



United States Department of the Interior

NATIONAL PARK SERVICE
1849 C Street, N.W.
Washington, DC 20240

H36(2256)

JUN 27 2013

Mr. William Aila, Chairperson
State of Hawaii
Department of Land and Natural Resources
Post Office Box 621
Honolulu, Hawaii 96809

Dear Mr. Aila:

The National Park Service (NPS) has determined that the Hawaii State Historic Preservation Division (SHPD) will continue to be designated a “high risk grantee.” This action is not taken lightly and comes only after significant NPS investment of time and talent to oversee and assist SHPD in meeting the original Corrective Action Plan (CAP) established in March 2010 following the initial designation of SHPD as a high risk grantee. Our report related to the final technical review of SHPD upon the close of the original CAP period, extended through April 2013, is attached and is the basis for making this determination.

As you are aware, the National Historic Preservation Act (NHPA) authorizes the NPS to award annual grants to help States carry out preservation responsibilities delegated to them by law. The NPS is required to conduct periodic audits to ensure that these responsibilities are being met. Our initial audit in 2009, initiated after NPS received numerous complaints about SHPD performance, showed that Hawaii had significant operational problems in several mandated activities, including Survey and Inventory, Review and Compliance, National Register of Historic Places, Certified Local Government administration and Historic Preservation Planning. These findings led to the original high risk grantee status designation and establishment of a CAP to correct these deficiencies.

The NPS audit conducted in April 2013 to review the progress made by SHPD in meeting the CAP requirements found that, although some improvement has been made, serious problems remain in the areas of Survey and Inventory, Review and Compliance, National Register of Historic Places, Certified Local Government administration and general program administration. We have identified additional corrective actions to address these remaining problems and established a 1-year timeline for implementation. At the end of one year, the NPS will again review the operations of SHPD. If all corrective actions have been implemented satisfactorily, Hawaii SHPD will be removed from high risk status. Failure to meet the new milestones will result in the suspension or direction by NPS of all or part of Hawaii’s annual grant.

As you know, the NPS established a liaison in the Pacific West Regional Office in Honolulu to oversee the corrective action plan, in addition to providing technical assistance for several program areas. This oversight will extend to all Federally-mandated activities in a revised capacity as outlined in the second CAP. The SHPD must begin to assume full responsibility for its activities and demonstrate the capacity to carry out the Federally-mandated functions of a State Historic Preservation Office (SHPO).

The NPS remains committed to helping SHPD meet its obligations under the NHPA, and we continue to believe that the loss of grant funds and removal of Hawaii's approved program status would negatively impact the economy of the State and have far reaching consequences. Without an approved State Historic Preservation Program the effects articulated in 2010 remain relevant:

- Matching grant agreements between the NPS and Hawaii in excess of \$1.1 million would be jeopardized;
- Uncertainty in how government agencies operating in Hawaii comply with Federal and State laws could cause serious delays in economic stimulus and other Federally-funded construction projects;
- Federal assistance provided through the SHPD would be restricted or unavailable to the citizens and property owners of Hawaii;
- Delays would occur in properties nominated to the National Register of Historic Places, which would adversely affect their eligibility for Federal and State historic preservation tax incentives, and/or for historic preservation grant programs;
- These impacts could result in irreparable harm to local, National and internationally significant historic properties of importance to the people of Hawaii and the Nation.

Hampton Tucker, Chief, State, Tribal and Local Plans and Grants Program, is available to discuss the details of this report with you; he can be contacted at Hampton_Tucker@nps.gov. In addition, Regional office staff, including Melia Lane-Kamahele, who has provided an extraordinary level of support and oversight to SHPD as part of the CAP, and Cari Kreshak, David Louter and Deidre McCarthy will be available on a limited basis to answer questions and review CAP2 submissions.

We would like to commend the hard work of SHPD program staff members who have made strides in meeting the CAP requirements and express our hope that they will continue to be supported. We also wish to acknowledge the support and assistance that the NPS received from Department of Land and Natural Resources staff, as well as other State and local partners, in executing the first CAP, and sincerely hope that SHPD will continue to receive assistance from

these critical parties under the second CAP. We look forward to continuing to work with you to improve the effectiveness of SHPD as a fully performing SHPO.

Sincerely,

Handwritten signature of Stephanie Toothman in black ink.

Stephanie Toothman, Ph.D.
Associate Director, Cultural Resources, Partnerships,
and Science

Enclosures

1. CAP-1 Final Report and Recommendations
2. CAP-2 Report

cc: Honorable Neil Abercrombie, Governor
Alan Yamamoto, State Director, (Senator Hirono)
Dale Hahn, Senior Policy Advisor, (Senator Schatz)
Amy Asselbaye, Chief of Staff, (Representative Gabbard)
Wintehn Park, Esq., Legal Counsel, (Representative Hanabusa)
Esther Kia'aina, First Deputy, State of Hawaii, Department of Land and Natural Resources
Pua Aiu, Administrator, State Historic Preservation Division