

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



PHYLLIS SHIMABUKURO-GEISER
Chairperson, Board of Agriculture

GLENN K. MURANAKA
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

TESTIMONY OF PHYLLIS SHIMABUKURO-GEISER
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE

MARCH 28, 2019
3:00 P.M.
CONFERENCE ROOM 308

SENATE BILL NO. 223 SD2 HD1
RELATING TO IRRIGATION

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 223 SD2 HD1. This bill transfers operation authority over the portions of the East Kauai Irrigation System to the Department of Agriculture, establishes positions, and makes appropriations. The Department of Agriculture supports this measure provided it does not impact the priorities listed in the Executive Budget and respectfully requests the appropriated sums for general obligation bonds and general funds shown in Senate Bill 223 SD1 are included in this bill.

This bill provides much needed support for a system that has been operated and maintained by volunteer farmers in East Kauai for many years. The need for continued irrigation access for farmers in the region is of utmost importance and directly supports the State's goal to double local food production.

Thank you for the opportunity to testify on this measure.





**East Kauai
Water Users' Cooperative**

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

March 26, 2019

TO: **Committee on Finance**

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

RE: **Testimony on SB223 SD2, HD1, Relating to Irrigation
Thursday, March 28, 2019, 3:00 PM, Conference Room 308**

Chairperson Luke and Members of the Committee:

My name is Jerry Ornellas and **I strongly support SB223 SD2, HD1**. I am the president of the East Kauai Water Users' Cooperative which has managed the State-owned reservoir and ditch system in the Kapaa/Kalepa area for the past 17 years under a year-to-year revocable permit from the Department of Land and Natural Resources. On September 20, 2016, the Cooperative was informed by DLNR that as a consequence of the East Maui irrigation decision we would have to seek a long-term water lease. We were given three years to complete the application process which includes an Environmental Impact Statement which alone is beyond our monetary resources to pay for, as well as other complex requirements. Even if we had the resources to pay to meet the requirements, we could only bid on the system at public auction with no guarantee that we would ultimately be awarded a lease for the system.

Once the three years expires at the beginning of 2020, DLNR will no longer renew the system's revocable permit, the Coop will cease operation, the irrigation system, including the recently renovated Wailua and Upper Kapahi Reservoirs, will revert to DLNR control (including dam safety oversight) and most likely be abandoned. In 2001, ITC Water Management, hired by the State to evaluate the East Kauai system, estimated the cost to build it in 2001 to be in excess of \$200 million. We are talking about the potential loss of a substantial and irreplaceable State asset.

We are therefore in favor of SB223 SD2 allowing the East Kauai system be taken over by the Department of Agriculture. This is in keeping with the mandate of Article XI, Section 3, of the State Constitution: "The state shall conserve and protect agricultural lands, promote diversified agriculture, increase agricultural self-sufficiency and assure the availability of agriculturally suitable lands."

Furthermore, Hawaii Revised Statue 167-1, Irrigation Water Development, states: "Findings and declaration of necessity. It is important to the welfare of the people of Hawaii that agricultural production be developed as fully as possible. **It is further found that water presently tapped for irrigation is inadequate for the fullest development of the economy of the State.** It is therefore hereby declared that additional water and water facilities are neces-

sary for the development of agriculture in the State.”

The statue recommends development of new water facilities, what to say of preserving the ones we already have.

In 2003, the Department of Agriculture released its comprehensive Agricultural Water Use and Development Plan which analyzed the development and present status of State’s plantation-developed irrigation systems and concluded that the East Kauai System was among five State systems “important and viable to Hawaii’s growing diversified agricultural industry.” **This study states, on page 37, that the EKWUC management of the system is intended only on “an interim basis” pending the transfer of the irrigation system from DLNR to HDOA as required by Act 90, SLH 2003. It further indicates on the same page that there is questionable statutory authority for a private Coop to set water rates for a State-owned system.**

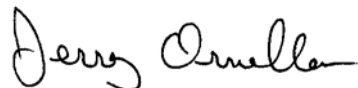
Our system includes two reservoirs and 22 miles of ditch which has historically serviced thousands of acres of State and private lands. In particular, it can supply irrigation water to more than 1,000 acres of the State Kalepa lands located between Kapaa and Lihue, and a similar amount of private former cane lands mauka of Kapaa town. When first taken out of sugar cane in 2001, the Kalepa lands had gone into pasture, but in the last few years, through the good action of the Agribusiness Development Corporation, nearly 300 acres to date has been leased to farmers who are actively developing their crops, including ginger, bananas, noni and sweet potatoes. This is only possible because the Coop can provide these farms with water.

Aside from the State lands and private Kapaa parcel, the Coop system can service thousands of acres of so-called “marginal lands”—those not taken by the cane companies and now privately owned. These are located throughout Kapaa and are or could be productive agricultural lands, such as my own farm.

The Department of Agriculture is the natural State agency to manage this public water system, as is the pattern in most other states in the country. It is also the only long-term, permanent way to manage the system for the benefit of our citizens.

I respectfully ask that you pass this bill.

East Kauai Water Users’ Cooperative

A handwritten signature in black ink that reads "Jerry Ornellas". The signature is written in a cursive, flowing style.

Jerry Ornellas, President



East Kauai Water Users' Cooperative System Map Page One



MAP OF THE
LIHUE PLANTATION
LIHUE - KAWAIHAI, KAUAI

SCALE - 1" HIGH = 2000 FEET
APRIL, 1939
REVISED FEB. 1946

Mount Waialeale

Blue Hole
Diversion

Ililiula-North
Wailua Ditch

Upper Power
House

Lower Power
House

Grove Farm
Diversion

North Fork
Wailua River

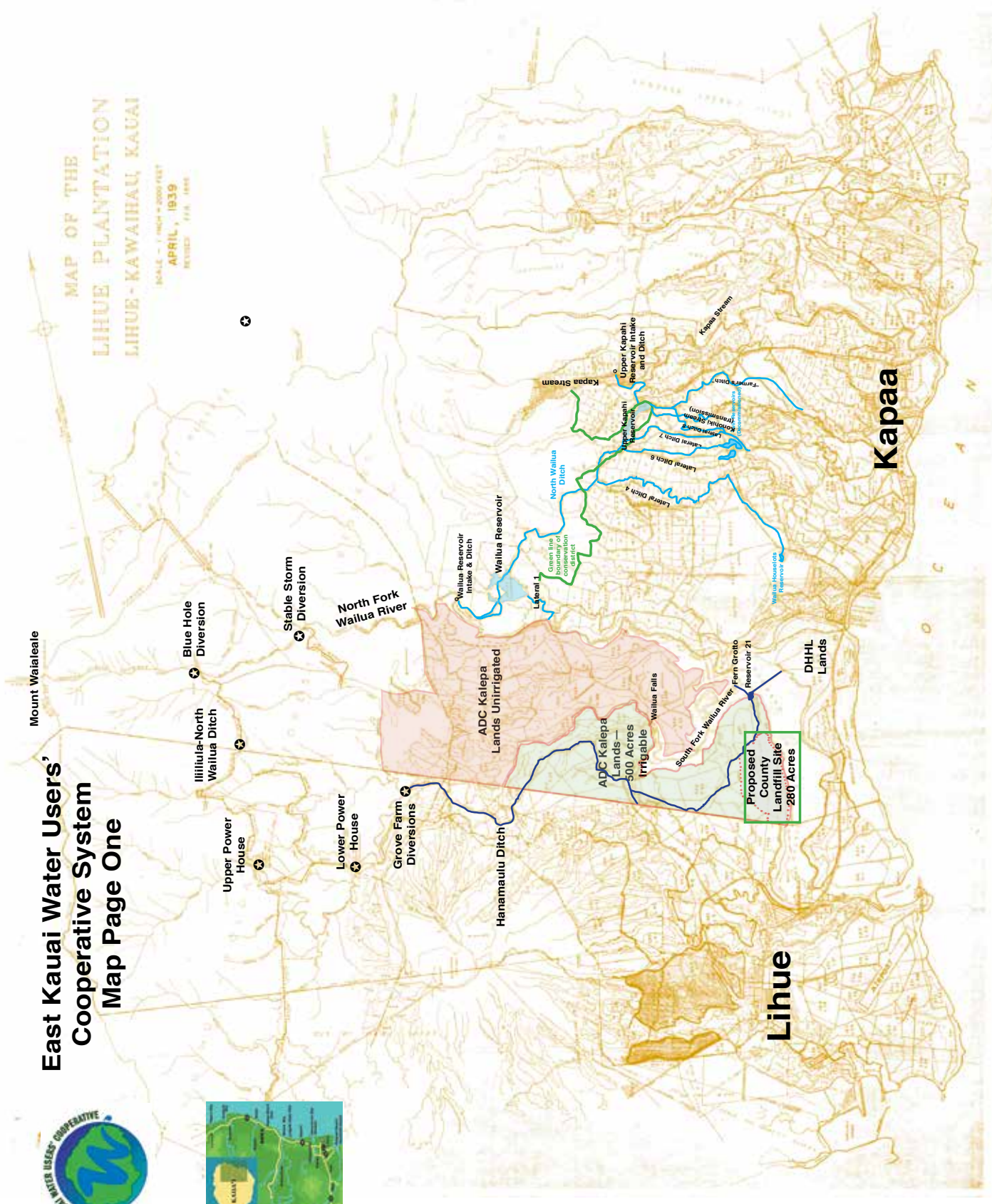
ADC Kalepa
Lands Unirrigated

ADC Kalepa
Lands -
500 Acres
Irrigable

Proposed
County
Landfill Site
-280 Acres

Lihue

Kapaa





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 28, 2019

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON SB 223, SD2, HD1
RELATING TO IRRIGATION

Room 308
3:00 PM

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee:

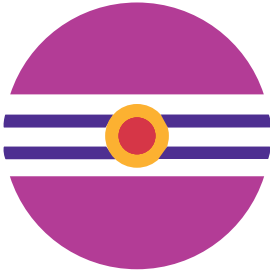
I am Brian Miyamoto, Executive Director of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interests of our diverse agricultural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

The Hawaii Farm Bureau strongly supports SB 223, SD2, HD1, which transfers operational authority over the portions of the east Kauai irrigation system operated and maintained by the east Kauai water users' cooperative to the department of agriculture, establishes positions within the agricultural resource management division, and authorizes GO bonds for plans, designs, land acquisition, and equipment.

Since the demise of plantation operations across the islands, we have seen the erosion of irrigation systems. Ditches that carried water fell into disrepair with major leaks in the system, and in cases such as Kau, cracks in tunnels created enough losses that there is no longer significant flow of water. The Legislature continues to advocate for increased self-sufficiency and sustainability. Agriculture must play a key role in the process and for there to be agriculture, water is important.

The East Kauai Irrigation System services more than 12,500 acres of agricultural land on Kauai. The repair and maintenance of this 21-mile irrigation systems is critical for Kauai's farmers who depend on the East Kauai Irrigation System for their operations. Water availability is a basic necessity needed by farmers and ranchers to maintain and expand their production, particularly in times of drought. Having a reliable water supply is a key factor when Hawaii's farmers and ranchers are making decisions to start new or to expand existing operations.

Thank you for this opportunity to testify on this important matter.



Saiva Siddhanta Church

Kauai's Hindu Monastery
107 Kaholalele Road
Kapaa, Hawaii 96746-9304•USA
Phone: (808) 822-3012

March 26, 2019

Committee on Finance

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

Testimony on SB223 SD2, HD1, Relating to Irrigation Thursday, March 28, 2019, 3:00 PM, Conference Room 308

Chairperson Luke and Members of the Committee:

We **strongly support SB223 SD2, HD1**. We are a founder member of the East Kauai Water Users' Cooperative Board of Directors which maintains 22 miles of ditch and several reservoirs in and around Kapaa. It also service more than 1,000 acres of State lands located in Kalepa and potentially could service nearly the entire 6,500 acres of Kalepa.

We urgently request the committee to approve this legislation. On September 20, 2016, the East Kauai Water Users Cooperative was given three years by the Department of Land and Natural Resources to apply for and receive a water license for the system. The application process requires an environmental impact statement, the cost of which is far beyond the Coop's means.

Once the three years passes at the beginning of 2020, the system will revert to DLNR who most likely will abandon it. Therefore, this bill is urgent. Session Law Act 90 of 2003 specifically calls for agricultural lands, including their irrigation systems, to be from DLNR to DOA.

This will ensure the long-term preservation of this valuable system—estimated by State consultants to be worth “more than two hundred million dollars”—in service of local farmers and ranchers.

Saiva Siddhanta Church

Sadasivanatha Palaniswami
Vice-President, Saiva Siddhanta Church



Kalepa Koalition

5868 Kini Place
Kapaa, Hawaii 96746
Phone/Fax: 808-639-0152

March 26, 2019

TO: **Committee on Finance**
Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

RE: **Testimony on SB223 SD2, HD1, Relating to Irrigation**
Thursday, March 28, 2019, 3:00 PM, Conference Room 308

Chairperson Luke and Members of the Committee:

We **strongly support SB223 SD2, HD1**. The Kalepa Koalition is a Hawaii agricultural cooperative of the farmers and ranchers who hold long-term licenses on 6,500 acres of State land behind Kalepa Ridge on Kauai and under the administration of ADC.

The East Kauai Water Users Cooperative System can presently service more than 1,000 acres of the Kalepa lands. In just the last few years, ADC has converted nearly 300 acres of irrigable land from ranching to farming, and has more prospective farmers under consideration.

All this progress toward food self-sufficiency will be reversed if the Coop system is not put under the Department of Agriculture before its Revocable Permit expires in 2020, as called for in the 2003 DOA study of Hawaii's water systems and Act 90, SLH 2003.

We respectfully request that this bill be passed.

Leslie P. Milnes, President
Kalepa Koalition

Acharya Arumugaswami
Member, Board of Directors

**LARRY JEFTS FARMS, LLC
PO BOX 27
KUNIA, HAWAII 96759
(808) 688-2892**

SB223sd2,hd1 Relating to Irrigation
Hse FIN Hearing
Thursday, March 28, 2019
3:00 pm – Agenda 2
Conference Room 308

Testimony by: Larry Jefts
Position: Support

Chair Luke, Vice Chair Cullen, and Members of the House FIN Committee:

I am Larry Jefts, owner and operator of Larry Jefts Farms, LLC, which is part of our family-run business of farms on Oahu and Molokai, under the administrative umbrella of Sugarland Growers, Inc. We have more than 35 years of Hawaii farm experience on Molokai and Oahu. I am a volunteer director for the West Oahu Soil and Water Conservation District (SWCD).

Water is the lifeblood of all farmers and without affordable and accessible water there will be no farming. No farming, no locally grown produce and livestock.

For more than 17 years, the East Kauai Water Users' Cooperative has managed the State-owned reservoir and ditch system in the Kapaa/Kalepa area under a year-to-year revocable permit from the Department of Land and Natural Resources (DLNR).

I understand that the Cooperative was informed by DLNR that within 3 years an application process to include an Environmental Impact Statement is needed. This far exceeds the Cooperative's monetary resources and capacity for other complex requirements.

Your support and passage of SB 223sd2,hd1 is critical because of the timing of the expiration of the 3 year application process period, at which time DLNR will no longer renew the revocable permit. This means the Cooperative will cease operation; the irrigation system will revert to DLNR control where attention for this issue may be lost among its diverse priorities. The Department of Agriculture is the appropriate state agency to manage this responsibility.

Thank you for the opportunity to present testimony

SB-223-HD-1

Submitted on: 3/27/2019 1:56:30 PM

Testimony for FIN on 3/28/2019 3:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
J Ashman	Individual	Support	No

Comments:

Please pass this critically important measure that may provide the last hope for the many productive small farmers in this area of Kauai to continue to have access to irrigation water.

Thank you for your continued support of Hawaii's farmers and ranchers.