



October 9, 2019

Chairperson Suzanne D. Case and Members
Board of Land & Natural Resources
1151 Punchbowl Street
Honolulu, HI 96813

SUBJECT: WRITTEN TESTIMONY IN SUPPORT OF THE PASSAGE OF ITEM D-1 TO CONTINUE REVOCABLE PERMITS FOR WATER USE AND TO ISSUE A REVOCABLE PERMIT FOR WATER USE TO KAU MAHI

Aloha Chairperson Case and Members,

The planned expansion of Mahi Pono's agricultural operations depends heavily on our ability to irrigate our crops with water delivered by the East Maui Irrigation ("EMI") aqueduct system. Our long-term plan to address this dependency is to pursue a Water Lease from the State of Hawaii. EMI's recent filing of a Draft Environmental Impact Statement for a 30-year Water Lease was a significant step towards achieving this long-term goal.

While we diligently continue our work to pursue a Water Lease, our short-term access to surface water is enabled through a Revocable Permit ("RP") jointly held by EMI and Alexander & Baldwin, Inc ("A&B"). The continuance of the RP is essential to Mahi Pono's 2020 crop plans. By the end of the 2020 calendar year, these plans will include the following:

- **Orchard Crops** (3,300 Acres) – These permanent crops will include lemons, limes, oranges, avocados, coffee, and macadamia nuts. We will start by planting 120,000 citrus trees in Q1'20.
- **Sweet Potato** (500 Acres) – This area is leased to Maui Best Inc., a local farming company specializing in growing Okinawan sweet potato.
- **Row Crops** (430 Acres) – The initial planting of 40 acres of red and white potatoes was completed in August 2019. We've since planted an additional 30 acres of potatoes, and production will continue to ramp up through 2020.
- **Cover Crops** (500 Acres) – These grasses will be used as feed to support our Kulolio Ranch cattle operation.



- **Community Farm Project** (250 Acres) – We are currently offering individual lots for lease to local commercial farms. The base rent of \$150/acre will cover setup & maintenance costs, and is significantly lower than rental rates in other comparable projects.
- **Tropical Fruits** (98 Acres) – We will start by planting 19 acres of papaya in Q1'20.
- **Cattle Operation** (12,700 Acres) – We have installed over 10.5 miles of fencing since January 2019 and will add another 7.5 miles of fencing before the end of 2020. We plan to irrigate approximately 7,000 acres of this pasture before the end of 2020.

The irrigation requirement for these crops at the end of 2020 will be 24.86M gallons per day. This does not include water that will be used for agricultural processing, or the water needs of the County of Maui Department of Water Supply. The chart below provides a breakdown of our planned water use through 2020.

	Mahi Pono Diversified Agriculture	Maui County Department of Water Supply	Kula Agricultural Park	Agricultural Processing & Historical Requirements	Reservoir / Fire Protection / Hydroelectric / Seepage / Evaporation	TOTAL
Year 2020						
Quarter 1	16.53	7.10	1.50	2.07	7.67	34.87
Quarter 2	20.67	7.10	1.50	2.58	8.98	40.83
Quarter 3	25.83	7.10	1.50	3.23	10.62	48.29
Quarter 4	31.11	7.10	1.50	4.04	12.34	56.09
TOTAL 2020 Average	23.54	7.10	1.50	2.98	9.91	45.02

In total, the water requirement for all reasonable beneficial uses covered under the RP will be 56.09M gallons per day at the end of 2020. This figure represents a 70% drop in total water usage compared to sugar cane. Most importantly, this will allow stream flows in East Maui to remain in compliance with the 2018 IIFS Decision.

Mahi Pono's goal is to grow healthy food for the Hawaii market. The continuance of the RP for the 2020 calendar year is critical to our progress towards that mission.

Thank you,

Grant Nakama
Operations Manager