



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

**Testimony to the Senate Committee on Ways and Means
Friday, February 22, 2008 at 9:30 a.m.
Conference Room 211, State Capitol**

RE: SENATE BILL NO. 2555 SD1 RELATING TO SUSTAINABILITY

Chair Baker, Vice Chair Tsutsui, 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 SD1 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 SD 1 proposes to create a department of planning and sustainability by combining the office of planning, commission on water resource management, energy resources coordinator responsibilities, land use commission, office of environmental quality control, and Hawaii community development authority 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

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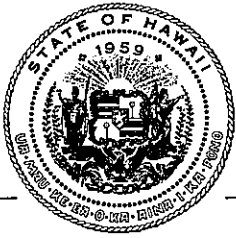
roles and responsibilities include planning, implementation and regulatory duties.

If the intent is to "re-engineer" certain government functions around a new mission of sustainability, then we would recommend that the bill be redirector 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.



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

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
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Statement of
ABBEY SETH MAYER
Interim Director, Office of Planning
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Friday, February 22, 2008
11:00 AM
State Capitol, Conference Room 211

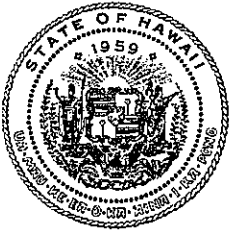
in consideration of
SB 2555, SD 1
RELATING TO SUSTAINABILITY.

Chair Baker, Vice Chair Tsutsui, and Members of the Senate Committee on Ways and Means.

SB 2555, SD 1, 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 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) opposes 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. OP's mission under Chapter 225M, HRS, is to advise policy-makers on the development of the State to meet the physical, economic and social needs of Hawaii's people – the triple bottom line. OP believes the Legislature's goal of sustainability can be accomplished by working together within our existing organizational structure.

Thank you for the opportunity to testify.



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

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE
ON

WAYS AND MEANS
Friday, February 22, 2008
11:00 a.m.

State Capitol, Conference Room 211

in consideration of
SB 2555
RELATING TO SUSTAINABILITY.

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

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.

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 and appropriate than a structural reorganization. Pursuing the creation of an entirely new department will be costly, diverting funding from the State's important priorities as the State enters a period of increasing constraints on resources.

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.



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT
P.O. BOX 621
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**TESTIMONY OF THE CHAIRPERSON
OF THE COMMISSION ON WATER RESOURCE MANAGEMENT
DEPARTMENT OF LAND AND NATURAL RESOURCES**

on Senate Bill 2555, Senate Draft 1 – Relating To Sustainability

**BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

February 22, 2008

The purpose of Senate Bill 2555, Senate Draft 1 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.



HAWAII COMMUNITY
DEVELOPMENT AUTHORITY



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WRITTEN STATEMENT OF

ANTHONY J. H. CHING, EXECUTIVE DIRECTOR
HAWAII COMMUNITY DEVELOPMENT AUTHORITY

BEFORE THE

SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 22, 2008

11:00 A.M.

State Capitol, Conference Room 211

S. B. 2555, S. D. 1 – RELATING TO SUSTAINABILITY.

Purpose: Creates a Department of Planning and Sustainability by combining the Office of Planning, Commission on Water Resource Management, Energy Resources Coordinator responsibilities, Land Use Commission, Office of Environmental Quality Control and Hawaii Community Development Authority (HCDA).

Position: The HCDA defers to the respective other agencies and office named in this proposal and offers the following comments in opposition to the proposal only as it relates to that part of the proposal which calls for the HCDA to be administratively attached to the Department of Planning and Sustainability.

The HCDA is not a statewide program. The HCDA's jurisdiction is currently restricted to the districts of Kakaako and Kalaeloa. While the Legislature may choose to add additional districts to the purview of the HCDA, its focus would be obliged to remain regional and not statewide. This is in contrast to the statewide jurisdiction of the Department of Planning and Sustainability and of the other agencies and office listed in the legislative proposal.

The HCDA is less a planning agency and more of a development agency. While the HCDA pursues smart growth/sustainable development projects, the agency administers zoning and plan rules and is not responsible for promoting statewide land use planning. Given its function as a development and not a planning agency, jurisdiction limited to selected areas of the City & County of Honolulu, it is more appropriate that the HCDA remains attached to the Department of Business, Economic Development & Tourism. In addition, the HCDA could not support the additional resources to create the new department being diverted from the Administration's priority and budget proposal.

Thank you for the opportunity to provide our objections to this legislative proposal.

The Twenty-Fourth Legislature, State of Hawaii
Senate
Committee on Ways and Means

Testimony by
HGEA AFSCME Local 152, AFL-CIO
February 22, 2008

**S.B. 2555 - RELATING TO
SUSTAINABILITY**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the intent of sustainability in Hawaii, but is opposed to S.B. 2555 relating to the establishment of a new department within the executive branch.

Establishing a new department, even one made up of current state agencies and offices, requires a substantial amount of time, effort and planning. Our main concern is the effect this reorganization will have on the employees we represent. The current form of this bill does not provide a method to take employees' concerns into consideration nor does the plan allow for input from the exclusive representatives. While we appreciate the effort in S.B. 2555 to maintain our employees' rights and benefits, we believe this is a premature action at this point.

The HGEA supports the effort of a sustainable future for our state. Rather than creating a new department and disrupting services, we believe the same goals of sustainability can be accomplished with the existing organization.

Thank you for this opportunity to testify in support of S.B. 2555.

Respectfully submitted,

Nora A. Nomura
Deputy Executive Director



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Testimony by Castle & Cooke Hawaii
Before the Senate Committee Ways and Means

February 22, 2008
11 a.m.
Room 211

SB 2555, SD1 Relating to Sustainability

Chair Baker, Vice Chair Tsutsui and Members of the Committee:

On behalf of Castle & Cooke Hawaii, we submit the following testimony.

I am Tim Hill, Executive Vice President, Castle & Cooke Lanai Renewable Energy Programs; **commenting on SB 2555, SD1**, 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, SD1 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 on 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, SD1 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, SD1. Mahalo and thank you for your consideration of our testimony.

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

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