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STATE OF HAWAI'I | 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 House Committee on  
WATER & LAND

Tuesday, March 19, 2024  
9:30 AM  
State Capitol, Conference Room 430

In consideration of  
**HOUSE CONCURRENT RESOLUTION 50/HOUSE RESOLUTION 39  
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.**

House Concurrent Resolution 50/House Resolution 39 requests the Auditor to conduct a comprehensive performance 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  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
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AQUATIC RESOURCES  
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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

The Department notes that the deficiencies found by the audits in 1998, 2000, and 2001 have been remedied. Many of the issues identified by the Auditor stemmed from the Small Boat Harbor program. 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 included capital improvement projects (CIP) and repair & maintenance (R&M) projects. Adjusted for inflation, the deferred maintenance balance in 1991 dollars is equivalent to approximately \$690 million in 2024 dollars. As of the date of this testimony, the deferred maintenance balance of the Small Boat Harbor Program is approximately \$200 million; this equates to almost 60% 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, severe underfunding, and statutory limitations 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 Program, which means DOBOR's jurisdiction not only includes management of small boat harbors but also includes 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. Any performance audit should therefore consider the fiscal and personnel needs of DOBOR in relation to Legislative appropriations.

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 legislation has continually failed to pass. Being able to focus efforts on the Coastal Areas Program will greatly increase DOBOR's ability to effectively and efficiently regulate boating and ocean activity.

Mahalo for the opportunity to provide comments on these measures.

**HCR-50**

Submitted on: 3/18/2024 9:26:22 AM

Testimony for WAL on 3/19/2024 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lisa Bishop	Individual	Support	Written Testimony Only

Comments:

Please support this important resolution!

With Aloha,

Lisa Bishop

Oahu Resident