NEIL ABERCROMBIE GOVERNOR OF HAWAII





WILLIAM J. AILA, JR. CHAIRPERSON BOARD OF LAND AND NATURAL RESOURCES COMMISSION ON WATER RESOURCE MANAGEMENT

> GUY H. KAULUKUKUI FIRST DEPUTY

WILLIAM M. TAM DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES BOATING AND OCEAN RECREATION BUREAU OF CONVEYANCES COMMISSION ON WATER RESOURCE MANAGEMENT CONSERVATION AND RESOURCES ENFORCEMENT ENGINEERNO FORESTRY AND WILDLIFE HISTORIC PRESERVATION KAHOOLAWE BLAND KESERVE COMMISSION LAND STATE PARKS

STATE OF HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621 HONOLULU, HAWAII 96809

Testimony of WILLIAM J. AILA, JR. Chairperson

Before the House Committee on WATER, LAND & OCEAN RESOURCES

Friday, March 18, 2011 8:30 AM State Capitol, Conference Room 325

In consideration of SENATE BILL 1549, SENATE DRAFT 2 RELATING TO SMALL BOAT HARBORS

Senate Bill 1549, Senate Draft 2 permits commercial permits in Ala Wai and Keehi small boat harbors, establishes that small boat harbor fees can be used only for the operating and maintenance of the small boat harbors, authorizes a process for a public-private partnership to develop a portion of Ala Wai small boat harbor, and changes mooring fee rate process.

The Department of Land and Natural Resources (Department) supports this measure. Comments on each section of the measure are as follows:

- The Department supports the issuance of a limited amount of commercial use permits for vessels operating from the Ala Wai and Keehi Small Boat Harbors. The Department notes that these are the only two harbors that currently do not allow for commercial vessel activity. Commercial vessel mooring within the Ala Wai Small Boat Harbor should not be limited to specific areas. Defining the commercial mooring areas, limits the Departments ability to effectively manage the facility. Should an area become unusable for any reason, the Department needs the ability to relocate vessels whether they are commercial or not.
- Commercial catamarans are currently paying \$8.50 per year for the exclusive privilege of operating from Waikiki beach. The recommendation from the Department is to amend the language to clarify that commercial catamaran operations are required to be issued a commercial use permit from the Department and pay the same commercial use fees as all other commercial vessel operators. The Department recommends deleting the term "or existing registration certificate" for clarity.

- Because of the current fiscal condition of the State and the fact that capital improvement money is limited, the Department supports establishing use fees by appraised value. This way, the Department can be assured that it is receiving fair market return on the exclusive use of the public facilities. Revenues exceeding the actual operating cost of the facility can be used for repairs, maintenance, and replacement of facilities that have exceeded their useful life.
- The Department notes that it currently has the statutory authority to lease fast lands and has recently entered into a Development Agreement for the development of the haul-out and fuel dock areas within the Ala Wai Small Boat Harbor. The Developer paid an initial development fee of \$150,000 and is currently paying \$15,000 per month while working to obtain the necessary permits. The Department supports offering the remaining site located at the harbor office on a Request for Proposals (RFP) basis.
- The Department also supports the leasing of submerged lands similar to the Hawaii and Waikiki yacht clubs. We note that the submerged lands surrounding the haul-out site need authorization to be leased. During the preparation of the RFP for this site, the Department found that no authority had been granted to lease the submerged lands located at the haul-out area. At a minimum, this area of submerged land needs to be authorized for lease to support the haul-out operation. By extending the leasable areas of the harbor to the submerged lands, a new funding stream will be opened to the department to support its long-range repair and maintenance goals for public harbor facilities. The department has been in favor of such an initiative for many years and sees this as a stepping-stone to self-sufficiency.
- The Department is in favor of including office space and vehicle parking as a condition of the RFP to be used by the Division of Boating and Ocean Recreation but feels it may be more prudent to not set the square footage and number of parking stalls in statute in the event this needs to be modified during the RFP process.



The Voice for Hawaii's Ocean Tourism Industry Century Square-1188 Bishop St., Ste. 1003 Honolulu, HI 96813-3304 (808) 537-4308 Phone (808) 533-2739 Fax timlyons@hawaiiantel.net

March 18, 2011

Testimony To: House Committee on Water, Land, & Ocean Resources Representative Jerry L. Chang, Chair

- Presented By: Tim Lyons, CAE Executive Director
- Subject: S.B. 1549, SD 2 RELATING TO SMALL BOAT HARBORS. S.B. 1555, SD 2 – RELATING TO THE DEPARTMENT OF LAND AND NATURAL RESOURCES

Chair Chang and Members of the Committee:

I am Tim Lyons, Executive Director of the Ocean Tourism Coalition and we would like to request a small amendment on these bills.

In Section 6 it allows the Department to establish and pass on common area and maintenance fees including water and electrical charges.

We need to point out to this Committee that the commercial tourism operators took a fifty percent (50%) increase in their fees quite recently while recreational boaters have not seen

such an increase therefore, it is our opinion that the utility fees ought to be considered as inclusive when we pay our fees.

For the Committee's information, commercial boaters pay three percent (3%) fee on their gross sales so combined with the general excise tax, they are paying a seven (or 7 ½% Oahu) tax on their gross sales. An unheard of amount. Particularly with the recent tsunami disaster in Japan, our members are experiencing a number of cancellations from tours that are coming up and we expect that to continue beyond the effective date of this bill. Therefore, we do not think at this time, commercial operators should be burdened with these extra charges since they already pay far more than their fair share. As a footnote we would like you to know that while our commercial boats only comprise about three percent (3%) of the entire boating fleet, we pay about fifty percent (50%) of the fees and, therefore, we think that we are already paying more than our fair share.

Thank you.

H.B. 1566, HD 1 - Relating to Small Boat Harbors, Proposed HD 2 S.B. 1549, SD 2 (Friday 3/18/11)

Section 6. Section 200-10 (c)(6)

(6) The department is authorized to assess and collect utility fees, including electrical and water charges, and common area maintenance fees in small boat harbors; provided that the fees referenced in Section 200-10(c)(5) shall be considered inclusive of all utility and common area maintenance fees.

Notes:

Commercial boaters now pay 3% of their gross sales as a moorage fee (so, the equivalent of a 7% GET). This was raised 50% (from 2% to 3% of gross sales) several years in advance off any increase for the recreational boaters.

Commercial boaters account for something less than 3% of the total number of boats but pay around 50% of the total fees.

Regarding SB1549 In room 325 at 0830 on Friday, 18 March 2011 House Committee on Water, Land & Ocean Resources Chair Chang and respected Members of the Committee;

My name is Reg White. I have been a tenant and resident of Ala Wai Small Boat Harbor for the past eleven years.

SB1549 seems to be just a bit out of touch with present conditions at the harbor. There is no waiting list for commercial slips at the harbor. *I have no objection to commercial vessels being allowed into Ala Wai, so long as they do not jump the regular waiting list. Kewalo Basin, just down the street, is a commercial harbor and also has no waiting list for commercial space. I do suggest that you move Kewalo Basin, along with it's immediate surrounding real estate, out mauka to Ala Moana Blvd, makai to the ocean, ewa to Ahui St., and diamond head to the Ala Moana Park wall, from HCDA to DOBOR where it is a fine fit. HCDA does not want the harbor as it is a misfit into their expertise as neighborhood planners and developers. This will also get us back to only two types of permits for vessels to operate in Hawaii's harbors instead of the present three types of permits, DLNR, DOT and HCDA. Kewalo has a positive cash flow and will be a good addition to DOBOR's inventory.*

The marina slip fees were already doubled two years ago and then the boaters authorized two additional 10% increases dependant on issuance of two \$25 million dollar reimbursable bond issues. One has been issued and the increase taken to pay for harbor improvements. The second is yet to be authorized to finish the work. We are already on the fee lists A & B. The first increase of the A boats towards B has already been made and increase two will come into effect about 1 April 2011. The new permittees and transients are already on list B. The present fees are right at the top of the list of all the municipal, county, and state owned and operated marinas on the west coast from San Diego to Bellingham.

The department has already entered into a contract for the boat repair yard and the fuel pier and is collecting space holder token rents while the permitting process takes place.

The marina parking has been contracted out and presently is producing about \$60,000.00 per month into the Boating Special Fund.

The lease out of the present harbor office site is next on the list and will also produce revenue onto the BSF.

<u>No lease may ever be negotiated that would result in fewer slips and or less</u> <u>linear feet of moorage available to the general public.</u>

The work docks are under reconstruction right now and the 700 row condemned slips are next on the list at Ala Wai. The Loading dock at Waianae is contracted out and will start reconstruction very soon, the boat ramp piers are finished. At Keehi, dock repairs are under way.

The common area maintenance is already paid for in the regular fees collected for moorage. This is not required nor is it proper as under the HARs we get to have accountability and responsibility for fee increases and expenditures. A common Area Fee has no such protection or responsibility and is unacceptable! This is expressly forbidden under federal law as spelled out in MTSA 2002 and as amended in 2010.

Please do listen to our new chair of the department of DLNR. He is very different from those who allowed us to get into this pit in the first place. He has just taken over the department so we need to give him a year to plan and to show us what he intends to do and then we need to support him in that endeavor. *That includes holding this bill right now.*

Reg White 1540 S. King St. Honolulu, HI 96826-1919 808-222-9794 RawcoHI@cs.com Hawaii House of Representatives Water, Land and Ocean Resources Committee

March 15, 2011

Subject: Testimony on SB 1549 SB2 – Relating to Small Boat Harbors Public Hearing March 18, 2011 at 8:30 AM, Conference Room 325

To the esteemed legislative members,

I am writing today to **oppose** SB 1549 SD2. I have been a boat owner for the past six years. I am an active sailor, and spend the vast majority of my free time organizing and participating in sailboat regattas. I am also a member of Hawaii Yacht Club and am currently serving as the Rear Commodore for Sail (although it should be noted that my comments here are my personal opinion).

The proposed bill would allow up to 15% of the slips in the Ala Wai Harbor to be leased for commercial purposes. This is a bad decision for several reasons:

- The waiting list to get a slip in the Ala Wai Harbor is approximately 5 years. Removing 15% of the inventory from recreational use would increase this duration, which is already too long.
- Commercial slips are currently available at nearby Kewalo Basin (only about 1 mile away from Ala Wai Harbor). Until recently, Kewalo Basin was used strictly for commercial vessels. However, due to the large number of vacancies, that harbor now allows recreational boaters. This implies that there is little demand for commercial slips in Honolulu.
- Commercial boating activity in the Ala Wai Harbor would add undue congestion with regards to parking. This would be a serious inconvenience to recreational boaters who already have challenges finding parking for crew members for regattas, fishing tournaments, and other recreational activities.
- Vessel traffic through the Ala Wai Harbor Channel would increase dramatically if commercial activity were to occur. This would lead to unsafe conditions and increase the possibility of an accident for other recreational users of the Ala Wai, including canoe clubs and junior sailing.

I appreciate your time in considering this testimony.

Aloha, Joseph Shacat

From:	mailinglist@capitol.hawaii.gov
Sent:	Wednesday, March 16, 2011 10:30 PM
To:	WLOtestimony
Cc:	hawaiishomes@aol.com
Subject:	Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Suzanne A. Shuto, R Organization: Shuto Sales & Mgmt., LLC Address: Phone: E-mail: <u>hawaiishomes@aol.com</u> Submitted on: 3/16/2011

Comments:

I am opposed to these bills as it will take away from the views and add to the congestion. My clients bought their units many years ago and because of the location and views and it seems unfair that this could possibly be altered. Thank you for your consideration!

From:mailinglist@capitol.hawaii.govSent:Wednesday, March 16, 2011 4:34 PMTo:WLOtestimonyCc:spiritofaloha2@msn.comSubject:Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Lea Sasak Organization: Individual Address: Phone: E-mail: <u>spiritofaloha2@msn.com</u> Submitted on: 3/16/2011

From:mailinglist@capitol.hawaii.govSent:Wednesday, March 16, 2011 4:30 PMTo:WLOtestimonyCc:vicbaldridge@comcast.netSubject:Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Victor Baldridge Organization: Individual Address: Phone: E-mail: <u>vicbaldridge@comcast.net</u> Submitted on: 3/16/2011

Comments:

The impact of this bill is likely to be overdevelopment on the waterfront, and the spoiling of precious views for thousands of people just to make a little short-term money off selling public lands -- held in trust for the public for generations.

What a short-sighted policy! Fund the state from regular budgets and regular taxes, not from some ill-conceived, short-term fire sale of precious public land.

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From:	mailinglist@capitol.hawaii.gov
Sent:	Wednesday, March 16, 2011 4:27 PM
То:	WLOtestimony
Cc:	Patspalaces@aol.com
Subject:	Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Patricia Willison Organization: Individual Address: Phone: E-mail: <u>Patspalaces@aol.com</u> Submitted on: 3/16/2011

From:mailinglist@capitol.hawaii.govSent:Wednesday, March 16, 2011 2:45 PMTo:WLOtestimonyCc:rromo@hawaii.rr.comSubject:Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Robert Romo Organization: Individual Address: Phone: E-mail: <u>rromo@hawaii.rr.com</u> Submitted on: 3/16/2011

From:	mailinglist@capitol.hawaii.gov
Sent:	Wednesday, March 16, 2011 1:48 PM
То:	WLOtestimony
Cc:	fosteralandbarb@yahoo.com
Subject:	Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Albert and Barbara Foster Organization: Individual Address: Phone: E-mail: <u>fosteralandbarb@yahoo.com</u> Submitted on: 3/16/2011

From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, March 15, 2011 5:10 PM
То:	WLOtestimony
Cc:	concernedboater@hawaii.rr.com
Subject:	Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Robert Winter Organization: Individual Address: Phone: E-mail: <u>concernedboater@hawaii.rr.com</u> Submitted on: 3/15/2011

Comments: Testimony opposing commercial mooring at Ala Wai Small Boat Harbor.

I am opposed to the traffic congestion, parking problems, and disruption that would be caused by allowing commercial operators to moor boats at the Ala Wai Harbor.

The Sate already has a facility for commercial operators at nearby Kewalo Basin, a location much better able to handle traffic, parking and general disruption.

It's interesting to note that Kewalo Basin does not have enough demand from commercial operators to fill its slips and has begun allowing recreational boaters to use the facilities.

Considering the 5 year or longer waiting list for recreational slips at the Ala Wai, and the lack of demand for commercial slips at Kewalo Basin, it seems that your constituents would be much better served by leaving the Ala Wai Harbor dedicated solely to recreational use.

From:	mailinglist@capitol.hawaii.gov
Sent:	Tuesday, March 15, 2011 4:58 PM
To:	WLOtestimony
Cc:	captdave@boats4u.com
Subject:	Testimony for SB1549 on 3/18/2011 8:30:00 AM

Testimony for WLO 3/18/2011 8:30:00 AM SB1549

Conference room: 325 Testifier position: oppose Testifier will be present: No Submitted by: Dave Cooper Organization: Individual Address: Phone: E-mail: <u>captdave@boats4u.com</u> Submitted on: 3/15/2011

Jerry L. Chang, Chair House Committee on Water, Land and Ocean Resources

Robert R. Humphreys Ilikai Association of Apartment Owners 1777 Ala Moana Blvd., #1204 Honolulu, HI 96815

Hearing on SB 1549 and SB 1555 March 18, 2011

Introduction. Mr. Chairman and Members of the Committee, I am Robert R. Humphreys, a resident of the State of Hawaii and owner of an apartment at the Ilikai Hotel and Condominium. I appear before you at the request of, and on behalf of, the Association of Apartment Owners of the Ilikai in opposition to certain provisions in SB 1549 and SB 1555, passed by the Senate and referred to your Committee. This Committee favorably reported two bills originating in this body, HB 1566 and HB 1312, which are somewhat similar to the Senate bills. Those bills passed the House and have been referred to the counterpart Senate committees. All four bills address leases and improvements at the Ala Wai and Keehi boat harbors. The focus of our testimony in opposition is on section 7 of both Senate bills.

Statement. Section 7(b)(5) of SB 1549 authorizes the Department of Land and Natural Resources to award leases for "hotel, residential, and timeshare uses." Section 7(b)(5) of SB 1555 provides that DLNR shall award leases for "Residential, hotel, and timeshare uses; provided that the use is consistent with neighboring parcels with a developable height limit of three hundred fifty feet and a maximum floor area ratio of four;". Such uses, if these provisions become law, pose an exceptionally serious threat to the viability of the Ilikai Hotel and to the quiet enjoyment of the property by its resident apartment owners and guests. There is only one location in the Ala Wai boat harbor that could support a hotel or other residence towering 350 feet—the current parking area at the harbor. The forty-five year old Waikiki landmark would be permanently despoiled, the view of the ocean obliterated by such construction.

The offending provisions, if enacted, would conflict with existing State law. Under HRS §200-2.5 permissible uses under any lease of state boating facility properties are limited to those which "will complement or support the maritime activities of state boating facilities." Moreover, such purposes must be consistent with the purpose for which the land was set aside by the governor pursuant to section 171-11, HRS. Clearly, hotel, residential condominium, and timeshare uses are not designed to enhance or support maritime activities, but have the opposite potential of despoiling the Ala Wai harbor.

Other provisions of the Senate bills relating to permissible lease uses are also concerning to the Ilikai Association of Apartment Owners. Specifically, neither the size nor the potential location for the proposed seawater air conditioning cooling facility (SB 1555, Section 7(b)(6); SB 1549, Section 7(b)(8)), is described in the bills. What impact would the construction of the facility have on the ecology and the beauty and ambiance of the boat harbor and surroundings? The Ilikai Association is also concerned about provisions to provide substantial, possibly overwhelming, commercial boat mooring at the pier located on the mauka side of the harbor nearest the Ilikai, Edition Hotel, and Ilikai Marina in both House bills (HR 1312 and HR 1566) and the two Senate bills under consideration by this Committee today. The ecological impact of such mooring activity, and the traffic it would generate, are unknown.

<u>Conclusion</u>. The Ilikai AOAO agrees with the Governor and the legislature on the need for additional revenue to properly maintain and improve the Ala Wai boat harbor. For that reason we are not prepared to object to many of the lease purposes identified in Section 7(b) of both Senate bills. Upon enactment and approval of the Ala Wai and Keehi improvement legislation, the Ilikai AOAO pledges to work with the Department of Land and Natural Resources in the development of the Ala Wai boat harbor and its environs. We appreciate the opportunity to testify, and we urge the Committee to recommend the deletion from SB 1549 and SB 1555 those provisions of section 7(b) which could irreparably damage our aina.

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TESTIMONY OF CHARLES BELLMAN IN SUPPORT OF S.B. NO. 1549, SD2 House Committee on Water, Land and Ocean Resources Hearing Date: 3/18/2011 – 8:30 a.m.

Charles Bellman 57 Arizona Memorial Drive, #105 Aiea, HI 96701

My name is Charles Bellman and I am the former general manager of Ala Wai Marine, Ltd. Ala Wai Marine, Ltd. operated the haul-out repair facility in the Ala Wai Boat Harbor until January, 2009. I am submitting this written testimony in support of House Bill 1566.

As the former manager of Ala Wai Marine I can testify to the conditions of the improvements in the Ala Wai Boat Harbor. Despite the recent improvements put in by the state in recent years the condition of the harbor remains very poor. The harbor should be the "jewel of the Pacific", a center for ocean recreation. Given the state's present economic condition making improvements to the Ala Wai and other harbors around this state is not possible without the state being able to receive a fair rent for its fast lands. The RFP issued by the Division of Boating and Ocean Recreation in November of 2008 is an important first step towards the state receiving a fair return for its lands with those rent moneys being used to renovate and maintain our small boat harbors. It is for this reason that I support the intent of House Bill 1566, which encourages a public-private partnership to lease the fast lands to provide needed revenue. Before Ala Wai Marine, Ltd. closed the state was only receiving approximately \$132,000 a year for its fast lands. Under the development agreement that the state has pursuant to the November, 2008 RFP, this is now increased to over \$564,000 a year for the fast lands, with an additional \$100,000 a year in other rent paid by the same developer. The legislature should encourage such partnerships because it would also result in improved conditions in the harbor.

I take no position on the portion of the bill that proposes that the small boat harbors at Ala Wai and Keehi be privatized but I would prefer that the legislature first focus on leasing the fast lands in these harbors to provide needed revenue. I am concerned about the number of commercial boats that would be operating in the Ala Wai under this proposal. While I think that there is room in that harbor for some commercial boats, this needs to be balanced with the intended use of the harbor under the November 2008 RFP as a center for ocean recreation that includes training center for kayaks and cances.

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N. 34 (1989)

TESTIMONY OF CHRIS McCLURIN IN SUPPORT OF S.B. NO. 1549, SD2 House Committee on Water, Land and Ocean Resources Hearing Date: 3/18/2011 – 8:30 a.m.

Chris McClurin 57 Arizona Memorial Drive, #105 Aiea, HI 96701

My name is Chris McClurin and I am a concerned boater. I formerly worked at Ala Wai Marine, Ltd., which operated the haul-out repair facility in the Ala Wai Boat Harbor until January, 2009. I am submitting this written testimony in support of House Bill 1566.

As a boater the state needs to improve the condition of all of its harbors, including both the Ala Wai and Keehi harbors. While recent efforts have been made to renovate slips at the Ala Wai Small Boat Harbor, conditions are still poor. What makes it difficult is in these economic times it is difficult to justify the state apportioning money to improve these harbors. That is why I support the intent of House Bill 1566, which would encourage the leasing of the fast lands in both Ala Wai and Keehi as a means for the state to obtain revenue necessary to repair and maintain these harbors. A private developer, such as the developer selected by the Division of Boating and Ocean Recreation in November of 2008, is better equipped to both improve the condition of the harbor and provide the state with needed revenue. The legislature should encourage such partnerships.

I am concerned about a portion of the bill that would allow commercial boats. Fifty-six commercial boats are far too many commercial boats in the Ala Wai. While a limited number of commercial boats could serve to help the businesses that will be located in the harbor after improvements are made, too many commercial boats would interfere with the ocean recreation, which includes kayakers and canoe paddlers, that use the Ala Wai Channel.

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FAX:808 533 4391

ID:REP HAR

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