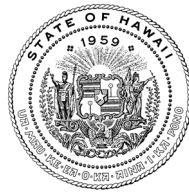


JOSH GREEN, M.D.
GOVERNOR



LUIS P. SALAVERIA
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EMPLOYEES' RETIREMENT SYSTEM
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 1064, S.D. 1

February 28, 2023
10:00 a.m.
Room 211 and Videoconference

RELATING TO DAM AND APPURTENANCE SAFETY

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill (S.B.) No. 1064, S.D. 1: 1) establishes the Dam and Appurtenance Improvement or Removal (DAIR) grant program for plans, design, construction, and equipment to improve or remove deficient dams and appurtenances as determined by the Department of Land and Natural Resources and approved by the Board of Land and Natural Resources; 2) creates a DAIR Revolving Fund; 3) sets the revenue sources and authorized uses of the revolving fund; and 4) appropriates unspecified sums of general funds for FY 24 and FY 25 for deposit into the revolving fund and for the establishment of two full-time positions for this effort.

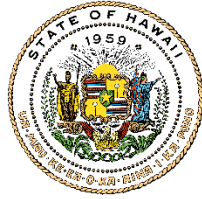
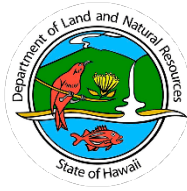
As a matter of general policy, B&F does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work, and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and

charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regard to S.B. No. 1064, S.D. 1, it is difficult to determine whether the revolving fund proposed will be self-sustaining.

Thank you for your consideration of our comments.

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
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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
DAWN N. S. CHANG
Chairperson**

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

**Tuesday, February 28, 2023
10:00 AM
State Capitol, Conference Room 211**

**In consideration of
SENATE BILL 1064, SENATE DRAFT 1
RELATING TO DAM AND RESERVOIR SAFETY**

Senate Bill 1064, Senate Draft 1 proposes to: (1) establish the dam and appurtenance improvement or removal grant program and revolving fund for plans, design, construction, and equipment that is used to improve or remove deficient dams and appurtenances as determined by the Department of Land and Natural Resources (Department) and approved by the Board of Land and Natural Resources; (2) specify eligibility requirement for dam and appurtenance improvement or removal grants; and (3) appropriate funds. **The Department supports this measure and offers the following comments.**

While private dam owners are responsible to bring their dams into compliance, the Department recognizes the intent of this measure is to reduce potential hazards associated with non-compliant dams and to assist private dam owners to finance the repair, removal, or rehabilitation of their dams to meet current standards. Dams provide many beneficial uses, and approximately 70% of the total 126 dams regulated by the Department are fully or partly privately owned.

For this grant program to be successful in providing the most opportunity to the widest pool of applicants, the Department recommends a one-time seed funding of \$15,000,000 in general funds into the Dam and Appurtenance Improvement or Removal Revolving Fund for use as the initial funding source. A provision for recurring deposits into this revolving fund to replenish the balance of the funding should also be included to sustain the program. Depending on the extent of the deficiencies, plans, design, and construction costs to bring a single dam into compliance could run in the millions of dollars.

Mahalo for the opportunity to provide testimony in support of this measure.



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February 28, 2023

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 1064, SD1
RELATING TO DAM AND APPURTENANCE SAFETY.

Conference Room 211 & Videoconference
10:00 AM

Aloha Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 1064, SD1, which establishes the dam and appurtenance improvement or removal grant program and revolving fund for plans, design, construction, and equipment that is used to improve or remove deficient dams and appurtenances as determined by the Department of Land and Natural Resources and approved by the Board of Land and Natural Resources.

While dam and reservoir safety rules represent an important public safety initiative, the rules codified in HRS chapter 179D are having an adverse effect by reducing water storage capacity across the state. At a time when changing weather patterns have demonstrated alternating periods of drought punctuated by significant storm events, coupled with the noble goal of achieving food security for our island state, water storage is more critical than ever. The new rules will discourage new dam and reservoir construction, and in many cases cause dam and reservoir owners to minimize the capacity or decommission existing storage capability.

Many of the reservoirs – built in an era of plantation agriculture—no longer generate enough revenue to be economically sustainable. But they are needed in ways few people have yet imagined. The issue of how to pay for the upgrading and maintenance of this critical infrastructure is now gaining more attention as the state's budget comes into focus.

Dams and reservoirs are the keys not just to a future of sustainable agricultural system in Hawai'i, but to the entire water and environmental health of the State. In addition to the conventional benefits of storing and delivering reliable water for agriculture in dry times,

wildlife habitats, flood control during large storms, erosion control, and the reduction of sediment loading on our nearshore ocean reefs, reservoirs also ensure a supply of potable drinking water (after treatment) and provide water to help battle wildfires.

Reservoirs also help recharge our groundwater aquifers by capturing stormwater (for later release) that would otherwise rush to the ocean. There is growing evidence is that there will be a pattern of fewer, but larger storms separated by longer intervals of drought. If the large rainfall flows are not captured, overall groundwater recharge may be significantly reduced. Groundwater is our primary source of drinking water and demand is relentlessly rising. We already face declining groundwater recharge every time we place hard impermeable surfaces (e.g. concrete) over previously open ground (agriculture).

Recent Dam and Reservoir Safety rules will levy an additional burden on reservoir owners and Hawai'i farmers. Fuel, labor, equipment, transportation, and other expenses are already higher in Hawai'i than on the mainland, placing locally-grown products at a competitive disadvantage. Inevitably, increased costs will be passed on to consumers and are counterproductive to efforts to grow more food in Hawai'i. Some landowners will simply decommission their dams, abandon their reservoir systems and decide what to do with their now-fallow lands when agriculture is no longer viable.

The availability of loans, grants, and tax credits will help owners and operators comply with the laws and regulations.

Thank you for the opportunity to testify on this matter of great importance to the agricultural community.