



Office of the Auditor
465 S. King Street
Rm. 500
Honolulu, HI 96813
Ph. (808) 587-0800

Jan K. Yamane
Acting State Auditor
State of Hawai'i

"...Initial plans may project restoration for the first 40 years, while looking forward toward the following 400 years, and then to the next 4,000 years."

—language from one of KIRC's planning documents

Audit of the Kaho'olawe Rehabilitation Trust Fund

Report No. 13-06, July 2013

Ill-defined restoration project will exhaust the trust fund

The trust fund will be depleted by 2016

Title X of the 1994 Department of Defense Appropriations Act conveyed Kaho'olawe and its surrounding waters back to the State of Hawai'i, ending military use of Kaho'olawe and authorizing \$400 million for ordnance removal, of which 11 percent (\$44 million) was made available to the State to carry out environmental restoration and other archaeological and educational activities on the Kaho'olawe Island Reserve. The \$44 million became the Kaho'olawe Rehabilitation Trust Fund, and our audit focused on whether moneys in the fund were being used in compliance with applicable state laws and grant agreements and to effectuate the performance of duties and responsibilities of the Kaho'olawe Island Reserve Commission (KIRC).

After 18 years and \$51 million, the commission has partially restored approximately 13 percent of its planned restoration area, but is a long way from its vision of returning the island and surrounding waters to pristine conditions. We found that the commission has not established a comprehensive plan for its restoration effort, including forecasts regarding how much the project will cost and when it will likely be completed. As a result, spending has outpaced revenues and the trust fund, which contained as much as \$33.6 million in FY2004, has been whittled down to \$6.5 million. Despite the commission's efforts to curtail operations and fundraise, at its current rate of spending the trust fund will be depleted by 2016.

Commission lacks a comprehensive and measurable restoration plan

One of the commission's six major planning documents, Ho'ola Hou I Ke Kino O Kanoaloa, Kaho'olawe Environmental Restoration Plan, introduced the commission's comprehensive restoration strategies for the island and is intended to serve as a blueprint for the restoration process. The commission's strategic plan also defines its goal for the island's restoration as "to systematically restore the natural resources of the Reserve, including the island and its surrounding waters." However, we found that the resource management plan does not include meaningful performance measures to gauge whether objectives are being met, and lacks cost estimates for the actions the commission wants to pursue.

Without a comprehensive restoration plan, it is nearly impossible to assess project feasibility as well as definitively measure progress towards goals, evaluate the areas still to be restored, or plan for spending and timing of execution. To avoid depletion of the fund and to provide Kaho'olawe with proper stewardship well into the future, the commission needs to align its vision of the Kaho'olawe of tomorrow with the fiscal realities of today, and plan accordingly.

Agency response

The commission acknowledged that it faces very serious financial challenges, including the impending total depletion of its trust fund; however, it did not specifically address how it plans to secure additional funding, besides calling for state assistance. The commission also did not address our finding that it lacks a comprehensive and measurable restoration plan for the island, which includes estimated costs and timeframes for completion.