

## **Recommendations Regarding the Draft General Plan's Treatment of Tourism**

### **I. Summary**

Although the November 2016 Draft of the General Plan ("Draft") acknowledges that the public is very concerned about the impacts of uncontrolled growth in tourism, and proposes some steps to contain future approvals of tourism development to the existing Visitor Destination Areas, the Draft to a very large extent does not acknowledge the extent of the problem, nor does it propose sufficient solutions to the problem.

### **II. Background**

The Draft admits that residents have many concerns about the past and future expansion of the tourism industry. It acknowledges some of the adverse impacts resulting from the expansion of the tourism industry. It acknowledges that Kauai's heavy reliance on the visitor industry is threat to resilience.

The Draft claims that its "*policies and action support renewal, rather than expansion, in the visitor industry.*" But in reality, the Draft proposes no policies that contemplate throttling down, to an acceptable level, the expansion of a tourism industry that is fueled by both external-to-Kauai market demand and the government's tourism promotion efforts. The Draft proposes no actions to *proactively* manage tourism growth to a desirable level. Nor does the Draft even attempt to define what that desirable level might be. Rather, the Draft's policies and actions are *reactive*. Their focus remains, as it has been for many years, on how to *accommodate* all of the tourism growth that is generated by external markets, encouraged by the coordinated efforts and policies of county government, state government and the Hawaii Tourism Authority.

The discussion on the very first page of the Draft clearly foretells the Draft's defeatism on the matter of growth management. The heading of the discussion says it all: "*Growth is happening, whether we like it or not*". The discussion relies on red herrings ("limiting the right to travel," and "allowing only one child per household") to dismiss without serious discussion the notion that County policies and actions - which clearly can be used to *incite* tourism growth - can also be effectively used to *reduce* tourism growth to more-desirable, manageable levels. The consequence is that the Draft's entire approach to "growth management" is one of *reacting to, encouraging and accommodating* growth, rather than *actively managing* growth down to the level that best meets the needs of Kauai's residents.

### **III. The Draft General Plan's statements regarding the existing and projected levels of tourism understate the impacts of tourism.**

1. The statement that "Kauai has an average daily visitor census (ADVC) of 22,000 visitors, enough to increase Kauai's population by as much as 22 percent on any given day" (Page 2-64) is incorrect.
  - The 2015 Average Daily Visitor Census (ADVC) was 24,388,<sup>1</sup> and the 2015 Kauai population was approximately 71,000.<sup>2</sup> Therefore, in 2015, the ADVC increased the Kauai population by an average of 34% (not 22%) "on any given day."

<sup>1</sup> February 29, 2016 presentation by Sue Kanoho to Community Advisory Committee

<sup>2</sup> Draft General Plan, Appendix D, Table 2

- However, even that statement is misleading regarding the impact on residents. For one-third of the year (during the 4 peak months of the year), the ADVC is 10% - 15% higher than the annual average ADVC.<sup>3</sup> Therefore, for much of the year, the ADVC increases Kauai's population by 37% - 39%, and even more on the peak days of those months.

A more accurate and meaningful statement regarding the current state of tourism on Kauai is that the tourist population increases Kauai's population "by 34% on average, and by 40% or more during peak periods." This impact is almost twice the 22% claimed on page 2-64. (It is also a visitor-to-resident ratio that is identical to Maui's visitor-to-resident ratio, and we note that Maui is a model that Kauai's residents have long sought to avoid.)<sup>4</sup>

2. The Draft claims that "the County's projections do not foresee a drastic expansion of the visitor population over the long term" (Page 2-64).

This tourism growth projection is unrealistically low. It ignores the historical growth data for the past 5 years, and it cloaks the true magnitude of Kauai's tourism growth management problem.

- The General Plan's Socio-Economic Analysis & Forecasts document (February 2016) projects a 36% increase in ADVC for the 25 year period of 2010 to 2035.<sup>5</sup> (We note that even this projection is very likely too low, as it is based on the *assumption* that the average Length of Stay (LOS) will drop by 10% from the 2013-2015 levels, to a low level that has not been seen since 2007.)
- But the DBEDT data for 2010-2015 indicate that Kauai's ADVC increased by 25% between 2010 and 2015.<sup>6</sup> For the General Plan's 36% tourism increase between 2010 and 2035 to be correct, the increase for the remaining 20 years (2015 to 2035) would have to be only 8.5%. That is just 0.4% per year.<sup>7</sup>

The fundamental assumption in the Draft regarding the growth of tourism (and therefore the growth of its impacts) over the next 20 years is that the tourism growth rate will plummet to just one-eleventh of the rate that Kauai has experienced for the past 5 years.

(Stated another way: the General Plan predicts that total growth in tourism over the next 20 years will be no more than Kauai has experienced over just the past 2 years.)

Clearly, the unrealistic tourism growth forecast used in the Draft conceals the magnitude of the problem and gives the incorrect impression that there is no need for strong growth management measures. Now, even the additional 8.5% increase in tourism predicted by the Draft would have significant negative impacts, given that infrastructure is already beyond capacity and over-crowding at beach parks and other places is already threatening Kauai's character and quality of life. But the Draft truly "bets the bank" on that 8.5% increase over the next 20 years: in adopting this small projected increase, not only does the Draft conclude that there is therefore no need for any policies to manage

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<sup>3</sup> DBEDT

<sup>4</sup> We also note that for heavily-touristed rural parts of the island with lower population densities, such as Kauai's north shore, the visitor-to-resident ratio is far, far greater than 40%.

<sup>5</sup> Draft General Plan, Page 37: 2010 ADVC = 19,548, 2035 ADVC = 26,589.

<sup>6</sup> DBEDT and Sue Kanoho January 31, 2016 memo to Community Advisory Committee

<sup>7</sup> Put another way: if the 36% increase in tourism over the 25 years from 2010-2035 is correct, the level of tourism that Kauai experienced in 2015 should not have been seen until roughly 2027.

the amount of growth; the Draft also offers no plan for what to do when tourism growth very likely exceeds that forecast.

At a minimum, if growth exceeds the very unlikely forecast of 0.4% per year, a set of growth management actions should be triggered in order to reduce the growth rate to a sustainable, desirable level (or at least to no more than the Draft's predicted 0.4% per year level.)

3. The statement that "the desirable range for visitors is between 23,000 and 25,000 per day, a range that shouldn't be exceeded until about 2030 based on projections" (Page 2-64) is also incorrect.
  - As noted earlier, tourism currently increases Kauai's *de facto* population by 35%-40% for a third of the year. Based on the current levels of overcrowding at beaches and parks, and based on the traffic congestion caused by that 35%-40% increase, few residents would agree with the tourism industry's assertion that "the desirable range for visitors is between 23,000 and 25,000 per day."
  - But even if 23,000-25,000 tourists per day was "desirable", the high-end of this so-called "desirable range" is routinely exceeded today. In 2015 (when the ADVC was 24,388 averaged over the year), DBEDT statistics show that ADVC exceeded 27,300 for four months of that year. And assuming an annual tourism growth rate just 1% (just one-fifth of the growth rate experienced over the past five years), by 2018 the 25,000 high-end of the "desirable range" would be exceeded during seven months of the year. So there is no foundation for the claim that the impacts of tourism should be acceptable "until about 2030."

#### **IV. The Draft General Plan's prescription for managing tourism growth: business-as-usual.**

The Draft proposes no policies and no actions to attempt to manage tourism growth to desirable, manageable or sustainable levels.

1. "*The policy of the General Plan [with regard to tourism] is to uphold Kaua'i as a unique visitor destination by focusing on revitalization and limiting new resort growth to existing Visitor Destination Areas.*" (Page 2-64)
  - Notably, this policy does not speak to managing or limiting the *amount* of tourism growth; it only refers to the *location* of future tourist accommodations.
  - Per a February 29, 2016 Planning Department presentation to the General Plan Community Advisory Committee, there are more than 3,700 potential new tourist units (approved, in the pipeline, or with resort zoning in the Visitor Destination Areas (VDAs)). Compared to an existing base of roughly 9,000 units, that constitutes a 41% increase, which would support a comparable increase in ADVC. So limiting resort growth to the existing VDAs would impose no constraints on tourism growth over the next 20 years.
2. The essence of the Draft's five tourism-related "Permitting Actions and Code Changes" (Page 2-66) is to focus new resort development within the existing VDAs - which of course, has been the policy in the Comprehensive Zoning Ordinance for decades. These actions are positive steps, and we support them, as well as related

recommendations in Table 4-4 ; but they would have very little impact on reigning in the amount of tourism growth:

- They call for no expansion of the existing VDAs or resort zones; but that will not result in much change, as there are more than 3,700 unbuilt visitor units in those areas; so these actions propose no serious limitations on growth (especially under the 8.5% 20-year tourism growth forecast upon which the Draft is built).
  - Rather than tying the approval of any additional resort units in the VDAs to the adequacy of infrastructure and the mitigation/acceptability of impacts, the policies would allow future resort units in the VDAs to be approved and permitted just as they have been in the past, with no additional conditions.
  - Instead of proposing that no more resorts be approved unless infrastructure is adequate and all environmental and quality of life impacts are acceptable, the Draft proposes growth-inducing measures that would encourage even more tourism, such as calling for the expansion of the Princeville Airport.
  - While the proposed actions would “focus” visitor services and facilities in the VDAs, nowhere does the Draft state that such services and facilities should not be approved outside the VDAs. The Draft does not propose that no future permits be issued for the creation of tourist attractions and facilities on Agriculture-zoned lands, Open-zoned lands, or public spaces; nor does it propose that no future permits be issued for more tourist-serving souvenir stores in Neighborhood Commercial areas.
3. The remaining “Partnership Needs” and “Projects” all focus on *accommodating* and facilitating whatever level of tourism growth the international tourism market demands, rather than preventing unacceptable increases in tourism growth from occurring.

The Draft proposes no policies, no targets, and no actions to try to keep tourism growth to a desirable, manageable, sustainable level. Instead, the Draft’s strategy is to widen Kuhio Highway and expand the bus system. But excessive tourism’s impacts on crowding and lack of parking at beach parks, tourism’s growth-induced housing impacts, the tourism mono-economy’s impacts on resilience, etc., are entirely ignored.

The Draft’s tourism “growth management” policies and actions simply call for accommodation to all external market demand. They do not have the potential to reduce growth; they do not provide any mechanism to respond when the Draft’s very-unlikely 0.4% tourism growth per year projection is exceeded; and they therefore do not reflect “sustainability.”

## **V. Recommended changes to the Draft General Plan in regard to Tourism**

First: the Draft should be revised to acknowledge the many harmful impacts of excessive growth in the tourism sector: continued growth in that sector will increase infrastructure stress; traffic; gridlock; over-crowding of beaches and parks; strains on fire, police, EMT and rescue services; noise; community disruption; loss of Kauai’s rural character; and decreases in of both residents’ quality of life and visitors’ experience of Kauai.

Second: The important data problems noted in Section III of these comments need to be addressed. Until the magnitude of the problem is clearly stated, the urgency of the need for meaningful growth management policies and actions will not be understood.

Third: the General Plan needs to adopt the perspective that the County of Kauai will be proactive, not reactive, in addressing the tourism growth management problem. Just as County policies can encourage desirable growth, County policies can be adopted to discourage undesirable growth. Instead of accepting DBEDT tourism growth forecasts as immutable facts and then trying to accommodate that growth, the General Plan should adopt the position that County government will use all measures at its disposal to prevent tourism growth from exceeding a desirable level.

Fourth: the General Plan should adopt within its “Vision and Goals” the statement that tourism-related development should be limited to a level that does not exceed Kauai’s infrastructure capacity, does not threaten Kauai’s rural character, and does not degrade residents’ quality of life.

Fifth: the General Plan should establish a “not-to-exceed” target for growth of tourism. The maximum acceptable level of tourism should be such that it does not exceed the capacity of infrastructure, does not threaten Kauai’s communities and rural character, and does not diminish the quality of life of residents. The target should be no greater than the 2016 ADVC, for the following reasons.

- If one takes the Draft’s forecasts at face value: Kauai’s population growth is projected to total 31% between 2010 and 2035 (Page D-6), with part of that 31% attributable to excessive growth in the tourism sector that creates excess job demand that attracts more residents (i.e., some of the 31% growth forecast is growth that would probably not materialize if tourism growth was capped).<sup>8</sup> Therefore, the 25% growth in tourism experienced between 2010 and 2015, to which 2016’s and 2017’s additional growth in tourism (i.e., prior to the adoption of the new General Plan) can be added, should be more than sufficient to meet Kauai’s employment needs through 2035.
- But it is also arguable that the growth target should be substantially less than the 2016 ADVC: traffic congestion - much of it directly attributable to the 25% increase in ADVC that Kauai has experienced between 2010 and 2015 - is already intolerable, not just in the Kapaa-Wailua corridor, but at locations such as Route 560 in Hanalei Valley; Kauai’s rural character is already being undermined by excessive crowding at parks and beaches; residents’ quality of life is clearly already under siege as they can no longer find places to park at parks and beaches; and Kauai’s economic resilience has already been further undermined by its ever-increasing dependence on the tourism mono-economy.

For these reasons, the “not-to-exceed” ADVC target for tourism that should be adopted in the General Plan through the year 2035 should be something less than the current (2016) ADVC; but it should most certainly be no greater than the current ADVC.

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<sup>8</sup> “Job forecasts were generally higher than for population or housing units and suggest a slightly higher rate of [population] growth for Kaua’i (perhaps 1.1 percent per year) would be needed to supply the employment for new jobs. Another mechanism for reaching that level of growth would be an increase in net migration. We might reasonably assume that new jobs would be filled by a lessening of the outflow of younger Kaua’i residents and more in-migration among job seekers from other Hawai’i counties and areas outside the State.” (General Plan Socio-Economic Analysis & Forecasts, April 2014, Page 2). In other words: excessive growth in the tourism sector is creating the need for more residents, rather than simply meeting the needs of residents.

Sixth: the General Plan should rewrite the Draft's Policy 10 (Page 1-16), Policy 1 (Page 1-14), and the tourism policy statement (Page 2-64) as follows:

Uphold Kaua'i as an Unique Visitor Destination

*"Protect the identity of Kauai's visitor industry by focusing on revitalization and limiting new resort growth only to existing Visitor Destination Areas. ~~Reduce visitors' impacts on infrastructure and communities.~~ **Protect Kauai's communities and rural character, and residents' quality of life, by discouraging any increase in the Average Daily Visitor Census beyond its current (2016) level.**"*

Manage Growth to Preserve Rural Character

*"Preserve Kauai's rural character by limiting the supply of developable land to an amount adequate for future needs. Prohibit development not adjacent to towns. **Prohibit new tourism-related development outside the Visitor Destination Areas.** Ensure new development occurs inside growth boundaries and is compact and walkable."*

Tourism policy

*The policy of the General Plan is to uphold Kaua'i as a unique visitor destination by focusing on revitalization, ~~and~~ limiting new resort growth **and other tourism-related development** to existing Visitor Destination Areas, **and limiting the Average Daily Visitor Census to its current (2016) level.***

These changes are essential if Kauai is to preserve its quality of life, values, rural character, and attractiveness to both residents and tourists.

Seventh: the General Plan should include concrete actions that will strongly support achievement of the tourism growth management policy goals. At a minimum, these actions should include:

In the area of permit approvals and zoning:

1. No expansion of VDA boundaries and no new Resort zoning.
2. No approvals of any additional tourist accommodations, and no extensions of permits for any already-approved tourist accommodations, without findings that the proposed accommodations' individual and cumulative environmental, social, cultural and quality-of-life impacts have been fully mitigated.
  - This should include a comprehensive infrastructure study to ensure that island-wide infrastructure is sufficient to meet the impacts of cumulative development, including the proposed project, other reasonably-foreseeable projects, and approved but not yet built development.
  - Where additional infrastructure is required, proposed development should be required to post bond to ensure that future infrastructure is in place prior to the completion of the proposed development.
3. No approvals of tourism-related uses, including tourism-related accommodations, attractions and retail uses, on Agriculture-zoned, Open-zoned or non-VDA Residential-zoned lands.
4. No expansion of tourism-related uses on public lands or facilities.

5. Approvals of development in Neighborhood Commercial zones conditioned on the uses being primarily resident-serving rather than primarily tourist-serving.
6. Closure of the Princeville Airport to all aircraft uses other than emergency or disaster recovery uses, re-purposing the site for use as a tourism transit center and park-and-ride hub for the north shore.
7. Phase-out of non-conforming TVRs outside the VDAs (if necessary, by seeking amendments to HRS 46-4).
8. Rigorous enforcement against, and closure of, non-permitted and out-of-compliance transient rentals (TVR's and B&B's).

In the area of taxation:

9. Increase property tax rates for Resort properties, TVRs and B&Bs.
10. Obtain authority from the state to impose a county-specific Transient Accommodation Tax surcharge.
11. Impose higher tax on rental vehicles.

In other areas:

12. Redirect any County tourism promotion, and work to redirect the state's tourism promotion for Kauai, towards tourism that will not increase the ADVC beyond the current (2016) level, but will instead increase the economic impacts and reduce the negative impacts of tourism within the existing ADVC.
13. Eliminate County funding and subsidies for activities that are primarily tourism-focused (such as marathons)
14. Institute resident-only parking areas and camping areas at crowded County parks and facilities.
15. Restrict vehicle access on Route 560 west of Princeville to Kauai residents' vehicles and public transit/shuttles. Give consideration to the possible issuance of a limited number of non-resident-vehicle day passes, not to exceed the disaster evacuation and parking capacities of the area.

Finally: regarding implementation:

1. County Council resolutions and/or ordinances related to the actions above should be adopted concurrent with the adoption of the General Plan.
2. The General Plan should include a timetable for legislative and administrative implementation of each of the actions above.
3. The General Plan implementation plan should include a requirement for semi-annual County Council reviews of progress made vis-à-vis the timetable, to keep implementation on-track and to keep the public aware of successes and failures in meeting the timetable and the General Plan's goals.

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