

DAVID Y. IGE
GOVERNOR OF
HAWAII



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

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

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

ROBERT K. MASUDA
FIRST DEPUTY

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
SUZANNE D. CASE
Chairperson**

**Before the House Committee on
WATER, LAND, & HAWAIIAN AFFAIRS**

**Wednesday, February 6, 2019
9:30 A.M.
State Capitol, Conference Room 325**

**In consideration of
HOUSE BILL 594
RELATING TO AN APPROPRIATION
FOR A KUNIA WELLS IV EXPLORATORY WELL**

House Bill 594 proposes to appropriate \$1,000,000 in general obligation bond funds to the Department of Land and Natural Resources (Department) for the design and construction of a Kunia Wells IV exploratory well to provide additional water supply within the Honolulu Board of Water Supply (BWS) system for growth, including diversified agriculture. In turn, the BWS would pass the benefits of this well by offsetting impact fees for new farmers to support the agriculture industry on Oahu. **The Department supports this measure provided that its passage does not replace or adversely impact priorities indicated in the Executive Budget request.**

The Department's Water and Land Development program (LNR 141) is authorized to coordinate and implement water source and water system projects to support of the overall economy of the State. This project is consistent with LNR 141's objectives. The Department proposes the following changes to House Bill 594 to clarify and effectuate the intent of this measure:

SECTION 1. The legislature finds that many Oahu farmers depend on discounted water rates from the city and county of Honolulu board of water supply. The legislature also finds that due to new federal Food Safety Modernization Act rules, farmers

will need greater access to potable water for irrigation and crop washing. More stringent water quality standards for water supply used to irrigate food crops may require increased reliance on potable supplies, thereby making existing surface water supplies less usable without treatment. The impact to Hawaii farmers and water suppliers is uncertain.

The legislature finds that funding assistance to provide alternative water sources would offset some of the costs that Oahu farmers would normally pay to start up or expand their capacity for diversified agriculture using water from the board of water supply.

The legislature further finds that the board of water supply adopted a thirty year water master plan that identifies its water system needs and a schedule of capital improvements. Recently, water rates and charges were established to better align revenues with the costs to serve different customer classes. During this water rate study process, the board of water supply engaged a stakeholder advisory group composed of water customers, community leaders, landowners, and developers, as well as agricultural, social, and environmental groups. The stakeholder advisory group recognized the benefits of a viable local agricultural industry on Oahu and the importance of an affordable supply of potable water for that industry.

The board of water supply's board of directors agreed with the stakeholder advisory group's recommendations and adopted the continuance of the subsidized water rate for agriculture, which is forty per cent lower than the rate for nonresidential ratepayers. New farmers may also incur capacity impact fees, also known as the water system facilities charges. Capacity impact fees are used to recover water system capacity that is allocated for growth. The water rate study found that the capacity impact fee also needs to be raised to meet cost of service requirements. The last time the capacity impact fee was raised was in 1993. This cost increase could have a significant economic impact on new farmers.

The purpose of this Act is to appropriate funds to the department of land and natural resources for the board of water supply to offset the design and construction costs for one of four exploratory water wells proposed by the board of water supply for the proposed Kunia wells IV pump station, which will provide additional water supply for growth, including diversified agriculture. ~~[The]~~ If the funds are used for the design and/or construction of one of four exploratory water wells, the board of water supply is prepared to pass the benefits of [these appropriated funds to] this well to offset the impact fees for new farmers to support the agriculture industry on Oahu [and ensure the impact fee for new farmers].

SECTION 2. The director of finance is authorized to issue general obligation bonds in the sum of \$1,000,000 or so much thereof as may be necessary and the same sum or so much thereof as may be necessary is appropriated for fiscal year 2019-2020 for the purpose of designing and constructing an exploratory well for the proposed Kunia wells IV pump station, as follows:

1. To be expended by the department of land and natural resources (LNR141):

A. Proposed Kunia wells IV pump station, Oahu.

Design and construction of one exploratory well to meet future potable water requirements for growth, including diversified agriculture.

Design and Construction	\$1,000,000
Total funding	\$1,000,000

Thank you for the opportunity to comment on this measure.

DAVID Y. IGE
Governor

JOSH GREEN
Lt. Governor



JAMES J. NAKATANI
Executive Director

STATE OF HAWAII
AGRIBUSINESS DEVELOPMENT CORPORATION

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TESTIMONY OF JAMES J. NAKATANI
EXECUTIVE DIRECTOR
AGRIBUSINESS DEVELOPMENT CORPORATION

BEFORE THE COMMITTEE ON WATER, LAND & HAWAIIAN AFFAIRS
Wednesday, February 6, 2019
9:30 a.m.

HOUSE BILL NO. 594
RELATING TO AN APPROPRIATION FOR A KUNIA WELLS IV EXPLORATORY WELL

Chairperson Yamane and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC supports House Bill No. 594, which appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

Available, economical, and clean irrigation water is the lifeblood of commercial agriculture on Oahu. Proper irrigation systems can support uninterrupted agriculture operations by enhancing production and productivity of agriculture land. However, as competition for fresh water increases, new potable water sources must be identified and individual farmers are unable to bear the cost of exploration. The proposed State-funded well is key to long-term planning for agriculture in the Oahu Central Plain.

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



HAWAII CROP IMPROVEMENT ASSOCIATION

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Bennette Misalucha

TESTIMONY FROM BENNETTE MISALUCHA, EXECUTIVE DIRECTOR

In Support of HB594
Relating to Water Infrastructure and Development

HOUSE COMMITTEE ON WATER, LAND & HAWAIIAN AFFAIRS
February 6, 2019, 9:30 a.m.
Conference Room 325

Chair Yamane and members of the committee:

The Hawaii Crop Improvement Association (HCIA) supports HB594, which appropriates funds to the Department of Land and Natural Resources for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

Access to potable water for irrigation and crop washing is vital to Hawaii agriculture and given the new federal Food Safety Modernization Act rules, this may become costlier and more difficult for Oahu farmers. The proposed funding assistance to provide alternative water sources would offset some of the costs to farmers to start up or expand their capacity for diversified agriculture using water from the Board of Water Supply.

Please vote yes on HB594. Mahalo for your time and consideration.

Respectfully submitted,

Bennette Misalucha
Executive Director, Hawaii Crop Improvement Association

The Hawaii Crop Improvement Association is a Hawaii-based non-profit organization that promotes modern agriculture to help farmers and communities succeed. Through education, collaboration, and advocacy, we work to ensure a safe and sustainable food supply, support responsible farming practices, and build a healthy economy.

HB-594

Submitted on: 2/4/2019 6:45:20 PM

Testimony for WLH on 2/6/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Watanabe	Maui County Farm Bureau	Support	No

Comments:



February 5, 2019

Representative Ryan I. Yamane, Chair
Representative Chris Todd, Vice Chair
House Committee on Water, Land & Hawaiian Affairs

Comments in Support of HB 594 Relating to Kunia Wells IV Pump Station; Exploratory Well (Appropriates funds to the Department of Land and Natural Resources for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.)

Wednesday, February 6, 2019 at 9:30 a.m. in Conf. Rm. 325

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to express its **support of HB 594** and of the various agricultural stakeholder groups who defend the goals of viable agricultural operations and the conservation and protection of agriculture, including Important Agricultural Lands in Hawaii. This bill articulates the need to provide alternative water sources to offset costs that Oahu farmers are required to pay to start up or expand their capacity for diversified agriculture using water from the City and County of Honolulu Board of Water Supply (BWS).

HB 594. The purpose of this bill is to appropriate funds to the BWS to offset the design and construction costs for one of four exploratory water wells for the proposed Kunia wells IV pump station, which will provide additional water supply for growth, including diversified agriculture. The BWS is willing to pass the benefits of the appropriated funds to farmers to support the agriculture industry on Oahu.

LURF's Position. Since large amounts of prime agricultural lands and irrigation systems became available for conversion to diversified agriculture as a result of the plantation closures in the 1990s, the State has had the opportunity to strengthen and expand Hawaii's diversified agriculture industry. Agricultural lands, however, require significant quantities of water to support and maintain productivity.

Many Oahu farmers depend on discounted water rates from the BWS and will likely need greater access to potable water for irrigation and crop washing to comply with new Food Safety Modernization Act rules. It is difficult, however, for the BWS to maintain its agricultural discount which is in effect, a subsidy by BWS' commercial and residential customers. The appropriation proposed in HB 594 would assist BWS with the cost of locating and developing new water resources and will help relieve the competition for water, thus allowing BWS to maintain lower rates for farmers.

Local farmers and ranchers who rely on water infrastructure systems to service their agricultural lands consider such assistance critical to conduct their agricultural operations and to sustain their businesses. These agricultural stakeholders believe measures such as HB 594 which involve cooperation and support from the business and economic community will greatly help by providing funding necessary to develop and improve water infrastructure systems for the long-term betterment of the State's agricultural industry, and depend on legislation such as this to allow them to work toward the expansion of diversified agriculture; promote the agricultural self-sufficiency of the State; and to protect water as an important resource.

For the above reasons, LURF **supports HB 594** and respectfully urges your favorable consideration.

Thank you for the opportunity to provide comments in support of this matter.

HB-594

Submitted on: 2/5/2019 9:26:22 AM

Testimony for WLH on 2/6/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:

LATE



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e-mail info@hfbf.org; www.hfbf.org

February 6, 2019

HEARING BEFORE THE
HOUSE COMMITTEE ON WATER, LAND, & HAWAIIAN AFFAIRS

TESTIMONY ON HB 594
RELATING TO AN APPROPRIATION FOR A KUNIA WELLS IV EXPLORATORY WELL

Room 325
9:30 AM

Aloha Chair Yamane, Vice Chair Todd, 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 supports HB 594, which appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture

Affordable and reliable waters for irrigation is a basic requirement for sustainable agriculture. Across the country, irrigation systems are heavily subsidized. Currently, new infrastructure investments are occurring in the West to ensure water will be available for agriculture. Hawaii's farmers face expenses far beyond that of their continental or foreign counterparts due to input costs, utility costs, and water. There is no doubt that water infrastructure development has lagged the needs of population growth across the State. In addition to new development, repair and maintenance of aging infrastructure also need to be addressed. In addition to those meeting potable water needs, there is an equal need to address irrigation and other water requirements associated with agriculture.

HFB appreciates the support by the legislature in our past efforts to help Hawaii's farmers achieve compliance with the FDA Food Safety and Modernization Act. As the actual rule has been rolled out by FDA the immensity of the task is becoming evident. Basic requirements for water quality are clear. Untreated water that was considered the norm for agriculture may no longer be acceptable in certain cases based on the requirements of the Food Safety Modernization Act or FSMA. Nonpotable systems will require farmers to take additional measures that will increase costs.

Thank you for this opportunity to testify in support of this measure.