Agriculture as a Means of Job Creation and GDP Growth 2020

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Agribusiness Development Corporation

- Facilitate transformation from a dual crop economy of sugar and pineapple to a multi-crop industry
- Acquire and manage
  - Selected high-value lands
  - Water systems and infrastructure
- Direct research
  - Development of new crops and markets
  - Lower production cost

Value of ADC Agriculture Activities (based on requested CIP)

Area	Current Area	Current Production	Additional Area	Additional Production
Wahiawa, Oahu (Whitmore / Galbraith)	1,200 acres	$13.5M	790 acres	$8.9M
Wahiawa, Oahu (Greenhouse)			50 acres	$24.7M
Kunia, Oahu			170 acres	$2.6M
Kalepa, Kauai	270 acres	$3.0M	500 acres	$5.6M
Kekaha, Kauai	75 acres	$.8M	800 acres	$9.0M
Total	1,545 acres	$17.4M	2,310 acres	$50.7M

Capital Improvement Project Breakdown

Location	CIP Total
Kekaha, Kauai	$22M
Kalepa, Kauai	$2M
Wahiawa, Oahu	$115M
Total	**$139M**

Public-Private-Partnership (PPP) Participation

- Partnership with the Private Sector is encourged for
  - Funding
  - Project Management
  - Operational Support
- Viable PPP framework needed to reduce legal and fiscal risk

Economic Impact of ADC Activities

Industry Value (M)	$68.1	Sales	Earnings	Sales Tax Collection	Jobs
Multiplier*		1.46	.046	.043	12.3
Total ($M)		$99.4	$3.1	$2.9	838
*Source: 2007 State of Hawaii Input-Output Study, DBEDT					

Attachments

Agribusiness Development Corporation
2020 Development Framework

What is the current and future economic impact of ADC's activities in Hawaii?

Below is the breakdown of current ADC productive lands. Using a value factor of $11,250 farm gate per acre, the economic impact is estimated. As a comparison, the potential impact of the proposed CIP projects are also estimated.

Area	Current Area	Current Production	Additional Area	Additional Production
Wahiawa, Oahu (Whitmore / Galbraith)	1,200 acres	$13.5M	790 acres	$8.9M
Wahiawa, Oahu (Greenhouse)			50 acres	$24.7M
Kunia, Oahu*			170 acres	$2.6M
Kalepa, Kauai	270 acres	$2.9M	500 acres	$5.6M
Kekaha, Kauai	75 acres	$.8M	800 acres	$9.0M
Total	**1,545 acres**	**$17.4M**	**2,310 acres**	**$50.7M**

*Kunia parcel awaiting release of funds

Farm gate per acre is estimated based on:

Watermelon	$5,500
Cabbage	$7,500
Tomato/Pepper	$10,500
Banana	$6,500
	$7,500
Crop Cycle	1.5
Total	$11,250

Greenhouse (hydroponic) production is $493,225 per acre based on actual farm data.

The resulting acreage will be 4,025 with a total value of $70.7M annual farm gate. Utilizing DBEDT's multiplier framework, the total value to the State economy is below:

Industry Value (M)	$68.1	Sales	Earnings	Sales Tax Collection	Jobs
Multiplier*		1.46	.046	.043	12.3
Total ($M)		**99.4**	**3.1**	**2.9**	**838**

*Source: 2007 State of Hawaii Input-Output Study, DBEDT

How do we partner with the private sector to grow this area?

Similar to the traditional agriculture sectors, the State can facilitate agriculture growth by providing capital for CIP projects that fill infrastructure needs to improve the food system; and establishing macro development and pro-growth regulatory policies to reduce risk and remove obstacles for expansion. Private partners are needed operate business that market, raise, harvest, package, distribute and recycle agriculture products. If the government is able to send a positive growth signal to the industry, food production will expand in Hawaii.

What's the growth potential in the next ten years?

Background

Food Production
Agriculture is poised to take advantage of the trends emerging the COVID-19 pandemic which will shape the US economy in the years to follow.

Macro Trends

- US will consciously move away from being dependent on China for essential items like PPE, pharmaceuticals and food – even if prices will be higher.
- Countries will trade with other countries that they can trust.

Food Trends

- Return of science to the food discussion – re-appreciation of scientists, experts and doctors regarding food issues (like GMO, pesticides etc)
- Food as medicine – supporting a recommitment to health, food becomes an integral part of the human health equation
- Food for the greater good – continuing the discussion of environmental, societal and governance issues surrounding food production (ex: food waste)

Sustainably- raised US agriculture will be perceived as healthy and good for the environment. It will be sought after and more valuable.

What policies and budget do we need in place to reach our maximum potential?

Infrastructure Projects

Proposed CIP projects will focus on further developing existing ADC lands and opening new production areas.

Location	Description	Time Frame	Cost
Kekaha, Kauai	**Agriculture Land Development** Preparing 1,000 acres of agriculture lands for production including land clearing & preparation, soil remediation, field irrigation development, water system infrastructure, road & bridge infrastructure and security services.	4 to 6 years	$13M

Kekaha, Kauai	**Processing Facility** Construct a multi-purpose facility to process, pack and store agricultural products.	3 to 5 years	$4M
Kekaha, Kauai	**Workforce Housing Units** Plan and develop workforce housing capacity to support the agriculture operations. Estimated size is 25 units of affordable housing capacity based on estimated provided by Hartung Brothers.	4 to 6 years	$5M
Kalepa, Kauai	**Agriculture Land Development** Preparing 500 acres of agriculture lands for production including land clearing & preparation, soil remediation, field irrigation development, water system infrastructure, road & bridge infrastructure and security services.	3 to 5 years	$1M
Kalepa, Kauai	**Processing Facility** Construct a multi-purpose facility to process, pack and store agricultural products.	1 to 2 years	$1M
Galbraith, Oahu	**Baseyard and Water Treatment Demonstration** Plan and construct a modular baseyard demonstration unit which incorporates good agriculture practices, food safety standards and a mobile water treatment system into the design.	1 to 2 years	$650K
Whitmore, Oahu	**Agriculture Land Development** Preparing 50 acres of agriculture lands for greenhouse production including land clearing & preparation, soil remediation, field irrigation development, water system infrastructure, road & bridge infrastructure and security services.	3 to 5 years	$77.8M
Whitmore, Oahu	**Agriculture Warehousing** Preparing 60,000 ft^2 of warehousing to accommodate value-added producers.	3 to 5 years	$12M
Whitmore, Oahu	**Processing Facility** Construct a 75,000 ft^2 multi-purpose facility to process, pack, and store and distribute agricultural products.	3 to 5 years	$15M
Mililani Mauka, Oahu	**Agriculture Land Development** Preparing 90 acres of agriculture lands for production including land clearing & preparation, soil remediation, field irrigation development, water system infrastructure, road & bridge infrastructure and security services.	2 to 5 years	$1.2M

Wahiawa (Tanada), Oahu	**Agriculture Land Development** Preparing 300 acres of agriculture lands for production including land clearing & preparation, soil remediation, field irrigation development, water system infrastructure, road & bridge infrastructure and security services.	3 to 5 years	$3.4M
Wahiawa (Helemano), Oahu	**Agriculture Land Development** Preparing 400 acres of agriculture lands for production including land clearing & preparation, soil remediation, field irrigation development, water system infrastructure, road & bridge infrastructure and security services.	3 to 5 years	$4.5M
Kunia, Oahu	****Agriculture Land Development**** Preparing 170 acres of agriculture lands for production. Project awaiting release of funds.	1 to 2 years	
		Total	**$138.5M**

Required Policy Reform

Future agriculture development will require partnership with the private sector for funding, project management and operational support. A viable public-private-partnership (PPP) framework is required to reduce legal and fiscal risk to all parties involved.

ADC Land Development Cost Framework

Location	Crop System	Production Acres	Greenhouse Cost	Land Clearing & Preparation	Soil Remediation	Field Irrigation	Water System Infrastructure	Road / Bridge Infrastructure	Security	Total	Annual Production Value
				$1,000		**$1,000**					**$11,250**
Kekaha	In Ground	1,000		$1,000,000		$1,000,000	$5,000,000	$6,000,000		$13,000,000	$11,250,000
Kalepa	In Ground	800					$1,000,000			$1,000,000	$9,000,000
Oahu		**Cost / Acre**	**$1,500,000**	**$25,000**			**$25,000**				**$493,225**
Whitmore	Greenhouse	50	$75,000,000	$1,250,000			$1,250,000		$250,000	$77,750,000	$24,661,250
		Cost / Acre		**$5,000**	**$3,000**	**$2,500**					**$11,250**
Mililani Mauka	In Ground	90		$450,000	$270,000	$225,000			$250,000	$1,195,000	$1,012,500
Tanada	In Ground	300		$1,500,000	$900,000	$750,000			$250,000	$3,400,000	$3,375,000
Heleamano	In Ground	400		$2,000,000	$1,200,000	$1,000,000			$250,000	$4,450,000	$4,500,000
											$15,000
Kunia	In Ground / Greenhouse	170									$2,550,000

Thank You

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