

LINDA LINGLE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

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CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

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FIRST DEPUTY

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
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HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**TESTIMONY OF THE CHAIRPERSON
OF THE BOARD OF LAND AND NATURAL RESOURCES**

On House Bill 3345 - Relating To Boating Facilities At Keehi Lagoon

**BEFORE THE HOUSE COMMITTEE ON
WATER, LAND, OCEAN RESOURCES & HAWAIIAN AFFAIRS**

February 08, 2008

House Bill 3345 appropriates \$4,889,400 to the Department of Land and Natural Resources (Department) for plans and construction for the establishment of pier, bulkhead, and other facilities at Keehi Lagoon to accommodate the relocation of boat repair facilities from Kewalo Basin. The Department has concerns with the budgetary implications this bill will have on the Executive Supplemental Budget request and the prudence of expending \$4,889,400 in state funds to relocate a private enterprise.

While the Department understands that this bill was introduced to accommodate the relocation of Honolulu Marine, Inc. (HMI), DBA Kewalo Shipyard, from Kewalo Basin to the Keehi Small Boat Harbor, the Department however has not been able to substantiate the trigger for the relocation. In the meantime, the Department has, at the request of HMI, issued a right of entry for the purpose of conducting preliminary inspections of the site and is preparing to enter into a revocable permit in order for HMI to begin relocating equipment, supplies, and building infrastructure to support the operation. Lastly, in light of HMI still having tenure on their existing lease agreement, perhaps the entity or entities desiring the relocation from Kewalo Basin should be responsible for the relocation costs.

Phone (808) 591-8300
Fax (808) 589-2609

Scott H. Dunn
770 Kapiolani Blvd., Suite 505
Honolulu, Hawaii 96813

TRANSMITTAL

(808) 586-6501
TO: House Sergeant at Arms

FROM: Scott H. Dunn/HMLLC

Attached: Testimony relating to hb 3345 (House Committée WLH Friday, 02/8/08 at 8:30 pm in room 312). Should you have any questions please contact me at 358-8300.
Thank You.

RECEIVED
2008 FEB -7 A 10:59
SERGEANT-AT-ARMS
HOUSE OF
REPRESENTATIVES

Charles Pires
Honolulu Marine, LLC

February 7, 2008

Representative Ken Ito, Chair
Representative Jon Riki Karamatsu, Vice Chair
Committee on Water, Land and Ocean Resources and Hawaiian Affairs

DATE: 02/08/08
TIME: 8:30AM
PLACE: CONFERENCE ROOM 312

TESTIMONY ON HOUSE BILL 3345 RELATING TO
BOATING FACILITIES KEEHI LAGOON

My name is Charles Pires and I am testifying in favor of and ask for support on HB 3345 on behalf of Honolulu Marine. I am the Owner and President Honolulu Marine. HB 3345 appropriates \$4,889,400 of the State General Funds to assist in relocating Honolulu Marine from Kewalo Basin to the designated site at Keehi Lagoon.

The Shipyard at Kewalo has been a fixture in the island economy for almost 100 years. During its early years, the shipyard supported the local commercial fishing fleet and expanded into government contracting. Honolulu Marine obtained the lease for the facility in 1984 from Castle and Cooke Inc. at which time we made substantial improvements to increase the workload capacity and labor force. While we maintained the core business of servicing the commercial fishing fleet, we also aggressively pursued other commercial and government contracts. During this time, we experienced the transition from wooden vessels to vessels constructed of other materials such as steel, aluminum, and fiberglass. With the changes in the industry we retooled and retrained our workforce to accommodate the new construction techniques.

Additional challenges followed the 91' gulf war, 911, and increased homeland security demands that created unimaginable paradigm shifts in the industry; however with

innovation, foresight, retooling and retraining, we once again managed to discover a new opportunity. This challenge was new construction of vessels. With the aid of digital computer design and cutting, material could be ordered from the mainland ready for assembly. Not an easy task, we traveled the country learning the process, equipment, and skills required to be successful. The learning curve proved to be intense as we proceeded with our new venture. Our skill level improved and we become a competitive player in the market place. At the 2006 International Work Boat Show in New Orleans, two of our vessels were promoted as state of the art by separate vendors. We have been able to accomplish this remarkable success story without requiring funding assistance from any state or federal agency.

The proposed site at Keehi Lagoon is a raw, unimproved vacant lot. The development cost of the property is substantial and we have already invested a significant amount of money towards our relocation. For example, we have already undertaken a \$3,000,000 project to build a new floating dry-dock to be used at the new facility. Attached is a direct comparison of the characteristics of the current facility as compared to the relocation site. Although the Keehi Lagoon site is smaller in most areas we believe with a managed layout of the parcel it would be adequate for our needs.

Honolulu Marine, along with its sister company P&R Water Taxi, employs a shipyard staff of up to 70 personnel involved in the maintenance and repairs of various sized vessels. We currently average 1.5 to 3 million dollars per year in new construction orders. Prospects for future maintenance and repair work remains strong at the 2 million dollar mark and new construction orders should increase to the 3 to 4 million dollar range in 2008. Due to the shortage of the type vessels we are building the forecast should remain steady for the future.

The requirement for repair of government ships cycles with world events such as

the present gulf war. As the current threat in the area diminishes and the operational tempo of the ships is reduced, the flood gate will open with an enormous amount of required repairs. We were witness to this deluge of work after the 91' gulf conflict. As a displaced tenet relocation timing is critical in order for us to participate in the rare work opportunity that will be ten's of millions of dollars.

We support the passage of HB 3345.

	Kewalo	Keehi
Fast Land Area	103,597 sq. ft.	74,400 sq. ft.
Sub Land Area	33,616 sq. ft.	20,800 sq. ft.
Paved Area Concrete	73,300 sq. ft.	74,400 sq. ft.
Bulkhead Pier	350 ft.	None
Finger Pier	120 ft.	135 ft.
Fab Shop Area	12,000 sq. ft.	4,000 sq. ft.
Office Space	2,920 sq. ft.	4,000 sq. ft.
Storeroom Space	3,000 sq. ft.	4,000 sq. ft.
Marine Railway 130 x 40	6 Vessels	3 Vessels

HONOLULU MARINE LLC
KEEHI SITE CONSTRUCTION ESTIMATE
January 2008

PLANS	
Planning, Permitting, & Construction documents	\$550,000
CONSTRUCTION (SITE PREPARATION)	
Bulkhead & backfill	\$1,624,000
Pier	\$1,275,000
Utilities	\$385,000
Concrete & Site Work	\$845,400
Storm Water Management	\$210,000
CONSTRUCTION SUBTOTAL	\$4,339,400
TOTAL REQUEST	\$4,889,400

Estimate does not include cost of drydock or facilities which are separately funded.

Chronological list of Events

- February 12, 2007; Honolulu Marine LLC meets with DOBOR (DLNR Boating) to discuss lease options and right of entry for the proposed location at Keehi.
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- March 7, 2007 ; Honolulu Marine LLC submits documentation to DOBOR for the purposes of obtaining the Land Board's approval in " Principle of Direct Lease to Honolulu Marine LLC"
-
- March 8, 2007; HM LLC along with Senator Chun-Oakland and Representative Manahan's staff meets with Keehi Boat Club to provide a status update. HM LLC displays an artist rendition of the proposed facility and to answer questions or address any concerns on the proposed relocation. Concern: If they are any air borne emissions i.e. paint overspray from HM LLC operations that damaged there boats or cars, would HM LLC be responsible? A. Yes, we will be responsible however we do not anticipate any problems. Q. Will HM LLC be using any part of the Keehi boat ramp? A. Absolutely not. Q. Can you keep us updated? A. Yes and if you have any questions or concerns feel free to call Mark Delventhal at 526-9311 or contact Senator Chun -Oakland's or Representative Manahan's office. Support from the Boat Club was positive.
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- July 13, 2007; Obtain from Department of Land Natural Resources " Approval in Principle of Direct Lease to Honolulu Marine LLC for the construction of a shipyard and Limited Right-of -Entry at Keehi Small Boat Harbor, Oahu Tax. Map Key: (1) 1-2-025: par 024
-
- September 8, 2007; Draft Environmental Assessment(DEA) is published by Office of Environmental Quality Control (OEQC)
-
- January 29, 2008; Final Environmental Assessment (FEA) completed and awaits signature by the Chairperson of DLNR.
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- February 6, 2008: Final Environmental Assessment (FEA) sign by the Chairperson of DLNR

TESTIMONY IN SUPPORT OF HB 3345

House Committee on Water, Land, Ocean Resources and Hawaiian Affairs
Room 312 on Friday, 8 February 2008

Chair Ito and Respected Members of the Committee:

My name is Reg White. I am a tenant and a resident of Ala Wai Small Boat Harbor. I am very familiar with the condition of our state recreational boating facilities. Those at Keehi Small Boat Harbor truly need and deserve our support for reconstruction and repair. Repairing these facilities will also help to restore the revenue stream into the State Boating Special Fund which will guarantee the future maintenance and repair of these facilities into the future, so this bill is a win, win. Please give it your support.

Thank you,

Reg White
Vice president, project development
Paradise Cruise, Ltd.
1540S. King St.
Honolulu, HI 96826-1919
(808) 222-9794
RawcoHI@cs.com

From: rhardlydavison@aol.com [mailto:rhardlydavison@aol.com]
Sent: Thursday, February 07, 2008 10:25 AM
To: WLHtestimony
Subject: TESTIMONY IN SUPPORT OF HB 3345

TESTIMONY IN SUPPORT OF HB 3345

House Committee on Water, Land, Ocean Resources and Hawaiian Affairs
Room312 on Friday, 8 February 2008

Chair Ito and Respected Members of the Committee:

My name is Richard Davison. I am very familiar with the condition of our state recreational boating facilities. Those at Keehi Small Boat Harbor truly need and deserve our support for reconstruction and repair. Please give HB 3345 your support.

Thank you,

Richard Davison
41 - 585 Poalima Street
Waimanalo Oahu
Rhardlydavison@aol.com
808 384-8360

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