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GOVERNOR OF HAWAII



**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
FINANCE**

**Monday, February 25, 2013
1:30PM
State Capitol, Conference Room 308**

**In consideration of
HOUSE BILL 378, HOUSE DRAFT 1
RELATING TO BEACH NOURISHMENT**

House Bill 378, House Draft 1 proposes to appropriate state matching funds from the Beach Restoration Special Fund (BRSF) to be matched dollar-for-dollar with private funds to share the cost of producing the Environmental Impact Statement (EIS) for a beach nourishment project proposed for Ka'anapali Beach on the island of Maui. **While the Department of Land and Natural Resources (Department) appreciates the actions of the Legislature and the Ka'anapali Operations Associations (KOA) to re-nourish sand at Ka'anapali Beach, the Department nonetheless has concerns with this measure in its current form.**

As a matter of background, the BRSF was established in 1999. The first major expenditure from the BRSF was \$1,500,000 to support the construction of the recently completed Waikiki Beach Maintenance project. Funds for Waikiki Beach maintenance were also provided by the Hawaii Tourism Authority and Kyoya. It appears that this bill proposes a similar scenario for Ka'anapali Beach.

The Department does not have sufficient funds at this time in the BRSF to fully fund this measure and also manage the project and perform other critical functions around the State. The current balance in the BRSF is less than \$600,000. If \$400,000 is used for Ka'anapali Beach, this will leave the Department with a balance of only \$200,000, which is already programmed to support the Department's Coastal Lands Specialist for two years. The Coastal Lands Specialist is responsible for the oversight and implementation of beach restoration/sand maintenance projects around the State, in addition to providing technical assistance to agencies, organizations and the general public on all aspects of shoreline erosion mitigation. While the Department could conceivably receive some new revenue over the next couple of years to keep the position

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and its functions operational, the Department is concerned that this measure over extends our abilities to sustain the Coastal Lands Specialist over a long period of time, and all the services that the position provides throughout the islands.

The primary source of revenue for the BRSF has been the collection of monies for shoreline easements issued to coastal landowners that have long standing encroachments on state land. However, because of the downturn in the real estate market and the unpredictable number of easements from one year to the next, revenues have decreased substantially. Revenues for Fiscal Year 2013 are around \$200,000, and the Department is projecting a flat or even downward trend for a few years due to the sluggish housing market. The Department therefore needs to maintain a positive balance in the fund to continue providing the varied coastal services within its Office of Conservation and Coastal Lands via the Coastal Lands Specialist.

Another issue with this measure is that it seems to place the Department in charge of the Beach Restoration project and appears to place the onus of the public funded portion of the project totally on the Department and the BRSF, without assistance from the Hawaii Tourism Authority. While the Department is not opposed to the idea of "Project Management," and co-funding, the Department is surprised to see the matter put forth in this way, as the Department has had little substantive discussion with KOA on the matter. In addition, the Department feels that \$800,000 is too high a figure for planning, permitting and environmental documents, when Waikiki achieved the same with only \$500,000.

In closing, the Department supports, in concept, efforts to conduct beach restoration at Ka'anapali Beach. However, the Department would like more time to work directly with the stakeholders to figure our management responsibility and funding realities. As such, the Department respectfully asks this committee to table this measure.



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**Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 378, H.D. 1
Relating to Beach Nourishment**

House Committee on Finance
Monday, February 25, 2013
3:30 p.m.
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The Hawai'i Tourism Authority (HTA) supports H.B. 378, H.D. 1, which provides for matching funds for an environmental impact statement (EIS) associated with a planned beach nourishment project at Kaanapali Beach on the island of Maui.

The Kaanapali Operations Association is ready to provide \$400,000 in matching funds for the preparation of the EIS for this beach restoration project. H.B. 378 makes an appropriation from the Beach Restoration Fund, which was established for the "planning, designing, development, or implementation of beach restoration projects."

While the HTA believes that addressing beaches is an important issue for both visitors and the community, the responsibility for beach lands lies with the State Department of Land and Natural Resources (DLNR). The HTA law does provide that \$1,000,000 be provided ... "to support the efforts of other state and county departments or agencies to manage, improve, and protect Hawai'i's natural environment and areas frequented by visitors." Given HTA's current allotment, it is not feasible for HTA to allocate any additional funds above the existing \$1,000,000. Of the \$350 million that the HTA estimates the TAT will generate, \$153 million will go to the general fund. The EIS for the Kā'anapali Beach restoration project should be funded through the general fund and a federal beach nourishment fund.

Thank you for the opportunity to comment on H.B. 378.