

From: mailinglist@capitol.hawaii.gov
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Cc: Tracy.S.Oshiro@hawaii.gov
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Testimony for WLO 2/4/2011 9:00:00 AM HB1312

Conference room: 325
Testifier position: support
Testifier will be present: Yes
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Comments:

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

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

**Before the House Committee on
WATER, LAND, & OCEAN RESOURCES**

**Friday, February 04, 2011
9:00 P.M.**

State Capitol, Conference Room 325

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

House Bill 1312 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 RFP 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.

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SUMMARY SHEET IN SUPPORT OF H.B. NO. 1312
House Committee on Water, Land and Ocean Resources
Hearing Date: 2/4/2011 – 9:00 a.m.
For Representative Ken Ito and Representative Jerry Chang

This bill supports a public-private partnership in developing fast lands in the Ala Wai Boat harbor and submerged lands in that harbor. The fast lands are: (a) the haul-out repair site on Ala Moana Blvd., (b) the Fuel Dock site on Mole B, (c) the harbormaster property which is approximately 100,000 sq. ft. in the middle of the harbor, and (d) the triangle piece, which is on the makai side of the harbormaster property and presently used for parking. The bill also authorizes DOBOR to lease out submerged lands, which presently require legislative approval.

The purpose of the bill is two-fold. First, the City Department of Permitting and Planning in a meeting with the Honey Bee project team in December mentioned that they wanted something from the state showing that the Honey Bee development was part of a larger scheme that the state had to develop the Ala Wai Harbor. Second, the lease of submerged lands requires legislative approval, and this bill gives DOBOR the authority to lease submerged lands.

At present the state receives only \$36,000 a year in rent from both of the properties being developed under the Honey Bee proposal, including the submerged lands adjacent to both the Fuel Dock and the Haul-Out/Repair Site. Under Honey Bee's 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. Honey Bee has already paid the state \$150,000 as a development fee and is presently paying the state \$15,000 a month.

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 bill will simply encourage DOBOR to lease out these fast lands and submerged lands under a public-private partnership. While DOBOR has the authority to lease the fast lands out now, by passing the bill the legislature specifically approves and encourages the lease of these properties. The bill is taken from portions of a bill that has been introduced the last two years. We took out any reference to residential or hotel use on these properties and included a reference to encouraging kayak training facilities as Honey Bee is presently discussing with a group about creating a kayak training center at the site.

**TESTIMONY OF CHARLES BELLMAN
IN SUPPORT OF H.B. NO. 1312
House Committee on Water, Land and Ocean Resources
Hearing Date: 2/4/2011 – 9:00 a.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 moneys 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.