

**BUDGET AND FINANCE COMMITTEE**  
Council of the County of Maui

**MINUTES**

**November 3, 2015**

**Council Chamber**

**CONVENE:** 9:06 a.m.

**PRESENT:** Councilmember Riki Hokama, Chair  
Councilmember Mike White, Vice-Chair  
Councilmember Gladys C. Baisa, Member  
Councilmember Robert Carroll, Member  
Councilmember Elle Cochran, Member  
Councilmember Don Couch, Member  
Councilmember Stacy Crivello, Member  
Councilmember Don S. Guzman, Member  
Councilmember Michael P. Victorino, Member

**STAFF:** Jordan Molina, Legislative Analyst  
Yvette Bouthillier, Committee Secretary

Ella Alcon, Council Aide, Molokai Council Office (via telephone conference bridge)

Dawn Lono, Council Aide, Hana Council Office (via telephone conference bridge)

**ADMIN.:** Sananda Baz, Budget Director, Office of the Mayor  
Mark R. Walker, Deputy Director, Department of Finance  
Guy Hironaka, Real Property Manager, Department of Finance  
Teena Rasmussen, Economic Development Director, Office of the Mayor (BF-48, BF-38(6))  
David Taylor, Director, Department of Water Supply (BF-48 and BF-38(6))  
Jeffrey T. Ueoka, Deputy Corporation Counsel, Department of the Corporation Counsel

**OTHERS:** Warren Watanabe, Executive Director, Maui County Farm Bureau (BF-48, BF-38(6))  
Simon Russell, Vice President, Hawaii Farmers Union, (BF-48)  
Others (5)

**PRESS:** Akaku: Maui Community Television, Inc.

---

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

CHAIR HOKAMA: . . .*(gavel)*. . . Budget and Finance Committee shall come to order. This is our regular meeting of November 3, 2015. We will ask anyone wishing to provide public testimony on any item azenized for today's meeting, please make yourself know. You have three minutes. Three minutes only to give testimony. Once your time has expired you shall stop. At this time present for the Committee meeting is our Vice-Chairman, Mr. White.

COUNCILMEMBER GUZMAN: Good morning, Chair. Thank you.

VICE-CHAIR WHITE: Good morning.

CHAIR HOKAMA: And then the Committee Members. That's okay we all present this morning. We have Mr. Carroll.

COUNCILMEMBER CARROLL: Good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Baisa.

COUNCILMEMBER BAISA: Good morning, Chair.

CHAIR HOKAMA: Good morning. Ms. Cochran.

COUNCILMEMBER COCHRAN: Aloha. Good morning, Chair.

CHAIR HOKAMA: Mr. Couch.

COUNCILMEMBER COUCH: Aloha. Good morning, Chair.

CHAIR HOKAMA: Ms. Crivello.

COUNCILMEMBER CRIVELLO: Good morning, Chair.

CHAIR HOKAMA: Mr. Guzman.

COUNCILMEMBER GUZMAN: Good morning, Chair.

CHAIR HOKAMA: And Mr. Victorino.

COUNCILMEMBER VICTORINO: Aloha, Chair.

CHAIR HOKAMA: All Members present.

COUNCILMEMBER BAISA: Mr. Chair?

CHAIR HOKAMA: Yes, ma'am.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER BAISA: Thank you very much. I'd like to have a point of personal privilege please.

CHAIR HOKAMA: State your point please.

COUNCILMEMBER BAISA: I would like to send our aloha and best wishes to the significant other of our Communication Director Kit Zulueta. Deron Furukawa is at Maui Memorial, he's had some, a rough time. And I wanna send him our love and aloha.

CHAIR HOKAMA: Thank you very much for that, those thoughts. Anyone else? Okay. If not, please put all digital handheld devices on silent or off mode please. At this time we will start with public testimony. We'd like to ask Mr. Warren Watanabe if he would please come forward and share his comments with the Committee please.

**. . .BEGIN PUBLIC TESTIMONY. . .**

MR. WATANABE: Good morning, Chair Hokama --

CHAIR HOKAMA: Good morning.

MR. WATANABE: --Vice Chair White, Members of the Committee. My name is Warren Watanabe, Executive Director of the Maui County Farm Bureau. The Maui County Farm Bureau on behalf of our member farm and ranch families and organizations is in strong support of BF-48 and BF-38(6) providing matching funds to State appropriations for purchase of lands to expand the Kula Ag Park. Agriculture in Hawaii is in transition. Centers of agriculture have moved from the neighbor islands to Oahu, the population center. Yet we all know that concentrating agriculture in one area is not wise. Disease, weather, and other conditions can create havoc, and without diverse locations, sustained and consistent, Hawaii local production will not be possible. As investments are planned on Oahu, the Maui County Farm Bureau worked with our legislators and the Hawaii Farm Bureau to ensure that neighbor islands were not forgotten in the process. Appropriation of funds, pending a match by the County was approved by the Legislature. Upcountry, Maui was once the center of vegetable production in the State. Through the transitions of lands we find that many of the farms have changed ownership and the only large contiguous farmland in existence today is the Kula Ag Park. Certainty of the future use of the land, access to infrastructure and absence, and the absence of urban-ag interface issues make the ag park design desirable for the viability of farm operations. Agriculture is risky by itself. Removal of some of the risk factors such as preserving large contiguous farmland will increase the viability of these operations. The Maui General Plan seeks to increase agriculture to enhance Maui's level of self-sufficiency. This measure is consistent with the plan and is an important factor to implementing the measure. This will provide a means to target agriculture investments for future generations. The location of the land in question is also important. Many crops need cool weather to grow well. The elevation of this parcel will allow growing Maui's signature crops such as onions, cabbage, and other commodities. The Maui County Farm Bureau respectfully

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

requests your strong support by providing the required matching funds to acquire this land. Thank you.

CHAIR HOKAMA: Thank you, Mr. Watanabe. Any questions for the gentleman, Members? Having none, thank you very much for your testimony this morning.

MR. WATANABE: Thank you.

CHAIR HOKAMA: Next we'll have Simon Russell, please come share your thoughts with the Committee.

MR. RUSSELL: Good morning, Chair Hokama, Vice-Chair White, honorable Councilmembers.

CHAIR HOKAMA: Good morning.

MR. RUSSELL: Thank you for hearing my testimony. I'm sorry I didn't submit written testimony for the record. But I am here in strong...here on behalf of the Hawaii Farmer's Union Haleakala Chapter, which is most of East Maui, although we did start a new chapter in Hana recently, so. The Kula region falls under the jurisdiction of the chapter I belong to. That land is excellent ag land, I commend you and thank you so much for considering acquiring it, you know, I'm in strong support of BF-48 as well as BF-38(6) as are our membership. I did bring a handout for your viewing pleasure. I don't know if everybody got a copy, most likely not, I didn't bring enough. But the organic sector is growing rapidly, it has double-digit growth pretty much every year according to USDA statistics. We know that in 2012 organic, sales of organic products were about \$28.4 billion. And then in 2014, it was an estimated 35 billion. So every year the sales are growing. Forty-three percent of that market, Mr. Chairman, is fruits and vegetables. And so we got to ask ourselves how are we going to get farmers on that 148-plus acres. And so with your help with the farm apprentice membership--thank you very much--we are growing a new generation of producers who do prefer to use organic practices. Although not everybody in the union does, certainly many on Maui do. And so we have no doubt that those lots will be leased, and again thank you so much for considering putting that into ag park land. Because as a professional farmer myself, the access to land is not very easy, it's expensive, it's not that available. And long-term leases are even less available. Some of 'em are basically nonexistent from, well at least here in Maui County. I know Statewide because I am on the Board of Agriculture we oversee land leases on every other island except for Maui island. And they're long, they're 35 years and plus. So when a farmer has the access to a 35-year lease they can really make a good investment, especially with organics 'cause that's a, it's a long-term process to grow organically. So I commend your decision to purchase this land. And thank you very much for, you know, making that happen.

CHAIR HOKAMA: Thank you, Mr. Russell. Any questions for the gentleman, Members? Mr. Couch?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And thank you, Mr. Russell, for being here. I have a couple of questions. You talked about organic and whatnot over there. Is that land suitable for organic?

MR. RUSSELL: I haven't had a chance to walk that land. But I know that the Kula soil series it's called an Andisol series which is the best soil on the planet. So if we were to invest in ag parks anywhere on the island I would say Kula would be the place.

COUNCILMEMBER COUCH: Okay.

MR. RUSSELL: Organic or otherwise.

COUNCILMEMBER COUCH: Okay. That's good to know. The other question is do you know if, how much water, extra water that's going to take? 'Cause we have a little bit of concern of finding water.

MR. RUSSELL: Typically organic farming uses less water than other practices 'cause there so much compost and mulch and organic matter in the soil it retains water. Also it leads to less runoff than other practices.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR HOKAMA: Thank you. Any other questions for the gentleman? Having none, Mr. Russell, thank you for sharing your testimony.

MR. RUSSELL: Thank you.

CHAIR HOKAMA: We'll check with our District Offices. Hana Office, anyone wishing to provide testimony? Okay. We'll move to Lanai. Lanai Office, anyone wishing to provide testimony? Molokai Office, anyone wishing to provide testimony?

MS. ALCON: Good morning, Chair. This is Ella Alcon on Molokai and there is no one here waiting to testify.

CHAIR HOKAMA: Thank you, Ms. Alcon. We'll ask Hana once more if there's anyone wishing to provide testimony, west...East Maui?

MS. LONO: Good morning, Chair. This is Dawn Lono in Hana and there is no one waiting to testify.

CHAIR HOKAMA: Thank you, Ms. Lono. Lanai, Ms. Fernandez, anyone wishing to provide testimony? Okay. The Chair's not going to wait. Is there anyone else wishing to provide testimony in the Chambers? Seeing none, Members, with no objections, we shall close testimony for today's meeting?

COUNCILMEMBERS: No objections.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

CHAIR HOKAMA: So ordered.

**. . .END OF PUBLIC TESTIMONY. . .**

**ITEM 38(17): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET**  
**(ACQUISITION OF REAL PROPERTY AT 2154 KAOHU STREET,**  
**WAILUKU)**

CHAIR HOKAMA: May I direct you please to 38(17). This is Amendments to the Fiscal Year 2016 Budget. This is a request for acquisition of real property at 2154 Kaohu Street, Wailuku. We have before us two bills for consideration and a resolution that is before the Committee. I'll ask Mr. Baz if he has any opening comments he wishes to share with the Committee.

MR. BAZ: Good morning, Mr. Chair and Members. Sandy Baz, Budget Director. Before you this morning is an amendment to add \$1,220,000 appropriation to the Fiscal Year 2016 Budget. For the purchase as Chair mentioned of 2154 Kaohu Street. For those of you who aren't familiar with that that's the property that's right below our parking lot on the Kaohu Street side of the area here of the building. And it's something that we've been desiring to purchase for a number years and we have a willing seller. So we'd like to take the opportunity to purchase this. So the bills in front of you are the appropriation of monies in the budget and as well as the authorization for the general obligation bond. Mr. Walker, the Deputy Director of Finance is here, can discuss the negotiations of the actual purchase of that land as the Department of Finance is responsible for that. So, Mr. Chair, for, care for any questions as well if you need. Thank you.

CHAIR HOKAMA: Thank you very much, Mr. Baz. Mr. Walker, comments from Finance?

MR. WALKER: Good morning, Mr. Chair, Committee Members. Mark Walker, Deputy Director of Finance. I know this has been, echoing Mr. Baz's opening statements this is a property that the County has been interested in for a number of years. Certainly since I've been here we've been in on and off negotiations with the seller, oftentimes vigorous, and I would at the end of the day we do have a willing seller. And the County has entered into a purchase and sale agreement. And we are here along with the Management Department to answer any questions you may have. Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Members, questions for either Mr. Baz or Mr. Walker at this time? Mr. Victorino?

COUNCILMEMBER VICTORINO: Thank you. And thank you, gentlemen. Again since I walked in we've been discussing this and that's nearly nine years. So thank you very much to, for, bringing it to fruition and getting it up to us so that we can hopefully move it out today. My only question is once we purchase this and I've gone over all the material, are there any plans to occupy the present structure? Because it's a living facility, that's 1,800 and some odd square feet...no actually 2,364 square feet.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

That's a pretty big property and pretty big house. Are you planning to use it any way for Finance or, Mr. Baz, do you know of any department that has any plans of utilizing that building until or when we start the actual expansion?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. So thank you for the question, Member Victorino. We have done some inspections of the facility. And we haven't made any decisions yet on the occupation of it in the meantime before we utilize it for another purpose. But it is an option. But we haven't made any decisions yet on that.

COUNCILMEMBER VICTORINO: Okay. Well I'd hope you'd come forward soon and, you know, the Mayor has an aggressive plan to take care of people in need of housing. And I'm not trying use that as one of 'em but it's there and it's available. And, you know, Mr. Baz, I know you're smiling 'cause we've talked about this before. However, until we get our campus underway it is another option that should be put in our arsenal as far as utilization of County properties.

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you, Mr. Chair. The, just to note that that building in the back of it, there's the main house and then there's a building in the back. And we have inspected that and it's not habitable, so.

COUNCILMEMBER VICTORINO: Well, the building in the back, yeah.

MR. BAZ: Yeah.

COUNCILMEMBER VICTORINO: But I'm talking the front house which is pretty sizeable and can...well anyhow, I'll leave it in your hands. Mr. Chair, I'm taking it to another level and I apologize. But again I don't want seeing, see like I've seen in other situations where properties sit there for a long term, a long period of time and then deteriorate and then we go in and try to utilize it. AKA, I...our facility right down here at the corner of Wahineponi [sic] and Kaahumanu, and that has deteriorated tremendously. And that was boarding, right, remember that was housing for our students at MCC. But that's County property. I know the, what is that, the hospitality industry is using it but they're sure not doing a good job keeping it up. I pass it all the time and I'm very disappointed. But another story, another conversation, I don't want to go there. But thank you, Mr. Chair.

CHAIR HOKAMA: Thank you. Mr. Guzman, questions?

COUNCILMEMBER GUZMAN: Yeah. Thank you, Chair. Can the Department or the, Mr. Baz refresh my memory in terms of what exactly is that lot, what will it be used for in the future? It's going to be another building or is it...I can't remember the plans.

MR. BAZ: So, Mr. Chair?

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you. This piece of property sits in the middle of two County-owned properties.

COUNCILMEMBER GUZMAN: Right.

MR. BAZ: One is...

COUNCILMEMBER GUZMAN: I know that.

MR. BAZ: Yeah and the acquisition of that property will be then able to plan for the full use of the areas below on Napua Street as well. 'Cause right now those are isolated from the County property. Because this building isn't. So once we have the acquisition of this property then we can look at developing that. There've been suggestions of utilizing that as a parking structure, you know, so that we could get more stuff out of the parking structure than, rather than just to the existing parking lot. And going down closer to Napua Street as well, so. Those are, I mean, you know, again it's very preliminary as far as the actual use of it. But the County's been wanting to acquire that property so that we have a contiguous lot the whole way, so.

COUNCILMEMBER GUZMAN: Okay. Thank you. Thank you, Chair.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: No questions. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Couch? Ms. Cochran?

COUNCILMEMBER COCHRAN: No, not at this time, Chair. Thank you.

CHAIR HOKAMA: Ms. Baisa?

COUNCILMEMBER BAISA: No. Just happy to see it moving.

CHAIR HOKAMA: Okay. Mr. Carroll? The Chair has no questions on this proposal. I'm in support of the acquisition. As was stated earlier this is something I wish we had done 20 years ago, but we have an opportunity today to work with again a family that is a willing seller and a County that would like to make appropriate expansion consideration, so I think it's a good timing on our part. Second, we work hard to be able to financially deal with this at this moment in time. So if there are no other further questions for Mr. Walker or Mr. Baz? Having none, the Chair is gonna recommend --

COUNCILMEMBER VICTORINO: Recommendation.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER BAISA: Recommendation.

CHAIR HOKAMA: --that this Committee move forward to the Council two bill, proposed bills, one A Bill for an Ordinance Amending Fiscal Year 2016 Budget, for the County of Maui as it Pertains to Estimated Revenues; Wailuku-Kahului Community Plan Area, Government Facilities, Acquisition of Real Property at 2154 Kaohu Street; Total Capital Improvement Project Appropriations: and Total Appropriations (Operating and Capital Improvement Projects). And again that bill is to recognize 1.220 million. The second bill, A Bill for an Ordinance Amending Ordinance No. 4228, Bill No. 35 of 2015, Relating to the Issuance of General Obligation Bonds of the County of Maui, Acquisition of Real Property at 2154. And this is, bill would be placing the 1.220 million by amending the fiscal year general obligation bond authorization ordinance. And third, recommending Council adoption of a proposed resolution Authorizing the Acquisition of Property Located at 2154 Kaohu Street, Wailuku, Maui, Hawaii, whereby the resolution is to authorize the acquisition of 17,666-square feet of a parcel with 2 dwellings located at 2154 Kaohu Street from the KM Revocable Living Trust for \$1.220 million.

VICE-CHAIR WHITE: So moved.

COUNCILMEMBER VICTORINO: Second.

CHAIR HOKAMA: I have a motion made by Mr. White, seconded by Mr. Victorino. Members, any discussion on the two bills and a resolution up for consideration by this Committee?

MR. MOLINA: Mr. Chair?

CHAIR HOKAMA: Mr. Molina? Excuse me.

MR. MOLINA: Thank you, Mr. Chair. Staff would just request clarification of the ability to make some nonsubstantive revisions to the proposed legislation.

CHAIR HOKAMA: Okay, fine. Members, no objections to allow Staff --

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: --to make nonsubstantive changes? So ordered, thank you very much. Any further discussion on the motion before you folks? Having none, all in favor of the motion please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Opposed say "no." Motion passes with eight "ayes," one excused, Ms. Crivello. Thank you very much, Members.

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

**VOTE: AYES: Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Cochran, Couch, Guzman, and Victorino.**

**NOES: None.**

**ABSTAIN: None.**

**ABSENT: None.**

**EXC.: Councilmember Crivello.**

**MOTION CARRIED.**

**ACTION: FIRST READING of bills and ADOPTION of resolution by C.R.**

**ITEM 48: AUTHORIZING THE ACQUISITION OF LAND FOR THE KULA AGRICULTURAL PARK EXPANSION (CC 15-226)**

**ITEM 38(6): AMENDMENTS TO THE FISCAL YEAR 2016 BUDGET (KULA AGRICULTURAL PARK EXPANSION)**

CHAIR HOKAMA: With no objection, the Chair is gonna bring up BF-48 and BF-38(6) at the same time. Any objections, Members?

COUNCILMEMBERS: No objections.

CHAIR HOKAMA: Okay. Thank you. Mr. Walker, are you joining us for this item also, Kula Ag Park? Okay, very good.

MR. BAZ: So, Mr. Chair, we'll have Mr. Walker here as a resource as well as Teena Rasmussen our Economic Development Director.

CHAIR HOKAMA: Okay, very good. Mr. Baz, do you have any opening comments at this time?

MR. BAZ: Yes, thank you, Mr. Chair. So the main item...we transmitted two different items. One was a budget amendment for an authorization for the, to amend the bond authorization bill. And after discussion with you and your Staff we worked on, rather than amending the 15 authorization bill we sent down a budget amendment to add this project to the Fiscal Year 2016 Budget. So that's why you see a number of bills there. But basically it's the same purpose. Mr. Chair, we're asking for a budget amendment to appropriate funds so that we can purchase this Kula Ag Park. Also the monies that we are...most of the money that's coming to purchase this is from the State as a State grant. So we're amending the budget bill to add the grant revenue in

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

there, \$5 million. And then also we have the resolution authorizing the purchase. So that's the three bills in front of you this morning that were under review and we have the Economic Development Director, Ms. Teena Rasmussen here to discuss the actual purchase itself.

CHAIR HOKAMA: Okay. Thank you very much. Ms. Rasmussen?

MS. RASMUSSEN: Okay. Thank you very much, Chair. So we just passed out our PowerPoint. We didn't receive permission to use the screen today. So we are going to be showing it to you via here, copies. So I'd like just to just run through the basics of this purchase. And then be happy to answer questions. So the background of the Kula area is that there are nearly about 1,500 acres of diversified crop production in the Kula area. But the largest and most consistently farmed is the Kula Ag Park. And as you know the Kula Ag Park is irrigated by non-potable water. Where many of the other agricultural parcels in Kula are irrigated by potable water. So that is big advantage for the Kula Ag Park. Kula as you know has very expensive property. Many of the old-time farm families, basically their land was their retirement. And of course that has been taking place, the gentrification of Kula area has taken place. The ag park again is one of those ways that we can preserve agriculture in perpetuity. I'd like to draw your attention to the map that's on Page 4. It says Upcountry Maui Crop Comparison from 2...2015 versus 1980. This is a really good map that has been done by University of Hawaii at Hilo. They received a grant from the State to do a Statewide survey. And they released this even though their report hasn't come out yet. They allowed us to use this map of the Kula area. If you look at all of the parcels that have the hash tags, basically have the little lines through them. Those were being farmed in 1980. The solid parcels are all that remains being farmed today. So just the solid green, the solid purple, the solid pink. And so you can see a huge decrease in the amount of actively farmed land in the Kula region. The next map that you have in your packet shows the parcels from the air. Basically you've got the Kula Ag Park that exists is in red in the middle. We are today discussing the mauka parcel, 148 acres. And the makai parcel which is 224 acres. And just to give you some perspective, the mauka parcel, the road that goes through the Kula Ag Park literally goes up right through the mauka parcel, right into the parcel. On the right hand side of the mauka parcel is the current large reservoir that feeds the Kula Ag Park. And so it's rather nice that we're able to purchase this piece because we're actually purchasing the reservoir, which was residing on land that was owned by Haleakala Ranch. In addition, on that mauka parcel...well I'll go into that a little bit later, and then down into the makai parcel that is actually across the road, across Pulehu Road just below the ag park. So I wanted to just kind of give you an overview of what the current ag park looks like. And then what it will look like as we, if we make this purchase. The current total acreage of the Kula Ag Park is 346 acres. There's 31 lots, 31 active leases so it's completely leased. There are 21 separate farmers and there are 8 farmers with multiple lots. The annual farm gate value varies between 5 and 7 million. This depends on weather of course, any one year. And the average lot size or the lot sizes range from 5.5 to 26.6 acres. The next pie chart shows you the breakdown of the kind of crop diversification in the Kula Ag Park. It's very interesting 'cause it's actually quite diversified with vegetables of course being the largest

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

percentage. This slide was where we were going to insert our great video, overhead video shot of the land that we're looking at today. But not being able to use that, I'll just go into the acreage that we're looking at expanding. So basically we're more than doubling the size of the Kula Ag Park with a purchase of 373 acres. The mauka portion has 148 acres. It's important to know that 71 of those acres are already being used by 3 farmers, 3 active farmers in the area. Which we've listed their acreage. These farms years ago, I think at least 15 years ago were given permission to pull their water out of the Kula Agriculture Park Reservoir. So they are already rolled into the ag park water system. Then the remaining acreage that is unfarmed at this point is 77 acres in that mauka portion. Then if you go down to the makai parcel...to answer Councilman Couch's question this morning about whether it will be suitable for organic farming. This parcel was all farmed with organic pineapple. It has not been farmed for over ten years. So even if it had been farmed with regular pineapple having it sit for ten years would be enough time for it to be used for organic. So anyway you cut it it's available for organic farming. And it's definitely our intension to create lots in that new area that would be suitable for organic farming. They tend to want smaller lots. And then we would wanna create some kind of buffer zones for them from the other more traditional farming. So the \$64 million question is where will the water come from? I have included...and of course if you wanted the larger documents which were pages and pages. But the crux of it is that the County of Maui has an agreement with EMI and A&B to pull 1.5 million gallons of water per 24-hour period for the needs of the ag park. And the ranch property that is part of our purchase that we're talking about. So with that the question was well we have 1.5 million, how much are we actually using? So I had our agriculture specialist Kenneth Yamamura do a water use study for the years of 2011, 2012, and 2013. We chose those years because in 2014 we had a catastrophic siphon, a ditch failure. And that created some anomalies in the water use there. So we didn't think that would be an accurate year. So we used 2011, 2012, 2013. So I have included the water usage from all of those. So that there's the amount of gallons per day listed there, basically broken down per day. So with that as you can see on the right if we used the average of those we come out to 548,191 gallons per day. Then go over to the next slide and how much water then is available for the expansion. So you need to know that if the Kula Ag Park uses the 548,000 and then there is, there are entitlements that have been agreed to for land across the street that we do not own, it's privately owned and it was called the Kula 1800 subdivision. As some of you know we did pursue trying, first to actually try purchase that land. And that deal did not materialize and so then we started negotiating with Haleakala Ranch. So the entitlement, the maximum amount of water that they could pull out I have listed there in that figure. So that brings us up to 899,000 gallons a day that are committed. That leaves us 600,706 gallons a day to be used for the remaining 302 acres. And remember I'm just counting 302 acres because you already have 70 some that are already being irrigated in the mauka section. The next page is just the agreement that was made to obligate the Kula 1800 water. And then the next page is from our previous agriculture specialist Clark Hashimoto, he solicited the College of Tropical Agriculture to do a study. Because basically the agreement said that they could not use any more water than pineapple used when it was farming pineapple. So they had to calculate what pineapple use was. And so that is what this letter from CTAHR is. They calculated the use of what that pineapple land

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

would use and that essentially is the entitlement for Kula 1800. Which comes to 351,000 gallons a day. Lastly, once this land is purchased there will be a Phase II that's needed. We will need to engineer and we will need to provide the water infrastructure for that makai lot. We'd like to add our engineering costs to our OED Fiscal Year '17 Budget so that we can get that done, and then we will seek infrastructure, delivery infrastructure from the State of Hawaii and Federal sources. And we did receive confirmation from Representative Kyle Yamashita who is the one who secured the 5 million State appropriation in the first place that he would go back and help us with this Phase II funding that we will need to fully develop this land. And that's my presentation, so.

CHAIR HOKAMA: Thank you very much, Ms. Rasmussen. And thank you for the handout. Do you already have an anticipated budgetary number you're looking for your CIP request?

MS. RASMUSSEN: You know we don't, we won't know that until we actually do the engineering study. Because we're not exactly sure what they're going to say is going to be required to get the water over there. We already know that the water meters for the Kula 1800 are just, have been just brought down from the upper reservoir across the road and are, you know, gravity fed into their lots. We are hoping that that could be the case. But without actually having talked to an engineer yet I would not be able to say.

CHAIR HOKAMA: Okay. Do you already have a projection on your lease structure on for your revenue stream against the expense stream for this ag park and its expansion?

MS. RASMUSSEN: I think that it's going to depend on how we divide up the lots and how many large parcels. But the revenue stream is set currently by ordinance which is \$100 per acre per year. So that, that's basically, you know, it would be 37 I guess if you're purchasing 373 acres but we have to determine through soil conservation if all of that acreage is useable. Which looking at the land from above and actually having driven in, around the entire perimeter of this property, it is very, it's very useable, it's really, it's actually really good land, that's really good land.

CHAIR HOKAMA: Okay.

MS. RASMUSSEN: And it's cleared which is nice.

CHAIR HOKAMA: Right.

MS. RASMUSSEN: Yeah.

CHAIR HOKAMA: Happy to hear that. 'Cause I would like to reduce the subsidy on ag from the General Fund this coming budget. Okay. Ms. Baisa, questions or...questions at this time for our resource people?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER BAISA: Thank you very much, Chair. And I wanna say that, you know, I'm really happy that we're at this juncture. I think it's important, ag is important, but I am a little disconcerted that we don't have anybody from Water here. Because I definitely would like to hear from them. I don't want to put this on hold 'cause I wanna go forward. But I'd like to have a little more discussion about the water and the commitments and what they see.

CHAIR HOKAMA: We'll have Mr. Molina contact the Department and see if we can have someone assist the Committee this morning.

COUNCILMEMBER BAISA: Thank you, Chair.

MS. RASMUSSEN: Could I --

CHAIR HOKAMA: Ms. Rasmussen?

MS. RASMUSSEN: --if I could just address that, so I have had discussions with the Department of Water Supply. They do not provide water to the Kula Ag Park. It's all through this agreement through the EMI and A&B ditch basically. So it's all non-potable water. So it's run by the Department of Water of Supply because the meter, they do charge for the water in the Kula Ag Park. And then they do pay for the pumping cost for the Kula Ag Park. But the actual water allotment does not come from, you know, our County sources so to speak, it comes from the ditch.

COUNCILMEMBER BAISA: That's not where I'm coming from, thank you.

MS. RASMUSSEN: Yeah, okay, okay.

CHAIR HOKAMA: Okay. Thank you for that request, Ms. Baisa. We'll follow through on that. Mr. Carroll, questions at this time, sir? Mr. Victorino, questions at this time?

COUNCILMEMBER VICTORINO: The only question I have is again like Ms. Baisa the water situation. Because it's very convoluted at this point. And so I would like to have clarification. Thank you.

CHAIR HOKAMA: Okay. Thank you. Mr. Guzman, any questions at this time?

COUNCILMEMBER GUZMAN: No questions, I've been apprized of all the situation all the way through. Thank you.

CHAIR HOKAMA: Okay. Thank you very much. Mr. White, questions at this time?

VICE-CHAIR WHITE: Yeah, I have a couple questions. The existing leases, are they, how much longer do those three leases run?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

MS. RASMUSSEN: They have varying degrees. There's one that has I believe a ten year, a lease, and let's see is Guy still here? Could you tell us what the remaining on those licenses are? I think they're at different stages but I think they don't exceed...

VICE-CHAIR WHITE: While he's looking those up --

MS. RASMUSSEN: Yeah.

VICE-CHAIR WHITE: --I'll ask --

MS. RASMUSSEN: Yeah.

VICE-CHAIR WHITE: --my other question.

MS. RASMUSSEN: Yeah.

VICE-CHAIR WHITE: How certain are you in getting funds from the State or Federal sources for the expansion of the water system?

MS. RASMUSSEN: I feel very confident that we will be able to make this happen. I will put all of my efforts behind making it happen before we leave office. I think this is incredibly important. I think these opportunities don't present themselves very often.

VICE-CHAIR WHITE: Okay. Well I appreciate your putting the pressure on the State because as one of the testifiers, I believe it was Mr. Russell pointed out, Maui's the only island without a State ag park.

MS. RASMUSSEN: Right, right.

VICE-CHAIR WHITE: So I think it's appropriate for the State to --

MS. RASMUSSEN: Yeah.

VICE-CHAIR WHITE: --do as they've been doing.

MS. RASMUSSEN: Yeah.

VICE-CHAIR WHITE: They're helping to put forth the majority of the money for the acquisition and I, so if they put forth the majority of the money for the water system upgrades, I think that would be \_\_\_\_.

MS. RASMUSSEN: We do have the backing of Chair Enright of the Department of Agriculture. He has sent a letter and they are backing this purchase. And they were actually delighted that we have the Kula Ag Park structure, you know, to be able to manage it. Because then they don't have to manage it as a State ag park. But so we have everything in place, that's the beauty of this by having the proximity so close.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

Because we have everything in place to manage this property. We have ordinances and the lease structure and how you give out lots and everything is already there.

VICE-CHAIR WHITE: Are you aware of what the lease, what the comparison is between the three leases who will be on the new portion, how the rates compare to what we're charging in the Kula Ag Park currently, about the \$100 per acre?

MS. RASMUSSEN: Yeah. I think they definitely pay more to Haleakala Ranch. And I think that Guy can clarify that when he looks up the leases, yeah.

MR. HIRONAKA: Is it on?

CHAIR HOKAMA: One second. Mr. White?

VICE-CHAIR WHITE: No that's fine if Mr. Hironaka knows the information.

MR. HIRONAKA: Guy Hironaka, Finance Department, Real Property Manager. I don't have the numbers in front of me but, you know, we looked at it and there are some that have options on it. So there is time, I believe there was ten years left on one of 'em. And the leases are higher than what they pay at the current Kula Ag Park. But we can get you that information if you request it.

VICE-CHAIR WHITE: Yeah. Chair, that's something that...

CHAIR HOKAMA: Okay ...*(inaudible)*... ready for transmittal.

VICE-CHAIR WHITE: Yeah.

CHAIR HOKAMA: We'll send the request, Mr. White.

VICE-CHAIR WHITE: It's not something that would require us holding up on this. But one of the challenges that we have is that the State, you know, the farmer's all compete against each other from island to island. And the State ag parks provide water to the farmers at 50 cents per 1,000. And I believe we're currently at a 1.05. So we've modified, in my recollection we've modified the rents in order to make up for some of that added charge for the water. So that's...so I'm interested in finding out what the guys are currently paying on the...

MS. RASMUSSEN: Right.

VICE-CHAIR WHITE: And would we consider...I don't know what they're paying for their water but would we consider adjusting their leases to match the rate?

MS. RASMUSSEN: I think that's definitely a discussion that we'd want to have and would like to take that to the Kula Ag Park Committee. You know, once, if this does go through and have that discussion on how we're going to roll those three farms in.

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

Those three farms are very active, very, very viable operations. And they would be, they would benefit greatly from being rolled into the Kula Agriculture Park system.

VICE-CHAIR WHITE: Thank you. That's all I have, Chair.

CHAIR HOKAMA: Okay. Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: Thank you, Chair. I note that you referred to the 1979 agreement between the EMI and A&B ditch as far as entitlement obligation. I just want to know if there is, the Na Wai Eha restoration plan has any impact on your water entitlement.

MS. RASMUSSEN: No, no. This is a different system.

COUNCILMEMBER CRIVELLO: Okay. Thank you.

CHAIR HOKAMA: Thank you. Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. And did I...let me just double check. Did I understand you to say that the park is completely leased out now?

MS. RASMUSSEN: Yes.

COUNCILMEMBER COUCH: Okay. 'Cause it's completely leased out but is it completely used? 'Cause I, my understanding from the people that I know that use that is that there's been some parcels that have been leased out but not actually...

MS. RASMUSSEN: There has been some waxing and waning on the use. And that's our ag specialist, one of his main jobs is to contact farmers and find out, you know, what they're doing. Some of them are, you know, there's the various stages of land being rested at any one time at the Kula Ag Park. There's also rotation going on, so if you see empty fallow land you're seeing more than likely rotation going on. Because they have to have another field ready to go into. But we are, we're pretty diligent about tracking that. And if we see lots not being used we urge them to turn them over, you know, assign their leases to, the remainder of their leases to new farmers which we do have a list of people that are waiting. And some farms have changed hands in the last two years. So that's a good thing. People are wanting to retire. There's a mechanism for them to do that.

COUNCILMEMBER COUCH: Good. It's good to hear that you've got a waiting list. Because that means people are interested in doing the farming. Mr. Chair, I too have the questions of the Water Department. So whenever they're available I'd like to speak with them. Thank you.

CHAIR HOKAMA: Thank you. Ms. Cochran?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER COCHRAN: Thank you, Chair. Hello? Thank you, Chair. And I too have further questioning for Mr. Taylor who I see has arrived. And it looks like three point some odd acres are unusable it stated, unusable and what are the reasons for that?

MS. RASMUSSEN: That could be gulches, you know, too it could be a rock outcropping, something like that, and we, that's those kinds of things are determined by soil conservation. And then we would adjust the lease based on that, you know, if they could not use that then we would take that out of the calculation, so.

COUNCILMEMBER COCHRAN: Okay. Thank you. And I guess this will probably be more for Director Taylor. But it says the existing ag park is utilizing non-potable reservoirs from below the property. So it's thereby pumped uphill to the site, which --

MS. RASMUSSEN: That's correct.

COUNCILMEMBER COCHRAN: --is very costly, so these new parcels I guess comes with the reservoir mauka --

MS. RASMUSSEN: Well there's...

COUNCILMEMBER COCHRAN: --and from now it will be gravity fed?

MS. RASMUSSEN: Yeah, so the actual EMI ditch flows into reservoirs on A&B land below. And then it's pumped up to a reservoir system that was built for the Kula Ag Park. So it's built, a reservoir system the top and then there's one kind of in the middle of the ag park. So it's pumped up and then it gravity flows down and is used from that point. That, that's how the whole ag park was designed. To be able to take the non-potable water.

COUNCILMEMBER COCHRAN: Okay. And...alright, it just, hopefully we can get a more --

MS. RASMUSSEN: Right.

COUNCILMEMBER COCHRAN: --I guess cost-efficient method and alright. Chair, that's all I have for now until Director Taylor.

CHAIR HOKAMA: Thank you. Before we ask Mr. Taylor to join us and I thank him for making himself available this morning to the Committee, let me ask, Mr. Ueoka, if you look at the end of 30, excuse me, this is 36, the back of 48 you will see communications between myself and Mr. Ueoka regarding the concessions I guess is what we would call it, concession agreements. Whether or not we are in compliance with the Code or Charter as it regards to concessions and the requirement of the County to go out and get multiple bids for use of County assets. We have a correspondence dated October 21<sup>st</sup>, Members, 2015, from Mr. Ueoka. And I would like him to tell you in his own words exactly what he means by this document.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

MR. UEOKA: Thank you, Chair. When the issue was raised about purchasing this property with the existing licenses, we briefly looked into it and we just wanted to raise the concern that typically County land when you lease it out, you go through the concession process, Chapter 102 HRS or Chapter 3.40 Maui County Code. You know, we looked at it; however, our view was this purchase is appropriate. We feel it's, we can move forward with this. We just wanted to bring it to the Council's attention that you are buying land with licenses on it. Our understanding is the licenses will be honored and followed through in accordance with the terms of the existing license we're taking over as licensors. However, when these licenses expire it will have to go through either the Kula Ag Park process, which is set forth in Chapter 12.24A, Maui County Code, no 22.04A, Maui County Code, sorry the other one's something else. And, or follow Chapter 3.40, Maui County Concessions and Licenses on County Property or the State concession law. So that was just our concern, we just wanted to bring it to the Council's attention, that there are potential issues. However, our view is we are acquiring land with a license on it. We're not doing it to try and avoid any laws or anything. It's just the land we want to buy happens to be under license right now. So we just wanted to bring that up to the Council's attention. Thank you, Chair.

CHAIR HOKAMA: So are you telling us this morning that in no way can those licenses be amended, revised, or terminated?

MR. UEOKA: In accordance with the terms of the license, we didn't see a termination clause within them. Since we're buying it subject to these, we kind of have to honor 'em if you guys want to purchase 'em that way. If they were to be amended and changed, I would strongly recommend that then you go through the proper concession process or follow the Kula Ag Park rules. But if you just leave them as is and let them go on their term and expire naturally after the, they've run their course, I don't see a problem just leaving everything as is. Thank you, Chair.

CHAIR HOKAMA: Okay. And the current tenants are aware of this transaction and the full impact of those agreements?

MS. RASMUSSEN: Yes they are.

CHAIR HOKAMA: Okay, any questions, Members, on this issue of the current agreements, part of the acquisition of the real property? Mr. Guzman?

COUNCILMEMBER GUZMAN: Thank you, Chair. Just a follow-up. How many tenants are exist, are on the...four, three? And when do they, when do the licenses expire?

MR. MOLINA: Mr. Chair?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you. Mr. Guzman, I believe that was the question Mr. White asked earlier.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER GUZMAN: Oh. I'm a little slow today. I'm sorry.

MR. UEOKA: I believe the...it's around I wanna say...Mr. Hironaka...I think the Chair's gonna request the official...transmittal, but if I remember correctly and I'm probably wrong, it's around 2024 I believe they expire. Roughly in that area, all three of 'em. Thank you.

COUNCILMEMBER GUZMAN: There's no terminating, you mentioned that there was no termination clause? Is there a breach clause in there?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. Yeah, if they breach then we can terminate. But we can't just terminate on our...the terms of the license naturally to protect the licensee also didn't have a for any reason what so ever the license or terminate kind of clause in it. So we can't just terminate for any reason we want. Thank you.

MR. MOLINA: Mr. Chair?

CHAIR HOKAMA: Mister...hold on, Mr. Molina. Extensions, contract extensions, is that an issue for us?

MR. UEOKA: I believe in the licenses there were extension provisions. But I believe most of those have been exercised already. So that's why it's 2024. As far as the County amending these existing agreements to continue on further, I also would not recommend that. I would say at the expiration of these go through the proper processes. Thank you, Chair.

CHAIR HOKAMA: Okay. Thank you. Questions, Members, on this component of the discussion? Okay, having none, we'll move on. We shall take a short recess and then ask Mr. Taylor to join us for the Committee's questions on water. We'll be in recess till 10:10. ...*(gavel)*...

RECESS: 9:59 a.m.  
RECONVENE: 10:14 a.m.

CHAIR HOKAMA: ...*(gavel)*... Okay we shall come back to order. We are currently discussing Items 48 and 38(6) which both relates to the Kula Agricultural Park and the request for expansion. So joining us this morning is Director Taylor from Department of Water Supply upon Committee's request. So I'll start with Ms. Baisa, if you have any questions for the Director.

COUNCILMEMBER BAISA: Yes, Chair. Thank you very much, and thank you, Mr. Taylor, for coming to join us. Obviously, whenever we're talking about Upcountry, the subject water becomes very important, and it has a whole lot of relatively to this matter we're talking about today 'cause it is an ag park, and we all know that water needs for ag are big. And I thought it was really important that we not overlook any question that

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

we should ask and I'm not sure what those questions are. And as our resident expert maybe you can help us as we discuss this. And I understand several of my colleagues also have...would like to have clarification about water. It was brought up how much water is used, how much water might be needed. I think that it's really important. You know because I represent entire Upcountry area of Kula and Ulupalakua and Pukalani, you know, they're so subject to water issues. I wanna make sure that people understand, people who will watch this rebroadcast and read about us granting expansion, that they are clear that this poses no danger to their ability to get water, that's really, really important. And so I was hoping you could help explain that. Ms. Rasmussen tried to say, you know, they got, they are not using potable water, they're on another system and all of this, but we have also heard in this Chamber many times that the most expensive place to put farming is Upcountry because of the need to pump water Upcountry. And I just wanna make sure that we discuss these issues and then when we make this decision that everybody is well-informed as to what the possible impacts of it might be. So if you can help with that. We got the guy.

CHAIR HOKAMA: Director, good luck.

MR. TAYLOR: Is there a specific question you could guide me towards an answer? I'm not exactly sure how to address your overall concern. I'm wondering if you could help me with --

COUNCILMEMBER BAISA: Okay. Straight question.

MR. TAYLOR: --something specific yeah.

COUNCILMEMBER BAISA: Straight question. Should we be concerned at all about water use in approving this acquisition?

MR. TAYLOR: I think we're always concerned about everything. Maybe just talk about how the system works and maybe this will answer it. The Wailoa Ditch is owned by EMI which is subsidiary of A&B. It starts in Nahiku, it runs through Haliimaile and ends at the Kula Ag Park. It's filled by about 27 streams that have diversions in East Maui that fill this ditch. Now the ditch water runs that whole way. The Kamole Treatment Plant which is our facility is first in line to take water out of that ditch. And we take out about 6 million gallons a day. Okay, this ditch it varies from zero to, you know, a 100 and something million gallons a day. But we basically take the first six. The Kula Ag Parks at the end and A&B EMI operation is in the middle. So Department of Water Supply takes the first 6 million gallons at the Kamole Treatment Plant. And then but this EMI's ditch system, EMI and HC&S use it for sugar cane cultivation and at the end is the ag park. So Ms. Rasmussen talked earlier about their agreement with EMI. EMI is the water supplier for the ag park. So from the Department of Water Supply standpoint as long as we get our first six, you know, we're good. What EMI does in the middle with that to make sure that there's still water at the end is a, really a question for EMI and HC&S, not for us. The Department of Water Supply's role in the ag park is you've heard before there are two pumps at the bottom, there's some reservoirs on top. We have a Department of Water Supply meter at each of the lessee's space. We

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

measure that water, we send them bills, we collect the money. We take that money, we pay the electric bill for the pumps, we pay EMI. You know for the water by the contract. We fix the pumps and we also provide technical support. For example when these liners had to be, when the reservoirs had to be relined a few years. Although Economic Development got the money we provided an engineer to sort of run the project and manage it. So that's our role, we are not the water provider. And so I can't answer a question that's really for EMI about whether or not there will be and is there enough water. All I know is we take the first 6 million gallons and...there at the end and it's between, you know, if there's still water there, there's still water.

COUNCILMEMBER BAISA: Does drought affect that at all?

MR. TAYLOR: We did...part of the work we've done in Water Resources Committee. You may remember this graph I showed you before that looks a seismograph, ups and downs. And it was the ten-year ditch flow of this ditch. So we analyzed the last 10 years to say how often, is there enough water for us to get our 6 million gallons? And that had some huge reliability, 99., you know, something percent reliable. And I think we look back ten years and said there's only been a few cases where there was more than like nine days or five days or something where the ditch was dry even at Kamole Weir. How much...but remember that ditch is usually flowing a 100 million gallons a day. To make us happy, Department of Water Supply, we only need ten. And as long as there's ten it's still...I've seen it when it's about ten MGD and it's only about this deep. And that's enough for us to skim off our six. Whether or not that's enough to make it all the way to the ag park I have no idea. So I don't know how often drought affects water getting all the way to the ag park because we've never analyzed that. I do know that it's very, very reliable, that in the last ten years there's only been a handful of days where we're, where we've had to shut down Kamole Treatment Plant 'cause there hasn't been water. But as far as, you know, HC&S's needs and how much gets to the ag park, that I don't know.

COUNCILMEMBER BAISA: Okay. So it sounds to me like another person we might have wanted to talk to was EMI. Thank you. Thank you, Chair.

CHAIR HOKAMA: Thank you. Mr. Carroll, questions for Mr. Taylor? Mr. Victorino?

COUNCILMEMBER VICTORINO: No, I think Mr. Taylor pretty much covered it and as long as I guess the key is going to be the infrastructure improvements that need to be made. Are we doing that or is it an outside vendor that's going to do the actual improvements --

MR. TAYLOR: I think...

COUNCILMEMBER VICTORINO: --for this lower property?

MR. TAYLOR: I believe I heard earlier Ms. Rasmussen say that Economic Development would be handling that, I assume that there will be contracting with someone.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER VICTORINO: Oh so not you guys?

MR. TAYLOR: I see Mr. Yamamura...we're not going to be doing that.

COUNCILMEMBER VICTORINO: Okay, I just wanted to...okay, thank you. Thank you, Chair.

CHAIR HOKAMA: Mr. Guzman?

COUNCILMEMBER GUZMAN: I'm okay. Thank you, Chair.

CHAIR HOKAMA: Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. What's the size of the reservoir?

MR. TAYLOR: There are two reservoirs. I actually brought that, approximately 5.4 million gallons.

VICE-CHAIR WHITE: Total?

MR. TAYLOR: Yes.

VICE-CHAIR WHITE: Okay. So that's roughly three days' supply.

MR. TAYLOR: According to our...

VICE-CHAIR WHITE: At the \$1.5 million \_\_\_\_\_.

MR. TAYLOR: According to our numbers, the usage at the ag park is roughly half a million gallons a day.

VICE-CHAIR WHITE: Right. But with the commitment to Kula 1800 and the additional space, the projection is it would be up to 1.5 million.

MR. TAYLOR: Oh I see.

VICE-CHAIR WHITE: So anyway, that's good, thank you.

CHAIR HOKAMA: Thank you. Ms. Crivello?

COUNCILMEMBER CRIVELLO: No.

CHAIR HOKAMA: Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. Mr. Taylor, you mentioned that the stuff you have to deal with is you collect the water at the bottom, pump it up to the top, and deal with that infrastructure?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

MR. TAYLOR: That's correct.

COUNCILMEMBER COUCH: What does it cost us to do that kind of thing? Plus you pay EMI, right, for the water?

MR. TAYLOR: Yeah. So we pay EMI for transmitting the water to us. I think as everyone knows we don't pay for water.

COUNCILMEMBER COUCH: Right.

MR. TAYLOR: We don't charge for water. People get paid for treatment, transmission and distribution of water. So a couple of years ago we worked, Office of Economic Development had a, had some money for looking into some ag park things. And we worked with them and we hired an consultant to do a financial analysis of what's it costing to run, how is that broken down, what are the projections for the future. And so based off of that what we looked at for year 2013, is in 2013...the electrical charge of those pumps in calendar year 2013 was \$366,000. And the revenue from the ag park in that year was around \$250,000. So, you know, we're making that up, you know, we pay that bill so we make up the difference with just, you know, general water rates with our Water Fund. So that's basically the economics of the current ag park. And there's some minor costs for our labor and things like that. But there...electricity is by far the major cost and the purchase of water.

COUNCILMEMBER COUCH: Okay. And you also mentioned this is going through the east, it comes from Wailua right? Did you say?

MR. TAYLOR: It comes, the ditch goes all the way to Nahiku. So it's filled from diversions at many, many streams as the streams cross the ditch.

COUNCILMEMBER COUCH: And we...I know there's a contested case about stream flow et cetera. Ms. Crivello talked about Na Wai Eha, but there's some on the other side too. Is there any concerns there that we may be...we need to look at?

MR. TAYLOR: Yeah as a...I'm not sure if we've given an update in Water Recourses Committee on the East Maui consent decree case in a while. But basically so there are, like I said there's 27 streams in East Maui that are at, in a contested case in front of the Water Commission. And the case is about how much water can be diverted. So essentially the parties are environmentalists who feel that water should be in the streams or left in the streams. Customary users, taro growers in East Maui that think they need that water for their uses. EMI, HC&S, and us. And essentially what's happening is HC&S is saying they need enough to grow sugar. We're saying our case was that we need enough for our current operations plus the ag park. Some of the environmentalists have said 100 percent of the water should be returned to the streams and none should be diverted. So that's what the contested case is about, and that's all very public. So you asked if it could affect this. Some of the plaintiffs are saying there should be 100 percent restoration of water to the streams. If there was

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

100 percent restoration to the streams, the Department of Water Supply, surface water treatment plants would be useless. So that's 80 percent of the water we use to supply, HC&S would have no water, and there would be no water for the ag park. At the end I'm guessing that there will be some pie chart made out of this where it gets divided in some way that isn't all or nothing. That could certainly affect each of the parties because there certainly isn't enough for everybody to get what they want. So somehow everyone's going to be affected. And who gets what I have no idea or I have no idea how long it's going to take.

COUNCILMEMBER COUCH: Okay. Thank you, Chair.

CHAIR HOKAMA: Thank you. Ms. Cochran?

COUNCILMEMBER COCHRAN: Thank you, Chair. And thank you, Mr. Couch, for asking the question 'cause that was mine too. And thank you for somewhat of an update in regards to the contested cases for East Maui. Which I believe felt kind of like where Ms. Baisa's question was coming from in a sense. Where although the potable below is being pumped up, I mean it stems from one source. And that source is those 27 streams in East Maui. Which as you're [sic] stated are in contested cases as we sit here today. My question is in regards and not sure if this is actually for you, Mr. Taylor, at this point. But the, that agreement back from, I guess from the, was it the '70s, 1978 or 9 or so in regards to EMI and A&B agreements. I guess for that, the parcel across the street Kula 1800. I don't know if you're aware, I know Ms. Rasmussen touched upon that. And that agreement I guess if there is any relation to these outstanding contested cases being heard right now. Because of this agreement having been, the MOU being brought out in 1978 it looks like. And here we are in 2015 looking at contested cases from where the source of this MOU stems from too, so.

MR. TAYLOR: This case is a little different than the Na Wai Eha case. The Na Wai Eha surface water case was in its designated area. And what...without getting into legal definitions, what that really means is in Na Wai Eha the State Water Commission looked at the end users and said you get this much, you get this much, and they get that much. Okay. So they got right to the end users. Including County of Maui, you're an end user. And that process is still ongoing. East Maui is not a designated area. So what's being contested is not the end use, is the diversions from the stream. So they're just looking at the in-stream flow standards. So basically at the end of the day they're really just going to tell HC&S or EMI how much they have to leave in the streams. Now the case isn't going to get to the details of what EMI does with that. How much we get or how much the ag park gets. The State Water Commission is not going to rule on that like they did in Na Wai Eha 'cause Na Wai Eha was designated. So if for example and I think where you're leading to is what if EMI gets their allocation for diversion reduced. How does that translate to how much of that do they have to absorb, how much do we absorb, how much does the ag park absorb. The contested case is not going to answer those questions. So I don't know what would happen if their allotment is reduced. How that would trickle. Because the commission's not going to take that up like they did in Na Wai Eha.

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

COUNCILMEMBER COCHRAN: Okay. Thank you, Director. A follow up, Chair. And so with what you just said, Director, then who is going to make that decision? Say everything gets cuts back to where we can't even get that 6 mil off the top per day and so on. Is that just going to be amongst our...

MR. TAYLOR: Mr. Ueoka and his compadres in Corp. Counsel are going to be very, very busy dealing with that. In all seriousness no one knows. Because there isn't a clear step one, step two, step three, what if, what if that all this was thought out. So there is uncertainty about what may happen between all the sub parties if EMI's allocation or in stream flow standards is changed dramatically, how that trickles to all the end users. There is no clear answer to that.

COUNCILMEMBER COCHRAN: Okay. Well thank you, and yeah, I hate to just assume or what ifs, what ifs but clearly it's a possibility. Let's hope we don't have to go there one day. And...

MR. TAYLOR: And frankly, you know, we're more worried about, you know, this as it affects the three surface water treatment plants. And like I said in the contested case hearing we added the ag park to our case. So as Director of Water Supply I'm backing the ag park in that case too. But all of these are at the same risk. So although we're talking about the ag park today this is the same risk for the three surface water treatment plants.

COUNCILMEMBER COCHRAN: Right. Okay. Well, thank you very much for your time here today. And I have one more but we can...

UNIDENTIFIED SPEAKER: . . .*(inaudible)*. . . go ahead.

COUNCILMEMBER COCHRAN: Real briefly, Chair, if you don't mind. That agreement with Maui Land and Pine in regards to the 350,000 gallons per day. At the time the agreement in 1979 was to, for pineapple crop, now as we know is no longer. And it says any crop other than pineapple but it still uses the word crop. But now it's for a subdivision. Kula 1800 is actually not a ag type park, right? So just wondering how this agreement that's totally saying it's to be utilized by some type of agriculture. But now we are still guaranteeing this parcel, this amount of water per day for I guess housing now. So just wondering where that is.

MR. TAYLOR: Ms. Cochran, before...I have seen that contract. My Department's not really the keeper of that. I have no comment --

COUNCILMEMBER COCHRAN: Okay.

MR. TAYLOR: --or knowledge of that issue.

COUNCILMEMBER COCHRAN: Okay. I think Ms. Rasmussen is picking up the mic, she has a...an answer.

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

UNIDENTIFIED SPEAKER: Chair?

COUNCILMEMBER COCHRAN: But anyway, Chair, I was just...

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: Thank you, Chair. I believe that's a private third-party contract agreement between two parties that neither of them are us. So we may not want to venture too far into that agreement. Thank you.

COUNCILMEMBER COCHRAN: Okay. Okay.

CHAIR HOKAMA: Ms. Rasmussen, any comments?

MS. RASMUSSEN: Well I did, I'll just add one thing to that, the non-potable water that they have the right to cannot be used for housing. It has to be used for crops, so it is an agriculture subdivision.

COUNCILMEMBER COCHRAN: Okay. Okay.

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: No, that's all, thank you very much, Chair.

CHAIR HOKAMA: Okay. Thank you very much for that question. So on the handout on the PowerPoint you gave us, Ms. Rasmussen, you have a page entitled where will the water come from. And under number...and you state two points, one and two. Under point two it's highlighted for us, and the County shall have the right to withdraw from reservoir 40, delivery point, up to 1.5 million gallons of water per 24 hour period--we understand that--to serve the needs of the park lessees, we understand that. And the agricultural needs of the ranch property. What is your understanding of the agricultural needs of the ranch property?

MS. RASMUSSEN: My understanding of that is the mauka portion that we're looking at purchasing.

CHAIR HOKAMA: Okay. That in a way has any impact on the makai portion right?

MS. RASMUSSEN: Well, I rolled that into our diagram because they, the three farms on that mauka portion already are using the Kula Ag Park water. And so, you know, that, you know, that's already rolled in so we were able to reduce the acreage when we figured out what the rest of the needs were.

CHAIR HOKAMA: Okay. They're not part of the park but they already using park allocation of water?

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

MS. RASMUSSEN: Yeah, according to our historical knowledge, approximately 15 years ago, there was a formal request that came to the Ag Park Committee and I don't know if it had to come to Council at that point. I couldn't say, but there was a formal request to allow those farms to actually get meters from the Kula Ag Park. And that was allowed so that's when they actually formally got meters.

CHAIR HOKAMA: Possibly under the semiautonomous days, possibly I guess. We've gone through enough variations so I can understand your comment. Any other questions for Mr. Taylor? Mr. Taylor has made his time available so, Members, any further questions for the Director of Water Supply, Mr. Taylor, please ask them now. Okay. Having none, Mr. Taylor, we again thank you very much for making yourself available to the Committee. Okay. The only other thing I will state and again this is more for Mr. Ueoka, I understand regarding the purchase we have existing license agreements that we will honor. And then our understanding is once those lease agreements expire, they must comply with the full terms and current situation of all other Maui County Agricultural, Ag lots.

MR. UEOKA: Yes, Mr. Chair. After the expiration, we would recommend that these follow the current practice. Thank you.

COUNCILMEMBER COCHRAN: Mr. Hironaka.

COUNCILMEMBER COUCH: Mr. Hironaka.

MR. HIRONAKA: Mr. Chair, we have the information you requested earlier about the leases, the licenses.

CHAIR HOKAMA: Okay. Please share that information please.

MR. HIRONAKA: Okay. Two of the licenses will expire at, in the end of February 2024. The remaining license will expire on July 1, 2017. And they do have one more option to extend for a ten-year period.

CHAIR HOKAMA: Which we are not extending correct?

MR. HIRONAKA: We believe that they have the option to extend, to exercise that option.

CHAIR HOKAMA: See that's not what I understood, Mr. Ueoka.

MR. UEOKA: Mr. Chair?

CHAIR HOKAMA: Mr. Ueoka?

MR. UEOKA: We'll follow the terms of the agreement.

CHAIR HOKAMA: Which is?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

MR. UEOKA: It, I believe it gives the current licensee the option to extend. We won't amend the agreement to allow for further extensions or anything. But we'll follow the terms of the current agreement, that was my understanding of it. Thank you.

CHAIR HOKAMA: Okay. Any questions, Members? Are you clear on what Mr. Ueoka just shared, confirmed from Mr. Hironaka? Okay. Mr. White?

VICE-CHAIR WHITE: Thank you, Chair. Do you have the amount of the lease? Leases per acre?

MR. HIRONAKA: Okay. Currently the two that are expiring in 2024, their current per acre per year rate is \$294.28. The remaining license that expires in 2017, their current rate is \$300 per acre per year. If they choose to extend, exercise their option the rent will go up to \$500 per acre per year.

CHAIR HOKAMA: For up to ten years, is that correct, Mr. Hironaka?

MR. HIRONAKA: It's a ten-year option until 2027.

CHAIR HOKAMA: Okay. So that is the ultimate drop dead, '27?

MR. HIRONAKA: Yes.

CHAIR HOKAMA: Okay. Thank you for that. Questions? Mr. Couch?

COUNCILMEMBER COUCH: Thank you, Mr. Chair. That brings up a couple of questions. So if we were to lease it to them at Kula Ag Park rates it would only be a \$100 an acre, right, per year?

MR. HIRONAKA: Currently that's what the ag park is.

COUNCILMEMBER COUCH: So it's basically to the County's benefit that... 'cause we're getting, we will be getting the lease fees once we purchase this. Is that correct?

MR. HIRONAKA: Right. The Haleakala Ranch will assign us the lease, the licenses.

COUNCILMEMBER COUCH: Okay. So if it gets extended that's a good thing. I would think 'cause we get \$400. what did he say \$400 --

MR. HIRONAKA: Per acre per year.

COUNCILMEMBER COUCH: --an acre per year. As opposed to 100. Just a thought. Thank you.

CHAIR HOKAMA: Okay. Any other questions for our resource people? Okay.

COUNCILMEMBER COCHRAN: Chair?

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

CHAIR HOKAMA: So we understand...was there a question?

COUNCILMEMBER COCHRAN: Oh I guess my microphone --

CHAIR HOKAMA: Ms. Cochran?

COUNCILMEMBER COCHRAN: --goes in and out. Thank you, Chair. And I guess with that option to extend licenses, I just happened to turn to a page miraculously that states the fees as you stated, Mr. Hironaka, the \$100 per acre years 1 through 10, then years 11 through 20 it bumps up to 200 per acre. So we get to double our income is what this page is telling me in one of these agreements. The appraisal from Haleakala Ranch I had just browsed through. But quickly and I'm, think I missed it maybe. The 5 million coming from the State, that has been secured? We have that?

CHAIR HOKAMA: Ms. Rasmussen?

MS. RASMUSSEN: It requires this body to act before we can start that process. We do have, the Finance Department has actually initiated all the paperwork required. We have support of the Department of Ag Chair Scott Enright and of our course our legislative members. But we can't, this body has to act before we can take it to the State. Because we had to prove that we had the match of a million dollars. And that's what's required for them to be able to release it.

MR. BAZ: Mr. Chair?

CHAIR HOKAMA: Mr. Baz?

MR. BAZ: Thank you. Also the State does require that we have it in ordinance. That we accept the money in grant revenue before they'll release it. So the money has been appropriated by the State in the State budget. The money's available to us until June 30<sup>th</sup> of 2016. And so we need to act on this before the end of June. But they require us to amend our budget to show in ordinance that we accept this money.

COUNCILMEMBER COCHRAN: Okay. Okay. Thank you. very good.

CHAIR HOKAMA: Okay. Thank you. Further questions, Members? Okay. So are we all clear on the agreement? They do have extension rights, at the end of the extension they must comply with all existing County parameters that we have within the existing and potential expanded agriculture park, including the parameters on structures. I bring up for the record that currently we do not allow structures within the ag park. Okay. And that is policy period. Okay. The Chair is going to move this forward. I'm gonna take it in two separate actions. So, Members, I'm going to address you to BF-38(6) first. Thirty-eight dash six is a proposal of three things. We have, let's see now, A Bill for an act, for an Ordinance, excuse me, to Amend the Fiscal Year 2016 Budget, County of Maui, Pertains to Appendix A, Part 1 Grant Revenues - Schedule of Grants by Departments and Programs, Office of the Mayor (State of Hawaii - Kula Agricultural

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

Park Expansion). This bill will amend our Fiscal Year 2016 Budget by adding \$5 million of grant revenue from the State of Hawaii for the Kula Agricultural Park expansion. The second bill attached to this item is A Bill for an Ordinance Amending Fiscal Year 2016 Budget for the County of Maui as it Pertains to Estimated Revenues; Makawao-Pukalani-Kula Community Plan Area, Other Projects, Kula Agricultural Park Expansion; Total Appropriations (Operating and Capital Improvement Projects). This bill is to amend the budget by increasing bond/lapsed bond revenues by \$1 million and adding an appropriation of \$1 million from the Bond Fund, Makawao-Pukalani-Kula Community Plan Area, Other Projects, for the Kula Agricultural Park Expansion. And finally, the third bill for an ordinance which will amend Bill No. 4228, Bill No. 35 (2015) regarding to the issuance of general obligation bonds of the County of Maui (Kula Agricultural Park Expansion). And this action is to add to the bond authorization ordinance \$1 million for the Kula Agricultural Park Expansion.

VICE-CHAIR WHITE: So move with the note to allow Staff to make nonsubstantive changes if necessary.

COUNCILMEMBER BAISA: Second.

CHAIR HOKAMA: Thank you. We have a motion made by Mr. White, seconded by Ms. Baisa to move these three bills for an ordinance to Council recommending passage on first reading, and also to allow Staff to make nonsubstantive changes to the legislation. Any discussion, Members? Having none, all in favor of the motion, please say "aye."

COUNCILMEMBERS: Aye.

CHAIR HOKAMA: Oppose say "no." Motion passes with nine "ayes" and...nine "ayes." Very good.

**VOTE:       AYES:       Chair Hokama, Vice-Chair White, and Councilmembers Baisa, Carroll, Cochran, Couch, Crivello, Guzman, and Victorino.**

**NOES:       None.**

**ABSTAIN:   None.**

**ABSENT:    None.**

**EXC.:       None.**

**MOTION CARRIED.**

**ACTION:     FIRST READING of bills by C.R.**

**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

CHAIR HOKAMA: Any request to the Chair? Having none, thank you very much for your time and attendance. Mr. Couch?

COUNCILMEMBER COUCH: BF-48.

VICE-CHAIR WHITE: Yeah, we have item 48.

CHAIR HOKAMA: Oh, excuse me. That's right. Good catch. I was ready to adjourn.

COUNCILMEMBERS: ...*(laughter)*...

CHAIR HOKAMA: May I direct you to Item 48. Thank you very much, Mr. Couch. Item 48 does two things. One, we have a resolution to Council recommending Approving the Acquisition of 148.338 acres for the Expansion of Kula Agricultural Park for \$2.9 million, and the second resolution Approving the Acquisition of 224.8 Acres for the Expansion of Kula Agricultural Park for \$3.1 million. The Chair will accept a motion.

VICE-CHAIR WHITE: So move, Chair.

COUNCILMEMBER BAISA: Second.

CHAIR HOKAMA: Thank you. Motion made by Mr. White, seconded by Ms. Baisa. Staff, do I need to file this item?

MS. BOUTHILLIER: Yes. You need to file . . .*(inaudible)*. . .

CHAIR HOKAMA: Okay. Members, with no objections, the Chair will also include filing of the communication for this item.

COUNCILMEMBER: No objections.

CHAIR HOKAMA: Thank you. Any further discussion, Members, on this motion before you?

MR. MOLINA: Mr. Chair?

CHAIR HOKAMA: Mr. Molina?

MR. MOLINA: Just to note nonsubstantive revisions on this matter as well. Thank you.

CHAIR HOKAMA: Yes, we've entertained that in the motion by Mr. White. Thank you.

VICE-CHAIR WHITE: I'm not sure I did but --

CHAIR HOKAMA: You did.



**BUDGET AND FINANCE COMMITTEE MINUTES**  
**Council of the County of Maui**

**November 3, 2015**

---

APPROVED:



---

RIKI HOKAMA, Chair  
Budget and Finance Committee

bf:min:151103:jp

Transcribed by: Jean Pokipala

**BUDGET AND FINANCE COMMITTEE MINUTES  
Council of the County of Maui**

**November 3, 2015**

---

CERTIFICATE

I, Jean Pokipala, hereby certify that the foregoing represents to the best of my ability, a true and correct transcript of the proceedings. I further certify that I am not in any way concerned with the cause.

DATED the 23<sup>rd</sup> day of November, 2015, in Wailuku, Hawaii

  
\_\_\_\_\_

Jean Pokipala