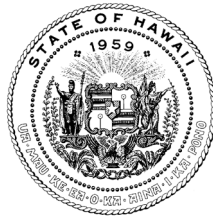


DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII**  
**DEPARTMENT OF LAND AND NATURAL RESOURCES**  
POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of**  
**SUZANNE D. CASE**  
**Chairperson**

**Before the Senate Committee on**  
**WAYS AND MEANS**

**Wednesday, February 24, 2021**  
**10:00 A.M.**

**State Capitol, Via Videoconference, Conference Room 211**

**In consideration of**  
**SENATE BILL 795, SENATE DRAFT 1**  
**RELATING TO STATE SMALL BOAT HARBOR FEES**

Senate Bill 795, Senate Draft 1 proposes to amend the various fees the Department of Land and Natural Resources (Department) may charge for the usage of state small boat harbors and amends the manner in which those fees are applied. **The Department strongly supports this measure.**

The Department's Division of Boating and Ocean Recreation has identified approximately \$300 million in deferred maintenance at small boat harbors and boating facilities statewide. Being able to assess fair market value at small boat harbors and boating facilities will allow DOBOR to maximize its revenue generating potential and perform much needed repairs and maintenance on these facilities.

This measure will also add the option to charge a commercial fee per passenger carried for hire, which would allow the Department to collect appropriate fee amounts in the event that an operator attempts to circumvent the gross receipt collection method.

An increase in fees collected under Section 200-10, Hawaii Revised Statutes, would go toward funding upgrades to state small boat harbor facilities resulting in improved sanitation, maintenance, and cleanliness of the small boat harbor facilities.

Thank you for the opportunity to comment on this measure.

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

**ROBERT K. MASUDA**  
FIRST DEPUTY

**M. KALEO MANUEL**  
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

**SB-795-SD-1**

Submitted on: 2/22/2021 12:23:58 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Katie Stark	Testifying for Redline Rafting	Oppose	No

Comments:

This measure would negatively impact the bottom line of our already struggling small boat business. With \$3 per head we would no longer be able to run our whale watches. Please note that this is our formal opposition to this measure.

**SB-795-SD-1**

Submitted on: 2/23/2021 9:33:08 AM

Testimony for WAM on 2/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ROBERT DUERR	Testifying for Wailoa River and Reeds Bay Boating and Users Association Inc.	Oppose	No

Comments:

Aloha Senators. We **Strongly Oppose SB795**. Mahalo for your attention to the ongoing strategic plan efforts of BLNR, DLNR AND Div of Boating and Ocean Recreation to exit boating mandates and **privatize all Hawaii small boat harbors**. A main problem for boaters is how does this affect the State Special Boating Fund dedicated to sustainable small boat harbors?

DBOR's stated reason in their strategic privatization plan "Modernizing Ocean Recreation Management in Hawaii Strategic Action Plan- 2019," is for missing out on "windfall profits." DBOR had two mandates to provide for boating and promote fishing. They have eliminated fishing in the 2019 rules package. DBOR now wants to exit boating with SB1180.

Unfairly, petitions for a contested case by Hilo boaters and others were denied by BLNR and overlooked by Governor Ige. DBOR uses Kakaako luxury condo developer Hughes Corporation as the harbor model of success. Hughes reason for the harbor is to drive foot traffic to its retail corridor. SB795 has its roots in the Public Land Development Corp. I was at the 2011 Waiakea High School public meeting when PLDC was first proposed. PLDC like DBOR's privatization efforts was to "develop state lands and generate revenues for the Department of Land and Natural Resources." Remarkably Donovan Delacruz, also a proponent at that PLDC first meeting, is a main sponsor in the DBOR privatization fight. The problem that boaters face is makai side of the BLNR DLNR mauna troubles. SB795 is one bill in a legislative public-private partnership privatization package all designed to make private operation of harbors above legislative overview and publicly non-transparent.

**Where is the Special Boating Fund?** BLNR, DLNR and DBOR are silent when asked. This is the reason for us supporting **HR22 HCR29**. "REQUESTING THE AUDITOR TO CONDUCT A PERFORMANCE AUDIT OF THE OPERATIONS AND MANAGEMENT OF THE DEPARTMENT OF LAND AND NATURAL RESOURCES' DIVISION OF BOATING AND OCEAN RECREATION."

We thank you for your service and we reach out to you for you manao.

Robert Duerr

Wailoa River and Reeds Bay Boating and Users Association

[savehawaiiwaters@gmail.com](mailto:savehawaiiwaters@gmail.com)

**SB-795-SD-1**

Submitted on: 2/22/2021 1:40:21 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ryan Lager	Individual	Oppose	No

Comments:

Aloha and thank you for taking the time to review my testimony. I am opposed to any additional fee increase.

Sb795 section 1, page 2, line 2 reads "inflation and rising costs have outpaced, and continue to outpace, DOBOR's revenue generation capabilities as well as the legislature's ability to fund maintenance projects through capital funds." The problem i have with this statement is "Dobor's revenue generating capabilities". I find this laughable because Dobor would like you to believe the only source of revenue generation is from slip fees. There used to be a fuel dock (revenue), there used to be parking fees (state only collected 10% from diamond and now collects zero), and taxes and fees collected from commercial activity. Additionally, there are always open slips and long waitlists to fill them. In regards to live aboard permits, those are not at capacity and we are in a well-known housing crisis. As a first responder I went to a 911 call where the patient had called 7 times in one day. Ambulance cost (\$1700) ER cost (\$5000 plus service fees) multiply by 7 in one day! The reason for her calls? She lost her housing. It's not a good situation out there and this will only exacerbate it. I would love to come testify in person but I am working. Also, remember that these harbors, although operating on a deficit, are also supplying dozens of jobs, driving tourism and providing recreational opportunities for thousands of tax paying Hawaii residents; Money well spent. Mahalo.

**SB-795-SD-1**

Submitted on: 2/22/2021 3:04:47 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kate Thompson	Individual	Oppose	No

Comments:

This rate increase is clearly an attempt to get rid of the live aboards, to get ready for harbor privatization. I have had a boat in the Ala Wai Boat Harbor for 24 years. I don't live aboard, and I do not intend to live aboard. I think the live aboard rates should stay the same or be reduced. Having people living aboard their boats, brings security to harbor. Only about 15% of the boats are live aboards. Thank you for voting NO to this bill.

February 22, 2021

Rob Johnson  
1777 Ala Moana Blvd.  
Honolulu, HI 96815

RE: Hawaii SB 795 – **STRONGLY OPPOSE**

Here we are again watching the DLNR beg for rate increases at the boat harbors. They were just granted a MASSIVE rate increase in November of 2019 just 14 months ago. Susanne Case (DLNR) and Ed Underwood (DOBAR) have been feeding the legislature LIES for years with INFLATED FIGURES. Now the increase has almost doubled to \$570 million in 14 months. I hardly believe that!!! See the financials attached for the Ala Wai harbor from 2011-2018. Yes, I am shocked at the profit too.

The Ala Wai harbor is the major income source for DOBAR. The DLNR and DOBAR have mishandled the finances for years at the boater's expense. The Ala Wai has over \$21 MILLION in profit for the eight years listed yet they let the JEWEL OF THE PACIFIC (Never to be used again) rots and decays right in front of our eyes. The legislature needs to put an end to this unnecessary false request.

Rob Johnson  
Boat owner and fisherman

DIV. OF BOATING & OCEAN RECREATION								
REVENUE SOURCE	2018	2017	2016	2015	2014	2013	2012	2011
REVENUE SOURCE	Ala Wai Harbor	Ala Wai Harbor	Ala Wai Harbor	Ala Wai Harbor	Ala Wai Harbor	Ala Wai Harbor	Ala Wai Harbor	Ala Wai Harbor
<b>Harbors</b>	832	832	832	832	832	832	832	832
Mooring Fees	1,800,856.40	2,053,775.55	2,034,617.36	2,068,148.09	2,200,905.51	1,973,009.27	2,007,083.16	2,058,926.79
Commercial Percentage Rent	71,649.38	79,798.55	26,709.62	299,397.16	27,388.76	1,069.37	1,002.89	
Commercial Permits	104,435.68	115,306.05	71,920.01	27,585.50	38,869.65	28,521.81	7,188.76	140.50
Parking Fees	748,553.57	848,656.80	699,989.59	60,500.88	760,857.09	723,642.20	708,993.42	441,274.78
Electrical Charges	29,464.24	35,033.14	34,856.26	761,450.80	35,500.99	33,142.54	21,805.93	27,369.26
ORMA	4,972.59		200.00	34,448.04				
Other Fees	349,582.06	399,860.96	388,220.26	164,131.94	410,612.12	581,558.41	308,192.71	381,160.54
Misc. Harbor Revenue	172,606.72	113,873.33	99,365.85	131,994.91	133,428.90	169,655.12	241,176.57	
	3,282,120.64	3,646,304.38	3,355,878.95	3,547,657.32	3,607,563.02	3,510,598.72	3,295,443.44	2,908,871.87
<b>All Other</b>								
Mooring Fees - Non Harbor								
Live Aboard Fee - Non Harbor								
Commercial Percentage Rent - Ramp								
Commercial Permits - Ramp								
Liquid Fuel Tax								
Rental of Land & Wharf	1,378,676.47	1,037,155.75	937,331.73	1,580,636.42	1,461,082.19	796,861.73	684,838.50	1,038,640.77
Parking Fees								
Ramp Permit Fees								
Vessel Registration								
Cruise Ship Revenue								
Investment Pool Income								
ORMA								
Other Fees								
Misc. Non Harbor		139.50						
	1,378,676.47	1,037,295.25	937,331.73	1,580,636.42	1,461,082.19	796,861.73	684,838.50	1,038,640.77
<b>Total Revenue</b>	4,660,797.11	4,683,599.63	4,293,210.68	5,128,293.74	5,068,645.21	4,307,460.45	3,980,281.94	3,947,512.64
<b>EXPENSES</b>								
	832	832	832	832	832	832	832	832
<b>Payroll</b>	866,402.59	754,198.30	630,427.78	649,493.78	629,417.61	576,874.08	498,659.03	431,314.22
<b>Repair &amp; Maintenance</b>								
Repairs & Maintenance Expense	297,463.10	235,110.41	124,340.51	222,057.72	170,148.56	150,195.90	150,276.05	106,425.84
Repairs & Maintenance Supplies	36,721.00	33,640.21	29,349.78	45,452.83	59,651.38	46,915.66	12,236.30	7,788.78
<b>Total R &amp; M</b>	334,184.10	268,750.62	153,690.29	267,510.55	229,799.94	197,111.56	162,512.35	114,214.62
<b>Operating Supplies</b>	30,821.84	40,803.20	24,880.72	36,144.44	30,706.73	29,621.07	34,410.37	31,301.27
<b>Utilities</b>								
Electricity	152,203.65	173,368.54	149,272.53	183,930.30	202,843.75	215,971.31	194,098.30	149,529.38
Gas	4,375.65	5,119.63	2,726.75	7,524.89	6,705.67	4,206.20	3,014.37	2,894.65
Water	153,245.95	127,363.00	106,776.45	116,249.02	122,577.96	50,546.21	35,376.16	35,859.52
Sewer						22,687.16	33,715.92	45,580.15
Telephone	22,965.90	16,221.54	15,426.41	17,499.41	932.12	14,427.24	7,450.45	6,731.84
Other Utilities				35.40	136.14	177.58		35.66
<b>Total Utilities</b>	332,791.15	322,072.71	274,202.14	325,239.02	333,195.64	308,015.70	273,655.20	240,631.20
<b>Rental of Property &amp; Equipment</b>	9,602.74	8,321.79	10,773.10	14,354.01	15,276.69	12,814.64	9,533.24	9,326.23
<b>GOR Bond</b>	26,976.72	88,752.42		60,312.72	81,880.39	114,798.59	298,947.96	177,812.65
<b>Budget &amp; Finance Assessment</b>	74,480.59	67,993.05	28,039.44	25,854.62	65,256.54	46,877.47	40,084.22	55,441.98
<b>Div. of Conservation &amp; Resource Enforcement</b>	77,195.96	245,193.29	164,879.54	184,139.61	195,241.33	187,580.76	244,599.06	163,659.43
<b>Work Comp. &amp; Unemployment Benefits Pmt</b>	482.34	2,838.52	3,985.77	2,635.75	1,282.45	1,501.54	1,337.31	3,251.85
<b>Personal Serv-Othr State Dept.</b>	37,197.21	48,428.72	20,155.32	10,586.23	7,714.78	9,893.15	8,399.34	8,378.35
<b>Services On A Fee Basis</b>	169,839.58	80,316.05	87,860.03	107,698.55	119,780.17	170,917.68	134,152.44	142,863.48
<b>Other Expense</b>								
Capital Outlay	5,566.84	118,351.91	98,265.80	48,058.07	84,132.57	20,754.46	16,198.39	6,334.25
Travel Expenses	1,731.24	3,168.69	944.35	2,887.69	3,137.96	2,753.69	2,078.25	693.89
Vessel Removal	29,525.96	62,254.41	24,304.65	71,250.31				
RBS Grant Reimbursement Exp. Offset				(41,642.10)				
Other Expenses	11,435.41	(5,854.50)	12,716.83	18,047.30	40,994.81	54,828.48	15,111.01	9,058.37
<b>Total Other Expenses</b>	48,259.45	177,920.51	136,231.63	98,601.27	128,265.34	78,336.63	33,387.65	16,086.51
<b>Total Expenditures</b>	2,008,234.27	2,105,589.18	1,535,125.76	1,782,570.55	1,837,817.61	1,734,342.87	1,739,678.17	1,394,281.79
<b>Net Income (Loss)</b>	2,652,562.84	2,578,010.45	2,758,084.92	3,345,723.19	3,230,827.60	2,573,117.58	2,240,603.77	2,553,230.85

PROFIT 21,932,161.20



**SB-795-SD-1**

Submitted on: 2/22/2021 4:26:10 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Brandon Freitas	Individual	Oppose	No

Comments:

I strongly oppose this bill.

**SB-795-SD-1**

Submitted on: 2/22/2021 5:03:56 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ben Kuenzli	Individual	Oppose	No

Comments:

I am opposed to this bill. Revenues need improvement but these amendments will not and are likely not intended to fix the DOBOR budget. Liveaboard permits are in limited use, in only a couple of the state's harbors. No new liveaboard permits have been issued in its largest and most central marina, the Ala Wai SBH for years and years. It is running at a fraction of that number allowed by environmental impact studies. Rough estimates on this subject find less, likely much less, than 15% of permits, or .15x500permits= 75 liveaboards. So, if 75 liveaboards end up paying \$250 extra you see a whopping \$18,750/mo in revenue increases at Ala Wai SBH. One small step for DOBOR, one giant step of 25% "renter burden" in a single yaye/nay for the working class in a pandemic year. Thanks guys.

Instead, fill the darn slips that are perfectly fine. There is a two year waitlist for over a 100 perfectly fine slips and many dozens more in need of mild-moderate-severe repairs. Many oh so many of the mild kind. So, if they just push a few pencils with what they have in their laps, revenues could be bumped by an absolute minimum of 100x\$500= \$50,000/mo= \$600,000/yr in one harbor. Remember, conversely, the liveaboard revenue option is available in a couple harbors only. The waitlists are free money statewide, plus what's wrong with putting a smile on somebody's face who has been waiting patiently to buy someone's nice boat and fill it with fresh goods and ice cold drinks to go run some lures on fresh line with new or antique reels for an afternoon on the water. After all, it is a harbor and the economy could use a boost for the working class by the working class.

Let us at least call this what it is. This is nothing more than the x.0 version of canceling the dream in the historic and iconic Ala Wai SBH for the explicit purpose of not having those of us with "renters rights" in the way of an economic plan. That doesn't need to be! I submit the idea that us liveaboards are an asset to the area as stewards and caretakers. Doubling any of our fees ignores the fact that we are basically already overtaxed for what is presented. My electric alone went from \$11/mo up to \$100/mo overnight last year. I don't even have AC! My appliances are all 12v systems other than a dorm fridge and a desk fan and I have a solar panel! Enough with the greed already, find someone else to tax and I will agree to continue helping the gracious staffers down

there in the fields pointing out maintenance items and service repairs. We all work together down there those of us there everyday. Aloha and thank you for your time.

**SB-795-SD-1**

Submitted on: 2/22/2021 9:03:28 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
KIKO JOHNSTON KITAZAWA	Individual	Oppose	No

Comments:

Aloha,

I speak against this measure as it attempts to give away a public trust and resource, the Harbors and landings, to private entities.

By enacting a system of fee increases without legislative oversight the public is left defenseless to the improper plan to drive out harbor users and entice developers and management companies with lucrative fee levels.

The only legitimate and legal reason to raise fees is to upkeep the harbors, not to be excused from doing so.

Allowing so called public/ private development contracts reduces transparency by allowing DLNR-DBOR to hide behind contract clauses citing alleged " Proprietary Information" and Confidential Negotiations which can mask wrongdoing and hide whether proposed agreements are in the best interests of harbor users and the best use of public funds.

Please stop this abdication of agency responsibility and attempted giveaway of a public resource.

O wau iho no me ke aloha,

Kapena Kiko E. Johnston-Kitazawa

**SB-795-SD-1**

Submitted on: 2/22/2021 9:47:27 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Debbie Weeks	Individual	Oppose	No

Comments:

Aloha

Many local boaters opposed the rate jump of 2019. The fees were already in excess of amenities provided and DLNR has proved to be inefficient and ineffective as managers of the harbors. I have had boats in marinas in many other places - from California to Australia - and, at the level of the new rates, consistently received services such as: keyed entry through security gates from well-lit ample parking areas to floating docks with well-maintained fenders and cleats, electricity and water to the docks (some charge a nominal fee for electric use, but most do not), 24/7 security, well-maintained bathroom, shower and laundry facilities with only boat owners having the key, friendly and competent staff with straight-forward billing and clear, consistent and reasonable rules.

Few of us actually want/need *all* of that, but none of us want to pay rates for what we're not getting! And what we were paying before the rate hike was already too high considering the lack of basic needs (safe and secure sites, reasonable admin, etc.) Most of us had to deal with homeless or fishers leaving broken glass, hooks and other trash on our boats, sometimes they take the boats out without permission and the other boaters have to chase them down and DOBAR won't intervene even if they bother to show up. We were left to deal with the rafts of debris (including a cow!) washed down through the moorings during storms and floods, and nothing meaningful was done to improve our lot.

I say all of this in the past tense as, after all of us being completely ignored in the rate hike hearings (which I attended and testified at, as a boat owner with a boat in the Wailoa Mooring) I removed my boat from the water as I could not afford to keep it in the water at the high rates - especially with no way to maintain it at the dock due to lack of electricity. A true travesty to have such high barriers to boat ownership and usage on our islands.

I've single-hand sailed from the San Francisco Bay Area to Hilo (twice!) but my next sail will be to take my boat somewhere else where I can actually enjoy it and all that sailing brings. There are businesses that cater to boating all over the world, but not here in Hawai'i. It is very much a missed opportunity and a shame that boaters here are treated so badly.

Another industry that has been harmed by this is fishing. I like to get fresh fish from local fisherman, but they got hit with the double whammy of losing Pohoiki (in Puna) and huge rate increases at the moorings in Hilo and Kona. Fish is just about out of reach on the Big Island, at least for those of us with moderate to low incomes.

Lastly, the Reed's Bay moorings have been a huge injustice. My first boat was on an existing, approved mooring, which the new owner took over when I sold him the boat. Due to the new rules for having an engineering inspection, etc., that mooring, and many others, have been abandoned. The individual owners who wanted to keep their moorings went through the expense (thousands of dollars) and spent time on the process of bringing this STATE mooring area into compliance, yet these owners are also paying the new, much higher, rates. The individuals made a large investment and now they are essentially getting kicked out or at least priced out.

The goal of this does not seem to be to make Hawai'i a better place to live or to increase sustainability, but to cover up massive mismanagement and then make it all look ok by increasing revenues (on paper, because most people in Hilo, like myself, abandoned the moorings) without actually providing services that those charges would normally cover.

Hawai'i could generate income from boating through fishing, tours, amenities and services to boaters, rather than egregious fees and costs and create a more sustainable and diverse sources of income and food production. Codifying the wrongs already committed will likely hasten the privatization of many of the harbors, pricing out local citizens and bringing in more (unsustainable) visitors with boats. I would think that Covid has made it clear that we don't need more tourism, we need more home-grown economy. Also, Hilo would be hard-pressed to support expensive boats, both culturally and practically.

Mahalo for listening.

Debbie Weeks - Hilo

Senators,

Before the WAM committee this Wednesday, February 24th at 10:00 a.m. will be DOBOR's latest attack on the boating and ocean recreation community to pave the way for privatization of Hawai'i public harbors and development of tourist attractions. DOBOR is bereft of competent management and the condition of the harbors proves it. Come down and look. Ed Underwood has increased the mooring fee at the Ala Wai by 42% in 2019. He also raised the liveaboard fee by 5% in 2019, and again by 5% in 2020, willfully ignoring the language of HRS 200-10(c)(4) in which YOU (the Hawaii legislature) limited any increases in liveaboard fees by the annual increase in the cost-of-living index. Ed Underwood gave YOU (the Hawaii legislature) the middle finger and raised the liveaboard fee twice by 5% knowing full well that the relevant increase in the cost of living index in preceding years was 1.9% (for 2019 fee increase), and 1.6% (for 2020 fee increase). **See attached emails to Ed Underwood in which this data was provided to him directly by Hawaii State Economist Ms. Blewitt immediately before imposing said 5% fee increases.**

On Wednesday, please ask Ed Underwood why he ignored the "cost-of-living index" language of HRS 200-10(c)(4) and the cost-of-living data that was provided to him by Ms. Blewitt, and raised the liveaboard fee by 5% in 2019 and 2020, instead of 1.9% and 1.6%. Please ask him what he has done to fix the harbors since the 42% mooring fee increase imposed at the Ala Wai Harbor in 2019, or since the 5% liveaboard fee increases imposed in 2019 and 2020. Please ask him why he seeks to now increase the liveaboard fee to DOUBLE the mooring rate.

Respectfully, SB795 is meant to get rid of working class boaters, and liveaboards in particular, so that Ed Underwood can fulfill his dream of handing over Hawai'i public lands to a developer like Howard Hughes and then sit back and smoke cigars in his newly-built, multi-million dollar DOBOR office at Ke'ehi Harbor with a wrap-around lanai overlooking all the scum he despises so much while collecting a fattened salary, just like his 2019 Strategic Plan promised. The notion that SB795 is meant to fix the harbors is laughable. Please table SB795 until such time as the boating community can look you in the eyes in person and tell the stories directly of how this bill will devastate their lives.

Thank you,  
Erik Rask

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**From:** Blewitt, Mary E <mary.e.blewitt@hawaii.gov>  
**Sent:** Tuesday, July 7, 2020 3:11:29 PM  
**To:** Underwood, Ed R <ed.r.underwood@hawaii.gov>  
**Subject:** FW: Recap: COLA vs CPI...resend but should we update?

Aloha Ed,

Got your request and decided to reply with a resend of our earlier e-correspondence so you may retrace your steps and then decide if an update is a good idea.

Our Quarterly Stat Report has 2019 data for Honolulu/Hawaii so I attached the table that appeared in the [QSER 2020Q2 report](#). The 2017 to 2018 (in previous email) was 1.9 percent & the 2018 to 2019 is 1.6 percent.

I could get the 2019 version of the U.S. snippet I pasted below but I think the Honolulu CPI might be more defensible as 'Recreation' includes so many unrelated components.

Good luck...with everything & everyone!

Best wishes,  
Mary

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**From:** Blewitt, Mary E  
**Sent:** Wednesday, October 09, 2019 12:36 PM  
**To:** Underwood, Ed R <ed.r.underwood@hawaii.gov>  
**Subject:** RE: Recap: COLA vs CPI

Aloha Ed,



The CPI-U (Urban Consumers) for 'Honolulu MSA' "All Items" for 2017 to 2018 is 1.9 percent.

Note: Table B-14 (attached) from our [Quarterly Stat](#) report has both index numbers and percent changes annually & semi-annually for the U.S. All Items & the Honolulu All Items and selected components.

I did intend to get back to you on using 'Recreation' component (introduced in Dec. 1997) but when I looked at the methodology for that component of the CPI I found it included pets, magazines, TV's, etc. See Snippet pasted below. The numbers to the right show the share (of 100%) each item is in the U.S. CPI. They don't publish that much detail for ours. The U.S. shows that 'Recreation' counts for only 5.694% in the U.S. CPI & the purchase of a boat, much less maintenance, license, etc. isn't even broken out separately. It increased only about 29% from Dec. 1997 to 2018.

I have a call in to BLS to confirm the 'All Items' be a more universally applicable indicator.

See attached or the [U.S. Bureau of Labor Statistics website](#) for [How to Use the Consumer Price Index for Escalation](#). It mirrors what we've discussed and calculated but there are [alternatives](#). BLS also has an online discussion "[How the CPI measures price change of Owners' equivalent rent of primary residence \(OER\) and Rent of primary residence \(Rent\)](#)" (and attached) but that index is based on conventional housing units.

Recreation.....	5.694
Video and audio.....	1.817
Televisions.....	.098
Cable and satellite television service.....	1.509
Other video equipment.....	.026
Video discs and other media, including rental of video.....	.086
Audio equipment.....	.043
Recorded music and music subscriptions.....	.047
Unsampled video and audio.....	.008
Pets, pet products and services.....	1.022
Pets and pet products.....	.605
Pet services including veterinary.....	.417
Sporting goods.....	.505
Sports vehicles including bicycles.....	.294
Sports equipment.....	.204
Unsampled sporting goods.....	.007
Photography.....	.073
Photographic equipment and supplies.....	.033
Photographers and photo processing.....	.039
Unsampled photography.....	.002
Other recreational goods.....	.324
Toys.....	.252
Sewing machines, fabric and supplies.....	.025
Music instruments and accessories.....	.036
Unsampled recreation commodities.....	.011
Other recreation services.....	1.836
Club membership for shopping clubs, fraternal, or other organizations, or participant sports fees.....	.680
Admissions.....	.662
Fees for lessons or instructions.....	.219
Unsampled recreation services.....	.276
Recreational reading materials.....	.116
Newspapers and magazines.....	.071
Recreational books.....	.045
Unsampled recreational reading materials.....	.000

Best wishes,  
Mary

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**From:** Underwood, Ed R  
**Sent:** Wednesday, October 9, 2019 11:32 AM  
**To:** Blewitt, Mary E <[mary.e.blewitt@hawaii.gov](mailto:mary.e.blewitt@hawaii.gov)>  
**Subject:** RE: Recap: COLA vs CPI

Aloha Mary,

We appreciate all your help with the CPI calculations and I would like to ask if you could let me know what last years CPI amounted to.

Thanks,

Ed

Edward R. Underwood, Administrator  
4 Sand Island Access Road  
Honolulu, HI 96819  
(808)587-1966

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**From:** Underwood, Ed R  
**Sent:** Thursday, September 26, 2019 11:53 AM  
**To:** Blewitt, Mary E <[mary.e.blewitt@hawaii.gov](mailto:mary.e.blewitt@hawaii.gov)>  
**Subject:** RE: Recap: COLA vs CPI

Aloha Mary,

Thank you for the information and it was very helpful. During our discussion, we discussed how we would apply the CPI to the liveboard rates for our tenants in the Ala Wai small boat harbor and what the rate would be from 2000 to present. You calculated that the increase would be 57% so the fee would go from \$5.25 to \$8.25. I'm not sure how to make a consideration for recreation so any guidance you can give us is really appreciated, if applicable.

Thanks again,

Ed

Edward R. Underwood, Administrator  
4 Sand Island Access Road  
Honolulu, HI 96819  
(808)587-1966

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**From:** Blewitt, Mary E <[mary.e.blewitt@hawaii.gov](mailto:mary.e.blewitt@hawaii.gov)>  
**Sent:** Thursday, September 26, 2019 11:22 AM  
**To:** Underwood, Ed R <[ed.r.underwood@hawaii.gov](mailto:ed.r.underwood@hawaii.gov)>  
**Subject:** Recap: COLA vs CPI

Aloha Ed,

As I mentioned, the COLA question is a classic and while we no longer have an official, i.e. federal government agency, that conducts/compiles one, the [Consumer Price Index](#) (U.S. Bureau of Labor Statistics) has become proxy justifiable in many situations.

I just wanted to get you the link to the data ([State of Hawaii Data Book 2018, Section 14](#)) we discussed on the phone and I'll assemble alternatives, etc. later today & get them off to you. I did discuss briefly with Eugene Tian, head of the Research Division, and he agreed that the CPI was the likely choice but speculated that the 'Recreation' component might be considered.

I'll send that detail, and his contact information, too.

Best wishes,  
Mary

Mary E. Blewitt, Economist  
State of Hawaii Dept. of Business, Economic Development & Tourism,  
Research & Economic Analysis Division  
P.O. Box 2359  
Honolulu, Hawaii 96804  
Phone: (808) 586-2479; Fax: (808) 586-8449; email: [mary.e.blewitt@hawaii.gov](mailto:mary.e.blewitt@hawaii.gov)  
Website: <http://dbedt.hawaii.gov/economic/>

**SB-795-SD-1**

Submitted on: 2/23/2021 6:08:43 AM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alethea Rebman	Individual	Oppose	No

Comments:

This bill will kill recreational boating in Hawaii for local people and put it in the hands of the people who got rid of the fuel dock and got rid of the boatyard for a wedding chapel that never happened, on the way to a transfer to the tourist industry and wealthy part time residents. Please kill this bill and move in the other direction, toward the return of boating to actual boaters.

**SB-795-SD-1**

Submitted on: 2/23/2021 9:27:24 AM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Georgie Fong	Individual	Oppose	No

Comments:

I opposed the "Privatization" of small boat harbors. That what the Republican party has done on the mainland and it has lead to just benefits that can only be affordable for the "rich". Also "safety that requirements are "downgraded too, since private industry is interested in PROFIT only.

## PUBLIC TESTIMONY

Katherine Lindell  
Honolulu, Hawaii  
February 23, 2020, 8:30 A.M.

The committee(s) on WAM to hold a public decision making on 02-24-21 10:00AM; CR 211 & Videoconference

### In consideration of

**Senate Bill 795 SD1, RELATING TO PUBLIC BOAT HARBOR FEES**

**WE STRONGLY OPPOSE SB795, WITHOUT RESERVATION**, for the following reasons:

*IMPORTANT NOTE: Because our submitted testimony in the past has somehow gone missing from "Testimonies" on the legislature website, this testimony has been duplicated and published on the Hawaii Ocean News website (HawaiiOceanNews.com)*

*This testimony is intended, specifically, for the following legislators:*

*Senators: Moriwaki, Chang, DeLa Cruz, Misalucha, English, Kidani, Kim, and Shimabukuro*

#### **Regarding:**

##### **SB795, Section 1:**

*Rationale in the current version of Section 1 of SB795 is fatally flawed for the following reasons:*

**The DLNR's revenue-generating capability has been outpaced by maintenance needs and inflation for the following reasons:**

- a) DLNR/DOBOR management practices have left, and continue to leave, scores of boat slips unrented, many for years on end. Over the past 10 years these management practices have cost millions of dollars in lost revenue on this point alone. *Remedy: remove incompetent administration and overhaul management practices.*
- b). Financial losses caused by failed third-party contractor agreements because of inadequate vetting or DOBOR insider hiring. (example: the 800 pier restoration project, AWSBH) *Remedy: remove incompetent administration replace with qualified personnel who can be held accountable for their performance.*
- c) **Failure to upgrade and modernize the harbor management system:**

(c-1) Harbor tenant records are still stored in and manipulated via brown manila folders, some of them more than an inch and a half thick, of which there are thousands of these throughout the harbor system.

**(c-2) Harbor office management is inefficient and cumbersome and often fraught with costly ledger errors because:**

- (1) There is no proprietary slip management software on the computers in Harbor offices, such as can be found in any modern marina facility worldwide.
- (2) Because Hawaii Administrative Rules allow harbor agents at each harbor facility to act at their own discretion, in some cases subjugating HAR statute, the resulting lack of management uniformity within the harbor system often causes administrative confusion that leads directly or indirectly to financial losses.
- (3) Harbor ledger errors are common because of antiquated software and some questionable accounting methods leading to under- or over-charging harbor tenants, especially as it relates to value-added services, deposits, and slip payment tracking. (Because of this it took a full year (2019 - 2020) to transition harbor tenant paperwork from the old harbor rates to the new harbor rates established in 2019, costing the harbor system hundreds of thousands of dollars in arrears security deposits and other related expenses.)

**d) DOBOR's history of burdening the Boating Special Fund and taxpayer coffers via the chronic mishandling of abandoned and derelict vessels:**

- (d-1) By introducing derelict commercial vessels from the Department of transportation's commercial Harbor into the public's recreational marina system, instantly debiting the public harbor system with all of the expenses associated with demolishing and disposing of these vessels. Example the navatek II incident.
- (d-2) Failure to efficiently and effectively deal with State impounded abandoned vessels within the harbor system has cost the Boating Special Fund and the State of Hawaii \$millions in lost revenues and debits.

**SB795, Section 2, as it relates to fees set by appraisal:**

- a) The current choice of appraiser, CBRE, has disqualified itself. When the aforementioned appraiser suggested that electrical rates could be set by appraisal, they demonstrated a fundamental lack of understanding of property valuation basics. What has been lost on this appraiser is that electricity is a consumable product. People in Kahala pay the exact same rate as the people living in Kalihi. Users pay for the electricity that they actually use, and at the same rate. That certain individuals are singled out in Waikiki as having to pay a fictitious flat fee, "according to appraisal", presents serious credibility problems for that appraiser and potential legal problems for its employer.

- b) Since appraisal opinions differ, the State has a responsibility to its people to secure multiple credible appraisals to fairly establish any so called fair market valuation, and appraisers winning that privilege will have demonstrated previous experience with public harbor rent valuations, something the current appraiser cannot boast.
- c) Left unclear is how exactly one is to establish “fair market value” in a public harbor system located in Hawaii’s unique community.

**SB795, Section 2: The State of Hawaii has been issuing boaters Principal Habitation Permits, under statute, for more than a half century.**

"Principal Habitation" is a permanent principal residence, a place where a person or family calls home. The State has been collecting rents from Principal Habitation vessel owners for the past half century. A landlord, by any other description, is still a landlord, and while the State, through ambiguous wording, has sought to distance itself from that reality, the nature of the State's actions and deeds with regards to the renting of Principal Habitation within its public harbors defines this role perfectly:

1. Doubling someone's rent because of revenue shortfalls caused by internal poor management practices is legally, morally and ethically troubling, both for the State and the individual legislators and administrators who participate in this.
2. Should SB795 become law, the State of Hawaii, and each and every one of you, will be solely responsible for creating a new wave of homelessness, already proven expensive for the City and the State. Doubling anyone's rent anytime -- especially during a pandemic - - is the epitome of mean-spirited administration. The act of doubling someone's rent (during a pandemic) and subsequently forcing them out into the street into homelessness will almost certainly present the State with serious legal issues in federal court and doubtless attract an avalanche of unwanted international media attention.



**SB-795-SD-1**

Submitted on: 2/23/2021 9:52:07 AM

Testimony for WAM on 2/24/2021 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Bruce Baxter	Individual	Oppose	No

Comments:

Senators,

As you consider action on the DLNR's request to once again raise the mooring rates at the Ala Wai Small Boat Harbor, I respectfully suggest you refresh your understanding of the unique problems our island home is facing.

\*\*\* Hawaii cost of living \*\*\*

"The state with the highest cost of living index is <https://worldpopulationreview.com/states/hawaii-population>, whose index is 196.3. This means that the cost of living in Hawaii is 96.3% higher than the U.S. average. Hawaii's housing index is 336.3, where a two-bedroom costs about \$1,895 per month, and the median home value is about \$660,000. Groceries are also significantly more expensive in Hawaii since it is an island and most goods need to be shipped in. Hawaii's livable wage is \$61,000." Source - <https://worldpopulationreview.com/state-rankings/cost-of-living-index-by-state>.

\*\*\* Hawaii State out migration \*\*\*

"Hawaii's economic crisis has precipitated the [https://www.grassrootinstitute.org/wp-content/uploads/2020/12/flight-per-capita-GRIH-calculations.xlsx?mc\\_cid=68d525be08&mc\\_eid=%5bUNIQID%5d](https://www.grassrootinstitute.org/wp-content/uploads/2020/12/flight-per-capita-GRIH-calculations.xlsx?mc_cid=68d525be08&mc_eid=%5bUNIQID%5d) level of economic flight in the nation, behind Illinois, and followed by West Virginia, Mississippi and Alaska, according to the Grassroot Institute of Hawaii.

"U.S. Census Bureau data [https://www2.census.gov/programs-surveys/popest/tables/2010-2020/state/totals/?mc\\_cid=68d525be08&mc\\_eid=%5bUNIQID%5d](https://www2.census.gov/programs-surveys/popest/tables/2010-2020/state/totals/?mc_cid=68d525be08&mc_eid=%5bUNIQID%5d) [12/24/2020] shows Hawaii's population declined in fiscal 2020 by 8,866, almost double from the previous year, when the state suffered a net population loss of 4,721."

Source - <https://www.hawaiistar.com/2020/12/number-of-people-leaving-hawaii-doubles-in-2020/>

\*\*\* Hawaii homeless \*\*\*

"Hawaii is currently facing one of the worst homeless epidemics in the country with the highest rate of homelessness per capita in the nation. It is the number one priority of the Lieutenant Governor to work towards solutions for our homelessness crisis which has a devastating social and economic impact on our state." Source - <https://ltgov.hawaii.gov/homeless-in-hawaii-facts-and-resources/>

\*\*\* 2019/2020 DLNR rate increases \*\*\*

In October 2019, DLNR raised the moorage rates at AWSBH by a whopping 42% (in case, a 67% increase). DLNR claimed that it needed to raise the rates to pay for "Some \$40.3 million" of deferred maintenance at the Ala Wai. As far as I can tell, none of these deferred maintenance projects has even been started in nearly a year and a half. In fact, several slips have been demolished and others are nearing that end.

\*\*\* Empty slips, wait lists, lack of maintenance \*\*\*

In 1998, after being on the wait list for a "C-Class Slip," for 6-1/2 years, I was finally offered a slip. After claiming my slip, I had to move ashore because I didn't have a "Liveaboard Permit" (now called a Principle habitation permit). It took 3-1/2 years to obtain the liveaboard permit - a total of 10 years to be able to live on my own boat at the Ala Wai Small Boat Harbor.

I walked down my dock, B-Dock, today and counted 5 of 23 C-Class slips empty and 9 of 29 A-Class slips empty. Prior to the 2019 moorage fee increase, the C-Class slips were always filled, A-Class not as full but with fewer than 9 empty slips. Perhaps the massive 2019 slip fee increase is the cause?

The status of the wait list(s) for moorage isn't made public. But I hear from those being offered C-Class slips that their time of the list was less than 2 years. Contrast that to my 6-1/2 year experience. Perhaps the rate increase wasn't the most akamai business decision?

Or perhaps the lack of maintenance in general is driving potential tenants away.

\*\*\* My personal situation \*\*\*

I've owned my boat since new in November 1981. We've crossed the Pacific several times. I now live on Social Security. My Social Security benefit was increased by 1.9% in 2019 and 1.6% in 2020. Remember that "Hawaii's livable wage is \$61,000" quote from above? My Social Security payments totaled \$21,516 for 2020. My DLNR payments consume 52% of my monthly income.

I respectfully request that the DLNR rate increase requested be denied.

Thomas Celtano  
Honolulu, Hawaii

I strongly oppose the passage of SB795

1. The short-fall in harbor revenue is due solely to poor harbor administrative and management and practices.
2. Fair market valuation in Hawaii's unique environment should be adjudged after the State the administration and management of its public harbor system.
3. Fair market valuation by a single appraiser not especially familiar with public harbor metrics in Hawaii's unique environment, is not a fair evaluation at all.
4. Aside from being just plain mean-spirited, the forcing of legally permitted live-aboards out of their homes at Hawaii's public harbors, will result in homelessness, a significant loss of revenue, and legal repercussions that will reverberate for years to come, all at the expense of Hawaii's taxpayers.

Between Ala Wai Small Boat Harbor and now Keehi Small Boat Harbor, I have been a legal resident of Hawaii's harbors for about a decade and I must say I was disheartened to see SB 751 introduced this legislative session. During what common public discourse now refers to as an "unprecedented time"—when many government entities are making concessions regarding rent and loans to help families get through times of uncertainty—DOBOR seeks to double the rates for residents of Hawaii's harbors. To add insult to injury, they are doing this without discussion with the community this would most effect, with no notice, and during a time when we cannot even gather to strategize a way forward.

If these rates are increased, my living expenses will have gone up 63% since October of 2019—from 25% of my Gross income to 80%. The impact of base mooring rates at the harbor have left many slips vacant and made it increasingly difficult to sell your boat at "fair market value." Since the general mooring rates went up, I now pay \$900 for my 350 square foot sailboat that is powered by solar and wind. Compare this to the 1 bedroom apartments closer to 1200 square feet up the street that rent for \$1000 a month.

But why? Why are the rates going up exponentially before conditions improve? Why is the amount I pay for living on my boat tied to the size of my boat? If this bill passes, DOBOR will be charging me \$700 a month to live on my boat whereas Newport Beach California charges **\$282 as a flat rate for the year.**

I'm attaching photos of what my \$900 a month gets me in Hawaii.

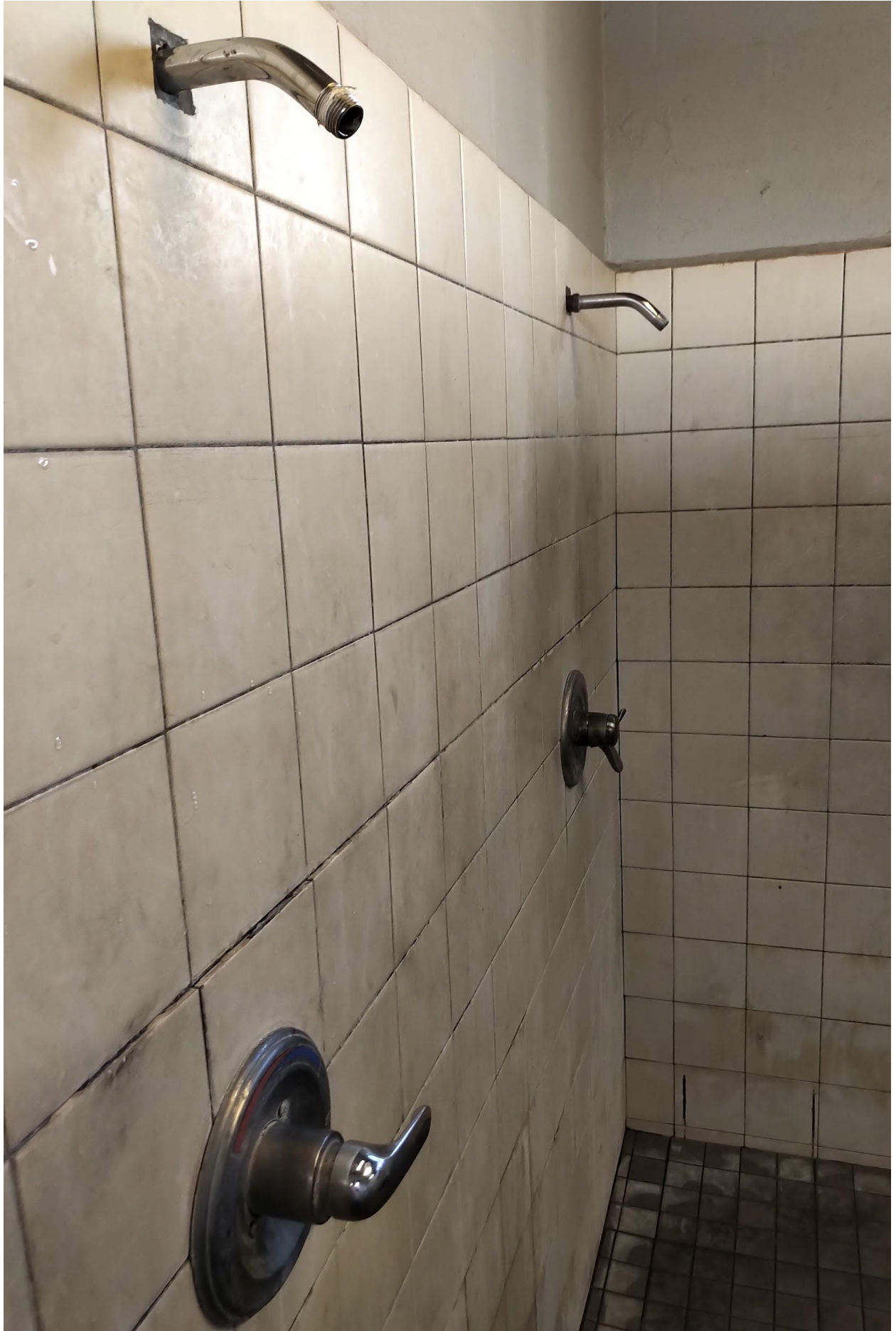
This bill feels like an attempt to force the working class out of a public resource. To gentrify areas and push out the community that has lived there for years. I wish I had been notified about this bill sooner so I could write a stronger testimony but as it is I just found out this morning.

Please do not pass this bill. It will result in undue and unnecessary financial hardship for me and surely many others in our harbors.

















**LATE**

**SB-795-SD-1**

Submitted on: 2/23/2021 10:02:05 AM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Ryan Christopher	Individual	Oppose	No

Comments:

I oppose SB 795 as it appears to privatize harbors and could lead to small fisherman being unable to use these locations.

**LATE**

**SB-795-SD-1**

Submitted on: 2/23/2021 12:47:34 PM

Testimony for WAM on 2/24/2021 10:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Peter Plotzeneder	Individual	Oppose	No

Comments:

Slip fees just had a MAJOR increase last year. Liveboards are a minor fraction of harbor tenants. Bathrooms are not open and liveboards are NOT granted bathroom access.

Before any increases are made, the state should audit DLNR and also look at how the new rates affect budgets and occupancy.

Mahalo

TO: The Honorable Senator Donovan M. Dela Cruz, Chair  
The Honorable Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Members of the Senate Ways and Means Committee

Date: Feb 24, 2021  
Time: 10:00 AM  
Place: CR 211 & Videoconference

**LATE**

From: James Callahan

RE: SENATE BILL 795, SENATE DRAFT 1, RELATING TO STATE SMALL BOAT HARBOR FEES

The current language proposed in Senate Bill 795, Draft 1; page 5, lines 9-21 and page 6, lines 1-2 would increase principal habitation permit fees beyond the current legal amount for both local and non-resident boaters.

The [Hawai‘i Administrative Rules §13-234-8 as Amended in 2019](#) states that this rate is to be adjusted by the annual cost of living index and not to exceed five percent per calendar year:

...the principal habitation fees established by this subsection shall be increased based on the increase in the annual cost of living index ([U.S. Department of Labor, U.S. City Average Urban Consumer Price Index for “all items”](#)), but the increase for any calendar year shall not exceed five per cent.

From January 2020 to January 2021, urban Hawai‘i had a 1.4% change in the consumer price index.

Considering the language in Senate Bill 795, Draft 1, page 6, lines 1-2: “Two times the moorage fee that would be assessed for a vessel of the same size.” This would significantly inflate the cost of a principal permit to both local residents and non-residents alike. A local resident with a current principal habitation permit and a 40 foot moorage fee will see an increase of 50% in their monthly payment to DOBOR.

A principal habitation permit fee increase in excess of 5% in any one year is in violation of HAR §13-234-8 as amended in 2019. DLNR attorneys are correct that the distinction between state resident and nonresident fees should be removed in the existing small boat harbor's fee structure.

With the committee's consideration, the language of this bill should be changed so that nonresident principal habitation holders be converted to the same fee rate of state resident principal habitation holders. In this way, there would be one annual rate for principal habitation permits instead of the indicated rates of \$5.25 for local and \$7.80 per vessel length for nonresidents. Furthermore, this would stay within the bounds of the rules governing principal habitation fee increases HAR §13-234-8 for both the local and nonresident parties currently under the separate fee structures.

Respectfully,

James Callahan  
Local Small Boat Harbor Resident