



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Higher Education
February 12, 2015 at 2:03pm

by

John Morton

Vice President for Community Colleges, University of Hawai'i

HB 870 HD1 – RELATING TO FOOD

Chair Choy, Vice Chair Ichiyama, and Members of the Committee:

We stand in support of HB 870, HD 1, "Relating to Food." HB 870, HD 1, authorizes the issuance of general obligation bonds and appropriates funds for a food innovation center to be operated by Kapi'olani Community College (KapCC) for the purpose of utilizing processing-grade, locally grown farm products to manufacture prepared meals in a large-scale kitchen. This measure will allow for the production of healthy bulk and retail food products using locally grown food.

The plan for a Food Innovation Center has five major objectives:

1. **To increase food security by creating new revenue streams for Hawai'i farmers with a model food manufacturing facility for locally grown farm products.** Hawaii lacks a food manufacturing industry that can utilize blemishes, seconds, or processing grade, farm products to produce value added food items. Currently, 10% to 30% of such products are plowed back into the fields. A Hawai'i based food manufacturing industry will be a major source of additional income for the farmers. Institutions that utilize bulk food products, such as schools, prisons, state hospitals have their menus planned months and years ahead, thus allowing the farmers to grow according to demand.
2. **To create a model job-training center for new job opportunities in the farm-to-table supply chain.** KapCC currently has a \$1 million grant from the US Department of Labor to install a small-scale pilot test kitchen at Honolulu Community College. Lessons learned in the pilot will allow us to develop a high-capacity production kitchen at the Food Innovation Center featuring state-of-the-art food production and analysis equipment. The Food Innovation Center will stimulate job growth in farms, food hubs, and increase demands for food packaging, processing, and manufacturing job opportunities. The Food Innovation Center's model is to serve as a low-cost production site for new businesses during their crucial first three years. After that point, they are to utilize commercial food manufacturers to operate and hopefully expand.

3. **To attract additional research and development grants, and private investment for projects that add value to Hawai'i's agricultural products.**

The \$1 million is an investment for the design and planning, and installing of infrastructure for a 20,000 square foot processing plant. This includes appropriate electrical wiring, plumbing, storage facility that will meet USDA and FDA HACCP guidelines. In our plan, this initial investment will attract additional investments in two phases. First, a startup and operational facility for the first five years of production that will be funded through a combination of federal and local foundation grants, and revenue from the multiple lines of products. Second, outfitting the rest of the facility will come from additional private food manufacturing contracts and federal grants.

4. **To make accessible affordable, healthy, nutritious food products to vulnerable populations.**

Hawai'i's school children, senior citizens, hospital patients, and individuals who have special dietary requirements will be the primary beneficiary of the value added food products. The cook-chill technology used will maximize the inclusion of healthy ingredients such as locally grown vegetables and fruits, in healthy school lunch hot food items and meals for seniors and hospitals. The food items will be packaged for easy re-thermalizing (reheating) by the food service or individual customers, with little to no loss of nutritional value, and improving the efficiency of institutional food services. School lunch operators will have more time to focus on labor-intensive menu items such as salads that require using fresh fruits and vegetables.

5. **To increase the sustainability of Hawai'i.** The reduction in the importing of food will reduce the amount of fuel being consumed to transport the food to the islands. The project also intends to recycle 100% of the food trim and waste into high-grade compost using an enclosed forced-air composter similar to the method currently utilized by the Culinary Arts program at the College.

We understand that the Governor calls for restraint and we do not support supplanting the University's current priorities with this measure. Nonetheless, we believe this investment will generate new investment and revenue in many sectors, with ongoing health benefits for hundreds of thousands people that represent Hawai'i's most vulnerable populations.

Written Statement of
ROBBIE MELTON
Executive Director & CEO
High Technology Development Corporation
before the
HOUSE COMMITTEE ON HIGHER EDUCATION
Thursday, February 12, 2015
2:03 p.m.
State Capitol, Conference Room 309
In consideration of

HB870 HD1 RELATING TO FOOD.

Chair Choy, Vice Chair Ichiyama, and Members of the Committee on Higher Education.

The High Technology Development Corporation (HTDC) **supports the intent of** HB870 HD1 relating to appropriating funds for a food innovation center to be operated by Kapiolani Community College (KCC).

HTDC supports local food manufacturers through our federally funded INNOVATE Hawaii program. Last year, HTDC and the Department of Labor and Industrial Relations supported KCC in a federal grant application aiming to establish the KCC food innovation center as a new product development resource for food manufacturing startup businesses and small volume manufacturers seeking affordable access to shared commercial grade equipment and industry specific business training. Although the application was not selected, a food innovation center accessible by industry and connected with the right programs would serve as a catalyst for food manufacturing businesses. We look forward to future collaborations with KCC regarding this project and respectfully request correction of the defective effective date for this bill.

Thank you for the opportunity to offer these comments.

Testimony in Support of HB 870 HD1 – Relating to Food

February 12, 2014

WRITTEN TESTIMONY ONLY

Aloha Chair Choy and Members of the House Higher Education Committee.

The plan developed by the Kapiolani Community College is a win-win proposition for supplying more affordable and healthy food products made from locally farmed ingredients, to institutions that serve the most vulnerable populations, primarily children in schools, senior citizens, and patients who require special diets. A major strategy in combating the increasing obesity rate in Hawaii is to introduce more healthy, farm fresh ingredients into people's eating pattern. For children in schools, this means creating a direct supply chain from local farms to school lunches.

The Food Innovation Center will offer new education and career pathways in food manufacturing, new job opportunities for farmers, food hubs, and increasing demand for local farm products. The Food Innovation Center will be able to offer on-going apprenticeship training for post-secondary careers for young adults who are not able to enter college, due to financial reasons or inability to obtain a high school diploma. These are important factors for building a sustainable food system in Hawaii with an appropriately trained workforce. Farmers will gain additional revenue from selling seconds or processing grade products that they are not able to market, and are often left in the fields. Instead of purchasing imported foods, the increased spending on Hawaii products will generate additional tax revenue for Hawaii.

We believe that the Kapiolani Community College, with its well-recognized Culinary Arts Department, and partnering with the University of Hawaii's College of Tropical Agriculture and Human Resources, is well qualified to develop and operate such an innovation center.

Respectfully submitted,
Members of the Pioneering Healthier Communities
c/o YMCA of Honolulu, 808 541-5470

See Enclosure for Members in Support

Pioneering Healthier Communities Leadership Team – Honolulu

Roster of Team Members in Support of HB 870 HD1, Relating to Food

Michael Broderick, Y of Honolulu, President & CEO

Jennifer Dang, Community Member

Sam Aiona, Community Member

Joy Barua, Kaiser Permanente, Hawaii Region

Elissa Yadao, Hawaii Medical Service Association

Tai Leong, Hawaii Medical Service Association

Stacey Evensen, Community Member

May Okihiro, MD, Hawaii Childhood Obesity Research (HICORE)

Daniel Leung, Kapiolani Community College (KCC), Culinary Arts Program

Sue Uyehara, Community Member

Michael Libertini, Bank of Hawaii

Barbara Pleadwell, Hastings & Pleadwell

Anni Peterson, Better Tomorrows

Ray L/Heurex, Former Assistant Superintendent, Hawaii Department of Education

Paula Adams, Hawaii Afterschool Alliance

Diane Tabangay, YMCA of Honolulu



LATE

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February 12, 2015

HEARING BEFORE THE
HOUSE COMMITTEE ON HIGHER EDUCATION

TESTIMONY ON HB 870, HD1
RELATING TO FOOD

Room 309
2:03 PM

Aloha Chair Choy, Vice Chair Ichiyama, and Members of the Committee:

I am Christopher Manfredi, President of the Hawaii Farm Bureau Federation (HFB). Organized since 1948, the HFBF is comprised of 1,932 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.

HFB supports HB 870, HD 1 which authorizes the issuance of general obligation bonds and appropriates funds for a food innovation center to be operated by Kapiolani Community College for the purpose of utilizing processing-grade, locally grown farm products to manufacture prepared meals in a large-scale kitchen.

As expenses rise, increases in farm revenues (and profits) are critical to the continued viability of farms and ranches. One way is to turn waste to value added products. Currently off-grade and excess production due to market conditions is wasted. Converting them into value-added products will not only increase farm revenue but also provide new business opportunities, increase employment opportunities and address Hawaii's goals of increased self-sufficiency and sustainability.

Facilities such as the proposed KCC food innovation center can assist in the replacement of imported fresh produce with local varieties as well as canned and frozen food products. Similar facilities are needed on neighbor islands reducing the necessity of transportation of fresh bulk produce coupled with requisite shipping costs and the burning of fossil fuels. These facilities represent the manifestation of local food security for our island state, and will keep dollars and jobs in our local economy.

Thank you for your support of this measure.

LATE

TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON HIGHER EDUCATION
ON
HOUSE BILL NO. 870 H.D.1

February 12, 2015
2:03 P.M.

RELATING TO FOOD

House Bill No. 870, H.D. 1, authorizes the issuance of general obligation bonds and appropriates funds for the Kapiolani Community College Food Innovation Center to produce prepared meals using locally grown food for organizations that need large quantities of meals on a daily basis.

The Department has technical comments on this bill. Federal tax law requires, among other things, that tax-exempt general obligation bond proceeds be used to finance projects/programs that serve governmental public purposes. It appears that private entities may derive benefit from this legislation through subsequent partnerships involving “private products development”. Should any private entity benefit from the use of this facility, tax-exempt general obligation bonds cannot be used for this purpose. The State would need to issue taxable general obligation bonds at a higher cost to fund the food innovation center.

In addition, to the extent that funding for these programs are not in the proposed Executive Budget, should this bill proceed or pass the Legislature, an amount for the corresponding annual debt service will need to be included in the Legislature’s version of the budget.

Thank you for the opportunity to provide our testimony on this bill.