



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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by

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SB 3062 – RELATING TO TRANSPORTATION

Chair Ige, Vice Chair Kidani and members of the committee:

Thank you for the opportunity to provide testimony on SB 3062. UH strongly opposes this measure, which requires the Department of Transportation and the University of Hawai'i to complete negotiations and execute an agreement to relocate the University of Hawai'i marine center no later than July 1, 2015. The bill specifies that current lease at gratis between the DOT and the UH shall be deemed terminated as a matter of law on that date.

The Snug Harbor facility is a key element of the School of Ocean and Earth Science and Technology of UH. The ships and facility support more than 40 employees (crew and support personnel), and the school's programs based on ocean science research bring in extramural research support (income) of \$100 million dollars annually to the state, which is invested directly in faculty and staff salaries and goods and services. This is a many-fold increase over the state's own funds used to support SOEST.

The UH's ocean research, as enabled by UH's work at Snug Harbor, is important not only to UH but the entire State of Hawai'i. Land was donated to the State of Hawai'i by the Federal Government for the express purpose of constructing the subject facility to support UH-managed ocean research and education. The initial 65-year lease from the State was gratis, and intended to be so in perpetuity.

UH absolutely understands the importance of DOT's harbor modernization plan and the new container facility. UH has cooperated fully in the development of the relocation plan and agreed to it in writing last year. Note that the relocation plan requires UH to vacate the land donated to the State for UH ocean research and education and split our operations into two sites. So this does not involve just the agreement between DOT and UH, which covers one site for large vessels operations, but also DLNR, which must provide a second site for small vessels operations. Thus UH cannot relocate its entire operations without the collaboration of both agencies. We have reached a verbal agreement for use of the second (BLNR) site at no cost, and the BLNR approved in January 2014 a right of entry and approval in principle for a lease for small boat operations on Sand Island.

UH has been actively negotiating in good faith with DOT for the relocation of our large vessel operations. The final construction plans were approved by DOT in early 2013 and

UH fully agreed to the plan last year, for which DOT subsequently has received construction bids. We have been advised by DOT that they are postponing issuing a full Notice to Proceed for the construction until a formal Memorandum of Agreement between DOT and UH is executed. On December 28, 2013 UH provided a revised memorandum of agreement to DOT, and subsequently on January 21, 2014 DOT responded with comments that resurrected previously resolved issues regarding post-2049 lease details. The current lease for Pier 45 is gratis, as agreed when the State received the land from the federal government for no cost to support UH's ocean research and education programs. Similarly, the replacement land offered by DLNR will be at no cost. Language re-inserted by DOT addressing market rates post-2049 is inappropriate and should be deferred to those who will negotiate the new lease at that time. UH is committed to paying for all maintenance, utilities and inspection costs. UH is already requesting \$6 million in General Obligation bonds to support the required costs of relocation that DOT has refused to cover, and asking UH to request additional general funds to support lease costs imposed by DOT serves no real purpose.

UH continues to be committed in finalizing the DOT memorandum of agreement, has met last week with DOT, and is scheduled to meet with DOT again next week to do so.

Therefore, UH strongly opposes this measure, which would unfairly place the burden to complete a complex negotiation on one party only.

Thank you for the opportunity to testify on SB 3062.