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Cc: amel.s.chun@hawaii.gov
Subject: Submitted testimony for HB1267 on Mar 25, 2015 14:50PM
Date: Tuesday, March 24, 2015 8:07:35 AM
Attachments: [HB1267HD1_LNR-03-25-15_WTL.pdf](#)

HB1267

Submitted on: 3/24/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Carty S. Chang	DLNR	Oppose	Yes

Comments:

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DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
CARTY S. CHANG
Interim Chairperson**

**Before the Senate Committee on
WATER AND LAND**

**Wednesday, March 25, 2015
2:50 P.M.
State Capitol, Conference Room 224**

**In consideration of
HOUSE BILL 1267, HOUSE DRAFT 1
RELATING TO PUBLIC LANDS**

House Bill 1267, House Draft 1, proposes to establish the four-year Kanoelehua Redevelopment Pilot Project, and directs the Department of Land and Natural Resources (Department) to establish a planning committee to serve as a policy-advising board for the redevelopment district. **The Department opposes this bill for the following reasons.**

The bill creates an additional layer of bureaucracy in government

The bill directs the Department to establish a redevelopment district in the Kanoelehua Industrial Area of Hilo. Upon such designation, a nine-member planning committee is to be established by the Chairperson of the Department as a policy-advising committee for the district. The planning committee members, who serve without compensation, then select a committee chair from among the public members. The planning committee is to be attached to the Department for administrative purposes.

The planning committee would likely require a secretary and perhaps more staff for proper administration, as well as office equipment, supplies, and travel expenses for the nine committee members. There will be added expense for the committee to comply with the Chapter 92, Hawaii Revised Statutes, (HRS), sunshine law requirements. Further, the committee's actions may be subject to contested case hearings and appeals. The bill provides for a general appropriation in an unspecified amount to carry out the purposes of the measure, and it is therefore unclear whether the expense of maintaining the committee would be partially borne by the Department. A conservative budget for such a planning committee, including payroll, fringe benefits, hearing officer fees, and other costs and expenses, would be \$500,000 annually.

CARTY S. CHANG
INTERIM CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

DANIEL S. QUINN
INTERIM FIRST DEPUTY

W. ROY HARDY
ACTING 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

The bill proposes an unnecessary, bureaucratic addition to the Department's operations. The Department has already procured a consultant for the Kanoiehua Industrial Area (KIA) to analyze market trends, and explore options for redevelopment and rehabilitation of specific parcels or areas. After 2013 Legislative Session, former Governor Abercrombie approved the formation of a Banyan Drive Task Force that has met a number of times to discuss many of the issues covered by the bill as they relate to the Banyan Drive area. The task force members include representatives from local businesses, the former executive director of the Big Island Visitors Bureau, the executive director of the 'Imiloa Astronomy Center of Hawaii, and representatives from the Hawaii County Mayor's Office and State legislators also attend the meetings. This informal task force has worked well and at limited expense to the State. The Department suggests that a similar approach could be used with respect to issues in the KIA.

There are practical problems with the bill

As noted above, House Bill 1267, House Draft 1, directs the Department to designate the Kanoiehua redevelopment district on public lands. As defined in Section 171-2, HRS, public lands exclude lands used as roads and streets. While the State owns some contiguous parcels in the KIA, it does not own or manage the roads, which often include utility lines and other infrastructure. Accordingly, to the extent the bill seeks to improve infrastructure in a given area, a redevelopment district designated by the Department would likely not include important infrastructure components. Rather, the district would be confined to the particular parcels under the Department's management.

The Department relies on the revenues from leases of public lands to fulfill its fiduciary duties

House Bill 1267, House Draft 1, authorizes the planning committee to make recommendations on the reduction or waiver of lease rents on any lease of public lands for any project in the development district that requires substantial improvements. The Department and Board of Land and Natural Resources (BLNR) are responsible for managing approximately 1.3 million acres of public lands comprised of sensitive natural, cultural and recreational resources. The Department's responsibilities include managing and maintaining the State's coastal lands and waters, water resources, conservation and forestry lands, historical sites, small boat harbors, parks, and recreational facilities; performing public safety duties (e.g., flood and rockfall prevention); issuing and managing leases of public lands (agriculture, pasture, commercial, industrial, and resort leases); maintaining unencumbered public lands; and enforcing the Department's rules/regulations.

To properly perform these fiduciary duties, the BLNR determined that the Department should utilize a portion of the lands it manages to generate revenues to support the Department's operations and management of public lands/programs. Annual lease revenues currently support the Special Land and Development Fund (SLDF), with revenues coming primarily from leases for commercial, industrial, resort, geothermal and other renewable energy projects.

The SLDF is a critical and increasingly important funding source for various divisions within the Department to deal with emergency response to natural catastrophe such as fire, rockfall, flood or earthquake and hazard investigation and mitigation. The SLDF also is critical for staff support of various programs and funding conservation projects on all state lands. It has also become an

important source of state match for federally funded endangered species and invasive species initiatives that otherwise would not go forward.

The authority to construct, improve, renovate and revitalize areas within the counties is already authorized under Section 46-80.5, HRS

The bill seeks to redevelop the infrastructure and facilities within the KIA. However, the bill is unnecessary because there are already existing laws and ordinances that provide the process and financing to make such improvements.

Section 46-80.5, HRS, authorizes the various counties to enact ordinances to create special improvement districts for the purpose of providing and financing such improvements, services, and facilities within the special improvement district as the applicable county council determines necessary or desirable to restore or promote business activity in the special improvement district. This is the same purpose sought by House Bill 1267, House Draft 1.

Under the authority of Section 46-80.5, HRS, the County of Hawaii, as an example, enacted Chapter 12 of the Hawaii County Code, which authorizes the County of Hawaii to create improvement districts to construct new, or improve existing infrastructure and facilities, including roadways and utility infrastructure and improvements. It should also be noted that the responsibilities for maintaining such improvements within the proposed redevelopment districts are already vested with the County of Hawaii. Most, if not all, of the public roadways and utility infrastructure within any potentially designated district boundaries have been dedicated to the County.

Existing law allows for lease extensions under certain conditions

To the extent House Bill 1267, House Draft 1, is intended to facilitate the extension of existing State leases, the Department would point out that Act 219 Session Laws of Hawaii (SLH) 2011 and Act 207 SLH 2011 already provide for the extension of leases under certain conditions. Act 219 allows hotel or resort leases to be extended for an additional term of up to 55 years if the lessee commits to investing at least 50% of the value of existing improvements in renovations to the property. The BLNR has approved two lease extensions under Act 219. Act 207 allows for the extension of commercial, industrial and other leases up to an aggregate term (original term plus extension) of up to 65 years if the lessee requires mortgage financing or self-finances substantial improvements to the property. The BLNR has approved approximately twelve lease extensions under Act 207. All such extensions are at the discretion of the BLNR.

Additional Basis Providing Justification for Holding this Bil:

The Constitution limits the lawmaking authority of the legislature to general laws, and prohibits any form of special legislation or special interest legislation. The Department is concerned that this bill appears to border on special legislation and that in and of itself could justify holding this bill. In addition, the past Legislature in its historic wisdom and under well-established general law and policy, passed legislation vesting unto the BLNR the decision making authority over state lands via Chapter 171, HRS.

Currently, two of the seven-member BLNR are from East Hawaii, and are actively interested in the management of the Department's land assets in the Kanoelehua area.

Since the implementation of Act 207, SLH 2011¹, there have been about nine or so leases within the KIA that have been granted ten year extensions. Many of these leases were set to expire in the 2015-2016 period, now will run through 2025-2026 period.

The East Hawaii economic region is unique in that a majority of the available land suitable for commercial and/or industrial use is under the management of either the Department or the Department of Hawaiian Home Lands. As one of the largest stake holders of commercial/industrial land in East Hawaii, the Department recognizes the need for a comprehensive analysis of land use in the area in order to develop an economic strategy that will encourage new enterprises in addition to supporting the established businesses.

With this concept in mind, the Department's Land Division recently retained the services of the consulting firm, Munekiyo & Hiraga, Inc., for the purpose of providing a feasibility study and land use planning analysis for the KIA.

Key elements of the study/analysis will be to:

- Determine the market demand for the KIA properties, particularly the demand for industrial-commercial use or some other use for long-term leasing (30 years or more).
- Determine whether some properties should be consolidated and reconfigured to maximize the utility of the land in view of the results from the above findings.
- Assess the feasibility and desirability of placing management of the leasehold properties under a master lease from the State for industrial, commercial or other uses permitted by the applicable zoning.

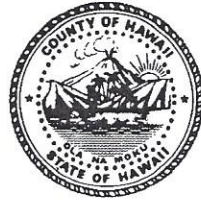
The results of the study will be used to assist the Department in making a recommendation to the BLNR in formulating a use strategy for the future of the KIA and create an economic region that will benefit both the public and private sectors. However, good planning does not happen overnight; Departmental reviews, revisions and approvals may extend the timeframe for a well-conceived final plan. Many of the key elements aforementioned require lengthy administrative processes which could take several years to accomplish.

In the event an informal task force is created as noted in the first part of the above testimony, then the Department would be willing to work with the task force members in preparing presentations and recommendations to the BLNR in an opened and sunshined meeting for decision making. The open meeting will allow members of the public present testimony to the BLNR for consideration in its deliberation and decision making on the future of the Kanoelehua area.

For the reasons above, the Department opposes this bill.

¹ Act 207, Session Laws of Hawaii 2011 amends Section 171-36(b), HRS, by allowing the Lessee to: Extend or modify the fixed rental period of the lease: provided that the aggregate of the initial term and any extension granted shall not exceed sixty-five years.

DENNIS "FRESH" ONISHI
Council Member
District 3



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HAWAI'I COUNTY COUNCIL

25 Aupuni Street, Hilo, Hawai'i 96720

March 23, 2015

The Honorable Laura H. Thielen, Chair
and Members of the Senate Committee on Water and Land

Dear Chair Thielen, Vice Chair Galuteria and Committee Members,

Thank you for the opportunity to submit testimony in **support** of House Bill No. 1267 HD1, proposes to establish the four-year Kanoelehua Redevelopment Pilot Project, and directs the Department of Land and Natural Resources (Department) to establish a planning committee to serve as a policy-advising board for the redevelopment district.

It is in the best interest of the State to have experienced business and community members of Hawai'i Island to advise the Chair and the BLNR on policy and plan management for the Kanoelehua Industrial Area. The current process to managing these public lands have not been effective or efficient.

By recommending passage of this bill, the State of Hawai'i will be making long term investments toward the quality of our public lands while ensuring a cooperative working relationship with our small business community.

Thank you for the opportunity to provide testimony in support of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Onishi".

Dennis "Fresh" Onishi
Hawai'i County Council Member

From: mailinglist@capitol.hawaii.gov
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Subject: Submitted testimony for HB1267 on Mar 25, 2015 14:50PM
Date: Monday, March 23, 2015 4:08:42 PM
Attachments: [HICCTestimonyPublicLands#2.doc](#)

HB1267

Submitted on: 3/23/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Ka?iu Kimura	Hawai'i Island Chamber of Commerce	Support	No

Comments: in support

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Hawai'i Island Chamber of Commerce

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23 March 2015

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Miles Yoshioka

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Glenn Santos
Wesley Segawa
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Donald Straney
Gordon Takaki
Craig Takamine
Barry Taniguchi
Misti Tyrin
Carol VanCamp
William Walter
Noreen Yamane

Hearing Date: Wednesday, March 25, 2015
Time: 2:15PM
Place: Conference Room 224, State Capitol
415 South Beretania Street

TESTIMONY IN SUPPORT OF HB 1267 RELATING TO PUBLIC LANDS

To Whom it May Concern:

My name is Chuck Erskine and I am the President of the Hawai'i Island Chamber of Commerce (HICC). HICC was founded in 1898, and has been a part of our island's business community for nearly 120 years. HICC has over 270 member businesses and represents nearly 630 individuals.

The Chamber **strongly supports** the improvement of areas of public lands that have become dilapidated, obsolete, or have deteriorated over time in the public interest and constitutes a valid public purpose.

We ask you to support the authorization of the designation of development districts, comprising areas of regions of public lands classified as commercial, industrial, resort, or hotel, and the establishment and implementation of guidelines for the redevelopment of the areas of the regions.

We urge your support in order to revitalize and improve areas of significant economic, social, and well-being value to the communities they reside in.

We urge you to pass HB 1267. Thank you.

Sincerely,

Chuck Erskine

McCully Works
40 Kamehameha Ave.
Hilo, Hi. 96720

March 20, 2015

HB1267 HD1
Testimony in Support

Senate Committee: WTL
Chair; Senator Laura Thielen Vice-Chair; Senator Brickwood Galuteria

Aloha Chair Thielen,

My name is James McCully, I am a farmer here in Hilo (Mauna Kea Orchids) and over the years I have invested in state leasehold property as a second business. I currently operate Hawaii Warehouse Services, which leases demised warehouse space to fifteen (15) small businesses in the Kanoelehua Industrial Area in Hilo. All of these leasehold properties are on DLNR managed lands. You can visit our website at www.mccullyworks.com

I have submitted testimony in support of HB1267 as it was heard by WAL and FIN. In that testimony I developed my support for the original bill based on need and logic. I still believe that comprehensive reform of the statutory language as it pertains to developed leasehold lands is overdue and would provide tremendous returns to the State and to DLNR. HRS171-17, 35, and 36 require modification to keep Hawaii and it's small businesses competitive and responsive to the changing needs of our community.

That said, I strongly support the current version of HB1267HD1 as well. At its best this "pilot project" will provide an empirical basis for enacting statutory reform and developing best management practices for all public lands. My only concern is the Planning Committee identified under Section 4 is only named after the designation of the district. It seems prudent that members of the community affected should be involved in this designation of boundaries. With that in mind might I suggest the following revision:

Section 3.

(b) The department shall:

(1) Establish a planning committee to prepare the redevelopment plan including the boundaries of the redevelopment district within the Kanoelehua industrial area;

(2) Establish the boundaries of the redevelopment district with the Kanoelehua industrial area;

continued....

You would then make the appropriate revisions in Section 4 in order to reflect the legislatures intent with this change. Further in Section 4 a committee is identified, with the chair of DLNR and the Planning Director of the County of Hawaii, or the directors' designee, the only specified members. This bill envisions seven public members, with three being chosen by the chair of DLNR from a list of six provided by the Mayor of Hawaii. The other four members means of being appointed are not identified. It would seem prudent to establish the specifics of their appointment.

Comments made against this bill by DLNR focus on the cost. It should be noted that in 2013 and 2014 DLNR has authorized over \$190,00.00 in studies to advise them on land use planning in the affected areas of this bill. These studies were ordered only after statutory reform, opposed by DLNR, sought to amend statute in order to correct deficiencies this bill seeks to address.

Please support this bill and if you have any questions feel free to call me to discuss them.

Mahalo,

Required parameters are missing or incorrect.

McCully Works

40 Kamehameha Ave., Hilo, Hi. 96720

808-933-7000

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: garthyama@gmail.com
Subject: Submitted testimony for HB1267 on Mar 25, 2015 14:50PM
Date: Monday, March 23, 2015 12:33:48 PM
Attachments: [HB1267 SD1 Support Letter 03.23.15.pdf](#)

HB1267

Submitted on: 3/23/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Garth Yamanaka	Kanoelehua Industrial Area Association	Support	No

Comments:

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HB1267 HD1

Senate Committee, WTL
Chair Laura Thielen
Vice-Chair Brickwood Galuteria

Aloha Chair Thielen,

I am Garth Yamanaka, Committee chair for Government affairs for the Kanoelehua Industrial Area Association (KI AA). Established in 1968, KI AA is an active business association that is comprised of both small and large businesses and organizations within specific Hilo and Keaau boundaries. One of our goals is to advance the commercial and community interests of our member firms. Presently, we represent approximately 350 business members employing approximately 4,500 workers.

KI AA supports the purpose of this measure which is to rejuvenate areas that have become dilapidated, obsolete, or deteriorated in the Kanoelehua Industrial Area on the Island of Hawaii. The current framework for leasing of public lands in the Kanoelehua Industrial area has created an environment that is sub-par to market expectations. The passing of HB 1267 HD1 will help to push policy in the right direction as local expertise has an opportunity to weigh in. This community insight will provide transparency along with helping to bridge communication.

We urge you to pass HB 1267 and Mahalo for this opportunity to provide testimony.

Mahalo,

Garth Yamanaka

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Cc: cnrs@interpac.net
Subject: Submitted testimony for HB1267 on Mar 25, 2015 14:50PM
Date: Monday, March 23, 2015 4:43:25 PM

HB1267

Submitted on: 3/23/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
brian nakano	Chika Nakano Repair Shop	Support	No

Comments: Please support this bill

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Subject: Submitted testimony for HB1267 on Mar 25, 2015 14:50PM
Date: Tuesday, March 24, 2015 12:14:44 AM
Attachments: [HB1267HD1-SupportKierkiewicz.pdf](#)

HB1267

Submitted on: 3/24/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Ashley Kierkiewicz	Individual	Support	No

Comments:

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March 24, 2014

Chair Laura Theilen
Vice-Chair Brickwood Galuteria
Senate Committee on Water & Land

Re: SUPPORT for HB 1267 HD1 related to public lands, redevelopment and Kanoelehua Industrial Area

Aloha, Chair Theilen, Vice-Chair Galueteria and Members of the Senate Committee on WTL:

I write to you in **strong support** of HB 1267 HD1. As a lifelong resident of Hilo, member of the East Hawai'i business community and a Board of Director for the Hawai'i Island Economic Development Board, I have a very good understanding of the needs of my community.

Public lands are a precious resource; their development, management and maintenance should be done with thoughtfulness to the future, with the utmost care and with guidance from individuals who live in the surrounding area.

With that said, HB 1267 HD1 would establish a four-year pilot project in the Kanoelehua Industrial Area (KIA) aimed at creating a plan for developing and rejuvenating the district's industrial, commercial and hotel/resort use spaces. The plan would be crafted by a group (policy-advising committee) of Hawai'i County residents with a strong connection to place; have expertise in business management, finance, property development and management, hotel/resort management and marketing; and possess a keen interest in transforming the KIA into a dynamic and robust economic center for East Hawai'i.

The policy-advising committee would also include in the plan a number of recommendations related to lease renewal/renegotiations as well as project design/cost estimates and development agreements within the district in order maximize use and income potential of public lands; such information would be valuable for the Department of Land & Natural Resources to have and use as a basis for executing on area development and rejuvenation.

I urge you to pass HB 1267 HD1. Equip the community with the tools, resources and support they need to develop a public-lands development plan that has potential to bring about fundamental change to Kanoelehua Industrial Area and create economic opportunities and services that would positively impact Hawaii Island.

Thank you for this opportunity to submit testimony in support of HB 1267 HD1.

Aloha,



Ashley Kierkiewicz

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Subject: *Submitted testimony for HB1267 on Mar 25, 2015 14:50PM*
Date: Saturday, March 21, 2015 7:31:02 PM

HB1267

Submitted on: 3/21/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
Carol A. VanCamp	Individual	Support	No

Comments:

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Cc: jwmccully54@gmail.com
Subject: Submitted testimony for HB1267 on Mar 25, 2015 14:50PM
Date: Saturday, March 21, 2015 4:01:31 PM
Attachments: [TestimonyHB1267HD1WTL.doc](#)

HB1267

Submitted on: 3/21/2015

Testimony for WTL on Mar 25, 2015 14:50PM in Conference Room 224

Submitted By	Organization	Testifier Position	Present at Hearing
James McCully	Individual	Support	Yes

Comments: Please replace the earlier Word file, I had neglected to remove the edit features. Mahalo, Jim

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