

TESTIMONY
SCR 77 / SR 33
LATE

LATE TESTIMONY

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 02, 2010 3:34 PM
To: WTLTestimony
Cc: hbpaa@aol.com
Subject: Testimony for SCR77 on 3/3/2010 3:15:00 PM

Testimony for WTL 3/3/2010 3:15:00 PM SCR77

Conference room: 229
Testifier position: support
Testifier will be present: Yes
Submitted by: William E. Mossman
Organization: Hawaii Boaters Political Action Association
Address: 282 Aikahi Pl. Hailua, HI
Phone: 8082542267
E-mail: hbpaa@aol.com
Submitted on: 3/2/2010

Comments:
Senator Clayton Hee, Chair WTL

Dear Chair Hee, Vice Chair Jill Tokuda and members of the committee,

We strongly support SCR77 (and SR33) and urge the Legislature and the Auditor to also closely examine the changes made by the DLNR in Exhibit B of the recent Amendment to HAR 13-234-3 (Recreational Renaissance Plan ") These Revenue and Expense Charts were developed in 2009 to reduce the Revenue accounted for by the DBOR harbors to further justify the exorbitant harbor user fees increase required by the HAR Amendment.

This manipulation of revenue sources within the Boating Special Fund is a precursor of the serious changes DLNR has planned on how Boating Special Funds could be used for other than boating purposes.

We support SCR77 and SR33.

Sincerely,

William E. Mossman
Hawaii Boaters Political Action Association

LATE TESTIMONY

March 3, 2010

To: Senators
From: Zelei Abordo

Re: Testimony in favor of Resolution SCR77

Dear Senators,

I support a management audit of the Division of Boating and Ocean Recreation. I would also support an amendment to include a financial audit of the Division of Boating and Ocean Recreation.

Sincerely,
Zelei Abordo

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From: Noa Napoleon [freeoceanaxs@yahoo.com]
Sent: Wednesday, March 03, 2010 9:04 AM
To: WTLTestimony
Subject: inline attachment

The following 2008 article speaks to long held views by staff and admin at DLNR, who routinely ignore their charters in disposing of public lands. In this case potential Boating funds are diverted to the Hilton for personal enrichment without competitive bid. Non-bid contracts are subversive and need to be scrutinized by the Senate committee on WTL. This problem should be studied by the auditor as well because from my perspective DOBOR has used this as precedent for other commercial leases.

Hilton Pier Lease
may be offered to bid
The land board considers ending
the profitable, **exclusive permit**
By Ian Lind
Star-Bulletin

The state Board of Land and Natural Resources could put an end to more than three decades of special treatment for the Hilton Hawaiian Village when it considers the future of the hotel's landmark pier at a meeting tomorrow.

A staff recommendation says the board should cancel the month-to-month revocable permit, which has given the hotel exclusive control of the pier since 1964, and award a new long-term lease to the highest bidder in a public auction.

If the board approves the recommendation and votes to require a public auction, it would be a major blow for Hilton, which has subleased the pier to Atlantis Submarines at a substantial profit since 1992. The attorney general has twice concluded that the sublease arrangement violates state law.

During 1996, Hilton received \$870,921 in revenues from Atlantis, but paid the state only \$30,500 in rent, according to an annual financial statement submitted to the state.

Hilton General Manager Peter Schall declined to comment on the auction recommendation. "You have all the information you need," Schall said.

The Hawaiian Village is managed by Hilton, which owns the hotel in a joint venture with the Prudential Insurance Co.

The new recommendation represents an abrupt about-face. Just two weeks ago, land agent Cecil Santos said an agreement had been reached to give a new lease directly to Hilton without bidding under the terms of a law aimed at encouraging competition in the aeronautical, agricultural or maritime industries.

The turnabout follows the Star-Bulletin's disclosure that letters from a rival undersea tour firm,

LATE TESTIMONY

Voyager Submarines, to state land officials had gone unanswered for more than three years despite the company's willingness to pay at least 12 times more than the lease rent currently paid by Hilton.

Land officials now believe that "a more appropriate way to dispose of an interest in the pier and allow the state to realize the pier's full economic potential would be to sell a lease at public auction," according to the recommendation.

The successful bidder would be free to sublease to other ocean tour or recreation operators, and would be expected to maximize use of the pier within existing safety limits.

"For example, the operator will not be limited to deal with only Atlantis or Voyager but could conceivably deal with both if the trips are coordinated," the recommendation says. "The pier then is viewed as a vehicle to provide or enhance ancillary business opportunities for the visitor industry in Waikiki. Its potential is limited only by the creativity of the operator."

Schall said he did not know whether Hilton officials would appear at tomorrow's land board meeting to argue their case for another nonbid lease.

In its written proposal, Hilton stressed its track record as a reliable partner over the years. "In its various agreements with the state concerning Duke Kahanamoku Beach and Lagoon, the Hotel consistently has demonstrated that it has the means and the willingness to perform its obligations and undertakings in a timely and consistent manner," the proposal states.

Hilton says it plans to launch a new glass-bottom boat for weddings and "fun and sun cruises involving swimming and snorkeling" and will revive catamaran cruises and private charters operated from the pier by another company.

"The economic staying power of the hotel, coupled with the visual proximity of the pier to the hotel's own facilities, assures that the pier will not be closed or allowed to deteriorate to the detriment of competition and the visitor industry generally," it states.

The hotel's proposal was developed over the past few months with the advice and active assistance of state land officials, records show. They identified the potential legal loophole and advised how to tailor the proposal.

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