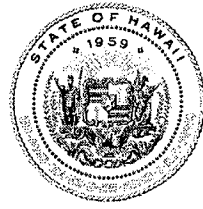
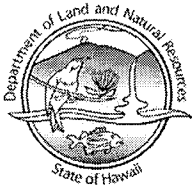


SCR 77

Testimony

LINDA LINGLE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
LAURA H. THIELEN
Chairperson**

**Before the Senate Committee on
WAYS AND MEANS**

**Wednesday, April 7, 2010
9:30 AM
State Capitol, Conference Room 211**

**In Consideration of
SENATE CONCURRENT RESOLUTION 77/SENATE RESOLUTION 33 -
REQUESTING THE AUDITOR TO CONDUCT A FOLLOW-UP AUDIT OF THE
MANAGEMENT OF STATE BOATING FACILITIES BY THE DIVISION OF
BOATING AND OCEAN RECREATION OF THE DEPARTMENT OF LAND AND
NATURAL RESOURCES**

Senate Concurrent Resolution (SCR) 77/Senate Resolution (SR) 33 authorize the Legislative Auditor to conduct a follow-up audit of the Division of Boating and Ocean Recreation (DOBOR) of the Department of Land and Natural Resources (Department). The Department does not believe that an audit is necessary as DOBOR was already the subject of a legislative financial audit in 2006 and management audits in 2001, 1998, and 1995.

DOBOR has proceeded to implement strategies of the Department's Recreational Renaissance Plan to improve its facilities, including the recent amendment to the mooring fees and offering of fast lands for long term leases. The Department notes that boaters and the Board of Land and Natural Resources have asked DOBOR to develop an accounting to segregate the new revenues developed under the Recreational Renaissance Plan so that they can document amounts received and the specific expenditures. The Department recommends the Legislature amend these resolutions to direct DOBOR to do the same, and to report that accounting system back to the Legislature next year. In the event the report is unsatisfactory, the Legislature could then move forward with a management audit at that time. The Department is concerned that an audit at this juncture will take valuable time away from DOBOR's limited staff, already decimated by furloughs.

DOBOR has worked diligently to utilize legislative funding to improve the conditions of its facilities and has implemented many of the recommendations from those audits and substantial

LAURA H. THIELEN
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RUSSELL Y. TSUJI
FIRST DEPUTY

KEN C. KAWAHARA
DEPUTY DIRECTOR - WATER

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

improvements have been made to the internal processes. DOBOR, with the help of the Legislature, is addressing the over \$300 million in deferred Capitol Improvement Program (CIP) projects at its harbors and ramps, and has utilized over \$70 million in CIP funding over the last eight years.

The following are examples of the various harbor projects that DOBOR has completed in the last eight years:

<u>Project</u>	<u>Location</u>	<u>Completion Date</u>	<u>Amount</u>
Ferry System Improvements	Manele	November 2006	\$11,995,401
Replaced B, C, D Docks	Ala Wai	May 2009	\$2,850,750
Replacement of Docks	Waianae	Various	\$2,022,485
New Docks and Imp.	Haleiwa	Various	\$1,300,000
Sewer Improvements	Keehi	February 2007	\$1,294,230
New Comfort Station	Lahaina	September 2006	\$1,086,235
Replaced G Dock	Ala Wai	April 2004	\$1,035,100
Replaced F Dock	Ala Wai	August 2007	\$935,000

The following are examples of CIP projects for ramps in the last eight years:

Ramp Dredging	Waikaea	April, 2008	\$1,537,190
Maintenance Dredging	Wailoa	June 2007	\$1,210,675
Ramp Improvements	Pohoiki	December 2008	\$964,587
Ramp Improvements	Kahului	Various	\$905,228
Ramp Dredging	Mala	August 2008	\$778,575
Ramp Dredging	Kihei	September 2007	\$570,780

The following are projects that will be completed within the next year:

Replacement of Docks	Keehi	July 2011	\$5,000,000
Replacement of Docks	Lahaina	July 2011	\$2,500,000

From: HBPA@aol.com
To: [WAM Testimony](#)
Cc: [Sen. Clayton Hee](#)
Subject: WAM Comments in support of SCR77 and SR33
Date: Monday, April 05, 2010 10:00:32 PM

WAM hearing on 4/7/10, 9:30 am, Rm.211

Comments in SUPPORT of SCR77and SR33

Senator Donna Mercado Kim, Chair
Senate Ways and Means Committee

Dear Senator Kim, Vice Chair Tsutsui and members of the WAM Committee,

Aloha. In FY 2009 DLNR-DBOR manipulated its book keeping by segregating its Revenue and Expense ledgers from a single consolidated presentation into four separate categories i.e. Harbors, Ocean Recreation, Boat Ramps and Non-Harbor Administration. In doing so, the Harbors account was stripped of any revenue from several large sources that, prior to 2009, provided sufficient revenue to keep "Harbors" as well as DBOR as a whole, in the black. Some of the accounts that were removed, and their 2009 totals are:

Liquid Fuel Tax	\$1.6 million
Rental of DBOR Land and Wharf	1.6 million
Parking Fees	.124 million
CG Boating Safety Grant	.678 million
Ramp Fees (comm..and rec.)	1.79 million
Cruiseship Revenue	.453 million

TOTAL \$6.245 million

Note: Revenue from the \$ 2.9 million Hawaii allocation of the 2009 federal grant from the Sportfish Restoration and Boating Trust Fund also does not appear in the accounting sheets provided in Exhibit B of the DBOR FY 2009 amendments to its Administrative Rules from which the foregoing data was extracted. More than half of this \$710 million federal Trust Fund comes from federal Motorboat fuel taxes, and the purpose of this Grant is to return these funds to the motorboaters who are inadvertently taxed by the federal Highway Fund for fuel that was not used on our highways. Hawaii has already been allocated \$2.5 million from this Trust Fund for 2010. The circumstances surrounding how this Fund is being used should be a key item in the Audit being proposed. The same goes for the "Liquid Fuel Tax" account because it is just applying the federal Trust Fund scenario to the State fuel taxes paid by our motorboaters. Also, noted that there are no OHA entries in these accounts..

We contend that the primary purpose of the foregoing establishment of "Harbors" as a separate account in 2009 and effectively stripping it of the substantial revenues itemized above, was done to portray "Harbors" as "operating in the red" and thereby justifying the

need for the 60% to 90% mooring fee increases proposed by DBOR (implemented Apr. 1, 2010). Had this “cooking of the books” not occurred, and the accounting methods that were used prior to 2009 continued, DBOR would still be operating in the black. I sincerely believe that this book keeping skullduggery clearly illustrates the dark depths that Laura Thielen will go to in her quest to shape DBOR in her image. This is the heart of the problem facing the boating community. And, that is a primary reason why we need the audit proposed in SCR77 and SR33. I have documents to verify these and related issues and would be happy to brief you on them.

Please approve SCR77 and SR33. This is perhaps the most important action we can take to help correct the highly unpopular course that DBOR is on and bring it back to one that is acceptable to the boaters.

Sincerely,

William E. Mossman
Hawaii Boaters Political Action Association