

NEIL ABERCROMBIE
Governor



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

RUSSELL S. KOKUBUN
Chairperson, Board of Agriculture

JAMES J. NAKATANI
Deputy to the Chairperson

TESTIMONY OF RUSSELL S. KOKUBUN
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE
ON
FINANCE

THURSDAY, FEBRUARY 24, 2011
11:30 A.M.
CONFERENCE ROOM 308

HOUSE BILL NO. 868, H.D. 1
RELATING TO AGRICULTURAL DEVELOPMENT

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 868, H.D. 1. The purpose of this bill is to expand the authorized uses of the agricultural development and food security special fund to include improvements and investigative studies of dams and reservoirs and to fund these projects through an appropriation from General Obligation Bonds. The Department supports the intent of this bill.

The addition of language to possibly fund activities for dams and reservoirs from G.O. Bonds spotlights the importance of these structures as they are a critical component in functioning irrigation systems. Access by private interests to matching funds to make necessary improvements may provide the necessary incentive to the owner to rehabilitate the structure instead of abandoning it.

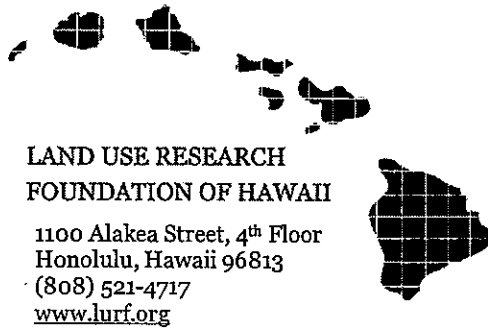
Finally, we would like to note that the proviso in section two of this bill regarding private revenues may inadvertently restrict the State from accessing the fund for its own reservoir improvements as "...no funds shall be made available from the agricultural development and food security special fund under this Act unless private revenues are provided to match the funds...". The department would not be able to provide the necessary matching private



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HOUSE BILL NO. 868, H.D. 1
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revenues which may prohibit its use. We respectfully suggest that the language be changed to apply only to non-State entities.

Thank you for the opportunity to testify on this measure.



LAND USE RESEARCH
FOUNDATION OF HAWAII

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February 24, 2011

Representative Marcus Oshiro, Chair and Representative Marilyn B. Lee, Vice Chair
House Committee on Finance

Support of HB 868, HD 1, Relating to Agricultural Development (Expands authorized uses of the agricultural development and food security special fund to include the improvement and investigative studies of dams and reservoirs.)

Thursday, February 24, 2011 at 9:00 a.m. in CR 211

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide our testimony **in support of HB 868, HD1**, which expands the authorized uses of the agricultural development and food security special fund to apply to **dams and reservoirs**, as well as investigative studies to identify and assess necessary improvements thereto.

HB 868, HD 1. This bill proposes to clarify the present language of Section 141-10(c)(3), Hawaii Revised Statutes (HRS) to include **dams and reservoirs** amongst the "real property, irrigation systems and transportation networks," toward which agricultural development and food security special funds may be expended for purposes of necessary improvements. Language is also being added to the statutory provision to provide that investigative studies to identify and assess said necessary improvements be included as well.

LURF's Position. While HRS Section 141-10(c)(3), by its context, clearly contemplated the inclusion of dams and reservoirs as part of the "real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activity," it would be well to clarify the existing language by expressly adding the terms, "**dams and reservoirs**" as well as accompanying language which would include investigative studies to identify and assess necessary improvements thereto, to the statutory provision for purposes of clarification, and to make the intent of the statute explicitly clear so as to leave no doubt that special fund monies may be expended for such purposes.

LURF members include private property owners and farmers who own, maintain, or utilize dams and reservoirs and consider such resources critical to conduct their agricultural operations and to sustain their businesses. These land owners and farmers believe HB 868, HD 1 will greatly assist with costs which must be incurred for

maintenance and upgrade of dams and reservoirs in order to meet new safety requirements for regulated dams imposed by the State Department of Land and Natural Resources as part of its dam and reservoir safety program, and also for the preservation of these facilities as valuable water resources.

Additionally, to address concerns and potential issues relating to public health, food safety and security, funds for agricultural irrigation water systems should be authorized to include funding for water quality testing and improvements.

LURF is in **support of HB 868, HD 1**, and respectfully urges your favorable consideration.

Thank you for the opportunity to present testimony regarding this matter.



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

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Testimony

RE: HB868HD1 Relating To Agricultural Development

Chair Oshiro and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our commercial farm and ranch families and organizations across the State, strongly supports HB868HD1, expanding the use of the Agriculture Development and Food Security Special Fund using funds obtained through the issuance of General Obligation Bonds.

The Ag Development and Food Security Special Fund was created to accelerate the renovation and development of agricultural infrastructure across the State. Currently we have a situation in which existing infrastructure is at risk. Safety certification requirements that were not on our radar screen at the time of enactment of this fund are now threatening the existence of many agricultural water storage facilities.

Extensive engineering studies followed by corrective actions are placing extreme economic burdens on our farmers and ranchers. They all want to do the right thing. Safety is of utmost concern. At the same time, it is not the intent of the Dam And Reservoir safety law to put farmers and ranchers out of business as they try to comply with the measure. This bill provides a mechanism to leverage private spending with assistance using fund resources. Testimonies will be received by this body from farms and ranches across the State providing unique examples of impacts of this measure.

We respectfully request your assistance in passing this measure to protect our critical agricultural water infrastructure while complying with safety requirements. Thank you for this opportunity to provide our opinion on this important matter. If there are questions, please contact Warren Watanabe, Executive Director of MCFB at 2819718.

**HB 868 HD1
RELATING TO AGRICULTURAL DEVELOPMENT**

**PAUL OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 24, 2011

Chair Marcus Oshiro and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B), Hawaiian Commercial & Sugar Company (a division of A&B) and Kauai Coffee Company (a subsidiary of A&B), on HB 868 HD1, "A BILL FOR AN ACT RELATING TO AGRICULTURAL DEVELOPMENT." We support this bill.

Alexander & Baldwin and its agricultural companies Hawaiian Commercial & Sugar Company (HC&S) and Kauai Coffee Company, have 18 regulated reservoirs on Kauai and 30 on Maui, the majority of which are in active use by HC&S and Kauai Coffee Company. Because these dams and reservoirs are a vital part of our agricultural operations, they are operated, monitored, and maintained on an on-going basis. These facilities enable the storage of water so that HC&S and Kauai Coffee can better weather periods of drought. These facilities also enable us to make optimum use of water resources—by capturing waters during heavy rainfall periods, less has to be used from surface water sources and wells during other times. They are absolutely integral to our ability to continue to keep tens of thousands of acres in agriculture in this state.

We understand that DLNR has overseen the implementation of Phase I investigative studies and inspections for all regulated dams and reservoirs in the State

of Hawaii. As a result of these Phase I investigative studies and inspections, several additional dam and reservoir safety requirements, many with significant cost implications, have been recently levied upon owners of dams and reservoirs. These additional requirements include various geotechnical/stability studies, hydraulic/hydrology studies, upstream control valve studies, spillway improvements, and other miscellaneous construction items.

The additional costs required to meet dam and reservoir safety regulatory requirements may create an undue financial burden for dam and reservoir owners, the majority of whom are farmers or agricultural operations that rely on these facilities for their livelihood. Smaller farmers and agricultural operations who utilize water from dams owned by others may be negatively impacted should the dam owner decide to permanently breach their facilities because of the undue increase in operating and capital expenses prompted by regulatory expenses and requirements of DLNR's dam and reservoir safety program. Owners of multiple dams, will be particularly hard hit.

This bill will broaden the scope of the Agriculture Development and Food Security Special Fund to enable the funds, with a private sector matching requirement, to be used for dam and reservoir safety investigative studies and capital improvements. We believe that this bill will greatly assist dam and reservoir owners as they grapple with financing the significant additional costs to upgrade their dams and reservoirs so that they can meet regulatory requirements. This bill is a cooperative approach to what is really a broader community issue. By providing dam owners with a financial incentive to improve their facilities, the likelihood that more of these facilities will be kept in continued operation, and fewer decommissioned due to the cost of complying with the

new regulations, will be increased. We believe that with the assistance of this fund, dams and reservoirs can continue to serve as a valuable water resource for Hawaii's agricultural industry and its communities.

We would sincerely appreciate your consideration to incorporate an amendment into this bill to clarify that the private matching revenue provision in Section 2 of this bill would only be required for privately owned dams, reservoirs, or irrigation systems. This amendment will enable publicly owned dams, reservoirs, or irrigation systems, which would not be able to provide private matching revenues, to also utilize funds authorized by this bill to upgrade their facilities. We have attached the following amended language for Section 2 of this bill for your consideration:

SECTION 2. The director of finance is authorized to issue general obligation bonds in the sum of \$ _____ or so much thereof as may be necessary, which shall be deposited into the agricultural development and food security special fund and the same sum or so much thereof as may be necessary is appropriated for plans, design, engineering, investigative studies, construction, renovation, repair, maintenance, and equipment for dam, reservoir, or irrigation system improvements; provided that no funds shall be made available from the agricultural development and food security special fund under this Act for privately owned dams, reservoirs, or irrigation systems unless private revenues are provided to match the funds made available from the agricultural development and food security special fund under this Act; provided further that the priority of projects shall be based on the following criteria:

- (1) Dams or reservoirs with a classification of "high hazard", as defined in section 179D-3, Hawaii Revised Statutes; or
- (2) Dams or reservoirs with a high degree of existing or potential dam or reservoir safety improvements [pursuant to Phase I or Phase II investigations].

Thank you for the opportunity to testify.

Via Capitol Website

February 23~~rd~~, 2011

~~House Finance Committee on Agriculture~~
~~House Committee on Water, Land & Ocean Resources~~
Hearing Date: ~~Wednesday~~ **Thursday**, February 24, 2011
Room #308

Testimony in Support of HB 868 HD1-
Relating to Agricultural Development

Honorable Chair Marcus R. Oshiro, Vice-Chair Marilyn B. Lees, Cliff Tsuji and Jerry Chang, and Members of the House Finance Committee on Agriculture and the House Committee on Water, Land & Ocean Resources:

My name is Michael Tresler, and I am the Senior Vice President of Grove Farm Company, Inc. Grove Farm owns approximately 40,000 acres of land on Kauai, making us one of Kauai's largest private landowners. We focus on agricultural, economic, and community development. A vast majority of our lands are leased out for diversified agriculture and ranching.

Grove Farm appreciates this opportunity to testify and is **in strong support** of HB 868 HD 1, which expands the authorized uses of the agricultural development and food security special fund to include the improvement and investigative studies of dams and reservoirs, while also authorizes the Director of Finance to issue general obligation bonds for the special fund.

Grove Farm's Position. We are responsible for numerous reservoirs and irrigation ditch systems on our property which are critical not only to our agricultural needs, but to the neighboring agricultural community as well. In addition to its critical role to support agriculture, our reservoirs and irrigation ditch systems provide a viable source of drinking water. We developed a surface water treatment plant in conjunction with the County of Kauai's Department of Water at the Kapaia Reservoir. It currently provides up to 3,000,000 gallons per day of drinking water and is capable of being expanded to provide several more millions of gallons. The use of surface water is necessary as the water aquifers in the area continue to diminish. In addition, the reservoirs itself hold the surface water and allow it to percolate into the ground and recharge the aquifers.

Many of the reservoirs and irrigation ditch systems have been in operation for over 100 years and require consistent maintenance and upkeep. While we have always made maintenance of our reservoirs a priority, the rising cost to comply with the Dam and Reservoir Safety Act, makes it extremely difficult to continue operating the reservoirs. The financial impact makes decommissioning the reservoirs a real consideration. Any measure to aid the operation of dams and reservoirs is crucial to the continued development of agriculture and sustainable communities.

Grove Farm is in **strong support** to HB 868 HD 1.

Thank you for the opportunity to express our support for this matter.

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