

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

January 2008

Program Structure Number: 01 06

Program I.D. and Title: LNR 141 - Water and Land Development

1. Introduction

a. Summary of Program Objectives

To promote economic development and enhance public welfare by developing water supplies and State-owned lands.

b. Description of Program Objectives

- 1) Conduct master planning, engineering, economic and feasibility studies for the development and utilization of the State's current and future water resources.
- 2) Plan and program water and land development Capital Improvement Program projects, including budgeting, scheduling and management of project activities.
- 3) Plan, design and construct authorized and funded water and land projects, including the preparation of environmental assessments and/or statements and applications for permits.
- 4) Provide design, construction and other engineering services to divisions and offices within the department and to other State agencies.
- 5) Investigate and promote the development and use of alternative sources of water supply, including methods to augment and conserve the resource.
- 6) Provide administrative support for the Soil and Water Conservation District program.
- 7) Provide for management of geothermal and other mineral resources.

c. How the Program Intends to Meet Its Objectives in the Upcoming Fiscal Year

The program will continue its water and land development activities through the implementation and execution of authorized projects, coordination of water and land needs of various State agencies' projects to determine further development

requirements, and continue to provide engineering assistance to other State departments and departmental programs for the implementation and execution of their projects.

2. Program Performance Results

a. Performance Results Achieved in FY 2007

Performance measures reflect completion of authorized funded projects. A decline in funding of water projects reduced the effectiveness of this program, as it takes several years from project inception to the availability of water credits, that is, assuming funding continues from the exploratory through the development phases. The ceded land issue and/or lack of State land in areas where water is present or easily developable has delayed some projects.

b. How These Results Relate to the Program's Objectives of the Department's Mission

The protection and preservation of the State's environment and natural resources are accomplished through sound management practices.

c. How the Effectiveness of the Program is Measured and Performance Results Achieved During the Past Two Years

Performance measures used are the quantity of water (surface, ground or alternative source) or lands developed to support State projects or promote economic development, and the completion of authorized funded CIP, operating and/or repair and maintenance projects for other departmental programs. Continuous funding for water and land projects would result in the availability of water credits upon completion of the development phase of each project.

d. Actions Taken by the Program to Improve Performance Results

This program promotes partnerships and cost sharing in the development of water projects to meet the goals of otherwise competing entities. The program maintains contact with the various State departments in order to anticipate their water needs and coordinates with the various county water departments.

The program has reduced the backlog for the provision of engineering services for CIP, operating, maintenance and/or repair project through the development of a project management tracking system and clearly defined results to be provided by user divisions or agencies.

e. Modifications to Program's Performance Measures and Rationale for These Modifications

None

### 3. Problems and Issues

#### a. Discussion of Problems or Issues Encountered

Change in Water Credit Policy on Oahu – The Honolulu Board of Water Supply (BWS) has discontinued its policy in which the State is treated like a large developer and must develop water sources to meet the needs of its projects. The consequence of this policy change is that State projects requiring water service must budget for full Water System Facility Charges for Resource Development to be paid to BWS.

Water for State-Sponsored Projects on Other Islands - The program is continuing its water development activities and its search for new water sources in order to fulfill the water needs of State-sponsored projects. The program maintains contact with the various State departments in order to anticipate its water needs and assists in coordination with the various county water departments.

Coordinated Water System Development - The program promotes partnerships and cost sharing in the development of water projects to meet the goals of otherwise competing entities. One example of this is the Memorandum of Understanding (MOU) for water development and water system improvements to support State projects in North Kona between DLNR, Housing and Community Development Corporation of Hawaii, Department of Transportation (Airports and Highways Divisions), Department of Agriculture, Natural Energy Laboratory of Hawaii Authority, University of Hawaii, and the Hawaii County Department of Water Supply. The program is currently seeking funding for the next phase of projects.

#### b. Program Change Recommendation to Remedy Problems

The program will work with the various State agencies with projects on Oahu regarding the BWS' policy change to ensure that adequate funds are budgeted within their individual projects.

Water source and system development requires lead time of several years. Thus, when needs are determined, it is vital that water Capital Improvement Program projects be steadily funded and obtained as early as possible.

#### c. Program Issues or Problems that have Affected or Will Affect the Implementation of the Program, and Corrective Measures or Remedies Established or Planned

Change in Water Credit Policy on Oahu – The Honolulu Board of Water Supply (BWS) has discontinued its policy in which the State is treated like a large developer and must develop water sources to meet the needs of its projects. The consequence of this policy change is that State projects requiring water service must budget for Water System Facility Charges for Resource Development to be paid to BWS.

IV. Projected Expenditures for Fiscal Year 2008

	<u>Appropriation Act 213/07 FY 2007 - 2008</u>	<u>Collective Bargaining</u>	<u>Transfer In/(Out)</u>	<u>Governor's Restrictions</u>	<u>Estimated Total Expenditure</u>
(Pos. Count)	(5.00)				(5.00)
Personal Services	486,159	12,158	0	0	498,317
Current Expenses	403,260	0	0	0	403,260
Equipment	6,000	0	0	0	6,000
Motor Vehicles	0	0	0	0	0
(Pos. Count)	(5.00)				(5.00)
Total	895,419	12,158	0	0	907,577
LESS:					
(Pos. Count)	(2.00)				(2.00)
Special Funds	402,560	5,350	0	0	407,910
(Pos. Count)	(0.00)				(0.00)
Federal Funds	0	0	0	0	0
(Pos. Count)	(0.00)				(0.00)
Revolving Funds 1/	119,104	0	0	0	119,104
(Pos. Count)	(3.00)				(3.00)
General Funds	373,755	6,808	0	0	380,563

1/ Vacation and Sick Leave Account for Departmental CIP Project-funded staff.

a. Explain all Transfers Within the Program I.D. and their Impact on the Program.

None

b. Explain all Transfers Within or Between Program I.D.s and their Impact on the Program

None

c. Explain Restrictions and their Impact on the Program

None

5. Supplemental Budget Request for FY 2008 - 2009

	Appropriation Act 213/07 <u>FY 2008-2009</u>	Budget Adjustment <u>FY 2008-2009</u>	Supplemental Request <u>FY 2008-2009</u>
(Pos. Count)	(6.00)		(6.00)
Personal Services	524,633	0	524,633
Current Expenses	326,260	0	326,260
Equipment	2,000	0	2,000
Motor Vehicles	0	0	0
(Pos. Count)	(6.00)	(0.00)	(6.00)
Total Requirements	852,893		852,893
Less:			
(Pos. Count)	(3.00)	(0.00)	(3.00)
Special Funds	434,000	0	434,000
(Pos. Count)	(0.00)	(0.00)	(0.00)
Federal Funds	0	0	0
(Pos. Count)	(0.00)	(0.00)	(0.00)
Revolving Funds 1/	119,104	0	119,104
(Pos. Count)	(3.00)	(0.00)	(3.00)
General Funds	299,789	0	299,789

1/ Vacation and Sick Leave Account for all departmental CIP Project-funded employees.

a. Workload or Program Request

i. Description of Request, Reason for Request, Desired Outcomes or Objectives to be Accomplished

None

ii. Listing/Description of Positions Requested, Funding Requirements by Cost Category and Source of Funding

None

iii. For Lump Sum Requests, Provide Detailed Breakout Indication Specific Purposes for All Planned Expenditures

None

b. For Position Count Reductions, Specify as New, Filled or Vacant

None

6. Program Restrictions

Restrictions carried over from FY 2008, as well as additional reductions due to the Department of Budget and Finance's budget ceiling for FY 2009.

None at this time

7. Capital Improvement Requests for FY 2009

See Appendix A

8. Proposed Lapses of Capital Improvements Program Projects

Project Title - North Kona Water System Improvements, Hawaii

Act 213, SLH 2007, Item A-12

Amount for Lapse - \$2,905,000, MOF U

Justification for Lapsing – Unable to implement project using this Means of Financing