

DAVID Y. IGE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the Senate Committee on  
WAYS AND MEANS**

**Monday, March 28, 2016  
9:15 A.M.  
State Capitol, Conference Room 211**

**In consideration of  
HOUSE BILL 2680, HOUSE DRAFT 2, SENATE DRAFT 1  
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR  
KALOKO RESERVOIR**

House Bill 2680, House Draft 2, Senate Draft 1 proposes to authorize the issuance of special purpose revenue bonds to assist the Mary N. Lucas Estate, owner of the Kaloko Reservoir, to make safety improvements to the facility which would benefit the public's health, safety and general welfare. **The Department of Land and Natural Resources (Department) supports this measure as it would assist the dam owner with an economic means to bring their facilities in compliance with current safety standards and reduce the risk of a dam failure.**

Kaloko Reservoir is an earthen dam constructed in 1890 for the irrigation of sugarcane fields, with a reservoir storage capacity of about 400 million gallons. The dam is owned by multiple owners and was operated by an independent water company, Kilauea Irrigation Company (KICO). On March 14, 2006 after an extended period of heavy rainfall, the dam failed disastrously due to a breach of its embankment. The breach killed seven (7) people, destroyed several homes and critical infrastructure, and devastated the forested area downstream. The facility has not been repaired to date and is under a water storage restriction by the Department to minimize the risk of another failure. This past year, KICO ceased operations due to costs for infrastructure improvements. KICO serviced approximately 20 customers downstream.

The Department has been in contact with a representative of the Mary N. Lucas Estate regarding the potential rehabilitation of the dam and associated irrigation system improvements. The Department concurs that improvements to the facility could bring the structure into compliance with current dam safety standards, which would reduce the risk of another dam failure and restore the facility to provide a water resource that will benefit the surrounding community.

Thank you for the opportunity to testify on this measure.

SUZANNE D. CASE  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

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KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

DAVID Y. IGE  
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WRITTEN ONLY

WESLEY K. MACHIDA  
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DEPARTMENT OF BUDGET AND FINANCE**

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BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON WAYS AND MEANS  
ON  
HOUSE BILL NO. 2680, H.D. 2, S.D. 1**

March 28, 2016  
9:15 A.M.

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR  
KALOKO RESERVOIR**

House Bill No. 2680, H.D. 2, S.D. 1, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) up to \$10,000,000 to provide financing to assist the Mary N. Lucas Estate with the Kaloko reservoir pursuant to Act 147, Session Laws of Hawaii 2012.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [WAM Testimony](#)  
**Cc:** [owen@hawaii.edu](mailto:owen@hawaii.edu)  
**Subject:** Submitted testimony for HB2680 on Mar 28, 2016 09:15AM  
**Date:** Friday, March 25, 2016 8:57:45 PM

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**HB2680**

Submitted on: 3/25/2016

Testimony for WAM on Mar 28, 2016 09:15AM in Conference Room 211

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Owen Miyamoto	American Society of Civil Engineers	Support	No

Comments: The Hawaii Section of the American Society of Civil Engineers supports the measure because it would provide financial assistance to the owner of the dam to make essential repairs and maintenance for the continued use of the dam. ASCE has supported repairs for dams through its Infrastructure Score Card that reports on the condition of dams throughout Hawaii.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)

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March 25, 2016

To: Senate Committee on Ways & Means  
Testimony in support of HB2680

My name is Paul Cassidy Jr. (Ricky), and I am one of the two trustees for the Mary Lucas Trust. I am writing in that capacity to show my support of HB2680, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR KALOKO RESERVOIR. This reservoir is located on the north shore of Kauai, and the appurtenant water system is currently owned by Kilauea Irrigation Company (KICO) and operated by the Mary Lucas Trust.

We note the trust has taken over the responsibility for the maintenance of the dam this year from Kilauea Irrigation Company, as it is in the process of shutting down.

This responsibility entails maintaining the water levels of the dam such that there is both:

- Water available to the users downstream and (Importantly)
- No water run-off or impact to those living downstream

Indeed, of the two, the second, safety, is the more important.

Attached is a printout of the water levels in the dam over the last 5 days, 2 years and 7 years, showing how quickly the water can rise. The trust's agreement with DLNR dam safety department is to keep the level at or below 21 feet. Under extreme rain conditions, like today, we will have to manually dump water out of the system at very remote sites.

Currently, the water system operates at a loss, which is the reason why Kilauea Irrigation Company is shuttering its operations. This occurred in part due to a serious and expensive break in the pipeline serving KICO's users last year (and the utility decided it was not financially prudent to perform those repairs).

Per HB2680, trust's beneficiaries want to repair the dam for safety and restore the system to financial solvency. Without that repair and maintenance, the system will continue to lose money, a condition that the trust by itself cannot sustain.

By way of context for applying for this SPRB, we were encouraged to seek this financing by DLNR, who favors us and other private landowners with legacy dams on their property to maintain and expand them, for the benefit of farming and other water uses.

We had discussions with the parties of interest, and encountered universal support, to date. This includes the Kauai legislative delegation, the regulating authority at the state DLNR, the current owner of the affiliated water utility, KICO, and past users of this resources and potential users.

My hope here is to engage your support for restoring this resource to the farming community.

Thank you for your consideration,

A handwritten signature in black ink, appearing to read "P.R. Cassidy Jr." with a stylized flourish at the end.

Paul R Cassidy Jr.  
TRUSTEE, MARY N. LUCAS ESTATE