

**SB 14**

**NEIL ABERCROMBIE**  
Governor



**RUSSELL S. KOKUBUN**  
Chairperson, Board of Agriculture

**JAMES J. NAKATANI**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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**TESTIMONY OF RUSSELL S. KOKUBUN  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE  
ON  
WAYS AND MEANS**

**THURSDAY, FEBRUARY 24, 2011  
9:00 A.M.  
CONFERENCE ROOM 211**

**SENATE BILL NO. 14, S.D. 1  
RELATING TO AGRICULTURAL DEVELOPMENT**

Chairperson Ige and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 14, S.D. 1. The purpose of this bill is to expand the authorized uses of the agricultural development and food security special fund to include improvements and investigative studies of dams and reservoirs and to fund these projects through an appropriation from General Obligation Bonds. The Department supports the intent of this bill.

The addition of language to possibly fund activities for dams and reservoirs from G.O. Bonds spotlights the importance of these structures as they are a critical component in functioning irrigation systems. Access by private interests to matching funds to make necessary improvements may provide the necessary incentive to the owner to rehabilitate the structure instead of abandoning it.

Thank you for the opportunity to testify on this measure.





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**SB 14 SD1  
RELATING TO AGRICULTURAL DEVELOPMENT**

**PAUL OSHIRO  
MANAGER – GOVERNMENT RELATIONS  
ALEXANDER & BALDWIN, INC.**

**FEBRUARY 24, 2011**

Chair Ige and Members of the Senate Committee on Ways & Means:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B), Hawaiian Commercial & Sugar Company (a division of A&B) and Kauai Coffee Company (a subsidiary of A&B), on SB 14 SD1, "A BILL FOR AN ACT RELATING TO AGRICULTURAL DEVELOPMENT." We support this bill.

Alexander & Baldwin and its agricultural companies Hawaiian Commercial & Sugar Company (HC&S) and Kauai Coffee Company, have 18 regulated reservoirs on Kauai and 30 on Maui, the majority of which are in active use by HC&S and Kauai Coffee Company. Because these dams and reservoirs are a vital part of our agricultural operations, they are operated, monitored, and maintained on an on-going basis. These facilities enable the storage of water so that HC&S and Kauai Coffee can better weather periods of drought. These facilities also enable us to make optimum use of water resources—by capturing waters during heavy rainfall periods, less has to be used from surface water sources and wells during other times. They are absolutely integral to our ability to continue to keep tens of thousands of acres in agriculture in this state.

We understand that DLNR has overseen the implementation of Phase I investigative studies and inspections for all regulated dams and reservoirs in the State

of Hawaii. As a result of these Phase I investigative studies and inspections, several additional dam and reservoir safety requirements, many with significant cost implications, have been recently levied upon owners of dams and reservoirs. These additional requirements include various geotechnical/stability studies, hydraulic/hydrology studies, upstream control valve studies, spillway improvements, and other miscellaneous construction items.

The additional costs required to meet dam and reservoir safety regulatory requirements may create an undue financial burden for dam and reservoir owners, the majority of whom are farmers or agricultural operations that rely on these facilities for their livelihood. Smaller farmers and agricultural operations who utilize water from dams owned by others may be negatively impacted should the dam owner decide to permanently breach their facilities because of the undue increase in operating and capital expenses prompted by regulatory expenses and requirements of DLNR's dam and reservoir safety program. Owners of multiple dams, will be particularly hard hit.

This bill will broaden the scope of the Agriculture Development and Food Security Special Fund to enable the funds, with a private sector matching requirement, to be used for dam and reservoir safety investigative studies and capital improvements. We believe that this bill will greatly assist dam and reservoir owners as they grapple with financing the significant additional costs to upgrade their dams and reservoirs so that they can meet regulatory requirements. This bill is a cooperative approach to what is really a broader community issue. By providing dam owners with a financial incentive to improve their facilities, the likelihood that more of these facilities will be kept in continued operation, and fewer decommissioned due to the cost of complying with the

new regulations, will be increased. We believe that with the assistance of this fund, dams and reservoirs can continue to serve as a valuable water resource for Hawaii's agricultural industry and its communities.

Based on the aforementioned, we respectfully request your favorable consideration on this bill. Thank you for the opportunity to testify.