

State of Hawaii
DEPARTMENT OF LAND AND NATURAL RESOURCES
Engineering Division
Honolulu, Hawaii 96813

January 27, 2012

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

Authorization to: (1) Contract Qualified Professionals to Provide Technical and Advisory Services Related to Geothermal Resources; (2) Contract Services to Update Hawaii Administrative Rules Related to Geothermal Resources; and (3) Contract Qualified Professionals to Assist in the Auditing of Geothermal Royalties

The Engineering Division desires to engage consultants to provide services to assist in the performance of duties of its Mineral Resources Section involving the management of geothermal resources statewide.

The Engineering Division currently has no staff in the Mineral Resources Section to address statutory responsibilities and coordinate numerous inquiries from potential geothermal developers in a timely manner as the quest for renewable energy sources, such as geothermal, becomes forefront. Contract services are needed to assist the Engineering Division by providing specialized technical assistance and advisory services related to geothermal resources management and their development. Other services are required to update the Hawaii Administrative Rules (HAR) related to geothermal resources and the audit of geothermal royalties. HAR Chapters 13-183, 184 and 185 were promulgated in 1981, 1984 and 1989, respectively and none of the rules have been updated since their inception. Various statute changes since the formulation of the rules create ambiguities in the Department's management of geothermal resources and its development. With the dramatic increase in interest to develop geothermal resources to meet renewable energy goals, updates of the administrative rules are needed to clarify processes and procedures. Geothermal royalties paid to the State must be periodically audited to ensure proper compensation by the geothermal developer for use of the public trust resource.

Funds for this work are available from the Engineering Division's operating special funds.


RECOMMENDATION:

1. That the Board of Land and Natural Resources authorize the contracting of the work indicated and authorize the Chairperson to sign the necessary documents pertaining to the project, subject to Governor's approval and review and approval as to form by the Department of the Attorney General.
2. Recommend that the Board authorize the Chairperson, subject to review and approval as to form by the Department of the Attorney General, to enter into supplemental contracts to address unforeseen conditions and sign the necessary documents to implement the additional work with the consultants.

Respectfully Submitted,


CARTY S. CHANG
Chief Engineer

APPROVED FOR SUBMITTAL:


WILLIAM J. AILA, JR., Chairperson
Board of Land and Natural Resources

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