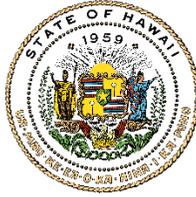


JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
DEAN D. UYENO
ACTING 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
KAHOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**Testimony of
DAWN N.S. CHANG
Chairperson**

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

**Friday, February 23, 2024
10:30 AM**

State Capitol, Conference Room 211, Via Videoconference

**In consideration of
SENATE BILL 2951, SENATE DRAFT 1
RELATING TO THE EAST KAUA'I IRRIGATION SYSTEM**

Senate Bill 2951, Senate Draft 1 proposes to appropriate funds to the Agribusiness Development Corporation (ADC) to establish positions to maintain and improve the East Kaua'i Irrigation System and for maintenance of and improvements to the system. **The Department of Land and Natural Resources (Department) supports this measure.**

The East Kaua'i Irrigation System was formerly under the management of the East Kaua'i Water Users Cooperative (EKWUC) via a month-to-month revocable permit. On September 3, 2019, the EKWUC voted against the continuation of their revocable permit which expired on December 31, 2019. The irrigation system, including the reservoir, has since reverted to the Department's management beginning January 1, 2020. The Department's current oversight of the irrigation system is focused on addressing public health and safety and preserving the viability of the irrigation system for future use, but not for the continued delivery of water to various users. As an interim measure, the Department has used its limited operating funds to hire a contractor to operate and maintain the system on a limited basis to address public health and safety issues.

The Department's primary objective has been to identify an appropriate agency that can assume management and operation of the system as had previously been done by EKWUC. Working toward this goal, the Department has had discussions with ADC regarding transferring the system to ADC for operation and management. The Department understands that ADC would need financial and staffing support and believes this measure would satisfy that objective, thus ensuring the ongoing operation of the irrigation system by ADC in support of local agriculture.

Furthermore, the Department does not have the resources and expertise to function as a water delivery provider, which would be inconsistent with the Department's mission of natural, cultural, recreational and historical resource management and protection.

Thank you for the opportunity to testify on this measure.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



WENDY L. GADY
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION
235 S. Beretania Street, Suite 205
Honolulu, HI 96813
Phone: (808) 586-0186 Fax: (808) 586-0189

**TESTIMONY OF WENDY L. GADY
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION**

BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

Friday, February 23, 2024
10:30 a.m.
Conference Room 211 & Videoconference

**SENATE BILL NO. 2951, SD1
RELATING TO THE EAST KAUAI IRRIGATION SYSTEM**

Chairperson Dela Cruz, Vice Chair Moriwaki and Members of the Committee:

Thank you for the opportunity to testify in support of Senate Bill No. 2951 SD1, which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kauai irrigation system and for maintenance of and improvements to the system.

The East Kauai Irrigation System (EKIS) includes the Hanamaulu Ditch, a branch of the system, that provides irrigation water to ADC tenants for their operations. At its peak, EKIS consists of 51 miles of ditch, 18 diversions, and delivered 80-100 million gallons of water per day to the surrounding plantation lands. In recent years, following the departure of Lihue Plantation and the dissolution of the East Kauai Water Users' Co-op, the Hanamaulu Ditch has

fallen into disrepair resulting in loss of water to affected ADC farmers and ranchers. In many cases, ADC's tenants themselves have been doing minor repairs and maintenance to restore water access.

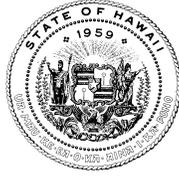
ADC is seeking funding and positions to preserve the EKIS, which could potentially provide thousands of acres of state and private land with access to irrigation water. Additionally, the funding will be used to ensure the associated reservoir spillways are compliant with all relevant dam safety requirements. These are critical safety issues that need to be addressed immediately.

ADC believes these investments will ensure the system can deliver a reliable source of water for another hundred years. Furthermore, ADC will be able to attract and support agribusinesses and producers to promote agriculture and preserve the region's rural character.

We support this bill provided that its passage does not replace or adversely impact priorities indicated in our Executive Budget. Thank you for your consideration of our testimony.

JOSH GREEN, M.D.
GOVERNOR
STATE OF HAWAII
*Ke Kia'āina o ka Moku'āina 'o
Hawai'i*

SYLVIA J. LUKE
LT. GOVERNOR
STATE OF HAWAII
*Ka Hope Kia'āina o ka Moku'āina
'o Hawai'i*



KALI WATSON
CHAIRMAN, HHC
Ka Luna Ho'okele

KATIE L. DUCATT
DEPUTY TO THE CHAIRMAN
Ka Hope Luna Ho'okele

STATE OF HAWAII
DEPARTMENT OF HAWAIIAN HOME LANDS15

Ka 'Oihana 'Āina Ho'opulapula Hawai'i

P. O. BOX 1879
HONOLULU, HAWAII 96805

TESTIMONY OF KALI WATSON, CHAIRMAN
HAWAIIAN HOMES COMMISSION
BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS
HEARING ON FEBRUARY 23, 2024 AT 10:30AM IN CR 211

SB 2951, SD1, RELATING TO THE EAST KAUAI IRRIGATION SYSTEM

February 23, 2024

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Department of Hawaiian Home Lands (DHHL) **supports with amendments** this bill which 1) appropriates funds to the Agribusiness Development Corporation (ADC) to establish positions to maintain and improve the East Kauai irrigation system and for maintenance of and improvements to the system; 2) declares that the general fund expenditure ceiling is exceeded; and 3) takes effect 1/1/2060.

The DHHL appreciates the intent of this bill and the inclusion of Hawaiian Home Lands (HHL) in the purposes section of the bill. Kaua'i includes over 20,000 acres of HHL, with approximately 526 acres in the Wailua area which once was and again could be served by the East Kauai Irrigation System.

Water in Hawai'i is held as a public trust resource, a status which derives from laws in the Hawaiian Kingdom as well as common law, case law, and State Constitutional provisions. A number of laws and policies at the State level have been enacted and / or ruled on which, at least in black letter law, provide mechanisms for addressing the water needs of native Hawaiians on Hawaiian Home Lands. However, the challenges we face in water access and management are very significant. The DHHL supports this measure as a step in the right direction.

DHHL would encourage the Committee to consider amending the bill to make the intent to help serve DHHL lands explicit in the funding mechanism on page 4 with part (l) of Section 1 of the bill to read: "Appropriating funds to the agribusiness development corporation for maintenance of and improvements to the east Kauai irrigation system including design, construction and maintenance of improvements to the system that will ensure water delivery to the Department of Hawaiian Home Land's Wailua lands."

Thank you for your consideration of our testimony.

OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR

REIKO MATSUYAMA, MANAGING DIRECTOR



Testimony of Derek S.K. Kawakami

Mayor, County of Kaua'i

Before the

Senate Committee on Ways and Means

February 23, 2024; 10:30 AM

Conference Room 211 & Videoconference

In consideration of

Senate Bill 2951 SD 1 Relating to the East Kaua'i Irrigation System

Honorable Chair DeCoite, Vice Chair Wakai, and Members of the Committee:

The County of Kaua'i is in **strong support** of SB 2951 SD1 which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kaua'i irrigation system and for maintenance of and improvements to the system.

Historically, the East Kaua'i Water Users' Cooperative managed the twenty-two-mile ditch system and two State-owned reservoirs in the Kapa'a and Kalepa area for eighteen years; more recently, East Kaua'i Irrigation has supported the operation and maintenance of the system.

This irrigation system is not only crucial in maintaining our storm water but also in allowing our small farms and ranches to increase local food production and provide food security. Additionally, the system is a critical source of water for land held by the Department of Hawaiian Home Lands.

The County of Kaua'i strongly supports appropriating funds to the Agribusiness Development Corporation to maintain and improve this critical infrastructure. The creation and funding of three positions to support this endeavor is necessary for the success of our farmers and ranchers, and for the development of a plan to deliver water to land held by the Department of Hawaiian Home Lands.

Mahalo for the opportunity to testify in **strong support** of this important measure.

OFFICE OF ECONOMIC DEVELOPMENT

NALANI BRUN, DIRECTOR



DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR

Testimony of Nalani Kaaui Brun

Director, Office of Economic Development- County of Kaua'i

Before the

Senate Committee on Ways and Means

February 23, 2024, at 10:30 AM

Room 211 & Via Videoconference

In consideration of

Senate Bill 2951 SD1

Relating to the East Kauai Irrigation System

Honorable Chair Dela Cruz, Vice-Chair Moriwaki, and Committee Members:

The County of Kauai Office of Economic Development is in **strong support of SB2951 SD1**, which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kauai Irrigation System (EKIS) and for maintenance and improvements to the system.

The EKIS has long been a vital lifeline for agricultural production on Kauai's eastside. For many years, this irrigation system allowed thousands of acres of land to be utilized for profitable agricultural production. After Lihue Plantation shut its doors, the irrigation system's future remained unclear.

Formed in the early 2000s, the East Kauai Water Users' Coop (EKWUC) assumed management of the state-owned irrigation system after the Department of Land and Natural Resources (DLNR) indicated that they intended to do something other than operate the system. With previous support from the legislature and the County of Kauai, the EKWUC successfully operated the system for 18 years. In 2020, due to financial and workforce capacity limits, EKWUC forfeited attempts to obtain a long-term license required by DLNR. Since then, the system has fallen into disrepair, and thousands of acres of agricultural land with production potential continue to be impacted and underutilized due in part to the lack of an adequate and dependable irrigation source.

The EKIS has the potential to serve many functions, not the least of which is the production of agricultural products, more specifically, food. Investments made to the EKIS will secure irrigation resources for current and future farmers and ranchers on ADC and private lands and could secure water access to the Department of Hawaiian Home Lands Wailua Region. Supporting appropriations to the ADC to manage the EKIS effectively will enhance Kauai's resilience in natural disasters, contribute to Hawaii's food security, and support economic diversification.

Thank you for considering this testimony in strong support of SB 2951 SD1.



Kalepa Koalition

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

February 19, 2024

TO: Committee on Ways and Means
Sen. Donovan M. Dela Cruz, Chair
Sen. Sharon Y. Moriwaki, Vice Chair

**RE: Testimony on SB 2951, SD1 Relating to the East Kauai Irrigation System
February 23, 2024, 10:30 AM, Conference Room 211**

Chairperson Dela Cruz and Members of Committee:

My name is Les Milnes and I **support SB2951, SD1**. I am the president of the Kalepa Koalition, an 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 Irrigation System services a large portion of the Kalepa lands; most of the farmers, ranches and the huge Mahipapa LLC (formerly Green Energy Team) biomass project on a 1,000 acres utilize the system through Hanamaulu Ditch or off the Upper and Lower Aahoaka Reservoirs. A large parcel of Hawaiian Home Lands is serviced by the east side of the system. Also, the system can delivery water to some 2,000 agriculture acres north of the Kalepa lands behind Kapaa.

The system was previously managed by the East Kauai Water Users Cooperative, of which I was an integral part. However, following the Maui water use decision cancelling the ability of DLNR to issue year-to-year revocable permits for water, it simply became impossible for the Coop to finance the very high cost of obtaining a long term lease. Indeed, even well funded businesses, such as KIUC, have been unable to obtain longterm licenses, despite decades of effort. These State-owned water systems can only be managed by State agencies, in this case ADC which has come forward to take over the system. Their efforts to take over the system are in line with the State's declared intention to provide water for agriculture. ADC sees the need to protect this immense and irreplaceable resource absolutely essential for the present needs and future development of Kauai's farmers and ranchers.

I respectfully request that this bill be passed.

A handwritten signature in black ink, appearing to read "Les Milnes".

Leslie P. Milnes, President
Kalepa Koalition



Kalepa Koalition

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

February 19, 2024

TO: Committee on Ways and Means
Sen. Donovan M. Dela Cruz, Chair
Sen. Sharon Y. Moriwaki, Vice Chair

**RE: Testimony on SB 2951, SD1 Relating to the East Kauai Irrigation System
February 23, 2024, 10:30 AM, Conference Room 211**

Chairperson Dela Cruz and Members of Committee:

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The system was previously managed by the East Kauai Water Users Cooperative, of which I was an integral part. However, following the Maui water use decision cancelling the ability of DLNR to issue year-to-year revocable permits for water, it simply became impossible for the Coop to finance the very high cost of obtaining a long term lease. Indeed, even well funded businesses, such as KIUC, have been unable to obtain longterm licenses, despite decades of effort. These State-owned water systems can only be managed by State agencies, in this case ADC which has come forward to take over the system. Their efforts to take over the system are in line with the State's declared intention to provide water for agriculture. ADC sees the need to protect this immense and irreplaceable resource absolutely essential for the present needs and future development of Kauai's farmers and ranchers.

I respectfully request that this bill be passed.

A handwritten signature in black ink, appearing to read "Les Milnes".

Leslie P. Milnes, President
Kalepa Koalition



Officers

Kaipo Kekona
State President

Anabella Bruch
Vice-President

Maureen Datta
Secretary

Reba Lopez
Treasurer

Chapter Presidents

Clarence Baber
Kohala, Hawaii

Odysseus Yacalis
East Hawaii

Puna, Hawaii

Andrea Drayer
Ka'u, Hawaii

Kona, Hawaii

Fawn Helekahi-Burns
Hana, Maui

Mason Scharer
Haleakala, Maui

Kaiea Medeiros
Mauna Kahalawai,
Maui

Kaipo Kekona
Lahaina, Maui

Rufina Kaauwai
Molokai

Negus Manna
Lana'i

India Clark
North Shore, O'ahu

Christian Zuckerman
Wai'anae, O'ahu

Ted Radovich
Waimanalo, O'ahu

Vincent Kimura
Honolulu, O'ahu

Natalie Urminska
Kauai

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Senate Ways and Means Committee,

The Hawaii Farmers Union is a 501(c)(5) agricultural advocacy nonprofit representing a network of over 2,500 family farmers and their supporters across the Hawaiian Islands. **HFUU supports SB2951.**

This bill will provide essential funding to the Agribusiness Development Corporation in order to establish positions dedicated to the maintenance and improvement of the East Kauai irrigation system. This system plays a crucial role in supporting the agricultural operations of farmers in the region, providing much-needed water for crops and ensuring the sustainability of our local food production.

By investing in the maintenance and improvement of the East Kauai irrigation system, we are not only supporting the livelihoods of our farmers but also contributing to the overall health and resilience of our local food system. Access to reliable water resources is essential for agricultural success, and this funding will help to ensure that the East Kauai irrigation system continues to function effectively for years to come.

Mahalo for the opportunity to testify.

Kaipo Kekona, President HFUU/HFUF

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

SB2951sd1, Relating to The East Kauai Irrigation System
WAM Decision-Making Hearing – 10:30 AM
Friday, February 23, 2024

Testimony By: Larry Jeffs
Position: Support

Chair Dela Cruz and Vice Chair Moriwaki and Members of the Senate WAM Committee:

I am Larry Jeffs, owner and operator of Larry Jeffs Farms, LLC. We have more than 42 years of Hawaii farm experience on Molokai and Oahu. Our family farms grow about 1 million pounds of import replacement produce weekly. I am a volunteer director, serving as Chair of the West Oahu Soil and Water Conservation District (SWCD). I have been an officer of the Hawaii Farm Bureau for many years.

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.

This measure provides appropriations to the ADC for maintaining and improving the East Kauai Irrigation System. This century-old system is in needed repair, renovation, and other improvements. The alternative to no funding is decommissioning, which directly impacts 5,920 acres of agricultural land. Further, successful maintenance and improvements to the system has the potential to serve as much as 300 acres of additional farmland.

Thank you for the opportunity to present testimony.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Friday, February 23, 2024 — 10:30 a.m.

Ulupono Initiative supports SB 2951 SD1, Relating to the East Kaua‘i Irrigation System.

Dear Chair Dela Cruz and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai‘i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy, clean transportation choices, and better management of freshwater resources.

Ulupono supports SB 2951 SD1, which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kaua‘i Irrigation System and for maintenance of and improvements to the system.

Ulupono supports the affordable access to water resources for local food producers across the State. The East Kaua‘i Irrigation System is critical for local farmers on the island and directly supports Hawai‘i’s food production goals. Without access to water, agriculture does not exist. It is important for the State to support the operation and maintenance of irrigation systems statewide in order to meet Hawai‘i’s food security and sustainability goals.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai‘i

SB-2951-SD-1

Submitted on: 2/20/2024 3:23:30 PM

Testimony for WAM on 2/23/2024 10:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Lyle Tabata	Testifying for ADC	Support	Written Testimony Only

Comments:

Aloha Chair and members,

I am submitting testimony in support of this bill being heard before this committee. The irrigation system in question is vital to the survival of food producing agriculture for this region of Kauai. It is a former Lihue Plantation irrigation system which has withstood the test of time and if lost is not replaceable. This surface waster source cannot be discontinued if government is serious about sustainable food production. When ADC was formed decades ago the EO lands did not come with a firm source of irrigation. This then only allowed certain food crops be produced on this land. By opening the lands to an adequate source of irrigation withl provide the required source to make the lands under ADC control become a major source of economic as well as food sustainable resource not available to the multiple farmers occupying the land presently. Please help support the vision to increae the yeild potential of this area and for other far reaching needs to bring back the sustainability of this area beyond just the ADC acres, but to many other surrounding lands.

Mahalo,

Lyle Tabata



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

February 23, 2024

HEARING BEFORE THE
SENATE COMMITTEE ON WAYS AND MEANS

TESTIMONY ON SB 2951, SD1
RELATING TO THE EAST KAUAI IRRIGATION SYSTEM

Conference Room 211 & Videoconference
10:30 AM

Aloha Chair Dela Cruz, Vice-Chair Moriwaki, 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 2951, SD1, which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kauai irrigation system and for maintenance of and improvements to the system.

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 Ka'u, cracks in tunnels created enough losses that there was no longer a significant flow of water. The Legislature continues to advocate for increased self-sufficiency, sustainability, and food security. Agriculture will play a key role in the achievement of these goals and for there to be agriculture, water is critical.

The East Kauai Irrigation System previously serviced 12,500 acres of agricultural land on Kauai. The repair and maintenance of this 21-mile irrigation system are 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 access to a reliable and affordable water supply is a key factor when Hawai'i's farmers and ranchers are making decisions to start new or expand existing operations.

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



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Sharon Y. Moriwaki, Vice Chair

SB2951 SD1
RELATING TO EAST KAUAI IRRIGATION SYSTEM

Friday, February 23, 2024, 10:30am
Conference Room 211 & Videoconference

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

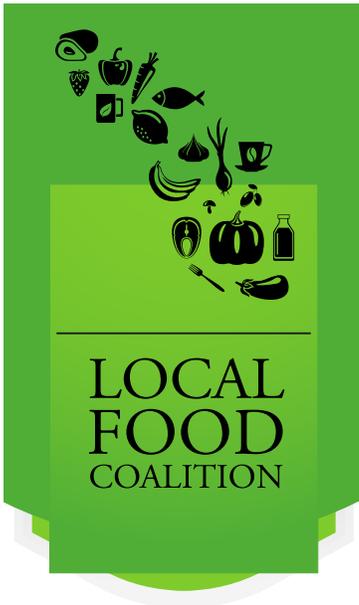
The Hawaii Cattlemen's Council **supports SB2951 SD1** which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kauai irrigation system and for maintenance of and improvements to the system.

Water systems require funding to ensure that these assets continue to remain usable for current and future Hawaii ag producers. Rancher and farmers rely on water to grow our food, and it is paramount that we maintain the systems we have in place. While we advocate for our priority of keeping agricultural land in agricultural production, we must also recognize the needs that producers need to stay in business – the vital being land and water.

Thank you for the opportunity to testify. The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county-level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





SENATE COMMITTEE ON WAYS AND MEANS
Friday, February 23, 2024 – 10:30 A.M.
Conference Room 211 & Videoconference

SB 2951 SD1– RELATING TO THE EAST KAUAI IRRIGATION SYSTEM
SUPPORT

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

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
Maui Farm to School Network (Maui F2SN)
Ulupono Initiative
College of Tropical Agriculture and Human Resources - University of Hawai'i at Manoa

The Local Food Coalition **SUPPORTS** SB 2951 SD1, which appropriates funds to the Agribusiness Development Corporation to establish positions to maintain and improve the East Kauai irrigation system and for maintenance of and improvements to the system.

Water is a vital and necessary resource for the agricultural industry. Without water, farmers and ranchers will not be able to grow food and raise cattle to help the state reach its goal of increasing local food production and reduce our reliance on imports.

The East Kauai irrigation system has provided water to farmers and ranchers for many years. It is important to maintain and improve this resource to ensure that it will be available to support our agricultural producers now and in the future.

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

Thank you for the opportunity to submit testimony in support of SB 2951 SD1.



**Testimony Before the Senate Committee on
Ways and Means**

Friday, February 23, 2024; 10:30 am
Conference Room 211 & Via Videoconference
State Capitol, 415 South Beretania Street, Honolulu, HI 96813

Subject: Support for SB2951 SD1

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Honorable Members of the Committee:

The Kaua'i Chamber wishes to express our strong support for SB2951 SD1, an essential piece of legislation aimed at ensuring the sustainability and improvement of the East Kaua'i Irrigation System. This bill represents a crucial step toward safeguarding Kauai's agricultural future, promoting diversified agriculture, and supporting our local farmers and ranchers who rely on this critical infrastructure.

The Chamber's endorsement is grounded in our organizational priorities, which emphasize the importance of conserving and protecting agricultural lands, promoting diversified agriculture, and enhancing agricultural self-sufficiency on Kaua'i. The bill's appropriation of funds for the maintenance and improvements of the East Kaua'i Irrigation System ensures the availability of agriculturally suitable lands for current and future generations.

The Kaua'i Chamber's support for this bill is also informed by our previous endorsements of related legislation, as demonstrated in our testimonies supporting SB2951 before the Senate Committee on Energy, Economic Development and Tourism and the companion bill in the Hawai'i House of Representatives. These endorsements reflect our commitment to advocating for policies that contribute to the economic development and environmental sustainability of our island.

Our support for this bill is further reinforced by the endorsement from the Senate Committee on Energy, Economic Development and Tourism, recognizing the bill's potential to significantly benefit Kauai's agricultural sector and broader community.

Senate Bill SB2951 SD1 is pivotal for the preservation and enhancement of Kauai's agricultural infrastructure. It ensures the continued delivery of irrigation water to farm operations in East Kaua'i, supporting both the economic viability of our agriculture industry and the sustainability of our natural resources. We urge the committee to pass this bill, affirming a collective commitment to Kauai's prosperous and sustainable future.

Mahalo for considering our testimony in support of this vital legislation.

Warmest regards,

Mark Perriello
President & CEO



**East Kauai
Water Users' Cooperative (closed as of Jan 1, 2020)**

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

February 19, 2024

TO: Committee on Ways and Means
Sen. Donovan M. Dela Cruz, Chair
Sen. Sharon Y. Moriwaki, Vice Chair

RE: **Testimony on SB 2951, SD1 Relating to the East Kauai Irrigation System
February 23, 2024, 10:30 AM, Conference Room 211**

Chairperson Dela Cruz and Members of Committee:

My name is Jerry Ornellas and I **support SB2951, SD1**. I was the president of the East Kauai Water Users' Cooperative which managed the State-owned reservoir and ditch system in the Kapaa/Kalepa area from 2001 to 2020 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 included an Environmental Impact Statement—alone beyond our monetary resources to pay for—as well as other complex requirements. Even if we had the monetary resources 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 expired at the beginning of 2020, DLNR no longer could legally renew the system's revocable permit, the Coop ceased operation. The irrigation system, including the recently renovated Wailua and Upper Kapahi Reservoirs, reverted to DLNR control (including dam safety oversight). DLNR has minimally managed the north side of the system since.

Our system includes three 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 500 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 provided these farms with water through Hanamaulu Ditch.

These Kalepa lands in particular are in a precarious position. Technically, the Hanamaulu Ditch remains under DLNR control, while the surrounding land has been transferred by executive order to ADC. Since the water coop shut down,

there has been no formal permit or license issue to operate the ditch, and no formal management. Grove Farm continues to supply South Fork water to the ditch, and the local farmers and ranchers maintain the water flow in the ditch. The ditch also supplies the Hawaiian Homelands mauka of Kalepa ridge from Reservoir 21. This, again, is being done on an informal, permit-less basis.

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.

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 HB2263 allowing the East Kauai system be taken over by the Agribusiness Development Corporation. 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 Statute 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 necessary for the development of agriculture in the State.”

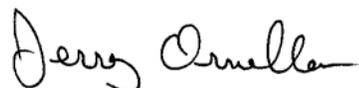
The statute recommends development of new water facilities, what to say of preserving the ones we already have.

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.”

The Agribusiness Development Corporation 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, Former President