

**HB 2198,
HD2**

DAVID Y. IGE
GOVERNOR OF HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

**Testimony of
SUZANNE D. CASE
Chairperson**

**Before the Senate Committee on
WATER, LAND, AND AGRICULTURE**

**Monday, March 14, 2016
2:45 P.M.
State Capitol, Conference Room 224**

**In consideration of
HOUSE BILL 2198, HOUSE DRAFT 2
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS
FOR UKUMEHAME RESERVOIRS**

House Bill 2198, House Draft 2 proposes to authorize the issuance of special purpose revenue bonds to provide financing to assist West Maui Investors, LLC with two (2) Ukumehame Reservoirs. **The Department of Land and Natural Resources (Department) supports this measure as it will assist the dam and reservoir owners by providing an economic means to bring their facilities up to current safety standards and reduce the risk of a dam failure.**

Ukumehame Reservoir Numbers 2 and 3 are located at the downstream end of the Ukumehame Gulch watershed, approximately 8.5 miles southeast of Lahaina, on the Island of Maui. Ukumehame Reservoir Nos. 2 and 3 are earthen embankment dams constructed side-by-side along the bottom of the western slope of the Ukumehame Gulch and are regulated as one dam/reservoir facility by the Department. The Reservoirs receive water from a small diversion off of the stream in the Ukumehame Gulch and which has historically been utilized for agricultural water in the nearby area.

Following the discovery of a major leak from Ukumehame Reservoir No.3 in 2008, the water level in both Reservoir Nos. 2 and 3 were drawn down to minimize the risk of failure. The owners modified portions of the water system to bypass Ukumehame Reservoirs Nos. 2 and 3, however, has yet to implement any remediation work that would address public safety.

Thank you for the opportunity to testify on this measure.

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

KEKOA KALUHIWA
FIRST DEPUTY

JEFFERY T. PEARSON, P.E.
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

DAVID Y. IGE
GOVERNOR



WRITTEN ONLY

WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WATER, LAND, AND AGRICULTURE
ON
HOUSE BILL NO. 2198, H.D. 2**

March 14, 2016
2:45 P.M.

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
UKUMEHAME RESERVOIRS**

House Bill No. 2198, H.D. 2, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to provide financing to assist West Maui Investors, LLC, with two Ukumehame reservoirs pursuant to Act 147, Session Laws of Hawaii 2012.

The Department is providing comments only to advise the Legislature and prospective SPRB parties that should the legislation be approved, approval of the SPRB issuance will require further discussion and satisfactory credit underwriting review of the financing components with respect to any proposed financing.

Thank you for the opportunity to provide testimony on this measure.