

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 HAWAIIAN AFFAIRS AND AGRICULTURE AND
ENVIRONMENT
WEDNESDAY, March 18, 2019
1:17 p.m.

SENATE CONCURRENT RESOLUTION 211 / SENATE RESOLUTION 170
REQUESTING THE CITY AND COUNTY OF HONOLULU AND THE OFFICE
OF HAWAIIAN AFFAIRS TO FINALIZE MEMORANDUMS OF UNDERSTANDING
WITH THE AGRIBUSINESS DEVELOPMENT CORPORATION FOR PURPOSES OF
DIVERSIFYING SOURCES OF IRRIGATION

Chairpersons Kahele and Gabbard and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC provides comments on Senate Concurrent Resolution 211 / Senate Resolution 170, which requests the City and County of Honolulu (City) and the Office of Hawaiian Affairs (OHA) to finalize memorandums of understanding (MOU) with the Agribusiness Development Corporation (ADC) for purposes of diversifying sources of irrigation, requests the City to finalize a MOU with the ADC to divert R-1 water from the Wahiawa Wastewater Treatment Plant; and requests the OHA to finalize a MOU with the ADC to provide ADC with an easement.

Since 2016, the ADC has been in negotiation with the City and the OHA. The OHA is willing to proceed with a MOU regarding an easement but it is conditional on the City and the ADC agreeing to a MOU regarding the diverting of the R-1 water. As recently as February 2019, the City’s proposal includes substantial new terms. These

terms materially impact the ADC's obligations and, accordingly, the ADC is discussing the terms and their impact with its engineers. The ADC hopes to resolve the outstanding issues soon in order to proceed with the planning irrigation system project.

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



SCR211/SR170

REQUESTING THE CITY AND COUNTY OF HONOLULU AND THE OFFICE OF HAWAIIAN AFFAIRS TO FINALIZE MEMORANDUMS OF UNDERSTANDING WITH THE AGRIBUSINESS DEVELOPMENT CORPORATION FOR PURPOSES OF DIVERSIFYING SOURCES OF IRRIGATION.

Senate Committee on Hawaiian Affairs
Senate Committee on Agriculture and Environment

March 28, 2019

1:17 p.m.

Room 016

The Office of Hawaiian Affairs (OHA) provides the following **COMMENTS** on SCR211/SR170, which requests OHA to finalize Memorandums of Understanding (MOUs) with the Agribusiness Development Corporation (ADC) for diversifying sources of irrigation. Although the need for an MOU with ADC is not yet clear, pending ADC's decision as to whether it wishes to utilize OHA's lands to meet its irrigation needs, OHA has been and continues to be amenable to working with ADC to fulfill the vision in this measure.

OHA and ADC have a well established history of communication and collaboration regarding our agricultural interests in Central O'ahu, and amicable discussions regarding our respective irrigation and infrastructure needs have been ongoing for several years. On May 24, 2016, OHA staff met with ADC Director James Nakatani and his team with the desire to collaborate on water supply and infrastructure needs for the former Galbraith Estate lands. During this meeting, both parties discussed the status of their plans for their respective agricultural lands, including ADC's potential pipeline routes to transport R-1 effluent water from the Wahiawā Waste Water Treatment Plant (Treatment Plant). OHA was provided with a map depicting five pipeline options, two of which ran through OHA's property. OHA informed ADC of our interest in working together to consider potential pipeline routes through OHA property.

ADC sent a letter to OHA as a follow-up of the May 24, 2016 meeting, to which OHA responded by letter, dated June 20, 2016, stating that "ADC should consider irrigation routes that cross over OHA land as such routes may be acceptable to OHA" and that "OHA is willing to engage in discussions with ADC that would provide symbiotic solutions as it relates to providing irrigable water to our respective lands." OHA's June 20, 2016 letter also requested that ADC provide OHA a proposal detailing the irrigation project and a draft agreement, including related easements, to execute such a proposal.

Since that time, OHA's Legacy Land Program has collaborated with ADC on a variety of matters concerning our collective properties in Wahiawā such as water, security, soil conservation plans, and other issues. OHA has also established a water agreement with ADC, stating that ADC will provide OHA with up to 1 million gallons of water per week from

the “Bott Well” (on ADC’s property, via water distribution piping that crosses OHA property). The water agreement includes language that notes OHA’s willingness to work toward an easement, if necessary, for the proposed route to transport R-1 effluent water from the Treatment Plant. Further, this agreement provided ADC with a proposed route that would link the Treatment Plant, via Lake Wilson and over OHA lands, to a point where ADC can link it to their system. This was provided to ADC for analysis and planning purposes over a year ago, and OHA has been awaiting ADC’s decision on which route option they intend to use.

Notably, ADC’s decision as to whether or not to choose a pipeline route option involving OHA’s lands must be made before any memorandum of understanding regarding an easement for the route can be executed.

Recent information does indicate that ADC’s decision is still pending matters involving additional parties. In an email correspondence from ADC staff dated March 19, 2019, OHA was advised that ADC still does **not** have an agreement with the City & County regarding waste water from the Treatment Plant. Accordingly, it is OHA’s understanding that ADC has not yet chosen a route to transport the R-1 effluent water. An MOU between OHA and ADC for an easement as specifically contemplated in this measure may therefore be premature at this point in time.

OHA reiterates our support for continued collaboration with ADC regarding our agencies’ respective water needs. As reflected in the formerly referenced water agreement and our discussions with ADC, OHA intends to continue discussions with ADC regarding an easement once ADC finalizes its agreement with the City and if ADC selects a route that would traverse OHA property.

In light of the above, OHA respectfully offers the following language to replace the language found on page 3, lines 6 through 9, for the Committees’ consideration:

BE IT FURTHER RESOLVED that the Agricultural Development Corporation is requested to finalize the route of their transmission line from the Wahiawa wastewater treatment plant; and

BE IT FURTHER RESOLVED that the Agricultural Development Corporation and Office of Hawaiian Affairs are encouraged to finalize easement discussions, if appropriate; and

Mahalo for the opportunity to testify on this matter.

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://envhonolulu.org>

KIRK CALDWELL
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

TIMOTHY A. HOUGHTON
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 19-128

March 22, 2019

The Honorable Maile S.L. Shimabukuro, Chair
The Honorable Kaiali'i Kahele, Vice-Chair
and Members of the Committee on Hawaiian Affairs
The Honorable Mike Gabbard, Chair
The Honorable Russell E. Rudderman, Vice-Chair
and Members of the Committee on Agriculture and Environment
Senate
State Capitol, Room 016
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chairs Shimabukuro and Gabbard, Vice-Chairs Kahele and Rudderman, and
Members of the Committees on Hawaiian Affairs, and Agriculture and Environment:

SUBJECT: SCR 211 / SR 170
Requesting the City and County of Honolulu and The Office of
Hawaiian Affairs to finalize memorandums of understanding with the
Agribusiness Development Corporation for the purposes of diversifying
sources of irrigation

The Department of Environmental Services (ENV) of the City and County of
Honolulu supports SCR 211 / SR 170, which proposes that the City and County of Honolulu
and the Office of Hawaiian Affairs enter into memorandums of understanding with the
Agribusiness Development Corporation to advance the reuse of recycled R-1 water from the
City's Wahiawa Wastewater Treatment Plant for irrigation purposes.

ENV is currently working with the Agribusiness Development Corporation to finalize
a memorandum of understanding for the purpose stated in these resolutions. ENV
anticipates receiving state funding in fiscal year 2020 for the design and construction of an
effluent system and storage basin for R-1 water from its Wahiawa Wastewater Treatment
Plant for use by local farmers.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori M.K. Kahikina".

Lori M.K. Kahikina, P.E.
Director