

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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DIRECTOR

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DEPUTY DIRECTOR

2014/ELOG-1588 (EK)

September 26, 2014

Ms. Jessica Wooley, Director
Office of Environmental Quality Control
Department of Health, State of Hawaii
235 South Beretania Street, Room 702
Honolulu, Hawaii 96813

Dear Ms. Wooley:

SUBJECT: Chapter 343, Environmental Impact Statements (EIS), Hawaii Revised Statutes
Supplemental Environmental Impact Statement Preparation Notice (SEISPN)

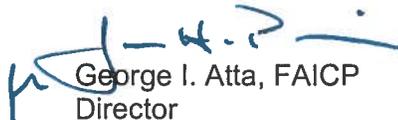
Applicant:	Outrigger Enterprises, Inc.
Agent:	Group 70 International, Inc.
EIS Location:	Makai of Kalakaua Avenue and along Saratoga Road, Beach Walk, Lewers Street, and Kalia Road
SEISPN Location:	2181 Kalia Road
EIS Tax Map Keys (TMKs):	2-6-2: 14 and 27; 2-6-3: 1, 30, 56, 60, and 61; 2-6-4: 10
SEISPN TMK:	2-6-4: 10
Proposal:	Special Management Area Use Permit, Shoreline Setback Variance, Planned Development Resort, Major Waikiki Special District, and Zoning Variance for renovation and development of the Outrigger Reef Waikiki Beach Resort site, including the demolition of the five-story Diamond Head Tower near the shoreline, and the construction of a 350-foot-high hotel tower near Kalia Road, a refurbished pool deck, and new meeting areas below the pool deck.

We are submitting the SEISPN for the subject project for inclusion in the October 8, 2014 publication of "The Environmental Notice." Enclosed please find:

- One hard copy of the SEISPN;
- One disc with an electronic copy of the SEISPN; and
- Completed OEQC publication form with project description.

If you have any questions, please contact Elizabeth Krueger of our staff at 768-8017.

Very truly yours,


George I. Atta, FAICP
Director

Enclosures

cc: Outrigger Enterprises, Inc.
Group 70 International, Inc.

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APPLICANT ACTIONS
SECTION 343-5(C), HRS
PUBLICATION FORM (JANUARY 2013 REVISION)

Project Name: Waikiki Beach Walk – Outrigger Reef Waikiki Beach Resort
Island: Oahu
District: Kona
TMK: 2-6-002:014, 027; 2-6-003:001, 030, 056, 060, 061; 2-6-004:010
Permits: Special Management Area Use Permit (Major), Shoreline Setback Variance, Planned Development-Resort Permit Major Modification, Zoning Variance, Waikiki Special District (Major), Various Site, Grading, Building and Infrastructure Approvals for Construction

Approving Agency: Department of Planning and Permitting
City and County of Honolulu
650 S. King Street, 7th Floor
Honolulu, Hawaii 96813
Contact: Elizabeth Krueger
Phone: (808) 768-8017

Applicant: Outrigger Enterprises, Inc.
2375 Kuhio Avenue
Honolulu, Hawaii 96815
Contact: Edward E. Case, Senior VP & Chief Legal Officer
Phone: (808) 921-6600

Consultant: Group 70 International, Inc.
925 Bethel Street, 5th Floor
Honolulu, Hawaii 96813
Contact: Christine Ruotola, AICP
Phone: (808) 523-5866

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 oeqc@hawaii@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 oeqc@hawaii@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 oeqc@hawaii@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 oeqc@hawaii@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.

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QUALITY CONTROL

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___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 determines that a supplemental EIS is not required. No EA is required and no comment period ensues upon publication in the periodic bulletin.

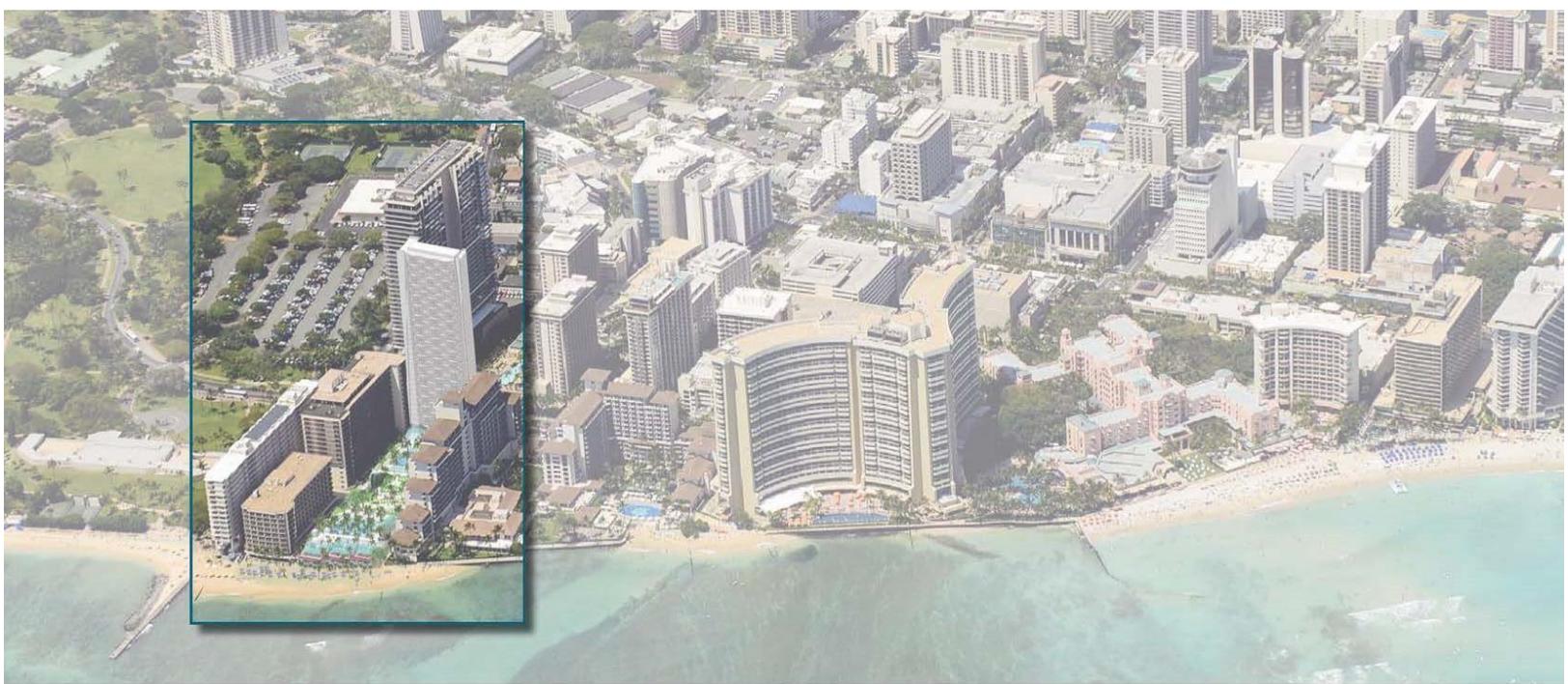
___Withdrawal (explain)

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

Outrigger is undertaking a revitalization of its Outrigger Reef Waikiki Beach Resort (Outrigger Reef) located in Waikiki Oahu, Hawaii. Envisioned in the revitalization of the Outrigger Reef is a new 350-foot high hotel tower along the mauka, Kalia Road edge of the property, providing the first new beachfront hotel rooms in Waikiki in 30 years. The redesign will bring a new conferencing center to support small to medium size meetings, including the corporate and incentive meeting market. Completing the transformation will be the demolition of the five-story Diamond Head tower and dated pool deck, which will be replaced with a resort pool, dining, and lounging area. The revitalization of the Outrigger Reef will be the capstone of Waikiki Beach Walk, from Kalakaua Avenue to the sands of Waikiki Beach. Implementation of the proposed project improvements will update and expand Outrigger's offering of shopping, dining, entertainment, and hospitality options. The SEIS will evaluate construction and operational impacts on natural environmental, archaeological, and cultural resources; utility, infrastructure, roadway, and traffic conditions; and projected socio-economic benefits and costs.

WAIKĪKĪ BEACH WALK OUTRIGGER REEF WAIKĪKĪ BEACH RESORT

Waikīkī, Island of O‘ahu, Hawai‘i



SUPPLEMENTAL ENVIRONMENTAL IMPACT STATEMENT NOTICE OF PREPARATION



SEPTEMBER 2014

WAIKĪKĪ BEACH WALK OUTRIGGER REEF WAIKĪKĪ BEACH RESORT

Waikīkī, Island of O‘ahu, Hawai‘i

SUPPLEMENTAL ENVIRONMENTAL IMPACT STATEMENT NOTICE OF PREPARATION

Applicant:

Outrigger Enterprises, Inc.
2375 Kūhiō Avenue
Honolulu, Hawai‘i 96815

Approving Agency:

City and County of Honolulu
Department of Planning and Permitting

Prepared By:

Group 70 International, Inc.
925 Bethel Street, 5th Floor
Honolulu, HI 96813

September 2014

Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort

Supplemental Environmental Impact Statement Notice of Preparation

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**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort**

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**Waikīkī Beach Walk
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1.0 INTRODUCTION

1.1 PROJECT INFORMATION SUMMARY

Applicant: Outrigger Enterprises, Inc.
2375 Kūhiō Avenue
Honolulu, Hawai'i 96815
Contact: Edward E. Case, Senior VP & Chief Legal Officer
Phone: (808) 921-6600

Accepting Authority: City and County of Honolulu
Department of Planning and Permitting

Name of Action: Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort

Planning/Environmental Consultant: Group 70 International, Inc.
925 Bethel Street, 5th Floor
Honolulu, Hawai'i 96813
Contact: Christine Ruotola, AICP
Phone: (808) 523-5866

Project Location Waikīkī, O'ahu, Hawai'i (*Figure 1*)

Tax Map Keys (TMK):
Waikīkī Beach Walk EIS (2002): 2-6-002: 014, 027
2-6-003: 001, 030, 056, 060, 061
2-6-004: 010 (*Figure 2*)

Supplemental EIS (SEIS): 2-6-004: 010 (*Figure 2*)

Land Area:
Waikīkī Beach Walk EIS (2002): 7.97 acres
SEIS: 2.50 acres

Location:
Waikīkī Beach Walk EIS (2002): Makai of Kalālakaua Avenue and along Saratoga Road,
Beach Walk, Lewers Street, and Kālia Road
Off-site Parking – Fort DeRussy

SEIS: 2181 Kālia Road

State Land Use District: State Land Use Urban District

**Waikīkī Beach Walk
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City and County of Honolulu:

Special District Designation Waikīkī Special District (WSD)

Zoning (Land Use Ordinance) Resort Mixed Use Precinct

Development Plan Area Primary Urban Center

Special Management Area (SMA)

Waikīkī Beach Walk EIS (2002): Portion of the site is located within the SMA

SEIS: Entire project area is within the SMA

Waikiki Beach Walk
Outrigger Reef Waikiki Beach Resort

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Figure 1 Project Location

Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort
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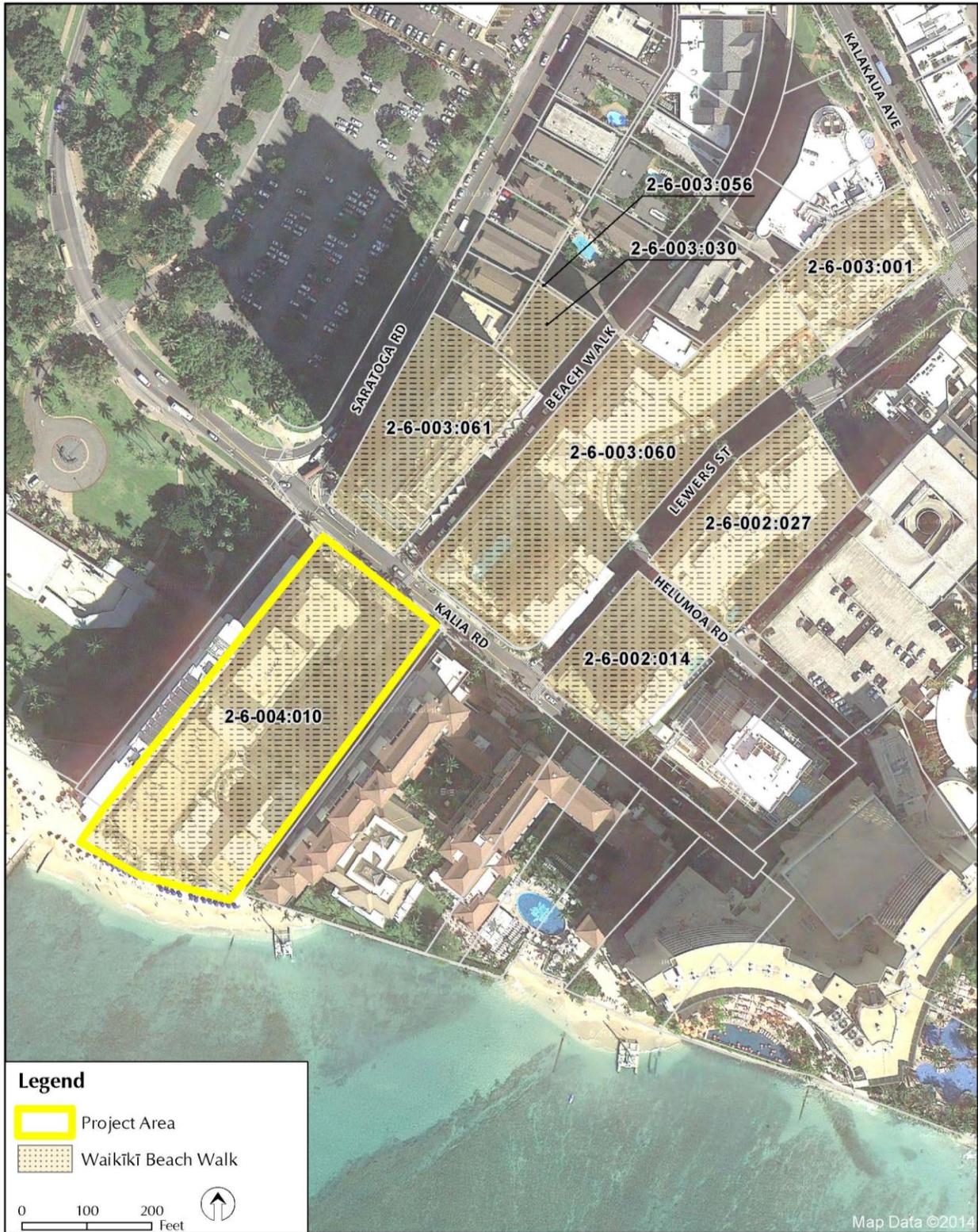


Figure 2 Tax Map Key

**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort**

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1.2 INTRODUCTION AND PURPOSE

This document is prepared in accordance with the requirements of Hawai'i's Environmental Protection Act (HEPA), Chapter 343, Hawai'i Revised Statutes as amended (HRS), and Chapter 11-200 Hawai'i Administrative Rules (HAR), the rules governing the Office of Environmental Quality Control (OEQC).

In 2002, a Final Environmental Impact Statement (EIS) was completed for the Waikīkī Beach Walk project including the Outrigger Reef Waikīkī Beach Resort (Outrigger Reef). This project was a master-planned redevelopment of Outrigger's properties in the Lewers Street area. Waikīkī Beach Walk was designed and constructed as a mixed-use entertainment, retail and hotel project that defines Lewers Street as a gathering place for visitors and locals alike in Waikīkī. The two-phased redevelopment project included Outrigger holdings makai of Kalākaua Avenue and along Lewers Street, Kālia Road, Beach Walk and Saratoga Road. The project upgraded five existing hotels, demolished six older hotels in the area, and redeveloped the latter areas to include a new entertainment retail complex, a new hotel, and enhanced public areas. Phase I of the project involved the redevelopment and renovation of Waikīkī Village, Waikīkī Tower, and Reef Towers hotels and the replacement of the Edgewater Lanais, Coral Seas and Edgewater hotels with a new two-level entertainment/retail promenade. Phase 2 focused on redevelopment of the Outrigger properties between Saratoga Road and Beach Walk. A new hotel tower (350 feet in height with 462 rooms), Trump International Hotel Waikīkī Beach Walk (Trump Hotel) was constructed where the Royal Islander, Reef Lanais and Malihini hotels once stood.

Since the EIS in 2002, all of the components of the Waikīkī Beach Walk project except Outrigger Reef have been completed. Today, Waikīkī Beach Walk is a vibrant gathering place, a showcase for Hawaiian music, and a destination of choice for visitors and Hawai'i residents. The project was the first of many significant private and public investments that have strengthened Waikīkī's competitive position in the global tourism market.

To carry on this success, Outrigger plans to improve the existing Outrigger Reef. Outrigger envisions the redevelopment of this property to provide visitors with improved and expanded hotel room accommodations, conferencing options, and a new resort pool and recreation area. These specific proposed improvements to the Outrigger Reef property were not included in the 2002 Final EIS for the Waikīkī Beach Walk project. Therefore, a Supplemental EIS (SEIS) is required for the proposed action.

For the purposes of this SEIS Preparation Notice (SEISPN), the proposed improvements to the Outrigger Reef property will be referred to as the "project".

1.3 PROPOSED ACTION

As Hawai'i's largest hospitality company, Outrigger Enterprises, Inc. (Outrigger) recognizes the global competition for visitor business and the need to continuously improve and refresh its product to meet with the evolving expectations of its guests. Among those expectations are (1) a quality hotel room product and (2) an attractive and competitive meeting space and (3) quality recreational facilities such as resort swimming pools, lounging areas, and entertainment venues.

**Waikīkī Beach Walk
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Waikīkī accommodates almost one-half of all Hawai'i tourists. Today, most of Waikīkī hotels are operating at capacity (84 percent occupancy) as occupancy rates continue to rise. One cause for this may be the loss of hotel room product in recent years. Hospitality Advisors LLC reported that Waikīkī has lost 5,117 hotel rooms (almost 20% of its total hotel rooms) from 2000 to 2012. Planned redevelopment and renovations of existing hotels such as Sheraton Princess Kaiulani will result in the overall loss of hotel rooms with the renovation of Ainahu Tower and demolition of the Princess Tower and Kaiulani Tower, which will be replaced with a single tower containing 300 hotel rooms and approximately 135 residential condominiums. In addition, the Waikiki Parc Hotel recently announced their proposed renovation which would consolidate the existing 297 rooms into 126 one- and two-bedroom hotel units. Most of the new hotel developments have been structured as condominium or timeshare ownership so that developers can recoup construction costs by selling the units. This trend exemplifies the need for more quality hotel rooms in Waikīkī to continue attracting visitor business to the State. In addition to quality hotel rooms, there is a demand for meeting facilities to support mid-sized meetings, conventions, exhibitions, and events for both the visitor and local market.

As a global leader in the hospitality industry, Outrigger is undertaking a revitalization of its Outrigger Reef in Waikīkī. The Outrigger Reef is one of only seven true beachfront hotels in Waikīkī and the only one locally owned in fee, and, as such, plays a vital role in the maintaining the magic of the world famous Waikīkī Beach. For the kama'āina Kelley family, who founded Outrigger in 1947 and owned and operated it locally ever since, the Outrigger Reef is Outrigger's crown jewel and a celebration of their legacy in Hawaiian hospitality.

Envisioned in the revitalization of the Outrigger Reef is a new hotel tower along the mauka, Kālia Road edge of the property, providing the first new beachfront hotel rooms in Waikīkī in 30 years. The redesign will bring a new conferencing center to support small to medium size meetings, including the lucrative corporate and incentive meeting market. Completing the transformation will be the demolition of the five-story Diamond Head tower and dated pool deck, which will be replaced with a spectacular resort pool, dining, and lounging areas, and features of flowing water cascading toward the ocean, softly blending with the beach and ocean beyond.

Outrigger has invested over half a billion dollars in creating Waikīkī Beach Walk, a transformation of an aging and blighted neighborhood into a vibrant pedestrian environment. Today, Waikīkī Beach Walk is an inviting public space that provides unique food and beverage and shopping opportunities, while sharing Hawai'i's music and dance at a signature gathering place. The revitalization of the Outrigger Reef will be the capstone of Waikīkī Beach Walk, from Kalākaua Avenue to the sands of Waikīkī Beach. Implementation of the proposed project improvements will update and expand Outrigger's offering of shopping, dining, entertainment, and hospitality options. A detailed project description is provided in *Section 2.0*.

1.4 CONTENTS OF THE SEISPN

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

The SEISPN 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

**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort**

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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 SEIS.

1.5 CONSULTATION PROCESS

Consultation is a requirement under §11-200-15, HAR. 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 SEIS.

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. The applicant also provided a briefing to the Waikīkī Neighborhood Board No. 9 on August 12, 2014. Information gleaned from these meetings helped to identify important issues and provide guidance on the scope of the studies for the Draft SEIS. Agency and community issues will be considered in greater detail in the Draft SEIS.

2.0 PROJECT DESCRIPTION

2.1 PROJECT SETTING AND DESCRIPTION

Existing Conditions

Covering approximately 2.5 acres of land and owned in fee by Outrigger, the Outrigger Reef is a resort destination located in Waikīkī Beach. The hotel is located on TMK 2-6-004:010 and is bounded by Kālia Road to the north, Waikīkī Shore to the west, Halekulani to the east, and Waikīkī Beach and the Pacific Ocean to the south.

The hotel has a total of 635 hotel guestrooms, housed in two distinctive hotel towers: the Pacific Tower (436 rooms) and Ocean Tower (199 rooms).

The property also contains approximately 2,520 square feet (sf) of meeting space in three types of meeting rooms: (1) Diamond Head Terrace (2,520 sf), (2) Division 1-2 Rooms (1,240 sf) and Division 2-4 Rooms (612 sf). Aside from the Diamond Head Terrace Meeting Rooms the hotel offers a Conference Room and Oceanfront Executive Boardrooms.

Resort recreational amenities at the hotel include a swimming pool, fitness center, spa, and demonstration areas for families and children to learn and participate in cultural activities such as ukulele lessons, lei making, kukui nut bracelet making, Hawaiian storytelling, Hawaiian tattoo, petroglyph activities, etc. The Outrigger Reef also provides a retail area that includes boutiques, specialty stores, and gift and sundry shops. Finally, the hotel property offers a selection of dining options at the ocean front, including the Shorebird Restaurant and Beach Bar and Ocean House. Kani Ka Pila Grille is also a poolside restaurant that is renowned for showcasing authentic Hawaiian music.

Surrounding the property are other hotel and lodging accommodations and various dining and shopping venues. A prominent land features next to the Outrigger Reef property is the large open space of Fort DeRussy Beach Park which is under the control and jurisdiction of the U.S. Army.

**Waikiki Beach Walk
Outrigger Reef Waikiki Beach Resort
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Figure 4 Proposed Outrigger Reef Waikiki Beach Resort Site Plan

Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort
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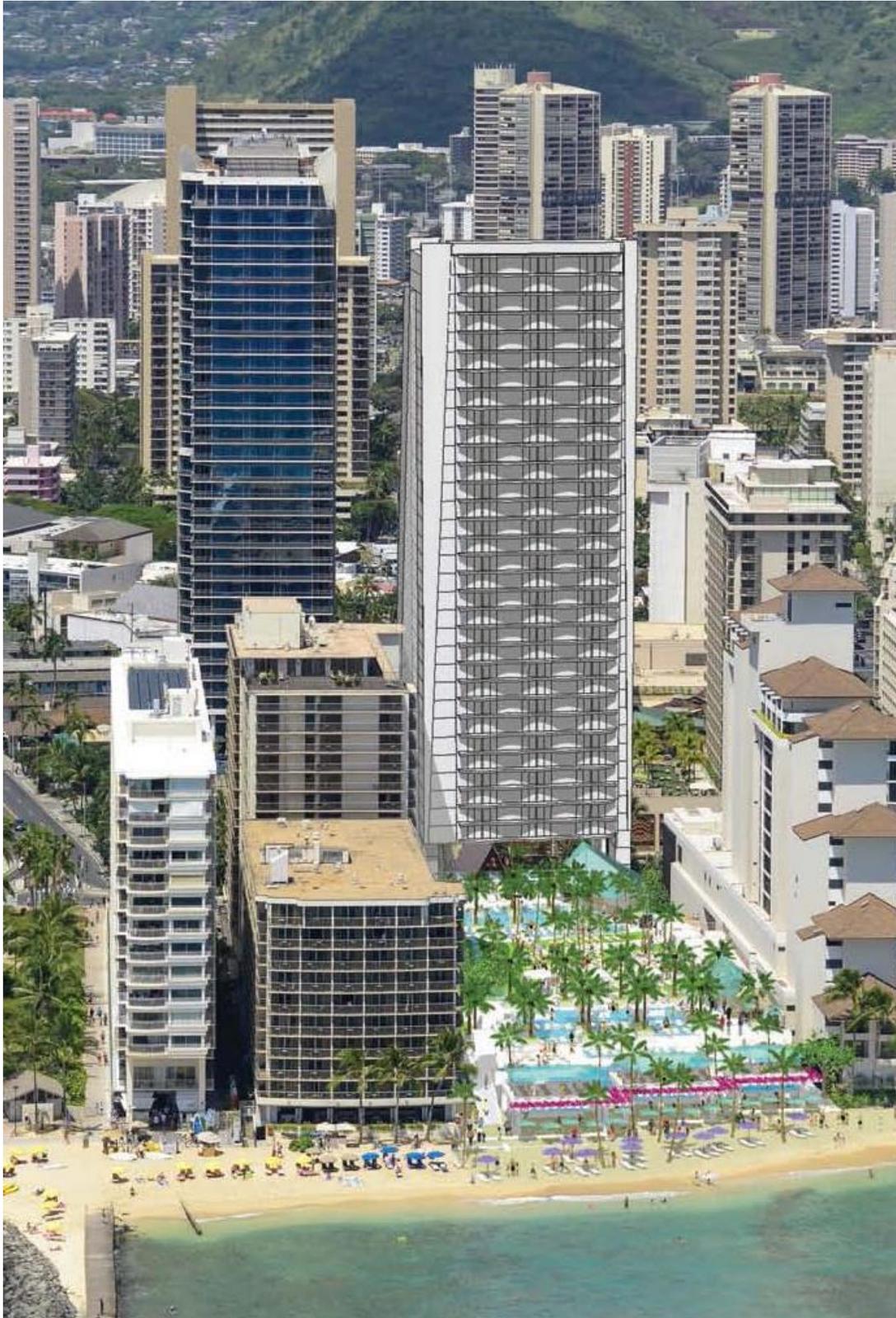


Figure 5 Conceptual View of the Project Site from Waikīkī Beach

**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort
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Figure 6 Conceptual View of the Proposed Project



Figure 7 Conceptual View of the Project Site from Kālia Road

**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort**

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Figure 8 Conceptual View of the Project Site from Waikīkī Beach

Description of Proposed Project

The Outrigger Reef project is a directed effort to reinvigorate the hotel property as an iconic resort through a purposeful series of redevelopment activities. The redevelopment will reassert Outrigger Reef as a major visitor destination experience in Waikīkī. Overall, the project will improve the flow of recreational features and 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 project will include the construction of a new hotel tower, which will expand the resort's accommodations for visitors and guests, additional meeting space, the construction of a new recreational resort area, including swimming pools, and an improved transition to the beach front.

The improvements will be accomplished through the demolition of existing structures, conversion of floor area to non-floor area uses, and the use of floor area available under the Waikīkī Beach Walk Planned Development-Resort (PD-R) approval. Under the PD-R, 1,961,074 sf of floor area was permitted for Waikīkī Beach Walk properties. 1,865,644 sf was used for the Waikīkī Beach Walk project leaving 95,430 sf available. The proposed improvements for the project are framed in seven components, each of which is described below:

Beachfront Improvements

The Diamond Head Tower, a five-story structure running along the beachfront, will be demolished to provide an opening of the project site towards Waikīkī Beach. A series of improvements will be constructed at the makai end of the site to provide a transition from property to the beach area. This seamless transition will serve to blend the hotel site with the surrounding Pacific Ocean providing a sense of open space and connection to the beach.

The project will pursue a Zoning Variance to the Waikīkī coastal height setback to allow for the development of the pool deck and restaurant spaces. In addition, the project will obtain a SMA Use Permit and Shoreline Setback Variance for development of the pool deck and restaurant

**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort**

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spaces located within the 40-ft setback. These variances will also reduce existing non-conformities at the project site. The shoreline is shown on the *Figures 3 and 4* above.

New Hotel Rooms

The project proposes to develop a new 350 foot (ft) hotel tower on the Kālia Road edge of the hotel property. During the Planned Development-Resort (PD-R) process, the project will request a 350 ft maximum allowable height for the hotel tower. The new hotel tower will provide approximately 100 to 160 first class oceanfront hotel rooms. The base of the hotel tower will be designed to provide an opening or “puka” (hole) that will provide air and light to the property and open up pedestrian level views of the hotel site from Kālia Road. This puka will be an important design element that provides a mauka-makai connection, and allows the hotel site to connect to the existing Kālia gateway, thereby improving the existing pedestrian experience. Parking for the hotel will be accommodated within the hotel site.

Improve Arrival and Lobby Area

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

An arrival lobby will be accessed via a new escalator that leads from the porte cochere on the ground floor. The lobby area will be reconfigured and undergo interior renovations to enhance and improve the visual relationships between the lobby, pool deck and beach area. This expanded recreational focal point will provide visitors with an instant connection to Hawai'i and their stay at the Outrigger Reef.

Improve Pool Deck and Recreation Area

The project will transform the existing pool deck with significantly expanded and enhanced pools. Plans will increase the deck space that will be utilized for pool activities and lounging areas. The recreation deck will gradually step down to the beach level open air dining space. Approximately 34,000 sf of new open recreation space will be created. Water features and landscaping elements will be integrated throughout this space to fit with the surrounding character of the hotel site and beach area.

New Meeting Space

New meeting facilities will be constructed below the pool deck. Approximately 15,000 sf of new meeting space will include ball rooms, breakout, and pre-function space for small to medium size meetings, including the lucrative corporate and incentive meeting market. The new meeting space will help to attract the important Meetings, Incentives, Conventions and Exhibitions (MICE) segment of the market which will also bring about the need for increased visitor accommodations.

Kālia Gateway to Waikīkī Beach Walk

The project will create a gateway at the Kālia Road entry to Waikīkī Beach Walk and to Waikīkī from Fort DeRussy. The main entry to the hotel site from Kālia Road will be renovated as part of the project improvements. The base of the tower will provide a puka that will improve the pedestrian experience by providing light, air and a feeling of openness at Kālia Road. In general, improvements will be made to the street side retail units fronting the Kālia Road entry. Landscaping and pedestrian access along Kālia Road will be opened up, invoking a more

**Waikīkī Beach Walk
Outrigger Reef Waikīkī Beach Resort**

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appealing welcoming experience. The Kālia gateway will provide a vibrant, safe and attractive pedestrian experience in the tradition of Waikīkī Beach Walk.

Improved On-site Parking, Service and Circulation

New and reconfigured parking, loading, and service routes will be provided to improve efficiencies and further remove service vehicles from Kālia Road. New on-site parking will be created to accommodate new the hotel rooms and meeting function space.

2.2 DEVELOPMENT SCHEDULE

Implementation of the improvements to the Outrigger Reef will commence upon issuance of the required City and County of Honolulu permits and approvals. Improvements are planned to start in 2017 and be completed in 2019. The estimated project development budget will be provided in the Draft SEIS.

2.3 REQUIRED PERMITS AND APPROVALS

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

Land Use Permit or Approval	Reason for Permit or Approval	Approving Authorities
SEIS Acceptance (Chapter 343, HRS compliance)	Located within the WSD, SMA, and Shoreline Setback. Supplementing the 2002 Waikiki Beach Walk EIS	City and County of Honolulu, Dept. of Planning and Permitting (DPP)
SMA Use Permit	Located within the SMA	Honolulu City Council
Shoreline Setback Variance (SSV) Permit	Structures located within the 40-ft shoreline setback	Honolulu City Council
PD-R Major Modification	Modify existing project (Waikīkī Beach Walk)	Honolulu City Council
Zoning Variance	New structure encroachment into the coastal height setback	City and County of Honolulu, DPP
WSD Permit, Major	Located in the WSD	City and County of Honolulu, DPP
Various Site, Grading, Building and Infrastructure Approvals	Construction and Operations of the project	City and County of Honolulu, DPP/Other Dept. State of Hawai'i, Various Agencies

3.0 PROJECT SETTING

The Waikīkī Beach Walk EIS (2002) provided a full examination of the physical and natural environment, human environment, socioeconomic conditions and land use plans, policies and controls for the Waikīkī Beach Walk project. The project setting for this SEISPN is assessed in reference to the proposed improvements to the Outrigger Reef.

3.1 PHYSICAL AND NATURAL ENVIRONMENT

The SEIS 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, the potential impact to the physical/natural environment is not expected to be significant. Construction of the project will use the existing foundation; no significant subsurface excavation is anticipated.

3.2 HUMAN ENVIRONMENT

The SEIS will evaluate other resource types that represent past and present human interaction and connectivity between the natural and built environments. The SEIS evaluates known impacts to archaeological, historic, and cultural resources; traffic and pedestrian circulation patterns; noise and air quality; visual resources and significant viewsheds. Potential impacts of the proposed project to the human environment will be 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 SEIS.

3.3 SOCIOECONOMIC CONDITIONS

The SEIS 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 of the Outrigger Reef improvements will be projected in the SEIS.

3.4 CULTURAL PRACTICES AND RESOURCES

A Cultural Impact Assessment (CIA) will be prepared in accordance with regulatory requirements of Chapter 343, HRS, 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

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Preservation Division; and the O’ahu Island Burial Council will be consulted during the preparation of the CIA.

3.5 LAND USE PLANS, POLICIES AND CONTROLS

The SEIS will identify Federal, State, and County level land use plans, policies and controls that are applicable to the project. On the State level, the SEIS will review the project’s compliance with the Hawai’i State Plan; 2050 Sustainability Plan; State Functional Plans; State Land Use; historic preservation; the environmental review process and hazardous material, stormwater management, and water quality regulations. On the County level, the SEIS evaluates the consistency of the project with the City and County of Honolulu General Plan, Primary Urban Center Development Plan; Land Use Ordinance, including PD-R requirements and WSD regulations, SMA (Revised Ordinances of Honolulu (ROH), Chapter 25) and Shoreline Setback Variance (ROH, Chapter 25) regulations.

4.0 PROBABLE IMPACTS AND MITIGATIVE MEASURES

The Waikīkī Beach Walk EIS (2002) provided a full examination of the short-term and long-term impacts, and significance criteria for the Waikīkī Beach Walk project. The probable impacts and mitigative measures for this SEISPN are assessed in reference to the proposed improvements to the Outrigger Reef.

4.1 SHORT-TERM IMPACTS

The project improvements include varying levels of activity ranging from demolition and renovation of existing structures, as well as construction of a new building. These improvements will create local short-term construction-related impacts on the environment. Potential short-term impacts to be evaluated in the SEIS 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 proposed improvements. Short-term negative economic benefits related to construction include the income lost to the hotel and establishments affected by construction. The SEIS will present an analysis of the anticipated construction phase impacts and mitigation.

4.2 LONG-TERM IMPACTS

Implementation of the Outrigger Reef improvements will generate minimal long-term impacts to the natural and human environment. Potential long-term impacts to be examined in the SEIS include effects 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 improved Outrigger Reef will become a model beachfront hotel that embraces Waikīkī Beach and enhances Waikīkī's position in the highly competitive tourism market. The end goal is to transform the built landscape to a more unified and cohesive visitor experience, quality hotel, meeting, recreational, and dining accommodations for resort guests and visitors. The Kālia gateway will be dramatically transformed with significant streetscape improvements and modified arrival area. Construction of the new hotel tower will enliven the corridor connection between the Outrigger Reef, and Waikīkī Beach Walk.

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4.3 SIGNIFICANCE CRITERIA

Overall, the project will have a beneficial impact on the environment. The following is an initial assessment based on criteria established in Title 11 HAR, Chapter 200 EIS 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 SEIS 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 project improves an existing developed area in part by substantially increasing open recreational space and opening up the property to Waikīkī Beach. The range of beneficial uses of the environment is not significantly curtailed by proposed improvements. The project is consistent with existing zoning and current land uses. The subject property is located in the Resort Mixed Use Precinct of the WSD. The improvements to the existing hotel property will improve the site and the character of this section of Waikīkī 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;*

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 hotel 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 Waikīkī’s 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 has no effect on public health.

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

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Implementation of the proposed project will result in the addition of approximately 100 to 160 hotel units, resulting in a commensurate increase in the daily population in Waikīkī. According to the 2013 State Department of Business Economic Development & Tourism Visitor Inventory Plant, there were 27,981 visitor units in the Waikīkī/Honolulu area, of which 22,241 were hotel units, 3,140 were condominium hotel units, and 1,719 were timeshares. The net increase in hotel units represents approximately .05 percent of the total number of visitor units currently developed in Waikīkī. Hence, the impact of the increase in population is expected to be relatively small. Effects of the Outrigger Reef improvements to public facilities will be identified in the SEIS.

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 will incorporate the latest technology in building design. Where feasible, the project will utilize 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 SEIS in preparation for the proposed project is a full disclosure of anticipated improvements at the hotel property. Proposed actions that do not require future entitlements or agency approval will be identified and disclosed, to ensure that the overall cumulative effect of the project has been evaluated in the SEIS.

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 within the site. However, the SEIS 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 SEIS. 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 propose mitigative measures, as appropriate.

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- 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 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 project includes a new hotel tower that may affect vistas and view perspectives from certain public and private locations in Waikīkī. The SEIS will include a view impact analysis with simulations of view conditions before and after development, as experienced from locations surrounding the project site.

- 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 will replace less efficient systems in older buildings, improving the efficiency of energy consumption. Infrastructure impacts, including energy consumption, will be studied in the SEIS.

5.0 RANGE OF ALTERNATIVES

The Waikīkī Beach Walk EIS (2002) provided a full examination of the range of alternatives for the Waikīkī Beach Walk project. The project setting for this SEISPN is assessed in reference to the proposed improvements to the Outrigger Reef.

The proposed improvements to the Outrigger Reef represent the current vision and intent to transform the property through a well-defined and coordinated planning process. For the SEIS, alternatives to be evaluated include the no-action alternative, alternative design, and other alternative sites for development.

5.1 NO-ACTION ALTERNATIVE

The no-action alternative would maintain the existing Outrigger Reef property in its existing condition as-is. Ongoing operations, maintenance, repair activity would continue. The new hotel tower, conferencing options, new resort pool and recreation area, and other improvements would not be actualized. Although there have been significant piecemeal improvements within the property, there are still critical areas within the site that are underutilized or in need of planned intervention for their feasible and best use to be realized. With less comprehensive renovations than those proposed, these specific areas within the property could be maintained for the short-term until conditions deteriorate further. However, the property would not reach its full potential as a current and future world class resort and would instead face increasing competition from worldwide destinations and properties better utilizing their iconic beachfront settings.

5.2 ALTERNATIVE DESIGN

Alternative designs for the Outrigger Reef improvements were evaluated for the project utilizing existing authorized density provided under the Waikīkī Beach Walk Special District Permit. One alternative would be demolishing the existing Pacific and Ocean hotel towers and building one tower that would maximize the allowable floor area under the existing PD-R for Waikīkī Beach Walk. The 350 ft tower would be designed to maximize the number of hotel rooms on the site to cover the loss of the two towers (635 hotel rooms). This alternative to the proposed project would result in both full reconfiguration of the entire site layout and construction of one substantially larger tower, which would not only significantly affect room availability and property revenues during an extended construction period, but is not the optimum property utilization and would be prohibitively expensive.

Another design alternative would modify the proposed tower to provide primarily 'Ewa and Diamond Head-facing rooms rather than ocean front rooms. The hotel tower would result in a larger overall footprint on the site with less oceanfront rooms. This alternative to the proposed project would be costly to construct and would result in an inferior room product that would not provide sufficient room revenue to finance construction costs and hotel operations.

Both alternative development scenarios will be presented in the SEIS for comparison to the proposed action.

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5.3 ALTERNATIVE DEVELOPMENT SITE

It is Outrigger’s desire to revitalize and reinvest in its assets within the Outrigger Reef property. Given this objective, the option to redevelop an alternative site to include all the elements of the project is not considered as a practical alternative. A brief evaluation of the impractical alternative site scenario is presented in the SEIS.

5.4 ALTERNATIVE USE

Alternative uses for the proposed new tower have been evaluated for the project. One alternative would be developing the tower for timeshare or condominium uses. This alternative use would result in less total rooms that the project could provide since the typical timeshare or condominium unit is significantly larger than the typical hotel room. This would further reduce the hotel room inventory at the Outrigger Reef and in Waikīkī and with it, reduce the number of hospitality jobs. Finally, the development of condominium or residential communities is not one of Outrigger’s core businesses and is not consistent with the Kelley Family priority of retaining and improving the property. Therefore, conversion to timeshare or condominium use is not considered a viable option.

6.0 DETERMINATION AND FINDINGS

An SEIS will be prepared and distributed for review in accordance with the State environmental review process as authorized under Chapter 343, HRS. It is anticipated that based on the significance criteria set forth in Title 11, Chapter 200, Section 12, the DPP will determine that the improvements and actions proposed in this project have the potential to create significant impacts to the environment. Therefore, an SEIS is being prepared to provide an analysis of the potential project related impacts and propose mitigation measures. In addition, the proposed Outrigger Reef project is located within Waikīkī Beach Walk, and is considered part of the project area examined in the 2002 Waikīkī Beach Walk Final EIS. As a result, the proposed improvements to the Outrigger Reef require environmental review and examination under Chapter 343, HRS.

7.0 AGENCIES AND PARTIES CONTACTED

7.1 LIST OF AGENCIES AND PARTIES CONSULTED DURING SEISPN AND WILL BE CONSULTED FOR SEIS

Below is a list of agencies, organizations, and individuals that were contacted during the pre-consultation and preparation of the SEISPN, or have been identified to be consulted during the preparation of the Draft SEIS. Additional parties of interest may be identified during the review period of either the SEISPN or Draft SEIS. The appropriate number of SEISPN copies will be provided to agencies and libraries, as requested by the State OEQC and the City and County of Honolulu DPP.

Parties Contacted in Pre-consultation and SEISPN Distribution	Consulted through SEISPN process
Federal Agencies	
US Department of Interiors, Fish & Wildlife Service	X
State of Hawai'i Agencies	
Department of Agriculture	X
Department of Accounting & General Services	X
Dept. of Business, Economic Development & Tourism (DBEDT)	X
DBEDT, Energy Division	X
DBEDT, Office of Planning	X
Department of Defense	X
Department of Education	X
Department of Hawaiian Homelands	X
Department of Health	X
Department of Human Services	X
Department of Labor and Industrial Relations	X
Department of Land and Natural Resources (DLNR)	X
DLNR, Historic Preservation Division	X
Department of Transportation	X
Hawaii Housing Finance and Development Corporation	X
Hawaii Tourism Authority	X
Office of Environmental Quality Control	X
Office of Hawaiian Affairs	X

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Parties Contacted in Pre-consultation and SEISPN Distribution	Consulted through SEISPN process
University of Hawai'i, Environmental Center	X
City and County of Honolulu Agencies	
Board of Water Supply	X
Department of Community Services	X
Department of Design and Construction	X
Department of Environmental Services	X
Department of Facility Maintenance	X
Department of Planning and Permitting	X
Department of Parks and Recreation	X
Department of Transportation Services	X
Honolulu Fire Department	X
Honolulu Police Department	X
Waikīkī Neighborhood Board, No. 9	X
Elected Officials	
State Senator Brickwood Galuteria, District 12	X
State House Representative Tom Brower, District 23	X
Council District Representative Stanley Chang, District 4	X
Libraries	
Waikīkī Public Library	X
State Main Library	X
Legislative Reference Bureau	X
Individuals and Organizations	
Hawai'i Chamber of Commerce	X
Hawai'i Hotel Association	X
Hawai'i Lodging and Tourism Association	X
Honolulu Star Advertiser	X
Waikīkī Improvement Association	X
Waikīkī Business Improvement District Association	X
Waikīkī Residents Association	X