

SB 14

LATE

**SB 14
RELATING TO AGRICULTURAL DEVELOPMENT**

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

FEBRUARY 3, 2011

Chair Nishihara and Members of the Senate Committee on Agriculture:

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, "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.

We would sincerely appreciate your consideration to incorporate an amendment into this bill to clarify that the private matching revenue provision in Section 2 of this bill would only be required for privately owned dams, reservoirs, or irrigation systems. This amendment will enable publicly owned dams, reservoirs, or irrigation systems, which would not be able to provide private matching revenues, to also utilize funds authorized by this bill to upgrade their facilities. We have attached the following amended language for Section 2 of this bill for your consideration:

SECTION 2. The director of finance is authorized to issue general obligation bonds in the sum of \$ _____ or so much thereof as may be necessary, which shall be deposited into the agricultural development and food security special fund and the same sum or so much thereof as may be necessary is appropriated for plans, design, engineering, investigative studies, construction, renovation, repair, maintenance, and equipment for dam, reservoir, or irrigation system improvements; provided that no funds shall be made available from the agricultural development and food security special fund under this Act for privately owned dams, reservoirs, or irrigation systems unless private revenues are provided to match the funds made available from the agricultural development and food security special fund under this Act; provided further that the priority of projects shall be based on the following criteria:

- (1) Dams or reservoirs with a classification of "high hazard", as defined in section 179D-3, Hawaii Revised Statutes; or
- (2) Dams or reservoirs with a high degree of existing or potential dam or reservoir safety improvements pursuant to Phase I or Phase II investigations.

Thank you for the opportunity to testify.

nishihara5 - Randy

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, February 03, 2011 11:00 AM
To: AGL Testimony
Cc: salivado@lurf.org
Subject: Testimony for SB14 on 2/3/2011 2:45:00 PM
Attachments: 110203 SB 14 Dams and Reservoirs (AGLWAM).pdf

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Testimony for AGL 2/3/2011 2:45:00 PM SB14

Conference room: 229
Testifier position: support
Testifier will be present: No
Submitted by: David Arakawa
Organization: Land Use Research Foundation
Address: 1100 Alakea Street Honolulu, Hawaii
Phone: 808-521-4717
E-mail: salivado@lurf.org
Submitted on: 2/3/2011

Comments:
Aloha Committee Clerk,

Please accept our testimony in support of SB 14 and please distribute to Committee members.

Thank you.
Shannon Alivado
LURF



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February 3, 2011

Senator Clarence K. Nishihara, Chair and Senator Gilbert Kahele, Vice Chair
Committee on Agriculture

**Testimony of the Land Use Research Foundation of Hawaii in support of SB 14,
Relating to Agricultural Development (Expands authorized uses of the agricultural
development and food security special fund to include the improvement and
investigative studies of dams and reservoirs.)**

Thursday, February 3, 2011 at 2:45 p.m. in CR 229

My name is Dave Arakawa, and I am the Executive Director of the Land Use Research Foundation of Hawaii (LURF), a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions 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 provide our testimony **in support of SB 14**, which expands the authorized uses of the agricultural development and food security special fund to apply to **dams and reservoirs**, as well as investigative studies to identify and assess necessary improvements thereto.

SB 14. This bill would expand the present language of Section 141-10(c)(3), Hawaii Revised Statutes (HRS) to include **dams and reservoirs** amongst the "real property, irrigation systems and transportation networks," toward which agricultural development and food security special funds may be expended for purposes of necessary improvements. Language is also being added to the statutory provision to provide that investigative studies to identify and assess said necessary improvements be included as well.

LURF's Position. While HRS Section 141-10(c)(3), by its context, clearly contemplated the inclusion of dams and reservoirs as part of the "real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activity," it would be well to expressly add the terms, "**dams and reservoirs**" as well as accompanying language which would include investigative studies to identify and assess necessary improvements thereto, to the statutory provision for purposes of clarification, and to make the intent of the statute explicitly clear so as to leave no doubt that special fund monies may be expended for such purposes.

Additionally, to address concerns and potential issues relating to public health, food safety and security, funds for agricultural irrigation water systems should be made to include funding for water quality testing and improvements.

LURF is in **support of SB 14**, and we respectfully urge your favorable consideration. The opportunity to present our testimony regarding this matter is greatly appreciated.