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Minutes of the Board of Agriculture

CALL TO ORDER – The meeting of the Board of Agriculture was called to order on September 24, 2019 at 9:00 a.m. by Board of Agriculture Chairperson Phyllis Shimabukuro-Geiser, at the at the Department of Agriculture Conference Room, 635 Mua Street, Kahului, Hawaii 96732.

Members Present:

- Phyllis Shimabukuro-Geiser, Chairperson, Board of Agriculture
- Suzanne Case, Chairperson, Board of Land and Natural Resources, Ex Officio Member
- Mary Alice Evans, Office of Planning, Department of Business Economic Development, Ex Officio Member
- Dr. Nicholas Comerford, Dean of the College of Tropical Agriculture & Human Resources University of Hawaii, Ex Officio Member
- Vincent Mina, Maui Member
- Diane Ley, Hawaii Member
- Joe Tanaka, Member-At-Large
- Randy Cabral, Member-At-Large

Members Absent:

- Fred Cowell, Kauai Member
- Glenn Hong, Member-At-Large

Others Present:

- Dean Matsukawa, HDOA/Agricultural Loan Division (AGL)
- Wayne Takamine, HDOA/AGL
- Linda Murai, HDOA/Agricultural Resource Management Division (ARM)
- Kirk Saiki, HDOA/ARM
- Jonathan Kam, HDOA/Plant Quarantine Branch (PQB)
- Trenton Yasui, HDOA/PQB
- Micah Munekata, HDOA/Chairperson’s Office (CHR)
- Morris Atta, HDOA/CHR
- Bryan Yee, Attorney General’s Office
- David Souza, Island Farm’s LLC

II. APPROVAL OF MINUTES FROM 8/27/19 MEETING

Chairperson Shimabukuro-Geiser deferred until next meeting.

III. INTRODUCTIONS

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IV. COMMUNICATIONS FROM DIVISIONS AND ADMINISTRATION

A. AGRICULTURAL LOAN DIVISION

1. Request for Approval of One (1) Direct Facility Loan and One (1) Direct Operating Loan to Island Farm’s LLC, David Allen Souza and Carol Jean Souza, Co-borrowers.

Wayne Takamine, HDOA/AGL, presented testimony as submitted. Staff recommends approval.

Motion: Mina/Ley

David Souza, Island Farm’s LLC, came forward.

Board member Tanaka asked if this request is for a new slaughterhouse. Mr. Souza said yes and that it is for cattle and hogs. He said that it would be a diverse operation. Board member Tanaka asked if there are other operations such as this in the area. Mr. Souza said there is one in Campbell industrial area.

Board member Mina asked about Korean natural farming techniques and if Mr. Souza uses a deep litter system. Mr. Souza said yes. Board member Mina asked if he runs into food safety issues. Mr. Souza said not any issues. Board member Mina asked if the hogs are on a deep litter system. Mr. Souza said there is a cement floor with a deep litter system. Board member Mina provided comments on the positive effects of Korean natural farming on hog production.

Chairperson Shimabukuro-Geiser mentioned that University of Hawaii’s Dr. Zaleski is involved and has worked with the Souza family. She said that the family is very engaged with CTAHR. Board member Comerford said to take advantage of that. He asked about the capacity of the operation. Mr. Souza said that the capacity is up to 600 ween-offs per month. Board member Comerford asked about the input from the livestock industry. Mr. Souza said small ranchers are supportive and fellow pig farmers on island are supportive. Board member Comerford asked about environmental issues. Mr. Souza said there is an aerobic septic system to address wastewater accepted by Department of Health (DOH). Board member Comerford confirmed that a happy pig is an active pig.

Board member Mina asked about the offal on the operation. Mr. Souza said he has a composting facility and will use that. Board member Mina asked if this is compliant with food safety. Mr. Souza said yes and that they work closely with DOH.

1 Board member Ley asked about the second mortgage on a parcel that has six
2 residents. Mr. Souza said that was for farm workers. Board member Ley confirmed
3 that it is permitted, and Mr. Souza said that they were constructed in the 1970's.

4
5 Board member Cabral mentioned that they should consider Hawaii Island in the future.

6
7 Board member Evans asked about the 4.5% interest rate determination. Dean
8 Matsukawa, HDOA/AGL, said it is fixed for the term based on statute.

9
10 Board member Comerford mentioned concern with the large loan and the effect on the
11 overall fund. Mr. Matsukawa said that there is enough space to cover this loan with the
12 legislative appropriation received this past year.

13
14 Board member Case asked about the security in moving forward. Mr. Souza said that
15 they can make this happen and it has been a long conversation with his family. He said
16 that he is ready to utilize the whole facility and having the outlet to bring animals to
17 market is critical.

18
19 Board member Mina asked how Korean natural farming has changed or added
20 confidence to the business. Mr. Souza said it has been good for resources, including
21 less water and pigs are happier. The quality of the pig is great. Board member Mina
22 asked if quality of meat is better. Mr. Souza said yes. There is a lot of interactions with
23 the animals and its different than a traditional large farm.

24
25 Board member Comerford said there is a difference in taste when producing hogs. Mr.
26 Souza said that is why they went the route they have. All vegetarian grain meal
27 supports the operation. He said that different customers want different kinds of pigs and
28 that it depends what your market is.

29
30 Chairperson Shimabukuro-Geiser said she is aware of the operation and its diversity.
31 Mr. Souza said they also have soil company and a general contracting company. They
32 used to have a dairy in the family back in the 70's as well.

33
34 Board member Case asked about the need to add the residences as security. Mr.
35 Matsukawa said that all three parcels are together and used the tax assessed value to
36 help save some money from an appraisal.

37
38 Vote: Approved, 9-0.

39
40 B. AGRICULTURAL RESOURCE MANAGEMENT DIVISION

- 41
42 1. Request for Acceptance of Annual Lease Rents as Determined by
43 Independent Appraisal for Rent Reopenings and New Leases for
44 Various Lots Located Statewide
45

1 Chairperson Shimabukuro-Geiser deferred this item until the next Board meeting.

- 2
3 2. Request for Approval for Issuance of Use of Right-Of-Entry to Bishop
4 Museum and its Lessee(S): Darren Gamayo; Dardenella Gamayo;
5 Devaun K. Gamayo; Darren I. Gamayo Jr. and their Authorized
6 Representatives for Ingress and Egress Over and Through TMK (3) 4-9-
7 011: 002, Ili of Kaohia, Waipio Valley, Hamakua, Island of Hawaii,
8 Encumbered by Revocable Permit No. S-7839
9

10 Linda Murai, ARM/HDOA, presented testimony as submitted. Staff recommends
11 approval.

12
13 Motion: Evans/Case.

14
15 Board member Evans asked if the temporary revocable entry is issued would the
16 lessees have to repair the past damage to the right of entry. Ms. Murai said that the
17 petitioners will have to repair any damage to the property in a timely manner. They
18 have been talking about this potential and are all related. They have worked it out and
19 put it in writing for the Board.

20
21 Board member Mina asked about the use of the Center Road and if that is what they
22 would like. Ms. Murai said no and that it is a different road over the state leased
23 property. Board member Mina said that there are videos of the Valley being against
24 visiting hikers. Ms. Murai said Center Road is very dangerous when the rain is coming
25 down.

26
27 Board member Tanaka asked about liability. Ms. Murai said lessee has liability
28 insurance and the right of entry petitioner would then step in.

29
30 Board member Mina asked if they have equipment to do the repairs. Ms. Murai said a
31 lot of the work is done by manual labor. She clarified that it is a path and not a road.

32
33 Vote: Approved, 9-0.

- 34
35 3. Request for Preliminary Approval to: 1) Revise Chapter 4-157-21(Rate,
36 fee, and charge schedule), Hawaii Administrative Rules ("HAR"); and 2)
37 Authorize the Chairperson to Schedule Public Hearings and to Appoint a
38 Hearings Officer

39
40 (See Summary of Amendments attached)

41
42 Kirk Saiki, HDOA/ARM, presented testimony as submitted. Staff recommends approval.

43
44 Motion: Evans/Tanaka.
45

1 Board member Evans asked if the Board approves the recommendation as worded,
2 what scenario would it be based on regarding the four scenarios staff has put before the
3 Board. Mr. Saiki said that it would be scenario three. Board member Evans asked
4 about other scenarios and if the Board can weigh in on this again to change the
5 approach. Bryan Yee, Deputy Attorney General, said the proposal before the Board is
6 for public hearing on scenario three. It would be up to the Board to recommend to the
7 Governor for signature. Chairperson Shimabukuro-Geiser asked about any changes
8 that the Board can make. Mr. Yee said substantive changes after public hearing are not
9 allowed. Changing the structure would require starting over. Mr. Saiki said he would be
10 open to taking comments and suggestions and would be open to starting again.

11
12 Board member Comerford asked if they want to be self-sufficient. Mr. Saiki said yes.
13 Board member Comerford asked about the attempt to determine economic viability for
14 agriculturalists on this. Mr. Saiki said that has not been done. Board member
15 Comerford said that they should consider all four scenarios to allow the public to weigh
16 in on all possibilities. Mr. Yee said you can go out to comment period, without going to
17 rule change. Staff could take comments and then go out to official public commentary
18 period.

19
20 Board member Ley asked about the economics and whether the division considered the
21 impact analysis on farmers. Mr. Saiki said they have not. Board member Ley said that
22 a professional analysis would help.

23
24 Board member Comerford expressed concern for the hardships on the farmer and at
25 what scale does that occur. Mr. Saiki said they understand that concern but would want
26 to start the conversation.

27
28 Board member Case asked if this is required by law. Mr. Saiki said it is.

29
30 Board member Cabral said you could fix it through legislative appropriations. Mr. Saiki
31 said yes. Board member Cabral said we have to look at financial ability of the farmer.
32 Given the goal to double local food and FSMA, all irrigation systems would not meet
33 some of these food safety issues. Additional costs will come into play. Raising the rate
34 will add costs. This all affects the farmers' bottom line. He said that he would like to
35 see the economic side before deciding on what is acceptable. Mr. Saiki said they
36 wanted to put this forward to start the discussion.

37
38 Board member Evans asked to amend the motion for DOA staff to undertake an
39 analysis of impact of the four scenarios on ag water users so the Board can get a sense
40 of what the impact would be on various types of farming. Mr. Yee said that it sounds
41 like you would like to withdraw the motion and come back to the Board with more
42 information.

43
44 Board member Case said that some sort of scoping would be useful before going to
45 public hearing and recommended some kind of outreach. Board member Evans said

1 CTAHR could be useful in this. Board member Case said that the thin margins for
2 farmers will make it tough with a fee raise.

3
4 Board member Ley said she would like to understand what efforts have been made to
5 get the legislature to respond to the irrigation systems to be general funded. She
6 mentioned the 1991 audit report saying that these systems should be maintained
7 through the general fund. There may need to be a comprehensive outreach approach
8 to this.

9
10 Board member Case said that you would want to get it into your base budget. It is hard
11 to have a balance budget and see this through. Chairperson said that division has tried
12 to do this in the past. They have tried to move positions off the revolving fund to
13 general fund.

14
15 Board member Comerford said the legislative funding is not a sure thing. The economic
16 justification around each scenario would be beneficial in making these decisions.

17
18 Board member Mina clarified with Mr. Saiki said that based on existing rate, the average
19 rate is \$111, and a new rate would be \$210 to \$329 depending on which phase it is in.
20 Staff looked at the ag water rates through each county and that rate between Maui and
21 Honolulu is slightly lower than the proposed rate increase. A lot will depend on the
22 farmer to have a large enough meter to feed the crops or animals. A larger meter can
23 run at a high expense. Board member Mina asked about the statement that rate hikes
24 may cause ag efficiency and underperforming operations to cease. Mr. Saiki said those
25 that are marginal in profits would struggle. Board member Mina asked about the
26 efficiency use of water and said that farmers are always looking for efficiencies and that
27 adding a cost here is not a good scenario. Mr. Saiki mentioned that the DOA costs
28 continue to increase. Board member Mina said the State Legislature should step in to
29 help.

30
31 Board member Cabral said that ag has been subsidized throughout the nation. When
32 you look at commodity growers on the mainland, they are heavily subsidized. Farmers
33 struggle with any additional cost.

34
35 Board member Case asked if this is unfinished business on the 1991 audit or is this a
36 gap in the finances DOA is trying to address. Mr. Saiki said rate increase happened in
37 2006, with Board process starting in 2004. It did not address the self-sufficiency issue
38 as it was still short of covering the costs. Board member Case asked why they are
39 driving this now. Mr. Saiki said because it is tougher to get general funds to run the
40 irrigation systems. Board member Case asked if the cost of running irrigation systems
41 in negative. Mr. Saiki said no. We have seen the trend that other irrigation systems
42 are getting turned over to the state. The problem with those systems is that they are not
43 set up to be metered. Board member Case asked about what happens if nothing is
44 done. Mr. Saiki said that they will continue to move the way they have until told
45 otherwise, utilizing other funds.

1
2 Board member Ley asked about the percentage in irrigation system expenditures for
3 various funds. Mr. Saiki said that they don't have that percentage. Board member
4 Evans provided a background for the Barrel Tax fund and how it has dwindled with the
5 State's pursuit of renewables. She said she would like to retract her motion to see more
6 economic impact analysis.

7
8 Board member Ley made a motion to defer item and direct the staff to come back with
9 more information on an economic impact analysis. Board member Evans seconded
10 that motion.

11
12 Board member Mina said that the carbon in soil may show the Legislature that farmers
13 are utilizing water well and could provide more support for any other ag initiatives.

14
15 Board member Comerford said that we can increase efficiency. Board member Ley
16 said that any efficiency will still result in the DOA base cost.

17
18 Vote: Defer, 9-0.

19
20 C. PLANT INDUSTRY DIVISION

21
22 Plant Quarantine Branch

- 23
24 1. Request to: (1) Allow the Importation of the Copepod, *Apocyclops*
25 *panamensis*, an Unlisted Crustacean, by Special Permit, for Scientific
26 Research, by Kampachi Farms, LLC.; and (2) Establish Permit
27 Conditions for the Importation of the Copepod, *Apocyclops panamensis*,
28 an Unlisted Crustacean, by Special Permit, for Scientific Research, by
29 Kampachi Farms, LLC.

30
31 Jonathon Kam, HDOA/PQB, presented testimony as submitted. Staff recommends
32 approval.

33
34 Motion: Ley/Evans.

35
36 Dr. Dale Sarver joined via phone call.

37
38 Board member Ley asked about use of chlorine tablets for disinfection and if that will kill
39 the larvae. Dr. Sarver said yes.

40
41 Board member Case said that she appreciates the modifications and asked about the
42 water from the fish tank going to an intermediate system that is chlorinated and put into
43 a sump. She asked if the water from the buckets would go through the intermediate
44 system. Dr. Sarver said it was small buckets that would be chlorinated which would
45 then be disposed of through a sump.

1
2 Board member Mina asked about how many copepods are in a bucket. Dr. Sarver said
3 it varies. You stock with adults and then you get babies. You start with about 10,000
4 and it goes up until you harvest. It could be roughly 50,000 to 70,000. Board member
5 Mina asked about the mass of each copepod. Dr. Sarver said they are microscopic
6 animals.

7
8 Bryan Yee, Deputy Attorney General, asked about the conditions to be kept as is and
9 make separate the effluent requirements for this, or was it incorporated into the permit.
10 Trenton Yasui, HDOA/PQB, said they would be specific in the conditions. He said that
11 the chlorine used does have an EPA label, but does not mention sumps. He mentioned
12 that Keith Olson, NELHA, can be reached by phone. Mr. Yee asked how close
13 Kampachi is to the ocean. Dr. Sarver said that it is about 200 yards away.

14
15 Board member Ley asked Dr. Sarver asked if he is willing to use salt as an alternative to
16 chlorine. Dr. Sarver said he would rather not start with another treatment if necessary.
17 Chairperson Shimabukuro-Geiser said chlorine is not labeled for treatment in a sump
18 and the use of salt would not have any restrictions.

19
20 Board member Comerford asked about variance for the label. Dr. Sarver said that they
21 could ask for a supplemental use as a possibility. He said he would not want to pursue
22 it because it adds time.

23
24 Board member Cabral expressed concern for the label for the sump and the tank,
25 regarding the issue of how long you can use chlorine and then dump the water into the
26 sump.

27
28 Board member Case mentioned that she thinks there is new information that needs to
29 be discussed.

30
31 Board member Ley withdrew motion. Board member Evans seconded the motion.

32
33 Board member Ley made motion to tell applicant to work with staff to figure out
34 pesticide issues to cover these concerns and come back to next meeting. Board
35 member Evans seconded that motion.

36
37 Board member Cabral said that the final interpretation will be the EPA and asked if we
38 should we get EPA involved with use. Chairperson Shimabukuro-Geiser said she could
39 get pesticide staff to weigh in and work with the EPA if needed. Board member Cabral
40 mentioned that clarification may be needed when defining terms.

41
42 Mr. Yasui said there could be another product that could be used potentially. Board
43 member Mina clarified on that the issue is with the active ingredient being used.

44

1 Chairperson Shimabukuro-Geiser mentioned that the pesticide staff will look into the
2 issue. Bryan Yee said staff could check into that interpretation.

3
4 Board member Evans said to utilize Keith Olson as a source. Bryan Yee said to make
5 sure that Mr. Olson is okay with this and would not get NELHA in trouble with the
6 Department of Health. Mr. Yasui said he would mention it to Mr. Olsen.

7
8 Vote: Defer, 9-0.

9
10 V. OLD BUSINESS

11
12 None.

13
14 VI. NEW BUSINESS

15
16 Board member Evans asked if DOA could look into more flexibility in setting interest
17 rates for agricultural loans at even lower rates. She also asked if DOA can look into
18 auction being the best form for farmers getting ag land.

19
20 VII. ADJOURNMENT OF REGULAR MEETING

21
22 Motion to adjourn meeting: Comerford/Ley.

23
24 Vote: Approved, 9-0.

25
26 Meeting adjourned at 11:27 AM.

27
28 Respectfully submitted,

29
30

31 Micah Munekata
32 Board Secretary