

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96819

September 23, 2022

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

Land Board Members:

SUBJECT: Issuance of a Revocable Permit to Destination Kona Coast located at Kailua-Kona Pier, North Kona, Island of Hawaii, Hawaii, Tax Map Key: (3) 7-5-006:039 (por.).

And

Declare Project Exempt from requirements of Chapter 343, Hawaii Revised Statutes and Title 11, Chapter 200.1, Hawaii Administrative Rules.

APPLICANT:

Destination Kona Coast, a Domestic Nonprofit Corporation, whose mailing address is P.O. Box 2850, Kailua-Kona, HI 96745.

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes (HRS), as amended.

LOCATION:

Portion of Government lands situated at Kailua-Kona Pier, North Kona, Island of Hawaii, Hawaii, identified as Tax Map Key: (3) 7-5-006:039, hereinafter referred to as the "Premises" as shown on the map labeled **EXHIBIT A-1, A-2, and A-3** and attached hereto.

AREA:

Approximately 1,800 square feet, more or less.

Item J-1

ZONING:

State Land Use District: Urban

County of Hawaii: Open

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act: YES X NO __

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

CURRENT USE STATUS:

Unencumbered.

CHARACTER OF USE:

Covered area to provide shade to Destination Kona Coast staff and customers.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

\$900.00 per month, based on an in-house valuation of \$.50 per square foot per month, or \$6.00 per square foot annually.

COLLATERAL SECURITY DEPOSIT:

Twice the Monthly Rental.

DCCA VERIFICATION:

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

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

In accordance with Section 11-200.1-15, Hawaii Administrative Rules (HAR) and the Exemption List for the Department of Land and Natural Resources, reviewed and concurred by the Environmental Council on November 10, 2020, the subject request is exempt from the preparation of an Environmental Assessment pursuant to General Exemption Type 1, “Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing,” Item No. 44, which states, “Permits, licenses, registrations, and rights-of-entry issued by the Department that are routine in nature, involving negligible impacts beyond that previously existing.”

REMARKS:

Destination Kona Coast provides maps and brochures of local activities to tourists that disembark cruise ships at Kailua-Kona Pier. Besides providing information about history or directions to tourist, they also provide live music and hula performances to entertain guests. On average, they greet 65 to 83 ships a year. Destination Kona Coast currently has three tents up to provide shade and comfort for staff and cruise ship visitors (see Exhibit A-3). They are using state lands without a proper disposition and the Division of Boating and Ocean Recreation (DOBOR) would like to correct that.

Destination Kona Coast will be replacing their old tents with new three 20x30 feet tents, which consist of sprung cable, fabric canopies, and an aluminum alloy frame. The tents would be placed on the north end of Kailua-Kona Pier to provide shade for visitors and staff. Destination Kona Coast will keep the tents up all year round. They will be used for activities and events, such as the Queen Liliuokalani Outrigger Canoe Races, Ironman, Bid Island Bill Fish Tournament, and more.

Although Destination Kona Coast’s articles of incorporation say it is organized exclusively for charitable, religious, educational, and scientific purposes within the meaning of Section 501(c)3 of the Internal Revenue Code, it has not received a determination letter from the IRS confirming its 501(c)3 status. Its website and tax returns currently state it is a 501(c)6 organization. Staff believes its activities are ultimately commercial in nature and not eligible for the minimum allowable rent.

Staff recommends the Board approve to issuance of a revocable permit to Destination Kona Coast for the use of state lands for the purpose of proving shade structures.

RECOMMENDATION:

That the Board of Land and Natural Resources:

1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200.1, Hawaii Administrative Rules, this project will probably have minimal or no significant effect on the

environment and is therefore exempt from the preparation of an environmental assessment.

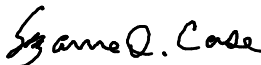
2. Authorize issuance of a Revocable Permit to Destination Kona Coast at Kailua-Kona Pier under the terms and conditions cited above, which are by this reference, incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current Revocable Permit form, as may be amended from time to time; and
 - b. Review and approval by the Department of the Attorney General.
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



EDWARD R. UNDERWOOD, Administrator
Division of Boating & Ocean Recreation

APPROVED FOR SUBMITTAL:



SUZANNE D. CASE, Chairperson
Board of Land and Natural Resources

Attachment:

- A-1 Site Location
- A-2 Site Location
- A-3 Site Location

Exhibit A-1
Kailua Bay



Exhibit A-2
Kailua-Kona Pier

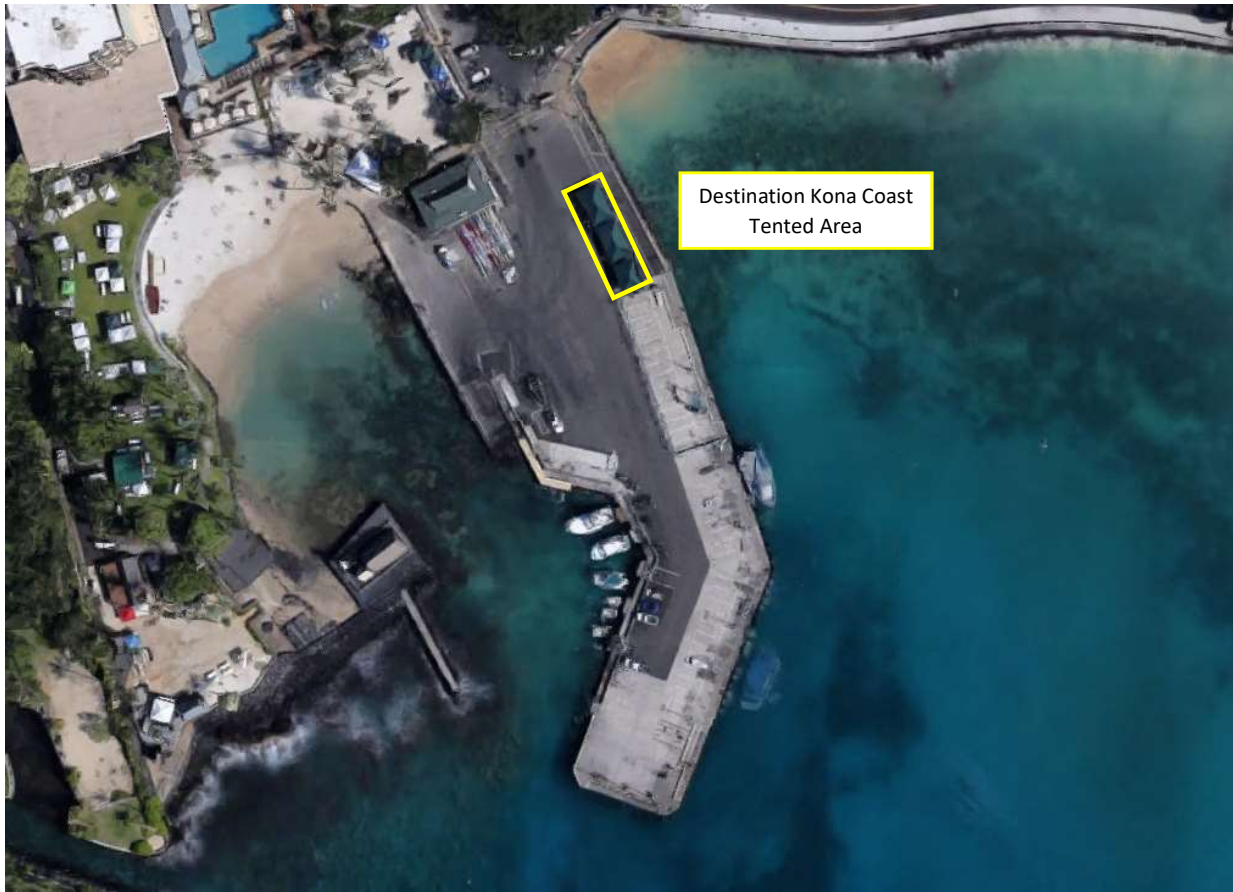


Exhibit A-3
Destination Kona Coast Pre-existing Tents

