

**HOUSE COMMITTEE ON FINANCE
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 2008

Program Structure Number: 11 03 07 01
Program I.D. and Title: LNR 101 - Public Lands Management

I. Introduction

A. Summary Of Program Objectives

1. To ensure the effective and efficient use of public lands in ways that will fulfill the public land trust obligations and promote the sustained social, environmental and economical well-being of Hawaii's people, including planning for the use of and developing State lands, leasing lands for agricultural, commercial, industrial and resort purposes, issuing revocable permits and easements, taking inventory of and managing public lands, and ensuring the availability of lands for public purposes. (Chapter 171, Hawaii Revised Statutes)
2. To conserve, protect, and preserve important natural resources of the state through appropriate management and to promote their long-term sustainability and the public health, safety and welfare through regulation and enforcement of land use laws under Chapter 183C, Hawaii Revised Statutes; and protect and restore sandy beaches around the state through improving planning and early identification of coastal hazards, as well as through beach restoration and avoidance of coastal hazards.

B. Description Of Program Objectives

1. The Land Division is responsible for overseeing approximately 1.3 million acres of public lands. The large majority of these lands comprise the Public Land Trust, or lands that were ceded to the United States by the Republic and returned upon admission as a state. Use of Public Land Trust lands are guided by the following five purposes as defined in the Admission Act: (1) the support of the public schools and other public educational institutions; (2) the betterment of the conditions of native Hawaiians; (3) the development of farm and home ownership; (4) the making of public improvements; and (5) the provision of lands for public use.

The Land Division generates revenues through sales, leases, month-to-month

permits, land and water licenses, easements and other dispositions. Twenty percent of revenues generated from Public Land Trust lands have been transferred to the Office of Hawaiian Affairs while the majority of the remaining funds go into the general fund.

The Land Division ensures that lands are available for public uses by government agencies for a variety of public purposes, including schools, parks, forests, roads and highways, public works, hospitals, harbors and airports.

A major program area funded by the Land Division is the regulation and enforcement of land use laws in the State Land Use Conservation District through the Office of Conservation and Coastal Lands (OCCL). The OCCL is responsible for overseeing approximately 2 million acres of private and public lands that lie within the State Land Use Conservation District. In addition to privately and publicly zoned Conservation District lands, OCCL is responsible for overseeing beach and submerged lands out to the seaward extent of the State's jurisdiction.

The use of Conservation District lands is regulated by Chapter 13-5, Hawaii Administrative Rules (HAR), "Conservation District" and Chapter 183C, Hawaii Revised Statutes (HRS). These rules and regulations identify land uses that require Conservation District use Permits (CDUP) as well as impose fines for violations within the district. The potential uses of Conservation District lands are numerous. During the past few years, OCCL has processed CDUP's for open ocean aquaculture projects, telescopes on top of Mauna Kea, major power line projects on scenic ridges, and telecommunication facilities.

The OCCL is a small office with multiple functions, such as: permit processing, prosecution of land use violations, resolution of shoreline encroachments, implementation of beach restoration projects (i.e. Waikiki Beach Improvements), and administration of contested cases. The OCCL provides information to landowners, decision makers and the general public regarding Conservation District matters. The OCCL provides direction and guidance on a wide variety of coastal issues. This includes response to coastal erosion, coastal development setbacks, and beach nourishment. Additionally, OCCL is partnering with the University of Hawaii, Sea Grant Program, U.S. National Oceanic and Atmospheric Administration (NOAA), and the Coastal Zone Management Program to publish the Coastal Hazard Mitigation Guidebook.

2. For FY 2008-2009, the Division seeks an increase in the spending ceiling for the Special Land Development Fund by \$120,000 to purchase replacement vehicles. The Land Maintenance Crew supports the Land Division and the

crew needs a one-ton crew cab pick-up truck for land maintenance related tasks. The Maui District Land Office needs a pick-up truck for land maintenance related tasks such as inspecting State owned lands, streams and ditches on the island of Maui and a passenger vehicle for site inspections of Maui leases, permits and encumbrances.

C. Explanation Of How The Program Intends To Meet Its Objectives Within The Upcoming Supplemental Year

1. The Division activities for achieving its objectives include:

Disposition of State lands through fee sale, lease, permit, grant of easement, license, executive order or other types of dispositions. Issuance of leases and permits for agricultural, commercial, industrial, residential, eleemosynary and resort uses.

Acquisition of private lands and lands owned by other government entities that are required by the State agencies, through negotiation, condemnation or land exchange. Such lands will then be set aside to those government agencies requiring them.

Administration of leases and permits. Functions include conducting site inspections, processing lessee requests for consents to mortgages or assignments, and the ongoing enforcement of lease terms and conditions to ensure rent, insurance, performance bond and other lease requirements are met in a full and timely manner.

Property management of unencumbered State lands. Functions include responding to and addressing complaints by the public and conducting land maintenance activities (e.g. clearing stream mouths, cutting trees, towing abandoned vehicles, and cleaning illegal dumps).

Provide technical services for the public and other government agencies. The Land Division maintains a comprehensive inventory of all State-owned, public lands and also serves as a repository of all land documents dating back to the "Great Mahele" of 1848. The Division also provides abstracting and appraisal services and advice to other State agencies. The Division is also responsible for processing shoreline certifications for coastal properties.

Pursue planning and development initiatives on public lands. Such proactive measures ensure more effective and efficient use of public lands to fulfill our trust obligations, promotes economic activity in Hawaii, and eases the tax burden on the general public by facilitating self-sustaining revenue generation for the division.

Regulation and enforcement of land use laws in the State Land Use Conservation District to ensure the protection of natural resources in this District. The Office of Conservation and Coastal Lands processes Conservation District Use Applications, investigates violations, monitors permits, process contested case hearings, conduct rule amendments, perform beach restoration projects, shoreline certification services, provide remedial erosion solutions and develop shoreline development polices.

Strict compliance with 180-day processing period limits for CDUAs, completion of administrative rule amendments to streamline and improve regulatory processes, formulation of cost sharing agreements for beach restoration, prosecution of enforcement actions for unauthorized land uses in the conservation district, continuation of site visits to complete shoreline certifications, and development of additional education materials, plans and policies to deal with the effects of sea level rise and coastal hazards.

II. Program Performance Results

A. Discuss The Program Performance Results Achieved In FY 2007

1. In FY 2007, the Land Division generated approximately \$16 million in revenues. The Division also completed 2 land acquisitions for public uses, issued 32 set asides to government agencies, maintained delinquent accounts of 4.0% of total accounts, and conducted 199 inspections of State land. In FY 2006, the Division generated about \$16 million in revenues, made 4 land acquisitions, issued 44 set asides, maintained delinquent accounts of 4.5% of total accounts, and conducted 513 inspections of State land.
2. In FY 2007, OCCL processed over 80 Conservation District Use Applications, 80 violations, nearly 300 correspondences, and 50 Site Plan Approvals. OCCL conducted 117 site visits for shoreline certifications and acted with DAGS and Land Division in certifying 99 shorelines. OCCL completed 3 rules amendments and 15 shoreline encroachments. Through FY '06, OCCL conducted statewide workshops on two separate occasions, completed and distributed publications regarding shoreline hazards and improved shoreline management, and maintained data recovery efforts to study shoreline erosion rates.

B. Explanation Of How These Performance Results Relate To Program's Objectives And Department's Mission

1. The Land Division is responsible for ensuring the effective and efficient use and management of public lands in ways that will fulfill the public land trust obligations and promote the sustained social, environmental and economical well-being of Hawaii's people. The objectives established measure how well

the Division is performing these management responsibilities.

C. Explain How The Effectiveness Of The Program Is Measured (i.e.: Outcomes, Measures Of Effectiveness, Benchmarks, etc.) And Discuss The Performance Results Achieved During The Past Two Years

1. Outcome objectives have been set for the performance of land management districts, including maintaining no more than a 5% delinquency rate on rent collection, performing annual inspections of encumbered State lands, ensuring timely enforcement of all lease requirements (including insurance, performance bond, rental reopenings, etc.) and processing of disposition requests.
2. Number of CDUA's processed within 180-day processing period and number of CDUAs processed within 120-days.

D. Discuss Actions Taken By Each Program To Improve Its Performance Results

1. Over the past several years, the Land Division has taken actions to completely revamp the way business is conducted. A primary focus has been on improving fundamental management practices. In response to findings by the Legislative Auditor, major initiatives have been completed over the past few years to improve records management. The Division's first procedures manual was developed and is available on the Division's network in electronic form for easy access by staff. Land Board submittals, correspondence and various forms used in the processing of land dispositions have been standardized and are also available on the network as templates.

Another major area of focus was the use of technology to streamline and improve the Land Division's operations. Starting in 1999, the Land Division planned, designed and implemented the new State Land Information Management System (SLIMS). SLIMS integrates the three major functionalities: accounts receivable, land inventory, and property/lease management. For the first time in the management of Hawaii's public lands, staff can instantly query the system for information on a particular lease or land parcel. Future plans include incorporating GIS, web-based access and other related capabilities.

The Land Division has established a planning and development function to more proactively develop underutilized public lands, to examine highest and best uses and to generate additional revenues to the State. In the past, the Division was reactive in its management of public lands, being driven by requests received from various parties, mostly government agencies. The planning and development component allows the Division to more

proactively fulfill its trust obligations. The Division has been pursuing activities to develop lands for industrial parks and mixed-use projects and to rezone lands to be able to lease them out at a higher use.

E. Identify All Modifications To The Program's Performance Measures And Discuss The Rationale For These Modifications

1. "Amount of total revenues generated" was added as a measure of effectiveness. While revenues to the Office of Hawaiian Affairs and the Department of Hawaiian Home Lands were reflected as performance measures, there was no measure representing total revenues. The Department added this measure to recognize all revenues generated by the Land Division.

III. Problems and Issues

A. Discuss Any Problems And Issues Encountered By The Program

None.

B. Program Change Recommendations To Remedy Problems

None.

C. Identify Any Program Issues Or Problems That Have Affected Or Will Affect The Implementation Of The Program And The Corrective Measures Or Remedies Established Or Planned

None.

IV. Expenditures for FY 2008

	Appropriation Act 213/2007 <u>FY 2007-08</u>	Collective <u>Bargaining</u>	Transfer In <u>Transfer (Out)</u>	Governor's <u>Restrictions</u>	Estimated Total <u>Expenditure</u>
(Pos. Count)					
Personal Services	(51.00)				(51.00)
	3,233,607	97,890	0		3,331,497
Current Expenses	8,173,632	0	0	0	8,173,632
Equipment	109,700	0	0	0	109,700

Motor Vehicles	70,000	0	0	0	70,000
(Pos. Count)	(51.00)				(51.00)
Total	11,586,939	97,890	0	0	11,684,829
Less:					
(Pos. Count)	(51.00)				(51.00)
Special Funds	11,512,831	97,890	0	0	11,610,721
(Pos. Count)	(0.00)				(0.00)
Federal Funds	74,108	0	0	0	74,108
(Pos. Count)	(0.00)				(0.00)
General Funds	0	0	0	0	0
	11,586,939	97,890	0	0	11,684,829

A. Explain Of All Transfers Within The Program I.D. And Its Impact On The Program

None.

B. Explain Of All Transfers Between Program I.D. And The Impact To The Program

None

C. Explain Any Restrictions And Their Impact On The Program

None.

V. Supplemental Budget Requests For FY 2009

	<u>Appropriation Act 213/2007 FY 2008-2009</u>	<u>Budget Adjustment FY 2008-2009</u>	<u>Supplement Requests FY 2008-2009</u>
(Pos. Count)	(51.00)		(51.00)
Personal Services	3,331,497		3,331,497
Current Expenses	8,173,632		8,173,632
Equipment	109,700		109,700

Motor Vehicles	35,000	120,000	155,000
(Pos. Count)	(51.00)	(51.00)	(51.00)
Total Requirements	11,649,829	120,000	11,769,829
Less:			
(Pos. Count)	(51.00)		(51.00)
Special Funds	11,575,721	120,000	11,695,721
(Pos. Count)	(0.00)		(0.00)
Federal Funds	74,108		748,108
(Pos. Count)	(0.00)	(0.00)	(0.00)
General Funds	0	0	0
	(51.00)		(51.00)
	11,649,829		11,769,829

A. Workload Or Program Request (Description of the request, reasons for the request, and desired outcomes or objectives to be accomplished by proposed program. Listing/description of positions requested, and funding requirements by cost category and source of funding. For all lump sum requests, please provide a detailed breakout indicating specific purposes for all planned expenditures.)

1. FY 2008-2009 increase the spending ceiling for the Special Land Development Fund by \$120,000 to purchase replacement vehicles. The Land Maintenance Crew supports the Land Division. A one-ton crew cab pick-up truck is needed for land maintenance related tasks. The Maui District Land Office inspects State owned lands, streams and ditches on the island of Maui. A pick-up truck is needed for land maintenance related tasks and a passenger vehicle is needed for site inspections of Maui leases, permits and encumbrances.

B. For All Position Count Reductions, Please Specify Whether The Positions Were Filled Or Vacant

None.

VI. Program Restrictions (Identify Restrictions Carried Over From FY 2008 As Well As Additional Reductions Due To Department Of Budget and Finance's Budget Ceiling For FY 2009. If no reduction is being proposed, please indicate 'none'.)

None.

VII. Capital Improvement Projects Requests For FY 2009 (CIP data for all projects within the agency being heard shall be combined into a single appendix in the department's testimony. If no request is being made, please indicate 'none'.)

A. Project Title And Description

Dam Assessments, Maintenance and Remediation, Statewide. This project will perform plans, design and construction for assessments, maintenance and remediation work of ten (10) regulated dams under the jurisdiction of the Department.

B. Financial Requirements By Project Phase And Means Of Financing

In FY 2008, \$1,140,000 is for plans, \$2,540,000 is for design and \$50,000 is for construction. In FY 2009, \$16,800,000 is for construction. The program is unable to implement the project under current MOF B funds. Reauthorization with MOF C funds is needed.

C. Explanation And Scope Of Project

This project will address the needs of ten (10) regulated dams under the jurisdiction of the Department. Tasks include: (1) assessments (hydraulic, stability/seepage and seismic analyses, and the preparation of Emergency Action Plans), (2) initial annual maintenance of non-leased dams, and (3) remediation (design and construction of requirement improvements, which may include new outlet and/or spillway structure, embankment modification, vegetation removal, spillway repairs or new catwalk).

D. Justification For The Project

This project will correct deficiencies in the dams under the jurisdiction of the Department and bring them up to current standards. The breach of Kaloko Dam with its consequent loss of lives and property damage draws attention to the critical need for activities to address dam safety. If deferred, public safety may be compromised.

E. For All Lump Sum Requests, Please Provide A Specific Breakout Detailing Specific Projects For All Planned Expenditures

In FY 2008, \$1,140,000 is for plans, \$2,540,000 is for design and \$50,000 is for construction. In FY 2009, \$16,800,000 is for construction.

F. Senate And House District(s) For The Project

VIII. Proposed Lapses Of Capital Improvement Program Projects (Any CIP project identified for lapse shall include the following: project title, act and year of project appropriation, amount requested for lapse and means of financing, and justification for lapse of the project. If no lapses are being proposed, please indicate 'none.')

None.