Environmental Management for review and approval prior to the issuance of a Certificate of Occupancy.
7. Improvements to the project site's access shall meet with the requirements of the Department of Public Works. All driveway connections to the County road shall conform to Chapter 22, Streets and Sidewalks, of the Hawaii County Code. The applicant shall install street lights, signs and markings in a location and in a manner meeting with the approval of the Department of Public Works.
8. An interim Preservation Plan for all surviving sites on the subject property (Reinecke's Sites 51, 52 and 53 and Site 5695) will be developed and submitted for review and approval by the Planning Director in consultation with the State Historic Preservation Division prior to construction of the proposed improvements. A final Preservation Plan shall be submitted within one year from the date of receipt of an occupancy permit for review and approval by the Planning Director in consultation with the State Historic Preservation Division. New site maps will be prepared as part of the final Preservation Plan and State site numbers will be assigned to all of the previously identified sites. The locations of artifacts, including salt pans, a bell stone, and god stones will be located on a site map of the property.

A Monitoring Plan will be developed and implemented prior to any ground disturbance for the construction of the freshwater pool, luau grounds, new parking lot, expansion of the SS Makee Restaurant, and removal of the wooden platform located on top of the surviving remnant of Kaukulaelae Heiau.

The applicant will consult with the State Department of Land and Natural Resources' Burial Sites Program prior to any ground alteration regarding possible burial relocation sites on the property in the event that inadvertent human remains are found during construction. Any relocated site will be done in consultation with the Hawaii Island Burial Council.

9. Should any remains of historic sites, such as rock walls, terraces, platforms, marine shell concentrations or human burials be encountered, work in the immediate area shall cease and the Department of Land and Natural Resources State Historic Preservation Division (DLNR-SHPD) shall be immediately notified. Subsequent work shall proceed upon an archaeological clearance from the DLNR-SHPD when it finds that sufficient mitigation measures have been taken.
10. Public access to and along the shoreline shall be provided meeting with the approval of the Planning Director prior to receipt of a Certificate of Occupancy. The existing shoreline access, including the ten public access parking stalls approved under SMA Use Permit No. 259 shall remain.
11. An Emergency Response Plan shall be submitted to the Hawaii County Civil Defense Agency for review and approval prior to the issuance of a Certificate of Occupancy.
12. An annual progress report shall be submitted to the Planning Director prior to the anniversary date of the approval of the permit. The report shall include, but not be limited to, the status of the development and compliance with the conditions of approval. This condition shall remain in effect until all of the conditions of approval have been satisfied and the Planning Director acknowledges that further reports are not required.
13. Comply with all applicable laws, rules, regulations and requirements of other affected agencies, including the Department of Water Supply.
14. An initial extension of time for the performance of conditions within the permit may be granted by the Planning Director upon the following circumstances:
  - A. The 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 original reasons for the granting of the permit.
  - C. 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).

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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 Norman Hayashi of the Planning Department at 961-8288.

Sincerely,



Fred Galdones, Chairman  
Planning Commission

xc: Sidney Fuke

Department of Public Works  
Department of Environmental Management  
Hawaii County Civil Defense Agency  
County Real Property Tax Division  
Department of Water Supply  
West Hawaii Office  
Office of Planning, CZM Program (w/Background)  
Department of Land and Natural Resources  
Department of Land and Natural Resources, Historic Preservation Division  
Hawaii Island Burial Council  
Rodney Haraga, Director/DOT-Highways, Honolulu  
Plan Approval section