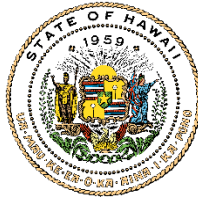


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
WATER AND LAND

Thursday, February 1, 2024
9:00 AM
State Capitol, Conference Room 430

In consideration of
HOUSE BILL 1919
RELATING TO STATE BOATING FACILITIES

House Bill 1919 proposes to establish a State boating facility lease pilot program for the Department of Land and Natural Resources (Department) to lease one State small boat harbor for private development, management, maintenance, and operation in a county with a population of less than 900,000. **The Department strongly supports this measure.**

The Department currently has four harbor facilities on O'ahu that are under a public-private partnership: La Mariana Sailing Club (LMSC), Ke'ehi Marine Center (KMC), Waikīkī Yacht Club, and the Hawai'i Yacht Club. This measure will allow the Department to pilot the same management model as the entities listed above with the intent that the program be expanded statewide when shown to be successful.

The Department notes two common misconceptions among critics to the management model proposed by this measure: (1) private management would lead to exorbitantly high mooring fee rates; and (2) private management would lead to the transfer of State lands under public trust to the private sector. The Department clarifies that: (1) the authority and method for determining fees remains unchanged, where the Department will set fees pursuant to Section 200-10, Hawaii Revised Statutes, with the Board of Land and Natural Resources maintaining authority for approval of any proposed fee increases; and (2) this measure will not authorize any sale or transfer of State lands and only proposes to allow a lease of one or more small boat harbors and associated submerged lands in the state to attract private partners who plan to make improvements and improve the State small boat harbor facilities. The Department has no plans to sell any State lands and will only offer leases as part of a public-private partnership model.

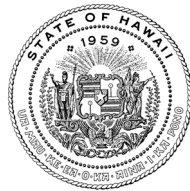
Mahalo for the opportunity to provide testimony on this measure.

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT

RYAN K.P. KANAKA'OLE
FIRST DEPUTY

DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kālā
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON WATER AND LAND
ON
HOUSE BILL NO. 1919

February 1, 2024
9:00 a.m.
Room 430 and Videoconference

RELATING TO STATE BOATING FACILITIES

The Department of Budget and Finance offers comments on this bill.

House Bill No. 1919: 1) establishes a State Boating Facility Lease Pilot Program within the Department of Land and Natural Resources to lease one State small boat harbor for private development, management, maintenance, and operation in a county with a population of less than 900,000; 2) repeals provisions related to the leasing of fast lands and submerged lands of the Ala Wai boat harbor; 3) specifies reporting requirements; and 4) terminates the pilot program on June 30, 2044.

It should be noted that most small boat harbors were developed or improved using general obligation bond funds. Consequently, the pilot program needs to be structured in compliance with restrictions set forth by the Internal Revenue Service on the use of governmental bonds.

Thank you for your consideration of our comments.



UNITED PUBLIC WORKERS

AFSCME Local 646, AFL-CIO

**HOUSE OF REPRESENTATIVES
THE THIRTY-SECOND LEGISLATURE
REGULAR SESSION OF 2024**

COMMITTEE ON WATER & LAND

Rep. Linda Ichiyama, Chair
Rep. Mahina Poepoe, Vice Chair

Thursday, February 1, 2024, 9:00 AM
Conference Room 430 & Videoconference

Re: Testimony on HB1919 – RELATING TO STATE BOATING FACILITIES

Chair Ichiyama, Vice Chair Poepoe, and Members of the Committee:

The United Public Workers, AFSCME Local 646, AFL-CIO (“UPW”) is the exclusive bargaining representative for approximately 14,000 public employees, which includes blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health, and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties.

UPW **opposes** HB1919, which establishes a state boating facility lease pilot program within the Department of Land and Natural Resources (“DLNR”) to lease one state small boat harbor for private development, management, maintenance, and operation in a county with a population of less than 900,000. This measure also repeals provisions related to the leasing of fast lands and submerged lands of the Ala Wai boat harbor.

This bill provides the Land Board with the authority to lease the submerged lands of a state boating facility without the need for prior legislative authorization, via a concurrent resolution, by exempting the proposed pilot project from Section 171-60(a). UPW understands that this exemption may be necessary for DLNR’s Division of Boating and Ocean Recreation (“DOBOR”) to maintain facilities that have historically proven to be a burden for managing agencies, but we believe that this public-private partnership, and others like it, degrade the working rights of public workers.

While this bill does attempt to preserve the rights the impacted civil service positions, we fear that the success of such a pilot program will lead to the expansion of private-private partnerships for state boating facilities and the eventual loss of these types of positions in the future.

Mahalo for the opportunity to testify on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kalani Werner", is written over a light blue horizontal line.

Kalani Werner
State Director

HEADQUARTERS

1426 North School Street
Honolulu, Hawaii 96817-1914
Phone 808.847.2631

HAWAII

362 East Lanikaula Street
Hilo, Hawaii 96720-4336
Phone 808.961.3424

KAUAI

2970 Kele Street, Suite 213
Lihue, Hawaii 96766-1803
Phone 808.245.2412

MAUI

841 Kolu Street
Wailuku, Hawaii 96793-1436
Phone 808.244.0815

1.866.454.4166

Toll Free - Molokai/Lanai only

HB-1919

Submitted on: 1/30/2024 12:02:08 PM

Testimony for WAL on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kate Thompson	Kama'aina Boaters	Oppose	Written Testimony Only

Comments:

Testimony OPPOSING HB 1919, Relating to State Boating Facility Lease Pilot Program

Submitted to the House of Representatives on the Water and Land Committee.

Hearing to be held: Wednesday, February 1, 2023, 9:00 a.m. State Capitol & Videoconference Hearing

Dear Chair Ishiyama Representatives on the Water and Land Committee,

Please vote NO on the pilot study for a privatization, through Public Private Partnership, in a harbor area with a population less than 900,000.

This bill is ‘too mysterious’.

There are many questions yet to be answered about this bill by DLNR/DOBOR.

I strongly OPPOSE HB 1919 because it does not include the provision to maintain any public access, has not demonstrated public engagement, has not named the likely harbor to be considered.

DOBOR//DLNR reports the privatized harbors have been ‘successful’ and yet they are essentially ‘closed to the public’.

Ko'Olina Marina: has not accepted ‘over-night guest boats’ since the pandemic (2020). Parking near the harbor is limited to tenants of the harbor. Nearby Paid public parking is limited in number. The boat ramp has been essentially unavailable for most of the years Ko'Olina Marina has been there and now they are charging for trailer parking and have high insurance minimums, effectively excluding many local small power boat owners.

Keehi Marine Center: looks like Fort Knox with huge metal gates at the entrance and members of the public can not launch a personal kayak there, or enter to buy a bag of ice, or use the bathroom in the marina. The public can not access parking, paid or unpaid.

Amendment #1

If the House of Representatives **integrated a certain amount of public access, there would be more public support for a public-private partnership.**

For instance 1) public paid/or free Hawaii Resident parking, 2) a public use boat ramp at the side of the locked part of the harbor 3) public access mini-mart 4) free public access pump out station.

A minimum of 5% of the mooring slips must be available for visiting boats that can stay from 1-14 nights. These boats would need to prove insurance and would need to prove they have already cleared the DOBOR required vessel safety inspection. The 'visiting' out of state/country boat owner can pay for an inspection from the list of State approved boat owners (cost is about \$150.00 for this type of inspection and the clearance is good for 2 years).

Amendment #2

Lease only ONE Parcel or Lot at a time. For instance, a Fuel Dock area, or a large 'Portion of the Harbor' and the parking near those slips. The 'pilot group' could earn money from their portion of the harbor.

Another idea would be to fund with matching State CIP / 'Private Investor' funds, for a 20-35 year (limited, no future) lease.

Only the existing fast-lands and submerged land area should be used for a pilot project 'build'. If the developer wants to slip the Environmental Impact Statement (EIS). A certain amount of fast land disturbance is expected to improve existing docks. Using the land to build condos or a shopping center is different, and should require an Environmental Impact Statement.

In summary, both the Legislature and Public deserve bill language that specifically describes the goals of the pilot project that the private-company applicants would need to meet, such as 1) basic design revealed, 2) basic explanation of the environmental impact, and 3) a two community meetings, one before the RFP is posted and one before the decision is made and the applicant accepted.

In general, we know funds are already available in the Boating Special Fund for improvements and certainly some supplemental private funding, and good design plans and construction efficiency could be helpful but the source of the private money and the design needs to be forthcoming. The transactions and process needs to be transparent.

Instead of selling harbors by auction, or behind closed doors in a small selection committee, a harbor 'public-private partnership' should require specific ways the public will be involved in the vision plan and still have at least some guaranteed access to the harbor and in some cases, the nearby beaches.

We sincerely appreciate your efforts to make ensure that Hawaii Residents will be able to access the ocean.

Thank you for opportunity to submit this testimony of behalf of Kama'aina Boaters.

Mahalo,

Kate Thompson

katet@me.com

P.O. Box 342082, Kailua, Hawaii 96734



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Thirty-Second Legislature, State of Hawaii
House of Representatives
Committee on Water & Land

Testimony by
Hawaii Government Employees Association

February 1, 2024

H.B.1919 – Relating to State Boating Facilities

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO opposes the purpose and intent of H.B.1919, which establishes a state boating facility lease pilot program. The proposed bill would allow the Department of Land and Natural Resources to lease one small boat harbor in its entirety and allow a private partner under lease or contract for private development, management, maintenance, and operation.

The proposed privatization language of H.B.1919 is very broad and will likely displace career civil servants who currently operate these small boat harbors across the state. Additionally, the pilot project does not identify which small boat harbor will be impacted, rather it empowers the Board the exclusive authority to negotiate the private development, management, maintenance, and operation. From a policy perspective, we respectfully argue that the Legislature should maintain sole responsibility in determining which public assets should be privatized and should allow the public an opportunity to weigh in.

If the justification of this measure is to preserve coastal resources and provide a method of timely maintenance, then it would behoove the Legislature to provide more support to our employees and departments – not allow the Board to contract out these functions.

Thank you for the opportunity to testify in opposition of H.B.1919.

Respectfully submitted,


Randy Perreira
Executive Director

HB-1919

Submitted on: 1/31/2024 2:12:15 PM

Testimony for WAL on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
ROBERT DUERR	Albatross News	Oppose	Written Testimony Only

Comments:

Strongly Oppose. HB1919. Aloha Chair Ishiyama and Representatives on the Water and Land Committee.

HB1919 is once again a non-transparent and non-accountable effort by DOBOR and it's head Ed Underwood to privatize boating.

In 2004 DLNR tried to give harbor operations to the counties and in 2011 the Legislature amended language permitting it to lease harbor management by public auction, a request for proposals, or by direct negotiation via Act 197.

The Division of Boating and Ocean Recreation made shifting responsibilities to the private sector a key to its 2019 “Modernizing Ocean Recreation Management in Hawai`i Strategic Action Plan - 2019 Department of Land and Natural Resources Division of Boating and Ocean Recreation.”

Also in 2019 HB 1032 wanted to privatize Lanai’s only small boat harbor. Pulama Lanai, which manages and operates Larry Ellison’s 98% property interests on the Lanai, supported it. Governor Ige vetoed the bill because of lack of transparency.

Further it is DOBOR’s view that leases which can be up to 65 years are not subject to transparency or accountability because they are between a state agency and a private company. With a private public partnership for harbors DOBOR’s lack of transparency will be fixed and accountability will be beyond citizens, press or legislative overview.

What harbor does DOBOR want to privatize with HB1919? What are the terms and how will it affect Hawaii boating?

Why should legislators care? DOBOR’s botched Ala Wai harbor rental to the so called wedding chapel Honey Bee USA cost the Boating Special Fund and the state at least \$500,000 in lost payments.

Neither HB 1919 or DOBOR’s privatization of small boat harbors have been shared with boaters but privatization will have a direct effect on the Boating Special Fund.

Before selling off harbors. The Boating Special Fund needs a transparent accounting so that the legislators and the public can understand the state of boating in Hawaii.

Mahalo. Be Ocean Safe.

Robert Duerr

Albatross News

Senior Active Member Outdoor Writers of America Association



Cade Watanabe, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Eric W. Gill, Senior Vice-President

February 1, 2024

Committee on Water and Land
Representative Ichiyama, Chair
Representative Poepoe, Vice-Chair

Testimony in Opposition to HB1919

Chair Ichiyama, Vice Chair Poepoe and Members of the Committee,

UNITE HERE Local 5 represents 10,000 working people in the hotel, food service and health care industries across Hawaii.

We urge lawmakers to stop thinking that privatization deals, also referred to as Public Private Partnerships (PPP), are the de facto option when faced with challenging governance problems. Governments are not supposed to be profit-making enterprises. Citizens are public stakeholders, not consumers to be judged for their economic viability by private businesses. Local government should provide public spaces for public activities under the oversight of elected lawmakers.

We can only assume HB1919 is founded on the same general motivations as 2023's House Bill 1089 that looked to privatize the Ala Wai Boat Harbor.

While HB1919 doesn't explicitly state it seeks to privatize Ala Wai Harbor, and HB1919 as currently written would exclude Ala Wai (based on the bill's county-population threshold of less than nine hundred thousand people), we are wary of any future amendments that could bring the Ala Wai harbor back into HB1919's scope.

In our testimony to HB1089 in 2023, we highlighted shortcomings in the "*Modernizing Ocean Recreation Management in Hawaii Strategic Action Plan – 2019*" plan authored in 2019 by DLNR and DOBOR. That plan laid out a rationale for why certain interests wanted to privatize the Ala Wai. Our testimony raised concerns about the shortcomings of the arguments made for privatization of Hawaii boat harbors, in general. We stand by our testimony for HB1089 made in 2023.

We urge you to read our testimony on HB1089 in 2023 (attached here as Exhibit 1). Many of our argument there would apply to HB1919's attempts to privatize publicly owned and operated public boat harbors now in 2024.

We urge you to vote against HB 1919.

Thank you for your consideration.

Exhibit 1



Eric W. Gill, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Cade Watanabe, Senior Vice-President

March 17, 2023

Senate Committee on Water and Land (Monday, March 20, 2023, 1:05pm)

Senator Lorraine R. Inouye, Chair

Senator Brandon J.C. Elefante, Vice Chair

Testimony in opposition to HB1089_HD1

Chair Inouye, Vice Chair Elefante and Members of the Committee:

UNITE HERE Local 5 represents working people throughout Hawaii's hotel, food service and health care industries. We **strongly oppose the intent of HB1089** to privatize public harbors via Public Private Partnerships.

HB1089 is one of many examples of the trend among lawmakers to hand off public commons to for-profit companies. This faith in the "free market" is fundamentally misaligned with the function and intent of governance. We urge lawmakers to stop thinking that Public Private Partnerships (PPP) are the de facto option when faced with challenging governance problems. Governments are not supposed to be profit-making enterprises. Citizens are public stakeholders, not consumers to be judged for their economic viability by private businesses. Local government should provide public spaces for public activities under the oversight of elected lawmakers.

We assume the "*Modernizing Ocean Recreation Management in Hawaii Strategic Action Plan – 2019*"¹ (the "Plan") authored in 2019 by DLNR and DOBOR is the foundation for HB1089 since it lays out the desire to permanently privatize *all of* DOBORs small boat harbors. The Plan focused on the Ala Wai harbor as the primary target for PPP over any other harbor. It's clear HB1089's intent is to privatize the Ala Wai harbor as a first step and in isolation from other harbor privatizations. HB1089 calls for a twenty-year timeline that allows only "one" small boat harbor to be leased while at the same time deleting existing statutory language (HRS200-2.6) that limited leasable areas in Ala Wai harbor to only certain smaller parcels.

The Plan is flawed, and a critical analysis of its claims leads to the conclusion that **privatizing public harbors is not necessary or desirable**. The 24-page glossy document (averaging less than 240 words a page) contains repetitive rhetoric repeating the claim that a PPP will produce a promised result. The Plan provides no substance and the public has *not* shown it even wants that promised result. In 2019 Civil Beat reported on a vetoed harbor privatization bill and the State's other longtime efforts to offload harbor management². The Plan lacks guardrails, detail, context, objective metrics, statutory frameworks, financial context, guidelines, utilization data, investment expectations, and generally lacks convincing arguments for PPP.

HB1089 and its intent should not be passed because:

¹ https://dlnr.hawaii.gov/dobor/files/2019/09/DOBOR-Strategic-Plan-2019_webpost.pdf

² <https://www.civilbeat.org/2019/05/blindsided-by-a-last-minute-plan-to-privatize-lanais-small-boat-harbor/>

- It takes away the legislature's future discretion to approve or disapprove privatization actions (HB1089_HD1).
- Statewide, there are 20 small boat harbors in the DOBOR's care. The focus on privatizing the Ala Wai harbor is concerning for systemwide revenue if less desirable/profitable harbors will remain a State responsibility.
- It wrongly paints public agencies that are not "profitable" as a problem. Government provides services for taxpayers - its justification should not be based on its profit generation.
- It ignores or doesn't value the non-financial benefit of providing residents with ample free and paid public parking in Waikiki.
- The State wants to move away from boat harbor management to focus on "rule-making, oversight, enforcement, and safety education." Citizens may balk at the idea of agency staff doing more rule-making, oversight, and enforcement.
- There are other ways to address obstacles to harbor management.
- DOBOR is not the appropriate entity to manage multi-million or multi-billion dollar privatization deals.
- There are no guardrails to what kind of commercial development is allowed.
- This 20 year "pilot program" fails to account for context once a PPP is entered into. Many public land leases are 65 years. The Plan declared a goal of permanently privatizing all harbors. A 20-year pilot project privatization deal will presumably be extended into a multi-generational loss of public control over Ala Wai harbor.

The 2019 Plan is confusing and doesn't provide a convincing argument for PPP. To summarize its main issues, the Plan simply repeats the belief that PPP will solve perceived problems, but provides no real substantive details. The Plan conflates the lack of resources to manage State harbors in a *statewide context*. After demonstrating the Ala Wai harbor is a crown jewel in terms of profitability, it makes claims about how unprofitable harbors are and then calls for the privatization of Ala Wai harbor. Moreover, a lack of resources is an issue that can be solved without resorting to giving away public land and resources to private companies.

Considering the link between the 2019 Plan and HB1089, we would like to share some key problems with the Plan itself. Excerpts from the Plan are quoted below followed by our counter points:

- *"Although the Ala Wai stands out as the highest net income generating harbor, its earning potential remains untapped. Like other State harbors, the harbor itself underperforms in revenue; it is the parking revenues that account for Ala Wai Small Boat Harbor's comparative "success."* (Page 5)
 - o The State is literally admitting the Ala Wai is its best profit generator! Why does the State want to privatize the crown jewel of its portfolio?
- *"DOBOR's regulatory scope covers a wide range of ocean-related matters, from issuance of use permits for harbors and ocean recreation management areas to regulation of ocean activities, such as diving, kayaking, surfing, and jet skiing."* (Page 4)
 - o We don't believe the State's public harbor management role should be abandoned or "sold" to private interests.
- *"The Ala Wai Small Boat Harbor is just one example of a State small boat harbor that can be better managed in order to protect the resource sustainably and serve the people of Hawai'i. Situated near Ala Moana Center, a premier retail complex that draws 48 million shopping visitations annually, the Ala Wai should offer safe and aesthetically pleasing facilities. Yet, the harbor languishes in disrepair."* (Page 5)
 - o As noted, Ala Wai is its best performing harbor. There's no nexus as to why it should be redeveloped to complement the Ala Moana Shopping Center customer experience.

- Magic Island, Ala Moana Beach Park, Waikiki and Kapiolani Blvd surround the Ala Wai harbor. Why does the Plan compare a boat harbor with those world class destinations? Furthermore, the scope of re-development needed for the harbor to *successfully* compete with or complement those destinations should worry any stakeholder.
- *"Although harbor management represents just a single statutory mandate, it depletes a disproportionate share of DOBOR's personnel resources. Furthermore, investing substantial funds and staff into the harbors has not produced a commensurate return. Revenue generated by the harbors does not even begin to offset management and maintenance costs. For the past several years, harbor management as a whole operated at a net loss. In fiscal year (FY) 2018, for example, Hawai'i's small boat harbors incurred a net loss of nearly \$2 million while consuming 69% of staff resources"* (Page 7)
 - Again, government public services are not meant to provide high investment returns.
 - The State is not claiming Ala Wai harbor alone is losing \$2M a year; Ala Wai was its best profit generator.
 - The statistics from FY2018 conflate the profitable Ala Wai harbor with the DOBOR harbor program's *statewide* unprofitability.
 - A \$2 million single year deficit for 20 small boat harbors across all islands is not an unreasonable cost to provide such a significant public service.
 - It would be more informative to provide detailed financial analysis over five, ten or more years.
 - The "consumption" of 69% of staff resources for harbors should be taken in context. Boat harbors would necessarily require more manpower than managing something like a boat ramp (essentially a parking lot with a concrete ramp).
- *"In fact, over the past five years, an average of as much as 84.2% of staff resources were allocated towards harbor management."* (Page 7)
 - An objective analysis needs a more detailed breakdown of how work hours were allocated in the calculation of this statistic.
 - If HB1089 is to pass, which it shouldn't, we strongly support HB1089_HD1 amendments that protect good union jobs in the face of privatization. A missing piece of information is how many workers would be reassigned from the Ala Wai asset (and what percentage of department staff that'd constitute). And it needs to be said that there is no payroll cost savings, merely the reassignment of staff away from the Ala Wai.
- *FY2018 financial chart* (Page 8)
 - There are many issues with this chart.
 - Providing a single year snapshot of narrow financial data is insufficient data for analysis.
 - The single year loss of \$2M was for the statewide harbor program *as a whole* and not just the Ala Wai harbor. Again, Ala Wai was the State's best performing harbor.
 - A lot of budgetary context is missing. We need longer trends, financial information about DOBOR as a whole and by segments, explanation of expenses and cashflow, allocation of DOBOR expenses to harbors versus other segments, etc.
 - Isolating a segment that loses money in an agency as large as DLNR/DOBOR may not be appropriate.
 - If harbors are labor intensive, then it may require the most staff payroll. In comparison, boat ramps probably require less staff resources.
 - The chart metrics are confusing.
 - Is the chart exhaustive of *all* DOBOR segments' attributable profit and loss? Or is it a narrow, tailored snapshot?
 - The "non-harbor admin" profit sources are not explained. Presumably it is revenues generated by fees, licenses, fines, leases, etc. The same questions arise with the "ocean recreation" category.

- It's unclear why "non-harbor admin" is compared with "harbors", their titles seem like mutually exclusive segments.
 - Is it appropriate to break out and compare "boat harbors", "boat ramps", "ocean recreation" and "non-harbor administration" segments? They are not defined. Any inter-relationship or overlap is not explained.
 - What is "non-harbor admin" and how did it net \$2.5M in FY2018?
 - What is "ocean recreation" and how did it net \$540k in FY2018?
 - What is "boat ramps" and how did it net \$225k in FY2018?
 - Why does the chart use the terms "net revenue (+)" and "net revenue (-)" to describe what we assume is net income or loss? Are there material implications in the word selections?
 - Other than lease rent, profit is not going to be enjoyed by the State, it will be privatized profit. Failing to squeeze every last dime out of a public asset is not a reason to privatize.
- *"The management model that DOBOR inherited at its inception does not allow the division to fulfill its statutory mandates and meet its needs – it was and continues to be a system that shackles the division". (Page 9)*
 - There are many ways to help the State in its work, or to move the work to a more appropriate department, instead of defaulting to a PPP.
- *"The division is proposing to shift to public-private partnership small boat harbor management, moving staff away from day-to-day direct harbor management, allowing staff to prioritize the exclusive governmental functions of ocean recreation management, rulemaking, oversight, and enforcement." (Page 10)*
 - State agencies are best suited to actively manage public lands on behalf of voters.
- *"The State is underutilizing the opportunity to generate revenue from State-owned fast lands. Fast lands have immense commercial development potential to attract greater foot traffic in harbor areas and yield higher income to the State. Through this strategic plan, DOBOR can realize a more efficient management and development scheme that takes advantage of this opportunity." (Page 11)*
 - Again, the State is not a money-making venture. It should not pursue maximization of profit.
 - Ala Wai is a public boat harbor to serve boaters.
- *"DOBOR already has demonstrated the economic viability of the concept on a small scale with Waikīkī Yacht Club, Hawai'i Yacht Club, La Mariana Sailing Club and Ke'ehi Marine Center. These four operations pay DOBOR just under \$825,000 per year through long-term leases of fast lands, and manage their own boating operations on those lands". (Page 13)*
 - Private yacht clubs with monthly dues, minimum food and beverage spend requirement, rules, wait lists, sponsorship process, etc. is **not** something a public agency should promote. The \$825k paid in rent to the agency is money from local taxpayers (and visitors) who can afford private yacht club memberships. It's a form of taxation that segregates rich and poor ocean enthusiasts.
- *Moreover, because firms aim to increase their customer base, they are adept at making business decisions that satisfy consumer needs and can respond more quickly to change as needs arise. (Page 13)*
 - Ala Wai boat harbor is finite in size. It's not clear how any private partner will "expand" its "customer base" (boaters).
- *"At the time of the division's transfer from DOT to DLNR, there was approximately \$300 million dollars in deferred maintenance in the recreational small boat harbors, launch ramps, and other related facilities. Some progress has been made, but this list continues to grow as the facilities age." (Page 4)*

- The DOT to DLNR transfer took place about thirty years ago in 1991 (Session Act 272). If the *statewide* deferred maintenance was \$300M then, what is the more recent figures and the figures for Ala Wai?

We do not think the bill should be passed but we can propose one mitigatory amendment to improve community benefit. A PPP deal should provide the State with percentage rent in addition to base rent. If maximizing profit is justification for a PPP, then a percentage rent system allows the State to actually directly benefit from the profit generated from the public property.

UNITE HERE Local 5 **strongly opposes the intent of HB1089** to privatize public harbors via public private partnerships. Thank you for your attention to this matter.

Douglas Meller
2615 Aaliamanu Place
Honolulu, Hawaii 96813
douglasmeller@gmail.com

**Testimony Requesting Amendment of HB 1919
Relating to State Boating Facilities**

Submitted to House Committee on Water and Land
Thursday, February 1, 2024, 9 am, State Capitol Room 430 & Videoconference Hearing

Please amend HB 1919 to require that:

Any lease of fast lands and submerged lands of the Ala Wai boat harbor shall provide for the maintenance of at least three hundred public parking stalls at no cost for recreational ocean access and for the practice of traditional and customary Native Hawaiian rights.

Free public parking in Ala Wai Harbor was substantially reduced in 2008. The State should retain the existing 300 free parking stalls. It's simply wrong to allow private lessees, concessions, or contractors to charge fees for Hawaii residents to park on public property to use the beach, swim, fish, or surf. Public parking lots which Hawaii residents use for recreational ocean access should be maintained with public general funds and managed like a kind of park facility.

Future Oahu residents should be guaranteed the same recreational ocean access that I had. I am 76. I have parked at Ala Wai Harbor for access to Waikiki Beach and surf spots for 60 years. Before we had kids my wife and I owned a 23' trimaran daysailer moored in a slip at Ala Wai Harbor. None of our relatives and friends would have spent the day sailing with us if they had to pay substantial parking fees or risked a parking citation and having their car towed.

HB-1919

Submitted on: 1/30/2024 4:47:10 PM

Testimony for WAL on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
James E. Coon	Individual	Oppose	In Person

Comments:

Small Boat Harbors are the public's access to the ocean and should remain under State of Hawaii Control.

HB-1919

Submitted on: 1/30/2024 6:35:01 PM

Testimony for WAL on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicholas gambino	Individual	Oppose	Written Testimony Only

Comments:

No comments

HB-1919

Submitted on: 1/30/2024 8:25:45 PM

Testimony for WAL on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Tim Honderick	Individual	Support	In Person

Comments:

I support this bill. It is a good bill.

HB-1919

Submitted on: 1/31/2024 3:24:06 AM

Testimony for WAL on 2/1/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Lisa Hatzenbuhler	Individual	Oppose	Written Testimony Only

Comments:

I oppose this bill

**Testimony of
SCOTT F. ALLEN**

**Before the House Committee on
Water and Land**

**Thursday, February 1, 2024
9:00 A.M.**

State Capitol, Conference Room 430

**In consideration of
HOUSE BILL 1919
RELATING TO STATE BOATING FACILITIES**

I work as an economic planner at the State Office of Planning and Sustainable Development. I have a Master's Degree in Urban and Regional Planning and am a current PhD student at UH Manoa. As a resident of Hawaii's harbor system with a deep knowledge of regional systems, I **strongly oppose HB 1919** due to *numerous unanswered questions regarding the potential negative impacts to both our state harbors and their associated communities*. In this testimony I speak to a few of those questions.

My first questions are related to the impact of leasing submerged lands at the harbor on the special boating fund. From previous communication and interactions with DOBOR Administration, I am under the impression that:

1. The special boating fund is not harbor specific—mooring fees collected from across the state may be allocated to improvements at any harbor in the harbor system rather than just to the harbor generating the funds; and
2. Out of all the harbors under DOBOR's management, the Ala Wai Small Boat Harbor (AWSBH) generates the most revenue for the special boating fund.

If these two statements are true, leasing the submerged lands at Ala Wai to a private entity would seem to drastically reduce the funds the state can access to maintain all the harbors. To this regard, I ask: *what is the impact of privatizing AWSBH on the special boating fund? What, in turn, does this mean for the maintenance of other harbors across the state that continues to be deferred?* For my own harbor, Keehi, this deferred maintenance already totals close to \$19 million dollars and the piers haven't been ADA accessible in over a decade due to a decaying parking lot that floods with up to 16 inches of seawater during summer high tides.

My next questions relate to equity. Urban Planners across the nation have become increasingly aware of the role of gentrification in displacing residents who would otherwise have stable housing. For those at Ala Wai Small Boat Harbor who were able to weather the rate hikes to

their liveaboard permits during the state's moratorium on evictions, the harbor simultaneously provides a place of recreation and housing. Our Governor stated that *"as long as we are in a housing crisis, we will treat it like an emergency."* As private developers transform the Ala Wai Small Boat Harbor into a "Pearl in the Pacific," *what can we do as a state to ensure those who call the harbor home are not displaced, adding to our housing crisis?* Strategies to protect residents of our harbors should be established before they are forced to abandon their homes, as so many were forced to during the pandemic.

Finally, I present an alternative that seems to resonate both with the need for change in management regime, as well as public sentiment. Rather than seeking to privatize another harbor in the state, I would ask that you look to the Port of Seattle for inspiration. In 1911, Seattle established a regional, special purpose government to oversee all commercial ports, recreational harbors, and airports within the region. This keeps the management of public assets accountable to Seattle's citizenry and preserves their voice in the process. As they state in Goal 6 of their Strategic Objectives, they seek to "be a highly effective public agency." This is in stark contrast to DOBOR's strategic vision of privatizing public assets.

Mahalo for the opportunity to provide testimony in opposition of this bill.