

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Division of Boating and Ocean Recreation
Honolulu, Hawaii 96819

February 24, 2017

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

HAWAII

Delegation to the Chairperson to Enter into an Agreement Between Youth With A Mission (YWAM) Ships to Resolve the Debt of \$149,650.00 Owed to the State for Salvage of the S/V Hawaii Aloha In Lieu of the Case Being Forward to the Attorney General For Collection

Background:

On January 3, 2015, the 74-foot S/V HAWAII ALOHA, #653498, grounded on the reef fronting the Four Seasons Resort in Kailua-Kona, Hawaii. The vessel owners were unable to dislodge the vessel under its own power. The area in which the vessel grounded was inundated with high surf that threatened to cause further damage to the vessel and its contents. The vessel had approximately 500 gallons of diesel onboard that created a significant threat to the public recreation area and marine environment.

On January 5, 2015, the Division of Boating and Ocean Recreation (Division) issued a letter to YWAM Ships advising them that the Division had assumed control over the S/V HAWAII ALOHA and was in the process of taking action to remove the vessel. YWAM Ships was also advised that they were responsible for all associated costs for the salvage of the vessel pursuant to Section 200-47.5, Hawaii Revised Statutes.

Sea Engineering, Inc. was contracted by the Division to remove and dispose of the grounded S/V HAWAII ALOHA. On January 27, 2015, Sea Engineering, Inc. calculated and invoiced the total cost of salvage of the vessel to be \$149,650.00. On March 24, 2015, the Division approved to pay Sea Engineering salvage costs of \$149,650.00.

The Division has reviewed financial statements provided by YWAM Ships and has determined that they do not have the funds available to repay the monies owed in its entirety and that a reasonable alternative to seeking legal action against YWAM Ships should be pursued.

On August 2, 2016, the Division issued a demand for payment letter seeking reimbursement for the costs incurred for the salvage of the vessel. On August 23, 2016, YWAM Ships responded via a written proposal and met with the Hawaii District Manager to discuss their proposal to remedy the outstanding debt owed. On September 27, 2016, the Division countered the proposal to YWAM Ships proposal, and on September 29, 2016, YWAM Ships agreed to the proposed terms. The proposed terms are as follows:

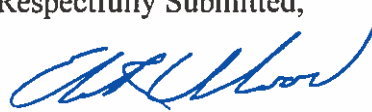
- YWAM Ships is to pay a one-time lump sum payment of \$80,000 and;
- YWAM Ships is to enter into a signed agreement with the Division to provide 3,680 man hours of general services/labor at Hawaii County facilities over the period of one year.

RECOMMENDATION:

That the Board:

1. Delegate to the Chairperson of the Board of Land and Natural Resources to enter into an Agreement between Youth With A Mission (YWAM) Ships to resolve the debt of \$149,650.00 owed to the State for salvage of the S/V HAWAII ALOHA in lieu of a case being forwarded to the Attorney General for collection. The terms of the agreement between the Chairperson and YWAM Ships are as follows:
 - a. YWAM Ships is to pay a one-time lump sum payment of \$80,000 and;
 - b. YWAM Ships is to enter into a signed agreement between the Chairperson of the Board of Land and Natural Resources to provide 3,680 man hours of general services/labor at the Hawaii County facilities over the period of one year.

Respectfully Submitted,



Edward R. Underwood
Administrator

APPROVED FOR SUBMITTAL:



Suzanne D. Case
Chairperson