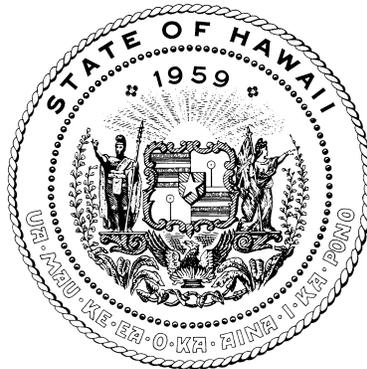


REPORT TO THE TWENTY-FIFTH LEGISLATURE
REGULAR SESSION OF 2009
RELATING TO THE FOREST STEWARDSHIP PROGRAM



Prepared by

THE STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
DIVISION OF FORESTRY AND WILDLIFE

In response to Section 195F-6, Hawaii Revised Statutes

Honolulu, Hawaii
November 2008

RELATING TO THE FOREST STEWARDSHIP PROGRAM

PURPOSE

This report complies with §195F-6, Hawaii Revised Statutes (HRS), and covers specific topics relating to the Forest Stewardship Program (Program) within the Department of Land and Natural Resources (Department). Act 195, Session Laws of Hawaii (SLH) 1993, established a dedicated funding source as a percentage of annual Conveyance Tax revenues that are deposited into the Natural Area Reserve Fund. This report includes actions taken during the period July 1, 2007 – June 30, 2008 as required to implement the statutory provisions of the Program.

BACKGROUND

The Program became effective in July 1991 through Act 327, SLH 1991. The Act authorized the Department to provide state funds to financially assist private landowners to manage, protect, and restore important natural forest resources on their forested and formerly forested properties. The Program enables private landowners to restore, conserve and actively manage important forest resources throughout Hawaii that provide vital public and private socioeconomic and environmental benefits and services. Private landowners own approximately one half of Hawaii's remaining forested areas. By establishing and maintaining this Program, the State recognizes that public-private partnerships are essential to the present and future conservation and health of our valued forest resources and Hawaii's natural environment as a whole. With the demise of Hawaii's primary agricultural industries, sugar and pineapple, the Program has and continues to encourage native resource conservation in these formally agricultural areas. It also serves to stimulate investment in forestry as a promising, economically viable land-use alternative that will supply a small but rapidly developing hardwood timber industry.

The primary goals of this Program are: watershed protection, conservation, high-value timber plantations, threatened and endangered species recovery, environmental education, and restoration of formerly fallow and/or degraded agricultural lands. At present, approximately 8,000 acres (34 landowners – 15 active and 19 in maintenance period, with another six in the process) are being managed as a result of this Program. The majority of landowners who are enrolled would not have been able to pursue their innovative land-use objectives without the technical and financial assistance that has been offered to them through this Program. There are four landowners developing long-term management plans, and once included into the Program, will add an additional 19,000 acres (Appendix 1).

The success of the Program is due largely to its inclusion of a wide variety of ecosystems and its ability to address a full array of forest management problems and the wide range of land sizes eligible. Partnering with a variety of federal programs managed by the Department and other local agencies has also lead to the success of this Program. This Program is one of the few in the State that has management areas ranging in sizes from approximately 5 to 3,600 acres. Equally as diverse are the management objectives, which generally range from conservation of native

habitats, high-value timber production, agroforest crop production, watershed restoration, and finally educational and recreational opportunities.

The thousands of acres of forest cover being established and/or maintained through the Program, largely on formerly degraded pastures or sugarcane lands, serve to enrich soils; reduce erosion; restore and protect important watersheds; and provide habitats for many important species. Landowners who are producing high-value timber for the local industry are also making a valuable contribution to the development of Hawaii's forest industry and a more diversified economy. All of the forest stewardship projects are in some way contributing to the overall health and productivity of Hawaii's forests as well as enhancing ecosystem services and economic potential.

PLANNING and MANAGEMENT

The Department continues to identify ways to more effectively address landowner and state needs while maintaining accountability and furthering the overall, long-term objectives of the Program. The Program's "Five Year Plan", included as Appendix 2, outlines strategies for expanding the Program's environmental and economic impacts, while increasing landowner participation. The Program follows the State Procurement Law by publishing advertisements for funding and legal notices "Request for Proposals" annually, and keeps an announcement on the State Procurement Website www2.hawaii.gov/bidapps/ShowBids.cfm?Isle=O.

The Hawaii Forest Stewardship Advisory Committee (Committee) reviews all landowner proposals and management plans, and recommends those that are eligible and worthy of assistance, to the Board of Land and Natural Resources (Board). This Committee also oversees the Federal Forest Legacy Program. More information on the Forest Legacy Program can be found at www.state.hi.us/dlnr/dofaw/Legacy/index.html.

All successful state forest stewardship applicants enter into formal contract agreements with the Board for a term of no less than 10 years. Contract agreements clearly define applicant responsibilities and provide mechanisms to ensure applicant accountability. All landowner participants must commit and follow practices described in their forest stewardship management plan, which are in compliance with the Department's Best Management Practices (BMPs) when preparing project sites for planting and harvesting any trees that are planted with program assistance. If commercial timber production is a management objective, participants must also, in adherence with Chapter 343, HRS, prepare an environmental assessment (EA) or other state and county compliance as appropriate.

Landowners receive cost-share payments as reimbursements only after they complete and report on specific management practices as described in their approved management plans. Once such practices have been confirmed by the Department, reimbursements are provided. Landowners are required to submit written reports in a standard format, with all related cost documentation provided to the Department's Division of Forestry and Wildlife (DOFAW) every six months for the entirety of their project. All projects are periodically assessed, monitored and audited by DOFAW for adherence to approved budgets, program guidelines and approved management plan

specifications. Occasionally, contracts are amended to allow for unforeseen delays in the progress of the management plan or in order to adapt to damage to resources due to prolonged drought, flooding and/or large storms. DOFAW is always available for technical and programmatic guidance as needed.

PROGRAM DEVELOPMENT/OUTREACH

The Department has continued to address Program goals and assist applicants with forest stewardship management plan development and implementation. The Program has also continued to educate the public with regards to the important environmental and economic benefits that our forest resources provide, when responsibly managed.

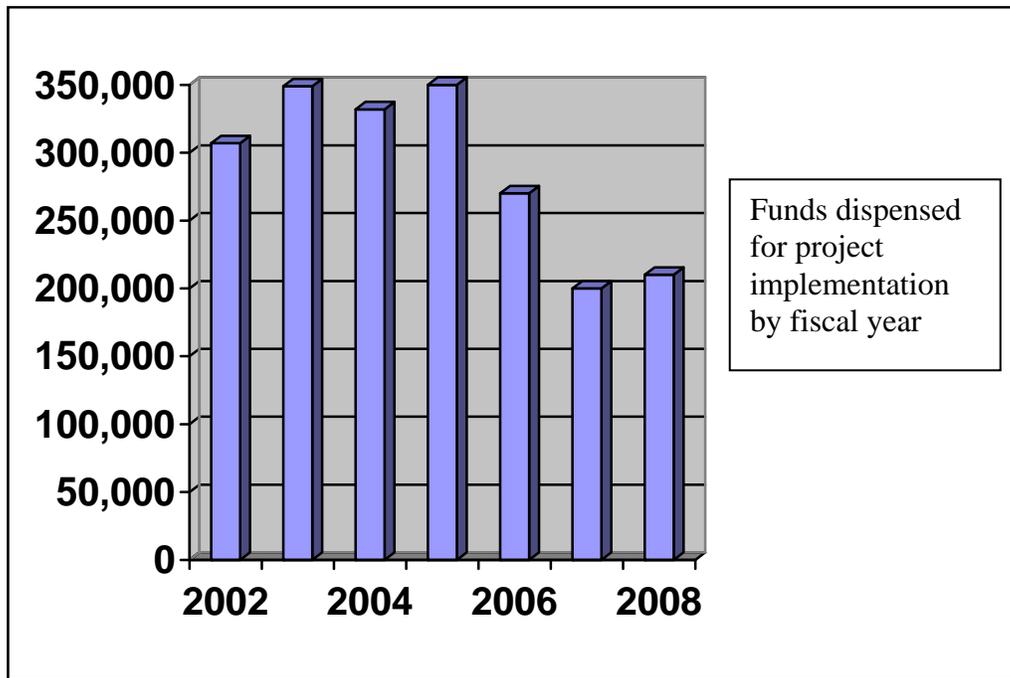
The Department continues to work successfully with other federal, state, and county agencies on all major islands to deliver assistance and information to landowners. The Program has distributed several hundred handbooks, fact-sheets and brochures to landowners and government agencies on all islands. The Department also contributes Program news updates to relevant agency and organizational newsletters and periodic press releases to further educate partners and inform potential landowner participants. The Program will continue to advertise to reach out to landowners with various stewardship objectives on all islands. Appendix 3 provides a description of most landowner assistance programs in the State (federal and state), as well as benefits each provides. This information allows private landowners to investigate all program possibilities so they are able to utilize the programs that best meet their natural resource needs.

The Hawaii Forest Stewardship Handbook (Handbook) is updated at least every five years (last updated in October 2006) and provides information about program eligibility; enrollment and fiscal procedures; management plan requirements and specifications; practice criteria for cost-share assistance; practice specification guidelines; and accomplishment and reporting requirements (Appendix 4). The Handbook and other forest stewardship information are also available online on the Department's web page at www.state.hi.us/dlnr/dofaw/hfsp/index.html. This site has current stewardship project information with photos; stewardship application procedures; the Five-Year Plan, annual reports; frequently asked questions (FAQs) about the Program; links to complementary programs managed by DOFAW and other local agencies; and other relevant information. Soon this site will be completely upgraded and incorporated with the Department's webpage.

ACTIONS

There are currently approximately 8,000 acres of private forestland in Hawaii that are being successfully managed for a variety of private and public forest products and benefits as a result of Program assistance. To date, the Department has entered into formal forest stewardship contract agreements with 40 landowners on Kauai, Oahu, Maui, Lanai, Molokai, and Hawaii with six new clients in process. For a concise listing of the history of all forest stewardship projects (Appendix 1).

The following table illustrates landowner demands for the Program, and the corresponding funds supporting these demands since the Program's establishment.



Landowners may experience difficulty following their management plan schedules and spending the funds designated for these practices due to temporary financial hardship, health problems, drought or heavy rain conditions, or other unexpected events. These slow production years are often balanced by good years during which projects progress more rapidly than planned. Although most forest stewardship contracts formally terminate after 10 to 30 years, the benefits of the management made possible through the Program will continue to accrue for decades.

Most projects have been very successful, however, some experience significant changes due to unforeseen circumstances. The Honouliuli Preserve Project (The Nature Conservancy) on Oahu was terminated during this fiscal year. The Project was very successful and the overall long-term management objectives will continue to be implemented by a variety of partners. The Nature Conservancy has changed its overall focus and this Project and its goals no longer fall within that focus. This resulted in a decline in the Program of about 3,800 acres. The process of termination resulted in a payback and penalty fee totaling \$138,000, which will be reimbursed back to the Program.

As a result of continued public support and interest, DOFAW conducted landowner assistance workshops on Maui, and soon on Kauai. These workshops are designed to attract all eligible landowners who may not otherwise know about or understand the Program and others similar to it. The workshop on Maui was held April 3, 2008 and Kauai on October 9, 2008. (Appendix 5). Three other workshops of this nature have been conducted by DOFAW staff on O'ahu and Hilo in 2006 and Kona, Hawai'i in 2007.

The Spatial Analysis Program (SAP) is a United States Department of Agriculture Forest Service funded program that enabled DOFAW to conduct an analysis of forest stewardship potential across the State. More information about this program and the results from this analysis can be found at <http://www.fs.fed.us/na/sap/products/hi.shtml>. Ronald Cannarella of DOFAW, the principle technician who conducted this analysis stated:

“SAP has provided the Department of Land and Natural Resources/Division of Forestry and Wildlife (DOFAW) a unique opportunity to collect and adapt disparate data sources into a cohesive data set for doing land suitability analysis. DOFAW is undertaking a review of their internal land management guidelines based on the methodology developed by SAP. We will commence the development of our State Assessment as required in the 2008 Farm Bill, again basing our methodology on SAP. DOFAW staff are being trained in the use of ArcGIS and the Spatial Analyst extension so that they can utilize the models created during our SAP.”

PROGRAM CONSTRAINTS, RECOMMENDATIONS AND/OR CHANGES

A. Changes in Program Administration:

1. Hawaii Administrative Rule (HAR) 13-109-5 established a minimum Program term of 10-years in which management plan objectives are achieved. In 2002, the Board established policy to lengthen program contract terms to 30-years requiring landowners to keep forests on their land for longer periods of time. As a result of the 30-year contract term, the Program has experienced reduced interest due to other landowner assistance programs offering greater benefits, (eg. higher hold-down rates, lower cost-share match ratio, and shorter contract term lengths). Due to these factors, the Board approved a change to the policy for contract term lengths that allows contracts, which do not have a commercial timber production component, to be much shorter in term length. However, whenever possible, longer term contracts will be encouraged in order to maximize ecosystem services.
2. With the addition of six new forest stewardship clients, the Department of the Attorney General (AGs) has recommended that the forest stewardship agreement format be updated to reflect changes in current requirements for state contracts. The Department is actively working with the AG's to include the new format into the forest stewardship agreements.
3. Due largely to the success of the landowner assistance workshops, the Department is being approached by increasing numbers of landowners interested in conservation, restoration, or timber production on their land. In order to ensure that the Program is getting the highest quality projects and to affectively administer state funds, the Committee will be moving evaluation of program projects to competitive evaluation of all submitted proposals and management plans. Applications to the Program are currently evaluated on an individual project basis; approving only the projects that are sound based on individual merits. This process has provided for a number of successful projects; however, with an increased demand and limited funding the Program will be

better able to select the highest quality projects for funding using a competitive evaluation. This change will further allow for the program to more closely follow the state procurement code for evaluation and approval of contract agreements. The evaluation process will also incorporate the use of SAP as described.

B. Recommended Changes for Fiscal Year 2009:

1. HAR Title 13-109-8(c)(3), associated with the Program, does not currently allow federal funds (received by the same private landowner engaged in similar and/or related natural resource management goals) to be used as a match for Program dollars. Program participants who are energetic and seek support from other programs should be benefited by their efforts to fund restoration, conservation or timber production by being allowed to match federal and state dollars. Natural resource management is challenging in and of itself, therefore the State should provide greater support for private landowners interested in engaging in a long-term (up to 30 years) land management. Other state programs (e.g. Natural Area Partnership Program) currently allow the utilization of federal funds as a match for state dollars. A rule change is needed to allow state funded programs to utilize federal funds as a match when programs are identical in goals, yet do not overlap in specific practices. The Department is currently seeking this rule change for the Program.
2. The Program website is being updated to incorporate landowner practice implementation information, research outcomes, partner agency outcome and analysis, and any landscape level analysis that may facilitate greater cooperation among partner agencies. The Department expects to launch the new website by January 2009.
3. A number of Committee members have had to resign, largely due to job relocation or expiration of their term. With new Committee members coming, it is time to develop guidelines for the Committee to establish protocols for recruiting new members; member term lengths; member authority and responsibilities; officers and elections; termination procedures; and attendance. The Department and the Committee have developed draft guidelines for approval by the Committee expected at their next quarterly meeting. Also incorporated with the guidelines, the Committee is developing the application process for new members.