

OVERVIEW

Audit of the Management of State Boating Facilities by the Department of Land and Natural Resources

Report No. 01-09, April 2001

Summary

Small boat harbors and boating facilities are part of the State's ocean recreation and coastal areas programs established in Chapter 200, Hawaii Revised Statutes, and managed by the Department of Land and Natural Resources' Division of Boating and Ocean Recreation (boating division). Their proper maintenance and operation allow people to benefit from the state's natural resources by engaging in recreational boating, commercial and personal fishing, and maritime related business operations. Residents and visitors alike use boating facilities to participate in ocean-based activities like yacht races, canoe regattas, ocean swimming, and surfing and board sailing contests.

Inadequate management of state boating facilities has been a recurring problem. Our prior audits in 1993 and 1998 reported on these deficiencies. In our present audit, we found that little had changed in the poor conditions of these state boating facilities. The boating program's mismanagement and neglect have deteriorated facilities to the point where their continued use threatens public safety. Many facilities need major repairs and face permanent closure if not addressed. For example, 64 of 338 boating slips at the Ke'ehi boating facility are closed for safety and liability reasons. The closure also results in a loss of revenues of almost \$100,000 per year. We also noted sections of the Wai'anae and Kailua-Kona boating facilities were closed for the same reasons.

Such problems have resulted partly from poor planning, an insufficient fee structure, paying a disproportionate share of the department's enforcement expenses, and funding programs with special fund moneys that should be supported by general funds. For example, the fee for the State's highest mooring rate is only \$4.10 per foot of vessel at Ala Wai Harbor. Whereas, Ko Olina Marina, a private facility, charges \$9. Other private facilities charge as little as \$2.18 per foot, but also require initiation and application fees, dues, and food and beverage minimums. The boating division has identified several additional revenue sources such as increasing commercial business operations but without the support from the Board of Land and Natural Resources. There are also 750 parking spaces at the Ala Wai Harbor that are free to the general public. We observed that most of those using the free spaces were not accessing boats in the ocean. Some were carrying construction tools and others were dressed in hotel uniforms.

We also found that the boating division lacks adequate controls to ensure the accuracy and integrity of its financial affairs. The boating division is still unable to accurately determine the cost of operating its boating facilities. In addition, inventory and cash collection controls are inadequate. Our sample of the boating division's inventory found six of 100 items missing, at a value in excess of \$5,000. We also found another 40 inventory items that were missing State of Hawaii



identification tags. In addition, delinquent user fees (now totaling approximately \$500,000) continue to increase.

Finally, in the midst of current boating program problems, consideration is being given to transferring the program to the Department of Transportation. We conclude that administrative deficiencies within the land department need to be corrected before such a decision is made.

Recommendations and Response

We recommended that the Division of Boating and Ocean Recreation develop realistic strategic plans to address both the short and long term problems of the boating program. This includes addressing the needed repairs in the boating facilities and increasing a currently insufficient revenue stream for the boating program. We recommended the boating division address operational deficiencies in the state boating facilities by ensuring that necessary funding for repair and maintenance projects is available; the boating program receives its fair share of enforcement; and all persons moored in state boating facilities possess current mooring permits, vessel inspection certification, and vessel registrations. We also recommended that the boating division improve controls over its financial activities by ensuring expenditures are properly classified, establishing a better inventory system, segregating duties for cash collection, improving efforts to collect delinquent user fees, and requiring more audits of its commercial permit holders. Until these administrative deficiencies are addressed, consideration of transferring the boating program to another agency should be deferred.

The Department of Land and Natural Resources concurred in general with the conclusions and recommendations in our report. Despite differences in opinion, the department stated that the report provides a solid base and positive direction for the improvement of state boating facilities in a fiscally responsible manner. The department strongly disagreed with our finding that the Board of Land and Natural Resources and Division of Boating and Ocean Recreation mismanaged and neglected the State's boating program. The department also offered additional information and points of clarification.

The Department of Transportation also concurred with the findings and recommendations of the report and offered specific comments regarding key issues that were discussed. The department noted that while it is concerned with the condition of the State's boating program, the boating program should "first look internally to resolve its issues rather than seeking safe harbor within the Department of Transportation."

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