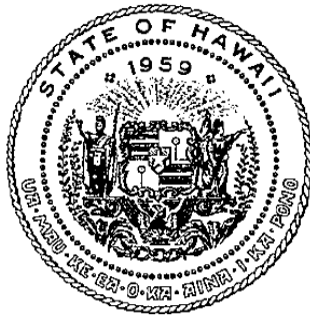


**REPORT TO THE TWENTY-FIFTH LEGISLATURE
2015 REGULAR SESSION**

REPORT ON THE IMPLEMENTATION OF THE PILOT FEEDMILL PROJECT

IN RESPONSE TO ACT 122, SESSION LAWS OF HAWAII 2012



Prepared by:

**THE STATE OF HAWAII
DEPARTMENT OF AGRICULTURE**

DECEMBER 2014

PILOT FEEDMILL PROGRAM

Report to the Legislature

Legislative Background/Introduction

Pursuant to Act 122, Session Laws of Hawaii 2012, \$250,000 was appropriated out of the general revenues of the State of Hawaii to the Department of Agriculture (DOA) for the livestock feed feasibility pilot project.

Under Section 2 of Act 122, the project was intended to:

(1) Explore the viability of producing and processing livestock feed within the State through scientific research; and (2) To the extent feasible, produce and process livestock feed on land as determined by the chairperson of the board of agriculture.

After the livestock feed feasibility pilot project begins operations, the DOA is required to assess the implementation of the pilot project under Section 2 of the Act and submit a report to the legislature no later than December 31, 2014. In its report, the DOA is required to determine:

1. The inputs and infrastructure required for the processing of livestock feed;
2. Types of plants required for livestock feed use;
3. Start-up and yearly operational costs of a livestock feed facility;
4. Projected revenue stream of a livestock feed facility;
5. Parcels of land to be used for producing and processing livestock feed; and
6. Prospective markets for processed feed.

The DOA is also required to determine whether to continue, expand, or end the livestock feed feasibility pilot project based on the results of the department's assessment.

The feedmill project has been delayed, and is currently not operational. The required assessments and determinations under the Act cannot be done at this time. This report explains the purpose of the feedmill and project description, the reasons for the delays to the project, and the estimated completion date of the project.

A full report will be submitted to the legislature when the feedmill project is completed and operational.

Feedmill Project Description

In February 2013, the DOA contracted with Oceanic Institute (OI) to develop a pilot project livestock feedmill to:

- Construct a pilot production scale research feed mill to support allied research and development programs at OI and other U.S. aquaculture and terrestrial entities.
- Develop research feeds in cooperation with allied research and development programs at the Institute that effectively and efficiently meet all animal nutritional requirements and research objectives.
- Offer large-scale defined test feeds for genetic and nutritional improvement research programs, pharmaceutical testing for commercial viability and efficacy, equipment testing, and efficiency of different manufacturing processes.
- Provide research feed products and technical assistance to support large-scale research farm growout trials with shrimp and finfish that simulate commercial production conditions.
- Demonstrate, promote, and display U.S. feed milling technology, goods, and services—such as those developed by members of the American Feed Industry Association - to the countries of the Pacific Basin.
- Assist in market development and increasing the demand for American feed commodities, manufacturing equipment, computer software, and other products that support aquatic feeds production.
- Initiate an international training program that offers short courses in aquaculture feed processing technology by working in cooperation with universities, private research organizations, and commercial companies. A Memorandum of Understanding is already in place with University of Hawai`i at Hilo for educational activities with terrestrial animals. OI would like to develop a similar partnership with Hawai`i Pacific University for aquatic animals.
- Transfer feed mill processing technologies to the commercial sector once they are proven effective and commercially viable.

The feedmill is planned to be located within the University of Hawaii at Hilo's Agricultural Farm Laboratory on the Big Island.

Delays

OI has encountered several delays that pushed back the estimated construction start date of October 2014 to February/March 2015. The primary reason for these delays are:

1. Needing to get approval of a height waiver for the building from the County of Hawaii before being able to apply for a building permit. The building permit review process is taking longer than anticipated.
2. Needing to get a lease that covered the useful life of the project from the University of Hawaii prior to bidding the project. Lease was signed and executed by UH on December

29, 2014. OI began the process at the beginning of 2014. The lease now runs to December 2036.

3. The Environmental Assessment process took a few months longer than anticipated. The State process was completed in July 2014 and the Federal process was completed in late August of 2014. This also affected the completion of the design since comments to the EA impacted the design. One being the requirement for a Wastewater Treatment Plant for the facility by State Department of Health. This was changed in January 2015 to require a Septic Tank System.

Estimated Completion Date

An updated schedule (attached) shows the next steps leading up to the completion of the feedmill. Bidding for construction is projected to finish by February, 2015, and contractor selection will take place after bidding has closed. After a contractor has been selected, the construction of the feedmill is estimated to take 210 days, and be finished around December 2015, with the feedmill in operation late December 2015, or early 2016.

The delays encountered by OI does not affect DOA's contract with OI. OI is still within the contract's time of performance parameters.

ID	Task Name	Duration	Start	Finish	2013	2014	2015	2016
1	State of Hawaii Dept of Ag Contract Executed	25 days?	Wed 1/9/13	Tue 2/12/13	Jan	Feb	Mar	Apr
2	Negotiate Fees for Design	120 days	Mon 5/28/12	Fri 1/19/12	Jan	Feb	Mar	Apr
3	USDA Approval of Design Fees	66 days	Fri 12/14/12	Fri 3/15/13	Jan	Feb	Mar	Apr
4	Preliminary (60%) Design Submittal	193 days	Thu 6/27/13	Fri 3/21/14	Jan	Feb	Mar	Apr
5	Draft Environmental Assessment	193 days?	Tue 4/23/13	Thu 1/16/14	Jan	Feb	Mar	Apr
6	Request Proposal/Negotiate Fee for CO 1	29 days?	Tue 9/3/13	Fri 10/11/13	Jan	Feb	Mar	Apr
7	Issue Design CO 1 Auto Bidding	1 day?	Mon 10/14/13	Mon 10/14/13	Jan	Feb	Mar	Apr
8	Preliminary Design Review Complete	5 days	Mon 4/14/14	Fri 4/18/14	Jan	Feb	Mar	Apr
9	Lease	240 days?	Mon 2/24/14	Wed 12/31/14	Jan	Feb	Mar	Apr
10	Review Draft Environmental Assessment	15 days	Fri 1/17/14	Thu 2/6/14	Jan	Feb	Mar	Apr
11	OECC Draft EA Notice	23 days?	Sun 2/23/14	Tue 3/25/14	Jan	Feb	Mar	Apr
12	Pre-Final (90%) Design Submittal	80 days	Mon 4/21/14	Thu 8/7/14	Jan	Feb	Mar	Apr
13	Pre-Final Design Review	5 days	Fri 8/8/14	Thu 8/14/14	Jan	Feb	Mar	Apr
14	Building Permit	70 days	Thu 10/16/14	Wed 1/21/15	Jan	Feb	Mar	Apr
15	Final Design Submittal	25 days	Thu 12/11/14	Wed 1/14/15	Jan	Feb	Mar	Apr
16	Final Environmental Assessment	30 days	Thu 3/27/14	Wed 5/7/14	Jan	Feb	Mar	Apr
17	Final EA Review	5 days	Thu 5/6/14	Wed 5/14/14	Jan	Feb	Mar	Apr
18	Final EA and FONSI Acceptance UH-Hilo	10 days	Thu 5/15/14	Wed 5/28/14	Jan	Feb	Mar	Apr
19	OECC Final EA Notice	23 days?	Sun 6/9/14	Tue 7/8/14	Jan	Feb	Mar	Apr
20	Final EA and FONSI Acceptance NIFA	20 days	Thu 7/24/14	Wed 8/20/14	Jan	Feb	Mar	Apr
21	Bidding	22 days	Mon 7/5/15	Tue 2/3/15	Jan	Feb	Mar	Apr
22	Contractor Selection	5 days	Wed 2/4/15	Tue 2/10/15	Jan	Feb	Mar	Apr
23	USDA Approval of Construction Contract	10 days	Wed 2/11/15	Tue 2/24/15	Jan	Feb	Mar	Apr
24	Construction	210 days	Wed 2/25/15	Tue 12/15/15	Jan	Feb	Mar	Apr
25	Grant Closeout	32 days	Wed 12/16/15	Thu 1/28/16	Jan	Feb	Mar	Apr



Project: Fred Mill USDA rev14
Date: Tue 1/20/15

Task Split Milestone Summary

Project Summary External Tasks External Milestone Inactive Milestone

Inactive Summary Manual Task Duration-only Manual Summary Rollup

Manual Summary Start-only Finish-only External Tasks

External Milestone Progress Deadline