

# SB 497

Mike McCartney	<b>HAWAII TOURISM ASSOCIATION</b>	SUPPORT
Michael Jokovich	<b>HYATT REGENCY MAUI RESORT AND SPA</b>	SUPPORT
Lisa Paulson	<b>MAUI HOTEL &amp; LODGING ASSOCIATION</b>	SUPPORT
Jeff Halpin	<b>CLASS RESORTS</b>	SUPPORT
Wayne Hedani	<b>KAANAPALI OPERATIONS ASSOCIATION</b>	SUPPORT
William Aila	<b>DEPARTMENT OF LAND AND NATURAL RESOURCES</b>	OPPOSE



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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  
S.B. 497  
Relating to Beach Nourishment**

Senate Committee on Water and Land  
Senate Committee on Tourism and Hawaiian Affairs  
Tuesday, February 12, 2013  
1:20 p.m.  
Conference Room 225

The Hawai'i Tourism Authority (HTA) supports S.B. 497, 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. S.B. 497 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 S.B. 497.

Testimony of  
**Michael Jokovich**  
General Manager  
Hyatt Regency Maui Resort and Spa  
on  
**SB497**  
**Relating to Beach Nourishment**

COMMITTEE ON TOURISM AND HAWAIIAN AFFAIRS  
COMMITTEE ON WATER AND LAND  
**Tuesday, February 12, 2013, 1:20 pm**  
**Room 225**

As General Manager of the Hyatt Regency Maui Resort and Spa, I support SB497 which appropriates 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.

Kaanapali Operations Association (KOA) is prepared to provide funding for 50% of the \$800,000 cost of preparing the EIS for Beach Restoration at Kaanapali Beach. They will initiate an EIS for moving approximately 75,000 cubic yards of 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. They will also supplement the beach berm for the balance of the beach north to Black Rock and south to Hanakaoo Beach Park.

I have personally witnessed over the years the steady erosion of the sand in front of the Hyatt property and this is frequently remarked on by our long time repeat guests who find the current narrow strip of beach a disappointing change from “the way it was”. In fact the inadequacy of our beach front is one of the most often made comments on TripAdvisor and other social media – hardly a good advertisement for Hawaii’s world renowned beaches to potential visitors. Beaches are a key amenity to Hawaii and specifically Kaanapali’s visitor economy, which contributes annually over 2 billion dollars to the State and Maui economies.

The passing of this Bill will allow KOA to begin the crucial steps of the EIS process, design and permitting so that they can move forward with the actual construction.

I urge you to support SB497.

Thank you for the opportunity to testify.

Michael Jokovich



*Maui Hotel & Lodging*  
ASSOCIATION

Testimony of  
**Lisa H. Paulson**  
Executive Director  
Maui Hotel & Lodging Association  
on  
**SB497**  
**Relating to Kaanapali Beach Restoration**

COMMITTEE ON WATER AND LAND  
COMMITTEE ON TOURISM AND HAWAIIAN AFFAIRS  
**Tuesday, February 12, 2013, 1:20pm**  
**Room 225**

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 140 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 10,000 local residents.

MHLA supports HB378 which appropriates 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.

Kaanapali Operations Association (KOA) is prepared to provide funding for 50% of the \$800,000 cost of preparation of the EIS for Beach Restoration at Kaanapali Beach. They will initiate an EIS for moving approximately 75,000 cubic yards of 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. They will also 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 provide storm wave protection for inland resources and structures. Beaches are a key amenity to Hawaii and specifically Maui's and Kaanapali's visitor economy. Visitors to Kaanapali contribute over 2 billion to the State and Maui economies.

The passing of this Bill will allow KOA to begin the crucial first steps of the EIS process, design and permitting so that they can move forward with the actual construction.

We urge you to support SB497.

Thank you for the opportunity to testify.

# C L A S S I C R E S O R T S

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Testimony to The State Senate  
Of Mr. Jeff Halpin, President of Classic Resorts  
Supporting Senate Bill 497 Relating to Beach Nourishment  
The Twenty-Seventh Legislature  
Regular Session of 2013  
Committee on Tourism and Hawaiian Affairs  
Committee on Water and Land  
Senate Conference Room 225 1:30 p.m.  
February 12, 2013

Aloha, Members of The Tourism and Hawaiian Affairs  
and Water and Land Committees:

My name is Jeff Halpin and I am providing testimony as President of Classic Resorts which manages the Kaanapali Alii at Kaanapali Beach, a condominium hotel of 264 units. I am also Chairman of the Board of Directors of Kaanapali Operations Association, Inc. and we are supportive of Senate Bill 497 Relating to Beach Nourishment at Kaanapali Beach. I am currently on the mainland and unable to attend today's meeting in person.

Beaches are a key amenity to Hawaii's and specifically Maui's and Kaanapali's visitor economy. Visitors to The Kaanapali Beach Resort contribute over \$2.0B to the State and Maui economies. It is important that we protect and nurture the beach at Kaanapali for the benefit of our visitors and residents alike.

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.

The Kaanapali Alii is located at Hanakaoo Point next to the Marriott and has been directly affected by severe erosion events described above. Kaanapali Alii homeowners have spent several hundreds of thousands of dollars reacting to these erosion events. We would like to participate as a member of Kaanapali Operations Association, Inc. (KOA) in a proactive solution to help address this serious situation. Beach nourishment and restoration we believe will provide a buffer for severe erosion events and help to prevent and ameliorate the effects of beach erosion. Erosion events along the beach has caused landscaping losses at Kaanapali Alii and increased

turbidity in the water from eroded topsoil and sediments. Beach nourishment and restoration we believe will help to prevent this erosion in the future by providing a protective buffer between the sea and shoreline infrastructure. It will help to increase the inventory of sand available along the beaches which assists natural shoreline processes and helps to protect inland resources.

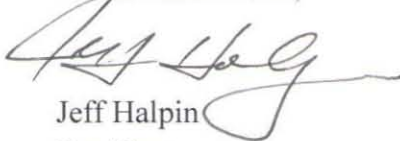
Since 2006, KOA has been proactively working to mitigate beach loss problems. KOA has completed sand resource surveys and located suitable deposits offshore for restoring the beach. KOA would like to conduct beach nourishment at Kaanapali similar to the restoration undertaken recently at Waikiki, to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

We have committed through KOA, to meeting one half of the expenses involved in this project. This will entail work to design, prepare and secure all permits necessary for work to begin. An EIS will be involved and we are prepared through KOA to fund up to \$400,000 of the estimated \$800,000 cost of this work.

We are also through KOA, committed to funding up to one half of the future costs of construction currently estimated at \$6.8M once the required permits are secured in several years. We are currently accruing funds to accomplish this.

Thank you for the opportunity to provide testimony before your committees. I cannot be present in person and have asked Wayne Hedani, President of KOA and Marc Ericksen, Vice President of Sea Engineering, Inc. to be present in the event you have questions. Sea Engineering, Inc. has worked with us since 2006 on this proposed project.

Mahalo and Aloha,



Jeff Halpin  
President

Classic Resorts, Limited



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,

Wayne N. Hedani  
President and General Manager  
Kaanapali Operations Association, Inc.  
2530 Kekaa Drive  
Lahaina, Hawaii 96761  
Phone: 661-7370  
Fax: 661-7371



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 Committees on  
WATER AND LAND  
and  
TOURISM AND HAWAIIAN AFFAIRS**

**Tuesday, February 12, 2013  
1:20 PM  
State Capitol, Conference Room 225**

**In consideration of  
SENATE BILL 497  
RELATING TO BEACH NOURISHMENT**

Senate Bill 497 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 Senate Bill 497 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

WILLIAM J. AILA, JR.  
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

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 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 is that Senate Bill 497 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 additional 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 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 the Committees to table this measure.