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2

LAND USE COMMISSION

3

STATE OF HAWAI'I

4

CONTINUED HEARING

5

A06-771 D.R. HORTON-SCHULER HOMES, LLC)

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TRANSCRIPT OF PROCEEDINGS

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12 The above-entitled matter came on for a Public Hearing

13 at Leiopapa A Kamehameha, Second floor, Conference

14 Room 204, 235 South Beretania Street, Honolulu,

15 Hawai'i, Hawai'i, commencing at 9:05 a.m. on Friday,

16 November 18, pursuant to Notice.

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REPORTED BY: HOLLY M. HACKETT, RPR, CSR #130

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Certified Shorthand Reporter

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1 November 18, 2010

2 CHAIRMAN LEZY: (gavel) Good morning. This
3 is a reconvened meeting of the state of Hawai'i Land
4 Use Commission on Docket A06-771 D.R. Horton-Schuler
5 Homes, LLC, O'ahu, to amend the Agricultural Land Use
6 District Boundary into the Urban District for
7 approximately 1,525.516 acres of land at Honouliuli,
8 'Ewa District, O'ahu, Hawai'i Tax Map Key Nos.
9 (1)9-1-17:4 059 and 072; (1)9-1-18 001 and 004. Will
10 the parties please make their appearances.

11 MR. KUDO: Good morning. Ben Kudo and Naomi
12 Kuwaye representing Horton-Schuler. And with me at
13 the table is Cameron Nekota of Horton-Schuler.

14 CHAIRMAN LEZY: Good morning.

15 MS. TAKEUCHI-APUNA: Good morning. Deputy
16 Corporation Counsel Dawn Takeuchi-Apuna on behalf of
17 the Department of Planning and Permitting. Here with
18 me today is Tim Hata.

19 CHAIRMAN LEZY: 'Morning.

20 MR. YEE: Good morning. Deputy Attorney
21 General Bryan Yee on behalf of the Office of Planning.
22 With me is Mary Lou Kobayashi from the Office of
23 Planning.

24 CHAIRMAN LEZY: Good morning.

25 DR. DUDLEY: Good morning. Dr. Kioni Dudley

1 from the Friends of Makakilo. With me is my counsel
2 Linda Paul.

3 CHAIRMAN LEZY: Good morning.

4 MS. CERULLO: Good morning. Tatyana Cerullo
5 for Sierra Club.

6 MS. DUNNE: Good morning. Elizabeth Dunne
7 for the Sierra Club.

8 CHAIRMAN LEZY: Good morning.

9 MR. SEITZ: Good morning. Eric Seitz for
10 Senator Clayton Hee, who is not present at the moment.

11 CHAIRMAN LEZY: Good morning. Before we
12 resume cross-examination of the pending witness, the
13 Chair is going to allow for public testimony to be
14 reopened to accommodate a witness that's traveled from
15 Moloka'i.

16 THE WITNESS: Good morning. Good morning,
17 Commission.

18 CURTIS CRABBE
19 being first duly sworn to tell the truth, was examined
20 and testified as follows:.

21 THE WITNESS: I do.

22 CHAIRMAN LEZY: Please state your name and
23 your address and proceed.

24 THE WITNESS: My name is Curtis Crabbe. I
25 live at Ho'olehua Molokai, 708 Leihukui Place, 96729.

1 CHAIRMAN LEZY: Please go ahead.

2 THE WITNESS: Thank you. Good morning,
3 Commission. My name is Curtis Crabbe. I'm an
4 engineer. I'm in the construction industry. I've
5 played this, quote, "game" all my life in real estate,
6 in business development, in construction. I know
7 exactly what's happening here. And it's -- we've been
8 through it.

9 I was there in 1966 when Larry Kuriyama got
10 shot in his home over a land matter like this. Joe
11 Pao and all the developers back in Olomana days.

12 I'm a product of the '50s so I've seen Hawai'i
13 come to where Scotty's Drive-in was a big deal back on
14 Ke'eaumoku Street. Now it's not even heard of
15 anymore. Big corporations, most of them off island,
16 not from our state. But our land supply in Hawai'i is
17 running out. The feeding ball is over.

18 On Molokai, as you probably well know, that we
19 said "no" to the Big Wind. We are also saying no --
20 whatever they have to do to the interisland cable.
21 But, you know, there's so much rhetoric going on. The
22 Civil Beat just culminated their last of three stories
23 yesterday. And they said, "Well, Moloka'i's probably
24 not going to be an option but they're still gonna
25 build it. Which is it? Coming to feed O'ahu.

1 I lived in Mililani. I played the game right.
2 I lived for there 20 years. And my wife got ill so we
3 went to Moloka'i, a lot much easier place to start
4 off.

5 But what I wanna bring to your attention today
6 is Castle & Cook, D.R. Horton-Schuler, the big five:
7 Amfac, all landowners telling the people what to do.
8 This is not more than a case of the white man, the
9 haole on the horse. That's all it is. I'm not
10 prejudiced. Three generations ago I was as white as
11 Kioni Dudley. The Crabbes come from England.

12 That's what we were. We're all part of the family.

13 But what is the legacy we're gonna leave for
14 our kids? We see it every day. The homeless are all
15 over. Many crystal methamphetamines in the workplace,
16 in the construction industry. My brothers over there,
17 lot of brothers on meth now. Can't piss test positive
18 to get a job. And it's not because they want to.
19 It's because of the depression that lies in, okay.
20 Inability to find jobs and I empathize. I went on
21 unemployment one year and-a-half, partook of the
22 thing just to stay afloat. But this is happening in
23 Hawai'i.

24 What you need to do, your Commission, you're
25 commissioned to do whatever you need to do to protect

1 the people and see the best interests of the real
2 estate holders. Right now Castle & Cooke are the big
3 impetus going on Lanai, you know, the power cable
4 coming here et cetera, et cetera, et cetera.

5 Bruce Mau, Char Hung Sut, whoever brought
6 these manapua this morning, this is what it's about
7 right here, sustainability. Why don't you eat manapua
8 at nighttime? Because we all full already from the
9 day. Right? We all trying to watch our thighs.
10 Right? Definitely.

11 Manapua's made out of the camps to sustain the
12 camp people. Lot of carbs, protein just for the day.
13 You think Bruce Ma's gonna make a healthy manapua?
14 No. That's his market. That's his thing. He's not
15 going to change. But, you know what? We still gonna
16 buy the manapua. I eat the middle and I through the
17 rest away because I got diabetes.

18 The farmland which is gonna be built upon,
19 yeah, 1500 acres, insignificant 30 years ago. You
20 know, they used to bury guys, just throw, dump bodies
21 in the cane fields back in the days. That's how they
22 used to get rid of criminals. Yeah? Or even the good
23 guys, right?

24 But this land over there, all of us, we
25 touched by somebody with diabetes, obesity, high blood

1 pressure. Only in America. I traveled to
2 Scandinavia. I take my kids. I'm able to take 'em.
3 Hey, people have blonde hair, blue eyes, eh, they
4 looked just like me four generations ago. They were
5 skinny. But look at us. Our whole culture, everybody
6 says, ai pono. Get back to the Hawaiian diet. People
7 on Molokai -- I lived there 15 years already -- they
8 losing weight. But what happens? Boing. Right back
9 up to the Spam again. All developed because why?

10 Do you have a garden in your yard? No. Where
11 we go? Safeway. You got your card, yeah? Track all
12 your purchases.

13 In closing I thank you for this time to come.
14 You need to hear it. The result is going to be more
15 people on drugs, our people getting depressed because
16 they're afraid of failure. I have four sons. They're
17 working, they're going to school. I said, "Hey, don't
18 stop at the master's." I get two boys with master's
19 already. They're going for their Ph.D. I said, "Why
20 go work? Go school." President Obama get more money.
21 Yeah? Making the loan, reduce the student loans so
22 only 10 percent of your income. Right? Use the
23 money. Yeah? Be smart. Go get a degree. And maybe
24 you come out, maybe you be 40 years old from being a
25 doctor. Then you might be self-employed like

1 73 percent of our nation. Thank you for your time,
2 Commission. Remember the manapua. Bruce Mau lives on
3 Moloka'i too. He's not going to shrink the weight
4 because why? He's making money. He lives on Moloka'i
5 too. Thank you very much.

6 CHAIRMAN LEZY: Parties, questions?
7 Commissioners, any questions? Thank you for your
8 testimony.

9 DR. BRUCE PLASCH
10 being previously duly sworn to tell the truth, was
11 examined and testified as follows:

12 CHAIRMAN LEZY: Dr. Plasch, you understand
13 you remain under oath?

14 THE WITNESS: Yes, I do.

15 CHAIRMAN LEZY: Dr. Dudley, you ready to
16 proceed?

17 DR. DUDLEY: Yes, thank you.

18 CHAIRMAN LEZY: Please do.

19 CONTINUED CROSS-EXAMINATION

20 BY DR. DUDLEY:

21 Q Mr. Plasch, I'd like to kind of continue on
22 with the topic we were on yesterday, which was the
23 land that you say is available for the farms to be
24 moved to. Okay.

25 We were talking yesterday about the 325 or

1 some acres at Helemano which is the land that is kind
2 of the replacement for Koa Ridge. And you were saying
3 that below that there is a thousand acres. Is that
4 correct, so that we know where we are?

5 A Well, there's adjacent property. I think
6 the property you're mentioning I think it's 335 acres
7 that is leased to Aloun Farms. And there's another
8 325 acres that are adjacent to that that have been
9 offered to Aloun Farms in terms of, you know, that
10 immediate area.

11 Q All right. Now, I know it doesn't stand
12 anymore, but Sandra Kunimoto from the Department of
13 Agriculture wanted to see land that's contiguous. Do
14 you have any thousand areas anywhere that is available
15 that has water, has good soil and all the other
16 things?

17 A Dole has -- and Galbraith are selling,
18 between the two of them, about 5,400 acres on the
19 North Shore. Most of that has water in various forms.

20 Q Okay. But we come back, then, to the
21 problem of the water. It doesn't have clean water, is
22 that right?

23 A As of today the higher elevation fields do
24 not have clean water. Lower elevations, they use
25 groundwater that has clean water.

1 Q Okay. I want to turn to just some questions
2 about, let's say, the Galbraith property. What is the
3 soil quality like there?

4 A It's pretty high quality soil. I don't
5 recall the ratings, but I know it's high quality soil.
6 Del Monte considered it when they were farming one of
7 their better fields or combination of fields.

8 Q All right. Are there roads into it?

9 A Yes.

10 Q And are they paved?

11 A No. They're typical plantation roads.

12 Q Okay. Does the rain make it inaccessible?

13 A I don't think so.

14 Q Okay. Is there electricity?

15 A Most farms don't have electricity. I'm
16 pretty sure there's electricity around the edges of
17 the plantation. I think that they have a well there
18 in the middle of that. I think it's -- they bring in
19 fuel to run a generator to operate that well. I think
20 the electricity goes to the well.

21 Q Now, Aloun Farms, though, has a huge cooling
22 plant, and has all kinds of other means for a farm
23 center and so forth. How would they handle all that?

24 A I think Aloun Farms would probably end up
25 keeping their cooling plant and processing facilities

1 where they are. It's not inconsistent with Ho'opili's
2 plan.

3 Q Isn't it true that that's leased, though,
4 and that is to become part of Ho'opili?

5 A It'd be part of Ho'opili in the live
6 industry business area. Their current operation in
7 terms of their cooling plant and packing plant, it
8 would it compatible with Ho'opili's plan.

9 Q Can you show us the plan for Ho'opili, and
10 show us where it's still on there?

11 A I don't know if I have -- do you want me to
12 pull that up?

13 MR. KUDO: I'm not sure what Mr. Dudley is
14 asking for, but the Master Plan for the project has an
15 area designated for light industrial use. And what I
16 believe Mr. Plasch is saying is that Mr. Sou's
17 chilling plant would be consistent as a use in that
18 industrial area.

19 We don't have a map that shows Alec Sou's
20 plant in the area, if that's what Mr. Dudley's asking
21 for.

22 THE WITNESS: This is Exhibit 89B and...

23 CHAIRMAN LEZY: Dr. Plasch, before we go any
24 further, let me just say this, Dr. Dudley. If you're
25 going to ask the witness to comment on exhibits,

1 please identify yourself the exhibit or provide a
2 demonstrative exhibit for him to refer to. Because
3 it's going to be very unwieldy if we have to go
4 through this process of, "Can you show me something
5 that says this?"

6 You have the exhibits. If you want to ask a
7 question about the exhibits, please make reference to
8 the exhibit you wish to question the witness about.
9 Okay?

10 DR. DUDLEY: Thank you.

11 THE WITNESS: I believe that is the facility
12 right about here. It's an area designated light
13 industry and business.

14 Q Okay. Thank you. Let's just leave that
15 exhibit up there. But let's go back to the North
16 Shore and our description of that property. Are you
17 aware that on the North Shore, in that area, they have
18 considerably more overcast skies and considerably more
19 rain than in the lower 'Ewa area?

20 A There is -- yeah, there is more rain, a
21 little bit more.

22 Q A little bit more?

23 A Depending where you're talking about on the
24 North Shore.

25 Q We're talking about the Galbraith Estate.

1 A Oh, Galbraith. It does have more rain than
2 'Ewa.

3 Q Okay. Isn't it true that the crops, the
4 crops generally don't need more rain, but rather they
5 need, that they grow best in warm weather and with
6 abundant sunshine and irrigation?

7 A Solar radiation, yes, I'm aware of that.

8 Q Okay. Aren't there -- up here now there's
9 going to be -- they won't grow as well then, right,
10 because there's not the same amount of solar
11 radiation?

12 A There will be different varieties of crops
13 that basically the farmer has to adjust for the
14 particular land that he's farming, so there'd be
15 different varieties that are suitable for the
16 conditions.

17 Q I see. If we're replacing the farm that is
18 now at Ho'opili, the lands that would become Ho'opili,
19 and we're going to take those crops and move them up
20 there, though, they are going to miss the sunshine
21 that they are really adapted to, right?

22 A Well, it would be different varieties of
23 crops to match the conditions of the farm.

24 Q Different varieties of crops. But what
25 you're saying, then, is you can't just take the crops

1 that are at Ho'opili at the present time, move them up
2 there and expect them to thrive, is that correct?

3 A No. There would be a need to go through a
4 couple seasons and figure out the appropriate
5 varieties that do best in the particular conditions
6 that would be -- assuming that he's farming the
7 Galbraith land or some other lands up there. Any, any
8 farmer would have to do that.

9 Q Okay. Aren't there considerable problems up
10 there, though, with mildew and with rot?

11 A I'm not sure about --

12 Q Not sure about that. Okay. But you are a
13 specialist in this area, right?

14 A On what can be grown up there I'd rely on
15 somebody like, some farmer who has a farm there as to
16 what he can grow.

17 Q In general, though, in rainier areas isn't
18 there a problem with mildew and rot?

19 A Generally that's probably true.

20 Q Thank you. Can you tell us what the meaning
21 is of turnaround time?

22 A The meaning of turnaround time?

23 Q Turnaround time between crops.

24 A You mean how many crop cycles?

25 Q No. I'm talking the turnaround time is the

1 amount of time between one crop and another crop, is
2 that true?

3 MR. KUDO: I'm going to object to the
4 question. He's asking a question and answering it at
5 the same time.

6 DR. DUDLEY: Well, I was asking a question
7 and he forced me to give him some more explanation.

8 CHAIRMAN LEZY: You can ask your question.
9 Go ahead.

10 Q (Dr. Dudley) All right. Let's just move on
11 since we've kind of explained what turnaround time is.
12 Okay. In those muddier areas up there on the North
13 Shore, isn't turnaround times between crops much
14 longer because of the wetness?

15 A That could be. But even in 'Ewa and Kunia
16 the practice has not been to have a short turnaround
17 time going from crop to crop. The practice has been
18 generally one crop per season per field and maybe two.
19 So they do not maximize the number of crops per year.

20 Q Isn't it true, though, that we've been
21 talking about the fact that we're trying to
22 consolidate farmland? And haven't you talked about
23 how we're going to have to have farmers do things more
24 intensively and so forth?

25 A That is one way of doing it.

1 Q Isn't it true that the turnaround time up in
2 that area is usually two weeks annually -- I'm sorry,
3 the turnaround time between crops is usually two weeks
4 annually in 'Ewa but that increases to four weeks up
5 in that area?

6 A I don't know if that's true or not.

7 Q I see. Thank you. In your testimony you
8 said that one of your -- one lessee reports that
9 30 percent of its crops are grown in specific
10 locations in 'Ewa to take advantage of the distinctive
11 climate.

12 A That's correct.

13 Q That's correct. Can you give examples of
14 some crops that are going to grow as well up there as
15 they do grow in 'Ewa where it's more specifically
16 suited for them?

17 A Say that again. An example of a crop that
18 will grow in 'Ewa?

19 Q Examples of crops, really, that will grow
20 just as well up there as in 'Ewa.

21 A What you're referring to is melons being
22 grown in lower 'Ewa. That's 30 percent. So Aloun
23 Farms, they grow melons and it does well there. Aloun
24 Farms is beginning to grow melons now in Koa Ridge.
25 And it's different varieties. They expect to be able

1 to grow melons in upper -- the Dole property in
2 Helemano. But it will be different varieties, but
3 there will be, again, they do plan to grow melons.
4 That's really the major issue is the crops have been
5 considered unique to 'Ewa.

6 Q Okay. So what we're saying, then, we're
7 really, again, to have a different variety of crops up
8 there or different kinds of whatever it is up there.
9 We're not going to replicate what's done in 'Ewa in
10 the property up in the higher areas.

11 A It'll be a different -- it will be the same
12 type of melon but a different variety of melon.

13 Q Okay. Could we turn to corn for a minute.
14 In your testimony you said that Ho'opili land grows
15 42 percent of all the sweet corn produced in Hawai'i;
16 is that correct?

17 A I think that is correct.

18 Q Okay. Is it true that corn does not grow as
19 well in the higher areas of this island?

20 A I think that's correct.

21 Q Okay. Are you aware that some studies say
22 that on the North Shore slopes one can get three crops
23 of corn a year but on the sunny, warm plains of 'Ewa
24 you can get four crops a year?

25 A I've read that. I don't think that they are

1 -- in fact, they are not doing it four crops a year in
2 'Ewa.

3 Q I didn't ask you if they are doing that. I
4 asked if there were studies that said they can get
5 four crops a year.

6 A I don't know if there were studies. I've
7 read that, though.

8 Q Thank you. Is it really your
9 recommendation, then, that we take a major crop like
10 corn where 42 percent of it is produced there, and
11 that we move that up to an area where it doesn't grow
12 as well and only get three harvests a year?

13 A Corn is grown and has been grown and sweet
14 corn has been grown a number of places around O'ahu.
15 And Alec Sou has replaced some other farmers,
16 including sweet corn. But it's not the only place --
17 'Ewa's not the only place where sweet corn can be
18 grown.

19 Q That's why it probably only is 42 percent,
20 correct?

21 A What do you mean by that?

22 Q Well, I mean if they only grow 42 percent of
23 the sweet corn that's produced on this island, then
24 obviously there must be other places on the island
25 where it can be grown too.

1 A There are other places where it can be
2 grown.

3 Q Thank you.

4 A Used to be grown quite a bit in Kahuku.

5 Q Just trying to support you. Okay. Could we
6 go to the -- I'd like to talk for a minute about the
7 possibility of closing down the farms, if they're not
8 able to find a place to go and the farms have to close
9 down, which seems to be a reality to an awful lot of
10 people.

11 Do you know how many workers there are on
12 each of the 'Ewa farms?

13 A Let me give you a little bit more background
14 on this. You're basically -- the line of your
15 questions is that if Ho'opili's developed and you lose
16 the farms in 'Ewa, you know, they won't have any place
17 else to go and so you really have to keep the
18 vegetable/melon farms in 'Ewa. That seems to be where
19 you're going on that.

20 There's an implicit assumption in there
21 that's incorrect. Right now Aloun Farms and Larry
22 Jefts and Syngenta, they're there because of a
23 temporary arrangement at discounted rents. And the
24 discounted rents have given them a competitive
25 advantage over other farmers.

1 They've been able to expand at the expense
2 of other farmers because of that competitive
3 advantage. But it's not really sustainable. It's
4 either they're going to end up having the land
5 developed, as has been the case with the state land.
6 But if it's -- if Ho'opili is not approved and the
7 land remains in agriculture, then there's no reason to
8 continue discounting the rents. The rents go to
9 market rate.

10 And the question becomes is Ho'opili --
11 excuse me -- are the vegetable and melon farmers in
12 Ho'opili, will they be able to afford the market
13 rents. More specifically, are they going to be the
14 highest bidder for land? You start looking around at
15 what's going on in 'Ewa and Kunia, as I mentioned,
16 corn grows in 'Ewa well. That's also true of seed
17 corn. Seed corn is grown there by Syngenta. Aloun
18 Farms grows quite a bit of seed corn for Pioneer which
19 is part of Dupont.

20 You go across the road into Kunia, you have
21 three large seed companies; you have Syngenta, which
22 is a \$10 billion company, you have Monsanto another
23 \$10 billion company and Pioneer which is part of
24 Dupont, \$30 billion company. They have been the
25 highest bidder for land in Kunia. If Ho'opili stays

1 in agriculture, stays in crop production, I anticipate
2 the highest bidder for that land is going to be one or
3 more of the seed companies.

4 And I expect given what they paid for rents,
5 or excuse me, for purchasing lands in Kunia, I
6 anticipate that if the land is leased, I anticipate
7 that they're going to bid up the land rents to
8 probably over a thousand a year from, like -- for
9 Aloun Farms, they're paying 213 a year. So I think
10 the rents are going to go up by a factor of five or
11 so.

12 I'm not sure Aloun Farms will be able to
13 afford that. And I'm pretty sure they will not be the
14 highest bidder. So if that area stays in agriculture,
15 I don't think it's going to end up being in vegetable,
16 melon crops.

17 If it stays -- if Ho'opili is developed I
18 think there's a commitment to make the land available
19 for vegetable, melon crops during the phased
20 development and then continue that with 159 acres.
21 But that's the reality.

22 Q Okay. Now, that presumes that Horton would
23 stay in the business of being a farmer. But do you
24 really anticipate that Horton would -- I mean if
25 Ho'opili isn't developed do you really anticipate that

1 Horton would stay as a farmer and would hold those
2 lands as a farmer?

3 A I'm saying if the land stays in agriculture,
4 and if the area cannot be developed, and the area
5 stays in crop, then that crop is most likely going to
6 be seed corn. And I'm not sure who's going to be the
7 landowner.

8 Q I think you make a very good point. But
9 isn't it true that there is a tremendous growth of
10 consciousness of the need for fresh food among our
11 people on O'ahu today?

12 A I presume that's correct.

13 Q And isn't there a real, real consciousness
14 of food security?

15 A I think that's correct.

16 Q And aren't there all kinds of organizations
17 that are being formed now, Kanu Hawai'i and all kinds
18 of other things that are really concerned with food
19 security and with fresh food?

20 A I think that's correct. So far it hasn't
21 translated into any growth in the amount of land being
22 used for vegetable and melon crops though. There's
23 actually been a decline.

24 Q But don't you agree that there's really a
25 land swell in food, fresh food consciousness right now

1 that is going on?

2 A I think that's probably true. There's more
3 awareness of foods.

4 Q If Ho'opili is producing 30 percent of our
5 food at the present time --

6 A That's not correct. That's not correct.

7 Q Okay. Let's go with your numbers then.
8 Your numbers would be Ho'opili is producing how much
9 fresh food?

10 A In terms of the vegetables and melons and
11 food crops they're producing in terms of harvested
12 acreage it's about 7 percent. In terms of pounds it's
13 closer to 6.

14 Q Okay. Let's move to the things that
15 Ho'opili is producing in large amounts though. There
16 certainly was mentioned here yesterday about the
17 number of things Mr. Seitz mentioned where they're up
18 in the 70 percents and so forth.

19 Do you really think that people are going to
20 let that land just go to seed corn when there's such a
21 great consciousness growing about fresh food and the
22 need for fresh food?

23 CHAIRMAN LEZY: Dr. Dudley, please ask the
24 witness a question. You're arguing with him now.

25 MR. DUDLEY: Okay. Thank you. Let me just

1 move on.

2 Q I wanted to get back to the questions we
3 were talking about closing the farm before we kind of
4 got off on that. As an agriculture economist can you
5 tell us if the farms should close, they are some of
6 the biggest farms in the state, would other businesses
7 be hurt?

8 A I don't think any of those farms are going
9 to close.

10 Q Okay. But if -- theoretically if the farms
11 were to close, would that hurt other businesses?

12 A They're not going to close.

13 Q Okay. I see we won't be able to pursue that
14 series of questions. So let's move on to another
15 series then. Okay? You say in your testimony that we
16 have great amounts of acreage on the neighbor islands
17 that should grow food.

18 Can you tell us why, how much food O'ahu is
19 currently getting from the neighbor islands? I'm
20 talking fresh food, vegetables, things like that.

21 A I think about half the acreage for vegetable
22 and melon, food crops, vegetable/melon crops I think
23 about half of it's on O'ahu.

24 Q Of the food that we eat.

25 A Of the crops that I have mentioned which is

1 the foods that we eat.

2 Q Now, we're not talking about macadamia nuts.
3 We're talking about real vegetables that we find in
4 the stores and the people eat.

5 A Yes.

6 Q Half of that is found on the neighbor
7 islands.

8 A I think that's about right. Maybe a little
9 bit less. I don't recall exactly. Back up a little
10 bit. As I mentioned Aloun Farms and to a lesser
11 extent Sugarland Farms, they have -- especially Aloun
12 Farms -- they've located most of their -- it's an
13 unusual farm operation. They located most of the bulk
14 of their farm within the Urban Growth Boundary which
15 is really unusual because it's not a sustainable
16 business plan.

17 And they have benefited from discounted
18 rents because of that. And they have been able to
19 displace farmers in other areas. It's especially true
20 when you look at the growth of farming on O'ahu versus
21 neighbor islands. As O'ahu expanded the neighbor
22 islands' production dropped off.

23 Q So what you're telling us is that there's
24 major amounts of fresh fruits, fresh fruits and
25 vegetables which are coming from the neighbor islands.

1 And this is economically feasible, economically viable
2 for the neighbor islands.

3 A Sure. You go to Costco and you look at the
4 tomatoes there that are growing hydroponically,
5 they're coming from the Big Island. And the lettuce
6 is coming from Kula, Maui.

7 So, yeah, yes, it definitely is possible to
8 grow vegetables, melons, fruits on the neighbor
9 islands and ship them to O'ahu. It's been done
10 historically for many years.

11 Q Okay. You know, we hear about the problems
12 of transportation. We hear about the fact that when
13 the SuperFerry was running and there was the
14 possibility of things coming from Maui here and with
15 the death of the SuperFerry things died.

16 It just, you know, what you're telling us
17 just didn't jive with -- okay, I'm sorry. Let's move
18 on. Let's move on to the discussion of the Urban
19 Agriculture Initiative.

20 A Okay.

21 Q Yesterday we were -- and I'm glad that we
22 see the map up there. Yesterday we were talking about
23 this and you were showing us where these farms are
24 going to be. And I'd like to, again, now that we have
25 the map up there, I'm wondering if you could show us

1 where are the -- where are the commercial farms going
2 to be?

3 A The commercial farms, this field down here.

4 Q What is that now?

5 A What do you mean "what is that"?

6 Q That's the first time I've seen that on the
7 map.

8 A I think it's always been there. (Laughter)

9 Q I don't believe so. Let's --

10 A I believe it has been on the map.

11 Q That's fine. Let's go on.

12 A This area here, here, here, up here, here,
13 here, here, I think there's -- I guess that's it.

14 Q Okay. Let's start at the top of the green
15 areas there then. Along the freeway there that's all
16 going to be the commercial farms. That's part of the
17 commercial farms, right?

18 A Right.

19 Q And can you tell us is that currently being
20 farmed?

21 A Before I answer that question, again, the
22 commitment is to make 159 acres available that the
23 Department of Agriculture considers acceptable. Along
24 this -- along the freeway I do not think it's
25 currently farmed. Maybe some of it is but not all.

1 Q Can you show us what areas -- of all the
2 green areas you pointed out there, can you show us
3 what areas are being farmed at the present time?

4 A I think this area's being farmed, this area,
5 this area, a good portion of this area, and this area.

6 Q Okay. Can you tell us -- the first area you
7 pointed to, can you tell us what's growing in that
8 area?

9 A That's part of Aloun Farms and he rotates
10 his crops. So I can't answer what's growing there.
11 Depends on what he decides to plant.

12 Q Okay. Can you answer that question for any
13 areas there what is growing in those areas right now?

14 A I think that statement applies pretty
15 broadly to all areas.

16 Q Once more please, sir.

17 A I think the statement that I made applies
18 pretty much to all the areas. The crops are changed
19 by all the farmers. And they move them around to
20 replant. So it's...

21 Q All right. Could we go back up where it
22 says H-1 interstate, the line that moves off to the
23 right there. Could you tell us what that area is?

24 A You lost me.

25 Q All right. Let's go look at the H-1

1 interstate.

2 A Okay.

3 Q And where it says H-1 interstate. Now,
4 there's kind of a green area that moves off to the
5 right. Isn't that a huge gulch?

6 A This area?

7 Q Yes.

8 A Part of it is. Part of it's not.

9 Q I see. Is any of it being farmed at the
10 present time?

11 A I think a part of it is.

12 Q Part. Can we move to the continuation of
13 that, on down. Is that a gulch all the way down to
14 Farrington Highway?

15 A I think part of that is being farmed.

16 Q Part of that's being farmed. Could we move,
17 then, to below Farrington Highway, that green spot
18 that you pointed to there right above the orange one.
19 Right there, yes. Isn't that a hilly area which is
20 not being farmed at the present time?

21 A I know it has been farmed. I don't know if
22 it's currently being farmed. But it's an area that
23 has -- you can tell from looking at the maps that it's
24 an area that has a history of being farm.

25 Q It has a history of being farmed.

1 A Yes. In terms of current farm use I'm not a
2 hundred percent sure.

3 Q Can you tell us historically what grew on
4 that hill that's right in the middle that we're
5 talking about?

6 A Going back to sugar, sugar days?

7 Q I guess so, yeah. Yeah.

8 A Sugar.

9 Q It did grow up on that rocky hill.

10 A I'm not a hundred percent sure.

11 Q Okay. Thank you.

12 A But it has -- you can tell from looking at
13 the maps it has a history of being cultivated.

14 Q The next big green thing under that, is that
15 a gulch?

16 A I think that is.

17 Q All right. And as we come down to the
18 bottom of the map the green area that goes across the
19 bottom there, kind of slinking down to the right, is
20 that a gulch too?

21 A I think that is a gulch. But, again, the
22 commitment is 159 acres that are useable, acceptable
23 to the Department of Agriculture.

24 Q Okay. But the gulches for the most part
25 we'd agree are not being used at the present time?

1 A I don't think they're being farmed
2 presently.

3 Q Thank you. Okay. Another topic I wanted to
4 take up is this scraping and removal of the soil. Are
5 you aware that on much of Ho'opili land the soil is
6 clay? Clay shrinks and swells during, depending on
7 the water in the soil?

8 A I'm aware that portion of it's clay.

9 Q Okay. How much of that portion would you
10 say? One third, two-thirds?

11 A I don't know.

12 Q Okay. All right. While this may have been
13 A and B soil, are you aware that it cracks house
14 foundations?

15 A I'm not an expert on foundations.

16 Q Okay. Are you aware that in order to build
17 houses the clay farmland needs to be scraped up and
18 taken away and replaced by several feet of coral?

19 A I think that question's best directed to
20 Ho'opili.

21 Q Okay. All right. Have you talked at all
22 with the people at -- let's move to the steward farms,
23 okay, which are going to be the house farms. Can you
24 give us your idea of what the steward farms are all
25 about?

1 A What the steward farms are all about?

2 Q Yeah.

3 A Basically giving, giving the home buyers an
4 option to have professionals come in and lay out the
5 yard for growing vegetable crops, and providing advice
6 on how to do that.

7 Q Okay. When we hear --

8 A Beyond that I think you ought to direct the
9 question to Ho'opili.

10 Q Okay. But as a farm expert, farm economist,
11 when you hear 84 acres of steward farms, what does
12 that conjure up in your mind, 84 acres of steward
13 farms?

14 A Basically what it is. Portions of the yards
15 of the homes being sold.

16 Q When we talk about those 84 acres -- and
17 we're talking about a 5,000 square foot lot -- how
18 much of that 5,000 square foot lot is part of the
19 84 acres?

20 A I'm not sure about the square footage. But
21 I'm sure it would be less than half -- I'm not sure.
22 But probably less than half.

23 Q Okay. The question I have is -- we found
24 out recently at a hearing here that the 84 acres is
25 not farmland itself, but rather is 84 acres which it's

1 kind of divided up among the house lots that are going
2 to be called steward farms. Is that correct?

3 A Can you restate that or simplify that
4 question?

5 Q Yeah, yeah, yeah. I know it's a hard
6 concept. But rather than just being 84 acres with
7 2 acres here and 2 acres there and 6 acres here for
8 farmland, okay, it's instead house lots is what it is.

9 A Yeah.

10 Q Okay. So, so, you know, if you take your
11 84 acres and you put all of these 5,000 square foot
12 house lots on it, is that the 84 acres? Or do you
13 take the houses out of there and just leave the lots
14 and do we have twice as much?

15 I mean where are the 84 acres of farmland?

16 A I think if you take the number of homes that
17 will have these steward farms and the square footage,
18 of it, you know, the little farm plots or gardens and
19 multiply that out, you come up to about 84 acres.

20 Q Okay. So if you were to take a lot, and say
21 you have a house on there that's 1200 square feet and
22 a garage that's 800 square feet, so you got
23 2,000 square feet out of the 5,000.

24 Then you're saying the other 3,000 is the
25 house lots, is that right? Or are you saying the

1 whole 5,000 square feet is the house lot, is the
2 steward farm?

3 A The steward farm would be the square footage
4 for the area that would be used for a garden,
5 vegetable garden.

6 Q Okay. And are you authorized to say that?
7 I mean can we take that to the bank?

8 A I think so.

9 Q Do you feel confident that you're authorized
10 by Horton in saying -- ?

11 A I don't know I'm authorized, but I think
12 that's correct.

13 Q Okay. So what we're saying is that the
14 square footage that's used for the farm in each of
15 the, and say, 5,000 square foot lots that is part of
16 the 84 acres.

17 A Say that again. I just want to make -- my
18 mind drifted. Just say it again.

19 Q The part of the lot that is used for the
20 farm in each of the house lots, that that is part of
21 the 84 acres.

22 A That's correct.

23 Q So how much food is all this going to
24 supply?

25 A How much food?

1 Q Yeah.

2 A I haven't done any calculations to answer
3 that question.

4 Q Do you have any idea how many house lots
5 there will be then since we're down to --

6 A How many house lots?

7 Q How many homes lots there will be in the
8 84 acres that are going to be these steward farms?

9 A I don't know the exact numbers. In the
10 thousands I believe. I think that's best directed to
11 Ho'opili as to the number of homes that will have the
12 steward gardens.

13 Q There's no real teeth that's going to make
14 the people grow something there, though, and
15 producing --

16 A No real what?

17 Q There are no real teeth --

18 A Oh, "teeth".

19 Q Yeah.

20 A If -- they'll be given the option and help
21 and resources. But they're obviously not going to be
22 required to, how they're going to manage their yards.

23 Q Just one last question. Have you ever seen
24 or were you in any way involved with the Farmland
25 Conversion Impact Rating that was done for this

1 property as a requirement for the rail?

2 A Was I involved with that?

3 Q Have you ever seen it or were you at all
4 involved in it?

5 A Why don't we take one question at a time.

6 Q Okay. Have you ever seen it?

7 A Yes.

8 Q Okay. Were you ever involved in it?

9 A No.

10 Q Thank you.

11 DR. DUDLEY: That's all my questions.

12 CHAIRMAN LEZY: Ms. Dunne, you look like
13 you're getting ready so I assume it's you.

14 MS. DUNNE: No. Actually --

15 MR. KUDO: Mr. Chairman, I'd like to make a
16 comment just before Ms. Cerullo begins her
17 cross-examination. At the inception of this hearing
18 part of the conditions, at least the understanding of
19 the parties participating in these hearings, in order
20 to promote more manageability and efficiency of these
21 hearings, the parties had agreed that there wouldn't
22 be multiple questioning of the same witness by three
23 attorneys on the same issue.

24 I realize that this is, Mr. Plasch is our
25 expert on agriculture. But what I didn't want to have

1 happen is that three attorneys would ask the same type
2 of questions over and over and over again of this
3 particular witness.

4 CHAIRMAN LEZY: Mr. Kudo, I'm sure
5 Ms. Cerullo and Mr. Seitz are aware of that. So we'll
6 let them go ahead. Proceed.

7 CROSS-EXAMINATION

8 BY MS. CERULLO:

9 Q Thank you. You testified that the opening
10 of the former plantation lands has increased the
11 acreage of good, available farmland. And then you
12 talked about some of the irrigation problems.

13 How much of this 30,000 acres that you were
14 talking about yesterday has problems or has decrepit
15 or nonexistent irrigation systems, or problems with
16 getting R1 water that are suitable for food crops?

17 A Why don't we -- why don't you ask one
18 question at a time.

19 Q I just asked one question. How much of this
20 30 acres -- I'm sorry -- 30,000 acres has nonexistent
21 irrigation or problems getting R1 water for food
22 crops?

23 A Okay. So you're combining the delivery
24 system problem and R1 water problem. And so you're
25 talking about the North Shore. And --

1 Q Well, I'm actually talking about the
2 30,000 acres that you said are available for farmland.

3 A Well, the --

4 Q On O'ahu.

5 A Well, okay. You lose me in the questions
6 then.

7 CHAIRMAN LEZY: Ms. Cerullo, let me step in.
8 Why don't you ask the witness out of the 30,000 acres
9 what has problems getting water.

10 MS. CERULLO: I want to know how many acres
11 have problems with the irrigation system or getting R1
12 water. And/or.

13 CHAIRMAN LEZY: Can you respond to that
14 question?

15 THE WITNESS: Yeah, I'm trying, yeah.

16 CHAIRMAN LEZY: Can you ask the question
17 separately, Ms. Cerullo?

18 Q (Ms. Cerullo): How many -- how much of the
19 30,000 acres has a problem with irrigation, where they
20 can't get irrigation?

21 A Any kind of water?

22 Q Right. Any kind of water.

23 A It's a difficult question to give you an
24 exact answer. On the North Shore the fields that have
25 difficulty getting water, it's pretty close to

1 10,000 acres. There's not exact accounting. When you
2 go to other areas around the island, around Kahuku,
3 I'm not sure about the status of the irrigation
4 systems. So the water there is pretty shallow.

5 There's large amounts of water that goes
6 through Kahuku. And I don't know the status of all
7 those pumps. I assume then they're all out of
8 commission. So there's quite a few acres there.

9 I know that there's some water problems in
10 Punalu'u. So I don't have an exact accounting of all
11 the acreage around the island.

12 Q So you don't know exactly how much is
13 actually available with irrigation.

14 A You mean with...?

15 Q With or without. You don't know how much
16 has irrigation or how much doesn't exactly.

17 A My testimony was that in order to bring back
18 some areas that have historically been farmed, have
19 good farmland and historically were irrigated, the
20 water's there, but the delivery systems were allowed
21 to deteriorate because they couldn't find farmers to
22 use the land.

23 So to bring a lot of that land back into
24 production you have to go in and restore the
25 irrigation system. And I don't have the status of all

1 the irrigation systems that were in place around the
2 island. But on the North Shore the acreage involved
3 is, as I mentioned, on the order of 10,000 acres.

4 Q But that's not an exact number. You don't
5 know exactly?

6 A It's hard to get an exact number now
7 because --

8 Q Okay. That's fine.

9 A -- the water reporting, lot was confidential
10 because of the change in ownership and the way the
11 land is being used. So you don't have the same
12 statistics available that you used to have. So it's
13 my estimate. The estimates I've seen by other sources
14 are a little bit higher.

15 Q Okay. When you studied the land available
16 did you consider affordability to large and small
17 farmers?

18 A The focus on Ho'opili is on the large
19 commercial farms, not on small farmers.

20 Q Well, you -- you made a statement that there
21 are 30,000 acres of available good farmland. And when
22 you say "available" I want to know did you consider
23 affordability for smaller and larger farms?

24 A The way I define "available" is that the
25 30,000 acres basically -- (unknown cell phone ringing)

1 basically 30,000 acres that were for the most part
2 farmed, irrigated and farmed in the '70s. And that
3 land is not currently being farmed. And it's not been
4 developed and it's not planned to be developed.
5 That's the way I defined the term "available".

6 Q Okay. So it's just not for sale right now.

7 A Some of it is. Some is not.

8 Q Okay. Are you aware that large landowners
9 like old, previous plantation landowners, are
10 unwilling to open up their lands or subdivide them
11 into smaller-scale agricultural production?

12 A I'm well aware of the fact that some of the
13 parcels on the North Shore are very large. And in
14 order to subdivide them it would be very expensive.
15 And I don't think the landowners are willing to lose
16 money by subdividing land, make it available to a
17 small farmer and lose money in the process.

18 Q Are you aware of any instances where they're
19 holding out for development and would prefer not to
20 subdivide into smaller plots to make it affordable for
21 farmers?

22 A In terms of the land outside the Urban
23 Growth Boundary I'm not aware whether they are doing
24 that.

25 Q Isn't the land at the proposed Ho'opili site

1 especially desirable as farmland because it's in close
2 proximity to markets?

3 A That's true. Any time you locate a farm in
4 the path of urban development it gives you locational
5 advantage because you're right next to town.

6 Q Okay.

7 A But eventually, you know, development
8 proceeds, you lose your farm. That's just the nature
9 of locating a truck farm on the edge of a growing
10 area, in this case locating a farm within an Urban
11 Growth Boundary.

12 And the best example of that is what is
13 occurring on the state land. Aloun Farms leased it
14 knowing full well it's going to be developed, it's
15 being developed. He had use of that land for the
16 greater part of a decade, over a decade, and worked
17 out for him. But he -- what the plan was that he
18 would eventually lose that land. That's what
19 happened.

20 Q Do you know of any other large contiguous
21 plots that are this close to 1 million people?

22 A This is a small island so that if you go up
23 to areas in Kunia, North Shore, it's within a
24 reasonable trucking distance to town.

25 Q Have you heard of small farmers finding it

1 difficult to get plots from 5 acres to, say, 250 acres
2 on O'ahu?

3 A Of course we're not talking about Ho'opili
4 now if you're talking about small farmers, right?

5 Q I'm talking about availability of farmland
6 because you testified regarding that.

7 A Yes. But we're not talking about Ho'opili.

8 Q I'm asking you if you've heard of small
9 farmers having difficulty finding plots from about
10 five to 250 acres.

11 MR. KUDO: Perhaps counsel can define what
12 she means by "small farmers".

13 Q (Ms. Cerullo): I said about 5 to 250 acres,
14 smaller plots.

15 CHAIRMAN LEZY: You can respond to the
16 question.

17 THE WITNESS: Many small farms are expensive
18 which makes it more difficult for small farmers. And
19 the reason is that the small farms include a house lot
20 or a house. So you're not just buying or renting a
21 farm. You're buying or renting a farm and a house.
22 And farming generally generates a low income. So it
23 makes it difficult for the house lot in O'ahu's
24 market.

25 Q I'm sorry, that's not what I was talking

1 about. I was talking about available farmland that's
2 not -- we're not talking about houses. I'm talking
3 about actual acreage to farm.

4 A They come together.

5 Q Okay. In trying to obtain land for farming,
6 let's say on the North Shore, isn't there competition
7 and pressure from development, big developers such as
8 Turtle Bay?

9 A Turtle Bay?

10 Q Is there pressure from developers? Is there
11 competition for that land?

12 A For the -- you're talking about land
13 leasing?

14 Q The available farmland.

15 A The farmlands. For the most part no.

16 Q There's no competition. Okay. Is there
17 pressure --

18 A I didn't say there's no competition. I said
19 for the most part there's no competition from
20 developers for the agricultural land.

21 Q Okay. Is there any pressure from
22 trans-national seed companies who can buy larger
23 blocks of land which are too expensive for small
24 farmers?

25 A The seed companies have definitely been

1 involved with leasing and buying large parcels of
2 farmland on O'ahu at the lower elevations.

3 Q Don't you think that the 30,000 acres is a
4 bit optimistic when you have limiting factors such as
5 no irrigation and affordability?

6 A That 30,000 acres is basically a calculation
7 of how much good farmland is available outside of the
8 Urban Growth Boundary less the amount of land that's
9 being farmed. And for the most part that was land
10 that was once in the '70s, for the most part,
11 irrigated and farmed. It's not being farmed now.
12 It's not been developed and it's not planned for
13 development. That's the way I defined it.

14 Q Did you consider the Hawai'i State Plan in
15 any of your work for D.R. Horton?

16 A I did look at the portions of the Hawai'i
17 State Plan that dealt with agriculture.

18 Q Do you think the agricultural policies are
19 relevant to this project?

20 A Yes.

21 Q You do. Okay. Are you aware that in the
22 Final Environmental Impact Statement that it states
23 that the agricultural policies of the Hawai'i State
24 Plan are not applicable to this project?

25 A I'm not aware of that.

1 Q Okay. Are you aware that one of the
2 decisions or one of the criteria for the LUC in making
3 an amendment to a land use district boundary is that
4 it can't violate the Hawai'i State Plan?

5 A I probably have read that. I don't recall
6 that, though.

7 Q Section 15 -- so you're not aware, then,
8 exactly for sure that section 15-15-77 states that:
9 The Commission shall not approve a District Boundary
10 Amendment if it violates section 205-16 which states,
11 "No amendment to any land use District Boundary by the
12 LUC shall be adopted unless such amendment conforms to
13 the Hawai'i State Plan." You're not familiar with
14 that.

15 A I'm sure I've read it.

16 Q Okay. One of the objectives and guidelines
17 in the Hawai'i State Plan for agriculture is the
18 growth and development of diversified agriculture.
19 And one of the policies is to encourage agriculture by
20 making best use of natural resources.

21 Do you think that urbanizing this area, the
22 1500 acres of productive farmland, conforms to this
23 Hawai'i State Plan objective and policy to encourage
24 agriculture by making best use of natural resources?

25 A From the land use perspective, as I recall

1 the Hawai'i State Plan and my understanding of it, is
2 that encourage the growth of diversified agriculture.
3 It's basically to make the land and water resources
4 available.

5 And given that you have the equivalent, as I
6 mentioned, 26,000 equivalent plantations closed and
7 only 10 percent of that going to diversified crop,
8 there's a huge supply of farmland in Hawai'i. And
9 most of that comes with water.

10 The other aspect is that the land use
11 planning for O'ahu is set up to basically save the
12 prime agricultural land in Kunia and the North Shore
13 and other rural areas, knowingly sacrificing 'Ewa, but
14 to save the Kunia which has better farmland and vast
15 prime agricultural land on the North Shore basically
16 to save that lands. So Ho'opili is consistent with
17 that whole plan.

18 Q When you talk about demand and there being
19 all this acreage opened up from the plantations as we
20 went through before, don't you think access to that
21 land in terms of affordability and irrigation,
22 infrastructure, don't you think that reflects on the
23 perceived demand for diversified agriculture?

24 A I'm not sure what you're driving at. Access
25 in terms of?

1 Q Affordability.

2 A Affordability.

3 Q And irrigation infrastructure.

4 A And what?

5 Q Irrigation infrastructure.

6 A Well, the infrastructure fell apart because
7 they were not able to find farmers to use the land.
8 So the infrastructure was allowed to deteriorate. So
9 it's not that it deteriorated and they couldn't find
10 farming. It's the other way around.

11 And the plantations when they were going out
12 of business, they were -- they knew they had a
13 tremendous amount of fantastic resources in terms of
14 land, the water.

15 And they really struggled to find
16 replacement crops themselves and opened them up to
17 other farmers. And it wasn't a matter of access. It
18 was a matter of finding profitable crops with a
19 sizeable market. And they were not able to do that.

20 Q Okay. Another one of the stated priority
21 guidelines in the Hawai'i State Plan is to support the
22 continuation of land currently in use for diversified
23 agriculture.

24 Do you think that urbanizing this area
25 conforms to this Hawai'i State Plan priority guideline

1 to support the continuation of diversified agriculture
2 currently in use?

3 A In this case the land planning for O'ahu was
4 evolved over decades and is now being implemented.
5 It's --

6 Q Could you just answer my question.

7 CHAIRMAN LEZY: Ms. Cerullo, he is answering
8 your question. I'm not going to allow you to argue
9 with the witness.

10 THE WITNESS: In this case there was a
11 knowing decision to sacrifice the Central 'Ewa Plain
12 for growing crops. Sacrifice that in order to have
13 agriculture be focused more on the higher quality
14 lands in Kunia and the North Shore.

15 And in that process the landowners made that
16 land available to farmers temporarily, knowing that
17 eventually they would have to move on. But that's the
18 planning.

19 Q (Ms. Cerullo) I understand that's your
20 testimony. But I'm asking about this particular
21 policy to support the continuation of land currently
22 in use.

23 Do you think paving over that land supports
24 the policy of continuing the use of land already used
25 for diversified agriculture?

1 A It supports a long-established plan that,
2 you know, evolved over decades. And it's being
3 implemented. People relied on it. And, you know,
4 there's been investments on the order of billions of
5 dollars in 'Ewa. So it's consistent with the
6 long-established City and State Plans.

7 Q Well -- okay. But I was talking about the
8 Hawai'i State Plan specifically in that specific
9 guideline to support the continuation of diversified
10 agriculture currently in use.

11 CHAIRMAN LEZY: Ms. Cerullo, he's responded
12 to your question. Move on.

13 MS. CERULLO: Okay. Sorry, thanks.

14 Q I notice you didn't -- you never mentioned
15 anything about -- or correct me if I'm wrong --
16 climate change or depleting fossil energy supplies.

17 Did you take into account the impact that
18 climate change might have on the availability of water
19 or any other things like cost of transportation that
20 might impact agricultural production?

21 A If there's going to be significant climate
22 change or energy problems, in my testimony yesterday
23 in terms of going to high tech green houses definitely
24 uses resources more efficiently and eliminates the
25 whole issue of climate. You basically dial in the

1 climate you want for growing vegetable crops.

2 Q Okay. Did you consider that high increases
3 in the cost of transportation may mean that people
4 want to grow considerably more food locally increasing
5 the demand for ag land?

6 A A couple points: One is that the energy
7 costs have been increasing over the years. And it has
8 not led to an increase in what we're calling food
9 production in vegetables, melons and fruits. And it's
10 not led to an increase in acreage in the state.

11 Q Could it in the future?

12 A And if it were to lead to an increase in
13 demand for land and we don't go to intensive farming,
14 there's still an ample amount of land to accommodate
15 it.

16 Q Do you agree that the local diversified
17 agricultural sector makes our culinary industry more
18 competitive and enhances our tourism industry?

19 A I'm sure there's a contribution there, but,
20 you know... yep, that's true.

21 Q Okay. So you claim this intensive farming
22 lessens the demand for land, correct?

23 A That's correct.

24 Q Are you aware of numerous studies showing a
25 shift towards sustainable and organic production, and

1 that this might actually increase the demand for land?

2 A Organic field farming can increase the
3 demand for land. Intensive high tech farming, which
4 has many, if not more, of the same advantages of
5 organic farming, reduces the land farmed down to about
6 2 percent of field farming.

7 Q Do you agree that intensive farming such as
8 hydroponics can be extremely capital intensive and
9 energy intensive? And may be cost prohibitive or not
10 profitable for certain crops for Hawai'i?

11 A For certain crops, yeah. Why don't you go
12 through those list of questions one at a time. I
13 think there were about four or five questions in
14 there.

15 Q Do you agree that hydroponics or intensive
16 farming can be extremely capital intensive and energy
17 intensive?

18 A Still you're combining two questions.

19 Q Just, can you answer both of them, please?

20 A Okay. The greenhouses and hydroponic
21 farming is capital -- it does require a considerable
22 capital investment. But it's already being done in
23 Hawai'i. Most of our tomatoes that are sold in Costco
24 that come from Hawai'i are from greenhouses, grown
25 hydroponically.

1 So it's truly affordable to some of our
2 farmers already, in terms of energy, requiring less
3 energy than field farming.

4 Q Is intensive farming, can it be cost
5 prohibitive for the capital investment --

6 A I think I just answered that.

7 Q -- and infrastructure that needs to be in
8 place?

9 A I just answered that.

10 Q You answered it in terms of that there are
11 examples of successful hydroponics.

12 A That's correct.

13 Q And is hydroponics a solution or an
14 alternative for all crops in Hawai'i or just some?

15 A It works for most vegetable crops. And
16 probably in the future it's evolving towards also
17 doing melon crops, but not every single crop.

18 Q So are you testifying that these few
19 isolated, successful operations in the state, that
20 just because we have some success stories that these
21 systems should apply to all the islands and we don't
22 need to protect prime ag land?

23 A My testimony is that there's really -- the
24 hydroponic greenhouse vegetable growing is
25 accelerating rapidly on the mainland. And to be

1 competitive Hawai'i farmers are really going to be
2 compelled to compete with that.

3 One of the advantages the Hawai'i farmers
4 have had is being able to grow in the winter. Growing
5 in the winter with these mainland operations in
6 greenhouses, it's no longer a problem for them. So
7 they're going to be competing in the winter now with
8 Hawai'i growers. And they're more efficient.

9 And if Hawai'i farmers are going to stay
10 competitive they're going to be compelled to go more
11 towards high tech intensive farming.

12 And once you start doing that, the large
13 amounts of agricultural land, finding high quality
14 land and improving water systems becomes less -- and
15 also the specific climate areas, the micro climates,
16 all that becomes less important. That's where it
17 seems to be going.

18 Q So we don't need prime ag land.

19 A I didn't say we don't need prime ag land.
20 I'm just saying it's going to be less important.

21 MS. CERULLO: Okay. No further questions.

22 CHAIRMAN LEZY: Let's take a five minute
23 break before we move on.

24 (Recess was held. 10:30)

25 CHAIRMAN LEZY: Mr. Seitz, you ready to

1 proceed?

2 MR. SEITZ: Yes.

3 CHAIRMAN LEZY: Please do.

4 CROSS-EXAMINATION

5 BY MR. SEITZ:

6 Q Mr. Plasch, you and I have never met before,
7 is that correct?

8 A I think that's correct.

9 Q And we've never even talked on the phone
10 before, is that correct?

11 A I think that's correct.

12 Q I was looking at your resumé which is 26B as
13 in boy. Is that, in fact, an appropriate description
14 of your experience and background?

15 A My resumé?

16 Q Yes.

17 A It's a brief one-page summary.

18 Q It is brief. Could you tell me what you got
19 your undergraduate degree in?

20 A My undergraduate degree was in engineering.

21 Q And you also received an MS and a Ph.D.
22 Degree it says here in Engineering Economic Systems
23 from Stanford University, is that correct?

24 A That's correct.

25 Q And to what extent was your training in

1 agriculture?

2 A My training there was not in agriculture.
3 It was in economics, quantitative analysis and
4 finance. And I really started focusing on land use
5 issues and agriculture in the '70s. And I just made
6 it the focus of my career.

7 Q You've no academic background in
8 agriculture, is that correct?

9 A That's correct.

10 Q Never been a farmer, right?

11 A No.

12 Q Never run a farming business, correct?

13 A That's correct.

14 Q You basically have simply focused your
15 attention since apparently 1971 as a consultant on
16 issues involving land use affecting agriculture, is
17 that right?

18 A Yes, I've gone heavily into the subject.

19 Q As I understood from your resumé you've been
20 here in Hawai'i since about 1971, is that right?

21 A I first started coming here in 1960.

22 Q Okay. But you were based here since 1971
23 your resumé says, is that correct?

24 A I think it's actually 1970.

25 Q Okay.

1 A In terms of -- in terms of permanent
2 residence.

3 Q In any event, based upon your testimony this
4 morning you were here and were familiar with the
5 process by which the sugar and pineapple plantations
6 were closing down, correct?

7 A Correct.

8 Q You observed that process because by that
9 time you were already involved in consulting on
10 agricultural issues, right?

11 A That's correct.

12 Q And --

13 A Let me correct that. Actually started --
14 the shutdown of the plantations or the contraction of
15 the plantation for pineapple started in around 1960.
16 And respect to sugar it's around '68. So it's a
17 little bit -- the initial ones were a little bit
18 before my time.

19 Q I understand. But the larger plantations
20 closing down the canning operations and so forth, that
21 all happened in the 1970s and '80s, correct?

22 A It happened in the late '60s, '70s, '80s and
23 the '90s.

24 Q So you were here and observing the debate --

25 A And as well as this current decade with

1 pineapple.

2 Q So you were familiar with the content of the
3 debates about what to do with that land once the
4 plantations closed down, correct?

5 A I was involved with that debate, yes.

6 Q And you recall that back as early as 1978
7 the state, by amending its constitution, made it very
8 clear that it was a priority of the state of Hawai'i
9 to protect agricultural lands, correct?

10 A That's correct.

11 Q And subsequent to 1978 the Legislature has
12 acted repeatedly to pass laws designed to protect
13 agricultural lands, correct?

14 A That's correct.

15 Q There's no doubt about what the policy of
16 the state of Hawai'i is with respect to the protection
17 of agricultural lands, is there?

18 A I don't think so.

19 Q In addition you've been here long enough to
20 observe the efforts that have been made to stimulate
21 and support farming of produce for use in Hawai'i,
22 correct?

23 A I'm pretty much aware of it, yes.

24 Q And you're aware of the difficulties that
25 entrepreneurs who started farms have encountered

1 running those businesses on a profitable basis,
2 correct?

3 A Some do have difficulties. Some don't.

4 Q Well, truck farming and produce farming in
5 Hawai'i has had a very checkered history over the last
6 30 or 40 years until just recently. Isn't that a fair
7 statement?

8 A Can you clarify what you mean by "just
9 recently"?

10 Q What I'm talking about is that the ability
11 of farmers to run economically viable and profitable
12 operations in Hawai'i has been very limited until the
13 last decade. Isn't that fair to say?

14 A I think you're referring to some specific
15 farmers. Can you clarify what you mean by that?

16 Q I'm talking about agribusiness or businesses
17 that are run like Aloun Farms, like Mau Farms, farms
18 that are run and are able to sustain themselves
19 economically. That's been a major struggle in Hawai'i
20 since the plantations closed down. Isn't that true?

21 A I think it's still a major struggle.

22 Q Okay.

23 A And as I mentioned there has not been any
24 real growth in land being used for diversified crops.
25 Take out the seed industry. There's been real no

1 growth in diversified crop industry for about 25 years
2 so it's still a struggle.

3 Q Okay. And you're aware that in addition to
4 the policy of the state to protect agricultural lands,
5 the state has also had a very well-articulated policy
6 to support farming operations to provide some degree
7 of self-sufficiency for food production here. Isn't
8 that right?

9 A It's been the policy of the state to support
10 diversified agriculture and food self-sufficiency,
11 that is correct.

12 Q Now, no one is talking about a hundred
13 percent self-sufficiency, which you mentioned
14 yesterday. But increased self-sufficiency is
15 certainly in the interests of the people of the state
16 of Hawai'i, isn't that right?

17 A Increased self-sufficiency has been
18 advocated. sometimes I've seen reference to 100
19 percent self-sufficiency.

20 Q But nobody's raising that as an issue here.
21 You would agree simply that increased self-sufficiency
22 is a policy of the state of Hawai'i.

23 A Increased self-sufficiency, yes. I agree to
24 that.

25 Q Are you also aware, would you agree, that at

1 least in the past decade or so that there has been a
2 growth of popularity for locally grown produce which
3 is being used in some of the elite restaurants and is
4 being sold at the farmers markets?

5 A I'm aware of that.

6 Q In fact, isn't it true that generally
7 speaking among Hawai'i consumers there's been an
8 increased willingness to pay even higher rates for
9 that produce in order to support locally grown
10 operations?

11 A For some residents I think that's true.

12 Q That's made it more feasible for these
13 farmers to market their products in Hawai'i. Isn't
14 that true?

15 A It could be. Probably is.

16 Q In addition, there's been emphasis in the
17 culinary schools on the use of locally grown products
18 and how to use those products and forge links with the
19 farmers who are actually growing them. Have you
20 observed that as well?

21 A Yes.

22 Q You testified yesterday and you testified in
23 your written submission that 85 percent of the produce
24 grown in Hawai'i is for export. Do you remember
25 testifying to that?

1 A For export, yes.

2 Q How is that relevant here?

3 A It's just to help explain the nature of
4 farming in Hawai'i, that really it's dominated by
5 crops grown for export, not by crops grown for the
6 local market.

7 Q But as somebody pointed out, I think,
8 Mr. Yee, that the products that are exported are
9 largely coffee and papayas and macadamia nuts. That
10 has nothing to do with this particular project or the
11 lands under discussion here, does it?

12 A Those crops are not grown in Ho'opili,
13 that's correct.

14 Q In fact, virtually all of the produce that's
15 grown by Aloun Farms, for example, is grown for local
16 consumption in Hawai'i, correct?

17 A No.

18 Q Well, what does Aloun Farms export?

19 A Well, there are two products that he, two
20 crops that he grows that are not for local
21 consumption. A large part of his onions are grown for
22 export, and the seed corn that he grows for Pioneer is
23 not for local consumption.

24 Q But all of the other vegetable crops which
25 they grow, all of it is grown for local consumption,

1 is that correct?

2 A I'm not a hundred percent sure that he does
3 not export other crops.

4 Q You don't know.

5 A Oh, yeah. I take that back. There's some
6 other crops that are grown -- well, excuse me, just to
7 clarify you're talking about Aloun Farms.

8 Q Yes.

9 A I'm not a hundred percent as to whether or
10 not he has other export crops. He might. I suspect
11 that he does but I don't know for sure.

12 Q But what you do know is by far the vast
13 amount of vegetables and melons that are grown by
14 Aloun Farms go to the local farmers markets,
15 restaurants and food banks here in Hawai'i, correct?

16 A I don't think that's correct.

17 Q What's not correct about that?

18 A I think he also sells to supermarkets.

19 Q Okay. I said local stores.

20 A Okay. I didn't hear that.

21 Q I'm sorry. Okay. And if that, in fact, is
22 the case then, I'm a little bit mystified. How can
23 you say that if Aloun Farms were not able to make a
24 transition and is forced to close down as a
25 consequence of this Petition, how is it that that will

1 not have an impact on agriculture in Hawai'i?

2 A I didn't say he's going to close down.

3 Q I understand you didn't say that.

4 A And I don't think he is going to close down.

5 Q I understand. You didn't say that. In fact
6 in your papers, in your written testimony you are
7 making an assumption, are you not, that they will be
8 able to transition and continue elsewhere, correct?

9 A In terms of the broader scheme of things,
10 first of all, I do not think that Aloun Farms is going
11 to close down. And with the combination of Aloun
12 Farms relocating and other farms possibly expanding
13 production, I don't see any real loss in production.

14 There's a demand for those crops. I don't
15 see any real loss of production. I don't see any real
16 loss in employment. There may be shifts, but I don't
17 seem any real loss.

18 Q But what I'm asking --

19 A Just to clarify things. Aloun Farms'
20 expansion itself was at the, to a large extent he grew
21 the market some, but to a large extent it was at the
22 expense of other farms. So there is kind of an ebb
23 and flow to farming. Some farms expand, some farms
24 contract.

25 And Aloun Farms was able to take

1 advantage -- not advantage, but he had a competitive
2 advantage because of the lower rents and his
3 situation. So he was able to expand but it's a
4 temporary advantage.

5 Q Dr. Plasch, if your assumption is wrong and
6 Aloun Farms cannot make a transition and move, isn't
7 that a blow, isn't that a negative consequence of the
8 development of Ho'opili?

9 A I think that, you know, talking to Aloun
10 Farms and the fact that they're improving farmlands
11 elsewhere on O'ahu, I do not think that they're going
12 to close.

13 Q I understand. But I'm asking you if your
14 assumption is wrong, isn't that a blow, isn't that a
15 negative consequence of this project?

16 A Again, I don't think that's going to happen.
17 And no matter what, he's demonstrated there's a demand
18 for these crops. Other farmers will come in to supply
19 the market just as he did with the farmers that he
20 displaced.

21 Q So if I understand your answer to my
22 question is: if Aloun Farms goes under you don't think
23 that's a negative consequence, is that correct?

24 A I'm not saying that. I absolutely do not
25 believe he's going to go under.

1 Q Well, I've asked you the question three or
2 four times now. So what are you saying? If your
3 assumption is wrong --

4 MR. KUDO: I'm going to object to the line
5 of questioning. I think the witness has been asked
6 the question several times. And he's answered the
7 question.

8 MR. SEITZ: He's refused to answer.

9 CHAIRMAN LEZY: Dr. Plasch, please respond
10 to his specific question. He's asking you to assume
11 that Aloun Farms will go out of business.

12 THE WITNESS: It will be a negative
13 consequence to Aloun Farms.

14 Q (Mr. Seitz): But not to agriculture in
15 Hawai'i.

16 A I think that other farmers will step in to
17 fill the void.

18 Q Now, there's been some discussion over the
19 course of the last day or so of what role Aloun Farms
20 plays. Are you aware that of the beans --

21 A Of the what?

22 Q Of the beans.

23 A Oh, beans.

24 Q Snap beans, long beans, bush beans grown in
25 Hawai'i, that Aloun Farms supplies roughly half? Are

1 you aware of that?

2 A I don't think that's correct.

3 Q Why not?

4 A When I looked at the information he provided
5 and his harvested acreage for beans -- wait.

6 Q You're looking at the acreage.

7 A Yeah.

8 Q What about the produce?

9 A I don't recall specifically, but unless it's
10 stated in my written testimony it has the correct
11 number. But if there's a figure that you're quoting
12 that's different from that, then I think it's
13 incorrect because I looked at the harvested acreage
14 from Aloun Farms for snap beans versus -- or excuse
15 me, from beans versus the statewide acreage, harvested
16 acreage.

17 Q Okay. I'm not looking at acreage. I'm
18 looking at the actual produce of the 67 or so acres
19 that Aloun Farms devotes to growing beans. And what
20 I'm suggesting to you is do you have a reason to
21 believe that on those 67 acres or so, that they
22 produce beans; that they're not producing half of the
23 beans that are grown in Hawai'i?

24 A Sixty-seven acres isn't very much to
25 replace.

1 Q I understand.

2 A And I don't recall the specific percentages
3 for each crop.

4 Q All right. Are you aware that of the corn,
5 the sweet corn grown in Hawai'i, that Aloun Farms is
6 producing 76 percent?

7 A I don't think that's correct.

8 Q How about cantaloupes? Are you aware that
9 of the cantaloupes grown in Hawai'i that Aloun Farms
10 is consuming -- excuse me, is providing 71 percent?

11 A I don't think anybody has a correct
12 statistic on that. Those records are not kept by
13 separate melon crops.

14 Q Have you looked in any of the Department of
15 Agriculture reports for 2005 and 2007 pertaining to
16 what produce Aloun Farms has placed on the local
17 market?

18 A I have not looked at that.

19 Q Are you aware that of the sweet onions that
20 are grown in Hawai'i that Aloun Farms produces one
21 third?

22 A I would question that.

23 Q And I assume you also would question that
24 Aloun Farms produces 42 percent of the broccoli that's
25 grown in the state of Hawai'i.

1 A I would question that.

2 Q But you haven't looked at the Department of
3 Agriculture statistics in which those kinds of reports
4 occur, is that right?

5 A What I look at is the information provided
6 by Aloun Farms as to its harvested acreage and compare
7 that to the acreage reported in the Statistics of
8 Hawai'i Agriculture, and calculate the percentages.

9 And generally they're much lower than the
10 figures I've seen elsewhere.

11 Q I'm asking you again for the purpose of this
12 question to assume that the percentages I just read
13 out to you are accurate. If, in fact, they are
14 accurate, do you still stand by your statement that if
15 Aloun Farms cannot make the transition to another
16 location, that that will have no significant adverse
17 impact on agriculture in Hawai'i?

18 A Two responses. One, I think they will be
19 able to make a successful transition and they are
20 doing it now. And the acreages you're talking about
21 are fairly small acreages.

22 And they're grown in other parts of O'ahu.
23 And the state, I expect that if there's a market for
24 those crops other farmers will step in and fill that
25 void.

1 Q Are you aware that the Department of
2 Agriculture requires monthly crop reports from
3 farmers?

4 A They don't require. I think they request.

5 Q Okay. And have you reviewed those reports?

6 A I've been relying more on the annual
7 statistic because that's information I was able to
8 acquire from Aloun Farms making my comparisons.

9 Q Based upon the testimony you've given in the
10 last two days, do you agree that if Aloun Farms were
11 required to move its operation from 'Ewa to some other
12 location this year, next year or the following year
13 when their lease runs out, that there is right now no
14 place suitable for them to go to? Do you agree with
15 that?

16 A If -- well, nobody's talking about
17 transition with Ho'opili with it having all the
18 farming leave immediately. And in terms of -- trying
19 to recall all the parts of your question.

20 If they had to leave immediately there
21 would, of course, be difficulties because when you
22 lease land you have to prepare the fields for farming,
23 do soil amendments, irrigation systems.

24 So it's not like buying something off the
25 shelf and it's ready to use. You have to lease land

1 and have a lead time of a couple years to make a
2 transition.

3 Q And right now, as things exist today or in
4 the foreseeable next year or two, if Aloun Farms were
5 forced to make a transition there is no place to
6 transition to. Isn't that accurate?

7 A He'd be able to lease land but it wouldn't
8 be prepared for planting.

9 Q And what impact might that have on the
10 viability, the economic viability of Aloun Farms'
11 operation if, in fact, they didn't have a place to go
12 to and begin farming right away?

13 A Well, you know, I've had a lot of
14 discussions with Aloun Farms going back to 1996 on his
15 strategy on coping with loss of land, especially
16 starting with the projects on state land, University
17 of Hawai'i and Department of Hawaiian Home Lands. And
18 one of the points he made was that he could be
19 successful at most any size. He's flexible in the
20 size of his farm.

21 And so if he were to probably lose land,
22 which is not what we're talking about, he would end up
23 for a while being a smaller farmer until he could
24 acquire, either purchase or lease more land and
25 prepare the fields for farming.

1 Q And do you have any economic analysis to
2 indicate that Aloun Farms could survive as a viable
3 agriculture business if it's forced to downsize for
4 those reasons?

5 A I've had discussions with Aloun Farms as to
6 how he would cope. Beyond that, and the reports that
7 I prepare are public documents, and these farmers are
8 very competitive. And they do not want to reveal
9 their specific plans or their finances in reports that
10 are, that I prepare.

11 Q The answer to my question is no. You don't
12 have any such evidence, correct?

13 A No. Because you're asking an unreasonable
14 question.

15 Q I see. You testified yesterday, the
16 beginning of your direct testimony, that Aloun Farms
17 already leases land elsewhere. When you testified to
18 that did you mean to imply that they could simply
19 shift their operations to those leased lands?

20 A They will be shifting some of their
21 operations to some of the lands that they are leasing
22 from Dole. And they have the option to lease
23 additional land.

24 Q But you don't -- you're not implying or
25 suggesting that Aloun Farms can simply pick up from

1 'Ewa and move to those other leased lands and continue
2 to run a viable farm, are you?

3 A I'm suggesting that there's going to be a
4 gradual transition, and Aloun Farms, they know their
5 situation. And they will be experimenting with
6 various crop varieties figuring out what is going to
7 be the best crops to grow for the lands that they're
8 going to be farming.

9 Q Well, in fact, isn't there a demonstrated
10 history that the best crops for them to grow are the
11 crops that they have been growing and contributing to
12 the Hawai'i market for the past 10 years?

13 A The best crops for... just repeat the
14 question.

15 Q Sure. From the standpoint of economic
16 viability, consumer demand and agricultural success
17 Aloun Farms has demonstrated a unique ability to
18 provide a substantial number of crops which Hawai'i
19 consumers demand and purchase. Isn't that true?

20 A He has been successful in growing a number
21 of crops. And part of the success of that is because
22 he's benefited from discounted rents. And there's,
23 you know, with or without Ho'opili there's going to be
24 a question as to how he's going to have to adapt to
25 the change.

1 With Ho'opili it's going to be a gradual
2 change.

3 Without Ho'opili the land will probably go
4 into -- assuming that the land stays in farming and is
5 used for crop production there will be more abrupt
6 change to seed corn, just like what happened to
7 Sugarland Farms in Royal Kunia when Monsanto and
8 Pioneer purchased the land.

9 So those seem to be the options.

10 Q So you would agree with me that right now
11 there's no assurance that Aloun Farms could pick up
12 and move its operations elsewhere and survive. Isn't
13 that correct?

14 A That sounds like a trick question.

15 Q It's not a trick question, sir. It's a yes
16 or no question.

17 A I'm not in a position to provide any
18 assurances.

19 Q Okay. And one of the reasons you're not in
20 a position is because you don't really even know what
21 Aloun Farms' business operations are like, correct?

22 A Aloun Farms, it's a very sizeable commercial
23 farms. They're very smart people. They know what
24 they're doing. They do not reveal all their plans to
25 a person like me who reveals what they're gonna be

1 doing in a public document. So obviously they're not
2 going to reveal that information to me.

3 Q But you're an economist and you are a
4 historian to some degree. And you know that success
5 in running a farm operation like Aloun Farms is a very
6 rare experience in Hawai'i. Isn't that right?

7 A It is difficult to be a farmer. There's no
8 question about that. And a lot of Aloun Farms'
9 competitive advantage is coming from these discounted
10 rents which are not going to last forever. It's
11 temporary.

12 Q I know you keep saying that. But in fact
13 isn't it very likely that if these farmers were
14 successfully producing crops that go towards
15 sustainability of food in Hawai'i, continue to
16 struggle, it's very likely that at some point the
17 state government, like the federal government has done
18 on many levels, is going to begin to subsidize some of
19 these operations? Isn't that a possibility?

20 A The question is do I think that the state of
21 Hawai'i is going to come in and start subsidizing
22 vegetable and melon crops?

23 Q Yes.

24 A I'd be shocked if that were to be the case.

25 Q Is there any precedent for the state of

1 Hawai'i to provide any kind of subsidies or financial
2 support for farmers in the past, as far as you know?

3 A I know that there have been support in terms
4 of water systems and infrastructure.

5 Q How about support that was provided to the
6 sugar planters? Are you aware of supports for them?

7 A By the state?

8 Q Yes.

9 A Um, can you clarify what support you're
10 talking about?

11 Q Are you aware of any kind of official
12 support financial and otherwise, that was provided to
13 the sugar planters in order to make sure that the
14 viability of their industry continued?

15 A I'm not aware of any direct subsidies on the
16 part of the state with sugar companies. There were
17 probably grants dealing with research.

18 Q How about tax advantages?

19 A That's, that's true. The agriculture has
20 some definite tax advantages. It's much -- it's both
21 the state and the county. For the state it's in terms
22 of excise tax. For the county it's in the form of
23 greatly reduced property taxes from what they would
24 normally pay in the market value of their land.

25 Q So, in fact, if the continuation of farming

1 of locally grown produce is a policy that the state
2 wants to support in the face of increased rents, the
3 state has lots of ways to implement policies providing
4 that support, isn't that correct?

5 A They have lots of ways to provide support?
6 Can you be more specific as to what you're talking
7 about?

8 Q Yeah, tax advantages, help with research,
9 help with other kinds of assistance in terms of
10 financial grants. All that can be done by the state,
11 correct?

12 A It's all being done by the state.

13 Q Okay.

14 A None of that is new.

15 Q How many employees does Aloun Farms have?
16 Do you know?

17 A Hundred seventy.

18 Q So if it downsizes what's going to happen to
19 those employees?

20 A It's not clear. Some of them may go work
21 for other farmers. Some of 'em may go to the visitor
22 industry or construction or something else. It's not
23 really clear.

24 Q When you talk about these other possible
25 lands on the North Shore and elsewhere, which you've

1 testified to increasingly today and yesterday, you
2 would agree, would you not, that none of those other
3 lands has any track record for producing the kinds of
4 crops that are currently grown in 'Ewa? Isn't that
5 right?

6 MR. KUDO: I'm going to object. Again, I'm
7 going to reiterate my objection again that counsel is
8 going over the same topic that Dr. Dudley went over
9 with regard to the types of crops that could be grown
10 both in 'Ewa, Central O'ahu, Helemano, North Shore. I
11 mean, again, we're repeating the same questions of
12 this witness.

13 MR. SEITZ: We are going to repeat. And I'm
14 making my record because I'm an attorney and I'm going
15 to make it concisely in a better way.

16 CHAIRMAN LEZY: I believe this issue is
17 important enough that Mr. Seitz should be given some
18 latitude here. So I understand your concern,
19 Mr. Kudo, but please proceed, Mr. Seitz.

20 Q (Mr. Seitz): Did you hear the question?

21 A Repeat the question.

22 Q You were aware and you would agree, would
23 you not, that these additional lands that you've
24 talked about that might be available on the North
25 Shore or elsewhere, have no demonstrated track record

1 for producing the crops that are currently being grown
2 in 'Ewa?

3 A I... I don't think that's true. And I
4 really defer to Aloun Farms on that as to whether he
5 can grow the same kind of crops that he now grows in
6 'Ewa that he can grow up in Helemano Ridge, which is
7 leasing from Dole he believes he can. And he would be
8 the expert on the subject as to what he grows, what
9 he, you know, what he now grows, and what he thinks he
10 can grow. But he believes he can grow pretty much the
11 same crops.

12 Q Perhaps you didn't hear my question. My
13 question was: Are you aware that any of these
14 properties to which you have testified have a track
15 record for these crops having previously been grown
16 commercially?

17 A Some of the lands that are for sale by Dole
18 do have a track record of similar crops.

19 Q What crops have been grown on some of those
20 lands?

21 A I know bananas are being grown on some of
22 the crops.

23 Q Does Aloun grow bananas?

24 A Yes.

25 Q Is it a major part of its business?

1 A Well, all of his crops involve relatively
2 small acreages, at least most of them. There are some
3 other Dole lands that have a history of vegetable
4 crops but I don't know the specific vegetable crops.

5 Q Isn't it true that on most of those other
6 lands to which you referred as being available, no one
7 at this point yet knows whether the soil, wind or sun
8 conditions and available water can support viable
9 agricultural businesses? Isn't that right?

10 A They have a history of supporting sugar and
11 pineapple.

12 Q That's right, but not anything other than
13 sugar, is that correct?

14 A Well, there's an awful lot of small farms up
15 on the North Shore. So I believe you can grow
16 vegetable, melon crops up there. It's being done on
17 Kamehameha School lands as well as some former Dole
18 lands.

19 Q Isn't it true that for those lands, as
20 you've testified repeatedly in response to questions
21 that other people have asked you, that significant
22 amounts of capital outlays would be required before
23 those lands would even be suitable for growing the
24 kinds of produce that currently is being grown in
25 'Ewa?

1 A Of course. Any time you go in and bring in
2 vegetable, melon farm for a land that's been used for
3 sugar, pineapple, there's a transition of a couple
4 years. And they have to prepare the land, the soils,
5 irrigation system for growing those crops. So that,
6 yes, that's an obvious-- obviously true.

7 Q But as you sit here today you don't know
8 what those actual costs would be on these parcels of
9 land, is that correct?

10 A For each specific parcel I do not know.

11 Q And you don't know if Aloun Farms were
12 forced to invest some of those monies, whether they
13 could afford to do so and/or if paying that kind of
14 money would enable them to continue to run a viable
15 business.

16 A They're doing it now at Heleman Ridge.

17 Q The answer to my question is: with respect
18 to those lands, those others agricultural lands, you
19 don't know what the impact of having to make a
20 substantial capital investment would be on the
21 viability of Aloun Farms business, do you?

22 A Well, Aloun Farms is not going to reveal
23 their finances to me. But they are doing it right now
24 on the land they lease from Dole. If they wanted to
25 do the same thing on the adjoining land I presume they

1 could. So I don't see that as a huge burden. They're
2 able to do it.

3 Q Do you agree with me that once Ho'opili is
4 built, that the agricultural lands affected by the
5 development of the project are no longer going to be
6 able to be used for agriculture at any time in the
7 foreseeable future? Is that correct?

8 A Except for the 159 acres, the other land
9 will be developed. The same is true with the state
10 property of the University of Hawai'i and the
11 Department of Hawaiian Home Lands.

12 Q Once we pave over the lands there's no going
13 back, correct?

14 A In terms of those particular lands probably
15 not.

16 Q Are you familiar with the statutory criteria
17 for the identification of Important Agricultural Lands
18 contained in HRS section 205-44?

19 A The criteria for the Important Agricultural
20 Lands, I have read those.

21 Q Okay. And do you have an opinion as you sit
22 there today as to whether or not this land in 'Ewa if
23 it were submitted for classification would meet the
24 criteria of the statute?

25 A Well, first of all, I don't think it's going

1 to be submitted.

2 Q That's not my question. Why don't you
3 answer my question.

4 A That's kind of a silly hypothetical I guess,
5 sir.

6 Q Let me ask the question this way --

7 A -- but I don't think it's going to be
8 submitted by either the property owner or the city.
9 It does meet some of the criteria.

10 Q Okay. I'm going to go through the criteria
11 with you just so we can be clear for the record. This
12 land is currently being used for agricultural
13 production, correct?

14 A Yes.

15 Q This land has soil qualities and growing
16 conditions that support agricultural production of
17 food, correct?

18 A Correct.

19 Q This is land identified under Agricultural
20 Productivity Rating Systems such as the Agricultural
21 Lands of Importance to the state of Hawai'i system
22 adopted in 1977, correct?

23 A Correct.

24 Q This is land that -- well, No. 4 is with
25 regard to Hawaiian agricultural uses. That does not

1 apply.

2 A So it fails that.

3 Q It fails that one. But we don't have to
4 have all these criteria. Let me ask you this. Is it
5 your opinion that only lands that meet Hawaiian
6 agricultural uses can be classified as Important
7 Agricultural Lands?

8 A No.

9 Q So if that criteria doesn't apply, that
10 doesn't mean we're not talking about Important
11 Agricultural Lands, correct?

12 A That criteria doesn't apply.

13 Q This is land with sufficient quantities of
14 water to support viable agricultural production,
15 correct?

16 A Correct.

17 Q This is land whose designation as Important
18 Agricultural Lands is consistent with general
19 development and community plans of the county. Do you
20 agree with that?

21 A Leaving it in agriculture would definitely
22 be inconsistent with county plans.

23 Q Okay. And it's land that contributes to
24 maintaining a critical land mass important to
25 agricultural operating productivity. Do you agree

1 with that?

2 A I'd think about that. I don't know if it's
3 critical. It is farmed I think that in terms of a
4 critical land mass could be relocated.

5 Q Okay. The last criteria No. 8 is that this
6 is land with or near support infrastructure conducive
7 to agricultural productivity such as transportation to
8 markets, water or power.

9 You've already conceded that in your prior
10 testimony, correct?

11 A That's correct. Any time you locate a farm
12 in a growing urban area it's close to urban areas.

13 Q Okay. So all the criteria I've read to you,
14 most of those criteria apply to the identification of
15 Important Agricultural Lands if this land were to be
16 submitted for that classification. Is that not fair
17 to say?

18 A It's fair to say that there's, meets some
19 criteria that allow the land to be considered.

20 Q Now, let's go back to the issue of the
21 county. The county obviously has an urban plan which
22 contains provision for where this property is
23 situated, correct?

24 A Correct.

25 Q Does the County Plan supercede, in your

1 understanding, the state policies with respect to
2 protection of agricultural land?

3 A I don't think so.

4 Q Suppose there's an inconsistency with the
5 State Urban Plan and the State Plans and Policies for
6 protection of agricultural lands. Do you know which
7 has superiority?

8 A I'm not sure that there's inconsistency.
9 But if there were to be, I presume the state has
10 superiority.

11 Q I want to just touch briefly on this
12 159 acres. Yesterday I believe you testified that you
13 thought most or a substantial portion of that
14 159 acres is going to be set aside for farming is
15 already under some sort of cultivation. Was that what
16 you said?

17 A I did say that. And I went and checked the
18 Google regarding whether or not that triangle in the
19 lower right corner is being farmed. I know it's very
20 desirable property but it's not currently being farmed
21 so I was incorrect on that. Actually I indicated I
22 wasn't sure about that.

23 Q Do you know if the Department of Agriculture
24 at this point in time has issued any opinion or
25 written anything to indicate that those 159 acres that

1 are set aside in the current Petition are, in fact,
2 suitable for agriculture?

3 A At the current time they have not done that.
4 But the commitment from Ho'opili is to provide
5 159 acres acceptable to the Department of Agriculture.

6 Q But that's also one of those things that may
7 or may not happen.

8 A Are you asking me to provide you another
9 guarantee? I can't.

10 Q Okay. I'm not asking -- you don't have a
11 crystal ball so I'm not asking you to predict that.
12 But, in fact, right now in the mechanisms that we have
13 there is no guarantee that those 159 acres will ever
14 be approved by the Department of Agriculture, is
15 there?

16 A I just mentioned I can't provide you a
17 guarantee.

18 Q If the Land Use Commission were to make that
19 a condition of granting the current Petition, would
20 that be acceptable to you?

21 A I think you're asking the wrong party.

22 Q You repeatedly today have talked about the
23 discounted rents that Aloun Farms is enjoying.

24 A That's correct.

25 Q I've asked you if, in fact, those discounted

1 rents in some way could be made up for with subsidies
2 or other forms of assistance to farmers by the state
3 or other entities. And we had that discussion
4 earlier, correct?

5 A Yes.

6 Q If this Petition were not granted, you
7 testified that you thought that that land would end up
8 in agriculture, in seed development, or in some other
9 uses by which then Aloun Farms and the other farms
10 would probably be excluded anyway because they
11 couldn't afford it, correct?

12 A I do think that land is desirable for
13 growing seed corn. It has been used quite a bit for
14 growing seed corn. They have these large seed
15 companies right there. They have been the highest
16 bidder for land in Kunia and portions of the North
17 Shore. I think that they'll end up being the highest
18 bidder for the land, assuming the land stays in
19 agriculture and is used for growing crops.

20 Q Are you aware of any other options by which
21 the state could either purchase that land or could in
22 some way swap that land with Horton to ensure that the
23 farming operations that currently exist there will
24 continue?

25 A No.

1 Q As far as you're concerned that's not an
2 option.

3 A I'm not aware of any option to do that.

4 Q But that is an option that could happen
5 depending upon the policy-makers in the state of
6 Hawai'i and the degree which they support the
7 continuation of this kind of agriculture, correct?

8 A It would kind of shock me if that were to
9 occur, given that the state's commitment to developing
10 the University of Hawai'i next door, and developing
11 homes for the Department of Hawaiian Home Lands and
12 the infrastructure that's put in for the North South
13 Road, Farrington Highway, Fort Weaver Road and rapid
14 transit, it would be a shock to me to have the state
15 come in and buy the land and use it for farming, given
16 that massive commitment of resources for development.

17 Q Were you involved in this case two years ago
18 and when Sandra Kunimoto testified?

19 A Yes.

20 Q Did you hear her testimony or read it?

21 A Yes.

22 Q Did you agree with her?

23 A It's been a long time. I don't recall her
24 testimony.

25 Q Are you aware of discussions that took place

1 last week when APEC was here, with a view toward
2 increasing the export of Hawai'i agricultural products
3 to Asia?

4 A I was awfully busy. I was preparing for
5 this case so I did not follow the newspaper articles
6 on that.

7 Q Are you aware of any economic trends by
8 which there are opportunities for Hawai'i to increase
9 its exports to Asian or Pacific Rim countries?

10 A I know that's been explored many times.

11 Q And if that were adopted as a policy of the
12 state of Hawai'i, wouldn't that be another reason to
13 preserve all of the agricultural lands that currently
14 exist and to prevent them from being utilized for other
15 purposes?

16 A Well, first of all, you have to take a look
17 at what crops Hawai'i would be able to grow and price
18 it in competition with the countries around China, and
19 Southeast Asia because they have good farmland. They
20 have good agronomic conditions. They're closer to the
21 market than Hawai'i. Labor is less expensive.

22 So I'd be surprised if there's some crop
23 that would be really profitable and would use a lot of
24 acreage. It's something that it's been explored
25 intensively for at least 40 years.

1 Q Are you aware that's a more realistic
2 possibility of growing businesses in Hawai'i
3 associated with agricultural now than it was just a
4 few years ago?

5 A Is it more realistic?

6 Q Yes.

7 A I kinda doubt it.

8 MR. SEITZ: If I could have a second.

9 (Pause) Thank you. No further questions.

10 CHAIRMAN LEZY: Mr. Kudo, redirect?

11 REDIRECT EXAMINATION

12 BY MR. KUDO:

13 Q Now, Mr. Plasch, how many agricultural
14 enterprises are currently leasing land at Ho'opili?

15 A Well, there are three direct leases: Aloun
16 Farms, Sugarland Farms, and Syngenta. And Aloun Farms
17 subleases land to Fat Law.

18 Q So three leases and Aloun Farms subleases to
19 Fat Law.

20 A That's correct.

21 Q Would you describe these farming operations
22 as small farms, a term that Ms. Cerullo used, or
23 substantial commercial farming enterprises?

24 A They're all substantial commercial
25 enterprises. Sugarland and the affiliated companies,

1 they're the largest vegetable and melon farm
2 operations in Hawai'i. And Aloun Farms is the second
3 largest.

4 Q So Aloun Farms is the second largest in the
5 state.

6 A Yes.

7 Q Now, a lot of questions today and yesterday
8 were centered around Aloun Farms. I'm going to draw
9 your attention to Aloun Farms, one of the commercial
10 farming operations at Ho'opili. How many acres does
11 Aloun Farms lease at Ho'opili?

12 A I think the lease is around 1,100 acres.

13 Q And do you know when the leases were
14 originally entered into by Aloun?

15 A I think the leases date from '94 started
16 farming.

17 Q Was that with Campbell Estate?

18 A Yes, 10-year lease.

19 Q So Aloun Farms has been continuously leasing
20 lands at Ho'opili since 1994, correct?

21 A I think that's correct.

22 Q So a period of about 15 years or so?

23 A Yes.

24 Q Fifteen, sixteen years. Now, you mentioned
25 in your testimony that Aloun Farms pays a discounted

1 rent of approximately \$213 per acre per year, is that
2 correct?

3 A Correct.

4 Q And you also mentioned -- oh, yeah, excuse
5 me before I get there. The lease that was entered
6 into in 1994 with Campbell Estate, is it true that
7 there was two years of free rent?

8 A That's correct.

9 MR. SEITZ: Excuse me, Mr. Chairman. I know
10 the rules of evidence are not formally followed here.
11 but counsel is leading his witness. And I would just
12 request there not be too much leeway afforded because
13 then he ends up testifying instead of the witness.

14 CHAIRMAN LEZY: Point well taken. Mr. Kudo.

15 Q (Mr. Kudo): Now, do you know the reason for
16 the two years?

17 A The reason for the two years is when the
18 farmers lease lands they have to prepare their fields
19 for planting so that there's, they have an expense but
20 no income. So they provide free rent during that
21 period. Campbell provided free rent.

22 Q Now, you mentioned yesterday in your
23 testimony that the Dole lands in Central O'ahu are
24 being leased at approximately \$280 per acre per year?

25 A These are the Dole lands on the North Shore,

1 not in Central O'ahu.

2 Q At North Shore.

3 A Yes.

4 Q Now, given that discount assume that Aloun
5 was able to acquire those lands at that price, what
6 would be the savings based on what he's paying at
7 Ho'opili that he would accumulate over, say, a 15 year
8 period?

9 A Just so happens I've made that calculation.
10 It's about \$1.1 million.

11 Q Now, does Aloun sublease any of its lands?

12 A Yes. It subleases its lands to Fat Law.

13 Q How much does Aloun make on the sublease to
14 Fat Law?

15 A Well, the --

16 Q How much does he charge?

17 A The lease rent that he is charged -- or the
18 current lease rent that he's charging Fat Law is \$690
19 an acre per year.

20 Q So he's charging Fat Law \$690 per acre per
21 year and he's paying the lease rent on Ho'opili at 213
22 per acre per year.

23 A That's correct.

24 Q So he is making a profit off of it?

25 A Yes.

1 Q If you add that profit to the 1.1 or
2 whatever million that he might have accumulated over
3 the last 15 years because of the discounted rent, how
4 much would that total?

5 A I guess I don't have a figure for that.

6 Q Would it be over a million dollars?

7 A It could be. I don't know. I don't know.
8 It's 100 acres.

9 Q How much does the state charge farmers to
10 rent at its state ag parks?

11 A The average for last year was 375.

12 Q Three hundred seventy-five acre per year?

13 A That's correct.

14 Q Now, you mentioned today that the business
15 plan of Aloun Farms you found to be quite puzzling, is
16 that correct?

17 A Unusual.

18 Q Could you explain that again?

19 A Yeah. Most farmers, they want a sustainable
20 operation and so they generally lease or own land
21 outside the Urban Growth Boundary so that they're not
22 threatened by urbanization.

23 Aloun Farms took the opposite tack and they
24 located the bulk of their farm within the Urban Growth
25 Boundary on the state land where UH is going,

1 University of Hawai'i is going and DHHL lands,
2 Ho'opili and Koa Ridge and only 165 acres of land
3 outside the Urban Growth Boundary.

4 And it gives them an advantage, competitive
5 advantage, in terms of his discounted rents. And they
6 have had -- originally it was going to be a 10-year
7 advantage then extended to 15 years and could
8 continue. But it's a business plan that's not
9 sustainable. Eventually if the land is developed or
10 if it's not developed the land goes to market rents.

11 Q Dr. Plasch, could it be that the discounted
12 rents over the last 15 years for the properties that
13 Aloun Farms has leased from the state at DHHL, UH West
14 O'ahu and Ho'opili since 1994, could those savings
15 have given it a competitive advantage against other
16 farmers?

17 A It definitely has. And if you look at
18 acreage in crop or vegetable/melon crops on O'ahu
19 versus the neighbor islands, they have clearly
20 expanded at the expense of the neighbor island
21 farmers.

22 Q So over the last 15 years Aloun Farms has
23 become, as you said, the second largest vegetable
24 producer in the state.

25 A Yes.

1 Q Dr. Plasch, have you estimated what the
2 gross revenues might be from Aloun Farms based on the
3 information that you have received on Aloun Farms?

4 A Well, I don't have their detailed
5 information, but based upon their employment and the
6 labor costs, overhead, my estimate is the neighborhood
7 of \$10 million.

8 Q Ten million dollars.

9 A Plus or minus. It could be a little bit
10 lower but it could be much higher.

11 Q So this is by far not a small farm?

12 A No, it's not.

13 Q Now, the properties that Aloun Farms has
14 been asked to vacate on state land, both at DHHL and
15 UH West O'ahu, has the state provided any relocation
16 assistance that you know of to Aloun Farms?

17 A No.

18 MR. KUDO: No further questions.

19 CHAIRMAN LEZY: Commissioners, questions?

20 COMMISSIONER MAKUA: Aloha.

21 THE WITNESS: Hi.

22 COMMISSIONER MAKUA: I just want to clarify.
23 We have been listening to a lot of figures in the past
24 two days. The 1.1 million savings was from what
25 again?

1 THE WITNESS: If you take a look at the --
2 and this is in today's dollars adjusted for inflation
3 -- look at the rent that the farmers pay on the North
4 Shore of \$280, and the rent Aloun Farms is paying of
5 \$213, take that difference and multiply it by their
6 acreage and 15 years, you come up about a savings of
7 \$1.1 million.

8 The rent on the North Shore it would be lower
9 than what you have at Ho'opili because you have a
10 longer trucking distance. So that's a conservative
11 estimate of their -- very conservative estimate of
12 their savings.

13 COMMISSIONER MAKUA: And we heard a little
14 bit about the displaced farms on the neighbor islands.
15 I was wondering if you could give us specific names
16 like the melon farmers on Kauai and if you have
17 information on the employment -- the employees that
18 were let go because of those.

19 THE WITNESS: I don't have the specific
20 farms. It's very clear from looking at the statistics
21 when you look at the acreage in crop for
22 vegetable/melon, the acreage and with the growth on
23 O'ahu and the corresponding decline on the neighbor
24 islands.

25 And I hear anecdotal information about certain

1 farmers, they used to grow certain crops like cabbage
2 or things like that, deciding to work for someplace
3 else. But I don't have a listing of the specific
4 farms and employment.

5 COMMISSIONER MAKUA: Thank you.

6 CHAIRMAN LEZY: Any other questions?
7 Commissioner Chad.

8 COMMISSIONER McDONALD: I was interested in
9 how the 159 acres which would be available at
10 Ho'opili, how was that determined?

11 THE WITNESS: I think it's based upon
12 10 percent, approximately 10 percent of the acreage at
13 Ho'opili or 20 percent of the developed land.

14 COMMISSIONER McDONALD: So percentage of the
15 Petition Area.

16 THE WITNESS: Yes.

17 COMMISSIONER McDONALD: Was that 159 acres
18 gonna be available at a discounted rate?

19 THE WITNESS: Yes. That's my understanding.
20 When I say "discount rate" it's going to be my
21 understanding from the documents that I've read on the
22 plan for that is the rents would be set so they'd be
23 affordable to vegetable/melon farmers. So they'd end
24 up being discounted from what the seed companies would
25 be willing to pay for that same land.

1 COMMISSIONER McDONALD: To clarify, of the
2 1500 plus or minus acres of the Petition Area, how
3 much of that actual area is currently being farmed? I
4 know there's cycles as you had mentioned. But maybe a
5 minimum and maximum.

6 THE WITNESS: It's usually based upon arable
7 acreage. And it's 1,375.

8 COMMISSIONER McDONALD: Can you repeat that.

9 THE WITNESS: You're talking about the whole
10 project?

11 COMMISSIONER McDONALD: Yes.

12 THE WITNESS: 1,375 arable acres.

13 COMMISSIONER McDONALD: So 1,375 acres could
14 potentially be farmed.

15 THE WITNESS: At Ho'opili.

16 COMMISSIONER McDONALD: At Ho'opili.

17 THE WITNESS: Yeah. I think the lease rents
18 are based upon -- it's not based upon the acreage.
19 It's based upon the arable acreage. I think that's
20 1,375 arable acres.

21 COMMISSIONER McDONALD: Do you know if the
22 entire 1,375 acres have been farmed at any one time?

23 THE WITNESS: It probably has been. It's
24 based upon what was cultivated by the sugar company so
25 it's regarded as a better farmland. I think all that

1 was leased out to the other farmers so it's probably
2 very close to that.

3 COMMISSIONER McDONALD: Thank you.

4 COMMISSIONER LEZY: Commissioner Heller.

5 COMMISSIONER HELLER: Yes. Just to make sure
6 I understand the numbers regarding the lease and
7 sublease Aloun Farms has. You said they were
8 renting -- leasing the space for about \$213 per acre
9 per year and then subleasing, did you say at six
10 ninety?

11 THE WITNESS: Yes. That's the current.
12 Both those are current rates. They adjust over time
13 with inflation.

14 COMMISSIONER HELLER: So that would mean
15 they're making a net of \$477 an acre if I've done the
16 arithmetic right?

17 THE WITNESS: That's the difference.

18 COMMISSIONER HELLER: Right. Between what
19 they're paying and what they're getting.

20 THE WITNESS: Yeah. There is a split on the
21 rent. The differential is split between Ho'opili and
22 Aloun Farms.

23 COMMISSIONER HELLER: So that \$477
24 difference some share of it goes to Aloun and some
25 share of --

1 THE WITNESS: That's correct.

2 COMMISSIONER HELLER: -- goes to Ho'opili.

3 THE WITNESS: Yes.

4 COMMISSIONER HELLER: Or D.R. Horton.

5 THE WITNESS: Yes.

6 COMMISSIONER HELLER: Do you know what that
7 split is?

8 THE WITNESS: Half.

9 COMMISSIONER HELLER: Now, that \$477 an acre
10 differential, do you know how that compares with the
11 per acre profitability of Aloun Farms' actual farming
12 operations?

13 THE WITNESS: No. That's getting into
14 detailed financials that Aloun Farms would not be
15 willing to share with me.

16 COMMISSIONER HELLER: Do you have any rough
17 estimate or general idea of how much they make net per
18 acre?

19 THE WITNESS: No, I don't. Because they're
20 subleasing I assume that it works out better for them
21 financially to do that.

22 COMMISSIONER HELLER: You're assuming that
23 they make more per acre on the land they sublease than
24 on the land they actually farm.

25 THE WITNESS: I'm assuming they make more on

1 the sublease than they could make if they were to farm
2 that same land. Aloun Farms, they have a limited
3 market. So that they may have, you know -- also
4 because they grow seed corn, I don't think they have a
5 market for all the land they lease. So that they're
6 willing to grow seed corn and they're willing to
7 sublease some of the acreage. They're not growing
8 just -- they're not using all their fields to grow
9 vegetable and melon crops.

10 COMMISSIONER HELLER: Because they can make
11 more money by growing seed corn or subleasing than
12 they can make by growing vegetables and melons.

13 THE WITNESS: That's correct.

14 COMMISSIONER HELLER: That was my question.
15 Thank you.

16 CHAIRMAN LEZY: Commissioner Teves.

17 COMMISSIONER TEVES: Thank you for your
18 testimony. Can you hear me?

19 THE WITNESS: Yes, I can.

20 COMMISSIONER TEVES: You mentioned earlier,
21 if I'm correct, that the state ag park rents land at
22 \$375 an acre.

23 THE WITNESS: That's the average for last
24 year.

25 COMMISSIONER TEVES: Is there any land

1 available for farmers to go there? My question is:

2 Can some farmers relocate there?

3 THE WITNESS: Most ag parks are pretty full
4 but there is two ag parks being put into Kunia. One
5 is the state ag park in lower Kunia. I think it's
6 150 acres. Another one is 180 acres put together by
7 Monsanto. So that there is land available for those
8 two ag lands or will be.

9 COMMISSIONER TEVES: But presently there's
10 no ag park -- state ag park land available for
11 relocation by these farmers.

12 THE WITNESS: It terms of immediate
13 relocation probably not.

14 COMMISSIONER TEVES: Okay. That was my
15 question. Thank you.

16 CHAIRMAN LEZY: I had a couple questions for
17 you, Dr. Plasch. Thanks for your testimony. With
18 regard to the areas that have been set aside within
19 the Petition Area for commercial farming, I'm just
20 curious to know are you aware of any other residential
21 development in the state of Hawai'i that has a similar
22 arrangement?

23 THE WITNESS: Not in terms of residential
24 development, no.

25 CHAIRMAN LEZY: Otherwise?

1 THE WITNESS: If you look at Wai'anae they
2 have a lot of small farms with homes nearby. It's not
3 exactly the same model but they have a lot of small
4 farms in Wai'anae. Same with Waimanalo and parts of
5 the North Shore.

6 CHAIRMAN LEZY: Are you aware of a similar
7 residential, a planned residential development
8 anywhere in the U.S. that's followed that type of
9 model?

10 THE WITNESS: I don't know about the U.S.,
11 but it's unusual. Unusual for Hawai'i that's for
12 sure.

13 CHAIRMAN LEZY: Does that arrangement cause
14 you any concerns about the feasibility of a commercial
15 farmer to operate a commercial farm being in such
16 close proximity to a residential area?

17 THE WITNESS: It occurs, as I mentioned,
18 Wai'anae and Waimanalo, North Shore. It does require
19 greater care when you have homes nearby. But I think
20 it can be done.

21 CHAIRMAN LEZY: Because the examples you've
22 given, for instance, Wai'anae or Lualualei, that's a
23 much different residential setting, isn't it, than you
24 would have in this context.

25 THE WITNESS: Generally I think, you know,

1 if people who are buying homes and renting, they know
2 the environment they're going into and there's going
3 to be farms nearby as part of the ambience of the
4 place, they're accepting of it.

5 CHAIRMAN LEZY: The three current leases in
6 the Petition Area, when do they expire? Do you know?

7 THE WITNESS: I know the Aloun Farms' ones
8 expire in 2013 for their farm. It's 2017 for their
9 cooling plant and other facilities. I think their
10 other leases have the same expiration date but I'm not
11 sure.

12 CHAIRMAN LEZY: The three as far as the
13 farming portion are tethered do you think?

14 THE WITNESS: Are they tethered? I think
15 they are but I'm not a hundred percent sure.

16 CHAIRMAN LEZY: And you had testified
17 earlier, Dr. Plasch, that it's your assumption that if
18 the Petition Area continues in the agricultural
19 designation as opposed to being redesignated to
20 urban, that in that event once the leases for the
21 current farmers expired, then the area would be put to
22 bid and in all likelihood because of their superior
23 financial position the seed crop growers would
24 displace the vegetable and melon farmers. Is that
25 accurate?

1 THE WITNESS: I think that's a realistic
2 scenario.

3 CHAIRMAN LEZY: That's dependent on what the
4 landowner wants to do with the land, correct?

5 THE WITNESS: That's true. Yeah, I'm saying
6 under the assumption that the land stays in
7 agriculture and goes into, stays in crop production,
8 that likely crop is going to be seed corn.

9 CHAIRMAN LEZY: But that assumes -- you're
10 assuming, then, that the land -- D.R. Horton in this
11 circumstance -- that the landowner would make a
12 conscious decision to maximize their return on lease
13 as opposed to making a decision regarding what sort of
14 use they want for the area.

15 THE WITNESS: I'm making the assumption
16 that the landowner would, you know, if they leave it
17 in crop that they would go, and it's a long-term
18 commitment and they would basically put it out to the
19 highest bidder.

20 CHAIRMAN LEZY: And as part of the work that
21 you did in connection with the Petition, did the
22 Petitioner -- did D.R. Horton ever tell you that that
23 was the case? That that's what they would do?

24 THE WITNESS: No. I pointed that out to
25 D.R. Horton.

1 CHAIRMAN LEZY: And did you receive a
2 response?

3 THE WITNESS: They agreed that it's a likely
4 scenario.

5 CHAIRMAN LEZY: Thank you very much. I'm
6 sorry. One more question, Dr. Plasch.

7 COMMISSIONER TEVES: Sorry. I've got one
8 more question.

9 CHAIRMAN LEZY: Sure.

10 COMMISSIONER TEVES: You mentioned earlier
11 that Aloun Farms were able to get land elsewhere for
12 \$288 an acre?

13 THE WITNESS: Yes. That they're leasing
14 land from Dole on the North Shore.

15 COMMISSIONER TEVES: How much acres are they
16 talking about?

17 THE WITNESS: I think that parcel is
18 335 acres. And they have been offered the adjoining
19 parcel. I think that's 325 acres.

20 COMMISSIONER TEVES: Is that all the acreage
21 available that Dole has?

22 THE WITNESS: No, not at all. No. There's
23 a lot more.

24 COMMISSIONER TEVES: Is that good land?

25 THE WITNESS: It's good farmland, has high

1 solar radiation. And it's irrigated from -- actually
2 there's a four ditch system on the North Shore. There
3 isn't just the one. And it's from a separate ditch
4 system, the Wahiawa Irrigation System. So it has good
5 water too.

6 COMMISSIONER TEVES: But presently Aloun
7 right now subleases farmland to one or more farmers
8 for \$690 an acre.

9 THE WITNESS: Yes. To Fat Law.

10 COMMISSIONER TEVES: Why hasn't that farmer,
11 Fat Law, you mentioned, why hasn't he gone up there
12 and rent for 280 instead of paying 690? I don't
13 understand.

14 THE WITNESS: That's a good question. Fat
15 Law, what they did is they went and purchased a little
16 over 400 acres in Kunia. So they're going to be
17 making transition to Kunia.

18 COMMISSIONER TEVES: Yeah, but why haven't
19 they all this time? The land was available for 280.
20 Why were they paying 690?

21 THE WITNESS: I'm not sure. They liked the
22 conditions there. And they may have not had
23 connections with Dole.

24 COMMISSIONER TEVES: You said "conditions".
25 What kind of conditions? Name the conditions.

1 THE WITNESS: Close to town. They may have
2 liked that.

3 COMMISSIONER TEVES: Okay. That's a big
4 difference between acres for close to town. Okay.
5 Thank you.

6 CHAIRMAN LEZY: Thank you, Dr. Plasch. This
7 is a good spot, I think, to break for lunch. So we
8 will be back at 12:45. Let's try to pick up promptly,
9 please. Thank you.

10 (Recess was held. 11:45)

11 CHAIRMAN LEZY: Mr. Kudo, your next witness.

12 MS. KUWAYE: Our next witness is Mr. Tom
13 Nance. Mr. Nance has already been admitted as an
14 expert in the field of hydrology and has been recalled
15 at the request of Friends of Makakilo and Sierra Club.

16 (Commissioner Teves no longer present)

17 TOM NANCE,
18 being first duly sworn to tell the truth, was examined
19 and testified as follows:

20 THE WITNESS: Yes, I do.

21 CHAIRMAN LEZY: Please proceed.

22 DIRECT EXAMINATION

23 BY MS. KUWAYE:

24 Q Mr. Nance, can you just summarize your
25 testimony from the previous hearing?

1 A Okay. The Ho'opili Project would be
2 supplied by a dual system. One of those systems would
3 be potable and the other would be non-potable for use
4 for irrigation.

5 The potable system would be designed and
6 built to DWS standards with the intention of
7 dedicating all these improvements to the Board of
8 Water Supply.

9 The way we design things is by service
10 pressure zones. And this project requires two service
11 pressure zones, both of which have been previously
12 established by BWS infrastructure, one with a storage
13 tank at 440 foot elevation, the other with storage at
14 228 elevation.

15 The sources of supply for this potable
16 use -- well, the total potable supply requirement at
17 full buildout of the project is approximately
18 3.9 million gallons a day. This will be supplied from
19 BWS sources that may include the 'Ewa shaft, existing
20 BWS wells in Waipahu, possibly new wells if they are
21 developed in Waipahu and the six BWS wells that are in
22 upper Honouliuli.

23 Depending on the timing of this project it
24 could well be that desalinization becomes a part of
25 the BWS sources supplying this area. And although the

1 hardware that exists, and that would be built, would
2 not mean that the desalt water would go to Ho'opili
3 but the desalt water would make other water currently
4 going to the west side of 'Ewa to be used on the east
5 side.

6 Regarding the non-potable system. The
7 intention, at least at the start, was that this system
8 would be designed, owned and operated as a private
9 water system. Its source of supply would be a
10 facility called EP5 and 6 which is one of three well
11 batteries in lower Honouliuli. This particular
12 battery has 12 wells manifolded together in a very
13 deep pump sump.

14 Because it's private we would, at the start
15 at least, provide service to customers on this
16 non-potable system by direct pumping from this EP5 and
17 6 facility. But we would create service pressure
18 zones that would be compatible with future link if it
19 comes about to BWS's existing non-potable system in
20 'Ewa which is supplied by R-1 wastewater-treated
21 effluent. I think that's sort of a summary of my
22 direct testimony previously.

23 Q Mr. Nance, in your professional opinion,
24 based on the assessment of the project's area potable
25 and non-potable water systems, would the project

1 affect the water around the Petition Area?

2 A Well, on the potable side the infrastructure
3 that will need to be put in to serve Ho'opili will
4 actually bolster the hydraulic capacity of
5 infrastructure delivering water to projects lower down
6 on the Fort Weaver Road corridor. So it'll actually,
7 although not dramatically, slightly improve the
8 hydraulics on the potable system. And the non-potable
9 system there won't be an impact.

10 Q Okay. Have you reviewed the Petitioner's
11 phased development plan?

12 A Yes.

13 Q And does it affect your plan or conclusions?

14 A No. What I've described here is the system
15 at full buildout. The phasing plan was clearly
16 derived on the basis of something other than
17 minimizing water system infrastructure in phase 1. But
18 there's no impact to my conclusions.

19 Q Have you reviewed the Petitioner's
20 sustainability plan?

21 A Yes.

22 Q Does that affect any of your plans or
23 conclusions?

24 A No.

25 MS. KUWAYE: Mr. Nance is now available for

1 cross-examination.

2 CHAIRMAN LEZY: County?

3 MS. TAKEUCHI-APUNA: No questions.

4 CHAIRMAN LEZY: Office of Planning?

5 MR. YEE: Just a quick question.

6 CROSS-EXAMINATION

7 BY MR. YEE:

8 Q The sustainability plan that you reviewed,
9 would that indicate that less water might be needed
10 for the project?

11 A It certainly might. I mean what we've used
12 to forecast demands are the Board of Water Supply dual
13 system water standards. To the extent that these low
14 flow elements are incorporated the water use would
15 actually be less.

16 MR. YEE: Nothing further, thank you.

17 CHAIRMAN LEZY: Mr. Seitz, I understand you
18 did not ask to recall this witness.

19 MR. SEITZ: I did not and I don't have any
20 questions for him.

21 CHAIRMAN LEZY: Sierra Club?

22 MS. DUNNE: Good afternoon.

23 CROSS-EXAMINATION

24 BY MS. DUNNE:

25 Q I just have a couple questions.

1 A Okay.

2 Q You testified about the source of the water
3 for the project. And I think those were coming from
4 two main service areas, service zones, Board of Water
5 Supply zones, is that accurate?

6 A No. When I talked about the service zones
7 I'm talking about distribution to customers. All of
8 the sources that I mentioned -- most of the sources I
9 mentioned are all in the 228 service zone. So they
10 need to be booster pumped up to the 440.

11 But there are six wells in upper Honouliuli.
12 And they deliver water to a 440-foot tank that drops
13 down to the 228 zone. So those sources you might say
14 technically are in the 440 zone. But the reality is
15 their only service is to the lower 228 service zone.
16 So hydraulics of distribution versus sources. Two
17 different things.

18 Q Okay. I see what you're saying. So there's
19 that distinction between the source of the water and
20 the distribution.

21 A Right.

22 Q So the 228-foot service zone and 440-foot
23 service zone are for distribution?

24 A Correct.

25 Q Okay. And so is it fair to say that there's

1 currently no existing water infrastructure to get
2 water to the project, that that infrastructure is not
3 yet in place?

4 A No. That is not technically true. There's
5 a 228 tank right above Fort Weaver and a 42-inch
6 pipeline that runs directly down bisecting the Project
7 Area. And it will actually have to be relocated as
8 part of the development. But it does not have service
9 connections off that pipeline to the Project Area.

10 Q Okay. So there's no service connections.
11 Isn't that 228-foot service zone still under
12 construction?

13 A No. There is construction going on to
14 augment source and storage. But the 228 tank,
15 5 million gallon 228 tank, we probably finished that
16 in the early '90s, the 42 inch pipeline the same. So
17 all of those facilities are in place.

18 But the Board of Water Supply is nearing the
19 end of outfitting EP15 and 16. And I believe they're
20 also constructing a 6 million-gallon tank also with
21 228 service zone.

22 Q Okay. So if the Board of Water Supply said
23 that the Honouliuli 228 service zone is still under
24 construction, you would disagree with that? It's not
25 complete.

1 A There is construction going on to increase
2 its supply and reservoir storage as we speak. But the
3 zone, as I say, it's been in place since the rearly
4 '90s or mid '90s. And it's connected to the 228
5 service zone in Waipahu.

6 Q So the zone is in place but that
7 infrastructure to provide water to the proposed
8 development is not in place.

9 A It will be necessary to put additional
10 transmission lines from the 228 reservoir and also to
11 construct a new 440 tank to serve the project.

12 Q Okay. And the same is true, the 440-foot
13 service zones that is not constructed yet, is that
14 correct?

15 A There's an existing 1 million gallon tank at
16 440 foot. At the present time it's just what I'll
17 call an operational tank. Water from the six
18 Honouliuli wells go into this tank. It's dropped
19 makai into the existing 228 tank and it serves -- that
20 water out of the 228 tank goes all the way down the
21 Fort Weaver corridor, is booster-pumped across to the
22 west side of 'Ewa.

23 Q Is it correct the water master plans have
24 not yet been submitted to the Board of Water Supply?

25 A No. Actually it's been submitted in '09.

1 There were some comments. We responded. It went back
2 in. And it sat for a time. Maybe the board can
3 explain better than I why. But they had anticipated
4 that with the duration between the '09 submittal and
5 the present that perhaps the land use plan was going
6 to change and the master plan would need to be
7 changed, and that wasn't the case with regard to
8 water.

9 So we've actually just recently, meaning
10 last week, gotten a second set of comments from the
11 board and have not yet made a re-submittal in response
12 to those comments.

13 Q I think you testified that as far as the
14 sources of water are concerned the project may require
15 -- the desalinization plant may be part of the sources
16 of water for the project.

17 A Well, the desal plant would not feed the
18 project directly. But this is going to be a little
19 convoluted if you can bear with me. The project may
20 or perhaps may not be part of the group of projects
21 that require desalinization to be conducted. Let me
22 explain.

23 The Board of Water Supply's system serves
24 from sources for the Waipahu/Waiawa aquifer, serves
25 land uses in Central O'ahu, land uses in 'Ewa, and

1 around the corner to Nanakuli. Water from this
2 aquifer is also exported into Honolulu.

3 To the extent that any project located in
4 any place where water from the Waipahu/Waiawa aquifer
5 is sent, it's part of the consumption of the
6 still-available sources of groundwater that the Board
7 of Water Supply can utilize. And at some point in
8 time that's going to be tapped out and desalinization
9 will then be required.

10 So Ho'opili, like any other project in the
11 entire zone from Nanakuli on the west side to the
12 Honolulu urban core, any one and all of those projects
13 contribute to the day when desal will have to be
14 brought online.

15 The reason why I say "perhaps not" is the
16 other side of the coin. Because the facility called
17 EP18, which is just a booster pump that's supplied by
18 EP5 and 6, EP 7 and 8, EP3 and 4, has an allocation of
19 something like 7.969 mgd. And we will use a certain
20 amount of that allocation for the Ho'opili Project but
21 it's likely to be less than 2 million gallons a day.

22 So as a part of the buildout of this project
23 and either we cajole our client to be a good citizen
24 and cough up the unused amount or the Water Commission
25 does the same, the reality is the unused allocation of

1 this EPA team battery will come back into the pot of
2 useable groundwater supply that Board of Water Supply
3 can access.

4 And the amount that will be surrendered
5 either voluntarily or otherwise will actually be
6 greater than the potable use that the project
7 required.

8 So development of Ho'opili is going to net
9 out a little more water that's going to be available
10 in the Waipahu-Waiawa aquifer. I told you it was
11 convoluted. (Laughter)

12 Q I guess given that lengthy description of
13 how the desalinization plant works and works with the
14 kind of the overall water supply to the areas and the
15 various competing uses, is it fair to say that the
16 water needed for the project is not currently
17 available from current water sources that exist today;
18 that the water needed for this project is not
19 available?

20 A No, that wouldn't be a fair statement.

21 Q So...

22 A But on the other hand, nobody's going to
23 allocate to the project today. It will be on a first
24 come first serve basis over time. When Ho'opili is
25 actually wanting to draw water my statement to you

1 might be different.

2 Q All right. Because the aquifer is -- is it
3 fair to say the Pearl Harbor sector that the Waiawa
4 aquifer's getting fairly close to its sustainable
5 yield or the recoverable yield?

6 A No. Let me give you some numbers.

7 Q Can I --

8 A Go ahead.

9 Q -- I'd like to ask you a couple questions.
10 Well, isn't the Pearl Harbor aquifer estimated to be
11 104,000,000 gallons per day?

12 A No. That's the Waipahu/Waiawa sector of the
13 Pearl Harbor aquifer. But that 104 number's correct
14 for that sector.

15 Q Okay. And 84 million gallons have already
16 been allocated from that sector.

17 A That's correct.

18 Q So there's only -- so there's about 15, 20
19 million gallons left.

20 A As allocation. However, the actual pumpage
21 is somewhere between 50 and 55 million gallons a day.
22 So you've still got 50+ million gallons a day of
23 actual pumpage against that 104 mgd of sustainable
24 yield.

25 Q Are you aware that the availability of water

1 in the aquifer is subject currently to federal studies
2 by the USGS because there's a question as to actually
3 how much water is available in the aquifer?

4 A I'm not aware that they're doing that. They
5 did a model when, the last time around when as a
6 result of O'ahu Sugar closing down the sustainable
7 yield was adjusted to reflect the lack of irrigation
8 return.

9 And at that time they were one of the
10 entities doing studies to help the Water Commission
11 decide what the proper sustainable yield number was.

12 Q You would agree when you look at the length
13 this project is going to take to develop to full
14 buildout, that you are looking at a variety of sources
15 for water. And those include additional wells,
16 additional storage tanks and desalination?

17 A Not necessarily. Storage tanks, by the way,
18 are not a source. So throw that out. That's a
19 distribution piece of hardware.

20 Q Okay. You're correct.

21 A Let's just look at sources. You've got EP15
22 and 16 not yet in service but I think the board has
23 sort of felt that that's, like, a 10 million gallons a
24 day source. You've got wells in Waipahu that feed
25 into 'Ewa now. And you have the six wells in upper

1 Honouliuli that do the same.

2 At today if Ho'opili wasn't at a point where
3 they could ask for their first increment for the
4 subdivision, I believe the source is there. I mean I
5 know it is. Thirty years from now when they get to
6 the last of it, I don't know, it could very well be
7 that desalting is a part of the supply in this general
8 area.

9 But the desalt plant's going to be at the
10 west and makai end of Campbell Industrial Park. And
11 its power is going to basically pump against the
12 system pressure into the Campbell Estate area,
13 possibly in to feed Kapolei. But it's not going to go
14 as far east as Ho'opili.

15 Q Okay. Again, my question is whether the
16 water sources that you've identified, whether they --
17 for this project -- whether they are currently looking
18 at today whether you have enough water sources for
19 this project. You've accounted for a desalination
20 plant and some other things that aren't yet in
21 existence, if I'm understanding your testimony, is
22 that correct?

23 A The desal plant, there's a little pilot
24 plant down there but it's, in terms of capacity it's
25 insignificant.

1 Q The desal plants are not actually online
2 right now.

3 A That's correct.

4 Q Okay. So that's a contingency we don't know
5 about whether, what's going to happen with these desal
6 plants.

7 A Right. I mean that's a question you really
8 should pose to Barry Usagawa at the Board of Water
9 Supply. They plan to do the desal plant. They had a
10 certain growth rate and the times they were looking at
11 that. They did the pilot plant to establish the
12 viability of it.

13 And they sort of mothballed it, my
14 understanding, because the anticipated growth in water
15 use didn't meet those projections.

16 They're going to pull the trigger on that
17 when needed. So sources of supply for this project
18 are going to depend on the Board of Water Supply to
19 implement its plans. And whether desalting happens in
20 the horizon of the buildout of Ho'opili I can't tell
21 you.

22 MS. DUNNE: Okay. No further questions.

23 CHAIRMAN LEZY: Dr. Dudley.

24 DR. DUDLEY: In the interest of streamlining
25 our joint approach I don't have any questions.

1 CHAIRMAN LEZY: Thank you very much.

2 Redirect, Ms. Kuwaye?

3 REDIRECT EXAMINATION

4 BY MS. KUWAYE:

5 Q Mr. Nance, there was some discussion about
6 EP15 and 16 as one of the possible sources of water
7 for the project. Do you recall that?

8 A Yes.

9 Q Are you familiar with the Campbell Estate
10 agreement with the Board of Water Supply for EP15 and
11 16?

12 A The basic principles, not the convoluted
13 language, but yes.

14 Q What does the basic principles of the
15 agreement mean for the development in 'Ewa as opposed
16 to, let's say, other areas on O'ahu?

17 A What that sale of EP15 and 16 from the
18 Campbell Estate to the Board of Water Supply has as a
19 part of the deal is that Campbell obviously provides
20 the facility. They also provided some land for some
21 other facilities. And they turned over the then
22 irrigation allocation of EP15, 16 was 12.14 mgd,
23 turned that over to the Board of Water Supply which
24 was able to convert that to a potable use as opposed
25 to an irrigation use.

1 In turn Campbell Estate received a certain
2 amount of money from the Board of Water Supply. And
3 the Board of Water Supply agreed to make available
4 from EP15 and 16 and other sources that it has in
5 Waipahu and Honouliuli 15 mgd allocated to projects in
6 the 'Ewa Development Plan area which includes
7 Ho'opili.

8 Q So if Ho'opili were fully built out today is
9 there sufficient potable water sources?

10 A If that happened instantaneously today, yes.

11 MS. KUWAYE: Thank you. No further
12 questions.

13 CHAIRMAN LEZY: Commissioners, questions?
14 Commissioner McDonald.

15 COMMISSIONER McDONALD: It's the intent of
16 the project to utilize the potable and non-potable
17 sources you stated.

18 THE WITNESS: Yes.

19 COMMISSIONER McDONALD: I understand the
20 service zones, the 440 and the 228 is to service the
21 potable water?

22 THE WITNESS: That's correct.

23 COMMISSIONER McDONALD: I'm interested what
24 type of source Ho'opili is investigating for the
25 non-potable.

1 THE WITNESS: They actually own it. It's a
2 pre-existing facility that the wells at least were
3 drilled turn-of-the-century kind of thing. It's got
4 12 wells in a single battery.

5 There's a pump sump that's about 20-foot on
6 the side and about 40 feet deep. And down in the
7 bottom are pumps that are connected to the manifolds
8 to these wells.

9 In the plantation days they'd pump 10,
10 15 million gallons a day out of it. At present there
11 are pumps down there that provide water to the
12 agricultural tenants that are using the property.

13 And that facility will be the source of
14 non-potable water for Ho'opili. We'll do some
15 modifications. We will actually create different
16 service pressure zones so that if and when down the
17 road this system gets incorporated into Board of Water
18 Supply's non-potable system, it will be compatible.

19 COMMISSIONER McDONALD: So that 3.9 mgd
20 that's strictly potable water use.

21 THE WITNESS: Right. The non-potable
22 number's about 1.75.

23 COMMISSIONER McDONALD: One more question.
24 I'm just interested to see what type of comments or
25 concerns that you received from the last water system

1 master plan that was submitted to the board.

2 THE WITNESS: Okay. You mean the stuff I
3 got last week?

4 COMMISSIONER McDONALD: Yeah.

5 THE WITNESS: They wanted -- it's a
6 conceptual master plan and they wanted some more
7 details on how I came up with the 3.9 and 1.75,
8 something we could easily comply with.

9 Most of the comments, 80, 90 percent of
10 them -- it's on two pages -- were comments, it seemed
11 like they made the assumption that we were dedicating
12 a non-potable system at the start.

13 The master plan says on page one that's not
14 what we're doing. They wanted it, assuming we were
15 going to dedicate it, to be to their standards meaning
16 a 228 storage tank, changing the EP5 and 6 facilities
17 from the way it is now to sticking pumps in the
18 individual wells, unearthing them because they're
19 buried and sticking pumps down.

20 And the reality is at least for the period
21 that it remains private we won't be doing that. EP5
22 and 6 you can't appreciate it, but I do a lot of
23 crawling around in turn-of-the-century things, and
24 this looks like 20th century versus EP7 and 8 or 3 and
25 4. I mean it's an incredible facility.

1 If you go down and we just take the caps off
2 the manifold, it'll fill up as a swimming pool with a
3 water level of 20 by 20 by 12 feet deep. We can stick
4 pumps down. So we'll probably modify it in that
5 fashion.

6 But the Board's comments wanted us to leap
7 ahead and do the kinds of improvements from day one
8 that would be required for us to dedicate. So that's
9 what most of their comments were about.

10 COMMISSIONER McDONALD: Okay. Thank you.

11 CHAIRMAN LEZY: Any other questions? Thank
12 you very much.

13 MS. KUWAYE: Our next witness is David
14 Bills.

15 CHAIRMAN LEZY: Just for purposes of
16 planning for the parties and the folks in the
17 audience, we'll be adjoining at 3:00 p.m. today to
18 allow Commissioners to make flights to the outer
19 islands.

20 DAVID BILLS
21 being previously duly sworn to tell the truth, was
22 examined and testified as follows: afternoon

23 THE WITNESS: I do.

24 CHAIRMAN LEZY: Please proceed.

25 MS. KUWAYE: Mr. Bills has already been

1 admitted as an expert in the field of wastewater
2 treatment and drainage systems and has been recalled
3 by the request of Office of Planning and Sierra Club.
4 And we open him up for cross-examination at this time.

5 CHAIRMAN LEZY: Mr. Yee.

6 CROSS-EXAMINATION

7 BY MR. YEE:

8 Q Thank you for coming, Mr. Bills. At the
9 last hearing you testified regarding the West Loch
10 drainage basin and the method of drainage. Do you
11 remember your testimony back then on this issue?

12 A Yes, I do.

13 Q Okay. And I think at that time you had said
14 the drainage would either be through Navy property at
15 Pearl Harbor or would be otherwise retained on site.

16 A Correct.

17 Q Do you have any update of the likelihood of
18 either of those possibilities?

19 A As far as we are concerned they're both
20 viable options.

21 Q At the time in 2009 you did not have Navy
22 approval to go over their property, correct?

23 A Correct.

24 Q Have you gotten -- do you know if there's
25 been any movement to get that Navy approval over the

1 last two years?

2 A Actually since we had two options and we had
3 pursued it prior to two years ago, it actually sat in
4 limbo over the two years since we still had two viable
5 options. We have not had any further discussions with
6 the Navy.

7 Q Was it your understanding the Navy had
8 indicated they were unwilling to allow transport of
9 this excess water over their property?

10 A I think it's fair to characterize that
11 because of 9/11 type issues any type of outside is
12 across government property there's going to be a
13 general concern.

14 We had gone back in 2009. The Navy had
15 expressed concerns of having a private entity have the
16 crossing. But we met and negotiated with the
17 Department of Facility Maintenance to construct a
18 channel to city standards which a government agency,
19 the city, would take over and implement and would be
20 the steward of that system.

21 Q Was that for this project?

22 A That was for this project, correct.

23 Q I guess I'm a little confused between -- you
24 said you've gotten -- you actually built a drainage
25 facility across Navy property?

1 A Oh, no. We created a concept. And it got
2 facility maintenance of the city to if it was
3 constructed to take over that particular structure and
4 operate and maintain the channel across Navy property.

5 Q And has the Navy agreed to that?

6 A Well, that was one of the requirements that
7 the Navy had asked us to provide. We did. And we
8 provided it to them. They're still reluctant and
9 that's where the negotiations have stopped.

10 Q Okay. Given the fact the Navy has not
11 agreed or has apparently expressed reluctance over the
12 last couple years to that possibility, if you were
13 then to maintain the water on site, have you
14 identified where that water would be detained or
15 retained?

16 A We've actually -- first of all, we've
17 calculated how big a retention area would we need.
18 And we have -- that has been a basic premise. We do
19 have locations which would be logical within the
20 project to put them.

21 And any one of those lot locations could be
22 relocated at any time during the development of the
23 project.

24 Q Currently on site I understand there are
25 varies gullies and gulches. Do they play any part in

1 your drainage system?

2 A The answer has to be yes. Because we
3 drill -- all the drainage within -- there's three
4 drainage basins which cross the property. We
5 basically will be generating, through development,
6 increased runoff within each particular basin.

7 And it is desirable -- we're going to have
8 to catch that additional runoff in retention basins
9 which we would like to locate in reasonably close
10 proximity to the lower end of these drainage basins,
11 and subsequently meter the water out of these basins
12 into the natural drainageway in such a fashion that
13 you have not increased the net runoff that would be
14 occurring through that particular drainage basin.

15 Q So your current plan is to utilize the
16 existing topography of gulches and gullies in order to
17 be utilized within that drainage system.

18 A We plan on -- the actual low point of the
19 gullies and the drainage systems we plan on leaving
20 them exactly as they are right now.

21 Q Are you familiar at all with the Urban
22 Agricultural Initiative proposed by Ho'opili?

23 A Other than the fact that we were proposing
24 19 years of urban ag. That's pretty much the extent
25 of my real knowledge of it.

1 Q Are you familiar at all with how many acres
2 of the civic parks would be within the areas you
3 intend to be using as part of the drainage system?

4 A I think the answer to that one is we're not
5 going to have any of it within the urban ag areas. If
6 you superimpose from my drainage report the
7 generalized location of the retention basins, yes,
8 there's a little bit of overlap.

9 But as a designer I have the ability to
10 reshape the retention basins to make them bigger or
11 smaller or we can adjust the land plan a little bit to
12 accommodate the retention/detention structure without
13 impeding on any of the 159-acre requirement.

14 Q You know that there's a specific location
15 that's currently proposed for the 159 acres of civic
16 farms.

17 A Correct. I've seen the layout.

18 Q Okay. And so to be clear then, in that
19 layout none of that property will be included within
20 the retention or detention basins that you're
21 currently planning?

22 A We may have to make an adjustment on the
23 159 acres through moving it a little bit to allow me
24 to squeeze in a retention/detention basin. But it's a
25 minor adjustment which would impact some of the urban

1 area as well as the farm area.

2 Q Less than 10 acres.

3 A Prob -- way less than that I believe.

4 Q With respect to the gulches and gullies
5 within the areas noted for the civic farms, are you
6 intending to use those gulches and gullies as part of
7 the drainage system?

8 A No. But right adjacent to the urban ag
9 areas is where I want to locate retention/detention
10 facilities.

11 Q But the gulches and gullies, are they used
12 as a transport mechanism to the drainage or detention
13 basins?

14 A All runoff is gonna run downhill so I have
15 to get all water in. So, in essence, any pipe system,
16 any conveyance system for drainage has gotta go to
17 that direction where it will ultimately discharge into
18 that particular gully or drainageway.

19 Q Let me be maybe a little clearer then.

20 A Maybe I didn't understand it.

21 Q I know it's always possible to landscape the
22 property, right?

23 A Correct.

24 Q So you can do a lot with landscaping if the
25 need and the economic value is there, right? Correct?

1 A I assume so. I'm not sure I completely
2 follow that question, that line.

3 Q I'm just trying to get at: Do you intend to
4 landscape? Do you know if there's any intention to
5 landscape the existing gulches and gullies to level
6 them out for civic farms rather than keep them and use
7 them as part of the drainage system?

8 A I don't know the plans for the civic farms.

9 Q Okay. And the location of the detention
10 basins is contained in your report you said?

11 A Yeah. I have a drainage report, drainage
12 master plan. And there's a figure 5 within that
13 generally locates where we would want to put the
14 retention/detention basins.

15 Q And within the colored map do you know what
16 the area's designated for? Like open space? Parks?
17 Well, actually it would probably be under a new
18 exhibit. I was looking at your old Exhibit 11B. It
19 could be within -- I'm sorry I don't have the numbers
20 like 33.1 page 9, otherwise it's your prior
21 Exhibit 11B.

22 Do you know what the current designation of
23 use for that area would be?

24 A Which particular area you're referring to?

25 Q Well, I don't know where you're locating the

1 detention/retention basins.

2 A I have an exhibit if you would like to see
3 it.

4 Q Sure. Why don't you just point out your
5 exhibit.

6 A This is the exhibit. This is my figure 5
7 out of the drainage master plan.

8 Q I guess -- I'm sorry, you're right. I did
9 see this. I guess I just had some trouble reading it.
10 Basically would it be fair to say that the
11 detention/retention basins are in various places with
12 various uses so you didn't locate them in a particular
13 use area?

14 A I located them very specifically to be in
15 areas that would be on the downstream portion within a
16 drainage basin, which would be the logical portion to
17 collect runoff and meter it into the drainageway.

18 So the priority was where's the logical
19 place to locate a detention/retention facility.

20 MR. YEE: Okay. That's all the questions I
21 have. Thank you.

22 CHAIRMAN LEZY: Sierra Club?

23 MS. DUNNE: We actually don't have any
24 additional questions.

25 CHAIRMAN LEZY: Okay. Thank you.

1 Redirect's?

2 MS. KUWAYE: No.

3 CHAIRMAN LEZY: Commissioners, any
4 questions? Commissioner McDonald.

5 COMMISSIONER McDONALD: Mr. Bills --

6 THE WITNESS: Yes.

7 COMMISSIONER McDONALD: -- do you know if
8 that deal with the Navy doesn't come through, I'm just
9 wondering what type of impact it would have on the
10 Ho'opili development with regards to additional
11 detention requirements, square footage that's
12 impacting within the parcels.

13 THE WITNESS: Well, essentially if the Navy
14 deal, if we're not able to pursue or complete that
15 particular option, in order to store the increased
16 runoff on the site, there will be a requirement of
17 approximately 700-acre feet of storage. So you get a
18 grasp on that, that's 700 acres one foot deep. That's
19 70 acres 10-foot deep. Or it's going to be 45 acres
20 15-foot deep just so you have an order of magnitude.

21 COMMISSIONER McDONALD: So the exhibit that
22 you provide in your Master Plan does not reflect that
23 scenario.

24 THE WITNESS: The exhibit we have in our
25 Master Plan really highlights the option 1 which is to

1 go across the Navy property. What we would do on my
2 exhibit you see red circles that conceptually showed
3 where we were planning retention/detention for the
4 other watersheds.

5 We would be adding various little circles
6 primarily within the West Loch basin, which is the
7 main center portion of the development. And the
8 cumulative total of those red circles would come up to
9 700-acre feet of storage.

10 COMMISSIONER McDONALD: Well, 700-acre feet
11 to me is quite a bit of volume to accommodate. So I
12 was just, you know, concerned about the potential
13 impact and what the impact would be within the
14 Ho'opili development itself. That's all.

15 THE WITNESS: Okay. I understand.

16 COMMISSIONER McDONALD: Thank you.

17 CHAIRMAN LEZY: Any other questions? Thank
18 you for your testimony.

19 THE WITNESS: Thank you.

20 CHAIRMAN LEZY: Before we move on to
21 Mr. Jones why don't we just take a quick five minute
22 break.

23 (Recess was held.)

24 CHAIRMAN LEZY: Mr. Kudo.

25 MR. KUDO: At this time I'd like to call to

1 the stand Mr. Michael Jones.

2 MICHAEL JONES

3 being first duly sworn to tell the truth, was examined
4 and testified as follows:

5 THE WITNESS: I do.

6 CHAIRMAN LEZY: Thank you. Proceed.

7 MR. KUDO: Mr. Jones is the president of
8 D.R. Horton-Schuler Homes, doing business as D.R.
9 Horton-Schuler Division, the Petitioner in this
10 proceeding and has testified before this Commission in
11 2009.

12 DIRECT EXAMINATION

13 BY MR. KUDO:

14 Q Mr. Jones, can you give us the background of
15 the Petitioner D.R. Horton-Schuler Division.

16 A Yes, I can. I was kind of hoping I would be
17 able to do this when the air conditioning wasn't off
18 late in the day. I'll go through and do it now. Just
19 a brief introduction. I know I did this the last time
20 we were here.

21 Schuler Homes, again, as Cameron had stated
22 earlier, was started back in 1973. Over the course of
23 that time the company has built 11,000 homes
24 throughout the Hawaiian Islands. Over 4,000 of those
25 homes have been affordable, affordable homes, city and

1 county-mandated affordable homes. The rest of those
2 homes have always been targeted to local workforce
3 housing.

4 Jim Schuler retired from the company a few
5 years ago, but through the Schuler Family Foundation
6 has remained in the community and continues to be
7 involved with the community.

8 I've had the fortune of working for the
9 company here in Hawai'i for the last 23 years. I can
10 still remember the first time I started work with Carl
11 Schuler and put a shovel in my hand and I was digging
12 ditches and getting paid \$5 an hour. And I still have
13 red dirt on my clothes to prove it. So it was kind of
14 trial by fire 23 years ago.

15 Many of the employees we have today have
16 been working for the company for over 15 years. And
17 Schuler Homes was sold to D.R. Horton back in 2002.
18 We're now known as D.R. Horton-Schuler Homes, LLC here
19 in Hawai'i.

20 D.R. Horton's primary market is also first
21 time buyers across the country which really made a
22 perfect fit between D.R. Horton and Schuler Homes.

23 Today Horton remains one of the largest home
24 building companies in the nation. Its financial
25 strength has remained even during the course of this

1 last recession. And the company today has over \$1
2 billion of cash or marketable securities. So D.R.
3 Horton certainly has the capability and the commitment
4 to complete Ho'opili.

5 With Ho'opili the company will act as a
6 master developer. And it is our intention to build
7 the majority of the for sale housing within Ho'opili.

8 Q Mr. Jones, I'm going to draw your attention
9 to specific areas that have been brought up in terms
10 of questions during these hearings. The first is the
11 Department of Education contributions.

12 Now, the Office of Planning has raised
13 questions as to the status of your education
14 fair-share agreement with the Department of Education.
15 Can you please provide some information on the status
16 of that agreement.

17 A Sure. We recognized early on that it was
18 important to incorporate a school complex within
19 Ho'opili, understanding the community would consist of
20 first-time young, local buyers with families. So we
21 actually worked and got an agreement signed with DOE
22 back in 2009.

23 Under the DOE guidelines we're providing
24 64 acres of land. Also DOE requested additional
25 acreage because there's quite a need for a new high

1 school out in that area. So instead to the typical
2 cash contribution which would, for Ho'opili, would
3 have equated to \$12 million, almost \$13 million,
4 again, we provided an additional 30 acres of land
5 which they valued at approximately \$400,000 per acre.

6 So the total package to DOE represents
7 94 acres of land which provides for an entire school
8 complex within Ho'opili.

9 Can we go to the next slide, Cameron. So
10 just to give you some idea again, I think Cameron
11 pointed this out, this is the high school site which
12 is roughly 45 acres there. We have been in
13 discussions with DOE and DOT to move the high school
14 completion more in the middle away from the freeway.

15 There's a 15-acre middle school which is
16 down here along Old Fort Weaver Road. Again, that was
17 placed to help service some of the other communities
18 around Ho'opili.

19 Another elementary school here, 12-acre
20 elementary school, another 12-acre elementary school
21 up in this area, and also a 10-acre TOD elementary
22 school in this area.

23 MR. KUDO: Mr. Jones is pointing out
24 Petitioner's Exhibit 89B page 9.

25 A Sorry. Thank you. Besides all this, some

1 of the other conditions or agreement that we worked
2 out with DOE is conduct phase 1 environmental studies
3 on all the parcels. Also flatten all the land areas
4 to less than 5 percent slope.

5 Deliver water, sewer, electric and other
6 infrastructure to those sites. Also a minimum of two
7 access points to every site adequate for buses.
8 Obviously that means we're going to be grading those
9 sites if we need to so they're less than 5 percent
10 slope, and also providing roads to those facilities.

11 And as I mentioned earlier, the final
12 locations will be designated and worked out with DOE
13 as we get farther down the process. There might be a
14 need to move the elementary school site a little to
15 accommodate some of their needs. That's it.

16 Q Are the final location of these school sites
17 subject to the approval of Department of Education?

18 A Yes, they are.

19 Q Now, turning to the urban ag plan, there has
20 been raised a lot of questions regarding Ho'opili's
21 Urban Ag Initiative. Could you please elaborate on
22 this particular program.

23 A Yes. I know there's been a lot of scepticism
24 on our Urban Ag Initiative. And I guess that's what
25 happens a little bit when something new and innovative

1 has been put out there. Some people have called it
2 Imaginative Oz.

3 But, again, we're very excited about the
4 plan. Ho'opili was introduced, when we first started
5 looking at the sustainability plan, as a way to
6 further enhance Ho'opili as an integrated community.

7 Really what became exciting to us was the
8 possibility to have thousands of resident students
9 engaged in farming or being educated about it in
10 different degrees.

11 Again, the Urban Ag Initiative is not
12 intended to replace a hundred percent of the 800 acres
13 of diversified ag grown on the site right now. So it
14 was not intended for that.

15 Again, it was a means for a lifestyle that
16 people could come and obviously we talked about
17 before, Ho'opili could be a place where people could
18 come live, work and learn and farm and play in one
19 complete community.

20 It's important to look on how the overall
21 Urban Ag Initiative and not just the individual pieces
22 and realize this is the first community in Hawai'i
23 that I know of to introduce this type of integral
24 farming in a community. Another reason we believe
25 makes Ho'opili so unique.

1 First, I'd like to go through the civic
2 farms. Again, as we've heard a number of times over
3 the last couple days, there will be 159 acres in total
4 for civic farms. Horton will provide the utility
5 infrastructure to these civic farm areas. Obviously
6 that means water, electrical conduit needed to the
7 areas.

8 Horton will clear grub of these civic farm
9 areas as needed. Before final parcels are
10 designated -- and we anticipate that this would happen
11 during county zoning, Department of Agriculture will
12 inspect the parcels to ensure the land can be farmed.
13 Again as was mentioned earlier, they need to be less
14 than 5 percent slope and not in permanent
15 drainageways.

16 Again, as was mentioned earlier, I think
17 this is an important point to keep in mind, if the
18 land does not meet with DOA approval, then Horton will
19 provide alternate suitable land within Ho'opili to
20 ensure that there are 159 total acres of civic
21 farming.

22 So, again, if there's one area Department of
23 Agriculture comes out, says it can't be farmed, then
24 we'll look at other places within the community to set
25 that out.

1 Lands will be leased to farmers at
2 diversified ag rates in the area. Civic farmers will
3 submit for approval an operational plan to the
4 Ho'opili Urban Ag Association for their approval.

5 Also, again as we've heard before, might be
6 possible for more intensive farming to happen on these
7 parcels. Greenhouses, vertical crops, perhaps
8 aquaponics.

9 One example, and you can Google 'urban
10 farming' and see all the things that are happening
11 around the United States.

12 An example of a farm that I actually -- a
13 civic farm that I actually saw, it's called Real Food
14 Farms in Baltimore. But, again, there's lots of
15 examples, if you look on the Internet, about different
16 civic farms that are happening around the United
17 States.

18 I know there's been some question on sizes
19 and so I would like to go to the next slide, Cameron,
20 please. And we can go through that. To give you some
21 idea of acreage: This parcel here is roughly
22 8.4 acres. And it's roughly 822 feet long, which is
23 almost a football field long, by 418 feet wide.

24 This parcel here is roughly 193 feet long by
25 587 feet. So, again, it's quite large. This whole

1 acreage in here to about this area is about 40 acres.
2 The dimension between -- and I know this map because
3 of the scale makes it look really narrow, but it's
4 actually 256 feet from property line to the inside and
5 394 feet long.

6 This parcel down here is actually 10.7
7 acres. And it's actually a thousand feet, which is a
8 football field long, by 417 feet wide. This parcel
9 down here is roughly -- (microphone adjustment) --
10 I'll keep going here in the interest of time. This
11 parcel here is roughly 6.2 acres. This is 18.2 acres.
12 And this area here is 7.9 acres.

13 And, again, just to make sure I'm clear, if
14 there's some area like there that can't be farmed, DOA
15 comes out there, says it can't be farmed, we'll place
16 it somewhere else within Ho'opili. Again, we're
17 committed to 159 acres of civic farms that can
18 actually be farmed out in that area.

19 The next component of Ho'opili is the
20 community gardens. The Association and Horton will be
21 responsible for designing the implementation plan for
22 the 8 acres of community gardens throughout Ho'opili.
23 And those are shown in these light green areas, again
24 trying to put them in different neighborhood areas
25 that are within walking distance of the people that

1 live and work in Ho'opili.

2 These gardens could be used in victory
3 garden type settings. Individuals could lease small
4 areas to grow their own fruits and vegetables. The
5 Association could also issue a license to a homeowner
6 who wants to farm the entire garden.

7 Again, we think the sizes of these would
8 probably range in a half acre, to an acre to make up
9 those 8 acres altogether.

10 Community gardens, again, help bring people
11 together and nurture civic engagement. An example of
12 some community gardens that I've had a chance to see
13 is the Pea Patch community gardens in Seattle where
14 right now there's 4400 people that are engaged in
15 farming on many community gardens around the Seattle
16 area.

17 The last component of the Ho'opili Urban Ag
18 Initiative is the steward farms. Horton and the
19 Association will promote and help implement steward
20 farming. Again, this will be a lifestyle choice for
21 homeowners within Ho'opili.

22 They will mainly be located within the lower
23 density area, those single-family and duplex homes.
24 But, again, some of the multi-family homes might be
25 able to participate in that with, as we heard before,

1 aquaponic systems.

2 Informational materials will be given to
3 homeowners at the point of sale promoting the benefits
4 to home gardening, which would include sample
5 illustrations of home garden layouts.

6 We also offer home garden options the buyers
7 can purchase such as a raised planter bed, to their
8 entire backyard farming option that they'll be able to
9 purchase as an option.

10 The Association will also promote steward
11 farming. The Ho'opili Urban Ag Association will also
12 promote steward farming by holding garden workshops
13 for everybody in the community. Homeowners can have
14 an option of selling their fruits and vegetables at
15 the local farmers market.

16 Homeowners will also have the possibility of
17 hiring one of the civic farmers to harvest their
18 fruits and vegetables. Steward farming really helps
19 weave agriculture into people's lives, promotes
20 nutrition and entrepreneurial activities.

21 There are a number of companies right now
22 promoting home gardening in such this way in Hawai'i.
23 One such company is Foodscapes Hawai'i, which will
24 come in, design your garden, harvest it if you want
25 to, maintain it, if you want to.

1 I actually planted a garden at my house and
2 tried to hire Foodscapes but they were two months
3 booked up. So I actually had to go ahead and get it
4 planted.

5 Again, this is another component, the third
6 component of the Ho'opili Ag Initiative.

7 And the other component is obviously, as I
8 mentioned, there would be Ho'opili Urban Ag
9 Association. And that will be, again -- the
10 association that controls the 159 acres plus the
11 8 acres of community gardens. So this will be formed
12 as a nonprofit.

13 We, again, will designate the 159 acres.
14 The 159 acres will be deeded over to the Ho'opili Ag
15 Association. It will consist of the -- the members
16 will consist of a civic farmer, a local farming
17 expert, and also members of the Ho'opili community.

18 Our thought is also obviously with the
19 Ho'opili Urban Ag Association is to promote a farmers
20 market within Ho'opili. So, again, we're very excited
21 about the Ho'opili Urban Ag Initiative.

22 Again, I think you'll need to look at all
23 the components of it and, really, that's something new
24 and unique that's being brought in to Ho'opili, again
25 what makes it part of being in a unique community.

1 Thank you.

2 Q Another area, Mr. Jones, that I want to
3 direct your attention to is traffic contributions at
4 the Ho'opili project.

5 Can you explain to the Commission the
6 specific traffic improvements or contributions you
7 have already made or will be providing for in the
8 future?

9 A Yes. Just to orientate everybody. I know
10 there's a lot going on in the slide. But, again, this
11 is Ho'opili. It kinda runs through right in this area
12 in there.

13 I know there's some questions about our
14 regional transportation amendments from one of the
15 Commissioners at the last meeting. So I just wanted
16 to run through what our commitments are for regional
17 transportation commitments.

18 First, we've been -- we are -- we have been
19 committed to doing our fair traffic improvements in
20 the area. Right now through our present communities
21 we've been participating in the 0252 ordinance for
22 many years.

23 And it's basically an ordinance that was set
24 up to when you're -- if you're a landowner/builder and
25 you're building a house, you're building a commercial

1 building, you have to put in a certain amount into
2 this fund that gets used for regional traffic
3 impacts -- or traffic improvements in the area like
4 the North/South Road, like Kapolei Parkway and a
5 number of other traffic improvements in the area.

6 So Ho'opili will generate \$30 million in the
7 'Ewa Impact Fees for traffic and road improvements
8 over the course of the Project. And again 0252 was to
9 ensure builders and developers pay their fair-share of
10 regional improvements in the area.

11 Other regional improvements that we'll be
12 participating in is Farrington Highway, which runs
13 through the project. That's an estimated cost today
14 of over \$50 million.

15 We're also going to contribute 20 acres of
16 land along Farrington Highway, again for that widening
17 because Farrington gets widened to a fairly large
18 degree. If you use the DOE value that equates to
19 about \$8 million of land.

20 The East-West Road, connector road that
21 comes down to at the lower section of Ho'opili, East
22 West Road is already done down through DHHL which is
23 state paid for. But, again, this East West Road that
24 goes through here is about a \$22 million value. We're
25 also going to contribute the land where the proposed

1 rail is coming through, which is right through here
2 approximately. That's about four acres. That's about
3 10 acres, excuse me, at \$4 million value.

4 We're also going to contribute land for a
5 park 'n ride which is roughly right in this area, for
6 the rail. That's a value of about \$2 million. We're
7 also going to contribute 10 acres up in this section
8 up here. DOT had requested that for additional, the
9 Kunia Interchange onramp or offramp value. So that's
10 about \$4 million.

11 To date we've already contributed 40 acres
12 for the new North South Road which is mainly in this
13 area up in here for some lands we own here, along with
14 some of the land right in this area here. And that
15 value is \$16 million.

16 So the total cash and transportation package
17 in today's dollars that Ho'opili's committing to is
18 \$136 million. This does not include any future
19 requirements by DOT which are yet to be determined.

20 All this plus obviously the hundreds of
21 millions of dollars that we'll be putting on on onsite
22 improvements such as the North South spine road, East
23 West connectors, and the bikeways and walking ways.

24 Q Mr. Jones, there have been questions
25 regarding Ho'opili's sustainability plan. What are

1 the goals and objectives of that plan?

2 A One of the primary goals, again, of the Task
3 Force early on was to integrate sustainability in our
4 plan. We spent about the last year working on our
5 sustainability plan, which we had submitted to the
6 Office of Planning, with many consultants' help going
7 through and putting together that sustainability plan.

8 While working on this plan it became clear
9 to us that it's really road map, one of our road maps
10 for the future construction of Ho'opili. The word
11 "sustainability" means many different -- has many
12 different meanings to different people. For us and
13 the Task Force it came down to designing a community
14 that strives for some balance between economic, social
15 and environmental needs in everyone's lives.

16 We believe Ho'opili is in a unique, possibly
17 the last area of Hawai'i where these principles can
18 happen because of its design, amenities and location.

19 The first tenet, again as I mentioned, was
20 economic. I think economic, Ho'opili brings final
21 permanent job creation, synergy with UH West O'ahu and
22 support facilities for their major degrees such as
23 Media, Nursing, Sustainability, medical services to
24 complement the area hospitals close-by, 2 to 3,000
25 jobs per year from local civil engineers, architects,

1 craftsmen, office assistants, truck drivers, escrow
2 officers, cleaning companies. This would equate to
3 \$130- to \$170 million in local wages per year.

4 Also within Ho'opili there's planned to be 3
5 million square feet of commercial space to help create
6 jobs in the area. This, along with the 27 to 37,000
7 new jobs that are projected for the Kapolei area, that
8 already adds to the 900 businesses that are within
9 Kapolei, in the 36,000 jobs now in the area. Ho'opili
10 will produce 27.5 million in additional county
11 revenues per year, 19 million of additional state
12 revenues per year and 219 million in various impact
13 and permit fees.

14 The social aspect of Ho'opili, what Ho'opili
15 brings is gathering places such as community parks,
16 community gardens, farmers market, regional park,
17 civic plaza, shopping, dining establishments close to
18 living, and vibrant TOD zones.

19 Learning opportunities: UH West O'ahu, as I
20 mentioned, is right nextdoor. Tokai International
21 campus, they're going to locate on UH West O'ahu.
22 Again, the middle school, high school, elementary
23 schools. Land for churches will be made available.
24 Already been in discussions with many different church
25 organizations.

1 Affordable housing, as was mentioned, over
2 3,000 for sale affordable in the 70 percent to 120
3 percent of median income. Land will be available for
4 affordable rentals. Land will be available for
5 assisted living facilities. And 10 acres of land for
6 fire and police department.

7 Environmental, the last tenet of the
8 sustainability plan. Ho'opili brings high mixed-use
9 community, mixed-use buildings that include live/work
10 homes, the Urban Ag Initiative, bike and walking paths
11 connect the communities, a healthier lifestyle,
12 recycling programs.

13 Mentioned earlier by Mr. Nance, non-potable
14 water usage for some of the community's landscape
15 areas.

16 As far as -- continuing on with
17 environmental: Energy efficient building. Some of
18 the actual energy efficient building features will
19 include 10 percent of the single-family homes will
20 have 2KW PV systems. The 90 percent of the other
21 homes will be PV ready.

22 Homes will be designed to be more efficient
23 than today's building codes with R-19 roof insulation,
24 building envelope tightness concentrating on that.
25 Dual pane low E windows, AC at 15 and-a-half SEER.

1 Again, solar hot water systems, which are
2 mandatory with single family homes right now but those
3 will all be included.

4 Homes will be designed to be more efficient
5 than today's building code. Low flush toilets. I
6 know it's kinda not too exciting, but new low flush
7 toilets we're putting into some of our present
8 projects save five cups of water with every flush.

9 We'll have an optional native plant
10 landscape package, Water Sense faucets that we're
11 putting in our homes save 11 cups for every minute
12 they run right now. All single family homes will be
13 electric car ready.

14 All this -- the one thing that's very
15 important with all this, and we're learning in our
16 communities right now, is homeowner education.
17 Obviously they need to be educated on proper operation
18 of the house to really make sure the house remains
19 energy efficient.

20 And I think it's, again, it's important that
21 we're doing a lot of this right now down in the Mehana
22 project in Kapolei. At LaHiki we started a home save
23 program that takes a lot of these that I just
24 mentioned, a lot of these features and weaving them
25 into in our construction right now. So it's a reality

1 of really how we're building today. So that takes
2 care of the sustainability plan.

3 Q In regard to your sustainability plan, you
4 mentioned the goals and objectives and some of the
5 features, the details of how you're going to
6 accomplish that.

7 Is that with the mind that these features
8 might change, given technological advances and such in
9 the future?

10 A Sure. I mean I think we're seeing it's
11 changing daily right now, that there's always new
12 different features, different ways to conserve water
13 with different toilets and different showerheads. So,
14 yes, those could always change in the future.

15 Q You mentioned that you want to include some
16 churches in the planned community. What churches have
17 you met with so far to discuss their location?

18 A We've had meetings with New Hope. We've
19 also had meetings with the Catholic Church, the
20 Lutheran Church. Again, we're in ongoing talks with
21 them at this point in time.

22 Q Mr. Jones, at this time do you have any
23 closing remarks that you'd like to make?

24 A Well, I would like to go through, just kind
25 of familiarize everybody with some of the product and

1 really what Ho'opili is about.

2 This is an example, again, I think
3 Commissioner Chock asked, "So what's going to be built
4 out in Ho'opili?" yesterday. This gives you a little
5 example of maybe some of the higher density --

6 Q For purposes of the record you're referring
7 to Exhibit?

8 A 88B, page 7.

9 Q Thank you.

10 A Gotta remember that. This is some of the
11 example of really some of the high density retail on
12 the bottom with living on top that could happen around
13 some of the TOD areas. Again, to make them a very
14 vibrant, vibrant place.

15 Again, within the TOD areas your really want
16 to mix retail and living, affordable housing, rentals.
17 I mean all those need to be part of these TOD
18 districts which I know most everybody's seen on the
19 mainland, that can be very vibrant, exciting places to
20 have live and work.

21 So just wanted to give you a little bit of
22 taste of what some of our thoughts are for building
23 types in that area.

24 Down on the lower right-hand corner, it's a
25 little bit hard to see, but this is Exhibit 88B, also

1 Page 7 -- remembered that time -- this is, again
2 that's an area out at Mehana right now which is our
3 present project out in Kapolei which features
4 live/work homes so people -- there's an example
5 here -- someone can use this as an office.

6 We have a number of companies out there
7 doing business and they live in these two-stories up
8 above. It's been a very popular product for us out
9 there. Again, it's ways that people can come and
10 live.

11 We actually have one couple that one 'em was
12 working downtown, the other was working in Pearl City.
13 They brought their business in. They're actually
14 operating out of their house. They have a small
15 family so they can actually stay there. They don't
16 have to drive. And they can actually operate and do
17 business out of their homes. So we're really excited
18 about that particular product.

19 The product up above is an example of some
20 of the single-family homes. This is one we do is a
21 project over on Maui.

22 But, again, Ho'opili is again, meant to
23 bring in living, provide local affordable workforce
24 housing to the people of Hawai'i, also integrate jobs,
25 integrate learning, as I mentioned, place to play,

1 convenient to the new Kroc Center going in, to UH West
2 O'ahu, again, Urban Ag Initiative.

3 We're very excited about, very excited about
4 the community and believe it's a very unique community
5 by everything I just mentioned, its location, we're
6 very excited about it.

7 I just want to thank the Commissioners for
8 their time in this, also the Intervenors. I know this
9 is part of American free country and I think
10 everybody, again, it helps the process out. Just like
11 to thank everybody.

12 MR. KUDO: At this time Mr. Jones is
13 available for cross-examination.

14 CHAIRMAN LEZY: Ms. Takeuchi?

15 MS. TAKEUCHI-APUNA: The City has no
16 questions.

17 CHAIRMAN LEZY: Mr. Yee?

18 CROSS-EXAMINATION

19 BY MR. YEE:

20 Q Mr. Jones, I think I asked you this two
21 years ago. I'm going to ask you again. Will you
22 commit to perform either the mitigation measures
23 recommended by your consultants in the EIS and their
24 testimony, or an equivalent or better mitigation?

25 A To answer your question I'll lay a little

1 context to that, then I'll attempt to answer it.

2 Again, the mitigation measures within the EIS were put
3 together by our consultants. There's some like Jim
4 Charlier that was here earlier, he has some mitigation
5 measures of doing some narrower roads, maybe something
6 that might not be approved by the city and county.

7 So at the end of the day we'll meet, we'll
8 comply with the EIS and the mitigation measures as
9 long as the state and the city approve those
10 mitigation measures.

11 Q Fair enough. With respect to your
12 sustainability plan you've heard my questions of
13 Mr. Charlier?

14 A Yes.

15 Q So I assume you're gonna be ready for this
16 next question.

17 A I hope so.

18 Q In the sustainability plan there are a
19 variety of mitigations, specific mitigations that are
20 mentioned. And you've listed some of them in your
21 testimony today, right?

22 A Right.

23 Q Will you commit to performing either those
24 mitigation measures or an equivalent or better
25 mitigation?

1 A Yes.

2 Q Thank you. Have you had a chance to review
3 the Office of Planning's written testimony in this
4 case?

5 A Yes, I have.

6 Q I'm going to be going over some of the
7 conditions -- actually, I'm going to be going over the
8 conditions that are contained in there. Would you
9 like a copy of those conditions?

10 A That'd be great. I'd appreciate that.

11 Thanks. (Document handed to witness) Okay.

12 Q Okay. I'm going to start with conditions 1
13 through 8. Do you have any disagreement with OP's
14 proposed conditions 1 through 8?

15 A I'll take a quick look. No, do not.

16 Q Condition 9 was our transportation
17 condition. I want to put that to the side for the
18 moment. Do you have any concerns with OP Condition
19 10?

20 A No, I do not.

21 Q Okay. Now condition 11, would it be fair to
22 say that you had a concern that you didn't want -- you
23 wanted to make sure that nothing in condition 11
24 impacted your ability to dedicate any of the
25 facilities to the city?

1 A Correct.

2 Q With that caveat did you have a concern
3 about, any other concern about OP condition 11?

4 A No.

5 Q With respect to conditions 12 through 16 did
6 you have any concerns about OP's conditions?

7 A No.

8 Q Turning to OP condition 17, I understand you
9 had a concern about including infiltration as
10 something to be avoided.

11 A Hmm-hmm.

12 Q Is that correct?

13 A Correct.

14 Q Aside from concern did you have any other
15 concerns about OP condition 17?

16 A No.

17 Q What's your position on OP conditions 18 and
18 19?

19 A My position is we'll comply with those.

20 Q Do you have any objection to OP condition
21 20?

22 A No, I don't have an issue with that.

23 Q And then just to clarify a few other issues.
24 You submitted an, I can't remember if you called it
25 incremental development plan or development plan, but

1 you provided some sort of phasing plan for the first
2 10 years and next 10 years.

3 A A phasing plan, yes.

4 Q Thank you. And the phasing plan would
5 anticipate that all of phase 1 gets completed within
6 10 years, correct?

7 A Correct.

8 Q So then it would be fair to say that you're
9 going to complete the infrastructure for Phase 1
10 within the first 10 years?

11 A Yes.

12 Q And Phase 2, you should be completing all of
13 Phase 2 within the next 10 years?

14 A Yes.

15 Q So otherwise within 20 years?

16 A Yes.

17 Q So then it would also be fair to say that
18 you will complete, then, the infrastructure for Phase
19 2 within 20 years.

20 A Correct.

21 Q I believe you testified -- I just want to
22 confirm that you are agreeable to paying the local
23 traffic improvements required and a fair-share of the
24 regional improvements required as set forth in an
25 agreed upon TIAR, that is agreed upon with the

1 Department of Transportation.

2 A With us and DOT, yes.

3 Q You've also agreed, I believe, to submit a
4 revised TIAR.

5 A Correct.

6 Q And part of that TIAR will be insuring that
7 there's concurrency between the traffic improvements
8 and the construction, the development?

9 A Again, that would be something that would be
10 worked out with DOT.

11 Q I'm just saying that will be part of the
12 analysis in the TIAR.

13 A I imagine it would be part of the analysis,
14 yes.

15 Q All right. I have a couple of just
16 clarification really more than anything else. There
17 was testimony regarding the chilling plant as being
18 within the light industrial area.

19 I guess partly in my mind I'm having a
20 little trouble imagining that you're going to do all
21 of Phase 1 and that chilling plant stays there. Can
22 you explain further what -- well, let's backtrack. Do
23 you remember the testimony from Dr. Plasch?

24 A Yes, I do.

25 Q Is that chilling plant located in the

1 current area for the industrial?

2 A Yes, it is.

3 Q Does it simply stay there while you're
4 constructing around it? Or how does that work?

5 A It possibly could. If we bring up
6 Exhibit 89B page 9 to give you an idea, the chilling
7 plant is right in this area here, again within the
8 light industrial area that we're proposing. So it is
9 possible, obviously, that it could stay there.

10 Q Okay. Then with respect to the Urban
11 Agricultural Initiative, you're familiar with the
12 Department of Agriculture's letter submitted as an
13 exhibit in this case?

14 A Yes, I am.

15 Q That letter contained, I think, various
16 representations made by Ho'opili to the Department of
17 Agriculture that was either repeated in the letter or
18 contained as an attachment. Do you remember that?

19 A Yes.

20 Q Will you affirm the correctness of those
21 representations?

22 A It is correct.

23 Q And you're committed to those
24 representations?

25 A Yes.

1 Q Just to be clear, I think you've said it,
2 but if not I want to make sure.

3 A Okay.

4 Q You're affirming a commitment to withdraw
5 the land from leases -- sorry. I'll rephrase that.
6 Are you committed to withdrawing the agricultural land
7 from their leases as needed for construction
8 development rather than all at once?

9 A Yes, that's correct.

10 Q That was part of Dr. Plasch's
11 recommendation, correct?

12 A Correct.

13 Q So you're committed to following
14 Dr. Plasch's recommendation on that issue.

15 A Yes.

16 Q Mr. Nekota talked briefly about, I guess,
17 discussions with your existing tenants on relocation.
18 Any further update or information you have on what
19 efforts you've made or Ho'opili has made to assist the
20 tenants in relocation?

21 A Well, I think it's, you know, it's
22 important, I think Dr. Plasch talked about a little
23 bit, take a step back and understand that, you know,
24 the farmers that were there signed leases back in 1994
25 with Campbell with the knowledge that, again, these

1 are short-term leases. I think 10 years was the
2 original lease.

3 I think it was very clear in the lease that,
4 with Campbell, that these lands could be developed
5 shortly. And so they understood that. In
6 consideration, I think Dr. Plasch mentioned, they were
7 you given a two-year rent abatement, mentioned the
8 lower-than-market rents they've been charged for the
9 last, I believe it was 15 or 16 years.

10 I don't believe we've had any -- we've never
11 had, made any rent increases out there except CPI over
12 the course of that time. And, again, most of the
13 other farmers, as Dr. Plasch mentioned, have secured
14 other lands up in Kunia.

15 Obviously Larry Jefts is a large farmer. He
16 has 6,000 acres statewide. Mentioned Fat Law. Think
17 he bought 500 acres when Campbell put all their land,
18 Kunia lands, up for sale two or three years ago, might
19 be four years now. So they made provisions.

20 As far as the Sou farms, they haven't come
21 to us and asked us for any relocation assistance at
22 this point in time. But, again, there hasn't really
23 been any discussions with them. Because, again, feel,
24 you know, it's been something that's been known for
25 them for a long time. But, again, we're always open

1 to sit down and talk with them.

2 Q You're aware that Aloun Farms received
3 additional lands from Dole in the context of the Koa
4 Ridge case?

5 A Yes.

6 Q And so as part of the Koa Ridge discussion
7 Castle & Cooke, which came with Koa Ridge, those lands
8 were found for Aloun Farms that were mentioned by
9 Dr. Plasch?

10 A Yeah, again I don't know all the ins and
11 outs but I know they were given 380 something acres.
12 I think they have another, I think, an option for
13 another 325 above that. So it's more than replacement
14 for Koa Ridge. And, again, Castle & Cooke obviously
15 is part of the Dole Companies so obviously Dole has a
16 lot of farmland here in Hawai'i.

17 Q Then I think just to finish up one small
18 issue that I think hasn't been addressed, but I just
19 want to confirm. You will be reaching an affordable
20 housing agreement with the city, correct?

21 A Correct.

22 Q And as part of that agreement you'll be
23 having to agree upon the rate at which affordable
24 housing will be provided with the market rate housing,
25 correct?

1 A Correct. And as such we're in three
2 communities right now, we're doing city and county
3 affordable housing. So I imagine the same agreements
4 that we're presently doing on our community Mehana and
5 our community out in Maili would be the same type of
6 agreement, yes.

7 Q So as part of the affordable housing
8 agreement will be an agreement on how quickly or at
9 what rate the affordable housing units are produced.

10 A Yeah. Usually what they do is may want to
11 do so many market, then so many affordable so that's
12 typically what happens.

13 MR. YEE: Thank you. I have no further
14 questions.

15 CHAIRMAN LEZY: Mr. Seitz.

16 CROSS-EXAMINATION

17 BY MR. SEITZ:

18 Q Mr. Jones, do you agree that your present
19 Petition to the Land Use Commission raises somewhat of
20 a conflict between the City's urban plan and the
21 State's constitution and laws respecting the
22 protection of agricultural lands?

23 A I'm not aware of what you're talking about
24 with the State Plan. I remember reading it many years
25 ago but I can't tell you specifically the different

1 sections in it.

2 Q I'm not asking you about specifics. I'm just
3 asking you isn't there somewhat of a clash between the
4 City's urban plan to develop the Second City and the
5 State's long-standing desire to preserve agricultural
6 lands?

7 A I don't believe so, no.

8 Q Isn't that the issue which the Land Use
9 Commission is really being asked to resolve here?

10 A I don't believe so, no.

11 Q What do you think the issue is?

12 A With? As far as the Land Use Commission and
13 their decision?

14 Q Yeah. Why do you think that there's any
15 controversy about your Petition?

16 A I think there's probably obviously people
17 that want to have something differently done on the
18 land than we're presently proposing.

19 Q So basically your understanding and
20 assumption is we're here, we're putting in all these
21 hours because we're concerned about we don't like
22 change. Is that basically what your understanding is?

23 A No. I think different people have different
24 ideas for what they want to see out in the 'Ewa
25 Development Plan.

1 Q Do you understand that in 1978 the State
2 Constitution was amended to contain a provision to
3 protect agricultural lands in Hawai'i? Do you
4 understand that?

5 A I'm not familiar with that provision.

6 Q Do you understand that the Legislature has
7 passed several laws designed and intended to protect
8 agricultural lands?

9 A I'm not familiar with any of those, sorry.

10 Q You do agree that if this project proceeds,
11 a significant amount of agricultural land will be
12 taken out of production and will be turned over to
13 your development project, is that correct? You agree
14 with that?

15 A I think, again, as we mentioned earlier,
16 it's a long-term -- our project's a long-term project.
17 It's going to slowly happen over time. Again, when
18 you look at the, you know, the acreage out there,
19 again the net acreage out there of diversified ag's
20 around 800 acres. So, again, it's going to be a
21 gradual decrease over time out in that area.

22 Q You say 800 acres. I thought I heard your
23 witness this morning to talk about the fact that some
24 1200 acres were under cultivation.

25 A I was talking about diversified ag out in

1 that area.

2 Q But, in fact, if this project proceeds
3 ultimately to its conclusion, some 1500 acres which
4 are suitable, among the best, if not the best lands
5 for agriculture in Hawai'i, will no longer be
6 available for agricultural purposes, correct?

7 A Well, again, I go back to, you know, again
8 when the whole 'Ewa Development Plan was done there
9 was 3,000 acres set aside for that as a primary tenet
10 of what the city laid out, I want to say 15 years ago.
11 Plus I think the state understood this is the primary
12 urban growth area.

13 And again it was important to plan for the
14 Kapolei urban center. But it was also important in
15 the 'Ewa DP to set aside the 3,000 acres up in Kunia.
16 That that's where agriculture could go and that's
17 where it's meant to stay.

18 Q I don't want to argue with you about these
19 matters. But what I want to do is see if we can just
20 sharpen the issues before the Commission, that the
21 Commission has to decide here in terms of whether or
22 not to take a positive action on your Petition.

23 So, again, would you agree with me that if
24 the Petition that you have prepared is granted, the
25 end result will be a loss of some 1500 acres of very

1 good agricultural land?

2 A I would agree that there would be, I think
3 Dr. Plash said 1300 acres. We're doing 159 so it
4 would be roughly a thousand, a thousand acres that,
5 again, Dr. Plasch mentioned. There's other lands up
6 in the Kunia area that could replace -- that could be
7 put into use up there that are not presently used
8 right now.

9 Q Now, you've also -- you've been here for
10 these hearings in the last month or so, is that
11 correct?

12 A Yes, sir.

13 Q You sat through the testimony?

14 A Yes, sir.

15 Q You heard, for example, this afternoon that
16 apparently there's some unresolved issue about
17 wastewater which still is contingent upon determining
18 whether or not the Navy will allow a line to be passed
19 over its property, correct?

20 A Stormwater.

21 Q Stormwater. Excuse me. Excess water. And
22 that's still unresolved, correct?

23 A I think as David Bills said, I mean there's
24 multiple different options that stormwater. Again,
25 we can handle it onsite using retention basins. Or

1 obviously the other suggestion would be to go across
2 and go out and have an outfall out into Pearl Harbor.

3 So, you know, there's multiple different
4 options for that. So if we can't get that outfall
5 again, we can handle the retention on site.

6 Q But the issue, as far as you're telling the
7 Land Use Commission as how you're going to handle
8 that, is still not decided, correct?

9 A I think, again, we have different options
10 what we do. I mean it's, again multiple -- we've done
11 it in other developments. I know some of the other
12 developers have done it. Again, you can retain water
13 onsite. That's really not an issue.

14 Q And there have been issues raised here about
15 traffic arrangements and agreements which are still
16 yet to be resolved, correct?

17 A We're still in discussions with DOT, yes.

18 Q Are you -- while we're talking about
19 traffic, familiar with what we've offered as Exhibit
20 No. 63, which is the amended written testimony of
21 Brennon Morioka in August of 2009? Are you familiar
22 with that?

23 A Ah, yeah, I probably looked at it back in
24 2009 but I haven't looked at it recently.

25 Q Do you recall that in discussing the

1 concerns about the freeway, that Brennon Morioka at
2 that point in time expressed the opinion that he did
3 not think that those problems could be resolved in
4 such a manner as to allow this project to successfully
5 proceed? Do you recall that?

6 A Vaguely, yes. Yeah, vaguely, I do.

7 Q And is it your understanding that there has
8 been a resolution of the issues pertaining to traffic
9 concerns on the freeway?

10 A I understand that we've had multiple
11 discussions with Department of Transportation. I
12 think they're underway with multiple improvements
13 along the freeway section, I think was mentioned
14 earlier with the proposed Middle Street merge, with
15 the p.m. zipper lane.

16 I think all those things, you know, again,
17 they're coming to fruition. So I think some things
18 have changed since then.

19 Again, we've been having a lot of
20 discussions with DOT. And I think it's important to
21 understand, again, going back to one of the major
22 tenets within the Kapolei area is really the job
23 creation out there.

24 I think it's important to realize that jobs
25 are going to keep getting created out there and it's

1 going to, you know, lessen the load, again, for
2 everybody to have to get on the freeway.

3 Q Well, Mr. Morioka suggested that the
4 Department of Transportation at that point in time, in
5 2009, wanted to impose a condition that no buildings
6 in Ho'opili would be occupied until it could be
7 established that the roadways, including the arterial
8 roads and freeways, could operate at Level of Service
9 D or better.

10 You haven't reached any plan to accomplish
11 that, have you?

12 A No. But, again, we have had lots of
13 discussions with DOT and laid out some of the other
14 regional commitments which I laid out earlier as far
15 as what we're doing out there.

16 And I think -- we didn't do a great job in
17 communicating with the prior DOT administration. I
18 think we've done a lot better in kind of laid out our
19 plan, what we're committing to out there. I think
20 they're having a little more comfort with what we're
21 doing out in that area right now.

22 Q Now, you mentioned job creation. The figure
23 of 7,000 has been bantered around by all of your
24 representatives here. Were you here yesterday when
25 Ann Bouslog testified that of those supposed 7,000

1 jobs, really only a few hundred new jobs would be
2 created?

3 A I heard that. But I think, again, what you
4 have to understand is within Ho'opili, as I mentioned
5 earlier, there's going to be 3 million square feet of
6 commercial. So if you take that -- and actually the
7 jobs are going to be located in Ho'opili -- so if you
8 take that 3 million square feet of commercial and
9 extrapolate how many jobs that creates, it does equal
10 7,000 jobs.

11 Again, she mentioned that it was net figure.
12 Again, I think you need to look at jobs actually being
13 located in Ho'opili. That's where that 7,000 comes
14 from.

15 Q Do you agree with me there's at least, at
16 the least some ambiguity of whether or not the people
17 who occupy those jobs, be it a few hundred or a few
18 thousand, are going to be able to afford to purchase
19 homes in the project that you're building?

20 A I think obviously there's different income
21 ranges for different people. And I would hope that
22 most of the people that work there could afford homes,
23 whether it's buying a home or, again, as I mentioned
24 an affordable rental within the community.

25 Q But we don't know that as we sit here today,

1 do we? Because there are no real studies or
2 information that's indicated that people who occupy
3 certain kinds of jobs are actually going to be able to
4 afford to live in this development that you want to
5 build, right?

6 A There's no actual studies that I'm aware of.

7 Q We also have in the past asked about studies
8 with regard to the feasibility, the likelihood of
9 these urban agricultural farms that you're proposing
10 actually occurring and being successful. And we've
11 been told up to now that we should ask you of whether
12 or not there are any such studies.

13 The ideas sound good on paper. But is there
14 anything to substantiate that any of those urban
15 agricultural plans can actually take place?

16 A Again, I think it's a matter of going on
17 Google, looking at all the urban farming, the farms,
18 civic farms that are happening across the country and
19 how successful they are.

20 I mean there's another great program that I
21 saw, and I think it was in Chicago, which actually
22 integrated a civic farm that had some of the children
23 from the elementary school that came over and worked
24 there and actually worked on the farm. And, you know,
25 it was a success because it's a nonprofit.

1 But they're able to pay their bills and
2 obviously educate children. So I think you see
3 examples of it across the country. And there's no
4 reason why we can't do it here in Ho'opili.

5 Q But you don't have any studies indicating
6 whether or not the plans that you are proposing are
7 feasible or whether or not there's any significant
8 likelihood that they would ever come to fruition, do
9 you?

10 A Other than our commitment, as I laid out
11 what we're going to go with the Urban Ag Initiative,
12 and our commitment to turn over 159 acres to actively
13 work towards that goal.

14 Q You also testified about the millions of
15 dollars that you have committed to provide land for
16 schools. One of the things that struck me about that
17 commitment which I wanted to ask you about is: How
18 would anybody in his or her right mind ever put a
19 school right next to a freeway?

20 A I think, as I mentioned, we've been in
21 discussion with DOE. And the final locations could
22 move a little bit, depending on their preference.
23 But, you know, the high school site we're gonna move
24 that closer in so it's not right against the freeway.
25 And that's already been a matter that's been discussed

1 with DOE.

2 Q I understand you discussed that. But I look
3 at a map that you're showing to the Commission here
4 today and it shows a high school right up against the
5 freeway. What I want to ask you, have you ever
6 visited Farrington High School?

7 A Yes, I have. I drive by it.

8 Q Have you ever been in the rooms that are
9 right close to the freeway?

10 A Yes, I have. But, again, the school sites,
11 again in our agreement with DOE can move from their
12 present locations if DOE requests that. Again, they
13 have requested that we look into moving the high
14 school site off the freeway.

15 Q My question to you is more along the lines
16 of given the amount of forethought and work that's
17 gone into this project, why would the developers of
18 this project ever propose to build a freeway in the
19 location in which it's currently indicated?

20 A You mean a high school?

21 Q Yeah.

22 A Because we went in and talked to DOE,
23 originally laid out our plan and they were fine with
24 it at that point in time. Then I think DOT had some
25 comments about it. We talked a little bit more with

1 DOE. They decided they wanted to move away from that
2 area.

3 Q I want to ask you now some questions about
4 Aloun Farms. You heard some testimony at the
5 beginning of these hearings last month when we were
6 talking about the terms and provisions of the lease
7 with Aloun Farms.

8 Are you prepared to produce that lease so we
9 can see it?

10 A Ah, yes.

11 Q Are you prepared to allow Alec Sou or a
12 representative of Aloun Farms to testify here so that
13 they can talk specifically and directly about how this
14 proposed development would affect them?

15 A You can certainly call and ask 'em.

16 Q Well, isn't there a provision in the lease
17 which indicates that they're allowed to speak out
18 publicly about this proposal?

19 A Not that I'm aware of, no.

20 Q So you would have no objection to Mr. Sou
21 testifying.

22 A Not as long as he wants to come and testify.
23 You have to call and ask him.

24 Q And as far as your company is concerned
25 there would be no form of retaliation of any sort if

1 that were to be the case.

2 A No.

3 Q You're familiar with a person by the name of
4 Dean Okimoto?

5 A Yes, I am.

6 Q Is Dean Okimoto somebody who is paid as a
7 consultant by Horton?

8 A Nalo Farms is a consultant to Horton.

9 Q So Nalo Farms, of which Dean Okimoto is the
10 principal, is being compensated for services in
11 connection by Horton, is that correct?

12 A Yeah, he's helping us with our Urban Ag
13 Initiative. And obviously he's going to be an
14 integral part of bringing that to fruition. So, yes,
15 he is helping us with that and helping advise us with
16 different agricultural issues.

17 Q Did you see the article that appeared in the
18 Honolulu Star-Advertiser on Wednesday 11-16 which was
19 written by Dean Okimoto about Ho'opili? Did you read
20 that?

21 A Yes, I did.

22 Q Is there any reason why Dean Okimoto did not
23 identify himself here as associated with an entity
24 that's actually being compensated by Ho'opili -- or by
25 Horton?

1 A I don't know that. I do not.

2 Q Did you read this article before it was
3 submitted to the "Star-Advertiser"?

4 A No, I did not.

5 Q Did anybody at Horton read it before it was
6 submitted?

7 A Possibly.

8 Q Would you not have thought that that
9 identification of Mr. Okimoto was somewhat important
10 to the public in order for the public to weigh and
11 determine his views on the subject matter?

12 A Don't know. Can't answer that for the
13 public.

14 Q Is Nalo Farms not a competitor of Aloun?

15 A I don't think so. I think Aloun, again, is
16 a large commercial farm. Again, as Dr. Plasch
17 mentioned, they're the second largest diversified ag
18 farmer. So, and I know Nalu's a much smaller farm.
19 So I don't think they're direct competitors in my
20 personal view.

21 Q Have you ever been to the farmers market at
22 Kapiolani Community College?

23 A No, I have not.

24 Q If you were to go there are you aware that
25 you would see these two booths? One of them is Aloun

1 Farms and next to them is Nalu? And they offer very
2 much the same kind of products for sale?

3 A I'll take your word for it.

4 Q Do you understand that Nalo Farms may
5 benefit significantly if Aloun Farms is unable to
6 continue its business?

7 A I have no -- it's not my understanding, no.

8 Q As I understood your testimony here today
9 basically you're not aware of whether or not Aloun
10 Farms will be able to be move its business elsewhere
11 if this project proceeds, is that correct?

12 A Again, as I testified earlier, I think it's
13 important to realize that them along with Larry Jefts
14 or Sugarland and Syngenta knew that developments
15 happen in the area. Obviously they were also leasing
16 land, Aloun was, and UH West O'ahu and DHHL.

17 Again, they've known that this area was part
18 of the -- in the Urban Growth Boundary, integral part
19 of Kapolei. So I think them knowing that, they've had
20 lots of time to plan for this eventuality that would
21 happen like, again, Fat Law buying the land, like
22 Larry Jefts securing other lands up in the Kunia area.

23 So, I think they -- again, I know they're
24 looking for other land possibly trying to, again,
25 further their business. Again, our development isn't

1 going to happen overnight. So they're going to have
2 plenty of time to continue to look for other options.

3 Q Nevertheless, you heard my questioning of
4 Dr. Plasch this morning, is that correct?

5 A Yes, sir.

6 Q And do you concur with at least my
7 contention that as a consequence of the development of
8 this project Aloun Farms may not survive?

9 A I have no idea whether they -- I would hope
10 I'm close -- the Sou's are smart people. I would
11 imagine they'll figure out a way to continue to
12 operate and do their business. I can't speculate on
13 whether they're not going to survive or survive. But
14 I hope they survive.

15 Q Do you recall that in 2009 the Department of
16 Agriculture provided testimony to the Land Use
17 Commission in which they said that approval of this
18 Petition would result in the permanent loss of
19 1,407 acres, 94 percent of the Petition Area of highly
20 productive A and B lands? Do you recall that
21 testimony?

22 A Yes, I do. I recall the letter, yes.

23 Q Did you agree with that testimony?

24 A Did I agree with it? No.

25 Q Why not?

1 A I think it was a position by the Department
2 of Agriculture at that point in time that it was
3 really unrealistic for, as far as, as far as, again,
4 needing to look at the overall 'Ewa Development Plan,
5 the amount of land that was set aside for agriculture.
6 And I just didn't think, again, Ho'opili is within the
7 Urban Growth Boundary in the 'Ewa Development Plan and
8 with that and with the acreage that was set aside for
9 that were was not realistic.

10 Q Did you agree with the testimony on that
11 occasion by the Department of Agriculture that if, in
12 fact, the Land Use Commission favorably considers your
13 Petition, that there is a duty on all parties to
14 mitigate the impact of that decision on the loss of
15 agricultural lands?

16 A Sorry. Could you run that by me one more
17 time.

18 Q Yes. Did you agree with the testimony
19 provided by the Department of Agriculture in August of
20 2009, that if the Land Use Commission grants your
21 Petition, that there is a resulting duty and
22 obligation on the part of all parties to mitigate the
23 loss of valued agricultural land?

24 A I do not agree with that, no.

25 Q Are you able to tell us as you sit there

1 today how much Horton paid to acquire this parcel of
2 land?

3 A Ah, yeah. I think it's public record,
4 \$70 million.

5 Q Do you have any studies or indications what
6 the value of this land will be if the Land Use
7 Commission grants your pending Petition?

8 A Any studies? No.

9 Q It will dramatically increase in value, is
10 that correct?

11 A I would imagine it would increase in value,
12 yes.

13 Q Do you have any studies or projections as to
14 what Horton stands to profit if this project goes
15 through to completion?

16 A No.

17 Q Do you have any contingent plans if the
18 instant Petition is not granted?

19 A I'd like to think that hopefully it will be
20 granted. But if it is not I guess we have to sit back
21 and weigh the different alternatives at that point in
22 time.

23 Q Have you given any serious consideration to
24 utilizing your company's resources to develop projects
25 elsewhere instead of on prime agricultural land?

1 A I think we're -- obviously we've been in
2 business here for 30 plus years and we're always
3 looking to further our home building operation and
4 continue to provide homes here for the people of
5 Hawai'i. So I mean it's, for us we're always out
6 there looking for different land parcels to continue
7 our business and to make it a continuing business here
8 in Hawai'i.

9 Q My question is more specific than that.

10 A Okay.

11 Q If you had opportunities to build on
12 non-prime agricultural lands, would you as a community
13 be willing to dismiss this Petition and pursue those
14 opportunities?

15 A No. Because, again, Ho'opili, again, the
16 reason why we paid \$70 million for Ho'opili, again, it
17 was inside the Urban Growth Boundary. It was an
18 integral part to actually what's happening out in
19 Kapolei with its tie right next to UH West O'ahu,
20 Waipahu, and the Kapolei urban core, that it's a part
21 of the whole community out there.

22 So it's, for us, we believe in the community
23 and the project and what it stands for out there. So
24 we really wouldn't have any interest in going anywhere
25 else except for Ho'opili.

1 Q Would you agree that the loss of 1200, 1400,
2 1500 acres of prime agricultural land and the
3 diminishing, then, numbers of agricultural land
4 available on O'ahu, would have an impact on the lease
5 rents or value of the remaining agricultural lands?

6 A I couldn't speculate on that.

7 Q If that were the testimony from the
8 Department of Agriculture back in 2009, do you have a
9 basis for disagreeing with that?

10 A Ah, other than, again, I think as Dr. Plasch
11 mentioned, more lands over time are going to be made
12 available up in the Kunia, North Shore areas.

13 So I would hope that market forces would
14 continue and that more land would become available,
15 and the lease rents would remain, remain at some level
16 that works for the farmers.

17 Q Do you agree that among those market forces
18 would be the fact that there's now less land available
19 so that land becomes more dear and therefore commands
20 a higher price for people who might want to farm it?

21 A Again, as I understand it I mean there's
22 land available in the Kunia, North Shore area. I
23 understand also there's obviously water improvements
24 that need to be done in some of those areas. But,
25 again, I think over the course of time those water

1 improvements will be done; that land will be opened up
2 and that will help normalize or minimize rents.

3 MR. SEITZ: Thank you. I have no further
4 questions.

5 CHAIRMAN LEZY: Ms. Cerullo, do you have a
6 feel for how long you think you're going to go?

7 MS. CERULLO: Just have a few questions.

8 CHAIRMAN LEZY: Okay. Please go ahead.

9 CROSS-EXAMINATION

10 BY MS. CERULLO:

11 Q Afternoon.

12 A Afternoon.

13 Q I just want to clarify did you say you were
14 familiar with the Hawai'i State Plan?

15 A I read it many years ago, but I can't tell
16 you I'm very familiar with it, no.

17 Q Okay. Are you aware that conformance with
18 the Hawai'i State Plan is one of the decision-making
19 criteria for the LUC in deciding whether to grant or
20 deny this Petition?

21 A No.

22 Q Did you ever consider scaling back your
23 project? I mean did you ever consider just building
24 the TOD part of your plan?

25 A I think originally in the 'Ewa Development

1 Plan it called for approximately 16,000 homes within
2 Ho'opili. I think when we went, again, met with our
3 Task Force, talked with people in the community, it
4 was decided, well, let's integrate a little more
5 commercial into this, put some job creation within
6 Ho'opili. So at that point in time we did scale it
7 down from 16,000 homes to its present 11,750.

8 Q Don't get me wrong, I want all of it to
9 remain farmland. But just asking if you considered
10 whether just doing the TOD part of it would be, would
11 alleviate the traffic concerns and the agricultural
12 deletion and also provide housing?

13 A Hmm-hmm. Again, I think, you know, the
14 state and the city has spent hundreds of millions of
15 dollars in putting infrastructure into the area out
16 there like North South Road, proposed rail, if that
17 comes through the community.

18 I think there's, again, we've heard a little
19 bit that it's necessary to have affordable local
20 workforce housing. And Ho'opili is a prime area for
21 that to happen. And, again, with that and job
22 creation and with what's going on with UH West O'ahu,
23 you know, it's a plan that really brings the whole
24 area together, brings the community out there.

25 So, again, Ho'opili provides a lot. You

1 look at, you know, what's going on. I think
2 Dr. Bouslog talked about this earlier. Gentry is
3 going to be winding down here shortly. Haseko is
4 going to be winding down in the next four or five
5 years. This is probably one of the last places on the
6 island to have the ability to truly have affordable or
7 workforce local housing. So we're committed to the
8 plan as it stands right now.

9 Q What if the LUC put a condition on the
10 Petition that you couldn't build the 6,000 single
11 family homes, but that you could only do the TOD
12 portion of it? Would you agree with that or back out?
13 Or what would you do?

14 A Well, obviously the Commissioners have the
15 right to make the decisions. But I guess we're
16 committed to the plan. Again, I think the whole plan
17 has been given a lot of thought, a lot of
18 consideration and it's really critical that
19 combination of jobs and schools and different types of
20 housing product.

21 It all makes sense, you know, that, again,
22 the densities, the home count all come together in a
23 plan that's laid out right now.

24 MS. CERULLO: Okay. Nothing further.

25 CHAIRMAN LEZY: Dr. Dudley.

1 THE WITNESS: Kioni, before you start can I
2 just tell you I love you? (Loud laughter) Does that
3 mitigate my questions?

4 MR. DUDLEY: No more questions?

5 CHAIRMAN LEZY: (Gavel). Please go ahead,
6 Dr. Dudley.

7 CROSS-EXAMINATION

8 BY DR. DUDLEY:

9 Q In the interest of time and in streamlining
10 our case I hope to finish up by 3 o'clock.
11 Mr. Jones -- and I love you to, man -- (laughter) I
12 want to go to this strange piece of green down here
13 that Dr. Plasch pointed to this morning. What is that
14 strange piece of green?

15 A This strange piece of green?

16 Q Yes, that one there.

17 A That's some land we acquired obviously when
18 we purchased the Ho'opili property.

19 MR. YEE: For the record I believe he's
20 referring to Exhibit 89B page 9.

21 THE WITNESS: Thank you.

22 Q (Dr. Dudley) It's a piece of property you
23 what?

24 A When we purchased -- it's part of the
25 Ho'opili purchase.

1 Q I see. Is there any more, something around
2 there that you own?

3 A Ah, we own -- there's some parcel in --

4 Q No, I'm talking about down there at that
5 spot.

6 A No. That's it down in that area.

7 Q And where is that?

8 A It's right along, I think Pearl Harbor, if I
9 remember correctly is right close right in there.

10 Q I see. And is this in the blast zone?

11 A I believe it is, yes.

12 Q It's, you know, the 'Ewa Development Plan
13 has two sections that are set aside as agriculture.
14 One is above the freeway. One is the blast zone.

15 A Okay. I stand corrected. That's not in the
16 blast zone. My fault.

17 Q It's not. And is that section of green
18 within the Urban Growth Boundary or outside the Urban
19 Growth Boundary? Wait a minute. That's not my
20 question.

21 My question is as far as the 'Ewa
22 Development Plan is concerned, is that within the area
23 around the blast zone that is set aside in the 'Ewa
24 Development Plan for agriculture?

25 A I wouldn't know without looking at the map.

1 Q I would think that'd be a very important
2 question to know, sir -- I'm sorry. No comments.
3 Okay. All right. So you do own that property,
4 though?

5 A Correct.

6 Q How many acres is that property?

7 A I think it's 30 acres.

8 Q Thirty acres. And it has water allocation
9 already. Is water allocated for it?

10 A I think at the time we do something with
11 that site that's when we'd have to go to Board of
12 Water Supply and actually get our allocation for that.

13 Q But aren't all the allocations already
14 taken?

15 A No, it's not my understanding.

16 Q I see. Okay. Now, the reason we're
17 pointing to that is because Dr. Plasch said something,
18 and I believe in the City's letters somebody has an
19 exhibit that has a letter from Russell Kokubun, the
20 Department of Agriculture, where you've agreed that if
21 you don't get -- if you can't use the gullies, then
22 you're gonna use an extra piece. Is that the piece
23 we're talking about?

24 A No. That's included in the 159 acres.

25 Q That's included in the 159 acres?

1 A Correct.

2 Q Why is it that on your earlier maps that
3 wasn't shown and none of us have been aware of it
4 until today?

5 A I can't tell you what exhibit, but I'm sure
6 it was shown at some of point in time.

7 Q Okay. In the maps that have appeared in the
8 "Star-Advertiser", for instance, that's never been
9 there.

10 A I don't know what maps have been in the
11 "Star-Advertiser".

12 Q I see. When one says there's going to be
13 159 acres within Ho'opili like you've said repeatedly
14 today, 159 acres of civic farms within Ho'opili, isn't
15 that kind of not true; that there's this extra piece
16 outside of Ho'opili which you possibly will or will
17 not use? Isn't that kind of deceptive?

18 A No, I don't think so at all. I mean it's
19 159 acres that will be included in the civic farm
20 areas. And obviously most of them are within
21 Ho'opili. This particular piece is outside the
22 boundaries of Ho'opili proper.

23 Q Okay. Today, when you were talking about
24 this lowest gulch down here, the one down at the
25 bottom, I remember you saying specifically -- and

1 we've talked with Department of Ag I think you said,
2 and if we can't, if we can't actually grow things
3 there we'll do it somewhere else up here in Ho'opili.

4 But now, now it looks like well, we don't
5 really need to take the good land in Ho'opili. Let's
6 go over, take the junk land over here. So aren't you
7 swapping out? And isn't this kind of a betrayal of
8 the original concept?

9 A No. It's always been when we started,
10 again, the sustainability plan and started the Urban
11 Ag Initiative that parcel was always part of the
12 concept.

13 Q If the public doesn't know something and
14 you present maps to the public and you say one thing
15 and you've got this hidden parcel over there, all of a
16 sudden it appears, isn't that deceiving the public?

17 A I don't think there's any maps that I
18 remember being shown that, you know, that show all the
19 locations. I know there's a site plan -- the only one
20 I remember seeing that's in the sustainability plan
21 that shows the urban ag areas.

22 Q I'm sure when we get around to showing our
23 exhibits you'll find that our exhibits don't show that
24 piece. Let me go on then to the next question, the
25 steward farms. I've really been struck by the fact

1 that the steward farms, which I thought were going to
2 be acres of farmland, are really just house lots.

3 How do you distinguish those house lots from
4 other house lots? How do you distinguish the steward
5 farms from the other farms?

6 A The steward farm program, again, it's
7 something that's going to be optional for the people
8 that are living in the single family homes or the
9 duplexes. Again, it's hoped that a lot of people seem
10 to be embracing home gardening and want to do this.
11 That's why obviously we're going to make options
12 available, have education seminars available so people
13 can actually put an edible garden in their house.

14 And from that, again, with the interaction
15 within the other components of the Urban Ag
16 Initiative, we think that's an exciting piece, and
17 exciting part of what Ho'opili has to offer down
18 there.

19 Q When one goes to buy a piece of property,
20 though, when one buys a house, okay, some houses are
21 going to have the steward lots and some houses are
22 not?

23 A All the single family homes and duplexes
24 will have an option to participate in the steward
25 farming.

1 Q Then if all of them have the option to
2 participate, how do you know that you're going to
3 spend 84 acres on steward farms? What if just only
4 five or 10 of them would decide to participate?

5 A Well, I'm looking at how many single family
6 homes we'll have in the project. It kind of equates
7 to about, if I remember correctly, 136 acres of actual
8 area that can be farmed around the houses.

9 So we took a conservative number and used
10 84 acres. Obviously not everybody's going to opt to
11 do edible gardens. But hopefully a decent percentage
12 would be used -- would want to do that. So, again,
13 we're not counting that everybody in Ho'opili that has
14 a single family home is gonna opt to have edible
15 gardens in their house.

16 Q So what we're saying, then, is really
17 there's no guarantee that there will even be 84 acres
18 of that property even though we're just talking about
19 house sites. There's no guarantee that you're going
20 to definitely have 84 acres of this land that's going
21 to be dedicated to farms no matter what.

22 A Our hope is we're going to have more, but I
23 can't sit here and guarantee that everybody's going to
24 take that option, but I certainly hope so.

25 Q And will there be any costs for upgrades for

1 the ones who do have the farms?

2 A There will be, again, as I mentioned
3 earlier, there will be options that will be offered
4 for people that they can, you know, again, have maybe
5 a full yard edible landscaping or just a couple beds.
6 So those will be some options that will be offered to
7 them.

8 Q Okay. The idea that on the property, about
9 two thirds of the property is the wrong kind of soil
10 to build on so you're going to have to scrape that
11 property like they do in so many places around your
12 property, and then bring in coral to put down.

13 When they do that, ordinarily, every place
14 else they just come in and lay the coral for blocks
15 and blocks and blocks.

16 How are you going to have special dirt that
17 hasn't been covered with coral and so forth? How are
18 you going to save the real good ag land or are you?

19 A Well, I think, again, in most communities
20 you try to balance your soils so you're not hauling
21 off a lot and bringing a lot in. Ho'opili, again, we
22 haven't done a lot of soils testing on there so I
23 can't tell you whether we can build a structure on it
24 or we have to do something different.

25 There's a lot of times there's foundations

1 now that are used here in Hawai'i that you actually
2 don't have to haul in any type of structural fill.
3 They're called waffle mats. They actually build onto
4 the soil that's there so you don't have to haul
5 anything out. So that can be possible for us to use.
6 It's used a lot in certain areas of the mainland.

7 So that could be possible if we do have to
8 bring in coral, again like we doing at LaHiki out at
9 Mehana. Right now we're bringing in coral but we're
10 having to bring in topsoil to put around those houses.
11 So obviously people can plant in those areas.

12 So, again, our hope would be to take that
13 soil, keep it on site, bring it back and again use it
14 for any of the landscape areas within Ho'opili.

15 Q But isn't there a problem with your Sea
16 Country project where you have put soil over the coral
17 and the things won't grow because the coral is down
18 there? When the roots get down to the coral it dies?

19 A Not that I'm aware of.

20 Q I see.

21 A Haven't had any warrantee issues with that,
22 no.

23 Q All right. Let me move to just a couple
24 more things. I know time is really short here. I'm
25 interested in the map up there, and the three areas

1 that are closest to you, one particularly right by the
2 rail station there, the UH West O'ahu rail station.

3 The green piece that is supposed to be the
4 steward farms, isn't that the same spot where the city
5 maps have the park 'n ride for the train?

6 A Are you talking about the civic farm down
7 here?

8 Q No. The one above it.

9 A This one here?

10 Q Yeah.

11 A I think the park 'n ride, if I remember
12 correctly, is right in this area.

13 Q But aren't there two? And isn't the other
14 one up above?

15 A I think it's on DLNR's property right here.
16 It's on state property as the other one, if I remember
17 correctly.

18 Q So if that's true and DLNR is right now
19 trying to sell that property, is that realistic?

20 A I have no idea what state's doing with it.

21 Q Okay. All right. I have three more short
22 questions. I'm concerned about the schools and the
23 police station and the fire station and your wonderful
24 donation of land. But I'm also very concerned that
25 we're going to -- the taxpayer is going to be stuck

1 with millions of bucks, millions of bucks in building
2 this.

3 Could you tell us how much the taxpayer is
4 going to have to pay for the police station, the fire
5 station and all of your schools?

6 A I couldn't tell you the exact amount. But I
7 think it's important, as I mentioned earlier, in the
8 DOE agreement that it's our responsibility and our
9 cost to provide infrastructure to those sites, provide
10 roads to those sites.

11 All that is not inexpensive. But I can't
12 tell you the exact costs to build the stations or the
13 schools.

14 Q Okay. But if your project was not built we
15 wouldn't have that cost, right?

16 A If the project was not built, I think again,
17 as I mentioned earlier DOE -- there's a need for
18 another high school, another high school site out
19 there. So I think they understand the importance of
20 Ho'opili and what it means to the department out
21 there. So I think they're excited actually about
22 getting some parcels and getting building on 'em.

23 Q Let's go to the roadways. It's true that
24 you're going to be putting an awful lot of money into
25 roads. But that would be expected. Can you tell us

1 how much the state and therefore the taxpayer is going
2 to have to pay for the roads that you're causing out
3 there?

4 A Which roads in particular?

5 Q You said there was going to be -- Farrington
6 was 50 million; the East West Road, got 10 acres for
7 rail, let's see. Well, let's just say the widening of
8 Farrington Highway. Is the taxpayer going to be
9 having to pay any of that?

10 A At this point in time it would be our
11 nickel.

12 Q It'd be your nickel. All right. Good. The
13 TIAR that was finally submitted to us, which was the
14 2011 one, which was just sent to us as a CD in the
15 last couple of weeks, it says that the mitigation for
16 the freeways, which is proposed, is an added lane on
17 each side of the freeway. Are you folks going to pay
18 for any of that?

19 A Again, I think it's, you know, we're in
20 ongoing discussion with DOT at this point in time. I
21 think there's different alternatives that were in that
22 it particular analysis. Again, we'll continue to
23 discuss with DOT kinda what their desires are. And
24 really, you know, it's a matter for us what we can
25 agree with with them and the cost for getting that

1 done. So, again, we will continue with discussions
2 with them.

3 Q Is there any possibility that you would wind
4 up paying for the extra lane?

5 A There's always a possibility that we could
6 pay for somewhat our fair-share of that of some
7 restriping or something that would add capacity to the
8 certain section of the highway. There's always that
9 possibility, yes.

10 Q I wasn't really talking about restriping. I
11 was talking about adding another lane.

12 A I think, again, if in that analysis there's
13 multiple different ways to accomplish adding some
14 capacity in there. There's many different -- there's
15 a number of different analysis done on different
16 methods that could accomplish that. But, again, it
17 comes down to DOT and what they believe is necessary
18 and then we can -- we'll continue discussions with
19 them.

20 Q But there's not going to be any decision
21 made on that before this board would -- this
22 Commission would pass on your project?

23 A Possibly.

24 Q Possibly?

25 A Possibly, possibly not.

1 Q All right. One last small series of
2 questions then. It has to do again with the Farmland
3 Conversion Impact Rating which allowed the rail to be
4 sent through the property without any kind of analysis
5 of other alternative routes.

6 Are you familiar with the Farmland
7 Conversion Impact Rating?

8 A No, sir.

9 Q You're not. Well, that certainly does sum
10 things up quickly. And you are the president of the
11 company, though, and this is your property that the
12 rail will be going through, is that correct?

13 A I am the president of this division, yes.

14 Q And you are not familiar with that at all.

15 A No, I am not.

16 MR. DUDLEY: Thank you very much. That's
17 the end of my questions.

18 MS. CERULLO: May I have leave to ask one
19 clarifying question?

20 CHAIRMAN LEZY: Okay.

21 RE CROSS-EXAMINATION

22 BY MS. CERULLO:

23 Q I had asked you if D.R. Horton would be
24 prepared to proceed if the Commission imposed a
25 condition on you to just build the affordable housing

1 or TOD high-density part. Would you actually proceed
2 with your project if that condition was imposed?

3 A No.

4 MS. CERULLO: Okay. Thank you.

5 CHAIRMAN LEZY: Redirect?

6 MR. KUDO: Just a few questions.

7 REDIRECT EXAMINATION

8 BY MR. KUDO:

9 Q Dr. Dudley referred to that sliver on the
10 lower right corner of Petitioner's Exhibit 89B page 9.
11 You seem to infer that that particular area was not
12 included in the urban ag plan. Is that sliver
13 included in the maps of the urban ag plan?

14 A Yes.

15 Q And isn't that urban ag plan included as
16 part of the sustainability plan submitted in these
17 proceedings?

18 A Yes.

19 Q I'm going to give you a Petitioner's exhibit
20 that was filed in 2007. I don't have the exhibit
21 number, but it was submitted in -- it's part of the
22 exhibit in Petitioner's case. It's the EIS Exhibit 5.
23 Excuse me. And I'm directing you to the map shown on
24 page -- can you tell me what page that is?

25 A Five.

1 Q Page 5, Exhibit 5 page 5. Is that
2 particular green area located on that map and marked
3 as part of the project site?

4 A Yes.

5 MR. KUDO: No further questions.

6 CHAIRMAN LEZY: Commissioners? Questions?
7 Commissioner Heller?

8 COMMISSIONER HELLER: Mr. Jones, I just had
9 a few questions to make sure I understand how you came
10 up with some of the numbers on the farmland that's
11 going to be included, or hopefully included in this
12 project if and when you reach full buildout.

13 THE WITNESS: Okay.

14 COMMISSIONER HELLER: Specifically on the
15 portions of the home lots that are going to be
16 maintained as farmland, you came up with an estimate
17 of 84 acres. And I think you explained that that was
18 based on 136 acres being calculated as possible. Then
19 you somehow reduced that to 84 as what you were
20 actually projecting.

21 Can you elaborate on how you came up with the
22 136 acres as being the possible number?

23 THE WITNESS: Sure. Hoping my brain is
24 still functioning on Friday afternoon. I took 3,000
25 lots, single-family duplex lots, and multiplied that

1 times, figured 2,000 square feet out of the
2 5,000 square feet of the lot, again, lot coverage is
3 probably 50 percent. So again I was being
4 conservative. So I took 3,000 times 2,000 square
5 feet. That multiplies out, I think that works out to
6 136 acres if I can remember correctly.

7 COMMISSIONER HELLER: 3,000 lots. What
8 percentage of that is the total number of single
9 family duplex lots?

10 THE WITNESS: The 3,000 would be right now
11 the total plan as the plan stands right now.

12 COMMISSIONER HELLER: Okay. And the average
13 size of those lots, total size?

14 THE WITNESS: Total size typically would be
15 about 5,000 square feet.

16 COMMISSIONER HELLER: So 2,000 square feet
17 is about 40 percent of the lot size.

18 THE WITNESS: Yes.

19 COMMISSIONER HELLER: So to come up with
20 136 acres of available farming area you're basically
21 saying that 40 percent of every single-family and
22 duplex lot is counted as available for farming.

23 THE WITNESS: For 136 acres. But, again,
24 I'm backing that out down to 84 acres.

25 COMMISSIONER HELLER: Okay. And 84 is,

1 what, about two-thirds of 136?

2 THE WITNESS: Yeah, give or take.

3 COMMISSIONER HELLER: So in ballpark numbers
4 you're figuring somewhere between 25 and 30 percent of
5 all of the available single-family and duplex lot
6 space is going to be used for farming.

7 THE WITNESS: Correct.

8 COMMISSIONER HELLER: Do you have any basis
9 for estimating how reasonable or realistic it is to
10 project that somewhere between 25 and 30 percent of
11 all of the available square footage is going to be
12 used for farming?

13 THE WITNESS: Other than what we've seen,
14 again, out at DHHL did out in Wai'anae with one of
15 their projects and the landscaping, the edible
16 landscaping that was done there. I've seen multiple
17 layouts of edible gardens. Again, that Food Scapes
18 that I mentioned earlier was done for people here in
19 Hawai'i.

20 I've also seen this done on the mainland a
21 number of times. So, again, it's really going to
22 depend on people's preferences whether they want to
23 use their whole lot or, again, just have maybe a
24 couple of different beds.

25 So, again, no one's done it to this scale here

1 in Hawai'i before. But, you know, I'm confident again
2 that hopefully more people will take this and run with
3 it.

4 COMMISSIONER HELLER: When you talk about
5 using the whole lot, obviously a portion of the lot is
6 taken up by the footprint of the house.

7 THE WITNESS: Right.

8 COMMISSIONER HELLER: And then you've got
9 the garage, you've got the driveway, the patio area
10 typically.

11 THE WITNESS: Yeah.

12 COMMISSIONER HELLER: How many square feet
13 of that 5,000 square foot lot could conceivably be
14 used for agricultural purposes?

15 THE WITNESS: Typically I think lot coverage
16 on a single family lot is 50 percent. So if you take
17 5,000 and then you have 2500 square feet remaining,
18 out of that lot that you can use for landscaping of
19 again, whether it's edible landscaping or something
20 else.

21 COMMISSIONER HELLER: So of the actual land
22 area excluding the footprint of the house and the
23 driveway and so forth, you're using a figure of
24 2,000 square feet per lot out of 2500 that could
25 theoretically be used for agricultural purposes.

1 THE WITNESS: Correct.

2 COMMISSIONER HELLER: So that's actually 80
3 percent of the available square footage.

4 THE WITNESS: Yes. Yeah.

5 COMMISSIONER HELLER: Okay.

6 THE WITNESS: Of the available outside of
7 the building footprint, yes.

8 COMMISSIONER HELLER: So then out of that
9 2500 square feet that's available, you're taking
10 80 percent and assuming that overall in the aggregate
11 25 to 30 percent of that available square footage is
12 going to be actually used for agricultural purposes.

13 THE WITNESS: Yes.

14 COMMISSIONER HELLER: Let me shift gears a
15 little bit and turn to the civic farms. Did I hear
16 correctly you said that there was going to be, that
17 159 acres was going to be deeded over to some kind of
18 agricultural association?

19 THE WITNESS: Yeah, that's correct.

20 COMMISSIONER HELLER: So they would actually
21 own that land and control it.

22 THE WITNESS: That is correct.

23 COMMISSIONER HELLER: And would have the
24 ability to set the rents?

25 THE WITNESS: Yes. Yep. Again, it would be

1 set up as an association nonprofit that would be run
2 as such. They would actually control those 159 acres,
3 plus the 8 acres of community gardens within Ho'opili.

4 COMMISSIONER HELLER: Did you also say that
5 you thought that land would be leased at market rates
6 for agricultural use?

7 THE WITNESS: Yes.

8 COMMISSIONER HELLER: But actually whether
9 it's market or below market would be up to the
10 association once it was deeded to them, right?

11 THE WITNESS: Correct. And again it's a
12 nonprofit organization. So you'd hope that -- the
13 hope would be, again, that they would rent it or lease
14 out the land actually to the farmers. Again, they're
15 not there for -- it's not a profit motivation for
16 them. Actually we were thinking that at the end of
17 the day if there's money left over from the
18 association some internship programs could be made for
19 some of the kids in the area so they could get
20 involved with farming.

21 So, again, it's not -- the Ho'opili Urban Ag
22 Association is not a money making venture. So
23 hopefully those rents would stay competitive.

24 COMMISSIONER HELLER: What happens if the
25 Association decides they want to lease it out at

1 market rates, and there are no takers?

2 THE WITNESS: Then I would imagine that they
3 would have to lower their rents in order to get some
4 takers. We're actually in discussions with a few
5 farmers at this point in time that certainly have
6 shown some interest in that.

7 COMMISSIONER HELLER: Those are all my
8 questions. Thank you.

9 CHAIRMAN LEZY: Commissioner McDonald.

10 COMMISSIONER McDONALD: Yes. Mr. Jones, I
11 think I'm just looking for some clarification on that
12 exhibit you have up there, 89B.

13 THE WITNESS: Yes.

14 COMMISSIONER McDONALD: That portion, that
15 green portion that falls, I guess, outside the
16 Petition Area, is that entire 70 acres designated for
17 farming?

18 THE WITNESS: This area here?

19 COMMISSIONER McDONALD: That's correct.

20 THE WITNESS: Right now it's 30 acres and
21 right now it's designated in the urban -- in the urban
22 ag plan far farming, yes.

23 COMMISSIONER McDONALD: Okay. When I
24 referenced Exhibit 1B, that area is identified as
25 "makai detention basin". So is it the intent to grow

1 a specific type of crop there in a detention basin?

2 THE WITNESS: I think if -- again, that was
3 part of the Navy outfall. The thought is right now
4 that if we are able to get that through, then whatever
5 land we would have to take out of that particular area
6 for the drainage we'd replace that within the Ho'opili
7 community.

8 So if we don't get the outfall with the Navy,
9 then it would stay ag down in that area. I think, if
10 I remember correctly, part of it is getting farmed or
11 at least part of it close by is getting farmed by
12 Sugarland. They have a number of acres down a little
13 farther out into the blast zone.

14 COMMISSIONER McDONALD: I thought David
15 Bills had mentioned that 700-acre feet of detention
16 volume was not currently allocated in any of the
17 drainage Master Plans.

18 THE WITNESS: That might be above my pay
19 grade there as far as retainage. What is specifically
20 your question? I'm sorry.

21 COMMISSIONER McDONALD: Did you just say
22 that that portion as designated in that green area is
23 for detention for the purpose of if Ho'opili does not
24 get the approval from the Navy, that's where the
25 retention is going to be allocated?

1 THE WITNESS: No. It would be allocated on
2 site. It wouldn't be allocated down, down in that
3 area. I think, again, that was set up originally if
4 we did have the Navy outfall. But if we don't get the
5 Navy outfall the retention would have to be taken
6 place on site to keep that water up in the Ho'opili
7 area.

8 COMMISSIONER McDONALD: So in either
9 scenario that detention basin is to remain.

10 THE WITNESS: Right now it's not, it's not
11 functioning as a large detention basin at this point
12 in time. So I mean if, again -- it's our plan to
13 either, if we do use it for a detention basin further
14 down the road or an outfall, then again the land
15 that's shown for the urban farm there would have to be
16 moved somewhere else within Ho'opili.

17 COMMISSIONER McDONALD: Okay.

18 THE WITNESS: I probably wasn't very clear
19 on that. You look like you're still puzzled a little
20 bit.

21 COMMISSIONER McDONALD: Well, I understand
22 the plan process. And things may need to get adjusted
23 as you folks move forward. But it was just
24 interesting to me that that area was designated as
25 farm, the hundred or so farmlands. And it was also

1 designated as a detention basin. And 30 acres of that
2 I believe it was 159 acres, that's to me a significant
3 proportion to be designated as detention basin.

4 THE WITNESS: Yeah. Yeah. And again I
5 think we, when we're going through the sustainability
6 plan, it happened after we weren't getting, making a
7 lot of headway with the Navy as far as having that as
8 an outflow.

9 So that's one of the reasons why it made sense
10 to incorporate that in the urban ag because it looked
11 like we were going to have to do detention basins
12 onsite on the actual, in the Ho'opili boundary area.

13 COMMISSIONER McDONALD: Okay.

14 CHAIRMAN LEZY: One very quick question
15 because I know Commissioner Contrades is ready to
16 strangle me. (Laughter). Mr. Jones, following up on a
17 question I had asked of Dr. Plasch. Assuming this
18 Petition were to be denied and the Petition Area
19 remains in agriculture, would it be the plan of D.R.
20 Horton to, once the existing agricultural leases
21 expire, to seek market rate rent for that ag land?

22 THE WITNESS: That would certainly be one of
23 the alternatives, but I tend not to think about that.
24 But it could be one of the alternatives. It could be.
25 We could end up trying to sell the property at that

1 point in time to, you know, as ag lands too. So I
2 mean there's lots of different alternatives. I can't
3 speculate at this time what exactly we would do.

4 CHAIRMAN LEZY: Fair enough. Mr. Kudo, then
5 absent potential rebuttal may I assume you rest your
6 case?

7 MR. KUDO: Yes. We rest our case with this
8 witness subject to rebuttal witnesses being called.

9 CHAIRMAN LEZY: Okay. Anything else that
10 needs to be addressed before we adjourn? Other than
11 that I'd just like to thank the parties for their hard
12 work. We got a lot accomplished over the last two
13 days, especially today. So thank you very much. And
14 I hope everybody has a nice Thanksgiving. We're
15 adjourned. (gavel)

16

17 (The proceedings were adjourned at 3:20 p.m.)

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C E R T I F I C A T E

3

4 I, HOLLY HACKETT, CSR, RPR, in and for the state
5 of Hawai'i, do hereby certify;

6

7 That I was acting as court reporter in the
8 foregoing LUC matter on the 18th day of November 2011;

8

9 That the proceedings were taken down in
10 computerized machine shorthand by me and were
11 thereafter reduced to print by me;

11

12 That the foregoing represents, to the best
13 of my ability, a true and correct transcript of the
14 proceedings had in the foregoing matter.

14

15 DATED: This _____ day of _____ 2011

16

17

18

19

20 HOLLY M. HACKETT, HI CSR #130, RPR
21 Certified Shorthand Reporter

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22

23

24

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