

**DAVID Y. IGE**  
Governor

**JOSH GREEN**  
Lt. Governor



**PHYLLIS SHIMABUKURO-GEISER**  
Acting Chairperson  
Board of Agriculture

State of Hawaii  
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TESTIMONY OF THE DEPARTMENT OF AGRICULTURE  
BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

FEBRUARY 13, 2019  
8:30 A.M.  
CONFERENCE ROOM 312

HOUSE BILL NO. 1561  
RELATING TO THE AGRIBUSINESS DEVELOPMENT CORPORATION

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to present testimony on House Bill 1561 which appropriates funds and positions for the Agribusiness Development Corporation (ADC). The Department of Agriculture supports the full base budget of the ADC as the attached agency serves a vital role to the State of Hawaii.

ADC is tasked with transitioning the State to diversified agriculture from its plantation history with sugar and pineapple. This task requires the ADC to acquire agricultural lands, develop critical infrastructure including irrigation and water sourcing, and identify successful diversified agriculturalists to cultivate diversified ag products across the State. ADC is also tasked with developing diversified agricultural facilities. With the ability to pursue public-private partnerships, ADC can collaborate with various groups across the State to promote and support the development of agricultural enterprises.

By approving the base budget of the ADC, the Legislature will be supporting the State's long-term efforts to develop a successful, diversified agricultural industry.

Thank you for the opportunity to testify 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 AGRICULTURE  
Wednesday, February 13, 2019  
8:30 p.m.

HOUSE BILL NO. 1561  
RELATING TO AGRIBUSINESS DEVELOPMENT

Chairperson Creagan and Members of the Committee:

My name is James Nakatani, Executive Director of the Agribusiness Development Corporation (“ADC”). The ADC supports House Bill No. 1561, which appropriates funds for the fiscal biennium 2019-2021 operating budget of the Agribusiness Development Corporation under the purview of the House of Representatives Standing Committee on Agriculture.

Attached is an organization overview of the ADC to support the proposed operating budget.

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

## **Agribusiness Development Corporation Overview**

### **Organization Mission**

The Agribusiness Development Corporation’s mission is defined in HRS §163D-1. It states: *[P]ublic corporation to administer an aggressive and dynamic agribusiness development program. The corporation shall coordinate and administer programs to assist agricultural enterprises to facilitate the transition of agricultural infrastructure from plantation operations into other agricultural enterprises, to carry on the marketing analysis to direct agricultural industry evolution, and to provide the leadership for the development, financing, improvement, or enhancement of agricultural enterprises.*

### **Activity Focus**

ADC has evolved into an agency that is principally involved in taking over the infrastructure and operations of agricultural infrastructure, primarily irrigation systems, from prior abandoned plantation operations.

It has repaired and restored these water systems and infrastructure and now operates them for the benefit of adjoining public agricultural lands that ADC leases to tenant farmers (Kekaha and the proposed east Kauai water system) or adjoining private landowners and tenants (Waiahole water system).

In recent years, it has expanded its scope to include acquiring agriculture lands becoming available from former plantation enterprises. However, land acquisition has moved ADC into an active property management role on a scale previously not experienced by the organization. It continues to adjust to this role today.

### **Program Appropriation – AGR161 Operating**

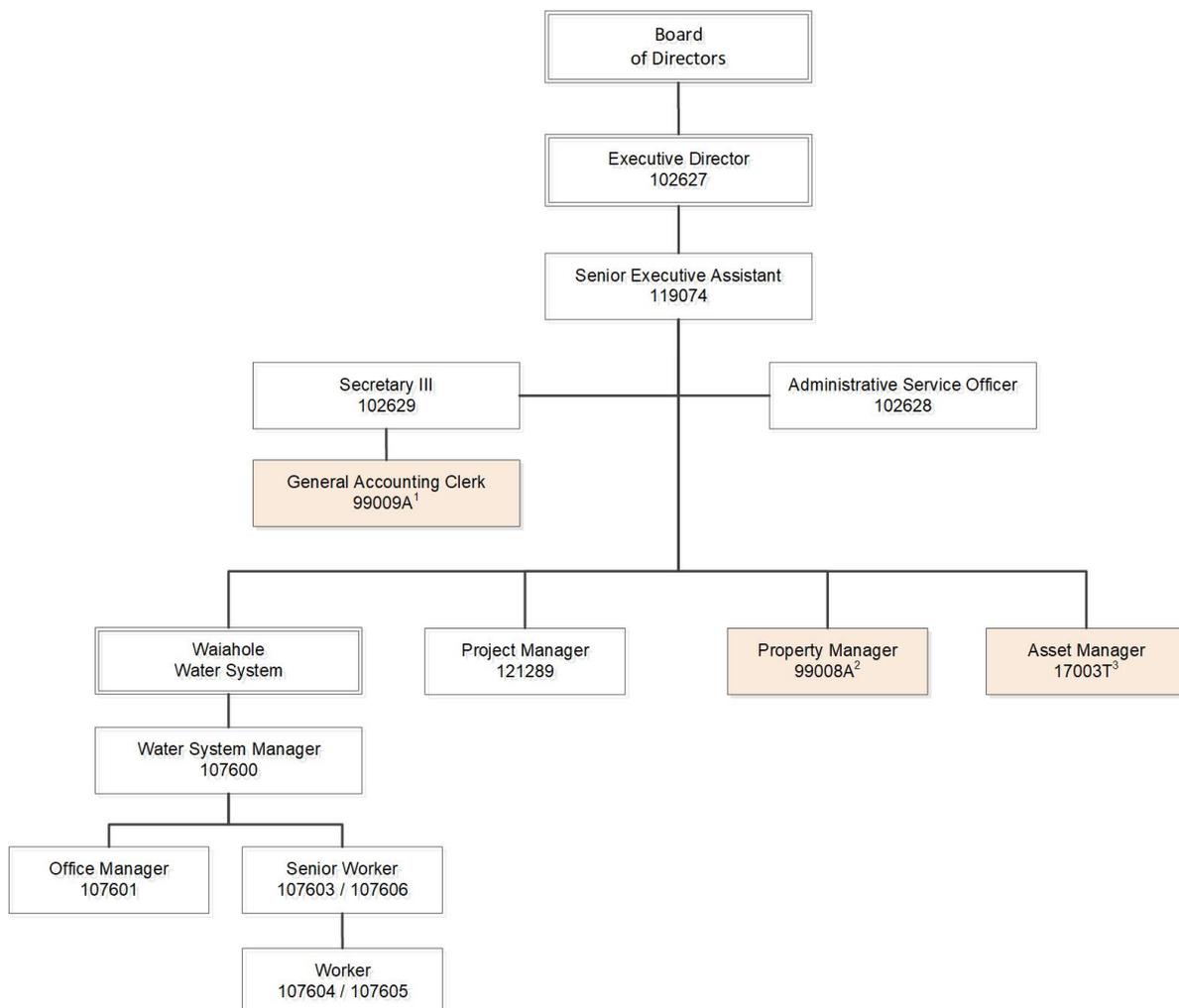
|     | <b>Fiscal Year</b> |   |                  |   |
|-----|--------------------|---|------------------|---|
|     | <b>2019-2020</b>   |   | <b>2020-2021</b> |   |
|     | 2.00               | # | 2.00             | # |
| AGR | 150,293            | A | 150,293          | A |
| AGR | 500,000            | B | 500,000          | B |
|     | 12.00              | # | 12.00            | # |
| AGR | 4,112,279          | W | 4,115,118        | W |

## ADC Staffing

Currently, a staff of 11 employees support agribusiness development and maintain the Waiahole Water System. To augment the staff, the Hawaii Department of Agriculture loaned a Special Projects Manager to ADC.

The three positions below are in the process of being established.

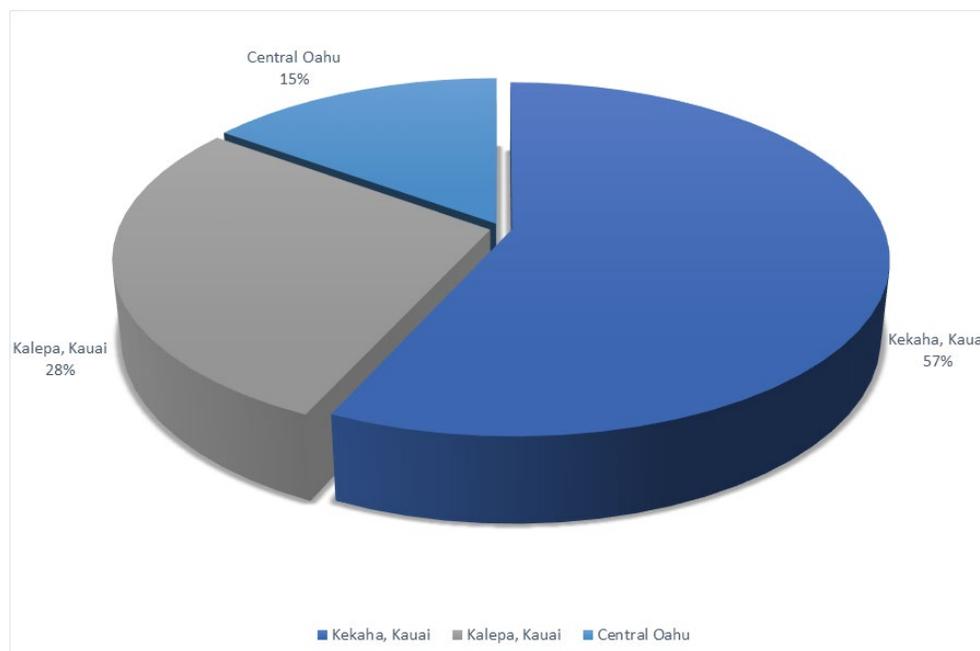
1. General Accounting Clerk – position authorized effective 7/1/18
2. Property Manager – position authorized effective 7/1/18
3. Asset Manager – position authorized effective 7/1/16



## Land Management Overview

Much of ADC's current efforts focus on property management – the processes and labor required to manage the life cycle of all acquired property including acquisition, control, accountability, responsibility, restoration, maintenance, utilization, and disposition. Property management encompasses both individual properties and the infrastructure that ties the region together. Adding to this complexity is the requirement that ADC farmers are required to submit an approved conservation plan and to meet current food safety and good agriculture practices criteria.

The chart below shows a breakdown of lands administered by ADC.



## Land Acquisition Activities

| <b>Seller</b>                          | <b>TMK</b>                     | <b>Acreage</b> | <b>Year</b> | <b>Price</b>        |
|--|--------------------------------|----------------|-------------|---------------------|
| Trustee of the George Galbraith Estate | Various                        | 1,250          | 2012        | \$13,000,000        |
| Castle & Cooke, Inc.                   | 1-7-1-002-009                  | 24             | 2013        | \$3,300,000         |
| Tamura Enterprises, Inc.               | 1-7-4-012-016                  | 2              | 2014        | \$4,290,000         |
| Dole Food Company, Inc.                | 1-7-1-002-004<br>1-7-1-002-023 | 257            | 2015        | \$5,600,000         |
| W.H. Shipman, Ltd.                     | 3-6-151-002                    | 2              | 2015        | \$510,000           |
| Dole Food Company, Inc.                | 1-6-5-002-001                  | 73             | 2016        | \$2,511,200         |
| Dole Food Company, Inc.                | 1-7-1-002-006<br>1-7-1-002-034 | 197            | 2016        | \$1,810,000         |
| Castle & Cooke, Inc.                   | 1-7-1-002-032                  | 205            | 2016        | \$4,940,000         |
| Dole Food Company, Inc.                | 1-6-4-003-016<br>1-6-5-001-046 | 386            | 2017        | \$11,600,000        |
| Castle & Cooke, Inc.                   | 1-9-5-003-007                  | 92             | 2017        | \$2,300,000         |
| Dole Food Company, Inc.                | 1-6-5-002-011                  | 215            | 2017        | \$5,822,010         |
| Dole Food Company, Inc.                | 1-6-4-004-008<br>1-6-4-004-006 | 234            | 2017        | \$4,224,400         |
| Dole Food Company, Inc.                | 1-6-5-005-002                  | 434            | 2017        | \$11,450,000        |
|  | <b>Total</b>                   | <b>3,371</b>   |             | <b>\$71,357,610</b> |

## Central Oahu Lands

In 2012, the Trust for Public Land purchased 1,732 acres of land from the Galbraith Estate, near Wahiawa, and transferred the land to two Hawaii public agencies. ADC received 1,200 acres and the Office of Hawaiian Affairs (OHA) received the 500 acres surrounding Kukaniloko, the royal birthing site. The properties can only be used for agriculture. Subsequently, close to an additional 2,000 acres have been acquired in the Wahiawa/Waialua area.

To make the lands suitable for agriculture production, ADC must address the lack of reliable irrigation and the need to clear the land of trees and shrubbery and to amend the soil. In the over 600 leased acres, diversified agriculture operations produce tomatoes, bell peppers, watermelons, cabbages, cucumbers and other Asian crops.



Waialua



Galbraith



Whitmore



Waialua

## **Kauai Lands**

### Kalepa

In 2005, ADC gained control of 6,200 acres of former Lihue Plantation land, now referred to as Kalepa. This area has a mixture of diversified agriculture, ranching and trees for energy production.

### Kekaha

In 2002, with the closing of all Amfac/JMB sugar operations, ADC gained control of 12,500 acres of land in the Mana Plains area of Kekaha. Included in the transfer was the Kokee Ditch System, the Kekaha Ditch System, two pump stations, two hydro-electric power plants, and an irrigation/drainage ditch system. This area now has over 400 acres of diversified agriculture.



Kalepa



Kekaha

A critical function is pumping excess groundwater to the ocean to prevent the Mana Plains, including the town of Kekaha, from flooding. Under a contract with the Pacific Missile Range Facility Barking Sands, a range of 5 to 20 mgd is pumped.



Kawaiele Pump Station



Dredging Drainage Ditches

## Waiahole Water System (WWS)

The WWS is a key component in ADC's Central Oahu Water Security Plan, which seeks to improve the efficiency of the WWS. Improvements will not only ensure the production of crops but will also address some of the goals of the Hawaii Fresh Water Initiative in their 2016-2018 Blueprint for Action, Water Security For an Uncertain Future.

The system provides a constant and stable source of irrigation water to approximately 5,866 acres of land in central and leeward Oahu. On average, 5 to 7 mgd is delivered for use to system customers. ADC maintains the system and continues to improve its infrastructure including the installation of a SCADA system for real-time water level reporting.



## **Detailed Project List 2019**

| DESCRIPTION   | PROJECT STATUS   |
|---|--|
| PRIORITIES 2018                                     |  |
| Central Oahu Water Security                         | <p>Investigating required premitting. Met with Commission on Water Resource Management staff. Next steps--prepare SOQs for procurement of design professional.</p> <p>To do by June 2020:</p> <ol style="list-style-type: none"> <li>1) Select a engineer to help ADC review plans and answer technical questions that may arise during the project.</li> <li>2) Select a professional to plan and design the well pump and reservoirs. ***NEED TO BE COMPLETED BY DEC 2019</li> <li>3) Place the plan and specs on HlePRO for competitive bid. Bid tabs and/or contracts must be executed no later than MARCH 31 2019.</li> </ol> <p>FUNDS LAPSE ON JUNE 30, 2020.</p>  |
| Wahiawa - Galbraith Estate                          | <p>Procure back-up motor and convert to electric pump. Estimate \$300K for spare diesel motor, \$1.2M to convert to electric. Same funding (\$13M) as Galbraith Irrig. Sys. Upgrd &amp; Improv. Selection Committee chose Brown and Caldwell. Need to execute contract before June 2018.</p> <p>To do by June 2018:</p> <ol style="list-style-type: none"> <li>1) Execute a contract with BC to design a combination drive (dual motor electric and diesel) pump at Bott Well and come up with specs for back up diesel motor and HDPE pipe. Need to complete ASAP to execute construction contract by June 2018<br/>***DESIGN AND SPECS RECEIVED ON SEPT 2018; and</li> <li>2) Execute a contract to construct the combination drive pump and purchase a spare/backup diesel motor. Purchase HDPE pipe (size???) with remaining funds, if any.</li> </ol> <p>Note: According to ARM-D, Ralph Inouye Contractors was the only bidder and made an error on their bid. Apparently, Ralph Inouye under bid the project and is working with their subcontractor to meet the budget. ADC informed ARM-D that the priority is purchasing the back up diesel motor.</p> |
| Whitmore - Dole<br>194-acres, TMK 7-1-002-034, -006 | <p>Land-clearing<br/>Note: \$250K Barrel Tax</p> <p>RFQ under review by Lynn Owan - ADC-ASO. Bid job out on HiEPRO on February 28, 2018. May delay due to other projects that need to be encumbered by June 2018. ***THE PROJECT WAS POSTPONED DUE TO HOARY BAT PUPPING SEASON AND. 60 ACRES OF ALBIZIA WAS CLEARED ON OCTOBER 12, 2018.</p> <p>To do by May 31, 2019 (Hoary Bat Season start on June 1, 2019):</p> <p>Note: \$800,000 in operating funds. ***ALL contract must be executed before March 31, 2019</p> <ol style="list-style-type: none"> <li>1) Clear 85 acres of Albizia;</li> <li>2) Remove 5 large albizia trees identified as hazardous;</li> <li>3) Clear brush and shrubs along fenceline abutting Helemano Elementary School; and</li> <li>4) Remove hazardous trees near residences in Wahiawa and Whitmore.</li> </ol>  |
| Whitmore - various                                  | Security   |

| DESCRIPTION   | PROJECT STATUS   |
|---|--|
| IT phone app  | review IT proposal from Archer and implement, if feasible  |
| Galbraith Irrig. Sys. Upgrd & Improv.                               | <p>Lapse 2018-06-30 \$13M, approx. \$7M anticipated for 10MG and 3MG reservoirs. With \$6M left over, working with ARMD to retain consultant to plan and design a wet well intake, pumping station, and transmission line to deliver water from Lake Wilson to the GALs. 10MG and 3MG reservoir project posted 1/19/2018. Anticipated completion 7/20/2018. ***AWAITING SHPD APPROVAL FOR PROJECT ARCHAEOLOGICAL MONITORING PLAN. PLAN SUBMITTED ON NOVEMBER 16, 2018.</p>   |
| <b>LAND ACQUISITION &amp; DEVELOPMENT</b>                           |  |
| <p>Wahiawa<br/>Galbraith Estate<br/>1750 acres<br/>Various TMKs</p> | <p>2012: Acquired land on December 10, 2012.<br/>2013: Completed soil conservation plan (NRCS), cleared 300 acres of land, and amended soil. Installed gates and signs.<br/>2014: Completed repairs to the Bott Well Pump.<br/>2015: Repaired 6 existing water hydrants which required negotiation with OHA to enter their land to repair an existing hydrant along an existing waterline.<br/>2016: Completed plans and design for GAL reservoirs.<br/>2017: Installed water meters for small farmers. Lease/license land to small farmers. 10 farmers have been approved by the ADC Board of Directors and are awaiting their license, conservation plan, and/or business documentation. ADC anticipates 950+ acres will be used for production by the end of 2017. Negotiate terms and conditions to use an existing pipeline from the Galbraith Irrigation System that traverses Office of Hawaiian Affairs property. Negotiations continue with OHA. Construct reservoirs (3 million and 10 million gallon). Reservoirs will provide water to the Galbraith Agricultural Lands and TMKs: 7-1-02-04; 7-1-02-34; and 7-1-02-32. Anticipated start time is September 2017. FY17-18 budget is \$13,000,000 for improvements to the Galbraith Irrigation System.<br/>2018: 1) Construct 3MG and 10MG reservoirs. Per ARM-D, posted on HiEPRO on 1/12/18. 2) Procure back-up motor and convert existing Bott Well Diesel Pump to electric pump. See, Priorities 2018. Selection Committee chose Brown and Caldwell. 3) Plan and design the Lake Wilson straw to use lake water to irrigate GAL. Selection Committee chose Brown and Caldwell. Per ARM-D, we can use the remaining funds to purchase pipe. See, Priorities 2018. Need to execute contract for electric pump and Lake Wilson straw before June 2018.<br/>Lapse 2018-06-30</p> |
| <p>Whitmore<br/>Castle &amp; Cooke<br/>24-acres<br/>7-1-002-009</p> | <p>2013: Acquired land on December 23, 2013.<br/>2014-2016: Issued short term license and revocable permits for existing facilities. Carry over licenses agreements terminate in 2016.<br/>2017: Completed conceptual plans and design for the Whitmore Project Master Plan. Complete cost benefit analysis of the master plan. Plan and design a new 75,000 sq ft packing and processing facility. Continue to issue short term license or revocable permits for open space and facilities. FY17-18 budget is \$1,350,000 for the Whitmore Project Master Plan and \$650,000 for the State Packing and Processing Facility.<br/>Lapse 2018-06-30</p>  |
| <p>Wahiawa<br/>Tamura Warehouse<br/>68,475 sf<br/>7-4-012-016</p>   | <p>Acquired: November 14, 2014<br/>Roof repairs nearing completion.<br/>Plan and design an agricultural innovation product incubator.</p>  |

| DESCRIPTION  | PROJECT STATUS   |
|--|--|
| Kamananui<br>Dole<br>73-acres<br>6-5-002-001   | 2015: Acquired land on February 26, 2015. Property had an existing tenant who has a License to use the usable portion (34.8 acres) for grazing sheep. The License terminates in 2019.<br>2016-2017: Plan and designs of the Wahiawa Recycled Water Irrigation System includes plans to use the property as a potential slow rate land application system to capture recycled water.<br>2018: Plan and design a Slow Rate Land Application System in accordance with the R-1 irrigation line. See, Wahiawa Wastewater Treatment Irrigation Water.<br>2019: Carry over License terminates. Land could potentially be converted to diversified farming activities.<br>Current lessee--Poohala Farms LLC |
| Keaau<br>W.H. Shipman Business Park Lot<br>66,472 sf<br>1-6-151-002                  | 2015: Acquired land on December 11, 2015.<br><br>(See Zero Waste Conversion Project Keaau, Hawaii.)  |
| Whitmore<br>Dole<br>257-acres<br>7-1-002-004, 7-1-002-023                            | 2015: Acquired land on February 26, 2015. Converted carry over agricultural tenants to long-term licenses.<br>2016: Issued short term and revocable permits for open space and facilities.<br>2017: Completed conceptual plans and design for the Whitmore Master Plan. Complete cost benefit analysis of the master plan. Continue to issue short term license or revocable permits for open space and facilities. FY17-18 budget is \$1,350,000 for the Whitmore Project Master Plan.  |
| Whitmore<br>Dole<br>194-acres<br>7-1-002-034, 7-1-002-006                            | 2016: Acquired Land December 13, 2016. Sold restrictive use easement to Navy = \$1,810,000; ADC's net cost = \$1,810,000.<br>2017: Completed soil conservation plan. Clear invasive albizia trees and overgrown grass and brush. Upgrade existing 5/8" BWS potable water meter to a 2" meter. Install gates and signs. Prepare land for agricultural activities and amend soil. Construct berms and improve existing holding tanks to improve access to water. License land to farmers. No funding for FY17-18.<br>2018: Land-clearing. See, Priorities 2018.  |
| Whitmore<br>Castle & Cooke<br>205-acres<br>7-1-002-032                               | 2016: Acquired land on December 30, 2016.<br>2017: Completed soil conservation plan. Clear invasive albizia trees and overgrown grass and brush. Install gates and signs. Prepare land for agricultural activities and amend soil. No funding for FY17-18.   |
| DHHL<br>50 acres<br>(1)7-1-002-031, -032   | As part of the acquisition of the 205-acre acquisition, DHHL through the Mano Wai Corporation received a donation of approximately 50 acres of land abutting the 205 acres from Castle & Cooke. As part of the donation transaction, it was contemplated that DHHL would transfer ownership of the 50 acres to ADC in exchange for an AGR appropriation in the DHHL budget which would be delegated to DHHL by ADC. ADC is conducting its due diligence of the 50 acres.   |
| Paalaa Uka & Kamananui ("PSA 1")<br>Dole<br>552.47-acres<br>6-4-003-016, 6-5-001-046 | 2017: Acquired land on July 20, 2017.<br>2018: Replace gate and install signs. Prepare land for agricultural activities and amend soil. No funding for FY17-18.  |

| DESCRIPTION   | PROJECT STATUS  |
|---|---|
| Waipio (Kipapa Ridge)<br>Castle & Cooke<br>91.654-acres<br>9-5-003-007                  | Acquired: Anticipated closing December 28, 2017.  |
| Kamananui ("PSA 2")<br>Dole<br>215.63-acres<br>6-5-002-011                              | Acquired: Anticipated closing December 28, 2017. ADC will assume existing tenant lease.                                 |
| Dole ("PSA 3")<br>126.62-acres<br>6-5-002-006, 6-5-002-008,<br>6-5-002-027, 6-5-002-028 | Acquired: Under negotiation, pending resolution of quiet title action by Dole. ADC will assume existing tenant lease.   |
| Dole ("PSA 4")<br>234.03-acres<br>(1)6-4-004-008<br>(1)6-4-004-006                      | Acquired: Anticipated closing December 28, 2017.  |
| Dole ("PSA 5")<br>434.188-acres<br>(1)6-5-005-002 (por)                                 | Acquired: Anticipated closing December 28, 2017. ADC will assume existing tenant lease.                                 |
| Dole ("PSA 6")<br>120.541-acres<br>(1)6-5-001-044 (por)                                 | Acquired: Under negotiation, pending subdivision.   |
| Dole ("PSA 7")<br>(1)6-5-001-014  | Acquired: Under negotiation, pending resolution of quiet title action by Dole.. ADC will assume existing tenant leases. |
| Waialea set aside<br>135-acres<br>(1)5-8-001-007, -013, -055                            | (See Aquaculture.)  |
| Wahiawa set aside<br>5-acres<br>(1)7-3-013-008, -009                                    | (See Aquaculture.)  |
| <b>IRRIGATION SYSTEMS</b>   |   |

| DESCRIPTION  | PROJECT STATUS  |
|--|---|
| Waiahole Steel Siphon replacements [ADC-funded]        | 2015: Contract awarded to Global Specialties to replace 4 siphons. Replaced siphons A and D.<br>2016: Replaced siphons B and C. Completed.<br>2017: Install SCADA system. Completed.  |
| Waiahole Reservoirs 155 & 225 ADC, USACE, DOA-ARM, WWS | (See Dams and Reservoirs.)  |
| Wahiawa Wastewater Treatment irrigation water          | Start: July 31, 2012<br>HDR awarded contract July 31, 2012<br>2016: Brown and Caldwell awarded the contract to plan and design the Wahiawa Reclaimed Water Irrigation System. Started negotiations with the City's Environmental Services Office to execute an agreement to recycle the R-1 effluent from the Wahiawa Wastewater Treatment Plant for agricultural purposes.<br>2017: Completed routing study to identify the advantages and disadvantages of 5 different routes for the R-1 pipeline. Began discussions with the Office of Hawaiian Affairs to use their property as a potential route for the R-1 pipeline. Continued negotiations with the City on the agreement to recycle the R-1 effluent. Negotiations with OHA continue. Anticipated construction start date July 2019. Estimated cost TBD. FY17-18 budget is \$500,000 to complete the plans and design.<br>2018: Procure new contract to complete addition plans and designs and EIS with \$500,000. |
| Paalaa Uka-Dole (Kelena Well 25)                       | Purchase easement for well 25 and area around well. Appraise well and seek other preliminary information; present to BOD for feedback and guidance.   |
| NSA tunnel cooling water                               | Test water sample complete.   |
| Aahoaka Reservoir, upper                               | (See Dams and Reservoirs.)  |
| Aahoaka Reservoir, lower                               | (See Dams and Reservoirs.)  |
| Hanamaulu Reservoir 21                                 | (See Dams and Reservoirs.)  |
| Kekaha Ditch   | In litigation.<br>2018: Purchase materials and deliver to KAA. Working with KAA and ARM-D to develop the material list.<br><b>Lapse 2018-06-30 \$5M</b>   |
| Mana Reservoir   | (See Dams and Reservoirs.)  |
| Kokee Ditch  | In litigation. To be transferred to KIUC for pumped storage project. License to KIUC issued for Phase I, investigation and studies of power project.  |
| Kitano Reservoir                                       | (See Dams and Reservoirs.)  |
|  |   |
| <b>DAMS &amp; RESERVOIRS</b>                           |   |
| Oahu Res 155   | Approvals of USACE pending.<br>2018: Dredge reservoir and install lining. Project to be completed by USACE.   |
| Oahu Res 225   | 2018: Dredge reservoir and install lining. Project to be completed by USACE.  |

| DESCRIPTION                 | PROJECT STATUS  |
|-----------------------------|---|
| Central Oahu Water Security | See, Priorities 2018  |
| Mana                        | In litigation. To be transferred to KIUC for pumped storage project. License to KIUC issued for Phase I, investigation and studies of power project.<br>Consider taking topsoil--seek concurrence from KIUC, Dam Safety   |
| Kitano                      | To be decommissioned. Breaching permit process continuing, SHPD did not find jurisdiction.  |
| Puu Lua                     | Under DLNR ownership, to be transferred to KIUC for pumped storage project. Stakeholders include DLNR Land Division, State Parks, and Aquatics Division, KIUC, ADC, Kekaha Agriculture Association ("KAA"), all of whom are in discussions over who should manage and control the reservoir pending KIUC power project construction.                    |
| Upper Aahoaka               | Reduction of dam capacity currently in planning. ADC, Dam Safety, DAGS engineers, and DAGS consultant now having monthly status meetings to move DAGS along on dam remediation (widening the spillway and reducing capacity to render dam   |
| Lower Aahoaka               |   |
| Hanamaulu Reservoir 21      | Dam reduction completed in 2012 or 2013 by DAGS engineering, completion documents never submitted to Dam Safety; ADC continues to be liable for dam safety until reduction is approved by Dam Safety; ADC, Dam Safety, DAGS engineers, and DAGS consultant now having monthly status meetings to move DAGS along on submission of completion documents. |
|                             |   |
| <b>RENEWABLE ENERGY</b>     |   |
| Keaau Biodigester           |   |
| Wahiawa Pumped Storage      |   |
| Kekaha Pumped storage       |   |
| Kekaha Hydroelectric        |   |
| Kekaha Magnetic turbine     |   |
|                             |   |
| <b>LAND MANAGEMENT</b>      |   |

| DESCRIPTION   | PROJECT STATUS  |
|---|---|
| <p>Wahiawa<br/>Galbraith Estate<br/>1750 acres<br/>Various TMKs</p> | <p>2015: 250 acres of the Galbraith Agricultural Lands (GAL) were put into production. From the 250 acres, farmers harvested 2,700,000 lbs. of watermelon and 750,000 lbs. of peppers.<br/>2016: Received ADC Board approval to issued long term license to 10 small farmers. Assist small farmers obtain conservation plans and business documentation. Negotiate long term license agreements. Criminal trespassing rampant on vacant agricultural lands and unusable portions (gullies, revines). Issued verbal and written warnings on multiple occasions. Posted additional signage and repaired agricultural berms removed by criminal trespassers. Received complaints from neighboring land owners about homeless encampments, illegal dumping, cockfights, prostitution, firearms possession and drug trafficking.<br/>2017: 500+ acres of watermelons, peppers, and Asian vegetables in production. The ADC anticipates having a total of 950 acres of food production on the GAL by the end of 2017. Assist small farmers obtain conservation plans and business documentation. Ongoing effort to stop criminal trespassing on vacant agricultural land. Constructed gates, placed boulders and pylons, and replaced stolen signs. Working with law enforcement and the State's homelessness coordinator to plan a coordinated sweep of the property.<br/>2018: Issue land license to small farmers; Work with famers on obtaining their conservation plans. Work with HPD on a plan to remove squatters on TMK 7-1-01-05.</p> |
| Whitmore 24-acre  | 2018: Remove Norfolk pines. Made request to HECO to shut off power.   |
| Whitmore 257-acre   | <p>(See Land Acquisition and Development)<br/>2017: Installed signage and demolished illegal structures in unusable areas of the property near Uwalu Circle<br/>2018: Periodic sweeps to ensure area remains clear. Possibly install fencing along Uwalu Circle. Send letter to Whitmore residents regarding encroaching on Helemano Farms licensed area. Install signs.</p>  |
| Whitmore 194-acre   | <p>2017: Installed concrete pylons to stop trespasser<br/>2018: Install signs and gates. Remove squatter encampment and trash.</p>  |
| Whitmore 205-acres  | <p>2017: Repaired berms that were removed by trespassers.<br/>2018: Install signs and gates along Saipan Road.</p>  |
| <p>Dole ("PSA 5")<br/>434.188-acres<br/>(1)6-5-005-002 (por)</p>    | 2018: Replace lock on main gate.  |
| Kalaeloa/Campbell set aside   | Currently leased to Baker Commodities, terminates September, 2045   |
| Mokuleia Aquaculture  | Former DLNR tenant in possession, unable to reach agreement terms.  |
| Kunia Ag - New Hope Leeward   |   |
| Kalepa, Kauai set aside   | 2015: DLNR transfers 148 acres to ADC pursuant to Governor's Executive Order No. 4474. DLNR also transfers Hawaii Fish Company's revocable permit to use 18 acres. Hawaii Fish Company could not agree to terms and conditions offered by ADC for a long term license and remains on the retroactive DLNR revocable permit (RP 6814). Under DLNR RP 6814, Hawaii Fish Company controls a 7-acre freshwater pond which could potentially be used to promote aquaculture in Hawaii.   |
| Kekaha, Kauai set aside   | MOU November 28, 2012   |

| DESCRIPTION   | PROJECT STATUS   |
|---|--|
| Kekaha contamination clean up and installation of emergency generators [ADC funded]   | 2015: Clean up completed.<br>2017: Generator installations completed.  |
| <b>RESEARCH &amp; DEVELOPMENT</b>   |  |
| Freckle-Free Papaya ("Test Marketing of New Freckle Free and Virus Resistant Solo Papaya") ADC-sponsored project conducted by US Pacific Basin Agricultural Research Center (PBARC); Dennis Gonsalves, PI [ADC funded]          | April, 2013  |
| Transgenic Maradol Papaya   |  |
| Papaya Waste Transformed Into Oil and Feed ("Zero Waste Concept: Making Something Out of Nothing:) ADC-sponsored project conducted by US Pacific Basin Agricultural Research Center (PBARC); Dennis Gonsalves, PI [HDOA funded] | <p>Start: February 28, 2013<br/>Complete:</p> <p>2013: Papaya Waste Transformed Into Oil and Feed ("Zero Waste Concept: Making Something Out of Nothing:) ADC-sponsored project conducted by US Pacific Basin Agricultural Research Center (PBARC); Dennis Gonsalves, PI [HDOA funded]. Project proved that Papaya Waste could be transformed into oil and feed.</p> <p>2014: Purchased specialized equipment to test if the conversion process could be done on a commercial scale.</p> <p>2015: Continued assembly and modification of the equipment for zero waste conversion. Acquired land in W.H Shipman Business Park for a zero waste conversion facility.</p> <p>2016: Purchased additional equipment. Plan and design zero waste conversion facility.</p> <p>2017: Complete plans and design of the zero waste conversion facility to house the specialized equipment. Construct the zero waste conversion facility. Anticipated start date September 2017. FY17-18 budget is \$1,500,000 to construct the zero waste conversion facility.</p> <p>2018: Received request from HiArch for extension in December 2017. Contract expires 1/21/2018. Sent supplement no.1 to HiArch on 1/8/2108. Estimated completion date 3/29/2018. Procure a contractor to construct the Zero Waste Facility.</p> <p><b>Lapse 2018-06-30 \$1.5M</b></p> |
| Hog Revitalization Plan ADC-sponsored project conducted by US Pacific Basin Agricultural Research Center (PBARC); Dennis Gonsalves, PI [ADC funded]   | <p>Start: November 1, 2012<br/>Complete: December 31, 2014</p> <p>Considering eviction for non-compliant hog farmers.</p>  |
| Agriculture electronic app  | Tim Carson   |

| DESCRIPTION   | PROJECT STATUS   |
|---|--|
| Pathology Greenhouse, Quarantine House, and Greenhouse, Statewide | Start: July 2018<br>Complete: July 2019<br><br>Project will be on Federal and State lands in Hilo, Hawaii and Whitmore, Oahu. Sent Request to Gov to HDOA on 1/23/2018.<br><br>Lapse 2020-06-30 \$500,000  |
| Thermophilac Biodigestor  | Lapse 2018-6-30 \$950,000  |
| <b>GRANTS-IN-AID</b>  |  |
| Malama Kauai<br>2015  | 2016: Grantee received grant funds on May 20, 2016. Funds were used to purchase storage containers, water lines, and an office trailer for the Kilauea Agricultural Center in Kilauea, Kauai.<br>2017: Completed.  |
| Kumano I Ke Ala O Makaweli<br>2016                                | 2016: Grantee received grant funds in June 2017. Funds were used to<br>2018: Anticipated date of completion June. COMPLETED.   |
| Aina Ho'okupo O Kilauea, Kauai<br>2017                            | 2018: Anticipated start date July 2018. Funds will be used for the Kilauea Agricultural Park to purchase piping for an irrigation waterline and recordation of easement for waterline. Project qualifies as a grant pursuant to HRS 92F CIP. ANTICIPATED COMPLETION DATE IS JUNE 2019.   |
| Aina Ho'okupo O Kilauea, Kauai<br>2017                            | 2018: Anticipated start date July 2018. Funds will be used to fund an executive assitant, two intern positions, and a portion of the Executive Director salary. Project qualifies as a grant pursuant to HRS 92F Operating. ANTICIPATED COMPLETION DATE IS JUNE 2019.  |
| Waimea Nui Community Development Corporation, Hawaii<br>2017      | 2018: Anticipated start date July 2018. Funds will be used to plan and construct a potable water line for the Waimea Community Agricultural Park. Project qualifies as a grant pursuant to HRS 92F CIP.<br><br>Note:<br>GOVERNOR PUT A CONIGENCY ON THE FUNDS THAT REQUIRES WNCDC TO COME UP WITH \$800,000 IN MATCHING FUNDS. THE PROJECT WILL ONLY BE OPERATIONAL IF \$1.6 MILLION IS ALLOCATED FOR THE DEVELOPMENT OF THE SITE. THE GOV WILL NOT RELEASE THE GRANT UNTIL \$1.6 MILLION IS COMMITTTED TO THE PROJECT. FUNDING COULD BE INKIND, PUBLIC, OR PRIVATE. |
| Hawaii Farmers Union<br>2017                                      | 2018: Anticipated start date July 2018. Funds will be used to pay a farm manager and purchase two (2) refrigeration units for delivery vans. Project qualifies as a grant pursuant to HRS 92F Operating. ANTICIPATED COMPLETION DATE IS JUNE 2019.   |
|   |  |
|   |  |
|   |  |
| <b>EDUCATION</b>  |  |
|   | 2018: Anticipated start date July 2018. Funds will be used to purchase a refrigerated truck and fund two positions. Project qualifies as a grant pursuant to 92F Operating.  |
| Leilehu H.S. Natural Farming education model                      |  |

| DESCRIPTION   | PROJECT STATUS   |
|---|--|
| Education   |  |
| Kekaha  |  |
|   |  |
| <b>AQUACULTURE</b>  |  |
| Livestock Feedmill  |  |
| <p>Waialeale set aside<br/>135-acres<br/>(1)5-8-001-007, -013, -055</p> | <p>ADP/ADC to conduct site inspection with CTAHR<br/>Due diligence of status of title, surveys, encumbrances, encroachments, restrictions, environmental concerns, homelessness, illegal activities<br/>Todd to research ownership of ALL lots in plat<br/>Do community outreach<br/>Contact kuleana parcel owners-introduction and feedback<br/>Confirm PASH to beach<br/>Research livestock settling pond issues, loi rights, etc<br/>Prepare business plan/development plan</p> |
| <p>Wahiawa set aside<br/>5-acres<br/>(1)7-3-013-008, -009</p>           | <p>These State lands are adjacent to Lake Wilson. One of the lots was originally set aside to Hawaii Housing Finance and Development Corporation ("HHFDC") to develop housing, HHFDC is requesting that the set aside be rescinded for its inability to develop the property; ADC is exploring possibilities of these parcels for potential aquaculture or other agriculture-related</p>   |
|   |  |
| <b>HAWAII AGRIBUSINESS PLAN</b>   |  |
|   | <p>In accordance with HRS §163D-5(a), determine which of the 9 items to be strategized and developed continue to be relevant today, and begin a plan.</p>  |
|   |  |
| <b>SUBSIDIARIES</b>   |  |
|   | <p>In accordance with HRS §163D-6, consult with corporate and government experts on the pros, cons, and processes for incorporating subsidiaries, including the appropriate form of the organization.</p>  |
|   |  |
| <b>IMPORTANT AG LANDS</b>   |  |
|   |  |
| <b>FOREIGN TRADE ZONE</b>   |  |



P.O. Box 253, Kunia, Hawai'i 96759  
Phone: (808) 848-2074; Fax: (808) 848-1921  
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February 13, 2019

HEARING BEFORE THE  
HOUSE COMMITTEE ON AGRICULTURE

**TESTIMONY ON HB 1561**  
RELATING TO AGRIBUSINESS DEVELOPMENT

Room 312  
8:30 AM

Aloha Chair Creagan, Vice Chair DeCoite, 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 1561**, which appropriates funds for the fiscal biennium 2019-2021 operating budget of the Agribusiness Development Corporation.

ADC was initiated by the agricultural industry as the closure of plantations escalated and there was a need to identify mechanisms that could quickly place farmers on lands that were destined to be idle.

HFB believes that ADC has a tremendous amount of power and has a responsibility in continuing to assist Hawaii's transition from plantation agriculture to smaller diversified agricultural operations

Hawaii's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. ADC can help to assist Hawaii's farmers in increased capacity, new business opportunities, increase employment opportunities and address Hawaii's goals of increased self-sufficiency and sustainability.

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

**HB-1561**

Submitted on: 2/11/2019 5:40:31 PM

Testimony for AGR on 2/13/2019 8:30:00 AM

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Alan Takemoto       | Bayer               | Comments                  | No                        |

Comments:

Chair Creagan and members of the committee,

Thank you for allowing us to comment on this bill. ADC is a very important entity that was established to address the transition from plantation agriculture to diversified agricultural operations. It was given the ability to have diverse responsibilities to resolve the many complexities of encouraging agricultural business ventures, infrastructure development, and other business related issues that arise in the effort to make this transition a success. ADC's responsibilities has grown over the years and covers thousands of acres of prime agricultural lands that affect hundreds of farm operations large and small. ADC's ability to be agile and flexible is an important feature that helps expedite projects. As these projects and responsibilities have grown over the years, ADC will need additional resources and staff to keep up with the growing demand for their services and assistance. We hope that the committee will continue to support ADC's overall mission and provide the adequate resources it needs.

Thank you.

Alan Takemoto

Bayer Hawaii



# HAWAII CROP IMPROVEMENT ASSOCIATION

## **Board of Directors 2018 - 2020**

TESTIMONY FROM BENNETTE MISALUCHA, EXECUTIVE DIRECTOR

President  
Joshua Uyehara

In Support of HB1561  
Relating to Agribusiness Development

Vice-President  
Warren Mayberry

HOUSE COMMITTEE ON AGRICULTURE  
February 13, 2019, 8:30 a.m.  
Conference Room 312

Secretary  
Dawn Bicoy

Chair Creagan and members of the committee:

Treasurer  
Laurie Yoshida

The Hawaii Crop Improvement Association (HCIA) strongly supports HB1561, which appropriates funds for the fiscal biennium 2019-2021 operating budget of the Agribusiness Development Corporation (ADC) under the purview of the House of Representatives Standing Committee on Agriculture.

Directors-at-Large

Alan Takemoto  
Adolf Helm  
Leslie Campaniano  
Dan Clegg  
Joshua Uyehara  
Warren Mayberry

ADC was established in 1994 to facilitate and provide direction for the transition of Hawaii's agriculture industry from sugar and pineapple crops to diversified crops. Since its inception, ADC has been instrumental in supporting numerous important agricultural projects across the state and recently it was assigned to several new projects that will entail a tremendous amount of resources. Given its very small staff, ADC needs more funding and more support to move these projects along faster.

President Emeritus  
Alan Takemoto

We urge you to please vote in support of HB1561 to increase ADC's funding in support of its overall mission. Mahalo for your time and consideration.

Executive Director  
Bennette Misalucha

Respectfully,

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.*



**KEKAHA AGRICULTURE  
ASSOCIATION**

A NON-PROFIT AGRICULTURAL COOPERATIVE  
Est. 2003

**LATE**

February 12, 2019

Committee on Agriculture  
Representative Richard P. Creagan, Chair  
Representative Lynn DeCoite, Vice Chair  
State of Hawaii Legislature  
Honolulu, HI 96813

Re: Testimony in Support of House Bill No. 1561 Relating to Agribusiness Development

Dear Chair Creagan, Vice Chair DeCoite and Committee members:

On behalf of the Board of Directors of the Kekaha Agriculture Association (KAA), I am writing this letter in **strong support** of the above-referenced House Bill No. 1561. As you may be aware, KAA members are actively engaged in agriculture and aquaculture enterprises in West Kauai and are familiar with and interested in promoting farming activities in the region that benefit Kauai and the State. The KAA operates in close partnership with the Agribusiness Development Corporation (ADC).

The KAA supports HB 1561 because the ADC plays a vital role in both our farming operations and our surrounding communities.

Beyond supporting the farm activities of its tenants—KAA's members and subscribers collectively farming several thousand acres and employing 400+ full time and seasonal employees—ADC's infrastructure manages floodwater and prevents and/or mitigates flooding from west of Waimea, through Kekaha town and the Pacific Missile Range Facility. It provides water to the lo'i in Waimea Valley, and to the Waimea Canyon Lookout.

ADC's West Kauai properties make it a key presence in the community, and ADC has proven itself to be a strong, uniquely responsive and effective partner, working with us, Kauai County, the US Navy, other state and federal departments, and other community groups (sometimes all together on a single issue) to tackle the numerous and often complex, place-specific issues inherent in the interplay between land, water, and community.

We appreciate the opportunity to provide this testimony.

Sincerely,

Joshua Uyehara  
President of the Board of Directors

**HB-1561**

Submitted on: 2/6/2019 1:55:27 PM

Testimony for AGR on 2/13/2019 8:30:00 AM

| <b>Submitted By</b> | <b>Organization</b>     | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|-------------------------|---------------------------|---------------------------|
| Steve Lupkes        | Beck's Superior Hybrids | Support                   | No                        |

Comments:

ADC's mission to get state agricultural land into production is a very important mission. Their ability to function more like a business than most state agencies allows for more timely decisions which can be critical to agricultural operations. Our company has had very good relations with ADC but ADC has gotten assigned projects that have stress the agency resources required to carry out its original mission.

We would urge the committee to increase ADC's funding and to continue to support its original mission.

Respectfully

Steven J. Lupkes

**HB-1561**

Submitted on: 2/11/2019 10:49:10 AM

Testimony for AGR on 2/13/2019 8:30:00 AM

| <b>Submitted By</b> | <b>Organization</b>          | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|------------------------------|---------------------------|---------------------------|
| Robert Endreson     | Kohala Mountain Fish Company | Comments                  | No                        |

Comments:

February 11, 2019

Testimony HB 1561

My name is Bob Endreson and I would like to submit testimony relating to HB1561.

I operate a fish farm in North Kohala on the Big Island. Our fish farm is one of the largest of its kind in the U.S. and includes a hatchery and a processing plant that can process 54 million pounds of product per year, which is also the first of its' kind in the U.S.

It took a great deal of planning and work to get this project off the ground. We are completely off the grid. We have our own power plant and our waste water is used for irrigation. No government funding was used and this was done to create an economic engine for aqua culture on the Big Island. People said it couldn't be done, yet the Legislature and the Governor were calling for Food Security in Hawaii. The goal was to raise local production, so we did. The total amount of farmed raised tilapia grown in Hawaii prior to our farm was only 70,000 lbs. annually. We've increased that our first year to 2.5 million pounds. This will increase exponentially as we add additional farmers to the program and process their fish. We've already lowered local farmers' feed costs and fry costs by almost half and with the right over-sight, Hawaii Island has the potential to produce \$100 million in revenue annually through fish farming.

Hawaii is the only State in the US that can grow fish year round because of our weather. Problem was always shipping it to the mainland. Now we can process, freeze and ship container loads of fish just like they do in Alaska. Another first in Hawaii. The US imports 600 million pounds of tilapia per year. None of it US grown with a few small exceptions. Hawaii alone imports more than 1.4 million pounds of tilapia each year from Asia and South America. Our Dept of Education, Dept. of Corrections, Dept of Defense can all now take advantage of a locally grown, healthy U.S. product, that by all standards exceeds any other product of its kind.

The reason for my interest in HB 1561 is because Hawaii is at a critical phase with regard to food production and infrastructure to sustain, promote and make it safe. This

resonated with me to even a higher degree last week when I saw the Mayors of each County coming before the Legislature asking for more money to address Sea Level Rise in the coming years. Mayor Caldwell went so far as to say Honolulu needed the money to “raise the streets” because of sea level rise. He also released the report of the Climate Change Commission which said Oahu is the most vulnerable and could see 4,000 structures destroyed, miles of roads washed away and \$12.5 Billion of property put at risk.

I suppose the logical question that I came away with was, if the streets of Waikiki have to be raised destroying all the retail space along the way, because it would be under water, what beach will tourists come see? What roads would they be able to use? Traffic would be horrendous if as the report says half of all the zoned “urban use” areas will be under water as well. So while I realize Tourism is now Hawaii’s Cash Cow, that cow better get a snorkel and fins because it’s gonna get wet in the coming years.

We need Food Security now more than ever. You need a Dept. of Ag that is looking to create infrastructure farmers can use and promote Hawaii products. A Dept. of Ag that can work with and co-mingle efforts with the private sector. A Dept of Ag that looks to utilize our waste for cattle feed, compost and a host of other things that can be and needs to be done to make a business successful. It’s a systems wide approach that you need to start now. Please don’t throw the baby out with the bathwater. Ag is the only lifeline we have in Hawaii that we can control. Think about it. The only thing that we can control by our own actions is what we can grow. Invest in Ag. Don’t dismantle it because it won’t run on its own.

I’ve been fishing around the world for over 50 years. I can tell you now, it’s really bad. 85% of the fish being caught in the Pacific have micro plastics in their stomach contents because of marine debris. Other fish are radioactive. Even bottom fish in Hawaii have high levels of Mercury while other species we count on are over fished.

So if we don’t take care of what we can grow Locally, in the way of beef, produce and fish, the costs of importing those soon to be diminishing commodities will be even a further strain on Hawaii in the coming years.

Mahalo

Bob Endreson

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

HB1561, Relating to Agribusiness Development  
House AGR Hearing  
Wednesday, February 13, 2019  
8:30 am  
Conference Room 312

Testimony by: Larry Jeffs  
Position: Support

Chair Creagan, and Members of the House AGR Committee:

I am Larry Jeffs, owner and operator of Larry Jeffs Farms, LLC, which is part of our family-run business of farms on Oahu and Molokai, under the administrative umbrella of Sugarland Growers, Inc. We have more than 35 years of Hawaii farm experience on Molokai and Oahu. I am a volunteer director for the West Oahu Soil and Water Conservation District (SWCD).

The Agribusiness Development Corporation (ADC) was established in 1994 to provide and assist with the transition of local agriculture from plantation-type agriculture to diversified agriculture. ADC's objectives to assist farmers with this transition are broad and often exceed the limited staffing.

One of its objectives is to facilitate transition of agribusiness resources of land, water and infrastructure. During the days of plantation agriculture, plantations repaired and maintained irrigation systems, not only for their use but these systems often were of benefit to surrounding farmers and at times residential areas. When plantations closed, irrigation systems fell in disrepair.

ADC, as one of its first projects, acquired Waiahole Ditch, of which I and many of my farm-neighbors are able to access affordable water. I am appreciative of that because water is the lifeblood of my farms. Without water, there would be no farms.

It's been my experience that ADC and its staff, of which it could use more support, is a needed part of Hawaii agriculture and food production. ADC knows Hawaii agriculture—the challenges and possible solutions—and they get things done.

Please support funding for ADC. Thank you for the opportunity to testify.