

DLNR TAKES PUBLIC TRUST RESPONSIBILITIES SERIOUSLY

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The Hawai'i Department of Land and Natural Resources holds a great responsibility in overseeing the public trust: to manage natural and cultural resources *mauka* to *makai* for protection and balanced use, and to manage DLNR-held commercial lands for the ceded lands trust. DLNR is proud of its work to uphold these public trusts.

Notwithstanding the headlines of the Star-Advertiser's recent series by Rob Perez on DLNR land management, his articles demonstrate that DLNR has in fact taken strong actions in support of this public trust. With limited resources, many conflicting opinions, and complex public fairness processes, DLNR must prioritize actions.

A complete list of Mr. Perez's questions and our responses are posted here:

<http://dlnr.hawaii.gov/newsroom/faqs/public-trust-responsibilities/>

We summarize below.

Pohakuloa: This lawsuit does not even allege a breach of the Army's long-term lease. DLNR oversees the large lease area collaboratively. We believe the court-directed management plan oversteps separation of governmental powers and creates an unfunded mandate. The State has appealed.

Waimanalo: The Land Board approved a settlement with the tenant negotiated by Land Division staff and the Attorney General that requires the payment of all back rent, interest and penalties.

Sand Island: On a yearly basis, this single lease generates rental income equivalent to approximately 6 percent of the department's annual operating budget. Any potential risk to the State in deferring the infrastructure dedication is minimal when balanced against preserving the long-term viability and success of the lease.

Mill Town: Multiple attempts to auction the property have been made. DLNR has retained a real estate consultant to advise on potential revisions to the public auction requirements in order to secure a tenant.

Kanoiehua Industrial Area: There is no credible evidence that supports potential demand for the properties at a higher rent if they became available upon the expiration of leases. Extending the leases was a reasonable option authorized by statute rather than forgoing all revenue in the event of long-term vacancy.

Rents: We must charge appraised fair market rent and follow the law. Extending leases by statute is not "forfeiting" rent. Neither can setting public auction prices at market rent be "excessive" or "ridiculous". The "forfeited rent" amounts suggested by the article are not supported by an independent appraisal, as required by statute.

Honokohau boat shelters: Small boat harbor management was moved from the Department of Transportation to DLNR in 1991. DOT built Honokohau in the 1970's, installing piers but no sun shelters, so the boaters installed them at their own cost. They've been there since.

Revocable permits: The vast majority of revocable permits have very little revenue potential. DLNR has updated all rents. Neither the Revocable Permit Task Force nor the Board of Land and Natural Resources determined that any revocable permits were mismanaged.

Office of Hawaiian Affairs: Revocable permit rents have no impact on revenues paid to OHA. By legislative mandate, OHA is paid \$15.1 million annually from ceded land revenue. The department has consistently met that obligation, going so far as to cover the share of other agencies whose revenues were short.

It is important to note that DLNR special funds, including the Special Land and Development Fund, are subject to spending ceiling limitations regardless of fund balances. For example, in fiscal years 2017 and 2018, due to the effective management of public lands, the Special Land and Development Fund has collected revenues of approximately \$15,847,414 and \$20,655,377 respectively. However, due to the expenditure ceiling, approximately only \$8,149,738 and \$9,606,981 of these commercial revenues could be expended by DLNR in those years.

DLNR is immensely proud of its recent land accomplishments, including the Turtle Bay Resort conservation project, acquisition of the Helemano wilderness recreation area, and the Public Land Trust Information System (<http://pltis.hawaii.gov/>) upgrade for public use.

DLNR is equally proud of the work of its dedicated public servants to establish the countless complex and/or tedious easements, rights of entry, permits and set-asides for important public and private uses such as housing, education and recreation. These core DLNR land management responsibilities -- performed day in and day out -- get no glory, but keep government and society functioning responsibly.