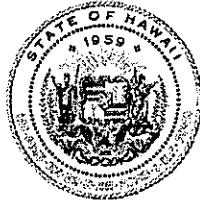
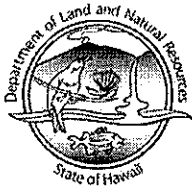


NEIL ABERCROMBIE
GOVERNOR OF HAWAII



**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**

**Thursday, February 03, 2011
1:15 P.M.
State Capitol, Conference Room 225**

**In consideration of
SENATE BILL 681
RELATING TO SMALL BOAT HARBORS**

Senate Bill 681 permits commercial permits in the Ala Wai and Keehi small boat harbors; limits small boat harbor fees to be used only in the small boat harbor where the fees were collected; directs the Department of Land and Natural Resources (Department) to provide a request for proposal for a public-private partnership to develop a portion of Ala Wai Small Boat Harbor; permits commercial use permits to be issued for vessels assigned moorings in Ala Wai and Keehi Small Boat Harbors; and provides for future mooring fees to be established by appraisal.

The Department supports sections of this measure and has concerns with other portions. The Department's comments on each section of the measure are as follows:

- The Department supports the issuance of a limited amount of commercial use permits for vessels operating from the Ala Wai and Keehi Small Boat Harbors. The Department notes that these are the only two harbors that currently do not allow for commercial vessel activity. Commercial vessel mooring within the Ala Wai Small Boat Harbor should not be limited to specific areas. Defining the commercial mooring areas, limits the Department's ability to effectively manage the facility. Should an area become unusable for any reason, we need the ability to relocate vessels whether they are commercial or not.
- Fees collected within each small boat harbor shall only be expended on costs related to the operation, upkeep, maintenance and improvement of the small boat harbor from which the revenues were collected. Do fees include the land lease rents not associated with the mooring program? If so, that would effectively eliminate revenue used to support the public areas, such as, the launch ramps, offshore mooring areas, coastal areas program, and smaller harbors that will never be self sufficient. If the fees in question are

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

GUY H. KAULUKUKUI
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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
KAIHOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

associated with the mooring program only, then the department could support this section of the measure.

- Commercial catamarans are currently paying \$8.50 per year for the exclusive privilege of operating from Waikiki beach. The recommendation from the Department is to amend the language to clarify that commercial catamaran operations are required to be issued a commercial use permit from the Department and pay the same commercial use fees as all other commercial vessel operators.
- Because of the current fiscal condition of the State and the fact that capital improvement money is limited, the Department supports establishing use fees by appraised value. This way, the Department can be assured that it is receiving fair market return on the exclusive use of the public facilities. Revenues exceeding the actual operating cost of the facility can be used for repairs, maintenance, and replacement of facilities that have exceeded their useful life.
- The Department has currently 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 Proposals (RFP) basis. The Department also supports the leasing of submerged lands similar to the Hawaii and Waikiki yacht clubs. We note that the submerged lands surrounding the haul-out site need to be authorization to be leased. During the preparation of the RFP for the site, the Department found that no authority had been granted to lease the submerged land located at the haul-out area. At a minimum, this area of submerged land needs to be authorized to lease to support the operation.



Ocean Tourism Coalition

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Testimony to the Senate WLH Committee
Thursday, February 3, 2011; 1:15 p.m.
Conference Room 225

Speaking in Opposition to SB681 as written

RE: SB 681

Chair Senator Dela Cruz, Vice Chair Senator Solomon and Members of the
Water, Land, Housing Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition. The OTC represents over 300 small ocean tourism businesses state wide. We could support the intent of this bill and we appreciate the efforts being made by the Legislature in addressing the need for more funds to operate our small boat harbors. However we take exception to the wording of this bill that would impose an additional fee for common areas and maintenance water and electricity. We could support this bill if it were stated that these additional fees were made part of the slip fee, not an additional fee. This would then be covered by either 3% of gross revenue or two times the recreational slip fee whichever was greater. As it 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. Just three years ago the commercial boaters sponsored legislation to raise the commercial fees by 50% so that harbors could be better maintained. This is not reasonable to now sneak another fee above and beyond the high commercial fees we are already paying.

We believe that some compromise would be possible on this bill.

Please do not pass this bill without amending it to include the additional fees within the mooring fee.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 808-870-9115.

Sincerely,

James E. Coon, President

**TESTIMONY OF CHARLES BELLMAN
IN SUPPORT OF S.B. NO. 681
Senate Committee on Water, Land and Housing
Hearing Date: 2/3/2011 – 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 Senate Bill 681.

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 moneys being used to renovate and maintain our small boat harbors. It is for this reason that I support the intent of Senate Bill 681, 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 \$132,000 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 \$100,000 a year in other rent paid by the same developer. The legislature should encourage such partnerships because it would also result in improved conditions in the harbor.

I take no position on the portion of the bill that proposes that the small boat harbors at Ala Wai and Keehi be privatized but I would prefer that the legislature first focus on leasing the fast lands in these harbors to provide needed revenue. I am concerned about the number of commercial boats that would be operating in the Ala Wai under this proposal. While I think that there is room in that harbor for some commercial boats, this needs to be balanced with the intended use of the harbor under the November 2008 RFP as a center for ocean recreation that includes training center for kayaks and canoes.

**TESTIMONY OF CHRIS McCLURIN
IN SUPPORT OF S.B. NO. 681
Senate Committee on Water, Land and Housing
Hearing Date: 2/3/2011 – 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 Senate Bill 681.

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 Senate Bill 681, 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.

I am concerned about a portion of the bill that would allow commercial boats. Fifty-six commercial boats are far too many commercial boats in the Ala Wai. While a limited number of commercial boats could serve to help the businesses that will be located in the harbor after improvements are made, too many commercial boats would interfere with the ocean recreation, which includes kayakers and canoe paddlers, that use the Ala Wai Channel.