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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

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**Testimony of
DAWN N. S. CHANG
Chairperson**

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

**Friday, March 24, 2022
1:00 PM**

State Capitol, Conference Room 229, Via Videoconference

**In consideration of
SENATE CONCURRENT RESOLUTION 224/SENATE RESOLUTION 162
REQUESTING THE AUDITOR TO CONDUCT A COMPREHENSIVE MANAGEMENT
AUDIT OF THE DIVISION OF BOATING AND OCEAN RECREATION OF THE
DEPARTMENT OF LAND AND NATURAL RESOURCES.**

Senate Concurrent Resolution 224/Senate Resolution 162 request the Legislative Auditor to conduct a comprehensive management audit of the Division of Boating and Ocean Recreation (DOBOR) of the Department of Land and Natural Resources (Department). **The Department offers the following comments.**

The Department notes that the following management audits have been conducted for the Small Boat Harbor Program:

- 1976: Management Audit of the Recreational Boating Program (under management of the Department of Transportation)
- 1995: Follow-Up on a Study of the Financing of the Small Boat Harbors and Boat Ramps Program of the Department of Land and Natural Resources
- 1998: Audit of the Management of Small Boat Harbors and Boat Ramps
- 2001: Audit of the Management of State Boating Facilities by the Department of Land and Natural Resources

A financial audit of DOBOR is conducted every year. Additionally, the following financial audits and reviews have been conducted by the Legislative Auditor for the Small Boat Harbor Program:

- 1986: Financial Audit of the Boating Program (under management of the Department of Transportation)
- 2000: Financial Audit of the Department of Land and Natural Resources
- 2006: Financial Audit of the Department of Land and Natural Resources

DAWN N.S. CHANG
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HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

- 2009: Department of Land and Natural Resources – June 30, 2008 Financial Statements and Single Audit Report
- 2010: Department of Land and Natural Resources – June 30, 2009 Financial Statements and Single Audit Report
- 2014: Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounting of the Department of Land and Natural Resources
- 2018: Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounting of the Department of Land and Natural Resources
- 2019: Department of Land and Natural Resources – June 30, 2017 Financial Statement

When the Small Boat Harbor Program was transferred from the Department of Transportation to the Department in 1991, the Department received the then-\$300 million backlog of deferred maintenance projects, which include capital improvement projects (CIP) and repair & maintenance (R&M) projects. Adjusted for inflation, the deferred maintenance balance in 1991 dollars is equivalent to approximately \$660 million in 2023 dollars. As of the date of this testimony, the deferred maintenance balance of the Small Boat Harbor Program is approximately \$300 million; this equates to roughly half of the deferred maintenance being addressed, adjusted for inflation, since the Small Boat Harbor Program was first transferred to the Department in 1991. While the Department has been able to incrementally decrease the deferred maintenance balance of the Small Boat Harbor Program over the years, inflation, rising costs, and severe underfunding have hindered DOBOR's ability to fully clear the deferred maintenance backlog.

It is important to note that DOBOR's statutory mandate, contained in Section 200-3, Hawaii Revised Statutes, includes operation of both the Small Boat Harbor and the Coastal Areas Programs, which expands DOBOR's jurisdiction to include ocean recreation activity management in ocean waters out to three nautical miles from shore. DOBOR is unable to adequately manage ocean recreation activity due to having to focus the majority of its staff and funding on the Small Boat Harbor Program.

The Department recommends that any audit focus on whether the current management structure and budget for the Boating and Ocean Recreation Program is adequate in comparison to management structures and budgets used in other jurisdictions and in harbors not managed by DOBOR, and for carrying out DOBOR's ocean recreation management mandate in addition to harbor management. Assessing DOBOR's management of small boat harbors without regard to the entirety of DOBOR's statutory mandates will not provide the full picture of DOBOR's performance.

If the Legislature is concerned with improving DOBOR's management strategies, the Department recommends allowing DOBOR to implement its 2019 Strategic Plan, which calls for Public-Private Partnerships for state small boat harbors as an improved management tool. The Department notes that DOBOR has not been able to fully implement the goals highlighted in its 2019 Strategic Plan because the necessary authorizing legislation has continually failed to pass the Legislature.

Mahalo for the opportunity to provide comments on these measures.