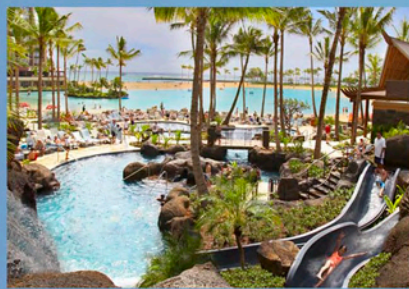


Hilton  Hawaiian Village®

VILLAGE MASTER PLAN IMPROVEMENTS

Waikīkī, Island of O‘ahu



ENVIRONMENTAL IMPACT STATEMENT NOTICE OF PREPARATION

 GROUP 70
INTERNATIONAL

APRIL 2010



Village Master Plan Improvements

Waikīkī, Island of O‘ahu, Hawai‘i

Environmental Impact Statement Notice of Preparation

This environmental document is prepared in accordance with the requirements of Chapter 343, HRS, Hawai‘i Administrative Rules, Title 11, Department of Health, City and County of Honolulu Revised Ordinances of Honolulu Chapter 25 Special Management Area.

Applicant:

Hilton Hawaiian Village Beach Resort & Spa
2005 Kālia Road
Honolulu, HI 96815

Approving Agency:

City and County of Honolulu
Department of Planning and Permitting

Prepared By:

Group 70 International, Inc.
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Honolulu, Hawai‘i 96813
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April 2010

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1.0 INTRODUCTION

1.1 PROJECT INFORMATION SUMMARY

Applicant:	Hilton Hawaiian Village ® Beach Resort & Spa 2005 Kālia Road Honolulu, Hawai'i 96815 Contact: Gerard C. Gibson, Area Vice President (808) 949-4321
Accepting Authority:	City and County of Honolulu Department of Planning and Permitting
Name of Action:	Hilton Hawaiian Village ® Beach Resort & Spa Village Master Plan Improvements
Planning/Environmental Consultant:	Group 70 International, Inc. 925 Bethel Street, 5 th Floor Honolulu, Hawai'i 96813 Contact: Jeffrey H. Overton, AICP, LEED AP (808) 523-5866
Landowners & Tax Map Keys:	Hilton Hawaiian Village LLC (TMK 2-6-8: 1, 3, 5, 7, 12, 19, 21, 23, 24, 27, 31, 34; TMK 2-6-9: 2, 3, 7, 9, 10-13) Hilton Grand Vacation Development (TMK 2-6-9: 1) Packs Foundation et al (TMK 2-6-8: 20) Estate of Stanley Cutter (TMK 2-6-8: 37) Estate of Harry Cullman (TMK 2-6-8: 38) City and County of Honolulu (TMK 2-6-5: 1 (por.))
Land Area:	22.10 acres
Location:	2005 Kālia Road, Waikīkī, O'ahu, Hawai'i
State Land Use District:	State Land Use Urban District
City and County of Honolulu: Special District Designation	Waikīkī Special District
Zoning (Land Use Ordinance)	Resort Mixed Use Precinct
Development Plan Area	Primary Urban Center
Special Management Area	Entire project area within SMA

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Figure 1 Project Location

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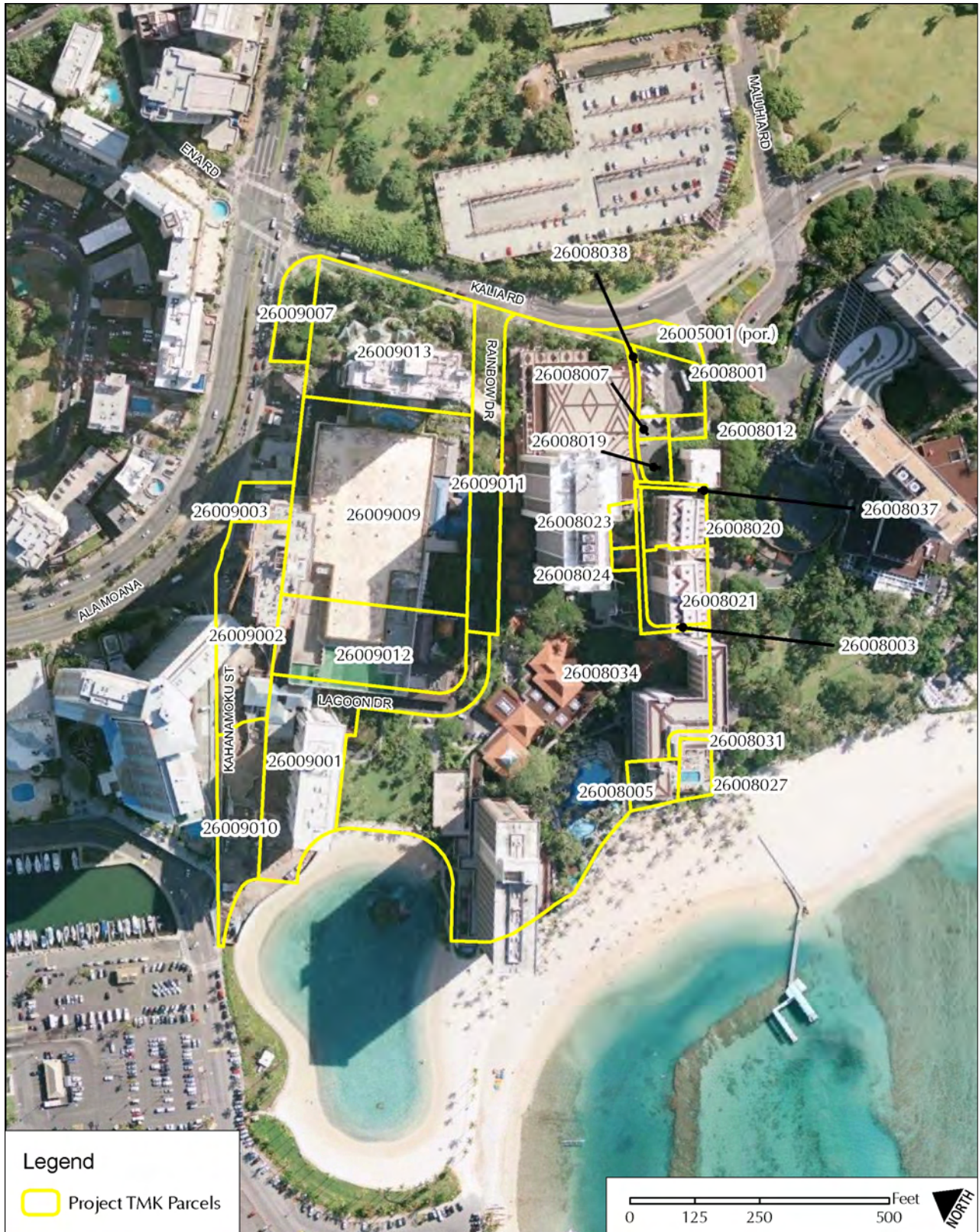


Figure 2 TMK Map

1.2 PROPOSED ACTION

As a global leader in the hospitality industry, Hilton Worldwide (“Hilton”) is undertaking a significant master planned improvements project at its Hilton Hawaiian Village® (“Village”) flagship property in Waikīkī. Since the late 1980s, Hilton has implemented an ongoing master planning process that has led to a series of renovations within the Village. The proposed Hilton Hawaiian Village® Beach Resort & Spa Master Plan Improvements (“Village Master Plan”) is part of Hilton’s continued commitment to ensuring the economic viability of Waikīkī as the State’s most prominent economic asset, and strengthen its competitive position in the global tourism market. This coordinated, master-planned redevelopment of this property will realize a significant improvement in the quality and character of the Kālia district.

The proposed Village Master Plan will be a part of the current and ongoing trend of urban revitalization within Waikīkī. In 2003, the State Department of Business, Economic Development, and Tourism published a study entitled, *The Economic Contribution of Waikīkī*, which documented that Waikīkī’s tourism activity accounted for approximately \$3.6 billion of Hawaii’s Gross State Product, and for 10% of all civilian jobs statewide and 12% of all state and county tax revenues. Recently completed redevelopment projects within Waikīkī, including the Outrigger Beach Walk, the Royal Hawaiian Center, Sheraton Waikīkī and Royal Hawaiian Hotel, have all contributed to the transforming the inner core of Waikīkī.

Concomitantly, the Village has undergone a concerted effort of “Rejuvenation” that started in 2006 with the groundbreaking of the Grand Waikīkian Tower and the restoration of the famed Duke Kahanamoku Lagoon. Additionally, landscaping upgrades to the Village’s Great Lawn, renovation of guest rooms in the Tapa Tower, interior renovations and upgrades of the Kālia Fitness Center, the opening of the 15,700 SF Tropics Bar and Grill in the Ali’i Tower, and the recently completed 5,000 SF Paradise Pool hosting the longest waterslide in Waikīkī, are indicative of Hilton’s commitment to improving the visitor experience at the Village and to the greater Waikīkī area. As the largest resort complex in Waikīkī, the Village serves as the gateway into Waikīkī’s inner core. The planned Village Master Plan improvements will not only bring added value to the immediate property, but will also be a significant achievement in Waikīkī’s ongoing transformation.

Implementation of the proposed Village Master Plan will update and expand the Village’s offering of a myriad of world-class shopping, dining, entertainment, and hospitality options. Overall, the Village Master Plan improvements can be categorized as follows:

1. Renovation, alteration, and refurbishment activities (primarily interior and minor exterior projects or above-grade improvements) to existing building facades, common use areas, recreational amenities, and landscaped areas;
2. Relocation, realignment, and reallocation of retail and dining areas, recreational amenities, open space, back-of-house space, traffic circulation, pedestrian flow and access in the Village;
3. Construction of two new signature timeshare towers.

A detailed project description is provided in Section 2.0.

1.3 STATE ENVIRONMENTAL REVIEW PROCESS

The State environmental review process is being administered to fulfill the requirements of Chapter 343, Hawai'i Revised Statutes, and Chapter 200, Title 11, Hawaii Administrative Rules. Accordingly, an environmental analysis is required for a project or program that proposes one or more of the following nine land uses or administrative acts:

- Use of State or County lands or funds
- Use of any lands classified as Conservation District
- Use within the Shoreline Setback Area
- Use within any historic site or district
- Use within the Waikīkī Special district
- Any amendment to County General Plans
- Reclassification of State Conservation District lands
- Construction or modification of helicopter facilities
- Proposes any wastewater facility with specified exceptions, waste-to-energy facility; landfill; oil refinery; or power generating facility.

The proposed Village Master Plan is classified as land use within the Waikīkī Special District; therefore, it requires the completion and approval of a Final Environmental Impact Statement (EIS). The environmental review process is initiated with the publication of this document, which will undergo a 30-day public comment and review period. Any substantive comments received during this time will be addressed and a written response provided and incorporated into the Draft EIS prior to its filing. Current administrative rules stipulate that comment letters submitted by an agency or citizen group which contain no comments on the project but only serve to verify receipt of the EISPN do not require a written response. However, the EIS must provide an administrative record that tracks the receipt of all comment letters.

1.4 CONTENTS OF THE EISPN

The contents of the EISPN primarily define the scope of analysis that will be conducted to assess and identify impacts relative to project development, implementation, and operations. Accordingly, this EISPN identifies specific studies or research which will be completed and integrated into the presentation of findings in the Draft EIS to be prepared.

The EISPN presents information in seven sections. Section 1.0 contains an introduction including an overview of the proposed project and environmental review process. Section 2.0 describes the proposed project. Section 3.0 describes the project setting. Section 4.0 discusses potential impacts of the proposed project. Section 5.0 identifies alternative actions to the proposed project. Section 6.0 reviews the determination and findings of this report. Section 7.0 identifies parties to be consulted during the preparation of the EIS.

1.5 CONSULTATION PROCESS

Consultation is a requirement under §11-200-15, Hawaii Administrative Rules. Accordingly, all appropriate agencies noted in Section 11-200-10(10) and other citizen groups, and concerned individuals as noted in Sections 11-200-9 and 11-200-9.1 are to be consulted in preparation of the Draft EIS.

Pre-consultation was conducted through a series of personal meetings and telephone conversations with State and County agency representatives, elected officials, community leaders and neighbors. These interactions, held in March 2010, provide early input to the environmental review process. Information gleaned from these meetings helped to identify important issues and provide guidance on the scope of the studies for the Draft EIS. The key findings of these meetings and conversations are summarized in this EISPN. Agency and community issues will be considered in greater detail in the Draft EIS.

2.0 PROJECT DESCRIPTION

2.1 PROJECT SETTING & DESCRIPTION

Existing Conditions

Covering approximately 22.10 acres of land, the Hilton Hawaiian Village ® Beach Resort & Spa (“Village”) is a self-contained premier resort village destination located at the gateway entry of Waikīkī. The Village is comprised of 25 parcels at the ‘ēwa end of Waikīkī (Reference *Section 1.1* for project TMK parcels and landowners). The resort is bounded and accessed by Kahanamoku Street to the northwest, Ala Moana Boulevard to the north, Kālia Road to the northeast, Paoa Place to the southeast, and Waikīkī Beach and the Pacific Ocean to the west and south.

The Village showcases 2,971 hotel guestrooms, which are housed in five distinctive hotel towers: the Tapa Tower (1,044), Rainbow Tower (832), Diamond Head Tower (435) and Apartments (44), Ali‘i Tower (324), and Kālia Tower (292), respectively. Additionally, the Village hosts three timeshare towers that house 656 units: the Grand Waikīkian (331), Lagoon Tower (253), and Kālia Tower (72). These timeshare properties accommodate private owners or are used as rental suites for visitors seeking residential-style accommodations.

The Village property also consists of over 150,000 square feet of indoor and outdoor spaces for banquets, receptions, meetings, conferences, conventions, trade shows, seminars, and major gala events. Indoor venues include the Mid-Pacific Conference Center, which houses the grand Coral Ballroom, the Coral Lounge, and the South Pacific Ballroom; the Tapa Ballroom and Conference Center, the Kālia Executive Conference Center, and the Rainbow Suite. Outdoor venues provide a tropical beachfront or garden setting suited for banquet and reception functions, which range in size and setting. These outdoor options include the Great Lawn, the Village Green, the Rooftop Garden, and available terraced pool decks. The Ocean Crystal Wedding Chapel is prominently located in the center of the property.

Resort recreational amenities at the Village include six swimming pools , offering various options of water activities with slides, waterfalls, and whirlpools as design elements interspersed throughout the property. Additionally, the recently renovated Duke Kahanamoku Lagoon is a key signature element of the Village, providing a promenade boardwalk that encircles the lagoon, grassy picnic areas, and selective plantings of coconut trees and a two-tier waterfall to accent. Other programmed activity areas include a fitness center and spa; and demonstration areas for families and children to learn and participate in cultural activities. The Village also provides an eclectic mix of retail experiences that include boutiques, specialty stores, and gift and sundry shops. Finally, the Village offers multiple dining experiences, ranging from a rooftop luau; open-air oceanside dining in fine and casual settings; poolside bars and tropical resort lounges; and a selected array of restaurants representing different cuisines from around the world.

Surrounding the Village property are other hotel and lodging accommodations, residential units, and various dining and shopping venues. One of the most prevalent land features next to the Village is the large open space formed by ‘Āinahau Triangle and Fort DeRussy Beach Park to the east, the adjacent Hale Koa Hotel property, and Battery Randolph, all of which are under the control and jurisdiction of the U.S. Army.

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Figure 3 Existing Village Map

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Figure 4 Proposed Master Plan Improvements

Description of Proposed Master Plan Project

The Village Master Plan Improvements project is a directed effort to reinvigorate the Village's iconic resort setting through a purposeful series of redevelopment activities that will ultimately lead to a contemporary transformation of the entire Village. The redevelopment will reassert the Village's position as a major visitor destination experience in Waikīkī. Overall, the project will improve the flow of retail activity as well as the overall guest experience. Improvements are planned from the point of visitor arrival and through their stay, with planned upgrades to several amenities. The signature improvements within the Village Master Plan will include the construction of two new timeshare towers, which will expand the resort's accommodations of vacation ownership units.

The improvements identified in the Master Plan are framed in six distinct phases of implementation, each of which are described below:

Improve Retail & Streetscape Experience Along Kālia Road

The Village "front" and main entry leads from Kālia Road onto Rainbow Drive. In general, improvements will be made to the street side appearance and appeal of retail units fronting the Rainbow Drive entry. Currently, the walkway and concourse space connecting the tour bus and group arrival area to and from Rainbow Drive to the entry of the Village is underutilized. Landscaping and pedestrian access fronting Tapa Tower along Kālia Road will be opened up, invoking a more appealing welcoming experience. A newly defined pedestrian path will direct visitors and guests along the major walkway under the Tapa Tower. Existing retail kiosks in this area will be replaced with newly designed retail spaces.

Improve Main Entry, Rainbow Drive, and Center of Resort Retail

One of the main issues to be addressed in this area is the pedestrian-vehicle conflict that exists at the crosswalk between Kālia Tower and Tapa Tower. Currently, pedestrian flow converges at the crosswalk while vehicles maneuver to enter/exit the main parking garage from Rainbow Drive. Proposed improvements include relocating the existing crosswalk approximately 60 to 80 feet makai from its current location. This action will direct pedestrian circulation away from the area, thereby alleviating the current congestion. Retail storefronts will be reoriented to the crosswalk, absorbing pedestrian flow and creating new retail activity hubs in the central area of the Village.

Other planned improvements for this area include renovating and infilling an existing retail pavilion to create a single retail space adjacent to and fronting the main lobby. Existing retail units may selectively remain, but will undergo exterior renovations to improve their overall appearance and appeal. Additionally, the existing overhead structure that connects Kālia Tower and Tapa Tower will be removed, increasing and improving the visual corridor through the main entry of the Village. New landscaping and lighting will further enhance the area.

Improve Front Desk, Develop Super Pool, Village Green, and New Hau Tree Bar

The porte cochere entry and front desk lobby are the primary points of guest arrival. The overhang canopy of the porte cochere will be expanded, allowing for more cars to queue under cover for drop off/pick-up and valet service. This expansion will help to alleviate traffic build-up that occurs during peak use periods within the Village along Rainbow and Lagoon Drives.

Most of the existing components of the front desk lobby area will remain. However, portions of the lobby area will be reconfigured and undergo interior renovations to enhance and improve the visual relationships between the lobby and the pool and beach areas. Key modifications within the lobby area and adjoining walkways to Ali'i Tower, Rainbow Tower, and the Super Pool include the removal of the Shell Bar pavilion, the covered trellis walkway, and development of a landscaping plan for future plantings and best management practices for the existing mature Banyan tree. The anticipated result of these modifications will be an expanded recreational focal point, centered with the planned expansion of the Super Pool area.

Plans for the Super Pool expansion include the creation of two keiki pools, both designed with age-appropriateness in mind. One of these pools will include a series of water slides and other amenity features. Additionally, an adult pool will be created with an expansive deck and chaise lounge space, including cabanas for visitors seeking quiet solace and peaceful environment.

The expansion and improvements result in the relocation of selected retail, food and beverage amenities. The Village Green will be absorbed with an expansion of the wildlife pool, and the creation of a centered plaza fronting Ali'i Tower. On the makai side, the existing Hau Tree Bar will be relocated near the Rainbow Lanai. Overall pedestrian access between the Ali'i Tower, Rainbow Tower, the main lobby, and adjoining retail spaces will also be reconfigured.

Improve Tapa Pool and Café

The Tapa Pool and its surrounding terrace are currently centered in a more secluded area of the Village than the Super Pool counterpart. Plans will increase the deck space that will be utilized for pool activities during the day, which can convert to function space for evening events. Additionally, the café space, which is adjacent to the Tapa Pool terrace, is currently vacant. This area will be converted into a high ceiling multi-functional space for banquets or possible entertainment venue. Design elements of the area will include the ability to screen the pool and terrace area from the Tapa Bar, as necessary, to utilize the space for outdoor events.

New Timeshare Tower Sequel 1 over Bus Loading

The Village Master Plan proposes the development of a 300-unit timeshare tower, to be located at the existing Group Bus and Tour area on the Diamond Head corner of the property near Kālia Road and Paoa Place. The existing bus loading and service activities will remain on the ground level with some necessary improvements. An arrival lobby will be accessed via a new ramp that leads to the porte cochere on the second floor. Parking for this timeshare will be accommodated within the lower levels. Upon completion of City approvals, construction of this new timeshare tower is planned to commence in late 2013 and would open in 2016.

Acquisition of Remnant City and County of Honolulu Parcel

Kālia Road was realigned to a more mauka position around 1993. The 'ewa makai corner of Kālia Road and Paoa Place overlies a remnant portion of the former roadway and right-of-way. The subject land is currently improved with sidewalk and landscaping. The Master Plan Improvements project includes the planned acquisition of approximately 8,200 sq. ft. of TMK 2-6-5:1 (portion) owned by the City and County of Honolulu. This acquisition is currently in process with the appropriate City agencies.

New Timeshare Tower Sequel 2 over Redeveloped Rainbow Bazaar

The Village Master Plan also proposes a second timeshare tower, which will be comprised of 250 units. This tower will be part of a redevelopment of the makai side of the Rainbow Bazaar near the Great Lawn. Plans call for a new raised retail plaza, back of house area, and office space on the lower levels with a planned mix of room units. Parking requirements would be met by reallocating space within the existing parking garage to accommodate projected demand and Land Use Ordinance requirements. Tower 2 would be one of the last phases to be implemented, currently planned for 2019.

Anticipated Net Effect of Redevelopment on Village Retail

Upon completion of planned improvements, the Village Master Plan would result in approximately 23,900 square feet (SF) of renovated retail space, inclusive of food and beverage services. The overall net retail space will increase by 14,359 SF at Hilton Hawaiian Village ®.

2.2 DEVELOPMENT SCHEDULE

Implementation of the Village Master Plan will commence upon issuance of the required City and County of Honolulu permits and approvals. Improvements are planned to be completed within a 10-year time frame. The estimated project development budget will be provided in the Draft EIS.

2.3 REQUIRED PERMITS AND APPROVALS

The following list identifies the major City and County of Honolulu land use permits and approvals are anticipated to be required for project implementation. A comprehensive list of the various site, building, construction and infrastructure approvals will be provided in the EIS.

Land Use Permit or Approval(s)	Approving Authorities
EIS Acceptance (Chapter 343, HRS compliance)	City and County of Honolulu, Dept. of Planning and Permitting (DPP)
Planned Development-Resort (PD-R) Permit	Honolulu City Council, Mayor
Waikiki Special District Permit, Major	DPP Director
Special Management Area (SMA) Use Permit	Honolulu City Council, Mayor
Various Site, Grading, Building and Infrastructure Approvals for Construction and Operations (to be listed in EIS)	City and County of Honolulu, DPP/Other Dept. State of Hawaii, Various Agencies

3.0 PROJECT SETTING

3.1 PHYSICAL AND NATURAL ENVIRONMENT

The Village Master Plan Improvements EIS will examine the pertinent features of the physical and natural environment. Existing data will be compiled from past environmental studies, and new studies will be completed to address the potential impacts within several discipline areas. The study disciplines include: climate (rainfall, flooding, storm surge and wind); geology, topography, slope, and soils; flora and fauna habitats, and nearshore ocean waters. Given the extensive period of urban use at this location, including over 50 years as the Hilton Hawaiian Village®, the potential impact to the physical/natural environment is not expected to be significant.

3.2 HUMAN ENVIRONMENT

The EIS will evaluate other resource types that represent past and present human interaction and connectivity between the natural and built environments. The EIS evaluates known impacts to archaeological, historic, and cultural resources; traffic and pedestrian circulation patterns; noise and air quality; visual resources and significant viewsheds. Existing buildings that will be renovated or demolished will be evaluated for the presence of hazardous materials. If such materials are identified, appropriate methods for remediation and/or removal will be identified. Potential impacts of the proposed project to the human environment are being addressed, and appropriate mitigation measures will be proposed.

Existing civil infrastructure conditions will also be evaluated. Forecasted demand for the proposed project will be assessed, including impacts to roadways; water and wastewater transmission lines; stormwater runoff and drainage systems; power, cable, and telecommunications systems. Future needs and forecasted demand on public services, such as police, fire, emergency, medical, educational and social services, will also be addressed in the EIS.

3.3 SOCIOECONOMIC CONDITIONS

The EIS examines socioeconomic conditions and trends and includes an analysis of conditions and trends of demographic, economic, and social data relative to the hospitality industry in Waikīkī and on O'ahu. Potential economic and fiscal impacts that result from construction and operations at the Village Master Plan improvements will be projected in the EIS.

3.4 LAND USE PLANS, POLICIES AND CONTROLS

The EIS will identify Federal, State, and County level land use plans, policies and controls that are applicable to the project. On the State level, the EIS reviews of the project's compliance with the Hawai'i State Plan; 2050 Sustainability Plan; State Functional Plans; State Land Use; Conservation District Use; historic preservation; the environmental review process and hazardous material, stormwater management, and water quality regulations. On the County level, the EIS evaluates the consistency of the project with the City and County of Honolulu General Plan, Primary Urban Center Development Plan; Land Use Ordinance, including Planned Development-Resort requirements; Special Management Area regulations, and Waikīkī Special District regulations.

4.0 PROBABLE IMPACTS AND MITIGATIVE MEASURES

4.1 SHORT-TERM IMPACTS

The Village Master Plan improvements include varying levels of activity ranging from demolition and renovation of existing structures, as well as construction of new buildings. These improvements will create local short-term construction-related impacts on the environment. Potential short-term impacts to be evaluated in the EIS include: soil disturbance; hazardous materials removal/disposal; dust and erosion due to demolition and grading; parking and traffic due to construction equipment and trucks; and increased noise due to the construction. Potential drainage and runoff related to construction will be assessed.

Short-term beneficial impacts related to construction will include construction expenditures and employment, as well as the purchase of services and materials to design and construct the timeshare and retail spaces. Short-term negative economic benefits related to construction include the income lost to establishments affected by construction. These impacts will be offset by increased sales at retail establishments within the property that are not affected by the project phase currently under implementation. The EIS will present a complete analysis of the anticipated construction phase impacts and mitigation.

4.2 LONG-TERM IMPACTS

Implementation of the Village Master Plan will generate minimal yet long-term impacts to the natural and human environment. Potential long-term impacts to be examined in the EIS include affects on soil, water quality, drainage and runoff, natural hazard areas including flooding and tsunami inundation, vegetation and wildlife, archaeology, cultural and historic resources, roadways and traffic, noise, air quality, wind conditions, visual resources, social and economic considerations, public infrastructure and public services. Material and economic resources will be irretrievably committed to the various facilities and programs implemented.

The proposed project represents a continuation of existing retail and commercial use in the area, and will not greatly alter the functional nature of what is currently experienced in the Village. The end goal is to transform the built landscape to a more focused, unified, and cohesive pedestrian experience for resort guests and visitors. The Kālia corridor will be dramatically transformed with significant streetscape improvements and modified Village entry. Construction of the new Timeshare Tower No. 1 will enliven the corridor connection between the Village, the Hale Koa Hotel, Fort DeRussy, Trump Tower, and Waikīkī Beach Walk. Construction of Timeshare Tower No. 2 transforms the inner corridor of the Village, and realigns the visitor experience with planned improvements to several retail and recreational amenities.

Implementation of the Village Master Plan results in a net increase of approximately 550 timeshare units. This increase will cause a related increase in traffic for both towers but should be accommodated with existing and planned on-site parking infrastructure. Additionally, the revitalized retail areas and recreational amenity areas are adding to renewed economic activity within the Village. Additional increases in traffic within and around the project area are expected to be substantially enhanced through planned traffic management and circulation improvements.

Vehicular and pedestrian circulation patterns in the area will be modified to accommodate planned improvements. Issues relative to vehicle and pedestrian circulation will be addressed in the EIS.

4.3 CULTURAL PRACTICES & RESOURCES

A Cultural Impact Assessment (CIA) will be prepared in accordance with regulatory requirements of Chapter 343, Hawai'i Revised Statutes, as amended by H.B. No. 2895, H.D. 1 of the State of Hawai'i Twentieth Legislature and approved as Act 50. The purpose of this Act is to "require that environmental impact statements include the disclosure of the effects of proposed actions on the cultural practices of the community and the State," specifically addressing the "effects on Hawai'i's culture, and traditional and customary rights." As appropriate, key State affiliates, including the Office of Hawaiian Affairs; the State Department of Land and Natural Resources, State Historic Preservation Division; and the O'ahu Island Burial Council will be consulted during the preparation of the CIA. Additionally, known 'ohana and cultural practitioners with ties to the Waikiki area are being consulted to understand the cultural landscape in which the project area lies. Of important note, a concerted effort to identify potentially cultural sensitive areas within the project boundary will be on-going to during the preparation of the EIS.

4.4 SIGNIFICANCE CRITERIA

Overall, the project will have a beneficial impact on the environment. The following is an assessment based on criteria established in Title 11 Administrative Rules, Chapter 200 Environmental Impact Statement Rules, Section 12.

- 1) *Involves an irrevocable commitment to loss or destruction of any natural or cultural resource;*

It is anticipated that that the project does not involve any significant loss of natural or cultural resources. Archaeological and ethnographic studies are being conducted during the preparation of the EIS to assess the potential sensitivity and potential occurrence of such resources. Appropriate mitigative measures that are in accordance with State Historic Preservation laws and administrative rules will be administered should such resources be discovered.

- 2) *Curtails the range of beneficial uses of the environment;*

The proposed project is consistent with existing zoning and current land uses. The subject property is located in the Resort Mixed Use Precinct of the Waikiki Special District. The redevelopment of Hilton's resort campus, which will include proposed improvements to the overall traffic circulation in the area and substantially improve the character and setting of the Village and this section of Waikiki in general.

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

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The purpose of Chapter 344, HRS, is “to establish a state policy which encourages productive and enjoyable harmony between man and his environment, promote efforts which will prevent or eliminate damage to the environment and biosphere and stimulate the health and welfare of man, and enrich the understanding of the economical systems and natural resources important to the people of Hawaii”. The proposed project is expected to be consistent and supportive of Chapter 344 policies, goals, and guidelines.

4) *Substantially affects the economic or social welfare of the community or State;*

The proposed improvements within the Hilton Hawaiian Village ® property will positively affect the State’s economic welfare by providing new and upgraded hotel facilities, and overall enhance the visitor experience of one of Waikiki’s flagship resort destinations. Economic and social benefits will result from increased employment and tax revenues.

5) *Substantially affects public health;*

The proposed project is consistent with existing land uses and with no affect to public health.

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

Implementation of the proposed project will result in the net addition of approximately 550 timeshare units, resulting in a commensurate increase in the daily population in Waikiki. According to the 2008 State Department of Business Economic Development & Tourism Visitor Inventory Plant, there were 28,733 visitor units in the Waikiki/Honolulu area, of which 23,007 were hotel units, 3,681 were condominium hotel units, and 1,281 were timeshares. The net increase of 500 units represents less than 1.0 percent of the total number of visitor units currently developed in Waikiki. Hence, the impact of the increase in population is expected to be relatively small. Effects of the Village Master Plan improvements to public facilities will be identified in the EIS.

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

It is anticipated that the proposed project will not degrade the environmental quality within this urban setting. Rather, the proposed improvements incorporate the latest technology in building design. Where feasible, the project utilizes sustainable design practices that improve the inter-relationship between the natural and built environment, including air quality, stormwater discharge and runoff, water quality, and the terrestrial environment.

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

The EIS in preparation for the proposed project is a full disclosure of anticipated implementing actions to improve the Village. Proposed actions that do not require future entitlements or agency approval to be identified and disclosed, to ensure that the overall cumulative effect of the Village Master Plan has been evaluated in the EIS.

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

The proposed action is not expected to affect any rare, threatened, or endangered species or habitats. The subject property is currently a developed resort destination and entails the proposed future improvements and redevelopment within the Village. However, the EIS will evaluate potential impacts to flora and fauna habitat, including terrestrial and marine habitats, within both the natural and designed landscape setting.

10) *Detrimentially affects air or water quality or ambient noise levels;*

Several specific studies will be conducted during the preparation of the EIS. These include studies of air quality, noise, traffic, ground water quality, and ocean water quality. These studies will address impacts of the project in the short term, during construction, and in the long term, and proposing mitigative measures, as appropriate.

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

Most of Waikīkī, including the project site, is located within the State Civil Defense tsunami zone. The project area is primarily contained within the Federal Emergency Management Agency AO (Depth 2 ft) flood zone and a small portion in the AE (elevation 5 ft). Coordination with both State and City & County of Honolulu Civil Defense will be ongoing to ensure the project will be designed in accordance to standards for tsunami preparedness and flood proofing of permitted uses.

12) *Substantially affects scenic vistas and viewplanes identified in county or state plans*

The Village Master Plan includes two new timeshare towers that may affect vistas and view perspectives from certain public and private locations in Waikīkī. The EIS includes a view impact analysis with accurate simulations of view conditions before and after development, as experienced from locations surrounding the Village.

13) *Requires substantial energy consumption.*

The proposed project increases floor area and number of vacation units, thereby increasing electrical energy consumption. However, it is anticipated that modern systems in new and renovated facilities replaces less efficient systems in older buildings, improving the efficiency of energy consumption. Infrastructure impacts, including energy consumption, are being studied in the EIS.

4.5 REASON FOR EIS PREPARATION

All projects proposed in the Waikīkī Special District must be evaluated through the State environmental review process. The magnitude of demolition and construction proposed in this redevelopment project warrants the preparation of an Environmental Impact Statement in accordance with Chapter 343, Hawaii Revised Statutes.

5.0 RANGE OF ALTERNATIVES

Hilton has continuously explored, evaluated, and significantly invested in redeveloping elements within the Village. The Village Master Plan represents the current vision and intent to transform the entire property through a well-defined and coordinated planning process. For the EIS, alternatives to be evaluated include the no-action alternative, other site development options that were not considered for further evaluation, and other alternative sites for redevelopment.

5.1 NO-ACTION ALTERNATIVE

The no-action alternative would maintain the Village property in its existing condition as-is. Ongoing operations, maintenance, repair activity would continue. The two timeshare towers and adjoining support services would not be actualized. Although there have been significant piecemeal improvements within the property, there are still critical areas within the resort that are underutilized or in need of some planned intervention for their feasible and best use to be realized. With less comprehensive renovations than those proposed within the Master Plan, these specific areas within the property could possibly be maintained for the short-term until conditions could possibly deteriorate further until major repair or renovation work was completed.

5.2 ALTERNATIVE DEVELOPMENT PLAN: MAXIMUM ALLOWABLE USE

The current plan for Village Master Plan improvements does not maximize development of these properties, as allowed under the Land Use Ordinance with the inclusion of 50% open space. An alternative to the proposed Master Plan would be the full development to 4.0 FAR, which would significantly increase the total development of hotel, timeshare and retail uses in comparison to the current Village Master Plan proposals. This alternative scenario would add the redevelopment of Ali'i Tower and/or Diamond Head Tower to the current Master Plan proposals. A maximum development scenario will be presented in the EIS for comparison to the proposed action.

5.3 ALTERNATIVE DEVELOPMENT PLAN: EXPANDED RETAIL/CONVENTION COMPLEX

An alternate plan for the Village Master Plan could entail a more significant focus on creating a commercial retail complex and expanded convention space at the Village location. Due to its high exposure location, this alternative would explore the expansion of a significant retail complex. The new retail commercial uses is a much different approach to the future use of the Village, and would include numerous restaurants, shops and entertainment venues to serve both Hilton guests and attract outside clients. An evaluation of the potential impacts with an expanded retail complex is presented in the EIS.

5.4 ALTERNATIVE DEVELOPMENT SITE

It is Hilton's desire to revitalize and reinvest in its assets within Hilton Hawaiian Village®, as Waikīkī's flagship resort property. Given this objective, the option to redevelop an alternative site to include all the elements of the Village Master Plan is not considered as a practical alternative. A brief evaluation of the impractical alternative site scenario is presented in the EIS.

6.0 DETERMINATION AND FINDINGS

An Environmental Impact Statement will be prepared and distributed for review in accordance with the State environmental review process as authorized under Chapter 343, Hawaii Revised Statutes. It is anticipated that based on the significance criteria set forth in Title 11, Chapter 200, Section 12, the Department of Planning and Permitting will determine that the improvements and actions proposed in this project have the potential to create significant impacts to the environment. An analysis of the finding and reasons supporting this determination will be provided in the EIS.

7.0 AGENCIES AND PARTIES CONTACTED

7.1 List of Agencies and Parties Consulted During EISPN and Will Be Consulted for EIS

Below is a list of agencies, organizations, and individuals that were contacted during the pre-consultation and preparation of the EISPN, or have been identified to be consulted during the preparation of the Draft EIS. Additional parties of interest may be identified during the review period of either the EISPN or DEIS. The appropriate number of EISPN copies will be provided to agencies and libraries, as requested by the State Office of Environmental Quality Control and the City and County of Honolulu Department of Planning and Permitting.

Parties Contacted in Pre-consultation and EISPN Distribution	Pre-Consulted through EISPN process	Will Consult (X) through EIS process
Federal Agencies or Affiliates		
Armed Services Recreation Center (Hale Koa)	X	X
US Army Engineers, Honolulu District		X
US Army Community & Family Center	X	X
Hawai'i Army Museum Society (Fort DeRussy/Battery Randolph)	X	X
US Department of Interiors, Fish & Wildlife Service		X
Federal Aviation Administration		X
State of Hawai'i Agencies		
Dept. of Business, Economic Dev. & Tourism (DBEDT), Hawaii Tourism Authority	X	X
DBEDT, Office of Planning		X
Department of Health		X
Department of Land and Natural Resources (DLNR)	X	X
DLNR, Historic Preservation Division	X	X
DLNR, Office of Conservation and Coastal Lands		X
Department of Transportation, Harbors, Highway, & Airport Division		X
Department of Education		X
Department of Hawaiian Homelands		X
Department of Accounting & General Services		X
Hawaii Visitors and Convention Bureau	X	X

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Parties Contacted in Pre-consultation and EISPN Distribution	Pre-Consulted through EISPN process	Will Consult (X) through EIS process
Office of Environmental Quality Control	X	X
Office of Hawaiian Affairs	X	X
Office of the Governor	X	X
University of Hawai'i, Environmental Center		X
City and County of Honolulu Agencies		
Board of Water Supply	X	X
Corporation Counsel		X
Department of Design and Construction		X
Department of Planning and Permitting	X	X
Department of Parks and Recreation		X
Department of Environmental Services	X	X
Department of Facility Maintenance		X
Department of Transportation Services	X	X
Department of Wastewater Management	X	X
Honolulu Fire Department		X
Honolulu Police Department		X
Office of the Mayor Mufi Hanneman	X	X
Office of Economic Development		X
Managing Director's Office	X	X
Waikiki Neighborhood Board, District No. 9 (Bob Finley, Chair)	X	X
Elected Officials		
State Senator Brickwood Galuteria, District 12	X	X
State Senator Clarence Nishihara, District 18 & TSM Chair	X	X
State House Representative Tom Brower, District 23	X	X
State House Representative Scott Y. Nishimoto, District 21	X	X
State House Representative Joey Manahan, District 29 & TCI Chair	X	X
Council District Representative Charles K. Djou, District 4	X	X
Council District Representative Todd K. Apo, District 1 & Council Chair	X	X

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Parties Contacted in Pre-consultation and EISPN Distribution	Pre-Consulted through EISPN process	Will Consult (X) through EIS process
Libraries and Public Repositories		
Waikīkī Public Library	X* (distribute)	
State Main Library	X* (distribute)	
Ala Moana Satellite City Hall	X* (distribute)	
Municipal Reference Library	X* (distribute)	
Legislative Reference Bureau	X* (distribute)	
Other Parties of Interest		
Hawaii Chamber of Commerce	X	X
Hawaii Hotel Association	X	X
Outdoor Circle		X
Waikīkī Improvement Association	X	X
Waikīkī Business Improvement District Association	X	X
Waikīkī Residents Association	X	X
Honolulu Advertiser	X	X
Honolulu Star-Bulletin	X	X
Neighbors and Individuals Consulted		
Ilikai AOO	X	X
Ilikai Marina AOO	X	X
Doubletree Alana	X	X
Wailana	X	X
Canterbury Place	X	X
Waikīkī Prince	X	X
Discovery Bay	X	X
Palms at Waikīkī	X	X
Ala Wai Yacht Harbor	X	X

7.2 Summary of Comments Received During Pre-Consultation Contacts

In March 2010, meetings and telephone conversations were held with various elected officials, agencies, organizations, and neighbors listed above for the purpose of pre-consultation for the Draft EIS. The following is a brief summary of various issues and comments received in these discussions, and these issues will be addressed in the Draft EIS.

- Distribute the EIS for comment by the appropriate State/City agency (comment received consistently from the agencies consulted).
- How will the increased traffic on local roads be handled? Do a traffic study of new traffic coming from this expansion of Hilton Hawaiian Village.
- Will the new buildings block existing views of the ocean and Diamond Head? Study potential view impacts from adjoining buildings.
- Inform the broader community of the proposed project and obtain input on issues of concern. Make sure the Neighborhood Board and homeowner associations are involved.
- Will the project affect cultural resources, such as burials (iwi) or other subsurface archaeological deposits? Consult with native Hawaiians on the potential project impacts.
- Construction impacts are a concern, including worker traffic, parking, noise, dust, etc.
- How many jobs will become available during construction? How many long-term jobs will be created at the new project? What types of jobs are opening up in the future?
- Will the project cause an impact to the ocean water, fish, reefs, etc?
- Will access to the beach be affected by the construction activities or new buildings?
- What permits are needed for the project to go forward?
- Aren't there already a lot of buildings at Hilton Hawaiian Village? Are they allowed to build more at this resort?
- Can the City sewers system handle the increased sewage that will be generated by new timeshare units at the project? What is being done to avoid another big problem?
- Will the project cause flooding or affect the City's drainage system?
- How does the community benefit from this new project?

The issues raised and comments received in the pre-consultation discussions will be addressed in the scope of Draft EIS technical studies, and the planning and environmental analysis included in the EIS.