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PLANNING DEPARTMENT
COUNTY OF HAWAII

KAMEHAMEHA SCHOOLS®

October 21, 2016

Mr. Duane Kanuha, Director
County of Hawai'i Planning Department
Aupuni Center
101 Pauahi Street, Suite 3
Hilo, HI 96720

Subject: Comprehensive Public Access Plan – Kahalu'u Ma Kai
Special Management Area Minor Use Permit No. 15-000060 (SMA 15-60)
Land Owner: Kamehameha Schools
Tax Map Key: 7-8-13: 02, 13, 42, & 43, North Kona, Hawai'i

Kamehameha Schools, a Hawai'i 501(c) nonprofit corporation, in compliance with SMA 15-60 hereby submits the Draft Comprehensive Public Access Plan (herein referred to as "CPAP") for the Planning Director's review and approval per "Condition 5", which states:

"Within twelve (12) months from the date of the approval of this Special Management Area Use Permit and prior to the submittal of plans for plan approval review, the applicant shall submit a comprehensive public access plan for review and approval by the Planning Director in consultation with the Department of Land and Natural Resources. In addition to the specific public access components represented by the applicant within the Final environmental Assessment and its SMA Use Permit application, the public access plan shall also include the delineation of public access pathways and parking stalls, signage, operational hours, night-time fishing procedures, and related improvements and operational details. The applicant shall provide no less than ten (10) on-site public access parking stalls."

COMPREHENSIVE PUBLIC ACCESS PLAN

Kahalu‘u Ma Kai



Ahupua‘a of Kahalu‘u, District of North Kona, Hawai‘i

TMKs: (3) 7-8-13:02, 13, 42, & 43

Prepared for Kamehameha Schools
78-6831 Ali‘i Drive, Suite 429
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October 2016

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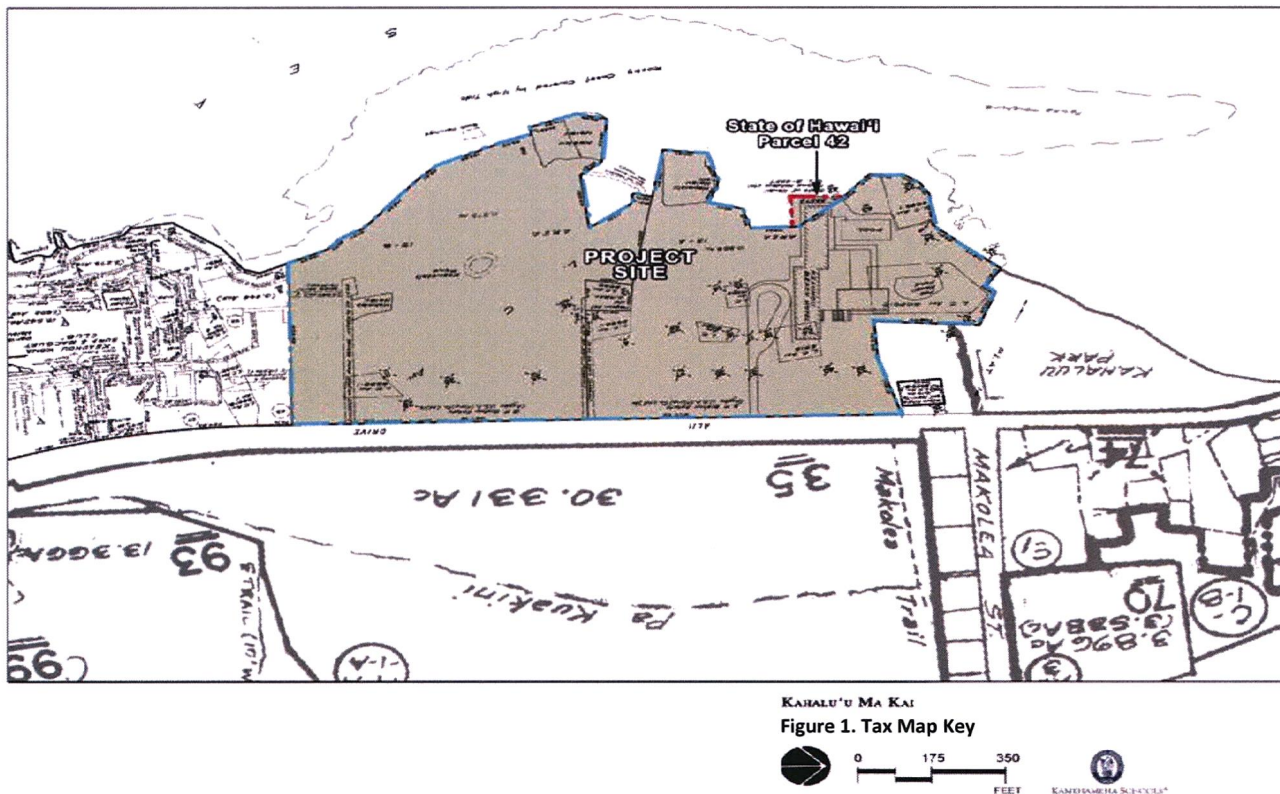
1 PURPOSE

The purpose of this Comprehensive Public Access Plan is to 1) delineate public access pathways on the project site and describe related signage, operational hours, night-time fishing procedures, and related improvements and operational details, including public access parking and areas restricted from public access, 2) describe the need to manage public access to provide an adequate buffer between education facilities and the public domain, 3) articulate Kamehameha School's responsibility to protect the valuable cultural and historical resources present in the shoreline area, and the unique issues their presence creates.

2 BACKGROUND

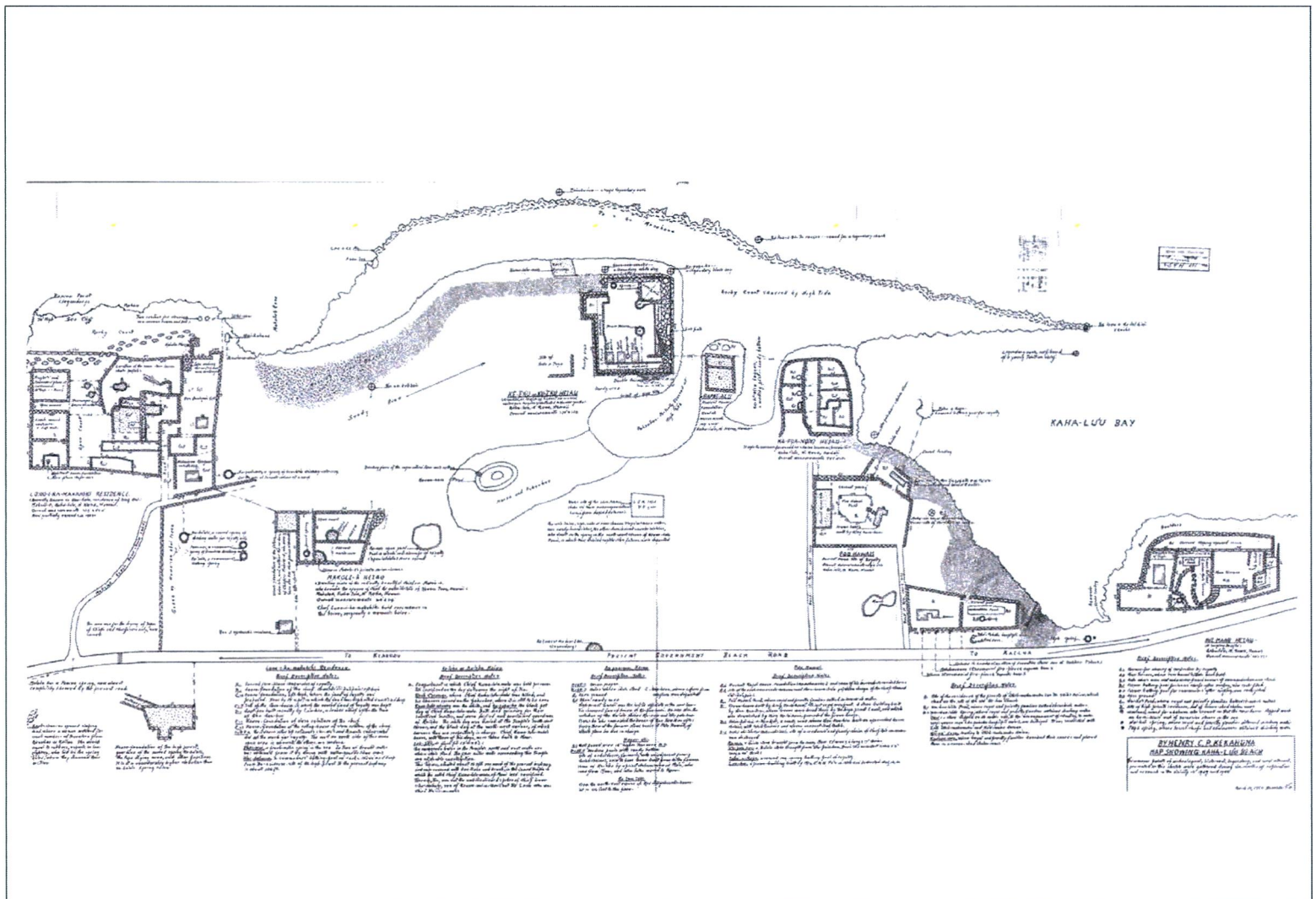
2.1 SMA PERMIT REQUIREMENT

This Comprehensive Public Access Plan (the "Plan") has been prepared on behalf of landowner Kamehameha Schools, a non-profit educational institution, to satisfy conditions of the Special Management Use Permit No. 15-000060 ("SMA 15-60") issued by Hawai'i County on November 2, 2015 for the project known as "Kahalu'u Ma Kai" to develop a cultural education complex on approximately 22.73 acres of land situated within the Special Management Area. The properties are situated on the west (makai) side of Ali'i Drive, immediately adjacent to and south of Kahalu'u Beach Park at Kahalu'u, North Kona, Hawai'i, TMKs: (3)7-8-013: 002, 013, 042 & 043 (see Figure 1).



The project site was historically the center of politics and learning for aliʻi of Hawaiʻi island for over eighteen (18) generations of paramount chiefs, from pre-contact times to the reign of Kamehameha III. As a result, access onto the project site was historically restricted to permission granted by the aliʻi .

Kahalu'u Ma Kai is known to have been a royal center and numerous heiau, mo'olelo, and culturally significant sites have been documented (see Figure 2). Kahalu'u Ma Kai is one of the most archeologically surveyed places in the state, with nine Archeological Inventory Surveys accepted by the State Historic Preservation Division.



KAHALU'U MA KAI
Figure 2. 1952 sketch by Henry Kekahuna of Kahalu'u Beach, showing some of the place names and historical sites within the project area.

It is generally agreed that the Kona region was initially settled sometime after AD 900 with habitation centered around Kahalu'u Bay with the expansion of these settlements throughout the fourteenth through sixteenth centuries resulting in Kahalu'u Ma Kai becoming an important socio-political center. As the area's prominence grew in pre-contact Hawai'i, numerous structures were erected at Kahalu'u Ma Kai for religious and political purposes. These structures have been, or are in the process of being restored and preserved by Kamehameha Schools.

The four heiau within the 22 acre project site (Hāpaiali'i, Ke'ekū, Mākolea, and Kapuanoni) along with the socio-political functions these heiau played in pre and post-contact Hawai'i are only one important aspect of the historical importance of Kahalu'u Ma Kai. In addition, there are numerous mo'olelo regarding the wahi pana in the area, as well as the many historical sites such as Po'o Hawai'i and Pāokamenehune, which attribute to the unique cultural tapestry that Kahalu'u Ma Kai represents in modern terms.

The rich historical context of Kahalu'u Ma Kai, combined with the construction of this education complex and continued restoration of this culturally significant property will support Kamehameha Schools' educational mission for West Hawai'i and as stewards of the natural, cultural, and historical resources for future generations of learners, residents, and visitors.

2.3 HISTORIC SITES OF KAHALU'U

There are over fifteen (15) historic properties assessed and evaluated as significant under the five State of Hawai'i historic property significance criteria, which speaks to the important role the Kahalu'u Ma Kai site played in pre and post-contact Hawai'i and the archeological significance it maintains in modern terms. Hāpaiali'i, Ke'ekū (and Hale O Papa, an accessory structure to Ke'ekū), Mākole'a, and Kapuanoni Heiau are the four most prominent historic structures encountered when visiting the project site. The following table summarizes thirteen (13) of the historic properties identified as significant under the State Historic Preservation Division's "significance criterion".

SIHP# (50-10-37)	Site	Function	Probable Age	Significance Criteria
-03817	Hāpaiali'i Heiau	Ceremonial, religious	Pre-Contact; AD 1200s or 1300-1400s	b, c, d, e
-03818	Feature A is Ke'ekū Heiau + Feature B is the Hale O Papa	Ceremonial, religious	Pre-Contact; AD 1200-1300s	b, c, d, e
-03819	Mākole'a Heiau	Ceremonial, religious	Pre-Contact	b, d, e
-10997	Kapuanoni Heiau	Ceremonial, religious	Pre-Contact	b, d, e
-12915	Sand Dune	Burial	Pre-Contact	d, e
-12950	Midden Area	Habitation	Historic; nineteenth century	d

SIHP# (50-10-37)	Site	Function	Probable Age	Significance Criteria
-12951	Well Complex	Habitation	Historic; nineteenth century	d
-12953	Ali'i Residence-Po'ō Hawai'i Pond	Habitation	Unknown (over 50 years)	b, d
-12955	House Site/Wall-LCA 5693	Habitation	Historic; early 1800s to mid-1900s	d
-12957	Low Walled Enclosure	Habitation	Historic; early 1800s to mid-1900s	d
-30254	Disarticulated Fragments	Burial	Likely Pre-Contact	d, e
-30376	Cultural Layer	Habitation	Pre-Contact to Historic	b, d, e
-12957	Low Walled Enclosure-LCA 5693	Habitation	Historic; probably dates from mid- to late nineteenth century	a, d

The following section provides background for some of the more significant sites at Kahalu'u Ma Kai.

Hapaiali'i Heiau

Hāpaiali'i translates to "elevating chief" and is estimated to be built sometime between A.D. 1200 to 1400. According to local sources, the heiau was constructed by Ma'a, a kahuna from Maui and it is believed to be older than Ke'ekū Heiau.

Ke'ekū Heiau

The name Ke'ekū translates to "abrupt turn" and was used as a luakini heiau and also a "pu'uhonua" or place or refuge. Lonoikamakahiki built Ke'ekū Heiau when he defeated the invader Kamalālāwalu of Maui, who then offered up Kamalālāwalu as a sacrifice. Tradition also notes that Kuakini's bones are buried in this heiau. There are also petroglyphs outside the heiau on the southwest side, of which one is said to represent Kamalālāwalu. This field of petroglyphs and Hale o Papa heiau (a structure linked to rites for female gods) to the south of the heiau, lends weight to the significance of Ke'ekū.

Mākole'ā Heiau

According to oral tradition, Mākole'ā Heiau is associated with a Kona chiefess by the name Mākole'ā in the 15th century, and it is connected as well to Lonoikamakahiki in the 16th century. The name translates to "glowing red eye" and suggests the association with Pele. It is also the name of an 'ili, as well as the name of the bay on the south end of Ke'ekū.

Kapuanoni Heiau

Kapuanoni was reportedly built by Kalani'ōpu'u according to Malanui, the grandson of the final high priest for Kapuanoni and it was also named as "Alapai's residence. Kapuanoni Heiau was associated with Ho'oului'a, which translates to "the abundance of the sea, causing increase of the sea". It was also connected to nearby heiau Kauako'eko'e and Kamau'ai, which like Kapuanoni, are heiau where prayers were offered to ensure rains and for crops to be successful. There is some suggestion that it may have also been used as a luakini as well as place of refuge.

Pāokamenehune

The mo'olelo of Pāokamenehune, also known as the Menehune wall, occurs at Kahalu'u. It is said that this wall, which was constructed in the surf to create a fishpond, was built by the menehune in the course of one night (Clark 2002:282). However, during the construction a rooster crowed before dawn, causing the menehune to abandon the site. According to notes by Henry Kekahuna on a 1954 sketch of Kahalu'u, the crowing rooster was actually the high priest Hinamoa of the surfing temple Ku'e Manu, who was troubled at the prospect of the wall completely enclosing Kahalu'u Bay. In these notes, Kekahuna attributes the construction of the wall to Kaleikini, the northern most end of the fishpond wall.

Kamehameha Schools has researched the historic designation of Pāokamenehune Fishpond and our research indicates that Kamehameha Schools has an ownership right to the fishpond land. In addition, the objectives and policies of the coastal zone management regulations of HRS Chapter 205A also trigger the requirement for all agencies to protect and preserve the significant cultural and historic heiau fronting the Property. Kamehameha Schools continues to discuss this issue with the Department of Land and Natural Resources Land Division for the purpose of securing the management of the coastal area fronting Ke'ekū. Hapaiali'i, and Kapuanoni Heiau.

Po'o Hawai'i

Po'o Hawai'i served as a major site for ali'i residence in Kahalu'u during the early post-Contact period until the time of Kalakaua. Po'o Hawai'i is a walled pond and an associated area that served as an ali'i residence to Kamehameha I, Ke'eaumoku, and Kalakaua. Kalakaua is said to have torn down Kuakini's stone house at Po'o Hawai'i to build a wood frame structure to serve as a summer house.

2.4 NO HISTORIC TRAILS

Via the letter dated September 28, 2015 (Exhibit 2) from the State Abstractor there are no historic trails (maukamakai) present within the property and the lateral (north-south) historic trail known as the "King's Highway" is located within the current alignment of Ali'i Drive.

2.5 CONDITION 3 OF SMA 15-60

Condition 3 of SMA 15-60 states as follows:

"All structural demolition of the former Keauhou Beach Hotel is allowed to proceed upon approval of this permit and in full compliance with Best Management Practices as approved in the August 25, 2015 approval letter from the Planning Director and the Site Plan Approval from the State Department of Land

and Natural Resources, respectively. No land altering or demolition will be allowed to commence until the applicant obtains all applicable federal, state and county permit approvals for each phase of the demolition.”

Kamehameha Schools has obtained Site Plan Approval from the State Department of Land and Natural Resources, dated July 21, 2015 (Exhibit 1).

2.6 CONDITION 4 OF SMA 15-60

Condition 4 of SMA 15-60 states as follows:

“Prior to the commencement of demolition activities of hotel superstructures (first phase), the applicant shall submit an interim public access plan for review and approval by the Planning Director. The interim public access plan shall include the delineation of public access pathways on the subject project site and its related signage, operational hours, night-time fishing procedures, and related improvements and operational details, including areas that are restricted to public access during the first phase of the project.”

The Planning Department accepted Kamehameha Schools’ Interim Public Access Plan on March 8, 2016 (Exhibit 3).

2.6 CONDITION 5 OF SMA 15-60

Condition 5 of SMA 15-60 states as follows:

“Within twelve (12) months from the date of the approval of this Special Management Area Use Permit and prior to the submittal of plans for plan approval review, the applicant shall submit a comprehensive public access plan for review and approval by the Planning Director in consultation with the Department of Land and Natural Resources. In addition to the specific public access components represented by the applicant within the Final environmental Assessment and its SMA Use Permit application, the public access plan shall also include the delineation of public access pathways and parking stalls, signage, operational hours, night-time fishing procedures, and related improvements and operational details. The applicant shall provide no less than ten (10) on-site public access parking stalls.”

The approval of this Plan will satisfy this condition and provide information on public access improvements and operations that will be in effect when the site reopens as a cultural education complex.

3 PUBLIC ACCESS ALIGNMENT AND RELATED IMPROVEMENTS

3.1 INTERIM PUBLIC ACCESS

The Interim Public Access Plan (IPAP) was accepted by the Planning Department on March 8, 2016 and is in effect and will remain in force until superseded upon the acceptance of the Comprehensive Public Access Plan by the Planning Department.

During the demolition of the hotel structure and the redevelopment of the site, public access to Mākole'a Cove (including access for fishing and limited access for cultural practitioners to the Heiau) will be relocated to the south-side of the project area (see Figure 3).

A public parking area with ten (10) parking stalls will be provided at the relocated public access entrance off of Ali'i Drive. Appropriate signage will also be provided for the entry drive, the public parking area and the public access path to Mākole'a Cove (for more detail, please refer to the Interim Public Access Plan accepted on March 8, 2016).

During the restoration, demolition, and redevelopment of the south side of the project site, intermittent and temporary closure of public access to Mākole'a Cove (including access for fishing and to the heiau) may be required to insure public safety as construction machinery and heavy vehicles will be operating in the immediate vicinity.



Figure 3. Interim Public Access Plan

During the construction of the final public access corridor on the south side of the project area, construction activity in and around the interim public access corridor will make site conditions too hazardous for the public to be present. Notification of the temporary closures and information related to the timeline and activities for the construction of the final public access corridor will be provided to the Planning Department two weeks prior to any closure. In addition, signs will be posted at the public access entrance and other pertinent areas to inform the public of the temporary constraints. When completed, the final public access corridor will be opened to serve the public.

3.2 PUBLIC ACCESS PROGRAM

Public access within the project site is proposed to consist of two levels of access: 1) a managed access program; and 2) public shoreline access. The managed access program is necessitated by the presence of visiting students and teachers to Kahalu'u Ma Kai and the need to provide a safe and secure learning environment.

Managed Access

The purpose of the managed access program is to continue accommodating visitors (the public) interested in learning about the natural, cultural and historical resources present on the property, while ensuring the safety of students and teachers visiting Kahalu'u Ma Kai. The public will be allowed to walk through designated areas of the property while visiting students and teachers conduct 'aina-based educational activities outside and in the classroom.

Public Shoreline Access

The purpose for the public shoreline program is to continue providing the public, access to the sandy beach area at the southern half of the property (Mākolēʻā Cove) for recreational activities (e.g. sun bathing, shoreline fishing). Lateral access across the northern section of the project site is being restricted because the majority of classroom facilities and education programs will be located in the previous footprint of the KBR, and require a “safe school zone” that typically extends from 500 to 1,000 feet from education facilities.

3.3 FUTURE MANAGED PUBLIC ACCESS

Kamehameha Schools has been managing public access to the project site prior to and since the closing of the KBR in October 2012 and continues to actively manage public access. The majority of visitors to the property generally consist of persons wanting to access the beach at Mākolēʻā Cove and / or visit the heiau on site. Managed Public Access will be provided through the mid-section of the project site. Once the redevelopment has been completed and the site reopens as a cultural education complex, the public will have the opportunity to view and appreciate the natural, cultural, and historical resources present at Kahaluʻu Ma Kai. Central to accomplishing this objective will be to; 1) protect the intrinsic qualities and integrity of these resources for future generations, and 2) enhance the public’s learning experience while visiting Kahaluʻu Ma Kai.

After reopening, the public will enter the site through the main gate and receive information showing the designated Managed Public Access parking, pathways, and viewing platforms as well as prohibited activities and areas. A pathway built on Kamehameha Schools property connecting to Kahaluʻu Beach Park along Aliʻi Drive will provide the public access to the front gate and heritage center from the beach park. Once opened the Heritage Center will provide visitors with opportunities to view additional information and content such as historical accounts of the area, traditional and modern day protocols associated with various sites, and how cultural education serves as the foundation for programs at Kahaluʻu Ma Kai. In addition, informational signs and displays at key locations along the pathways and the viewing platforms will provide additional content for visitors viewing the heiau on the property.

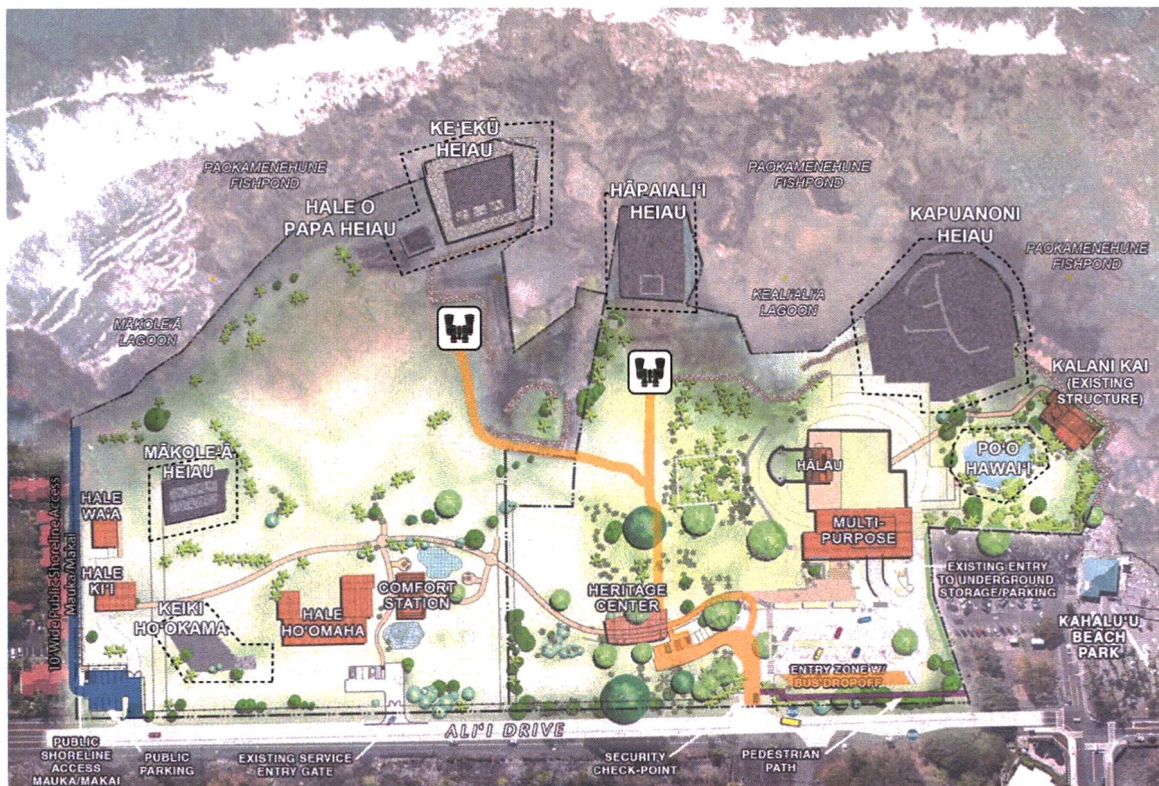
Kamehameha Schools expects that school age children ages preschool through 12th grade from Kamehameha Schools’ campuses, state DOE schools, public charter schools, as well as private, non-profit, and community based organizations will be the primary user of the site. As such, Kamehameha Schools will need to maintain a safe school environment for visiting students and is in the process of developing operational policies and education protocols consistent with Kamehameha Schools, and state Department of Education policies. Managing public access is an essential component of creating a safe school zone that will afford visitors the opportunity to continue visiting natural, cultural and historical resources, while ensuring the safety and security of learners providing for an adequate separation between education facilities and the public domain. The restoration of the multiple historical sites at Kahaluʻu Ma Kai does come with the Kuleana and responsibility to steward and maintain those resources for the public trust, cultural practitioners, and educational opportunities for all learners.

3.4 FUTURE PUBLIC SHORELINE ACCESS

Once the educational complex is complete the current practice regarding the public exercising their right to access the shoreline is to continue, and Kamehameha Schools will not interfere or hinder them without reason. However, Kamehameha Schools is mandated by the State Historic Preservation Division to manage approved

setback buffers to historical sites and has and will continue to actively maintain these buffers by advising visitors who encroach into these sensitive areas by asking them to maintain the appropriate distance from the historic site(s). This is made more complex due to the proliferation and location of Hāpaiali'i, Ke'ekū, and Kapuanoni Heiau, all of which are located in the shoreline area.

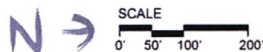
Public Shoreline Access for persons interested in accessing Mākole'a Cove will consist of an entrance off of Ali'i Drive located at the southern end of the property (see Figure 4). The final public access improvements will include signage, a ten (10) stall public parking lot, and a 10-foot wide mauka-makai public access corridor with a paved pedestrian path (see Figure 5).



Source: KYA Design Group

KAHALU'U MA KAI

Figure 4. Public Access Plan



The 10-stall public parking lot for public shoreline access will be provided by Kamehameha Schools at no charge to visitors. Parking spaces will be available on a first come first served basis. If all 10 parking stalls are occupied, incoming visitors will be directed by signage to seek off-site parking accommodations. The section of Ali'i Drive fronting the project site has enhanced shoulders and is able to accommodate on-street parking.

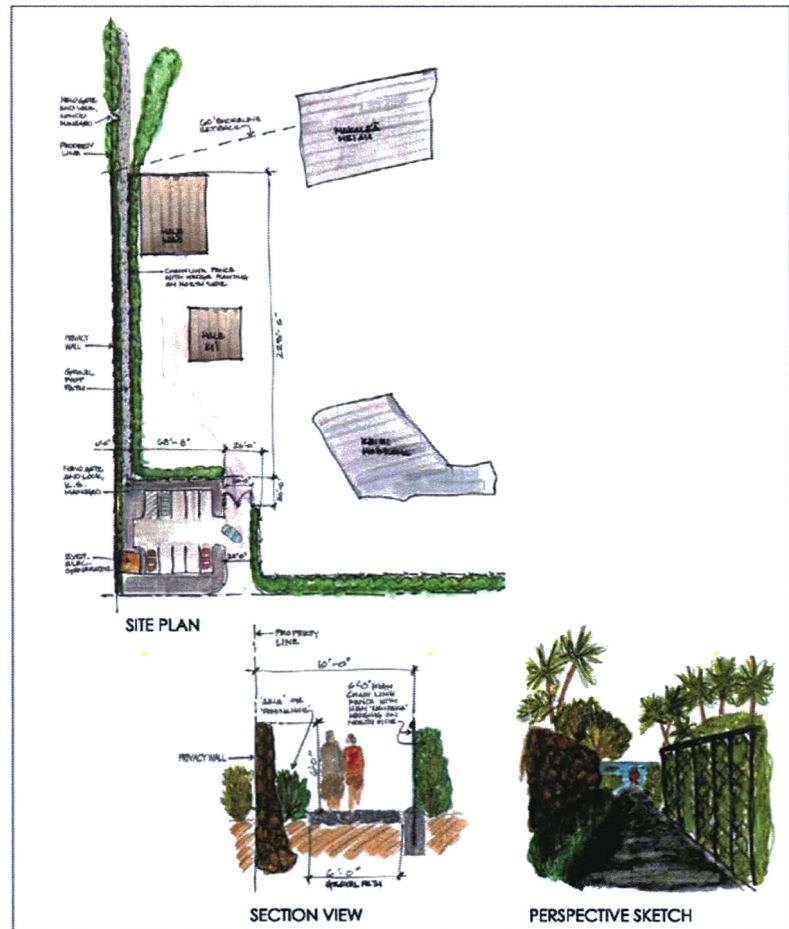
A solid rock or masonry wall will be constructed along the common property boundary with the Keauhou Surf and Racquet Club. A chain link fence with landscaping is planned on the Kamehameha Schools side of the access corridor, as shown in Figure 5. The pedestrian path will be open every day during daylight hours (from sunrise or 6:00 a.m., whichever is earlier, to one-half hour past sunset, or 6:00 p.m., whichever is later), seven (7) days a week.

Lateral public access will be available along the sandy beach at Mākole'a Cove. The lateral public access includes the makai area between the southern end of the property, north up to a point that is about 26 feet (8 meters) south of Hale O Papa Heiau due to a preservation buffer established for this heiau.

The inland extent of the lateral public access along Mākolea Cove will extend up to the general edge of vegetation along the existing beach berm (consistent with DLNR-Land Division determinations establishing the shoreline in this area). A buffer strip of naupaka or other suitable native shore area plant, will be planted and maintained along the edge of the berm in order to clearly define the mauka limits of the lateral public access.

Signage will notify the public of this access and the hours of operation. Kamehameha Schools will install the following shoreline public access signage as approximately depicted to the right and below:

- Two (2) signs at 1) the public access parking area, and 2) the makai extent (Mākole'a Cove side) of the pedestrian corridor



Source: KYA Design Group

KAHALU'U MA KAI
Figure 5. Public Access Plan
Not to scale



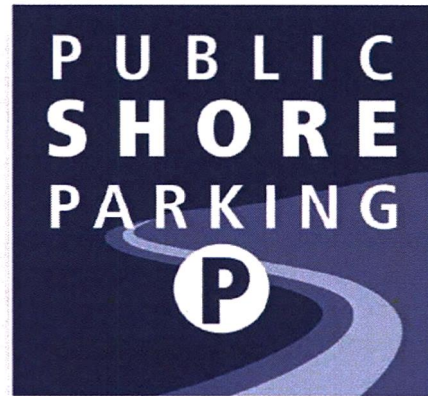


Kamehameha Schools will install “shoreline public access” signage in the following locations:

- One (1) sign at the public access entry gate
- One (1) sign at the makai extent (Mākolē‘a Cove side)

of the pedestrian corridor

Signage identifying designated public



access parking stalls will also be installed at the public access entry gate to inform visitors. The public access parking area will also be clearly marked with signage.

Kamehameha Schools with the proposed managed access pathways and viewing platforms provided down the mid-section of the project site along with the public parking, mauka-makai pedestrian access along the southern boundary and public access-way along Mākolē‘a cove will significantly improve and enhance the public’s ability to access these historical and recreational resources. Kamehameha Schools is also committed to the maintenance of all public access components.

4 RESTRICTIONS ON USE

4.1 PLANNING DEPARTMENT RULE 21 – “PUBLIC ACCESS – USAGE”

The public access provisions in this Plan are subject to the applicable provisions of Planning Department Rule 21. The public access pathways will be open during daylight hours, from sunrise or 6:00 a.m., whichever is earlier, to one-half hour past sunset, or 6:00p.m., whichever is later, seven (7) days a week.

4.2 ACCESS FOR NIGHT FISHING

Access for night fishing past 6:00 p.m. shall be allowed for those individuals who are actively engaged in night fishing activities through a permit system managed by the Kamehameha Schools pursuant to Planning Department Rule 21, and does not include the right to overnight camping. Kamehameha Schools will provide onsite security to manage fishing access and reserves the right to control or prevent entry to the public access areas in the event of a County or State declared emergency. Night time fishing access can be requested by calling 322-5300.

4.3 RESTRICTED USES

The public's use of the public access pathways does not include skateboards and/or roller skates, motorized dirt bikes, all-terrain vehicles or similar-type motorized vehicles, or equestrian uses by horse, mule or other animal, unleashed dogs, and the lighting of fires. In the event of any conflict between the provisions of this Public Access Plan and the provisions of Planning Department Rule 21, "Public Access: Usage", the provisions of Rule 21 shall control.

5 DEDICATION

Easements for the Public Shoreline Access system, including the ten (10) stall public parking lot and the 10-foot wide public access corridor, will be dedicated to the County of Hawai'i. Land survey work for these easements will be completed after the physical features noted above have been constructed.

6 MAINTENANCE RESPONSIBILITIES

The Planning Department has requested, and Kamehameha Schools has agreed to maintain, control and repair of all sections of the public access pathways, public parking stalls, signage, and related infrastructure as defined in this Plan for the permanent public access system. The land for the permanent public access facilities shall be collectively referred to as the "Kamehameha Schools Maintenance Areas" – see Figure 6. Kamehameha Schools shall have no responsibility to maintain, control, implement or provide public access upon and through the Project, except for the Kamehameha Schools Maintenance Areas. The County shall be responsible for the maintenance and control of public areas in the vicinity of Kahalu'u Ma Kai and ensure that these public areas are in a good and safe condition, ordinary wear and tear excepted.

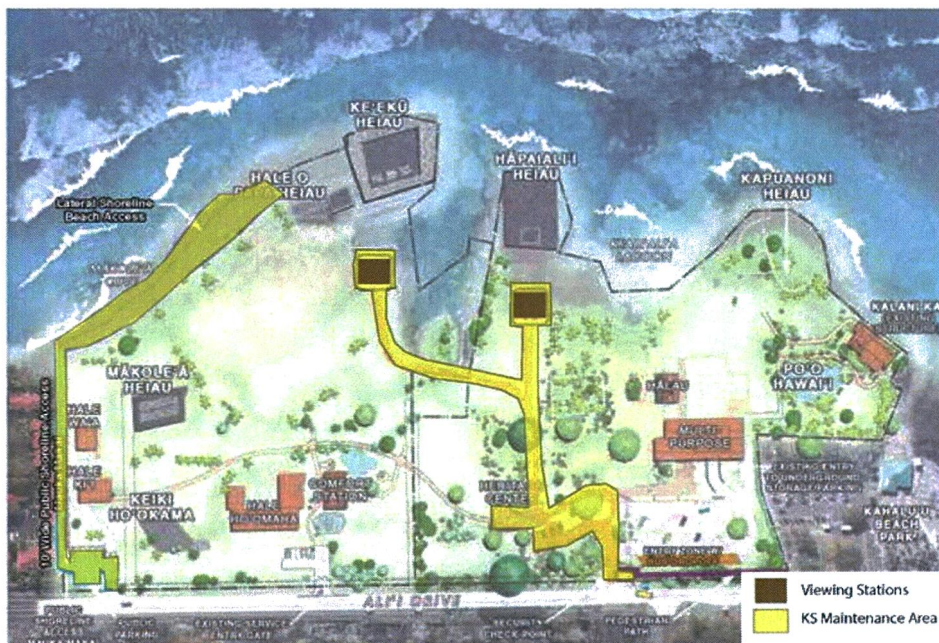


Figure 6. KS Maintenance Areas



NOT TO SCALE



Continuum Science

7 COUNTY PUBLIC ACCESS WEBSITE

The County public access website identifies and describes public access ways to and along the shoreline for Hawai'i island that are considered to be publicly accessible. The project site is identified as having a public access under the description heading of "Outrigger Keauhou Beach Resort." This access is described as "a rocky shoreline with tidal pools and low cliffs. Fishing, hiking along shoreline to the south. No on-site parking. Park at Kahalu'u Beach Park, then walk through the resort grounds to the shoreline. No facilities. Hazardous footing, currents and waves."

Once Kahalu'u Ma Kai reopens as a cultural education complex, the County public access website will need to be revised to identify and describe: (1) Managed Access for visitors who are interested in learning about the natural, cultural and historical resources located at the site. The main components of the Managed Access program will consist of a pedestrian pathway connection to Kahalu'u Beach Park, entrance through the main gate, public parking, appropriate signage, managed access paths, designated viewing stations and a pedestrian path connection from the adjacent Kahalu'u Beach Park, and (2) Public Shoreline Access for people who are primarily interested in accessing the beach at Mākole'a Cove, which will consist of an entrance off of Ali'i Drive located at the southern end of the property, appropriate signage, a ten (10) stall public parking lot and a 10-foot wide mauka-makai public access corridor.

EXHIBIT 1

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GOVERNOR OF HAWAII



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OFFICE OF LAND USE
OFFICE OF COASTAL RESOURCES
OFFICE OF WATERSHED MANAGEMENT
OFFICE OF WILDLIFE MANAGEMENT
OFFICE OF PLANT AND ANIMAL LIFE
OFFICE OF HISTORIC PRESERVATION
OFFICE OF LAND AND NATURAL RESOURCES
STATE OF HAWAII

REF:OCCL:TM

Site Plan Approval: HA 15-45

JUL 21 2015

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733 Bishop St., Suite 2590
Honolulu, HI 96813

SUBJECT: Site Plan Approval (SPA) for the Demolition of a Portion of the Former Keauhou Beach Resort Located at 78-6740 Ali'i Drive, Kahalu'u, North Kona, Hawai'i. Upon Submerged Land Noted as TMK: (3) 7-8-013: 042 & 043

Dear Mr. Sato:

The Office of Conservation and Coastal Lands (OCCL) has reviewed your submitted information regarding the subject matter. According to your information, your client, the Kamehameha Schools, is redeveloping its property to establish an educational complex in the adjacent vicinity that honors this historically and culturally significant property. This would require the demolition of the former Keauhou Beach Resort of which columns and footings under a non-exclusive term building easement granted in 1969 from the State are situated seaward of the shoreline. After demolition of the hotel and removal of the footings and columns, the easement will be terminated and the submerged lands will be restored as close as possible to its original condition.

The demolition will consist of removing approximately 2,550-ft² of the building that extends makai of the shoreline. There are 8 footings installed in the tide pool with another 11 columns on the rocky shoreline under the building along with a concrete slab and walkway. Portions of the building makai of the shoreline could be removed with chipping guns and wire saws in a manner so that debris, dust and particulate matter are contained. Existing columns in the tide pool would first be cut off below the first floor slab; then the columns and footings would then be pulled and lifted out of the waters using a long reach excavator boom.

A number of best management practices would be developed and observed. Final BMP measures would be determined during the final design of hotel demolition and as part of other required permits. All in-water work will be conducted during low tide and during fair weather conditions. The contractor will be required to ensure all debris are collected and contained and that no debris, garbage, oils or fuel will enter the water. Visual monitoring will be conducted and spill kits will be available during construction for debris and fuel/oil removal. BMPs that apply to all in-water and

over-water construction activities have been formulated. The demolition is proposed to be initiated in the Spring of 2016 and completed in 2017.

ANALYSIS:

The subject area appears to be located in the State Land Use Conservation District, Resource subzone. The proposed demolition/removal of the former resort is an identified land use pursuant to the Hawaii Administrative Rules (HAR) §13-5-22, P-8, B-1, STRUCTURES AND LAND USES, EXISTING, which specifically allows demolition, removal, or minor alteration of existing structures, facilities, land, and equipment. Any historic property shall be evaluated by the department for historical significance.

In conformance with Chapter 343, Hawaii Revised Statutes (HRS), as amended, and Chapter 11-200, HAR, a finding of no significant impact to the environment (FONSI) for the Kahalu'u Ma Kai Project that includes the demolition of the former Keauhou Beach Resort was published in the Office of Environmental Quality Control's June 23, 2015 *Environmental Notice*.

After careful review, authorization is hereby granted to demolish and remove the portion of the former Keauhou Beach Resort located at Kahalu'u, North Kona, Hawai'i, upon submerged land noted as TMK: (3) 7-8-013: 042 & 043 as described and illustrated in the Site Plan Approval application subject to the following terms and conditions:

- 1) The permittee shall comply with all applicable statutes, ordinances, rules, regulations, and conditions of the Federal, State and County governments;
- 2) The permittee, its successors and assigns, shall indemnify and hold the State of Hawaii harmless from and against any loss, liability, claim or demand for property damage, personal injury or death arising out of any act or omission of the applicant, its successors, assigns, officers, employees, contractors and agents under this permit or relating to or connected with the granting of this permit;
- 3) The permittee shall comply with all applicable Department of Health administrative rules;
- 4) The permittee shall obtain a land disposition from the Land Division prior to initiating the proposed work;
- 5) The proposed work shall not be initiated prior to obtaining the Historic Preservation Division's review and determination for mitigation, if any, for the demolition;
- 6) Unless otherwise authorized, any work done or construction to be done on the land shall be initiated within two years in accordance with this Site Plan Approval and unless otherwise authorized, shall be completed within three years of the approval. The permittee shall notify the Department in writing when construction activity is initiated and when it is completed;
- 7) The permittee understands and agrees that this permit does not convey any vested rights or exclusive privilege;

- 8) In issuing this permit, the Department has relied on the information and data that the permittee has provided in connection with this permit application. If, subsequent to the issuance of this permit, such information and data prove to be false, incomplete or inaccurate, this permit may be modified, suspended or revoked, in whole or in part, and/or the Department may, in addition, institute appropriate legal proceedings;
- 9) Where any interference, nuisance, or harm may be caused, or hazard established by the use, the permittee shall be required to take the measures to minimize or eliminate the interference, nuisance, harm, or hazard;
- 10) The activity shall not adversely affect a federally listed threatened or endangered species or a species proposed for such designation, or destroy or adversely modify its designated critical habitat;
- 11) The activity shall not substantially disrupt the movement of those species of aquatic life indigenous to the area, including those species, which normally migrate through the area;
- 12) When the Chairperson is notified by the permittee or the public that an individual activity deviates from the scope of an application approved by this letter, or activities are adversely affecting fish or wildlife resources or their harvest, the Chairperson will direct the permittee to undertake corrective measures to address the condition affecting these resources. The permittee must suspend or modify the activity to the extent necessary to mitigate or eliminate the adverse effect;
- 13) When the Chairperson is notified by the U.S. Fish and Wildlife Service, the National Marine Fisheries Service or the State DLNR that an individual activity or activities authorized by this letter is adversely affecting fish or wildlife resources or their harvest, the Chairperson will direct the permittee to undertake corrective measures to address the condition affecting these resources. The permittee must suspend or modify the activity to the extent necessary to mitigate or eliminate the adverse effect;
- 14) No contamination of the marine or coastal environment (trash or debris) shall result from project-related activities authorized under this letter;
- 15) All construction activities shall be confined to areas defined by final approved plans and specifications;
- 16) All representations relative to mitigation set forth in the accepted environmental assessment and the site plan approval application such as the attached best management practices [Exhibit A] for the proposed use are incorporated as conditions of the permit;
- 17) No motorized construction equipment is to be operated in the water at any time;
- 18) In the event that historic sites, including human burials are uncovered during construction activities, all work in the vicinity must stop immediately and contact the State Historic Preservation Division at (808) 692-8015;

Ronald A. Sato, AICP
HHF Planners

SPA: HA 15-45

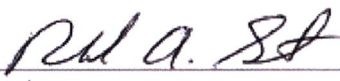
- 19) At the conclusion of work, the applicant shall clean and restore the site to a condition acceptable to the Chairperson;
- 20) Should historic remains such as artifacts, burials or concentration of charcoal be encountered during demolition activities, work shall cease immediately in the vicinity of the find, and the find shall be protected from further damage. The contractor shall immediately contact SHPD (692-8015), which will assess the significance of the find and recommend an appropriate mitigation measure, if necessary;
- 21) Other terms and conditions as may be prescribed by the Chairperson; and
- 22) Failure to comply with any of these conditions shall render this approval null and void.

Please acknowledge receipt of this approval, with the above noted conditions in the space provided below. Please sign two copies. Retain one and return the other to our Office. Should you have any questions regarding this site plan approval, contact Tiger Mills of our Office at 587-0382.

Sincerely,


Samuel J. Lemmo, Administrator
Office of Conservation and Coastal Lands

Receipt acknowledged:

 Date 7/27/15
Signature

C: HDLO
County of Hawai'i
-Planning

Best Management Practices

Best management practices (BMPs) for demolition work would be developed for both land-based areas and areas within the tide pool. Details associated with appropriate BMPs for use are still being evaluated as part of the demolition design. However, preliminary BMPs measures being considered at this time for work within or over the water are identified. Final BMP measures would be determined during the final design of hotel demolition and as part of other ministerial permits obtained (e.g. NPDES, demolition permit).

All in-water work will be conducted during low tide and during fair weather conditions. Throughout all in-water and over-water work, the contractor will be required to ensure that all construction-related debris are collected and contained, and that no debris, garbage, or fuel will enter the water. Visual monitoring for floating debris (trash, oil sheen, etc.) will be conducted. Spill kits will also be available during construction for debris retrieval and fuel/oil removal. BMPs that apply to all in-water and over-water construction activities are described below.

- The installation and maintenance of a Type III silt curtain within the fall zone (20-feet) of the work area.
- The installation and maintenance of a Type III silt curtain outside the fall zone (50-feet) from the first barrier.
- Using the existing second floor concrete deck as a debris catchment system for upper floor demolition.
- Using a plywood debris catchment system (with filter cloth) for demolition of the first and second floor concrete decks.
- Dust cloth/debris netting draped around the perimeter of the building for work done over the water.
- Controlled watering will be used for dust control purposes. A high pressure fire hose equipped with a low volume fogger nozzle and an atomized mist machine will be used to create an ultra-fine mist that will bond to dust particles. The dust particles become heavier and are pulled to the floor or ground.
- A temporary gutter will be installed around the perimeter of the second floor concrete deck to divert potential deck runoff from entering the ocean.
- Daily construction equipment inspection (e.g., leaks, drips, or maintenance needs).
- Spill containment kits and visqueen plastic will be kept in multiple locations on-site for easy deployment in the event of a spill.
- Tie downs and other methods will be used to secure materials to aid in preventing discharges into the ocean

EXHIBIT 2



NA ALA HELE
Hawai'i Trail & Access System

2015 OCT 1 PM 3 35

PLANNING DEPARTMENT
COUNTY OF HAWAII

September 28, 2015

Ref: H15:14

TO: Clement Chang, Trails Specialist

FROM: D. Moana Rowland, Abstractor *DMR*

SUBJECT: Special Management Area Use Permit (SMA 15-000060) Request to Allow the Establishment of an Educational Complex (known as Kahalu'u Ma Kai), Kamehameha Schools, Applicant, at Kahalu'u, North Kona, Hawaii, TMK: 7-8-13-2, 13, 42 and 43

Upon review of the subject Special Management Area Permit application, research was conducted to determine if the State of Hawaii through its Board of Land and Natural Resources can claim any trails within the subject parcels.

A review of available maps and land title documents fail to disclose the location of a trail within the subject parcels. There is evidence however of the location of a trail variously known as "King's Highway", "Old Government Beach Road", "Keauhou to Napoopoo Trail" and existing today in the current alignment of Ali'i Drive.

Along the seaward boundary of parcel 2 there is a Pedestrian Pathway Bridge that provides public access and is shown in CSF 17,152 (see attached). This bridge is not considered a trail and is not under the jurisdiction of the Na Ala Hele Trail and Access Program in the Division of Forestry and Wildlife.

Should you have any questions please contact me at 587-0057.

c: Lucas Mead, COH Planning

101211

Division of Forestry & Wildlife • Dept. of Land & Natural Resources • 1151 Punchbowl Street, Room 224 • Honolulu, Hawaii 96813

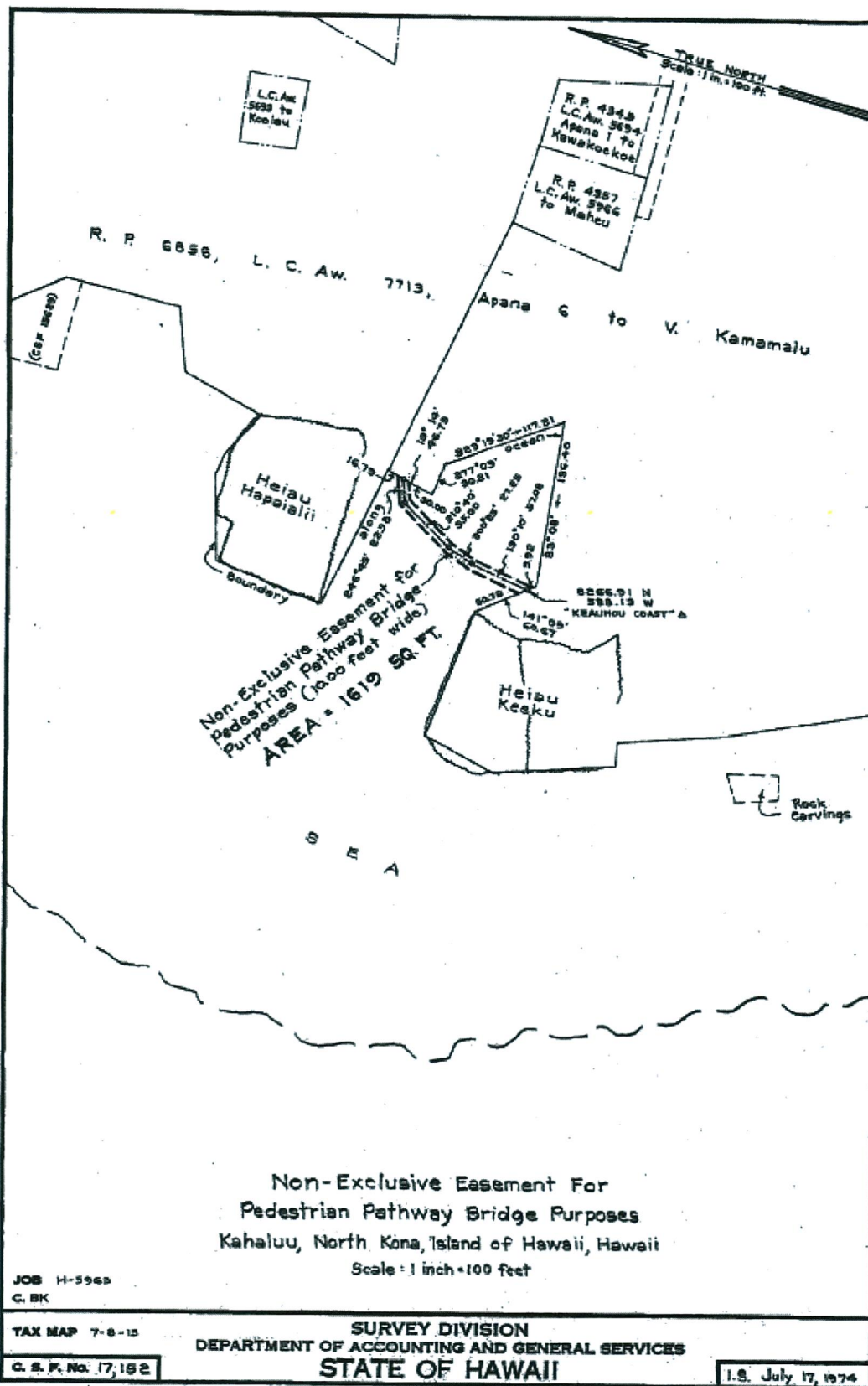


EXHIBIT 3

William P. Kenoi
Mayor

West Hawai'i Office
74-5044 Ane Keohokalole Hwy
Kailua-Kona, Hawai'i 96740
Phone (808) 323-4770
Fax (808) 327-3563



County of Hawai'i
PLANNING DEPARTMENT

Duane Kanuha
Director

Joaquin Gamiao-Kunkel
Deputy Director

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

March 8, 2016

Mr. Allen A. Salavea, Planning and Entitlements Manager
Kamehameha Schools
78-6831 Ali'i Drive, Suite 429
Kailua-Kona, Hawai'i 96740

Dear Mr. Salavea:

Special Management Area Use Permit No. 15-000060 (SMA 15-000060)
Applicant: Kamehameha Schools-Land Assets Division-West Hawai'i
Request: Allow the Establishment of an Educational Complex
Subject: Acceptance of the Interim Public Access Plan for Kahalu'u Ma Kai
Tax Map Keys: 7-8-13:002, 013, 042 & 043

This is to acknowledge receipt of the interim public access plan dated March 2, 2016 submitted per Condition No. 4 of SMA Use Permit No. 15-000060. After review of the submittal, this interim public access plan meets our requirements and is accepted. This interim plan will remain in effect during the first phase of the project. As a reminder, the Official Public Access Plan needs to be submitted prior to October 22, 2016, as required by Condition No. 5 of SMA Use Permit No. 15-000060.

Thank you for your compliance in this matter. If you have any questions, please feel free to contact Jeff Darrow at 961-8158.

Sincerely,

A handwritten signature in black ink, appearing to read "Duane Kanuha".

DUANE KANUHA
Planning Director

JWD:mad

L:\public\wpwin60\Jeff\Letters\Compliance\L.Salavea-SMA15-60-InterimPAPlanAcceptance.doc

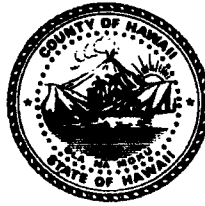
cc: Kona Planning Department (via Laserfiche)
Rosalind Newlon, Planner

www.co.hi.planningdept.com

Hawai'i County is an Equal Opportunity Provider and Employer

planning@hawaiicounty.gov

MAR 08 2016



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

NOV - 2 2015

Mr. Ronald A. Sato
HHF Planners
733 Bishop Street, Suite 2390
Honolulu, HI 96813

Dear Mr. Sato:

SUBJECT: Special Management Area Use Permit Application (SMA 15-000060)
Applicant: Kamehameha Schools-Land Assets Division-West Hawai'i
Request: Allow the Establishment of an Educational Complex
Tax Map Key: 7-8-013:002, 013, 042 & 043

The Leeward Planning Commission, at its duly held public hearing on October 22, 2015, voted to approve the above-referenced request to allow for the demolition of the former Keauhou Beach Resort complex and the remnants of the former Kona Lagoon Hotel facility to allow for the construction and establishment of an educational complex (Kahalu'u Ma Kai) and related programs, activities and improvements on approximately 22.73 acres of land situated within the Special Management Area (SMA). The project site is situated on the west (makai) side of Ali'i Drive, immediately adjacent to and south of Kahalu'u Beach Park at Kahalu'u, North Kona, Hawai'i.

Approval of this permit is subject to the following conditions:

1. The applicant, its successors, or assigns shall be responsible for complying with all stated conditions of approval of this permit.
2. The construction of the Kahalu'u Ma Kai Project and operation of this cultural and educational center shall be conducted in a manner that is substantially representative of plans and details as contained in the Special Management Area Use Permit application dated June 2015 (Planning Department Exhibit 1) and implementing measures to mitigate adverse impacts as detailed in the Final Environmental Assessment and Finding of No Significant Impact issued on May 29, 2015.

3. All structural demolition of the former Keauhou Beach Hotel is allowed to proceed upon approval of this permit and in full compliance with Best Management Practices as approved in the August 25, 2015 approval letter from the Planning Director and the Site Plan Approval from the State Department of Land and Natural Resources, respectively. No land altering or demolition will be allowed to commence until the applicant obtains all applicable federal, state and county permit approvals for each phase of the demolition.
4. Prior to the commencement of demolition activities of hotel superstructures (first phase), the applicant shall submit an interim public access plan for review and approval by the Planning Director. The interim public access plan shall include the delineation of public access pathways on the subject project site and its related signage, operational hours, night-time fishing procedures, and related improvements and operational details, including areas that are restricted to public access during the first phase of the project.
5. Within twelve (12) months from the date of the approval of this Special Management Area Use Permit and prior to the submittal of plans for plan approval review, the applicant shall submit a comprehensive public access plan for review and approval by the Planning Director in consultation with the Department of Land and Natural Resources. In addition to the specific public access components represented by the applicant within the Final Environmental Assessment and its SMA Use Permit application, the public access plan shall also include the delineation of public access pathways and parking stalls, signage, operational hours, night-time fishing procedures, and related improvements and operational details. The applicant shall provide no less than 10 on-site public access parking stalls.
6. All new structures and activities, except for structures and activities determined by the Planning Director to be minor, shall be setback from the preliminary 2014 shoreline determined by the State Surveyor, a minimum of sixty (60) feet in areas where there are no defining seawalls or other hardened structures, and a minimum of forty (40) feet in areas where there was no significant dispute between the preliminary shoreline surveys by State Surveyor and the applicant.

7. Construction of the proposed development shall commence within five (5) years from the completion of demolition of the former Keauhou Beach Hotel structures, and be substantially completed within a period of five (5) years thereafter. Prior to construction, the applicant, successors or assigns shall secure Final Plan Approval for the proposed development from the Planning Director in accordance with Chapter 25-2-70, Chapter 25 (Zoning Code), Hawai'i County Code. Plans shall identify, if applicable, all existing and proposed structures, fire protection measures, paved driveway access and paved parking stalls, and other improvements associated with the proposed use.
8. All development-generated runoff shall be disposed of on-site and shall not be directed toward any adjacent properties.
9. A drainage study shall be prepared by a licensed civil engineer and submitted to the Department of Public Works prior to issuance of Final Plan Approval. Any recommended drainage improvements, if required, shall be constructed meeting with the approval of the Department of Public Works prior to receipt of a Certificate of Occupancy.
10. During construction, measures shall be taken to minimize the potential of both fugitive dust and runoff sedimentation, and excess noise. Such measures shall be in compliance with construction industry standards and practices utilized during construction projects of the State of Hawai'i and the State Department of Health, Hawai'i Administrative Rules, Chapter 11-60.1 (Air Pollution Control) and Chapter 11-46 (Community Noise Control).
11. All permanent lighting should be shielded in conformance with the Hawai'i County Outdoor Lighting Ordinance (Hawai'i County Code Chapter 14, Article 9). External lighting shall not directly illuminate, or directly project across property boundaries toward the shoreline and ocean waters.
12. The applicant shall comply with Chapter 11-55, Water Pollution Control, Hawai'i Administrative Rules, Department of Health, which requires an NPDES permit for certain construction activities.

13. All earthwork and grading shall conform to Chapter 10, Erosion and Sediment Control of the Hawai'i County Code.
14. The applicant shall comply with the requirements of Chapter 27 – Floodplain Management, of the Hawai'i County Code.
15. The project shall connect to the County's sewer line fronting the property along Ali'i Drive prior to the issuance of a Certificate of Occupancy.
16. An All-Hazards Emergency Response Plan shall be submitted to the Hawai'i County Civil Defense Agency for review and approval prior to the issuance of a Certificate of Occupancy for any portion of the proposed project or the commencement of formal educational or cultural programs directly associated with this project.
17. An Archaeological Preservation and Burial Treatment Plan shall be submitted for the review and approval of the Department of Land and Natural Resources – State Historic Preservation Division (DLNR-SHPD). Proposed mitigation treatment for the burial sites within the subject property shall be approved by the SHPD's Hawai'i Island Burial Council before detailed mitigation plans are finalized for these sites. A copy of the approved Final Archaeological Preservation and Burial Treatment Plan shall be submitted to the Planning Director for its files prior to submitting plans for Final Plan Approval review or prior to the issuance of any land alteration permits for all new vertical structures and uses, whichever occurs first.
18. Should any undiscovered 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.
19. The applicant shall comply with all applicable County, State and Federal laws, rules, regulations, and requirements.

20. An annual progress report shall be submitted to the Planning Director prior to the anniversary date of this permit. The report shall include, but not be limited to, the status of the development and extent to which the conditions of approval are being satisfied. The applicant shall address each condition specifically and separately. The report shall also include a summary of the applicant's performance relative to all applicable County, State and Federal health requirements related to air quality, water quality and discharge, and noise. 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.
21. An initial extension of time for the performance of conditions within this permit, with the exception of Condition No. 5, 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 General Plan or Zoning Code.
 - C. Granting of the time extension would not be contrary to the original reasons for the granting of this 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).

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.

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


Mr. Ronald A. Sato
HHF Planners
Page 6

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

Approval of this permit is based on the reasons given in the attached Findings Report.

Should you have any questions, please contact Jeff Darrow of the Planning Department at 961-8158.

Sincerely,


Keith Unger, Chairman Pro Tem
Leeward Planning Commission

LKamehamehaschoolSMA15-060lpc
Enclosure: PC Findings Report

cc: Mr. Allen Salavea/Kamehameha Schools, Land Assets Division
Mr. Steven S.C. Lim Esq., Carlsmith Ball LLP
Department of Public Works
Department of Water Supply
County Real Property Tax Division - Hilo
Department of Civil Defense
Department of Land & Natural Resources - HPD
State Department of Health
Kona Planning Department
Mr. Gilbert Bailado

COUNTY OF HAWAI'I PLANNING COMMISSION FINDINGS

KAMEHAMEHA SCHOOLS – LAND ASSETS DIVISION – WEST HAWAI'I SPECIAL MANAGEMENT AREA USE PERMIT NO. 15-000060 (SMA 15-000060)

The applicant has submitted an application for a Special Management Area (SMA) Use Permit to allow for the demolition of the former Keauhou Beach Resort complex and the remnants of the former Kona Lagoon Hotel facility to allow for the construction and establishment of an educational complex (Kahalu'u Ma Kai) and related programs, activities and improvements on approximately 22.73 acres of land situated within the SMA. The properties are situated on the west (makai) side of Ali'i Drive, immediately adjacent to and south of Kahalu'u Beach Park at Kahalu'u, North Kona, Hawai'i, TMKs: 7-8-013: 002, 013, 042 & 043.

The applicant is requesting a Special Management Area (SMA) Use Permit to allow for the redevelopment of the former resort hotel project site to change its primary use from a former resort complex to an educational and cultural complex supporting a wide variety of educational programming and activities. This change in land use can generally be anticipated to be of lower intensity than the level of improvements and activities that once accommodated the Kona Lagoon and Keauhou Beach Hotels, transitioning from a visitor-oriented destination to one that is educational and culturally-oriented. The main components of the project consist of the following:

- 1) Demolition and removal of the existing Keauhou Beach Resort (KBR) hotel structure and associated amenities such as the tennis courts and support building, most parking areas, and swimming pool. Any remnant facilities still present from the Kona Lagoon Hotel will also be removed.
- 2) Construction of facilities supporting the Kahalu'u Ma Kai educational complex and the various educational activities and events proposed on site.

The redevelopment of the project site will involve constructing several new structures to support education and 'āina-based instruction for learners, visitors, and the public as shown on Figure 5 (Preliminary Conceptual Site Plan) in the SMA application. The siting of these facilities is based upon the functional use intended for the project site and the educational activities anticipated to occur. The site's functional planning involved establishing various areas designated for primary uses, gatherings, and activities. Primary structures planned for this project include a Heritage Center, multi-purpose building with a parking and office basement area that will utilize a redeveloped portion of the KBR hotel basement, hālau, reuse of the existing Kalani Kai structure on the north side of the property, camping hale (Hale Ho'omaha) with a comfort station/storage building and facilities supporting existing canoe (wa'a) and tiki (ki'i) making activities.

Culturally related special events would also be conducted at the project site. This would consist of makahiki and hoike events that could each occur between two to four times a year. Estimated participants could reach up to 500 persons for hoike events and up to 800 persons at the makahiki. Special KS functions could include up to 1,000 persons and occur up to four times a year. Educational workshops may occur about six times a year and have about 75 persons. Seasonal ceremonies (about 8 times a year) may each include about 100 persons.

- 3) Conducting landscape restoration and preservation activities of historic sites within the property (located inland of the shoreline boundary) in support of educational programming and services.

Kamehameha Schools' (KS) mission is to fulfill Princess Bernice Pauahi Bishop's desire to create educational opportunities in perpetuity to improve the capability and well-being of children of Hawaiian ancestry. The Kahalu'u Ma Kai Educational Complex will be the piko (center) of KS' cultural/educational services in West Hawai'i. KS is already moving to unify and strengthen its cultural/educational offerings in West Hawai'i in anticipation of the Kahalu'u Ma Kai project.

The educational vision for West Hawai'i and this property is "A Hawaiian place where opportunities for applied learning, teaching, and knowledge creation are rooted in tradition while advancing learners and lāhui toward innovation, leadership, and a sustainable future." The Kahalu'u Ma Kai project is intended to: 1) be developed into a piko for aina-based and STEAM educational excellence in the region; 2) function as an integral part of the delivery of educational services in West Hawai'i for KS and its partners; and 3) serve as a world-class educational institute and learning center. This project balances the five-value approach under the KS strategic plan of education, economic, culture, community, and environment, and aligns with KS newly approved 2020 Strategic Plan.

The construction timeline for the Kahalu'u Ma Kai project will involve several phases. The first phase of implementation for this project would be the demolition of the hotel. Approval has been granted by the Planning Department on August 25, 2015 to allow a "soft" (interior) demolition of the hotel mainly because of continuing deterioration and hazardous asbestos material creating unsafe conditions. The exterior demolition activity is projected to start in Spring 2016 and be completed in 2017. The next major development phase would be completing final design plans and starting construction of building improvements along with implementing site and infrastructure improvements (e.g. water, sewer). Individual buildings are planned to be implemented in phases over an 8-year period subject to available funding and program priorities. Therefore, the estimated completion date for all these improvements is by 2023. The first phase of site redevelopment construction is projected to be completed in Spring 2018, and this includes constructing the public access parking lot and shoreline access path at the south end of the property.

The estimated construction cost for the demolition of the hotel is about \$11.5 million. The estimated cost for construction of the buildings and site work is about \$22.8 million. Therefore, the total cost for this project including demolition of the KBR is about \$34.3 million.

A requirement of the Special Management Area (SMA) Use Permit application is that a shoreline survey be submitted when the parcel(s) abuts the shoreline, except as may be waived by the Planning Director when the proposed development is clearly and unmistakably located on a shoreline parcel at a considerable distance from the shoreline. In this application, the Planning Director agreed to waive the need for a current certified shoreline survey based upon a preliminary 2014 shoreline survey proposed by the State Surveyor, provided that the applicant agreed to an enhanced 60-foot preliminary shoreline setback line for structures within the southern half of the property. A 40-foot preliminary shoreline setback line for structures is established within the northern half of the property since the shoreline is more definitely located due to hardened shoreline structures. The applicant received the July 21, 2015 Site Plan

Approval from the State Department of Land and Natural Resources, which details the specific requirements for the proposed demolition of the portion of the KBR within the tidal pool fronting the hotel on Parcel 42 and the restoration of Kapuanoni heiau. Otherwise, the applicant is proposing to build all new structures outside of these established preliminary shoreline setback lines.

The State Na Ala Hele Hawaii Trails and Access System also confirmed on September 28, 2015, that there are no government trails located within the Kahalu'u Ma Kai project area.

The grounds for approving development within the Special Management Area are based on HRS, Chapter 205A-26(2) (Special Management Area guidelines) and Rule 9-11(E) of the Planning Commission Rules of Practice and Procedure. Planning Commission Rule 9-11(E) states that the Authority (Planning Commission) may permit the proposed development only upon finding that:

1. The development will not have any substantial adverse environmental or ecological effect except as such adverse effect is minimized to the extent practicable and is clearly outweighed by public health, safety, or compelling public interest;
2. The development is consistent with the objectives and policies and the Special Management Area guidelines as provided by Chapter 205A, HRS;
3. The development is consistent with the General Plan, Zoning Code and other applicable ordinances;
4. The development will, to the extent feasible, reasonably protect native Hawaiian rights if they are found to exist, including specific factual findings regarding:
 - a. The identity and scope of valued cultural, historical or natural resources in the petition area, including the extent to which traditional and customary native Hawaiian rights are exercised in the petition area;
 - b. The extent to which those resources, including traditional and customary native Hawaiian rights, will be affected or impaired by the proposed action; and
 - c. The feasible action, if any, to be taken by the Authority to reasonably protect any valued cultural, historical or natural resources, including any existing traditional and customary native Hawaiian rights.

1. The proposed development will not have any substantial 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. In considering the significance of potential environmental effects, the Director shall consider the sum of those effects that adversely affect the quality of the environment and shall evaluate the overall and cumulative effects of the action. 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.

A "substantial adverse effect" is determined by the specific circumstances of the proposed use, activity, or operation. In determining whether a proposal may have a substantial adverse effect on the environment, the Director shall consider every phase of a proposed action and expected consequences, either primary or secondary, or and the cumulative as well as short or long-term effect of the proposal.

The proposed request is located in the Special Management Area along the shoreline on properties zoned Resort-Hotel (V-.75), which could potentially allow for a dwelling unit or separate rentable unit for every 750 square feet of land area. The project site was, until very recently, the location of two resort hotels, the Outrigger Keauhou Beach Resort, which was

constructed in 1968 and the Kona Lagoon Hotel, which was constructed in 1975. The Kona Lagoon Hotel was demolished in 2004 and over the next several years, a shift within KS began a shift toward education and recognition of the cultural importance of this area. The focus has been on changing the property's primary use from resort to an educational and cultural complex supporting a wide variety of educational users and programming. This change in land use reflects a much lower intensity of development, and changes activities occurring on the site from being visitor-oriented to primarily educational-oriented. To continue with in this direction, the Keauhou Beach Resort (KBR) was closed in October of 2012 and is now proposed for demolition.

The previous resort uses conducted on the project site received approval for several Special Management Area Use Permits and Shoreline Setback Variances. These uses were previously evaluated against the guidelines for granting SMA Use Permits and Shoreline Setback Variances, and received approval by the Planning Commission. As previously mentioned, the proposed request to redevelop the project site for educational and cultural uses will have much less adverse impacts to the Coastal Zone Management Area (CZMA) and the Special Management Area (SMA) than the previously approved resort uses.

In reviewing this proposed request against the factors that may constitute a substantial adverse effect as listed under Planning Commission Rule 9-10(H)(1 through 10), the Planning Director has determined that the proposed request to allow for the demolition of the KBR and the redevelopment of the project site from its former resort use to an educational and cultural complex along with its related improvements will not have a substantial adverse environmental or ecological effect to the Special Management Area. This determination is based on the following:

The project site has been used for resort types of uses for over 50 years. The proposed development will result in nearly a 75 percent reduction in overall activity and floor area that was previously approved and ultimately established on this project site. In doing so, there will be a major reduction of impacts to the CZMA, the SMA and to the surrounding area. There will be much less traffic generated, less water being used, less wastewater being produced, and storm water runoff will be largely returned to a pre-development state.

The proposed development does not involve an irrevocable commitment to the loss or destruction of any natural or cultural resource within the SMA, including but not limited to, historic sites. The focus of this new development is on the restoration and preservation of the significant historical, archaeological, and cultural resources, including the restoration of the heiau located within the project site. The redevelopment will open the project site for educational and cultural opportunities for students of the Kamehameha School system and others, such as the Department of Education system, University of Hawaii system, charter schools, and other community-based organizations.

The proposed development will not substantially affect a rare, threatened, or endangered species of animal or plant, or its habitat. In general, the flora of the project area is not sensitive from a conservation biology perspective, as the property is essentially a garden consisting of mostly non-native ornamental plants that have mainly aesthetic value which are consistent with the site's former resort use. There is one endangered loulu palm located close to the KBR hotel, and demolition activities could damage this tree. Therefore, this palm is planned to be relocated to another area of the property prior to hotel demolition. There were no other endemic species

(found in Hawai'i and nowhere else) identified on the project site. There are no existing or proposed federally designated critical habitats present on the property and no other threatened or endangered species were observed on the property, and given the context of this environment, none are likely to be present. Additionally, there is no federally delineated Critical Habitat present on or adjacent to the project site.

The proposed development will not substantially affect the economic or social welfare and activities of the community, County or State nor does it involve substantial secondary impacts, such as population changes and effects on public facilities.

The areas of the environment that may be affected by this proposed request would be mainly air quality, water quality, and noise, which will occur temporarily during the demolition of the existing hotel and construction of the proposed facility. During the demolition of the KBR hotel and construction of new facilities and other site development activities, Best Management Practices (BMPs) would be utilized for both land based areas and areas within the tide pools. Specific procedures and BMP details will be determined during the project's design phase but have been discussed in detail in the application. Thus, the short-term construction activities should not have a significant impact on noise, air quality, existing drainage conditions, and impacts on tide pools and water quality.

Additionally, any impacts from soil erosion and runoff during the demolition, site preparation and construction phases can be adequately mitigated through compliance with existing regulations and proper construction practices (BMPs) required by the Department of Public Works and the State Department of Land and Natural Resources. With these precautionary measures in place, the proposed development is not anticipated to have any substantial adverse effects upon nearby coastal resources or the surrounding environment from soil erosion or runoff.

It should be noted that under Planning Commission Rule 9-10(H)(9), a proposed use, activity or operation may constitute a substantial adverse effect if it affects an environmentally sensitive areas, such as flood plain, tsunami zone, erosion-prone area, geologically hazardous land, estuary, fresh water or coastal water. As the project is located within Flood Zones VE and AE as designated by the Flood Insurance Rate Map (FIRM), dated September 16, 1988 (Panel 155166 0928C) the proposed development must meet local flood control standards for construction within these flood zones. Any alterations within any Special Flood Hazard Area including, but not limited to, grading, driveways, buildings, fences, walls and gates are subject to the requirements of Chapter 27--Flood Plain Management of the Hawai'i County Code. As such, the proposed development will not create a substantial adverse effect on these environmentally sensitive areas.

Additionally, the project site is located within the Tsunami Evacuation Zone. Written procedures will be developed by the applicant to address evacuation procedures for the project to further increase personal safety for persons using or visiting the site. The moderately rising elevation proceeding inland of the project site also creates safer areas higher up for evacuation such as at the Keauhou Shopping Center.

Lastly, the project site is located within an area adequately served with essential services and facilities such as water, transportation systems, and other utilities. Access to the project site is from Ali'i Drive, which is a County-owned and maintained roadway with an approximately 22-foot pavement in good condition with 7-foot paved shoulders and no sidewalks, all within a right-of-way of approximately 50-foot right-of-way.

Traffic impacts anticipated for the cultural-educational complex and related improvements are considered acceptable. All study intersections currently operate at acceptable traffic conditions during the AM and PM peak hours of traffic. The future conditions with the Kahalu'u Ma Kai project, including a heritage center, outdoor classrooms, a multi-purpose building, interpretation areas, cultural halau, and camping accommodations is anticipated to generate approximately 64 AM peak hour trips and 116 PM peak hour trips, which is significantly less trips than the previous hotel was estimated to generate.

County water is available to the site. The sewer collection and treatment system serving the project site and surrounding areas is operated by a private operator with eventual treatment at the He'eia Wastewater Treatment Plant. The project would result in reduced wastewater generation due to lower projected water demand than that occurring when the KBR was in service. Solid waste generated from the project site is currently serviced by a private solid waste collector who disposes of waste at either the transfer station or the Pu'uana'hulu landfill. Electricity and telephone services are available to the site. Emergency services, such as police, fire and medical services are located in the Kona area.

Based on the above review, it has been determined that the proposed development will not have any substantial 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.

2. The development is consistent with the objectives and policies and the Special Management Area guidelines as provided by Chapter 205A, HRS. The purpose of Chapter 205A, Hawai'i Revised Statutes (HRS) is to preserve, protect, and where possible, to restore the natural resources of the coastal zone areas. Therefore, special controls on development within areas along the shoreline are necessary to avoid permanent loss of valuable resources and the foreclosure of management options.

The Department of Land and Natural Resources-Land Division expressed concerns with the application regarding the shoreline boundary and restricted public access to public shoreline areas. The Department of Land and Natural Resources-Office of Conservation and Coastal Lands also commented that the Hawai'i Revised Statutes, Chapter 115 provides the right of access to and along Hawai'i's shoreline and to ensure that these rights are upheld.

The applicant asserts that Paokamenehune was a fish pond or fish aggregation area, and since ownership to that area is uncertain, the applicant is in discussions with the State Department of Land and Natural Resources on resolution of those complex issues.

By letter dated September 11, 2015, the Planning Department responded to the concerns of the Department of Land and Natural Resources, Land Division, by confirming that the department, through its and the Planning Commission's Rules of Practice and Procedure, had the express authority to waive the requirement for a certified shoreline survey when the proposed development is clearly and unmistakably located on a shoreline parcel at a considerable distance from the shoreline. The department confirmed that the shoreline used for the purposes of the proposed development was the 2014 preliminary shoreline that the State Surveyor has proposed to certify, and that the structural project elements have been required to set back a minimum of 60 feet from this preliminary shoreline determination throughout most of the property and a minimum of 40 feet from portions of the property on the north where the preliminary shoreline determination has been defined by existing sea walls. The department's position was based on the fact that while not yet certified, the preliminary determination by the State Surveyor is the most likely to be certified if certification is required. By letter dated September 14, 2015, the

applicant's legal representative also submitted a letter to the Leeward Planning Commission stating similar confirmations and providing legal basis for the departmental authority to waive a certified shoreline survey and why, if those authorities are exercised, a certified shoreline survey is not required in order for the Commission to take action on the SMA application. The applicant, State Surveyor and Department of Land and Natural Resources are currently in discussions to address and resolve the issues at the shoreline fronting the project area. They anticipate reaching agreement on those issues following final action on this Special Management Area Use Permit Application.

The applicant does not dispute that the public's right to transit along the shoreline frontage of the project site is based on the fundamental right of free movement in the public space, and access to and use of coastal recreational areas. This right of public access must be balanced against the requirement to preserve the cultural and historical elements at the property. The latter is required under Article XII, Section 7 of the Hawai'i Constitution, and the Objectives and Policies of HRS Sections 205A-2(b) and (c). HRS Section 205A-2(b)(2)(A) "Historic Resources", requires the land owner and all agencies (including the Planning Commission) to protect, preserve and, where desirable, restore those natural and manmade historic and prehistoric resources in the coastal zone management area that are significant in Hawaiian and American history and culture.

The applicant has therefore proposed a public access plan which attempts to balance the right of public access to and along the shoreline, with the need to respectfully manage the significant historical and cultural resources that are evident throughout the property. This plan must also encompass the applicant's own proposed cultural and educational programs and protocols which are envisioned for the property.

The proposed public access plan is a combination of management and cultural awareness and education. In addition to the applicant's representation that it will not restrict or limit lawful public access to and along the shoreline, public access unto the property will be provided through on-site public access ways on the south and through the center of the project area. The southern access way will consist of a 10-stall parking area and ten (10) foot wide access way from Ali'i Drive to Makolea Cove. The central access way will initiate at the heritage center, where visitors will be provided with information about the property and project and cultural protocols that are applicable on-site.

Access unto the property from the north at Kahalu'u Beach Park will be through a pedestrian pathway within the property along Ali'i Drive which will also lead to the heritage center.

Public access along the northern shoreline makai of the existing seawall will not be restricted but access over or through Kapuanoni heiau, which fronts the property, and for which extensive restoration work will also be ongoing as part of the overall cultural-educational component of the project may not be possible. Signage to inform the public of the alternative access path through the property will be provided at the beginning of the existing seawall.

References to a designated "education zone" or "safe school zone" were derived from concepts developed by the State Department of Education - Safety, Security and Emergency Preparedness Branch, which generally recognizes that an area may be restricted at time of educational activities to provide a safe environment for the students of the facility. In lieu of a designated zone, the applicant will develop cultural and safety protocols specific to the project

site to provide for a safe environment consistent with DOE policies. These protocols will be applicable throughout the project and are not intended to restrict the public's right to traverse the property but to balance the need for student safety against the public's access rights which are still available.

In any event, the access plan shall be approved by the Planning Director, in consultation with the Department of Land and Natural Resources, with all due consideration of the issues described in detail above and weighed against the fact that the Planning Director recognizes the 2014 preliminary shoreline determined by the State Surveyor as the reference upon which all applicable statutory and regulatory requirements and considerations will be measured, such as jurisdictional boundaries, the location and management of the shoreline setback area and public space and access. With these conditions in place, the public access concerns of the DLNR and the CRC will be adequately balanced with the legal requirements for preservation of cultural and historic elements at the property under Article XII, section 7 of the Hawai'i State Constitution, and the Objectives and Policies of HRS Sections 205A-2(b)(2)(A) "Historic Resources".

It should be noted that during the first phase (demolition) of the project, public access will need to be restricted for safety reasons. Demolition of the hotel is expected to be completed in 2017 and certain public access areas will need to be closed as the demolition of the hotel is in progress. A condition of approval will be added to require the applicant to submit an interim public access plan that will be in place during the first phase of the project. Once the demolition of the hotel is complete, the applicant will be required to submit a comprehensive public access plan, which will be the primary guiding public access plan for the project.

In reviewing the proposed development, the Planning Director has determined that with special controls and conditions added through this permit process, the proposed project is consistent with the objectives and policies listed under Chapter 205A, HRS, which includes protecting and preserving recreational resources, historic resources, scenic and open space resources, coastal ecosystems, economic uses, coastal hazards, managing development, public participation, beach protection, and marine resources.

This determination is based on the following review of the objectives and policies of the Coastal Zone Management Program and the Special Management Area guidelines:

- **Recreational Resources:** The project site is on private property located adjacent to the shoreline. There are identified recreational resources in the area along Ali'i Drive, at the adjacent Kahalu'u Beach Park, and on the project site. Tide pools, the basaltic bench, and open ocean are coastal resources situated makai of the project site. Access to the sandy beach at Mākole'a Cove currently exists from the south through the Kona Surf and Racquet Club project, and is also proposed through the project site. Although the property was first thought to have been crossed by historic trails, recent information provided by the State Abstractor, as confirmed by the September 28, 2015 comment letter from the State Na Ala Hele - Hawaii Trail and Access System determined that there are no State-owned historic trails which cross the property. Recreational activities include shoreline fishing, swimming, and snorkeling. Some of these activities (swimming, snorkeling) occur on the north end of the property where the public travels south from Kahalu'u Beach Park along the reef toward the former KBR hotel area. The area is widely known for its accessible coral garden with an abundance of marine life. Occasional fishing within the tide pool consists of net throwing. Prior to restoration of the heiau fronting the property, the project site was conditioned to provide public access to and along the length of the properties in 1991 through the approval of Special Permit No. 321, which allowed for the upgrade of the resort facilities at Keauhou Beach and Kona Lagoon Hotels. Additionally, this

public access condition was also required as part of Shoreline Setback Variance No. 647, which was approved to allow improvements within the shoreline setback area on the project site. Lastly, public access was required to be retained and maintained as a condition of approval of Special Management Area Minor Permit No. 144, which was approved in 2003 for the Kona Lagoon Hotel demolition. The significant change in the use of the property through the proposed demolition of the former Keauhou Beach Hotel structure and the redevelopment of the property as an educational and cultural complex and related programs is in recognition of the unique historical and cultural aspects of the property as described below under the PASH discussion. The SHPD has recognized the heiau fronting the property as worthy of protection and has approved protective buffers surrounding each heiau. The project site is rich in archaeological, historical, and cultural significance. As such, the Special Management Area regulations require a balancing of the public's right to access the shoreline, and the legal requirement to protect the historic and cultural values of the features on the property. See HRS Section 205A-2(c)(2). In continuing to meet these objectives a condition of approval will be added requiring the applicant to provide the public with shoreline access to and along the project site consistent with a comprehensive public access plan approved by the Planning Director, in consultation with the State Department of Land and Natural Resources.

- **Historic Resources:** An archaeological inventory survey (AIS) for the Kahalu'u Ma Kai project was conducted by Cultural Surveys Hawai'i, Inc. (CSH) in accord with State Historic Preservation Division (SHPD) rules governing standards for archaeological reports (HAR 13-13-276). A copy of the draft report is included in Appendix G in the Final Environmental Assessment (FEA), and has been submitted to SHPD for review. This study was conducted in accordance with an archaeological inventory survey plan (AISP) that was accepted by SHPD on April 22, 2014. The approved final report documents existing archaeological resources, and that the project should not have an adverse effect on historic properties. Restoration efforts for sites are already being implemented by the applicant, and these efforts would continue with the project by being integrated into educational programs and activities. Mitigative measures will further support protection and restoration of historic sites through an archaeological monitoring plan and preservation plan, including a burial treatment plan.

- **Scenic and Open Space Resources:** The project site and general vicinity is listed as a site of natural beauty within the General Plan. The viewplane from Kamehameha III Road going mauka & makai from Kahalu'u to Keauhou, and the Kahalu'u Bay Area are examples of natural beauty in the Kona district. The project site is the previous location of two resort hotels. The Outrigger Keauhou Beach Resort was constructed in 1968 and the Kona Lagoon Hotel was constructed in 1975 within the project area, disturbing several archaeological features. The Kona Lagoon Hotel was demolished in 2004 and over the next several years, a shift within KS began toward education and recognition of the cultural importance of this area. From 2007 to 2009, Hāpaiali'i, Mākole'ā, and Ke'ekū Heiau were restored (Ke'ekū Heiau is 90% restored) and a preservation plan has also been completed for the restoration of Kapuanoni Heiau and the Po'o Hawai'i Pond. Then, in October of 2012, the Keauhou Beach Resort was closed and is now proposed for demolition. The demolition of these hotels will significantly improve the scenic and open space resources for this area, including the restoration and preservation of the natural beauty of the Kahalu'u Bay area.

- **Coastal Ecosystems:** The project will not adversely impact valuable coastal ecosystems because redevelopment of the site would result in a lower intensity land use. Low impact design and sustainability measures incorporated with new facilities would reduce storm

water runoff, improve water quality, and reduce other land based effects thereby improving shoreline conditions and the marine environment. Educational programs would utilize the resources present on the properties and improve the understanding, management, and technical knowledge of natural, marine, and cultural resources present. As part of approval of this permit, the applicant will be required to operate within the parameters set by the State Department of Health to ensure safe operations and to minimize any potential adverse impacts to coastal waters.

- **Economic Uses:** The economic policies herein are pertinent to coastal dependent developments such as harbors, ports, and visitor industry facilities. The project site is no longer a coastal dependent development given the purpose for these policies. The property is located along the coastline, and was previously developed as a visitor facility for resort use but is now proposed to be redeveloped into a cultural-educational complex that would result in a land use of lower intensity as compared to the prior resort use. The project is consistent to this objective in that it will be constructed in a manner that will minimize adverse social, visual, and environmental impacts in the coastal zone management area.

- **Coastal Hazards:** Flood Zones VE and AE affect the subject parcels as designated by the Flood Insurance Rate Map (FIRM), dated September 16, 1988 Panel 155166 0928C. Any new construction or substantial improvements within the Flood Zones VE and AE will be subject to the requirements of Chapter 27 – Flood Plain Management, of the Hawai'i County Code. In 2008, the Federal Emergency Management Agency (FEMA) issued a Hurricane Study for Hawai'i County. In terms of potential risk to life and property, the more protective Base Flood Elevations and Special Flood Hazard Areas from FEMA's hurricane study, were incorporated onto FEMA's July 2011, Preliminary Digital Flood Insurance Rate Maps (Preliminary DFIRMs). Until FEMA's Preliminary DFIRMs become effective, the County will continue to issue FEMA's current effective Flood Insurance Rate Maps and Flood Insurance Study for Hawai'i County. DPW advises all coastal property owners to review FEMA's Preliminary DFIRM's and design/construct as appropriate. The entire project site is located within the Tsunami Evacuation Zone. A condition of approval will be added requiring the applicant to create procedures addressing evacuation procedures for the project to further increase personal safety for persons using or visiting the site.

- **Managing Development:** As a condition of approval, the applicant will be required to comply with all applicable State, County and Federal laws, rules, regulations and requirements regarding the development and operation of the project. This request will comply with the requirement to manage development within the Special Management Area, and will result in lesser impacts than the prior resort uses at the property.

- **Public Participation:** The applicant was required to prepare and process an Environmental Assessment for the proposed development because 1) it is located within the Kahalu'u Historic District, 2) they are proposing to do activities on State Land and 3) they are proposing possible improvements, such as retaining portions of a wall from the hotel demolition; a viewing platform and landscaping activities within the shoreline setback area that may require a Shoreline Setback Variance if the shoreline is certified as proposed by the State Surveyor. The Final Environmental Assessment prepared for this project has been distributed to the public and the process has allowed for public participation to address comments and concerns associated with the project. Additionally, the SMA permit process allows for public participation through a public hearing process. The processing of the SMA application involved consultation with

review agencies and a public hearing before the County Planning Commission. Lastly, the applicant has also made a concerted effort to contact affected stakeholders, kupuna, and lineal descendants during the early consultation phase of this project.

- **Beach Protection:** The applicant is proposing to remove structural elements from the shoreline area and locate new structures inland from the preliminary shoreline setback line. This will conserve open space, minimize interference with natural shoreline processes, and minimize loss of improvements due to erosion.

- **Marine Resources:** The applicant will be required to operate within the parameters set by the State Department of Health to ensure safe operations and to minimize any potential adverse impacts, which will ensure protection of marine resources in the area. The project would not involve use or development affecting marine or coastal resources. New facilities would be built inland behind the preliminary shoreline setback line. Lastly, Best Management Practices will protect these resources during the demolition phase of the project.

Based on the above review, it has been determined that the proposed development can be consistent with the objectives and policies as provided by Chapter 205A, HRS, and Special Management Area guidelines with the proposed conditions of approval in place.

3. The development is consistent with the General Plan, Zoning Code and other applicable ordinances. The General Plan Land Use Pattern Allocation Guide (LUPAG) Map establishes the basic urban and non-urban form for areas within the County. The project site is designated as Resort Node and Open by the LUPAG map. The Resort Node designation includes areas with a mix of visitor-related uses such as hotels, condominium-hotels (condominiums developed and/or operated as hotels), single family and multiple family residential units, golf courses and other typical resort recreational facilities, resort commercial complexes and other support services. Only Major Resort Areas are identified as Resort Nodes on the LUPAG Map. The project site is also designated as Open, which allows for parks and other recreational areas, historic sites, and open shoreline areas.

The applicant is proposing to redevelop the project site, and to change the property's primary use from resort to an educational and cultural complex supporting a wide variety of educational users and programming. Additionally, there will be landscape restoration and preservation activities of historic sites in support of educational programming and services. Thus, the proposed development would be consistent with the LUPAG Map designations for the project site. The proposed development would complement, among others, the following goals, policies, and standards of the Economic, Historic, and Natural Beauty Elements of the General Plan:

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.
- Promote and develop the island of Hawaii into a unique scientific and cultural model, where economic gains are in balance with social and physical amenities. Development should be reviewed on the basis of total impact on the residents of the County, not only in terms of immediate short run economic benefits.

Course of Action for North Kona

- Recognize the natural beauty of the area as a major economic and social asset. This resource should be protected through appropriate review processes when development is proposed.

Historic Element

- Protect, restore, and enhance the sites, buildings, and objects of significant historical and cultural importance to Hawaii.
- Appropriate access to significant historic sites, buildings, and objects of public interest should be made available.
- Encourage the restoration of significant sites on private lands.

The Kona districts have been very significant in the history of Hawaii. Before the arrival of Captain Cook, a large population was settled in villages along the coast. Various rulers lived in the area and have left evidence of the complex religious, social, and political systems that evolved in Hawaii. In North Kona, the major complexes are located at Kailua, Hōlualoa, and Kahalu'u. The project site is located within the Kahalu'u Historic District, which is on the National Register. Additionally, there are eight historic sites within the project site including the heiau, that are recommended eligible to the Hawai'i Register of Historic Places.

Natural Beauty Element

- Protect, preserve and enhance the quality of areas endowed with natural beauty, including the quality of coastal scenic resources.
- Protect scenic vistas and view planes from becoming obstructed.
- Increase public pedestrian access opportunities to scenic places and vistas.

The Kona districts have long attracted people because of their natural beauty. Although man-made structures are in some places dominant, the vast expanse of the Kona landscape is still the area's most striking feature. As mentioned previously, the project site and general vicinity is listed as a site of natural beauty within the General Plan. The viewplane from Kamehameha III Road going mauka & makai from Kahalu'u to Keauhou, and the Kahalu'u Bay Area are examples of natural beauty in the Kona district. The demolition of the two previous hotels will significantly improve the scenic and open space resources for this area, including the restoration and preservation of the natural beauty of the Kahalu'u Bay area.

Based on the above review, the proposed development is consistent with the County of Hawai'i General Plan.

Additionally, the proposed development is consistent with the Zoning Code. The property is presently zoned Resort-Hotel -.75 (V-.75), which allows one dwelling unit or separate rentable unit for every 750 square feet of land area. Within the Zoning Code, major outdoor amusement and recreational facilities, art galleries & museums, meeting facilities, public uses and structures, and community buildings are permitted within the Resort-Hotel zoned district, where the proposed development is located. Although the proposed development is changing the property's primary use from resort to an educational and cultural complex supporting a wide variety of educational users and programming, the permitted uses within the Resort-Hotel zoned district allow for this conversion to occur. For example, a community building is defined as a public or privately-owned building for civic, social, educational, cultural, and recreational activities which is not operated primarily for financial gain.

Lastly, the proposed development is consistent with the Kona Community Development Plan, which affects the subject properties. The project site falls within the Kona Urban Area identified within the plan. The Kona CDP's vision statement is "Kona's future shall be a more sustainable Kona characterized by a deep respect for the culture and the environment and residents that responsively and responsibly accommodate change through an active and

collaborative community.” In order to achieve this vision, the plan has created eight guiding principles, derived from public meetings and working groups, which are the foundation for the goals, objectives, policies, and implementation actions in the plan. The proposed development is consistent with the following three guiding principles:

- Protect Kona’s natural resources and culture.
- Provide recreation opportunities.
- Direct future growth patterns toward compact villages, preserving Kona’s rural, diverse, and historical character

4. The development will to the extent feasible, reasonably protect native Hawaiian rights if they are found to exist. In view of the Hawai‘i State Supreme Court’s “PASH” and “*Ka Pa‘akai O Ka‘Aina*” decisions, the issue relative to native Hawaiian rights, such as gathering and fishing rights, must be addressed. These rights must be addressed in terms of the cultural, historical, and natural resources and the associated traditional and customary practices of the site.

a. The identity and scope of valued cultural, historical or natural resources in the petition area, including the extent to which traditional and customary native Hawaiian rights are exercised in the petition area: The following reports were conducted by the applicant and were part of the Environmental Assessment to identify valued cultural, historical or natural resources in the petition area including the extent to which traditional and customary native Hawaiian rights are exercised in the petition area:

- An archaeological inventory survey (AIS) for the Kahalu‘u Ma Kai project was conducted by Cultural Surveys Hawai‘i, Inc. (CSH) in accord with State Historic Preservation Division (SHPD) rules governing standards for archaeological reports (HAR 13-13-276). A copy of the draft report is included in Appendix G in the Final Environmental Assessment (FEA), and has been submitted to SHPD for review. This study was conducted in accordance with an archaeological inventory survey plan (AISP) that was accepted by SHPD on April 22, 2014.
- A Cultural Impact Assessment (CIA) for the Kahalu‘u Ma Kai project was conducted by Cultural Surveys Hawai‘i, Inc. (CSH) dated May 2014. A copy of the draft report is included in Appendix H in the Final Environmental Assessment (FEA).
- Geometrician Associates conducted a botanical survey of the project site, which included a full assessment of flora and vegetation. A copy of the report is included in Appendix B in the Final Environmental Assessment (FEA).
- Rana Biological Consultants conducted an avian and terrestrial mammalian survey of the project site. A copy of the report is included in Appendix C in the Final Environmental Assessment (FEA).

The project site is rich in archaeological, historical, and cultural significance. The AIS identified 10 historic properties (8 existing, sand dune, and new burial in T-12), which were evaluated for significance according to the following five broad criteria used by the Hawai‘i State Register of Historic Places (HAR §13-284-6). SIHP #s -03817, -03818, -03819, -10997, and -12953 are also recommended significant under Criterion “b” for their associations with the lives of persons of importance in the past. Background research indicates these sites are commonly associated with some of the most well-known ali‘i in Hawaiian history. SIHP # -03818 (Ke‘ekū Heiau) is associated with Lono-i-ka-makahiki, who resided in the area and by

some accounts sacrificed the Maui chief Kamalalawalu there; and with Kamehameha I. SIHP # - 03819 (Mākole‘ā Heiau) is also associated with Lono-i-ka-makahiki, as is SIHP # -10997 (Kapuanoni Heiau). Oral histories also indicate Kapuanoni was associated with Kalani‘ōpu‘u and was the residence of Alapa‘inui. Finally, SIHP # -12953 is a former ali‘i residence associated with such important figures as Ke‘eaumoku, Governor John Adams Kuakini, and the chiefess Kekāuluohi.

The CIA yielded the following results which are presented in approximate chronological order: 1) The project area, is located on the *makai* (seaward) side of Ali‘i Drive in the *māno wai* (water source or headwaters) of Kahalu‘u Ahupua‘a. Kahalu‘u literally translates to “diving place,” and is one of the most important places in all of the Hawaiian Islands. The project area with its productive fishing grounds, access to the Kona field system and other resources, is home to no less than five *heiau* (place of worship), all of highest spiritual importance, historically and in recent times, to Hawaiians. 2) Archaeological research shows the project area contains numerous culturally and historically significant sites and features including *heiau* (Hāpaiali‘i Heiau, Ke‘ekū Heiau, Mākole‘ā Heiau, Keiki Ho‘okama, Kapuanoni Heiau), Keawehala Pond, petroglyphs, fishponds, freshwater springs, and residential complex associated with *ali‘i* (Po‘o Hawai‘i). 3) Based on radiocarbon dating (Burtchard et al. 1996:54), the earliest settlement in Kona began around AD 900. The earliest settlement most likely was located around Kahalu‘u Bay with its abundant marine resources. 4) The project area is also associated with a number of ruling chiefs who made Kahalu‘u their place of residence, including Lono-i-kamakahiki, Alapa‘inui, Kalani‘ōpu‘u, and Kamehameha (Tuggle 1989:10) as well as a famous and beautiful chiefess by the name of “Makolea” (Reinecke 1930:6). 5) The project area is associated with specific *mo‘olelo* (oral history) including, but not limited to Pāokamenehune, or the Menehune breakwall created by the *menehune* (legendary race of small people who worked only at night) and which recently was discovered to possibly have served as a fishpond or fish aggregation area; the famous king sharks Kehau and Laenui, who controlled the lesser sharks to ensure no one was attacked in the waters of Kahalu‘u; Keawehala Pond (Site # Ha-D4-52) as the home of two twin *mo‘o* (lizard) sisters; “Kaa Hooniua Puuwai no Ka-Miki” (“The Heart stirring Story of Ka-Miki”) which tells the story of Ka-Miki, the quick or adept one, and his brother Maka‘iole (“rat or squinting eyes”), who traveled around the island to participate in competitions ca. the thirteenth century when Pili-a-Ka‘aiea was the chief of Kona; “Makolea,” a beautiful chiefess who was the wife of Chief Ke-paka-‘ili-‘ula” and who resided in the *heiau* that bears her name (Kekahuna 1952) and Lono-i-ka-makahiki who was the ruler of Hawai‘i Island during the sixteenth or seventeenth centuries and was involved in several famous battles with the chiefs of Maui (including Kama-lala-walu) who is said to have been put to death on Ke‘ekū Heiau and mourned by his two faithful dogs, whose spirits still guard his body even today (Stokes and Dye 1991).

The botanical survey of the project site included a full assessment of flora and vegetation. In general, existing vegetation within the project site is not sensitive from a conservation biology perspective, as the property’s landscape material is predominantly comprised of non-native ornamental plants that have mainly aesthetic value. The property’s landscape planting theme is generally typical of resort hotels in the Kona area with little native plant material present on site. With the exception of the endangered loulu palms (*Pritchardia maideniana*), there were no other endemic species (found in Hawai‘i and nowhere else) identified on the project site. No existing

or proposed federally designated critical habitat is present on the property, and no other threatened or endangered species was observed on the property. Redevelopment of the property would not impact existing endangered loulu palms because all facilities are located away from these palms. There is one loulu palm located close to the KBR hotel, and demolition activities could damage this tree. Therefore, this palm is planned to be relocated to another area of the property prior to hotel demolition. An experienced landscape contractor with an arborist would be used to ensure the tree is removed and relocated properly. Other loulu palms are located next to the existing tennis courts; however, demolition of the courts should not negatively impact these palms, and the contractor would be informed to ensure proper management practices are implemented during construction activities. KS plans to implement landscape restoration within the property as part of educational programming and cultural restoration. This would include removal of non-native and invasive plants and trees along with diseased trees. Native plants and trees would be used as part of restoration improvements implemented supporting both educational and cultural practitioner activities. The existing endangered loulu palms on the property could also represent a seed source for recovery actions for the species, particularly if any of them are determined to be wild individuals, as part of educational programming implemented. Restoration efforts under this project would therefore have a beneficial effect on botanical resources.

Lastly, the avian and terrestrial mammalian survey of the project site concluded that there is no federally delineated Critical Habitat present on or adjacent to the project site.

b. The extent to which those resources, including traditional and customary native Hawaiian rights, will be affected or impaired by the proposed action: Hawaiian fishing rights along the shoreline will not be affected by this project. Public access will continue to and along the shoreline as described in the SMA Application, which is similar to the previously approved SMA permits for this project site. Recreational activities include shoreline fishing, swimming, and snorkeling will continue to be open to the public and not be impaired by the proposed action. There may be short term impacts from the construction activities for the demolition of the KBR Hotel as well as the new proposed structures, but BMP's will be in place to mitigate these short term impacts.

c. The feasible action, if any, to be taken by the Authority to reasonably protect any valued cultural, historical or natural resources, including any existing traditional and customary native Hawaiian rights: To the extent that traditional and customary native Hawaiian rights are exercised, the proposed action will not affect traditional Hawaiian rights. The proposed development will not restrict access to, and the use of natural resources to and along the shoreline. Additionally, mitigative measures will further support protection and restoration of historic sites through an archaeological monitoring plan and preservation plan, including a burial treatment plan. Lastly, a condition of approval will protect any unidentified cultural, historical, and natural resources in the event any are encountered during construction, which will require the applicant to cease work and notify the DLNR-SHPD should any remains be discovered on the site, until given clearance to proceed by the DLNR-SHPD.

Lastly, this approval is made with the understanding that the Applicant remains responsible for complying with all other applicable governmental requirements in connection with the approved use, prior to its commencement or establishment upon the subject property. Additional governmental requirements may include the issuance of building permits, the

installation of approved wastewater disposal systems, compliance with the Fire Code, installation of improvements required by the American with Disabilities Act (ADA), among many others. Compliance with all applicable governmental requirements is a condition of this approval; failure to comply with such requirements will be considered a violation that may result in enforcement action by the Planning Department and/or the affected agencies.

Based on the above findings, the request for a Special Management Area (SMA) Use Permit to allow for the demolition of the former Keauhou Beach Resort complex and the remnants of the former Kona Lagoon Hotel facility to allow for the construction and establishment of an educational complex (Kahulu'u Ma Kai) and related programs, activities and improvements on approximately 22.73 acres of land is approved.