



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT
P.O. BOX 621
HONOLULU, HAWAII 96809

**TESTIMONY OF THE CHAIRPERSON
OF THE COMMISSION ON WATER RESOURCE MANAGEMENT
DEPARTMENT OF LAND AND NATURAL RESOURCES**

on Senate Bill 2555 – Relating To Sustainability

**BEFORE THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING**

February 11, 2008

The purpose of Senate Bill 2555 is to establish within the executive branch of state government a new department of planning and sustainability to address issues regarding the long-range planning of the State, to coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the State. While the Department of Land and Natural Resources (Department) recognizes the need for coordinated planning to achieve a sustainable future, the Department nonetheless opposes this measure for the following reasons.

The Department notes that there are ongoing actions that are addressing planning and sustainability on multiple fronts. One example is that the Department of Business, Economic Development, and Tourism is currently developing a comprehensive renewable biofuels framework, pursuant to Act 253, Session Laws of Hawaii, 2007. Additionally, an agreement was signed January 28, 2008 for a partnership between Hawaii and the United States Department of Energy to make Hawaii a world model for a clean energy economy. It is unclear how the establishment of a new department would affect such ongoing initiatives.

Thank you for the opportunity to testify on this measure.

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

WRITTEN TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION & AFFORDABLE HOUSING
February 11, 2008
9:00 A.M.

SENATE BILL NO. 2555
RELATING TO SUSTAINABILITY

Chairperson Kokubun and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2555. The purpose of this bill is to establish a new Department of Planning and Sustainability to address issues regarding the long-range planning of the State, coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the state. The Department of Planning and Sustainability will include, along with other entities, the Agribusiness Development Corporation (ADC). The Hawaii Department of Agriculture (HDOA) recognizes the importance of coordinated planning but opposes the transfer of ADC to the proposed department and believes that other related on-going efforts be allowed to proceed to completion before undertaking a major reorganization of government.

The Department of Business, Economic Development and Tourism (DBEDT) is currently developing a comprehensive renewable biofuels framework, pursuant to Act 253 that was passed by the 2007 legislature. Upon completion, the master plan will include a Hawaii renewable biofuels program to manage the State's transition to energy self-sufficiency based in part on biofuels for power generation and transportation. The components of the plan include establishing strategic partnerships for the research, development, testing, and deployment of renewable biofuels technologies and

production of biomass crops; evaluation of Hawaii's potential to rely on biofuels as a significant renewable energy resource; supporting biofuels demonstration projects, including infrastructure for production, storage, and transportation of biofuels; promoting Hawaii's renewable biofuels resources to potential partners and investors for development in Hawaii as well as for export purposes; and developing a plan or roadmap to implement commercially viable biofuels development. Completion of the plan will identify many of the key issues that need to be addressed and should be the basis for changes in government operations to support energy self-sufficiency and environmental protection.

ADC was created to assist in the transition of plantation agriculture to diversified agriculture and the preservation and conversion of the associated production infrastructure. In recent years, ADC, has acquired and operated the Waiahole Irrigation System, assisted the East Kauai Water Users co-op, managed the Kekaha agricultural lands and infrastructure, initiated the formation of the Kau Water Users co-op, funded a transportation study and built a prototype of a solar water pasteurizer. ADC recently completed a study of the Wahiawa Reservoir and irrigation system to further the discussion of possible acquisition of the irrigation system in support of Oahu North Shore agriculture.

The most efficient placement of ADC is with HDOA. The programs managed by each entity are complementary to each other, particularly in the areas of irrigation systems, marketing, land management, and agricultural research. HDOA provides ADC with administrative support and technical expertise in fiscal and personnel matters and procurement.

HDOA is the only department within the executive departments with a single focus on a single industry-agriculture. To place ADC in a department with multiple interests across multiple industries will cause a dilution of ADC's strengths and result in less government support for agriculture. We strongly urge you to leave ADC with HDOA and to allow it to carry out its intended purpose.



STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
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TESTIMONY OF ALFREDO LEE
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE SENATE COMMITTEE ON
COMMERCE, CONSUMER PROTECTION AND
AFFORDABLE HOUSING

February 11, 2008
9:00 a.m.

SENATE BILL 2555
RELATING TO THE SUSTAINABILITY

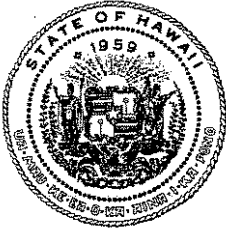
Chairperson Kokubun and Members of the Committee:

The Agribusiness Development Corporation (ADC) agrees with the concepts of the Hawaii 2050 Sustainability Plan, but we oppose Senate Bill 2555 which would place ADC into the proposed Department of Planning and Sustainability, consisting mostly of planners and regulators. We believe this is not a good fit for ADC.

At a recent strategic planning session the ADC board concluded that the best way to use our limited resources is to focus on a few large-scale projects that have significant economic impact. As a result, our success has come from focusing our efforts in handling land and water projects. Our success also comes from synergy and support from the Department of Agriculture (DOA)—from its chairperson to division administrators, program managers and clerical staff.

Although ADC is independent of the DOA, we have worked together very closely and have made good use of a lot of their resources over the years. More specifically, ADC draws expertise from the DOA's planner, engineers, economists, loan officers, land managers, and other specialists working collectively toward the goal of supporting and growing the agricultural industry in Hawaii. Taking ADC out of the DOA, in our view, will actually weaken the limited resources the state has to offer to the agricultural industry, instead of supporting the overall goal of achieving sustainability. We strongly believe that to make agriculture sustainable in Hawaii, it will require the ADC along with the entire DOA and many other stakeholders to facilitate the process.

Thank you for the opportunity to comment on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE
ON
COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING

Monday, February 11, 2008

9:00 a.m.

State Capitol, Conference Room 229

in consideration of

SB2555
RELATING TO SUSTAINABILITY.

Chair Kokubun, Vice Chair Ige, and Members of the Senate Committee.

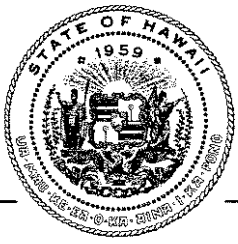
SB2555, Relating to Sustainability, amends Chapter 26 by creating a new section establishing a Department of Planning and Sustainability composed of the following attached agencies: the Agribusiness Development Corporation, the Commission on Water Resource Management, the Renewable Energy Division in DBEDT, the Hawaii Community Development Authority, the Land Use Commission, the Office of Environmental Quality Control, and the Office of Planning. The purpose of the new department would be to address issues regarding long-range planning of the State, to coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the State.

DBEDT understands the concept behind the proposed measure. However, we respectfully cannot support this bill because of the significant resource implications of creating a new department, including staff time and attention and funding that will of necessity be diverted from the programs whose missions are to achieve the objectives sought by the proposed measures. A similar conclusion was reached by DBEDT, the Department of Land and Natural Resources, the Department of Agriculture and the Department of Health when we recently convened a cabinet-level group to study the formation of a department of energy and the environment (subsuming within it the state planning functions).

Rather than a time- and expense-consuming reorganization, this group determined that the responsibility for protection of agriculture, land and natural resources, water and renewable energy – the objectives of the proposed measure – are already within the scope of the existing departments and that better collaboration among agencies is more effective than a structural reorganization.

The department respectfully suggests that the Legislature's goal of sustainability can be accomplished by agencies working together within our existing organizational structure.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR
MARY LOU KOBAYASHI
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Statement of
MARY LOU KOBAYASHI
Planning Program Administrator, Office of Planning
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION,
AND AFFORDABLE HOUSING**
Monday, February 11, 2008
9:00 AM
State Capitol, Conference Room 229

in consideration of
SB 2555
RELATING TO SUSTAINABILITY.

Chair Kokubun, Vice Chair Ige, and Members of the Senate Committee on
Commerce, Consumer Protection, and Affordable Housing.

SB 2555, Relating to Sustainability, amends Chapter 26 by creating a new section establishing a Department of Planning and Sustainability composed of the following attached agencies: the Agribusiness Development Corporation, the Commission on Water Resource Management, the Renewable Energy Division in DBEDT, the Hawaii Community Development Authority, the Land Use Commission, the Office of Environmental Quality Control, and the Office of Planning. The purpose of the new department would be to address issues regarding long-range planning of the State, to coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the State.

The Office of Planning (OP) supports the concept of sustainability. However, we oppose this bill because of the cost implications of creating a new department. Past experience indicates that the planning and implementation of a new department requires additional funds that are not included in this bill or the Supplemental Budget Request.

In addition, OP's mission under Chapter 225M, HRS, is to guide the development of State to meet the physical, economic and social needs of Hawaii's people – the triple bottom line. This is a key concept of sustainability. OP will continue to work toward a sustainable future consistent with its mission.

Therefore, the Legislature's goal of sustainability can be accomplished by working together within our existing organizational structure.

Thank you for the opportunity to testify.

Christine M. Daleiden
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TO THE
SENATE COMMITTEE ON COMMERCE,
CONSUMER PROTECTION & AFFORDABLE HOUSING

THE TWENTY-FOURTH STATE LEGISLATURE
REGULAR SESSION OF 2008

Monday, February 11, 2008
9:00 a.m.

TESTIMONY ON S.B. NO. 2555 - RELATING TO SUSTAINABILITY

THE HONORABLE KOKUBUN, CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Christine Daleiden. I am currently a member of the Board of Directors for the Agribusiness Development Corporation and I would like to submit this testimony in opposition to S.B. 2555. This bill would create a new department in the state under which the Agribusiness Development Corporation (ADC) would be placed. While I agree that one of ADC's responsibilities is to aid in ensuring a sustainable future for this state, I do not feel that moving ADC to a new department is required to do this. At the present time, ADC has a great working relationship with the Department of Agriculture and continuing this relationship is essential to the efficient functioning of this agency. I therefore must respectfully oppose this bill.

Thank you for the opportunity to testify.

Sincerely yours,

Christine M. Daleiden

BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

February 11, 2008

9 a.m.

Room 229

COMMITTEE ON COMMERCE, CONSUMER PROTECTION AND AFFORDABLE HOUSING

The Honorable Senator Russell Kokubun, Chair and Members
Committee on Commerce, Consumer Protection and Affordable Housing
State Senate, Room 229
Honolulu, Hawaii 96813

Dear Chair Kokubun and Members:

Subject: Senate Bill No. SB 2555 Relating to Sustainability

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-Hawaii is opposed to S.B. No. 2555 as presently drafted.

S.B. No. 2555 proposes to establish within the executive branch of state government a new department of planning and sustainability to address issues regarding the long-range planning of the State.

The new department will coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the State the department of planning and sustainability to make broad policy determinations with respect to long-range planning and sustainability issues in the State. The department shall endeavor to gain an understanding of those functions and activities of other governmental agencies and of private agencies that relate to the fields of state planning and sustainability. It shall at all times encourage initiative, creative thinking, and community engagement and perspective in harmony with the objectives of the department.

The department shall have sole jurisdiction over the agribusiness development corporation, commission on water resource management, duties and responsibilities of the energy resources coordinator, Hawaii community development authority, land use commission, office of environmental quality control, and office of planning.

Our understanding of the Sustainability 2050 Plan was that the coordinating entity was to be advisory and not to be viewed as another level of government permitting or approvals.

The proposed bill attempts to consolidate the functions of a number of different agencies whose present roles and responsibilities include planning, implementation and regulatory duties.

If the intent is to "re-engineer" certain government functions around a new mission of

sustainability, then we would recommend that the bill be redirected toward re-engineering all applicable state programs around a defined “sustainable” mission. The process would identify three distinct program groups:

1. Programs whose missions conformed with the new Sustainability mission;
2. Programs that did not conform to the mission but were necessary government functions; and,
3. Programs that are not focused on preserving or protecting “public health and safety” should be eliminated.

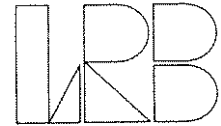
Combining the various agencies listed in the bill without a comprehensive re-engineering of the mission and processes may create more problems.

Thank you for this opportunity to express our views.

Karen J. Nakamura

Ken H. Takayama
Acting Director

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LEGISLATIVE REFERENCE BUREAU
State of Hawaii
State Capitol
Honolulu, Hawaii 96813

Written Testimony Only

SB2555

RELATING TO SUSTAINABILITY

**Presented to the Senate Committee on Commerce,
Consumer Protection, and Affordable Housing
Twenty-fourth State Legislature, Regular Session of 2008
By Ken H. Takayama, Acting Director
Legislative Reference Bureau
Monday, February 11, 2008**

Chair Russell S. Kokubun and Members of the Committee:

Thank you very much for this opportunity to testify on S.B. No. 2555, which establishes a new department of planning and sustainability. The Bureau takes no position on this measure but offers the following comments:

- Sections 13 and 14 of this bill affect the Bureau through our statute revision functions.
- By and large, the relevant provisions are straight forward and we do not anticipate any real problems implementing the requirements of this Act.
- We would, however, request one point of clarification to eliminate ambiguity:
 - (1) In section 2 of the bill, the new section -4 places seven agencies (including the land use commission, among others) within the new department "for administrative purposes";
 - (2) Section 13 of the bill expressly directs the revisor of statutes to substitute the name of the department of planning and sustainability "in all existing statutes where an ... agency... is transferred to the department...".
 - (3) Read literally, the agencies would appear to be subsumed within and made organic components of the department, because present agency names such as the land use commission or the agribusiness development corporation would all be changed to "department of planning and sustainability".

- (4) *Assuming* the intent is to have the administratively attached agencies retain their current names, then we believe that clarification can be provided by making the following amendment:
 - (A) Delete the phrase in section 13 on page 17, lines 19-20 "if such existing statutory language has not been amended by this Act"; and
 - (B) Adding in its place: "as appropriate; provided this section shall not apply to any agency made a part of the department of planning and sustainability for administrative purposes pursuant to section -4 in section 2 of this Act."

- (5) Finally, although sections 18 (deeds, leases, contracts) and 19 (rules, policies, guidelines) of the bill do not affect the revisor of statutes, we note that the same issue appears to apply in both sections, namely, whether the intent of the bill is to substitute the department of planning and sustainability in place of:
 - (A) The transferred agencies being attached for administrative purposes; as opposed to
 - (B) The departments from which those agencies have been transferred.



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Testimony by Castle & Cooke Hawaii

Before the Senate Committee on Commerce, Consumer Protection, and Affordable Housing

February 11, 2008
9 a.m.
Room 229

SB 2555 Relating to Sustainability

Chair Kokubun, Vice Chair Ige and Members of the Committees:

On behalf of Castle & Cooke Hawaii, thank you for allowing me to testify today.

I am Tim Hill, Executive Vice President, Castle & Cooke Lanai Renewable Energy Programs; here to **comment on SB 2555** creating a department of planning and sustainability, including the responsibilities of the energy resources coordinator.

Castle & Cooke is committed to bringing renewable energy to Hawaii. Today, I want to tell you what Castle & Cooke is doing, our record of delivering on our commitments, and why we believe that SB 2555 could be important to our efforts and to the success of the State's renewable energy mandate. **We do, however, believe that this measure needs to provide the energy resources coordinator authority to set inter-agency response deadlines, in order to implement planning and sustainability activities, especially in the area of renewable energy development.** Without binding or express authority over other agencies, the proposed department may not be able to achieve the intended purpose of this measure.

Castle & Cooke Renewable Energy Programs

Castle & Cooke is committed to supporting Hawaii's energy independence by developing alternative energy resources on the island of Lanai while preserving unique environmental, cultural and historic resources found on the island.

In her State of the State address, Governor Lingle challenged all of us to move Hawaii away from oil dependence and to do so “more rapidly than some would like and others believe possible.” We share this view that the time for action is now.

At Castle & Cooke, we have already initiated projects to reduce reliance on fossil fuels and to transform Lanai into a showcase for renewable and green energy.

Our projects include:

- Solar: Awaiting permit approval to create largest solar farm in Hawaii
 - Converts 10 acres of “grade D” ag land to 1.5 MW solar farm
 - Can supply up to 10% of Lanai’s annual electricity needs
- Wind: Examining economic, cultural and environmental feasibility
 - Goal is 300-400 MW wind farm from towers spaced across 10,000 acres in northern Lanai
 - Could supply up to 15% of Oahu’s peak power needs
- Bio-Fuels: Exploring feasibility of growing crops for fuel
 - Test crops of jatropha to be planted as part of solar program
 - Working with UH College of Tropical Agriculture and HARC (with Dole Food Company)

The investments we are prepared to make reflect our commitment to Hawaii:

- Close to \$1 billion for solar and wind energy projects
- The State is pursuing an important agenda for energy independence and other needs while struggling with a potential budget shortfall of \$350 million. Castle & Cooke is committed to renewable energy, and we’re investing more than \$765 million to make it happen in Hawaii.
- Our goal is to make Lanai powered by 100% renewable energy

In opening remarks, House Speaker Calvin Say noted that, “If we could just produce half of Hawaii’s energy, we could add at least \$2 billion to the state’s economy. And the money stays here.” Castle & Cooke’s renewable energy projects are a big step toward that vision.

We foresee additional benefits for the people of Lanai and Hawaii. We believe our projects will help stabilize energy costs and thus stabilize the cost of living in our state. We also believe that they will provide new job opportunities for residents. And we know that they will help us utilize our bountiful natural resources. All of

which means, these projects are instrumental in building a truly sustainable Hawaii.

Senate President Colleen Hanabusa said that when it comes to sustainability, we all play for the same team. Castle & Cooke is a committed part of that team.

Castle & Cooke: Part of Hawaii's Past, Part of Hawaii's Future

Castle & Cooke has been a business leader in Hawaii for 150 years, and we plan to be here for the next 150 years. We like to say that we are "Investing in Hawaii...Creating communities...Delivering dreams."

You may know Castle & Cooke as a leading agriculture and land development company. We're also a diversified firm with the commitment and resources to deliver solutions. Look at our track record:

- Mililani: We promised a diverse, master-planned community for Hawaii families, and we delivered:
 - Home to over 50,000 people in more than 16,000 homes.
 - Mililani is the only Hawaii community to be designated an All-America City.
 - In 2005, *Money* magazine called Mililani one of the best places to live in the United States.
 - Started in 1968, we will complete Mililani in the first quarter of 2008; a 40 year commitment of providing homes for Hawaii Families
- Our total investment is in the order of \$3.85 billion in infrastructure and vertical construction; an average of \$96 million each year for the past 40 years.

We see renewable energy as essential for Hawaii's future, and our commitment to that future comes directly from our owner, Mr. David Murdock, who has committed resources to make it happen. We believe renewable energy projects make the best use of our Lanai lands, and can provide positive results for the future of Hawaii.

Renewable energy is essential to that future. We are prepared to invest close to \$1 billion of our resources in renewable energy. That's our commitment. We will deliver.

Castle & Cooke is commenting on SB 2555 because the legislation establishes the energy resources coordinator in a new planning and sustainability department and hopes that it will foster the type of large scale renewable energy projects this state needs to meet both the State's 20 percent by 2020 mandate, as well as the new Clean Energy Initiative of 70 percent renewable energy by 2030 goal.

Castle & Cooke is uniquely situated to build an unprecedented renewable energy project on Lanai. A 400 mega watt wind farm, as currently planned by Castle & Cooke:

- 1) has the potential to supply more than one million mega watt hours of electricity a year – about 15% of Oahu's annual power needs;
- 2) could offset emissions equivalent to 220,000 cars per year; and
- 3) reduce oil imports to Hawaii by 3 million barrels per year.

Obviously, the advantages to the State of Hawaii are tremendous. Moreover, the potential of this project is magnified because Castle & Cooke owns 98 percent of the island, and has a very motivated owner, who is not asking for any state financial assistance. The combination of these factors is unique and opportune, but we must expedite the process while being good stewards of our resources, environment and culture.

So far, the process of establishing large scale renewable projects in Hawaii has averaged ten years, many of which were bogged down in redundant and time consuming permitting processes. This type of unpredictable and drawn out permitting process is injurious to further investment by private industry into the large scale renewable energy projects Hawaii needs to secure its energy future and meets its renewable goals.

Castle & Cooke is committed to investing over close to \$1 billion to create a wind farm on Lanai that could produce 15 percent of Oahu's electricity needs, and reduce our State's dependency on imported oil. As a developer committed to Hawaii's future, what Castle & Cooke is looking to the Legislature for is some predictability with respect to the government permitting process. **Ten years is too long to be mired in redundant permitting process, which currently does not have explicit timetables.**

On behalf of Castle & Cooke, thank you for the opportunity to comment on SB 2555. Mahalo and thank you for your consideration of our testimony.

If you have any questions, please feel free to contact:

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Hawaii Farm Bureau
F E D E R A T I O N

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February 11, 2008

HEARING BEFORE THE
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND
AFFORDABLE HOUSING

TESTIMONY ON SB 2555
RELATING TO SUSTAINABILITY

Chair Kokubun and Committee Members:

My name is Alan Takemoto, Executive Director, of the Hawaii Farm Bureau Federation (HFBF), which is the largest non-profit general agriculture organization representing approximately 1,600 farm and ranch family members statewide.

The Hawaii Farm Bureau Federation opposes SB 2555, which seeks to create the Department of Planning and Sustainability by combining the Office of Planning, the Commission on Water Resource Management, the Agribusiness Development Corporation (ADC), the Land Use Commission, the Office of Environmental Quality Control, and the Hawaii Community Development Authority.

HFBF specifically opposes the transfer of ADC from the Department of Agriculture (DOA) to the proposed Department of Planning and Sustainability. We continue to believe that ADC should remain administratively attached to DOA. Both agencies should and does work closely together on various projects that directly affect all agricultural business ventures. Shifting ADC to a new department will only dilute the efforts and resources away from the agricultural industry. We believe that ADC and DOA complement each other as agricultural issues and projects are becoming more complex. We should be finding ways to add more resources to both ADC and DOA instead of splitting them apart.

We respectfully ask that you hold this bill in committee.

Thank you.



Hawaii Agriculture Research Center

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LATE

TESTIMONY BEFORE THE SENATE COMMITTEES ON COMMERCE, CONSUMER PROTECTION, AND AFFORDABLE HOUSING

SENATE BILL 2555

RELATING TO SUSTAINABILITY

February 11, 2008

Chairman Kokubun and Members of your Committee:

My name is Stephanie Whalen. I am President and Research Director of the Hawaii Agriculture Research Center (HARC). I am testifying today on behalf of the center, our research and support staff, and our members and clients.

HARC does not support the inclusion of the Agribusiness Development Corporation's transfer in Senate Bill 2555 Relating to Sustainability.

We are extremely concerned that the disruption caused in shuffling functions between agencies far outweighs the benefits especially with respect to agricultural support services. It is not obvious that this will result in any increase in resources which along with a very diverse and complicated industry is really at the basis for the pace of progress in the agricultural area. In addition agriculture struggles in the competition for resources and attention. With the downsizing of our major agricultural crops agriculture is not perceived as a major contributor to our economy. In addition its very wide diversity and small operations puts its advocacy at a distinct disadvantage. Getting its needs across is that much more difficult.

However, what is occurring is partnerships and resource consolidation improving the efficiency of the agricultural support system for the emerging structure of agriculture for Hawaii's future.

HARC believes that establishing better coordination and communication between the agencies would go along way to accomplish what this bill proposes without the disruption that occurs in moving responsibilities from one agency to another or in creating new departments.

The Farm Bureau has developed a strategic plan, similar to the 6 that the state prepared before them. What is needed is implementation of the steps we all know so well but which require resources. All the agricultural support organizations at the federal or state level have been downsized by resource reduction but through internal reorganizing have improved productivity by cross-training, collaboration and partnering with other organizations having different strengths. The Department of Agriculture and the Agribusiness Development corporation have

developed a similar partnership improving the productivity of ADC through the strengths of HDOA. There are many organizations that have evolved that support the diversity that has evolved in agriculture. Partnering among existing support groups is what is becoming more effective than having a single agency attempt to be all things to all groups.

The former agricultural operations because of their size were able to provide for themselves much of the support infrastructure needed: land, water, research, labor, transportation, processing, marketing, etc. This support infrastructure is now needed across crops and businesses. The existing supportive agencies need improve funding levels but targeted to support the increasing diversity and needs of agricultural businesses today. Providing increased funding for existing functions no matter what organization or agency they are in will accomplish the same intent of this proposed measure with much less disruption as well as demanding accountability when those resources are provided.

HARC wishes to acknowledge former actions of this prestigious body in establishing the Agribusiness Development Corporation many many years ago. It was created to facilitate the evolution from a large scale 2 crop agricultural sector to a multi-crop diverse agricultural sector. However, for many reasons early on the ADC was prevented from functioning as intended. Much of the flexibility in its operating structure is hindered and it is grossly underfunded much having to do with the terrible financial situation of the 90s.

It wasn't that many years ago that the agricultural community came to you seeking to keep the ADC passed its sunset date based on the original concept of how long the transition would take. At that particular time the agricultural community saw that ADC was just beginning to have some effect and wanted to maintain it in spite of its limited resources and limited performance. Thank you for agreeing with us then and please hear us once again. As we all know agriculture is still in transition and may be for many many years. There are many things that are needed to occur to facilitate this transition which only now are beginning to happen: land tenure changes, agricultural water certainty, labor availability, synchronized product and market development, financing for agricultural operations, business skill development for agricultural businesses, etc. Many of these major shifts must happen in the private sector and until recently there has been no talk of providing the incentives for those shifts. Now there is that conversation and HARC hopes action taken this year to implement incentives.

I believe it important to recall how difficult the 1990s were. State agencies severely were underfunded and undermanned but the ADC and DOA adapted to the changing environment, worked on effective partnerships where resources are next to non-existent and kept agriculture moving forward. For that we in the agricultural community are thankful. Just as in the private sector institutional cultural changes need to be made. This is far more difficult in the public sector where job descriptions and organizational structures are extremely difficult to modify and which require huge amounts of time and effort. This is the primary reason HARC can not support the portion of this bill that suggests moving ADC into this new Department. Agriculture doesn't have the time for this; it will once again throw the agencies into a bureaucratic chaos, lower morale, divert limited resources to non-productive activities and slow the progress that has been made with the limited resources available.

Much of the legislature's attention in the past few legislative sessions is to incentivize business development. While there has been some incentive provided in the area of renewable fuel sources, not much has progressed in the area of agricultural business incentives. It is the private sector that has to create businesses. The agricultural sector is made up of many businesses. Where are their incentives? They are forced to fit within a community framework that was designed for 2 large scale commodities. There are obstacles everywhere: licenses not leases, leases with escape clauses, water uncertainty, untrained and/or unavailable labor, high transportation costs, lack of agriculturally expertise in agriculture in lending institutions, etc.

Based on the reasons stated above about the need for a business climate to encourage agriculture HARC strongly feels that this effort to shake up the agencies while well intended is very wrongly focused. For agricultural businesses to be sustainable in this state, they first need more reasonable certainty over their most basic inputs: land and water. These are followed closely by access to labor, research for more efficient production methods, for disease and insect control and for product development and transportation and distribution support. And last but not least access to support in market development as the quality and quantity of production is being assured.

We want to express our sincerest appreciation to this body for

- (1) your unfaltering support in providing financial commitment to the irrigation infrastructure, especially through trying economic times,
- (2) the milestone decisions in starting the IAL process which will help to remove the uncertainty in land tenure and provide needed incentives and
- (3) for passing the Legacy Land Act which will allow some lands to be set aside in perpetuity for agricultural production.

While we all share in the frustrations of the slow pace of this transition, we must continue to partner and work tirelessly on implementing the agricultural strategic plan as captured in the Hawaii Farm Bureau's document. The elements contained in it are not new as there were several plans developed and authored by the public agencies over the past 3 decades. The difference is that this is the stakeholders' plan; they developed it; they take ownership for its implementation but need your support; their commitment is unwavering.

Considering the limited resources agriculture is allocated in the overall budget, HARC believes that the outcome of this proposal would not make the best use of those limited resources. **HARC strongly urges you to hold Senate Bill 2555**, focus limited resources and energies on the agricultural community's priorities. If it is your desire to create a new Department, we urge you to exclude the transfer of ADC to it but require the coordination of effort between this new department and the HDOA and ADC as there is where the combined expertise resides.

Thank you for this opportunity to provide comment.



**The Chamber of
Commerce of Hawaii**
Since 1850

**Testimony to the Senate Committee on Commerce, Consumer Protection, and
Affordable Housing
Monday, February 11, 2008 at 9:00 a.m.
Conference Room 229, State Capitol**

RE: SENATE BILL NO. 2555 RELATING TO SUSTAINABILITY

Chair Kokubun, Vice Chair Ige, and Members of the Committee:

My name is Christine Camp, Chair of The Chamber of Commerce of Hawaii, Land Use and Transportation Committee. The Chamber is opposed to SB 2555 as presently drafted.

The Chamber is the largest business organization in Hawaii, representing 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

S.B. No. 2555 proposes to establish within the executive branch of state government a new department of planning and sustainability to address issues regarding the long-range planning of the State.

The new department will coordinate policies and actions relating to state planning and sustainability, and to provide a comprehensive sustainability agenda for the State the department of planning and sustainability to make broad policy determinations with respect to long-range planning and sustainability issues in the State. The department shall endeavor to gain an understanding of those functions and activities of other governmental agencies and of private agencies that relate to the fields of state planning and sustainability. It shall at all times encourage initiative, creative thinking, and community engagement and perspective in harmony with the objectives of the department.

The department shall have sole jurisdiction over the agribusiness development corporation, commission on water resource management, duties and responsibilities of the energy resources coordinator, Hawaii community development authority, land use commission, office of environmental quality control, and office of planning.

Our understanding of the Sustainability 2050 Plan was advisory and not to be viewed as another level of government permitting or approvals.

The proposed bill attempts to consolidate the functions of a number of different agencies whose present roles and responsibilities include planning, implementation and regulatory duties.

If the intent is to "re-engineer" certain government functions around a new mission of sustainability, then we would recommend that the bill be redirected toward re-engineering all applicable state programs around a defined "sustainable" mission. The process would identify three distinct program groups:

1. Programs whose missions conformed with the new Sustainability mission;
2. Programs that did not conform to the mission but were necessary government functions; and,
3. Programs that are not focused on preserving or protecting "public health and safety" should be eliminated.

Combining the various agencies listed in the bill without a comprehensive re-engineering of the mission and processes may create more problems.

Thank you for this opportunity to express our views.



**East Kauai
Water Users' Cooperative**

4334 Rice Street, Suite 202
Lihue, Kauai Hawaii 96766
Phone: 808-246-6962
Fax: 808-245-3277

TO: Senator Russell S. Kokobun
Chairperson, Committee on Commerce, Consumer Protection, and Affordable Housing

February 7, 2008

RE: **Testimony on SB 2555 – Monday 2/11/08, 9:00am, Room 229**

Chairperson Kokobun and Members of Committee:

My name is Jerry Ornellas. I am the president of the East Kauai Water Users' Cooperative.

The East Kauai Water Users' Cooperative is opposed to SB 2555, which would place the Agribusiness Development Corporation (ADC) into a new Department of Planning and Sustainability.

We believe the long-term agricultural goals to which ADC is committed is better administrated within the Department of Agriculture. ADC currently shares a lot of DOA's resources, and the two agencies have common interests and goals. To attach ADC to the proposed new department would weaken the limited resources the State of Hawaii has to offer to the agricultural industry.

With ADC under DOA, the needs of Hawaii's farmers and ranchers will best be served, while our valuable state-owned agricultural lands will be used to their highest and best purpose.

I respectfully ask that you do not pass this bill.

East Kauai Water Users' Cooperative

Jerry Ornellas, President

testimony

From: Michelle Galimba [mgalimba@kuahiwiranch.com]
Sent: Wednesday, February 06, 2008 8:41 PM
To: testimony
Subject: SB2555,CPH, 2/11/08, 9 am

Committee on Commerce, Consumer Protection & Affordable Housing

Senator Russell S. Kokubun, Chair
Senator David Y. Ige, Vice-chair

RE: SB 2555
Hearing: February 11, 2008, 9 am

February 6, 2008

Chair Kokubun & Vice-Chair Ige:

I would like to express my **strong opposition** to SB2555.

My family and I run a cattle ranch on 10,000 acres in Ka'u. I am also director on the board of the Ka'u Soil and Water Conservation District.

The Agribusiness Development Corporation has been deeply involved over the past two years in helping the farmers and ranchers of Ka'u in moving towards securing agricultural water on a long-term basis. The ADC has shown a strong grasp of the essential services necessary for agricultural production. I feel that this understanding of and connection with agriculture would be weakened by moving the agency out of the Department of Agriculture and appending it to a department whose goals are associated with planning. This move could potentially weaken ADC's ability to offer practical help with agricultural infrastructure projects such as the agricultural water project here in Ka'u. The ADC provides valuable, practical support to Hawaii's agriculture industries. ADC's abilities to provide such support should be strengthened while maintaining its strong connection with agriculture.

Respectfully,

Michelle M. Galimba
PO Box 294
Naalehu HI 96772
cell: (808) 430-4927
fax: (808) 929-7009
mgalimba@kuahiwiranch.com

2/6/2008

testimony

From: Jeffrey McCall [JeffreyMcCall@StarBand.net]
Sent: Thursday, February 07, 2008 4:45 PM
To: testimony
Subject: SB 2555
Attachments: oledata.mso

**McCall Flower Farm, Inc.**

Mail to: P.O. Box 837

Ship to: 96-1029 Center Rd.

Pahala, HI 96777

Phone (808) 928-6456 Toll Free 1-877-554-3300

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FAX COVER SHEET

TO: Senator Russell S. Kokubun and members of Senate Committee on Commerce, Consumer Protection, and Affordable Housing

FROM: Jeffrey McCall, Secretary/Treasurer, Ka'u Agricultural Water Cooperative District

DATE: Thursday, February 07, 2008

RE: Senate Bill 2555 Relating to Sustainability
Hearing February 11, 2008
9:00 am

I am a farmer and small Businessman in the Ka'u area, where we have been farming since 1993. We currently have 15 employees in a rural and economically depressed area.

Farmers and ranchers in the Ka'u district have been forming a cooperative to manage and equitably distribute the agricultural water resources developed by the sugar plantations in years past. ADC and the Department of Agriculture under Chair Sandy Kunimoto have been instrumental in our progress organizing and securing the water sources. While the idea of creating a Department of Planning and Sustainability is a good one, I believe there is a synergy between ADC and DOA that would be lost if ADC were transferred.

I strongly oppose SB 2555 which would transfer ADC to a Department of Planning and Sustainability.