
Instream Flow Standard Assessment Report

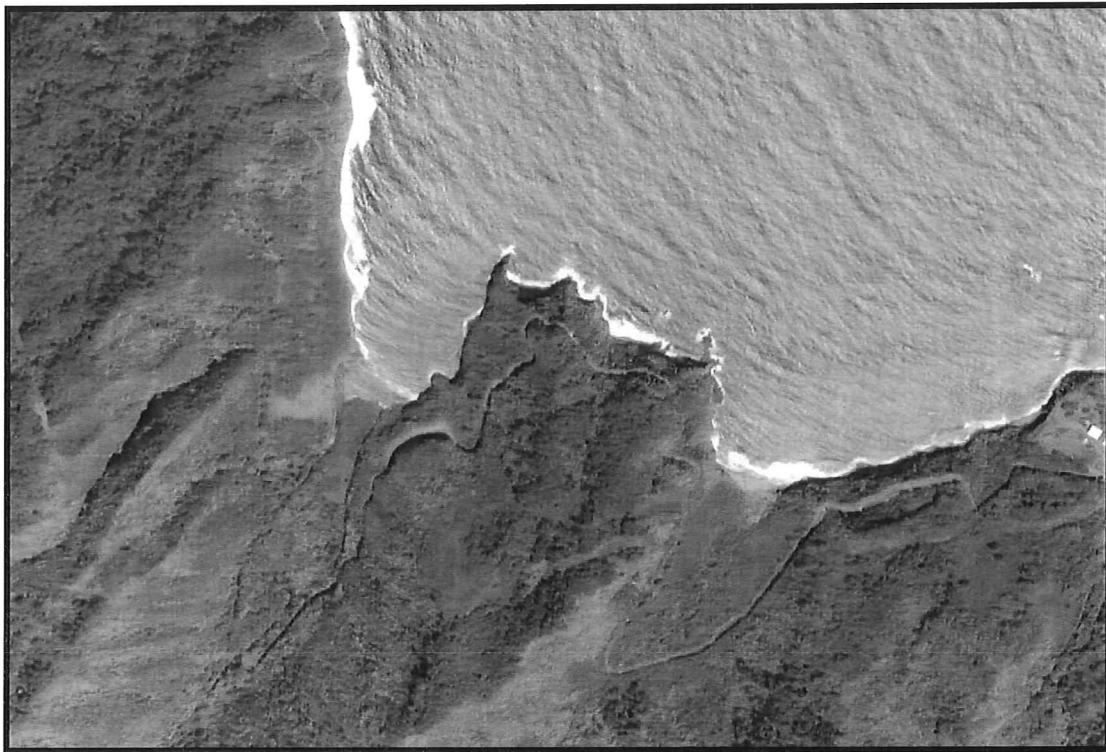
Island of Maui

Hydrologic Unit 6051

Honomanu

December 2009

PR-2009-05



State of Hawaii
Department of Land and Natural Resources
Commission on Water Resource Management



EXHIBIT E-63

TRIAL EXHIBIT AB-158

Figure 5-2. Recreational points of interest for Honomanu hydrologic unit (Source: State of Hawaii, Office of Planning, 1999, 2002a; 2002c; 2002d; 2004a; USGS, 2001b).

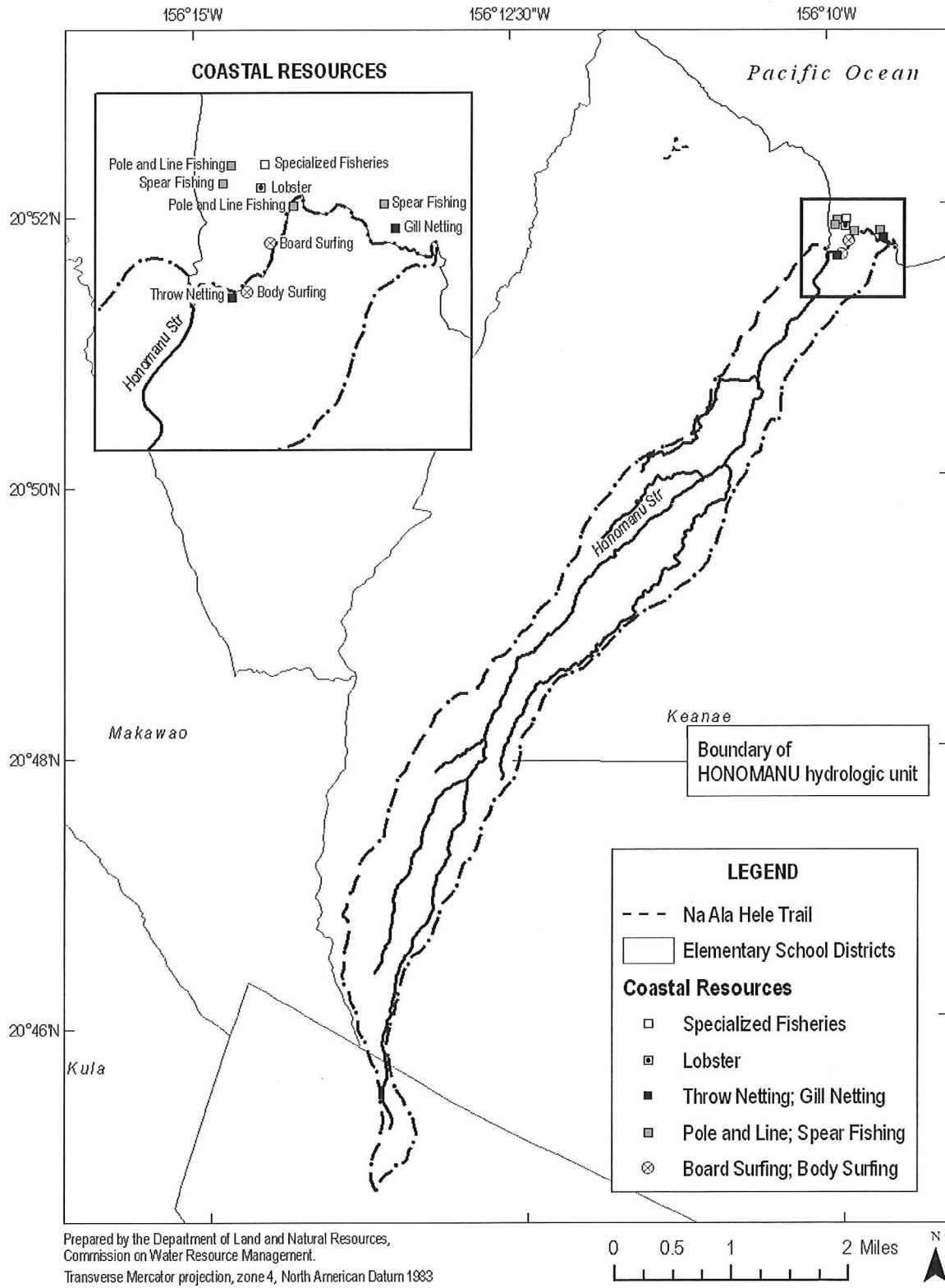


Table 13-10. Summary of A&B's agribusiness revenues for 2000 to 2008 (Source: A&B, 2002; 2005; 2007; 2009).

Year	Revenue (dollars)	Operating Profit (dollars)	Operating Profit Margin (percent)
2008	\$ 124,300,000	\$(12,900,000)	(10.4)
2007	\$ 123,700,000	\$ 200,000	0.16
2006	\$ 127,400,000	\$ 6,900,000	5.4
2005	\$ 123,200,000	\$ 11,200,000	9.1
2004	\$ 112,800,000	\$ 4,800,000	4.3
2003	\$ 112,900,000	\$ 5,100,000	4.5
2002	\$ 112,700,000	\$ 13,800,000	12.2
2001	\$ 105,976,000	\$ 5,660,000	5.3
2000	\$ 107,510,000	\$ 7,522,000	7.0

The EMI System was originally built for the purpose of supplying water to the HC&S sugarcane plantation. While other entities have become dependent on the EMI System, HC&S continues to be the largest user of the water delivered in the system. Figure 13-18 illustrates the interconnectedness of the different entities (including HC&S) dependent on the EMI System for water, and how this system is linked to the Maui DWS Upcountry System. Listed below are some of the possible economic impacts of limiting water availability to HC&S.

- **Employment.** Restricting water availability to HC&S will result in possible reduction of sugar production and sales, which will affect HC&S' ability to maintain and support its present staff. HC&S provides approximately 800 full-time jobs out of the estimated 1,750 agriculture-related jobs on Maui (Department of Business, Economic Development and Tourism [DBEDT], 2007). The company also currently has 910 retirees (PR-2009-18, 56.0). This amounts to \$47 million annually in wages and benefits to employees and retirees. HC&S has an apprenticeship program that not only maintains a skilled workforce for HC&S, but also provides a training ground for employees that move on to other companies in the public sector (PR-2009-18, 64.0). HC&S also partners with Ka Lima O Maui to provide employment services for individuals with disabilities (PR-2009-18, 66.0). Many companies and the Maui economy benefit from having locally trained employees rather than hiring from out-of-state.
- **Renewable energy.** The loss of hydroelectric and biomass fueled electric generation would affect MECO's ability to comply with its statutory obligation to generate electricity from renewable resources, as well as supply adequate energy to the local residents, especially during black-outs. This will also undermine the State's Clean Energy Initiative (HC&S, 2009).
- **Ground water.** Higher dependence on ground water for irrigation increases pumping costs. In addition, long term use of ground water that has even small amounts of sodium chloride can build up in the soil and affect crop yield. With decreased ground water recharge resulting from limiting surface water resources for irrigation, the wells within the plantation are even more susceptible to increased levels of salinity.
- **Landscape and tourism.** The HC&S plantation makes up a majority of the landscape in central Maui, keeping the island of Maui "green" as emphasized in many of the public review comments. Carol Reimann, Executive Director of the Maui Hotel & Lodging Association, stressed that "Maui's strength as a top tourism destination depends on the ability to showcase the island as a lush, green tropical paradise" (PR-2008-19). She further emphasized that it is lushness of the island that attracts visitors; thus, driving the local economy. The Visitor Industry provides 40 percent of all jobs on the island, generates 75 percent of the County's economy, and contributes about 40 percent of the total Real Property Tax collections (PR-2008-19).
- **Suppliers.** HC&S spends approximately \$100 million annually in the local economy to support its operations, primarily in Maui (HC&S, 2009). Many companies service HC&S; among them

sources are limited, MLP relies more on its ground water sources and DWS agricultural meters for irrigation (J. Pearson, personal communication, October 2009).

Under a License and Water Agreement between MLP and EMI, two “classes” of water are transported via the EMI System. The first class of water, which represents the majority of MLP’s usage, is pumped by Maui Pineapple Co., Ltd. into the Koolau Ditch from Hanawi Stream at Nahiku near the start of the EMI System. The second class of water is what MLP is contractually allowed to withdraw, for a fee, from the EMI System when flow exceeds 100 million gallons per day. MLP estimates their water requirements from the EMI System at 4.5 million gallons per day from 2004 through 2009, and a reduction to approximately 3.1 million gallons per day from 2009 to 2016 (PR-2008-18, 27.0).

Economic Impact

According to MLP’s Annual Reports to the U.S. Securities and Exchange Commission, the last year that MLP had an operating profit for their pineapple operations was in 1999. Table 13-11 provides a summary of revenue and operating losses from 1999 to 2006. Some of the revenue losses can be attributed to increased importation of overseas pineapple products (specifically from Thailand); though it appears that the U.S. had begun imposing antidumping duties, as canned pineapple imports had decreased in 2001. Regardless, MLP ceased pineapple canning operations on Maui in June 2007, attributing the closure to increased imports of cheaper canned pineapple. Instead, MLP is choosing to focus on the production of pineapple juice and fresh fruit. The closure of Hawaii’s last canned pineapple producer resulted in the loss of 120 jobs, or 27 percent of the company’s workforce (Hao, 2007).

Table 13-11. Summary of MLP’s revenues and operating losses for 1999 to 2006 (Source: MLP, 2002; 2004; 2005; 2007).

[Numbers in parentheses indicate operating losses; numbers not in parentheses are gains.]

Year	Revenue (dollars)	Operating Loss (dollars)
2006	\$ 65,200,000	\$ (18,600,000)
2005	\$ 74,500,000	\$ (11,400,000)
2004	\$ 80,000,000	\$ (10,800,000)
2003	\$ 105,000,000	\$ (921,000)
2002	\$ 92,500,000	\$ (8,500,000)
2001	\$ 92,000,000	\$ (3,000,000)
2000	\$ 85,900,000	\$ (2,900,000)
1999	\$ 94,400,000	\$ 6,100,000

Restricting water availability to MLP by establishing interim IFS on Hanawi Stream, one of the 27 petitioned streams, may add to the company’s continued operating losses. Pumping costs will increase as MLP will need to supplement its irrigation needs with ground water from Kuhiwa and Hailiimaile wells. While MLP will shift all of the plantings to its east Maui field, MLP may need to further decrease the cultivated acreage by more than 43 percent as planned.

13.4.5 Kula Agricultural Park

The Kula Agricultural Park consists of 445 acres of land divided into 31 lots that range from 7 to 29 acres in size (Fukunaga and Associates, Inc., 2006). These agricultural lots are leased out to farmers in an effort to promote the development of diversified agriculture. Lease rates are \$100 per acre per year with tenure of the lease being 50 years. Currently, the lots are leased to a total of 26 farmers. The Kula area is known as a prime agricultural area for vegetable and flower farming in Maui (PR-2009-18, 58.0). Crops grown include vegetables (lettuce, tomato, Kula onions, zucchini, cucumbers, bush beans, sweet corn, eggplant, head cabbage, Chinese cabbage, peppers, ginger root), taro, bananas, mango, turf grass, nursery

A statistical analysis (Freedman, 2009) was conducted to examine cost-effective strategies to maintain and even increase the drought period reliable capacity of the Kamole Weir WTF to meet the increasing water demands as well as to mitigate impacts of potential raw water supply reductions. One option is to provide raw water storage reservoir capacity to ensure a reliable supply of water to the Upcountry District in times of drought. The study shows that for less than 30 million gallon reduction in Wailoa Ditch flows, providing a 100 to 200 million gallon reservoir would maintain the existing drought period reliable capacity of the WTF. If Wailoa Ditch flow reductions are more than 30 million gallons, maintaining the drought period reliable capacity using additional basal ground water wells is most cost-effective.

Another option is to modify the existing Kamole Weir WTF intake structures to increase the amount of water that can be withdrawn from Wailoa Ditch during low flow conditions. The study shows that this method is more cost-effective than drilling new basal ground water wells to provide incremental drought period reliable capacity. However, under normal flow conditions, improvements to the intake structure would not appreciably increase the average supply of water to the Upcountry District.

The economic impacts to Maui DWS can be expressed in costs estimates for implementing the recommended strategies proposed in Freedman (2009). One of the drawbacks of providing raw water storage reservoir capacity is the large initial capital expenditures in reservoir construction. The study estimates an expenditure of \$15 to 30 million in building a 100 million gallon reservoir, and \$30 to 60 million for a 200 million gallon reservoir. The cost of providing new basal ground water wells to replace the existing drought period reliable capacity of 4.5 million gallons per day would be about \$32 million, or \$8 million for every 1 million gallons per day of additional Kamole Weir WTF's drought period reliable capacity. While specific plans to improve the WTF intake structures have not been examined, it can be assumed that these improvements would be more cost-effective than drilling basal wells.

13.5 County of Maui, Department of Water Supply Upcountry System

There are three Upcountry Maui DWS water systems served by east Maui streams: 1) Upper Kula system is served by Haipuaena, Waikamoi, and Puohokamoa Streams; 2) Lower Kula system is served by Honomanu, Haipuaena, and Waikamoi Streams; and 3) Makawao system, as previously discussed, is served by EMI's Wailoa Ditch. Maui DWS diverts the streams for the Upper and Lower Kula pipelines, and it is only the Makawao system whose source is the EMI System. Although the Makawao system has already been discussed in a previous section (Section 13.4.6), this section will include an in-depth discussion on the Maui DWS Upcountry System in its entirety, including the Makawao system, and present some of the data that can be used to compare water use in different Upcountry regions.

13.5.1 System Overview

The Maui DWS Upcountry Water District, illustrated as colored regions in Figure 13-12, includes the sub-districts of Upper and Lower Kula, Opana/Awalau, Kula Agricultural Park, Makawao-Pukalani, and Haiku-Kokomo (Maui DWS, 2009), with an estimated population of 30,981 people (Findings of Fact, Conclusions of Law, and Decision and Order, 2007). The Opana/Awalau and Kula Agricultural Park sub-divisions receive non-potable water while the rest of the sub-districts receive potable water. The potable water systems are supported by three water treatment facilities, Olinda WTF, Piiholo WTF, and Kamole Weir WTF.

The Upper Kula system is situated at the highest elevation (about 4,200 feet) of the three systems comprising the Maui DWS Upcountry System. It begins as a flume (also known as the Waikamoi Upper Flume), capturing surface water from Haipuaena Stream, middle and west branch of Puohokamoa Stream, and Waikamoi Stream. The flume is connected to a 36-inch transmission line at Waikamoi and then

captures additional water from Kailua Stream. The transmission line passes through the Waikamoi Reservoirs (two 15 million gallons reservoirs) and the Kahakapao Reservoirs (two 50 million gallons reservoirs) before reaching the Olinda WTF.

The Lower Kula system (also known as the Waikamoi Lower Pipeline) is situated at the 2,900 feet altitude and captures surface water primarily from Honomanu Stream, Haipuaena Stream, all branches of Puohokamoa Stream, and the east and west branch of Waikamoi Stream. Water from this system is treated at the Piiholo WTF and provides for domestic and agricultural uses in the Lower Kula region. Other than the 50 million gallon reservoir at the WTF, there are no other major reservoirs along the Lower Kula System.

The Makawao system is served by EMI's Wailoa Ditch that runs at approximately 1,100 feet elevation, and draws water from east Maui streams as far as Makapipi. Maui DWS treats the water at the Kamole Weir WTF and provides for domestic use in the Hailiimaile, Makawao, and Pukalani regions. It also serves as backup for the Haiku region in the event of pump failures or repairs and maintenance. During times of drought, water from this facility is pumped to the upper elevations to serve the Lower and Upper Kula regions (Maui DWS, 2009). Section 13.4.6 has more information on the Maui DWS Makawao system.

These three potable Upcountry systems are interconnected and rely on each other for backup during maintenance and repair. Surface water may also supplement the primary ground water sources (Haiku and Kaupakalua wells) for the region, but serves as backup in the event of pump failure or drought (Maui DWS, 2009). During drought conditions or times with lower than normal streamflow, water from the lower systems is frequently pumped to supplement the upper systems. Conversely, water from the upper systems may also be made available to supplement the lower systems during periods of higher than normal rainfall.

Figure 13-19. All registered diversions and EMI minor diversions identified in the Honomanu hydrologic unit (Source: East Maui Irrigation Company, 1970; State of Hawaii, Commission on Water Resource Management, 2008f; USGS, 2001b).

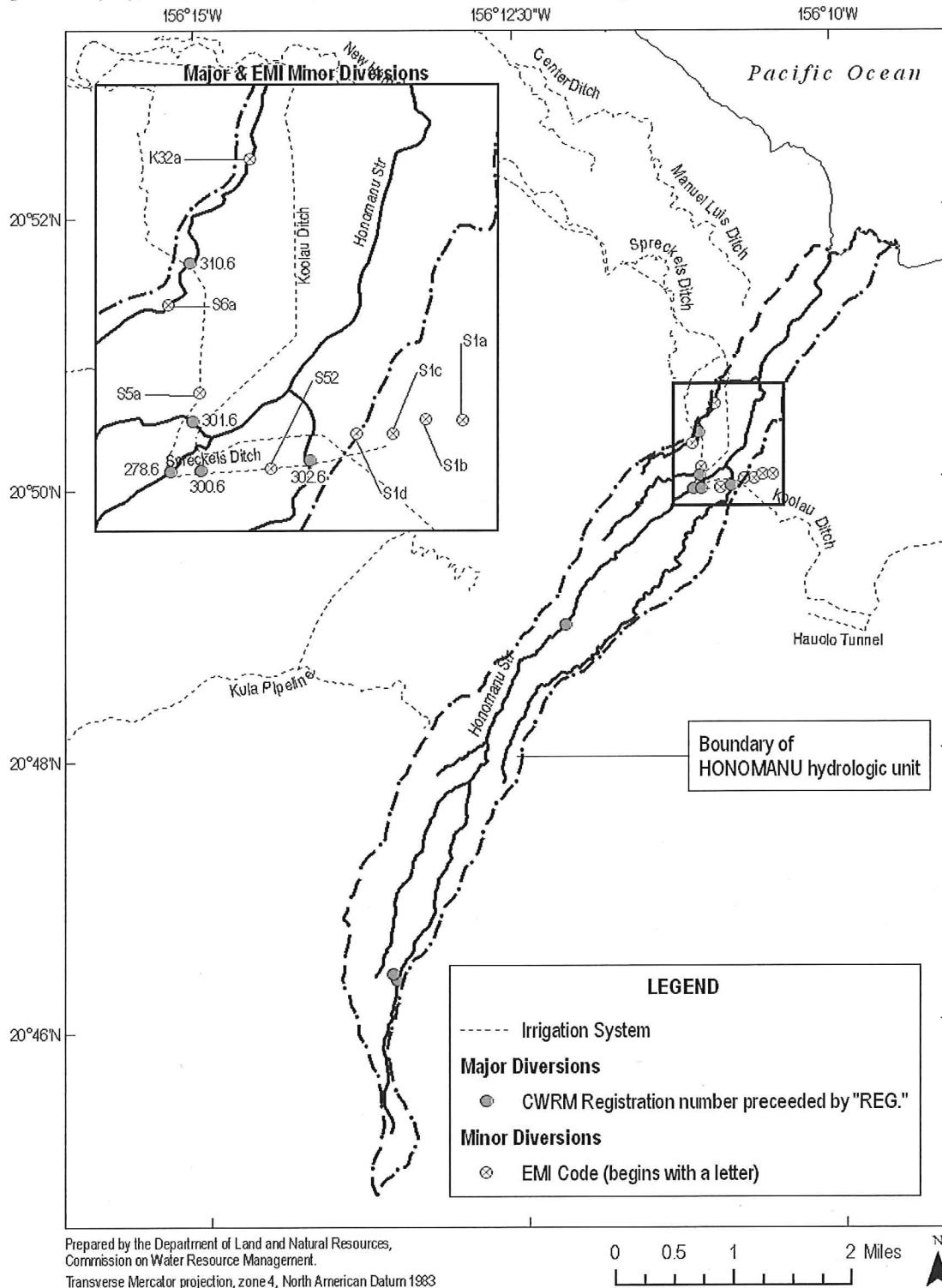


Table 13-2. Minor diversions on the EMI System in the Honomanu hydrologic unit.

Diversion ID	EMI Ditch System	Description
K-32a	Koolau	Uluini Stream diversion to Kolea Stream.

Photos. a) View of the diversion structure (EMI, 05/1989).

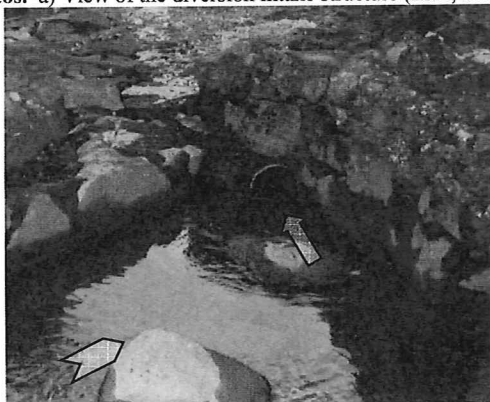
a)



S-1d Spreckels West Nuaailua small ditch intake.

Photos. a) View of the diversion intake structure (EMI, 05/1989); Close-up view of the diversion intake pipe.

a)



b)



Table 13-2. Continued. Minor diversions on the EMI System in the Honomanu hydrologic unit.

Diversion ID	EMI Ditch System	Description
S-2a	Spreckels	East Honomanu 2-inch driscoe pipe intake.

Photos. a) Concrete catch basin captures seepage and conveys water to Spreckels Ditch via a 2-in. driscoe pipe (EMI, 05/1989); Another view of diversion intake (RMT, 10/2007)..



S-5a Spreckels West Honomanu 2-inch pvc pipe intake.

Photos. a) Concrete catch basin captures seepage and conveys water to Spreckels Ditch via a 2-in. PVC pipe (EMI, 05/1989).

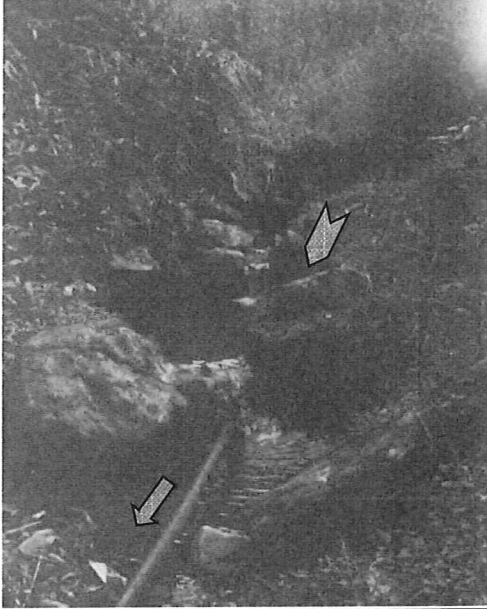


Table 13-2. Continued. Minor diversions on the EMI System in the Honomanu hydrologic unit.

Diversion ID	EMI Ditch System	Description
S-6a	Spreckels	Uluini 2-inch driscoe and pvc pipe intake diversion to Uluini intake.

Photos. a) Concrete catch basin captures seepage and conveys water to Koolau Ditch via a 2-in. driscoe and PVC pipe (EMI, 05/1989); Close-up view of the concrete impoundment (RMT, 10/2007).

a)



b)

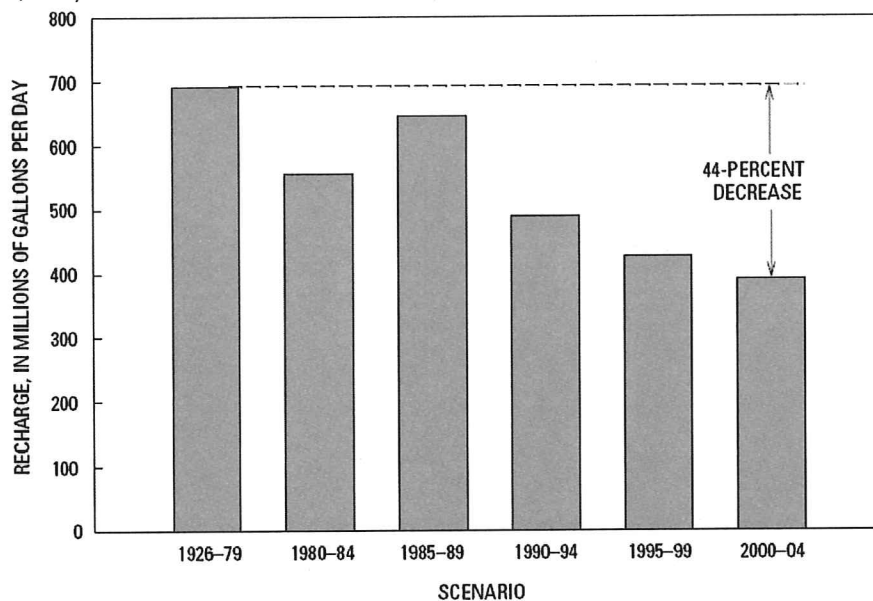


13.2 Ground Water Recharge

Following the establishment of instream flow standards, one of the proposed measures to increase streamflow may be to decrease the amount of water diverted from streams. Such a measure has important implications to ground water recharge because it affects the amount of water available for irrigation. Decreasing the amount of water diverted at the ditches located in east Maui affects the amount of water available for the irrigation of crops in west and central Maui. Since the early 20th century, about 100 billion gallons of water (274 million gallons per day) have been diverted each year from Maui streams for irrigation in west and central Maui. More than half of this diverted water, 59 billion gallons per year (162 million gallons per day), comes from east Maui (Engott and Vana, 2007).

The effects of irrigation water on ground water recharge can be analyzed using the water budget equation²⁰. Engott and Vana (2007) at the USGS conducted a study that estimated each of the water budget components for west and central Maui using data from 1926 to 2004. Components of the water budget include rainfall, fog drip, irrigation, runoff, evapotranspiration, and recharge. Results of the study were separated into six historical periods: 1926-79, 1980-84, 1985-89, 1990-94, 1995-99, and 2000-04. From 1979 to 2004, ground water recharge decreased 44 percent from 693 million gallons per day to 391 million gallons per day (Figure 13-1). The low recharge rate in 2004 coincides with the lowest irrigation and rainfall rates that were 46 percent and 11 percent lower than those in 1979, respectively. During this period, agricultural lands decreased 21 percent from 112,657 acres in 1979 to 88,847 acres in 2004. Further analysis revealed that a 20 percent decrease in irrigation rate could result in a 9 percent reduction in recharge. A similar study by Izuka et al. (2005) reported that a 34 percent decrease in irrigation rate constituted a 7 percent reduction in recharge in the Lihue basin in Kauai, Hawaii. Since over half of the irrigation water for central Maui comes from east Maui, a 20 percent decrease in the amount of water diverted from streams in the east can potentially reduce recharge in central Maui by 5 percent.

Figure 13-1. Estimated recharge for six historical periods between 1926 and 2004, central and west Maui, Hawaii (Source: Engott and Vana, 2007).



²⁰ Water-budget is a balance between the amount of water leaving, entering, and being stored in the plant-soil system. The water budget method/equation is often used to estimate ground water recharge.

Civil No. 19-1-0019-01 (JPC)

Defendant A&B/EMI's Exhibit AB-158

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