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Department of Land and Natural Resources
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Act 178 Public Land Trust Revenues Survey Results

May 2008
FINAL

Prepared by:

Commercial Data Systems
IT's About Who You Trust

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EXECUTIVE SUMMARY

Overview

The purpose of the survey is to conduct the following:

1) To document how agencies determined the Trust Land Status of parcels under their management and control.
2) To gather information on how these agencies calculate the pro rata portion of the ceded land revenue to be transferred to Office of Hawaiian Affairs (OHA).
3) To gather information on the types of recurring income for the agencies
4) Provide information on the methods used to verify/validate the gross revenue of ceded land revenue and OHA's share of the ceded land revenue income.
5) To gather supporting documentation, policies and procedures related to the calculation of OHA's ceded land revenue.

Surveys were distributed the following departments/agencies to complete:

1. Accounting and General Services – Automotive Management Division (DAGS-AMD)
2. Agriculture (DOA)
3. Agriculture – Agribusiness Development Corporation (DOA-ADC)
4. Business, Economic, Development, Tourism – Foreign Trade Zone (DBEDT-FTZ)
5. Business, Economic, Development, Tourism – Hawaii Community Development Authority (DBEDT-HCDA)
6. Land and Natural Resources – DLNR – Land Division, State Parks, Forestry and Wildlife
7. Land and Natural Resources – DLNR – Boating and Ocean Recreation
8. Business, Economic, Development, Tourism – Natural Energy Laboratory of Hawaii Authority (DBEDT-NELHA)
9. Business, Economic, Development, Tourism – Hawaii Housing Finance and Development Corporation (DBEDT - HHFDC)
10. Education (DOE)
11. Health – Hawaii Health System Corporation (DOH-HHSC)
12. Human Services – Hawaii Public Housing Authority (DHS-HPHA)
13. Transportation – Airports (DOT-Airports)
14. Transportation – Harbors (DOT-Harbors)
15. Transportation – Highways (DOT-Highways)
16. University of Hawaii (UH)

We received 15 of 16 (93.75%) responses from the above departments/agencies. Only 1 department/agency did not respond: Human Services – Hawaii Public Housing Authority (DOH-HHSC).

The following list contains the contact names of those who completed the survey.

Department	Contact Name	Title
1. Accounting and General Services – Automotive Management Division (DAGS-AMD)	Hugh Sonoda / Brenda Aquino	Staff Services Supervisor / Account Clerk
2. Agriculture (DOA)	Laura Matsunaga	Secretary, Agricultural Resource Mgt. Div.
3. Agriculture – Agribusiness Development Corporation (DOA-ADC)	Lynn Owan	Admin Services Officer
4. Business, Economic, Development, Tourism – Foreign Trade Zone (DBEDT-FTZ)	Gregory Barbour	FTZ Administrator
5. Business, Economic, Development, Tourism – Hawaii Community Development Authority (DBEDT-HCDA)	Chong Gu	ASO
6. Land and Natural Resources – DLNR – Land Division, State Parks, Forestry and Wildlife	Art Buto/Vanessa Lau	Info. Systems Mgr. / Accountant
7. Land and Natural Resources – DLNR – Boating and Ocean Recreation	Kevin Yim	Boating Staff Officer
8. Business, Economic, Development, Tourism – Natural Energy Laboratory of Hawaii Authority (DBEDT-NELHA)	Sheryll Kaniho	Fiscal Officer
9. Education (DOE)	Ken Kajihara/Roy Ikeda	CIP Planner/School Lands and Facilities Specialist

Department	Contact Name	Title
10. Health – Hawaii Health System Corporation (DOH-HHSC)	Edward N. Chu	Corporate Controller
11. Transportation – Airports (DOT-Airports)	Kurt Yamasaki	Auditor VI
12. Transportation – Harbors (DOT-Harbors)	Jo-Ann Higashi	Accountant
13. Transportation – Highways (DOT-Highways)	Michael K. Amuro	Property Manager
14. Business, Economic, Development, Tourism – Hawaii Housing Finance and Development Corporation (DBEDT - HHFDC)	Janice Takahashi	Chief Planner
15. University of Hawaii (UH)	Lynn Nakamasu	Procurement & Property Management Spec
TOTAL	15	

The survey results contained in this report are taken verbatim from the survey responses received. No changes were made to the content provided. In addition, the survey results may be used by affected agencies to follow up with individual departments/agencies to clarify and expand some of their survey responses and/or gather additional information to supplement the responses provided.

Survey Highlights

The following are some highlights from the survey responses. For detailed information, please refer to the compiled results or individual survey responses in the Appendices.

Survey Question	Highlights
A. Does your department/agency manage any public lands?	15 out of 15 departments (100%) who responded stated they manage public lands. 1 agency/department did not response to the survey.
QUESTIONS: Part 1 – LAND CLASSIFICATION	
1.1 Please explain how your department/agency determined the classifications described above to your	Majority of the respondents indicated that DLNR, Land Division provided the land classification and/or assisted in determining

Survey Question	Highlights
land inventory (lands you manage) and how this information is recorded and maintained.	which lands were ceded and not-ceded. Some departments such as DOT-Harbors conducted their own research to determine the land classification.
1.2 Are there parcels in your land inventory that are comprised of both Ceded and Non-Ceded lands?	9 out of 15 departments (60%) stated that their land inventory is comprised of both ceded and non-ceded lands.
1.2a How was the division of Ceded / Non-Ceded lands determined? Please describe any standard methodology used and any exceptions (variations) to this standard.	Many of the departments that have both ceded and non-ceded lands stated that DLNR assisted in determining the classification. In determining land classification, DLNR Land Division followed this method: [1980's: Based on anecdotal information] In the research/review process above, if there were multiple categories of trust land status involved for a single tax map parcel, a visual determination was made using survey maps. If a parcel was clearly a majority of one or the other (Ceded vs Non-Ceded), then the entire parcel was classified as such. However, if it was close or difficult to determine, the parcel was classified as Ceded. [Current practice] If a parcel has both Ceded and Non-Ceded portions, the parcel is classified as "Multiple."
1.2b How is OHA's share of revenue calculated for these parcels?	Those departments that responded indicated that OHA's share for ceded lands for those are based on 20% of revenues. ▪ The following are some of the responses received: DOE provided the following calculation for their determination of OHA's share. Ceded portion percentage = ceded land/total acreage OHA share = Revenue X Ceded portion percentage X 20% (per State Executive Order) DLNR Land Division stated that if a parcel is classified as ceded or multiple (contains both ceded and non-ceded) 20% of the gross revenue goes to OHA.

Survey Question	Highlights
1.3 Does your department/agency have agreements that encumber multiple parcels of land in your land inventory?	8 out of 15 departments (53.3%) stated they have agreements that encumber multiple parcels of land in their land inventory.
1.3a Do these multiple parcel agreements include both Ceded and Non-Ceded parcels of land?	5 out of 15 departments (33.3%) stated that these multiple parcel agreements include both ceded and non-ceded parcels of land.
1.3b If YES, how is OHA's share of revenue calculated for these agreements? Please describe any standard methodology used and any exceptions to this standard.	For those who responded YES, 3 departments calculate OHA's share of revenue for multiple parcels at 20% of gross revenues.
QUESTIONS: Part 2 – REVENUE COMPUTATION	
2.1 What types of recurring income are earned from properties in your land inventory? (e.g. rental income, percentage rents, landing fees, vending machines…) For each type of income please describe the standard methodologies used for calculating gross revenue, Also, please describe any exceptions to these standards. (e.g. landing fees computed as $ per landing weight of aircraft)	Departments had various types of recurring incomes earned from properties in their land inventory. The following are types of recurring income: ▪ Rental income ▪ Leases ▪ Permits ▪ Percentage Rents ▪ Royalty Income ▪ Water Permits ▪ Land Licenses ▪ Cabin rental ▪ Utility Payments ▪ Mooring Fees ▪ Administrative Reimbursements ▪ Vending Machine Rebates ▪ Parking Income ▪ Coin Operated Laundry Receipts ▪ Catering Revenue ▪ UHH Sundries, Souvenirs and Logo Sales There were various standard methodologies used for calculating gross revenues by the departments. Please refer to the detailed responses to question 2.1 for further information.
2.2 How are land sales income calculated? (e.g., Are there fees or other expenses deducted from the sales proceeds when reporting land sales income?)	Regarding Land Sales, 9 out of 15 departments (60%) who responded indicated that this is not applicable and/or they do not have any land sales. The other departments calculate land sales based on sales revenue less other expenses. The following are some of the responses received: • *DLNR, Land Division:* An independent

Survey Question	Highlights
	appraisal is obtained for the parcel to determine the market value/sales price. The consideration is recorded in SLIMS and the amount of the receipt is divided between the pro rata share for OHA and the general fund. Expenses (e.g., appraisal, advertisement, etc.) are recorded under different accounts and are not deducted from the sales proceeds. • *DOT-Harbors:* Sales price is based on a fair market appraisal and cost of sale is deducted from sales price, such as administrative costs, appraisal costs, and other related costs. • *UH:* Sales revenue received less closing costs.
2.3 How are land exchanges involving ceded lands recorded by your department/agency? (e.g. when a ceded parcel is exchanged for a non-ceded one) How does your department/agency ensure that income from the property received in exchange for a ceded parcel conforms to Act 178 revenue reporting requirements?	Regarding Land Exchanges involving ceded lands, 9 out of 15 departments (60%) who responded indicated that this is not applicable and/or they do not have any land exchanges. The following are some of the responses received: ▪ *DLNR*, *Land Division:* Once the exchange is executed, the incoming parcel is entered into SLIMS with the Trust Land Status of the outgoing parcel. The outgoing parcel's database record is updated to reflect the new ownership. Data from the conveyance document is input into SLIMS as well, as part of the data record for both the incoming and outgoing parcels. If, in addition to the incoming parcel, there is a consideration amount received or paid out, a tenant is created in SLIMS and the proceeds recorded as in 2.2, above. ▪ *DOT-Airports:* Review agreement and check individual parcels against our current maps. Confirm with agency/other parties involved, as to status of land being exchanged. ▪ *DBEDT-HHFDC:* In the past, the agency entered into land exchanges of vacant land with DLNR. Therefore,

Survey Question	Highlights
	DLNR assumed this responsibility.
2.4 If gross revenues remitted to OHA are NOT computed *as 20% of gross revenues, please describe the methodology used to calculate the remittance portion due to the Office of Hawaiian Affairs. (e.g. net of management fees, utilities or other pass through charge collections)*	3 out of 15 departments (20%) did not provide a response (DBEDT-FTZ, DLNR [Land Division, State Parks, Forestry & Wildlife], and DOT-Highways) 3 departments provided additional information regarding computations as follows: ▪ *DBEDT-NELHA:* NELHA transfers to OHA 20% of all land use/base rent fees, percent rent received and other misc. revenue. Reimbursable/pass through cost/revenue is not factored into the 20% calculation. Interest income, royalties and security deposits are also not factored into the 20% computation. NELHA's Board of Directors feels pass through/reimbursable revenue is not subject to the 20% transfer as this revenue is not derived off the use of ceded land. ▪ *DOT-Airports:* On 10/27/1997, President Clinton signed H.R. 2169, the Fiscal Year 1998 Transportation Appropriations bill, which contains the OHA forgiveness legislation. Section 340 (c) "Prohibition on Further Diversion" states that "There shall be no further payment of airport revenues from claims related to ceded lands, whether characterized as operating expenses, rent, or otherwise, and whether related to claims for periods of time prior to or after the date of enactment of this Act." Based on the Federal legislation, the Airports Division is not responsible for any payments to OHA. ▪ *DOT-Harbors:* The calculation of the 20% due OHA is accomplished by assigning the percentage of revenues subject to OHA ceded lands for each location (pier) in a harbor. This information is stored in the 'op_areas' table of the CIDS system. In some

Survey Question	Highlights
	cases, revenues subject to OHA in a location are tariff specific or a different percentage is used. Also some tariffs are not subject to OHA include interest, delinquent charges and reimbursement due to damages. This information is found in the 'areas_tariffs' table and overrides the OHA percentage in the 'op_areas' table.
QUESTIONS: Part 3 – DATA ACCURACY	
3.1 Please indicate the methods used to verify the following: (Examples of responses may include annual audits or legislative audits. If other types of internal control measures are used, please describe them). ***3.1.1. Computation of gross revenue income from Ceded lands*** ***3.1.2. Computation of OHA share of Ceded land revenue income***	▪ Regarding methods used to validate the "Computation of Gross revenue from Ceded Lands", many of the departments have annual audits, special audits, internal audits or supervisory review of the data to ensure its accuracy. ▪ Regarding methods used to validate the "Computation of OHA share of Ceded land revenue income"; departments have audits, conduct internal reviews by developing spreadsheets to compare numbers or supervisory review of data to ensure its accuracy. In many cases, OHA's contracted auditors will review the computation.

SURVEY RESULTS – PUBLIC LANDS

A. Does your department/agency manage any public lands?

Department	Yes	No
1. DAGS-AMD	1	
2. DOA	1	
3. DOA-ADC	1	
4. DBEDT-FTZ	1	
5. DBEDT-HCDA	1	
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	1	
7. DLNR-Boating	1	
8. DBEDT-NELHA	1	
9. DOE	1	
10. DOH-HHSC	1	

Department	Yes	No
11. DOT-Airports	1	
12. DOT-Harbors	1	
13. DOT-Highways	1	
14. DBEDT-HHFDC	1	
15. UH	1	
TOTAL	15	0

SURVEY RESULTS – PART 1 – LAND CLASSIFICATION

State lands are classified based on how and when the land was acquired by the State of Hawaii and are described below:

- "5(a)" means lands owned by the Territory of Hawaii and its subdivisions, immediately prior to statehood, and to which the State of Hawaii succeeded. (Non-Ceded Lands)

- "5(b)" means lands granted to the State of Hawaii by the United States immediately prior to statehood, including submerged lands (Ceded Lands)

- "5(c)" means lands set aside upon statehood, for the use of the United States under any Act of Congress, Executive Order, Presidential Proclamation or Gubernatorial Proclamation and which remained the property of the United States (Ceded Lands)

- "5(d)" means public lands conveyed to the State of Hawaii under section 5(b) of the Admission Act, but immediately prior to statehood, were controlled by the United States by permit, license or permission from the Territory of Hawaii and during the five years following statehood were set aside by an Act of Congress or Presidential Executive Order for use by the United States (Ceded Lands)

- "5(e)" means public lands owned by the United States upon statehood under sections 5(c) or 5(d) of the Admission Act and conveyed to the State of Hawaii within five years following statehood (Ceded Lands)

- "Acquired after 8/59" means lands acquired by the State of Hawaii after statehood by purchase in fee, condemnation or other means, excluding 5(e) and 5(i) lands and "Federal surplus" and "PL 88-233" lands, including fee purchases from the United States (Non-Ceded Lands)

- "Federal surplus" means former Federal Fee Lands acquired by the State of Hawaii at Public Benefit Discount and under Federal Property and Administrative Services Act of 1949 and the Surplus Property Act of 1944, as amended by Public Law 80-616 (Non-Ceded Lands)

- "PL 88-233" means public lands owned by the United States upon statehood under sections 5(c) or 5(d) of the Admission Act and conveyed to the State of Hawaii after 21 August 1964 under Public Law 88-233 (Ceded Lands)

1.1 Please explain how your department/agency determined the classifications described above to your land inventory (lands you manage) and how this information is recorded and maintained.

Department	Response
1. DAGS-AMD	The classification was given to AMD at the initial meeting 1991.
2. DOA	Information is provided by DLNR, Land Division, when lands are transferred to DOA for management. Each parcel's land classification is inputted into the program's accounting system by the account clerk so that revenue collected for ceded lands will be coded by the system as such.
3. DOA-ADC	Executive Order 4007 transferred management of former Kekaha Sugar Company lands from DLNR to ADC. Classification was determined by DLNR.
4. DBEDT-FTZ	No response provided.
5. DBEDT-HCDA	Pending.
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	[1980's: Based on anecdotal information] Land agents did extensive title research for state properties (in preparation for entry into a mainframe database). They reviewed conveyance documents and survey maps, when applicable. [Current practice] Classifications were converted over to the current State Land Inventory Management Systems in 2000. Approximately 1,000 parcels that did not have a Trust Land Status code were researched by clerical staff, land agents and assistant abstractor using the City and County of Honolulu's mainframe database (ca. 2000), real property tax history sheets and survey maps. In addition, when official inquiries are received regarding ownership and/or Trust Land Status of state parcels, the State Abstractor does full chain of title and trust land status research.
7. DLNR-Boating	The land management division made the determiniation in 1988.
8. DBEDT-NELHA	Our agency does not know the land classification. The determination of which parcels under our management are ceded and not ceded was determined by the Department of Land and Natural Resources. See attached request to DLNR and response received 2/16/1994. Refer to Appendices B.3.
9. DOE	Information is provided by DLNR, Land Division, when lands are transferred to DOE for management.
10. DOH-HHSC	Information of ceded lands provided to HHSC from Department of Health when HHSC was formed in 1997 by Act 262.
11. DOT-Airports	Prior staff identified and mapped out ceded land areas. In addition, ceded lands were identified in the

Department	Response
	Legislative Auditors' Report No. 86-17 dated December 1986. Ceded Land Revenue Audits were performed by Ernst and Young and OHA's auditor Deloitte & Touche. The ceded lands identified in the audits continue to be used today.
12. DOT-Harbors	Back in the 1980's harbors identified ceded lands using the DLNR OHA inventory listing, the report on ceded lands by the Legislative Auditor (report 85-12) and tax maps. Once the ceded lands were identified, the percentage of revenues subject to OHA ceded lands was assigned by location (pier). These percentages were carried forward and stored in the "op_areas" table of the new CIDS system deployed in 2002.
13. DOT-Highways	Land title is checked first by cursory research and using the ceded lands list provided by DLNR some time ago. If further status check is needed, a title search is requested to the DOT abstracting section.
14. DBEDT-HHFDC	OSP provided an initial list of housing projects on ceded lands; staff conducted further research with assistance from DLNR - Land Management.
15. UH	Initial classification of the University's real property inventory was based upon information provided by the Department of Land and Natural Resources in 1988. Thereafter, land classification of subsequent real property conveyances from the State is provided by DLNR. The Office of Procurement and Real Property Management is responsible for overseeing the management of lands under the control of the University and maintains a systemwide real property inventory which includes the classification of each tax map key parcel.

1.2 Are there parcels in your land inventory that are comprised of both Ceded and Non-Ceded lands?

Department	Yes	No
1. DAGS-AMD	1	
2. DOA		1
3. DOA-ADC		1
4. DBEDT-FTZ		1
5. DBEDT-HCDA		1
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	1	

Department	Yes	No
7. DLNR-Boating	1	
8. DBEDT-NELHA	1	
9. DOE	1	
10. DOH-HHSC	1	
11. DOT-Airports	1	
12. DOT-Harbors	1	
13. DOT-Highways		1
14. DBEDT-HHFDC	1	
15. UH		1
TOTAL	9	6

If you answered YES above, please answer the following questions:

1.2a How was the division of Ceded / Non-Ceded lands determined? Please describe any standard methodology used and any exceptions (variations) to this standard.

NA = Response to question is not applicable if answered “No” to question 1.2 above.

Department	Response
1. DAGS-AMD	Tax map key (TMK).
2. DOA	NA
3. DOA-ADC	NA
4. DBEDT-FTZ	NA
5. DBEDT-HCDA	NA
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	[1980's: Based on anecdotal information] In the research/review process above,c if there were multiple categories of trust land status involved for a single tax map parcel, a visual determination was made using survey maps. If a parcel was clearly a majority of one or the other (Ceded vs Non-Ceded), then the entire parcel was classified as such. However, if it was close or difficult to determine, the parcel was classified as Ceded. [Current practice] If a parcel has both Ceded and Non-Ceded portions, the parcel is classified as "Multiple."
7. DLNR-Boating	The land management division made the determination in 1988.
8. DBEDT-NELHA	Ceded land determination was obtained from DLNR. See response to item 1.1 above.
9. DOE	Determination in the division of Ceded versus Non-Ceded lands is made by the Department of Land and Natural Resources.
10. DOH-HHSC	Information of ceded lands provided to HHSC from Department of Health when HHSC was formed in

Department	Response
	1997 by Act 262.
11. DOT-Airports	Refer to the attached Methodology and Procedures. Refer to Appendices B.2.
12. DOT-Harbors	Back in the 1980's harbors identified ceded lands using the DLNR OHA inventory listing, the report on ceded lands by the Legislative Auditor (report 85-12) and tax maps. If a building was partly on ceded land, a percentage based on square footage was used. Allocations by pier were established by the Property Manager based on the DLNR listings. In some instances certain revenues are generated entirely on ceded land even if the pier is only partly on ceded land.
13. DOT-Highways	NA
14. DBEDT-HHFDC	Non-ceded land is property acquired from private landowners or from DLNR that were identified as non-ceded. Ceded lands were acquired from DLNR and were identified as such.
15. UH	NA

1.2b How is OHA's share of revenue calculated for these parcels?

NA = Response to question is not applicable if answered "No" to question 1.2 above.

Department	Response
1. DAGS-AMD	Refer to Appendices B.1.
2. DOA	NA
3. DOA-ADC	NA
4. DBEDT-FTZ	NA
5. DBEDT-HCDA	NA
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	If the parcel is classified as Ceded, then SLIMS is coded such that 20% of the gross revenue goes to OHA. If the parcel is classified as Mulitple, then SLIMS is coded such that 20% of the gross revenue goes to OHA.
7. DLNR-Boating	20% of all revenues from all sources from all cost centers that have ceded lands. If the cost center has no ceded lands, then no payment is calculated.
8. DBEDT-NELHA	20% of all lease/land use fees and percentage rents collected from its leases.
9. DOE	Ceded portion percentage = ceded land/total acreage OHA share = Revenue X Ceded portion percentage

Department	Response
	X 20% (per State Executive Order)
10. DOH-HHSC	Receipts from non-patient service revenues for the entire hospital (regardless of location on ceded or non-ceded lands) are used as the basis for the computation.
11. DOT-Airports	Refer to the attached Methodology and Procedures. Refer to Appendices B.2.
12. DOT-Harbors	The calculation of the 20% due OHA is accomplished by assigning the percentage of revenues subject to OHA ceded lands for each location (pier) in a harbor. This information is stored in the ‘op_areas’ table of the CIDS system. In some cases, revenues subject to OHA in a location (pier) are tariff specific or a different percentage is used. Also some tariffs are not subject to OHA's share of revenue include interest, delinquent charges and reimbursement due to damages. This information is found in the ‘areas_tariffs’ table and overrides the OHA percentage in the ‘op_areas’ table.
13. DOT-Highways	NA
14. DBEDT-HHFDC	20% of receipts. However, these lands are used for residential purposes and are not subject to revenue sharing.
15. UH	NA

1.3 Does your department/agency have agreements that encumber multiple parcels of land in your land inventory?

Department	Yes	No
1. DAGS-AMD		1
2. DOA	1	
3. DOA-ADC	1	
4. DBEDT-FTZ		1
5. DBEDT-HCDA		1
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	1	
7. DLNR-Boating	1	
8. DBEDT-NELHA	1	
9. DOE		1
10. DOH-HHSC		1
11. DOT-Airports	1	
12. DOT-Harbors	1	

Department	Yes	No
13. DOT-Highways		1
14. DBEDT-HHFDC		1
15. UH	1	
TOTAL	8	7

If you answered YES above, please answer the following questions:

1.3a Do these multiple parcel agreements include both Ceded and Non-Ceded parcels of land?

NA = Response to question is not applicable if answered "No" to question 1.3 above.

Department	Yes	No	NA
1. DAGS-AMD			1
2. DOA		1	
3. DOA-ADC		1	
4. DBEDT-FTZ			1
5. DBEDT-HCDA			1
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	1		
7. DLNR-Boating	1		
8. DBEDT-NELHA	1		
9. DOE			1
10. DOH-HHSC			1
11. DOT-Airports	1		
12. DOT-Harbors	1		
13. DOT-Highways			1
14. DBEDT-HHFDC			1
15. UH		1	
TOTAL	5	3	7

1.3b If YES, how is OHA's share of revenue calculated for these agreements? Please describe any standard methodology used and any exceptions to this standard.

NA = Response to question is not applicable if answered "No" to question 1.3 or 1.3a above.

Department	Response
1. DAGS-AMD	NA
2. DOA	NA
3. DOA-ADC	NA
4. DBEDT-FTZ	NA
5. DBEDT-HCDA	NA
6. DLNR (Land Division, State Parks, Forestry	Current practice since 2000 is to make the total receipt subject to the 20% pro rata share. Previous

Department	Response
and Wildlife)	practice (some leases and permits executed prior to 2000 are still active) was to calculate the portion of the encumbrance on Ceded lands and to subject a proportional amount of the total receipt to the 20% pro rata share. The result being that the overall pro rata share was less than 20%.
7. DLNR-Boating	20% of all revenues from all sources from all cost centers that have ceded lands. If the cost center has no ceded lands, then no payment is calculated.
8. DBEDT-NELHA	20% of all land use fees and percentage rent is considered OHA's share.
9. DOE	NA
10. DOH-HHSC	NA
11. DOT-Airports	Refer to the attached Methodology and Procedures. Refer to Appendices B.2.
12. DOT-Harbors	If a building was partly on ceded land, a percentage based on square footage was used. Allocations by pier were established by the Property Manager based on the DLNR listings. In some instances certain revenues are generated entirely on ceded land even if the pier is only partly on ceded land.
13. DOT-Highways	NA
14. DBEDT-HHFDC	NA
15. UH	NA

SURVEY RESULTS – PART 2 – REVENUE COMPUTATION

Section 5(f) of the Admission Act states that all Ceded lands together with proceeds from the sale or disposition of such lands and the income there from shall be held by the State as a public trust.

2.1 What types of recurring income are earned from properties in your land inventory? (e.g. rental income, percentage rents, landing fees, vending machines…)

Department	Response
1. DAGS-AMD	Not applicable.
2. DOA	Rental income; percentage rents.
3. DOA-ADC	Rental income
4. DBEDT-FTZ	Rental fees
5. DBEDT-HCDA	Rental income
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	Leases, permits, percentage rents, royalty income, water permits, land licenses, cabin rental, etc
7. DLNR-Boating	The division receives property rental income, percentage rents, mooring fees, and payments for

Department	Response
	utilities.
8. DBEDT-NELHA	**All fees are set and approved by the NELHA Board of Directors** Derived Revenues are: **Administrative Reimbursements**- Administrative reimbursement revenue is derived from the following: Photo coping Faxing Janitorial Services Trash pick-up Conference Room Rental Mail box rental Lease application fees These fees are calculated at what it cost NELHA to produce or operate the reimbursement. Calculated into the cost is personnel time to produce the material, cost of supplies, cost to maintain the conference room and rental mail boxes, etc. See attached fee schedule for rates. **Electrical Reimbursements**- NELHA charges back to its tenants the exact cost Hawaii Electric Light Company, HELCO, charges to NELHA for tenant electrical use. There is a $10.00 meter reading fee per a meter. NELHA has only seven tenants on its electrical grid the rest are on direct meters with HELCO. **Electrical Demand Reimbursement-** NELHA charges back to its tenants, on a pro-rata share, the electrical demand charge imposed from HELCO. This charge varies from month to month. **Freshwater Reimbursements**- Same as above, NELHA charges its tenants exactly what the Department of Water Supply, DWS, charges NELHA. The cost is just passed on to the tenant with a 5% overhead for reading the meters. NELHA freshwater CIP project is 99% complete. This project, when complete, will have NELHA's freshwater main in compliance with the DWS. Upon completion, a determination will be made if the freshwater system will be turned over to the

Department	Response
	County of Hawaii. If this happens, NELHA tenants will be billed directly from the DWS. **Seawater Reimbursements**- NELHA currently operates its seawater system at a loss. NELHA tenants are currently being subsidized by the NELHA special fund and a general fund appropriation from legislature. The Legislative General Fund appropriation is being funded for only two years FY 08 & possibly FY 09. The General Fund appropriation is given to NELHA's aquaculture tenants only. Current rate is $0.02062 per kilo gallon. Actual cost per a kilo gallon for the first quarter of FY 08 was $0.2180. **Water Quality Analytical Laboratory Reimbursements**- NELHA charges its tenants the cost to run water chemistry analytical samples exactly what it cost NELHA to process the samples, i.e. , staff time, materials and supplies. See attached schedule of fees. **Overhead Reimbursement Charges**- NELHA charges its tenants 5% over head for reading, calculating and billing tenants for its freshwater use only. **Interest Income**- Revenue derived from interest charged (1%) to tenants who are delinquent on their payments and revenue from its investment of its special fund dollars. NELHA does not believe this is revenue derived from use of the land and therefore is not subject to the OHA 20%. **Operations Support Service Reimbursements**- It is NELHA practice to charge tenants for support services at the cost of staff time and maintenance cost for use of equipment used to support the service request. See attached schedule of fees. **Royalties-** Monies collected is for the use/right to use the NELHA trade mark. This is not income derived from use of the land and therefore is not subject to the OHA 20%. The current rates for use of the trade mark is

Department	Response
	$0.01262/3.785 liter bottle $0.01893/5.678 liter bottle $0.06309/18.927 liter bottle $3.12926/938.779 liter bottle **Security Deposits**- Monies collected from tenants for security deposits are held in trust for tenants and is returned to tenants upon termination of their leases. Security deposit can be in the form of a surety bond or check. Security deposits are normally set at two times the annual expected cost of variable charges, i.e. seawater, freshwater and electrical usage. **Percentage Rent-** Tenants on long term leases pay 2% percent rent on their gross sales or base rent, which ever is higher. Tenants are given offsets in the form of 100% for land grading improvements and 35% for above ground improvements. Tenants have between 5-7 years to take these offsets. **Land Use Fees**- Revenue is derived from fees for use of the land. Historically, NELHA commercial sublease rates have been set on a case by case basis. In an attempt to standardize rates, a policy was approved by the Board of NELHA in August 2006. This policy recognizes two main different uses of land at NELHA: extractive uses where the intended use of the seawater delivered to the site is to extract either the water or some other marketable product contained in the seawater and export the water or product generated from the site; and productive uses where the intended use of the seawater delivered to the site is a medium in which to produce a product (biological, botanical, or other) and export the product from the site, thus returning 100% of the seawater to NELHA for disposal. In 2006, the NELHA Board set the rates at $3,000 per acre per month for extractive use leases and $500 per acre per month for productive use leases. There are also tenants at NELHA who fall in other categories such as energy tenants, research tenants and education tenants. Land rates for those tenants are typically handled on a case by case basis.

Department	Response
	<u>Other Misc. Revenue-</u> i.e. gravel sales, sales of surplus property, etc.- Charges for these materials depend on the amount and size of the gravel, and what the surplus property sold is. (e.g., old used pipe, wire, etc.)
9. DOE	No recurring income. Just daily use requests.
10. DOH-HHSC	Non-patient food sales, medical records abstract sales, rental income, catering revenue
11. DOT-Airports	Refer to the attached Methodology and Procedures. Refer to Appendices B.2. Which includes rental income, percentage rent, minimum rent guarantee, landing fees, non-exclusive use charges, aeronautical revenue, concession revenue, and non-aeronautical revenue.
12. DOT-Harbors	Revenues are primarily earned from Rental Income, Percentage Rent, Storage, Parking, Pipeline Toll, Wharfage, Passenger Fee, Dockage, Demurrage, Port Entry, Mooring
13. DOT-Highways	One revocable permit which produces month rental income.
14. DBEDT-HHFDC	Residential lease rent
15. UH	Rental Income (faculty and non-student housing); Vending Machine Rebates; Coin Operated Laundry Receipts; UHM & UHH Parking Income (permits & daily receipts); UHH Sundries, Souvenirs and Logo Sales

For each type of income please describe the standard methodologies used for calculating gross revenue, Also, please describe any exceptions to these standards. (e.g. landing fees computed as $ per landing weight of aircraft)

Department	Response
1. DAGS-AMD	Not applicable.
2. DOA	Secretary reviews receipts by account clerk at end of each month. Calculates 20% of gross total revenue coded as ceded lands income
3. DOA-ADC	$50 per acre per year.
4. DBEDT-FTZ	Gross revenue is determined by multiplying the tenant's square footage by an amount determined by the Foreign-Trade Zone and approved by the National Board of Foreign-Trade Zones.
5. DBEDT-HCDA	Gross proceeds/receipts
6. DLNR (Land Division,	Leases are subject to the public auction process

Department	Response
State Parks, Forestry and Wildlife)	outlined in Title 12, Chapter 171, Section 14. Qualified applicants participate in a public auction and bid for lease rents on selected parcels with an upset amount set by the State based on an independent appraisal of fair market rent. Some direct negotiation of leases is also allowed in various sections of Title 12, Chapter 171. In those cases and for revocable permits and rental reopenings, an independent appraisal is performed to determine fair market rent. The rent amount is presented to the Board of Land and Natural Resources for its approval at a regularly scheduled board meeting prior to execution. The Board has the authority to change the rent amount (e.g., nominal/non-market rent is sometimes set for non-profit organizations). Applicants/tenants also may not agree to the rent amount set by the appraiser in a rent reopening. There is an arbitration process in which the applicant hires its own licensed appraiser and a mutually agreed upon third appraiser is appointed and reviews both appraisals and makes a binding decision setting the rent amount. When the applicant/tenant is another government agency, the rent may be waived. Rent may also be waived for utility companies for certain utility easements. Fiscal Memo provides by our divisions informing us as how the revenue split, based on whether the parcel earning income is ceded or non-ceded status. We immediately set up the new tenant in our SLIMS system. The revenue split will be automatically done for each tenant once cash receipts are posting to the system. Our divisions also provide us the UAC for non-tenant revenues.
7. DLNR-Boating	The division takes 20% of these fees.
8. DBEDT-NELHA	See response above.
9. DOE	Total revenue less utility and custodial reimbursement.
10. DOH-HHSC	amounts received as recorded in the general ledger
11. DOT-Airports	Refer to the attached spreadsheet found in Appendices B.2 DOT-Airports.
12. DOT-Harbors	Rental Income-$ per sq. foot; Percentage Rent-% of rent as determined by contract; THE FOLLOWING RATES USED TO CALCULATE GROSS REVENUE ARE IN ACCORDANCE WITH THE HAWAII ADMINISTRATIVE RULES, TITLE 19-

Department	Response
	Storage-$ per sq. feet/unit of measure and length of stay; Parking-$ per stall based on type of stall rented and location; Pipeline Toll-$ per unit of measure, ie per 2000 pound ton, per 42-gallon barrel, etc.; Wharfage-$ per unit of measure, based on type of comodity & origin or destination of cargo; Passenger Fee-$ per passenger based on origin or destination of passenger; Dockage-$ per length of vessel & length of stay based on type of vessel; Demurrage-$ per unit of measure or % of wharfage and length left on the pier, Port Entry-$ per length of vessel and Harbor entering, Mooring-$ per length of vessel and location vessel is moored.
13. DOT-Highways	Fair market value
14. DBEDT-HHFDC	Receipts
15. UH	Faculty rental income based upon actual occupancy (monthly rental rates); Non-student housing rental based upon actual occupancy (room rate x numbers of days); Vending Rebates (percentage rebate on actual sales); Coin operated laundry receipts (percentage of actual sales); UHH Sundries/Souvenirs/Logo Sales (based on actual receipts)

2.2 How are land sales income calculated? (e.g. Are there fees or other expenses deducted from the sales proceeds when reporting land sales income?)

Department	Response
1. DAGS-AMD	Not applicable
2. DOA	Land sales are handled by DLNR, Land Division. Disposition income determination is based on Chapter 4-153, HAR, for ag park parcels. Procedures for non-ag park parcels are based on newly adopted Chapter 4-158, HAR.
3. DOA-ADC	N/A
4. DBEDT-FTZ	We do not do any land sales.
5. DBEDT-HCDA	N/A
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	An independent appraisal is obtained for the parcel to determine the market value/sales price. The consideration is recorded in SLIMS and the amount of the receipt is divided between the pro rata share for OHA and the general fund. Expenses (e.g., appraisal, advertisement, etc.) are recorded under different accounts and are not deducted from the sales proceeds.

Department	Response
7. DLNR-Boating	This is not applicable as the division does not sell land.
8. DBEDT-NELHA	N/A
9. DOE	N/A
10. DOH-HHSC	N/A
11. DOT-Airports	None reported.
12. DOT-Harbors	N/A - there are no land sales.
13. DOT-Highways	Sales price is based on a fair market appraisal and cost of sale is deducted from sales price, such as administrative costs, appraisal costs, and other related costs.
14. DBEDT-HHFDC	Receipts
15. UH	Sales revenue received less closing costs.

2.3 How are land exchanges involving ceded lands recorded by your department/agency? (e.g. when a ceded parcel is exchanged for a non-ceded one) How does your department/agency ensure that income from the property received in exchange for a ceded parcel conforms to Act 178 revenue reporting requirements?

Department	Response
1. DAGS-AMD	Not applicable.
2. DOA	Land exchanges are handled by DLNR, Land Division.
3. DOA-ADC	N/A
4. DBEDT-FTZ	We do not do any land exchanges.
5. DBEDT-HCDA	N/A
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	Once the exchange is executed, the incoming parcel is entered into SLIMS with the Trust Land Status of the outgoing parcel. The outgoing parcel's database record is updated to reflect the new ownership. Data from the conveyance document is input into SLIMS as well, as part of the data record for both the incoming and outgoing parcels. If, in addition to the incoming parcel, there is a consideration amount received or paid out, a tenant is created in SLIMS and the proceeds recorded as in 2.2, above.
7. DLNR-Boating	The division assess the OHA fee on all revenues from cost centers with ceded lands.
8. DBEDT-NELHA	N/A
9. DOE	N/A
10. DOH-HHSC	N/A
11. DOT-Airports	Review agreement and check individual parcels against our current maps. Confirm with agency/other parties involved, as to status of land

Department	Response
	being exchanged.
12. DOT-Harbors	N/A - there are no land exchanges.
13. DOT-Highways	We do not do land exchanges.
14. DBEDT-HHFDC	In the past, the agency entered into land exchanges of vacant land with DLNR. Therefore, DLNR assumed this responsibility.
15. UH	Exchanged land would be considered ceded as per Act 178.

2.4 If gross revenues remitted to OHA are NOT computed *as 20% of gross revenues, please describe the methodology used to calculate the remittance portion due to the Office of Hawaiian Affairs. (e.g. net of management fees, utilities or other pass through charge collections)*

Department	Response
1. DAGS-AMD	Not applicable.
2. DOA	Not applicable.
3. DOA-ADC	N/A
4. DBEDT-FTZ	No response provided.
5. DBEDT-HCDA	N/A
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	No response provided.
7. DLNR-Boating	Not applicable
8. DBEDT-NELHA	NELHA transfers to OHA 20% of all land use/base rent fees, percent rent received and other misc. revenue. Reimbursable/pass through cost/revenue is not factored into the 20% calculation. Interest income, royalties and security deposits are also not factored into the 20% computation. NELHA's Board of Directors feels pass through/reimbursable revenue is not subject to the 20% transfer as this revenue is not derived off the use of ceded land.
9. DOE	Computed as 20%.
10. DOH-HHSC	N/A
11. DOT-Airports	On 10/27/1997, President Clinton signed H.R. 2169, the Fiscal Year 1998 Transportation Appropriations bill, which contains the OHA forgiveness legislation. Section 340 (c) "Prohibition on Further Diversion" states that "There shall be no further payment of airport revenues from claims related to ceded lands, whether characterized as operating expenses, rent, or otherwise, and whether related to claims for periods of time prior to or after the date of enactment of this

Department	Response
	Act." Based on the Federal legislation, the Airports Division is not responsible for any payments to OHA.
12. DOT-Harbors	The calculation of the 20% due OHA is accomplished by assigning the percentage of revenues subject to OHA ceded lands for each location (pier) in a harbor. This information is stored in the ‘op_areas’ table of the CIDS system. In some cases, revenues subject to OHA in a location are tariff specific or a different percentage is used. Also some tariffs are not subject to OHA include interest, delinquent charges and reimbursement due to damages. This information is found in the ‘areas_tariffs’ table and overrides the OHA percentage in the ‘op_areas’ table.
13. DOT-Highways	No response provided.
14. DBEDT-HHFDC	N/A
15. UH	N/A

SURVEY RESULTS – PART 3 – DATA ACCURACY

3.1 Please indicate the methods used to verify the following: (Examples of responses may include annual audits or legislative audits. If other types of internal control measures are used, please describe them).

3.1.1. Computation of gross revenue income from Ceded lands

Department	Response
1. DAGS-AMD	Auditors contracted by OHA have reviewed AMD's computations.
2. DOA	Accountant supervisor checks secretary's calculations against her own spreadsheet of ceded lands revenue. Audited annually.
3. DOA-ADC	ADC compares its receipts with Datamart.
4. DBEDT-FTZ	Internal review by the Business manager, review by DBEDT Fiscal Office and the Department has annual audits which include the FTZ.
5. DBEDT-HCDA	N/A
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	Internal audit: We internally prepare an annual OHA reconciliation to ensure that the OHA split is correctly used. We perform this reconciliation by division, program, and island. With this information, we prepare a Public Land Trust Land Proceeds report which serves as a recap for Act 178 report and Land Division as well. Special audits may also do checks of our department calculations. If descrepancies are found and they are immediately corrected. There are also periodic financial audits by Legislative Auditor.
7. DLNR-Boating	All revenues received from activities on ceded lands
8. DBEDT-NELHA	Annual Audit
9. DOE	FMS data queries verified by FMS DAFM202 Report.
10. DOH-HHSC	annual financial statement audit, review by Corporate Office finance staff
11. DOT-Airports	Report is prepared by the Audit Section of the Airports Division with supporting work papers. In the past, the report and work papers were periodically audited by OHA's auditor, Deloitte & Touche, any agreed upon discrepancies has been reflected in future reports.

Department	Response
12. DOT-Harbors	Annual Audit and periodic audits are performed by auditors of Office of Hawaiian Affairs (OHA).
13. DOT-Highways	No response provided.
14. DBEDT-HHFDC	Annual audits
15. UH	Revenue data is maintained by respective departments utilizing ceded parcels and is reported to Office of Procurement and Real Property Management for compilation.

3.1.2. Computation of OHA share of Ceded land revenue income

Department	Response
1. DAGS-AMD	Auditors contracted by OHA have reviewed AMD's computations.
2. DOA	Same as 3.1.1.
3. DOA-ADC	An Excel spreadsheet is formulated to compute OHA and Non-OHA share of ceded land receipts. This spreadsheet is forwarded to DOA Fiscal to prepare transfer of funds via journal voucher.
4. DBEDT-FTZ	Same as above.
5. DBEDT-HCDA	N/A
6. DLNR (Land Division, State Parks, Forestry and Wildlife)	Same as above.
7. DLNR-Boating	20% of revenues received from activities on ceded lands.
8. DBEDT-NELHA	Internal control measures are used. The NELHA Fiscal Clerk prepares weekly treasury deposit receipts to the NELHA special fund and to OHA its 20% prorate share. The NELHA fiscal officer reviews the deposit and prepares a quarterly report through DBEDT to OHA. The NELHA Executive Director reviews the quarterly report before submission to DBEDT/B&F/OHA.
9. DOE	Accountant’s worksheet calculations verified by supervisor. Further verification occurs through periodic OHA audit of Department’s records. DOE point of contract for this calculation: Mr. Edwin Koyama, Accounting Director Department of Education Administrative Services Branch P.O. Box 2360

Department	Response
	Honolulu, Hawaii 96804 Phone: 586-3450
10. DOH-HHSC	Same as above.
11. DOT-Airports	Report is prepared by the Audit Section of the Airports Division with supporting work papers. In the past, the report and work papers were periodically audited by OHA's auditor, Deloitte & Touche, any agreed upon discrepancies has been reflected in future reports.
12. DOT-Harbors	Annual Audit and periodic audits are performed by auditors of Office of Hawaiian Affairs (OHA).
13. DOT-Highways	No response provided.
14. DBEDT-HHFDC	Annual Audits
15. UH	Computation of OHA share is straight 20% of gross revenues generated on ceded lands for income categories specified by the Department of the Attorney General.

SURVEY RESULTS – PART 4 – OTHER RELATED INFORMATION

4.1 If applicable, please provide any departmental policies or procedures related to the information requested above.

Please refer to appendices for responses.

APPENDICES

A. Sample Survey

INSTRUCTIONS

Purpose of the Act 178 Public Land Trust Revenues Survey

The purpose of the survey is to gather specific revenue and related information relative to public trust lands and the revenue due the Office of Hawaiian Affairs.

Instructions and Suggestions for Completing the Survey

Please note the following instructions and suggestions for completing the survey:

1. Provide a response to **ALL** of the questions, providing information to the best of your ability if precise information is not readily available.
2. Please forward any other supporting documentation to support your responses. Supporting documentation may be sent via email or fax to the contact information noted below.
3. Provide a contact name and telephone number below in the event the we may have questions or need additional clarification regarding the responses:

CONTACT NAME	
TITLE	
DEPARTMENT	
TELEPHONE NUMBER	
EMAIL ADDRESS	

4. Estimated time to complete the survey may vary depending on your land inventory.
5. Surveys are due by Friday December 21, 2007 at 5:00 PM. Please send your response to the following:

   Email: DLNR.ACT178@hawaii.gov, or

   Fax: 587-0455 (Attention: Arthur Buto), or

   Address: Arthur Buto
Department of Land and Natural Resources, Land Division
1151 Punchbowl St. or PO Box 621
Honolulu, HI 96813 Honolulu, HI 96809

6. If you have any questions feel free to contact Sherilyn Kimura (CDS Consultant) at DLNR.Act178@hawaii.gov.

#	Public Lands
A	***Does your department/agency manage any public lands?*** ☐ YES ☐ NO **STOP HERE** if you answered "NO" and return survey to contact as noted in instructions.
~~B~~	~~***Are any of the public lands in your land inventory (lands you manage) classified as Ceded Lands?***~~ ~~☐ YES~~ ~~☐ NO~~ ~~**STOP HERE** if you answered "NO" and return survey to contact as noted in instructions.~~

Note: Under the Admission Act, all public lands are ceded. Therefore question B above is redundant.

#	QUESTIONS: Part 1 – LAND CLASSIFICATION
1.1	State lands are classified based on how and when the land was acquired by the State of Hawaii and are described below: • "5(a)" means lands owned by the Territory of Hawaii and its subdivisions, immediately prior to statehood, and to which the State of Hawaii succeeded. (Non-Ceded Lands) • "5(b)" means lands granted to the State of Hawaii by the United States immediately prior to statehood, including submerged lands (Ceded Lands) • "5(c)" means lands set aside upon statehood, for the use of the United States under any Act of Congress, Executive Order, Presidential Proclamation or Gubernatorial Proclamation and which remained the property of the United States (Ceded Lands) • "5(d)" means public lands conveyed to the State of Hawaii under section 5(b) of the Admission Act, but immediately prior to statehood, were controlled by the United States by permit, license or permission from the Territory of Hawaii and during the five years following statehood were set aside by an Act of Congress or Presidential Executive Order for use by the United States (Ceded Lands) • "5(e)" means public lands owned by the United States upon statehood under sections 5(c) or 5(d) of the Admission Act and conveyed to the State of Hawaii within five years following statehood (Ceded Lands) • "Acquired after 8/59" means lands acquired by the State of Hawaii after statehood by purchase in fee, condemnation or other means, excluding 5(e) and 5(i) lands and "Federal surplus" and "PL 88-233" lands, including fee purchases from the United States (Non-Ceded Lands) • "Federal surplus" means former Federal Fee Lands acquired by the State of Hawaii at Public Benefit Discount and under Federal Property and Administrative Services Act of 1949 and the Surplus Property Act of 1944, as amended by Public Law 80-616 (Non-Ceded Lands)

#	QUESTIONS: Part 1 – LAND CLASSIFICATION
	• "PL 88-233" means public lands owned by the United States upon statehood under sections 5(c) or 5(d) of the Admission Act and conveyed to the State of Hawaii after 21 August 1964 under Public Law 88-233 (Ceded Lands) ***Please explain how your department/agency determined the classifications described above to your land inventory (lands you manage) and how this information is recorded and maintained.*** **RESPONSE:**
1.2	***Are there parcels in your land inventory that are comprised of both Ceded and Non-Ceded lands?*** ☐ YES ☐ NO If you answered YES above, please answer the following questions: ***1.2a) How was the division of Ceded / Non-Ceded lands determined? Please describe any standard methodology used and any exceptions (variations) to this standard.*** **RESPONSE:** ***1.2b) How is OHA's share of revenue calculated for these parcels?*** **RESPONSE:**
1.3	***Does your department/agency have agreements that encumber multiple parcels of land in your land inventory?*** ☐ YES ☐ NO **If you answered YES above, please answer the following questions:** ***1.3a) Do these multiple parcel agreements include both Ceded and Non-Ceded parcels of land?*** ☐ YES ☐ NO ***1.3b) If YES, how is OHA's share of revenue calculated for these agreements? Please describe any standard methodology used and any exceptions to this standard.*** **RESPONSE:**

#	QUESTIONS: Part 2 – REVENUE COMPUTATION
	Section 5(f) of the Admission Act states that all Ceded lands together with proceeds from the sale or disposition of such lands and the income there from shall be held by the State as a public trust.

#	QUESTIONS: Part 2 – REVENUE COMPUTATION Section 5(f) of the Admission Act states that all Ceded lands together with proceeds from the sale or disposition of such lands and the income there from shall be held by the State as a public trust.
2.1	***What types of recurring income are earned from properties in your land inventory? (e.g. rental income, percentage rents, landing fees, vending machines…)*** **RESPONSE:** ***For each type of income please describe the standard methodologies used for calculating gross revenue, Also, please describe any exceptions to these standards. (e.g. landing fees computed as $ per landing weight of aircraft)*** **RESPONSE:**
2.2	~~***How are land sales or disposition income calculated?***~~ How are land sales income calculated? (e.g. Are there fees or other expenses deducted from the sales proceeds when reporting land sales income?) **RESPONSE:**
2.3	***How are land exchanges involving ceded lands recorded by your department/agency? (e.g. when a ceded parcel is exchanged for a non-ceded one) How does your department/agency ensure that income from the property received in exchange for a ceded parcel conforms to Act 178 revenue reporting requirements?*** **RESPONSE:**
2.4	**If gross revenues remitted to OHA are NOT computed** ***as 20% of gross revenues, please describe the methodology used to calculate the remittance portion due to the Office of Hawaiian Affairs. (e.g. net of management fees, utilities or other pass through charge collections)*** **RESPONSE:**

#	QUESTIONS: Part 3 – DATA ACCURACY
3.1	Please indicate the methods used to verify the following: (Examples of responses may include annual audits or legislative audits. If other types of internal control measures are used, please describe them). ***3.1.3. Computation of gross revenue income from Ceded lands*** **RESPONSE:** ***3.1.4. Computation of OHA share of Ceded land revenue income*** **RESPONSE:**

#	Part 4 – OTHER RELATED INFORMATION
4.1	If applicable, please provide any departmental policies or procedures related to the information requested above.

Submitted by: ______________________

Signature: _________________________

Submission Date: ___________________

Thank you for your input and participation.

B. Additional Information Provided

B.1 DAGS-AMD Documentation

AMD has a manual system to record the revenue and receipt of ceded lands revenues from Lots D, Q and Z3.

REVENUE AND RECEIPT OF REVENUES FROM PARKING ASSIGNEES AND PARKING METERS.

- Revenues from payroll deducted parking assignees equals number of available parking stalls multiplied by the monthly rate multiplied by 90% equals maximum monthly revenues. 90% is used to account for the time lag from the time an assignee cancels a parking assignment and a replacement is assigned. 20% of maximum revenues is transferred to OHA.

- Revenues from parking meters in a parking lot equals the number of available parking meters multiplied by the rate per hour multiplied by the quarterly average meter collection percentage.

    - Meter collection is performed twice per week in high traffic lots (Lots F, G, L and S) and once per week in the remaining lots. After each days collections, the canisters of coins are taken to the First Hawaiian Bank Money Processing Center for counting and generation of a deposit slip. Upon receipt of the deposit slip with a breakdown by coin denominations, the amount collected and the meter collection percentage is entered on the Meter Collection Report for managements review. The same amounts are also entered in a weekly meter collection report (an excel spreadsheet) which calculates the average meter collection percentage for each month and for a quarter.

    - The average quarterly meter collection percentage for the islands of Oahu and Kauai are given to pos. no. 15117, Account Clerk. She enters those percentages in the Quarterly Revenues from Lots on Ceded Lands letter for review by the Division Chief and Automotive Services Operations Supervisor. With their approval, she finalizes a request to Mr. Kerry K. Yoneshige, Business Management Officer (BMO), to transfer funds to OHA. With the BMO approval a journal voucher is prepared for the transfer of funds to OHA.

B.2 DOT-Airports

DOT-Airports Methodology:

BACKGROUND

I. METHODOLOGY

Our methodology in determining the actual ceded land revenues were to utilize and support our calculations with the following:

1. Financial Statements (Revenues).

2. Maps prepared by AIR-EG (Square footages can be obtained via CADD computer system files).

A summary of the ceded land percentages are summarized below:

	AIRPORT	TERMINAL	RUNWAY
1)	Honolulu	See Exhibits C, D & G below	See Exhibit F.1 below
2)	Kona-Keahole	100.0%	100.0%
3)	Port Allen	100.0%	100.0%
4)	Molokai	100.0%	100.0%
5)	Kalaupapa	100.0%	100.0%
6)	Hilo (GLF)	100.0%	93.2%
7)	Hana	100.0%	91.9%
8)	Upolu	100.0%	33.9%
9)	Dillingham	100.0%	8.8%
10)	Waimea	0.0%	49.1%
11)	Kahului	0.0%	0.0%
12)	Lihue	0.0%	0.0%
13)	Lanai	0.0%	0.0%
14)	Princeville	0.0%	0.0%
15)	Kapalua	0.0%	0.0%
16)	Kalaeloa	0.0%	0.0%

II. PROCEDURES

A. HONOLULU INTERNATIONAL AIRPORT

Our ceded land revenue calculations were primarily based on prior years reporting procedures. We determined that Parcels 1-A, 1-C, 5-A, 6-C, 7-A-1, 7-A-2, 8-B, 9-B, 9-C were on ceded lands. This airport was analyzed in detail since it generates the most revenues and the ceded land parcels are scattered versus the other airports where allocations were made based on percentage of ceded to total square footage.

1. Terminal Rental Revenue (Exhibit C)

The buildings/spaces generating revenue in the parcels stated above were confirmed with AIRMIS21 system, AIR-PM, and AIR-EG. The calculations were based on the revenue generated by buildings/spaces in detail (refer to audit workpapers for procedures).

2. Terminal Concession Revenue (Exhibit D)

The concessions generating revenue in the parcels stated above were confirmed with AIR-PM or the AIRMIS21 system.

The calculations were based on the greater of the minimum rent guarantee or percentage rent multiplied by the ceded land square footage divided by the total square footage related to the concessions.

II. PROCEDURES - Continued

A. HONOLULU INTERNATIONAL AIRPORT

3. Airfield Revenues (Exhibit F.1)

The runways located on ceded land based on the parcels stated above were confirmed with AIR-PM.

The calculation was based on the ceded land percentage relating to the runways multiplied by the audited airport use charges per the financial statements.

4. Ground Rental Revenue (Exhibit G)

The buildings/spaces generating revenue in the parcels stated above were confirmed with AIR-PM or the AIRMIS21 system. The calculations were based on the revenue generated by buildings/spaces in detail (refer to audit workpapers for procedures).

B. OTHER AIRPORTS

1. Non-Airfield Revenues (Exhibit E)

The Other Airports ceded land revenues were based on the ceded land percentages stated above multiplied by the pertinent revenue amounts, which agrees to the financial statements.

2. Airfield Revenues (Exhibit F)

The runways located on ceded land based on the parcels stated above were confirmed with AIR-PM.

The calculation was based on the ceded land percentage relating to the runways multiplied by the audited airport use charges per the financial statements.

DOT-Airports OHA Share of Revenue Report/Spreadsheet:

B.3 DBEDT-NELHA Documents

B.4 DBEDT-FTZ Documents

C. Completed Surveys

Department
1. DAGS-AMD
2. DOA
3. DOA-ADC
4. DBEDT-FTZ
5. DBEDT-HCDA
6. DLNR (Land Division, State Parks, Forestry and Wildlife)
7. DLNR-Boating
8. DBEDT-NELHA
9. DOE
10. DOH-HHSC
11. DOT-Airports
12. DOT-Harbors
13. DOT-Highways
14. DBEDT-HHFDC
15. UH

Survey Responses