

DAVID Y. IGE  
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the House Committee on  
WATER & LAND**

**Wednesday, April 4, 2018  
11:20 AM  
State Capitol, Conference Room 325**

**In consideration of  
HOUSE CONCURRENT RESOLUTION 84/HOUSE RESOLUTION 69  
REQUESTING A MANAGEMENT AUDIT OF THE SPECIAL LAND AND  
DEVELOPMENT FUND AND THE OPERATING BUDGET OF THE LAND DIVISION  
OF THE DEPARTMENT OF LAND AND NATURAL RESOURCES**

House Concurrent Resolution 84/House Resolution 69 requests the Auditor to conduct a management audit of the Special Land and Development Fund (SLDF) administered by the Department of Land and Natural Resources (Department) using the criteria set forth under Section 37-52.3, Hawaii Revised Statutes; provided that the audit also covers the income and expenditures of the Fund for the five-year fiscal period from 2014 to 2018; and the operating budget of the Land Division of the Department to determine whether efficiencies and savings have been realized by the change in the means of financing the division's operating budget from general funds to special funds. **The Department opposes these measures.**

The Auditor is currently conducting an audit of the SLDF pursuant to Act 209, Session Laws of Hawaii 2017. As the current audit will review whether expenditures from the SLDF were compliant with the law and will offer recommendations accordingly, this resolution is duplicative, burdensome and wasteful.

Land Division's primary responsibilities include assisting the Land Board in overseeing the management of 1.3 million acres of State lands, including processing dispositions such as leases, easements (including shoreline encroachments), revocable permits and rights of entry for shorter term durations. Other duties include addressing illegal or unauthorized commercial activities on unencumbered State lands, negotiating land acquisitions on behalf of other agencies that include Lipoa Point, Maui Veterans' Cemetery expansion, Maui Regional Park, Turtle Bay, etc., and coordinating with various agencies to produce the Act 178 report of all ceded land revenues generated by State agencies.

**SUZANNE D. CASE**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**ROBERT K. MASUDA**  
FIRST DEPUTY

**JEFFREY. T. PEARSON, P.E.**  
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

Land Division also manages specialized informational technology programs such as the State Lands Inventory Management Systems (SLIMS), Land Division's computerized land/property management system currently being upgraded, as well as the Public Land Trust Information System (PLTIS), an online inventory of those lands held outside of SLIMS (agencies with authority to acquire lands and hold title) and current dispositions – such as those with the Department of Transportation, the University of Hawaii, the Hight Technology Development Corporation, the Hawaii Community Development Corporation, etc. Currently the PLTIS is available to Hawaii State employees, but Land Division has dedicated SLDF monies to an upgrade that will provide access to the PLTIS to the general public.

The revenues deposited into the SLDF support a number of the Department's resource protection and public health and safety programs, including covering the entire annual operating budget for the Land Division, the Office of Conservation and Coastal Lands, the Dam Safety Program, and the Mineral Resources Program. The revenues also fund other positions within the Department such as five (5) positions within the Commission on Water Resource Management, and provide funding support to the Division of State Parks and various resource protection programs administered by the Division of Forestry and Wildlife such as the protection of threatened and endangered species, removal of invasive species, wildland firefighting and lifeguard services.

Furthermore, Land Division has committed SLDF monies to review certain assets in order to potentially improve their performance. The Banyan Drive leases in Hilo generate approximately \$1 million in rent annually. Since 2014, the Department has spent approximately \$524,500 from the SLDF on consultant services and studies dedicated to the public lands at Banyan Drive.<sup>1</sup> The Kanoelehua Industrial Area in Hilo generates approximately \$2.6 million in rent annually. The Department has spent approximately \$138,000 on planning studies for the Kanoelehua Industrial Area since 2014.<sup>2</sup>

Thank you for the opportunity to comment on these measures..

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<sup>1</sup> The studies included a market study on tourism to determine if the area could support a new hotel, as well as studies on sea level rise, the viability of master leasing multiple parcels in the area, the remaining useful life of existing structures on expiring lease premises, a more in-depth architectural study of the existing structures to determine whether they should be demolished or rehabilitated, a study on demolition costs and permitting required for demolition. Additional consultant services included professional engineers to review the renovation plans for the Grand Naniloa Hotel.

<sup>2</sup> The studies on the Kanoelehua Industrial Area included a study to determine market demand for industrial-commercial uses in the Hilo area for near- and long-term, a lot consolidation analysis to identify opportunities for consolidating and resubdividing some lots to maximize functionality and value for the Department, and a master lease feasibility analysis to determine whether to place the leases under a single master lease. See <http://dlnr.hawaii.gov/ld/kanoelehua-and-banyan-drive-studies/>.

**HR-69**

Submitted on: 4/3/2018 7:03:41 AM

Testimony for WAL on 4/4/2018 11:20:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	the Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:

**HR-69**

Submitted on: 4/2/2018 12:17:52 PM

Testimony for WAL on 4/4/2018 11:20:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Suyin Phillips	Individual	Support	No

Comments:

**HR-69**

Submitted on: 4/2/2018 12:46:42 PM

Testimony for WAL on 4/4/2018 11:20:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Mary James	Individual	Support	No

Comments: