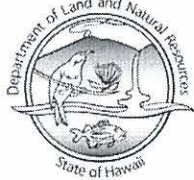


# HB 1312 HD2

## RELATING TO SMALL BOAT HARBORS.

Provides that state fast lands and submerged lands may be leased. Provides for the lease of fast lands and submerged lands of the Ala Wai boat harbor pursuant to requests for proposals. Effective July 1, 2030. (HB1312 HD2)

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
WILLIAM J. AILA, JR.  
Chairperson**

**Before the Senate Committee on  
WATER, LAND, AND HOUSING**

**Tuesday, March 15, 2011  
1:15 PM  
State Capitol, Conference Room 225**

**In consideration of  
HOUSE BILL 1312, HOUSE DRAFT 2  
RELATING TO SMALL BOAT HARBORS**

House Bill 1312, House Draft 2 authorizes the Department of Land and Natural Resources (Department) to use the Request for Proposal process to enter into a public-private partnership to develop portions of the Ala Wai boat harbor that are currently underutilized to maximize revenue generating potential. The Department supports this measure.

The Department notes that it already has the statutory authority to lease fast lands and has recently entered into a development agreement for the development of the haul-out and fuel dock areas within the Ala Wai Small Boat Harbor. The Developer paid an initial development fee of \$150,000 and is currently paying \$15,000 per month while working to obtain the necessary permits.

The Department supports offering the remaining site located at the Harbor Office on a request for proposal basis. The Department also supports the leasing of submerged lands similar to the Hawaii and Waikiki yacht clubs.

By extending the leasable areas of the Harbor to the submerged lands, a new funding stream will be opened to the Department to support its long-range repair and maintenance goals for public harbor facilities. The Department has been in favor of such an initiative for many years and sees this as a stepping-stone to self-sufficiency.

**WILLIAM J. AILA, JR.**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**GUY H. KAULUKUKUI**  
FIRST DEPUTY

**WILLIAM M. TAM**  
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

**From:** [Maui Classic Charters Info](#)  
**To:** [WLH Testimony](#)  
**Subject:** HB 1566 HD1 Relating to Small Boat Harbors  
**Date:** Monday, March 14, 2011 3:24:08 PM

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Testimony to the Senate Water, Land, & Housing Committee  
Tuesday, March 15, 2011 1:15 pm  
Conference Room 225

Speaking in Opposition

RE: **HB 1566** HD1 Relating to Small Boat Harbors

Chair Senator Donovan Dela Cruz, Vice Chair Malama Solomon and Members of the WLH Committee:

My name is Lynse Frank, and I am the Comptroller for Maui Classic Charters, Inc., which operates 2 vessels out of Maalaea Harbor.

Our company is in **opposition to one part of this bill.**

We take exception to the wording of this bill that would impose an **additional fee** for common areas and maintenance water and electricity. Those CAM fees should be considered included in our slip fees.

It was just three years ago that we, the commercial boaters, sponsored legislation to **raise the commercial fees by 50% so that harbors could be better maintained.** It is not reasonable to now add another fee above and beyond the high commercial fees we are already paying.

*We could support this bill if it were stated that these additional fees were made part of the slip fee, not an additional fee. As this bill is written, it puts an additional and unwarranted burden on the commercial operator who is already paying significantly more than the recreational boater. The commercial operators represent less than 3% of all the State's boaters but provide over 50% of all boating related revenue.*

Please do not pass HB 1566 HD1 without amending it to exclude this additional fee.

Thank you for the opportunity to submit testimony.

Sincerely,

Lynse Frank, Comptroller  
Maui Classic Charters, Inc.



Honorable Donovan M. Dela Cruz, Chair  
Senate Committee on Water, Land and Housing

Robert R. Humphreys  
Ilikai Association of Apartment Owners  
1777 Ala Moana Blvd., #1204  
Honolulu, HI 96815

Hearing on HB 1312 and HB 1566  
March 15, 2011

Introduction. Mr. Chairman and Members of the Committee, I am Robert R. Humphreys, a resident of the State of Hawaii and owner of an apartment at the Ilikai Hotel and Condominium. I appear before you at the request of, and on behalf of, the Association of Apartment Owners of the Ilikai in opposition to certain provisions in HB 1312 and HB 1566, passed by the House and referred to your Committee. This Committee favorably reported two bills originating in this body, SB 1549 and SB 1555, which are somewhat similar to the House bills. Those bills passed the Senate and have been referred to the counterpart House committees. All four bills address leases and improvements at the Ala Wai and Keehi boat harbors. The focus of our testimony in opposition is on section 7 of HB 1566.

Statement. Section 7(b)(5) of HB 1566 authorizes the Department of Land and Natural Resources to award leases for “hotel, residential, and timeshare uses”. Such uses, if this provision becomes law, pose an exceptionally serious threat to the viability of the Ilikai Hotel and to the quiet enjoyment of the property by its resident apartment owners and guests. There appears to be only one location in the Ala Wai boat harbor that could support a hotel or other residence—the current parking area at the harbor. The Ilikai, a forty-five year old Waikiki landmark, would be permanently despoiled, the view of the ocean obliterated by such construction.

The offending provision, if enacted, would conflict with existing State law. Under HRS §200-2.5, permissible uses under any lease of state boating facility properties are limited to those which “will complement or support the maritime activities of state

boating facilities.” We recognize and understand that HB 1566 would amend the statute by adding “ocean recreation” to the permissible uses, but in our opinion the additional wording would not, and should not, support the construction of a hotel. Moreover, such purposes must be consistent with the purpose for which the land was set aside by the governor pursuant to section 171-11, HRS. Clearly, hotel, residential condominium, and timeshare uses are not designed to enhance or support maritime activities, but have the opposite potential of distorting the proper and intended uses of the Ala Wai harbor.

Other provisions of the House bills relating to permissible lease uses are also concerning to the Ilikai Association of Apartment Owners. Specifically, neither the size nor the potential location for the proposed seawater air conditioning cooling facility (HB 1566, Section 7(b)(8)), is described in that bill. What impact would the construction of the facility have on the ecology and the beauty and ambiance of the boat harbor and surroundings? The Ilikai Association is also concerned about provisions to provide substantial, possibly overwhelming, commercial boat mooring at the pier located on the mauka side of the harbor nearest the Ilikai, Edition Hotel, and Ilikai Marina in both House bills (HR 1312 and HR 1566). The ecological impact of such mooring activity and the traffic it would generate is unknown, but potentially damaging

Conclusion. The Ilikai AOA agrees with the Governor and the legislature on the need for additional revenue to properly maintain and improve the Ala Wai boat harbor. For that reason we are not prepared to object to many of the lease purposes identified in Section 7(b) of HB 1566 and Section 2 of HB 1312. Upon enactment and approval of the Ala Wai and Keehi improvement legislation, the Ilikai AOA pledges to work with the Department of Land and Natural Resources in the development of the Ala Wai boat harbor and its environs. Certainly, the date of enactment of these bills, July 1, 2030, will provide ample time for productive consultation among all the stakeholders.

The Ilikai Association appreciates the opportunity to testify, and we urge your Committee to recommend the deletion from HB 1566 and HB 1312 those provisions which could irreparably damage our aina.

\* \* \* \* \*

## In Support of an SD1 amending HB1312 HD2

In room 225 at 1315 on Tuesday, 15 March 2011

Senate Committee on Water, Land and Housing

Chair Dela Cruz and respected Members of the Committee;

My name is Reg White. I have been a tenant and resident of Ala Wai Small Boat Harbor for the past eleven years.

### Modify the Lease Out Directions to DOBOR:

This bill will reduce the lease out and contracting time by removing the legislative approval process for an RFP. I propose the following amendment to HB1566: No lease may ever be negotiated that would result in fewer slips and or less linear feet of moorage available to the general public.

The department has already entered into a contract for the boat repair yard and the fuel pier and is collecting space holder token rents while the permitting process takes place with the City & County of Honolulu.

The marina parking has been contracted out and presently is producing about \$60,000.00 per month into the Boating Special Fund.

The lease out of the present harbor office site is next on the list and will also produce revenue onto the BSF.

The work docks are under reconstruction right now and the 700 row condemned slips are next on the list at Ala Wai. The Loading dock at Waianae is contracted out and will start reconstruction very soon, the boat ramp piers are finished. At Keehi, dock repairs are under way.

This bill needs amending as follows. Any new law must make this clear: No lease may ever be negotiated that would result in fewer slips and or less linear feet of moorage available to the general public.

### **Please Amend this Bill!**

Reg White, a tenant and resident of Ala Wai Boat Harbor

1540 S. King St.

Honolulu, HI 96826-1919

808-222-9794

RawcoHI@cs.com



**TESTIMONY OF NOBUAKI YOSHINO  
IN SUPPORT OF H.B. NO. 1312  
Senate Committee on Water, Land and Housing  
Hearing Date: 3/15/2011 – 1:15 p.m.**

Nobuaki Yoshino  
801 S. King Street, #2604  
Honolulu, HI 96813

My name is Nobuaki Yoshino. I was the Vice-President of Ala Wai Marine, Ltd. when it operated the haul-out repair facility in the Ala Wai Boat Harbor. I am also the Vice-President of Honey Bee USA, Inc, which was selected as the developer of lands in the Ala Wai Boat Harbor. Before serving as Vice-President of Ala Wai Marine I managed a marina in Marina Del Ray in California. I am submitting this written testimony in support of House Bill 1312.

I have been involved with Ala Wai Marine since 1996 and I have seen the condition of the Ala Wai Boat Harbor get worse over time. There is no question that repairs are needed throughout the harbor, especially at the former site of Ala Wai Marine. That site is in bad need of repairs, especially the dock area along the Ala Wai Channel. It was difficult operating a boat repair yard when there were so many repairs that were needed. The best way to make those repairs is to have a private developer partner with the state in making the necessary improvements. I support House Bill 1312 because it promotes and encourages the type of public-private partnership needed to both develop the Ala Wai Harbor. The state does not have the money to develop the fast lands in this harbor and by using a private developer the state reaps the benefit of the increased rent. Ala Wai Marine was paying only \$9,250.00 a month to the state when it closed. The Fuel Dock pays about \$3,000.00 a month, making a combined total of \$12,250.00 a month for these two sites when Ala Wai Marine was open. Honey Bee will be paying \$47,000 a month for these same properties and an additional \$86,000 a year for the slips adjoining these properties. Honey Bee has already paid the State of Hawaii a development fee of \$150,000. Honey Bee continues to pay the state \$15,000 a month while it completes the process to obtain all of the necessary permits.

I would like the legislature to encourage this type of partnership. In these difficult economic times the state needs to change its way of thinking and embrace companies that are not only willing to make the necessary improvements, but are willing to pay the state fair rent for these properties.

**TESTIMONY OF CHRIS McCLURIN  
IN SUPPORT OF H.B. NO. 1312  
Senate Committee on Water, Land and Housing  
Hearing Date: 3/15/2011 – 1:15 p.m.**

Chris McClurin  
57 Arizona Memorial Drive, #105  
Aiea, HI 96701

My name is Chris McClurin and I am a concerned boater. I formerly worked at Ala Wai Marine, Ltd., which operated the haul-out repair facility in the Ala Wai Boat Harbor until January, 2009. I am submitting this written testimony in support of House Bill 1312.

As a boater the state needs to improve the condition of all of its harbors, including both the Ala Wai and Keehi harbors. While recent efforts have been made to renovate slips at the Ala Wai Small Boat Harbor, conditions are still poor. What makes it difficult is in these economic times it is difficult to justify the state apportioning money to improve these harbors. That is why I support the intent of House Bill 1312, which would encourage the leasing of the fast lands in both Ala Wai and Keehi as a means for the state to obtain revenue necessary to repair and maintain these harbors. A private developer, such as the developer selected by the Division of Boating and Ocean Recreation in November of 2008, is better equipped to both improve the condition of the harbor and provide the state with needed revenue. The legislature should encourage such partnerships.



**TESTIMONY OF CHARLES BELLMAN  
IN SUPPORT OF H.B. NO. 1312  
Senate Committee on Water, Land and Housing  
Hearing Date: 3/15/2011 – 1:15 p.m.**

Charles Bellman  
57 Arizona Memorial Drive, #105  
Aiea, HI 96701

My name is Charles Bellman and I am the former general manager of Ala Wai Marine, Ltd. Ala Wai Marine, Ltd. operated the haul-out repair facility in the Ala Wai Boat Harbor until January, 2009. I am submitting this written testimony in support of House Bill 1312.

As the former manager of Ala Wai Marine I can testify to the conditions of the improvements in the Ala Wai Boat Harbor. Despite the recent improvements put in by the state in recent years the condition of the harbor remains very poor. The harbor should be the “jewel of the Pacific”, a center for ocean recreation. Given the state’s present economic condition making improvements to the Ala Wai and other harbors around this state is not possible without the state being able to receive a fair rent for its fast lands. The RFP issued by the Division of Boating and Ocean Recreation in November of 2008 is an important first step towards the state receiving a fair return for its lands with those rent moncy’s being used to renovate and maintain our small boat harbors. It is for this reason that I support the intent of House Bill 1312, which encourages a public-private partnership to lease the fast lands to provide needed revenue. Before Ala Wai Marine, Ltd. closed the state was only receiving approximately \$147,000 a year for its fast lands. Under the development agreement that the state has pursuant to the November, 2008 RFP, this is now increased to over \$564,000 a year for the fast lands, with an additional \$84,000 a year for the submerged lands. The legislature should encourage such partnerships because it would also result in improved conditions in the harbor.

## **Keith M. Kiuchi, A Law Corporation**

1001 Bishop Street, ASB Tower, Suite 985 | Honolulu, HI 96813 | Tel.: (808) 533-2230 |  
FAX: (808) 533-4391

**TESTIMONY OF KEITH M. KIUCHI  
IN SUPPORT OF H.B. NO. 1312  
Senate Committee on Water, Land and Housing  
Hearing Date: 3/15/2011 – 1:15 p.m.**

My name is Keith Kiuchi and I am the attorney for Honey Bee USA, Inc. (“Honey Bee”). Honey Bcc was selected as the developer for certain fast lands and submerged lands in the Ala Wai Small Boat Harbor pursuant to a Request for Qualifications/Request for Proposal for the Ala Wai Boat Harbor Fuel Dock and Haul-Out/Repair Sites (the “RFP”) issued by the Dept. of Boating and Ocean Recreation of the Dept. of Land and Natural Resources, State of Hawaii (“DOBOR”) on November 25, 2008. Honey Bee supports H.B. 1312 because it promotes and encourages the type of public-private partnership needed to both develop these fast lands and make improvements to the harbor in a time when the state does not have the money to develop these properties.

At present the state receives only \$36,000 a year in rent from the Fuel Dock, which includes the submerged lands adjacent to both the Fuel Dock and the Haul-Out/Repair Site. The State presently does not collect rent on the Haul-Out/Repair Site because there is no tenant there. Under Honey Bee’s RFP proposal the state will receive \$564,000 a year for the fast lands and over \$84,000 a year for the submerged lands. A total of over \$648,000 a year will go into the DOBOR fund, which is 18 times the present amount that DOBOR receives for these properties. Even when Ala Wai Marine, Ltd. was open the state was receiving only \$147,000 a year for these properties. The proposed bill authorizes DOBOR to lease submerged lands and fast lands in the Ala Wai Boat Harbor, which includes properties not covered by the RFP. In addition to the Fuel Dock and Haul-Out/Repair Sites, it encourages DOBOR to enter into public-private partnerships for two other sites in the harbor. In a time when the state is looking for additional sources of revenue it makes sense to look to a private developer that would pay the state a fair rent for these fast lands. Honey Bee has already paid the State of Hawaii a development fee of \$150,000. Honey Bee continues to pay the state \$15,000 a month while it completes the process

to obtain all of the necessary permits. In short the state is receiving significant revenue from its agreement with Honey Bee.

But the development of these fast lands provides much more than just revenue for the state. While the revenue is an important factor, the area is deteriorating and is in bad need of repair. The former Ala Wai Marine building is falling apart and the dock area near the Ala Wai Channel has become a hazard. The concrete apron surrounding the Fuel Dock has been in need of major repairs for several years. All of these areas will be repaired through a private developer and the former site of the haul-out repair facility, which is now an eyesore, will become the home of an attractive development at the entrance to Waikiki.

The state can truly benefit by more partnerships such as these that will provide both needed revenue and a way to refurbish areas that need to be refreshed. We support H.B. 1312.



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WLH Testimony](#)  
**Cc:** [nancymueting@hotmail.com](mailto:nancymueting@hotmail.com)  
**Subject:** Testimony for HB1312 on 3/15/2011 1:15:00 PM  
**Date:** Monday, March 14, 2011 3:05:35 PM

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Testimony for WLH 3/15/2011 1:15:00 PM **HB1312**

Conference room: 225  
Testifier position: **oppose**  
Testifier will be present: Yes  
Submitted by: Nancy Mueting  
Organization:  
Address:  
Phone:  
E-mail: [nancymueting@hotmail.com](mailto:nancymueting@hotmail.com)  
Submitted on: 3/14/2011

Comments:  
Will submit written testimony

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WLH Testimony](#)  
**Cc:** [nancymuetng@hotmail.com](mailto:nancymuetng@hotmail.com)  
**Subject:** Testimony for HB1312 on 3/15/2011 1:15:00 PM  
**Date:** Monday, March 14, 2011 3:12:27 PM

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Testimony for WLH 3/15/2011 1:15:00 PM HB1312

Conference room: 225  
Testifier position: oppose  
Testifier will be present: Yes  
Submitted by: Nancy Mueting  
Organization: Iiikai Association  
Address:  
Phone:  
E-mail: [nancymuetng@hotmail.com](mailto:nancymuetng@hotmail.com)  
Submitted on: 3/14/2011

Comments:  
testimony will be submitted

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WLH Testimony](#)  
**Cc:** [captdave@boats4u.com](mailto:captdave@boats4u.com)  
**Subject:** Testimony for HB1312 on 3/15/2011 1:15:00 PM  
**Date:** Monday, March 14, 2011 8:39:06 PM

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Testimony for WLH 3/15/2011 1:15:00 PM **HB1312**

Conference room: 225  
Testifier position: **oppose**  
Testifier will be present: No  
Submitted by: Dave Cooper  
Organization: Individual  
Address:  
Phone:  
E-mail: [captdave@boats4u.com](mailto:captdave@boats4u.com)  
Submitted on: 3/14/2011

Comments:



**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WLH Testimony](#)  
**Cc:** [nurseducator@gmail.com](mailto:nurseducator@gmail.com)  
**Subject:** Testimony for HB1312 on 3/15/2011 1:15:00 PM  
**Date:** Tuesday, March 15, 2011 5:24:31 AM

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Testimony for WLH 3/15/2011 1:15:00 PM HB1312

Conference room: 225  
Testifier position: oppose  
Testifier will be present: No  
Submitted by: William Marshall RN PHN  
Organization: Individual  
Address:  
Phone:  
E-mail: [nurseducator@gmail.com](mailto:nurseducator@gmail.com)  
Submitted on: 3/15/2011

Comments:

Please kill this bill. Please do not privatize our state public harbors. State harbors are both tourist and local Hawaii resident-friendly and it should remain this way. No privatization please. Thank you for your time. W. Marshall

I am opposed to the traffic congestion, parking problems, and disruption that would be caused by allowing commercial operators to moor boats at the Ala Wai Harbor.

The State already has a facility for commercial operators at nearby Kewalo Basin, a location much better able to handle traffic, parking and general disruption.

It's interesting to note that Kewalo Basin does not have enough demand from commercial operators to fill its slips and has begun allowing recreational boaters to use the facilities.

Considering the 5 year or longer waiting list for recreational slips at the Ala Wai, and the lack of demand for commercial slips at Kewalo Basin, it seems that your constituents would be much better served by leaving the Ala Wai Harbor dedicated solely to recreational use.

Susan T Ray