

STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
Division of State Parks  
Honolulu, Hawaii 96813

October 25, 2013

Board of Land and Natural Resources  
State of Hawaii  
Honolulu, Hawai'i

Statewide

Request Approval of the Department of Land and Natural Resources' Implementation of Proposed Projects Funded by the Transient Accommodations Tax Revenues, Pursuant to Section 237D-6.5, Hawaii Revised Statutes, as Amended by Act 161, 2013 Session Laws of Hawai'i, and Authorize the Chairperson of the Department of Land Natural Resources to Review and Approve the projects for Fiscal Years 2014 and 2015 on behalf of the Board of Land and Natural Resources.

**REQUEST:**

The Department of Land and Natural Resources ("DLNR") is requesting the approval of proposed projects funded by revenues of the Transient Accommodations Tax ("TAT") as specified in Section 237D-6.5, Hawaii Revised Statutes ("HRS"), as amended by Act 161, 2013 Session Laws of Hawai'i ("SLH"), and authorize the Chairperson of the Department of Land Natural Resources to review and approve DLNR's projects for Fiscal Years ("FY") 2014 and 2015, and negotiate with the Hawaii Tourism Authority, Department of Business and Economic Development and Tourism ("HTA") on behalf of the Board of Land and Natural Resources ("BLNR").

**BACKGROUND:**

Section 237D-6.5, HRS, as amended by Act 161, 2013 SLH (Act 161), amended three (3) key provisions to TAT funding to DLNR: the amount of TAT funds received by DLNR; the source of the TAT revenue funds; and approvals needed to implement the TAT funded projects.

1. Funding amount

Act 161 increased DLNR's allotment of the TAT revenues from \$1,000,000 to \$3,000,000. Prior to Act 161, the Division of State Parks, DLNR ("State Parks") received \$900,000 and the Na Ala Hele Trails Program, Division of Forestry and Wildlife, DLNR ("Na Ala Hele") received \$100,000.

**Funding increased from \$1,000,000 to \$3,000,000.**

2. Funding source

Prior to Act 161, DLNR received the first \$1,000,000 of TAT revenues that were deposited into the Tourism Special Fund (“TSF”) administered by HTA.

Act 161 shifts the source of funds from HTA’s TSF to the excess revenues deposited into the State’s general fund. As the legislation is written, DLNR will receive \$3,000,000 in “excess” TAT revenues after approximately \$208,000,000 of TAT revenues are allocated or appropriated to various agencies including, HTA, the Convention Center Authority and the four counties in the State: Kauai, Oahu, Maui and Hawaii. This shifts DLNR’s TAT funding from the first amount of revenues received by HTA to any excess that would otherwise go into the State’s general fund. DLNR has requested a determination from the Department of Budget and Finance as to when the TAT funding will be received, the decision is still pending.

**Funding source shifted from HTA’s TSF to the State’s General Fund.**

3. Funding approvals

Prior to Act 161, DLNR sought and received approval from HTA for projects and activities to be funded by TAT revenues. HTA approval was needed because funding came from their special fund account which they needed to account for. State Parks submitted the annual request including the Na Ala Hele request which was worked on by the respective Chairperson, CEO and staff.

Act 161 now requires the mutual agreement of BLNR and the Board of Directors of HTA. In addition, the legislation identified three (3) funding elements:

- The protection, preservation, and enhancement of natural resources important to the visitor industry.
- Planning, construction, and repair of facilities.
- Operation and maintenance costs of public lands connected with enhancing the visitor experience.

**Approval of projects and activities to be approved by the BLNR and HTA’s Board of Directors.**

**PROPOSAL:**

FY 2014 Program Plan

DLNR staffed drafted a program proposal for FY 14 (Attachment 1) and a five year program plan for FY 2014 – 2018 (Attachment 2), based upon the \$3,000,000 specified in Act 161. The participating divisions are: State Parks, Na Ala Hele, the Division of Conservation and Resource Enforcement (“DOCARE”) and the Office of Conservation and Coastal Lands (“OCCL”). These divisions propose the following funding breakdown (Refer to Attachment 1 for more details):

DLNR Division	Natural resource protection	Facility improvements	Operation and maintenance
OCCL	\$600,000		
DOCARE			\$300,000
State Parks	\$500,000	\$500,000	\$995,000
DOFAW			\$105,000
Total -	\$1,100,000	\$500,000	\$1,400,000
Overall Total	\$3,000,000		

In addition to the three (3) funding elements listed above: natural resource protection, facility improvements and operation and maintenance, HTA has developed specific strategic plan objectives in its plan for 2005 – 2015 its Natural Resources Goal:

<p>To respect, enhance and perpetuate Hawai`i's natural resources to ensure a high level of satisfaction for residents and visitors.</p> <ul style="list-style-type: none"> <li>• Improve value-added amenities at the natural resource sites.</li> <li>• Explore innovative means to repair, maintain and improve Hawai`i's natural resources.</li> <li>• Raise awareness of all stakeholders about the responsible use of natural resources.</li> <li>• Increase collaboration among government agencies, the visitor industry and the community.</li> <li>• Raise awareness of commercial operators, information providers and others about the responsible use of natural resources.</li> <li>• Review and enforce rules and develop certification programs for commercial operations in natural resource areas.</li> </ul>
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DLNR Five Year Plan

The DLNR five year plan has incorporated the Act 161 funding elements and HTA’s strategic objectives listed above. Respective staff from State Parks, DOFAW, DOCARE and OCCL identified potential projects and activities for the next five (5) years within these guidelines.

- OCCL identified various beach restoration and shoreline erosion mitigation studies;
- DOFAW will continue the support to the Na Ala Hele program;
- DOCARE identified funding needed for staffing and staff support to its resource protection and support functions; and
- State Parks identified funding for interpretive specialists or Ranger positions, continued facility improvements and support for park staffing, operation and maintenance.

HTA is currently preparing its Strategic Plan for FY 2015 through 2020. The objectives listed above may change or be revised. Also, DLNR divisions may face changes in funding, program activities, and unforeseen resource protection activities and support during this period. Flexibility in implementing these objectives and activities is important to ensure that funding is applied to the needed program areas and activities. The implementation of these projects and activities will be expedited if the Chairperson is authorized to execute the plan in consultation with HTA.

TAT funds have provided DLNR with support when funding was extremely limited. It enabled State Parks to implement facility improvements statewide, and more recently, support in the operation and maintenance of park facilities. Attachment 3 provides a brief summary of the TAT funds have been applied prior to Act 161 and examples of TAT and HTA-NRA funded projects, which demonstrates the types of activities that can continue.

**RECOMMENDATION: That the Board:**

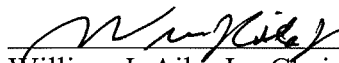
1. Approve the proposed projects and activities for FY 2014.
2. Approve the goals, objectives and outcomes of DLNR's five year plan for 2014 through 2018, with the understanding that specific project costs and locations may change.
3. Authorize the Chairperson to act on behalf of BLNR for FY 2014 and 2015 to execute the plan and work with HTA on project approval and implementation.
4. Acknowledge that HTA has been a supporter of DLNR efforts and activities in its responsibilities for resource and recreational management for residents and visitors.

Respectfully Submitted,



DANIEL S. QUINN, Administrator  
Division of State Parks

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

# ATTACHMENT 1 DLNR FY 2014 TAT PROJECT PLAN

Pursuant to Section 237D-6.5 Hawaii Revised Statutes (“HRS”), as amended by Act 161, 2013 Session Laws of Hawaii (“SLH”) and (“Act 161”). the amount of \$3,000,000 shall be allocated subject to the mutual agreement of the Board of Land and Natural Resources (“BLNR”) and the Board of Directors of the Hawaii Tourism Authority (“HTA”), in accordance with HTA’s Strategic Plan (“Plan”) for:

- The protection, preservation, and enhancement of natural resources important to the visitor industry (“Natural resource protection”);
- Planning, construction, and repair of facilities (“Facility improvements”); and
- Operation and maintenance costs of public lands connected with enhancing the visitor experience (“Operation and maintenance”).

In compliance with the amended statute, the Department of Land and Natural Resources (“DLNR” or “Department”) is proposing to allot these funds to the following Divisions: Office of Conservation and Coastal Lands (“OCCL”); Division of Conservation and Resource Enforcement (“DOCARE”); Division of State Parks (“State Parks”); and the Division of Forestry and Wildlife (“DOFAW”). We believe these Divisions have the responsibilities to implement the objectives described above.

DLNR proposes the following project plan with the estimated funding breakdown for FY 2014:

DLNR Division	Natural resource protection	Facility improvements	Operation and maintenance
OCCL	\$600,000		
DOCARE			\$300,000
State Parks	\$500,000	\$500,000	\$995,000
DOFAW			\$105,000
Total -	\$1,100,000	\$500,000	\$1,400,000
Overall Total	\$3,000,000		

DLNR’s proposal is consistent with the Plan for 2005 – 2015, as described:

Natural Resources Goal:	To respect, enhance and perpetuate Hawai`i's natural resources to ensure a high level of satisfaction for residents and visitors.
Objectives:	<ul style="list-style-type: none"> <li>• Improve value-added amenities at the natural resource sites.</li> <li>• Explore innovative means to repair, maintain and improve Hawai`i's natural resources.</li> <li>• Raise awareness of all stakeholders about the responsible use of natural resources.</li> <li>• Increase collaboration among government agencies, the visitor industry and the community.</li> <li>• Raise awareness of commercial operators, information providers and others about the responsible use of natural resources.</li> <li>• Review and enforce rules and develop certification programs for commercial operations in natural resource areas.</li> </ul>

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## I. DLNR's Project Plan Proposal

### OCCL

OCCLs' proposal is for beach restoration and management activities at selected beach areas in the State. These activities will implement natural resource protection through innovative means to repair and improve our beach resources, comprehend threats to our beaches, including sea level rise, and provide new solutions for appropriate shoreline development, OCCL will also collaborate with private and public sector organizations on beach restoration and management; which will result in improved resident and visitor satisfaction of our beach areas, and safer communities.

### DOCARE

DOCARE's proposal is to improve operational support for staffing, overtime and equipment needs. The funding will be used to increase response capacity, provide greater levels of staff support and services, improve protection of natural, historical and recreational areas and facilities and increase the safety and satisfaction for all resource users. DOCARE is a relatively small agency charged with upholding Federal and State laws, administrative rules and county ordinances that serve to protect Hawaii's unique and limited natural, cultural, and historic resources, many of which are used by visitors to the State. DOCARE's jurisdiction encompasses nearly 1.3 million acres of state lands and 3 million acres of ocean and coastal waters as well as 750 miles of coastline. It also includes protecting the public's safety when using natural and cultural resources under the Department's jurisdiction including state parks, historic sites (such as the Iolani Palace), forest reserves, the Na Ala Hele Trail System, aquatic life and its sanctuaries, state ocean waters including ocean recreation management areas, (such as Waikiki ocean waters), game management areas, public hunting areas and natural area reserves.

### State Parks

State Parks' proposal will continue facility and staff support activities implemented since 2004. The Plan identified, as a CRITICAL ISSUE: "...the condition of man-made facilities detracts from the experience at natural resource sites..." and referenced HTA's Natural Resource Assessment (2004) which identified key sites frequented by visitors in need of major improvements. Many of these sites are in State Park areas. DLNR has collaborated with HTA on implementing improvement projects in the identified sites as well as other State Park areas frequented by visitors. These projects and activities started in 2004 and HTA and State Parks continue to invest TAT and CIP funds for planned improvements.

Considerable progress has been achieved in facility improvements and more work is still needed. But equally important is having the ability to keep these facilities and sites operating and adequately maintained and managed. Budget constraints and policies have hampered State Parks in this area as funding for staffing, operating, maintenance and support needs have been reduced throughout the years. The revised allocation of TAT funds, provides opportunities to fill these needs and improve operation and maintenance capabilities.

State Parks' proposal will continue repair and maintenance efforts implemented by State Parks' staff at park areas used by residents and visitors, and provide needed support for operation, maintenance and staffing needs. Through the implementation of facility and resource area improvements, natural resources in these areas can be managed appropriately and protected. Refer to Attachment A-1.

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## DOFAW – Na Ala Hele

DOFAW's proposal is for the Na Ala Hele Trails Program to cover staff costs on Kauai, Oahu and Maui for trail and access road maintenance projects. Refer to Attachment A-2 for a listing of the Na Ala Hele trails and activities.

DLNR has developed a proposed 5-year plan for utilizing the TAT funds, refer to Attachment B. This provides HTA with insights as to the types of projects and activities that DLNR is planning to implement during this period. We note that the actual projects and funding amounts may be revised, as necessary, but we will inform HTA of any changes during our annual request for concurrence.

We note that pursuant to Section 36-27, HRS, the Department of Budget and Finance, State of Hawaii, will assess or transfer five (5) percent of the allocated \$3,000,000 into the general fund of the State which will become general realizations of the State. This amount totals \$150,000 and will be taken across the board for all proposed projects and activities which will reduce the net funding available. The assessment and adjustments will be performed internally within DLNR. Despite this reduction in net funding, we ensure that all projects identified will be implemented and we will commit to its completion.

## II. DLNR's Plan Implementation

Prior to Act 161, DLNR received \$1,000,000 from HTA's TAT allotment, which was transferred within the first half of the fiscal year. The amended statute specifies that the new allotment of \$3,000,000 will come directly from the TAT revenues and not through HTA. What was not clear was when DLNR will receive these funds which could potentially be at the end of the fiscal year. Clarification has been requested from the Administration as to when the funding will be transferred to DLNR.

Another change is the approval process for using the TAT funds. Prior to Act 161, approval was directly between HTA's President and Chief Executive Officer ("CEO") and DLNR's Chairperson. The revised statute has changed this to require the approval by the respective decision making Boards of HTA and DLNR, this add another layer of processing the use of TAT funds.

To address these changes and augment a more efficient review and approval process, DLNR developed a draft five year program plan that describes how the annual allotment of \$3,000,000 will be utilized between FY 2014 – FY 2018 ("5-year Plan"), refer to Attachment 2. The 5-year Plan describes projects and activities that DLNR believes are consistent with the requirements of Act 161 and meets the objectives of HTA's Plan. For the future funding years from FY 2015 – 2018, there may be unanticipated conditions, situations and changes requiring revisions to respective projects, activities and estimated costs. The 5-year Plan is a useful planning tool that provides insights as to the types of projects and activities that DLNR believes implements the intent of Act 161 and HTA's Plan. Also, this information may be assist HTA, the Hawaii State Legislature and other stakeholders in understanding how TAT funds have been used.

DLNR is committed to implement, to the extent within its control, the projects and activities proposed in the 5-year Plan in light of uncertainties from Act 161. If DLNR receives the funding in latter FY 2014, all proposed projects will extend to subsequent funding years. Another implication of Act 161, is the inability to use the increased TAT funding with existing spending limits approved in 2013. Legislative approval may be needed from the 2014 State Legislature to use the funds provided by Act 161.

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## III. Next Steps

Act 161 requires HTA and DLNR to approve the use of the TAT funding through mutual agreement. This increases the work load of both Boards and respective staff in preparing reports, Board submittals and transmittals, and conducting approval meetings with the requisite public notification. To expedite this situation, coordination between DLNR and HTA is recommended to clarify project proposals, document formatting and submittals, and other issues for clarification and confirmation. Another recommendation is for BLNR to authorize DLNR's Chairperson to act on behalf of BLNR to execute the plan in consultation with HTA.