



MEETING SUMMARY

October 12, 2010

Date: September 14, 2010 **Project Name:** General Plan Update
Time: 4:00 to 6:30 pm **Recorded by:** Corlyn Orr
Location: Fasi Municipal Building, 9th Floor Conference Room
Subject: Tourism Focus Group Meeting
Attendees: Antya Miller (North Shore Chamber of Commerce)
Barry Wallace (Outrigger Enterprises Group)
Daniel Dinell (Hilton Grand Vacations Company)
Jim Mak, (UH Economics Dept., Retired)
Marsha Weinert (Governor's Tourism Liaison)
Paul Kosasa (ABC Stores)
Peter Apo (Peter Apo Company)
Sandi Weir (Norwegian Cruise Lines/ Roberts HI)
Suzanne Case (Nature Conservancy)
Hal Senter, Kathy Sokugawa, Mike Watkins, and Randy Hara (DPP)
Joe Toy (Hospitality Advisors)
Corlyn Orr and Scott Ezer (Helber Hastert and Fee Planners)
Mike Hamasu, Colliers Monroe Friedlander

Scott Ezer convened the meeting at 4:10 pm. Kathy Sokugawa opened the meeting and thanked everyone for participating. Introductions were completed, then Scott Ezer provided a brief overview of the General Plan and the project purpose.

The meeting purpose was to discuss the future of tourism on O'ahu and any possible revisions that may be needed to the existing General Plan. Meeting participants were emailed several items to be reviewed and considered in preparation for the meeting discussion, including: (1) 1992 General Plan; (2) Visitor Industry Analysis Report prepared by Hospitality Advisors; (3) draft meeting agenda; and (4) a list of possible discussion questions. (See attached for meeting agenda, discussion questions, and policy evaluation questionnaire that was handed out at the end of the meeting.)

Scott Ezer facilitated the meeting discussion, which is summarized as follows:

Evolving Markets

The assumption that tourism will overwhelm O'ahu without proper management is intrinsic to the 1992 General Plan. The perspective of needing to "control" the growth of tourism's physical plant is no longer needed. Current economic conditions are much different than when the General Plan was originally written. Tourism is not growing like it was during the 1970s timeframe, and future significant growth is not expected. O'ahu is seeing a reduction in hotel room counts, particularly because hotel rooms are being renovated and enlarged (combined with other rooms) or converted to condos. Incentives to stimulate investment in the industry may be more appropriate than the current perspective of control. Update should encourage entrepreneurship and not try to control the market.

Visitors are choosing destinations in Asia. Hawai'i cannot compete with the new infrastructure and amenities being built in Asia. Renovating properties and redeveloping Waikiki's physical plant is the most important element to maintaining O'ahu as a viable tourist destination, since most buildings in Waikiki were built in the 1960s and 1970s.

80% repeat visitors is an unhealthy industry. Need to grow new markets and consider the type of visitors we are attracting. Composition of tourism will be different in the future. Hawai'i share of the Japanese market has fallen drastically since 1997, and is flattening out. Like the Japanese market, Hawai'i's U.S. mainland visitor market has faced growing competition from other destinations. For example, U.S. travelers have found foreign (overseas) destinations becoming relatively more attractive to visit than Hawai'i. Future increases for visitors more likely to be Chinese and Korean.

Major tourism growth of the late 1940s-1970s was due primarily to technological advancements in airplane travel that made it easier to reach Hawai'i. Technology has since changed the airline industry and affected Hawai'i's attractiveness as a destination. Planes can now travel greater distances, and no longer have to stop here to fuel up, on trips between Asia and the U.S. Mainland, such that Hawai'i is no longer the "Crossroads of the Pacific." A slow down in air travel is predicted unless major transportation innovations occur. High travel costs to Hawai'i will limit visitor markets, and Asia will continue to be primary market.

Tourist-Related Activities and Attractions

Discussion of tourism in the General Plan should be expanded to include the visitor experience, and not be limited to visitor accommodations. The visitor experience is not a current measure used by visitor industry executives in Hawai'i like in other international markets (typical indicators are generally limited to economic factors such as jobs, sales, etc.). Honolulu has been a terrible host, and is not taking proper care of the visitor. Poor signage makes navigation difficult, park/restroom facilities are inferior, visitor information is lacking in most communities outside Waikiki. Emphasizing the overall visitor experience would encourage physical improvements and investment in supporting facilities and infrastructure.

Existing tourist activities and attractions are not being upgraded, and there is nothing new for visitors to see or do. Marketing efforts should emphasize experiencing the whole island, and not be limited to a certain area or a few attractions.

Integration Among Plan Elements

1992 General Plan addresses each subject area in isolation, resulting in obvious inconsistencies and contradictions between the objectives and policies of the varying Plan elements. An acknowledgement of where the Plan elements clash is missing, and there is no indication that there are limitations among the various Plan elements (i.e., not realistic to have tourism, transportation and affordable housing, while still preserving agriculture and the natural environment). Important for the Update to recognize the integration between the various Plan elements, and consider tourism's impacts on other subject areas discussed in the Plan (i.e., tourism and agriculture).

Updated General Plan Should Prioritize Residents' Needs Above Tourism

Updated General Plan should address tourism from the residents' perspective, and include a clear objective statement that the "well-being of O'ahu's residents is paramount." With this perspective, the priority will be investing in infrastructure and facilities that residents enjoy, and protecting our natural resources for future generations. For example, improvements at beach parks and other county facilities that are popular with locals directly benefits residents, while also expanding/enhancing the visitor experience.

Portland is a good example of a city that balances tourist needs with the needs of the local population.

Hawai'i has a natural competitive advantage (i.e., its natural beauty) that has made tourism our top industry. It is dangerous and unrealistic to think that another industry can replace tourism. Within this context, open space preservation, protecting the natural resources that attract visitors, respecting urban growth boundaries, and ensuring stability to replace the industry's current volatility become increasingly important. George Kanahale advocated taking care of the place since the place is fundamental to the quality of the visitor experience.

Agriculture currently provides open space. Tourism can be leveraged as major market in support of sustainable agriculture. In addition to food production, renewable energy is another future potential industry in Hawai'i that can be integrated with tourism (e.g., marketing green initiatives to visitors).

Visitors are looking for opportunities to experience the natural environment, such as Hanauma Bay, Pūpūkea Marine Conservation District, and Diamond Head hiking trail. Creating a lei of underwater parks around the island and investing in recreational facilities would help to relieve pressure on existing marine areas, and benefit both visitors and residents.

Transportation networks to move visitors should be identified and developed. Bus service for visitors could help to alleviate North Shore traffic.

Recognition of the Native Hawaiian Culture

Native Hawaiians are the greatest host society in the world, yet they are not a major player involved with or benefitting from tourism. Local festivals and events are not shared/ marketed to visitors.

Current tourism model is hotel-based, limited to resort areas and large hotel footprints. Other models – such as the community tourism model (where the community becomes part of the visitor's experience) – should be considered as possible approaches to maintain Hawai'i's viability. The community tourism model is one way to integrate the Native Hawaiian culture with tourism. Mākaha Resort owners marketed the hotel and golf course as the destination. In hindsight, Mākaha may have been successful if the surrounding community was interfaced with the hotel and was part of the destination (because of the culture and nature of Mākaha residents).

Harbor Facilities

Updated General Plan should address harbor facilities and ocean-based accommodations. Cruises and ocean activities are an important sector of the tourism industry.

Relationship to Tourism Strategic Plans

Emphasis of HTA's recent Strategic Plan is branding. In theory, the General Plan should drive HTA's Strategic Plan. State Tourism Strategic Plan also needs to be updated.

Secondary Resort Areas (Visitor Accommodations Outside Waikīkī)

Current resort model supported by the General Plan requires a significant amount of rooms to be successful. This model is often referred to as a "Destination Resort." Examples include Kā'anapali, Kapalua, Wailea, Po'ipū, Princeville, and Ko 'Olina. Typical resort areas are large urban developments with golf courses, retail complexes, and second homes that change the entire landscape. The effect of this type of development is like the wave of a nuclear bomb spreading.

The emphasis of the original General Plan was to create markets for future resorts. Ko 'Olina/West Beach Estates, which was originally proposed about 40 years ago, is only now being built. Other secondary resort areas (e.g., Mākaha, Lā'ie and Turtle Bay Resort) have not developed as expected. Ko 'Olina and Waikīkī are the "successes." Suggested revisions to secondary resort areas include:

- Defining the size, scale and number of rooms that comprise secondary resort areas
- Using the term "destination resort" (defined as a place where people spend extended time), which is more appropriate than "secondary resort area"
- Demarcating Ko 'Olina and Waikīkī as O'ahu's resort destinations, and specifying "no new resort areas." Land preservation and limited development would be the focus of previously-identified resort areas
- Decentralizing decision-making about where small-scale visitor accommodations can be built.

Current trend has seen an increase in the number of vacation rentals operating illegally in residential communities such as the North Shore. This trend is not unexpected as return visitors typically look for other types of accommodations, and there are no real alternatives to supplement the concentration of Waikīkī hotels. Small community-based hotels (or inns) may be an appropriate mechanism to accommodate this market.

The City needs to do a better job regulating and enforcing illegal vacation rentals.

Various communities, including Mililani and Kapolei, have discussed the possibility of hosting a small hotel that would serve out-of-town relatives and business travelers. Each community should have a chance to decide if a small hotel is appropriate for their community. There is currently no provision in the LUO to allow a hotel outside of Resort zoning. A business hotel is a commercial establishment that should be allowed in a commercial-zoned area. There should be a permitting process for small community-based hotels based on community dialogue and input.

Meeting Wrap-Up

Each participant was asked to take home and complete a policy evaluation questionnaire, and return it to HHF in the pre-addressed/stamped envelope.

Meeting was adjourned at 6:30 pm.