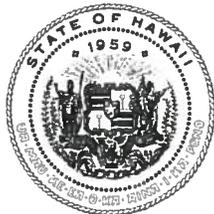


DAVID Y. IGE
GOVERNOR OF HAWAII



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OCT 23 2015

SUZANNE D. CASE
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

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FIRST DEPUTY

JEFFREY T. PEARSON
DEPUTY DIRECTOR - WATER

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FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

September 28, 2015

Ref. No.: 10KD-133

Author: LD-MM

MEMORANDUM

TO: Ms. Jessica E. Wooley, Director
Office of Environmental Quality Control

FROM: Suzanne D. Case, Chairperson *WC*
Board of Land and Natural Resources

SUBJECT: Finding of No Significant Impact (FONSI) to the Environment for Hotel Coral Reef Project, por. Kapaa Town Lots, Kawaihau, Kauai, Hawaii, (4) 4-5-011:046 and (4) 4-5-012:005.

The Department of Land and Natural Resources, Land Division, has reviewed the comments received during the 30-day public review period and the applicant's responses to these comments for the above referenced environmental assessment. Accordingly, we have determined that this project will not have a significant environmental effect and have issued a FONSI determination. Please publish this notice in your next scheduled publication of the Environmental Notice.

We have enclosed a completed OEQC Bulletin Publication Form, a copy of the Final Environmental Assessment, and a CD containing the pdf files of these documents.

If you have any questions, please feel free to contact Marvin Mikasa at (808) 274-3491. Thank you.

Enclosures

cc: Land Board Member
Central Files
District Files

OFFICE OF ENVIRONMENTAL
QUALITY CONTROL

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July 2015 Revision

**APPLICANT ACTION
SECTION 343-5(e), HRS
PUBLICATION FORM**

Project Name Hotel Coral Reef
HRS §343-5 Trigger(s): HRS 343-5, (1) Proposed Use of State Lands.
Island: Kauai
District: Kawaihau
TMK: (4) 4-5-011:046 (4) 4-5-012:005
Permits: County Class IV, SMA, and Variance Permits Required
Approving Agency: Suzanne Case
Department of Land and Natural Resources
1151 Punchbowl Street (Kalanimoku Building)
Honolulu, HI 96813 Tel 808-587-0400

(Address, Contact Person, Telephone)

Applicant:

Hotel Coral Reef
c/o Ron Agor, Agor Architects, LLC
460 Ena Road, Suite 303
Honolulu, HI 96815 Tel 808-947-2467

(Address, Contact Person, Telephone)

Consultant:

Ron Agor, Agor Architects, LLC
460 Ena Road, Suite 303
Honolulu, HI 96815 Tel 808-947-2467

(Address, Contact Person, Telephone)

Status (check one only):

DEA-AFNSI

Submit the approving agency notice of determination/transmittal on agency letterhead, a hard copy of DEA, a completed OEQC publication form, along with an electronic word processing summary and a PDF copy (you may send both summary and PDF to oeqchawaii@doh.hawaii.gov; a 30-day comment period ensues upon publication in the periodic bulletin.

FEA-FONSI

Submit the approving agency notice of determination/transmittal on agency letterhead, a hard copy of the FEA, an OEQC publication form, along with an electronic word processing summary and a PDF copy (send both summary and PDF to oeqchawaii@doh.hawaii.gov; no comment period ensues upon publication in the periodic bulletin.

FEA-EISPN

Submit the approving agency notice of determination/transmittal on agency letterhead, a hard copy of the FEA, an OEQC publication form, along with an electronic word processing summary and PDF copy (you may send both summary and PDF to oeqchawaii@doh.hawaii.gov; a 30-day consultation period ensues upon publication in the periodic bulletin.

Act 172-12 EISPN

Submit the approving agency notice of determination on agency letterhead, an OEQC publication form, and an electronic word processing summary (you may send the summary to oeqchawaii@doh.hawaii.gov. NO environmental assessment is required and a 30-day consultation period upon publication in the periodic bulletin.

DEIS

The applicant simultaneously transmits to both the OEQC and the approving agency, a hard copy of the DEIS, a completed OEQC publication form, a distribution list, along with an electronic word processing summary and PDF copy of the DEIS (you may send both the summary and PDF to oeqc@doh.hawaii.gov); a 45-day comment period ensues upon publication in the periodic bulletin.

FEIS

The applicant simultaneously transmits to both the OEQC and the approving agency, a hard copy of the FEIS, a completed OEQC publication form, a distribution list, along with an electronic word processing summary and PDF copy of the FEIS (you may send both the summary and PDF to oeqc@doh.hawaii.gov); no comment period ensues upon publication in the periodic bulletin.

Section 11-200-23
Determination

The approving agency simultaneously transmits its determination of acceptance or nonacceptance (pursuant to Section 11-200-23, HAR) of the FEIS to both OEQC and the applicant. No comment period ensues upon publication in the periodic bulletin.

Statutory hammer
Acceptance

The approving agency simultaneously transmits its notice to both the applicant and the OEQC that it failed to timely make a determination on the acceptance or nonacceptance of the applicant's FEIS under Section 343-5(c), HRS, and that the applicant's FEIS is deemed accepted as a matter of law.

Section 11-200-27
Determination

The approving agency simultaneously transmits its notice to both the applicant and the OEQC that it has reviewed (pursuant to Section 11-200-27, HAR) the previously accepted FEIS and

Summary (Provide proposed action and purpose/need in less than 200 words. Please keep the summary brief and on this one page):

Hotel Coral Reef is proposing a third story addition over an existing two story concrete hotel building. The existing building is approximately 112 feet wide by 36 feet deep by 18 feet high. The third story addition will be over the existing two story building, raising the height to approximately 35 feet high. The footprint of the building will remain the same with the exception of the addition of a 68 square feet elevator.

Hotel Coral Reef received from the Board of Land and Natural Resources approval of a 55 year lease extension for the continued use of the hotel on state lands. The major condition of the lease extension was that the lessee is required to make "Substantial improvements to the existing structure. Hotel Coral Reef presented this project to the BLNR as representing their intent to substantially improve the existing structure.

Hotel Coral Reef is an existing small 21 room hotel Makai of Kuhio Highway in Kapa'a, Kauai. The site is along a county park that is between the hotel and the shoreline. The proposed third story addition will add 6 new rooms to the hotel operations. The increase in the room count will help Hotel Coral Reef meet the payment of the new lease amount.

FINAL
Environmental Assessment

for

Hotel Coral Reef

**TMK: (4) 4-5-011:046
(4) 4-5-012:005**

July 10, 2015

Prepared by:

**Agor Architects
460 Ena Road, Suite 303
Honolulu, Hawaii 96815**

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1.0 INTRODUCTION AND SUMMARY

1.1 Scope and Authority:

This Environmental Assessment (EA) is prepared pursuant to Chapter 343 *and Chapter 343-5*, Hawai'i Revised Statutes (HRS) and associated Title 11, Chapter 200, Hawaii Revised Statutes (HRS).

1.2 Project Information:

Project Name: Hotel Coral Reef
4-1516 Kuhio Highway
Kapa'a, Kaua'i, Hawaii
TMK: 4-5-011: 046 & 4-5-012:005

Applicant: Pixar Development, LLC
Michael F. Harrah
1103 N. Broadway
Santa Ana, California 92701

Agent: Ron Agor, Architect
460 Ena Road Suite, 303
Honolulu, Hi 96815

Approving Agency: Land Division, Department of Land and Natural Resources
c/o Office of Environmental Quality Control (OEQC)
236 South Beretania Street, Suite 702
Honolulu, Hawaii 96813

Project Location: 4-1516 Kuhio Highway
Kapaa, Kauai, Hawaii
TMK: 4-5-011: 046 & 4-5-012:005

Total Affected Area: TMK: 4-5-011:046 25,881 sf
TMK: 4-5-012:005 9,262 sf

Existing Land Use: Hotel Site

County Zoning: Open, General Commercial

County Land Use: Urban

State Land Use: Urban

Approvals Required: County Class IV Zoning, SMA (*Major*), Use Permit, Variance

The County Planning Director has expressed concerns about applying for a variance on Section 8-13.1 of the CZO, entitled “Non-Conforming Building and Structures”. There are also concerns from the Wailua-Kapa’a Neighborhood Association on density, character of the project, height of the structure as depicted in Items 1 through 4 of their comments. Pixar Development, LLC, will be presenting a Class IV Zoning, SMA (Major), Use, and a Variance Permit for this project to the County Planning Commission. The aforementioned concerns will be discussed and deliberated at a scheduled county planning commission hearing.

2.0 GENERAL DESCRIPTION OF ACTION’S TECHNICAL, ECONOMICAL, SOCIAL AND ENVIRONMENTAL CHARACTERISTICS, TIME FRAME AND FUNDING

2.1 Location:

The project is located in eastern portion of Kapaa fronted by Kuhio Highway. (See Exhibit “A & B”) Moikeha drainage canal is adjacent and to the south of the property. Across the Kuhio Highway is the Aloha Lumber Company facilities. To the east and makai of the project is Kapaa State Park. The existing shoreline vegetation is approximately 93 feet away and along the state park.

2.2 Proposed Action:

The applicant received an approved Negotiated Development Agreement, and Proposed Plans and specifications for Improvements for General Lease No. S-3832, and General Lease No. S-5578 from State of Hawaii, Department of Land and Natural Resources, Land Division. (See Exhibit “2”). *The project is in conformance with SB1530, Act 219 regarding public lands.*

The proposed project entails the addition of a third floor on the existing two story 16 unit hotel building. The third floor addition will add 6 hotel rooms to the structure. The existing stairways (2) will be extend to the proposed third floor addition. An elevator totaling 68 square feet will be added to the front of the hotel building. This proposal will be on TMK (4) 4-5-011:046

The existing 2 story hotel building is built with concrete walls and floors. The third floor will be built with a wood frame, with a plaster exterior to match closely with the existing 2 story walls. The roof will be split-pitched *in a typical Hawaiian roof tradition*. The height of the proposed addition will be 35 feet. (See Exhibit “F”) The 3rd story addition meets the setback requirement of the County’s Comprehensive Zoning Ordinance (CZO). *On August 2014, the applicant received planning department’s approval of a Shoreline Setback Determination.*

The parcel with TMK (4) 4-5-012:005 is an existing paved parking lot which will remain as it exists with no work on planned. The existing parking conforms to the county zoning ordinance.

The topography shows the property to be relatively level with a gentle down slope from the highway to makai of approximately 2 feet maximum.

This project is sensitive to the rural character and historic past of Kapa'a. The proposed 35'-8" height is compatible to many structures along the coastline of Kapa'a and Wailua. The expansion was purposefully chosen to be on the existing two story structure to minimize the excavation of the land.

Should a "FONSI be declared on this EA, the applicant, Pixar Development, LLC, will be presenting this project for approval to the County Planning Commission. At the hearing, comments by the public on concerned issues like, density, heights, visual impacts, and a variance will be heard by the commission. The concerned public will have ample opportunity to raise their concerns.

2.3 Economic and Social:

The project will provide a minimal boost to the construction industry of Kaua'i. The current hotel staff will not be increased to serve the proposed new 6 rooms. However, the project will add more guests that will contribute to the local economy.

2.4 Environmental Characteristics:

The properties relating to this project is developed and well landscaped. The addition of the proposed third floor above the existing two story hotel will create only a minimal visual impact to the area. ***The proposed roof line will be in the shadow of the many coconut trees that surrounds the building.*** The proposal will be compatible with the larger structures in the area, such as the former Aloha Lumber Building, Otsuka's Furniture Store, and the Kapaa Professional Building, all nearby and along Kuhio Highway and all over 40 feet in height.

There is a public corridor/pathway along the makai side of the subject project that is used frequently by the public. This corridor/pathway will continue along the shores of Kapa'a town where a number of 3 and 4 story condo/resort structures exist with overall heights of 40 feet and more.

The properties experienced no exposure of historic or cultural assets ***during the most recent construction of the pool and the pool fenced area.*** No impact on historic or cultural assets is anticipated. Construction will take place at the top of the existing two story structure and minimal shallow excavation will be anticipated for the pit-less elevator installation.

No rare, threatened or endangered species or their habitats exist on the properties.

Construction of the Project will temporarily impact air quality (dust) and noise levels. These impacts are considered short-term.

2.5 Time Frame and Funding:

Work on the Project is projected to begin in late spring of 2015. The projected schedule is as follows:

<i>County Class IV, SMA, (Major), and Variance Approvals</i>	<i>October 6, 2015</i>
<i>County Building Permit Approvals</i>	<i>December 4, 2015</i>
<i>Commencement of Construction</i>	<i>December 11, 2015</i>
<i>Completion of Construction</i>	<i>May 15th, 2016</i>

The project will be funded by Pixar Development, LLC. The construction cost of *the structure* is projected to be under 500 thousand dollars.

3.0 DESCRIPTION OF THE ENVIRONMENT

1. LAND USE: The subject parcels are presently zoned general commercial. The parcel where the proposed addition will take place is zoned open and the existing parking lot is in the general commercial. The use has been in hotel use since 1953 and will continue its current use. The structure is a “non-conforming use” and requires a variance application to the planning commission. A Class IV Zoning Permit, *SMA (Major)* and Use Permit are also required.
2. TOPOGRAPHY: The properties are relatively level with little to no slope. No grading will be required for the project.
3. GEOLOGY: Maps and soils descriptions are from the Soils Survey of the Islands of Kauai, Oahu, Maui, Molokai and Lanai, State of Hawaii, by the U.S. Department of Agriculture Soils Conservation Services. The soil is Silty Sand that is well drained. Permeability is moderate and run-off is slow with slight erosion impact. The sand is dominantly from coral and seashells.
4. CLIMATE: The mean annual rainfall throughout the study area is about 22 inches per year. Average temperatures in the region range from the 60’s to the low 90’s degree Fahrenheit. Temperature differences between day and night are about 15 degrees. The consistent direction of the trade winds is from the northeast at between 10 to 15 miles per hour.
5. FLOOD: Fema Flood Insurance Rate Map Panel 150002 0135 C indicates that the properties are in the AE Zone with the Base Flood Elevation at 8. The lowest floor elevation of the subject structure is at 7.5 msl. The proposed improvement value is less than 50% of the appraised replacement value, therefore conforms to the Fema requirements. *The appropriate and final appraisal will be submitted to the County Flood Engineer during the building permit process.*
6. FLORA & FAUNA: The site has been developed and landscaped well over the last 20 years plus. There are no endangered species of flora or fauna.

7. NOISE: Due to the absence of noise sources, the noise levels in the area are Considered to be within the range of normal urban levels.
8. AIR QUALITY: The air at the subject properties and the surrounding areas is normally relatively clear and low in pollution because of the absence of major urban centers.
9. HISTORIC PRESERVATION: There have been no evidence of historic/cultural significance on the site as experienced during *the most recent construction of the pool and the pool fenced area*. There will only be a 12” deep excavation for a 68 sf elevator, therefore no impact on historic/cultural assets is anticipated.

3.1 Land Classification and Zoning:

The State Land Use Commission designates the Project site as Urban. The County of Kaua`i zones the Project site as Open and Commercial (CG). The General Plan for Kaua`i designates the Project site Urban Center.

Applicant is applying for a Class IV Zoning Permit, an *SMA Permit*, and a Variance.

3.2 Physical Features:

The site is fully developed and well landscaped. The existing parking is paved and encompassed by good landscaping. (See Exhibits “I”) The existing two story building shown in Exhibit “I” has a maximum height of 18 feet and is of concrete exterior finish. Exhibit “J” shows the makai view of the existing structure with the proposed third story imposed on the existing structure. The addition compliments the existing conditions well.

3.3 Infrastructure:

Hotel Coral Reef is an existing hotel located along Kuhio Highway. The addition of 6 new rooms is not anticipated to have a minimal impact on the existing roadway.

The existing water meter is adequate for the addition of the proposed 6 new hotel rooms. Data will be presented to the DOW justifying the existing water meter during the permit process.

Hotel Coral Reef waste lines are connected to the public sewer system. Data justifying the addition of 6 new hotel rooms will be submitted to the County wastewater department during the permit process.

Hotel Coral Reef maintains a recycling solid waste program. Unrecyclable materials are picked up by Garden Isle Disposal and taken to the County’s landfill.

Electrical, Telephone and Cable services already exist for Hotel Coral Reef.

Applicant will work with these utility service companies for any potential upgrades. No underground work is anticipated.

Police protection for Kapa'a town is served by a substation located approximately 3 blocks south of Hotel Coral Reef.

Fire Protection and Emergency Medical services are available from the new Kaua'i Fire Department's station located north of Kapa'a town approximately 2-1/2 miles away.

3.4 Flood Hazard:

The property is within Zone AE zone, as indicated by the Flood Insurance Map for the County of Kaua'i. The proposed addition of the 6 new hotel rooms will not exceed 50% of the appraised value (minus depreciation) of the existing structure, therefore the project will conform to FEMA requirements. *The appropriate and final appraisal will be submitted to the County Flood Engineer during the building permit process.*

3.5 Ground Water:

The proposed development is not anticipated to have significant adverse impacts on ground water because no active water systems are on the project site.

3.6 Drainage, Erosion and Soil Stability:

The proposed 6 new hotel rooms will not impact drainage and erosion as the project will not add substantial run-off than is already generated by the existing project. No increase of the parking area will occur. The site is relatively level and the soil is stable, supporting the structures since 1961 with no signs of instability.

3.7 Flora and Fauna:

The project site has been in existence prior to 1966 as a hotel. There are no known rare, endangered, or threatened species of flora located within or in the vicinity of the project site.

A three day, morning and late afternoon observation was conducted on site. No observation of terrestrial fauna occurred except for two cats. Some of the avifauna introduced to the area includes the Spotted Dove, Barred Dove, Japanese white-eye, Cardinal, Red-Crested Cardinal, and Mynah.

While the frigate birds, albatross and other seabirds, including migratory birds may frequent the coastline, none were seen on the subject property during the observation period and over the years as witnessed by the hotel management. Although not observed, The Hawaiian Coot and Gallinule may visit in the adjacent Moikeha Canal. The project work area is over 70 feet away from the edge of the canal therefore, the applicant believes that these birds will not be negatively impacted.

3.8 Endangered Species:

There are no apparent endangered species in the project area. *However, Monk Seal sightings have been observed in the past on the beach fronting the county park. The county park is between the Hotel Coral Reef site and the beach, therefore, this project will have no negative impact on the Monk Seals*

According to the Hawai'i Natural Diversity Database, there have been no recordings of rare species or eco-systems on the project site. Considering the lack of natural water resources in the immediate area, except for a flowing drainage canal, the near proximity of residential and commercial neighborhoods and the adjacent public school, rare, threatened or endangered species are not expected to frequent the project site.

3.9 Scenic Resources:

The project site is relatively flat and makai of Kuhio Highway. View from the highway is obscured by the 18 feet high existing two story structure, where the addition of a third floor is proposed. The proposed third floor will begin at an 18 feet height above the roadway and extend to 35 feet to the roof peak. The project site will not significantly block scenic ocean views from the highway any more than the existing two story structure. *Currently, there are no mountain views available over the subject existing two story structure from the adjacent county park and the coastline.*

3.10 History of the Land:

The county tax records indicate that the hotel was in existence on TMK: 4-5-12:6 since 1961. A second hotel building on TMK: 4-5-12:46 and a parking lot on TMK: 4-5-012:005 state leased lands, appears to have been built in 1966. *It is fair to say that the property was not an agricultural zoned land at least after 1966. The CZO designated lands during its adoption in 1972. By 1972 the hotel was in full operation.*

In the year 2001, Pixar Development, LLC received approval for a Class VI Zoning Permit (Z-IV-2001-18) and a SMA Use Permit (SMA-U-2001-4). The permit included work for adding shutters, window boxes, lava rock walls, a swimming pool, a sundry shop, relocation of various rooms and facilities, and interior renovations of guest rooms.

The entity of Pixar Development, LLC and Hotel Coral Reef was sold to Michael Harrah in 2004. Michael Harrah, now of Pixar Development, LLC, completed the construction work approved under the above mentioned zoning and SMA permits.

The purpose of this application is for a third floor addition of 6 new hotel units above the existing two story hotel building on TMK: 4-5-12: 46. (See Site Plan, Exhibit "C")

3.11 Coastal Zone:

The subject property is within the Special Management Area (SMA). *Although the project* entails a construction cost of less than \$ 500,000.00 dollars, *the applicant is filing an SMA-Major permit application to the County Planning Department.*

4.0 PROBABLE IMPACTS AND MITIGATIVE MEASURES

4.1 Short Term Impacts:

- A. Construction: There will be no substantial site work for this project. The work entails the addition of a third floor over an existing structure. The proposed work will result in an increase in noise from framing construction related tools. Saw dust is anticipated. There are no immediate adjacent neighbors who may be impacted by saw dust. The prevailing trade wind patterns is from the north-east directions. Potential airborne matters will generally be carried in the south-west direction where no adjacent neighbors exist.
- B. Traffic: Construction workers may generate minimal short term traffic and parking on Kuhio Highway.
- C. Employment: Construction of the project will have a minimal positively impact Kauai's economy for approximately six months.

4.2 Long Term Impacts:

- A. Traffic: At times there may be minimal intermittent long-term increase (6 cars) in traffic on the Kuhio Highway.
- B. Visual: The addition of the proposed third floor above the existing two story hotel will create a minimal visual impact to the area. The proposal however, will be compatible with the larger structures in the area, such as the former Aloha Lumber Building, Otsuka's Furniture Store, and the Kauai Professional Building, all nearby and along Kuhio Highway and all over 40 feet in height.

4.3 Mitigative Measures:

A. Short Term Impacts:

1. *Construction Dust: Construction will take place on a third floor level. The exterior walls will be build first with the exterior plywood sheathing applied as soon as possible. Then all work will continue within the surrounding walls, thus minimizing any potential airborne matters resulting from construction work.*

Construction Noise: The time of work is scheduled from 7:30 am to 4:30 pm Monday through Saturday. The nearest residential property is located approximately 250 feet away from the project site. It is anticipated that noise generated during construction will have a minimal impact to the surrounding properties.

2. *Construction Traffic: The property north and adjacent to this project is also owned by Michael F. Harrah of Pixar Development. Construction workers will be designated to park on the adjacent lot.*
3. *Employment: The project is of light frame construction valued at under 500 thousand dollars. The construction men force required for the project will number between 5 to 15 and any one time.*

Long Term Impacts:

1. *Traffic: Potentially, there will be a maximum of 6 addition vehicles added to the hotel because of the addition of 6 more rooms. The impact of traffic generated by this project on Kuhio Highway will be minuscule.*
2. *Visual: The existing structure is a two story building approximately 18 feet in height. The proposed addition of a third story will increase the building height to 38'-8" maximum. However, the completed project will be compatible with the larger structures in the area within walking distances of the subject property. The former Aloha Lumber building across the street from this project, the Otsuka Furniture Store and the Kapaa Professional Building all along Kuhio Highway are at least 40 feet in height. There are many matured palm trees on this site exceeding 40 feet in heights to help blend the structure in the area. Therefore, it is anticipated that the project will have no major visual impact to the area.*

5. **PROJECT ALTERNATIVES CONSIDERED**

NO ACTION: A “No Action” alternative would cause a non-conformance to Hotel Coral Reef’s recent extended lease from the State’s BLNR, which requires a substantial improvement of the structure. It would be contrary to the State Land Use Map and the County General Plan, both designating the site as urban. A “No Action” would deprive the property owner from enjoying its property as other property owners in the Kapa’a and Wailua area with the same use.

CONSIDERATION OF ALTERNATE SITES: There are no other alternative for Hotel Coral Reef to add more rooms to the hotel. The proposed 6 hotel room addition is over an existing two story structure. This will not be adding to the lot coverage and disturbance of the ground will be minimized.

PROCEED WITH THE PROJECT: *Although in a very small number*, the project will accommodate Kauai's growing need for tourist related facilities. The addition of 6 hotel rooms on an existing structure will have little or no impact on the environment and the surrounding neighborhood.

6.0 **FINDINGS AND DETERMINATION**

Significant Criteria: According to the Department of Health Rules (11-200-12) (“Rules”), *the approving* agency must determine whether an action may have a significant impact on the environment, including all phases of the project, its expected consequences both primary and secondary, its cumulative impact with other projects, and its short and long-term effects. In making the determination, the Rules establish “Significant Criteria” to be used as a basis for identifying whether significant environmental impact will occur. According to the Rules, an action shall be determined to have a significant impact on the environment if it meets any one of the following criteria:

1. *Involves an irrevocable commitment to loss or destruction of any natural or cultural resources;*

The Project will not cause any irrevocable loss of natural or cultural resources. As discussed previously, the project entails the addition of 6 hotel rooms over an existing two story hotel structure.

No known archaeological or cultural historic sites exists on the project site. Should any archaeologically significant artifacts, bones, or other indicators of previous historic on-site activity be uncovered during construction, they will be treated in strict compliance with the requirements of the State of Hawaii Department of Land and Natural Resources, Historic Preservation Division (“SHPD”) and all construction will cease until cleared by SHPD.

There will be a new 68 square foot by 12” slab installed for the proposed elevator.

2. *Curtail the range of beneficial uses of the environment;*

This small project will not curtail any beneficial uses of the environment.

3. *Conflicts with the State's long-term environmental policies and guidelines as expressed in Chapter 344, HRS; and any revisions thereof and amendments thereto, court decisions or executive orders;*

The project development is consistent with Chapter 344, HRS in that;

- (a) The project focuses on serving tourism and does not expect to be a factor in any permanent increase in the island's population.
- (b) The project includes plans for the conservation and utilization of natural resources and efficient use of energy resources.
 - (1) Applicant will utilize best management practices for waste prevention and recycling.
 - (2) The project will not take any open space area except for a 68 sf elevator.
 - (2) There are no natural wildlife, forest, marine, or unique ecological preserves on or near the project site. A drainage canal exists adjacent and to the west of the property.
 - (4) The project will comply with the state's energy conservation guidelines. Lighting will be "LED", exterior walls and ceilings will be insulated, and exterior glass windows and doors will be of insulated glass. Water saving plumbing fixtures will be installed.
- (c) No endangered flora or fauna have been discovered on or adjacent to the existing project site. Existing landscaping consist of native trees, shrubs, and flowering plants as encouraged by the County of Kaua'i Department of Water as part of their recommendations for water conservation.
- (d) The project will minimally help provide rooms (6) for the tourist industry that is vital to the economy of Kauai.
- (e) Environmental stewardship will be promoted at the hotel to encourage those who utilize the facility to respect the surrounding environment, reduce waste and excessive consumption, and fulfill the responsibility as trustees of the environment for the present and the future generations.
- (f) This project is consistent with the National Environmental Policy Act.

4. *Substantially affects the economy or social welfare of the community and/or state;*

The addition of 6 hotel rooms over an existing 16 room hotel structure will have minimal affect on the economy and social welfare of the community and state.

5. *Substantially affects public health;*

This project will not substantially affect public health. The hotel business is an environmentally clean operation.

6. *Involves substantial secondary impacts, such as population changes or effects on public facilities;*

The Project will cause no permanent population changes as it will serve its existing hotel business. It will not have an effect public facilities in the area.

7. *Involves a substantial degradation of environmental quality;*

This Project will not cause any degradation of the environment. The project site is existing and the addition of 6 hotel rooms above an existing two story 16 hotel room structure will not degrade the environment.

8. *Is individually limited but cumulatively has considerable effect upon the environment or involves a commitment for larger actions;*

(a) The project's minimal cumulative impact on the environment will not involve a commitment for larger action. Adequate parking is already available for this project. There will be no requirements for additional traffic infrastructure or utility infrastructure.

(b) Air: As discussed herein, air quality will be impacted during the construction phase for a short-term. As completed, the project will not have any facilities or activities that produce air pollution.

Water: The project site does not contain any natural water resources and, therefore, will have no impact on natural water resources.

Noise: As discussed herein, construction will have a short-term impact on noise in the vicinity. When completed, however, the hotel rooms does not expect to generate any substantial noise.

9. *Substantially affects a rare, threatened or endangered species or its habitat;*

No known rare, threatened or endangered species or its habitat exists on the subject property. Exterior lighting and fixtures will be installed as not to impact Shearwater birds that may fly over the area.

10. *Detrimentially affects air or water quality or ambient noise level;*
The Project will not detrimentally affect air or water quality or ambient noise level in the long-term. Air quality will be affected during construction as discussed herein and mitigation measures will be implemented to reduce any detrimental effects. Since the project site does not contain any natural water resources, none will be detrimentally affected. Noise levels will increase intermittently during the short-term due to construction as discussed herein. Set construction days and hours should minimize any detrimental effect. The Project will not generate any long-term affect on the ambient noise level in the area.

11. *Affects or is likely to suffer damage by being located in an environmentally sensitive area, such as flood plain, tsunami zone, beach, erosion-prone areas, geologically hazardous land, estuary, freshwater, or coastal areas;*

The project is a third story addition on an existing two story structure. It will not impact any sensitive area, such as flood plain, tsunami zone, beach, erosion-prone areas, geologically hazardous land, estuary, freshwater, or coastal areas and, therefore, will not affect or suffer damage thereto.

12. *Substantially affects scenic vistas and view planes identified in county or state plans or studies;*

As discussed herein, the project entails the addition of a third floor over an existing two story structure that is approximately 18 feet about the highway. The project will not increase the effect to the scenic vista or view plane from the highway. ***There are no views of the mountains over the two story structure as it exists. Therefore the proposed third story will not increase the effect to the mountain views.***

13. *Requires substantial energy consumption;*

The Project will receive power from Kaua'i Island Utility Cooperative. Energy consumption will be minimized by the use of energy efficient lighting and equipment.

7.0 CULTURAL ASSESSMENT

See attached Exhibit "4" for the Cultural Assessment and Historical Background.

8.0 ORGANIZATIONS AND PERSONS CONTACTED

The following agencies were consulted and sent a copy of the EA for comments. A 21-day period was stipulated for comments.

- A. Office of Environmental Quality Control (OEQC) State of Hawaii
235 S. Beretania Street, Suite 702
Honolulu, Hi 96813

- B. Department of Land and Natural Resources
State Historic Preservation Division
601 Kamokila Blvd
Suite 555
Kapolei, Hawaii 96707

- C. Department of Land and Natural Resources
Engineering Branch
1151 Punchbowl Street
Honolulu, Hi 968013

- D. Clean Air Branch
Hawaii State Department of Health
Suite 250
P. O. 3378
Honolulu,Hi, 96813

- E. Clean Water Branch
Hawaii State Department of Health
P. O. 301
9919 Ala Moana Blvd
Honolulu Hi 96813

- F. Department of Transportation
Highway Division
1720 Haleukana
Lihue, Hi 96766

- G. U.S. Fish and Wildlife Service
300 Ala Moana Blvd, Rm 63071
Honolulu, Hi 96813

- H. Department of Housing and Urban Development
500 Ala Moana Blvd, Suite 3-A Honolulu, Hi 96813

- I. U.S. Army Corps of Engineers
Honolulu District
Fort Shafter, Hi. 96858

- J. Ground Water Office
Water Division, WRT-9
U.S. EPA, Region 9
75 Hawthorne Street
San Francisco, Ca. 94105

- K. Wetlands, Oceans and Estuary
Branch W-7
U.S. Environmental Protection Agency
Region 9
75 Hawthorne Street
San Francisco, Ca 94105

- L. Department of Planning
County of Kauai
4444 Rice Street
Lihue, Hawaii 96766

- M. Department of Public Works
County of Kauai
4444 Rice Street
Lihue, Hawaii 96766

- N. Department of Water
4398 Pua Loki Street
Lihue, Hi 96766

- O. Kauai County Housing Agency
4444 Rice Street, Suite 330
Lihue, Hi 96766

9.0 **REFERENCES**

County of Kaua`i General Plan

County of Kaua`i Comprehensive Zoning Ordinance

Lihue Town Plan

Federal Emergency Management Agency “Flood Insurance Rate Map”

United States Fish & Wildlife Services (Online www.nwi.fws.gov)

National Wild & Scenic Rivers By State (Online www.nps.gov/rivers/wild)

U. S. Department of Agriculture, Soil Conservation Service

Archaeology of Kaua`i 1931

Archaeology of Puna, Kaua`i 1973

10.0 CERTIFICATION

Project Name and Identification: HOTEL CORAL REEF

- 1. Is project in compliance with applicable laws and regulations as cited in the Statutory Checklist (24 CFR Part 58.1) ? YES
- 2. Is an Environmental Impact Statement required pursuant to 24 CFR Part 53.37? NO
- 3. Can a determination be made that the proposed activity will not significantly impact upon the quality of the human environment? YES

FINDING:

Findings of No Significant Impact:
 (The Project will not result in a significant impact on the quality of the human environment.)

Findings of Significant Impact:
 (The Project may significantly affect the quality of the human environment.)

Preparer's Signature

Date: 7-10-15



Responsible Entity

Proposing Agency:

Chair DLNR

Date

STATUTORY CHECKLIST

(24 CFR 58.8)

Record the determination made regarding each listed statute, executive order of regulation. Provide appropriate source documentation. [Note reviews or consultations completed as well as any applicable permits or approvals obtained or required. Note dates of contact or page reference.] Provide compliance or consistency documentation. Attach additional material as appropriate. Note conditions, attenuation or mitigation measures required.

FACTORS DOCUMENTATION

DETERMINATION AND COMPLIANCE

Historic Preservation
[24 CFR 800]

Exhibit "4" Cultural Assessment

Flood Plan Management
[24 CFR 55, Executive Order 11988]

Printed No Effect-Section 3.4

Wetlands Protection
[Executive Order 11990]

Printed No Effect-Section 3.4

Coastal Zone Management
(c) & (d)

Printed Section 3.11 [Section 307
SMA

Sole Source Aquifers
[40 CFR 149)

Printed No Effect-Per EPA web site no designated
Sole Source Aquifers for the area.

Endangered Species Act
[50 CFR 402]

Per Hawai'i Natural Diversity Data Base-No Effect
Site Observation-3 morning, 3 noon, 3 evening site
visits were conducted.

Wild & Scenic Rivers Act
[Section 7 (b) & (c)]

Printed No Effect-According to National Park
Service Website, there are no Wild & Scenic Rivers.

Air Quality
[Clean Air Act, Section 176 (c) & (d),

Printed No Effect-Web site for Region 9: Air
Programs. Project is in "attainment area".

Farmland Protection Policy Act
[7 CFR 658]

Printed No Effect-Kauai General Plan designated
project area as Open, CG.

ENVIRONMENTAL ASSESSMENT CHECKLIST

[Environmental Review Guide HUD CPD 782, 24 CFR 58.40; Ref 40 1508.8 & 1508.27]

Evaluate the significance of the effects of proposal on the character, features and resources of the project area. Enter relevant base data and verifiable source documentation to support the finding. Then enter the appropriate impact code from the following list to make a determination of impact. **Impact Code: (1)** – No impact anticipated; **(2)** – Potentially beneficial; **(3)** – Potentially adverse; **(4)** – Requires mitigation; **(5)** – Requires project modification. Note names, dates of contact, telephone numbers and page reference. Attached additional material as appropriate. Note conditions or mitigation measures required.

<u>LAND DEVELOPMENT</u>	<u>CODE</u>	<u>SOURCE OR DOCUMENTATION</u>
Conformance with Comprehensive Plans and Zoning	4	Proposed project requires a Class IV Zoning, SMA, and Variance Permits.
Compatibility and Urban Impact	1	Same as above
Slope	1	Section 3.2
Erosion	1	Section 3.6.
Soil Stability	1	Section 3.6
Hazards and Nuisance including Site Safety	1	Title 11, HAR, Chapters 1-26, Vector Control, 11-60.1, Air Pollution Control, and 11-58.1, Solid Waste Management Control
Energy Consumption	1	“LED” light fixtures will be installed and water saving plumbing fixtures will be used.
Noise-Contribution to Community	4	Title 11, HAR, Chapter 11-46, Community Noise Control.
Air Quality-Effects of Ambient Air Quality on Project and Contribution to Community Pollution Levels	4	Title 11, HAR, Chapter 11-60.1, Air Pollution.
Environmental Design-Visual Quality-Coherence, Diversity	1	The proposed project will be designed for minimal impact on the physical environment by being compatible with surrounding area and the land.

<u>SOCIO-ECONOMIC</u>	<u>CODE</u>	<u>SOURCE OR DOCUMENTATION</u>
Demographic Character Changes	1	The proposed project is adding only 6 hotel rooms, therefore it will not have impact the Demographic Character of the area.
Displacement	1	No displacement will take place.
Employment and Income Patterns	2	The hotel now employ 12-16 local workers.

<u>COMMUNITY FACILITIES AND SERVICES</u>	<u>CODE</u>	<u>SOURCE OR DOCUMENTATION</u>
Education Facilities	1	Kapa'a High School and Kapa'a Middle School
Commercial Facilities	1	The proposed project is within the business district of Kapa'a.
Health Care	1	The project is within 12 miles from Lihue, the prime center of trading, employment, health care facilities, and government offices.
Social Services	1	Services are available in Lihue, approximately 12 mile away.
Solid Waste	1	Section 3.3
Wastewater	1	Section 3.3
Storm Water	1	Sections 3.5 and 3.6
Water Supply	1	Section 3.3
Public Safety-Police	1	Section 3.3. Kauai Police Department's Kapa'a Substation is located within 2-1/2 miles from project.
Public Safety-Fire	1	Section 3.3 A Kapa'a Fire Station is approximately 2.5 miles from the project site.
Emergency Medical	1	Emergency Care is available at Wilcox Memorial Hospital, approximately 12 miles away.
Open Space and Recreation	1	Open space and recreation will not be adversely affected.
Cultural Resources	1	No record of Cultural Resources on project site.
Transportation	1	A Kaua'i Bus stop is within walking distance from the project.

<u>NATURAL FEATURES</u>	<u>CODE</u>	<u>SOURCE OR DOCUMENTATION</u>
Water Resources	1	Section 3.5.
Surface Water	1	Sections 3.5 and 3.6.
Unique Natural Feature and Agricultural Lands	1	Farmland Protection Policy Act (7 CR 658) not applicable to land committed to Urban development.
Vegetation and Wildlife	1	Sections 3.7 & 3.8.

<u>OTHER FACTORS</u>	<u>CODE</u>	<u>SOURCE OR DOCUMENTATION</u>
Flood Disaster Protection Act [Flood Insurance 58.6 (a)]	1	FEMA Flood Insurance Rate Map Subject property within Zone AE. Section 3.4.
Coastal Barrier Resources Act [58.6 (c)]	1	Section 3.11. Subject property within coastal management areas.
Airport Runway Clear Zone or Clean Zone Disclosure [58.6 (d)]	1	No airport within 3 miles from subject property.

EXHIBIT CONTENTS:

Exhibit "1" Authorization
Exhibit "2" Lease Approval (DLNR)
Exhibit "3" SSD Approval
Exhibit "4" Cultural Assessment

Exhibit "5" *Public Comments*

Exhibit "A" Island Map/Vicinity Map
Exhibit "B" TMK Map
Exhibit "C" Zoning Map/General Plan Maps
Exhibit "D" Site Plan
Exhibit "E" Floor Plan
Exhibit "E-1" Floor Plan
Exhibit "F" Elevations
Exhibit "F-1" Elevations
Exhibit "G" Section
Exhibit "H" Photo
Exhibit "I" Photo
Exhibit "J" Rendering

EXHIBIT CONTENTS:

Exhibit "1"	Authorization
Exhibit "2"	Lease Approval (DLNR) SSD Approval
Exhibit "3"	Cultural Assessment
Exhibit "A"	Island Map/Vicinity Map
Exhibit "B"	TMK Map
Exhibit "C"	Zoning Map/General Plan Maps
Exhibit "D"	Site Plan
Exhibit "E"	Floor Plan
Exhibit "E-1"	Floor Plan
Exhibit "F"	Elevations
Exhibit "F-1"	Elevations
Exhibit "G"	Section
Exhibit "H"	Photo
Exhibit "I"	Photo
Exhibit "J"	Rendering

EXHIBIT "1"

AUTHORIZATION:

March 23, 2015

Marvin Mikasa, District Land Agent
DLNR
3060 Eiwa Street, Room 208
Lihue, Hi 96766

Dear Mr. Misaka,

We hereby authorize Ron Agor, Architect to apply for the necessary Environmental Assessment for a new 6 hotel unit addition above an existing two story hotel structure on TMK: 4-5-011:046 and 4-5-012:005, in accordance to the terms of General Lease S-3832 and General Lease No. S-5578.



Michael HARRAH
Pixar Development, LLC
4-1516 Kuhio Highway
Kapaa, Hi

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



WILLIAM J. AHA, JR.
CHAIRMAN
BOARD OF LAND AND NATURAL RESOURCES
CHAIRMAN FOR WATER RESOURCES MANAGEMENT



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

3060 Eiwa Street, Room 208
Lihue, Hawaii 96766
PHONE: (808) 274-3491
FAX: (808) 241-3535

July 28, 2014

Ref. No.: **GL S-3832**
GL S-5578

Michael F. Harrah
Pixar Development, LLC
1103 N. Broadway
Santa Ana, California 92701

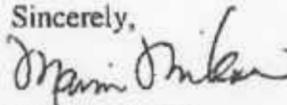
Dear Mr. Harrah:

Subject: Approve Negotiated Development Agreement, and Proposed Plans and Specifications for Improvements for General Lease No. S-3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee; Authorize the Extension, Amendment and Restatement of General Lease No. S-3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee, for an Aggregate Term of 55 Years, Kapaa Town Lots, Kapaa, Kawaihau, Kauai, Tax Map Keys (4) 4-5-011:046 and (4) 4-5-012:005.

We are pleased to inform you that at its meeting of July 25, 2014, under agenda item D-1 (copy enclosed), the Board of Land and Natural Resources approved your request for Approve Negotiated Development Agreement, and Proposed Plans and Specifications for Improvements for General Lease No. S- 3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee; Authorize the Extension, Amendment and Restatement of General Lease No. S-3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee, for an Aggregate Term of 55 Years, General Lease No. S-3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee.

Please review applicant requirements on page 4, items 1 thru 4 and recommendation section on pages 5 & 6 of attached approved board submittal.

If there are any other questions, please feel free to contact me at 274-3491. Thank you.

Sincerely,

Marvin Mikasa
Acting District Land Agent

Enclosures
cc: Central File
Land Board Member

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

April 25, 2014

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Kauai

Request for Approval in Concept of an Extension of Lease Term, General Lease No. S-3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee, por. of Kapaa Town Lots, Kapaa, Kawaihau, Kauai, Tax Map Keys: (4) 4-5-011:046 and (4) 4-5-012:005.

APPLICANT AND REQUEST:

Pixar Development, LLC is requesting an extension of General Lease No. S-3832 and General Lease No. S-5578, pursuant to Act 219, SLH 2011, which authorizes the extension of hotel and resort leases.

LEGAL REFERENCE:

Sections 171-36(b), Hawaii Revised Statutes, as amended, and Act 219 SLH 2011.

LOCATION:

Portion of Government lands of Kapaa Town Lots, situated at Kapaa, Kawaihau, Kauai, identified by Tax Map Keys: (4) 4-5-011:046 and (4) 4-5-012:005, as shown on the attached map labeled Exhibit A.

AREA:

GL S-3832 – 0.5930 acres, more or less.
GL S-5578 – 0.2210 acres, more or less.
TOTAL: - 0.8140 acres, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

April 25, 2014 uo.

CHARACTER OF USE:

GL S-3832: Hotel purposes.

GL S-5578: Hotel parking purposes.

TERM OF LEASE:

GL S-3832: Original term of 55 years, commencing on May 18, 1964, and expiring on May 17, 2019.

GL S-5578: Original term of 20 years, commencing on May 18, 1999, and expiring on May 17, 2019.

ANNUAL RENTAL:

GL S-3832 - current rent is \$122,360.00 annually, due in quarterly installments of \$30,590.00 on February, May, August and November of each year.

GL S-5578 - current rent is \$26,910.00 annually, due in quarterly installments of \$6,727.50 on February, May, August and November of each year.

RENTAL REOPENINGS:

GL S-3832:

Reopenings in the original term were at the end of the 15th, 25th, 35th and 45th years of the term. The last rental reopening occurred on May 18, 2009.

GL S-5578:

Reopenings in the original term were at the end of the 10th year of the term. The last rental reopening occurred on May 18, 2009.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u>__</u>
Registered business name confirmed:	YES <u>X</u>	NO <u>__</u>
Applicant in good standing confirmed:	YES <u>X</u>	NO <u>__</u>

APPLICANT REQUIREMENTS:

Applicant shall comply with the requirements of Act 210 SLH 2011, negotiate a development agreement with department staff, and return to the Board at a later date for review and approval of the development agreement and requested lease extension.

REMARKS:

In 1962, Ichiji and Masako Matsumura built a small hotel on their private lands at Kapaa, Kauai designated as TMK: (4) 4-5-012:006 (Parcel 6). After acquiring a lease of the adjoining State land designated as TMK: (4) 4-5-011:046 (Parcel 46), they built an additional wing of the hotel of masonry construction containing 16 guest rooms. It was renovated in 2006. Abutting Parcel 46 is TMK: (4) 4-5-012:005 (Parcel 5), which is improved with a parking lot for the hotel. Photos of the hotel and parking area are included as Exhibits B-1 and B-2, respectively.

Land Division's files show the following lease history for the two State parcels:

General Lease No. S-3832 (covering Parcel 46) was sold at public auction on May 18, 1964 to Mr. and Mrs. Matsumura for a term of fifty-five (55) years expiring on May 17, 2019.

General Lease No. S-4648 (covering Parcel 5) was sold at public auction on May 16, 1980 to Dale M. Matsumura for a term of fifteen (15) years expiring on June 14, 1995.

On September 24, 1985, the Matsumuras notified Land Division that they were in the process of selling the entire hotel operation, which included General Lease No. S-3832 and General Lease No. S-4648. At its meeting of October 11, 1985, Item F-14, the Board of Land and Natural Resources approved the consent to sale of General Lease No. S-3832 and General Lease No. S-4648 from the Matsumuras to Michael Wayne Warriner and Linda J. H. Warriner, husband and wife, via agreement of sale. At its meeting of March 13, 1987, Item F-1-c, the Board approved the Consent to Assignment of General Lease No. S-3832 and General Lease No. S-4648 to the Warriners upon satisfaction of the agreement of sale.

In 1997 the Warriners filed for divorce. The decree of divorce specified that Michael Wayne Warriner's interest in General Lease No. S-3832 was awarded to Linda J. H. Warriner.

At its meeting on October 8, 1993, Item F-5, the Board approved a request for extension of General Lease No. S-4648 for a term of five (5) years ending on June 13, 2000. Due to the lack of follow through, it expired on June 14, 1995.

At its meeting on July 24, 1998, Item D-17, the Board approved authorization to sell a lease at public auction for the premises formerly covered by General Lease No. S-4648, and also approved the issuance of an interim revocable permit. Revocable Permit No. S-7145 was thereafter issued to Linda J.H. Warriner for hotel parking lot use only. In May, 1999, Linda J.H. Warriner became the lessee under General Lease No. S-5578 for hotel parking purposes after she bid successfully at auction.

At its meeting on October 26, 2001, Item D-10, the Board approved the Consent to Assignment of General Lease No. S-3832 and General Lease No. S-5578, Linda J.H. Warriner, Assignor, to Pixar Development, LLC, Assignee.

Pixar Development, LLC (Pixar) is in compliance with lease terms and conditions regarding rent and insurance.

Pixar is requesting a 50-year extension from the end of the current lease set to expire on May 17, 2019 for an aggregate term of 55 years (5 years remaining on lease plus 50-year extension) in order to amortize the cost of the improvements necessary to upgrade the hotel and parking lot.

Act 219, Session Laws of Hawaii 2011, authorizes the Board of Land and Natural Resources to extend hotel and resort leases (that have not been sold or assigned within the past five years) up to an additional fifty-five (55) years. As a condition to the extension, the Lessee must commit to substantial upgrades to the existing improvements. "Substantial improvements" means any renovation, rehabilitation, reconstruction or construction of the existing improvements, including minimum requirements for off-site and on-site improvements, the cost of which equals or exceeds fifty per cent (50%) of the market value of the existing improvements that the Lessee or the Lessee and developer install, construct, and complete by the date of completion of the total development."

The act also stipulates that prior to entering into a development agreement, the lessee shall submit to the Board the plans and specifications for the total development being proposed. The Board shall review the plans and specifications and determine: 1) Whether the development proposed is of sufficient worth and value to justify the extension; 2) The estimated time to complete the improvements and expected date of completion; 3) The minimum revised annual rent based on the fair market value of the lands to be developed, as determined by an appraiser for the Board, and the percentage rent where gross receipts exceed a specified amount.

Pixar is estimating new improvement costs for the premises under General Lease No. S-3832 in the amount of approximately \$662,000 and has submitted a critical path and plans that include elevator, and a new third floor to existing building with six new guest rooms. (See Exhibits C and D)

Pixar has provided staff with a Summary Appraisal Report dated November 1, 2013 for General Lease No. S-3832 that indicates the market value of the existing improvements on TMK: (4) 4-5-011:046 was \$644,000 as of that date. (See Exhibit E). As noted above, the proposed new improvements for this parcel amount to \$662,000, which exceeds the 50% threshold of Act 219.

Pixar has also provided a Summary Appraisal Report dated March 1, 2014 for General Lease No. S-5578 that indicates the market value of the existing improvements (parking lot) on TMK: (4) 4-5-012:005 was \$38,000 as of that date. (See Exhibit F). The proposed improvements for this parcel, including removing the asphalt parking lot,

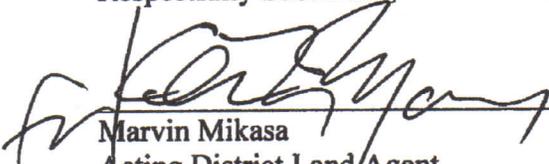
replacing with stamped concrete, and restriping, amount to \$30,104, which exceeds the 50% threshold of Act 219. (See Exhibit G).

Although Act 219 indicates in its preamble that the intention of the act is to help rehabilitate the Banyan Drive area of Hilo, Hawaii, there is nothing in the operative provisions of the act to limit its effect to Hilo or Hawaii Island. Staff is therefore requesting that the Board consent to an agreement in concept for the extension of General Lease Nos. S-3832 and S-5578 so that Pixar can prepare plans and specifications for the improvements and submit to staff for review and ultimately to the Board for approval. Additionally, staff is requesting authority to negotiate a development agreement with Pixar and return to the Board for approval of the development agreement and lease extension.

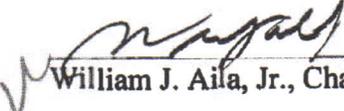
RECOMMENDATION:

That the Board, subject to the Applicant fulfilling the Applicant requirements listed above, approve in concept the request to extend General Lease No. S-3832, and General Lease No. S-5578, Pixar Development, LLC, Lessee, covering the State owned parcels identified by Tax Map Keys: (4) 4-5-011:046 and (4) 4-5-012:005 pursuant to Act 219 Session Laws of Hawaii 2011 and Section 171-36(b), Hawaii Revised Statutes, as amended, with the understanding that the approval in concept shall not be deemed to be an approval of the development proposal or lease extension at this time, as staff shall return to the Board at a later date for review and approval of development agreement and lease extension, including plans and specifications for improvements submitted by the Lessee. Land Division staff is authorized to negotiate a development agreement with the Lessee, subject to review and approval by the Board.

Respectfully Submitted,


Marvin Mikasa
Acting District Land Agent

APPROVED FOR SUBMITTAL:


William J. Aila, Jr., Chairperson

Bernard P. Carvalho, Jr.
Mayor



Michael A. Dahilig
Director of Planning

Nadine K. Nakamura
Managing Director

Dee M. Crowell
Deputy Director of Planning

PLANNING DEPARTMENT
County of Kaua'i, State of Hawai'i

4444 Rice Street, Suite A-473, Lihu'e, Hawai'i 96766
TEL (808) 241-4050 FAX (808) 241-6699

AUG 29 2014

Hotel Coral Reef LLC.
c/o Ron Agor, Architect (Authorized Agent)
AGOR ARCHITECTS, LLC.
4385 Pahe'e Street
Lihu'e, Hawai'i 96766

Subject: Shoreline Setback Determination SSD-2015-01
Tax Map Key: (4) 4-5-011:046
Kapa'a, Kaua'i
HOTEL CORAL REEF LLC., Applicant

In accordance with Section 8-27 of the Kaua'i County Code (1987), as amended, this is to inform you that the department has processed your Shoreline Setback Application and determined that the proposed development will not be affected by coastal erosion and hazards. Therefore, it is not subject to the requirements of Ordinance No. 887.

However, please be advised that further evaluation, requirements, and approvals from pertinent government agencies may also be required prior to development of this property.

It should be noted that the existing hotel facility is considered legally "Non-Conforming", since it was established prior to the adoption of the Comprehensive Zoning Ordinance (CZO) in 1972. As a result, the Applicant is made aware that further development of this facility is subject to the requirements contained in Section 8-13.1 of the CZO, entitled "Non-Conforming Building and Structures."

Should there be any questions regarding this matter, please contact Planner Dale A. Cua of my staff at (808) 241-4050.

MICHAEL A. DAHILIG
Director of Planning

An Equal Opportunity Employer

**CULTURAL ASSESSMENT AND HISTORIC BACKGROUND
FOR THE HOTEL CORAL REEF EA
KAPA'A TOWN, KAPA'A AHUPUA'A, KAWAIHAU DISTRICT, ISLAND OF KAUA'I,
HAWAII**

TMK: (4) 4-5-011:046 & 4-5-012:005 & 006

By Michael Dega, PHD
May 2015

This document provides a cultural assessment and historic background for the Hotel Coral Reef in Kapa'a Town, in support of an Environmental Assessment (EA) submitted for renovations of the hotel. Multiple sources were utilized to gain information for the current document, including a search of previous archaeological research in the area, archival records, and interviews with individuals knowledgeable of the area's history.

BACKGROUND INFORMATION

The Hotel Coral Reef is located at the physical address of 04-1516 Kuhio Highway, Kapa'a, along the eastern coastline of Kaua'i. The property is adjacent to Moikeha Drainage Canal (south) and Kapa'a State Park and the Ke Ala Hele Makalae (Kauai Multi-Use Path) (east). The north flank of the property is adjacent to residential and small commercial structures while the western boundary borders Kuhio Highway.

HISTORY OF THE HOTEL/HOTEL ENVIRONS

The hotel was originally constructed in 1953 on the site of the old Kapa'a Fire Station and was managed by Ichiji Matsumura (1911-1996) and his wife Masako Matsumura (1916-2010). The Matsumura's oversaw the original ten-room hotel, with an annex of 16 guest rooms added in 1966. Additional infrastructure was also added in 1960 (asphalt parking lot) through 1993 (concrete parking), 2005 (pool), and 2014 (renovations). In 1985, the Matsumura's notified the Land Division that they were selling the hotel operation, and the agreement of sale was approved in 1985. The new owners were Michael and Linda Warriner. In 1997, the Warriner's filed for divorce, with interest in the lease being awarded to Linda Warriner. In 2001, the lease was reassigned to Pixar Development, LLC., Assignee.

The hotel sits on a lot representing a 1909 land grant. The lot is listed as Grant 9503, Lot 9, Block D in Kapa'a Town and was awarded to Joseph Freitas Bettencourt, Jr., as Trustee for the Court. Mr. Bettencourt was a police officer on Kaua'i from c. 1940. The lease was for agricultural use. The agricultural leases were granted for 10 years, with title to the lots vested in the Territory of Hawai'i. The lots in the area, including Grant 9503, had been auctioned by

acting governor Mott Smith, J. Tucker, Superintendent Marston, and Land Commission Pratt, between 11/20/1908-9/15/1909. Grant 9251 was given to the Ancient Order of Foresters Friendly Society, in 1908-1909 and comprised 14,982 square feet. This was also an agricultural use lot. Currently, the land is owned by the State of Hawai'i and is being leased as a hotel and resort.

HISTORIC FEATURES WITHIN THE LANDSCAPE

Both pre-Contact (pre-1778) and Historic era cultural properties occur adjacent to the existing hotel and resort. Continuous land utilization of this area, from c. A.D. 1400, shows the importance of the area through time, as well as an adaptable environment for permanent, continuous use. This section lists several important historic properties in the Kapa'a area near the hotel. The discussion that follows shows the archaeological evidence for the early Traditional Native Hawaiian settlement of the area.

Mo'ikeha Canal

Mo'ikeha Canal, occurring just to the south of the Hotel Coral Reef, was named for an ancient Kaua'i chief who lived in the Kapa'a area and ruled over the Puna *moku* (district), approximately A.D. 1200-1300. The ocean voyages of Mo'ikeha on a double hull canoe took him between Hawai'i and the Tahitian Islands. After living in the land of his ancestors for a time, he returned to Hawai'i and finally to Kaua'i, where he married Hina'aulu, the daughter of the paramount chief Puna'aiko i'i, and settled along this coast. Upon the death of Puna'aiko i'i, Mo'ikeha became Ali'i Nui of Kaua'i.

Another voyager was Kila, the son of Mo'ikeha. He sailed to *Kahiki* (Tahiti) and returned with La'amaikahiki, who is credited with introducing important cultural characteristics from Kahiki into the Hawaiian culture. "It is La'amaikahiki who introduces image worship in the shape of the figure Lonoikaouali'i and the coconut fiber rope called Lanalanawa'a," Martha Beckwith (1871-1959) explained in *Hawaiian Mythology*. "He is most famous as the bringer of the *kaeke* drum and the *hula* dance to Hawaii."

In the 1940s a flood control project was begun to protect Kapa'a from flooding during the rainy season (see below). Three natural drainages were excavated and the channels realigned to direct excessive runoff from the wetlands into the ocean. The Mo'ikeha Canal was dredged to the sea at the former Makee Landing or Kapa'a Wharf. During the late 1800s and early 1900s, the wharf was used for shipping and receiving of goods and passengers to and from the other islands. In the 1920s shipping shifted to the newly completed Ahukini Landing at Hanam 'ulu Bay to the

south. The recently established Ahukini Terminal Railroad Company provided transport to the new landing.

Ahukini Railroad Bridge in Kapa'a Town

Two railroad bridges of the Ahukini Terminal Railroad that cross the canal are recognized State Historic Sites (see below). They served both the sugar and pineapple industries from the 1920s until the 1960s. The *makai* (towards the ocean) bridge has been modified to serve as a foundation for Ke Ala Hele Makalae (the path that travels by the coast). The *mauka* (towards the mountain) bridge remains in its original condition.



Figure 1. A Lihue Plantation sugar train loaded with cane headed south to the Lihue Mill, c. 1950.

Evolution of the Mo'ikeha, Waikaea, and Waipouli Drainage Canals

Throughout its existence, Kapa'a and the area south to Wai-pouli have experienced periodic flooding. This developed area along the coast occurs on an island of dune sand with an elevation of only about 10 feet above sea level. Flooding typically occurs during times of heavy rains along the coast and within the interior. Runoff from interior rain are directed to the wetlands west of Kapa'a and Waipouli by a number of small streams. As the water arrives at the wetlands, the sand island dam prevents them from reaching the sea. In the early part of the 20th

century, flooding was controlled by the Lihue Plantation that lowered the water table with pumps in order to grow sugar cane on the rich alluvial land. However, as the leases on these lands began to expire it was apparent that the plantation would not renew them and the pumping would cease.

In 1939 the County of Kauai appointed a committee of Kapa‘a citizens to investigate solutions to the flooding problem. The three alternatives were: “do nothing in hopes that conditions will improve”, move the town, or begin a program of reclamation and flood control.” The report, the Kapa‘a Master Plan, was presented to the Territorial Planning Board in Honolulu. It was considered the first such plan in the Territory of Hawaii.

The committee’s solution was to excavate drainage canals around the west side of Kapa‘a, south to Waipouli. These canals would direct excessive runoff around the town and into the sea. The excavated material would be used to fill portions of the wetlands to an elevation that would allow Kapa‘a Town to safely expand to the west. These filled areas have created areas for sports parks, government facilities, and private enterprises.

The canals were dug along three shallow drainages that led to the sea. Mo‘ikeha Canal was constructed on the north end of Kapa‘a. Waikaea Canal was constructed in the center. The southern canals lead to Waipo‘uli Canal. The project took over twenty years to complete and the reclaimed lands are in use today, as was envisioned by the Town Planning Collaborating Committee in 1940. Note **Figure 3**, depicting initial formation of the flood control plan in 1940. Kapa‘a Town’s population at that time was 2,828 persons.

Kapa‘a: Wetlands and Rice Fields

As noted by Powell and Dega (2011), Kapa‘a Town is built on a continuous stretch of sandy beach from North Kapa‘a south to the Waipo‘uli area. This island of sand acts as a dam trapping fresh water runoff from the interior of the island, thus creating a wetland. Hawaiians living along this sand island took advantage of the resources offered in both fresh water (*wai*) and saltwater (*kai*) environments.



Figure 2. Kapa'a Swamp and Rice Fields, 1925. Photo courtesy of Kaua'i Historical Society.

Within the freshwater environs, the pre-contact population found ideal conditions for producing life sustaining and enhancing crops. Taro (*kalo*) was grown in mounds of organic material along the edge of the wetlands. This provided the principal starch component of the Hawaiian diet, *poi*. *Kalukalu*, a reed prized for its suppleness and strength that was woven into mats for sitting and bedding was also grown in the wetlands. *Kolokolo*, “soap plant”, was another important plant grown in the freshwaters of the marsh. The root of the plant was used to make soap and was used throughout Polynesia. In addition to the agriculture, fishponds (*loko 'ia*) were established to raise fish as a source of protein.

In the early to mid-1800s, as the native population declined, the demand for taro (*kalo*) decreased. The wetlands, previously used for taro cultivation, became available for alternative crops, primarily rice.

The availability of these wetlands presented an economic opportunity for the Chinese contract laborers who had been recently freed from their obligations on the sugar plantations. Entrepreneurial Chinese leased the lands west of Kapa'a from the government. Using immigrant laborers with a background in rice cultivation they grew rice, an agricultural product in high demand in Hawai'i and California. The “rice kings,” as they were known locally, supplied rice not only to oriental laborers on the sugar plantations, but also to those in the United States building the western railroads.

The “rice kings” were able to amass small fortunes in a short period of time. They used the accumulated capital to begin building commercial properties and homes along the government road through Kapa’ā.

Later in the early part of the twentieth century, rice cultivation decreased due to competition from growers in California. With the demise of rice, the sugar plantations took over the fields to grow sugar cane. In order for sugar cane to thrive, the wetlands needed to be drained. The plantations used mechanical pumps to lower the water levels of the wetlands and pumped the fresh water over the sand island barrier and into the sea.

Prominent persons of Kauai Associated with Kapa’ā

Moikeha: Ali’i nui of Kaua’i, lived in Kapa’ā, great voyager of the 12th Century. Lived in the area.

Keawe: Paramount ruler after the death of his mother, Kamakahelei, was shot and killed in the sacred pond either within the swamp or along the edge of the sea. This murder, by close friends of his father over the control of a calabash filled with muskets, brought Kaumuali’i into the paramount position as ruler of Kaua’i (Wichman).

Hee Fat: Chinese rice king, his two story mill and market still exists, occupied by restaurants and shops in downtown Kapa’ā. He is buried in the Chinese Cemetery on the knoll northwest of town, overlooking the old rice fields.

Kapa’ā in the 20th Century

A good praxis of this time period was submitted by Peter Young (Hookuena LLC) in 2014 as part of an EISN for Hokua Place (formerly Kapa’ā Highlands) by Bushnell *et al.* (2002). Combined with the historical data above, the following summarizes this period in Kapa’ā. As noted above, in 1908-1909, government lands were auctioned as lots in Kapa’ā Town. The population of the town reflected a high percentage of plantation workers. In the 1920s and 1930s, the Japanese presence was prominent in the town, somewhat replacing the Chinese merchants from previous decades. In the 1930s and 1940s, the area north of Mo’ikeha Canal, encompassing the current project area, was predominantly settled by Portuguese families. A fire station was located on the Hotel Coral Reef grounds and a Courthouse and single jail cell was formerly located at the present day Kapa’ā Neighborhood Center. The current Pono Kai Resort was the site of the Hawaiian Canneries, which opened in 1913. The Ahukini Termination and Railway Company, formed in 1920, established a railroad to haul cane from Anahola through Kealia,

Kapa'a, and finally to Ahukini Landing to the south. The company constructed the railroad bridges over Mo'ikeha and Waika'ea, as noted above. The 1940s brought about the creation of the canals in Kapa'a Town. With the decline of sugar cane plantations, workers bought property of their own in the Kapa'a area and commerce increased again. Plantation camps were finally disbanded in the 1980s and the Cannery closed. Tourism and other endeavors have continued to propel Kapa'a into the future.

ARCHAEOLOGICAL BACKGROUND AND RESULTS

In Kapa'a proper, multiple archaeological sites have previously been documented by various archaeological firms, including the current authors. Many of these sites were identified just to the north of Waipouli Stream, near the coastline, and consisted of a buried, pre-Contact occupational surface in the sand. Pits representing food processing activities, postholes reflecting previous *hale* (houses), multiple human burials, and artifacts associated with fishing, woodworking, and conflict/battle have been recovered from the area. All identified burials were associated with the paleo A-horizon (old, buried occupation surface) and were determined to be of Hawaiian or Polynesian ancestry. Radiocarbon samples dated the sites from the 12th through 17th century A.D.

Several sites in the Kapa'a area within the Kuhio Highway corridor were further documented during Archaeological Monitoring (Dega and Powell 2003). Six subsurface features consisting of fire pits, postholes, a hearth, and truncated portions of the area's paleo-A horizon were documented. These features and the associated cultural stratum were dated to A.D. 1450-1530, A.D. 1520-1590, and A.D. 1730-1810 respectively. In addition, a total of six burials were found and contained a combination of traditional-period and historic burials, the latter denoted by the presence of glass beads placed with the individual.

A total of four known archaeological sites occur very near the Hotel Coral Reef. These include Sites -2117, -2119, -2120, and -2121. The location of these sites are depicted in the figures below, the former sites occurring to the northeast of the property, the latter two sites occurring to the southwest of the property. A summary of each site is presented below. Please note that no burials have been identified on the Hotel Coral Reef property.

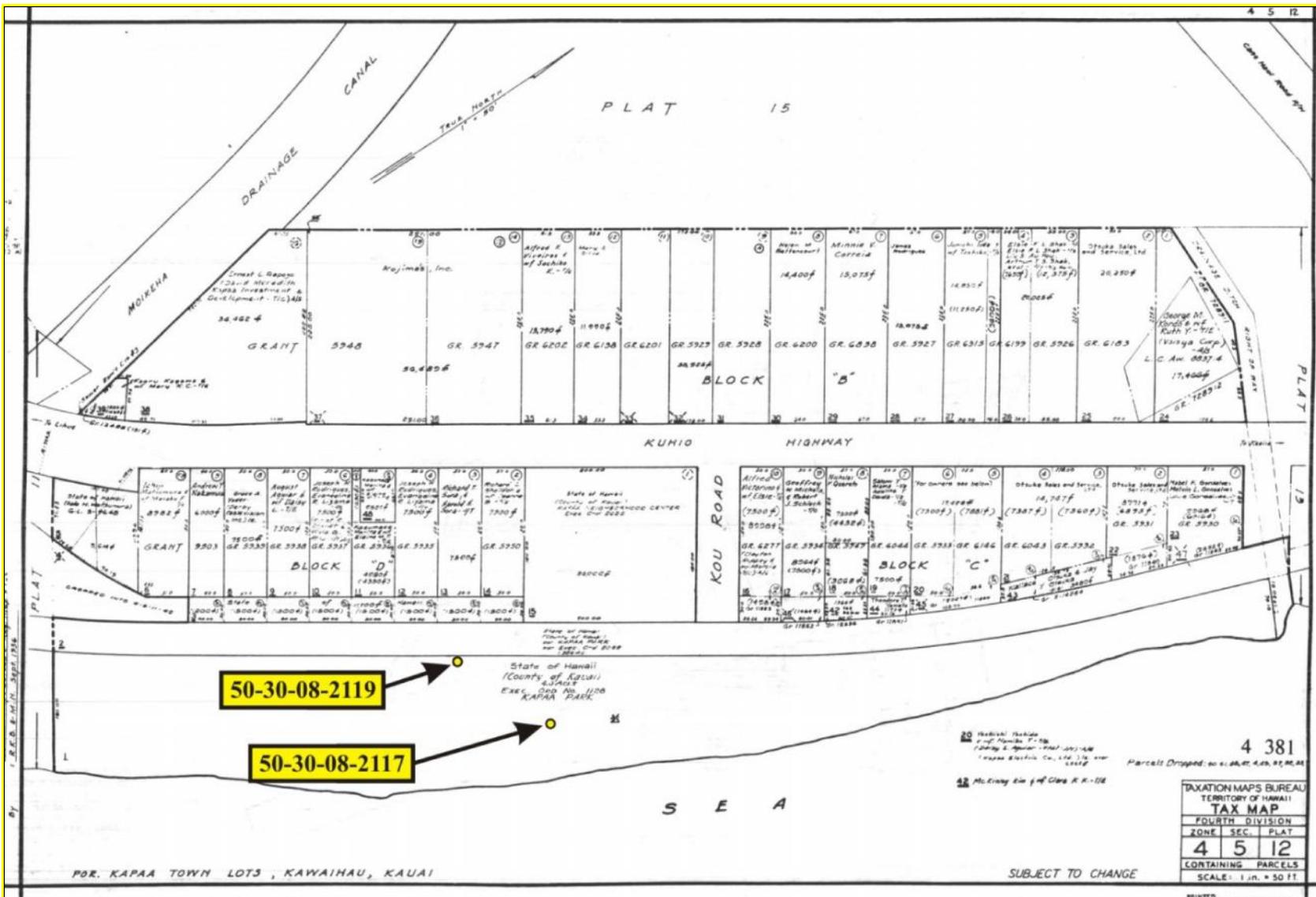


Figure 4. Tax Map Key [TMK: (4) 4-5-012] Showing Location of State Sites 50-30-08-2117 and 50-30-08-2119.

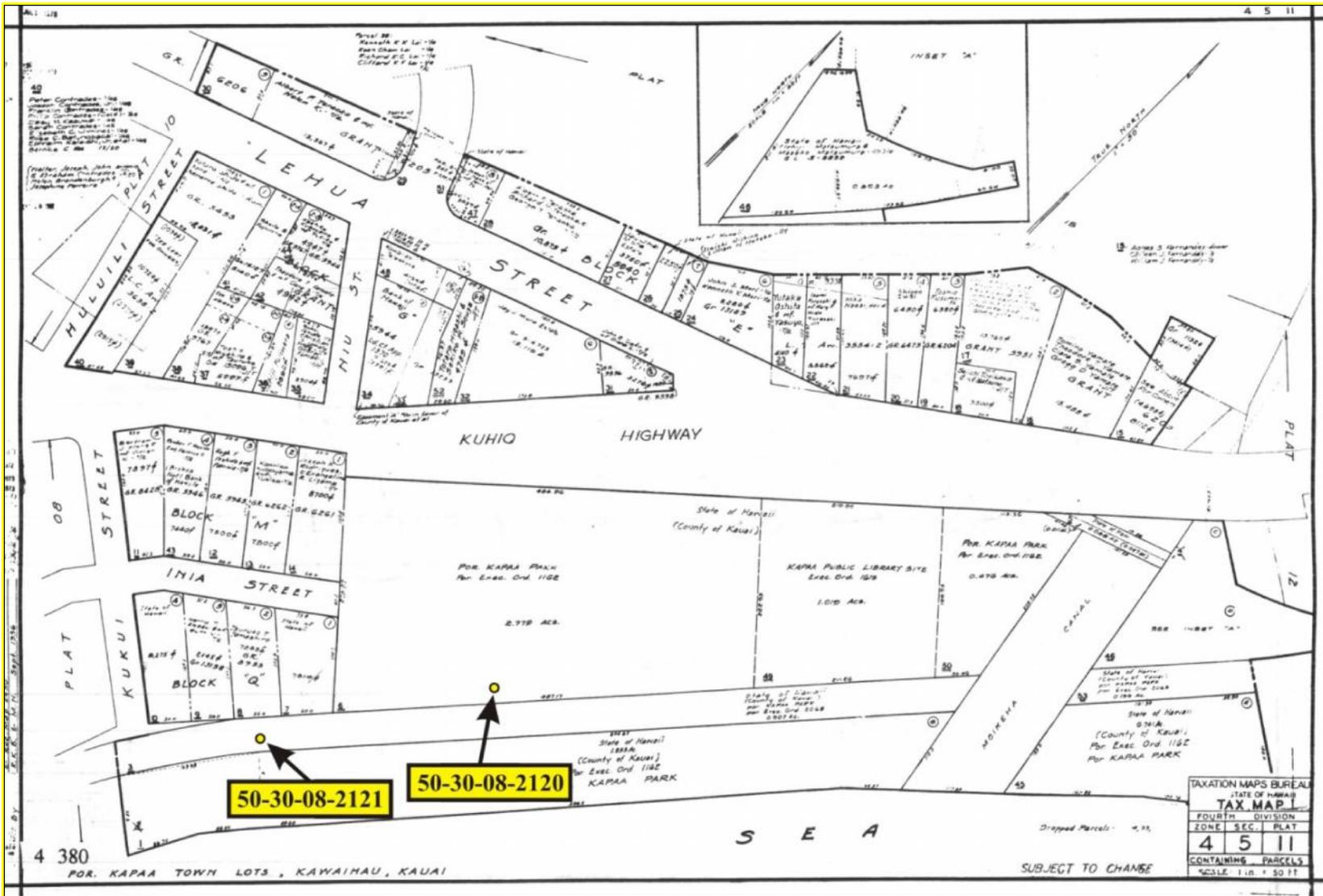


Figure 5. Tax Map Key [TMK: (4) 4-5-011] Showing Location of State Sites 50-30-08-2120 and 50-30-08-2121.

STATE SITE 50-30-08-2117

State Site 50-30-08-2117 consisted of a Traditional-period cultural layer (pre-1778) and an associated firepit, encountered near the east side of the Kapa'a Neighborhood Center, to the northeast of the current project area. The cultural layer was comprised of charcoal infused sand. The firepit contained fire cracked basalt rock. Based on context and the absence of Historic or Modern cultural materials, Site -2117 was interpreted as a pre-Contact fire pit used for heat or cooking near the coastline. The fire pit dated to 1460 A.D.-1650 A.D.

STATE SITE 50-30-08-2119

State Site 50-30-08-2119 consists of an Historic refuse deposit identified and displaced during shallow grading activities and was located on the east (*makai*) side of Scotty's BBQ Restaurant located at 4-1546 Kuhio Highway, Kapa'a. Historic artifacts collected from the disturbed context included a porcelain electrical insulator, porcelain rim and body sherds (Chinese wares), and a glass bottle.

STATE SITE 50-30-08-2120

State Site 50-30-08-2120 consisted of 14 subsurface features at Kapa'a Town Park along the *makai* (east) side of the park. The 14 subsurface features include pre-Contact subsurface cultural layers, refuse deposits, and human skeletal remains. The subsurface features are described in the table below. Human skeletal remains representing a minimum of eleven (MNI=11) individuals were inadvertently identified at Kapa'a Beach Park. All were re-interred at the Kapa'a Lookout where they will be preserved in perpetuity (Powell and Dega 2006). All individuals were Traditional Native Hawaiian burials.

State Site 50-30-08-2120 excavations yielded a large ratio of Traditional-period midden and artifacts to Historic-era cultural materials, indicating sustained, pre-Contact to early historic occupation of the area. Radiocarbon samples of the cultural layers returned a calibrated date ranging from 1720 A.D. to 1820 A.D. (at 2 Sigma) suggesting a late pre-Contact to proto-Historic Period land use.

Table 1. Site -2120 Subsurface Feature Summary.

Posthole #	Excavation	Subsurface Feature # (SSFE #)	Form	Function	Layer	Depth (cmbs)	UTM Coordinates	Age	Comments
10	ST-1	1 (1, 9, 10) (Burial 1)	Pit	Burial (MNI=1)	II, III	50-66	467345. E 2441319 N	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
18	ST-2	2 (Burial 2)	Pit	Burial (MNI=1)	II	110-120	467359 N 2441336 E	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
23	ST-3	3 (3, 5) (Burial 3)	Burial Cultural Layer	Burial (MNI=1) Habitation	II II	90-99 6-25	467369 N 2441346. E	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
23	ST-3	4 (Burial 4)	Burial	Burial (MNI=1)	II	81-85	467369 N 2441346 E	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
23	ST-3	I (Burial 5)	Isolated Skeletal Element	Burial (MNI=1)	II	76	467369 N 2441346 E	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
23	ST-3	I (Burial 6)	Isolated Skeletal Element	Burial (MNI=1)	II	50	467369 N 2441346 E	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
24	ST-4	6, 7 (Burial 7)	Isolated Skeletal Element Pit	Burial (MNI=1)	V	86-95	467371 E 2441349 N	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
24	ST-4	7 (Burial 8) Habitation	Burial Pit	Burial (MNI=1)	V	100-109	467371 E 2441349 N	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
24	ST-4	7 (Burial 9)	Isolated Skeletal Element Pit	Burial (MNI=1)	V	109	467371 E 2441349 N	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
24	ST-4	11 (Burial 10)	Burial	Burial (MNI=1)	V	100-109	467371 E 2441349 N	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site
24	ST-4	12	Historic Refuse Deposit	Refuse Deposit	Interface II/III	40-48	467371 E 2441349 N	Historic-type Plantation-Era	
27	TU-1	8	Cultural Layer	Habitation	III	14 -71	n/a	Traditional-type pre-Contact	Marine Shell, Echinoid, Charcoal, Volcanic; Glass & Basalt Debitage, Basalt Adze Fragment, Basalt Awl ,and non-marine vertebrate remains
-	Landscape Excavation #2	13 (Burial 11)	Burial	Burial (MNI=1)	-	-	-	Traditional-type pre-Contact	Re-interred at the Kap'a Lookout Site

STATE SITE 50-30-08-2121

State Site 50-30-08-2121, a subsurface Historic artifact deposit, was identified during mechanical grading and excavations along the seaward side of the Pono Kai Resort (formerly the location of the Hawaiian Cannery). Historic-era trash was found just south of the Kapa'a Beach Park entrance/exit on Niu Road. These recovered materials include Historic bottle glass and ceramics.

ARCHAEOLOGICAL SUMMARY

Based on artifact typology and material, the refuse sites noted above were interpreted as associated with the Plantation-Era (mid-1800s to early 1900s). State Site 50-30-08-2117, firepit, is interpreted as associated with the pre-Contact (pre-1778) Period. State Site 50-30-08-2120 contained inadvertently identified human skeletal remains representing a minimum of eleven (11) individuals. Site -2120 is also a multi-component site as Traditional and Historic Plantation-Era artifacts were recovered. These sites date to pre-Contact times (13th century) through historic times (18/19th century). The findings are consistent with previous archaeological work conducted in the Kapap'a area and indicate the presence of Traditional, pre-Contact marine-oriented coastal communities and Plantation-Era (mid-1800s through early 1900s) domiciles and work areas.

The Kapa'a area has a long and rich history that extends back continuously at least 700 years from the present. The unique and multi-faceted environment, from the marshlands at the base of the hills to the coastal sands, provided the conditions for long-term occupation and use. Inhabitants in this area were thus able to proffer from a dynamic set of environmental zones in a geographically modest area.

REFERENCES

1946. Hawaii, Report of the Commissioner of Public Lands, withdraws portion of land previously set aside by Executive p. 264 and p. 984 for Kapaa Fire station, Kapaa, Puna
1962. State of Hawaii, Survey Division, Kauai File No. 5-A, 8/23/1962.
1996. Garden Island newspaper, Ichiji Matsumura, born, December 1, 1911, died, Nov. 26 1996.
2010. Garden Island newspaper, Masako Matsumura, former owner of Hotel Coral Reef, born, August 28, 1916, died, May 30, 2010.
2015. County of Kauai, Tax Office, see attached, TMK: 45012006000, Lot 9B, Grant 9503, Kapaa Town Lots, hotel built in 1953.

Public Comments

Attached are the comments by the public.

1. **Wailua-Kapaa Neighborhood Association**
2. **Kauai Planning Department**
3. **Results of Hotel Coral Reef's Public Presentation**

Items 1 and 2 are addressed in the EA with bold and italicized lettering.



WAILUA - KAPA'A
NEIGHBORHOOD
ASSOCIATION

June 7, 2015

VIA EMAIL: dlnr@hawaii.gov
ron@agorarchitecture.com

Ms. Suzanne Case, BLNR Chair
Department of Land & Natural Resources
1151 Punchbowl Street
Honolulu, HI 96813

Hotel Coral Reef
c/o Ron Agor, Architect
Agor Architects, LLC
460 Ena Road, Suite 303
Honolulu, HI 96815

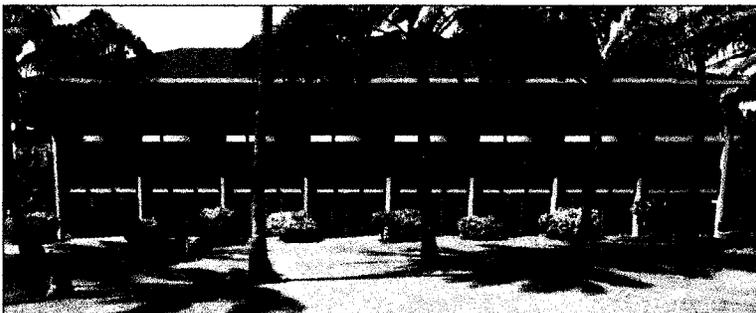
RE: Opposition to Hotel Coral Reef 3rd Story Addition, Kapa'a - State Lease S-3832 & S-5578
Draft Environmental Assessment; TMK (4) 4-5-011:046 & (4) 4-5-012:005

Dear Ms. Case and Mr. Agor:

The Wailua-Kapa'a Neighborhood Association (W-KNA) appreciates the opportunity to comment on the above referenced project and we oppose a 3rd story addition for the reasons outlined below.

We understand that the Hotel Coral Reef received BLNR approval of a 55-year Lease extension for the continued use of the hotel on state lands, provided the lessee make "Substantial improvements to the existing structure". However, we would like to learn what other lease options are available in lieu of the current proposal, so that this landmark hotel can continue operating. Our concerns are as follows:

1. It is inappropriate to increase resort density on a parcel that is not zoned by the County as "Resort". County zoning is "Open".
2. We prefer the hotel retain its low profile character since it is:
 - located on public land
 - alongside an picturesque, expansive coastline
 - located in the historic section of Kapa'a town
 - adjacent to a county park and an actively used multi-use bike path
 - surrounded primarily by 1- and 2-story structures and the Moikeha Canal.



Proposed 3rd story addition.



Current 2-story hotel.

Serving Residents of the Kawaihau District
"We treasure our rural community"

340 Aina Uka Street, Kapa'a, Hawai'i 96746 • 821-2837

e) **Construction Costs are quoted as more than, and less than \$500,000** - This critical calculation determines whether an SMA minor or SMA major permit is required. We ask DLNR to verify these costs.

- **Page 5:** “The construction cost is projected to be under 500 thousand dollars.”
- **Page 9, 3.11 Coastal Zone:** “...the project entails a construction cost of less than \$500,000 dollars and may qualify for an SMA-Minor permit.”
- **Page 32 (Lease Extension Agreement page 4)** – states “Pixar is estimating new improvement costs for the premises under General Lease No. S-3832 in the amount of approximately \$662,000”. And, that “the proposed new improvements amount to \$662,000 which exceeds the 50% threshold of Act 219.”

d) **FEMA requirements** – For accuracy, please corroborate the calculations related to:

- **Page 6, #5 Flood** – “the proposed improvement value is less than 50% of the appraised replacement value, therefore conforms to the FEMA requirements.”
- **Page 8, 3.4 Flood Hazards** – “The proposed addition of the 6 new hotel rooms will not exceed 50% of the appraised value (minus depreciation) of the existing structure, therefore the project will conform to FEMA requirements.”

e) **Page 6, #9 Historic Preservation** – It seems disingenuous to state: “There have been no evidence of historic/cultural significance on the site as experienced during past construction activities.” The 16-guest room structure was built in 1966 and therefore, State regulatory historic and cultural protections had not been adopted!

f) **Page 8, 3.7 Flora & Fauna and 3.9 Endangered Species** – There is no description of seabird avifauna in this section despite the regular appearance of frigate birds, albatross and other sea birds along this coastline and mauka. What about migratory birds that frequent the area: Sanderling (Hunakai), Wandering Tattler (Ulili), Ruddy Turnstone (‘Akekeke) and Pacific Golden Plover (Kolea)? At least page 13 acknowledges that “Exterior lighting and fixtures will be installed as not to impact Shearwater birds that may fly over the area.” It is also likely that endangered Hawaiian Coot (‘ala eke`oke`o) and Hawaiian Gallinule or (‘alae`ula) may be seen at Moikeha Canal.



g) **Page 13 #9 Endangered Species or its Habitat** – The presence of endangered Hawaiian Monk Seals is another omission in the DEA. In the past few years, young seals have hauled out at the beach across from Hotel Coral Reef. And recently, adult female K13 has spent considerable time in Moikeha Canal. It is misleading for the DEA to state: “No known rare, threatened or endangered species or its habitat exists on the subject property” as it sidesteps the fact that monk seals are in the immediate vicinity adjacent to the hotel.



Moikeha Canal seen from Kuhio Hwy.

h) Page 9, 3.10 History of the Land - The DEA fails to describe how the lease “use” transitioned from agricultural to resort operations. This is an important piece of history that should be provided.

i) Page 10, Long Term Impacts (Visual) – W-KNA advocates that a 3-story structure is incompatible with the low rise, one-story structures in closest proximity to the hotel such as Kapa`a Public Library and Kountry Kitchen Restaurant. Whereas the DEA cites “it will be compatible with the larger structures in the area, such as the former Aloha Lumber Building (see photo), Otsuka’s Furniture Store, and the Kauai Professional Building”, we disagree.



Aloha Lumber Building (across)



Kapa`a Beach Park next to Kapa`a Public Library



Kapa`a Public Library (south)



Adjacent low-rise buildings (north)

j) Page 11, #5 Project Alternatives – A misleading statement in the DEA is: “The project will accommodate Kaua`i’s growing need for tourist related facilities.” In reality, county permit approvals for two resorts less than 2-miles away -- Coconut Beach Resort (340 units) and Coconut Village Plantation (198 units) -- will add 538 tourist units to Kapa`a’s coastal corridor. The recently permitted Coco Palms Hotel in Wailua will add another 350 hotel units.

k) Page 14, #12 Scenic Vistas and View Planes – The DEA notes the “project will not increase the effect to the scenic vista or view plane from the highway.” However, it fails to mention makai to mauka views. Oceanfront structures have an absolute impact on coastal area scenic views. Along the Bike Path, our recent straw poll of passers-by expressed concern about visual impacts when told about the proposed 3rd floor addition. Open space and undeveloped coastlines are community assets to be preserved. **HRS Chapter 344-4 Guidelines 4(C)** notes:

- Promote open space in view of its natural beauty not only as a natural resource but as an ennobling, living environment for its people.

l) Page 14, 7.0 Cultural Assessment (Exhibit 4) – There are two significant omissions: who prepared the “*Cultural Assessment and Historic Background*” document and when it was prepared (it is undated).

m) A final comment: The lessee’s appeal that the 6-additional third floor units will “help Hotel Coral Reef to meet payments of the new lease” is a poor justification for approval.



Existing low-rise hotel seen from the coastal Multi-Use Path.

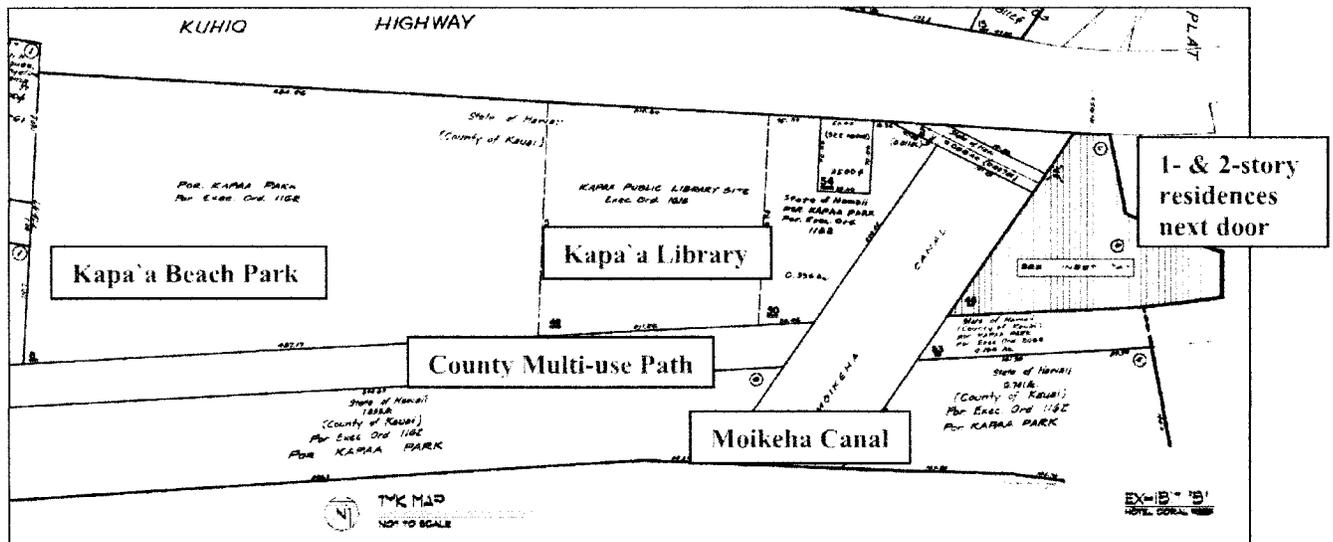
Again, DLNR should not allow increased resort density on lease land that does not have County “Resort” zoning.

When this project is to be scheduled on BLNR’s agenda, we ask that the meeting be held on Kaua`i.

Mahalo for considering the foregoing concerns.

Sincerely,

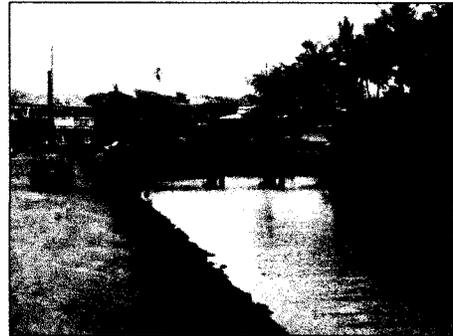
Rayne Regush, Chair
On behalf of the W-KNA Board of Directors



3. Raising the building height to 3-stories with a peaked roof from the existing 2-story structure with a flat roof, will blemish the open skyline and breathtaking environment enjoyed by those who walk, bicycle, beachcomb and watch nature along this coastal corridor. The new plans will more than double the existing height from 19 feet and 1/4 inch to 38 feet and 6 inches. (See the elevation sketch on page 54.)



Existing 2-story, flat roof hotel next to County Multi-use Path.



Moikeha Canal (above) & Beachfront.

4. Please be sensitive to Kaua`i's rural character and Kapa`a's historic past -- both are important community values expressed in the General Plan. Since 1973, the East Kaua`i Development Plan has not been updated, therefore the ability to protect community assets such as view planes, open space and historic/cultural sites has been hampered due to inadequate regulatory safeguards.
5. Draft EA Omissions and Contradictions.

a) Page 4, 2.2 Proposed Action – the applicant's statement that "The 3rd story addition meets the setback requirement of the County's Comprehensive Zoning Ordinance (CZO)." seems questionable since there is no current certified shoreline from which to calculate the required building setback.¹

b) Page 5, 2.4 Environmental Characteristics – The DEA fails to describe the popular and frequent recreational uses by the public along the coastal corridor adjacent to the hotel. W-KNA disagrees with the DEA which states: "only a minimal visual impact to the area".

¹ Coastal management requirements should be strengthened by moving development along the shore more landward in anticipation of accelerated sea level rise and coastal erosion.

Bernard P. Carvalho, Jr.
Mayor



RECEIVED
DIVISION

Michael A. Dahilig
Director of Planning

Nadine K. Nakamura
Managing Director

MAY 19 11:06 AM

Ka'aina S. Hull
Acting Deputy Director of Planning

MAY 19 2015

PLANNING DEPARTMENT
County of Kauai, State of Hawaii
4444 Rice Street, Suite A-473, Lihue, Hawaii 96766
TEL (808) 241-4050 FAX (808) 241-6699

RECEIVED
15 MAY 26 P2:38
OFFICE OF ENVIRONMENTAL
QUALITY CONTROL

Jessica Wooley, Director
Office of Environmental Quality Control
Department of Land and Natural Resources
235 S. Beretania Street, Suite 702
Honolulu, HI 96813

Subject: Draft Environmental Assessment
Applicant – Pixar Development, LLC
Tax Map Key: (4) 4-5-011:046 and 4-5-012:005
Kapaa, Kaua'i

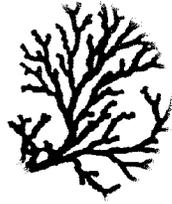
Based on the information submitted, the Planning Department has completed its review and assessment of the proposed development and offer the following comments:

1. The Planning Department has **serious concerns** regarding the granting of a Variance Permit for the subject proposal for the following reasons:
 - a. The current resort building is situated in the Open (O) Zoning District. While the existing resort use is legally non-conforming, resort use is not an outright permissible use within the Open (O) Zoning District.
 - b. Section 8-13.1 of the Kauai County Code, 1987, as amended, states structures cannot be altered in a manner that increases their non-conformity without conforming with the regulations for the district in which it is built, which the subject proposal is not attempting to do.
2. It would be more appropriate for the applicant to pursue rezoning efforts of the subject property through the legislative process.

Should there be any questions regarding this matter, please contact the department at 808.241.4050.


MICHAEL A. DAHILIG
Director of Planning

cc: County of Kauai Attorney's Office



Hotel Coral Reef

4-1516 Kuhio Highway Kapaa, Hawaii 96746 * 808 8229521

Aloha, Mike

I would like to thank you for the opportunity to represent your proposed Revitalization project to the Wailua Kawaihau Neighborhood Association on June 27, 2015. As requested here is a summary of the responses that were expressed within the presentation and a conclusion to the observed results.

Attendance

Approximately 30 Persons

Total Support

Approximately 25 Persons

Total Opposed

Approximately 5 Persons

Concerns & Comments

Concern

- I am concerned that the height will obstruct the sky view for individuals walking along the coastal path.

Comment

Thank you for your concern but according to my knowledge the Ka Ala Hele coastal path which has become a major attraction for visitors and residents has become known for its scenic ocean view quality that has been enjoyed by many.

Comment

According to our proposed architectural design plan the design of the roof will not obstruct any mountain views and will allow the building to blend with the Coconut Grove that is currently fronting the property.

Concern

- I am concerned that there may be Native Hawaiian burial sites

Comment

Thank you for your concern, according to my knowledge there has been an archeological study which reflects no known burial sites.

Concern

- I am concerned that the modern architectural design of the building will not blend with the town of Kapaa.

Comment

Thank you for your concern, The current architectural design of the proposed Revitalization project will features elements which will reflect our island style environment

Supporting Comments

- I think your revitalization project will enhance the scenic value to the town of Kapaa.
- As a community member it is a pleasure to see the improvements that the property has made and as a result see a thriving Hawaiian Style Hotel.
- I have enjoyed the community events to raise awareness for environmental issues that your hotel has hosted and your property presents a very beautiful and classy venue for events.
- When I have business acquaintances and family members who ask where should we stay when visiting I always refer them to Hotel Coral Reef.
- You have been an asset to the community and many residents enjoy staying at the Hotel.

Summary

From my observation most of the community members were in support because many have come to the realization that we are not proposing a major development project but a project to enhance what has already been developed. Also, many community members have a connection with the Hotel and have a sense of pride and would like to see the hotel succeed and be able to accommodate visitors and residents for the future as well as being a token of success for their community. A few individuals have mentioned that the community has experienced many developers who have ideas and no real way to implement these proposals Example CoCo Palms. so therefore the community is left with a derelict property. But when it comes to Hotel Coral Reef improvements have already been made with Landscape, Guest rooms and most important Community Connection. In closing members of the community have become supportive and excited for the proposed project because of the community outreach methods that have been taking place. Overall voice WE SUPPORT YOU



Hotel Coral Reef

4-1516 Kuhio Highway Kapaa, Hawaii 96746 * 8088229521

Aloha my name is Joseph Figaroa General Manager at Hotel Coral Reef today I would like to present to you our community initiative of engaging our surrounding community in regards to our revitalization project.

History

Hotel Coral Reef was originally built by Mr. Matsumura in 1956 and was the site of the old Kapaa Firehouse. The oceanfront annex was later added in 1966 and through oral history was intended to have a total of three floors.

Note:

Hotel Coral Reef has had a unique history as being a host for the film crew South Pacific in 1956.

Revitalization

As we continue to move forward within the 21st century it is our vision to continue to enhance our guest experience for both visitors and residents. We strive to create an environment that represents Hawaii's culture of Aloha through the hospitality industry. Our project is an additional floor with six oceanfront guest rooms and a total height of approximately 28' from ground to the plate of the roof. Current county ordinance allows for a total of 40' from the ground to the plate of the roof. Upon completion we will have a total of 22 oceanfront guest rooms which is below the current density amount of guest rooms within the surrounding area.

Landscape

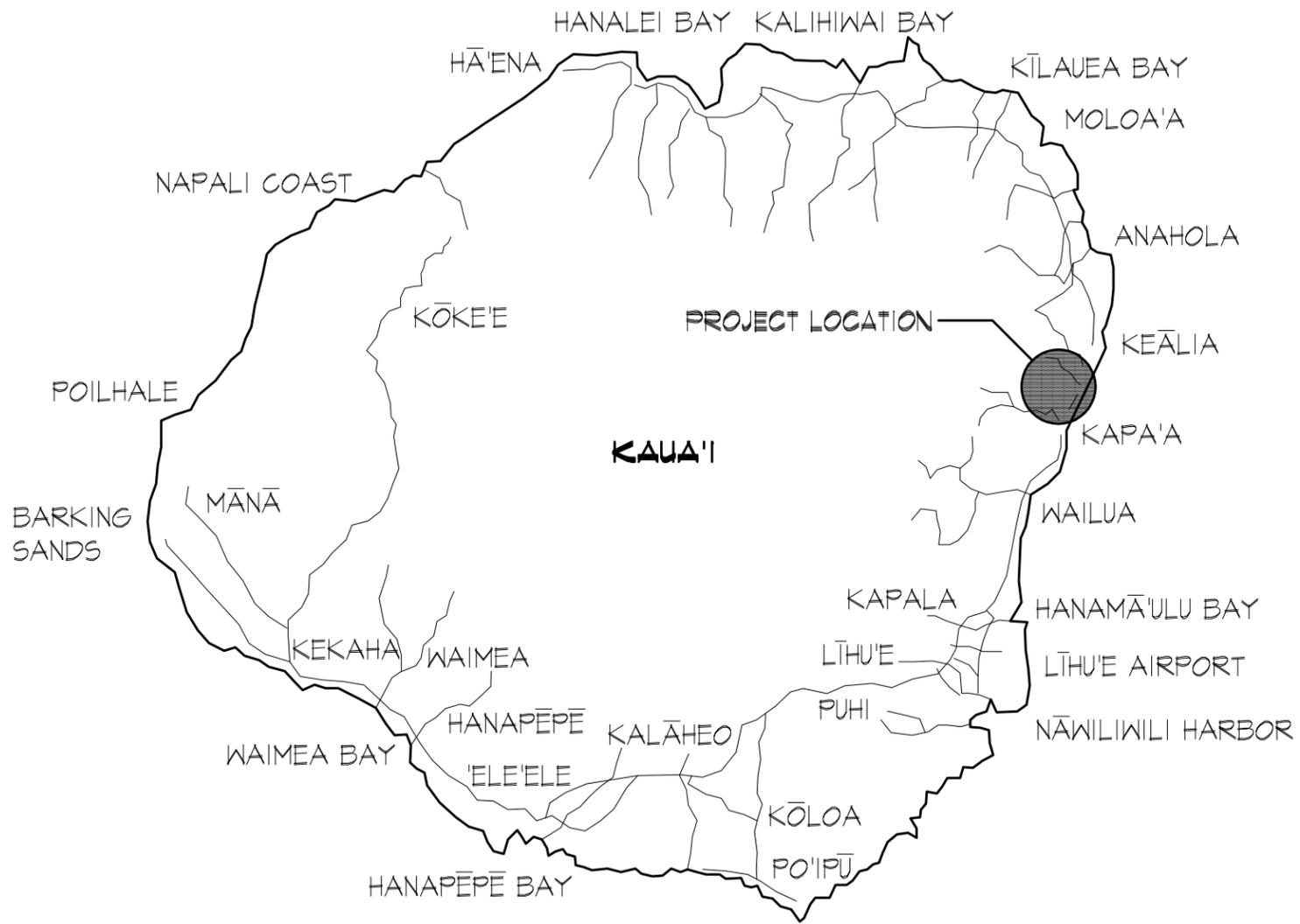
Implementing a native hawaiian botanical garden throughout the property where guest will be educated about the origins of these native plants with place card descriptions and experience native plants in a natural environment.

Design

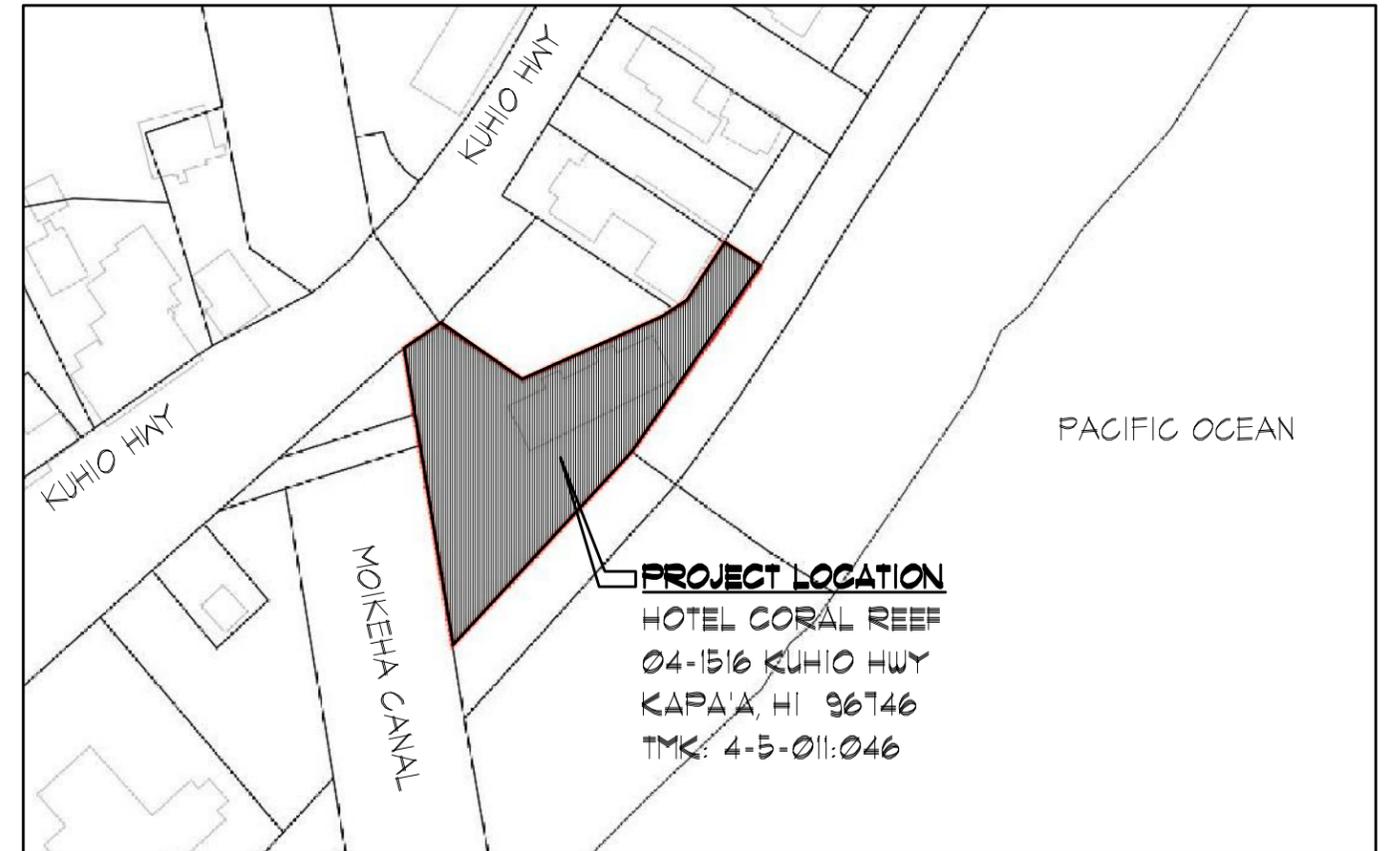
The oceanfront building will feature island style design elements already seen throughout the island. The addition of six oceanfront suites will feature a roof top also known as a hip roof similar to the rooftop of the Coconut Marketplace.

Accommodations

Hotel Coral Reef currently features 16 oceanfront guest rooms on the current leased land and will feature a total of 22 oceanfront guest rooms upon completion of the the new addition. The additional guest rooms will continue to allow us to operate as a low density hotel within the Kawaihau District.



ISLAND MAP
NOT TO SCALE

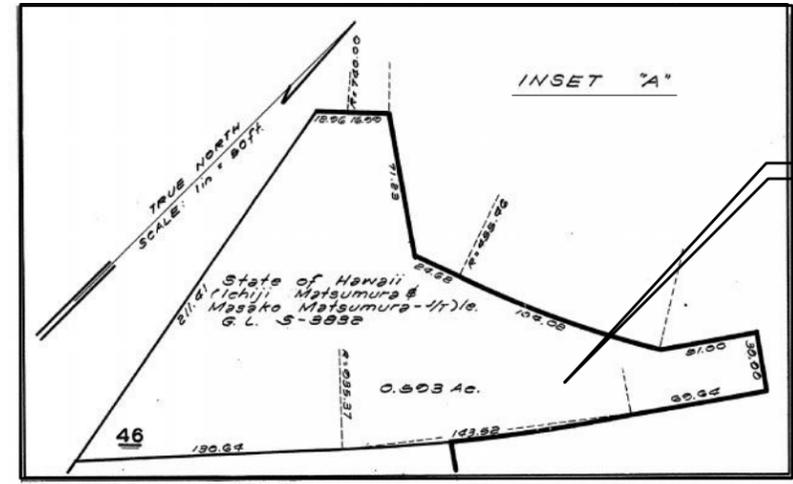
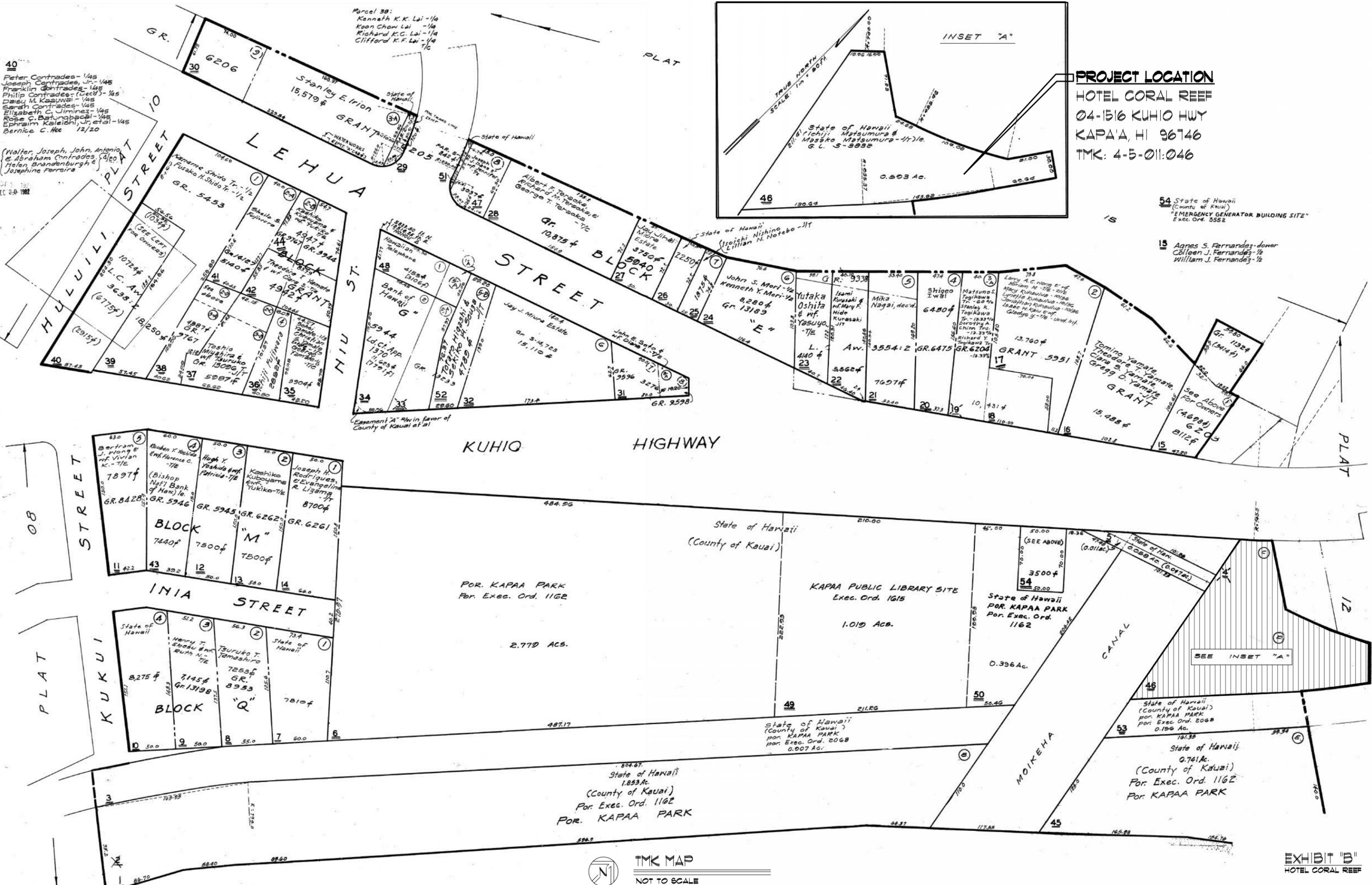


VICINITY MAP
NOT TO SCALE

40
 Peter Contrades-1/45
 Joseph Contrades, Jr.-1/45
 Franklin Contrades-1/45
 Philip Contrades (Dec'd)-1/45
 Daisy M. Kaauwai-1/45
 Sarah Contrades-1/45
 Elizabeth C. Jiminez-1/45
 Rose C. Batungbacal-1/45
 Ephraim Kalelehi, Jr. et al-1/45
 Bernice C. Hee 12/20

(Walter, Joseph, John, Antonio, E. Abraham Contrades, Helen, Brandenburgh, Josephine Ferraira)

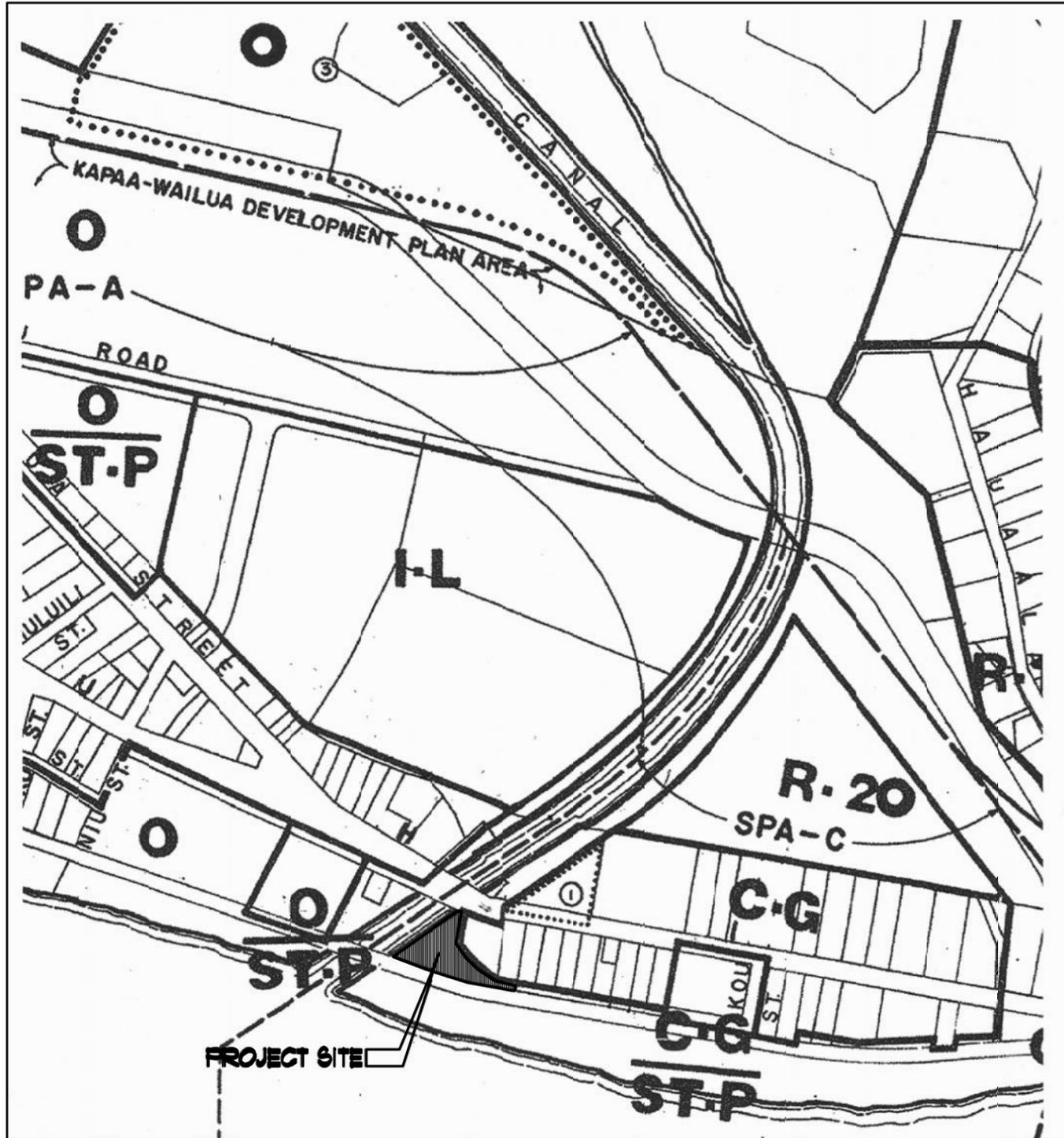
REC 2-0-1982



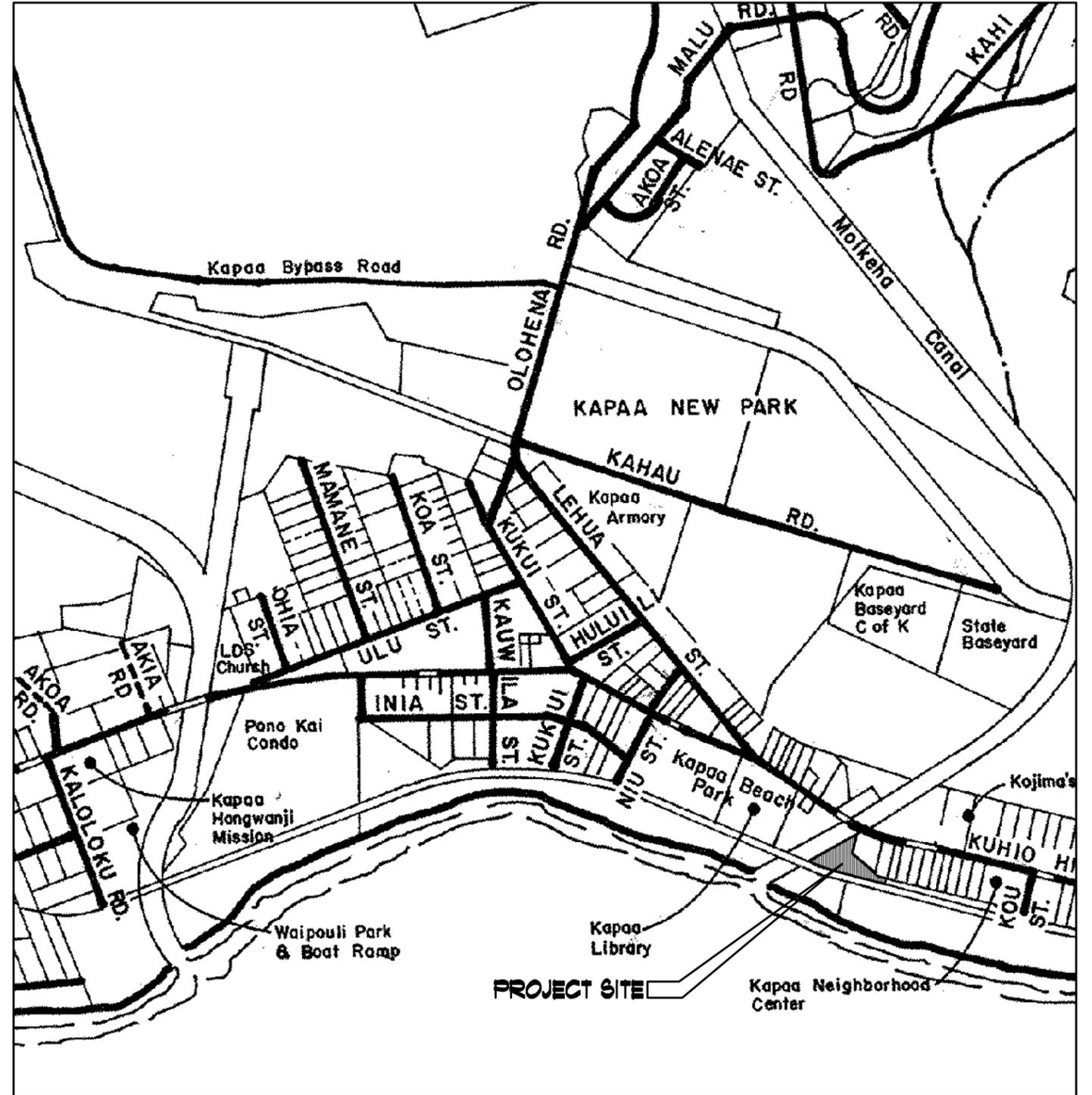
PROJECT LOCATION
 HOTEL CORAL REEF
 04-1516 KUHIO HWY
 KAPAA, HI 96746
 TMK: 4-5-011:046

54 State of Hawaii (County of Kauai) "EMERGENCY GENERATOR BUILDING SITE" Exec. Ord. 5552

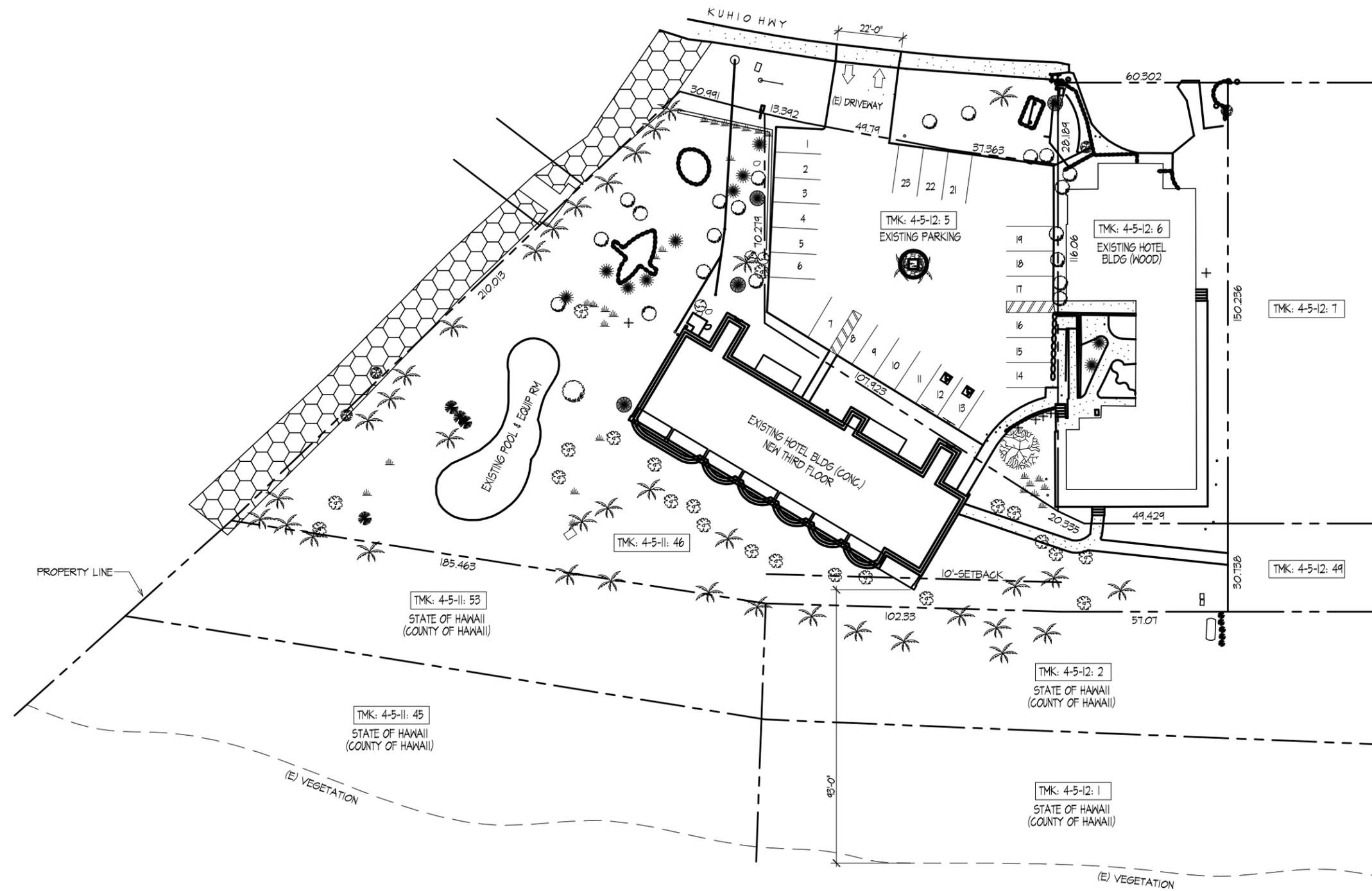
15 Agnes S. Fernandez-dower Colleen J. Fernandez-1/2 William J. Fernandez-1/2



ZONING MAP
NOT TO SCALE



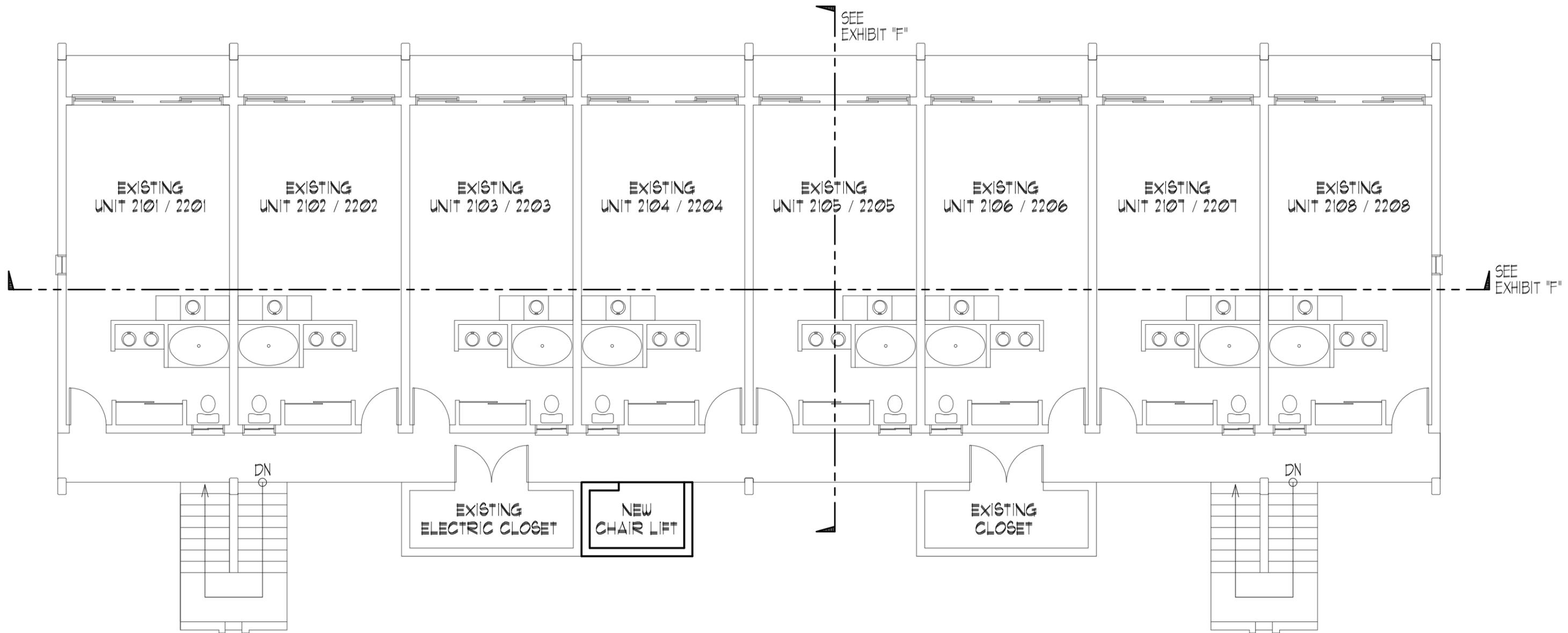
ROAD MAP
NOT TO SCALE



SITE PLAN

8C: 1" = 40'-0"

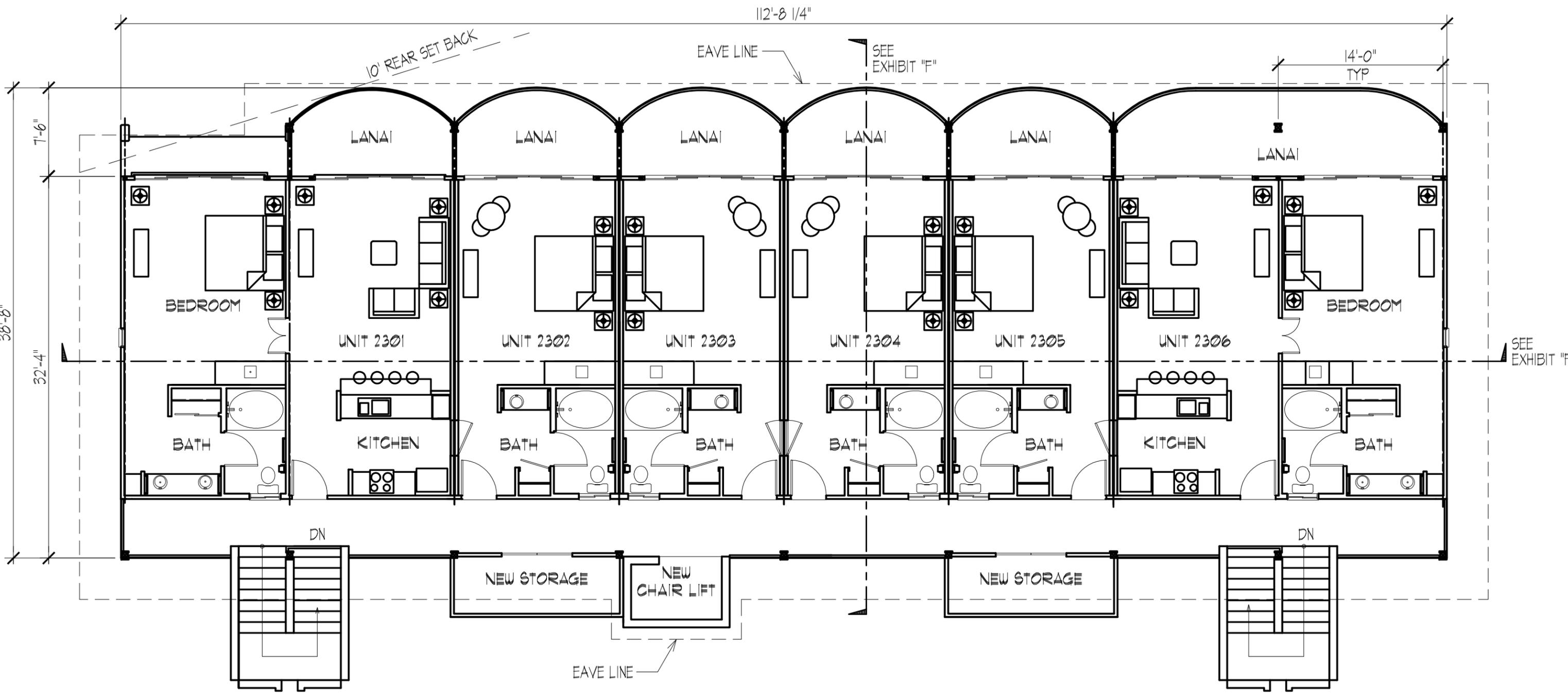




EXISTING FIRST & SECOND FLOOR

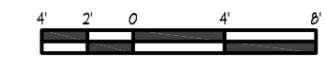
SC: 1/8" = 1'-0"
 FIRST FLOOR: 4,462 SF
 SECOND FLOOR: 4,462 SF





NEW THIRD FLOOR

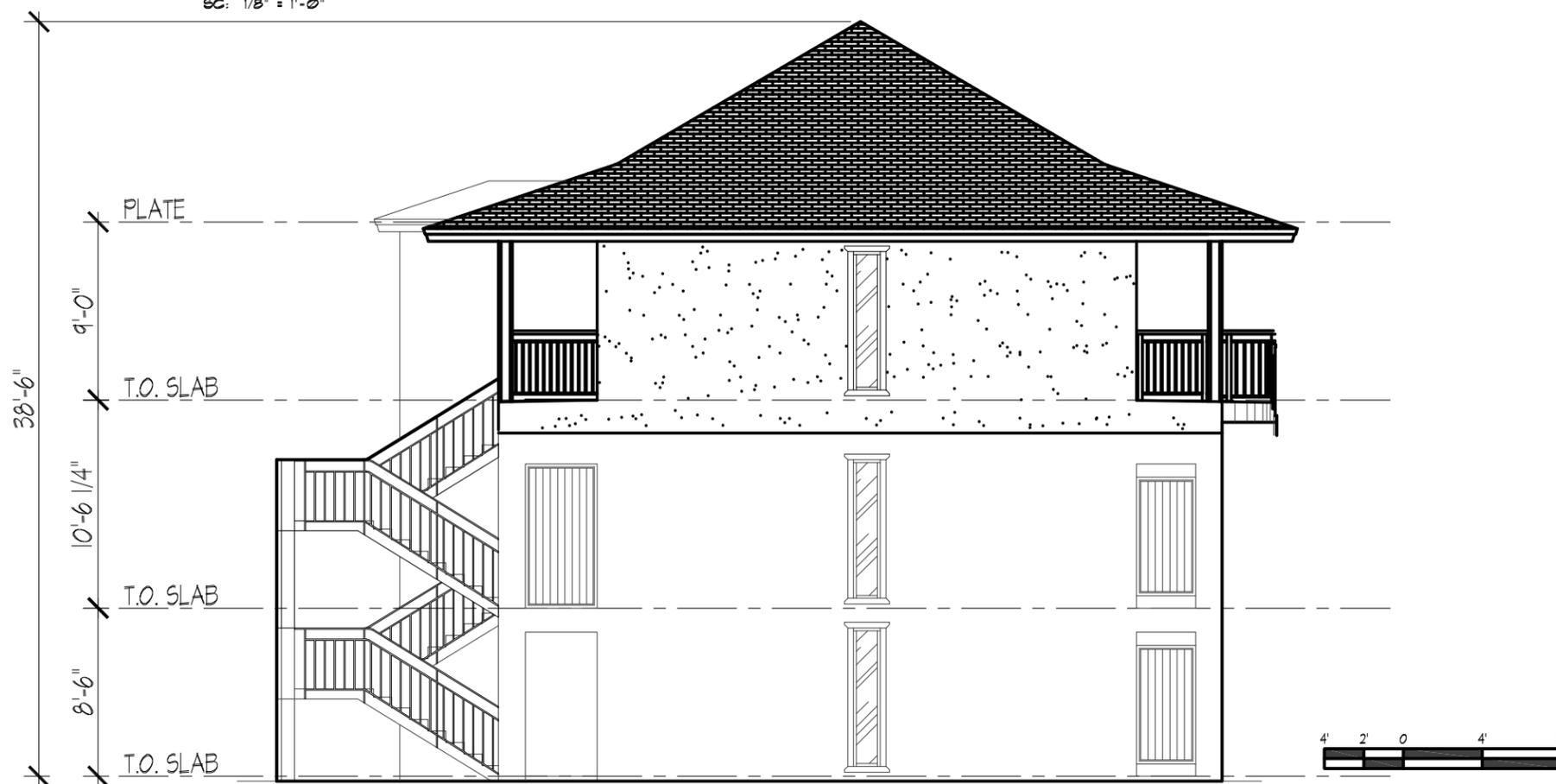
SC: 1/8" = 1'-0"
 THIRD FLOOR: 4,529 SF





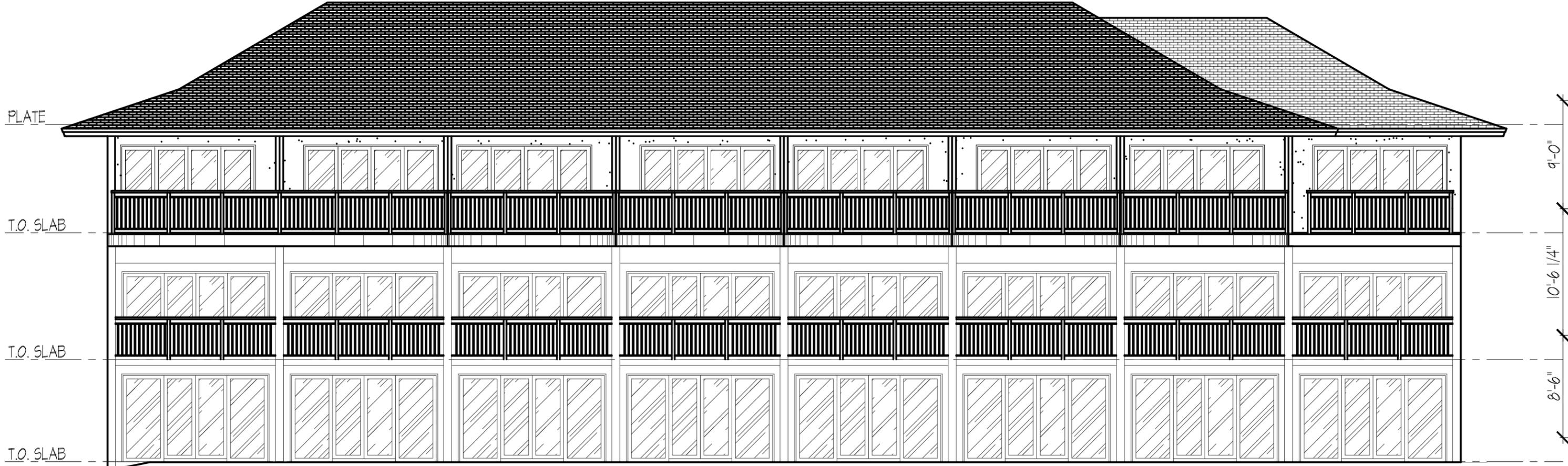
NORTH ELEVATION

SC: 1/8" = 1'-0"



WEST ELEVATION

SC: 1/8" = 1'-0"



SOUTH ELEVATION

SC: 1/8" = 1'-0"

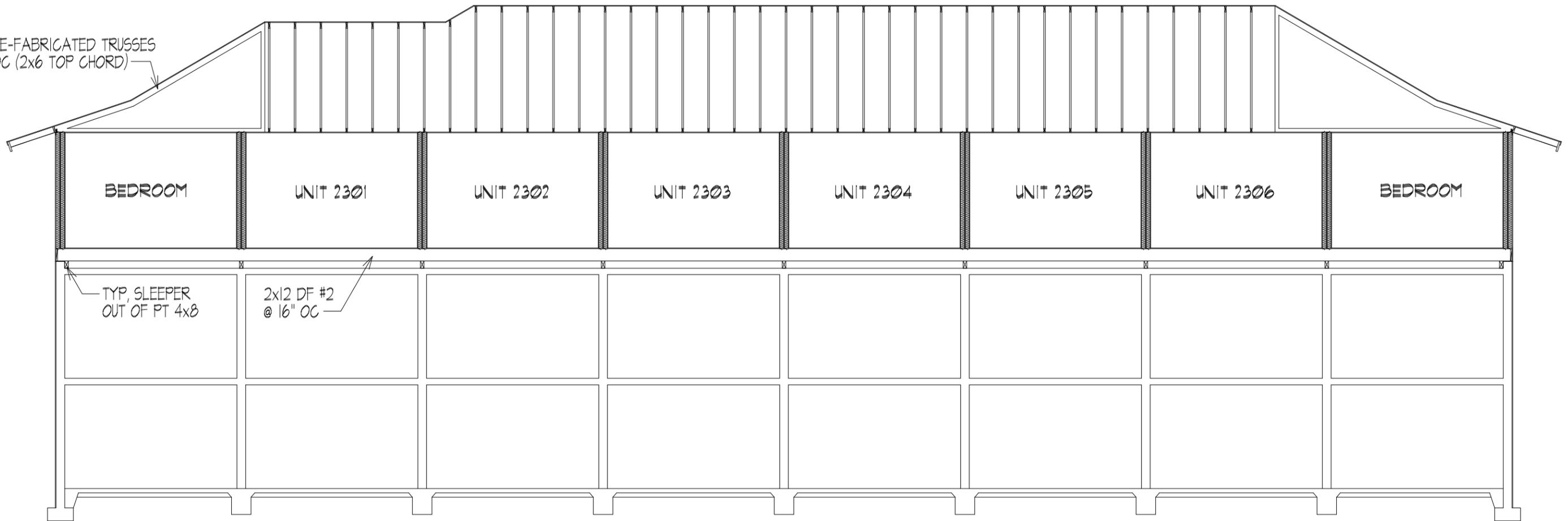


EAST ELEVATION

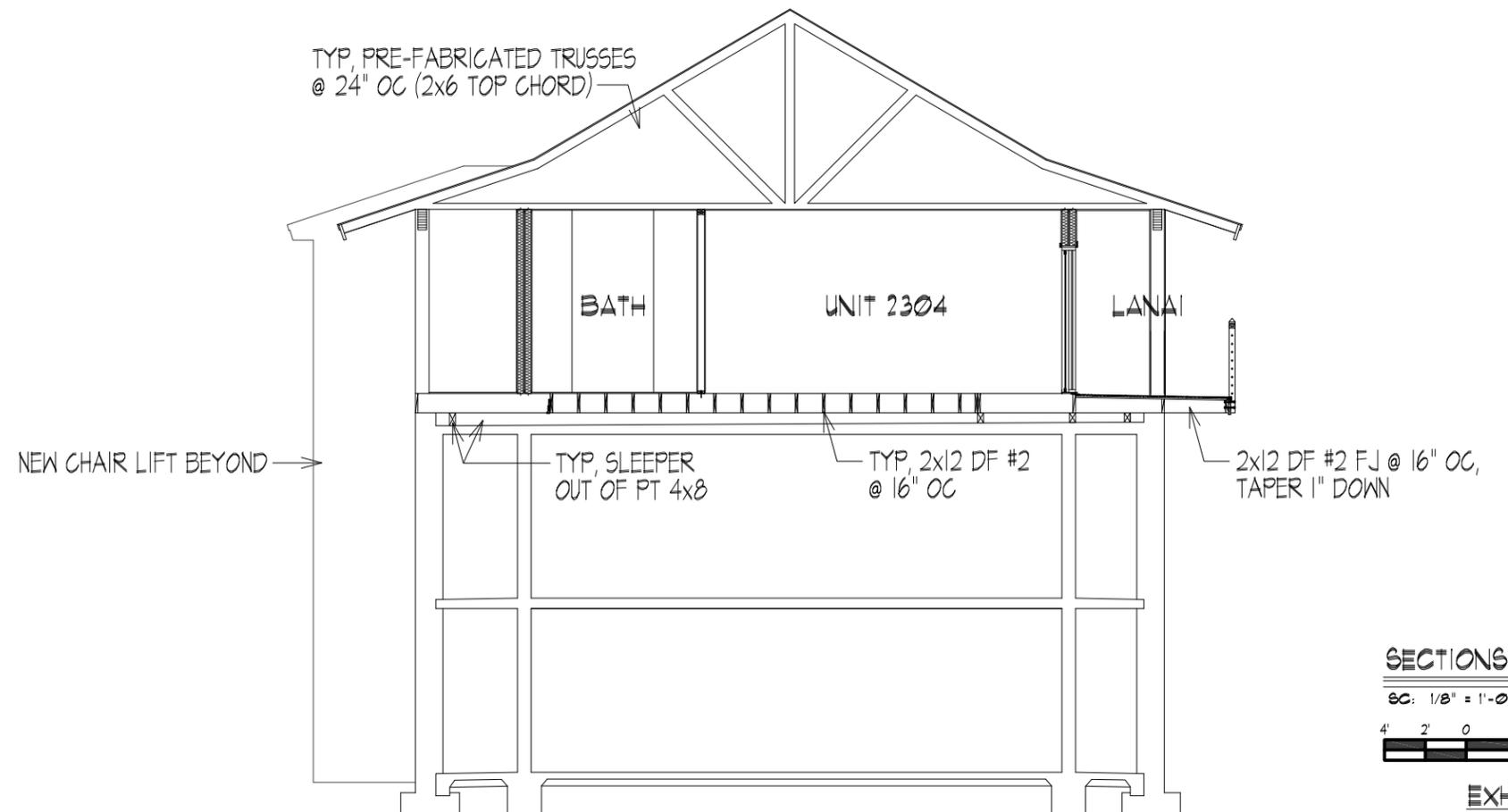
SC: 1/8" = 1'-0"



TYP, PRE-FABRICATED TRUSSES
@ 24" OC (2x6 TOP CHORD)



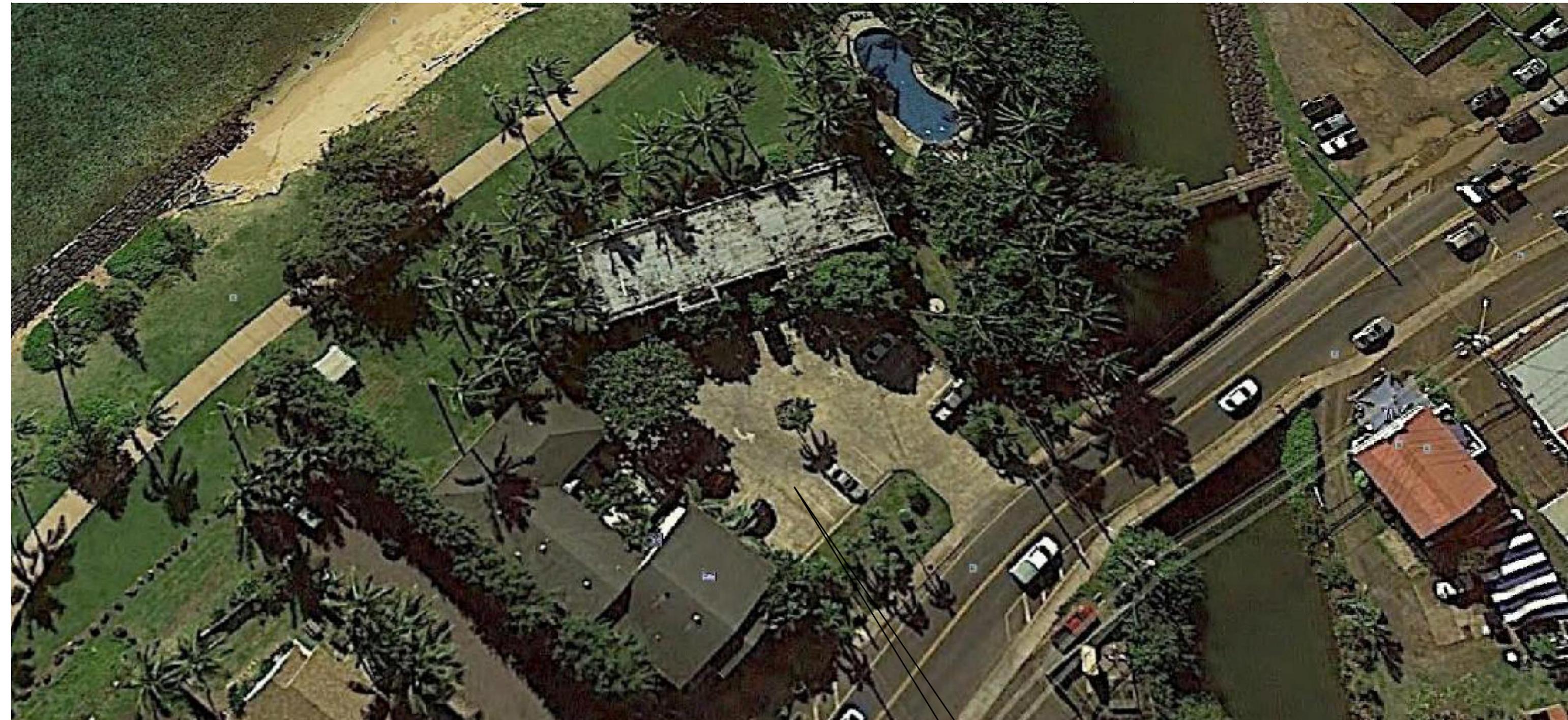
TYP, PRE-FABRICATED TRUSSES
@ 24" OC (2x6 TOP CHORD)



SECTIONS

SC: 1/8" = 1'-0"





PROJECT LOCATION

HOTEL CORAL REEF

04-1516 KUHIO HWY

KAPA'A, HI 96746

TMK: 4-5-011:046

AERIAL VIEW

NOT TO SCALE

EXHIBIT "H"
HOTEL CORAL REEF



PROJECT LOCATION

HOTEL CORAL REEF
04-1516 KUHIO HWY
KAPA'A, HI 96746
TMK: 4-5-011:046

STREET VIEW

NOT TO SCALE

EXHIBIT "I"
HOTEL CORAL REEF



Kauai Multiuse Path(Ke Ala Hele Makalae)
Kapaa, HI 96746 – approximate address
© 2014 Google
Street View - Mar 2012

RENDERING

NOT TO SCALE