

DAVID Y. IGE
GOVERNOR OF
HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

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

ROBERT K. MASUDA
FIRST DEPUTY

M. KALEO MANUEL
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committees on
WATER AND LAND
and
AGRICULTURE AND ENVIRONMENT**

**Friday, March 15, 2019
3:00 P.M.
State Capitol, Conference Room 224**

**In consideration of
HOUSE BILL 594, HOUSE DRAFT 1
RELATING TO AN APPROPRIATION
FOR A KUNIA WELLS IV EXPLORATORY WELL**

House Bill 594, House Draft 1 proposes to appropriate an unspecified amount of general obligation bond funds to the Department of Land and Natural Resources (Department) for the design and construction of a Kunia Wells IV exploratory well to provide additional water supply within the Honolulu Board of Water Supply (BWS) system for growth, including diversified agriculture. In turn, the BWS would pass the benefits of this well by offsetting impact fees for new farmers to support the agriculture industry on Oahu. **The Department supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

The Department's Water and Land Development program (LNR 141) is authorized to coordinate and implement water source and water system projects to support of the overall economy of the State. This project is consistent with LNR 141's objectives. The Department proposes the following changes to House Bill 594, House Draft 1 to clarify and effectuate the intent of this measure:

SECTION 1. The legislature finds that many Oahu farmers depend on discounted water rates from the city and county of

Honolulu board of water supply. The legislature also finds that due to new federal Food Safety Modernization Act rules, farmers will need greater access to potable water for irrigation and crop washing. More stringent water quality standards for water supply used to irrigate food crops may require increased reliance on potable supplies, thereby making existing surface water supplies less usable without treatment. The impact to Hawaii farmers and water suppliers is uncertain.

The legislature finds that funding assistance to provide alternative water sources would offset some of the costs that Oahu farmers would normally pay to start up or expand their capacity for diversified agriculture using water from the board of water supply.

The legislature further finds that the board of water supply adopted a thirty year water master plan that identifies its water system needs and a schedule of capital improvements. Recently, water rates and charges were established to better align revenues with the costs to serve different customer classes. During this water rate study process, the board of water supply engaged a stakeholder advisory group composed of water customers, community leaders, landowners, and developers, as well as agricultural, social, and environmental groups. The stakeholder advisory group recognized the benefits of a viable local agricultural industry on Oahu and

the importance of an affordable supply of potable water for that industry.

The board of water supply's board of directors agreed with the stakeholder advisory group's recommendations and adopted the continuance of the subsidized water rate for agriculture, which is forty per cent lower than the rate for nonresidential ratepayers. New farmers may also incur capacity impact fees, also known as the water system facilities charges. Capacity impact fees are used to recover water system capacity that is allocated for growth. The water rate study found that the capacity impact fee also needs to be raised to meet cost of service requirements. The last time the capacity impact fee was raised was in 1993. This cost increase could have a significant economic impact on new farmers.

The purpose of this Act is to appropriate funds to the department of land and natural resources for the board of water supply to offset the design and construction costs for one of four exploratory water wells for the proposed Kunia wells IV pump station, which will provide additional water supply for growth, including diversified agriculture. The board of water supply is prepared to pass the benefits of [~~these appropriated funds~~] this well to offset the impact fees to farmers to support the agriculture industry on Oahu.

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 and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2019-2020 for the purpose of designing and constructing an exploratory well for the proposed Kunia wells IV pump station, as follows:

1. To be expended by the department of land and natural resources (LNR141):

A. Proposed Kunia wells IV pump station, Oahu.

Design and construction of one exploratory well to meet future potable water requirements for growth, including diversified agriculture.

Design and Construction	\$1,000,000
Total funding	\$1,000,000

The Department notes that the estimated amount of funds required for this effort is \$1,000,000.

Thank you for the opportunity to comment on this measure.

BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU
630 SOUTH BERETANIA STREET
HONOLULU, HI 96843
www.boardofwatersupply.com




March 15, 2019

KIRK CALDWELL, MAYOR

BRYAN P. ANDAYA, Chair
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MAX J. SWORD

ROSS S. SASAMURA, Ex-Officio
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ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.
Deputy Manager and Chief Engineer 

The Honorable Kaiali'i Kahele, Chair
and Members
Committee on Water and Land
Hawaii State Capitol, Room 224
Honolulu, Hawaii 96813

The Honorable Mike Gabbard, Chair
and Members
Committee on Agriculture and Environment
Hawaii State Capitol, Room 224
Honolulu, Hawaii 96813

Dear Chair Kahele, Chair Gabbard and Members:

Subject: House Bill 594, House Draft 1, Relating to an Appropriation for a
Kunia Wells IV Exploratory Well

The Honolulu Board of Water Supply (BWS) supports House Bill (HB) 594, House Draft (HD) 1. This bill provides an appropriation to the Department of Land and Natural Resources for the design and construction of a Kunia Wells IV Exploratory Well to meet future potable water requirements for diversified agriculture.

Due to new federal Food Safety Modernization Act rules, farmers have informed the BWS they will need greater access to irrigation and potable water; the latter is required for crop washing of leafy vegetable crops. In several areas of Oahu, access to the BWS municipal system is the only source of potable irrigation supply.

BWS is prepared to pass the benefits of these appropriated funds to farmers throughout the municipal water system in the form of affordable water system impact fees for new or larger water meters to support the agriculture industry on Oahu.

Thank you for your consideration of our testimony on HB 594, HD 1.

Very truly yours,



ERNEST Y. W. LAU, P.E.
Manager and Chief Engineer



P.O. Box 253, Kunia, Hawai'i 96759
Phone: (808) 848-2074; Fax: (808) 848-1921
e-mail info@hfbf.org; www.hfbf.org

March 15, 2019

HEARING BEFORE THE
SENATE COMMITTEE ON WATER AND LAND
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON HB 594, HD1
RELATING TO AN APPROPRIATION FOR A KUNIA WELLS IV EXPLORATORY WELL

Room 224
3:00 PM

Aloha Chairs Kahele and Gabbard, Vice Chairs Keith-Agaran and Ruderman, and Members of the Committees:

I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural community.

The Hawaii Farm Bureau supports HB 594, HD1, which appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture

Affordable and reliable waters for irrigation is a basic requirement for sustainable agriculture. Across the country, irrigation systems are heavily subsidized. Currently, new infrastructure investments are occurring in the West to ensure water will be available for agriculture. Hawaii's farmers face expenses far beyond that of their continental or foreign counterparts due to input costs, utility costs, and water. There is no doubt that water infrastructure development has lagged the needs of population growth across the State. In addition to new development, repair and maintenance of aging infrastructure also need to be addressed. In addition to those meeting potable water needs, there is an equal need to address irrigation and other water requirements associated with agriculture.

HFB appreciates the support by the legislature in our past efforts to help Hawaii's farmers achieve compliance with the FDA Food Safety and Modernization Act. As the actual rule has been rolled out by FDA the immensity of the task is becoming evident. Basic requirements for water quality are clear. Untreated water that was considered the norm for agriculture may no longer be acceptable in certain cases based on the requirements of the Food Safety Modernization Act or FSMA. Nonpotable systems will require farmers to take additional measures that will increase costs.

Thank you for this opportunity to testify in support of this measure.



March 12, 2019

Senator Kaiali`i Kahele, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Water and Land

Senator Mike Gabbard, Chair
Senator Russell E. Ruderman, Vice Chair
Senate Committee on Agriculture and Environment

Comments in Support of HB 594, HD1 Relating to Kunia Wells IV Pump Station; Exploratory Well (Appropriates funds to the Department of Land and Natural Resources for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.)

Friday, March 15, 2019 at 3:00 p.m. in Conference Room 224

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission 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 express its **support of HB 594, HD1** and of the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including Important Agricultural Lands in Hawaii. This bill articulates the need to provide alternative water sources to offset costs that Oahu farmers are required to pay to start up or expand their capacity for diversified agriculture using water from the City and County of Honolulu Board of Water Supply (BWS).

HB 594, HD1. The purpose of this bill is to appropriate funds to the Department of Land and Natural Resources to assist the BWS to offset the design and construction costs for one of four exploratory water wells for the proposed Kunia wells IV pump station, which will provide additional water supply for growth, including diversified agriculture. The BWS is willing to pass the benefits of the appropriated funds to farmers to support the agriculture industry on Oahu.

LURF's Position. Since large amounts of prime agricultural lands and irrigation systems became available for conversion to diversified agriculture as a result of the plantation closures in the 1990s, the State has had the opportunity to strengthen and expand Hawaii's diversified agriculture industry. Agricultural lands, however, require significant quantities of water to support and maintain productivity.

Many Oahu farmers depend on discounted water rates from the BWS and will likely need greater access to potable water for irrigation and crop washing to comply with new Food Safety Modernization Act rules. It is difficult, however, for the BWS to maintain its agricultural discount which is in effect, a subsidy by BWS' commercial and residential customers. The appropriation proposed in HB 594, HD1 would assist BWS with the cost of locating and developing new water resources and will help relieve the competition for water, thus allowing BWS to maintain lower rates for farmers.

Local farmers and ranchers who rely on water infrastructure systems to service their agricultural lands consider such assistance critical to conduct their agricultural operations and to sustain their businesses. These agricultural stakeholders believe measures such as HB 594, HD1 which involve cooperation and support from the business and economic community will greatly help by providing funding necessary to develop and improve water infrastructure systems for the long-term betterment of the State's agricultural industry, and depend on legislation such as this to allow them to work toward the expansion of diversified agriculture; promote the agricultural self-sufficiency of the State; and to protect water as an important resource.

For the above reasons, LURF **supports HB 594, HD1** and respectfully urges your favorable consideration.

Thank you for the opportunity to provide comments in support of this matter.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

235 S. Beretania Street, Room 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE COMMITTEES ON WATER AND LAND AND AGRICULTURE AND
ENVIRONMENT
Friday, March 15, 2019
3:00 p.m.

HOUSE BILL NO. 594 HD1
RELATING TO AN APPROPRIATION FOR A KUNIA WELLS IV EXPLORATORY WELL

Chairpersons Kahele and Gabbard and Members of the Committees:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC supports House Bill No. 594 HD1, which appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

Available, economical, and clean irrigation water is the lifeblood of commercial agriculture on Oahu. Proper irrigation systems can support uninterrupted agriculture operations by enhancing production and productivity of agriculture land. However, as competition for fresh water increases, new potable water sources must be identified and individual farmers are unable to bear the cost of exploration. The proposed State-funded well is key to long-term planning for agriculture in the Oahu Central Plain.

Thank you for the opportunity to testify, and for your consideration of this bill.

HB-594-HD-1

Submitted on: 3/13/2019 9:43:44 PM

Testimony for WTL on 3/15/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Sandlin	Testifying for Hawaii Cattlemens Council	Support	No

Comments:



HAWAII CROP IMPROVEMENT ASSOCIATION

Board of Directors 2018 - 2020

TESTIMONY FROM BENNETTE MISALUCHA, EXECUTIVE DIRECTOR

President
Joshua Uyehara

In Support of HB594 HD1
Relating to Water Infrastructure and Development

Vice-President
Warren Mayberry

SENATE COMMITTEE ON WATER AND LAND
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
March 15, 2019, 3:00 p.m.
Conference Room 224

Secretary
Dawn Bicoy

Chairs Kahele and Gabbard and members of the committees:

Treasurer
Laurie Yoshida

The Hawaii Crop Improvement Association (HCIA) supports HB594 HD1, which appropriates funds to the Department of Land and Natural Resources for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

Directors-at-Large
Alan Takemoto

Adolf Helm
Leslie Campaniano
Dan Clegg
Joshua Uyehara
Warren Mayberry

Access to potable water for irrigation and crop washing is vital to Hawaii agriculture and given the new federal Food Safety Modernization Act rules, this may become costlier and more difficult for Oahu farmers. The proposed funding assistance to provide alternative water sources would offset some of the costs to farmers to start up or expand their capacity for diversified agriculture using water from the Board of Water Supply.

President Emeritus
Alan Takemoto

Please vote in support of HB594 HD1. Mahalo for your time and consideration.

Executive Director
Bennette Misalucha

Respectfully,

Bennette Misalucha
Executive Director, Hawaii Crop Improvement Association

The Hawaii Crop Improvement Association is a Hawaii-based non-profit organization that promotes modern agriculture to help farmers and communities succeed. Through education, collaboration, and advocacy, we work to ensure a safe and sustainable food supply, support responsible farming practices, and build a healthy economy.



SENATE COMMITTEE ON WATER AND LAND
AND
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Friday, March 15, 2019 – 3:00 PM - Room 224

**RE: HB 594 HD1 – RELATING TO AN APPROPRIATION FOR A
KUNIA WELLS IV EXPLORATORY WELL – IN SUPPORT**

Hawai'i Aquaculture &
Aquaponics Association

Hawai'i Cattlemen's Council

Hawai'i Farm Bureau
Federation

Hawai'i Farmers' Union
United

Hawai'i Food Industry
Association

Hawai'i Food
Manufacturers Association

Kohala Center

Land Use Research
Foundation of Hawai'i

Malama Kua'i

Maui School Garden
Network

Ulupono Initiative

College of Tropical
Agriculture and Human
Resources - University of
Hawai'i at Manoa

Aloha Chairs Kahele and Gabbard, Vice Chairs Keith-Agaran and Ruderman and members of the Committees:

The Local Food Coalition **supports HB 594 HD1**, which appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

The viability of Hawaii agriculture depends upon the accessibility to clean potable water for irrigation and crop washing to comply with new FDA Food Safety Modernization Act rules. This appropriation is needed to provide alternative water sources which are critical for local farmers to sustain and operate their businesses. Agricultural initiatives such as this strongly reflect the State's commitment towards increased local food production.

The Local Food Coalition is an organization comprising of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawaii's food supply.

We respectfully request your support of HB 594 HD1. Thank you for the opportunity to submit testimony.

John Garibaldi

808-544-8319

jgaribaldi@wik.com

Aloha Chair Kahele, Chair Gabbard, Vice Chair Keith-Agaran, Vice Chair Ruderman, and members of the committee,

I strongly support HB 594, HD 1, which appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

Farmers are liable for greater access to potable water for irrigation and crop washing because of the new Food Safety Modernization Act (FSMA) rules, but it is difficult for the Board of Water Supply (BWS) to maintain its agricultural discount, which is essentially a subsidy by BWS' commercial and residential customers. Assisting BWS with the cost of locating and developing new water resources will help relieve the competition for water and will allow BWS to maintain lower rates for farmers.

Thank you for this opportunity to testify on this matter.

Mahalo!

MULTIPLE TESTIFIERS

1. Brenda Iokepa-Moses	2. Kylie Matsuda-Lum	3. Rodney Haraguchi
4. Karol Haraguchi	5. Laila Jayyousi	6. Christine Brammer
7. James Tavares	8. Phil Becker	9. Lois Yang
10. John Gordines	11. Robert Paull	12. Megan Kono
13. Melvin Kunitake	14. Luana Beck	15. Donald Lau
16. Olelo Pa'a Ogawa	17. Barry Kim	18. Sarah Styan
19. Michelle Starke	20. Alvin Tsuruda	21. Jari Sugano
22. Sharon Iwasaki	23. Heidi Watanabe	24. Fredrick Mencher
25. Mark Phillipson	26. Melvin Matsuda	27. Adam Killermann
28. Randy Cabral	29. Sandi Kato-Klutke	30. Susan Mulkern