



**DEPARTMENT OF
ENVIRONMENT**
CAYMAN ISLANDS GOVERNMENT

**Screening Opinion for the Proposed Hotel Indigo
22 February 2021**

Executive Summary

The National Conservation Council's (NCC) Directive for Environmental Impact Assessments (EIAs) notes that all activities listed in Schedule 1 will be considered against the screening criteria outlined in the Directive to determine whether an EIA may be required.

The Proposed Development, Hotel Indigo, is a 10 storey development including 282 guestrooms, three restaurants, retail spaces and a pool. As the Proposed Development is a hotel development, it was screened to determine whether an EIA was required. Three potential areas of impact were identified: ecology, transport and socio-economics.

Although the site is situated landward of the coast, the adjacent beach is a turtle nesting beach. The height of the building means that the Proposed Development may impact nesting and hatchling turtles. Therefore, we recommend turtle friendly lighting conditions are included in the planning application. The Applicant has installed turtle friendly lighting at Public Beach and partially at the Kimpton Seafire Resort to the north, and therefore turtle friendly lighting at the site would continue the extent of turtle friendly areas.

With respect to socio-economics, both the National Tourism Plan and the draft National Planning Framework acknowledge that Seven Mile Beach is crowded. Public Beach is likely the most visited public beach in the Cayman Islands. Public Beach has a very important cultural and economic value. The Proposed Development is directly landward of Public Beach. The Applicant is proposing to include a beach connector pathway to guide pedestrians to the area north of the former Calico Jack's site. This path is indirect, and the most direct path is via Public Beach. It is highly unlikely that all guests will use the path and the designated beach area. The Proposed Development will increase the number of people using Public Beach. Whilst a small area of beachfront is identified in the application (approximately 100 linear feet), there are no safeguards or guarantees that hotel guests will choose to use this beach. We estimate that there will be major adverse effects on the current users of Public Beach by the introduction of guests associated with the 282 guestrooms and due to a lack of parking provision.

However, we do not consider that an EIA is the best vehicle to assess these effects. The Department of Planning is developing a Seven Mile Beach Tourism Corridor Area Plan which in the draft National Planning Framework was proposed to include carrying capacity studies to determine the potential growth within Seven Mile Beach. The application should be held in abeyance pending the formulation of the Seven Mile Beach Corridor Area Plan, which is the appropriate mechanism to plan for major infrastructure projects. At a minimum, the applicant

should be required to commission a hotel needs assessment to document the need for this development in this part of Grand Cayman.

The Department of Environment is of the opinion that the Proposed Development does not require an EIA.

Introduction

The process for determining whether an Environmental Impact Assessment (EIA) is needed is a statutory process that is governed by the National Conservation Law (NCL). This first stage, where the relevant authorities decide if a development is one requiring an EIA (i.e. requires an EIA), is called screening.

The National Conservation Council's (NCC) Directive for Environmental Impact Assessments (EIAs) issued under section 3(12) (j) and which has effect under section 43(2) (c) of the NCL, notes that all activities listed in Schedule 1 will be considered against the screening criteria outlined in sections 2 to 3 of Schedule 1 of the Directive to determine whether an EIA may be required. The Proposed Development falls within Schedule 1, i.e. a hotel and resort development.

The screening criteria include:

- The type and characteristics of a development;
- The location of a development; and
- The characteristics of the potential impact.

These screening criteria have been considered with respect to the Proposed Development in order to determine whether an EIA is required.

The Site

The site is located at Block 11B Parcels 70, 91 and 94, west of the Esterley Tibbetts Bypass and east of Public Beach. Figure 1 shows the site location. The site has an area of approximately 5 acres and occupies the land to access road to the Kimpton Seafire and to Public Beach. It does not have any direct beachfront, although there is a proposed path to run to the north of Public Beach to a designated beach area north of Public Beach, just to the north of the former Calico Jack's.

The site is man-modified and of low ecological value. The main parcel for the hotel, Block 11B Parcel 94, was cleared prior to 1971 as part of the development of Governor's Harbour and was used as an access road from West Bay Road, which was then located to the west of the site.

This area of Seven Mile Beach, including the Kimpton Seafire Resort, the former Calico Jack's and Public Beach are located on a turtle nesting beach. This area is not designated Critical Habitat for sea turtles under the Interim Directive for the designation of Critical Habitat of Green turtles (*Chelonia mydas*), Loggerhead turtles (*Caretta caretta*), Hawksbill turtles (*Eretmochelys imbricata*), Leatherback turtles (*Dermochelys coriacea*) and all other species that may occur in Cayman waters including Kemp's Ridley turtles (*Lepidochelys kempii*) and hybrids (2020).

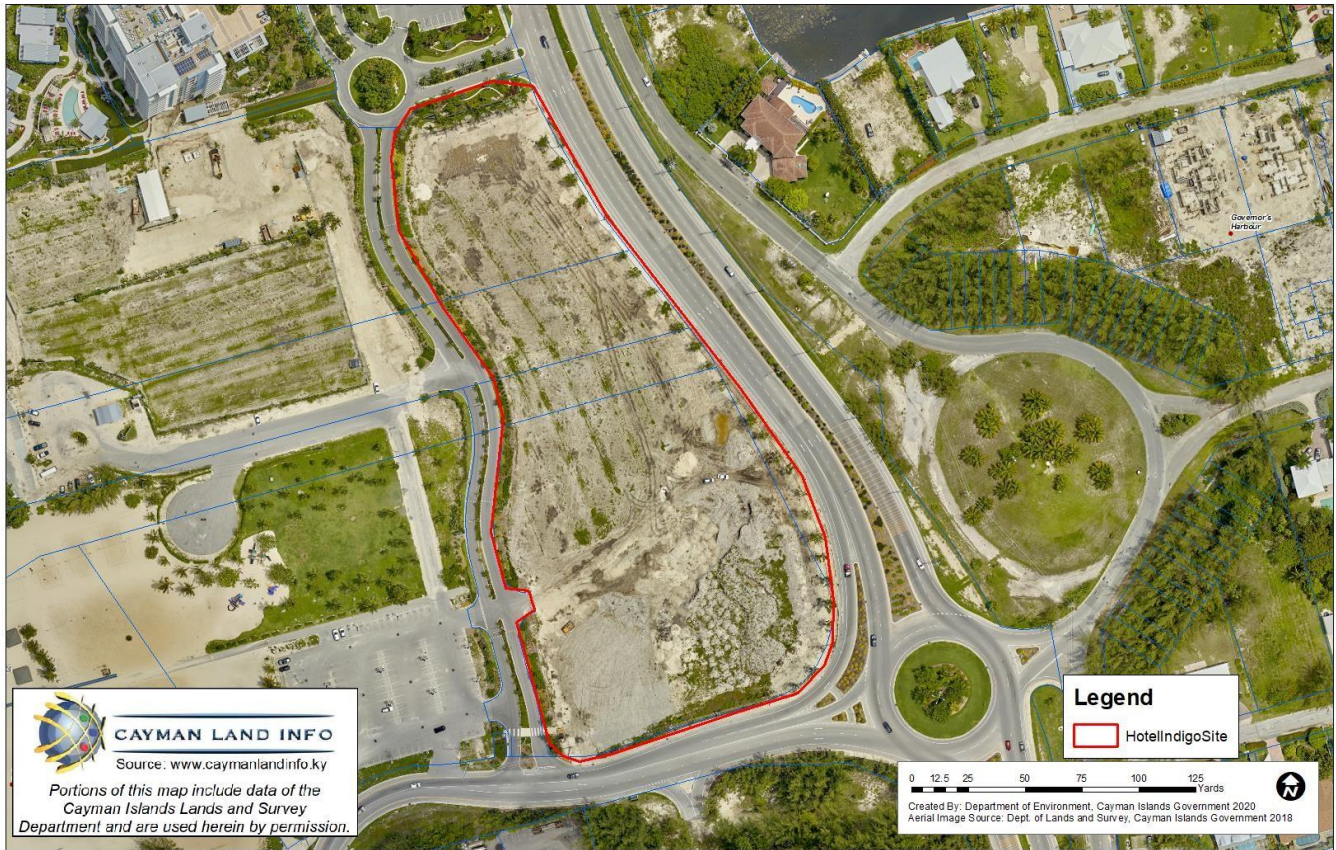


Figure 1. The site of the proposed Hotel Indigo.

Proposed Development

Description of the Proposed Development

The Proposed Development comprises a 10-storey hotel. The Proposed Development includes 282 guestrooms, a ballroom, two meeting rooms and a board room. There will be three restaurant areas, with a 3-meal restaurant within the hotel building, a rooftop bar and a pool bar. In terms of amenity, there are some retail areas, a pool located on the second floor, 19,161 sq ft of amenity space surrounding the pool and 3,852 sq ft of garden. There is a covered outdoor seating area associated with the rooftop bar. There does not appear to be a gym or children’s play areas, although the amenity space surrounding the pool is not defined.

The site does not have direct beach frontage, as the Public Beach car park and ancillary structures are located to the west of the proposed hotel. In order to access the beach, a proposed beach connector path is located to the north of public beach, to direct hotel guests to the beach north of the former Calico Jack’s building at Block 11B Parcel 86. At this time, only a pedestrian path is proposed and improvements to Calico Jacks are proposed to be submitted in 2021 as part of a separate planning application.

Planning History

There is an extensive planning history at the site related to the well-known uses of the site.

Block 11B Parcel 70, which includes beach frontage, is the location of the former Calico Jack's. Calico Jack's operated as a restaurant and bar from 2003 and closed in 2020. There were a number of planning applications in relation to the restaurant and an unauthorised seawall constructed seaward of the bar/restaurant.

In 2012, the Government of the Cayman Islands, the National Roads Authority and Dart Realty (Cayman) Ltd entered into an agreement, known as 'the NRA Agreement'. On 30 May 2016, a Third Amendment to the Agreement was signed. In this agreement, the site was known as the 'Remainder Soto Land' and 'Remainder 11B37 Lands'. It was agreed to transfer the ownership of these lands to Dart Realty (Cayman) Ltd and Section 17 of this agreement stated:

"Following the transfer to it of the Remainder Soto Land and the Remainder 11B37 Land, Dart Realty (Cayman) Ltd shall make application to Rezone Remainder Soto Land the Remainder 11B37 Land to hotel/tourism. Government shall Reasonably Assist DRCL in having the Remainder Soto Land the Remainder 11B37 Land Rezoned to hotel/tourism."

The application to rezone was made in June 2019 (RZ19-0001).

The site was used as the Public Beach Construction Compound in 2018 (P18-0054). Part of the NRA Agreement involved the refurbishment of Public Beach, and turtle friendly lighting was installed.

Characteristics of Potential Impact

The baseline conditions, the potential impact of the Proposed Development and any likely significant effects have been qualitatively assessed for each of the below environmental aspects. Having due regard to air quality, architectural and archaeological heritage, climate change, flood risk and water quality, ground conditions, noise and vibrations, visual impact, daylight, sunlight and overshadowing, and transport, there are not considered to be adverse environmental impacts in this area. With respect to climate change, the proposed development is set back from the coast and therefore somewhat protected from sea-level rise. However all structures in the Cayman Islands will be susceptible to an increase in the intensity of storms and more intense but fewer rain events.¹ The plans note that the roof area has been designed for photovoltaic panels, providing a source of renewable energy and helping to meet the goals of the National Energy Policy.

Ecology

The majority of the site is man-modified. Public Beach and the former Calico Jack's are located on a sea turtle nesting beach. Turtles are Schedule 1 Part 1 protected species, which means that they are protected at all times. This area is not designated as Critical Habitat under the Interim Directive for the designation of Critical Habitat of Sea Turtles under the Interim Directive for the designation of Critical Habitat of Green turtles (*Chelonia mydas*), Loggerhead turtles (*Caretta caretta*), Hawksbill turtles (*Eretmochelys imbricata*), Leatherback turtles (*Dermochelys coriacea*) and all other species that may occur in Cayman waters including Kemp's Ridley turtles (*Lepidochelys kempii*) and hybrids (2020).

Although the Proposed Development is set back from the coastline, due to the height as a 10 storey building, the Proposed Development may have the potential to impact the turtle nesting beach. Bright lights on the beach can deter female turtles from nesting and cause baby turtles to crawl away from the sea, where they often die from

¹ Climate Studies Group. (2014). Climate Profile for the Cayman Islands. The University of the West Indies for Smith Warner International Ltd.

dehydration, exhaustion, predators or vehicles. It is important therefore that any lighting that may directly, indirectly or cumulatively illuminate the nesting beach be turtle friendly.

We recommend that the applicant avoids directing bright flood or spotlights toward the nesting beach. At the request of the Cayman Islands Government, the Applicant has installed turtle friendly lighting at Public Beach, and turtle friendly lighting has been partially installed at the Kimpton Seafire Resort and therefore we consider it worthwhile to continue turtle friendly lighting at the Proposed Development.

If the CPA is minded to grant planning permission for this application, to minimize the threat of artificial lighting on nesting and hatchling sea turtles, we strongly recommend the inclusion of the below conditions:

1. The applicant shall prepare and submit a plan for review to the Department of Environment for turtle friendly lighting, which minimises the impacts on sea turtles for new exterior lighting being proposed. Guidance on developing a lighting plan can be found in the DoE's Turtle Friendly Lighting: Technical Advice Note (September 2018) available from <http://doe.ky/marine/turtles/turtle-friendly-lighting/>.
2. Lighting shall be installed in accordance with the turtle friendly lighting plan which has been reviewed and approved by the DoE. The DoE will inspect the exterior beach lighting for compliance with the approved turtle friendly lighting plan once construction is complete.

Socio-Economics

Socio-economics refers to the analysis of how economic activity affects how societies progress, stagnate or regress because of their local or regional economy, or the global economy. The two main socio-economic considerations with the Proposed Development are i) the need for a further 10-storey hotel development, particularly in the face of great economic uncertainty associated with COVID-19 and, ii) the effects the Proposed Development will have on the local community using Public Beach.

- i) Need for the development

The negative effects of COVID-19 on the global, regional and local travel industry have been unprecedented. Given the large number of uncertainties around COVID-19 restrictions and reopening strategy, forecasting future hotel demand is extremely challenging. The availability of a vaccine that can be quickly and widely administered, coupled with consumer confidence to travel and reduced infection rates in other countries, is key to tourism recovery. Recovery of the tourism industry on a whole is likely to be slow and it is difficult to predict the timescales for recovery of the hotel tourism market in the Cayman Islands. COVID-19 has accelerated the adoption of digital collaboration tools and reduced the need for face-to-face meetings. This is likely to have long-term business implications for travel demand and need for conference facilities.

Further, the draft National Planning Framework recognises that *"the growth of tourism in the Cayman Islands, particularly the development of large hotels and condos along Seven Mile Beach, can appear to dominate the streetscape and create a perception that overdevelopment is occurring"* (section 12, P.100). Goal 1 of the Tourism chapter includes the following action items:

- Ensure that future tourist accommodation is deemed necessary and designed with long term goals in mind.

- Applications should be accompanied by a market analysis that illustrates demand for the proposed development.

The National Tourism Plan (2019-2023) conducted situation analysis which revealed that there is an overreliance on coastal and marine attractions, which is presenting considerable stress to a few key attractions, such as Stingray City, Seven Mile Beach and Cayman Turtle Centre. The spatial distribution of impacts from visitation in Grand Cayman are highly concentrated in the western districts of George Town and West Bay. The districts of Bodden Town, North Side and East End are receiving lower levels of visitation and hence less pressure on tourist attractions (Annex A). The Tourism Plan does not include the objective or goal of further hotel development on the western side of Grand Cayman, instead it notes that the growth in demand for “alternative accommodations” is an important source of competitive advantage for the Cayman Islands, given the Island’s significant inventory of vacation homes and condominiums. The Plan notes that the country has an opportunity to attract visitors looking for unique and distinctive accommodation, with substantial unexploited potential for the development of small and micro tourism-related businesses, guest houses, boutique hotels and home sharing accommodation facilities especially in less-visited areas (East End, North Side, Bodden Town, Cayman Brac, and Little Cayman) (Strategy 2.5).

RB5 The Road Back to 500K Air Arrivals Strategic Tourism Plan, Reassessed Goal 2 states “There is significant economic fallout for many small businesses and some larger ones. The focus will now be on helping tourism enterprises to recover and survive when the country reopens. It will not be possible to save all businesses, but urgent efforts will be made to assess and provide support, where feasible. The nature of the support referred to in item (5) will be adjusted so that while focus remains on developing some new businesses there will be a concerted effort to support existing ones.”

Item 5 above refers to “Facilitate and attract development of small and micro tourism-related businesses, boutique hotels, vacation homes, and other non-traditional accommodations services in priority sustainable development areas.”

Appendix 3 of RB5 lists potential and approved/incomplete projects likely to come online that could saturate Grand Cayman’s accommodation market at a time when there will be increased competition between destinations and on-island as tourism recovers.

Against this background, it is premature at this time to permit a further hotel development along the Seven Mile Beach corridor, which currently has many other hotels which are under-occupied and in financial distress, with no firm guarantees regarding the speed at which the tourism economy will recover. Furthermore, Item 5 as detailed above refers to the need to support boutique hotels, vacation homes, and non-traditional accommodation services, and the approval of a further 10 storey hotel goes against this policy. The application should be held in abeyance pending the formulation of the Seven Mile Beach Corridor Area Plan, which is the appropriate mechanism to plan for major infrastructure projects. At a minimum, the applicant should be required to commission a hotel needs assessment to document the need for this development in this part of Grand Cayman.

ii) Impact on Public Beach

Public Beach is most likely the most visited public beach in the Cayman Islands. There are only four public beaches along Seven Mile Beach: West Bay Public Beach, Cemetery Beach, Public Beach and Governors Beach. Public Beach is the largest and has the most extensive amenities with a playground, volleyball court, public facilities, and cabanas which are available for rent. Public Beach attracts locals as well as visitors who are either visiting via cruise ships or who are stayover visitors. It has extremely important cultural and amenity value to residents and economic value to our tourism product.

The National Tourism Plan 2019-2023 states that Seven Mile Beach public access areas experience massive overcrowding when cruise ships arrive and impact the overall visitor experience. Visitor satisfaction in Grand Cayman was surveyed and the National Tourism Plan states, *“10 percent of visitors mentioned how crowded Seven Mile Beach can be in their reviews and another 3% mentioned unmanaged vendors. It is estimated that Seven Mile Beach received over 1 million visitors a year, so these percentages become quite significant given its status as one of the main attractions for the destination.”*

In addition, it states, *“Public beach management was identified as a critical objective by public and private sector stakeholders alike. While some progress has already been made, additional efforts are needed to improve the visitor experience, for both residents and visitors, and promote the development of public beaches as important tourist attractions and drivers of visitor spending throughout the islands.”*

The draft National Planning Framework states, *“Significant growth along the Seven Mile Beach corridor has led to the development of a number of tall buildings while increasing traffic on the main route through the area - West Bay Road - has led to the construction of a parallel highway; the Esterley Tibbetts Highway. It is important therefore that the future land-use and infrastructure for Seven Mile Beach is properly planned, for both the short and long-range future. This will help to ensure that Seven Mile Beach remains an attractive place for both visitors and residents.”*

Section 5.1, Goal 1 of the draft National Planning Framework states that to achieve the objective of properly planned land-use and infrastructure in the Seven Mile Beach Tourism Corridor one of the action items is to carry out a capacity modelling exercise to determine potential growth within Seven Mile Beach, based on current and alternative land use zoning. The Department of Planning is preparing a Seven Mile Beach Tourism Corridor Area Plan which is designed to provide the proper planning tools to ensure that the Seven Mile Beach Tourism Corridor remains vibrant both socially and economically.

Therefore, it can reasonably be concluded that Public Beach is crowded, if not overcrowded.

The Proposed Development will include 282 guestrooms and other ancillary uses over ten stories, and does not include any direct beach frontage. The Applicant has provided a cover letter which outlines their opinion of hotel guest beach access and use without impacting public beach, which states:

“Parcel 11B 70 extends to the sea and includes the entrance road to Calico Jack’s bar and restaurant. A dedicated pedestrian path will be inserted along the northern edge of the entrance road to connect hotel guests with the restaurant and beach. A separate Planning Application for improvements to Calico Jack’s is planned for submission in the first half of 2021, which will include improvements to its parking area. The entrance road to Calico Jack’s will provide dedicated access to the restaurant for both its visitors and service vehicles. The access road will also serve Public Beach emergency vehicles ensuring first responders can access the beach area.

Therefore, Hotel guests will have the benefit of a dedicated pathway north of the existing Calico Jacks Entry Road to access the beach and will not be infringing in any way on Public Beach or using any public pathways or infrastructure.”

Some of the structures which formed part of Calico Jack’s are already situated on Crown property.

Figure 2 below outlines the path proposed for these visitors.



Figure 2. The pedestrian routes (in pink) which are proposed to provide access for the visitors at the Proposed Development. (Taken from the Applicant’s IDF Planning Submission Appendix).

No further detail on mitigation measures is provided.

As can be seen from Figure 2, above and Figure 3, below, pedestrians are expected to exit the hotel from the southern part of the site, walk along the path to the north, and then cross the road onto the proposed beach connector path. It seems highly unlikely that all hotel guests will chose a longer, less direct path to the beach than one straight from the entrance via Public Beach. The hotel tower has been positioned in the south part of the site meaning that the more direct path from the hotel is over Public Beach. There could have been a direct path from the hotel tower to the beach, if the hotel tower had been located in the northern part of the site, however instead the applicant has proposed parking in this area.

The path is proposed to guide guests to a designated beach area north of Public Beach, which has an area of approximately 100 linear feet of beach. Given that the hotel itself (by design) does not have as many amenities of the resort-style hotels on the island, it is likely that the visitors will see Public Beach as an extension of the amenities of their hotel. The area beach is also not formally outlined on the application plan submissions, and is only shown on a conceptual plan. It is therefore unclear how this area of beach will be legally bound to a planning permission for the hotel development, and it is presumed that beach frontage/access will also be required for the residual undeveloped area of Block 11B Parcel 86.

The resulting effect is that Public Beach will become more crowded and this will have impacts on locals, cruise ship visitors and stayover tourism. There are likely to be major adverse impacts on the users of Public Beach.

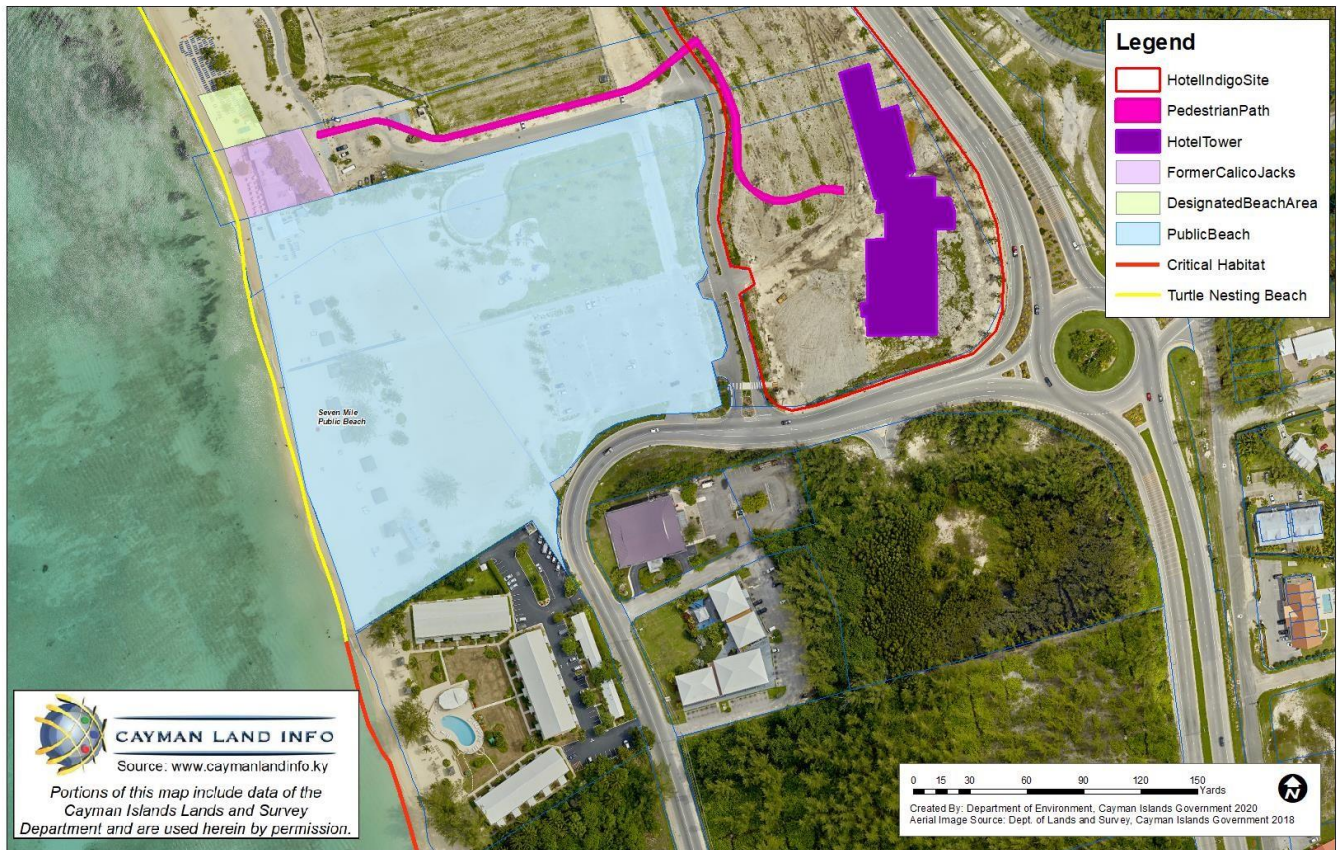


Figure 3. Guests staying at the hotel (purple) are proposed to walk along the pedestrian path (pink) to the small designated beach area (yellow) which is a less direct route than straight west to Public Beach (blue).

Transport

The Proposed Development appears to have a shortfall of 66 parking spaces. There are many hotels along Seven Mile Beach which have issues related to parking, due to lack of parking provision and undesirable parking along the road. The Kimpton Seafire Resort to the north also sometimes reaches capacity with respect to parking and takes steps to prevent their guests from parking on nearby residential roads. In addition, the Public Beach also often reaches or exceeds parking capacity. The proposed hotel contains a ballroom which has a provision of only 48 spaces, which would likely be exceeded if any special events or conferences were held.

With a shortfall, it is likely to worsen effects on Public Beach as visitors to the hotel may park in the Public Beach parking lot or may park unsafely in the surrounding area.

However, we do not believe an EIA is the most appropriate vehicle to assess these planning-related effects. The Planning Department is already preparing a Seven Mile Beach Tourism Corridor Area Plan which is proposed to determine potential growth within Seven Mile Beach.

Cumulative Effects

Ten storey buildings along Seven Mile Beach are becoming more and more common and the nature of Seven Mile Beach is changing. The proposed development will be visually prominent and with future cumulative development, there will also be visual amenity effects, as the view of Seven Mile Beach from the beach, from the

water and from West Bay Road will change from low-rise to high-rise. This should be considered as part of the Seven Mile Beach Tourism Corridor Area Plan.

Conclusions

The Proposed Development does not require an EIA. There are predicted to be major adverse effects on Public Beach as a result of introducing another major hotel into the area without beach frontage and with minimal internal amenities. However, an EIA is not considered the most appropriate vehicle to assess these effects. The Department of Planning is developing a Seven Mile Beach Tourism Corridor Area Plan which the draft National Planning Framework stated would include carrying capacity studies to determine the potential growth within Seven Mile Beach. In addition, we recommend that a hotel needs assessment is carried out to determine the need for hotels in this area. We strongly recommend that this study is completed and the results are reviewed prior to determining this planning application.

In addition, we recommend turtle friendly lighting conditions.

After considering the Screening Opinion detailed above, the NCC is required to issue its decision to the originating entity on the requirement for an EIA, pursuant to Section 43 (1).