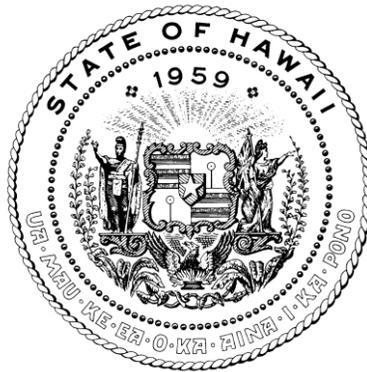


REPORT TO THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2011

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

December 2010

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, 2000 – June 30, 2010 as required to implement the statutory provisions of the Program.

BACKGROUND

The Program became effective in July 1991 by way of Act 327 of the 1991 State Legislature. 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 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.

PROGRAM ACTIVITIES

From 1990 to present, approximately \$2,991,000 in state funds has been distributed to 39 landowners conducting stewardship activities on 16,205 acres. These funds have leveraged approximately \$4,521,000 in private matching funds for stewardship practices across Hawaii. Twenty four of these projects are in the post 10-year maintenance phase, nine are active, and three have used this Program to develop management plans that were funded by other programs. The majority of landowners who enroll would not have been able to pursue their innovative land-use objectives without the technical and financial assistance that is offered through this Program.

In this fiscal year, Program staff has provided over 1,500 hours of technical assistance to private landowners and/or communities, and contributed towards the production of over 100,000 tree seedlings in state nurseries production.

Success of the Program can largely be attributed to: 1) Inclusion of a wide variety of ecosystems, 2) The ability to address many different forest management issues, and 3) Eligibility for landowners whose land area is five acres or more. This Program is one of the few in the State that has management areas ranging from five to many thousands of acres. Equally as diverse are the management objectives that range from conservation of native habitats, high-value timber production, agroforestry crop production, watershed restoration, and educational opportunities.

The thousands of acres of forest cover being established and/or maintained through the Program are largely on formerly degraded pastures or sugarcane lands. New forest cover serves 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, creating jobs, perpetuating cultural practices, supporting diversified economy, and storing/sequestering carbon. 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.

The Program also leverages various federal funding for private landowner assistance, making the overall incentives for landowners to engage in restoration or conservation very enticing. Additionally, the Program Advisory Committee (see below) provides oversight for the Federal Forest Legacy Program, which focuses on private land acquisition for conservation purposes.

PLANNING, MANAGEMENT AND ACTIONS

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 "Five Year Plan", available on the Department's web page at www.hawaii.gov/dlnr/dofaw/forestry/fsp, outlines strategies for expanding environmental and economic impacts, while increasing landowner participation. The Department incorporated this Plan into the Statewide Assessment of Forest Conditions and Resources Strategy (SWARS), completed in June 2010 (<http://hawaii.gov/dlnr/dofaw/SWARS/home>). The completed SWARS allows the State to access unique United States Department of Agriculture (USDA) funds through the USDA's Forest Service's Competitive Grant Process.

The Hawaii Forest Stewardship Advisory Committee ("Committee") helped develop and reviewed SWARS, and is available for technical assistance both to private landowners and the State pertaining to SWARS related funds. The Committee reviews all landowner proposals and management plans submitted to the State, and recommends funding project worthy of the strict program requirements, to the Board of Land and Natural Resources (Board). All successful state Forest Stewardship applicants enter into a legal contract agreement with the Board for a term of no less than 10 years. Contract agreements define applicant responsibilities and provide

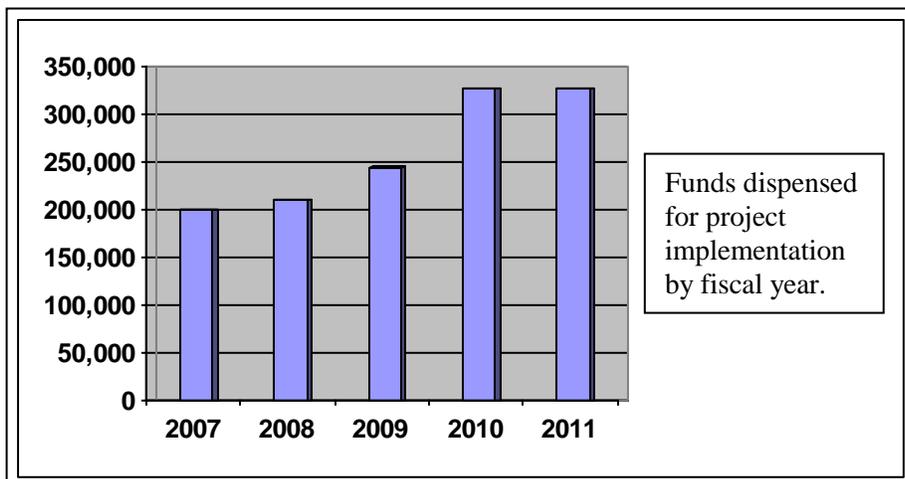
mechanisms to ensure applicant accountability. All participants must commit and follow practices described in their Forest Stewardship Management Plan, which are in compliance with the Department's Best Management Practices. If commercial timber production or large scale fencing projects are a management objective, participants must comply with Chapter 343, HRS, requirements and prepare an environmental assessment or other state and county compliances as appropriate.



Ola Honua Forest Stewardship Project in Kapahulu, Maui. Native and exotic hardwood plantation.

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 Department staff, reimbursements are provided. To date, the Department has entered into formal forest stewardship contract agreements or helped develop long term management plans with 39 landowners on Kauai, Oahu, Maui, Lanai, Molokai, and Hawaii. See Appendix 1 for a full listing of all forest stewardship projects.

The following table illustrates State PROGRAM funds disseminated during Fiscal Year (FY) 10 and the expected Program funding needs for FY 11.



Landowners may experience difficulty following their management plan schedules and spending the funds designated for various practices due to temporary financial hardship, health problems, drought, heavy rains, or other unexpected events. These slow production years are often balanced by good years during which projects progress more rapidly than planned. The contracts have been designed to adapt to delays and/or increases in practice needs. Although most forest stewardship contracts formally terminate after 10 to 30 years, the benefits/ecosystem services from the management will continue to accrue for decades.

The Committee also oversees the Federal Forest Legacy Program (FLP) in Hawaii - www.hawaii.gov/dlnr/dofaw/forestry/hflp. Since 1994, the FLP has provided a total of \$7,837,500 to acquire 38,487 acres in Hawaii for conservation purposes; 11,298 acres in conservation easements and 27,191 acres of fee simple title private lands. Currently, there are \$4,500,000 in FLP funds encumbered for a total of 9,614 acres of conservation easements on Molokai and the Big Island that are expected to close within one year.

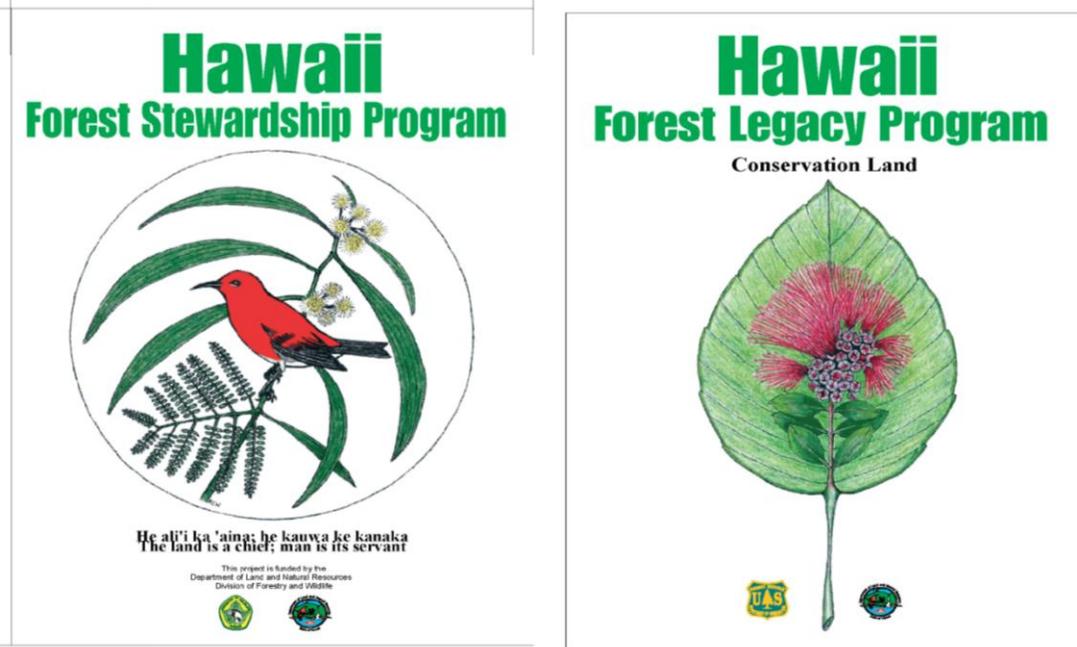


The Nature Conservancy of Hawaii Kona Hema Preserve in South Kona on the Big Island, has an conservation easement over these 8,000 acres that was purchased with Forest Legacy Program funds.
Photo taken by TNC

PROGRAM DEVELOPMENT/OUTREACH

Both the Forest Stewardship and Forest Legacy Programs strive to educate the public with regards to the important environmental and economic benefits and ecosystem services that forest resources provide, when responsibly managed. Through successful partnerships with federal, state, and county agencies on all major islands, the Department engages in various landowner assistance program workshops across the State. Additionally, the Department's websites are constantly updated and handbooks, fact-sheets, posters, signs and brochures are continuously distributed to landowners, communities and government agencies across the state. The Department also contributes program news updates to relevant agency and organizational newsletters, as well as periodic press releases to further educate partners and inform potentially

interested landowners. New Forest Stewardship and Forest Legacy Program signs were produced this year and are given to landowners who engage in these programs.



NEW PROGRAM

Conservation Reserve Enhancement Program

As an initiative of the Program to expand the available assistance to landowners for restoration of degraded agricultural lands and restoration of native habitats, U.S. Secretary of Agriculture Ed Schafer and the State of Hawaii Governor Linda Lingle authorized the Hawaii Conservation Reserve Enhancement Program (CREP) on January 15, 2009. The Hawaii CREP aims to provide farmers and ranchers with a sound financial package for conservation and enhancement of the natural resources over 15,000 acres across Maui, Hawaii, Molokai, Lanai, Kauai, and Oahu. The Hawaii CREP invites landowners and lease holders to enact watershed conservation practices on their land that will contribute toward achieving the State's identified watershed goals of enhancing stream water quality; reducing coral reef degradation and enhancing near shore coastal waters; increasing groundwater recharge; restoring native, threatened and endangered species habitat; and controlling the spread of invasive species in upland areas. Participants receive financial assistance from USDA and the State for installing conservation practices on their land.

The State's commitment to the USDA for CREP is to provide 20 percent of the total program cost; 10 percent of which is paid directly to landowners and 10 percent that can be met by an in-kind contribution by the State. During the 2006 Legislative Session, the Hawaii Legislature approved an increase in base funding for the Forest Stewardship (Special) Fund to support the implementation of the Hawaii CREP as authorized under §195F-4, HRS. Funds granted through the Hawaii CREP support landowners in managing, protecting, and restoring important natural resource values in Hawaii's forested and formerly forested lands.

The Hawaii CREP has been available to landowners located on Maui and Hawaii Island since April 1, 2009, the first sign-up day. Following the March 2009 kick-off event and multiple press releases announcing CREP, there has been significant interest. During FY 10, two (2) project agreements were executed and are in progress. Interest in the Hawaii CREP from landowners and producers has continued to remain high, but the turn around time from implementing partners has been slow over the last year. The State and USDA anticipate a significant increase in enrollment during the next fiscal year as communication between the implementing agencies improves.

RECOMMENDED CHANGES

Program Administration:

1. A new evaluation process for Forest Stewardship Management Plans is being developed and will be used to evaluate any new projects. This process includes the Spatial Analysis Project, described in last years' report; as well as the following criteria: economic potential, forest integrity, native biodiversity, water, and threats.
2. Evaluate practice "Cost-Share & Hold Down" Rates annually – the Committee will collaborate with the USDA Natural Resource Conservation Service (NRCS) and other local resource specialists to determine appropriate cost-share and hold-down rates for the various practices allowable through this Program. The Program Handbook will be updated accordingly, and will provide all program and NRCS practice information so landowners can consult a single document for this information. It is hoped that eventually a Memorandum of Agreement between NRCS and the Department will allow NRCS to accept Program-approved management plans to be partially or fully funded through NRCS Programs.
3. Hawaii Administrative Rules Title 13-109-8(c)(3), for 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 state Forest Stewardship Program dollars. A rule change is needed to allow state funded programs to utilize federal funds as a match when programs are identical in goals.
4. The Assessment of Needs (AON) is a document that guides implementation of FLP in Hawaii. Amending AON to include agriculture-zoned lands in addition to the currently authorized conservation-zoned lands as eligible for FLP would be highly beneficial.

9/29/2010

State Forest Stewardship Projects
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With Active State Contracts

Name of Project/ Landowner	Date Enrolled	State Total	Funded to Date	Match to Date	Location	Size (Acres)	Management Practices
1 Lanaihale Reforestation/ <i>Castle & Cooke Resorts, LLC</i>	May-01	\$750,000	\$608,919	\$801,530	Lanaihale, Lanai	3,588	Native forest and watershed restoration
2 Ku 'Ohi'a Laka/ <i>Laura Brezinsky</i>	Jun-01	\$68,052	\$68,052	\$97,064	Kopu Farm Lots Mountain View, HI	39	Native forest restoration and educational trails
3 Ookala Community Forest/ <i>Laupahoehoe Train Mus. Lisa Barton</i>	Sep-02	\$75,354	\$68,990	\$85,144	Laupahoehoe, Big Island	13	Community demonstration of high quality timber species
4 Ola Honua/Neaulani Inc. <i>Rich Von Welshiem</i>	Aug-05	\$532,991	\$65,397	\$153,224	East Maui - Hana	172	Native Forest Restoration, watershed protection, timber production
5 Kokua Kalihi Valley/Ho'oulu 'Aina <i>Kirk Lange, Puni Frietas (lease)</i>	Feb-08	\$355,520	\$124,744	\$179,151	Kalihi Valley, Oahu	30	Nature Park & native spp. restoration, stream buffer & restoration, cultural artifact protection & education
6 Honolua Wao Kele/ <i>Maui Land & Pineapple</i>	Nov-08	\$371,880	\$29,576	\$46,608	West Maui	30	Conversion of degraded ag land to native forest, upland erosion control
7 Conant <i>Pat Conant</i>	Feb-09	\$6,833	\$6,426	\$7,553	Volcano, Big Island	7	Native forest restoration, pig control
8 Waikalua Dry Forest Recovery <i>Waikalua Outdoor Circle (lease)</i>	9-Aug	\$465,382	\$22,403	\$45,246	Waikalua Village, Big Island	275	Dryland forest restoration, endangered spp protection, fire control, education
9 Hui Ku Maoli Ola/ <i>Kamahameha Schools (lease)</i>	10-Dec	\$408,150	0	0	Windward Oahu	30	Native restoration, education, & cultural artifact protection Leased Kamehameha Schools land
		\$3,034,162	\$994,507	\$1,415,520	4,184		

State Forest Stewardship Projects
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Post 10-yr Maintenance Period

Name of Project/Landowner	Date Enrolled	Total Funded	Owner Match	Location	Size (Acres)	Management Practices
1 Hawaii Rainforest Sanctuary/Bezona	Mar-02	\$27,436	\$34,863	Kailua-Kona, Hawaii	62	Native forest restoration & educational trail system
2 Green & Russo	Jan-02	\$25,647	\$32,054	Papaaloa, (Hamakua Coast)	17	High-value hardwood production
3 Dougherty	Jul-01	\$9,006	\$9,109	Ninole, Hawaii (Hamakua Coast)	17	Native forest restoration & silvopasture
4 Linda & Michael Larish	May-01	\$11,166	\$11,788	Kurtistown, Hawaii (Puna)	20	High-value hardwood production
5 Hamakua Hardwoods/Giardina	May-01	\$25,359	\$25,359	Papaaloa (Hamakua Coast)	17	High-value hardwood production
6 Kainalu Ranch/Dunbar	Jan-01	\$241,707	\$307,653	Kainalu Ahupuaa, East Molokai	141	High-value hardwood production & native forest restoration
7 Walter & Kathy Mendes	Feb-00	\$19,538	\$21,134	Hoolehua, Molokai (N central)	18	Native dryland forest restoration & traditional Hawaiian forest products
8 Allan Batesole	Feb-00	\$15,018	\$24,932	Anahola, Kauai	7	High-value hardwood production & understory crops
9 H&G Koa Enterprises, Inc./Hill	Jun-98	\$33,193	\$39,444	Paauilo, Hawaii (Hamakua Coast)	14	Acacia koa timber production
10 Kapaka Road Partnership	Mar-98	\$41,720	\$54,384	Princeville, Hanalei, Kauai	25	High-value hardwood production integrated with house lot development
11 Hawaiian Mahogany, Inc./Cowern	Jan-98	\$698,237	\$1,204,183	Koloa, Kauai	954	High-value hardwood production
12 Maikai Ranch/Twigg-Smith	Jul-96	\$7,531	\$8,493	Holualoa, Hawaii	321	High-value hardwood production & native forest restoration

State Forest Stewardship Projects

Post 10-yr Maintenance Period

13	Umikoa Ranch/Matsuura	Feb-96	\$433,373	\$866,750	Kaala, Hawaii (upper Hamakua)	850	Acacia koa timber production & native forest/habitat restoration
14	Jack Zimmerman	Jul-95	\$43,203	\$46,170	Honoka'a, Hawaii (Hamakua Coast)	42	Silvopasture/agroforestry
15	Mark Kimball	Dec-95	\$83,417	\$92,794	Holualoa, Hawaii	156	High-value hardwood production & native forest restoration
16	Sam & Tanya Paltin	May-94	\$6,407	\$6,407	Wood Valley, HI (Kau District)	12	High-value hardwood production & native forest restoration
17	Kalopi Reforestation/Hancock	May-94	\$38,020	\$38,020	Kawaihae Uka (North Kohala)	65	Native forest restoration & silvopasture
18	Rex Provisor	Mar-94	\$31,185	\$35,615	Papa Area, Hawaii (South Kona)	18	Native forest restoration & education trails
19	Stephen Oldfather	Dec-93	\$4,767	\$4,767	Kahauhuna North Hilo, Hawaii	15	High-value hardwood production
20	Michael & Kili Matsui	Aug-93	\$5,935	\$5,923	Wood Valley (Kau District)	40	High-value hardwood production & native forest restoration
21	Wood Valley Community	Jul-93	\$21,550	\$21,550	Wood Valley, HI (Kau District)	34	High-value hardwood production & native forest restoration
22	Molokai Ranch	Jul-92	\$75,723	\$75,723	Puu Nana, Molokai (south west)	425	Watershed restoration & erosion control
23	Kaloko Mauka Cloud Forest	1990	\$87,500	\$128,450	Kaloko Mauka, Kona District	95	Native forest restoration
24	W.H. Shipman Nene	1990	\$10,000	\$10,000	South Hilo, Hawaii	50	Nene habitat restoration

	Funded	Match	Acres
Stewardship Totals	\$1,996,638	\$3,105,565	3,415

Forest Stewardship Management Plan Technical Assistance

Approved FSP Plans but not funded by FSP

1	Kealakekua Heritage Ranch	*June -10	\$750,000	0	0	Kealakekua, Big Island	8,544	Native reforestation, timber production, silvopastural, habitat improvement, education and trails
2	Ahu Lani Sanctuary/ Lindelov	*Dec-09	\$86,200	0	0	Hamakua, Big Island	24	Native forest restoration and timber production research
3	Mark Nierode	10-Mar				Mt. View, Big Island	40	Native Forest Restoration

8,606

Plans Developing

	Name of Project/Landowner	State Total	Location	(Acres)	Practices
1	Silversword Foundation / Kamehameha Schools	\$750,000	South Kona, BI	11,000	Protect & restore habitat for the Palila - fence, invasive spp control
2	Mary Ellen Houston	\$50,000	Kauai	8	Small woodlot, invasive. spp removal, restoration
3	Steel & Harte	\$100,000	Hamakua	12	Small woodlot, stream bank restoration, native forest restoration
4	Monoha'a Ranch	\$400,000	Kealakekua, BI	473	Native forest restoration & silvopastural

Projects are still developing their Forest Stewardship management plans

11,493

Terminated

	Name/Owner	Date Enrolled	Contract Total	Total Funded	Owner Match	Location	Size (Acres)	Management Practices
1	Honouliuli TNC	Oct-02	\$670,951	\$152,325	\$214,149	Waianae Mountains O'ahu	3,692	Native forest/habitat restoration

\$130,000 reimbursed to State