

**HB 2680,
HD2**

DAVID Y. IGE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

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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 2680, HOUSE DRAFT 2
RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
KALOKO RESERVOIR

House Bill 2680, House Draft 2 proposes to authorize the issuance of special purpose revenue bonds to assist the Mary N. Lucas Estate, owner of the Kaloko Reservoir, to make safety improvements to the facility which would benefit the public's health, safety and general welfare. **The Department of Land and Natural Resources (Department) supports this measure as it would assist the dam owner with an economic means to bring their facilities in compliance with current safety standards and reduce the risk of a dam failure.**

Kaloko Reservoir is an earthen dam constructed in 1890 for the irrigation of sugarcane fields, with a reservoir storage capacity of about 400 million gallons. The dam is owned by multiple owners and was operated by an independent water company, Kilauea Irrigation Company (KICO). On March 14, 2006 after an extended period of heavy rainfall, the dam failed disastrously due to a breach of its embankment. The breach killed seven (7) people, destroyed several homes and critical infrastructure, and devastated the forested area downstream. The facility has not been repaired to date and is under a water storage restriction by the Department to minimize the risk of another failure. This past year, KICO ceased operations due to costs for infrastructure improvements. KICO serviced approximately 20 customers downstream.

The Department has been in contact with a representative of the Mary N. Lucas Estate regarding the potential rehabilitation of the dam and associated irrigation system improvements. The Department concurs that improvements to the facility could bring the structure into compliance with current dam safety standards, which would reduce the risk of another dam failure and restore the facility to provide a water resource that will benefit the surrounding community.

Thank you for the opportunity to testify on this measure.

SUZANNE D. CASE
CHAIRPERSON
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**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WATER, LAND, AND AGRICULTURE
ON
HOUSE BILL NO. 2680, H.D. 2**

March 14, 2016
2:45 P.M.

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
KALOKO RESERVOIR**

House Bill No. 2680, H.D. 2, authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to provide financing to assist Mary N. Lucas Estate with Kaloko reservoir 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.