

DAVID Y. IGE
Governor

DOUGLAS S. CHIN
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
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SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON AGRICULTURE

**MARCH 14, 2018
8:30 A.M.
CONFERENCE ROOM 312**

**SENATE BILL NO. 2846 SD 2
RELATING TO IRRIGATION**

Chairperson Creagan and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill No. 2846 SD2. This bill transfers operation authority over the portions of the east Kauai irrigation system to the Department of Agriculture, establishes positions, and makes an appropriation. The Department offers comments with a recommendation to reinstate SB 2846 SD 1, Section 5, in lieu of the SD 2, Sections 5-7.

The revised bill proposes to transfer monies from two special funds, the non-agricultural park lands special fund and the agricultural park lands special fund, to the general fund. The Department is concerned about this proposal. Monies in these special funds are collected from agricultural lot lease rents and are based on property assessments imposed by the Department. Proceeds are used to maintain and operate the parks and non-agricultural parks from which the money was collected. As these fees were assessed specifically for this purpose and to defray such costs, these monies should only be used to provide services to the persons paying such fees and should not be transferred to supplement the general fund.



Additionally, the transfer of the special funds would be detrimental to the existing agricultural park and non-agricultural park programs. These programs rely on their respective special funds, and there are no excess funds to cover the proposed transfer while continuing support of the affected programs. These funds generally break even, and are used for recurring salaries and other ongoing operational costs. The transfer of funds would destabilize and bankrupt both programs within a few years, endangering agricultural and non-agricultural park opportunities for farmers.

The Department respectfully requests the reinstatement of SB 2846, SD 1, Section 5. The previous iteration of the bill allows the Department to assist in supporting the East Kauai Irrigation System without jeopardizing its other assets.

Thank you for the opportunity to testify on this measure.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

S.B. NO. 2846, S.D. 2, RELATING TO IRRIGATION.

BEFORE THE:

HOUSE COMMITTEE ON AGRICULTURE.

DATE: Wednesday, March 14, 2018 **TIME:** 8:30 a.m.

LOCATION: State Capitol, Room 312

TESTIFIER(S): Russell A. Suzuki, Acting Attorney General, or
Jennifer D. Waihee-Polk, Deputy Attorney General

Chair Creagan and Members of the Committee:

The Department of the Attorney General (the "Department") offers the following comments on this measure.

The purpose of this bill is to transfer temporary operation and authority over a portion of the East Kauai Irrigation System to the Department of Agriculture.

Among the proposals in this measure, sections 5 and 6 propose to appropriate an indeterminate amount of money out of the non-agricultural park lands special fund and the agricultural park special fund into the general fund to fund the operations and maintenance of the irrigation system.

To avoid possible challenges that the moneys from these special funds are not being used for the purposes for which they were intended, the Department suggests the following sentence be added to section 5 on page 4, line 9, and to section 6 on page 4, line 13, respectively:

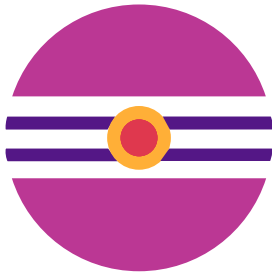
"The Legislature finds and declares \$ _____ in excess of requirements of the non-agricultural park lands special fund."

"The Legislature finds and declares \$ _____ in excess of requirements of the agricultural park special fund."

Section 8 of the measure requires the Attorney General to review the revocable permit by the Department of Land and Natural Resources to the East Kauai Water Users' Cooperative for legal conflicts and submit a report of the Attorney General's findings to the Legislature.

The inclusion of this provision in this measure is unnecessary, as the Department provides legal services for the Legislature upon request. We are available to advise on the permit matter at any time. We recommend that section 8 be deleted.

Thank you for the opportunity to testify on this measure.



Saiva Siddhanta Church

Kauai's Hindu Monastery
107 Kaholalele Road
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March 12, 2018

COMMITTEE ON AGRICULTURE

Rep. Richard P. Creagan, Chair

Rep. Lynn DeCoite, Vice Chair

Testimony on SB 2846, SD2 Relating to Irrigation MARCH 14, Conference Room 312

Chairperson Creagan and Members of the Committee

We **strongly support SB2846 SD2**. We are a founder member of the East Kauai Water Users' Cooperative Board of Directors which maintains 22 miles of ditch and several reservoirs in and around Kapaa. It also service more than 1,000 acres of State lands located in Kalepa and potentially could service nearly the entire 6,500 acres of Kalepa.

It is not economically practical for our local Coop to fulfill the requirements for a water license from DLNR for this State-owned system. The logical department to manage it is the Department of Agriculture, who are willing to do so.

This will ensure the long-term preservation of this valuable system—estimated by State consultants to be worth “more than two hundred million dollars”—in service of local farmers and ranchers.

Saiva Siddhanta Church

Acharya Arumuganathaswami

Acharya Arumuganathaswami
Farm Manager



Kalepa Koalition

5868 Kini Place
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Phone/Fax: 808-639-0152

March 12, 2018

TO: COMMITTEE ON AGRICULTURE
Rep. Richard P. Creagan, Chair
Rep. Lynn DeCoite, Vice Chair

**Testimony on SB 2846, SD2 Relating to Irrigation
MARCH 14, Conference Room 312**

RE: Chairperson Creagan and Members of the Committee

My name is Les Milnes and I **support SB2846 SD2**. I am the president of the Kalepa Koalition, an Hawaii agricultural cooperative of the farmers and ranchers who hold long-term licenses on 6,500 acres of State land behind Kalepa Ridge on Kauai and under the administration of ADC.

The East Kauai Water Users Cooperative System can presently service more than 1,000 acres of the Kalepa lands. In just the last few years, ADC has converted nearly 300 acres of irrigable land from ranching to farming, and has more prospective farmers under consideration.

We believe the Department of Agriculture is the logical agency to manage this State-owned system.

I respectfully request that this bill be passed.

A handwritten signature in black ink, appearing to read "Les Milnes", written in a cursive style.

Leslie P. Milnes, President
Kalepa Koalition



**East Kauai
Water Users' Cooperative**

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March 12, 2018

TO: COMMITTEE ON AGRICULTURE
Rep. Richard P. Creagan, Chair
Rep. Lynn DeCoite, Vice Chair

RE: **Testimony on SB 2846, SD2 Relating to Irrigation
MARCH 14, Conference Room 312**

Chairperson Creagan and Members of the Committee

My name is Jerry Ornellas and **I strongly support SB 2846 SD2**. I am the president of the East Kauai Water Users' Cooperative which has managed the State-owned reservoir and ditch system in the Kapaa/Kalepa area for the past 17 years under a year-to-year revocable permit from DLNR. On September 20, 2016, the Coop was informed by DLNR it would have to seek a long-term water lease. We were given three years to complete the application process which includes an Environmental Impact Statement that is beyond our monetary resources to pay for. As well, it is likely other aspects of the water lease process and agreement are beyond our means.

We are therefore in favor of SB 2846 SD2 allowing the East Kauai system be taken over by the Department of Agriculture. Our system includes two reservoirs and 22 miles of ditch which has historically serviced thousands of acres of State and private lands. In particular, it services more than 1,000 acres of the State Kalepa lands located between Kapaa and Lihue. When first taken out of sugar cane in 2001, these had gone into pasture, but in the last few years, through the good action of the Agribusiness Development Corporation, nearly 300 acres has been leased to farmers who are actively developing their crops, including ginger, bananas, noni and sweet potatoes. This is only possible because the Coop can provide these farms with water.

Aside from the State lands, the Coop system can service thousands of acres of so-called "marginal lands"—those not taken by the cane companies and now privately owned. These are located throughout Kapaa and are or could be productive agricultural lands, such as my own farm.

The Department of Agriculture is the natural State agency to manage this public water system, as is the pattern in most other states in the country. It is also the only long-term, permanent way to manage the system.

I respectfully ask that you pass this bill.

East Kauai Water Users' Cooperative

A handwritten signature in black ink that reads 'Jerry Ornellas'.

Jerry Ornellas, President

SB-2846-SD-2

Submitted on: 3/12/2018 7:15:54 PM

Testimony for AGR on 3/14/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dale Sandlin	Hawaii Cattlemens Council	Support	Yes

Comments:

SB-2846-SD-2

Submitted on: 3/12/2018 9:56:41 PM

Testimony for AGR on 3/14/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

PRESENTATION OF THE
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES
DEMOCRATIC PARTY OF HAWAII
TO THE COMMITTEE ON AGRICULTURE
THE HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2018
Wednesday, March 14, 2018
8:30 a.m.
Hawaii State Capitol, Conference Room 312

RE: Testimony in Support of SB2846 SD2, RELATING TO IRRIGATION

To the Honorable Richard P. Creagan, Chair; the Honorable Lynn DeCoite, Vice-Chair and the Members of the Committee on

Agriculture:

Good morning,

my name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on **SB2846 SD2**, relating to the East Kauai Irrigation System; Transfer of Operational Authority; DOA; AG; DLNR; and an appropriation. .

The OCC Legislative Priorities Committee is in favor of **SB2846 SD2** and support its passage.

SB2928 SD2 is in alignment with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it permits the transfer of operational authority over the portions of the east Kauai irrigation system operated and maintained by the East Kauai Water Users' Cooperative as of 7/1/2018, to the Department of Agriculture upon adoption of rules; establishes positions within the agricultural resource management division; authorizes GO bonds; transfers moneys from the non-agricultural park lands special fund and the agricultural park lands special fund to the general fund; makes an appropriation; requires the Attorney General to review the permit issued by the Department of Land and Natural Resources to the East Kauai Water Users' Cooperative for legal conflicts and submit a report of its findings to the Legislature; and an effective date of 7/1/2050.

The DPH Platform states that "[t]o ensure wise use and equitable distribution of our precious water, we must stress water conservation and alternative patterns of water treatment and consumption such as the use of recycled water for irrigation, water storage reservoirs, and the use of catchment systems by the public.

(Platform of the DPH, P. 6, Lines 93-95 (2016)). Agriculture in our state must be preserved and its future strengthened. Sufficient prime agricultural lands must be maintained for the health, economic well-being and sustenance of the people. We believe in an integrated approach to agricultural innovation and sustainability.

(Platform of the DPH, P. 2, Lines 76-78 (2016)).

This approach includes, but is not limited to, the adoption of the native Hawaiian concept of ahupua'a, an integrated approach to land management. This could also include development of economic, land and ocean use policies that foster sustainable crops both for local consumption and for export, policies to foster agriculture-related infrastructure at shipping points, and increased inspection to protect against invasive species and to encourage reduced holding times. (Platform of the DPH, P. 2, Lines 82-86

(2016)). As an island state, securing affordable food for all is a priority. We support healthy, sustainable, and diversified local food production, and "Buy Local" strategies to assure greater food security and food safety. (Platform of the DPH, P. 2, Lines 97-99 (2016)).

We support land use planning and infrastructure development to support sustainable diversified agriculture, including low cost inter-island transportation of agricultural products. We likewise support publicly funded research and development for agricultural diversification and value-added products. (Platform of the DPH, P. 2, Lines 104-107 (2016)).

Given that **SB2846 SD2** permits the transfer of operational authority over the portions of the east Kauai irrigation system operated and maintained by the East Kauai Water Users' Cooperative as of 7/1/2018, to the Department of Agriculture upon adoption of rules; establishes positions within the agricultural resource management division; authorizes GO bonds; transfers moneys from the non-agricultural park lands special fund and the agricultural park lands special fund to the general fund; makes an appropriation; requires the Attorney General to review the permit issued by the Department of Land and Natural Resources to the East Kauai Water Users' Cooperative for legal conflicts

and submit a report of its findings to the Legislature; and an effective date of 7/1/2050, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely

yours,

/s/ **Melodie**

Aduja

Melodie Aduja, Chair, OCC Legislative Priorities

Committee

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March 14, 2018

HEARING BEFORE THE
HOUSE COMMITTEE ON AGRICULTURE

TESTIMONY ON SB 2846, SD2
RELATING TO IRRIGATION

Room 312
8:30 AM

Aloha Chair Creagan, Vice Chair DeCoite, and Members of the Committee:

I am Randy Cabral, President 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 strongly supports SB 2846, SD2, which transfers operational authority over the portions of the east Kauai irrigation system operated and maintained by the east Kauai water users' cooperative to the department of agriculture, establishes positions within the agricultural resource management division, and authorizes GO bonds for plans, designs, land acquisition, and equipment.

Since the demise of plantation operations across the islands, irrigation systems have fallen into disrepair. Ditches that carried water developed major leaks, and in some cases such as in Kau, cracks in tunnels created losses so that there is no longer significant water flow. The Governor, the legislature, and the public all support increased self-sufficiency and sustainability, but without adequate water supply, agriculture in Hawaii cannot remain viable, much less grow.

The East Kauai Irrigation System services more than 12,500 acres of agricultural land on Kauai. The repair and maintenance of this 2 reservoir, 22-mile irrigation system is critical for Kauai's farmers who depend on it for their operations. Water availability is a basic necessity for farmers and ranchers to maintain and expand their production, particularly in times of drought. A reliable water supply is a key factor when Hawaii's farmers and ranchers are considering whether to start new farms or expand existing ones.

For the past 17 years, the East Kauai Water Users' Cooperative has managed the State-owned reservoir and ditch system in the Kapaa/Kalepa area via a year-to-year DLNR revocable permit. This entity has served to keep the system functioning so that it

can supply water to the many Kauai farms that rely on it for irrigation, and future local farms that will also need the water.

However, the Co-op does not have the means to continue to maintain the system and to meet the new requirements mandated by the State, including a costly EIS, to secure a long-term water lease. We support this bill that would allow the system to be managed by the Department of Agriculture, which is the appropriate entity to undertake these responsibilities.

Because HFB is not familiar with the internal mechanics necessary to accomplish and fund the transfer, we defer to the Department to provide that information. Despite not fully understanding the complexities, but because ***this is an urgent matter***, we do **have concerns** about transfers of DOA funding to the general fund, and the significant potential delays incurred by requirements added in SD2 of SB 2846; specifically, the attorney general review and report to the **2019 legislative session**.

Thank you for the opportunity to provide our opinion on this important matter.

SB-2846-SD-2

Submitted on: 3/13/2018 10:38:10 AM

Testimony for AGR on 3/14/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
J Ashman	Individual	Support	No

Comments:

Please support East Kauai agriculture by passing this measure. Thank you.