STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Forestry and Wildlife
Honolulu, Hawaii 96813

January 22, 2016

Chairperson and Members
Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Land Board Members:

SUBJECT: STATUS REPORT FOR THE HAWAII CONSERVATION RESERVE ENHANCEMENT PROGRAM AND AUTHORIZATION OF CHAIRPERSON TO EXECUTE CONSERVATION RESERVE ENHANCEMENT PROGRAM AGREEMENTS

BACKGROUND:

At its November 18, 2008 meeting, Item C-1, the Board of Land and Natural Resources ("Board") authorized the Chairperson to execute the 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu' ('Agreement') for the Department. This Agreement was approved on January 15, 2009 by the U.S. Secretary of Agriculture and the Governor of Hawaii. The Hawaii Conservation Reserve Enhancement Program (CREP), as authorized under this Agreement, is the State's amendment to the country's largest private-lands environmental improvement program administered by the U.S. Department of Agriculture's Farm Service Agency, which customizes the program to meet State identified priority lands, environmental issues, and address limitations on enrollments.

The Hawaii CREP has targeted 15,000 acres for program enrollment to address the goals of enhancing stream water quality; reducing coral reef and near shore coastal waters degradation; increasing groundwater recharge; restore native, threatened and endangered species habitat; and controlling the spread of invasive species across the main Hawaiian Islands. Under the program, participants must enact watershed conservation practices that contribute toward the State's identified goals. Hawaii CREP participants receive incentives for their enrollment including an annual rental, cost-share reimbursement, and additional incentive payments from federal partners. Participants are also eligible for state incentive payments including an annual incentive payment, support of purchase or donation of conservation easements, and cost-share reimbursements for specific conservation practices that are either strongly encouraged or highly expensive to install.

The Board also authorized the Chairperson to execute State of Hawaii CREP Agreements with eligible program participates provided the Division: briefs the Board on the initial success of Hawaii CREP; provides an annual report on the progress of the program to our U.S. Department of Agricultural (USDA) partners; and seeks renewal of the signature authority for the Chairperson as needed.

DISCUSSION:

Hawaii CREP has been available for enrollment by landowners and leaseholders located on Maui and Hawaii Island since April 1, 2009, which was the first sign-up day for the program. To date, Hawaii CREP has sixteen projects with approved program agreements covering over 970 acres. Interest in Hawaii CREP remains high, but program enrollment was delayed from October 2012 to May 2013, due primarily to negotiations associated with the passage of the new Farm Bill. Now that the Farm Bill is authorized as of January 2014, landowners are able to once again enroll in the program.

In September 2015, the Department of Land and Natural Resources, Hawai'i Association of Conservation Districts (HACD), United States Department of Agriculture Natural Resource Conservation Service and U.S. Department of Agriculture Forest Service signed a "Joint Forestry" Memorandum of Understanding (MOU) to strengthen cooperation between the partners for the delivery of forestry-related conservation assistance on private land and with the intention of increasing cooperation and improve forest management across the state. The Hawaii MOU enhances public benefits received from health and well-managed forests by integrating technical skills, fields of expertise, and strengthening interagency delivery of forestry assistance to privately-managed lands.

With the Joint Forestry MOU in place, management plans developed in association with the Hawaii Forest Stewardship Program eligible for participants in Hawaii CREP. This newer relationship between partners has decreased the delay for interested landowners to enter into assistance programs, which has been identified as a significant limitation to the implementation of CREP. Despite the addition of the MOU, development of projects and planning has been slow as partners build capacity and train staff to implement this program. To further address this need, in 2014, two dedicated Hawaii CREP Planners were hired (one servicing Hawaii County and one servicing Maui, Kauai, and Honolulu Counties) to increase program visibility and improve project planning turnaround. The Department was awarded funding from the National Fish and Wildlife Foundation (NFWF) to hire these two new conservation planners in conjunction with HACD and the other Joint Forestry MOU Partners. NFWF grant funding ended September 1st, 2015; the two planners will continue to be funded through a contribution agreement with the USDA Natural Resources Conservation Service. The Hawaii CREP planners have worked on developing outreach strategies for all of the islands and developing management plans for landowner and land managers interested in participating in the program. With these recent improvements to program implementation, it is anticipated that enrollment in Hawaii CREP will continue to increase.

The Division is responsible under the Agreement to report annually to USDA on Hawaii CREP.

The annual reports follow the state fiscal year, and includes information on participant enrollment, Division activities related to the program, and progress towards identified goals.

*Highlights from FY15 Hawaii CREP Report (Exhibit A) include:*

- **Participation:** There are sixteen participants under Hawaii CREP to date totaling 979 acres. There are also five projects that are currently being processed for enrollment in Hawaii CREP, including the first two projects on Oahu and Kauai, that are in varying stages of project development.
- **Outreach:** The State continues to provide targeted outreach to potential Hawaii CREP participants individually and through presentations at various events. Individual participants have been targeted through meetings with landowners on Hawai'i Island (February, April, May, and June 2015), O'ahu (July and October 2014, January, February, March, April, May, and June 2015), Maui (April 2015), Molokai (April 2015), and Kaua'i (March, April, and June 2015). Additionally, the Department staff, with Partners from NRCS and FSA celebrated the 30 year anniversary of the Conservation Reserve Program (CRP) by hosting a CREP Field day on Hawaii Island. The first CREP project enrolled in 2010 shared his experiences in the program with potential landowners and toured the project site.
- **Grants:** In FY13, the Department was awarded a National Fish and Wildlife Foundation grant that supported the creation of two CREP planner positions. The grant ended on September 1st, 2015 and over the 2.5 years of the grant accomplished: outreach to 245 landowners, 3 completed contracts, 41 outreach events, and 113 site visits.
- **Funding:** Since state Fiscal Year 2010, an approximate total of $532,451 direct state funds have been matched by $2,755,769 of federal USDA funds and a minimum of $2,500,000 of private funds.

*Progress relating to Hawaii CREP goals:*

The objectives of the Hawaii CREP are to enhance stream water quality; reduce coral reef degradation and enhance near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in select areas on six of the main Hawaiian Islands. The Department supports these goals through public land management and private assistance programs including the Natural Area Partnership Program, Watershed Partnerships Program, Forest Reserve System, Natural Area Reserve System, and Invasive Species Committees.

**10% reduction in sediment and nutrient runoff into streams, from current levels.**

| **Occurrence of Pollutants According to State of Hawaii Water Quality Monitoring and Assessment Reports*** | | | |
|---|---|---|---|
| | 2008/2010 Report # of Occurrences | 2012 Report # of Occurrences | Percent Change in Number of Occurrences |

| | | | |
|---|---|---|---|
| Turbidity | 106 | 92 | -13.21% |
| Nitrate + Nitrite Nitrogen | 76 | 62 | -18.42% |
| Total Nitrogen | 67 | 53 | -20.90% |
| Total Phosphorus | 40 | 31 | -22.50% |
| **Total Occurrences** | **320** | **239** | **-25.31%** |

**5% increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from current levels.** Hawaii CREP will reduce the impact of sedimentation on reefs through restoration of degraded lands, and exclusion of ungulates and other browsing animals from riparian areas. As there is no current comprehensive, state-wide water quality monitoring program on coral reef health and diversity, reporting for Hawaii CREP utilizes ongoing coral reef monitoring programs from the U.S. Geological Survey (USGS), DAR, HDOH, University of Hawaii, the Local Action Strategy to Address Land-based Pollution, and the Coral Reef Assessment and Monitoring Program. In the 2014 State of Hawaii Water Quality Monitoring and Assessment Report, turbidity is still the most common pollutant for marine waters resulting in 117 impairments statewide. This is a 22% decrease in the number of impairments from 2012. Although this is an improvement, additional land based mitigation will be needed to further the improvement in this area.

**10% increase and improvement of wildlife and plant habitats of at least 10 endangered species through restoration of native forest ecosystems and riparian buffers, from current levels.**

| Cumulative Improvement In Endangered Species | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Total acres of increase or improvement | 67 | 66 | 186 | 3,845 | 21,838 | 22,797 | **39,042** | **87,841** |
| Total number of different endangered species | 22 | 58 | 23 | 23 | 10 | 7 | **31** | **175*** |

**Total includes number of different species; species may overlap between report periods.*

**Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from current levels.**

| Cumulative Reforestation of Native Forest | FY09 | FY10 | FY11 | FY12 | FY13 | FY 14 | FY 15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Native Forest acres | 1,977 | 116 | 14,635 | 2,097 | 1,332 | 1,781 | **2,670** | **24,608** |
| Dryland Forest acres | 82 | 92 | 4,462 | 1,709 | 1,000 | 1,010 | **4,931** | **13,286** |
| Native species planted | 36,000 | 53,000 | 75,962 | 110,058 | 95,405 | 132,759 | **81,009** | **584,193** |

**Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels.**

| Cumulative Increase in Groundwater Recharge | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Acres planted in upland pasture | 1,305 | 112 | 4,002 | 2,067 | 328 | 1,242 | **4,346** | **13,402** |
| # of seedlings planted | 33,000 | 52,000 | 50,585 | 108,691 | 80,390 | 109,323 | **36,997** | **470,986** |

**Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pastureland and cropland, from current levels.**

| Cumulative Control of Invasive Species | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Acres of land surveyed, monitored, and controlled | 101,960 | 186,451 | 152,102 | 64,809 | 2,475,584 | 92,623 | **95,830** | **3,169,359** |
| # of individuals removed or controlled | 321,085 | 460,038 | 156,395 | 236,440 | 112,893 | 92,428 | **122,449** | **1,501,728** |
| # of different species | 58 | 84 | 84 | 66 | 120 | 95 | **105** | **612*** |

With the execution of the Agreement at the November 18, 2008 meeting, the Board also approved the Hawaii CREP Agreement Template (Exhibit B). The template was created with the State Attorney General's office to meet the federal and state requirements for the program and to expedite the enrollment process between the various agencies. The template was approved by the Board at the November 9, 2009 meeting. At the November 12, 2010 meeting, the board authorized the Chairperson to execute the State of Hawaii Conservation Reserve Enhancement Program Agreements following approval and program enrollment by the USDA Farm Service Agency for a two-year period. The Division requests that the Board extend this delegation of authority to the Chairperson for the remainder of the Agriculture Act of 2014 (Farm Bill), which currently expires June 30, 2018 (including state fiscal years FY15, FY16, FY17, and FY18). This will allow the Department to implement the program expeditiously in conjunction with its partner agencies.

RECOMMENDATIONS:

That the Board:

1. Authorize the Chairperson to execute the State of Hawaii Conservation Reserve Enhancement Program Agreements with eligible landowners under the Hawaii CREP as described in the 'Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu,' for the remaining term of the program enrollment period, subject to:

    a. Review and approval by the Office of the Attorney General.
    b. An annual report to the Board summarizing Hawaii CREP progress by the Division of Forestry and Wildlife.

Respectfully submitted,

Scott Fretz, Acting Administrator
Division of Forestry and Wildlife

Attachments: Exhibits A & B

APPROVED FOR SUBMITTAL:

Suzanne D. Case, Chairperson

# Hawaii Conservation Reserve Enhancement Program

Annual Report

October 1, 2015

**Figure 1: Dave DeEsch and landowner John Lindelow at the CREP Field Event**

This report includes actions carried out during the State Fiscal Year 2015.

Prepared by:
Malia Nanbara
Division of Forestry and Wildlife
Department of Land and Natural Resources
State of Hawaii

## INTRODUCTION

The Hawaii Conservation Reserve Enhancement Program (CREP) was authorized on January 15, 2009 by the U.S. Secretary of Agriculture Ed Schafer and the State of Hawaii Governor Linda Lingle. The program was created through the Agreement Between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program Agreement under the Conservation Reserve Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu (Agreement). This report includes actions taken during the State of Hawaii fiscal year 2015 (July 1, 2014 – June 30, 2015) as required under the Agreement to implement provisions of the Hawaii CREP.

The objectives of the Hawaii CREP are to enhance stream water quality; reduce coral reef degradation and enhance near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in select areas on six of the main Hawaiian Islands. The program provides farmers and ranchers with a financial package for conservation and enhancement of the natural resources of the islands. Hawaii CREP has targeted 15,000 acres for enrollment into the program.

## BACKGROUND

The Environmental Defense Fund and the State of Hawaii Department of Land and Natural Resources (DLNR) initiated Hawaii CREP in July 2004 through the submission of the Hawaii Conservation Reserve Enhancement Program Proposal to the U.S. Department of Agriculture. The U.S. Department of Agriculture agreed to partner with the State to develop a Hawaii CREP for 15,000 acres across the islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu. Under the program, landowners are required to implement watershed conservation practices that contribute toward achieving the State identified goals of:

- A ten percent reduction in sediment and nutrient runoff into streams, from initial levels.
- A five percent increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from initial levels.
- A ten percent increase and improvement of wildlife and plant habitats of at least ten endangered species through restoration of native forest ecosystems and riparian buffers, from initial levels.
- Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from initial levels.
- Substantial increases in groundwater recharge through the planting of trees in upland pastures, from initial levels.
- Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pasturelands and cropland, from initial levels.

The eligible conservation practices available under Hawaii CREP vary depending on cropland or marginal pastureland enrollment, but include hardwood tree planting (CP3A), riparian forest buffer (CP22), wetland restoration (CP23 and CP23A), rare and declining habitat: tropical dryland forest recovery (CP25), wildlife habitat buffer (CP29), and wetland buffer (CP30); all of which include numerous aspects of restoration needed in Hawaii. Participants receive similar benefits to what is offered under the Conservation Reserve Program including an annual rental,

cost-share reimbursement, sign-up incentive, and practice incentive payments from federal partners. To promote Hawaii CREP, the State provides participants with an additional annual rental payment, supports conservation easement purchase or donations, and offers cost-share reimbursement for specific practices that are highly expensive for the landowner, payment limitations prevent them from accessing their practice incentive payment, or in cases were allowed cost-share is not sufficient to cover 50% of the cost to implement. The State also provides outreach and technical assistance to interested parties, monitors and reports on process toward goals, as well as aides the U.S. Department of Agriculture's Natural Resource Conservation Service (NRCS) in the development of conservation plans, as needed.

The State's financial commitment to the program is to provide twenty percent of the total program cost; ten percent of which is paid directly to landowners and ten percent from State in-kind contributions. During the 2006 Regular Legislative Session, the Hawaii Legislature approved an allocation in base funding for the Forest Stewardship Special Fund to support the ten percent match payable to landowners for the Hawaii CREP in the amount of $250,000 annually. Funding for this special fund is authorized by §195F-4, Hawaii Revised Statutes (HRS), and was supported by conveyance tax revenue to financially assist landowners in managing, protecting, and restoring important natural resources in Hawaii's forested and formerly forested lands. During the 2015 Legislative session, the Hawaii State legislature converted all programs supported by the conveyance tax to general funds allocated on a bi-annual budget. The Hawaii CREP is now funding via annual or bi-annual general fund allocations. In-kind contribution is associated with efforts by the DLNR, other State agencies, and partners that contribute to the Hawaii CREP goals through management activities, monitoring efforts, and/or administration of the program.

The Hawaii CREP has been available to landowners located on Maui and Hawaii Islands since April 1, 2009. No CREP projects were contracted during the state fiscal year 2009 (FY09) due primarily to the short reporting period. Major accomplishments in FY09 included numerous outreach efforts to introduce the new program, as well as staff training for Maui and Hawaii Islands. The State was able to contribute approximately $667,000 toward the match requirement for the program during FY09, primarily from in-kind contributions.

During state fiscal year 2010 (FY10), efforts associated with Hawaii CREP were focused primarily on completing projects that had signed up for the program during FY09 reporting period as well as addressing issues with implementation of the program within the partner agencies. Two projects enrolled under Hawaii CREP during FY10 with interest from producers in the program remaining high. Major accomplishments in FY10 included additional training and development of support material; refinement of the program based on producer and staff feedback; and continued outreach to interested producers or community groups. The State contributed approximately $1,642,000 toward the match requirement during FY10, of which approximately $51,000 was from direct contributions and approximately $1,590,000 was from in-kind contributions.

State fiscal year 2011 (FY11) Hawaii CREP accomplishments focused on increasing interest and the number of projects enrolled in the program. To continue encouraging CREP, FSA, NRCS, and the State participated in monthly meetings from July 2010 until May 2011 as well as

participated in a number of outreach opportunities. Hawaii CREP was featured in a series of landowner assistance workshops focused on the preservation of agricultural and conservation lands; two Hawaii CREP projects were included as examples of good land stewardship at a press event with the State of Hawaii Governor; and posters highlighting CREP participants were displayed at various outreach and education events. Molokai and Lanai were eligible for enrollment as of October 2010 and program training and refresher was provided for all staff involved in implementing the program. Hawaii CREP reached approximately 150 acres of enrollment and the State contributed approximately $1,253,026 toward the match requirement during FY11, of which $111,944 was from direct contributions and approximately $1,141,082 was from in-kind contributions expended toward meeting the Hawaii CREP goals.

State fiscal year 2012 (FY12) Hawaii CREP accomplishments included continuing to encourage enrollment of projects in Hawaii CREP as well as increasing capacity training provided for new staff in Oahu, Kauai, and Hawaii Counties that worked with Hawaii CREP. Agency staff from the Farm Service Agency (FSA), NRCS, and DOFAW all participated in training focused on encouraging communication and increasing understanding of the program. Hawaii CREP reached 480 acres enrolled in the program that included 330 acres enrolled in FY12. The State contributed approximately $1,886,824 towards the match requirement during FY12 of which $81,445 was from direct contributions and approximately $970,377 was from in-kind contributions expended toward meeting the Hawaii CREP goals.

State fiscal year 2013 (FY 13) Hawaii CREP accomplishments focused on encouraging enrollment of projects, as well as seeking support to hire two conservation planners to support CREP planning and outreach through a grant awarded by the National Fish and Wildlife Foundation (NFWF). Due to delays associated with the authorization of the new Farm Bill, which led to a limited enrollment potential of 4 months out of the year, no additional projects were enrolled in Hawaii CREP in FY13. However, the State finalized contract agreements for the state's incentive payments for two (2) projects started in FY12. The State contributed approximately $1,942,028 towards the match requirement during FY 13 of which $71,567 was from direct contributions and approximately $1,170,711 was from in-kind contributions expended toward meeting the Hawaii CREP goals.

**Figure 1: NRCS and DOFAW staff with the two Hawaii CREP planners on a site visit for CREP**

State fiscal year 2014 (FY 14) Hawaii CREP continued to encourage program enrollment in all eligible counties, including Hawaii, Maui, Kauai and Honolulu Counties. Unfortunately, in FY13 Hawaii CREP sign-ups were not authorized between September 30, 2012 and May 13, 2013 because of the lack of program authorization under the national Farm Bill. Fortuitously the 2008 Farm Bill was extended from May 13, 2013 until September 30, 2013. Only one enrollment was completed for Hawaii CREP during this time due to competing partner's incentive/assistance program deadlines and the lack available staff to complete

conservation plans for interested participants. The State contributed approximately $1,469,636 towards the match requirement during FY 14 of which $101,513.50 was from direct contributions and approximately $1,368,123 was from in-kind contributions expended toward meeting the Hawaii CREP goals.

STATE FISCAL YEAR 2015 ACCOMPLISHMENTS

During the State fiscal year 2015 (FY15), Hawaii CREP has continued to encourage program enrollment in all eligible counties, including Hawaii, Maui, Kauai and Honolulu Counties. As of this reporting period, Hawaii CREP is in its sixth full year of implementation with the largest counties having access to the program since April 2009. Hawaii County continues to have the highest level of enrollment and active projects, which is largely attributed to the county FSA and two district NRCS offices that have really engaged in the program as well as word of mouth from current participants. A project on Kauai and Oahu are in development. Three (3) CREP projects were enrolled during this fiscal year, but only one project will be funded under FY15.

The State continues to provide targeted outreach to potential Hawaii CREP participants individually and through presentations at various events. Individual participants have been targeted through meetings with landowners on Hawai'i Island (February, April, May, and June 2015), O'ahu (July and October 2014, January, February, March, April, May, and June 2015), Maui (April 2015), Molokai (April 2015), and Kaua'i (March, April, and June 2015). Additionally, the Department staff, with Partners from NRCS and FSA celebrated the 30 year anniversary of the Conservation Reserve Program (CRP) by hosting a CREP Field day on Hawaii Island. The first CREP project enrolled in 2010 shared his experiences in the program with potential landowners and toured the project site. As of this reporting period, Hawaii CREP does not have a participant on Oahu, Molokai, Lanai, or Kauai; however, discussions are ongoing with interested parties on Oahu and Kauai. Some potential issues identified by landowners interested in the program include the cost-share rate for fencing being less than 50% of the actual costs in Hawaii, AGI limitations, and annual payment limitations. These issues have prevented several landowners from enrolling in the program.

A major accomplishment spanning FY13, FY14, and FY15 was the award of a National Fish and Wildlife Foundation grant supporting the creation of two CREP Planners in the State of Hawaii. The State applied for this grant, in cooperation with the Hawaii CREP federal partners, to address the need for dedicated positions to alleviate the backlog of potential projects, engage landowners, and increase participation in the program. The grant was awarded in January 2013 and through a Cooperative Working Agreement with the Hawaii Association of Conservation Districts, FSA, NRCS and DOFAW two CREP Planners were hired and began work in August (Hawaii County), and September (Maui, Honolulu, and Kauai Counties) of 2013. Unfortunately, these initial two planners terminated their positions in July and August 2014 right as sign-ups under the program were authorized. Two new planners hired in November 2014 (Maui,

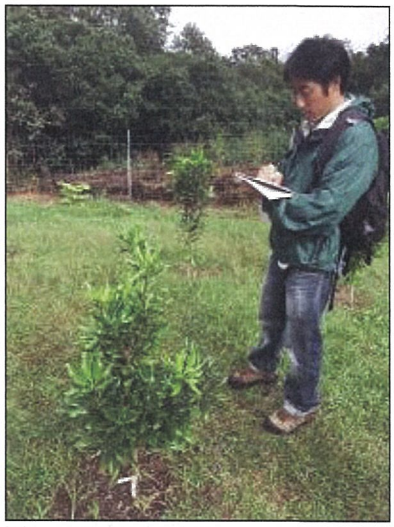

**Figure 3: CREP planner at the Glatzer CREP project.**

Honolulu, and Kauai Counties) and January 2015 (Hawaii County). At this time, the two CREP planners have conducted outreach to 245 landowners resulting in 3 completed contracts, with an additional 5 projects with completed conservation plans nearing contracting. The CREP planners also participated in 41 outreach events and completed 113 site visits over the grant period.

PROGRAM PARTICIPATION

Hawaii CREP had approximately 44 different projects that were initiated under the program during FY15 or were carried forward from the previous fiscal year. Of these potential projects, six (6) projects withdrew their application for a variety of reasons, including lack of response from producers; determination by the producer that the program requirements were not financially feasible; choosing to enroll in a different incentive program; or determined that the program process and requirements were not worth their effort. Another two (2) of these projects were determined ineligible due to un-definable streams, landowner ineligible, or were not eligible to receive incentive payments.

During this reporting period, three (3) projects were enrolled in Hawaii CREP through FSA, however only one (1) project, Hawaiian Legacy Hardwoods 5, was contracted with the State before the end of the fiscal year and thus accessing state funds from FY15. The additional two (2) projects will be funded in FY16. With the addition of the two conservation planners, five (5) conservation plans were completed, including the first one in Kauai County. Thirteen (13) projects are still being processed, either waiting on eligibility determination or conservation planning.

| ***Hawaii CREP Enrolled Participates*** | | |
|---|---|---|
| *Project* | *Acres* | *Island* |
| *FY15 CREP Enrollment* | | |
| Hawaiian Legacy Hardwoods 5 | 212 | Hawaii |
| Susan Kaye Lundburg 1 | 5.3 | Hawaii |
| Susan Kaye Lundburg 2 | 9.2 | Hawaii |
| **Total FY15** | | **226.5 acres** |
| *FY14 CREP Enrollment* | | |
| Hawaiian Legacy Hardwoods 3 & 4 | 272.9 | Hawaii |
| **Total FY14** | | **272.9 acres** |
| *FY13 CREP Enrollment* | | |
| Not Applicable* | - | - |
| *FY12 CREP Enrollment* | | |
| Hawaiian Legacy Hardwoods 2 | 322.3 | Hawaii |
| Beckley-Duong | 1.9 | Hawaii |
| Higgins | 2.8 | Hawaii |
| Dalton | 3.6 | Hawaii |
| **Total FY12** | | **330.6 acres** |
| *FY11 CREP Enrollment* | | |
| Kubota | 15.6 | Hawaii |
| Yeh | 1.7 | Hawaii |
| Hawaiian Legacy Hardwoods 1 | 84 | Hawaii |

| | | |
|---|---|---|
| Culbertson | 3.6 | Hawaii |
| National Tropical Botanical Garden | 2 | Maui |
| Aguiar | 16.5 | Hawaii |
| **Total FY11** | | **123.4 acres** |
| *FY10 CREP Enrollment* | | |
| Hui O Mana | 19.8 | Hawaii |
| Glatzer | 5.6 | Hawaii |
| **Total FY10** | | **25.4 acres** |
| **TOTAL** | | **979.8 acres** |

**Potential Enrollment in FY13 was limited to July 1, 2012 – September 30, 2013 and May 13, 2013 – June 30, 2013. This break in enrollment limited the number of participants willing to wait for the program to be re-authorized.*

In addition to sign-up limitations (primarily AGI limitations), another obstacle to enrollment is turnaround time on project planning and contracting. With the addition of the two planners, we have seen an improvement in turnaround time; however, these positions were only grant funded through September 1st. Funding moving forward is through a much smaller, yearly grant from NRCS and State matching funds. More sustainable funds would ensure the continued employment of these necessary positions and the success of this program.

DOFAW has also continued to encourage enrollment of additional acres to other private landowner watershed and habitat restoration programs that support the goals of Hawaii CREP, including such programs as the Hawaii Forest Stewardship Program (FSP) and Natural Area Partnership Program (NAPP). With these two programs plus Hawaii CREP, conservation management is provided on a total of 41,927 acres of private lands managed for watershed and restoration purposes. Twelve (12) additional projects are in process with the FSP and expect to be initiated during the next State fiscal year. A portion of these projects are planning to seek enrollment under Hawaii CREP once their Forest Stewardship management plans are complete.

| ***Private Acres Enrolled in Active Watershed and Habitat Restoration Programs with the State*** | |
|---|---|
| *Program* | *Acres* |
| Hawaii CREP | 979 |
| Forest Stewardship Program | 2,759 |
| Natural Area Partnership Program | 38,189 |
| **Total** | **41,927** |

PROGRAM FUNDING

**Direct Incentive Contribution**

The State of Hawaii has agreed to provide incentive payments to Hawaii CREP enrolled producers through three different types of payment including (1) Hawaii CREP Incentive Payment (HCIP); (2) support of conservation easement purchase; and (3) cost-share reimbursement for practice installation. Under the HCIP, approximately $3,604 of state funding was directed to producers either as a one-time or annual payment.

| *Hawaii CREP Incentive Payments* | |
|---|---|
| *Project* | *HCIP* |
| **FY15 projects** | **$3,604** |
| FY14 projects | $5,479 |
| FY13 projects | $7,396 |
| FY12 projects | $9,687 |
| FY11 projects | $28,688 |
| FY10 projects | $5,049 |
| **Total** | **$59,903** |

At least 13 projects were eligible to apply for cost-share reimbursements from the State for practice installation. The Hawaiian Legacy Hardwoods 2, Hawaiian Legacy Hardwoods 3, Hawaiian Legacy Hardwoods 4 CREP projects were awarded cost-share assistance funding for their CREP projects for ongoing practice implementation totaling approximately $50,000; the NFWF grant was used to fund the $50,000 cost share. William Dalton's project also received $6,363.37 un-reimbursed costs associated with fencing using FY16 funds. For these four projects, the cost share offer under Hawaii CREP for the construction of some of the practices components did not equal 50% of the actual cost of installation for fencing, site preparation, and riparian forest buffer practices; the State cost share was awarded to offset some of this variance. Additionally, Hawaiian Legacy Hardwoods II identified that they are eligible for significantly less than what is advertised for the Practice Incentive Payment (PIP - up to 40%) due to annual payment limitations or differences between actual and allowable costs. Due to the high cost of management in Hawai'i, the annual payment limitation significantly reduces the amount of funding available for participants under the PIP. Additionally, the allowable federal costs, especially for fencing, are often lower than actual costs experienced by the landowner making their PIP lower than 40% of their actual costs. Although the State is attempting to make up some of this discrepancy, the long-term solution for this problem is to align the program's cost-share rates with actual costs.

**Figure 4: DOFAW staff at the Higgins CREP project.**

| *Project* | *Cost share* |
|---|---|
| **FY15 projects** | **$50,000*** |
| FY14 projects | $48, 581 |
| FY13 projects | $33,578 |
| FY12 projects | $34,740 |
| FY11 projects | $28,886 |
| **Total** | **$195,785** |

* Funded using NFWF grant

The State Hawaii CREP had one project participate in permanent protection of property through establishment of a conservation easement during FY15. Kaye Lundburg partnered with the Hawaiian Islands Land Trust to establish a conservation easement on her 41 acre property. Hawaii CREP has supported this project by providing funding for the required due diligence needed for this acquisition to close. This totals the program at 5,171 and $35,158.63 dedicated to perpetual protection of the forest through conservation easements since FY 2010.

| ***Hawaii CREP Conservation Easements*** | | | | |
|---|---|---|---|---|
| *Year* | *Project* | *Location* | *Acres* | *Funding* |
| **FY15** | **Susan Kaye Lundburg** | **Hawaii** | **41** | **$3,474.98** |
| FY12-14 | NA | | | |
| FY11 projects | Sunset Ranch | Oahu | 27 | $13,683.69 |
| FY10 projects | Kukaiau Ranch, Kainalu Ranch | Hawaii | 5,144 | $17,999.96 |
| **Total** | | | **5,171** | **$35,158.63** |

The DOFAW CREP Coordinator expenditures for salary and overhead are contributed towards the State's direct incentive contribution requirement. During FY15, DOFAW has provided for the CREP Coordinator position through contract, temporary, and emergency hires for 3 months (August-October 2014) expending approximately $12,443.20 in salary and fringe/overhead. A permanent DOFAW CREP Coordinator was hired in April 2015 and $4,334.15 was expended in salary. A total of approximately $16,777.34 in salary and fringe/overhead was contributed towards the Hawaii CREP during the FY15 through the contract, temporary, and emergency hires and salary associated with the Hawaii CREP Coordinator position.

Under the grant period from January 2013 to August 2015, $180,099.17 was spent on the NFWF grant for salary of the two Hawaii CREP planners. The State matched the grant with $249,483.78 spent on the Hawaii CREP planner's travel, CREP coordinator's travel, outreach materials, and in-kind services. Additional match was also provided from NRCS and FSA in office space, computers, and training. The NFWF grant funding for salary for the two CREP planners is not included as a contribution to the program in this report, but funds from the State, FSA, and NRCS were leveraged to support the program.

| ***DOFAW CREP Coordinator – Salary and Fringe*** | |
|---|---|
| **FY15 contributions** | **$16,777** |
| FY09, FY10, FY11, FY12, FY 13, FY 14 contributions | $205,060 |
| **Total** | **$221,837** |

**In-kind Contribution**

DLNR actively works toward improving and protecting the natural resources of the state through both direct management activities on public lands as well as providing financial assistance to conservation partners. The following is a list of programs and activities that contribute to the Hawaii CREP goals and may be included as in-kind contributions to the program.

- Hawaii Forest Stewardship Program (FSP) - provides technical and financial assistance to private landowners and/or managers interested in conservation, restoration, and/or timber production on their land. Management activities supported by the program include long-term management plan development, site preparation, fencing, soil amendments, seedling acquisition, planting, invasive species control, irrigation, weed control and mulching, trail construction, habitat improvement, fuel breaks, riparian buffers, research, education, and non-commercial thinning. http://dlnr.hawaii.gov/forestry/lap/fsp/
- Natural Area Partnership Program (NAPP) - provides financial assistance to privately managed lands for conservation and restoration of rare native habitats. Management activities include out-planting of rare native species, invasive species control, fence construction, and habitat improvement and expansion. http://dlnr.hawaii.gov/ecosystems/napp/
- Watershed Partnerships Program (WP) - supports partnerships over public and private lands focused on protection and improvement of watershed values across a landscape scale. The State is a partner in multiple partnerships and provides financial assistance for the implementation of management activities under the partner approved management plans. Management activities include invasive species control, fence construction, restoration, rare species habitat improvement and out-planting, water protection, and erosion control. http://dlnr.hawaii.gov/ecosystems/wpp/
- Wildlife Program – collaborates with broad statewide partnerships to plan, coordinate, and implement management and recovery of threatened and endangered wildlife on public and private lands, including Forest Reserves, Wildlife Sanctuaries, Natural Area Reserves, and Watershed Partnership lands. http://dlnr.hawaii.gov/wildlife/
- Forest Reserve System (FRS) - manages public lands to protect and enhance important mauka (upland) forested lands for their abundance of public benefits and values. Management focuses on protection of forested watersheds for production of fresh water, maintenance of biological integrity of native ecosystems, enhancement of recreational opportunities, and support of production of high quality forest products. http://dlnr.hawaii.gov/forestry/frs/
- Natural Area Reserve System (NARS) - manages public lands to protect and preserve unique natural assets of Hawaii's environment. Management activities include non-native animal control, non-native pest control, restoration and habitat enhancement, monitoring, public education, and research. http://dlnr.hawaii.gov/ecosystems/nars/
- Invasive Species Committees (ISC) – established for the control and eradication of harmful invasive species infestations throughout the State of Hawaii and for preventing the introduction of other potential harmful invasive species. Activities include research, survey, control, and eradication of invasive species. http://dlnr.hawaii.gov/hisc/

Monitoring activities of Hawaii CREP goals and accomplishments are also counted towards the State's required in-kind contribution. The State of Hawaii contributed approximately $1,083,175 towards the Hawaii CREP through in-kind contributions during this reporting period; the table below details the contributions from each program.

| *Hawaii CREP In-kind Contributions* | |
|---|---|
| *Program* | *Funding* |
| FSP & FRS | $96,566 |
| NAPP | $986,609 |
| WP* | $0.00 |
| NARS* | $0.00 |
| ISC* | $0.00 |
| **Total FY15** | **$1,083,175** |
| Total FY09, FY10, FY11, FY12, FY13 and FY14 | $6,886,534 |
| **Total** | **$7,969,709** |

*no in-kind match was recorded this reporting period for these programs, but contribution to Hawaii CREP goals is included in Hawaii CREP Goals and Monitoring Program section below.

**Federal Contribution**

Sixteen projects received federal incentive payment through Hawaii CREP during the state fiscal year 2015 and approximately $334,612 was paid to producers as annual rental, sign-up incentive, cost share reimbursement, and/or practice incentive payments.

| *Hawaii CREP Federal Incentive Payments* | | | | |
|---|---|---|---|---|
| *Fiscal Year* | *Annual Rental* | *SIP & PIP* | *Cost-share reimbursements* | *Total* |
| **FY15** | **$36,940** | **$46,062** | **$251,610** | **$334,612** |
| FY14 | $4,294 | $107,329 | $622,129 | $733,752 |
| FY13 | $24,534 | $25,896 | $649,320 | $699,750 |
| FY12 | $8,748 | $189,907 | $636,415 | $835,070 |
| FY11 | $1,459 | $16,526 | $132,060 | $150,045 |
| FY10 | $0.00 | $2,540 | $0.00 | $2,540 |
| **Total Federal Contribution** | | | | **$2,755,769** |

**Total Hawaii CREP Funding**

Total Hawaii CREP funding for state fiscal year 2015 is approximately $1,491,642 primarily from State in-kind contributions.

| *Hawaii CREP FY15 Total Program Funding* | |
|---|---|
| Federal Contribution | $334,612 |
| State Contribution | |
| - Direct Incentive Contribution | $73,855 |
| - In-kind Contribution | $1,083,175 |
| **Total** | **$1,491,642** |

**Cumulative Hawaii CREP Funding**
The total cost of the Hawaii CREP funding to date (including FY09, FY11, FY12, FY13, FY14, and FY15) is approximately $11,238,092.68.

| *Hawaii CREP Total Program Funding* | |
|---|---|
| FY09 Federal Contribution | $0.00 |
| FY09 State Contribution | |
| - Direct | $20,781.58 |
| - In-kind | $645,928.28 |
| **Total FY09 Program Cost** | **$666,709.86** |
| FY10 Federal Contribution | $2,540 |
| FY10 State Contribution | |
| - Direct | $51,576.35 |
| - In-kind | $1,590,312.97 |
| **Total FY10 Program Cost** | **$1,644,429.32** |
| FY11 Federal Contribution | $150,045 |
| FY11 State Contribution | |
| - Direct | $111,944 |
| - In-kind | $1,141,082 |
| **Total FY11 Program Cost** | **$1,403,071** |
| FY12 Federal Contribution | $835,070 |
| FY12 State Contribution | |
| - Direct | $81,445 |
| - In-kind | $970,377 |
| **Total FY12 Program Cost** | **$1,886,824** |
| FY13 Federal Contribution | $699,750 |
| FY13 State Contribution | |
| - Direct | $71,567 |
| - In-kind | $1,170,711 |
| **Total FY13 Program Cost** | **$1,942,028** |
| FY14 Federal Contribution | $733,752 |
| FY14 State Contribution | |
| - Direct | $101,153.50 |
| - In-kind | $1,368,123 |
| **Total FY14 Program Cost** | **$2,203,388.50** |
| FY15 Federal Contribution | $334,612 |
| FY15 State Contribution | |
| - Direct | $73,855 |
| - In-kind | $1,083,175 |
| **Total FY15 Program Cost** | **$1,491,642** |
| ***Total*** | ***$11,238,092.68*** |

During FY15, the State match including direct and in-kind funds averages to 80% of the total contribution to the program, while the Federal contribution is approximately 20%. Over the entire length of the program, the State typically matches 76% of the total contribution and the Federal contribution is 24% of the total funding of the program.

CREP REVIEW/ADVISORY COMMITTEE

The CREP Review Committee met on September 23, 2015 to discuss the future of the program. Representatives from USDA FSA and NRCS and DLNR-DOFAW participated in the meeting. General discussion focused around the contribution of the Hawaii CREP Planners and progress made due to having dedicated planning staff for the program. The Hawaii CREP Planners have been able to assist with keeping the program momentum going forward, even with delays in the Farm Bill over the past couple of years; however, grant funding under the NFWF has ended and the annual contribution of $50,000 from NRCS may not cover salary for both positions. The partners will need to determine, over this next year, how to continue the program once the grant funding ends.

Additional meeting topics included:

- Using the mandatory State 10% contribution to the program for the Hawaii CREP planner's salary
- Memo to FSA to add mulching and woody residue treatment as components under the National CRP
- Review of Hawaii CREP handbook amendments to ensure consistency with National handbook
- Adding weed control to older Hawaii CREP plans within the first 24 months of contracting
- Discussion on FSA cost share rates compared to actual costs

**Figure 5: Hawaiian Legacy Hardwoods CREP Project. Restoration of riparian buffer that is helping to improve water quality.**

HAWAII CREP GOALS & MONITORING PROGRAM

**10% reduction in sediment and nutrient runoff into streams, from initial levels**

Stream monitoring and total nutrient runoff improvement, as stated in the Hawaii CREP proposal, can be difficult to estimate, especially across six islands. However, accompanying water quantity benefits achieved through CREP are critical to ensuring that Hawaii maintains an adequate supply of fresh water. For reporting purposes under Hawaii CREP, the State uses ongoing water quality monitoring programs by the Hawaii Department of Health's (HDOH) Clean Water Branch and Environmental Planning Office as well as additional monitoring efforts by the University of Hawaii, DLNR's DOFAW, and Division of Aquatic Resources (DAR).

The HDOH monitors water bodies that are known to be water quality impaired in watersheds across the state. HDOH also compiles information from other agencies and organizations in their water quality monitoring efforts and provides reports on the status of State surface waters every two years. Impaired water bodies that do not meet state water quality standards are listed under Clean Water Act §303(d) and a pollution budget (Total Maximum Daily Load) is established to bring the water body into compliance. Hawaii CREP utilizes the State of Hawaii Water Quality Monitoring and Assessment Reports issued by HDOH to track stream waters near CREP project sites that are impaired due to high nutrients and turbidity. In the 2008/2010 State of Hawaii Water Quality Monitoring and Assessment Report a total of 320 individual occurrences of

pollutants did not meet the state water quality criteria. In the 2012 report, 239 individual occurrences of pollutants did not meet the state water quality criteria. The occurrence of pollutants for inland freshwaters was not included in the 2014 report. New information should be included in the 2016 HDOH report.

| **Occurrence of Pollutants According to State of Hawaii Water Quality Monitoring and Assessment Reports*** | | | |
|---|---|---|---|
| | 2008/2010 Report # of Occurrences | 2012 Report # of Occurrences | Percent Change in Number of Occurrences |
| Turbidity | 106 | 92 | -13.21% |
| Nitrate + Nitrite Nitrogen | 76 | 62 | -18.42% |
| Total Nitrogen | 67 | 53 | -20.90% |
| Total Phosphorus | 40 | 31 | -22.50% |
| **Total Occurrences** | **320** | **239** | **-25.31%** |

*The occurrence of pollutants for inland freshwaters was not reported in the 2014 report.

As there are a limited number of projects enrolled in Hawaii CREP, and the majority are still implementing their project's conservation plans, it is too early to draw conclusions and difficult to gather strong evidence on how the projects are directly contributing to water quality in their watersheds or across the state.

**Figure 6: Hui O Mana Hawaii CREP Project. Stream area that is being restored benefiting the coral reefs downstream.**

**5% increase in coral reef cover and substantial increases in coral diversity on coral reefs throughout the State, from initial levels**

Hawaiian coral reef health and diversity is dependent on a number of influences. Sedimentation from land based erosion and its associated turbidity impacts are cited as some of the most common threats for Hawaiian reef systems. Recent work by the U.S. Geological Survey (USGS) on Molokai found that Kawela stream alone contributed 9,000 tons of sediment over a two-year period. Furthermore, with trade wind pattern influence on the island, the sediment does not 'flush out' and fine sediment is resuspended almost daily. USGS, through their ongoing research on Molokai's southern reef system, has identified soil erosion control through restoration of vegetation communities and protection from feral animals is the best management tool for both the nutrient and turbidity impacts on Molokai reefs (http://pubs.usgs.gov/sir/2007/5101/).

Other recent work by USGS on Hawaii Island found that coral cover since 1996 has increased slightly, accompanied by a significant increase in fish abundance, diversity, and evenness in Pelekane Bay. USGS partially attributed this improvement to reduced sedimentation from

watershed restoration that included feral ungulate control and replanting of native vegetation (https://peerj.com/articles/300/).

Since CREP was recently implemented and Hawaiian coral reef cover and diversity cannot establish significant trends within several years (except in cases of cataclysmic events), tracking any significant trends in cover or diversity will require long-term monitoring. As there is no current comprehensive, state-wide water quality monitoring program on coral reef health and diversity, reporting for Hawaii CREP utilizes ongoing coral reef monitoring programs from the U.S. Geological Survey (USGS), DAR, HDOH, University of Hawaii, the Local Action Strategy to Address Land-based Pollution, and the Coral Reef Assessment and Monitoring Program (CRAMP) (http://cramp.wcc.hawaii.edu/).

In the 2008/2010 State of Hawaii Water Quality Monitoring and Assessment Report issued by HDOH, turbidity (151 individual occurrences) was named as the most common pollutant to trigger a marine water listing for impairment. According to the 2008/2010 report "The HIDOH believes these are due to polluted runoff…," indicating that land based activities, such as those engaged in through Hawaii CREP, are the principle method of dealing with these occurrences.

In the 2012 State of Hawaii Water Quality Monitoring and Assessment Report, turbidity is still the most common pollutant for marine waters with 150 occurrences. This is not significantly different than the 2008/2010 Report indicating that additional land based mitigation will be needed prior to seeing improvement in this area.

In the 2014 State of Hawaii Water Quality Monitoring and Assessment Report, turbidity is still the most common pollutant for marine waters resulting in 117 impairments statewide. This is a 22% decrease in the number of impairments from 2012. Although this is an improvement, additional land based mitigation will be needed to further the improvement in this area.

In FY15 no reports related to long-term monitoring were produced by the U.S. Geological Survey (USGS), DAR, or the Coral Reef Assessment and Monitoring Program (CRAMP) but the National Oceanic and Atmospheric Administration's OpenNSPECT program and the Nonpoint Source Pollution and Erosion Comparison Tool may be able to estimate the amount of runoff, sediment, and pollutants that drain into coastal waters where corals reside and will be used to explore how various restoration and land use activities might impact corals in the future.
All of the CREP project areas contain streams that ultimately drain into the ocean. The streams in these project areas will influence the levels of sedimentation and subsequently, coral growth in the adjacent coastal regions. The projects are relatively small and recent, so it is difficult to accurately quantify the lower sedimentation levels and increased coral growth and diversity in these areas. However, it is expected that these project areas in particular will have measurable impacts in several years.

**10% increase and improvement of wildlife and plant habitats of at least 10 endangered species through restoration of native forest ecosystems and riparian buffers, from initial levels**

The State of Hawaii has the unfortunate recognition of having the most threatened and endangered species in the nation with 435 species listed (368 plants and 67 animals). Due to this large number, state and federal partners continue to work towards preserving and expanding these species through protection and restoration of their habitats. The Plant Extinction Prevention Program (PEP), which seeks to prevent the extinction of species that have fewer than 50 individuals remaining in the wild, and the wildlife management sections of DOFAW are the primary programs that focus on rare species recovery. The state also offers assistance to landowners for the purposes of expanding, protecting, and restoring endangered species and their habitat through the NAPP, FSP, and WP. Through these programs, as well as management of public lands, 31 different endangered plant and animal species were out-planted or protected, and a total of 39,042 acres of habitat was improved for a variety of endangered plant and animal species. Other threatened or endangered species are also likely to have benefited from these reforestation efforts.

**Figure 7: Restoration of habitat for the 'Akiapola'au on Hawaiian Legacy Hardwoods CREP Project.**

**Federally Listed Species Benefited During FY15:**

| Scientific name | Listed Status |
|---|---|
| Flora | |
| *Scaevola coriacea* | Endangered |
| *Brighamia rockii* | Critically Endangered |
| *Pritchardia munroi* | Critically Endangered |
| *Argyroxiphium sandwicense* | Endangered |
| *Alectryon macrococcus var. auwahiensis* | Endangered |
| *Clermontia pyrularia* | Endangered |
| *Cyanea gibsonii* | Endangered |
| *Cyanea grimesiana subsp. grimesiana* | Endangered |
| *Cyanea magnicalyx* | Endangered |
| *Cyanea munroi* | Endangered |
| *Cyrtandra filipes* | Endangered |
| *Geranium arboreum* | Endangered |
| *Labordia tinifolia var. lanaiensis* | Endangered |
| *Lobelia oahuensis* | Endangered |
| *Melanthera micrantha subsp. micrantha* | Endangered |
| *Neraudia sericea* | Endangered |
| *Peperomia subpetiolata* | Endangered |
| *Phyllostegia pilosa* | Endangered |
| *Phyllostegia stachyoides* | Endangered |
| *Phyllostegia waimeae* | Endangered |

| | |
|---|---|
| *Pittosporum halophilum* | Endangered |
| *Platydesma cornuta var. cornuta* | Endangered |
| *Schiedea adamantis* | Endangered |
| *Schiedea kaalae* | Endangered |
| *Silene alexandri* | Endangered |
| *Solanum sandwicense* | Endangered |
| *Viola kauaensis var. wahiawaensis* | Endangered |
| Fauna | |
| *Pseudonestor xanthophrys* (Maui Parrotbill) | Endangered |
| *Hemignathus munroi* (Akiapolaau) | Endangered |
| *Loxioides bailleui* (Palila) | Endangered |
| *Lasiurus cinereus semotus* (Hoary Bat) | Endangered |

| Cumulative Improvement In Endangered Species | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Total acres of increase or improvement | 67 | 66 | 186 | 3,845 | 21,838 | 22,797 | **39,042** | **87,841** |
| Total number of different endangered species | 22 | 58 | 23 | 23 | 10 | 7 | **31** | **175*** |

**Total includes number of different species; species may overlap between report periods.*

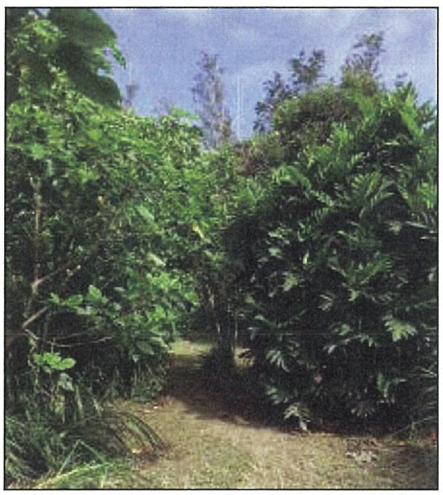

**Figure 8: Maui Tropical Botanical Garden CREP project restoring native species along a riparian area**

**Substantial reforestation of native vegetation in riparian buffer zones as well as rare and declining native habitats, from initial levels**

Reforestation efforts supported by the State of Hawaii are primarily through DOFAW's public land management (FRS, NARS, and the Wildlife Section) as well as assistance programs, including FSP, NAPP, and WP. Accomplishments for these programs are accounted for in one of two ways: (1) acres of land reforested with native species and (2) number of individuals planted. During this reporting period, approximately 2,670 acres were reforested or supplemented with native species and approximately 81,009 native plants were planted across the state. Over 4,931 of these restored acres are classified as tropical dryland forests, which are considered rare and declining habitat for Hawaii CREP.

| Cumulative Reforestation of Native Forest | FY09 | FY10 | FY11 | FY12 | FY13 | FY 14 | FY 15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Native Forest acres | 1,977 | 116 | 14,635 | 2,097 | 1,332 | 1,781 | **2,670** | **24,608** |
| Dryland Forest acres | 82 | 92 | 4,462 | 1,709 | 1,000 | 1,010 | **4,931** | **13,286** |
| Native species planted | 36,000 | 53,000 | 75,962 | 110,058 | 95,405 | 132,759 | **81,009** | **584,193** |

**Substantial increases in groundwater recharge through the planting of trees in upland pastures, from current levels**

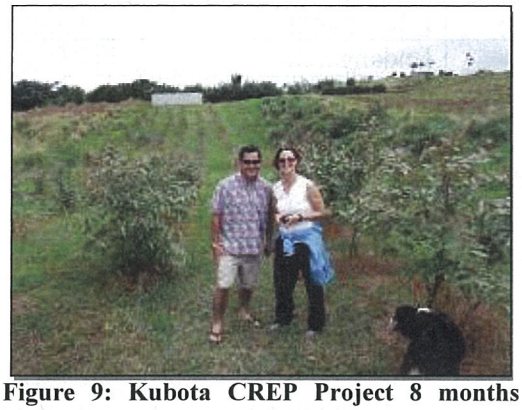

**Figure 9: Kubota CREP Project 8 months after enrollment**

**Figure 10: Kubota CREP Project 5 years after enrollment**

Most of the water supply in Hawaii depends on underground aquifers, which are replenished primarily by upper elevation forested areas. Upper elevation forests contribute to total available water through interception of water droplets from clouds that blanket the mountains daily. Increasing tree cover and forested areas in upper elevation degraded lands across the State will contribute to water availability and groundwater recharge. For the reporting purposes of Hawaii CREP, acres of upper elevation reforestation and/or number of seedlings planted are documented from FRS and NARS management as well as various assistance programs. Approximately 4,346 acres of upper elevation watershed were under active restoration management, and over 36,997 seedlings were planted in the upper elevation areas.

| Cumulative Increase in Groundwater Recharge | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | Totals |
|---|---|---|---|---|---|---|---|---|
| Acres planted in upland pasture | 1,305 | 112 | 4,002 | 2,067 | 328 | 1,242 | **4,346** | **13,402** |
| # of seedlings planted | 33,000 | 52,000 | 50,585 | 108,691 | 80,390 | 109,323 | **36,997** | **470,986** |

**Figure 2: Strawberry guava (*Psidium cattleanum*) removal along the stream at the Dalton CREP project.**

**Substantial reduction in and control of invasive species in watersheds within the CREP target areas and on enrolled marginal pastureland and cropland, from initial levels.**

Invasive species are a critical issue in Hawaii that affects a range of issues from environmental and human health, agriculture, and endangered species. The Invasive Species Committees (ISC) represents the primary program focused on the control and eradication of incipient invasive species across the State. The Committees are island-based partnerships of government agencies, non-government organizations, and private businesses working to protect each island from the most threatening

invasive pests. Each ISC partnership has a paid staff and field crew to implement rapid response and control plans. Other state supported programs that contribute to the control of invasive species including NAPP, FSP, NARS, FRS, and WPs.

The accomplishments for these programs are accounted for in one of two ways: (1) acres of land surveyed, monitored, and controlled for invasive species and (2) number and type of invasive species removed or controlled. During this reporting period, approximately 95,830 acres were surveyed, monitored, or managed for invasive species. Over 122,449 individuals of 105 different species were removed or controlled across the State, the majority of which were plant species.

| **Cumulative Control of Invasive Species** | **FY09** | **FY10** | **FY11** | **FY12** | **FY13** | **FY14** | **FY15** | **Totals** |
|---|---|---|---|---|---|---|---|---|
| Acres of land surveyed, monitored, and controlled | 101,960 | 186,451 | 152,102 | 64,809 | 2,475,584 | 92,623 | **95,830** | **3,169,359** |
| # of individuals removed or controlled | 321,085 | 460,038 | 156,395 | 236,440 | 112,893 | 92,428 | **122,449** | **1,501,728** |
| # of different species | 58 | 84 | 84 | 66 | 120 | 95 | **105** | **612*** |

**Total includes number of different species; species may overlap between report periods.*

Invasive species removed or controlled:

| | *Scientific name* | Common Name | | *Scientific name* | Common Name |
|---|---|---|---|---|---|
| 1 | *Acacia mearnsii* | Black wattle | 53 | *Passiflora suberosa* | Corky passionflower |
| 2 | *Acacia podalyriifolia* | Queensland silver wattle | 54 | *Pennisetum clandestinum* | Kikuya grass |
| 3 | *Acacia retinodes* | Water wattle | 55 | *Pennisetum setaceum* | Fountain grass |
| 4 | *Alstonia macrophylla* | Deviltree | 56 | *Pereskia aculeata* | Gooseberry |
| 5 | *Angiopteris evecta* | Mules foot fern | 57 | *Phormium tenax* | New Zealand flax |
| 6 | *Arundo donax* | Giant reed | 58 | *Photinia davidiana* | Photinia |
| 7 | *Atriplex lentiformis* | Quail bush | 59 | *Pinus sp* | Pine |
| 8 | *Buddleja madagascariensis* | Smokebush | 60 | *Piper aduncum* | Spiked pepper |
| 9 | *Caesalpinia decapetala* | Cat's claw | 61 | *Piper auritum* | False awa |
| 10 | *Calliandra calothyrsus* | Calliandra | 62 | *Pittosporum viridiflorum* | Cape pittosporum |
| 11 | *Calotropis gigantea* | Crown flower | 63 | *Pluchea carolinensis* | Sourbush |
| 12 | *Chromolaena odorata* | Siam weed | 64 | *Prosopis hybrid* | Kiawe hybrid |
| 13 | *Cissus nodosa* | Javanese Treebine | 65 | *Prosopis juliflora* | Long Thorned Kiawe |
| 14 | *Cissus verticillata* | Princess vine | 66 | *Psidium cattleanum* | Strawberry guava |
| 15 | *Clerodendrum macrostegium* | Velvetleaf glorybower | 67 | *Pueraria lobata* | Kudzu |
| 16 | *Clidemia hirta* | Koster's Curse | 68 | *Rauvolfia vomitoria* | Poison Devils Pepper |
| 17 | *Coccinia grandis* | Ivy gourd | 69 | *Rhodomyrtus tomentosa* | Downy rose myrtle |

| | | | | | |
|---|---|---|---|---|---|
| 18 | *Cortaderia sp.* | Pampas grass | 70 | *Ricinus communis* | Castor bean |
| 19 | *Cotoneaster pannosus* | Cotoneaster | 71 | *Rosa multiflora* | Multiflora rose |
| 20 | *Cryptostegia grandiflora* | Rubbervine | 72 | *Rubus argutus* | Blackberry |
| 21 | *Cyathea cooperi* | Australian tree fern | 73 | *Rubus discolor* | Himalayan blackberry |
| 22 | *Delairea odorata* | Cape ivy | 74 | *Rubus ellipticus* | Himalayan raspberry |
| 23 | *Dillenia suffruticosa* | Simpoh Ayer | 75 | *Rubus sieboldii* | Molucca raspberry |
| 24 | *Erica lusitanica* | Spanish heath | 76 | *Salsola kali* | Tumbleweed |
| 25 | *Eucalytpus robusta* | Eucalyptus | 77 | *Salvinia molesta* | Giant salvinia |
| 26 | *Falcataria moluccana* | Albizia | 78 | *Schinus terebinthisfolius* | Christmas berry |
| 27 | *Ficus religiosa* | Bo tree | 79 | *Senecio madagascariensis* | Fireweed |
| 28 | *Garcinia xanthocymus* | Gourka | 80 | *Setaria palmifolia* | Palm grass |
| 29 | *Hedychium flavescens* | Yellow Ginger | 81 | *Silybum marianum* | Milk thistle |
| 30 | *Hedychium gardnerianum* | Kahili Ginger | 82 | *Solanum torvum* | Turkey berry |
| 31 | *ilex cassine* | Dahoon holly | 83 | *Tamarix aphylla* | Athel Pine |
| 32 | *Lantana camara* | Lantana | 84 | *Tibouchina herbaceae* | Cane ti |
| 33 | *Leucaena leucocephala* | Koa Haole | 85 | *Tibouchina urvilleana* | Princess flower |
| 34 | *Macaranga mappa* | Bingabinga | 86 | *Ulex europaeus* | Gorse |
| 35 | *Macaranga tanarius* | Parasol leaf tree | 87 | *Verbascum thapsus* | Common mullein |
| 36 | *Maclura pomifera* | Osage orange | 88 | *Aceria guerreronis* | Coconut flower and nut mite |
| 37 | *Megathyrsus maximus* | Guinea grass | 89 | *Anoplolepsis gracilipes* | Yellow crazy ant |
| 38 | *Melastoma candidum* | Malabar melastome | 90 | *Axis axis* | Axis deer |
| 39 | *Melastoma sanguineum* | Red melastome | 91 | *Eleutherodactylus coqui* | Coqui frog |
| 40 | *Merremia tuberosa* | Wood rose | 92 | *Herpestes auropunctatus* | Asian mongoose |
| 41 | *Miconia calvescens* | Miconia | 93 | *Klambothirps myopori* | Naio thrips |
| 42 | *Montanoa hibiscifolia* | Tree daisy | 94 | *Lepus curpaeums* | Common rabbit |
| 43 | *Morella cerifera* | Wax Myrtle | 95 | *Oryctes rhinoceros* | Coconut Rhinoceros beetle |
| 44 | *Morella faya* | Faya tree | 96 | *Psittacara mitratus* | Mitred conure |
| 45 | *Myoporum sandwicense* | Naio | 97 | *Psittacula krameri* | Rose-ringed parakeet |
| 46 | *Nasella tenuissima* | Mexican feathergrass | 98 | *Pycnonotus cafer* | Red-vented bulbul |
| 47 | *Nicotiana glauca* | Tree tobacco | 99 | *Quadrastichus erythrinae* | Erythrina gall wasp |
| 48 | *Panicum repens* | Wainaku grass | 100 | *Rhynchophorus ferrugineus* | Red palm weevil |
| 49 | *Paspalum conjugatum* | Hilo grass | 101 | *Sus scrofa* | Feral pigs |
| 50 | *Paspalum urvillei* | Vasey grass | 102 | *Thysanococcus pandani* | Hala scale |
| 51 | *Passiflora edulis falvicarpa* | Lilikoi | 103 | *Wasmannia auropunctata* | Little fire ant |
| 52 | *Passiflora mollissima* | Banana poka | 104 | | banana bunch top virus |
| | | | 105 | | snakes |

**STATE OF HAWAII**
**CONSERVATION RESERVE ENHANCEMENT PROGRAM**
**AGREEMENT**

This Agreement, entered into on_____, 20_____, by and between the BOARD OF LAND AND NATURAL RESOURCES, STATE OF HAWAII ("STATE"), by its Chairperson, whose address is 1151 Punchbowl Street, Honolulu, Hawaii 96813, and the _____ ("LANDOWNER"), whose address is as follows: _____

_____.

*Address*

## RECITALS

WHEREAS, the purpose of Chapter 195F, Hawaii Revised Statutes ("HRS"), is to establish a program to financially assist landowners in managing, protecting, and restoring important natural resources in Hawaii's forested and formerly forested lands;

WHEREAS, the objectives of the Agreement between the U.S. Department of Agriculture Commodity Credit Corporation and the State of Hawaii Concerning the Implementation of a Conservation Reserve Enhancement Program for the Islands of Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu dated January 15, 2009, are to enhance stream water quality; reduce coral reef degradation and enhance near shore coastal waters; increase groundwater recharge; restore native, threatened and endangered species habitat; and control the spread of invasive species in upland areas in select areas of each of the six (6) main Hawaiian Islands;

WHEREAS, under HRS § 195F-4(a)(1) money from the Forest Stewardship Fund may be used for payments by the STATE pursuant to agreements made with qualified landowners to further the purposes of Chapter 195F, HRS;

WHEREAS, LANDOWNER owns or controls land on the Island of _____, conducive to the objectives of the Hawaii Conservation Reserve Enhancement Program and desires to enroll in the Hawaii Conservation Reserve Enhancement Program;

WHEREAS, the U.S. Department of Agriculture Natural Resource Conservation Service has completed and approved a Conservation Plan for the LANDOWNER, as set forth in Exhibit A to this Agreement, which the STATE agrees is consistent with the policies, goals, and objectives of the Hawaii Conservation Reserve Enhancement Program;

NOW, THEREFORE, in consideration of the promises contained in this Agreement, the STATE and the LANDOWNER agree as follows:

**A. SCOPE OF PERFORMANCE**

The LANDOWNER shall perform, in a proper and satisfactory manner as determined by the STATE, the project described in the "Scope of Performance" set forth in Attachment 1 and the Conservation Plan set forth in Exhibit A, both of which are hereby made a part of this Agreement.

**B. COMPENSATION**

The LANDOWNER shall be compensated for performance of the project under this Agreement according to the "Compensation and Payment Schedule," set forth in Attachment 2, which is hereby made a part of this Agreement.

**C. TIME OF PERFORMANCE**

The performance required of the LANDOWNER under this Agreement shall be completed in accordance with the "Time Schedule" set forth in Attachment 3, which is hereby made a part of this Agreement.

**D. CERTIFICATE OF EXEMPTION FROM CIVIL SERVICE**

The "State of Hawaii Certificate of Exemption from Civil Service," set forth in Attachment 4, is hereby made a part of this Agreement.

**E. STANDARDS OF CONDUCT DECLARATION**

The "Standards of Conduct Declaration" by LANDOWNER, set forth in Attachment 5, is hereby made a part of this Agreement.

**F. OTHER TERMS AND CONDITIONS**

The "State of Hawaii General Conditions for Conservation Reserve Enhancement Program" set forth in Attachment 6, is hereby made a part of this Agreement.

IN WITNESS WHEREOF, the STATE and the LANDOWNER have executed this Agreement effective as of the date first above written.

STATE OF HAWAII

_____
Chairperson
Board of Land and Natural Resources

Date: _____

LANDOWNER

By _____

Its _____*
(Title)

_____
Print Name

Date: _____

APPROVED AS TO FORM:

_____
Deputy Attorney General

*Evidence of authority of the LANDOWNER's representative to sign this Agreement for the LANDOWNER must be attached.

LANDOWNER'S ACKNOWLEDGMENT

STATE OF HAWAII )
) SS.
COUNTY OF _____)

On this _____ day of _____, 20_____, before me personally appeared _____, to me personally known, who being by me duly sworn, did say that he/she is the _____ of _____, the LANDOWNER named in the foregoing instrument, and that he/she is authorized to sign said instrument on behalf of the LANDOWNER, and acknowledges that he/she executes said instrument as the free act and deed of the LANDOWNER.

_____
Notary Public, State of Hawaii

_____

My commission expires: _____

Notary Seal Affixed:

_____

Attachment 1

# SCOPE OF PERFORMANCE

## 1. Project Description

The LANDOWNER shall use funds paid by the STATE from the Forest Stewardship Fund to implement the approved Conservation Plan, which is attached hereto as Exhibit A. The project area to be managed is the _____ Conservation Reserve Enhancement Program project area; TMK NUMBER(S) _____ and designated on the map attached to the Conservation Plan.

## 2. Performance

The LANDOWNER shall complete the following:

A. Conservation Plan. The LANDOWNER shall carry out the conservation activities set forth in the approved Conservation Plan, attached as Exhibit A to this Agreement.

B. Consultation. The LANDOWNER shall be available for consultation regarding the LANDOWNER's progress with the Conservation Plan, upon request by the STATE.

## 3. Authority to Enter Into Agreement and Carry Out Conservation Plan

The LANDOWNER hereby represents that the LANDOWNER owns or controls the project area, and that the LANDOWNER has the authority to enter into this Agreement and complete the conservation activities set forth in the Conservation Plan.

## 4. Reporting and Inspections

A. Reports. The LANDOWNER shall submit to the STATE, reports at the following times:

(i) Initial/First Report. A report shall be due 30 days after the execution of this Agreement. The report shall include a timeline of action for the implementation of the conservation practices set forth in the Conservation Plan and shall include a separate invoice for payment as detailed in the payment schedule in Attachment 2, section 3.A.

(ii) Annual Report. An annual report shall be due on or before July 15 of each year under this Agreement for which funding has been approved. The report shall include a description of the Conservation Plan accomplishments and activities including the initiation of conservation practices, completion of conservation practices, and/or maintenance of conservation practices as described in the Conservation Plan. Following the completion of any conservation practices under this Agreement carried out under the Conservation Plan, the corresponding annual report shall include a detailed accounting of expenditures for each practice.

B. Inspections. The STATE reserves the right to enter upon the LANDOWNER's property for the purpose of inspecting the Conservation Reserve Enhancement Program project area.

**5. Termination of Agreement**

A. Refund Upon Termination. In the event this Agreement is terminated for any reason prior to the termination date set forth in Attachment 3, or the LANDOWNER sells, conveys, or otherwise transfers LANDOWNER's right, title, or interest in the project area, or any portion thereof, the LANDOWNER shall within 90 days of the termination, sale, conveyance, or transfer of title or interest in the project area, refund to the STATE all payments made with respect to this Agreement. The STATE may permit the amount to be repaid to be reduced to the extent that such a reduction will not impair the purpose of the Agreement.

B. Termination of Federal Conservation Reserve Program Agreement. The LANDOWNER's federal Conservation Reserve Program agreement under the Hawaii Conservation Reserve Enhancement Program with the U.S. Department of Agriculture is a prerequisite to, and underlies, this Agreement. Any violation or cancellation of the federal Conservation Reserve Program agreement immediately violates and cancels this agreement.

Attachment 2

## COMPENSATION AND PAYMENT SCHEDULE

In full consideration and satisfaction of the management activities to be performed under this Agreement, the STATE and the LANDOWNER agree to the following:

### 1. State Funding Condition

If in any fiscal year the STATE does not appropriate, or the STATE does not approve the expenditure of, funds sufficient to meet the payment of the approved budget, this Agreement shall automatically terminate without penalty at the end of the last fiscal year for which funds have been appropriated and approved.

### 2. STATE's Payment

The STATE agrees to pay the LANDOWNER a total sum of _____ DOLLARS ($_____.__) for the satisfactory completion of the _____ Conservation Reserve Enhancement Program project as set forth in the approved Conservation Plan based on seventeen dollars ($17.00) per acre per year of program enrollment. The _____ Conservation Reserve Enhancement Program project is measured at _____ (_____) acres. Payments shall be made by the STATE to the LANDOWNER as annual payments or as a one-time payment, as detailed in Attachment 2, Section 3 for the implementation of the Conservation Plan through the year 20_____. All funds to be paid by the STATE to the LANDOWNER shall be encumbered on an annual basis.

### 3. Payment Schedule

| YEAR | STATE PAYMENT |
|---|---|
| 1 | |
| 2 | |
| 3 | |
| 4 | |
| 5 | |
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |
| TOTAL | |

* Payment equal to $17/acre pre year for a 15 year agreement.

A. Initial/First Payment. Following the LANDOWNER's submission of a project report and invoice as provided in Attachment 1, Section 4.A.(i), the STATE shall pay to the LANDOWNER the total amount for year 1 of the Conservation Reserve Enhancement Program project. This payment shall be subject to the LANDOWNER's agreement to implement the conservation practices described in the approved Conservation Plan, submission of a project report with timeline and invoice, and the STATE's approval of the project report.

B. Annual and Final Payment. The LANDOWNER must submit an annual invoice and report to the STATE by March 1 of each year under this Agreement, as appropriate, for which funding has been approved in order to receive annual payment from the STATE. This payment shall be subject to the LANDOWNER's continued timely implementation of conservation practices, satisfactory completion of conservation practices, and maintenance of previously implemented conservation practices.

C. Reimbursement. If the conservation activities established under the Conservation Plan are damaged, destroyed, or otherwise suffer a deliberate loss of functional value, the LANDOWNER will reimburse the STATE for all funds expended under this agreement.

D. Unauthorized Work. The LANDOWNER shall not receive STATE funds for activities not designated in the approved CONSERVATION PLAN. All work completed by the LANDOWNER prior to receipt of a fully-executed copy of this AGREEMENT, prior to STATE approval of funding for any subsequent years, and prior to STATE approval of any subsequent amendments to the approved CONSERVATION PLAN, shall be at the LANDOWNER's own volition and risk, including work performed during the period of any deliberations by the STATE in anticipation of approval; provided, however, that if funding or amendments applicable to such work are subsequently approved, the LANDOWNER may be paid for such work even if performed prior to such approval.

Attachment 3

**TIME SCHEDULE**

The term of this Agreement is 15 (fifteen) years. This Agreement shall commence on _____, 20___ and terminate on _____, 20_____.

Attachment 4

STATE OF HAWAII
CERTIFICATE OF EXEMPTION
FROM CIVIL SERVICE

IRENE: INSERT ABOVE-ENTITLED FORM HERE.

Attachment 5

## STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

On behalf of _____, LANDOWNER, the undersigned does declare as follows:

1. LANDOWNER ☐ is ☐ is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest. (Section 84-15(a), HRS).

2. LANDOWNER has not been represented or assisted personally in the matter by an individual who has been an employee of the agency awarding this Agreement within the preceding two years and who participated while so employed in the matter with which the Agreement is directly concerned. (Section 84-15(b), HRS).

3. LANDOWNER has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Agreement and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of this Agreement, if the legislator or employee has been involved in the development or award of the Agreement. (Section 84-14(d), HRS).

4. LANDOWNER has not been represented on matters related to this Agreement, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an agency employee, or in the case of the Legislature, a legislator, and participated while an employee or legislator on matters related to this Agreement. (Sections 84-18(b) and (c), HRS).

LANDOWNER understands that the Agreement to which this document is attached is voidable on behalf of the STATE if this Agreement was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of

Ethics, including the provisions which are the source for the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

LANDOWNER:

By _____
(Signature)

Print Name _____

Print Title _____

Date: _____

Attachment 6

# STATE OF HAWAII GENERAL CONDITIONS FOR CONSERVATION RESERVE ENHANCEMENT PROGRAM

1. Qualifying Standards.

   a. The LANDOWNER is an eligible person as defined in 7 C.F.R. § 1410.5.

   b. The project land to this Agreement is eligible under 7 C.F.R. § 1410.6 to be placed in the Hawaii Conservation Reserve Enhancement Program.

   c. The LANDOWNER applied for participation in the Hawaii Conservation Reserve Enhancement Program and was approved by the U.S. Department of Agriculture as eligible for enrollment in the Hawaii Conservation Reserve Enhancement Program.

   d. The U.S. Department of Agriculture Natural Resource Conservation Service has completed and approved a Conservation Plan for the LANDOWNER.

2. Statutory Conditions.

   a. The LANDOWNER has agreed to and will during the term of this Agreement:

      (1) Employ or have under contract persons qualified to engage in the activity to be funded under this Agreement.

      (2) Comply with applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability.

      (3) Not use public funds for entertainment or lobbying activities.

      (4) Comply with any other requirement that the Director of Finance or the Administrative Director of the Courts may prescribe to ensure adherence by the LANDOWNER to federal, state, and county laws.

   b. The LANDOWNER shall allow the contracting agency, legislative committees and their staffs, and the auditor full access to records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and assuring the proper expenditure of the grant or subsidy. This right of access shall last as long as the records and other related documents are retained.

3. Recordkeeping Requirements. The LANDOWNER shall in accordance with generally accepted accounting practices, maintain fiscal records and supporting documents and related files, papers, receipts, reports, and other evidence that sufficiently and properly reflect all direct and indirect expenditures and management and fiscal practices related to the LANDOWNER's, performance under this Agreement. The LANDOWNER shall retain all records related to the LANDOWNER's performance under this Agreement for at least three (3) years after the date of submission of the LANDOWNER's Final Project Report.

4. Conflicts of Interest. The LANDOWNER represents that neither the LANDOWNER, nor any employee or agent of the LANDOWNER, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the LANDOWNER's performance under this Agreement.

5. Compliance with Laws. The LANDOWNER shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time that in any way affect the LANDOWNER's performance under this Agreement. This Agreement shall be subject to all limitations set forth in the regulations at 7 C.F.R. part 1410.

6. Indemnification and Defense. The LANDOWNER shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, and cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or in resulting from the acts or omissions of the LANDOWNER or LANDOWNER's employees, officers, or agents under this Agreement. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Agreement.

7. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the LANDOWNER in connection with this Agreement, the LANDOWER shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.

8. Relationship of Parties; Independent Contractor Status and Responsibilities, Including Tax and Other Responsibilities.

   a. In the performance of this Agreement, the LANDOWNER is an "independent contractor," with the authority and responsibility to control and direct the performance required under this Agreement; however, the STATE shall have a general right of inspection to determine whether, in the STATE's opinion, the LANDOWNER is in compliance with this Agreement.

b. The LANDOWNER and the LANDOWNER's employees and agents are not by reason of this Agreement, agents or employees of the STATE for any purpose, and the LANDOWNER, and the LANDOWNER's employees and agents shall not be entitled to claim or receive from the STATE any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.

c. The LANDOWNER shall be responsible for the accuracy, completeness, and adequacy of LANDOWNER's performance under this Agreement. Furthermore, the LANDOWNER intentionally, voluntarily, and knowingly assumes the sole and entire liability to the LANDOWNER's employees and agents, and to any individual not a party to this Agreement, for all loss, damage, or injury caused by the LANDOWNER, or the LANDOWNER's employees or agents, in the course of their employment.

d. The LANDOWNER shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the LANDOWNER by reason of this Agreement, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, (iii) general excise taxes, and (iv) real property taxes. The LANDOWNER also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Agreement.

e. The LANDOWNER shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, Hawaii Revised Statutes, and shall comply with all requirements thereof. The LANDOWNER shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the LANDOWNER have been paid and submit the same to the STATE prior to commencing any performance under this Agreement. The LANDOWNER shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, Hawaii Revised Statutes.

f. The LANDOWNER shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, Hawaii Revised Statutes, and section 3-122-112, Hawaii Administrative Rules, that is current within six months of the date of issuance.

g. The LANDOWNER shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, Hawaii

Administrative Rules, that is current within six months of the date of issuance.

h. In lieu of the above-certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the LANDOWNER may submit proof of compliance through the State Procurement Office's designated certification process.

i. The LANDOWNER is responsible for securing all employee-related insurance coverage for the LANDOWNER and the LANDOWNER's employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

9. Payment Procedures. All payments under this Agreement shall be made only upon submission by LANDOWNER of original invoices specifying the amount due and certifying that it has completed performance in accordance with the Agreement. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, Hawaii Revised Statutes. Further, all payments shall be made in accordance with and subject to chapter 40, Hawaii Revised Statutes.

10. Federal Funds. If this Agreement is payable in whole or in part from federal funds, LANDOWNER agrees that, as to the portion of the obligation under this Agreement to be payable out of federal funds, the LANDOWNER shall be paid only from such funds received from the federal government, and shall not be paid from any other funds.

11. Publicity.

a. The LANDOWNER shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, in any of the LANDOWNER's brochures, advertisements, or other publicity of the LANDOWNER without written permission from the Public Information Office of the State of Hawaii, Department of Land and Natural Resources. All media contacts with the LANDOWNER about the subject matter of this Agreement shall be referred to the State of Hawaii, Department of Land and Natural Resources, Division of Forestry and Wildlife.

b. The LANDOWNER consents to the STATE's use of LANDOWNER and the property's name, photograph, image, or likeness in brochures, advertisements, or other publicity relating to the Hawaii Conservation Reserve Enhancement Program. The STATE shall have complete ownership of all material which is developed, prepared, assembled, or conceived for brochures, advertisements, or other publicity relating to the Hawaii Conservation Reserve Enhancement Program.

12. Confidentiality of Material.

a. All material given to or made available to the LANDOWNER by virtue of this Agreement, which is identified as proprietary or confidential information, will be safeguarded by the LANDOWNER and shall not be disclosed to any individual or organization without the prior written approval of the STATE.

b. All information, data, or other material provided by the LANDOWNER to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, Hawaii Revised Statutes.

13. Suspension and Termination of Agreement.

a. The STATE reserves the right at any time and for any reason to suspend this Agreement for any reasonable period, upon written notice to the LANDOWNER. Upon receipt of said notice, the LANDOWNER shall immediately comply with said notice and suspend all performance under this Agreement at the time stated.

b. If, for any cause, the LANDOWNER breaches this Agreement by failing to satisfactorily fulfill in a timely or proper manner the LANDOWNER's obligations under this Agreement or by failing to perform any of the promises, terms, or conditions of this Agreement, and having been given reasonable notice of and opportunity to cure such default, fails to take satisfactory corrective action within the time specified by the STATE, the STATE shall have the right to terminate this Agreement by giving written notice to the AWARDEE of such termination at least seven (7) calendar days before the effective date of such termination. Furthermore, the STATE may terminate this Agreement without statement of cause at any time by giving written notice to the LANDOWNER of such termination at least thirty (30) calendar days before the effective date of such termination.

c. Upon termination of the Agreement, the LANDOWNER, within thirty (30) days of the effective date of such termination, shall compile and submit in an orderly manner to the STATE an accounting of the work performed up to the date of termination. In such event, the LANDOWNER shall be paid for the actual cost of the services rendered, if any, but in no event more than the total compensation payable to the LANDOWNER under this Agreement.

d. If this Agreement is terminated for cause, the LANDOWNER shall not be relieved of liability to the STATE for damages sustained because of any breach by the LANDOWNER of this Agreement. In such event, the

STATE may retain any amounts which may be due and owing to the LANDOWNER until such time as the exact amount of damages due to the STATE from the LANDOWNER has been determined. The STATE may also set off any damages so determined against the amounts retained.

14. Disputes. No dispute arising under this Agreement may be sued upon by the LANDOWNER until after the LANDOWNER's written request to the Chairperson of the State of Hawaii Department of Land and Natural Recourses, to informally resolve the dispute is rejected, or until ninety (90) days after the Chairperson's receipt of the LANDOWNER's written request whichever comes first. While the Chairperson considers the LANDOWNER's written request, the LANDOWNER agrees to proceed diligently with the performance necessary to complete the Conservation Plan unless otherwise instructed in writing by the Chairperson.

15. State Remedies. The LANDOWNER understands that in the event that it no longer meets all of the standards and conditions set forth in paragraphs 1 and 2 of these General Conditions, or in the event that LANDOWNER fails to comply with any of the other requirements, provisions, or conditions set forth in this Agreement, that the STATE may refuse to make further payments to LANDOWNER under this Agreement.

16. Modifications of Agreement. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Agreement permitted by this Agreement shall be made by written amendment to this Agreement, signed by the LANDOWNER and the STATE.

17. Notices. Any written notice required to be given by a party to this Agreement shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice to be given to the STATE shall be sent to: Chairperson, Board of Land and Natural Resources, 1151 Punchbowl Street, Honolulu, Hawaii 96813. Notice to the LANDOWNER shall be sent to the LANDOWNER's address as indicated in the Agreement. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt, whichever is earlier. The LANDOWNER is responsible for notifying the DIRECTOR in writing of any change of address.

18. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Agreement shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE's right to enforce the same in accordance with this Agreement. The fact that the STATE specifically refers to one section of the Hawaii Revised Statutes, and does not include other statutory sections in this Agreement shall not constitute a waiver or relinquishment of the STATE's rights or the LANDOWNER's obligations under the statutes.

19. Severability. In the event that any provision of this Agreement is declared invalid

or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Agreement.

20. Governing Law. The validity of this Agreement and any of its terms or provisions, as well as the rights and duties of the parties to this Agreement, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Agreement shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.

21. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the LANDOWNER relative to this Agreement. This Agreement supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the LANDOWNER other than as set forth or as referred to herein.

# Exhibit A

# CONSERVATION PLAN

Attachment – S4

STATE OF HAWAII

# CERTIFICATE OF EXEMPTION FROM CIVIL SERVICE

**1. By Heads of Departments Delegated by the Director of the Department of Human Resources Development ("DHRD").***

Pursuant to a delegation of the authority by the Director of DHRD, I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, Hawaii Revised Statutes (HRS).

(Signature) (Date)

Suzanne Case
(Print Name)

Chairperson
(Print Title)

* This part of the form may be used by all department heads and the heads of attached agencies to whom the Director of DHRD expressly has delegated authority to certify § 76-16, HRS, civil service exemptions. The specific paragraph(s) of § 76-16, HRS, upon which an exemption is based should be noted in the contract file. If an exemption is based on § 76-16(b)(15), the contract must meet the following conditions:

(1) It involves the delivery of completed work or product by or during a specific time;
(2) There is no employee-employer relationship; and
(3) The authorized funding for the service is from other than the "A" or personal services cost element.

**NOTE:** Not all attached agencies have received a delegation under § 76-16(b)(15). If in doubt, attached agencies should check with the Director of DHRD prior to certifying an exemption under § 76-16(b)(15). Authority to certify exemptions under §§76-16(b)(2), and 76-16(b)(12), HRS, has not been delegated; only the Director of DHRD may certify §§ 76-16(b)(2), and
76-16(b)(12) exemptions.

**2. By the Director of DHRD, State of Hawaii.**

I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to §76-16, HRS.

(Signature) (Date)

(Print Name)

(Print Title, if designee of the Director of DHRD)