

**MINUTES OF THE MEETING
OF THE
BOARD OF LAND AND NATURAL RESOURCES**

DATE: FRIDAY, JANUARY 10, 1997
TIME: 3:30 P.M.
PLACE: 132 KALANIMOKU BUILDING
1151 PUNCHBOWL STREET
HONOLULU, HAWAII 96813

Chairperson Michael D. Wilson called the meeting of the Board of Land and Natural Resources to order at 3:35 p.m. The following individuals were in attendance:

ROLL CALL:

MEMBERS:

Michael D. Wilson
William Kennison

Christopher J. Yuen
Lynn P. McCrory

Absent: Michael Nekoba (excused)
Colbert Matsumoto (excused)

STAFF:

Dean Uchida, Acting Land Division Administrator
William Devick, Acting Division of Aquatic Resources Administrator
Aulani Wilhelm, Public Information Officer
Cliff Inn, Public Information Specialist
Samuel Lemmo, Land Division Planner
Michelle Bradley, Land Board Secretary

GUESTS:

Linnel Nishioka, Deputy Attorney General
Peter Garcia, Department of Transportation Representative
Juliet Begley, *Environment Hawai'i*
Ben Smith, Foto Fantasy, Item K-6
Barbara Okamoto, Hawai'i Visitors and Convention Bureau, Item D-22
LaVonne West, Hilton Resorts Resident, Item D-22
Eric B. Guinther, AECOS, Inc., Item D-22
Peter Schall, Managing Director of Hilton Resorts, Item D-22
Mike Greve, Hilton Resorts, Item D-22
Richard Heaton, President of The Enterocean Group, Item D-22
David Dodge, President of Waikiki Improvement Association, Item D-22
Elizabeth Corbin, Department of Business, Economic Development and
Tourism Representative, Item D-22
Art Challacombe, Branch Chief, ERB, City and County of Honolulu
Department of Land Utilization, Item D-22
Janet Clark, Item D-22

All written testimonies and other relevant documents submitted herein, including cassette taped recordings of the instant meeting, are available for public inspection and/or review in the Chairperson's Office of the Department of Land and Natural Resources. Certain agenda items were taken out of sequence to accommodate applicants and/or interested parties present.

REGULAR BUSINESS:

ITEM K-6: CONSENT TO ASSIGNMENT, VENDING MACHINE AGREEMENT, O'AHU AND MAUI (FOTO FANTASY, INC.) (RESUBMITTAL)

Peter Garcia presented the staff recommendation to the board.

ACTION: Approved as submitted (McCrory/Kennison).

ITEM B-1: ADOPTION OF ADMINISTRATIVE RULES OF THE DEPARTMENT OF LAND AND NATURAL RESOURCES, TITLE 13, SUBTITLE 4, CHAPTER 13-60

William Devick presented the staff recommendation to the board.

ACTION: Approved as submitted (Yuen/Kennison).

ITEM D-9: CANCELLATION OF GENERAL LEASE S-5457 ISSUED TO MS. REBECCA PAU FOR RESIDENTIAL PURPOSES AT PUNA, HAWAI'I, TMK: (3) 1-2-7: PORTION 2

Dean Uchida presented the staff recommendation to the board.

ACTION: Approved as submitted (Yuen/Kennison).

ITEM D-13: APPROVAL FOR AWARD OF CONSTRUCTION CONTRACT - JOB NO. 88-OP-C1, PHASE IB DEVELOPMENT, 'AIEA BAY STATE RECREATION AREA, 'AIEA, O'AHU

Dean Uchida presented the staff recommendation to the board.

ACTION: Approved as submitted (Kennison/McCrory).

ITEM D-21: REQUEST LAND BOARD APPROVAL FOR EXTENSION OF SUBLEASE, GENERAL LEASE NO. S-5256, HAWAI'I MOTOR SPORTS CENTER, CAMPBELL INDUSTRIAL PARK, HONOULIULI, 'EWA, O'AHU, TMK: 9-1-75: 44 (PORTION OF)

Dean Uchida presented the staff recommendation to the board.

ACTION: Approved as amended (Kennison/McCrory). Amendment: Condition 1 of staff recommendation deleted.

ITEM D-22: CONSERVATION DISTRICT USE APPLICATION FOR THE HILTON LAGOON PROJECT; A PRIVATE AQUATIC RECREATION FACILITY, INCLUDING AN UNDERWATER TROPICAL MARINE ENVIRONMENT AND SEAWATER INTAKE PIPE AT WAIKIKI, HONOLULU, O'AHU

Dean Uchida presented the staff recommendation to the board.

The following individuals testified before the board:

Mr. Peter Schall, Managing Director, Hilton Resorts, Applicant, testified in support of the proposed project and responded to questions asked by the board.

Mr. Richard Heaton, President of The Enterocean Group, Applicant, testified in support of the proposed project and responded to questions asked by the board.

Mr. Eric B. Guinther, AECOS, Inc., Consultant, testified in support of the proposed project and responded to questions asked by the board.

Ms. LaVonne West, Hilton Resorts resident for 22 years, stated her concerns with the project, but was agreeable to the notion proposed by Chairperson Wilson to have DLNR's Community Services Coordinator, Athline Clark, work with Mr. Schall to provide the public with programs promoting educational use of the facilities.

Mr. David Dodge, President of the Waikiki Improvement Association, testified in support of the Hilton Lagoon Project. This project has received favorable comments by the Waikiki community. The chance to improve the water quality of the lagoon and the Ala Wai Boat Harbor through an improved flushing system is welcome, and such improvements will increase Waikiki's competitiveness as a first-class resort destination.

Mrs. Elizabeth Corbin, Department of Business, Economic Development, and Tourism Representative, testified in favor of the facility and its construction. Not only will this project add to tourism diversification, it will provide a new destination and type of experience for Hawai'i's repeat visitor, help to disperse use away from some of Hawai'i's most heavily used natural resource areas, such as Hana'uma Bay, while enhancing the resource in which the project is to be built. Enhancement of the lagoon will provide greater enjoyment for both residents and visitors. Tourism is expected to remain the backbone of the Hawaiian economy, and this project will greatly add to these revenues. This project is environmentally sound, socially sensitive, and economically beneficial.

Ms. Barbara Okamoto, on behalf of Paul J. Casey, President and CEO of the Hawai'i Visitors and Convention Bureau, testified in support of the project. In addition to improving the quality of the lagoon, this project will help maintain and further enhance the visitor industry which provides an estimated \$1.79 billion in tax revenue to our state.

Mr. Art Challacombe, representing Cheryl Soon, Planning Director for the City's Department of Land Utilization, testified in support of the project. It can provide education and entertainment opportunities for students, visitors, and the community and will enhance the area; improve water quality of the lagoon and surrounding marina by providing a constant flow of cleaner seawater, a second discharge system enhancing the water quality of the public portion of the lagoon and the Ala Wai Boat Harbor; remove nuisance jellyfish and high coliform/enterococcus counts; improve beach conditions in the area; maintain uninterrupted view planes; foster a Hawaiian sense of place for Waikiki; and serve an economic purpose by providing employment for an additional 80 to 120 persons. We are satisfied that parking requirements will be met for school/tour buses and visitors. Noise pollution will be kept to a minimum as reservations are required and all preparation procedures are handled indoors.

Ms. Janet Clark testified in further support of the project.

ACTION: Approved as amended (Kennison/McCrory). Amendment: Add Condition 29 to staff recommendation as follows:

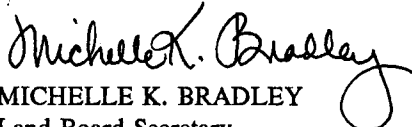
29. The Applicants work with the Department on a program for providing the public educational use of the facilities.

Due to the Board's inability to maintain a quorum, Member Kennison made a motion to defer all remaining agenda items to the next scheduled board meeting. Member McCrory seconded the motion. Approval of the November 8, 1996 Minutes and all remaining agenda items are deferred to the next scheduled land board meeting.

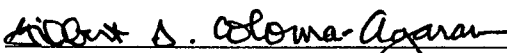
ADJOURNMENT:

There being no further business, Chairperson Wilson adjourned the meeting at 4:15 p.m.

Respectfully submitted,


MICHELLE K. BRADLEY
Land Board Secretary

APPROVED FOR SUBMITTAL:


MICHAEL D. WILSON, Chairperson
Board of Land and Natural Resources