

Application Submittal Checklist

The following items are required for submittal of the grant application. Please verify and check off that the items have been included in the application packet.

- 1) Certificate of Good Standing (If the Applicant is an Organization)
- 2) Declaration Statement
- 3) Verify that grant shall be used for a public purpose
- 4) Background and Summary
- 5) Service Summary and Outcomes
- 6) Budget
 - a) Budget request by source of funds ([Link](#))
 - b) Personnel salaries and wages ([Link](#))
 - c) Equipment and motor vehicles ([Link](#))
 - d) Capital project details ([Link](#))
 - e) Government contracts, grants, and grants in aid ([Link](#))
- 7) Experience and Capability
- 8) Personnel: Project Organization and Staffing



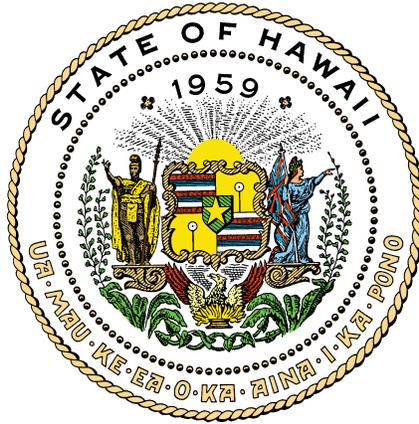
AUTHORIZED SIGNATURE

SECRETARY

PRINT NAME AND TITLE

JANUARY 13, 2023

DATE



Department of Commerce and Consumer Affairs

CERTIFICATE OF GOOD STANDING

I, the undersigned Director of Commerce and Consumer Affairs of the State of Hawaii, do hereby certify that

HAMAKUA AGRICULTURAL COOPERATIVE

was incorporated under the laws of Hawaii on 07/22/1993 ;
that it is an existing agricultural cooperative association;
and that as far as the records of this Department reveal,
has complied with all of the provisions of Chapter 421 of the
Hawaii Revised Statutes, regulating agricultural cooperative
associations.

IN WITNESS WHEREOF, I have hereunto set
my hand and affixed the seal of the
Department of Commerce and Consumer
Affairs, at Honolulu, Hawaii.

Dated: January 13, 2023

Director of Commerce and Consumer Affairs



Application for Grants

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Certification – Please attach immediately after cover page

1. Certificate of Good Standing (If the Applicant is an Organization)

If the applicant is an organization, the applicant shall submit one (1) copy of a certificate of good standing from the Director of Commerce and Consumer Affairs that is dated no earlier than December 1, 2022.

2. Declaration Statement

The applicant shall submit a declaration statement affirming its compliance with [Section 42F-103, Hawaii Revised Statutes](#).

3. Public Purpose

The applicant shall specify whether the grant will be used for a public purpose pursuant to [Section 42F-102, Hawaii Revised Statutes](#).

The Hamakua Agricultural Cooperative is a unique organization that was formed in 1994 in response to the demise of the sugar plantations that had dominated the economy of the Hamakua area for over 100 years. The HDOA was not able to administrate the leasing of these new lands, so the Hamakua Agricultural Cooperative was formed. The goals of our organization were to provide displaced sugar workers a means of earning a living as well as to establish an agricultural incubator to support farming in this economically depressed rural area. It was a political solution to a unique problem.

All programs serve the general public in accordance with Section 42F-102, Hawaii Revised Statutes. The purpose for the grant, and cost of the grant and the budget are described in Sections II thru IV and sub-section VII.4, below.

II. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Please include the following:

1. A brief description of the applicant's background;

Background: For the greater part of the twentieth century, the agricultural economy on Hawaii Island was dominated by sugar plantations. The plantation

industry's rise and fall affected every aspect of life on Hawaii Island, including direct and indirect economic impacts, permanent alteration of ecosystems, and significant influence on the sociocultural composition of the islands. The 1996 closure of the island's last sugar plantation marked the end of an era that left plantation laborers without meaningful prospects for employment or means of supporting their families

What We Do: The Hamakua Agricultural Cooperative was formed in direct response to the social and economic upheavals resulting from the closure of sugar plantations on Hawaii Island. Our vision is a viable, environmentally sound, and diversified agricultural economy along the Hamakua Coast. Our mission is to provide member-farmers with long term tenure on agricultural lands, training and educational opportunities, marketing and promotion assistance, bulk purchasing of farm supplies, and other services as needed and allowed by state law.

How We Operate: The Co-op holds ten individual Master Leases for approximately 800 acres of Hawaii Department of Agriculture (HDOA) and Department of Land and Natural Resources (DLNR) lands. Through a cooperative structure, we manage 102 long-term subleases to member-farmers and provide additional support services to reduce the uncertainties of agricultural production for our member-farmers. In return, member-farmers pay dues to the Co-op that help us operate at cost, including lease rents, property taxes, and other administrative costs.

2. The goals and objectives related to the request:

The goal of this request is to secure the fiscal stability of the Hamakua Agricultural Cooperative as an at-cost organization dedicated to the well-being of farmer-members and their families. Our objective is to settle outstanding HDOA lease and irrigation debts incurred as a result of HDOA administrative processes that are misaligned with the Hamakua Agricultural Cooperative structure.

Problem Statement: The Hamakua Agricultural Cooperative is a unique organization that was formed in 1994 in direct response to the demise of the sugar plantations that had dominated the Hamakua economy for over 100 years. Specifically, as land tenure shifted to the HDOA, there was broad agreement that these newly acquired lands should be made available to the large number of former plantation laborers. For many, agricultural production was the only potential means of supporting their families in our economically depressed rural area. However, the State was unable to administer the leasing of these newly acquired lands. The formation of the Hamakua Agricultural Cooperative was a political solution to this unique problem.

As a novel solution to an unprecedented problem, the Co-op was tasked with managing these lands. With a present occupancy rate of 95%, the solution of leveraging a co-operative structure to manage long-term leasing of agricultural

lands has been successful. However, the solution made possible through the Co-op was misaligned with the administrative practices of leasing and irrigation by the State Department of Agriculture, resulting in significant yet unintended burdens on the Hamakua Agricultural Cooperative.

Leasing: The Hamakua Agricultural Cooperative is the only co-op in Hawaii that holds Master Leases with the State Department of Agriculture and subsequently sub-leases parcels to qualified residents. In total, the Co-Op holds ten Master Leases from the HDOA (approximately 800 acres along the Hamakua Coast) and subleases 102 farms to our 49 members. The cooperative structure is unique, and it has been challenging for our organization to follow some of the mandates as the State laws are clearly not designed for our unique structure and purpose.

Specifically, in 2009 the Co-op was on the brink of collapse. Ten years of repeated failure of the Hamakua Ditch had taken its toll on our farmers who had planted and lost crops multiple times. In the face of these challenges, in 2009 the HDOA began enforcing rules and regulations that had never been enforced before.

This shift caught our leadership and members by surprise. Corrective action was taken through the election of new leadership in November 2009 and the hiring of a part-time professional manager. In June 2012, the Co-op entered into an agreement with the HDOA to assist in rebuilding our Co-Op. The *“Agreement and Plan for Economic Success”* allowed the Co-Op to pay partial lease rents for a period of three-years provided that 95% of Co-Op members were approved by the HDOA by the end of the term of agreement. The agreement stipulated that \$45,000 of the waived debt would need to be repaid if the 95% benchmark was not met.

Only 21% of Co-Op members were approved by the HDOA when we undertook this process and we successfully increased that number to 92% by the end of the term of agreement. We missed our goal by three percentage points, despite increasing approved membership by 71 percentage points. More importantly, the success of the process undertaken has been long-lasting and achieved the desired impact. Today the Hamakua Agricultural Cooperative has a 95% occupancy rate with individuals currently applying for vacant lots.

Unfortunately, the HDOA does not recognize this success because we had not achieved the 95% mark before the end of the term of agreement. As a result, the HDOA cancelled our agreement and started charging for the lease amounts that had been waived under the agreement. We appealed this decision and were initially advised by Scott Enright that an alternate solution could be found. In 2020 we were scheduled to meet with the HDOA Board of Agriculture to propose a solution. Unfortunately, the COVID pandemic hit the State and the meeting was canceled and we could not proceed. We have paid our lease payments of over \$90,000 annually in full and on-time. At this point in time, after many

attempts, no successful solution has been achieved for the past due amounts and the Hamakua Agricultural Cooperative is now responsible for \$209,000 to the HDOA due to penalties and interest on the amounts unpaid.

Irrigation: The cooperative structure is also misaligned with administrative practices concerning irrigation of agricultural lands, resulting in significant burdens on the Hamakua Agricultural Cooperative. Specifically, the Co-Op is being held responsible for years of monthly service fees connected with un-leased lands, some of which were subsequently identified as unusable for agriculture and none of which had actual water use. The Irrigation District does provide an important opportunity to our farmer-members, but the Co-Op has never applied for water service or used irrigation water.

In March 2012, we met with then-HDOA chair Russell Kokubun and agreed to an equitable resolution to outstanding irrigation bills for our un-leased lands. After the meeting, the Co-Op manager assisted the Irrigation District staff with updating their records. This included initiating a protocol where the Co-Op would notify the HDOA when a sublease had been transferred to a new farmer-member. It is then up to the farmer-member to submit an application for irrigation service to the HDOA. If it is not received the account stays in the Co-op name. Unfortunately, this unique protocol did not have the intended effect because the Co-Op has no way of tracking and ensuring if HDOA has received and accepted the applications of new farmer-members. This has resulted in balances in the name of the Co-Op, some of which have skyrocketed.

On September 24, 2012, we received an accounting of what was currently owed by the Co-op. The total owed as of that time was \$15,000. As with previous conversations with HDOA, we were assured that an equitable resolution would be found. This sentiment was repeated when Scott Enright became HDOA chair. Unfortunately, no successful solution has been found and, as of November 2022, the Co-Op balance owed has ballooned to \$232,272.00. Critically, these charges are for monthly assessment fees, penalties and interest on lands that were unleased for years or not transferred to the new owner by the HDOA and there has been no water use.

Failed Remedies: The Co-op is an “at-cost” organization with all expenses billed out to our farmer-members whose revenues cannot support these debts. Placing the burdens of HDOA administrative processes that are misaligned with our cooperative structure on farmer-members is not fair or reasonable. Many of our elected representatives agree. In 2022 the Hamakua Agricultural Cooperative was awarded funding through the State of Hawaii Legislature to pay the outstanding balances associated with leasing and irrigation bills. However, in the contracting process it was discovered that those funds could not be used to pay delinquent debts. In light of these ongoing challenges, we were advised to seek State Grant-in-Aid funds in the amount of \$475,000 to finally resolve these longstanding issues. Doing so would enable the Co-Op to move onward in

service of our hardworking farmer-members who bring locally produced foods into our community.

3. The public purpose and need to be served;

Our Community: The County of Hawaii General Plan identifies further development of agriculture and diversifying the economic base as key actions for the Hamakua district (2.4.4.2 Economic, Districts, Hamakua, Courses of Action). The Hamakua Agricultural Cooperative is a critical stakeholder toward the public need for a robust agricultural economy in our district. In addition to managing 800 acres of land with 102 long-term subleases to member-farmers, the Co-Op provides additional support services to reduce the uncertainties of agricultural production for our farmer-members. The net impact of our activities is increased viability of agricultural production in Hamakua and improved access to locally grown food for our community.

4. Describe the target population to be served; and

Who We Serve: Our farmer-members are the immediate target population served by these grant funds. Approximately 30% of current members lost employment when the last sugar plantation closed and have held leases since the Hamakua Agricultural Cooperative was organized. The remaining farmer-members are small family farmers that are not only growing the agricultural economy in our district, but also directly contributing to local food security by providing fresh, healthy produce for our community.

5. Describe the geographic coverage.

Where We Serve: The Co-op serves the Hamakua district, Hawaii Island, across four tracts of land between Paauilo and Waipio. Specifically:

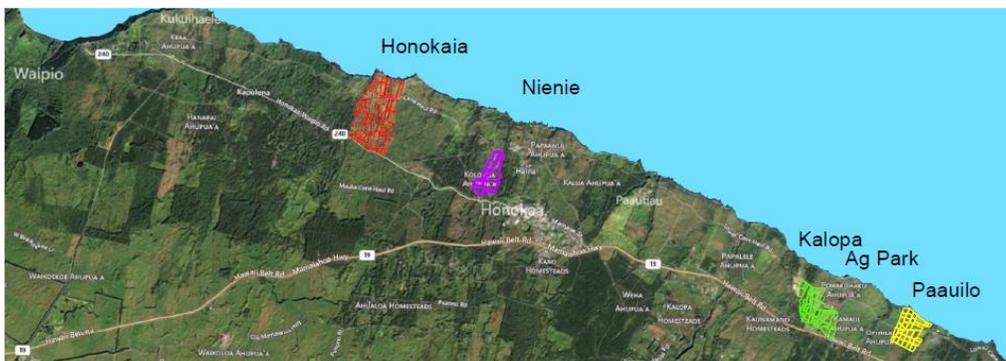
Honokaia lots are located Makai of Hwy 240 at mile marker 4

Nienie lots are located Makai of Hwy 240 at mile marker 2

Hawaii Ag Park/Kalopa lots are located Makai of Hwy 19 at mile marker 38

Paauilo lots are located Makai of Hwy 19 between mile marker 36 and 37

Map showing location of Co-op lands



III. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities;

The scope of work is the resolution of unresolved HDOA lease and irrigation debts as described above. Tasks are the responsibility of the Co-Op manager and include identifying balance due and making payment in full to the Department of Agriculture.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service;

Payments to the State will be made immediately upon receipt of grant funds.

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

Success of the proposed activities will be measured in the ability of the Hamakua Agricultural Cooperative to fully operate at-cost. All lease payments are and will continue to be paid on time. There needs to be further discussion with the Irrigation District on how we can better track new members. Currently, we notify them when a sub-lease is transferred to a new member, but we are not notified if that new member does indeed apply for water service. If the new member does not apply for service, then the Co-op remains liable for the fees even after the state has been notified of the change.

4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.

The short-term measure of effectiveness will be payment in full of lease and irrigation debts upon receipt of grant funds. Long-term measure of effectiveness will be timely payment of new lease and irrigation bills when they are received.

IV. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.
 - a. Budget request by source of funds (Link)
 - b. Personnel salaries and wages (Link)
 - c. Equipment and motor vehicles (Link)
 - d. Capital project details (Link)
 - e. Government contracts, grants, and grants in aid (Link)

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2024.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$475,000				

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2024.

The Hamakua Agricultural Cooperative operates at-cost. Farmer-members are responsible for paying all expenses, including lease rents, property taxes, and other administrative costs.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

None

5. The applicant shall provide a listing of all federal, state, and county government contracts, grants, and grants in aid it has been granted within the prior three years and will be receiving for fiscal year 2024 for program funding.

None

6. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2022.

Bank Balance \$32,248.99

V. Experience and Capability

1. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

For over a decade the Hamakua Agricultural Cooperative has diligently worked to improve organizational functions and fiscal stability. The 2012 *“Agreement and Plan for Economic Success”* with the State Department of Agriculture initiated critical interventions that created the desired long-term positive impacts, despite the fact that the project goals took longer to achieve than originally anticipated. As part of that effort, the Hamakua Agricultural Cooperative continues to attract farmer members to serve on our Board of Directors, has developed extensive policy and procedure manuals to assure continuity in best management practices, created a wash, pack, storage facility for our members, worked with various organizations to provide educational opportunities for our members, maintains a booth at our local Farmer’s Market for our members use, developed a website to attract new members as needed. These policies and procedures have resulted in the ongoing operation of Co-Op activities at-cost, with the sole exception of the lease and irrigation debts arising from unresolved HDOA administrative processes.

2. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities.

The Hamakua Agricultural Cooperative currently rents office space at 44-151 Paauhau Street in Paauhau, Hawaii. All administrative functions of the organization are completed at that facility.

VI. Personnel: Project Organization and Staffing

1. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

Lori Beach has served as the Hamakua Agricultural Cooperative Manager since 2010. She has over 35 years of experience in administration and finance and has a long history of leading or assisting in community projects. In addition, Lori served as Community Liaison for the County of Hawaii–Hamakua Community Development Plan, Head of the Steering Committee for the Hamakua Ag Plan, provided administrative services for the creation of Hamakua Harvest (a local agricultural center), and served on the Board of the Hamakua Soil and Water Conservation District.

2. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organization chart that illustrates the placement of this request.



The Hamakua Agricultural Cooperative is a small organization with only one compensated position, Co-Op Manager. This position reports directly to the Board of Directors.

3. Compensation

The applicant shall provide an annual salary range paid by the applicant to the three highest paid officers, directors, or employees of the organization by position title, not employee name.

Only the Co-Op Manager is compensated for Hamakua Agricultural Cooperative activities. In 2022, the Co-Op Manager compensation was \$12,292.00. Similar compensation for this role is anticipated in 2023.

VII. Other

1. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

None

2. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that the applicant possesses relevant to this request.

None

3. Private Educational Institutions

The applicant shall specify whether the grant will be used to support or benefit a sectarian or non-sectarian private educational institution. Please see [Article X, Section 1, of the State Constitution](#) for the relevance of this question.

The grant will not be used to support or benefit a sectarian or non-sectarian private educational institution.

4. Future Sustainability Plan

The applicant shall provide a plan for sustaining after fiscal year 2023-24 the activity funded by the grant if the grant of this application is:

- (a) Received by the applicant for fiscal year 2023-24, but
- (b) Not received by the applicant thereafter.

The applicant is fully sustainable. All administrative and operational expenses are charged directly to members, including lease rents, property taxes, and administrative/operational costs.

BUDGET REQUEST BY SOURCE OF FUNDS

Period: July 1, 2023 to June 30, 2024

Applicant: Hamakua Agricultural Cooperative

BUDGET CATEGORIES	Total State Funds Requested (a)	Total Federal Funds Requested (b)	Total County Funds Requested (c)	Total Private/Other Funds Requested Member Payments
A. PERSONNEL COST				
1. Salaries				12,292
2. Payroll Taxes & Assessments				
3. Fringe Benefits				
TOTAL PERSONNEL COST				12,292
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				2,972
3. Lease/Rental of Equipment				
4. Lease/Rental of Space				2,400
5. Staff Training				
6. Supplies				1,791
7. Telecommunication				1,462
8. Utilities				
9. Accounting				1,571
10. State Lease Rents				94,464
11. Property Tax				12,914
12. GET				6,178
13				
14				
15. Payment to HDOA for lease discrepancy	223,250			
16. Payment to HDOA for irrigation amounts	251,750			
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	475,000			123,752
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	475,000			136,044
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	475,000	Lori Beach	808 775-1107	
(b) Total Federal Funds Requested		Name (Please type or print)	Phone	
(c) Total County Funds Requested			1/13/2023	
(d) Total Private/Other Funds Requested	136,044	Signature of Authorized Official	Date	
TOTAL BUDGET	611,044	Lori Beach, Corporate Secretary		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Period: July 1, 2023 to June 30, 2024

Applicant: Hamakua Agricultural Cooperative

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST	TOTAL BUDGETED
None	0.00		\$ -	0
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS:				

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	TOTAL BUDGETED
None	0.00		\$ -	0
			\$ -	
			\$ -	
			\$ -	
			\$ -	
TOTAL:				
JUSTIFICATION/COMMENTS We don't have any vehicles or equipment				

BUDGET JUSTIFICATION - CAPITAL PROJECT DETAILS

Period: July 1, 2023 to June 30, 2024

Applicant: Hamakua Agricultural Cooperative

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OTHER SOURCES OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2021-2022	FY: 2022-2023	FY:2023-2024	FY:2023-2024	FY:2024-2025	FY:2025-2026
PLANS	0	0	0	0	0	0
LAND ACQUISITION	0	0	0	0	0	0
DESIGN	0	0	0	0	0	0
CONSTRUCTION	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
TOTAL:	0	0	0	0	0	0
JUSTIFICATION/COMMENTS: We will not be using grant funds for this purpose						

GOVERNMENT CONTRACTS, GRANTS, AND / OR GRANTS IN AID

Applicant: Hamakua Agricultural Cooperative

Contracts Total: -

	CONTRACT DESCRIPTION	EFFECTIVE DATES	AGENCY	GOVERNMENT ENTITY (U.S./State/Hawaii/ Honolulu/ Kauai/ Maui County)	CONTRACT VALUE
1	None				
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