

COUNCIL OF THE COUNTY OF MAUI
**HUMAN SERVICES AND
ECONOMIC DEVELOPMENT COMMITTEE**

March 15, 2002

**Committee
Report No.** 02-40

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Human Services and Economic Development Committee, having met on January 31, 2002 (site inspection and meeting), February 14, 2002, and February 28, 2002 makes reference to County Communication No. 02-9, from the Director of Finance, transmitting a proposed resolution entitled "AUTHORIZING A GRANT OF A LEASE OF COUNTY REAL PROPERTY TO JOHANN SOSNA".

The purpose of the proposed resolution is to authorize a 20-year lease to Johann Sosna, for \$350 per year, for the use of approximately five acres of County-owned property located in Ukumehame, Maui, for the purpose of establishing a sturgeon fish farm.

At its site inspection of January 31, 2002, your Committee met with the Deputy Director of Finance, a Deputy Corporation Counsel, Johann Sosna and William Lansford, the project developers.

Mr. Sosna and Mr. Lansford pointed out the boundaries of the proposed project site. They also noted that the pilot project would only utilize about one-half acre, with plans to expand over time.

Mr. Sosna and Mr. Lansford also noted that although sturgeon fish are native to colder climates, they can adapt to warmer climates. In fact, the sturgeon fish grow faster and become sexually mature in a shorter time period when raised in warmer climates.

Mr. Sosna and Mr. Lansford further noted that there are similar operations on the Big Island and on Oahu. In fact, the Big Island will import the sturgeon and split each delivery with them.

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Sturgeon fish farming can be a lucrative endeavor. While other aquaculture projects focus on raising catfish or tilapia, those varieties do not sell for high prices in retail shops. On the other hand, smoked sturgeon fish fillets retail at \$50 per pound, and sturgeon fish caviar retails at \$1,300 per pound.

At its meeting of January 31, 2002, your Committee met with the Deputy Director of Finance, an Economic Development Specialist, a Deputy Corporation Counsel, Johann Sosna and William Lansford.

One person testified in support of the proposed resolution.

The Economic Development Specialist informed your Committee of her office's support of the proposed resolution. She also distributed a handout relating to aquaculture in Hawaii.

Your Committee expressed its support of the project. Your Committee also noted that the annual lease is \$350.00. In hopes of building a fund to encourage other types of economic development efforts in the County, your Committee recommended that the proposed resolution be revised to include language that would stipulate that the Mr. Sosna would need to return to the Council in five years and provide his financials. If the project was earning profits above the initial \$65,000 investment by the project developers, your Committee recommended that a small percentage of the profits be paid to the County.

By memorandum dated February 5, 2002, your Committee Chair asked Corporation Counsel for (1) guidance on the issue of increasing the amount of money, via the lease or other means, that would be paid to the County; and (2) a revised proposed resolution.

By electronic mail dated February 6, 2002, Bryan J.P. Harroun provided comments on your Committee's recommendation.

By memorandum dated February 6, 2002, a Deputy Corporation Counsel advised against altering the lease amount in the resolution. For that reason, the Deputy Corporation Counsel failed to transmit the revised proposed resolution.

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At its meeting of February 14, 2002, your Committee met with the Deputy Director of Finance, the Economic Development Coordinator, an Economic Development Specialist, a Deputy Corporation Counsel, and William Lansford, project developer.

One person testified in support of the proposed resolution.

Your Committee Chair explained that due to the advice of the Deputy Corporation Counsel, he wanted to revisit this matter.

The Deputy Corporation Counsel provided your Committee with an overview of her earlier memo.

After a lengthy discussion, your Committee deferred action on this matter.

At its meeting of February 28, 2002, your Committee met with the Deputy Director of Finance, an Economic Development Specialist, and a Deputy Corporation Counsel.

One person testified in support of the proposed resolution.

The Deputy Director of Finance explained the Invitation for Bid process, in which Mr. Sosna provided a project proposal. As the only bidder, his proposal was accepted. Included in the acceptance of his proposal is the County's agreement to certain stipulations, including the annual lease amount.

The Deputy Corporation Counsel explained that due to the fact that the lease was awarded on a competitive bid basis pursuant to Chapter 3.40 of the Maui County Code, the annual lease amount, or any other project specification could be amended only if there was agreement on both sides.

A member of your Committee continued to express interest in receiving a portion of profits after a period of five years, but did not make a motion to amend the proposed resolution. Your Committee Chair stated that he would attempt to speak with Mr. Sosna and Mr. Lansford about this possibility.

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Your Committee voted to recommend adoption of the proposed resolution, and filing of the communication.

Your Human Services and Economic Development Committee RECOMMENDS the following:

1. That Resolution No. _____, attached hereto, entitled "AUTHORIZING A GRANT OF A LEASE OF COUNTY REAL PROPERTY TO JOHANN SOSNA", be ADOPTED; and
2. That County Communication No. 02-9 be FILED.

Adoption of this report is respectfully requested.

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