

**SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 30, 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

	<u>Appropriation Act 213/07 FY 2008-2009</u>	<u>Budget Adjustment FY 2008-2009</u>	<u>Supplemental Request 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

**SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 30, 2008

Program Structure Number: 09 02 01

Program I.D. and Title: LNR 810 - Prevention of Natural Disasters

1. Introduction

a. Summary of Program Objectives

To minimize death, injury, disability, property damage and economic losses resulting from natural disasters through activities related to floodplain management and the regulation of dams and reservoirs.

b. Description of Program Objectives

- 1) Coordinate flood prevention and develop flood control projects by maintaining the General Flood Control Plan for Hawaii.
- 2) Prepare post-flood reports including the description of storms, extent of flooding and flood damages.
- 3) Assist counties in qualifying for Federal projects and funding.
- 4) Administer the National Flood Insurance Program (NFIP) in the State of Hawaii. Work with the counties to ensure that new construction is built in compliance with NFIP regulations and local floodplain management ordinances.
- 5) Conduct public outreach and education about the National Flood Insurance Program and FEMA mapping efforts.
- 6) Maintain and continually update an inventory of dams in the State.
- 7) Inspect dams and reservoirs at least once every five years.
- 8) Regulate the construction of new dams and reservoirs and/or modifications or abandonment of existing dams and reservoirs.
- 9) Assist dam owners to mitigate emergencies resulting from their dams or reservoirs.

10) Conduct dam safety public awareness workshops on current information on dam safety.

11) Provide technical support to State, Federal and private dam owners.

c. How Program Intends to Meet its Objectives Within the Upcoming Fiscal Year

Public education is key to flood awareness and prevention. The program intends to continue its public outreach through technical assistance, publications, workshops and displays. The dam safety program will proceed with dam safety inspection program, continue with technical assistance to dam owners, coordinate with owners and other government agencies for emergency response and process dam safety permits.

2. Program Performance Results

a. Performance Results Achieved in FY 2007

The flood unit program promoted the NFIP in the state through quarterly newsletters, attendance at the Building Industry Association (BIA) exhibition show, and through the production of the Hawaii Floodplain Managers Conference. Other NFIP tasks conducted during FY2007 was Community Assistance Visits and inspections of various coastal properties for compliance with floodplain management regulations. In keeping with the program's objective to conduct public outreach and awareness, the flood unit has created an internet website (www.hawaiiinfip.org) to promote awareness about the NFIP and post Hawaii specific flood hazard mapping information. The flood unit has also embarked on a project to develop an internet based tool where the public can assess their flood risk. Upon completion of this project, the Flood Hazard Assessment Tool will be deployed through the Hawaii NFIP homepage.

Additionally the flood unit continued partnerships with the US Army Corps of Engineers, US Natural Resource Conservation Service, US Geological Survey, National Weather Service, and the Counties on various flood mitigation projects, studies and early flood warning systems.

The Dam Safety Unit inspected all high hazard dams and almost all other regulated dams following the earthquakes of October 2006. Similarly the program has continued with its inspection and assessment program to verify the condition of dams statewide. The program assisted the legislature in producing updated revisions to the Hawaii Dam Safety Law, which will the program in regulating dam and reservoir structures statewide. The program has also continued with its update of the inventory of regulated dams and has initiated an inventory of unregulated dams. Finally the dam safety program has continued partnerships with the US Army Corps of Engineers, the US Geological Survey, National Weather Service, Pacific Disaster Center and the Counties on dam failure inundation mapping and related dam safety monitoring and warning systems.

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

The protection of lives and property through the management of flood hazard areas and regulation of dams and reservoirs results in the protection of our natural resources.

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

Performance measure used for this program is the number of flood or dam incidents resulting in death, injury or property damage.

d. Actions Taken by the Program to Improve Performance Results

The program working to establish and fill positions previously abolished due to budget restrictions. This will result in the increased ability to provide technical assistance and seek/implement flood control or dam safety projects. The program is also working on a proposal to increase application fees for dam construction, modification or removal in order to provide funding to offset costs for services provided.

The program plans to continue to partner with FEMA and participate in the various applicable grant programs to ensure supplemental funding is maintained. The Federal funding, combined with the State General funds are essential to the success of the program.

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

None

3. Problems and Issues

a. Discussion of Problems or Issues Encountered by Program

The non-compliance of Federal, State and County agencies with National Flood Insurance Program rules and regulations may jeopardize flood insurance coverage and the availability of FEMA funds for disaster relief. The program works with the various agencies to maintain or work toward compliance.

Along with the need for increasing dam safety regulatory oversight, the Flood Control program will need to increase its assistance to review and assess the flooding potential of dams and reservoirs. This is evident with the increase of potential dam and reservoir closure requests since the Kaloko Dam breach.

b. Program Change Recommendation to Remedy Problems

The program will increase its outreach to provide additional training and education regarding flood and dam rules and regulations.

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

The Dam Safety and Flood Control programs have historically been underfunded and understaffed. The Kaloko Dam breach in March 2006 draws attention to the Dam Safety program's staffing and resource limitations. To correct these limitations, the 2006 Legislature authorized two additional engineers for the Dam Safety program, however, the program has encountered difficulties in filling these positions. Additional resources for the program are critical to properly address the flood potential of dams and reservoirs in protecting the public's health, safety and welfare.

4. 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)	(8.00)				(8.00)
Personal Services	501,574	17,115	0	0	518,689
Current Expenses	347,857	0	0	0	347,857
Equipment	31,000	0	0	0	31,000
Motor Vehicles	30,000	0	0	0	30,000
(Pos. Count)	(8.00)				(8.00)
Total	910,431	17,115	0	0	927,546
LESS:					
(Pos. Count)	(0.00)				(0.00)
Special Funds	0	0	0	0	0
(Pos. Count)	(0.50)				(0.50)
Federal Funds	269,745	641	0	0	270,386
(Pos. Count)	(0.00)				(0.00)
Revolving Funds	0	0	0	0	0
(Pos. Count)	(7.50)				(7.50)
General Funds	640,686	16,474	0	0	657,160

a. Explain all Transfers within the Program I.D. and its Impact on the Program

None

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

None

c. Explain Restrictions and its Impact on the Program

None

5. Supplemental Budget Request for FY 2009

	<u>Appropriation Act 213/07 FY 2008-2009</u>	<u>Budget Adjustment FY 2008-2009</u>	<u>Supplemental Request FY 2008-2009</u>
(Pos. Count)	(8.00)	(1.00)	(9.00)
Personal Services	524,667	0	524,667
Current Expenses	345,857	20,000	365,857
Equipment	29,000	0	29,000
Motor Vehicles	0	0	0
(Pos. Count)	(8.00)	(1.00)	(9.00)
Total Requirements	899,524	20,000	919,524
Less:			
(Pos. Count)	(0.00)	(0.00)	(0.00)
Special Funds	0	0	0
(Pos. Count)	(0.50)	(0.00)	(0.50)
Federal Funds	269,745	0	269,745
(Pos. Count)	(0.00)	(0.00)	(0.00)
Revolving Funds	0	0	0
(Pos. Count)	(8.50)	(0.00)	(8.50)
General Funds	629,779	20,000	649,779

a. Workload or Program Request

(1) Flood Control Program Consultant Services

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

This request for \$20,000 to update and maintain the General Flood Control Plan for Hawaii, as mandated by HRS Chapter 179, to aid in documenting significant and/or recurring flooding problems statewide. Regular updates of the Plan will allow the program to further investigate and/or develop projects or partnerships to mitigate flooding conditions.

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

<u>Position/ Category</u>	<u>FY09</u>	<u>Source of Funds</u>
Current Expenses	\$20,000	General

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

None

- (2) Conversion of Temporary Position to Permanent

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

Conversion of temporary, general-funded Information Technology Specialist III position to permanent status is requested to support both the flood control and dam safety units with development and maintenance of GIS, computer and website applications to provide information and technical assistance to the public and other agencies. Position was originally funded by Federal funds, but was converted to general funds in FY08 to allow the continued updating of electronic flood mapping designations beyond the Federal grant funding.

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

<u>Position</u>	<u>FY09 Adjustment</u>	<u>Addl Funds Requested</u>
ITS III (Temporary)	-(1.00)	0
ITS III (Permanent)	(1.00)	0

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

None

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

None

6. Program Restrictions

Restrictions carried over from FY 2007, as well as additional reductions due to the Department of Budget and Finance's budget ceiling for FY 2008 and FY 2009.

None at this time

7. Capital Improvement Requests for FY 2009

None

8. Proposed Lapses of Capital Improvements Program Projects

None

**SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 30, 2008

Program Structure: 01 04 02

Program ID and Title: LNR 153 - Commercial Fisheries and Resource Enhancement

I. Introduction

A. Summary of Program Objectives

The program strives to 1) Support and assist in the wise use of and the long-term sustainability of Hawaii's commercial fishery resources through research, monitoring, outreach, collaboration, and management; 2) Coordinate effectively with other resource management agencies, particularly the federal government, in the management of commercial fishery resources for the people of Hawaii; and 3) enhance or improve existing resources through research and development related to stock enhancement and culture, thereby providing increased opportunities for fishing and seafood markets.

B. Description of Program Objectives

To manage marine fish stocks for long-term yields through research, development, and sound fisheries management practices; to ensure the continuation of Hawaii's seafood supply; to monitor resource abundance and availability, thereby ensuring the economic viability of the commercial fishing industry and associated markets; to monitor the activities and catches of commercial fishers so as to determine resource use trends and their impacts on long-term yields; to coordinate management efforts with other resource management agencies so as to ensure long term sustainability of stocks for the benefit of the commercial fishing industry; to supplement existing marine resource stocks through fish culture research and development that has the potential to enhance stocks and provide increased opportunities for the fishing industry, seafood markets, and the people of Hawaii.

C. Explain how the Program intends to meet its objectives in the upcoming supplemental year

The Department manages the State's aquatic resources through a variety of projects that include fishing regulations, fisher licensing, catch reporting, field monitoring, public education, and fisheries research. This enables the Department to effectively manage the State's aquatic resources to ensure their wise, long-term, sustainable use by the people of Hawaii and its visitors.

The Department is currently working to improve the licensing of commercial fishers and seafood markets to monitor their activity and impacts on resource populations. Creating and implementing an on-line licensing website will enable the fishing public and seafood industry to be in greater compliance with licensing requirements. This should reduce the number of unlicensed businesses and better able to monitor the State's seafood industry to evaluate its contribution to the State's economy.

Coupled with the licensing requirement for commercial fishers is a reporting requirement. This report provides timely fishery information to assess the status of the resources. The Department is working to improve reporting requirements so as to collect more complete fisheries information in a shorter time frame. Beginning in FY 2006, procedures to ensure commercial fisher reporting compliance have shown improvements in producing timely landing and sales information to better manage the resources. The Department is planning to add other features to the on-line licensing website to eventually enable fishers to submit catch reports on-line. This will help us to more precisely monitor fishing activity and its impacts on the State's aquatic resource populations.

Bottomfish are deep-sea fish that are an important source of seafood to many fishers and businesses. The Department established a revised statewide system of bottomfish restricted fishing areas in 2006 based on detailed analysis of essential fish habitat as determined by multi-beam sonar studies, coupled with research fishing. A monitoring program is now underway using robotic cameras deployed at depth to determine the effectiveness of these new restricted fishing areas. Such research and monitoring of bottomfish habitats and catches, coupled with revised rules for this fishery, will allow us to recover this stock, which is currently in a federally declared state of overfishing, thereby improving fish populations and providing better fishing opportunities in the future.

The Department works with several federal resource agencies, and non-governmental agencies to develop partnerships and management measures that are mutually beneficial, while sharing manpower and information to maximize limited personnel and budgets. This enables us to ensure the resource's wise, long-term, use by the people of Hawaii and its visitors.

1. The U. S. Fish and Wildlife Service, US Department of Interior which administers the Federal Aid in Sport Fish Restoration program and
2. The National Marine Fisheries Service, US Department of Commerce, which administers the Endangered Species Act, the Marine Mammal Protection Act, the National Marine Sanctuaries Act, the Magnuson-Stevens Fishery Management Act, and other programs.

The Department is taking steps towards applying for an Incidental Take Permit issued by the National Marine Fisheries Service to address negative interactions

between federally protected species and various fishing gears used in State waters, a problem that requires formal solution under the Endangered Species Act.

The program is also implementing the Fishery Disaster Relief Program that provides \$5 million to Hawaii fishers who participated in federally managed fisheries but suffered economic losses due to changing federal regulations. Much of this funding was used to enlist fishers in research projects that provided direct benefits to long term commercial fisheries management.

II. Program Performance Results

A. Discuss the performance results achieved by the Program in FY '07 and '08

A program consolidation was proposed, as a result of an administrative directive to consolidate programs where appropriate, to simplify budgetary program reviews. Subsequent effort involved document preparation to reflect the consolidation of two fisheries programs (recreational and commercial). This consolidation was submitted as part of the administration's budget during the 2007 Legislature. However the Legislature disagreed with the consolidation and granted an additional management position to assist in managing the program as a stand-alone program.

Changes have been made to improve the commercial fishing reporting rate compliance through refusing to renew licenses where fishermen are delinquent in their reporting. This has served to place a greater emphasis on the value of report data as it relates to managing commercially valuable fishes. More recently, efforts are being made to monitor compliance reporting and delinquencies are being followed up on through enforcement investigations. Progress continues on a \$5 million federal appropriation administered by this program to assist fishermen affected by federal regulations and awards have been completed to fishermen who were eligible for this one-time disaster relief assistance. Further, a secondary component of this appropriation was to solicit and fund fisheries research and cooperative industry projects

The Department continued the FAD program by replacing and maintaining the buoys at the 56 FAD sites statewide. The program continues to be funded by 75% federal funds.

Improvements continued to be made in revising the commercial catch report forms initiated in 2002 to collect more fishing effort information to better assess impacts on fish stocks. Prior to 2002, the catch report forms did not completely collect fishing effort information. This information is important to determine the impacts fishing is having on a fish population. This new effort information played a significant role in determining that a state of over-fishing was occurring in the bottom fish fishery. It will also play an important role in providing a basis for future management measures for this fishery. The Department also created a

registry of participants in the bottom fish fishery and is in the process of updating this registry with the help of the federal Western Pacific Fishery Management Council (WESPAC). WESPAC is responsible for managing the fisheries that occur in the federal waters in the Western Pacific region. These efforts are intended to address the over-fishing status of the bottom fish fishery and bring the fishery back to sustainable levels.

- B. Explain how these results relate to the Program's Objectives and Department's mission

These results relate directly to the stated objective of managing the state's marine life and to ensure its long-term economic viability. Improvements in licensing of commercial fishers and reporting of catches help produce more timely and accurate fisheries information, allowing better management of commercial fisheries. With the change in federal mandates under the revised Magnuson-Stevens Act, this improved information also allows more effective monitoring of annual catch limits for shared jurisdiction stocks, providing a mutual benefit. Supplementing natural fish populations with cultured stocks may also result in benefits to the state's seafood supply.

- C. Explain how the effectiveness of the Program is measured and discuss the performance results achieved during the past two years

The Program's effectiveness is measured in the degree of compliance with commercial catch reporting requirements; the enhanced level of catch and effort information resulting from the recently instituted State/federal bottom fish management scheme in the main Hawaiian Islands; the number of fishers receiving assistance from the FDRP; the progress made in understanding the biological needs of the cultured species in our goal to mass produce these species; and reduction or elimination of stocks or stock complexes in federally declared states of Overfishing or Overfished.

- D. Discuss actions taken by the Program to improve its performance results

We continue to work with a website developer to bring the on-line licensing of commercial fishers to the public during 2008. We have also initiated procedures to reduce the rate of non-reporting to render the commercial fisheries data more current. Most specifically, we have formed a bottomfish management team made of state, federal, and scientific professionals to who are working to improve the status of fisheries information on the related to the main Hawaiian Islands bottomfish fishery, which is currently in a federally declared state of Overfishing. We expect to be able to recommend changes to the current management regimen (via administrative rules and proposed changes to statute) for this fishery during 2008. Finally, we have engaged in extensive consultation with federal fisheries managers to determine how State rules and statutes can be made more compatible with the recently revised Magnuson-Stevens Act, which made sweeping changes

to fisheries management in federal waters beyond three miles. Particular effort has been directed toward working toward seamless co-management of joint jurisdiction stocks that occur in both State and federal waters.

- E. Identify all modifications to your program's performance measures and discuss the rationale for these modifications

We are working towards a web-based licensing application to provide easier access to commercial licensing in the hopes that more persons that want to be commercial fishers or dealers will be able to get the licenses 24 hours a day/7 days a week rather than only during state business hours. Implementing new procedures to ensure reporting compliance is intended to collect more complete and timely commercial fishing effort information on which to make better management decisions. The formation of the bottomfish team focused effort on this important fishery in a timely manner. The state is trying to meet specific deadlines consistent with federal requirements.

III. Problems and Issues

- A. Discussion of Problems and Issues Encountered

As Hawaii's population increases, the demands on marine resources for both food and recreation will also continue to increase. It is therefore vital that we properly manage our marine resources to ensure long-term benefits for all residents of the State, as part of our public trust responsibilities. An increasing tourist population will also place more demands on Hawaii's marine resources, as the State is viewed as a desirable destination for charter sport fishing. Vibrant marine life populations will be thus be needed to support the many needs of Hawaii's people and its visitor industry.

Federal mandates, including oversight and administration of federal fisheries disaster relief funds (to assist fishermen affected by federal regulations); monitoring take of threatened and endangered species such as sea turtles and monk seals by fishing activities in State waters; establishment of a registry of marine recreational anglers in order to monitor fishing effort as mandated in the recently re-authorized Magnuson-Stevens Act; and co-management joint jurisdiction stocks, particularly pelagics (tunas, etc.), bottomfish, and precious corals, all continue to tax the program's budget and manpower.

Continuing interest in and progress toward Hawaiian sovereignty has also raised issues of Native Hawaiian gathering and access rights in relation to marine resources. Community interest is growing in terms of creating additional marine protected areas (low or no take zones), and community-based management areas featuring active local participation in resource management or co-management.

B. Program change recommendations to remedy problems

The transfer of a program manager position from one program (153) to another (401) was never completed, and is requested to conform with present budget and administrative structure. The conversion of an existing temporary aid position from FTE 0.49 to 0.50 is needed to conform to a Governor's directive to enhance position benefits and recruitment. An increase in the federal ceiling expenditure will allow support of the Fish Aggregating Device project.

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

On issues of increasing human populations in the State, increased demand for seafood, increased leisure demands that affect aquatic resources, increasing conflicting use over those resources, increased impacts to aquatic resources (from fishing, pollution, environmental degradation), and increasing competition for control over aquatic resources, without a change in priority, there is little change (that is significant) that can be done. Education is key, and a greater proportion of effort is being expended in this respect. Other than this, the Division will continue to allocate funds and manpower requested and focus on problems of greatest apparent urgency.

Marine ecosystems are complex and scientists still do not know exactly how living things interrelate. This fact, coupled with limited resources for research and monitoring of commercially important marine species, means that management of these species will inevitably be less refined than desirable. Despite this, the program strives to maintain a base level of services, attempting to be creative and to develop within current constraints expanded and enhanced services, and more effective management regimes. Nonetheless, even with significant federal assistance and external funding arrangements, there is no substitute for a commitment to core funding for support of priority and long-term needs. As long as it continues to receive only one percent or so of the State's total budget, the Department will remain perennially in a catch-up mode in terms of protecting the State's greatest natural, community and economic asset – its natural resources.

IV. Projected Expenditures for Fiscal Year 2007-2008

	Appropriation Act 213/2007 FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Governor's Restriction s	Estimated Total Expenditures
(Pos. Count)	(11.00)				(11.00)
Personal Services	849,608	4,333	0	0	853,941
Current Expenses	999,477	0	580,000	0	1,579,477
Equipment	0	0	0	0	0
Motor Vehicles	0	0	0	0	0
(Pos. Count)	(11.00)				(11.00)
Total Requirements	1,849,085	4,333	580,000	0	2,433,418
Less:					
(Pos. Count)	(0.00)				(0.00)
Special Funds	300,315	384	0	0	300,699
(Pos. Count)	(0.00)				(0.00)
Federal Funds	667,844	1,396	580,000	0	1,249,240
(Pos. Count)	(11.00)				(11.00)
General Funds	880,926	2,553	0	0	883,479

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

More federal funds (\$580,000) became available than originally estimated. The majority of the additional funds (\$500,000) are being used for a Fisheries Disaster Relief Program to assist local commercial fishers impacted by federal closures and restrictions. The remaining funds (\$80,000) are necessary due to increases in fuel and deployment cost for maintaining/improving the popular Fish Aggregating Device System

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

None

C. Restrictions And Their Impacts On The Program

None

V. Supplemental Budget Request FY 2008-2009

	Appropriation Act 213/2007	Budget Adjustment	Supplemental Requests
	<u>FY 2008-09</u>	<u>FY 2008-2009</u>	<u>FY 2008- 2009</u>
(Pos. Count)	(11.00)	1.00	(10.00)
Personal Services	877,809	(61,137)	816,672
Current Expenses	974,477	80,000	1,054,477
Equipment	0	0	0
Motor Vehicles	0	0	0
<hr/>			
(Pos. Count)	(11.00)	1.00	(10.00)
Total Requirements	1,852,286	18,863	1,871,149
Less:			
(Pos. Count)	(0.00)	(0.00)	(0.00)
Special Funds	300,315		300,315
(Pos. Count)	(0.00)	(0.00)	(0.00)
Federal Funds	667,844	80,000	747,844
(Pos. Count)	(11.00)	1.00	(10.00)
General Funds	884,127	(61,137)	822,990

- A. Workload Or Program Request (Description of 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)

Convert Fishery Aid I position (#32691) from FTE .49 to FTE .50 because without any benefits recruiting for this position is very difficult.

Transfer out of Program Manager position (#9620) from LNR 153 to LNR 401 as approved by the Governor in December 2005.

Increase the expenditure ceiling by \$80,000 to utilize federal funds from the U.S. Fish and Wildlife Service Sport Fish Restoration Program to pay for higher fuel and deployment cost in maintaining and improving the popular Fish Aggregating Device System.

	<u>MOF</u>	<u>FTE (T)</u>	<u>Personal Services</u>	<u>Other Exp.</u>
Ceiling Increase	N			80,000
Program Manager (#9620)	A	(1.00)	(61,380)	
Fishery Aid I (#32691)	A	(0.49)	(11,613)	
Fishery Aid I (#32691)	A	0.50	11,856	
Totals			(61,137)	80,000

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

None

VI. Identify Restrictions Carried Over From FY 2007-2008 As Well As Additional Reductions Due To The Department Of Budget and Finance's Budget Ceiling For FY 2008-2009

None

VII. Capital Improvement Projects Requests For Fiscal Year 2008-2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

**SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 30, 2008

Program Structure: 04 02 01

Program ID and Title: LNR 401 – Aquatic Resources

I. Introduction

A. Summary of Program Objectives

The Program objectives are to preserve and enhance native and indigenous fish and other aquatic species and their habitats for Hawaii's people and its visitors through protection, active management, habitat restoration, public information, education, and other effective management measures.

B. Description of Program Objectives

Objectives of the Program are to protect Hawaii's aquatic resources, and the qualities of aquatic habitats those resources require. This program also includes the central administration for all three of the department's statewide fisheries programs (LNR 153, 805 and 401), administered by the Department's Division of Aquatic Resources, and the staff of the division's neighbor-island offices.

1. Performing administrative functions for the department's three statewide aquatic resources programs (Division of Aquatic Resources), including planning, budgeting, coordination and implementation.
2. Conducting public meetings and hearings, to promulgate rules on regulated areas, and to propose amendments to statutes.
3. Carrying out surveys, inventories, and research of reef, stream, and estuarine fish stocks and their associated species and habitats.
4. Establishing, monitoring and maintaining Marine Life Conservation Districts (MLCDs), Fishery Management Areas (FMAs), Fish Replenishment Areas (FRAs), and other management methods.
5. Evaluating environmental assessments and impact statements, Conservation District Use Applications, Stream Channel Alteration and related applications, requests for approval to import live aquatic organisms, and development, regulatory or research proposals in other forms; issuing Special Activity Permits for aquatic organisms and permits for protected waters.

6. With other agencies investigate fish kills, oil-spill, water-pollution incidents; responding to sea turtle and marine mammal strandings and haul-outs.
 7. Supporting and collaborating with the State's Commission on Water Resources Management by conducting field research and maintain a stream/watershed database to provide the Commission with information on abundance, distribution and habitat requirements of native freshwater species and conditions of stream and estuarine habitats, in support of development of Instream Flow Standards as mandated by the Hawaii Supreme Court.
 8. Conducting investigations to gather information on and assessing effects of fishing and anthropogenic environmental change and coastal fish stocks and estuarine nursery habitats to develop management strategies to sustain these for the future.
 9. Coordinating these activities with other agencies, institutions and councils including the Department of Health, Department of Agriculture, University of Hawaii's Hawaii Institute of Marine Biology and Sea Grant programs, The Hawaii Cooperative Fisheries Unit, the Hawaii Coral Reef Initiative, the Oceanic Institute, the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, the Western Pacific Fishery Management Council, the Hawaiian Islands Humpback Whale National Marine Sanctuary, the Paphanaumokuaukea Marine National Monument Management Board, and the U.S. Coral Reef Task Force.
 10. Maintaining and improving the statewide program of aquatic resources education, approved for and attracting federal revenues, which develops and distributes informational and educational materials (posters, brochures, workbooks, handouts, video presentations, etc.) to users of aquatic resources and the general public and assists the Department of Education, charter and private schools by training teachers and volunteer instructors to use these curriculum materials.
- C. Explain how the Program intends to meet its objectives in the upcoming supplemental year

Meeting program objectives to achieve our goal of managing and preserving Hawaii's aquatic resources for the current generation and to assure their availability for future generations is a serious challenge. The program will accomplish most of its major objectives by the following efforts: A conceptual framework on marine managed areas progresses with the conducting of statewide focus group meetings to obtain public input into a protective category development for marine areas. The battle continues in the fight against marine

alien invasive species with the implementation of the Alien Invasive Species Management Plan. One notable development has been the establishment of the Alien Invasive Species Response Team to stem the proliferation of marine invasives. The incorporation of State waters into the Papahānaumokuākea Marine National Monument in the Northwestern Hawaiian Islands is a major step towards the protection of an intact Hawaiian marine ecosystem. With current activities including a highly ranked application for designation of the Monument as a World Heritage site, and establishment of a formal co-management regime with the Department of Commerce and the Department of the Interior, the program has made significant steps in the interests of preserving our natural and cultural marine resources for present and future generations. Participation in U.S. Coral Reef Task Force activities and support of community-based actions (such as the Instream Flow Council, Watershed Partnerships, Reef Watch, and the Local Resource Councils in West Hawaii), both from the top and at the community level, will comprehensively support the mandate to protect our natural resources. The program also supports the efforts of the Commission on Water Resources Management (CWRM) to set Instream Flow Standards by providing biological data on the distribution, abundance and habitat requirements of native stream species, and by collaborating with CWRM staff to coordinate expenditures and geographical scope of activities in support of common objectives.

II. Program Performance Results

A. Discuss the performance results achieved by the Program in FY '07 and '08

Substantial federal funding, most of which requires no State matching funds, has been obtained to focus on coral reef related fisheries and habitat problems, marine protected areas, and alien species management. Rule amendments for the West Hawaii Fishery Replenishment Area rules have been adopted, creating enforceable provisions for commercial aquarium fish harvesting, greater restrictions on the use of lay nets, and a ban on the use of lay nets statewide. Public information programs have emphasized protection of coral reef habitats, prevention of the introduction of alien species, and safe behavior on rocky ocean shorelines.

Staff were active participants on the Hawaii Coral Reef initiative management committee, the Sea Grant management committee, the Papahānaumokuākea Monument Management Board, the U.S. Coral Reef task force, and serves as the federal point of contact for related activities. As part of a legislative mandate, the Division convened a State Task Force to examine threats of alien marine species introductions through ballast water exchanges and transport of hull fouling organisms by ocean-going vessels, and subsequently developed and passed administrative rules for ballast water management.

Hawaii's coral reefs are now receiving greater attention as a result of the formation of the Hawaii Coral Reef Initiative Research Program, which is

managed by a partnership between the University of Hawaii and the Division of Aquatic Resources. Through sponsored projects the program complements the efforts of the U.S. Coral Reef Task Force and the Marine Conservation Act to develop strategies to protect healthy reefs and, where possible, to implement strategies to reverse degradation. Considerable additional federal funds have been obtained by the Division to support research directed towards those ends, with particular emphasis on ecosystem level projects at Maunalua Bay, Oahu and Kahekili, Maui.

The Department has taken an active role in working with the newly created Papahānaumokuākea Marine National Monument to develop management and science plans for these 1,200 miles of ocean, reefs and islands. Through a Memorandum of Agreement, DAR is working actively with the Department of Commerce and Department of Interior to develop a mutually beneficial management regime for these Leeward Islands, and has taken the lead on a proposal to make the area a World Heritage site via United Nations designation.

The Hawaiian Island Humpback Whale National Marine Sanctuary is co-managed by the State along with its Federal counterpart. Recent efforts to manage resources within the sanctuary include the rescue of a humpback whale, relocating a drifting dying whale offshore that had attracted numerous very large Tiger Sharks, dolphins, and the endangered Hawaiian monk seal. Efforts also included the protection of newborn monk seals during the six-week weaning process. General outreach efforts were made to help the public understand and participate in protection of these marine resources.

A series of regular meetings has been initiated between staff in the Division of Aquatic Resources and the Commission for Water Resource Management, in which priority areas within the State of Hawaii have been identified for acquisition of biological and hydrological data essential for the development of minimum instream flow standards. Additional biological and geographical data layers were also integrated into the Division of Aquatic Resources' watershed geo-database, most notably watershed shape files for the entire main Hawaiian Islands, and data on the introduction of alien sport fishes into ditch and reservoir systems. The draft Atlas of Hawaiian Watersheds and their Biological Resources is presently being edited for final publication and will be made available to the general public on our Web Site, and will be the basis for setting Instream Flow Standards.

The program has maintained an active and aggressive approach to control and interdiction of invasive marine algae. Notable projects included deployment of a "Supersucker Junior" mechanical control platform at Waikiki, and the pilot testing of similar technology on Maui in cooperation with Maui County. The program is also in the process of establishing an innovative herbivore management area at Kahekili, on west Maui, to enhance populations of fishes and

invertebrates that graze on invasive marine algae, thereby utilizing local ecosystem services to combat alien species.

Finally, the program has refined and expanded its approach to incident responses, particularly vessel groundings and sedimentation events, by developing updated Standard Operating Procedures integrated with those of DOCARE and the Department of Health. This includes new reporting forms, and standardized protocols for damage assessment and evidence collection. As a result of these efforts, the Department successfully pursued an administrative penalty before the Board of Land and Natural Resources for coral damage due to illegal anchoring at Ahihi-Kinohiwa Natural Area Reserve, and currently has a second case pending before the Board related to a vessel grounding in the Molokini Marine Life Conservation District.

- B. Explain how these results relate to the Program's Objectives and Department's mission

The protection of Hawaii's aquatic resources manifests itself in the above-described efforts. The establishment of the NWHI Monument, planning efforts for additional Marine Life Conservation Districts, identifying nursery habitats for coastal species, setting minimum instream flow standards, addressing invasive species issues, monitoring the effects of regulations such as those on lay gillnets, and enhanced incident response all serve to protect fishes, corals, and other animals, and to reduced degradation of their habitats. Biological value is therefore enhanced and an additional side benefit is the positive effect it has on the State's tourism industry.

The establishment of additional regulations in areas such as the West Hawaii Regional Fisheries Management Area serves to sustain resources which have economic value (fisheries and tourism) as well as protecting ecosystems from decline. Regular monitoring surveys have noted a significant increase in fish biomass and biodiversity in West Hawaii, an indicator of healthy fish stocks.

Ballast water and hull fouling are two major vectors for introducing aquatic alien species. Establishment of such alien species has the potential to alter the State's native ecosystems and can degrade habitats associated biological productivity. Efforts to focused on protected species (whales and dolphins) and endangered species (turtles and monk seals) are necessary to preserve these native animals that are important to both ecological diversity, and to the State's economy as icons of its rich marine systems that attract tourists from around the world.

- C. Explain how the effectiveness of the Program is measured and discuss the performance results achieved during the past two years

Effectiveness can be measured by: the adoption, amendment, or repeal of Hawaii Administrative Rules that establish managed areas; consummation of contracts designed to provide research results to management-related informational needs or to provide support services to management-related projects; the publication, distribution, and use of information brochures, posters, and via media, the public service announcements, news and press releases, radio and TV news coverage and subject interviews; progress and development of a GIS-based database for streams and for estuarine habitats; the removal of alien species; the culture and controlled release of important gamefish; development of a new marine managed area classification system; the number and types of environmental reviews, permit applications, and technical guidance provided the Department and outside agencies. Results are detailed in the previous section, IIA.

- D. Discuss actions taken by the Program to improve its performance results

Partnerships, both public and private, were expanded, and full advantage was taken of the opportunities to access federal funds through volunteer time, in-kind matches, and direct private contributions. Substantial non-matching federal funds have been successfully obtained to help develop a ballast water/hull encrusting organism program to help limit the potential for new alien species introductions through this vector and to deal with problems and issues related to coral reef habitats. An alien species management plan that will make the State eligible for additional federal funding is completed, as is a state wildlife conservation plan. More ways are being sought to partner with the university and the community.

- E. Identification of Rationale for Modifications to Performance

None

III. Problems and Issues

- A. Discussion of Problems and Issues Encountered

As Hawaii's population and visitor industry grow, the demand for and stresses upon our aquatic resources are magnified, and competition for access to these resources by the various user groups increases. Ever-increasing use by non-consumptive users, including commercial dive and snorkeling tours and simply more and more people recreating in the ocean are impacting our stream, estuarine and marine habitats. Healthy watersheds and reef communities are vital to the State's visitor industry and are important elements of the local lifestyle for Hawaii residents, but shoreline activities as well as perturbations in individual watersheds, such as polluted runoff and sedimentation, directly impact the health of the estuarine nursery habitat for most of our coastal marine and coral reef species.

While the impacts of consumptive activities are obvious (e.g., fishing removes fish), impacts of non-consumptive use can be serious also. Anchoring can damage coral, reef organisms in areas heavily used by snorkelers and bathers can be trampled, and recreational watercraft can alter the behavior, habits, and migration patterns and juvenile recruitment of fish to their nursery habitats. Locally, coral reefs are being further degraded by invasive alien species, sedimentation and chronic exposure to nutrients; and they may also be threatened by global warming and new diseases. The State's challenge lies in managing aquatic resources in a manner that assures their perpetuation for use by future generations while allocating sustainable fair shares to the various user groups. This is being pursued without the increases in State funding that would easily be warranted given the circumstances of nearshore fish stock decline, continuing spread of invasive species, and damage to coral reef communities by sediment runoff, and pollution.

The unintentional introduction of alien species represents a serious continuing threat to Hawaii's native environments and its associated resources. *Salvinia molesta*, a floating fern originally imported as a decorative pond plant, has escaped into several freshwater bodies on Oahu. A massive interagency effort was required to remove the weed before it wrecked the Lake Wilson's environment and killed hundreds of tons of fish, but the species lingers in other areas, notably Kawainui Marsh. Problems also exist with introduced marine invasive algae in Kaneohe Bay, Waikiki, Maui, and parts of Molokai and the Big Island.

Many marine organisms have also been introduced to Hawaii through ballast water exchanges by ocean-going vessels and as hull-fouling hitchhikers. Surveys by the Bishop Museum have shown that dozens of alien marine organisms now established in our waters apparently arrived through those sources. Marine ecologists have warned that a dangerous homogenization of the biota in nearshore waters is occurring with unpredictable ecosystem destabilization in Hawaii if the introductions continue unabated. A State task force has been convened, with support from a federal grant, to examine the problem and have developed an alleviation plan, but operation funds have not been allocated

Two issues, indigenous peoples and community-based management, are increasingly receiving attention. Demands for select and special access to resources by native people or management of adjacent nearshore resources by a community puts a strain on the Constitutional directive that the Department manage natural resources for the benefit of all Hawaii's people, but the Constitution also recognizes that native Hawaiians do have traditional rights. Furthermore, virtually all marine waters are over ceded lands. Properly handled, these complexities could be turned towards improved management of our marine resources as personal stakes in the outcome are increased. If ignored or poorly handled, chaos will result and our surviving living marine resources will collapse as regulatory gridlock prevails.

These problems identified, it should be emphasized that we have a dedicated staff that will do more than what should be possible within those funding constraints that are imposed. An intensive education campaign is also ongoing to convince people and decision-makers that an investment in appropriate restrictions now will have real benefits in the near-term future.

B. Program change recommendations to remedy problems

As approved by the Governor in December 2005 the program is requesting the transfer in of a program manager position to LNR 401 from LNR 153 thereby conforming to present administrative structure.

The program is requesting an increase the expenditure ceiling (\$972,500) for federal funds received from the National and Atmospheric Administration's National Ocean Service, National Marine Fisheries Service and the U.S. Fish and Wildlife Service to continue the Hawaii Marine Recreational Survey project (\$172,500), the co-management of Hawaiian Humpback Whale Sanctuary (\$50,000), instream flow project (\$150,000), monitoring of bottomfish populations (\$100,000), stream/estuarine fisheries studies (\$150,000), and projects involving coral reef management, monitoring and the Northwestern Hawaiian Island Marine National Monument (\$350,000).

C. Identify any program issues or problems that affected or will affect the implementation of the program, and the corrective measures or remedies established.

The State continues to enjoy an upward, long-term increase in its economy, along with the resultant increases in population growth and urbanization, including coastal and inland development. Concomitant with this increase is the ever-growing demand for services from our aquatic resources. Whether the services provided mean fish and seafood products for consumption or non-consumptive enjoyment (tourism, snorkeling), these services are continually shrinking, all the while the competition and demand for them are increasing. Most alarming is the decline of herbivorous fishes, which are essential to sustain a healthy, coral-dominated reef habitat. Land-based nutrient input and increased extraction of these large algae-eating fishes, have turned many once healthy reef into a highly degraded, alien algae dominated reef. These "dead" reefs are virtual underwater deserts.

Aquatic ecosystems are complex and scientists still do not know exactly how all living things interrelate. This fact, coupled with limited resources for research and outreach, means that management of these species will inevitably be less refined than is desirable for the foreseeable future. Despite this, the program strives to maintain a base level of services, attempting to be creative and to develop within current constraints expanded and enhanced services, and more effective management regimes. Nonetheless, even with significant federal assistance and

external funding arrangements, there is no substitute for a commitment to core funding for support of priority and long-term needs. As long as it continues to receive only one percent or so of the State's total budget, the Department will remain perennially in a catch-up mode in terms of protecting the State's greatest natural, community and economic asset – its natural resources.

IV. Projected Expenditures for Fiscal Year 2007-2008

	Appropriation Act 213/2007 FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Governor's Restriction s	Estimated Total Expenditures
(Pos. Count)	(28.00)				(28.00)
Personal Services	2,187,087	61,390	0	0	2,248,477
Current Expenses	2,805,016	0	1,539,121	0	4,344,137
Equipment	0	0	0	0	0
Motor Vehicles	0	0	0	0	0
(Pos. Count)	(28.00)				(28.00)
Total Requirements	4,992,103	61,390	1,539,121	0	6,592,614
Less:					
(Pos. Count)	(0.00)				(0.00)
Special Funds	0	0	0	0	0
(Pos. Count)	(1.00)				(1.00)
Federal Funds	2,436,559	11,280	1,389,121	0	3,836,960
(Pos. Count)	(27.00)				(27.00)
General Funds	2,555,544	50,110	150,000	0	2,755,654

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

Additional federal funds (\$1,389,121) are being used for projects and studies in coral reef management/monitoring and the co-management of the Northwestern Hawaiian Islands Natural Marine Monument (\$364,521), alien coral/deep coral ecosystem/black and stony coral studies (\$186,000), additional funding for the co-

management of the Hawaiian Islands Humpback Whale National Marine Sanctuary (\$78,000), operating cost for the Incidental Take Permit staff (\$11,000), research/management for alien invasive species projects (\$56,600), instream flow project (\$150,000), monitoring bottomfish populations (\$198,000), Hawaii marine recreational fishing survey (\$172,500), life histories/life cycle of key species (\$135,000), and stream/estuarine fisheries studies (\$37,500).

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

Additional general funds (\$150,000) were transferred in from the Department's Commission flow project above).

C. Restrictions And Their Impacts On The Program

None

V. Supplemental Budget Request FY 2008-2009

	Appropriation Act 213/2007	Budget Adjustment	Supplemental Requests
	<u>FY 2008-09</u>	<u>FY 2008-2009</u>	<u>FY 2008- 2009</u>
(Pos. Count)	(28.00)	(1.00)	(29.00)
Personal Services	2,409,323	61,380	2,470,703
Current Expenses	2,649,616	972,500	3,622,116
Equipment	0	0	0
Motor Vehicles	0	0	0
(Pos. Count)	(28.00)	(1.00)	(29.00)
Total Requirements	5,058,939	1,033,880	6,092,819
Less:			
(Pos. Count)	(0.00)	(0.00)	(0.00)
Special Funds			
(Pos. Count)	(1.00)	(0.00)	(1.00)
Federal Funds	2,475,409	972,500	3,447,909
(Pos. Count)	(27.00)	(1.00)	(28.00)
General Funds	2,583,530	61,380	2,644,910

- A. Workload or Program Request (Description of 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)

Transfer in of \$61,380 to personnel services for a Program Manager position (#9620) from LNR 153 as approved by the Governor in December 2005.

Increase the expenditure ceiling (\$972,500) for federal funds received from the National and Atmospheric Administration's National Ocean Service, National Marine Fisheries Service and the U.S. Fish and Wildlife Service to continue the Hawaii Marine Recreational Survey project (\$172,500), the co-management of Hawaiian Humpback Whale Sanctuary (\$50,000), instream flow project (\$150,000),

monitoring of bottomfish populations (\$100,000), stream/estuarine fisheries studies (\$150,000), and projects involving coral reef management, monitoring and the Northwestern Hawaiian Island Marine National Monument (\$350,000).

	<u>MOF</u>	<u>FTE (T)</u>	<u>Personal Services</u>	<u>Other Exp.</u>
Ceiling Increase	N			972,500
Program Manager	A	1.00	61,380	
			Totals	972,500
			61,380	

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

None

VI. Identify Restrictions Carried Over From FY 2007-2008 As Well As Additional Reductions Due To The Department Of Budget and Finance's Budget Ceiling For FY 2008-2009

None

VII. Capital Improvement Projects Requests For Fiscal Year 2008-2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None

**SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 30, 2008

Program Structure Number: 04 02 04
Program I.D. and Title: LNR 404 - Water Resources

I. Introduction

A. Summary Of Program Objectives

Manage the conservation, protection, planning, and utilization of the State's water resources for social, economic, and environmental needs as mandated by the State Water Code (Water Code).

B. Description Of Program Objectives

1. Implement policies, procedures, and rules on water development, protection, and usage in conformance with the Water Code.
2. Protect water rights and existing uses while ensuring adequate provision for objectives declared to be in the public interest.
3. Monitor chloride quality related to ground-water availability and administratively control usage of ground and surface water to ensure reasonable-beneficial use, where necessary.
4. Protect potable resources, prevent contamination, and maintain utility of and optimize ground-water resources by establishing and enforcing standards for well construction, pump installation and well abandonment.
5. Maintain an instream use protection program to protect, enhance and reestablish, where practicable, beneficial instream water uses.
6. Develop, implement, and update comprehensive short and long-range plans to protect, conserve, and manage water resources.
7. Conduct investigations and implement appropriate actions for the administrative resolution of water-related complaints and disputes.
8. Engage in capital improvement projects to better monitor, understand, and protect statewide water resources.
9. Collect baseline ground-water data to assess changes in water levels and aquifer thickness over time, monitor changes in salinity profiles in major aquifers, and determine the response of aquifers to climatic and pumping stresses.

10. Catalog and maintain an inventory of hydrologic data, geologic data, and topographic surveys.

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

1. Comprehensive Water Planning As land use changes proceed apace and population increases, demand for water and public concern for the resource continues to grow. To address these issues, the Commission on Water Resource Management (Commission) will continue its phased updating of the Hawaii Water Plan (HWP), a multi-component long-range planning document that guides the Commission in its decision-making.

The HWP currently consists of five major components plans identified as the: 1) Water Resource Protection Plan (WRPP); 2) Water Quality Plan (WQP); 3) State Water Projects Plan (SWPP); 4) Agricultural Water Use and Development Plan (AWUDP); and 5) County Water Use and Development Plans (WUDP). The Water Code mandates that these individual plans be prepared and integrated into a comprehensive "master plan" to provide for effective coordination and long-range planning between state and county agencies. To fulfill this mandate, the components of the HWP must be reviewed and updated on a regular basis.

The Commission is working towards completing its first update of the WRPP since its initial adoption in 1990. The updated WRPP will describe all of the Commission's policies, programs, and activities to protect and sustain the State's ground- and surface-water resources, watersheds, and natural stream environments.

The Commission will continue to coordinate with the Department of Health (DOH) to update the WQP. Together with the WRPP, the WQP provides the policies and framework for protection and enhancement of the State's water resource. The WQP is focused on protection of water quality, particularly for drinking water sources. A scope of work has been completed and opportunities to fund a WQP update are being explored.

The Commission will facilitate and provide technical assistance and guidance in the SWPP update. Through the SWPP, the projected water demands for state projects, and existing strategies to meet the demands, will be identified and updated. The SWPP guides the Department in their capital improvement projects requests and provides state source and demand information to the Counties for incorporation into the County WUDPs. A funding source for the next update has been identified.

The Commission will adopt the third update of the AWUDP. The major objective of the AWUDP is to develop a long-range management plan that assesses state and private agricultural water use, supply and irrigation

water systems, projected water demands and prioritized rehabilitation of existing agricultural water systems.

The Commission also continues to coordinate and provide technical assistance and guidance in the updating of the County WUDPs. The Counties of Hawaii and Maui and the City of County (C&C) of Honolulu are presently undertaking updates to their respective WUDPs, which will provide 20-year demand forecasts and strategies to meet these demands. The Commission will continue to work with the County of Kauai who is planning to begin the updating of its WUDP.

The Commission will initiate development of a statewide comprehensive water conservation program to identify, coordinate, encourage, and if necessary, require formulation of water conservation plans and programs for municipal operators and operators of private water systems, such as farmers, state parks, private domestic users, industrial users, and commercial users, such as golf courses. This initiative will help to implement the 2005 Department's Prototype Water Conservation Plan (2005) and water conservation strategies and technologies for various water use sectors identified in the 2007 Water Conservation Manual for State of Hawaii Facilities.

The Commission will also continue to administer its drought program and update the County Drought Mitigation Plans. The 2007 Legislature appropriated, and the Governor approved the release of funds to implement drought mitigation projects. The Commission will administer the disbursement of funds and provide fiscal and technical oversight. To protect water resources during times of drought, the Commission will identify and prioritize water management areas for water shortage planning efforts.

The Commission will continue to provide guidance and facilitate the completion of the stormwater reclamation and reuse study for Hawaii. The objectives of this study, which the Commission, in collaboration with the United States (US) Bureau of Reclamation (BOR), is undertaking, are to develop an overall stormwater reclamation and reuse framework and to further study reclamation and reuse in the Ewa Plain and through groundwater recharge.

2. Stream Protection Under the Water Code, the primary means of protecting streams is through establishment of instream flow standards (IFS). Recognizing the complexity of establishing IFS for the State's 376 perennial streams, the Commission set interim IFS at "status quo" levels, defined as the amount of water flowing in each stream (with consideration for the natural variability in stream flow and conditions) at the time rules were adopted in 1988 and 1989. The Hawaii Supreme Court (Supreme Court), on reviewing the Waiahole Ditch Contested Case Decision and Order, held that such "status quo" interim IFS were not adequate to protect

streams and required the Commission to take immediate steps to assess stream flow characteristics and develop quantitative interim IFS for affected Windward Oahu streams, as well as other streams statewide.

To address the Supreme Court's mandate within realistic budgetary and resource constraints, the Commission is developing a methodology to establish IFS for all streams statewide using best available information.

The Commission has developed a Program Implementation Plan to identify the foundational elements that must be undertaken to proactively address IFS. The Plan is intended to be a "living" document that shall be evaluated regularly over the course of each year to identify tasks completed, those that must be initiated, and any new tasks, which need to be included. The Plan will also serve as a tracking mechanism for the overall progress of the Instream Use Protection Program, as a whole.

The Commission hired a Geologist I and Hydrologist II as appropriated by the 2006 Legislature. These two positions were placed within the Instream Use and Protection Section of the Stream Protection and Management Branch and will greatly improve the Commission's ability to implement the goals and objectives of the Program Implementation Plan to effectively move forward on IFS issues. Specifically, the Commission will be focusing on priority areas in East Maui, followed by streams in Central and West Maui, and Windward Oahu.

The Commission continues to coordinate instream use protection efforts with the Department's Division of Aquatic Resources (DAR). DAR has completed development of their aquatic stream survey database, which manages data collected from on going stream survey activities. The database is an integral part of the Commission's Instream Use Protection Program, providing information on location, abundance, and diversity of freshwater species. DAR, in coordination with the Commission, is continuing to work with Dr. James Parham, of the University of Nebraska to refine an Atlas of Hawaiian Watersheds & Their Aquatic Resources, along with developing additional atlases on aquatic species and aquatic community predictions. These atlases are based upon DAR's aquatic survey database and will provide valuable aquatic species information in support of the Commission's work.

In addition, Act 160, Session Laws of Hawaii (SLH) 2006 (Supplemental Appropriations Act of 2006), appropriated to the Commission, the sum of \$650,000 for the purpose of conducting statewide field investigations to verify and inventory surface-water uses and stream diversions, and update existing surface water information. Being one of the key requisite steps towards the establishing of IFS statewide, the Commission finalized the contract negotiation phase and the project scope of work with the consultant in March 2007. As of October 2007, the consultant had completed field investigations for Waihee, Waiehu, Iao, and Waikapu

Streams (Na Wai Eha) and is nearing completion of diversions in the East Maui area. The project is scheduled for completion in 2009, subject to weather conditions and site accessibility.

Recognizing the importance and continuing need for stream information, DLNR included as part of its Fiscal Biennium 2007-2009 budget request, funding to undertake regional stream studies in support of establishing IFS. The 2007 Legislature subsequently approved \$400,000 to the Commission, \$150,000 of which has been transferred to DAR for various stream studies including, but not limited to, standardized point-quadrat aquatic surveys and rapid bioassessment surveys in under-sampled watersheds. Of the remaining \$250,000, the Commission has allocated \$200,000 towards conducting a Statewide Stream Channel Condition Inventory (Inventory). The remaining \$50,000 will be used to fund specific cultural water use surveys related to current priority areas, in addition to an on-going United States Geological Survey (USGS) hydrological/biological study of Na Wai Eha streams on Maui.

3. Ground Water Protection The Commission has determined that availability and utility of ground water resources are threatened in some areas of the State, and has designated such areas as water management areas. Designation of a ground water management area (GWMA) provides for administrative control over the withdrawal of ground water to ensure reasonable and beneficial use of water in the public interest. The Commission administers regulation of ground water management areas through the issuance of water use permits to ensure that cumulative pumpage does not harm the resource, and end uses are reasonable and beneficial. Much of the Commission's resources has been and continues to be directed toward the review and processing of water use permit applications (including contested case hearings related to such applications) for the designated Iao Aquifer System GWMA on Maui.

The Commission will continue issuance of well construction and pump installation permits to ensure compliance with well construction, pump installation, and well abandonment standards. The Commission will continue to seek compliance with monthly water use reporting requirements, and process petitions to designate ground water management areas, water reservations requests, petitions for declaratory rulings, complaints, and enforcement of violations.

4. Data Collection and Analysis Meaningful hydrologic data will continue to be collected. The data are imperative for decision-making regarding availability and use of the resource. Water uses will continue to be inventoried and their effects will be monitored to protect and prevent any degradation of ground and surface water sources. The Commission collects, analyzes, and interprets hydrological data to obtain an understanding of water resources within a particular area. Data from deep monitor wells are used in construction of analytical and numerical

computer models and were used to re-assess sustainable yields in 16 aquifer system areas for the WRRP using a newly developed analytical model. A new water use database continues to be improved. The database will provide information on groundwater use for planning, regulatory, and scientific purposes.

Deep monitor wells provide vertical “windows” into groundwater aquifers. Many Hawaiian aquifers are in contact with ocean water. As pumpage in an aquifer increases, ocean water is drawn into the aquifer. Instruments lowered (conductivity/temperature/depth logging (CTD)) into deep monitor wells measure changes in the salinity (conductivity) over depth and time. Water level data from wells are also important in determining the health of aquifers. Similarly, raingage and fog drip data are essential in understanding how much water is available.

The Commission has six deep monitor wells in the Pearl Harbor Aquifer Sector, two deep monitor wells in Kailua-Kona (Keauhou Aquifer System), and three deep monitor wells on Maui (Iao and Honokawai Aquifer Systems). One of the wells in Kailua-Kona will be modified to provide better information. Drilling of another well in Waihee has commenced and is due to be completed in 2009.

II. Program Performance Results

A. Discuss Program Performance Results Achieved In Fiscal Year (FY) 2007

1. Comprehensive Water Planning: In FY 2007, the Commission worked diligently on various aspects of the HWP:
 - a. Completed a draft update of the WRPP and conducted statewide public hearings. Public comments received were reviewed and incorporated into the draft WRPP as necessary.
 - b. Prepared a white paper for higher-level discussions with DOH on the importance and need for an updated WQP.
 - c. Facilitated inter-divisional discussions to identify a funding source for the SWPP update. The Commission provided technical review and comments on the proposed consultant scope of work.
 - d. Provided technical guidance and assistance to the DOA on their third update of the AWUDP. The Commission provided technical review and comments on the draft AWUDP.
 - e. Provided technical guidance and assistance to the C&C of Honolulu on their regional WUDP update through regular monthly coordination meetings between the Board of Water Supply (BWS), the Planning and Permitting Department, and their consultants.

- f. Provided technical guidance and assistance to the County of Maui on their regional WUDP update through periodic coordination meetings between the County's Department of Water Supply (DWS), their consultants, and community and stakeholder groups. The Commission reconvened the Molokai Water Working Group to provide recommendations towards the development of the Molokai WUDP.
- g. Attended public hearings on the draft WUDP for the Island of Hawaii and provided review comments and suggestions.

The Commission oversaw the completion of the Water Conservation Manual for State of Hawaii Facilities in FY 2007, and joined the Environmental Protection Agency's WaterSense Program as a partner in an effort to begin water conservation planning and activities.

Also in FY 2007, the Commission updated the County Drought Mitigation Plans, coordinated funding opportunities from the US Federal Emergency Management Agency (FEMA) and BOR for emergency response and drought mitigation. The Commission developed a technical approach for the disbursement of Act 238, SLH 2007, drought mitigation funds and prepared memorandums of agreement to sponsoring agencies.

- 2. Stream Protection During FY 2007, the Commission processed nine stream channel alteration permits. However, the total number of permits processed does not reflect actual time and/or resources incurred to review and address inquiries related to the permits that may include conducting requests for determination (whether a proposed project does, in fact, fall within a stream channel), field investigations, and identification and coordination of additional permitting requirements by other agencies.

The Commission received 14 complaints related to surface-water issues in FY 2007. Staff resolved 10 of the 14 complaints, or determined that the complaints were unrelated to matters under the Commission's jurisdiction. The four unresolved complaints are currently under review and may be subject to further actions before the Commission.

- 3. Ground Water Protection In FY 2007, the Commission issued six water use permits including transfers for 71 well sources. 31 water use permit applications for the Iao GWMA were submitted for existing and future uses. The Commission continues to process water use permits for this area and other designated GWMA's on Oahu and Molokai. Commission action on the applications for the Iao GWMA sources have been delayed subject to an ongoing contested case hearing, but basal and caprock applications have been resolved and issued. The remaining applications from high-level tunnels are tied to a petition to amend interim IFS to restore four West Maui streams. The IFS petition and water use permit

applications are being processed together at the same time in a contested case hearing.

Staff has been reviewing and revising the water use permit applications to recognize Supreme Court decisions and past Commission actions to clarify necessary information and processing updates. Staff anticipates resolving this by early 2008 so that anticipated designation of surface waters in the Iao area can proceed as well. Part of the new requirements relate to the creation of an irrigation demand model through the combined efforts of the Commission, CTAHR, and the Natural Resources Conservation Service (NRCS) to estimate reasonable non-potable demands for specific crops and geographic locations.

In FY 2007, the Commission issued 120 well construction/pump installation permits, roughly comparable to the 122 permits issued in FY 2006. Of these 120 permits, six were for sealing abandoned production wells, which represents a 200% increase in permitted sealing activities

4. Data Collection and Analysis In FY 2007, the Commission collected 29 CTD profiles from 10 of the State's deep monitor wells. In FY 2008, the Commission will collect approximately 35 CTD profiles from the state wells. The Commission collected continuous or periodic water level measurements in 19 wells statewide. Rainfall and fog drop data was collected from two dryland rain gages in West Hawaii.

The Pearl Harbor Deep Monitor Wells show variable conditions. Data from the Halawa Deep Monitor Well indicate that the thickness of the aquifer in the eastern part of the Waimalu Aquifer System area has decreased significantly. Data from Waipio Mauka Deep Monitor Well also show aquifer thinning. Other deep monitor wells in the Pearl Harbor area show stable conditions. On Maui, data from the Waiehu Deep Monitor Well continues to show rapidly thinning of the basal aquifer in the Iao Aquifer System area. The rate of thinning appears to be accelerating. The new Iao Deep Monitor Well will help in the assessment of this situation. Data from the Mahinahina Deep Monitor Well show stable conditions, though there are structural concerns about the well and the data collected therein. In West Hawaii, preliminary analysis of deep monitor well data at Kahaluu indicates the aquifer appear static or slightly thickening. Also, water levels in the Kona high-level aquifer continue to decline. The Kona high-level water is extensively being tapped for municipal use.

In FY 2007, construction began on a new deep monitor well in Waihee, Maui, which should be completed by early 2009. In addition, the dryland rain gage located in the Pohakuloa Training Area (West Hawaii) was dismantled and removed due to access issues related to on-going

operations at the military installation and the presence of a nearby USGS rain gage.

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

The Commission is responsible for protecting and enhancing the State's water resources through wise and responsible management that will promote maximum beneficial use of water resources for social, economic, and environmental needs. The performance results point toward the active role the Commission plays in carrying out its management duties.

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. Permit Processing Performance results are measured in part by timeliness of permit processing and/or resolution of complaints/disputes. Most water use permits have a processing time limit of 90-days, while some permits (requiring a public hearing) may take up to 180 days. There are no rules or procedures governing time limits for resolution of complaints/disputes, but they are expected to be addressed within 120 days. Goals of 90% for processing permits within time limits and 80% for resolution of complaints/disputes have been established.

Of the 122 permits processed in FY 2006, all but three were processed within the 90-day time limit, again within the 90% goal. Of those three, two were pump installations in ground water management areas where related water use permits were required prior to approval, thereby causing a delay by seven days. Of the 120 permits issued in FY 2007, all but two were processed within 90 days.

2. Ground Water Protection Through Designation Designation of water management areas threatened by excessive withdrawals has proven effective in reducing water usage. In June 2003, pumpage in Iao exceeded 18 million gallons per day (mgd), which triggered designation of Iao as a ground water management area. Permitting of new water demands will be processed after existing uses are established and permitted by the Commission. Part of the designation proceedings has resulted in a preliminary numerical ground water model funded by the county that should help optimize existing well infrastructure pumpage. Similarly, designation and designation proceedings in other areas such as Oahu, Molokai, and Lanai have inspired the development of numerical ground water models to assess the optimization of existing well infrastructure and estimate potential impacts on the ground water resource in response to such development. In addition, Lanai has certain hydrologic milestones in place to automatically reopen ground water designation proceedings

should they be met, which are based in part on the numerical model developed for that island.

3. Data Collection and Analysis Data collection and analysis by the Commission was instrumental in the decision to designate the Iao Aquifer System area as a GWMA.
4. Securing Funding and Building Partnerships Program effectiveness can also be measured by efficacy of efforts to secure federal funding and assistance in support of Commission mandates. The Commission was successful in securing \$250,000 in federal funding for emergency drought response activities from FEMA and \$217,000 for drought mitigation activities from BOR. In support of drought mitigation and County Drought Mitigation Plans, the 2007 Legislature appropriated and the Governor approved the release of \$4,000,000 for implementation of the updated plans. The Commission was successful in applying for and obtaining \$118,000 from the Watershed Partnership Program for the collection of additional hydrologic data.

D. Discuss Actions Taken To Improve Performance Results

As mentioned earlier, the Commission is developing a methodology to establish IFS for streams statewide incorporating best available information and public input. The surface-water hydrologic units adopted by the Commission will facilitate the collection and analysis of stream resource data by hydrologic units. The Commission has begun the development of a comprehensive database to store and manage information that will be used in both the IFS methodology and regulatory permitting. The Commission use of GIS is also being developed based on new and existing databases, to manage and evaluate diversions, stream channel alterations, and various other stream-related activities.

For water management areas and corresponding water use permit applications, staff continues to refine the application process in a manner similar to the well construction and pump installation permit application process to more clearly define required information based on recent Supreme Court decisions regarding public trust priorities, reasonable & beneficial use estimations, and alternative source analysis. It is anticipated that such an update will improve required application information resulting in more timely Commission decisions. Part of this update will rely upon the Commission's utilization of an irrigation model being developed in conjunction with CTAHR and NRCS. The model will be used to more accurately estimate irrigation demands for water use permit applications.

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

No modifications were made to the Program's performance measures.

III. Problems and Issues

A. **Discuss Any Problems And Issues Encountered By The Program**

1. Addressing the Hawaii Supreme Court's Ruling on the Appeal of the Waiahole Ditch Contested Case Hearing The Supreme Court ruling on the appeal of the Waiahole Ditch Contested Case Hearing requires the Commission to undertake appropriate steps to assess stream flow characteristics and develop IFS for certain Windward Oahu streams and other streams statewide, as well as require implementation and comprehensive water resources planning in regulation and management of water resources.

The Supreme Court acknowledged the Commission's finding that calculating the exact relationship between instream flows and ecological benefit remains difficult due to lack of sufficient scientific knowledge. The Supreme Court reaffirmed the setting of IFS as an integral part of the regulatory scheme established by the Water Code and that establishment of standards on a stream-by-stream basis is necessary to protect public interest in water.

As noted, the Commission has implemented a SWIM System for the management of surface-water information. The SWIM System however, is based in part, upon diversions registered with the Commission in 1990. Location and water use of many of these diversions were never verified through field investigations, and many have since been abandoned or altered due to recent changes in large-scale agricultural operations. Additional information (e.g., stream diversions, stream channel alterations, agricultural systems) must be inventoried to provide required data in support of the IFS process.

2. Water Resource Limitations Parts of the State are approaching limits on water. On Oahu, there is an estimated sustainable yield of 446 mgd of ground water. Based on current reported water use from basal aquifers, about 188 mgd is currently being used, which leaves 258 mgd available to meet future demands, forecasted to increase by about 50 mgd in 2030. However, not all of the sustainable yield surplus is considered economically extractable, some of the surplus may not be of potable quality (e.g., brackish water), and a significant portion of unallocated ground water (approximately 50 mgd) may have an impact upon Windward Stream flows, thus potentially reducing availability. The Commission must remain vigilant in monitoring and continual reassessment of sustainable yields, while continuing to explore and advocate alternative sources to augment natural supply, such as treating surface water, reusing treated wastewater, and desalting brackish or ocean water should be pursued. The current draft of the updated WRPP has identified several possible reductions to sustainable yields in certain areas that may affect water availability if accepted by the Commission.

Vigilance in monitoring and reassessing ground water limits through sustainable yield estimation requires statewide updates to:

- a. Recharge estimates: This includes updates to rainfall, evaporation, fog-drip, runoff, and soils parameter estimation needed to reassess recharge, preferably through GIS technology;
- b. Elevation benchmark updates: Natural shifts in base benchmark elevations and mean sea levels along with questionable well benchmark construction reporting require this review. For example, a combined year-long effort to verify and reestablish benchmark elevations (hence groundwater-levels) required expertise from the Commission, Maui County DWS, USGS, and the National Geodetic Survey during the Waihee Aquifer System water management area designation process. Absolute ground water levels referenced to mean sea level are extremely important in assessing availability of ground water resources;
- c. Deep monitor well and water level monitoring network: (see III A 4.);
- d. Methodology(s) used to estimate sustainable yields: Various methods are employed to model ground water flow behavior. The Commission has a modeling protocol that should be used to assess modeling efforts and hopefully standardize all ground water modeling efforts.

Methods to assess limitations of surface water availability are more complex than ground water limitations and hydrology because of additional considerations such as cultural, historical rights, and biological considerations. Surface water availability will be addressed through the setting of IFS.

3. Sustaining Water Resources Through More Effective Water Resource Planning Water is Hawaii's most important natural resource. Its protection and preservation is directly linked to health, welfare, and quality of life. Limited water resources and growing demand requires careful consideration and more effective coordination between land use planning and water availability. The current draft of the updated WRPP proposes new sustainable yields for some aquifers based on the latest and best available information. Also included in the draft WRPP is a methodology for setting IFS.

As the Counties update their WUDPs for the first time since 1990, the Commission is encouraging respective county Planning Departments to utilize the findings and recommendations from the WUDPs to inform future land use policies. The Commission continues to promote the WUDPs as the means for the integration of land and water use planning.

As we approach the limits to our water resources, effective and proactive plans and strategies should be in place to optimize and conserve existing uses, to best allocate existing resources, and to implement measures to best meet future needs and competing interests, while protecting and sustaining our water resources.

The Commission continues its efforts to identify obstacles and implement solutions to facilitate more efficient utilization of water. Efforts include, working with state/county agencies to improve data collection, information sharing, and coordination of inter-agency planning activities. Implementation of a comprehensive and integrated planning process will ensure that water availability issues, carrying capacity issues, and competing values are addressed to assist in land use planning decisions. A challenge is convincing various agencies that are responsible for updating the HWP components to prioritize and fund WUDP update efforts. The Commission will continue to seek federal funding and develop partnerships to carry out additional planning studies and programs.

4. Need for Water Resource Data A major component of the Commission's work is sound data collection and analyses. As water resources become harder and more expensive to come by, it is even more critical that hydrological data be available for decision-making about the availability and prudent use of our resources. Estimates of water availability are often based on limited data. Lack of long-term baseline hydrologic data is a problem. More data should be collected from streamgages, rain and fog drip gages, water level well stations, springs and deep monitor wells.

Many drinking water sources are in basal aquifers that are in contact with seawater. Deep monitor wells are drilled to obtain a vertical perspective on the dynamics of basal aquifers, and used to manage aquifers susceptible to seawater intrusion. Currently, there are only five Neighbor Island deep monitor wells, with one more under construction or in planning. This contrasts sharply with Oahu where there are 32 deep monitor wells (26 owned by BWS and six owned by the Commission). As water development accelerates, more deep monitor wells will be necessary in the Neighbor Islands basal aquifers.

In addition, the Commission administers a cooperative agreement with USGS to gather stream and spring flow, water level, and climatic data. This Agreement has been cut back the last couple of years due to budget constraints and increases in operating cost expenses. To reduce the adverse impact, the Commission, as part of its 2007-2009 biennium budget request is requesting supplemental funding for its statewide ground and surface water monitoring program (See V.A.3). In addition, the Commission will continue to look to other programs and agencies to assist in funding. The Commission however, recognizes that this is not a stable

source of funding, and will not result in an effective long-term data collection program.

5. Continuance of Former Sugar Cane Irrigation Systems for Diversified Agriculture Of growing concern are issues tied to stream restoration versus continued use of water flowing in former sugar cane irrigation systems. Sugar plantation closures have left irrigation ditch systems idle or with water usage down from what was required to grow sugar cane. Many ditch systems are also in disrepair and deteriorating due to a lack of maintenance and disputes over who is responsible for such maintenance.

The Supreme Court's Waiahole Decision will impact future use of surface water. Offstream users will have a higher burden to prove their continued use of stream water meets criteria under the Water Code and Public Trust doctrine. The Commission is currently addressing three petitions to amend the interim IFS on Maui. These petitions include: 1) 27 Northeast Maui streams; 2) Waihee, Waiehu, Iao, and Waikapu (Na Wai Eha) Streams; and 3) Honokohau and Honolua Streams.

In May 2001, The Native Hawaiian Legal Corporation filed petitions to amend the interim IFS for 27 Northeast Maui streams. In response to the filing of the petitions, the Commission, in March 2002, entered into a cooperative agreement with USGS for a three-year long study to investigate the water resources of Northeast Maui. The Study was jointly funded by USGS, the Commission, the Department's Land Division, Maui County DWS, and Alexander and Baldwin, Inc (A&B). The Study resulted in two USGS scientific investigation reports. The two USGS reports are the most current additions to the Commission's inventory and compilation of best available information regarding the 27 streams. Staff will distribute the information to interested parties and agencies and solicit comments on the interim IFS petitions. The Commission will also hold a public fact gathering meeting in the area as part of the process to gather additional information to determine interim IFS for these streams.

On June 25, 2004, Hui o Na Wai Eha and Maui Tomorrow Foundation, Inc., through Earthjustice, filed a petition to amend the interim IFS for Waihee, North & South Waiehu, Iao, and Waikapu streams and their tributaries. On October 19, 2004, the Group filed a complaint against Wailuku Agribusiness Co., Inc. and Hawaiian Commercial & Sugar Company and a petition for declaratory order to immediately cease wasting water diverted from these same four streams and their tributaries. The Commission in February 15, 2006, initiated a contested case hearing and authorized its Chairperson to appoint a contested case hearings officer for the combined contested case hearings. On March 17, 2006, the Commission authorized the hearings officer to appoint a mediator to begin the mediation process for the waste complaint. On October 11, 2006, the mediator reported that no agreement was reached. A prehearing

conference for the contested case hearing on the waste issue was conducted in November 2006, and the case continues. A prehearing conference to hear motions and to set up the hearing schedule and witness lists was conducted on Maui in November 2007. The formal hearing commenced in December 2007.

On August 25, 2006, Maui Pineapple Company, Ltd. submitted a petition to establish IFS or, in the alternative, to amend the interim IFS, for Honokohau and Honolua Streams, West Maui. The Commission will compile best available information regarding the streams and distribute the information to interested parties, and agencies for review and comments. The Commission will then hold a public fact gathering meeting in the area as part of the process to determine interim IFS for the streams.

6. Need for Statewide Drought Mitigation and Water Conservation Drought is a reoccurring natural hazard that can last for several years. Although rainfall levels have returned to normal or above normal in some areas, to properly prepare for future drought events, statewide drought mitigation planning must be continued and enhanced, before a drought occurs.

Regular convening and updating of the county drought mitigation strategies and plans are a priority of the Commission. Minimizing severe impacts of extended drought conditions can only be achieved through proactive planning, preparedness, monitoring and assessment of impacts, effective communication and coordination of emergency response actions.

In addition to drought mitigation planning, the Commission is prioritizing the development of a comprehensive statewide water conservation program. Demand-side management efforts should be encouraged and integrated as part of an overall water management strategy to achieve maximum water savings and efficiency thus avoiding the need to develop additional resources. Water conservation is intrinsically linked to resource management and protection and should be facilitated wherever possible. Programs and requirements to conserve (and augment) existing water supply should be supported at both the state and county level.

7. Sealing Abandoned Wells to Protect Groundwater Proper sealing of abandoned wells is a growing problem. These wells provide conduits for pollutants to enter the ground-water system. The Commission has authority to seal wells and put a lien on the well owner's property for the cost of sealing the well, but lacks funds to do the work in the first place.
8. Enforcement 30 after-the-fact activities concerning well construction permits, pump installation permits, and substandard construction are still pending. Many of these activities are related to: 1) Lack of elevation survey being completed; and/or 2) Installation of a permanent pump prior to the issuance of a pump installation permit. The Commission has

completed restructuring the well and pump permit processes with well contractors, well owners, and interested land owners to establish clearer responsibilities to avoid after-the-fact activities. Monthly water use recording and reporting has been a legal responsibility of well or stream diversion owners, and the Commission is currently finishing its in-house ground water reporting database system and will be further facilitating reporting through online internet based submission of reports.

9. Climate Change Effects on Water Resources Worldwide temperature observations indicate that global warming is occurring. Scientists believe that global warming could lead to an increase in the variability of precipitation leading to an increase in drought and flood events; as well as a rise in sea-levels. Increased drought events can interrupt water supplies and rising sea-levels can impact the quality of ground water in coastal areas. Impacts of global warming on water supplies need to be considered in water resource planning. It may be necessary to be more conservative when assessing future ground and surface water supplies, and further study and research on global warming and its impacts should be pursued. The Commission is supporting the research and studying of the impacts on climate change through letters of support and exploring available funding opportunities and partnerships.

B. Program Change Recommendations To Remedy Problems

1. Future Request for Staff and Funds The Commission continues to seek positions and funding to carry out Water Code mandates.
2. Updating the Hawaii Water Plan (HWP) An updated HWP and implementation of an integrated planning process will facilitate current complex decision-making processes administered by the State/Counties, lead to greater inter-agency coordination, better enable agencies to set priorities, identify improvements, and streamline permitting processes, and most importantly, protect water resources. Plan recommendations emanating from its initial preparation clearly identified need for further studies, assessments, and actions to be taken. This inherent need to continue to improve upon existing plans forms the basis of a "living" document, which over several plan iterations will result in a comprehensive statewide water resource plan. The priority implementation recommendations in the updated WRPP provide targeted strategies and tasks to accomplish Commission goals and objectives. Future budget requests will be based on these recommendations.
3. Increased Water Resource and Aquatic Biota Data The Commission, in coordination and partnership with federal, state, and county agencies, and private sector and community organizations, is striving to collect information and conduct studies in support of developing IFS. Examples of Commission partnerships include: Windward Oahu Stream Studies (USGS, DAR, Bishop Museum, University of Hawaii at Manoa (UH)); the Punaluu Watershed Alliance (USGS, BWS, Kamehameha Schools,

Punaluu Community Association); the East Maui Stream Study (USGS, Maui County DWS, Land Division, A&B), and the Lalakea Alternative Mitigation Project (Bishop Museum, DAR, USGS, UH, Smithsonian Institute, Louisiana State University, and the University of Nebraska). Several specific recommendations regarding data collection have been further outlined in the current draft of the WRPP.

4. Use of Regulatory Authority to Require Data A chloride data collection protocol, well construction standards, aquifer test protocol, and numerical ground-water model documentation requirements were implemented. These have been and will continue to be added as permit conditions to improve current collection and analysis of hydrologic data.
5. Use of Working Groups, Mediators, and Hearing Officers Working groups, such as the Molokai Water Working Group and the Lanai Water Advisory Committee, will be utilized to provide technical expertise and viewpoints. Mediation will continue to be used to resolve conflicting views and to avoid contested case hearings and facilitation will be used to focus and guide group discussions and meetings. Hearings officers will be used to expedite contested case hearings.
6. Upgrades to Computer System Upgrades and maintenance of the existing local area network Novell system & GIS Environmental Systems Research Institute hardware and software are continuing; including additional software purchases E:Mail, Lotus (Notes 2), security software (Border Manager Firewall, Symantec Anti-Virus, Intruder Detection, centralized operating system patches updates for Microsoft Windows 2K), Aquifer Pump Test Analysis (Aquifer Test Water Log; hardware purchases such as work stations, notebooks, and a projector; programming under Microsoft Office Suite including Excel, Word, Access database; and webpage development for online water use reporting including Right Now to automate public inquiries via email to improve staff efficiency. These ongoing improvements have increased ability to share, analyze, and disseminate water resource data.

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

See Sections III A and B above.

IV. Expenditures For FY 2007-2008

	<u>Appropriation Act 213/2007 FY 2007-08</u>	<u>Collective Bargaining</u>	<u>Transfer In/ Transfer Out</u>	<u>Governor's Restrictions</u>	<u>Estimated Total Expenditure</u>
(Pos. Count)	(24.00)				(24.00)
Personal Services	1,600,916	56,038	0	0	1,656,954
Current Expenses	1,206,048	0	-150,000	0	1,056,048
Equipment	11,200	0	0	0	11,200
Motor Vehicles	0	0	0	0	0
Total	(24.00) 2,818,164	56,038	-150,000	0	(24.00) 2,724,202
Less:					
(Pos. Count)	(3.00)				(3.00)
Special Funds	405,730	8,666	0	0	414,396
(Pos. Count)	(0.00)				(0.00)
Federal Funds	0	0	0	0	0
(Pos. Count)	(21.00)				(21.00)
General Funds	2,412,434	47,372	-150,000	0	2,309,806

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

The Commission will meet with BOR and State Civil Defense to discuss potential funding opportunities involving BOR and FEMA. Grant funding from the Watershed Partnership Program, and other available sources will be explored.

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

The 2007 Legislature appropriated \$400,000 to the Commission to undertake regional stream studies in support of establishing IFS. \$150,000 of the \$400,000 has been transferred to DAR for various complementary stream studies including, but not limited to, standardized point-quadrat aquatics surveys and rapid bioassessment surveys in under-sampled watersheds.

C. Restrictions And Their Impact On The Program

None.

V. Supplemental Budget Requests for FY 2008-2009

	<u>Appropriation Act 213/2007 FY 2008-2009</u>	<u>Budget Adjustment FY 2008-2009</u>	<u>Supplemental Requests FY 2008-2009</u>
(Pos. Count)	(24.00)	(0.00)	(24.00)
Personal Services	1,601,152	0	1,601,152
Current Expenses	1,206,048	0	1,206,048
Equipment	11,200	0	11,200
Motor Vehicles	0	0	0
	(24.00)	(0.00)	(24.00)
Total Requirements	2,818,400	0	2,818,400
Less:			
(Pos. Count)	(3.00)	(0.00)	(3.00)
Special Funds	405,730	0	405,730
(Pos. Count)	(0.00)	(0.00)	(0.00)
Federal Funds	0	0	0
(Pos. Count)	(21.00)	(0.00)	(21.00)
General Funds	2,412,670	0	2,412,670

A. Workload Or Program Request

None.

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

None.

VI. Identify Restrictions Carried Over From FY 2006-2007 As Well As Additional Reductions Due To The Department Of Budget and Finance's (B&F) Budget Ceiling For FY 2007-2008

None.

VII. Capital Improvement Projects (CIP) Requests for FY 2008-2009

None.

VIII. Proposed Lapses of Capital Improvement Program Projects

None.

SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009

January 30, 2008

Program Structure: 04 02 05
Program I.D. and Title: LNR 405 - Conservation and Resources Enforcement

I. Introduction

A. Summary of Program Objectives

The Division of Conservation and Resources Enforcement has primary responsibility for resource enforcement in the State. Our overall mission is to promote the safe and responsible use of Hawaii's natural resources.

B. Description of Program Objectives

The program objectives are:

1. In partnership with others, to help lead the citizens of Hawaii in developing and maintaining a tradition of ethical use, stewardship and sustainability of our land and natural resources.
2. To educate and inform citizens and visitors alike of the responsible use of Hawaii's natural resources and the application of natural resource laws, including Hunter Education.
3. In partnership with others, to educate the public in the safe and responsible use of firearms, boats and personal watercraft.
4. To ensure the right of all persons to safely use, share and enjoy Hawaii's natural resources through firm, fair and effective law enforcement.

C. Explain how the Program intends to meet its objectives in the upcoming supplemental year.

DOCARE intends to meet its objectives through the efforts of our officers, as they enforce the laws and rules related to natural resources protection and outdoor recreation. The division will guide this effort by providing the officers with the training, direction and support necessary to accomplish these objectives.

II. Program Performance Results

- A. Discuss the performance results achieved by the Program in FY 2007.

The performance results during the past two years have met the revised measurements of effectiveness established in FY 2006. Fluctuations are attributed to the an increase/decrease in calls for service and enforcement actions in the areas of aquatic resources, forestry and wildlife, state parks, public lands/conservation districts, boating and ocean recreation enforcement, emergency and/or disaster assistance and special projects. In addition, an increase in the number of reported incidents due, in part, to the newly activated DLNR hotline and continued efforts by specialized units, multi-agency operations and increased patrols of high usage areas have had a direct influence on program activities.

- B. Explain how these results relate to the Program's Objectives and Department's mission.

The goal of the Department is to promote a life-sustaining Hawaii through the protection of our fragile environment, its natural resource base, and the function and viability of natural systems on which all life depends. Hawaii must protect its ecosystem and manage its natural resources wisely so that a strong foundation is maintained for future prosperity.

Our program objectives support the Department's mission, as they are a gauge in measuring enforcement presence and visibility, resource protection through enforcement actions and preventive action measures through education programs and community outreach.

- C. Explain how the effectiveness of the Program is measured (i.e.: outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.

Program effectiveness is primarily measured by the number of complaints, investigations and enforcement actions (citations, arrests, warnings) in relation to the amount of time spent on patrol of the areas where these violations occur. Other measures of program effectiveness include the number of conservation education presentations, the number of hunter education students certified, and the number of marijuana plants eradicated from state lands.

D. Discuss actions taken by the Program to improve its performance results.

Actions taken to increase efficiency and effectiveness of the program are:

1. Completed all necessary requests for approval to recruit and fill ten newly established Conservation and Resources Enforcement Officer and five clerical positions to be deployed statewide. Active recruitment of these positions is underway.
2. Our Data Processing Analysis IV continues to work on strategic planning with the assistance of a consultant to modernize our field data collection capabilities, preparation of various tracking reports and processing, and easy retrieval and storage of necessary documents and reports.
3. Our Telecom Planner continues to assist with the maintenance and upgrades of our existing conventional land mobile communication system. In addition our Telecom Planner has been overseeing a statewide multiple DLNR division land mobile communications strategic planning effort. The focus of this planning effort is to improve coverage statewide while meeting all federal and state standards.
4. DOCARE along with DOFAW is in the process of preparing a land mobile communications supplemental budget request that will direct necessary funds to fix chronic shortfalls in our current system. This effort will also prepare recommendations on how best to ensure interoperability with our county, state and federal partners.
5. Began a statewide DOCARE strategic planning effort with assistance from a strategic planning consultant. This planning process will include input from DOCARE employees as well as representatives from DLNR's many other divisions.
6. Continued involvement and partnerships with community groups and public events to help foster closer working relationships between the Department, Division and the public.
7. Continued participation in the ongoing statewide planning with ICSD, State Civil Defense (SCD) and our county, state and federal partners to update and improve our statewide communication system for DLNR. At the present time there are several areas throughout the State that lack in connectivity and direct communication between remote field and office staff. This lack of vital communications jeopardizes officer and public safety.

8. Continued with implementation of computer consultant's recommendations including upgrading of existing electronic data processing equipment statewide as well as purchasing of new computer hardware and related software to build up statewide infrastructure and connectivity.
 9. Completed statewide training of officers with regard to newly enacted or amended natural resources related statutes and rules, included statewide recall training on the principles of justification for the use of force in law enforcement, self-defense and use of non-deadly force.
 10. Began the process of identifying and selecting both hardware and software to be used to electronically collect field data and information that could be recorded, processed, incorporated into summary reports and stored electronically.
- E. Please identify all modifications to your program's performance measures and discuss the rationale for these modifications.

There have been no new modifications to our program's performance measures.

III. Problems and Issues

A. Discussion of Problems and Issues Encountered

There is an ongoing perception of some of Hawaii's resource users that Hawaii's unique natural resources are unlimited and can withstand unregulated pressure. This demonstrates the need for more enforcement in order to ensure compliance and resource protection.

Customary practices brought to Hawaii by newcomers sometimes conflict with local laws and management efforts, creating a greater need for enforcement and education.

Significant population increases and the creation and/or expansion of resource areas (i.e. parks, forests, hunting, hiking trails, restricted areas, fishing and recreational boating) designated for public use increase the need for conservation enforcement and education. DLNR's conservation and resources enforcement program's budget and manpower levels have not kept pace with our ever increasing population, expansion of program, and greater then ever areas of responsibility.

Increased utilization of land and water resources under the management of the Division of Water Resource Management and Land Division require greater involvement by DOCARE in monitoring compliance with Department regulations.

Environmental consciousness of our State's unique natural resources continues to rise, resulting in an increased demand on DOCARE to protect and preserve natural areas, historic sites, refuges, unencumbered state lands and sanctuaries. User conflicts caused by competing interests have resulted in increased demand for more conservation enforcement intervention.

Native Hawaiian rights and related issues play an increasing role in DLNR's effort to manage natural resource usage. More attention must be given to community input and recommendations in order to foster voluntary compliance.

Current DOCARE staffing levels make it impossible to provide for adequate resources protection coverage on a 24-hour basis. Occasionally, complaints wait 24 hours or longer before an officer can respond to investigate the case. Limited funding for regular and holiday overtime also diminishes our ability to respond to resource violations at the time when our officers are needed the most.

Lack of an adequate staffing level has limited our ability to respond to alcohol, drug and violent behavior activities in all our major areas of responsibilities.

DLNR lacks a viable comprehensive statewide informational and educational program. More public education from all sectors is needed to promote public awareness and voluntary compliance with sustainable resource use restrictions.

The issues and problems affecting the program require pro-active measures. With limited manpower and funding, DOCARE is primarily responding in a reactive manner. This makes it difficult to protect Hawaii's unique natural resources and meet community expectations.

B. Program Change Recommendations to Remedy Problems

1. Organization – initiate integrated planning and restructuring to make efficient and effective use of all enforcement personnel and staff. DOCARE will collect and compile monthly data and written reports in order to examine the time and resources spent on the various functions of the Division. By doing this, DOCARE will be able to best utilize its limited resources both from a staffing and financial viewpoint.
2. Innovation – obtain the necessary equipment to provide immediate access to information that will aid management and enforcement personnel in their duties. DOCARE is working to develop a statewide networking system that will allow the various branches to communicate via personal computer.

3. Funding – budgetary resources must be sufficient to satisfy current operational needs and to ensure responsiveness to emerging issues and opportunities. This includes the need for funding for more manpower, after hours and holiday response efforts.
 4. Coordination – maintain, enhance and optimize our working relationships with other local, state and federal agencies to address shared enforcement concerns and responsibilities.
 5. Penalties – increase the use of civil penalties through a Department of Land and Natural Resources administrative hearing process thereby reducing the need to process minor offenses through the criminal justice system.
 6. Education – continue to work with various DLNR Divisions, PIO, community groups, resource users and interested individuals in order to ensure voluntary compliance with departmental conditions and restrictions.
 7. Establish and maintain a dedicated DLNR information and education program.
- 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. Projected Expenditures for Fiscal Year 2007-2008

	Appropriation Act 213/2007 FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Governor's Restrictions	Estimated Total Expenditures
(Pos. Count)	(152.00)				(152.00)
Personal Services	7,404,134	261,428	0	0	7,665,562
Current Expenses	1,814,470	0	0	0	1,814,470
Equipment	802,675	0	0	0	802,675
Motor Vehicles	579,435	0	0	0	579,435
(Pos. Count)	(152.00)				(152.00)
Total Requirements	10,600,714	261,428	0	0	10,862,142
Less:					
(Pos. Count)	(23.00)				(23.00)
Special Funds	1,630,890	37,698	0	0	1,668,588
(Pos. Count)	(2.75)				(2.75)
Federal Funds	662,088	4,600	0	0	666,688
(Pos. Count)	(125.25)				(125.25)
General Funds	8,243,905	207,885	0	0	8,451,790
(Pos. Count)	(1.00)				(1.00)
Revolving Funds	63,831	11,245	0	0	75,076

A. Explain all transfers within the Program I.D. and its impact on the program.

None

B. Explain all transfers between program I.D.'s and its impact on the program.

None

C. Explain any restrictions and the impacts on the program.

None

V. **Supplemental Budget Request FY 2008-2009**

	<u>Appropriation Act 213/2007 FY 2008-09</u>	<u>Budget Adjustment FY 2008-2009</u>	<u>Supplemental Request FY 2008-2009</u>
(Pos. Count)	(162.00)	(10.00)	(172.00)
Personal Services	7,882,422	311,409	8,193,831
Current Expenses	1,739,220	220,000	1,959,220
Equipment	475,675	-	475,675
Motor Vehicles	579,435	330,000	909,435
<hr/>			
(Pos. Count)	(162.00)	(10.00)	(172.00)
Total Requirements	10,676,752	861,409	11,538,161
Less:			
(Pos. Count)	(23.00)	5.00	(18.00)
Special Funds	1,630,890	(264,323)	1,366,567
(Pos. Count)	(2.75)	0.00	(2.75)
Federal Funds	662,088	0	662,088
(Pos. Count)	(135.25)	(15.00)	(160.25)
General Funds	8,319,943	1,125,732	9,445,675
(Pos. Count)	(1.00)	0.00	(0.00)
Revolving Funds	63,831	0	63,831
	10,676,752	861,409	11,538,161

Provide the total counts and funds requested.

A. Workload or program request:

1. Description of the Request

The Division is requesting the addition of 11 CREO and 4 Clerk Typist II positions in FY 09 for deployment statewide. In addition, the Division is requesting the funds necessary to meet operational needs, as well as the equipment, vehicles and other miscellaneous costs necessary to outfit and put these new positions into service.

Hawaii's ever increasing resident and visitor populations have a direct and often negative impact on our natural and cultural resources. User conflicts are increasing, as more people are competing to access or use our unique resources. Experience has demonstrated that natural resource violations occur statewide 24 hours a day, 7 days a week.

The eleven positions, to be distributed statewide, will make it possible to meet daily enforcement demands by adding necessary staff to the field where they are needed most. Without adequate staffing and funding, violations will go undetected, violators will go unpunished and overall compliance will decline.

The requested clerical positions to be distributed statewide are crucial to the day-to-day operation of the Division. Clerical positions are needed to process and record various documents, handle calls and complaints from the public, assign complaints to the officers in the field via phone or radio, and ensure that all reporting requirements are completed in a timely manner. At the current time experienced field officers are assigned to the office in order to supplement the shortage of clerical staff.

The establishment of these positions will be a significant, proactive step that will help to protect and conserve our fragile natural resources before damage can occur.

Startup funds are needed to outfit the new CREO hires. Examples of items to be purchased with these funds: uniforms, body armor, firearms, duty belt and accessories, portable/mobile communications, training materials, vehicles and other essential safety gear.

2. Listing/Description of Positions

New Division of Conservation and Resources Enforcement (DOCARE) positions – Eleven (11) Conservation and Resources Enforcement Officer (CREO) III and 4 Clerk Typist II.

New officer startup costs @ \$50,000 per officer.

MOF: A Total: \$1,125,732

B. Position Count Reductions

Description of the Request

The division is requesting the transfer of two (2) CREO positions and three (3) account clerk positions from DOCARE to the Division of Boating and Ocean Recreation (DOBOR). This request transfers Homeland Security functions for cruise ship activities to DOBOR.

The two CREO supervisor positions have already been re-described and will be responsible for managing contract harbor security activities associated with cruise ship arrivals/departures at DLNR owned and managed small boat harbors.

The account clerk positions have been reassigned to work directly for DOBOR and will be responsible for recording and tracking all fees, expenditures, account receivables, employee costs and other expenses related to cruise ship activities.

MOF: B Total: (\$264,323)

VI. Program Restrictions

Identify Restrictions Carried Over from FY08 as well as Additional Reductions due to the Department of Budget and Finances Budget Ceilings for FY09.

None

VII. Capital Improvement Program (CIP) Requests for FY09: CIP data for all projects within the agency being heard shall be combined into a single appendix in the department's testimony.

See Appendix A

VIII. Proposed Lapses of CIP Projects:

None

SENATE COMMITTEE ON WAYS AND MEANS
DEPARTMENT-WIDE BUDGET SUMMARY INFORMATION

CIP REQUESTS FOR SUPPLEMENTAL YEAR 2008-2009

1. DOCARE Office, Honokohau Harbor, Hawaii

<u>Prog ID</u>	<u>Project Title</u>	<u>FY2009 (in thousands)</u>	
LNR 405	DOCARE Office	Plans	10
	Honokohau Harbor,	Design	30
	Hawaii	Constr	60
		TOTAL	100

Project No.

Scope of Work: Plan, design and construction of office and facility improvements including: cesspool closure, new septic system and leach field; demolition of existing Harbor Master Office; new office facility; replacement of perimeter fencing and secured gate, and related improvements.

Justification: The existing facility is owned by the State of Hawaii and provides a cost effective means to implement public safety and environmental protection responsibilities. The existing office structure is unsafe and deteriorated from termite damage, office space is limited, the existing fencing has deteriorated from age, and the sewer system is not in compliance with current standards.

Senate District 03 House District 006

2. DOCARE Office and Baseyard, Oahu

<u>Prog ID</u>	<u>Project Title</u>	<u>FY2009 (in thousands)</u>	
LNR 405	DOCARE Office	Plans	10
	and Baseyard,	Design	50
	Oahu	Constr	440
		TOTAL	500

Project No.

Scope of Work: Plan, design and construction of improvements to the DOCARE office and baseyard facility in Pearl City, Oahu, including; roofing replacement and improvements including rain barriers; accessibility improvements including pathway, ramps and entry improvements, replacement of exterior siding, construction of covered parking for patrol vehicles, storage security improvements and related improvements.

Justification: The existing wooden structures have incurred significant water damage from the lack of appropriate weather protection measures, and connecting ramp and pathways are not compliant with current accessibility requirements and regulations. Also, there is no adequate protection for patrol vehicles from exterior elements.

Senate District 16 House District 036

SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009
January 30, 2008

PROGRAM Structure Level: 08 02 04

PROGRAM ID and Title: LNR 801 Ocean-Based Recreation

I. Introduction

A. Program Objective

To enrich the lives of people of all ages by providing opportunities and facilities for developing skills and participating in non-organized ocean-based outdoor activities such as boating, saltwater fishing, surfing, ocean swimming, etc.

B. Description of Program Objectives

The major objectives of the program consist of bringing facilities up to a minimal standards by adapting, improving and expanding the capacity of existing mooring and launching facilities; operating and administrating, maintaining and policing boat harbors and launching ramps; constructing new facilities; registering boats and maintaining a centralized vessel registration file; regulating the commercial use of boating facilities; administering a marine causality and investigation program; constructing and maintaining navigation aids for boating facilities; and conducting public education in boating safety.

C. Explain how your Program intends to meet its objectives within the upcoming fiscal year.

The division implemented a rate fee increase in fiscal year 2007 and is planning another fee increase in the third or fourth quarter of fiscal year 2008. The division increased fees an average of 33% in spring of fiscal year 2007 and will increase them 8% in the spring of fiscal year 2008. The revenue from the fee increase funded positions that will enable the division to address ocean recreation usage and resolve the conflicts that arise from the increased use of the limited resource. The fee increase will also provide capital to service debt necessary to fund needed capital improvement projects (CIP). General Obligation (G.O.) bonds are used to finance all CIP boat harbor improvements. In the past, G.O. bond funds have been authorized for the required matching fund for Federal-State projects and for boat launching facilities; however, boating projects to be funded by solely by G.O. bonds have been afforded low priority over the past several years. DOBOR is requesting \$10 million this year as a part of a multi-year program to improve the harbors and ramps statewide. As a part of the public hearing process to increase fees, the boating community was contacted to discuss how increases in boating fees would pay

reimbursable bond payments for these improvements. Reimbursable G.O. Bonds are used to finance most boat harbor improvements and debt service expenditures must be kept at reasonable levels commensurate with anticipated revenues. The scope of responsibilities for the division has expanded to include oversight of ocean recreation activities that are not associated with harbors usage and do not contribute funds to the Boating Special Fund. These activities include surf schools, regulation of activities at popular snorkeling and diving areas, and regulation activities at beach parks. These types of activities benefit the non-harbor, ocean using public and support the premise that General Fund support is necessary.

The primary source of revenues to the Boating Special Fund (approx. 63%) is mooring and other harbor use fees, including 3% of gross revenues of commercial vessels using boating facilities, commercial thrill craft and parasail operations, and cruise ship operations. Other primary sources include the State marine fuel tax, rental income from leases and revocable permits of boating facility's properties, vessel registration fees and the interest from short-term investment of available cash. Future rate increases and supplemental revenue sources (2001 Legislative Auditors Report) are required to do the necessary capital improvements, as well as to offset the 20% OHA contribution, and cover other cost increases. The division has conducted public hearings to increase fees for parking at its facilities and is proposing that parking fees be no higher than current city and county employee rates for permittees. The parking fees have not been increased in over 10 years and the increase will be used to fund much needed repairs, maintenance, and improvements to harbor parking areas. The division recognizes that substantial repairs and improvements are needed and is proposing a multi-year program to address these needs on a statewide basis. These improvements, as well as CIP improvements, will be funded with fee increases.

The first demand to transfer 20% of revenues received from boating facilities on ceded lands to OHA occurred at the end of 1992. The division continues to make contributions as required by statute. An increase in the amount of receipts received by the division has resulted in an increase in the amount remitted to OHA. This has reduced the amount of resources that the division has to address its operating issues and maintenance funding.

Federal Recreational Boating Safety Act (RBSA) funds, which are subject to renewal by Congress, are essential to maintaining a comprehensive boating program. These funds are to be used for supporting a statewide vessel registration program, boating safety education program, and effective enforcement of boating laws. RBSA funds reimburse the Boating Special fund for qualified expenses up to the grant amount. Some additional federal funds are available under the Wallop-Breaux Act for boating access facilities, amounting to 15% of the State's allocation from this source. The Department of the Interior approves projects for funding from this source, on a case by case basis.

II. Program Performance Results

A. **Discuss the performance results achieved by the program in FY 2007.**

Performance results have been reported in the "Measures of Effectiveness" report submitted each year. Categories include: total number of launching ramp lanes per thousand dry moored boats; total number of berths as a percentage of total requirements; number of reported boating accidents per ten thousand boats; number of fishing boats moored in water; number of other boats moored in water; number of boats stored on land; total State de facto population; provision of berths (numbers); other moorings (numbers); and launch ramps (number of lanes). These measures of effectiveness were part of the Harbors Division program when the Boating Division was a branch of that division. The numbers recorded each year since 1992 have not changed significantly except for the reduction in the number of berths due to deterioration. In order to provide more pertinent information, the division has begun tracking the number of capital improvement projects started and completed as part of the measures of effectiveness.

The Measures of Effectiveness provides basic information to assess and understand the Division's performance. This information, combined with a knowledge of the Division's finances will provide an understanding of what effects and drives the performance of the Division.

The Division is considering areas that are results oriented/outcome based to assist the department in providing safer, more secure and economical access to the boating public's natural resources. The areas under review are: shortfalls in funding and deferred maintenance. Additional areas for consideration may be addressed in the future.

B. **Explain how these results relate to the Program's Objectives and Department's mission.**

The results will reflect the division's efforts in sustaining our natural resources, which directly relates to departmental objectives.

C. **Explain how the effectiveness of the Program is measured (i.e.: outcome, measures of effectiveness, benchmarks, etc.) and discuss the performance results achieved during the past two years.**

The Measures of Effectiveness provides basic information to assess and understand the division's performance. This information, combined with a knowledge of the Division's finances will provide an understanding of what effects and drives the performance of the Division.

Effectively, the division's cash flow is sufficient for the daily operation of the division and minimal CIP. However, there are increased demands for enforcement

services as well as for administrative and cultural entitlements. This has served to limit the amount financial resources available to address future CIP needs. As a result, facilities have been taken out of service until the division is able to obtain viable funding.

D. Discuss actions taken by each Program to improve its performance results.

Deferred maintenance: It is vitally important that the facilities are maintained to provide a safe, healthy atmosphere for the boating public. It is calculated that total replacement costs for our facilities statewide total over \$350 million. Based on conservative engineering projections of the annual investment needed just to prevent existing facilities from deteriorating further, preventive maintenance and repair equivalent to 6-8% of the replacement costs would be required. DOBOR will request \$10 million this year as a part of a multi-year program to improve and repair the harbors and ramps statewide. The list of deferred maintenance grows and facilities have to be shut down to the boaters when they are no longer deemed safe. The desired outcome is to arrest the growth in the list of deferred items and bring all facilities up to minimum standards. The age of the boating facilities (the newest facility is over 20 years old) may limit the amount of deferred maintenance that may be effectively be performed. This will require additional CIP funds to address the re-building of existing facilities.

III. Problems and Issues:

A. Discussion of Problems and Issues Encountered if any

1. Organization.

The Division of Boating and Ocean Recreation (DOBOR) transferred to the department on July 1, 1992. It was previously a branch in the Harbors Division of DOT. Although all the functions and properties were transferred, many of the personnel providing support functions remained with DOT and DOT has steadily decreased the amount of support functions that it provides. These functions were gradually assumed by the new division and supported by DLNR personnel. An organization change was approved in 1993, which provided the framework for the new division. There was also the provision that positions would be upgraded to reflect current responsibilities and salary increases. That effort continues to this date. The division has increased staffing to address increased fiscal responsibilities and requirements; however, there remain several areas that need to be addressed.

2. Funding.

The Administration is proposing to develop lands adjoining harbor facilities to provide for supplemental revenue stream and has implemented a rate fee increase that will provide funding for necessary repairs and maintenance and

support \$10 million CIP. The division will seek approval of an additional \$10 million for CIP projects through G.O. Bonds. Revenue Bonds have also been considered, but DOBOR has been advised that its revenue base will not adequately support issuance of those bonds.

3. Repairs and Maintenance.

The Division continues to repair deteriorating facilities with limited resources. The Division estimates that it needs \$350 million to address CIP at all its facilities. It also needs to comply with current codes such as the American with Disabilities Act (ADA). DOBOR has implemented a fee increase package that will provide increased funding for repairs and maintenance of harbors and ramps. The initial fee increase averaged 28 percent statewide and calls for two additional 8 percent increases should the Legislature authorize at least \$10 million in CIP per year. The 2007 Legislature approved another \$10 million in CIP and the first 8 percent increase is scheduled to take place the beginning of 2008. We are hopeful that the Legislature will authorize an additional \$10 million in CIP for 2008 which will allow the division to continue to make much needed improvements to the facilities and generate additional revenue needed to make the bond payments.

4. Rules

It is recognized that the Division's current administrative rules are too lengthy, hard to understand, and redundant. DLNR continues to work with the Office of the Attorney General to rewrite all of the DLNR rules, including DOBOR, and plans to simplify all of DLNR's rules. DOBOR has implemented a new mooring fee structure in 2007 and will be holding public hearings to update the parking rates at the small boat harbors. It is compiling revisions to update all of the harbor fees statewide.

B. Program Change Recommendations to remedy Problems

The Division is re-evaluating staffing and agency shareholders to focus its efforts more effectively and efficiently.

The Administration submitted a lump sum CIP package for \$10 million each year for statewide harbor improvements within the Executive Budget. The Division is also crafting rules and providing the public with information on the internet.

IV. Projected Expenditures for Fiscal Year 2007-2008:

	Appropriation Act 213/2007 FY 2007-08	Collective Bargaining	Transfer In (out)	Governor's Restrictions	Estimated Total Expenditures
(Pos. Count)	(97.00)				(97.00)
Personnel Services	4,012,827	119,183	0	0	4,132,010
Current Expenses	12,342,901	0	0	0	12,342,901
Equipment	104,000	0	0	0	104,000
Motor Vehicles	155,000	0	0	0	155,000
Total Requirements	(97.00) 16,614,728	119,183	0	0	(97.00) 16,773,911
Less:					
(Pos. Count)	(97.00)	0.00	0.00	0.00	(97.00)
Special Funds	15,913,929	119,183	0	0	16,033,112
(Pos. Count)	0.00	0.00	0.00	0.00	0.00
Federal Funds	700,799	0	0	0	700,799
(Pos. Count)	0.00	0.00	0.00	0.00	0.00
Other Funds	0.00	0	0	0	0
(Pos. Count)	0.00	0.00	0.00	0.00	0.00
General Funds	0	0	0	0	0

A. Explain all transfers within the program i.d. and the impact on the program

None

B. Explain all transfers between program i.d. and the impact on the program

None

C. Explain all restrictions and the impacts on the program

None

V. Supplemental Budget Request for FY 2008 - 2009:

	Appropriation Act 213/2007 <u>FY 2008-09</u>	Budget Adjustment <u>FY 2008-2009</u>	Supplemental Request <u>FY 2008-2009</u>
(Pos. Count)	(100.00)	(5.00)	(105.00)
Personnel Services	4,128,345	264,323	4,392,668
Current Expenses	12,342,901	64,321	12,407,222
Equipment	104,000	-	104,000
Motor Vehicles	155,000	-	155,000
(Pos. Count)	(100.00)	(5.00)	(105.00)
Total Requirements	16,730,246	328,644	17,058,890
Less:			
(Pos. Count)	(100.00)	(5.00)	(105.00)
Special Funds	16,029,447	328,644	16,358,091
(Pos. Count)	0.00	0.00	0.00
Federal Funds	700,799	0	700,799
(Pos. Count)	0.00	0.00	0.00
Other Funds	0	0	0
(Pos. Count)	0.00	0.00	0.00
General Funds	0	0	0

Listing/Description of Positions Requested, Funding Requirements and Source of Funding

<u>Position/Category</u>	<u>FY 08</u>	<u>FY 09</u>	<u>Source of Funding</u>
2 CREO IV (SR 22)	-	128,643	Special
3 Account Clerk IV (SR 13)	-	135,680	Special
Ceiling increase for prop management		64,321	Special

A. Workload or program request

1. Reasons for Request

The Division is requesting five additional positions that would be responsible for developing, implementing and overseeing facility security plans at the Lahaina small boat harbor and at the Kailua-Kona pier. These security plans are required by federal law and must be approved by the United States Coast Guard. An approved security plan is required for the receipt of cruise ships. Also, the division is seeking to use funds to procure property management consultant services. The services would concentrate on ensuring that leases and revocable permits for the Ala Wai Small Boat Harbor are generating rents that are consistent with market rates.

2. A listing/description of the positions requested, and funding requirements by cost category and source of funding.

The Division is requesting to transfer two CREO IV and three account clerks from LNR 405 to develop, implement, and oversee the facility security plans for Lahaina small boat harbor and Kailua-Kona pier. The positions would be responsible for ensuring, as well as documenting, that the facility security plan is properly implemented for all cruise ship port calls. The Division of Conservation of Conservation and Resource Enforcement (DOCARE) is currently performing this duty.

B. For all position count reductions, please specify whether the positions were new, filled or vacant.

None

VI. Identify restrictions carried over from FY 2007-2009 as well as additional reductions due to the Department of Budget and Finance budget ceilings for FY 2008-2009.

None

VII. Capital Improvement Requests for Fiscal Year 2008-2009

SEE APPENDIX A

VIII. Proposed Lapses of Capital Improvements Program Requests: See Department Testimony – CIP Lapsing List

None

**SENATE COMMITTEE ON WATER AND LAND
BUDGET REQUEST FOR SUPPLEMENTAL BUDGET 2008-2009**

January 30, 2008

Program Structure: 08 02 02

Program ID and Title: LNR 805 - Recreational Fisheries

I. Introduction

A. Summary of Program Objectives

The program seeks to balance consumptive uses (recreational, and subsistence fishing) and non-consumptive uses (diving, snorkeling, photography, nature study) of aquatic resources, while at the same time seeking to preserve the integrity of the natural environment through active research, management, collaboration, and education and outreach.

B. Description of Program Objectives

Program objectives are to support and assist in the wise use of and the long-term sustainability of Hawaii's fishery resources and other aquatic life for the benefit of Hawaii's people and its visitors through research, outreach, collaboration, and management.

1. Administering State participation in the Federal Aid in Sport Fish Restoration program of the U. S. Fish and Wildlife Service.
2. Monitoring marine and freshwater aquatic resources to protect fish stocks and improve opportunities for recreational fishing.
3. Gathering and interpreting data on fishing effort and catches from recreational fishers.
4. Maintaining and enlarging artificial reefs on barren grounds at Waianae, Maunalua Bay, and Ewa (deep water) on Oahu and Keawakapu on Maui; investigating the potential for new artificial reef sites around the State.
5. Managing Wahiawa and Nuuanu, Kokee and Wailua, and Waiakea Public Fishing Areas on Oahu, Kauai, and Hawaii respectively.
6. Managing the Waikiki-Diamond Head Shoreline Fisheries Management Area and other Fisheries Management Areas.

7. Culturing and stocking freshwater gamefishes such as channel catfish and rainbow trout in public fishing areas.
8. Conducting biological studies of native freshwater species and of gamefish species in public fishing areas for management purposes.

C. Explain how the Program intends to meet its objectives in the upcoming supplemental year

The Department manages the State's aquatic resources through a variety of projects that include fishing regulations, fisher licensing, catch reporting, field monitoring, public education, and culture research. This enables the Department to manage the State's aquatic resources, both freshwater and marine, to ensure their wise, long-term, use by the people of Hawaii and its visitors.

New regulations are in place for improving the use of lay nets to catch fish and avoiding impacts to threatened/endangered species, establishing a new management area at Milolii, (Hawaii), changing regulations at Kahului Harbor (Maui), Kahekili (Maui), West Hawaii, and other regulations to manage conflicts, improve fishing, and better manage fishing gears currently in use. More and better recreational fishing opportunities are expected in the near future, due to recent changes to administrative rules granting the flexibility to schedule open seasons for trout fishing at Kokee, Kauai (relative to public demands), and a new public fishing area in Wailua, Kauai.

In addition to the commercial fishing information, recreational fishing data is needed to provide a more complete idea of total fishing effort. Improving the collection of recreational fishing information through the Hawaii Marine Recreational Fishing Survey will help us obtain more complete information on the total impact of commercial and recreational fishing on the state's marine resources.

Bottomfish are deep-sea fish that are an important source of seafood to many fishers and businesses. The Department established a statewide system of bottomfish restricted fishing areas in 1998 and has revised them to help rebuild their populations. Research and monitoring bottomfish habitats and catches will enable us to evaluate the areas effectiveness in improving fish populations and provide better fishing opportunities. Collection of multi-beam sonar mapping data has now been completed for the main Hawaiian Islands, allowing more accurate determination of the structure and extent of essential fish habitat for these deepwater species.

The Department works with several federal resource agencies, and non-governmental agencies to develop partnerships and management measures that are mutually beneficial, while sharing manpower and information to maximize

limited personnel and budgets. This enables us to ensure the resource's wise, long-term, use by the people of Hawaii and its visitors.

1. The U. S. Fish and Wildlife Service, US Department of Interior who administers the Federal Aid in Sport Fish Restoration program and
2. The National Marine Fisheries Service, US Department of Commerce, who administers the Endangered Species Act and other programs.

The Department is taking steps towards applying for an Incidental Take Permit issued by the National Marine Fisheries Service to address endangered species interactions under the Endangered Species Act. Recreational fishing activity has had negative impacts to monk seals and sea turtles, and by law these impacts must be formally addressed.

The Department operates and maintains the Statewide Fish Aggregation Device (FAD) System to assist fishers find and catch valuable marine fish species and provide better fishing opportunities.

The Department maintains and enlarges artificial reefs on barren grounds at Waianae, Maunalua Bay, and Ewa (deep water) on Oahu and Keawakapu on Maui; investigating the potential for new artificial reef sites around the State, to improve fish populations and provide better fishing opportunities.

The Department develops culture techniques for mullet, moi, and other important native species to supplement and improve naturally occurring fish populations.

To provide better fishing opportunities, the Department cultures and stocks freshwater gamefishes, such as channel catfish and rainbow trout, into public fishing areas.

The Department conducts biological studies of native freshwater species and stocked gamefish species in public fishing areas to assess aquatic resource populations.

II. Program Performance Results

A. Discuss the performance results achieved by the Program in FY '07 and '08

A program consolidation was proposed, as a result of an administrative directive to consolidate programs where appropriate, to simplify budgetary program reviews. Subsequent effort involved document preparation to reflect the consolidation of two fisheries programs (recreational and commercial). This consolidation was submitted as part of the administration's budget during the 2007 Legislature. However the Legislature disagreed with the consolidation and instead granted an additional management position to assist in managing the commercial fisheries program as a stand-alone program.

The Department continued to revise its administrative rules on fishing. Specifically, lay gill nets have been restricted in use and banned in some areas (total ban on the island of Maui). Further, rules revising fishing for rainbow trout in Kokee, Kauai were completed as well as rules establishing a new public fishing area at Wailua, Kauai.

The State attempted to maximize its full appropriation of Federal Aid in Sport Fish Restoration funds during the two fiscal years and continued to expand our artificial reefs using donated services and materials to serve as in-kind match for Federal funds. Stocking programs of the gamefishes channel catfish and rainbow trout raised at the Anuenue Fisheries Research Center continued at Nuuanu and Kokee, respectively, with volunteer time at both public fishing areas providing the match for federal funds. A stocking program for largemouth bass in the Wahiawa Public Fishing Area has been implemented through a partnership program with the Wahiawa Intermediate School, where a hatchery was constructed with federal funds, again matched by volunteer time and contributions. A similar partnership is being envisioned for the future Wailua Reservoir on Kauai, where new administrative rules establishes a new public fishing area at this reservoir.

A stock enhancement for mullet has continued in Hilo, and small-scale experimental releases of moi have been conducted on Oahu. A voluntary papio/ulua tagging project has continued on all the Main Hawaiian Islands with recreational fishers tagging and recovering fish with materials and protocols provided by the State. A database has been established that already is providing significant information on growth and movements of these important species. Research activities are continuing on Hawaii's unique native stream biota, again with the bulk of support coming from federal funds. The State's first e-commerce service for on-line licensing and permits involving transactions on the Access Hawaii (eHawaiiGov) web site for the freshwater game fishing license has proven successful.

The Department and the National Marine Fisheries Service (NMFS) continue to collect marine recreational fishing effort data, administered through the Hawaii Marine Recreational Fishing Survey (HMRFS). Data are being collected through the Marine Recreational Fishery Statistics Survey (MRFSS), which has been conducted in the continental U.S. since 1979. The Division of Aquatic Resources (DAR) is now collecting catch and effort data at various sites around the State. Access sites are distributed among shoreline, private boats at boat ramps. DAR is providing staff and base level funding to support HMRFS sampling in Hawaii. Its experience and knowledge of local recreational fisheries will help to maximize the efficiency of HMRFS in Hawaii. NMFS will contribute funds to increase sample size and coverage as well as provide administrative experience and statistical support to DAR. These data are critical to filling a huge gap in the fundamental knowledge needed to manage nearshore recreational fisheries.

B. Explain how these results relate to the Program's Objectives and Department's Mission

The management and wise use of Hawaii's aquatic resources, manifests itself in the above-described efforts. The program's objective is to provide sustainable recreational opportunities whether it be for fishing or viewing. Stocking of gamefishes in public fishing areas provides additional fishing success for the fishing public as well as to increase the fish populations, helping to increase the stock's numbers, overall. Tagging of gamefish, especially the papio/ulua has demonstrated a unique collaboration between the agency and the recreational angler – no longer are the fishermen eager to deposit their catch in their coolers, but release the fish (after tagging them) so that they may learn more about the fish's habits, and in doing so, practice conservation.

C. Explain how the effectiveness of the Program is measured and discuss the performance results achieved during the past two years

Performance of the statewide Recreational Fisheries Program is exhibited by the popularity, the amount of public participation at public fishing areas such as Kokee, Nuuanu, and Lake Wilson. In the reporting period, not only have the fishing rules for the Kokee trout fishery changed to accommodate public demand, a new public fishing area has been added (Wailua, Kauai) which has the potential to not only increase the public's enjoyment of fishing opportunities, but to also interface with schools for lessons in culture and game fish management. The papio/ulua tagging program now works with over 1,300 volunteer fishermen. Demand for publications, informational booklets and posters, public service announcements, news releases, media interviews, etc. remain high. Performance results during the past two years is also described in IIA .

D. Discuss actions taken by the Program to improve performance results

The following rule packages have the initial approval by the Board of Land and Natural Resources and will be taken to public hearings: 1.) a new rule governing size and bag limits for opihi statewide; and 2.) a rule seeking to mitigate user conflicts at Kahului Harbor on Maui. Additional rules are in advanced stages of development regarding catch reporting and inspection in the bottomfishery; size and bag limits; a subsistence fishing area at Milolii, Hawaii; and an herbivorous fishes management area for control of invasive marine algae on west Maui.

E. Identify all modifications to program's performance measures and discuss the rationale for these modifications

As discussed in IIA, the administration had directed a consolidation effort for two programs, commercial and recreational fisheries. This was proposed to the Legislature during the 2007 session. As such, reports previously submitted were characterized by a modification of performance measures, consolidating them

where applicable. However this proposal was opposed by the Legislature and the current measures have reverted to that of the pre-consolidation program.

III. Problems and Issues

A. Discussion of Problems and Issues Encountered

Hawaii's aquatic resources are famous worldwide. Our economy derives hundreds of millions of dollars annually from visitors attracted to, and fisheries supported by, our 750 miles of coastline (fourth longest among the states), more than 400,000 acres of coral reefs around the main Hawaiian Islands alone, nearly 3 million acres of State marine waters, more than 565 million acres in the Fishery Conservation Zone (within the 200-mile limit) around us. Our 376 perennial streams support plants and animals found nowhere else on earth. We know that the fish populations and other living biota within these regions have been severely depleted, but there still is a prevailing belief in much of the population that these living resources are virtually inexhaustible, need little regulation, and should remain free-for-the-taking.

Clearly we need to be able to define and quantify these resources, understand how they are changing, and accomplish this under the umbrella of species and habitat interrelationships to a much higher degree than has been possible to date. As a priority step we need much better information about the take of fish by recreational and commercial users. And we need greater support to correct those problems which have been recognized: declining nearshore fisheries, depleted stocks of deepwater bottomfish, damage to coral reef communities due to overfishing, sediment loading, alien species invasions, excessive "nonextractive" recreation, and support for a recreational fishing license system that will help to provide such data. Healthy reef communities and their associated fish populations are attractions vital to the State's visitor industry and are at the heart of the local lifestyle for Hawaii's residents. Increasing resident and visitor populations are placing ever greater strain on these resources, and there needs to be a concomitant acceptance of responsibility by the State to assure that the equity in these resources is protected for future generations.

Public fishing areas such as the Nuuanu Reservoir and Wahiawa Reservoir (Lake Wilson) on Oahu, Kokee on Kauai, and Waiakea Pond on Hawaii continue to be immensely popular with Hawaii's recreational fishermen. There is a demand for more opportunities that is restricted by budget and manpower limitations. This is exacerbated by a new development: dam safety. The public fishery for at least two reservoirs (where dams are concerned) may be adversely impacted should there be a decision to breach the dam walls in the interest of public safety.

Public concern for and sensitivity to the aquatic environment is evidence of the public's high overall demand for quality resources. Balancing this is the need to use these resources to accommodate an increasing human population and

robust economic growth causing an unrelenting pressure on all natural resources. Ever increasing demand on seafood, resident and activity-oriented visitor populations, development of coastal lands, increasing affluence and leisure time, technological advances, and growing competition among users of aquatic habitats, continue to increase pressures on fishery stocks placing certain resources at risk of habitat loss, over-fishing and depletion.

B. Program Change Recommendations to Remedy Problems

An increase in the expenditure ceiling for federal funds is proposed. Federal funds from the U.S. Fish and Wildlife Sport Fish Restoration Program would be used to support control/eradication of exotic freshwater alien pest species and for a survey of the diversity and abundance of marine fishes targeted by fishers in marine managed areas.

C. Identify any program issues or problems that have affected or will affect the program's implementation and any corrective measures or remedies established or planned

The State's recreational fishery resources are under intense pressure from increasing human population in the State; increased demand for seafood; increased leisure demands that affect aquatic resources; increasing user conflicts in regard to those resources; increased impacts to aquatic resources from fishing, pollution, environmental degradation, invasive species and climate change; and increasing competition for control of the resources themselves. Without a change in or clarification of priorities, addressing these stresses will be a continuing uphill battle. Education is key, and a greater proportion of effort is being expended in this respect. Other than this, the Division will continue to allocate funds and manpower as requested and focus on problems of greatest apparent urgency, such as aquatic invasive species.

Aquatic ecosystems are complex and scientists still do not know exactly how all living things interrelate. This fact, coupled with limited resources for research and outreach, means that management of these species will inevitably be less refined than desirable for the foreseeable future. Despite this, the program strives to maintain a base level of services, attempting to be creative and to develop within current constraints expanded and enhanced services, and more effective management regimes. Nonetheless, even with significant federal assistance and external funding arrangements, there is no substitute for a commitment to core funding for support of priority and long-term needs. As long as it continues to receive only one percent or so of the State's total budget, the Department will remain perennially in a catch-up mode in terms of protecting the State's greatest natural, community and economic asset – its natural resources.

IV. Projected Expenditures for Fiscal Year 2007-2008

	Appropriation Act 213/2007 FY 2007-08	Collective Bargaining	Transfer In Transfer (Out)	Governor's Restriction s	Estimated Total Expenditures
(Pos. Count)	(7.00)				(7.00)
Personal Services	464,573	35,416	0	0	499,989
Current Expenses	661,267	0	561,670	0	1,222,937
Equipment	0	0	0	0	0
Motor Vehicles	0	0	0	0	0
(Pos. Count)	(7.00)				(7.00)
Total Requirements	1,125,840	35,416	561,670	0	1,722,926
Less:					
(Pos. Count)	(0.00)				(0.00)
Special Funds	75,575	703	0	0	76,278
(Pos. Count)	(0.00)				(0.00)
Federal Funds	811,625	5,695	561,670	0	1,378,990
(Pos. Count)	(7.00)				(7.00)
General Funds	238,640	29,018	0	0	267,658

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

More federal funds became available than originally estimated. The additional funds (\$561,670) are being used on projects to expand the artificial reefs (\$137,500), study ulua resource assessment (\$82,500), survey of fish and habitat areas (\$258,000), control/eradication of exotic freshwater aquatic organisms (\$33,750) and the Hawaii Marine Recreational Fishing Survey (\$49,920).

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

None

C. Restrictions And Their Impacts On The Program

None

V. Supplemental Budget Request FY 2008-2009

	Appropriation Act 213/2007	Budget Adjustment	Supplemental Requests
	<u>FY 2008-09</u>	<u>FY 2008-2009</u>	<u>FY 2008- 2009</u>
(Pos. Count)	(7.00)	(0.00)	(7.00)
Personal Services	464,573		464,573
Current Expenses	661,267	206,200	867,467
Equipment	0	0	0
Motor Vehicles	0	0	0
<hr/>			
(Pos. Count)	(7.00)	(0.00)	(7.00)
Total Requirements	1,125,840	206,200	1,332,040
Less:			
(Pos. Count)	(0.00)	(0.00)	(0.00)
Special Funds	75,575		75,575
(Pos. Count)	(0.00)	(0.00)	(0.00)
Federal Funds	811,625	206,200	1,017,825
(Pos. Count)	(7.00)	(0.00)	(7.00)
General Funds	238,640		238,640

- A. Workload Or Program Request (Description of 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)

The ceiling increase in federal funds (\$206,200) would support a new project obtaining data on the diversity and abundance of marine fish species targeted by recreational fishers in marine managed areas (\$172,500) and to continue the study on the effectiveness of introducing pike killifish (*Belonesox belizianus*) as a biological

control or eradication agent of exotic topminnows in brackish water ponds (\$33,700).

	<u>MOF</u>	<u>Personal Services</u>	<u>Other Exp.</u>
Ceiling Increase	N	0	206,200
Totals			206,200

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

None

VI. Identify Restrictions Carried Over From FY 2007-2008 As Well As Additional Reductions Due To The Department Of Budget and Finance's Budget Ceiling For FY 2008-2009

None

VII. Capital Improvement Projects Requests For Fiscal Year 2008-2009

None

VIII. Proposed Lapses of Capital Improvement Program Projects

None