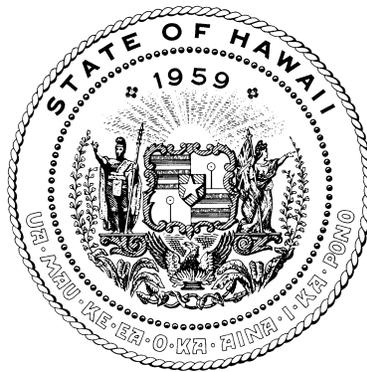


REPORT TO THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

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

October 2012

RELATING TO THE FOREST STEWARDSHIP PROGRAM

PURPOSE

This report complies with Section 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 for the Program that is deposited into the Natural Area Reserve Fund. This report includes actions taken during the period July 1, 2011 – June 30, 2012 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 or long-term lessees on State lands to restore, conserve, and actively manage important forest resources that provide vital public and private socioeconomic and environmental benefits.

Private landowners own approximately one half of Hawaii's forested areas. By establishing and maintaining this Program, the State recognizes that public-private partnerships are essential to the present and future health of forest resources, as well as the people of Hawaii. With the demise of much of Hawaii's agricultural industries, sugar and pineapple, the Program encourages conservation of both degraded agricultural areas and native forests. It also serves to stimulate investment in forestry as an economically viable land-use alternative that will supply our rural communities with a source of revenue, provide locally grown products and energy that reduce Hawaii's dependence on imported goods as well as contribute environmental benefits such as clean water and habitat for Hawaii's rare wildlife.

The primary goals of this Program are: watershed protection, conservation, development of forest products, high-value timber plantations, threatened and endangered species recovery, environmental education, restoration of formerly fallow and/or degraded agricultural lands, and establishment of agroforestry systems.

PROGRAM ACTIVITIES

From 1990 to present, approximately \$3,252,753 in state funds has been distributed to 35 landowners conducting stewardship activities from a minimum of 10 yrs up to 33 years. These funds have also contributed to the completion of forest management plans on 19,815 acres. These state funds have leveraged \$3,582,492 in private funds and over \$1,500,000 in United States Department of Agriculture (USDA) Forest Service funds for the development of long-term, comprehensive management plans and establishment of stewardship practices across Hawaii. Twenty-five of these projects are in the post 10-year maintenance phase, two projects were terminated, six are actively enrolled in the cost-share program, and four have used this Program to develop management plans. Three of these four projects have used their approved

Forest Stewardship management plan to access financial assistance from other USDA programs; an option that recently became available to landowners in Hawaii through a Joint Forestry Memorandum of Understanding signed between the Department and USDA. The Program continues to remain important to landowners interested in providing sound management for their forest resources, and the Department is actively working with 19 additional projects interested in developing forest stewardship management plans. Due to this Program being used as a catalyst to seek funding from multiple sources, the state dollars expended has been leveraged further to reduce the total program cost from previous years. This has resulted in less state funds being spent with the same public benefits realized. The majority of landowners who enroll would not have been able to pursue their innovative and sustainable land-use objectives without the technical and financial assistance made available through this Program. With more attention on the preservation of water resources and local initiatives to be more self-sustainable, all of which can be achieved through forest management, the Program continues to have a sedately growing interest from landowners. In this fiscal year, Program staff have 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.

The Program leverages multiple sources of federal funding from USDA's Forest Service, Natural Resources Conservation Service, and Farm Service Agency that rely on the Department, as the experts in forest management, to provide technical assistance to forest landowners interested in restoration, conservation or forest product production that all contribute to a variety of public benefits. The Program also supports the development of forest management plans associated with conservation easement acquisitions through the federal Forest Legacy Program by providing oversight and direction for land management activities for conservation purposes.

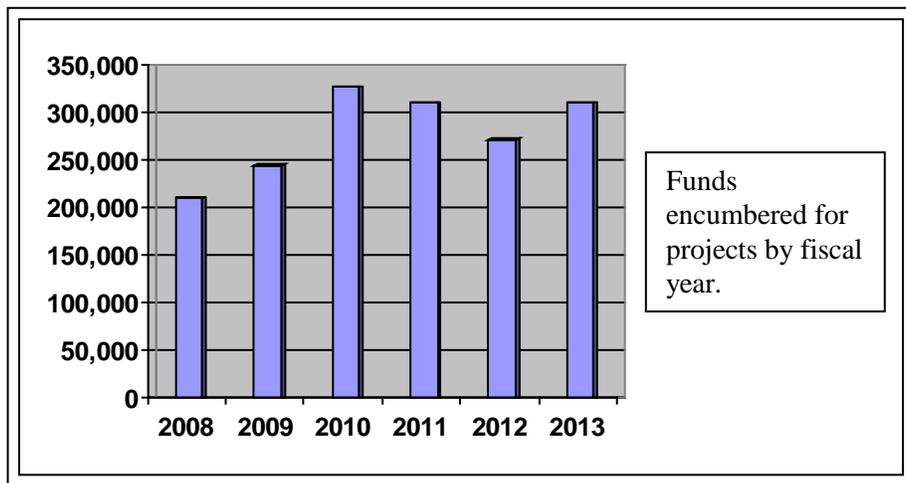


Forest Stewardship Advisory Committee site visit review and technical assistance to the Ola Honua Forest Stewardship Project in Kapahulu, Maui.

The Department continues to identify ways to more effectively address landowner's and the public's 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 State of Hawaii Forest Action Plan (formally called the Statewide Assessment of Forest Conditions and Resources Strategy), completed in June 2010 (<http://hawaii.gov/dlnr/dofaw/SWARS/home>). The completed Forest Action Plan has allowed the State to identify priority areas, resources, threats and issue specific to Hawaii and opens a unique source of funding through the United States Forest Service' Competitive Grant Process.

The Department may provide cost-share support to landowners enrolled in the Program after they have completed a forest stewardship management plan that has been approved by the Forest Stewardship Advisory Committee. Landowners are eligible to 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 agreements or helped develop long-term management plans on Kauai, Oahu, Maui, Lanai, Molokai, and Hawaii.

The following table illustrates state Forest Stewardship Program funds encumbered during Fiscal Year 2012 and the expected Program funding needs for Fiscal Year 2013.



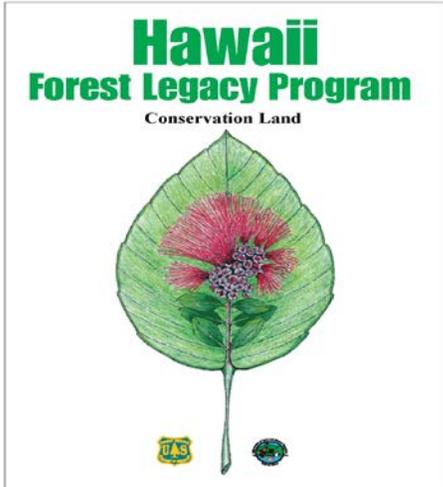
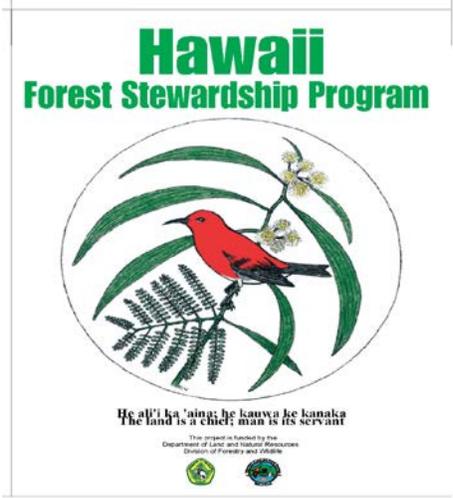
As mentioned above the Committee also oversees the federal Forest Legacy Program (FLP) in Hawaii - www.hawaii.gov/dlnr/dofaw/forestry/hflp. Since 1994, FLP has provided \$11,528,000 to acquire 46,055 acres for conservation purposes. The approximate fair market value of these 46,055 acres is \$51,657,519 with 20,199 acres being conservation easements and 25,856 acres of fee simple title. Currently, there is \$3,500,000 in federal funds available through FLP for two different conservation easement projects, one located on Molokai expected to close early 2013 (see below) and the other on Hawaii Island expected to close in 2014.



A conservation easement on East Molokai; a pristine 614 acres stretching from 500 to over 3,000 ft that provides habitat for Nene, Newell shearwaters and other threatened plants and animals.

PROGRAM DEVELOPMENT/OUTREACH

Both the Forest Stewardship and FLP strive to educate the public with regards to the important environmental, social and economic benefits 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 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. Forest Stewardship and FLP signs are given to landowners who engage in these programs as a way of thanking them for being good land stewards and continuing to encourage them to practice good land management practices. Many landowners are proud of their commitment to land stewardship and their contributions to making Hawaii a strong and healthy place to live.



CONSERVATION RESERVE ENHANCEMENT PROGRAM

As an initiative of the Program to expand the available financial assistance to landowners for restoration of degraded agricultural lands and protection of sensitive habitats, United States Secretary of Agriculture and the State of Hawaii Governor authorized the Hawaii Conservation Reserve Enhancement Program (CREP) on January 15, 2009. 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 and quantity; reducing coral reef degradation and enhancing near shore coastal waters by preventing land base pollution; increasing groundwater recharge through tree canopy capture and filtration; restoring native, threatened and endangered species habitat; and controlling the spread of invasive species through the islands. Participants receive financial assistance from USDA and the State for installing conservation practices on their land. The State's commitment to 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 Section 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.

As of October 1, 2012, the Hawaii CREP is available to landowners throughout the state. To date, a total 12 project agreements have been executed covering over 475 acres. Interest in the Hawaii CREP from landowners and producers has continued to remain high with over 50 different documented statements of interest per year. Unfortunately, the turnaround time from implementing partners remains slower than desired, but USDA and the Department have been exploring possibility of dedicated conservation planners to help with the workload. Additionally, with the Joint Forestry Memorandum of Understanding in place, forest stewardship management plans can be used to establish the appropriate management practices for participates in the Hawaii CREP; thus improving the delay for interested landowners. Forest stewardship management plans have also been providing cost-share support under the Hawaii CREP over this fiscal year, which illustrates the partnership & collaborative efforts being established.

RECOMMENDED CHANGES

Program Administration:

1. The Department and Forest Stewardship Advisory Committee are currently updating the Program Handbook that details the allowed management practices and provides guidance to interested landowners. The Department is looking to provide a consistent technical language to landowners through similar practice names and implementation descriptions with other USDA programs. This will allow landowners to more easily read and use their management plans through multiple programs.
2. Hawaii Administrative Rules Title 13-109-8(c)(3), for the Program was last reviewed and updated in 1998. With the new relationship with USDA programs, as well as a number of existing rules that have made procurement through the program challenging, a review and potential revision is needed. For instance, 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. An updated rule is needed to allow state funded programs to utilize federal funds as a match when practices have similar goals and where costs may limit the landowners ability to provide the appropriate management.

3. 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, especially in unproductive agricultural areas.