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GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
WILLIAM J. AILA, JR.
Chairperson**

**Before the House Committee on
ENERGY & ENVIRONMENTAL PROTECTION**

**Thursday, February 7, 2013
9:00AM
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 378
RELATING TO BEACH NOURISHMENT**

House Bill 378 proposes to appropriate state matching funds from the Beach Restoration Special Fund (BRSF) to be matched dollar-for-dollar with private funds to share the cost of producing the Environmental Impact Statement (EIS) for a beach nourishment project proposed for Ka'anapali Beach on the island of Maui. **While the Department of Land and Natural Resources (Department) appreciates the actions of the Legislature and the Ka'anapali Operations Associations (KOA) to re-nourish sand at Ka'anapali Beach, the Department nonetheless has concerns with this measure in its current form.**

As a matter of background, the BRSF was established in 1999. The first major expenditure from the BRSF was \$1,500,000 to support the construction of the recently completed Waikiki Beach Maintenance project. Funds for Waikiki Beach maintenance were also provided by the Hawaii Tourism Authority and Kyoya. It appears that House Bill 378 proposes a similar scenario for Ka'anapali Beach.

The Department does not have sufficient funds at this time in the BRSF to fully fund this measure and also manage the project and perform other critical functions around the State. The current balance in the BRSF is less than \$600,000. If \$400,000 is used for Ka'anapali Beach, this will leave the Department with a balance of only \$200,000, which is already programmed to support the Department's Coastal Lands Specialist for two years. The Coastal Lands Specialist is responsible for the oversight and implementation of beach restoration/sand maintenance projects around the State, in addition to providing technical assistance to agencies, organizations and the general public on all aspects of shoreline erosion mitigation. While the Department could conceivably receive some new revenue over the next couple of years to keep the position

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

and its functions operational, the Department is concerned that this measure over extends our abilities to sustain the Coastal Lands Specialist over a long period of time, and all the services that the position provides throughout the islands.

The primary source of revenue for the BRSF has been the collection of monies for shoreline easements issued to coastal landowners that have long standing encroachments on state land. However, because of the downturn in the real estate market and the unpredictable number of easements from one year to the next, revenues have decreased substantially. Revenues for Fiscal Year 2013 are around \$200,000, and the Department is projecting a flat or even downward trend for a few years due to the sluggish housing market. The Department therefore needs to maintain a positive balance in the fund to continue providing the varied coastal services within its Office of Conservation and Coastal Lands via the Coastal Lands Specialist.

Another issue is that House Bill 378 seems to place the Department in charge of the Beach Restoration project and appears to place the onus of the public funded portion of the project totally on the Department and the BRSF, without assistance from the Hawaii Tourism Authority. While the Department is not opposed to the idea of "Project Management," and co-funding, the Department is surprised to see the matter put forth in this way, as the Department has had little substantive discussion with KOA on the matter. In addition, the Department feels that \$800,000 is too high a figure for planning, permitting and environmental documents, when Waikiki achieved the same with only \$500,000.

In closing, the Department supports, in concept, efforts to conduct beach restoration at Ka'anapali Beach. However, the Department would like more time to work directly with the stakeholders to figure our management responsibility and funding realities. As such, the Department respectfully asks this committee to table this measure.



Hawai'i Convention Center
1801 Kalākāua Avenue, Honolulu, Hawai'i 96815
kelepona tel 808 973 2255
kelepa'i fax 808 973 2253
kahua pa'a web hawaii-tourism-authority.org

Neil Abercrombie
Governor

Mike McCartney
President and Chief Executive Officer

**Testimony of
Mike McCartney
President and Chief Executive Officer
Hawai'i Tourism Authority
on
H.B. 378
Relating to Beach Nourishment**

House Committee on Energy & Environmental Protection
Thursday, February 7, 2013
9:00 a.m.
Conference Room 325

The Hawai'i Tourism Authority (HTA) supports H.B. 378, which provides for matching funds for an environmental impact statement (EIS) associated with a planned beach nourishment project at Kaanapali Beach on the island of Maui.

The Kaanapali Operations Association is ready to provide \$400,000 in matching funds for the preparation of the EIS for this beach restoration project. H.B. 378 makes an appropriation from the Beach Restoration Fund, which was established for the "planning, designing, development, or implementation of beach restoration projects."

While the HTA believes that addressing beaches is an important issue for both visitors and the community, the responsibility for beach lands lies with the State Department of Land and Natural Resources (DLNR). The HTA law does provide that \$1,000,000 be provided ... "to support the efforts of other state and county departments or agencies to manage, improve, and protect Hawai'i's natural environment and areas frequented by visitors." Given HTA's current allotment, it is not feasible for HTA to allocate any additional funds above the existing \$1,000,000. Of the \$350 million that the HTA estimates the TAT will generate, \$153 million will go to the general fund. The EIS for the Kā'anapali Beach restoration project should be funded through the general fund and a federal beach nourishment fund.

Thank you for the opportunity to comment on H.B. 1339.

Testimony to The House of Representatives
The Twenty-Seventh Legislature
Regular Session of 2013
Committee on Energy and Environmental Protection
Representative Chris Lee, Chair
Room 325 9AM February 7, 2013

Aloha, Chairman Lee and members of the Committee on Energy and Environmental Protection:

My name is Wayne N. Hedani and I am testifying as President and General Manager of Kaanapali Operations Association, Inc. or KOA for short. KOA is an association of 5000 units of the hotels, condominiums, commercial and recreational properties comprising the Kaanapali Beach Resort on Maui.

KOA is prepared to provide funding for 50% of the \$800K cost of preparation of the EIS for Beach Restoration at Kaanapali Beach. We would like to partner with the State of Hawaii to work on this project which will help to maintain and restore Kaanapali Beach for visitors and residents alike into the future. We have since 2006, undertaken studies in conjunction with the HTA grant program to explore and define the sand sources offshore of Kaanapali for potential use in beach nourishment and restoration. We have identified two sand source areas offshore which are suitable in quality and quantity for this use comprising roughly 900,000 cubic yards of beach quality sand.

We would like to initiate an EIS for moving approximately 75,000 cubic yards of this sand to the beach to restore it to its previous position in 1988, widening the beach by approximately 35 feet in the area fronting the Hyatt and Marriott hotels. We would also like to supplement the beach berm for the balance of the beach north to Black Rock and south to Hanakao Beach Park.

Hawaii is world renowned for its beaches. Hawaii's beaches are naturally beautiful, provide recreational opportunities for visitors and residents alike, and provides storm wave protection for inland resources and structures. Beaches are a key amenity to Hawaii's and specifically Maui's and Kaanapali's visitor economy. Visitors to Kaanapali contribute over \$2.0B to the State and Maui economies.

Hawaii's beaches are currently threatened with erosion. Since the 1940's Hawaii has lost nearly 13 miles of beaches, a public trust resource. 70% of the beaches in Kauai, Oahu and Maui are eroding. 85% of the beaches in Maui are eroding.

Kaanapali Beach is experiencing chronic and episodic severe erosion that has degraded parts of the beach and damaged shoreline infrastructure and amenities. Severe wave events in 1998, 2003 and 2007 caused extensive beach loss and damaged the beach walkway. Since 1988, more than 35 feet of beach loss has occurred south of Hanakao Point. This is the area between the Marriott and Hyatt hotels.

Projected sea level rise of up to 1 meter or more is anticipated over the next century and will accelerate beach loss and shoreline erosion.

Beach Nourishment involves placing quantities of sand on a beach to maintain, restore or widen the beach. It is promoted by the State and County as an alternative means of erosion control to hard shore protection structures such as revetments and seawalls.

Since 2006, KOA has been proactively working to mitigate beach loss problems. KOA has completed sand resource surveys and located suitable deposits for restoring the beach. KOA would like to conduct beach nourishment at Kaanapali to restore the beach to previous conditions and mitigate future impacts to the beach and shoreline erosion.

Restoring Kaanapali Beach through beach nourishment would involve dredging 75,000 cubic yards of sand from previously identified deposits offshore and delivering and placing this sand on the beach. 50,000 cubic yards would be used to widen the beach south of Hanakao Point, including Hanakao Beach Park, approximately 35 feet to restore it to its 1988 position. 25,000 cubic yards would be used to enhance the dry beach berm along the rest of Kaanapali Beach to mitigate future erosion events.

The project will require design, preparation of an EIS, acquisition of State, Federal and County permits and construction. Design, environmental and permit costs are estimated at \$800K over a two year time frame. KOA commits to provide \$400K and seeks matching State funding in 2013-14. Construction costs are estimated to be \$6.8M. KOA commits to fund one half of the construction cost and seeks matching State funding in 2015-2016. Currently, KOA has approximately \$1.6 million in capital reserve funds. This fund is increased by \$500-600K annually, and can be further supplemented by assessments.

Thank you for the opportunity to provide testimony before your committee. I am available to answer any questions and have also asked Marc Ericksen, Vice President of Sea Engineering, Inc. to also be here in the event you have questions for him. Sea Engineering, Inc. has worked with us since 2006 on this proposed project.

Mahalo and Aloha,
Wayne N. Hedani
President and General Manager
Kaanapali Operations Association, Inc.



Maui Hotel & Lodging
ASSOCIATION

Testimony of
Lisa H. Paulson
Executive Director
Maui Hotel & Lodging Association
on
HB378
Relating to Kaanapali Beach Restoration

COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Thursday, February 7, 2013, 9:00am

Room 325

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 140 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA’s membership employs over 10,000 local residents.

MHLA supports HB378 which appropriates funds for the environmental impact statement associated with the planned beach nourishment project at Kaanapali beach on the island of Maui; provided that no funds shall be expended unless matched dollar-for-dollar with private funds.

Kaanapali Operations Association (KOA) is prepared to provide funding for 50% of the \$800,000 cost of preparation of the EIS for Beach Restoration at Kaanapali Beach. They will initiate an EIS for moving approximately 75,000 cubic yards of sand to the beach to restore it to its previous position in 1988, widening the beach by approximately 35 feet in the area fronting the Hyatt and Marriott hotels. They will also supplement the beach berm for the balance of the beach north to Black Rock and south to Hanakaoo Beach Park.

Hawaii is world renowned for its beaches. Hawaii’s beaches are naturally beautiful, provide recreational opportunities for visitors and residents alike, and provide storm wave protection for inland resources and structures. Beaches are a key amenity to Hawaii and specifically Maui’s and Kaanapali’s visitor economy. Visitors to Kaanapali contribute over 2 billion to the State and Maui economies.

The passing of this Bill will allow KOA to begin the crucial first steps of the EIS process, design and permitting so that they can move forward with the actual construction.

We urge you to support HB378.

Thank you for the opportunity to testify.

C L A S S I C R E S O R T S

Testimony to The House of Representatives
Of Mr. Jeff Halpin, President of Classic Resorts
Supporting House Bill 378 Relating to Beach Nourishment
The Twenty-Seventh Legislature
Regular Session of 2013
Committee on Energy and Environmental Protection
Representative Chris Lee, Chair
Room 325 9AM February 7, 2013

Aloha, Chairman Chris Lee & Members of
The House Committee on Energy and Environmental Protection:

My name is Jeff Halpin and I am providing testimony as President of Classic Resorts which manages the Kaanapali Alii at Kaanapali Beach, a condominium of 264 units. I am also Chairman of the Board of Directors of Kaanapali Operations Association, Inc. and we are supportive of House Bill 378 Relating to Beach Nourishment at Kaanapali Beach. I am currently on the mainland and unable to attend today's meeting in person.

Beaches are a key amenity to Hawaii's and specifically Maui's and Kaanapali's visitor economy. Visitors to The Kaanapali Beach Resort contribute over \$2.0B to the State and Maui economies. It is important that we protect and nurture the beach at Kaanapali for the benefit of our visitors and residents alike.

Kaanapali Beach is experiencing chronic and episodic severe erosion that has degraded parts of the beach and damaged shoreline infrastructure and amenities. Severe wave events in 1998, 2003 and 2007 caused extensive beach loss and damaged the beach walkway. Since 1988, more than 35 feet of beach loss has occurred south of Hanakao Point. This is the area between the Marriott and Hyatt hotels.

The Kaanapali Alii is located at Hanakao Point next to the Marriott and has been directly affected by severe erosion events described above. We have spent several hundreds of thousands of dollars reacting to these erosion events as best as we can. We would like to participate as a member of Kaanapali Operations Association, Inc. (KOA) in a proactive solution to help address this serious situation. Beach nourishment and restoration we believe will provide a buffer for severe erosion events and help to prevent and ameliorate the effects of beach erosion. Erosion events along the beach has caused landscaping losses at Kaanapali Alii and increased turbidity in the water from eroded topsoil and sediments. Beach nourishment and restoration we believe will

help to prevent this erosion in the future by providing a protective buffer between the sea and shoreline infrastructure. It will help to increase the inventory of sand available along the beaches which assists natural shoreline processes and helps to protect inland resources.

Since 2006, KOA has been proactively working to mitigate beach loss problems. KOA has completed sand resource surveys and located suitable deposits offshore for restoring the beach. KOA would like to conduct beach nourishment at Kaanapali similar to the restoration undertaken recently at Waikiki, to restore the beach to previous conditions and mitigate future impacts to the beach and shoreline erosion.

We have committed through KOA, to meeting one half of the expenses involved in this project. This will entail work to design, prepare and secure all permits necessary for work to begin. An EIS will be involved and we are prepared through KOA to fund up to \$400,000 of the estimated \$800,000 cost of this work.

We are also through KOA, committed to funding up to one half of the future costs of construction currently estimated at \$6.8M once the required permits are secured in several years. We are currently accruing funds to accomplish this.

Thank you for the opportunity to provide testimony before your committee. I apologize for not being present in person and have asked Wayne Hedani, President of KOA and Marc Ericksen, Vice President of Sea Engineering, Inc. to be present in the event you have questions. Sea Engineering, Inc. has worked with us since 2006 on this proposed project.

Mahalo and Aloha,



Jeff Halpin

President

Classic Resorts, Inc.