

HB 378

Measure Title: RELATING TO BEACH NOURISHMENT.

Report Title: Beach Nourishment; Beach Restoration Special Fund; Kaanapali Beach; Appropriation (\$)

Description: Appropriates an unspecified amount of funds for the environmental impact statement associated with the planned beach nourishment project at Kaanapali beach on the island of Maui; provided that no funds shall be expended unless matched dollar-for-dollar with private funds. Effective July 1, 2013. (HB378 HD1)

Companion:

Package: None

Current Referral: THA/WTL, WAM

Introducer(s): MCKELVEY, Carroll, Ing, Souki, Woodson

| <u>Sort by Date</u> | | Status Text |
|---------------------|---|--|
| 1/18/2013 | H | Pending introduction. |
| 1/22/2013 | H | Introduced and Passed First Reading |
| 1/22/2013 | H | Referred to EEP, FIN, referral sheet 3 |
| 2/4/2013 | H | Bill scheduled to be heard by EEP on Thursday, 02-07-13 9:00AM in House conference room 325. |
| 2/7/2013 | H | The committee(s) on EEP recommend(s) that the measure be deferred until 02-12-13. |
| 2/8/2013 | H | Bill scheduled for decision making on Tuesday, 02-12-13 8:30AM in conference room 325. |
| 2/12/2013 | H | The committees on EEP recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 8 Ayes: Representative(s) C. Lee, Thielen, Cullen, Evans, Hanohano, Kawakami, Lowen, Fale; Ayes with reservations: none; Noes: none; and 1 Excused: Representative(s) Coffman. |
| 2/14/2013 | H | Reported from EEP (Stand. Com. Rep. No. 444) as amended in HD 1, recommending passage on Second Reading and referral to FIN. |
| 2/14/2013 | H | Passed Second Reading as amended in HD 1 and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Har, Tokioka excused (2). |
| 2/22/2013 | H | Bill scheduled to be heard by FIN on Monday, 02-25-13 3:30PM in House conference room 308. |
| 2/25/2013 | H | The committees on FIN recommend that the measure be PASSED, UNAMENDED. The votes were as follows: 17 Ayes: Representative(s) Luke, Nishimoto, Johanson, Cullen, Hashem, Ing, Jordan, Kobayashi, Lowen, Morikawa, Onishi, Takayama, Tokioka, Woodson, Yamashita, Fukumoto, Ward; Ayes with reservations: none; Noes: none; and Excused: none. |
| 2/28/2013 | H | Reported from FIN (Stand. Com. Rep. No. 688), recommending passage on Third Reading. |
| 2/28/2013 | H | Passed Third Reading with none voting aye with reservations; none voting no (0) and Coffman, McDermott excused (2). Transmitted to Senate. |
| 3/1/2013 | S | Received from House (Hse. Com. No. 86). |

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| 3/1/2013 | S | Passed First Reading. |
| 3/5/2013 | S | Referred to THA/WTL, WAM. |
| 3/8/2013 | S | The committee(s) on THA/WTL has scheduled a public hearing on 03-12-13 1:15PM in conference room 225. |

TESTIMONY LIST

| | | |
|----------------|---|---------------------|
| Wayne Hedani | KAANAPALI OPERATIONS ASSOCIATION | SUPPORT |
| Mike McCartney | HAWAII TOURISM AUTHORITY | SUPPORT |
| | DEPARTMENT OF LAND AND NATURAL RESOURCED | OPPOSE current form |

Testimony to The Hawaii State Senate
The Twenty-Seventh Legislature
Regular Session of 2013
Joint Committee on Tourism and Hawaiian Affairs, Senator Brickwood Galuteria, Chair
And Committee on Water and Land, Senator Malama Solomon, Chair
Room 225 1:20PM February 12, 2013

Aloha, Senators and Chairmen Galuteria and Solomon and members of the Committee on Tourism and Hawaiian Affairs and Committee on Water and Land:

My name is Wayne N. Hedani and I am testifying as President and General Manager of Kaanapali Operations Association, Inc. or KOA for short. KOA is an association of 6,362 units of the hotels, condominiums, commercial and recreational properties comprising the Kaanapali Beach Resort on Maui.

KOA is prepared to provide funding for 50% of the \$800K cost of preparation of the design of and EIS for Beach Restoration at Kaanapali Beach. We would like to partner with the State of Hawaii to work on this project which will help to maintain and restore Kaanapali Beach for visitors and residents alike into the future. We have since 2006, undertaken studies in conjunction with the HTA grant program to explore and define the sand sources offshore of Kaanapali for potential use in beach nourishment and restoration. We have identified two sand source areas offshore which are suitable in quality and quantity for this use comprising roughly 900,000 cubic yards of beach quality sand.

We would like to initiate project design and an EIS for moving approximately 75,000 cubic yards of this sand to the beach to restore it to its previous position in 1988, widening the beach by approximately 35 feet in the area fronting the Hyatt and Marriott hotels. We would also like to supplement the beach berm for the balance of the beach north to Black Rock and south to Hanakaoo Beach Park.

Hawaii is world renowned for its beaches. Hawaii's beaches are naturally beautiful, provide recreational opportunities for visitors and residents alike, and provides storm wave protection for inland resources and structures. Beaches are a key amenity to Hawaii's and specifically Maui's and Kaanapali's visitor economy. Visitors to Kaanapali contribute over \$2.0B to the State and Maui economies.

Hawaii's beaches are currently threatened with erosion. Since the 1940's Hawaii has lost nearly 13 miles of beaches, a public trust resource. 70% of the beaches in Kauai, Oahu and Maui are eroding. 85% of the beaches in Maui are eroding.

Kaanapali Beach is experiencing chronic and episodic severe erosion that has degraded parts of the beach and damaged shoreline infrastructure and amenities. Severe wave events in 1998, 2003 and 2007 caused extensive beach loss and damaged the beach walkway. Since 1988, more than 35 feet of beach loss has occurred south of Hanakaoo Point. This is the area between the Marriott and Hyatt hotels.

Projected sea level rise of up to 1 meter or more is anticipated over the next century and will accelerate beach loss and shoreline erosion.

Beach Nourishment involves placing quantities of sand on a beach to maintain, restore or widen the beach. It is promoted by the State and County as an alternative means of erosion control to hard shore protection structures such as revetments and seawalls.

Since 2006, KOA has been proactively working to mitigate beach loss problems. KOA has completed sand resource surveys and located suitable deposits for restoring the beach. KOA would like to conduct beach nourishment at Kaanapali to restore the beach to previous conditions and mitigate future impacts to the beach and shoreline erosion.

Restoring Kaanapali Beach through beach nourishment would involve dredging 75,000 cubic yards of sand from previously identified deposits offshore and delivering and placing this sand on the beach. 50,000 cubic yards would be used to widen the beach south of Hanakao Point, including Hanakao Beach Park, approximately 35 feet to restore it to its 1988 position. 25,000 cubic yards would be used to enhance the dry beach berm along the rest of Kaanapali Beach to mitigate future erosion events.

The project will require design, preparation of an EIS, acquisition of State, Federal and County permits and construction. Design, environmental and permit costs are estimated at \$800K over a two year time frame. KOA commits to provide \$400K and seeks matching State funding in 2013-14. Construction costs are estimated to be \$6.8M. KOA commits to fund one half of the construction cost and seeks matching State funding in 2015-2016. Currently, KOA has approximately \$1.6 million in capital reserve funds. This fund is increased by \$500-600K annually, and can be further supplemented by assessments.

Thank you for the opportunity to provide testimony before your committee. I am available to answer any questions and have also asked Marc Ericksen, Vice President of Sea Engineering, Inc. to also be here in the event you have questions for him. Sea Engineering, Inc. has worked with us since 2006 on this proposed project.

Mahalo and Aloha,

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Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

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

Senate Committee on Tourism and Hawaiian Affairs
Senate Committee on Water and Land
Tuesday, March 12, 2013
1:15 p.m.
Conference Room 225

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, H.D. 1.

NEIL ABERCROMBIE
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 Senate Committees on
TOURISM AND HAWAIIAN AFFAIRS
and
WATER AND LAND**

**Tuesday, March 12, 2013
1:15 PM
State Capitol, Conference Room 225**

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

House Bill 378, House Draft 1 proposes to appropriate an unspecified amount of money 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 House Bill 378, House Draft 1 proposes a similar scenario for Ka'anapali Beach.

The Department has insufficient funds at this time in the BRSF to fund this measure and also manage the project and perform other critical functions around the State. The current balance in the BRSF is just more than \$600,000. If we are required to use any large sum of money from the BRSF for Ka'anapali Beach, this will leave the Department with a minimal balance and completely inhibit our ability to function, including our ability to manage beach restoration projects. 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

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

ESTHER KIA'AINA
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

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 operating aspects of the functions operational, the Department is concerned that this measure over extends our abilities to sustain the Coastal Lands Program over a long period of time, and all the services that it 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 Program.

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/sources. As such, the Department respectfully asks to table this measure.