

**REPORT TO THE TWENTY-FIFTH LEGISLATURE
2010 REGULAR SESSION**

**DEVELOPMENT OF A PLAN TO OPTIMIZE THE USE OF THE
KAMUELA VACUUM COOLING PLANT**

**IN RESPONSE TO HOUSE CONCURRENT RESOLUTION NO. 113
2009 LEGISLATIVE SESSION**



**STATE OF HAWAII
DEPARTMENT OF AGRICULTURE**

DECEMBER 2009

Background

House Concurrent Resolution 113 was introduced by Representative Cindy Evans and stated in part:

WHEREAS, the Kamuela Vacuum Cooling Plant on the island of Hawaii is operated by the Kamuela Farmers Cooperative, which consists of sixty members, and processes approximately seven million pounds of produce annually, while also providing storage and limited processing services; and

WHEREAS, the Kamuela Vacuum Cooling Plant is nearly thirty years old and has sustained severe wind damage that led to its roof being repaired in 2008; the Plant's maintenance program crippled by energy costs; and

WHEREAS, a comprehensive plan is needed to ensure that the Kamuela Vacuum Cooling Plant is used in the most efficient and effective manner possible; now, therefore,

BE IT RESOLVED by the House of Representatives of the Twenty-fifth Legislature of the State of Hawaii, Regular Session of 2009, the Senate concurring, that the Department of Agriculture is requested to consult with the Lalamilo Farmers Cooperative and the Big Island Farm Bureau to develop a plan to optimize the use of the Kamuela Vacuum Cooling Plant; and

BE IT FURTHER RESOLVED that the Legislature requests that the plan address, at a minimum, the following items of concern:

- (1) The needs of farmers and how the Kamuela Vacuum Cooling Plant can best address these needs;
- (2) The potential of the Kamuela Vacuum Cooling Plant to support farmers, assist in the diversification of agriculture, provide for value-added products, and support economies of scale; and
- (3) An evaluation of the costs to operate, repair, and upgrade the Kamuela Vacuum Cooling Plant to meet the needs and achieve the goals specified in items (1) and (2), above.

There were no funds appropriated to develop this plan and therefore the Hawaii Department of Agriculture (HDOA) had to assign a staff member from Hilo and depend on the cooperation of the Lalamilo Farmers and members of the Big Island Farm Bureau to address the three items of concern. Concern number 1 has been partially addressed in this report. Concerns 2 and 3 were beyond the capability of the small working group to properly address. Without a formal economic benefit study and engineering assessment, any estimate of the potential of the Cooling Plant or the costs involved to operate, repair and upgrade the Cooling Plant would be unreliable.

The Needs of Farmers and How the Kamuela Vacuum Cooling Plant Can Best Address These Needs

The Kamuela Vacuum Cooling Plant operates five days per week. Approximately 7,000,000 pounds of produce pass through the plant annually. The building is at least 30 years old, and in need of an upgrade and repairs, specifically, the vacuum pump and the roof. It also serves as a central meeting place for the Waimea farming community.

HDOA receives \$2,327.04 in annual rent from the Kamuela Farmers Cooperative. Twenty percent of this amount is paid to OHA and the rest goes into a trust fund pending a legal decision on making additional payments to OHA or for transfer to the general fund.

The regular meeting of the Kamuela Farmers Cooperative was held on June 18, 2009. All of the sixty members of the Cooperative were invited. The primary agenda item was to discuss areas in which the Cooling Plant could be made to operate in the most efficient and effective manner possible. Attendees included: Joyce Wong (HDOA), and Robert Nakamoto, Chris Robb, Wendell Kuwano, Curtis Yamamoto and Larry Nakamoto, members of the Cooling Plant Cooperative. The repairs and upgrades suggested here are essential to the vacuum cooling plant's future survival and success.

The main points of concern were:

Main Building: A portion of the roof is rotting. Farmers are concerned with the electricity being severed should high winds hit Kamuela. HELCO's power line is attached to the Hilo-side corner of the roof which happens to be that portion that is deteriorating. The result of such a power outage would mean spoilage of products.

Aging Equipment: There is a Freon leak in the vacuum cooler due to holes in the chambers and therefore, is not working to its full capacity causing the electricity cost to escalate. Additionally, the vacuum pumps are not working efficiently. There is currently one compressor that works. According to the technician that services the plant, the one compressor is sufficient.

Loading Dock: The Young Brothers' refrigerated container hooks up at the loading dock. One of the three-prong electrical plugs is not working and is in need of repair.

Main Building Floor: The asphalt flooring of the main building is deteriorating and needs to be resurfaced. The farmers are unable to hose the area down for fear of further degrading the asphalt. The deteriorated asphalt also presents a safety issue when forklifts or other machinery are operating in the area.

Electricity Costs: It costs \$10,000 per month to operate the Kamuela Vacuum Cooling Plant, half of which is used to pay for electricity. The repairs previously mentioned to the roof, vacuum cooler compressor and loading dock areas would contribute greatly to minimizing potential hazards, lost product or production, and provide a stable base for

the Co-op to operate. Another suggestion was made to install solar panels or a photovoltaic system on the main building which would help to reduce the cost of electricity.

Unless the cooling and electrical systems can be repaired or up-graded, expansion and diversification of the overall operation of the cooling plant cannot be achieved. Further, the introduction of new commodities will be difficult and the currently limited processing/packing operations will remain limited.

Other Comments Made by the Farmers

- Young Brothers, Inc. is used to truck the farmers' products to Kawaihae Harbor. The farmers transfer their products from the cooler in the main building to the loading dock area. They load the Young Brothers' container the night before for transport to the harbor the following day. The system seems to be working for the Kamuela Vacuum Cooling Plant Co-op members.
- Farmers commented that some examples of enhancing the farmers' incomes might be through achieving greater efficiency of resource use, including land, water and fertilizer, and developing new ways of working with existing agricultural commodities.

Conclusions and Recommendations:

Given the current economic climate, it is unrealistic to expect that legislative funds will be made available immediately to undertake the improvements. A more practical approach would be to share this report with the Cooperative membership and expand the participation in the planning process beyond the five farmers and include as many of the 60 farmers who comprise the membership. The Cooperative should consider obtaining assistance from a foundation or community based organization to apply for grants to continue the planning process and undertake the economic and engineering studies needed. Upon completion of the studies, the Cooperative would then be in a better position to approach the legislature for funding assistance for capital improvements so that the Kamuela Vacuum Cooling Plant can continue to provide assistance to the local farming community.