

1 LAND USE COMMISSION

2 STATE OF HAWAI'I

3

4 AO6-771 D.R. HORTON-SCHULER HOMES, LLC)

5)

6 _____)

7

8

9 TRANSCRIPT OF PROCEEDINGS

10

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

12 at Conference Room 205, Second Floor, Leiopapa A

13 Kamehameha, 235 S. Beretania Street, Honolulu,

14 Hawai'i, commencing at 9:00 a.m. on March 16, 2012,

15 pursuant to Notice.

16

17

18

19

20

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

21

22

23

24

25

1	I N D E X	
2		
3	DOCKET WITNESSES	PAGE
4	PAUL BREWBAKER, Ph.D.	
5	Direct Examination by Dr. Dudley	15
	Cross-Examination by Mr. Kudo	33
6	Cross-Examination by Ms. Dunne	45
	Cross-Examination by Mr. Seitz	50
7	Redirect Examination by Dr. Dudley	57
8	JONATHAN DEENIK	
9	Direct Examination by Ms. Dunne	72
10	TOM COFFMAN	
11	Direct Examination by Dr. Dudley	82
	Cross-Examination by Mr. Kudo	95
12	Redirect Examination by Dr. Dudley	111
13	TOM NANCE	
14	Rebuttal Examination by Mr. Kudo	114
	Surrebuttal Examination by Dr. Dudley	132
15	Surrebuttal Examination by Ms. Dunne	134
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

1	I N D E X	
2	PUBLIC WITNESSES	PAGE
3	Senator Will Espero	7
4	Pearl Johnson	138
5	Victoria Cannon	140
6	Gene Iwana	142
7	Charlie Reppun	143
8	Arlene Webb	147
9	David Hulihe'e	148
10	Fred Lau	150
11	Robert Yoneoka	153
12	Alice Fisher	157
13	Glenn Yamasaka	160
14	Mark Daranciang	162
15	Leatrice Grantham	166
16	Clyde Hayashi	167
17	Adam Bensley	172
18	Thomas Ramos	173
19	Janine Clifford	175
20	Georgette Stevens	178
21	Matthew Stuckey	180
22	Phyllis Kacher	183
23	Maeda Timson	188
24	Jeanne Vana	192
25	--00--	

1 CHAIRMAN LEZY: (Gavel) Good morning. This
2 is a continued hearing of the State of Hawai'i Land
3 Use Commission in Docket Matter A06-771 D.R.
4 Horton-Schuler Homes, LLC, a Delaware limited
5 liability company d.b.a. D.R. Horton-Schuler Division
6 Honouliuli, 'Ewa, O'ahu, to amend the Agricultural
7 Land Use District Boundaries into the Urban District
8 Land Use District for approximately 1,525.516 acres of
9 land at Honouliuli, 'Ewa District, O'ahu, Hawai'i, Tax
10 Map Key No. (1)9-1-17:4, 059, 072; (1) 9-1-18: 001
11 and 004.

12 Parties, make your appearances, please.

13 MR. KUDO: On behalf of the Petitioner, Ben
14 Kudo and Naomi Kuwaye. With me is Cameron Nekota,
15 vice president of the Petitioner, Schuler-Horton.

16 CHAIRMAN LEZY: Good morning.

17 MR. JAYARAM: Good morning, Chair, Members
18 of the Commission. Krishna Jayaram, deputy
19 corporation counsel here on behalf of the Department
20 of Planning and Permitting. To my right is Tim Hata
21 of the Department.

22 CHAIRMAN LEZY: Good morning.

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

1 Planning.

2 DR. DUDLEY: Good morning. Dr. Kioni Dudley
3 for the Friends of Makakilo.

4 CHAIRMAN LEZY: Good morning.

5 MS. DUNNE: Good morning. Elizabeth Dunne
6 on behalf of the Sierra Club.

7 CHAIRMAN LEZY: Good morning.

8 MR. SEITZ: Good morning. Eric Seitz
9 appearing for Intervenor Senator Clayton Hee. With me
10 is my associate Sarah Devine.

11 CHAIRMAN LEZY: Good morning. So I
12 understand, the order of the witnesses this morning is
13 going to be Intervenor Friends of Makakilo's first
14 witness Mr. Brewbaker. We'll then shift over to
15 Sierra Club who will put on Mr. Deenick, is that
16 correct?

17 MS. DUNNE: That's correct.

18 CHAIRMAN LEZY: Okay. Then we'll shift back
19 to Friends of Makakilo, Mr. Coffman will go on,
20 correct?

21 DR. DUDLEY: Yes.

22 CHAIRMAN LEZY: Then there's one rebuttal
23 witness, is that correct?

24 MR. KUDO: Yes.

25 CHAIRMAN LEZY: Mr. Nance.

1 MR. KUDO: Yes.

2 CHAIRMAN LEZY: Mr. Seitz, you've closed the
3 evidentiary portion of your -- you've rested the
4 evidentiary portion of your case.

5 MR. SEITZ: Yes, that's correct.

6 CHAIRMAN LEZY: Okay. Senator Espero, step
7 forward, please. Have a seat. You can talk to us
8 over the microphone. (Standing) Public testimony is
9 scheduled for 2:00 p.m. today. But given that the
10 Legislature is in session I understand Senator Espero
11 wishes to provide public testimony. The Commission
12 will oblige him.

13 THE WITNESS: Thank you. Thank you very
14 much, Chairman.

15 CHAIRMAN LEZY: I need to swear you in
16 first.

17 SENATOR WILL ESPERO
18 being first duly sworn to tell the truth, was examined
19 and testified as follows:

20 THE WITNESS: Yes.

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

23 THE WITNESS: Will Espero, 91-944 Waihua
24 W-a-i-h-u-a Place, 'Ewa Beach. My name is Will
25 Espero, State Senator from 'Ewa Beach and district

1 where the Ho'opili Project is proposed.

2 Let me begin by making it clear that at one
3 time I was employed by D.R. Horton as a community
4 relations manager. That was over five years ago, and
5 I worked for 24 months. If you'd also like to know I
6 also worked for the 'Ewa by Gentry Community
7 Association in the administration of Mayor Frank Fasi,
8 First Hawaiian Credit Corp., The Coalition for A
9 Drug-Free Hawai'i and Norwest Financial.

10 I share that with you because my motivation
11 has nothing to do with my past employment to be here,
12 but rather my desire to see the growth of the Second
13 City that has been discussed for decades, and to make
14 certain that the excitement of a new city continues as
15 it is moving forward today.

16 I will read my two-page testimony for you.
17 Thank you for the opportunity to share my position one
18 more time with you. I've spoken with many residents
19 in my district and many feel the same as I do.

20 New residents to 'Ewa are grateful for the
21 opportunity to buy a home in new developments built by
22 D.R. Horton, Gentry Homes and Haseko Homes.

23 Moreover, many residents who have lived in
24 'Ewa for decades are grateful for the new
25 opportunities with new retail stores, restaurants,

1 government offices, schools and soon a new University
2 of Hawai'i West O'ahu which is being built on former
3 ag land.

4 For the last several decades growth and
5 development have been directed to West O'ahu. And
6 there is a reasonable expectation that the growth and
7 development will continue as can be seen with the new
8 university which will be an economic and educational
9 catalyst for the region.

10 Exciting times are ahead. As you may know
11 from 1960 to 2010 the population on O'ahu grew by
12 452,798. This averages to approximately 90,500 new
13 residents on O'ahu every ten years.

14 From 2000 to 2010 Oahu's population grew by
15 77,000. It is reasonable to expect that O'ahu's
16 growth will continue in the tens of thousands every
17 ten years.

18 Yesterday you heard from my colleague,
19 Senator Hee, from Windward O'ahu, that Ho'opili is not
20 reasonably necessary for urban growth. I respectfully
21 disagree with him. He is wrong.

22 It is reasonably necessary for our growing
23 population to continue to look toward West O'ahu and
24 Ho'opili for new homes, new jobs and entrepreneurial
25 opportunities.

1 It is reasonable to believe that millions of
2 tax dollars spent in this region by our federal, state
3 and county governments were spent and are being spent
4 today because of the decades of dialogue and planning
5 and the need to maximize the use of the limited land
6 available to us.

7 It is reasonably necessary to believe that
8 Ho'opili will have affordable homes, workforce
9 housing, elderly housing and rental units for our
10 urban growth.

11 It is reasonable to believe that by
12 classifying the designated area to urban the Land Use
13 Commission is following HRS 205-2(a) by grouping
14 contiguous land areas: The community of Kapolei to
15 the West, 'Ewa, 'Ewa Beach to the south, Waipahu to
16 the east and the important H-1 Freeway to the north.

17 It is definitely clear that by changing the
18 classification of the designated area you are
19 following HRS 205-2(a) by considering the Master Plan
20 or General Plan of the city and county of Honolulu.
21 This region has been part of the urban core for 30
22 years.

23 You have heard from many experts and
24 witnesses for and against Ho'opili. And you will
25 continue that today. Based on what you have read and

1 heard and with Hawaii Administrative Rule 15-15-77
2 Section B6, as the law the proposed amendment boundary
3 is reasonable. It does not violate HRS 205-2. And it
4 is consistent with other policies and criteria you are
5 evaluating in your important decision.

6 There has been talk of 30,000 homes already
7 approved to be built in West O'ahu. Frankly, there is
8 no guaranty 30,000 will be built any time soon or even
9 in the next 20 to 30 years.

10 Six thousand five hundred homes slated for
11 Kalaeloa, or the old Barbers Point Naval Air Station,
12 are in an area lacking or having significantly
13 substandard sewers, roads and electricity.

14 It will cost tens of millions of dollars to
15 upgrade the infrastructure. Three thousand homes on
16 DHHL land are for Native Hawaiians with specific blood
17 quantum requirements. And statewide DHHL struggles to
18 qualify Native Hawaiian families for homeownership.
19 They're lucky if they can qualify 250 a year
20 statewide.

21 Thousands of the housing units on the UH
22 West O'ahu campus will be dormitories for students,
23 not for long-term living families -- not long-term
24 family living. Thousands of housing units will be
25 timeshares for visitors and locals alike.

1 Approximately 6,500 homes in West Kapolei next door to
2 Ko Olina Resort and Marina, and homes in Makaiwa Hills
3 with panoramic views to Diamond Head, will likely be
4 higher priced homes for high income earners.
5 Ultimately supply and demand will determine if these
6 housing units are built.

7 D.R. Horton-Schuler Division has been
8 building communities and homes in Hawai'i for 40
9 years. And their Ho'opili Development will allow them
10 to continue making dreams come true for Hawai'i
11 residents.

12 In closing, Members, building island
13 communities with homes and jobs, and growing food for
14 our residents are two important issues facing all of
15 us. This important dialogue will continue in the
16 decades to come. And it will not end after this set
17 of hearings and decision-making.

18 I believe the future price and cost of
19 island housing, and the discussions to follow, will
20 far outweigh the discussions on the price of
21 vegetables and fruits for our residents in the future.

22 Tens of thousands of acres of ag land are
23 available throughout our state. There's hydroponics.
24 And with research and development for higher yielding
25 crops these will help and benefit O'ahu's residents in

1 terms of agriculture. And the Legislature incentives
2 must also be considered to help farmers expand our
3 farmer base and get people interested in the
4 agriculture industry.

5 Even with Ho'opili Hawai'i's agriculture
6 industry can and will grow. And as you probably know
7 that is a tough business to be in. So let us be
8 reasonable and sustain the planning and discussions of
9 the past decades which have brought us here today,
10 with the Hawai'i State Plan and the City's General
11 Plan as a guide, and with support from the region's
12 three neighborhood boards: Kapolei, Honokai Hale, 'Ewa
13 and Waipahu.

14 I humbly ask that you approve the Ho'opili
15 Project. I trust you will be fair, independent and
16 reasonable. Thank you for this opportunity of letting
17 me come ahead of schedule, certainly appreciate it.

18 CHAIRMAN LEZY: Parties, questions?
19 Commissioners, questions? Thank you, Senator.

20 THE WITNESS: Thank you very much, Chairman.

21 CHAIRMAN LEZY: Before we move into the
22 Intervenor Friends of Makakilo's first witness, any
23 issues that need to be taken up in advance? Nope.
24 Okay. Dr. Dudley, your first witness.

25 DR. DUDLEY: I'd like to call Dr. Paul

1 Brewbaker.

2 CHAIRMAN LEZY: Good morning, Doctor.

3 THE WITNESS: Morning.

4 PAUL BREWBAKER, Ph.D.

5 being first duly sworn to tell the truth, was examined

6 and testified as follows --33

7 THE WITNESS: Yes, I do.

8 CHAIRMAN LEZY: Please state your name, your

9 address.

10 THE WITNESS: Paul Brewbaker, 606 Uluhao

11 Street, Kailua.

12 CHAIRMAN LEZY: Dr. Dudley.

13 DIRECT EXAMINATION

14 BY DR. DUDLEY:

15 Q Dr. Brewbaker, what is your profession and

16 where are you employed?

17 A I'm an economist. I'm a consultant. I have

18 a firm that I call TZ Economics.

19 Q Can you tell us about your educational and

20 professional training?

21 A I studied Economics at Stanford, did some

22 graduate work at Wisconsin, got my Ph.D. in Economics

23 at UH. And education, was that it?

24 Q Professional training?

25 A Oh. Then I taught for a while in the

1 University of Wisconsin system. Came back to Hawai'i
2 to work at Bank of Hawaii as an economist. Retired
3 after 25 years, three years ago.

4 Q Okay. Weren't you also the head of the
5 Council on Revenues?

6 A Off and on I've been a member of the Council
7 on Revenues for all but about three of the last 20
8 years and chair maybe not quite half of that time.

9 Q Okay. Are you the author of any
10 publications?

11 A I used to be the author of the Bank of
12 Hawaii Economics Publications of which there are no
13 more. I've written a couple papers on economic-
14 related topics about Hawai'i.

15 Q And do you have professional affiliations?

16 A I'm a member of the -- well, I'm a Board
17 Member of the Hawai'i Economic Association, former
18 president, member of the American Economic
19 Association, the American Finance Association and the
20 National Association for Business Economics.

21 Q I'd like to refer you to Exhibit 39. Is
22 this your written testimony? Exhibit 39. Let me ask
23 you are you familiar with Exhibit 39? And is that
24 your testimony?

25 A No, I'm not, but I'm going to guess it is my

1 testimony. It's been three years so...

2 Q Have you testified before in this area of
3 expertise?

4 A Not before the Land Use Commission. I guess
5 you could say I'm a regular on the Urban Land
6 Institute luncheon circuit if that qualifies.

7 Q Okay. And has anyone paid you to be here
8 today.

9 A No. Unfortunately. (Laughter).

10 DR. DUDLEY: Chairman Lezy, I would like to
11 offer Paul Brewbaker as an expert witness in
12 Economics.

13 CHAIRMAN LEZY: Objections? Admitted.

14 Q (Dr. Dudley): Dr. Brewbaker, at the Bank of
15 Hawai'i were you involved in looking at the bigger
16 picture how construction projects would fit into the
17 islands and the State's economy?

18 A Yeah. For about the first 15 years of the
19 25 I was at the bank, I worked on, but eventually was
20 the principal author of, and actually desk top
21 published the bank's annual construction report which
22 had been published for about 35 years before we
23 discontinued publication in 1999.

24 So I've been involved with both analyzing
25 and forecasting construction and development for a

1 long time. And actually at that time we were seeking
2 to expand the report to be a construction and real
3 estate report. And the decision instead was not to
4 have a report at all. But we migrated most of that
5 analysis at the bank to the bank's website at that
6 time, BOH.com where we continue to publish.

7 More recently since leaving the bank --
8 actually before leaving the bank I collaborated for
9 many years with the University of Hawai'i Economic
10 Research Organization on their Annual Construction
11 Report.

12 Also facilitated the transition -- back in
13 the day the two big banks were the primary source of
14 construction and real estate development information
15 in the state. That goes back to 1949.

16 But after Al Gore invented Internet in 1994
17 we realized we were going to move a lot of that
18 information/distribution to Internet. So we didn't
19 have to pay the publication expense. And, but then
20 therefore, reducing the production cost of compiling
21 the information was also important. So we
22 collaborated with DBEDT to bring that all over to the
23 compilation and development of construction and real
24 estate development-related information in-house at
25 DBEDT. So I worked with them on that.

1 But I continue to -- I mean I helped write a
2 little bit of the UHERO Construction Report that I
3 think is published today. So I'm still involved in
4 it.

5 Q Okay. And would you tell us your view of
6 the function that cities serve.

7 A Well, from -- I can tell you about the
8 economics of cities, which is that they are -- you can
9 think of it as places in which agglomeration or
10 aggregation of economic activity occurs, the benefits
11 of which are that the -- when you get everybody
12 together in the same place, there's a positive
13 economic externality, and what we would call an
14 agglomeration externality where the unintended,
15 uncompensated benefit of our co-location actually
16 makes the output of the whole greater than the output
17 of the individual parts if they weren't aggregated.

18 So we observed, you know, a downtown where
19 people come together because that interaction, which
20 in many cases is just common, you just happen to run
21 into people, or you see them at your professional
22 lunches or whatever.

23 Now, cities tend -- and you see the same
24 things at campuses or you see the same thing at
25 factories as opposed to having manufacturing out in

1 villages across the countrysides. Those agglomeration
2 externalities are counter-balanced by a negative
3 externality which is the unintended, under-compensated
4 cost of congestion that occurs when people try to move
5 into the center in order to enjoy the benefits of
6 agglomeration.

7 And so you see the spatial pattern of cities
8 balance each other out so that the concentration of
9 economic output occurs in the center, in the node.
10 And then the habitation generally distributes outward
11 as a function of household income and wealth and
12 individuals' valuation of the time that they spend on
13 the commute.

14 So cities are places where we agglomerate
15 economic activity and as a result get more output than
16 we could if we had produced the same output
17 independently in a more spatially diverse -- dispersed
18 pattern.

19 Q So if people farther and farther from the
20 city have greater and greater difficulty getting into
21 the city, then does the city fail?

22 A Well, it bogs so it becomes less efficient.
23 There are work-arounds that you see. Cities invest
24 in, for example, ways to move people more rapidly to
25 the center from the periphery.

1 Another example is we have elevators that go
2 really fast to move people from the ground level to
3 the 30th floor. So those are high speed rail systems,
4 so to speak, for the same reason.

5 So it's not just laterally spatially we try
6 to accelerate people's movement, but it's also
7 vertically that we do that.

8 But, yes, as you move farther out from the
9 center, from the node, congestion becomes an issue
10 that people try to work around.

11 Q Okay. Now, Honolulu has natural boundaries
12 like in the mauka and the makai directions. Should it
13 also have limits or boundaries in the Diamond Head and
14 'Ewa directions?

15 A Well, actually they're kind of the same
16 thing. I mean we think of them as natural because we
17 choose to conserve natural resources with various
18 mechanisms, one of which is establishing boundaries.
19 So, for example, the ocean we think of as a boundary,
20 we think of as a natural boundary. But, in fact, we
21 make up the boundary because we know we can just fill
22 in the ocean -- I mean that's what Hong Kong and
23 Singapore do. And we used to fill in fishponds --
24 when I went to Wailupe Valley Elementary School, the
25 whole makai side of the Kalaniana'ole Highway, I think

1 it was Wailupe Peninsula looked like a fishpond most
2 of the time.

3 So we made an active decision not to do that
4 at some point. We made an active decision not to
5 build mauka not because the mountains or the forests
6 are a natural boundary per se, but because we decided
7 we needed to make a boundary because when we cut down
8 all the forests we ran out of water.

9 So in both of those instances what we call a
10 natural boundary are actually boundaries that we
11 established to preserve natural resources or the
12 ability to use natural resources.

13 Because of those boundaries Honolulu as a
14 city has spatially radiated in two directions other
15 than in 360 degrees. As a consequence this sort of
16 linear, curvilinear configuration means that we have
17 acute congestion as we move further out from the
18 center.

19 But it also means that as we move along the
20 coastal margin we begin to impair the ability to use
21 another natural resource, prime agriculture land. We
22 call it prime agriculture land, but it's actually land
23 that's pretty good for agriculture, enhanced by the
24 fact that the solarity is superior to the similar
25 kinds of land you might find elsewhere in the islands,

1 say, in the rain shadow of the Ko'olaus and because we
2 inherited a water delivery infrastructure that makes
3 it feasible to conduct certain kinds of agriculture.

4 Again, the point is the boundaries that we
5 establish we think of them as natural boundaries, but
6 they're actually human interventions or social
7 interventions that are intended to preserve the
8 ability to use natural resources in ways that we think
9 might be relevant in the future.

10 Q Okay. As Bank of Hawaii economist were you
11 familiar with the Campbell Estate's original plans for
12 development of the Second City on the 'Ewa Plain?

13 A Yeah. I mean I remember -- I can't remember
14 the year but it would have been something like 1985.
15 I have a vivid memory of going over to the Campbell
16 Building, which is katty-corner from Bank of Hawaii on
17 Fort Street/Merchant Street. I don't think it's called
18 that anymore.

19 But -- and sitting in the conference room
20 upstairs with Oz Stender, which I thought was kinda
21 amazing because I went to Maunawili Elementary with
22 his daughter Leilani Stender. So that was like the
23 first looming over was the Wise and Powerful Oz who
24 later became a Bishop Estate trustee and so on. I
25 remember there was His Oz and Linda Howe who's been at

1 A&B, like, ever since.

2 But what I remember was they were pitching
3 this concept. 'Cause I was over there as an economist
4 for the bank, and were talking about this Second City
5 concept. And I remember thinking to myself: Okay
6 first of all, Campbell Estate, you're not Irvine
7 Ranch. And 'Ewa is not Corona Del Mar. So I never
8 got the whole thing from the beginning.

9 But notwithstanding that, what really struck
10 me about it was Oz emphasized this point that once you
11 get -- the concept itself is once you get to Kunia
12 Road, Fort Weaver Road, that's it. There's an open
13 preserve agricultural glaxis -- that's g-l-a-c-i-s
14 between the First City and the Second City.

15 So the Second City was -- in the concept
16 that I was pitched, was the free-standing segregated
17 urban center of Kapolei. And Bank of Hawaii built a
18 building there because of that pitch, which I
19 understand they're moving out of now.

20 But somehow that morphed into this, like,
21 you know, the evolved form of Poke-mon. It evolved
22 into this gigantic continuous connovation which is
23 like one city, not a Second City. And it's like
24 Hawai'i Kai, not, you know, whatever Irvine Ranch
25 thought Newport Beach was gonna be.

1 So I sat in the room. That was the story
2 that I was told.

3 Q And so the Second City in your view was an
4 urbanized downtown section?

5 A Yeah. I mean the vision was a free-standing
6 urban center, an agglomeration, you know, in
7 conjunction with an industrial park and a resort.
8 That would be a Second City. There would be Honolulu
9 and then there would with Kapolei.

10 And then there would be this glacis, right,
11 to keep the Turks at bay or something. I don't know.
12 But that was the concept of an agricultural open space
13 border.

14 Q Today do you think that the Second City
15 concept of Kapolei is viable?

16 A Well, I never thought it was what they
17 thought it was gonna be. I always thought it was
18 going to be, you know, like Hawaii Kai or the Windward
19 side or, you know, Mililani. And the question in my
20 mind was always: Do you or do you not preserve these
21 glacis? So in the case of Windward O'ahu we made that
22 decision a hundred years.

23 We said we need to preserve -- we
24 established a forest reserve, the first one in the
25 United States, by the way, for the purposes of

1 watershed management.

2 So it's not accidental that there's no
3 urbanization between town and the Windward side. We
4 made that happen.

5 With Mililani, slightly different set of
6 historical circumstances. The H-2 Freeway was kind of
7 conceived as an urban extension from the get-go.
8 Obviously I don't think anybody was even thinking
9 about it when we urbanized out to Hawai'i Kai. But I
10 can tell you because, again, when I was in first grade
11 at Wailupe Valley Elementary School that was the
12 country.

13 I mean that was -- there were farms down the
14 road. We had to drive all the way to Everybody's
15 Supermarket at the corner of McCully and Kapiolani to
16 actually go food shopping.

17 So decisions were made historically. The
18 city can only radiate in certain directions. And
19 decisions were made in those cases to preserve or not
20 to preserve either agricultural or other natural
21 resource preservation boundaries.

22 But in the case of, you know, in the case of
23 Kapolei I never saw the concept that they were
24 pitching. It always -- in my mind it always seemed as
25 if you did it you would just have a continuous

1 connovation of the sort you have extending from, say,
2 Kaimuki to Hawai'i Kai.

3 Q From a public policy point of view does it
4 make economic sense to build a housing project such as
5 Ho'opili on prime agricultural land?

6 A The short answer is no. Right? I mean if
7 we have an imperative to preserve agricultural land,
8 then it seems to me we would start with the best
9 agricultural land and develop from the worst and work
10 up that list.

11 So just on the face of it, it doesn't seem
12 like appropriate public policy to me. I mean if
13 you're trying to be economically rational about how
14 you extend the city as a result of population growth,
15 as Willy Espero alluded to, or other economic
16 imperatives, for example, the need to locate certain
17 kinds of economic activity in distinct locations from,
18 say, residential or other kinds of activity, it makes
19 sense, if that's the case, to think about that in
20 terms of an urban footprint that respects the
21 boundaries that are designed to preserve natural
22 resources and, in particular, two aspects of those
23 resources.

24 One is the option value of having the
25 ability to use those resources in the future in a way

1 that you don't know might be possible in the present.
2 So option value is about managing uncertainty. Right?
3 You don't know -- you don't know in 1962 when my dad
4 came to UH and started breeding sweet corn, that 50
5 years -- is it 50 years? 2012 -- that the largest
6 agricultural activity in the state is going to be Mays
7 GENOME research. It's larger than all other
8 agriculture combined. Right? And that option would
9 not have been open, that option to grow that kind of
10 economic activity, had the lands available for those
11 activities not been available.

12 And those are specific lands. Those are
13 lands that need high solaridity. They need to have
14 water. They have to have certain -- being out in the
15 wind is not helpful. It's good for windmills but not
16 for corn.

17 So that's just one example. We may wake up
18 50 years from now finding that growing energy crops is
19 going to be a really important part of how we supply
20 our domestic or onshore energy needs.

21 But if you don't need the option -- we don't
22 know what those crops might be -- I have a presumption
23 about whether those crops will be the ones or
24 community farms, as a lot of people tend to emphasize.
25 But the point is that keeping those options open will

1 allow us to find out. And otherwise it'll be gone.

2 Now, more recently that same, literature
3 option value has added an important interaction
4 between the uncertainty that I'm talking about and
5 irreversibility investment. So if you irreversibly
6 foreclose those options by paving over and building on
7 prime agricultural land, then it may prove to be very
8 costly in the future.

9 And in a world in which you have -- for
10 example, a world like we have right now, heightened
11 uncertainty about the cost of the energy sources we
12 now use, primarily petroleum, a form driven by its
13 rapid rate of increase and volatility, that is leading
14 many people to think that alternatives might be
15 viable.

16 The irreversible foreclosure or exclusion of
17 those options by, say, paving over prime ag land, is
18 particularly economically irrational.

19 Q In your opinion, what would be the most
20 efficient way to provide for future Honolulu housing
21 needs? Would it be urbanizing prime agricultural land
22 or some other alternative?

23 A My sense of it, and this is just my opinion
24 as an economist, but my sense of it is although it
25 conforms to a kind of an informal rule of thumb in

1 urban economics, if you get out about an hour -- if
2 you get the commute out about an hour and it's not
3 space -- it's time, right? So an hour commute can be
4 5 miles if you have really bad transportation
5 infrastructure.

6 But the point is when you get where a lot of
7 O'ahu is right now, the benefit of people coming into
8 the center and maximizing that agglomeration
9 externality, is increasingly impaired by the
10 congestion.

11 So in my mind the 21st Century solution to
12 the kind of problem Honolulu faces under that
13 situation is to fold the development back into the
14 urban core and more intensively use the urban core.
15 It involves higher density.

16 And the reason that makes sense from an
17 economic standpoint is because that allows you to
18 begin to exploit the economies of scale and economies
19 of scope that come from literally putting a bigger
20 pipe into the ground to replace the smaller pipe that
21 you have, for example, if you're talking about water
22 delivery infrastructure or removing effluent.

23 But you can think of the pipeline analogy,
24 you can think out both in the transportation space as
25 well as the communication space. So you're gonna have

1 to build the infrastructure anyway. You're going to
2 have to improve the infrastructure within the urban
3 core for sure.

4 So you might as well combine the two and
5 reap the benefits of scale economies since you've
6 already extended to the margin where the congestion
7 externality is beginning to impair -- the negative
8 congestion externality is impairing the positive
9 externality from agglomeration in the core. So I
10 would say build within the existing urban boundary.

11 Q Good. Does putting construction workers and
12 resources back to work justify the Ho'opili Project?

13 A No. Putting construction workers and
14 unemployed resources back to work is justified by good
15 construction projects. This is one for which I think
16 there are alternative locations. So I would, I would
17 say let's definitely put everybody back to work and
18 build more housing.

19 But as I just suggested it makes more sense
20 from a spacial kind of an urban economic standpoint to
21 do so in the urban core.

22 Q What economic factors should the Land Use
23 Commission take into consideration when deciding
24 whether to reclassify agricultural land into the Urban
25 Land Use District?

1 A Well, as I think I've hit on all those
2 elements in separate answers. So I'll just sort of
3 repeat in terms of bullet points.

4 The first is the quality of the land, so to
5 speak, and that's not just from a soil science
6 standpoint what's good ag land, but the attributes
7 such as solarity I mentioned, or access to; irrigation
8 infrastructure or access to transportation
9 infrastructure.

10 For example, it makes more sense if you're
11 gonna grow energy crops to have them near the refinery
12 or the power plant than it does to have to pay to move
13 them long distances from the rural location.

14 So the first bullet point would be the
15 attributes of land. As I suggested early on, if
16 you're gonna urbanize ag land you should start with
17 the worst ag land and then move, you know, up the list
18 leaving the best for last.

19 But the other consideration has to do with
20 the nature of the city as an efficient economic entity
21 itself. And there again my argument is that we
22 have -- we have reached a boundary where we're
23 beginning to pair the benefit that comes from having
24 an urban core.

25 To me it makes more sense to redouble our

1 effort to raise the value of those agglomeration
2 externalities by enabling people to move around, or
3 water or information or whatever, within the urban
4 core, rather than just continue to extend its boundary
5 outward.

6 So that would be a consideration for
7 reclassification of ag land as well.

8 Q Do you have any closing comments that you
9 want to make?

10 A No. I've probably spoken too much already.

11 DR. DUDLEY: Mr. Chairman, that concludes my
12 questioning.

13 CHAIRMAN LEZY: Petitioner?

14 CROSS-EXAMINATION

15 BY MR. KUDO:

16 Q Dr. Brewbaker, as a former Bank of Hawaii
17 economist, having studied and written about the
18 construction industry, can you tell me what the state
19 of construction is now today in Hawai'i?

20 A The constant dollar volume of construction
21 has fallen from about -- so in today's dollars -- has
22 fallen -- these are going to be round numbers because
23 I haven't looked at it for about a month -- but from
24 maybe 8 or 9 billion, maybe 8 billion to peak to maybe
25 5 billion currently. Unemployment's fallen from

1 40,000 to about I think it's 27,000.

2 Currently that excludes a certain amount of
3 construction associated with military housing
4 privatization doesn't show up. The jobs show up but
5 the value of the construction contracting receipts
6 don't show up in the datasets we use.

7 In terms of the magnitudes of that decline
8 that would be sort of a garden variety for the last
9 three construction cycles, so eco-proportionate to the
10 prior cyclical downturns. And it's my expectation --
11 and I said, I think there's a construction report
12 published today to which I contributed a little bit --
13 anticipating that that activity will begin to turn up
14 at this point.

15 So I think at this point the question is
16 only when exactly and by how much. And more deeply
17 what's the pattern? The pattern recently, sorry, has
18 been that for the public works part of it has remained
19 reasonably resilient. There's been some discretionary
20 effort on the part of the federal government to do
21 that.

22 And then happenstance, historical
23 circumstance, Hawai'i's a location for deployment that
24 our military engaged for our deployments though
25 military engagements around the world, so there's been

1 some work associated with that.

2 But the residential part of the picture has
3 been down, the most since the peak. And that's part
4 of a national phenomenon.

5 And then the commercial side, you know, had
6 a good run too. Hasn't fallen quite as much but is
7 down as well.

8 Q When was the peak of the construction?

9 A Well, so you have to distinguish between
10 different measures. So if you're talking about
11 commitments to build, which you can sort of monitor
12 with contracts and building permits, that would be way
13 back in 2006 or 2007. Then there's a buildout.

14 Q In 2007 you say --

15 A In terms of spending or employment it would
16 be more like a 2009 kind of number.

17 Q Okay. So --

18 A Somewhere in there.

19 Q -- would you describe the construction
20 industry today to be robust, very good?

21 A No. It'd be in its weakest state from the
22 standpoint of construct cycles.

23 Q So it's fallen since 2007 --

24 A Correct.

25 Q -- you said?

1 A That's right.

2 Q Now, what is your prediction moving forward
3 in terms of where the construction industry is going?
4 You said it's gonna be getting better soon?

5 A Yeah. Our forecast is that it will begin
6 to -- you'll see a recovery start to unfold -- well,
7 we've seen a recovery in the macro economy. So that
8 would drive a recovery in investment demand.

9 And that usually shows up a couple different
10 ways, but leads to the supply side which construction
11 is the principal part in Hawai'i. We don't
12 manufacture as much.

13 Q What's going to fuel that increase or the
14 turn around in the construction industry in the near
15 future?

16 A Well, the typical precipitant, if you will,
17 is the expectation of rising real estate valuations.

18 Q Would it be development and construction for
19 projects such as this?

20 A Would what be?

21 Q The upturn in the construction industry.
22 Would that be a factor that would influence the
23 construction trends?

24 A I'm sorry. Maybe I misunderstood the
25 question. So the thing that will make things happen

1 is investors' expectations that what they build will
2 be worth more than it cost to build it. And that will
3 lead in the present to people to begin to mobilize to
4 do the building. Is that what....

5 Q No. What I'm talking about is we have a lot
6 of construction people that are out of work.

7 A Right.

8 Q In order to put them back to work we need
9 jobs, correct? So it's more than just expectations
10 about land values. It's about actual construction
11 work, correct?

12 A Okay. To have more construction jobs you
13 have to have more construction activity.

14 Q Correct.

15 A Correct.

16 Q Would projects like this, Ho'opili, be a
17 project that would contribute toward a better
18 situation for our construction industry?

19 A Absolutely.

20 Q Now, I want to refer to Exhibit 39, which is
21 your written testimony.

22 A Okay.

23 Q And I know you wrote it sometime ago. I want
24 to read a section -- I'm sorry, I'm not an economist;
25 I don't understand a lot of it -- one part that kind

1 of intrigued me was you talk about development
2 entitlement as a call option. Do you recall?

3 A Right.

4 Q And you state in here, "Technically how
5 entitlement is allocated is an argument that is the
6 subject for legislative deliberations, not procedural
7 deliberations. It is not the Land Use Commission's
8 job to question its own existence.

9 "Still, a process created in a time when
10 opacity," if I pronounced it correctly, "was actually
11 diminished by its establishment plausibly might be
12 absolute, even pernicious in a subsequent, more
13 advanced time when theory and technology have provided
14 superior mechanisms for entitlement allocation.

15 "For the record I favor replacement of much
16 of the existing process by which development
17 entitlement is obtained by establishment of an open
18 market for trading of fixed interval, revocable
19 development rights, call options allocated in fixed
20 supply by the jurisdiction."

21 Can you explain to me in simple language
22 what exactly that means.

23 A Okay. So imagine a world before eBay. So
24 how do you get -- how do you get the right to build
25 something? Well, you go to the designated authorities

1 and get their permission. I'm speaking generically.
2 The Commission is one part of a process that's
3 established to make decisions about land use. And
4 there are other facets of the process that have to do
5 with the type of structure that's allowable and things
6 of that sort.

7 Now, fast forward. So the entitlements, you
8 can think of conceptually in economic terms, as a call
9 option on the future value of what you're going to
10 build at today's construction cost.

11 Q Right.

12 A I know how much it's going to cost to build
13 it. When I build it I think the values are gonna be
14 high enough when I'm done that it pays me to incur
15 that cost. So let's go build it.

16 And the right to do that, the entitlement --
17 I'm speaking generically now -- I'm smooshing together
18 all the different jurisdictions -- that entitlement
19 you can think of like an option, like an option on a
20 Treasury Bond future, the right but not the obligation
21 to do the thing.

22 So we observed that option on Treasury Bond
23 futures are traded in exchanges. In fact, those
24 exchanges, like the Chicago Mercantile Exchange,
25 Chicago Boards of Trade which originally were designed

1 around this open outcry method where everybody
2 literally stands in the pit and sort of shouts out the
3 price they're going to pay to each other. Those have
4 all been replaced by electronic mechanisms, allocation
5 mechanisms of which eBay is a familiar example.

6 So my idea, the idea to which I was
7 referring there, would be that within established
8 boundaries for the entitlement to build to literally
9 be allocated through some kind of transparent --
10 that's with -- the old system was okay -- but it's
11 hard to know how it works exactly.

12 But if you put it out on eBay, so to speak,
13 it's transparent. Then you'll see what people are
14 willing to pay to get the right to build. So that was
15 the basic idea I was talking about.

16 Q So what you're saying is that to replace the
17 existing system as an idea or concept we would place
18 an entitlement of urbanizing, say, the Ho'opili lands
19 just for example, on eBay, and the highest bidder
20 would win that option, right, to develop it for a
21 certain period of time for the highest price?

22 A Roughly. The question before us is whether
23 or not Ho'opili's even inside the boundary.

24 Q Well, let's say any parcel of land that was
25 up for entitlement would be placed on a bid or auction

1 site and the highest bidder would obtain the option to
2 develop that land. Is that...

3 A Sure. But you have to understand what we're
4 talking about is the supply of entitlements. So, for
5 example, again, I can't emphasize this enough, that
6 within the existing boundary the idea would be to
7 replace some of the mechanism we have primarily within
8 the city for allocating these options in, say,
9 predesignated areas, for example, within a ten-minute
10 walking radius around a train station.

11 And you would just -- if you wanted to limit
12 the amount of development you would limit the amount
13 of optionality you'd make available. And if you
14 wanted to maximize the development, you know, you
15 would put more permits out.

16 A way to get to affordable housing, for
17 example, would be to put in so much entitlement -- I
18 use the word "permit" or "entitlement" generically but
19 interchangeably -- to put enough of that out until its
20 observed option price is zero. Because then the cost
21 of the entitlement has been driven to its lowest.

22 It's possible to make it. And the only cost
23 is the cost of materials and the cost of the labor and
24 the cost of the land. But the cost of the entitlement
25 is effectively zero.

1 Q Dr. Brewbaker, I realize that your idea in
2 concept is based on an economic type of analysis.

3 A It's an economics idea.

4 Q The economics drive the decision-making as
5 to who gets the option and who doesn't.

6 A Right.

7 Q Are you aware that this Commission looks
8 beyond just the economics of it, but looks at other
9 social impacts, environmental impacts, the
10 qualifications of the developer, and their
11 capitalization to do the development as other
12 additional factors in deciding whether a Petitioner is
13 able and should be able to develop a particular
14 parcel of land?

15 A Sure. I'm aware of that. I'm not
16 testifying on much of that because the filter through
17 which I view all of these things is the economic
18 aspects of it.

19 So, for example, with respect to
20 environmental aspects of the decision, my approach is
21 to think about the economics rather than, say, the
22 cultural dimensions of environmental impacts.

23 Q Let me refer you to another comment that you
24 wrote and you mentioned in your statement. You said
25 your 21st Century urbanization vision was that we

1 should be concentrating development in the urban core
2 areas. Is that --

3 A Right.

4 Q -- correct? And that "development should
5 occur within the Urban Growth Boundaries."

6 A I'm not sure I used that language because
7 I've learned subsequently that there's an Urban Growth
8 Boundary that the city sets and there's an Urban Land
9 Use District that the Commission sets. And evidently
10 they don't align.

11 Q So you weren't referring to -- when you
12 stated the "Urban Ground Boundaries" you weren't
13 referring to the city's Urban Growth Boundaries.

14 A No. I was referring to something more
15 generic in my mind as an urban boundary. I didn't
16 realize there were two different boundaries.

17 Q So what you're advocating is that instead of
18 having development in 'Ewa or the North Shore or the
19 Windward side of the island, that we should
20 concentrate all of our development within the Primary
21 Urban Center, which is basically from East Honolulu to
22 Pearl City?

23 A No, no, no. Well, look, I live in Kailua so
24 I'm here to tell you it's not the country. Okay. So
25 that would actually be on the list.

1 Q So include Kailua in there.

2 A It's in the urban -- it's in my concept of
3 what the urban boundary is. Haleiwa's in the urban
4 boundary.

5 Q Well, the Primary Urban Core is between East
6 Honolulu --

7 A Okay. Fine, yeah.

8 Q -- Kunia which is what I thought you meant.
9 So, in other words, if we run out of land there what
10 you're advocating is to go high-rise, basically
11 high-density.

12 A To go to higher density, that's correct.

13 Q To concentrate all of the development that
14 will accommodate present needs and future needs of our
15 island will be built within the Primary Urban Center
16 in high-rise buildings.

17 A Well, understand my point is that it's
18 preferable not to foreclose options on natural
19 resources that we ought to preserve, when the option
20 to develop at higher density is available to us.

21 Q Would it be part of your consideration that
22 the purchase of already urbanized land within the
23 urban core would be at much higher values, therefore
24 that would translate into higher prices for the
25 high-rise buildings that are built on lands within the

1 urban center?

2 A Yeah, it definitely could. Although you
3 have to remember part of the cost -- if you're -- you
4 may be buying a house in Wai'anae because it's
5 relatively inexpensive. The land is not as expensive
6 as land in Kaka'ako. But you're still paying the
7 price of the commute. You see what I mean?

8 Q Right.

9 A Yeah. So....

10 MR. KUDO: No further questions.

11 CHAIRMAN LEZY: County?

12 MR. JAYARAM: No questions.

13 CHAIRMAN LEZY: OP?

14 MR. YEE: No questions.

15 CHAIRMAN LEZY: Sierra Club?

16 CROSS-EXAMINATION

17 BY MS. DUNNE:

18 Q I just had a couple brief questions just to
19 kind of pick up on the last couple questions. Are
20 there ways to develop within the urban core affordable
21 homes within the urban core? If you know.

22 A Yeah. No, I just have to think how to
23 phrase the answer. Because there are two ways to
24 approach it.

25 If you approach it kind of from an

1 accounting standpoint, right? So if you're a
2 potential developer/investor and you're actually
3 building pro forma spreadsheets, the cost of doing so
4 has these three components that I alluded to earlier:

5 It's the cost of acquiring the land, which
6 in urban areas tends to be higher.

7 It's the cost of acquiring or renting the
8 materials of capital and the labor to actually build
9 the project.

10 But then the third part of it is the cost of
11 acquiring this entitlement, the right to do this or
12 what I described as a call option on the future.

13 And there's been a lot of interesting
14 research suggesting that. For example, I worked with
15 Castle & Cooke on something 20 years ago. And Larry
16 Johnson's son, Mark Johnson was working on this at the
17 time. And he had gone through all Castle & Cooke
18 Homes data. And his analysis was that the breakdown
19 was 1/3, 1/3, 1/3:

20 1/3 for the cost of the land, 1/3 for the
21 cost of labor and materials and 1/3 for the cost of
22 entitlement. This was 1990.

23 Since then I've occasionally used this to
24 frame conversations. And so in groups as diverse --
25 you talk to the Maui Contractors Association. And

1 that 1/3, 1/3, 1/3 comes up. And there's a paper that
2 Urgo and Glaser published from the Harvard Housing --
3 Harvard Center for Housing Studies that estimated that
4 the cost of entitlement in Manhattan is half the total
5 cost of the delivered unit.

6 So what you have is the entitlement part of
7 it, notwithstanding the land expenses, materials and
8 labor aren't cheap. You get what you pay for with
9 skilled, you know, with the building trades.

10 The entitlement part is the one that kind of
11 jumps out at you as seemingly unnecessarily high when,
12 in fact, the very jurisdictions that are seeking to,
13 from a policy standpoint, to promote affordable
14 housing, have in their ability to reduce that
15 entitlement cost.

16 So to get back to your question: If you're
17 gonna build affordable housing, and you wanted to --
18 the argument you typically hear on the accounting
19 side, you know, I'm building the spread, is: "It's
20 going to cost me so much to do this, this entitlement
21 piece, and I get good work out of the Carpenters
22 Union, and the lumber costs me this much. So I have
23 to go where the land piece is cheap to get it
24 affordable. I have to go for the 1/3 that's land and
25 make that 1/6 because the pieces are gonna cost what

1 they're gonna cost."

2 And my argument is then you have this
3 conundrum where you're wiping out your prime
4 agricultural land. So the focus should be folding it
5 back in and making a mechanism by which the
6 entitlement cost is driven down to as small a loading
7 as is possible.

8 That's why this -- I was surprised we've had
9 a conversation about this at all. But the idea of
10 allocating entitlement in literally the ability to
11 build, say, around a train station is my favorite
12 example. It's so cheap that the affordable housing
13 can be built in those kinds of locations.

14 Q Okay. So...

15 A Are you sorry you asked? (Laughter).

16 Q Just to summarize. So there are ways that
17 housing and affordable housing, the needs of Hawai'i's
18 people for having housing, and affordable housing
19 could be met by developing or redeveloping within the
20 urban core. Is that --

21 A Yeah. The Department -- let me make it
22 concrete. The Department of Planning and Permitting
23 probably. Probably not the Hawaii Community
24 Development Authority because of where they're
25 located, but the Department of Planning -- where their

1 jurisdiction is located -- but the Department of
2 Planning and Permitting in principle could simply say
3 the next 10,000 housing units delivered in any format
4 but probably multi-family, within the existing Urban
5 District are hereby preapproved, just like the credit
6 card you got in the mail. "You're preapproved at
7 prices below an arbitrary threshold." Right?

8 There's nothing that prevents DPP from today
9 saying, "Knock yourself out. That's free
10 entitlement." So, yes, that's how I would do it.
11 Therefore it seems to me that plausibly it could be
12 done. You're never going to get around the cost of
13 the building, right? So it's the only thing you can
14 do is reduce the cost of the entitlement.

15 Q So if that's a stated policy of the state to
16 encourage development and redevelopment within the
17 urban core, there are ways to do that. I don't need
18 to know what those are because I know that's a lengthy
19 conversation. But there are ways to do that.

20 A If there are stated -- I'm not going to
21 represent what their policy objectives are. But if
22 you tell me that's what their objectives are, I'll
23 tell you how I would get there. That's what I'm
24 talking about.

25 Q Do you have an opinion as to whether the

1 Ho'opili development is necessary for urban growth?

2 A Well, again, I don't think growth of urban
3 economic activity, growth of housing in particular,
4 necessarily requires an extension of the Urban
5 District boundary over prime ag land. I think it can
6 be achieved in other ways.

7 Q There are other places to provide housing
8 and for urban growth there are other occasions where
9 that can occur?

10 A Yes.

11 MS. DUNNE: No further questions.

12 CHAIRMAN LEZY: Mr. Seitz.

13 CROSS-EXAMINATION

14 BY MR. SEITZ:

15 Q Dr. Brewbaker, am I correct in understanding
16 your testimony here this morning that initially you
17 said, in response to Petitioner's counsel's questions,
18 that if you build within the urban core or you go to
19 density or high-rise building, that the cost of the
20 land is probably higher than what it would be to build
21 elsewhere on the outskirts of the island.

22 A That's correct.

23 Q And would you agree that those costs can be
24 offset, at least to some degree, by expediting the
25 permitting process as you have suggested?

1 A I believe that that would make a material
2 contribution to reducing the total cost of delivering
3 a housing unit.

4 Q And generally speaking if the state were to
5 support building within the current urban area, and to
6 implement policies and practices to encourage that,
7 couldn't that also offset the cost of the actual land?

8 A In principle it could. We have this curious
9 situation in Honolulu, as you may know, that the state
10 sometime in the past when Frank Fasi and George
11 Ariyoshi were having a conversation about this, the
12 state carved out a part of Central Honolulu to extend
13 its regulatory jurisdiction as distinct from the
14 City's traditional jurisdiction.

15 But up to, you know, anomalies of that sort,
16 yes, any one of these regulatory authorities in
17 principle could pursue these objectives with the
18 strategies we're talking about.

19 Q And, in fact, have you heard that the
20 present governor has expressed some interest in, in
21 fact, encouraging higher-density growth in Honolulu,
22 in the city of Honolulu for many of those reasons?

23 A I had not heard that. But I would be
24 delighted to know it was true. I did have a couple
25 interesting conversations with Laura Thielen when she

1 was Governor Lingle's -- she was in DLNR or
2 something -- about this very idea of kinda thinking
3 about making entitlement available in a market-based
4 format where you sort of just supplied and you batch
5 supplied and have people bid on it.

6 So people have been talking about it for a
7 while. And I'm glad to hear that, if that's true, the
8 current governor thinks this way.

9 Q Now, when you talk about -- when you talk
10 about affordable housing, and you used that term here
11 today, in today's market, what do you consider to be
12 affordable housing?

13 A Ah, this is a really important point.
14 Because, so there's affordable housing that all my
15 friends that are in the development and home building
16 and financial services industry talk about. And
17 that's affordable housing that conforms to some rule
18 that the housing -- Department of -- US Department of
19 Housing and Urban Development or somebody like that,
20 has decided is, you know, there's an arbitrary
21 threshold typically based on a calculation involving
22 household income or how many persons in the household
23 and so on.

24 So my -- when I'm talking about affordable
25 housing I'm saying here's the distribution of home

1 prices. It looks something like this. So the number
2 of homes and the price and all of us peasants are in
3 the big pile over here n the low-priced homes. And
4 there's two guys out there in the \$20 million house in
5 Kailua or Diamond Head.

6 And "affordable" what I'm talking about is
7 people who are living sort of in the little part of
8 the distribution from, you know, the median and below.
9 I don't have any particular, you know, segmentation of
10 that. But it's people -- or it's the houses that
11 comprise the low end of the home price distribution.

12 Q And based upon your knowledge and your work
13 in your field, can you attach a number today to what
14 you think would constitute either a particular cost or
15 a range of cost for, say, a family of four to obtain
16 affordable housing?

17 A No. But it's important to understand why
18 what I'm talking about is different from the
19 rules-based approach.

20 So the people who make the definitions for
21 rulemaking for where you will or won't get a subsidy
22 or something like, they have to make a distinction.
23 They have to draw the line somewhere. And they do it
24 with respect to income.

25 So in essence I can't answer your question.

1 But my, what I'm talking about is because I'm
2 concerned about sort of everything below the median.
3 By the way, the median on O'ahu is 625,000 for a
4 single family home, 315,000 for a condominium.

5 So we're talking about something that
6 realistically given what it costs to deliver a unit,
7 is in a range of let's say, 200- to 400,000. I mean
8 it's going to be somewhere in that neighborhood.

9 I don't have a strong feeling about where
10 because my whole approach to it is to make it possible
11 to build it and then just see what happens and where
12 it happens. Rather than to presuppose what it should
13 be, in what quantities and in what locations.

14 I would be surprised to wake up in the
15 morning if we actually put all this in place and find
16 out that the high-end condos were all built down on
17 Ward Avenue and the affordable condos were all built
18 around a train station in Waipahu or Pearl City. That
19 wouldn't surprise me if we went the way I was talking
20 about.

21 But what I would call affordable would be
22 the ones at the low end of the distribution that it
23 was possible to deliver because the entitlement --
24 because they weren't bearing -- the people who ended
25 up acquiring those units weren't bearing the same

1 burden of regulatory cost loading that the high end
2 guys were bearing in the Kaka'ako District, let's say.

3 Q So based upon your answer -- and again I
4 don't want to make you uncomfortable, but is it fair
5 to say and to conclude, then, at least in your
6 opinion, \$440,000 for a home for a family of four
7 would not be, in your opinion, to be considered
8 affordable?

9 A I wouldn't rule it out. I'm pretty sure
10 that a \$220,000 home would be considered more
11 affordable. But I guess the point is we're talking
12 about relatives. The kind of household in Hawai'i
13 that will own a \$440,000 -- a \$440,000 home -- so say,
14 2/3 of the median -- is going to easily afford a house
15 that's at the median in Boulder, Colorado which is not
16 that cheap a town to live in. So we are talking about
17 relatives here, not absolutes.

18 Q Lastly, I want to ask you, in your written
19 testimony you do refer to the economics expert who was
20 called earlier in this proceeding by the Petitioner,
21 Bruce Plasch.

22 A Correct.

23 Q You have not mentioned his name this morning
24 or referred to any of his opinions. But I'd like you,
25 if you would, to briefly summarize where you differ as

1 to the opinions that you're offering in contrast to
2 the opinions that were provided by Mr. Plasch.

3 A Sure. I haven't read all of his work
4 obviously, although he's my input/output model
5 independent economist hero. So he's what I want to be
6 when I grow up (laughter) now that I'm a recovering
7 bank economist.

8 So from in terms of his use of the
9 analytical tools to estimate the economic impacts,
10 right, we're all good on that. I get that.

11 Where I sort of differ and maybe even
12 profoundly is with respect to two points. The first
13 is that -- and this has come up a couple times in
14 passing so I'll try to make the point more sharply and
15 concisely -- just because a project creates a
16 construction job, and just because we know with
17 economic modeling how many and how much money, how
18 much money is created as a result, does not mean that
19 a project should be allowed to happen.

20 The reasons for allowing a project to happen
21 are completely independent of the job creation per se.
22 Because the job creation's going to occur no matter if
23 the construction takes place or no matter what kind of
24 construction is occurring.

25 So you can't -- to me it doesn't make sense

1 to use the job creation argument per se as a reason
2 for approving a project from an economic standpoint.

3 I'm not sure what exactly the assignment --
4 the criteria may be more expansive than that for the
5 Commissioners' decision. But from an economic
6 standpoint the danger of doing that is you might
7 accept bad projects. Right?

8 So the classic, you know, John Maynard
9 Keynes has an example where you dig ditches and you
10 fill them back in. Those create construction jobs.
11 But why would you do that?

12 So, yes, I think the impact analyses are all
13 really great and well-calibrated and make a lot of
14 sense to me. But I differ in whether that suffices.

15 The other big difference is an argument I
16 saw in a later -- I think there was a later response
17 to some questions that had been sent to Dr. Plasch. I
18 may be mischaracterizing it, but this is how I read
19 it.

20 The argument was: Well, this ag activity
21 can go happen on other ag land.

22 And so my snappy come-back is, well, this
23 housing activity could happen on other urban land.

24 So the point being, but that there is a
25 difference because some ag land is not as good as

1 others. I keep coming back to this. If you're going
2 to irreversibly wipe out ag land, start with the junk
3 land -- that's a technical term, it's junk-a-lunk --
4 and then work up until the last piece of good land is
5 the one you're talking about. My sense is that we're
6 not there.

7 MR. SEITZ: Thank you. No further
8 questions.

9 CHAIRMAN LEZY: Dr. Dudley, redirect?

10 REDIRECT EXAMINATION

11 BY DR. DUDLEY:

12 Q I'd just like to go back to this 1/3, 1/3,
13 1/3 with the entitlement, the cost of the land and the
14 cost of the labor. If a project was built in the
15 inner core rather than out in some agricultural area,
16 as far as the entitlement cost is concerned, wouldn't
17 you eliminate the entire cost to coming before the
18 Land Use Commission because you are building in an
19 area that is already urban?

20 A Yeah. So I guess to rethink what you're
21 asking a little bit. So the way, like if you're a
22 planning nut, right, you just love planning, what you
23 would do is you would make the plan, make the boundary
24 and inside the Urban District knock yourself out.
25 Just, hey, go for it.

1 Somehow -- and we started out kinda like
2 that. My understanding of where the land use law
3 started was that commission had a meeting, designated
4 the next 5,000 acres of urban land and walked away for
5 five years to have, before the next meeting.

6 So at some point of the '70s that process
7 was changed to the kind of gate-keeping mechanism that
8 is now extant. And, in fact, virtually all of the
9 regulatory processes were changed into gatekeeping
10 processes. By the way, they're not parallel
11 processes. They seem to be serial processes.
12 Although there's been some work on trying to fix that.

13 But, yeah, that to me, the way you would get
14 there is to have the planners -- I thought, the
15 original way and I think the way it still makes sense,
16 is to have the planners designate and then have
17 everybody else sort of knock themselves out within the
18 boundary.

19 DR. DUDLEY: Good. I think that concludes
20 my questions.

21 CHAIRMAN LEZY: Commissioners, questions?
22 Commissioner Heller.

23 COMMISSIONER HELLER: I'd like to go back
24 just for a minute to the concept of externalities that
25 you mentioned. You talked in particular about

1 congestion and transportation time and commute time.

2 THE WITNESS: Right, right.

3 COMMISSIONER HELLER: One of the issues
4 that's been raised in this proceeding is the question
5 of if this Project is built, how many of the residents
6 would work or go to school in Kapolei versus how many
7 of them would be commuting back into the primary
8 downtown area.

9 THE WITNESS: Right.

10 COMMISSIONER HELLER: Do you have any data
11 or opinions on that question?

12 THE WITNESS: I would love for someone to
13 pay me to go get the data and do the analysis. To my
14 knowledge nobody has actually done it. That's a
15 really interesting -- I'm not even sure if we have
16 that. If we go to the census we can sort of cross
17 tabs zip codes where people work and where people
18 reside. There's gotta be a way to do that. There's
19 some kind of geo-spacial blah, blah, blah.

20 But my opinion is that the same argument --
21 I've been around a little bit so in my lifetime I've
22 heard the same argument made in a lot of different
23 places. And my impression as an economist looking at
24 it from an economic/analytical perspective is it never
25 quite turns out the way the pitch was originally

1 framed.

2 So I'll give you an example. At another
3 meeting I sat in the room, so from personal
4 experience, I was in the room when Motorola was
5 pitching -- I'm sorry, when the Waihe'e Administration
6 people were pitching to Motorola the idea of
7 manufacturing the TAK, remember the original flip
8 phone cellphone, in Mililani High Technology Park --
9 and thinking to myself: Just because you put the name
10 "high technology" put the word "high technology" in
11 the park doesn't make it anything other than a plain
12 vanilla industrial park.

13 And at the end of the day -- but the vision
14 of Castle & Cooke back in the day was: We're gonna
15 have this -- they didn't call it a Second City but
16 that's what they were talkin' about, this node of high
17 technology, economic activity, firms are going to
18 migrate there. And, you know, to some extent it's
19 played out, but it's never fulfilled the original
20 expectation.

21 I was at Bank of Hawai'i at that time for
22 the entire arc of let's build a building, then let's
23 pay executive vice presidents to drive back and forth
24 on the H-1 Freeway to go to their meetings. And about
25 the time I was leaving the bank in 2009, let's bring

1 everybody back downtown.

2 So my sense is that if we did that study --
3 and think it would really help to do it, we would find
4 that this agglomeration argument is still very potent,
5 and that it's unimodal, not multimodal. Or the extent
6 to which we aspire to auto-modality, and there's a
7 possibility of that, right?

8 I work from my house so I know it's
9 possible. My brother works for a rocket company in LA
10 from an apartment next to the convention center
11 because that's where the biggest Internet connection
12 is. So I know that's possible. I'm pretty sure
13 there's going to be more of it.

14 But having sort of watched it unfold I'm
15 pretty convinced you're not going to get away
16 fundamentally from this unimodal kind of model. And
17 that the multi-modality that's implicit in the
18 expectations we've heard has never quite worked out
19 the way people envisioned.

20 COMMISSIONER HELLER: And does that kind of
21 imply that regardless of where you put additional
22 housing units you're going to have congestion problems
23 somewhere?

24 THE WITNESS: Well, there's a famous
25 theorem, right, the Downs' Theorem that sort of says

1 that it's that plus the correlator -- corollary, that
2 no matter where you put the band width or how wide it
3 is, it's going to fill up. That Tony Downs was kinda
4 the first to observe that, an urban economist about 50
5 years ago. He used to come out to Hawai'i all the
6 time. I didn't even know he was that Tony Downs. But
7 the congestion sort of never goes away.

8 The point I was making about the one hour
9 rule of thumb is that people always try to figure out
10 how to not make it more than an hour. If they
11 find -- they wake up and they find themselves, "Dude,
12 I'm an hour and-a-half from work on the train," they
13 go move into the city.

14 COMMISSIONER HELLER: But people who move in
15 a highrise in the city, if they found themselves with
16 a congestion problem, could also decide then to move
17 or do something else.

18 THE WITNESS: Yeah. I mean it goes in both
19 directions. Kind of where you started was if you have
20 these other nodes, aren't there people -- this is the
21 story you keep hearing, right -- people are driving in
22 the opposite direction. And, "Yeah, brah, you're
23 lucky if you're the one goin' the opposite direction,
24 right?" Cause there's not as much congestion.

25 But the Downs Theorem tells you that even

1 that will fill up. So even if you get on the Pali
2 Highway today and you're going towards, away from
3 town, you're gonna have congestion that's a heavier
4 loading today than it used to be.

5 COMMISSIONER HELLER: So bottom line is as
6 long as we have increasing population on O'ahu we're
7 going to have increasing congestion on the island in
8 general.

9 THE WITNESS: Yeah. Right, the economist's
10 snappy come back again is that managing congestion is
11 an interesting and separate opportunity. Right? So
12 you can make the freeway the through-way and just toll
13 everybody. That's how I would do it. And then you
14 change the pricing and manage the loading.

15 COMMISSIONER HELLER: Okay. Thank you.

16 CHAIRMAN LEZY: Commissioners, any other
17 questions? Commissioner Matsumura.

18 COMMISSIONER MATSUMURA: As far as the
19 economic point of view, if we de-emphasize agriculture
20 what is the economic impact to the state?

21 THE WITNESS: It's kind of intriguing, it's
22 not that much, right? Because agriculture is
23 1.2 percent of GDP. But, of course, so is the film
24 industry. So I mean who's gettin' 20 percent of their
25 production costs? Think about that for a second.

1 It's not the magnitude per se. But, as I
2 say, my point earlier is that it's more about not
3 being able to even do it sometime in the future and
4 then having that, "Oh, snap, I should have left it."

5 It's this irreversibility that's kinda
6 interesting. If I drive my lunch wagon out and park
7 it on your lot that you haven't figured out what to do
8 with, when you do I can drive the lunch wagon away.
9 So it's in a sense non-irreversible.

10 But we're not talking about that in this
11 case. We're talking about irreversibly transforming
12 the best ag land into irreversible urban use.

13 COMMISSIONER MATSUMURA: Thank you.

14 CHAIRMAN LEZY: Any other questions,
15 Commissioners? I have a couple of questions for you,
16 Dr. Brewbaker. Thanks for your testimony. Very
17 interesting. I'm really interested in this concept of
18 trying to drive future residential development in the
19 urban core.

20 And part of the reason that it's interesting
21 to me is it sounds an awful lot like a reversed
22 parallel to let's build a Second City and drive
23 residential development to that Second City.

24 The question that keeps coming up in my mind
25 as I read the newspaper articles about what the

1 current administration's ideas are, along that line
2 are, what will be the motivation that will cause
3 people to relocate into the urban core?

4 From an economic standpoint has it become a
5 forced choice? Essentially if you don't have options
6 elsewhere so people, for instance, at the lower end of
7 the curve that you described to us, are they then
8 forced into the urban core because that's their only
9 residential housing option?

10 THE WITNESS: Well, the pattern that you
11 actually observe in cities, of course, is that --
12 okay, I don't want anybody to be forced to do
13 anything. So the whole point of my approach to this
14 is to create optionality, if you will.

15 And including the having an option to build
16 affordably, for residential purposes, structures that
17 the location of which is going to be dictated by
18 economic forces rather than arbitrary forcing factors
19 that I think we should be, legitimately be concerned
20 about.

21 What you observe in a lot of cities -- so
22 it's important to remember that we're at a particular
23 moment in the arc of, you know, history which has a
24 fairly interesting technological foundation associated
25 with it.

1 In the last century we went about half way
2 through the century, we've arrived at a point where
3 everybody could actually affordably mobilize because
4 they could afford a car. And it wasn't that long
5 within a generation, I think in the 1920s only 14
6 percent of households owned cars. So within 30 years
7 that changed.

8 That changed the urban landscape because it
9 was that mobility that allowed people to locate. They
10 weren't forced to. They chose to locate where it was
11 less expensive and they could enjoy a kind of
12 lifestyle that they couldn't get in the urban core.

13 They were in the urban core because they had
14 to walk to work. They lived in Kalihi because they
15 had to walk to the cannery. So that changed
16 everything.

17 And then in the next half century the arc
18 was spatial radiation based on motor vehicular
19 transportation. The delivery of infrastructure to
20 facilitate that movement which then maximized the
21 benefit we got of everybody coming to work together in
22 one place and then dispersing at the end of the day.

23 But at the same time you saw a, more
24 recently in the latter half of that -- the last
25 quarter century or so, a folding back in -- on its own

1 now, not sort of driven, but just people looking at
2 the different incentives. And to me there're a couple
3 different factors at work that worked in the backdrop
4 that make this interesting for us now.

5 The first is the rule of thumb of an hour.
6 We have kind of hit that boundary. Even if we -- so
7 as a specific example for Ho'opili, if you build
8 Ho'opili, then all the buggahs in Makakilo, right,
9 it's like they cut in line. Okay. I don't know any
10 other simpler way to put it.

11 Now, the train would help. But if I were
12 building the train, like, right, if I were the
13 konohiki of the train I would put it where the people
14 already live which is the one side of the old O'ahu
15 Railroad line. So we've gotten all mixed up out
16 there.

17 But the other economic forces that make it
18 interesting, think about folding back in, is that
19 we've also gone through this dramatic demographic
20 transition. So it wasn't just that in 1960 when you
21 could move over to my neighborhood on the Windward
22 side and every house had -- there were four kids in
23 every house and my dad carpooled to Manoa with two
24 other UH professors in my neighborhood. Who does
25 that, right? 1962. That's not the community --

1 that's not the demographic profile we have anymore.

2 Today, those kids, the four kids that I grew
3 up with, we're all in a cohort, like the 45 to 60
4 cohort, that's larger than other any 15 aged cohort in
5 the state with the exception of the 15 to 30 cohort.
6 But if you take out the military then they're actually
7 the second biggest. All the other ones are actually
8 smaller, so don't even have the demograph -- that was
9 the demographic profile where kids were a big part
10 of...

11 So living in neighborhoods, right, that had,
12 you know, big yards and playgrounds at the schools
13 where everybody hung out after they did their homework
14 and that kind of thing is demographically a different
15 construct than the one we have today.

16 So even without a forcing factor you don't
17 want somebody to force it, but my guess is the
18 economics of our demography they're actually going to
19 lead to people moving back in because their kids have
20 grown up, their kids aren't having as many kids, the
21 existing suburban footprint accommodates a need today
22 that proportionately as a share of the population is
23 smaller -- notwithstanding the growth of population --
24 is smaller, certainly, as a share than it was when we
25 first went to the suburban spacial radiation.

1 So I'm inclined to think -- I don't want
2 anybody to be forced to do things -- I'm inclined to
3 think we have an opportunity to facilitate this kind
4 of reversal.

5 And I'm struck traveling around the country
6 and also abroad in how many places this works for what
7 had been abandoned city centers, like when I was in
8 college or graduate school, 30, 40 years ago, there's
9 a lot of places where the middle of the town had
10 disappeared and everybody was going out to the mall at
11 the edge of town.

12 How, in a lot of these places, same places
13 everything's come back in on its own, just as a
14 natural economic outcome of economic drivers that are
15 at work all around us.

16 CHAIRMAN LEZY: Understanding that, then,
17 can you give us even kind of a thumbnail assuming that
18 there is a successful push for residential development
19 in the urban core, what the, I guess, the magnitude of
20 the future residential demand that will be addressed
21 by that?

22 THE WITNESS: The way to approach it just
23 demographically, just in terms of the body count and,
24 again, with reference to the age distribution of the
25 population, is to -- Willy kind of brought this up

1 originally. A big part of his pitch was: If you just
2 do the body count you've got these 10,000 people every
3 decade. And I don't know if he's right or not. I'm
4 sure he's not far off.

5 But the point is you can basically on O'ahu
6 start with a million and then think about what you
7 could expect the growth rate to be per year. And
8 that's a number that's in the neighborhood of .7 to
9 .9. It's probably not 1 point something.

10 So that would be -- that would sort of build
11 your demand, the basis for your demand profile. It's
12 very modest, my point is, relative to what it used to
13 be.

14 And in addition, because the shape shifting
15 of the age distribution so the younger cohorts'
16 getting smaller and the older cohorts' getting larger,
17 they aren't the largest but in particular they're
18 large partly because they're living longer. So you
19 have a different composition of housing needs. Yeah,
20 you know, my dad's 85. I love that he can go drive to
21 the experimental farm every day, but I kinda wish he
22 would go buy a house in Waimanalo next to the
23 experimental farm 'cause he's 85. And I just, you
24 know, dodging the SUVs in Waimanalo.

25 So that kind of lifestyle, the kind of urban

1 environment you get from that is different even if you
2 have the organic growth at low rates than I think it's
3 reasonable to expect to continue. Well, that's true
4 up to immigration, which is a whole 'nother story.

5 So, and we have to remember that part of the
6 uncertainty we're talking about should include the
7 demographic consequence of changes in migration
8 patterns, particularly given the emerging markets
9 phenomenon in Asia with which Hawai'i -- let's
10 remember Hawai'i culturally, demographically -- I mean
11 ethnically, historically has strong connections.

12 They've waxed and waned but it wouldn't be
13 surprising to me in 2030 if we were are all talking
14 about Chinese investment the way we were talking about
15 Japanese investment in 1985.

16 CHAIRMAN LEZY: Thank you. Dr. Dudley, is
17 Mr. Coffman available now?

18 DR. DUDLEY: Yes, he is.

19 CHAIRMAN LEZY: Let's take a 10-minute
20 break.

21 (Recess was held.10:35-10:55)

22 CHAIRMAN LEZY: (Gavel) I understand we are
23 going to stick with the original lineup.

24 MS. DUNNE: Yes. So, Dr. Deenik.

25 xx

1 JONATHAN DEENIK, Ph.D.

2 being first duly sworn to tell the truth, was examined
3 and testified as follows:

4 THE WITNESS: Yes, I do.

5 CHAIRMAN LEZY: Please state your name, your
6 address.

7 THE WITNESS: Jonathan Deenik, 84-192
8 Moekahi Street, Waianae, 96792.

9 DIRECT EXAMINATION

10 BY MS. DUNNE:

11 Q Good morning.

12 A Good morning.

13 Q Dr. Deenik, what is your profession and
14 where are you employed?

15 A I'm a soil scientist in the Department of
16 Tropical Plants Soil Sciences at University of
17 Hawai'i.

18 Q What is your specialty?

19 A Soil fertility and soil quality.

20 Q And can you tell us briefly what someone in
21 your specialty does?

22 A Well, I have three -- I teach a class,
23 classes or classes. I do basic research mostly in
24 nutrient cycling, nitrogen cycling, carbon cycling,
25 and then soil fertility in agricultural systems. And

1 I have an extension appointment so I work directly
2 with farmers throughout the state and the Pacific,
3 American Pacific.

4 Q Can you tell us a little about your
5 educational and professional background?

6 A I started off with a Bachelor's from the
7 College of Wooster not in the field I'm in right now
8 but Art History and History. I did five years as a
9 Peace Corps volunteer in Cameroon and Nepal. Then I
10 came to Hawai'i in '92 and I started a Master's Degree
11 in Soil Chemistry. Got that in 1997 and a Ph.D. in
12 Soil Fertility in 2003 both at the University of
13 Hawai'i.

14 Q Are you familiar with the Petition Area
15 land?

16 A Yes.

17 Q What were you asked to do in this case?

18 A I was asked to give an assessment of the
19 soil fertility and agricultural potential from a soils
20 perspective.

21 Q Have you testified before in this area of
22 expertise?

23 A Once before.

24 Q And what case was that?

25 A That was, I think it was called the Tropic

1 Land case in Nanakuli.

2 MS. DUNNE: And, Chair Lezy, I'd like to
3 offer Dr. Jonathan Deenik as an expert on soil
4 fertility and quality.

5 CHAIRMAN LEZY: Objections? Admitted.

6 Q (Ms. Dunne) Dr. Deenik, did you prepare the
7 map and tables in your written testimony which is
8 Sierra Club Exhibit 44B?

9 A Yes, I did.

10 Q Can you tell us what those maps and tables
11 show?

12 A Okay. Basically those maps and tables come
13 from the soil survey conducted by, back then it was
14 called the Soil Conservation Service. Now it's called
15 the Natural Resource and Conservation Service. And so
16 those tables were basically extracted from this
17 document.

18 Q Based on your expertise what can you tell us
19 about the soil quality of the Petition Area land?

20 A Well, just very briefly the language of soil
21 scientists is not one that most people understand.
22 But basically there are 16 map units in the Petition
23 Area. But they represent four basic soil types.

24 And to make it even more simple for today,
25 within those four soil types there are two clay

1 mineralogies that are important for agriculture and
2 fertility: High activity clays and low activity
3 clays.

4 The majority of the soils come from high
5 activity clays. So these are clays that are
6 characterized by very high nutrient retention capacity
7 and high fertility. I believe close to 90 percent of
8 the land is composed of soils with this kind of
9 mineralogy.

10 Fifty percent of the soils on an area basis
11 are, come from two groupings: Molosoils and Vertisols.
12 Of the soil, the 12 soil types on the planet, these
13 two fall at the very top in terms of fertility in
14 agricultural productivity given that the other factors
15 are also there: sun, temperature, water and these
16 other things. So I don't know. I could keep going.

17 There's a small area as you move north that
18 are low activity clays. And those are the soils that
19 are moving into the Oxisols that comprise the whole of
20 Central O'ahu, the plateau, the Schofield Plateau.
21 And they're of lower fertility inherently in their
22 natural state.

23 Q And is your opinion that the soils in this
24 area are unique?

25 A Well, you know, there's one soil type that I

1 would say for O'ahu and the state of Hawai'i is a
2 unique soil. And that's this Honouliuli Clay, which
3 is part of a vertisol soil type. And it's the best
4 agricultural soil in the Petition Area.

5 And it's the only area in the Hawaiian
6 Islands where you have this soil type is really in a
7 contiguous area would be Lualualei, the valley that's
8 now in the naval, in the naval area, if you look at
9 those black soils there -- and the 'Ewa Plains.

10 So, and these soils, you know, make up vast
11 areas of Australia and India that have tremendous
12 agricultural potential. Texas, for example, has this
13 type of soil and they grow loads and loads of cotton.

14 So I would say that it represents, that soil
15 represents about 20 percent of the land. And it's, I
16 would say, a unique soil.

17 Q Could you tell us why high quality soil is
18 so important for agriculture?

19 A Well, as a farmer, somebody who's going to
20 grow something, one of the first things -- climate, of
21 course, is very important because it dictates what
22 kind of crop you're gonna grow. But behind climate
23 is: What kind of soil do you have on your land? What
24 do I need to do to that soil to be viable to produce
25 food?

1 So I'll just list the Honouliuli. And then
2 there's Waipahu soils, which make up more than about
3 50 percent of the area, fall in the category of soil
4 types that really require very simple nutrient
5 management. Let's just call it that way, simple
6 fertility regimes.

7 In fact, the Honouliuli soil really requires
8 only a good management of nitrogen and organic matter.
9 Of course that doesn't take care of the pest
10 management and water. But in terms of fertility,
11 you're beginning at the top of the list with minimal
12 headaches from nutrition, plant nutrition.

13 On the other hand, the Oxisol, the soils
14 that are now towards the H-1 and above, they have some
15 good properties but they fall in the low end of
16 fertility.

17 So now you have to think about phosphorous
18 fixation, how much phosphorous does that soil suck up
19 beyond the capacity of the plant to use it? And
20 manganese toxicity is a problem in the soils of
21 Central O'ahu. So you have to think about that.

22 So that's basically, you've taken care of
23 nutrition by just inheriting a very fertile soil to
24 begin with.

25 Q Do you have any idea how long it would take

1 to build such high quality soil in another area?

2 A Well, soils form on geologic timescales. So
3 you imagine soils in the Petition Area are alluvium,
4 debris that have come down from the Wai'anae volcano
5 which is about four million years old, and accumulated
6 on the coral terrace. So it's gone through several
7 phases. That used to be under water, under the ocean
8 then would uplift.

9 But to put it simply, soils form on the
10 order of the youngest soils you might come across
11 10,000 years. You can see soil on the Big Island, but
12 those are limited depth. So takes a long time to
13 build high quality soil. These soils on the 'Ewa
14 Plain they're hundreds of thousands of years old.

15 Q How would the Ho'opili development impact
16 agricultural production on O'ahu?

17 A Well, I think the economist who spoke
18 earlier today put it quite clearly that, you know,
19 that's not something you put concrete -- to build on
20 these soils is gonna take quite a bit of engineering
21 because of their inherent instability.

22 And by doing that you're gonna transform
23 them dramatically. And irreversibly in a human time
24 scale is probably an accurate description. Of course,
25 soils are resilient so a hundred thousand years from

1 now. But in our lifetime urbanization has a very
2 negative impact on soils.

3 MS. DUNNE: No further questions.

4 CHAIRMAN LEZY: Petitioner?

5 MR. KUDO: No questions.

6 CHAIRMAN LEZY: County?

7 MR. JAYARAM: No questions.

8 CHAIRMAN LEZY: Office of Planning?

9 MR. YEE: No questions.

10 CHAIRMAN LEZY: Dr. Dudley?

11 DR. DUDLEY: (Shaking head)

12 MR. SEITZ: No questions.

13 CHAIRMAN LEZY: Commissioners? Thank you
14 for your testimony.

15 THE WITNESS: Thank you very much.

16 CHAIRMAN LEZY: That marks the close, then,
17 of Sierra Club's evidentiary case?

18 MS. DUNNE: That's correct.

19 CHAIRMAN LEZY: Have a seat, Mr. Coffman.
20 Ready to go, Dr. Dudley? Are you ready to proceed?

21 DR. DUDLEY: Yes.

22 TOM COFFMAN

23 being first duly sworn to tell the truth, was examined
24 and testified as follows:

25 THE WITNESS: I do.

1 CHAIRMAN LEZY: Please state your name and
2 your address.

3 THE WITNESS: My name is Tom Coffman. My
4 address is 44-114 Bayview Haven Place, Kaneohe,
5 Hawai'i.

6 CHAIRMAN LEZY: Dr. Dudley, before we
7 proceed, an issue had arisen regarding the slides that
8 Mr. Coffman is going to be referring to. Let me
9 remind you that reference should be made only to
10 exhibits that are already in the record. Were you
11 prepared to make sure that that's the case?

12 DR. DUDLEY: I believe that all the slides,
13 except for this one, are things that are in the
14 record. And I think that this is in some picture.

15 CHAIRMAN LEZY: This looks like just a title
16 page.

17 THE WITNESS: Yes. It's by way of self
18 introduction, a visual support by way of introduction.

19 CHAIRMAN LEZY: But are you prepared to make
20 sure that we're referencing the exhibits as he's
21 speaking about them?

22 DR. DUDLEY: Tell me again what you're
23 asking, Sir.

24 CHAIRMAN LEZY: It looks to me like you're
25 going to have Mr. Coffman refer to things that are

1 being projected -- documents being projected onto the
2 wall here?

3 DR. DUDLEY: Yes, sir.

4 CHAIRMAN LEZY: When he's referring to them
5 I need for you to identify what exhibit it is that's
6 in the record.

7 DR. DUDLEY: Okay.

8 CHAIRMAN LEZY: Okay?

9 DR. DUDLEY: Good.

10 CHAIRMAN LEZY: With that, let's go.

11 DR. DUDLEY: I've got to be able to find
12 that. (pause)

13 CHAIRMAN LEZY: Do you need to take a short
14 break, Dr. Dudley?

15 DR. DUDLEY: I think we need to take a very
16 short break, sir.

17 CHAIRMAN LEZY: Let's take a five minute
18 break in place.

19 (Recess in place)

20 DR. DUDLEY: Mr. Chair, as you're aware Tom
21 Coffman, like Jonathan Deenik, has been away out of
22 the country and just has returned. So I've not really
23 had time to go over his testimony with him again since
24 he's been back.

25 And although I did prepare things to bring

1 for Jonathan Deenik, he decided not to use them so I
2 didn't show those to the other parties.

3 However, I didn't have time to go over all
4 of the slides for demonstratives with Mr. Coffman.
5 What we do have that we are going to show is Exhibit
6 B-1. We're also going to show Exhibit B-2. And from
7 Exhibit B-2 page 7-A. That was B-2 page 1. From B-2
8 page 7-A.

9 We're going to show three different
10 sections. We're going to show the entire exhibit.
11 We're going to show this area, which is the central
12 section of this exhibit. And then we're going to show
13 this part of that.

14 CHAIRMAN LEZY: Okay. And all of this has
15 been entered into evidence.

16 DR. DUDLEY: All of this has been entered
17 into evidence, yes.

18 CHAIRMAN LEZY: Please, go ahead -- did I
19 swear you in?

20 THE WITNESS: Yes, you did.

21 CHAIRMAN LEZY: Please go ahead, Dr. Dudley.

22 DIRECT EXAMINATION

23 BY DR. DUDLEY:

24 Q Mr. Coffman, how long have you lived in
25 Hawai'i?

1 A Since 1965.

2 Q And can you tell us about your education?

3 A Yes. I graduated from the William Allen
4 White School of Journalism, University of Kansas.

5 Q And can you give us a short work history of
6 yourself.

7 A Yes. I was the state government reporter
8 for the "Honolulu Advertiser", the chief political
9 reporter for the "Honolulu Star Bulletin". I then
10 became self-employed some 36 or -7 years ago. And in
11 that time I've had a media production company and
12 produced documentary films, and researched and written
13 history, and published a variety of books on history.

14 Q And can you tell us what is your connection
15 with Campbell Estate?

16 A During the 1990s and into the early 2000s
17 developed a series of five presentations and
18 presentation centers for them to convey what was then
19 the 'Ewa Master Plan and what became the City of
20 Kapolei Plan.

21 We changed it as we went in the sense the
22 presentation became more sophisticated. But
23 essentially it was always referring to the core plan
24 which was, had been developed over a period of four
25 decades actually.

1 Q And so how long were you connected with
2 Campbell Estate? What years to what years?

3 A I think it was about 10 years from about
4 1992 to 2002 or so.

5 Q Okay. I'd like to refer you to Exhibit B35.
6 Is that your resumé and your written testimony?

7 A Yes.

8 Q And are you familiar with this case?

9 A I am.

10 Q What materials did you review in
11 preparation for your testimony?

12 A The organizing documents for the
13 presentation, meaning like the prospectus that I
14 developed for the presentation and some of the visuals
15 for it, so on. With your indulgence, Mr. Chairman,
16 like a project book, for example. (pointing to visual)

17 Q And has anyone paid you to be here today?

18 A No.

19 DR. DUDLEY: Chairman Lezy, I would like to
20 offer Tom Coffman as an expert on community economic
21 development for this area.

22 CHAIRMAN LEZY: Objections?

23 MR. KUDO: Could you repeat what the
24 expertise he's being offered as?

25 DR. DUDLEY: I'm sorry. As community

1 development for this area.

2 MR. KUDO: I thought it was contemporary
3 history of Hawai'i.

4 DR. DUDLEY: I'd be glad to change to that.

5 CHAIRMAN LEZY: Contemporary history of
6 Hawai'i then, Dr. Dudley?

7 DR. DUDLEY: Yes.

8 MR. KUDO: Okay. That's fine.

9 CHAIRMAN LEZY: All right. Admitted.

10 Q (Dr. Dudley): Mr. Coffman, as you know
11 we've had a problem trying to get our communication
12 together this morning since neither of us were able to
13 get together. So I think I'm just going to turn you
14 loose and let you go through your presentation the
15 best you can.

16 A Okay. I can keep this short. Basically, if
17 we could see the second image there. I wanted to show
18 you this because it refers to something that was very
19 real and had a real impact. And that was the root of
20 the Campbell Estate plan for the 'Ewa Plain at a time
21 when Campbell Estate owned the entire 8,000 acres of
22 the 'Ewa Plain.

23 In 1955 they brought in the planning firm
24 Harlan Bartholomew & Associates which was at the time
25 the pioneer professional planning firm in Hawai'i.

1 And they developed this plan that described extensive
2 preservation of the rich agricultural lands of 'Ewa.
3 But envisioned some development on the fringes and the
4 low productivity areas. The first example of that was
5 Campbell Industrial Park and then Makakilo.

6 In 1974 Donald Walbrink, Donald Walbrink and
7 Associates, Donald Walbrink was really considered the
8 dean of professional planning in Hawai'i. He's a
9 person that I interviewed for, as part of the project,
10 incorporated the idea of a wide lei of green cleanly
11 separating the metropolitan area of Honolulu from the
12 upland and from the near-ocean developments in 'Ewa.

13 The 1974 plan included the idea of a compact
14 urban center between the ocean and the mountains. In
15 1988 the Helber Hastert Kimura Planning Firm, again,
16 incorporated this green belt into what now was called
17 the 'Ewa Development Plan.

18 And then if I could see the next image,
19 please. Oh, that is the next image. Okay. I'm sure
20 you remember this triangular Urban District that
21 you've seen that image over and over and you've seen
22 that plan.

23 I think it's important to resurrect it in
24 light of this proposal because this was the proposal
25 for the Second City. And it was put forward pursuant

1 to and as a part of the 1988 planning process.

2 And the Second City, if I could see the next
3 slide, please, the Second City, as you can see in the
4 green areas, is cleanly separated by the agricultural
5 belt which is now at issue, the Agricultural District
6 that the Applicant seeks to subdivide.

7 The Second City was not to be an extension
8 of Honolulu, but a city onto itself with its eastern
9 boundaries defined by agriculturally zoned land.

10 Based on this 1988 plan the Second City
11 concept was presented to public officials with the
12 presentations that I developed for Campbell Estate and
13 public opinion leaders in multiple media forms day-in
14 day-out by a staff of three fulltime Campbell Estate
15 people and many other Campbell Estate executives and
16 trustees such as Herb Cornell and Fred Trotter.

17 In the early 1990s I participated in the
18 naming process which referred to ancient time when the
19 pu'u overlooking the area known in English as Fort
20 Barrette was said to be the abode of the demi goddess
21 Kapo, sister of Pele and Hi'iaka. And hence the area
22 was the lei of Kapo, resulting in the City of Kapolei.

23 In this plan so repeatedly presented to the
24 public and to policy-makers -- we can just -- can you
25 back up -- this was the crux of the plan, the 'Ewa

1 Regional Development Plan on which the basic, all of
2 the basic policy agreements were reached. And, I lost
3 my place here, I'm sorry -- became the basis, for
4 example, of the state government's commitment to a
5 Second City, the basis of the state moving crucial
6 government functions and other major expenditures on
7 infrastructure resulting in the very large state
8 building which is sitting out there today.

9 A few businesses closely allied with
10 Campbell Estate such as the Bank of Hawaii, as Paul
11 Brewbaker testified, made major investments in truly
12 urban buildings in Kapolei.

13 As the regional map clearly shows the Second
14 City continued to be based on a distinct agricultural
15 belt demarcating it from the primary urban area. The
16 Second City plan achieved broad consensus.

17 It met with three important goals of land
18 use law of 1959: Preservation of rich agricultural
19 land, compact urban development, and protection of the
20 upland watershed on the mountain above.

21 And then the last slide was simply a
22 closeup. But it's important to see that green area
23 clearly was labeled "agriculture" in that plan. This
24 plan was simplified -- the other slides are simply
25 to -- this wasn't entered, okay, but it's a visual

1 support of what I'm saying. I think we can just let
2 it go at that. Okay, thank you. (Projector turned
3 off)

4 It was simplified for a lay consumption, but
5 it did not vary in its dedication to creating a Second
6 City distinctively separated by an agriculturally
7 productive green belt. And this is but one of many
8 ways in which that was expressed.

9 I was not involved in what happened next,
10 but I followed it through my contacts with Campbell
11 Estate. Under pressure from the Estate beneficiaries
12 for income distribution, and sobered by the capital
13 demands for developing a real Second City, out went
14 the old, the planners from the original Campbell
15 Estate, as I knew it, and in came the developers and
16 the land sellers of the new Campbell land
17 corporations.

18 I'm sure that you've noticed that Campbell
19 Estate, which only a short while ago owned 8,000 'Ewa
20 acres, has sold most of it off to developers.
21 Campbell Estate went to the city government for a plan
22 of what is essentially suburban sprawl, that today is
23 widely cited as the will of the public and is often
24 referred to erroneously as the Second City.

25 If this land is subdivided it will not

1 fulfill but rather violate the plan for a Second City.
2 It will become merely a sprawling land-eater of the
3 sort the land use law sought to preclude.

4 I'd like to briefly digress and say that the
5 concept of the Second City of Kapolei is distorted
6 linguistically today by the term "East Kapolei". East
7 Kapolei is used over and over to describe the far
8 terminal of the city government's fixed rail transit
9 system. That station is well over a mile from the
10 triangular feature of the map that I showed you, the
11 City of Kapolei. There is no "East Kapolei". It is
12 an abandoned sugar field.

13 To summarize: eager buyers of the 'Ewa lands
14 such as the Applicant, gambled financially on the city
15 plan becoming the operative plan. And they gambled on
16 you at the state level falling in line. They gambled
17 on you forgetting your primary historical mission.

18 Despite the clutter of words and conflicting
19 interests, your job as defined by the authors of the
20 land use law is disarmingly simple. It is to promote
21 compact urban development and protect prime
22 agricultural land. So I urge you to vote no. Thank
23 you.

24 Q Mr. Coffman, the Campbell Estate plan
25 changed. How did you feel about that change?

1 A Well, I felt that the public trust, a kind
2 of, you know, public compact that went into this
3 massive communication that went back and forth between
4 Campbell Estate and policy-makers and opinion leaders,
5 had been violated. And, you know, I have to say I
6 felt, I felt ill-used in the process.

7 Q Okay. Could you go back to that slide, the
8 one that was the map. I think it's back about three.
9 There we go. Could you point out on the map, perhaps
10 with a pencil or something, could you point out where
11 that triangular area is?

12 A This was to be the compact urban center, the
13 urban center of this entire region.

14 Q When we speak of the City of Kapolei, in
15 your original view, what was the City of Kapolei?

16 A Well, in my view, but it was in everybody's
17 view and everybody's statements it was this area.

18 Q Okay. And is that triangle filled today
19 with a city?

20 A By and large, no. It's -- everybody's been
21 there, but it's pretty much a strip development here.
22 And then Campbell Estate developed a couple of
23 landmark buildings here. And then the state has a
24 very large building down here. The city has a
25 building. And Bank of Hawaii made this tremendous

1 investment which I understand they're really not
2 making that much use of.

3 I'm sure I didn't exhaustively describe it
4 but there are whole large areas which are vacant lots
5 where the land isn't even graded or, you know,
6 anything planted.

7 Q And the streets are not finished, is that
8 right?

9 A No.

10 Q And could you point to us there were
11 different aspects of this city that Campbell
12 envisioned, starting with a harbor. Could you point
13 out some of these things for us?

14 CHAIRMAN LEZY: Okay. Mr. Coffman, could
15 you take the mic with you please.

16 THE WITNESS: Okay. (on mic) Within the
17 urban area, to start there, there were very elaborate
18 plans and descriptions of a very long fountaining area
19 and walkway which was to be called River Walk. And
20 then there was an organizing, a similar long organized
21 aesthetic feature that was to be called Palaelae. For
22 example, types of things that are not, have never been
23 done.

24 Roughly, I don't know. I think the
25 Commissioners must know this, but this is Ko Olina,

1 the harbor, Campbell Industrial Park, Kapolei Business
2 Park, what was previously Barbers Point Naval Air
3 Station, and the upland of Makakilo and then various
4 residential developments, primarily the Hasegawa
5 Komuten development down here.

6 Q And then on this map could you point out the
7 green area that we're talking about here that's the
8 agriculture area?

9 A It was all of this area and all of this
10 area, everything that's in green.

11 Q Okay.

12 A The green's a little hard to distinguish
13 from the yellow in the color of this. But if you go
14 to the simplification of it two slides down it's
15 clearer actually. Go forward two slides. Okay. For
16 instance, all of this, all of this.

17 Q Okay. Mr. Coffman, how are you familiar
18 with the LUC, with the Land Use Commission?

19 A As a reporter I wrote extensively about land
20 use planning and land use issues. And I referred to
21 the land use law.

22 I also was closely acquainted with the
23 author of the land use law, Tom Gill, who talked with
24 me repeatedly about the core purpose of the land use
25 law was to preserve agriculture, and associated with

1 that compact, urban development and preservation of
2 the upland watershed. Tom talked about this over and
3 over.

4 I also talked about -- talked, for example,
5 with Myron Thompson who was the first Chairman of the
6 Land Use Commission which did the original
7 designations of the four areas. And he deeply shared
8 those concerns and those goals.

9 Q Mr. Coffman, do you have any other comments
10 that you want to make before we close?

11 A Well, the one thing I would like to say,
12 which I've heard former Governor Ariyoshi express over
13 and over, and that is that city plans, while they come
14 to be looked at as, you know, based in a democratic
15 process, should be looked at very critically.

16 And the reason is that the city government
17 is exclusively reliant on property tax for its
18 functioning so that it has an inherent gravitation
19 toward any kind of development that will yield
20 property tax revenue.

21 And it is the essential argument that
22 Governor Ariyoshi makes, for example, which I heartily
23 agree with, that the State Land Use Commission must,
24 you know, continue to function as it was intended in
25 the 1959 law as has, you know, been our most essential

1 institution for land use planning ever since then.

2 It is for a very good reason which really
3 doesn't change over time.

4 DR. DUDLEY: Very good. That concludes my
5 questions.

6 CHAIRMAN LEZY: Petitioner?

7 CROSS-EXAMINATION

8 BY MR. KUDO:

9 Q Mr. Coffman, you made a statement that you
10 or your multimedia company did several, I guess it's
11 videos or films for Campbell Estate?

12 A There were a succession of five
13 presentations. And I designed one, two -- I designed
14 three presentation centers. And in the presentation
15 centers we had, progressively we had a combination of
16 slide shows, graphics, huge graphics. One graphic was
17 the size of that wall over there, part of that wall.
18 And exhibits, various rooms of exhibits ultimately.

19 Q When did you start --

20 A Booklets.

21 Q -- when did you start doing these five
22 presentations or...?

23 A I think the first one was 1993 probably. It
24 was when Campbell Estate offices were still downtown.

25 Q And when was the next one done?

1 A Well, there was the original one for their
2 office on the third floor of the downtown Campbell
3 Estate Building. And then I developed a more --

4 Q What year was that?

5 A -- truly multi -- that was '93 I would say.
6 Then I developed a truly more multi-dimensional center
7 which was dedicated only to presentation that, you
8 know, when I described thousands of, literally
9 thousands of people going into the centers. That was
10 probably '95 or '96. And it sort of built on the,
11 what was perceived as the effectiveness of the first
12 generation. Then we would do updates of these
13 presentations.

14 And then when Campbell Estate moved to
15 Kapolei I designed a very large presentation center
16 which covered several, several thousand square feet,
17 about five rooms.

18 Q What year was that done?

19 A Probably '97 or so, '98.

20 Q Was there anything else after that?

21 A I'm estimating.

22 Q Was there anything else after '97?

23 A We did some updates and adaptations. And,
24 for example, we then collapsed it into a smaller room
25 and did a video adaptation of what was originally my

1 projector slide show. So there was that one that I
2 recall distinctly.

3 Q What year was that?

4 A I think that was -- it's one I'm estimating
5 about 2002.

6 Q Were any of these presentations done in a
7 video format, CD format by the name of "Kapolei"?

8 A The first three that I described were
9 slides. They were multi-projector slide shows. And
10 the first one referred only to 'Ewa. The second
11 referred to Kapolei. And all those thereafter in both
12 slide and then a video adaptation.

13 Q Was that video entitled "Kapolei"?

14 A I don't remember the title.

15 Q Do you know what year you did the first
16 video?

17 A Meaning the video adaptation of the slide
18 shows?

19 Q The one that was named "Kapolei".

20 A What I remember primarily is the second
21 major presentation, a significant part of it revolved
22 around explaining the name of "Kapolei" and the
23 historic and prehistoric reference. And I think it
24 incorporated the word "Kapolei" in the title as I
25 recall.

1 Q Okay. These were updated periodically?

2 A Yes.

3 Q Up through 2002 or so?

4 A Up through 2002 I would say.

5 Q So from 1993 to 2002 you did these various
6 presentations including board presentations, slide
7 presentations and videos for Campbell Estate on the
8 'Ewa development vision that they had, correct?

9 A Yes.

10 Q When you do these types of projects is it
11 typical that you would do some research when writing
12 the script, for instance, for the videos?

13 A Yes.

14 Q Okay. Did Campbell indicate to you at the
15 time they engaged you to do these videos, I'm talking
16 about the Kapolei videos, specifically, what the
17 purpose of those videos was for?

18 A The purpose of these presentations,
19 multimedia presentations were, the purpose of these
20 presentations was to present the planning that had
21 gone into it, the plan itself and its goals for the
22 Second City.

23 Q What was the audience? Who was the audience
24 for this type of presentation?

25 A Government officials and community opinion

1 leaders of really broadly defined.

2 Q Were these videos and presentations also
3 used as, say, marketing tools for sub-developers that
4 would purchase properties that were entitled by the
5 Second City vision and to develop them as well?

6 A I'm sure they were. I wasn't particularly
7 involved in that. And I wasn't -- I wasn't actively
8 aware of it. The whole process when I was there was
9 devoted to developing community support for the Second
10 City.

11 Q Did any of these presentations involve, like
12 the maps that you showed, not only Campbell Estate
13 maps but also perhaps the City's plans for that area,
14 land use plans?

15 A No.

16 Q They didn't incorporate any of the ongoing
17 city plans themselves? Are you sure?

18 A No, they didn't. They -- not -- let's see
19 -- I have to think carefully about the response to
20 your question. So far as like this plan, for example,
21 (indicating slide) became embedded in city planning.
22 It likely did, but I was not involved in those points
23 where it was presented in detail, like, to the city
24 council or the zoning board. And therefore that
25 wasn't really part of what went into the work that I

1 did. And so it's a qualified answer.

2 Q Okay. Now, in your testimony that you filed
3 in these proceedings you mention that -- this is on
4 your, the first paragraph of your second page -- I'll
5 read it to you. Do you have it in front of you?

6 A I do.

7 Q The top of your second page says, "In all
8 these plans and presentations by Campbell Estate to
9 government officials and to the public, the Second
10 City was separated from Honolulu and its suburbs by
11 the large swath of agriculture land and green space
12 that the developer now proposes to subdivide."

13 Can you elaborate on that particular point
14 that you're making there?

15 A It was the crux of my testimony originally.
16 That is Campbell Estate first guided me toward the
17 1955 plan which was based on heavy agricultural
18 element continuing in 'Ewa, and the 1974 Wallbrink
19 plan which developed the first idea of a civic center,
20 but with a large green belt. And then the 1988 plan.
21 In various stages of presentation all of those were
22 referred to.

23 Q Now, this map that you just referred to done
24 in the, I guess what you said 1980, 1970?

25 A 1955.

1 Q 1955?

2 A 1974.

3 Q Was O'ahu Sugar still operating?

4 A 1988.

5 Q Was O'ahu Sugar still operating cultivating
6 the fields in 'Ewa?

7 A During part of that time. And I'd have to
8 rely on somebody more expert than myself on the sugar
9 industry to say when it went out.

10 Q I believe the mid 1990s.

11 A Was it the mid 1990s? I was aware that, you
12 know -- I was out there next to the pu'u when it was a
13 sugar field. I remember that. And I remember
14 actually doing a presentation with Robert Oshiro
15 attempting to save the sugar industry in the 'Ewa
16 Plain. Generally the '90s thing fits with my
17 recollection.

18 Q Now, in your testimony you make a statement
19 in the third paragraph of the second page. It says
20 "This visionary idea of the Second City was
21 essentially abandoned in the late 1990s by the
22 landowner," Campbell Estate I imagine that is who
23 you're referring to there. When you say "abandoned",
24 what specifically are you referring to?

25 A Um, they began -- they stopped the intense

1 level of presentation of the concept. They stopped
2 making the difficult infrastructure investments which
3 underlay it, to develop such features as the so-called
4 River Walk and Palaelae that I described earlier.
5 They began selling off large parcels.

6 They didn't begin at the time but they
7 intensified the selling off of large parcels so that
8 in a fairly short number of years they had sold off
9 virtually all of their holdings in the 'Ewa Plain
10 except for this core area.

11 Q Did you also intend to include in the word
12 "abandonment" the original concept as you referred to
13 of the green belt?

14 A Well, I think they did so far as they sold
15 this land to Horton. And they -- and they, to my
16 knowledge, supported through the city the change in
17 the city -- what is it called? The city department
18 plan, city and county development plan. I think I had
19 the impression they supported that.

20 Q When you did these films, as you said before
21 you did some research, et cetera, before writing the
22 script in these films that talk about the 'Ewa
23 development and the 'Ewa Development Plan, did you
24 review the city's General Plan which was adopted in
25 1977? This is 1977 you began working, if I recall

1 from your testimony in the early 1990s.

2 A Right. Um, no, I didn't. They referred me
3 to, and I referred to the succession of plans that I
4 described.

5 Q Are you aware that the City's development
6 plans adopted in 1977 indicate that the East Kapolei
7 area, which includes the Ho'opili lands, is designated
8 for urban fringe, that is future urban growth?

9 A Yes, in a general way I am.

10 Q Now, did you also review the amendments to
11 the City's General Plan which were done in 1979, 1982,
12 1985, 1987, 1989, 1990 and 1991 which included the
13 same map and the designation of the Ho'opili lands for
14 urban expansion?

15 A What I referred to -- the answer is no.
16 What I referred to were the succession of their plans
17 and to the fact that the State Land Use Commission had
18 zoned the land for agriculture. And I was very aware
19 from my past experience that the State Land Use
20 Commission had the final say, not the city as I've
21 described.

22 Q Okay. Now, in doing these films you didn't
23 look at the General Plan, but you must have looked at
24 Campbell Estate's own long-range plan for 'Ewa,
25 correct?

1 A I did.

2 Q If I recall, the Campbell Estate's plan was
3 called Campbell Estate Kapolei Area Long-Range Master
4 Plan. This was done in the 1980s.

5 A It was called the 'Ewa -- the 1988 plan was
6 the Helber Hastert plan. And it was called the 'Ewa
7 Master Plan.

8 Q Do you recall Campbell Estate's Kapolei area
9 Long-range Master Plan that was done in the 1980s?
10 This was a long-term vision for 'Ewa.

11 A Who did the plan? Tell me who did the plan.

12 Q I'm not sure. I believe it was Helber
13 Hastert Kimura.

14 A I'm not sure.

15 Q I'm going to show you right now Petitioner's
16 Exhibit 13B. This is taken from the Petitioner's
17 environmental impact statement. And the source of
18 this map it comports to is the Estate of James
19 Campbell Long-Range Kapolei Master Plan. And this was
20 done in the 1980s. Can you locate Ho'opili on this
21 map, Mr. Coffman?

22 A I know where the lands are generally. It's
23 the land indicated in yellow.

24 Q Okay. I'm going to point it out right here.
25 This is taken from Campbell Estate's 1980 long-range

1 Kapolei map. Can you read what the designation is on
2 there for land use?

3 A Why don't you read to me. My eyes are
4 affected.

5 Q It says "Residential, residential,
6 residential, residential." This is the Ho'opili land
7 right here.

8 A The whole thrust of my testimony is that
9 this was not was presented in the presentations that
10 we did. And I really can't respond to your question.

11 Q Are you aware that this particular Campbell
12 Estate map was included in your three -- your first
13 version of your Kapolei film and the two updates that
14 were done to that film?

15 A No, it was not.

16 Q It is.

17 A It is? What do you know. I vigorously
18 state it was not.

19 Q Now, in doing the three films entitled
20 "Kapolei for Campbell Estate", did you --

21 DR. DUDLEY: Mr. Chair, I think -- he
22 never -- the witness never agreed that he did the
23 films. This is the constant statement of the
24 Petitioner's lawyer that he did the films. And the
25 Petitioner's lawyer names the film "Kapolei". But the

1 defendant has not said -- the "defendant" -- the
2 witness has not said that he did those films at all.

3 MR. KUDO: I would be glad to produce those
4 films which clearly have the title "Tom Coffman
5 Multimedia" on them that were done for Campbell Estate
6 in the 1990s and updated through the 2002. I'm not
7 sure this witness has denied doing those films.

8 CHAIRMAN LEZY: Mr. Coffman --

9 THE WITNESS: Way-way-way-wait. This is
10 getting very distorted. Okay?

11 CHAIRMAN LEZY: Hang on. Let me ask a
12 question, please. Are you disputing that you produced
13 the films that the Petitioner's attorney represented?

14 THE WITNESS: No. I did produce the films.
15 What I'm disputing is the attorney's injecting the
16 idea that the films incorporated the city development
17 plan material. I'm disputing that.

18 MR. KUDO: It incorporated Campbell Estate's
19 Long-range Master Plan which is the same as the City's
20 development plan, which I'm getting to next.

21 CHAIRMAN LEZY: Okay. Well, Mr. Coffman,
22 you're free to dispute. Obviously, Mr. Kudo, you're
23 free to assert. But as far as the value of those
24 assertions I would say if he's disputing them you
25 probably need to impeach him with whatever documents

1 you're referring to.

2 DR. DUDLEY: Mr. Chair, just like we were
3 not allowed to show the slides that the defendant
4 (sic) brought, but which I had not previously given to
5 the Petitioner's lawyer, I don't believe he should be
6 allowed to pretend like this stuff exists and we're
7 supposed to listen to it and buy it like it exists,
8 you know. I don't think he ought to be able to
9 continue this line of questioning.

10 CHAIRMAN LEZY: Dr. Dudley, Mr. Coffman's
11 disputing these points. And so if Mr. Kudo doesn't
12 offer something up that proves the points that he's
13 making, then they're questionable evidentiary value.
14 You can certainly explore that on redirect if you want
15 to.

16 DR. DUDLEY: Thank you.

17 MR. KUDO: I didn't bring the film with me,
18 but I have it at the office. I'll be glad to bring it
19 here to impeach the witness.

20 THE WITNESS: I'd like to respond to that if
21 I could, Mr. Chairman.

22 CHAIRMAN LEZY: Why don't we continue with
23 the questioning.

24 MR. KUDO: Okay. I'll do that.

25 Q Now, Mr. Coffman, in making these films that

1 you did for Campbell Estate, did you review the 1986
2 City's 'Ewa Development Plan amendments and
3 amendments?

4 A No.

5 Q Are you aware that the City's development
6 plan for this area in 1986, from 1986, designates
7 Ho'opili for urban use?

8 A I couldn't tell you at what point that
9 development plan was written. I was aware that the
10 development plan, the city development plan was for
11 residential development. I was aware of that.

12 Q Now, are you aware that the 'Ewa Development
13 Plan by the city was further amended in 1997 to add
14 urban, what is called the Urban Growth Boundary as a
15 way to manage growth in this region?

16 A I can't tell you what my level of awareness
17 of that was. Because at that point we were doing
18 updates of, you know, lines that had been worked out
19 very systematically.

20 But all of these referred to the three plans
21 that I described and never, never described in any
22 detail, never described. Okay. I dispute your
23 contention. Never described a city development plan
24 for residential development of this area.

25 Q Okay. Now, are you aware that the 1997 'Ewa

1 Development Plan, which used what is called an Urban
2 Growth Boundary, clearly indicates that Ho'opili is
3 within the Urban Growth Boundary, that is it is
4 designated urban use?

5 A I am aware of that now.

6 Q Okay.

7 A I was not at the time.

8 Q So, Mr. Coffman, if I understand your
9 testimony, you were hired by Campbell Estate in the
10 early 1990s to do presentations, slides, written
11 material probably, and videos on their development and
12 their vision for the 'Ewa region?

13 A Yes.

14 Q And you did this from 1990 through 2002 or
15 so.

16 A (Witness nodding head.)

17 Q You didn't research what was going on at the
18 city. You didn't look at the General Plans since
19 1977. You weren't aware of the city development plans
20 in 1987 and 1997 and all the amendments that were done
21 periodically since then in making these films.

22 A Ah, the work always centered on the plans,
23 as I've said repeatedly. And my orientation was to
24 state government, not to city government, knowing that
25 the state designation of the land use was the

1 operative designation.

2 So the answer to that is no, you know. I
3 did not follow in any detail what was going on with
4 the city.

5 Q So when you make a statement that it always
6 intended to have this green belt around, that was just
7 your opinion? I mean it wasn't based on any kind of
8 city planning or state plans?

9 A No. It was based on the three plans that I
10 described repeatedly, and on dialogue that I had with
11 the people that I worked with directly and by
12 extension with the trustees.

13 Q But you were engaged by Campbell Estate,
14 obviously paid by Campbell Estate to do these films.
15 And you now sit here in 2012 and say that Campbell
16 Estate had abandoned, and I think you just quoted
17 today saying that the "public trust was violated" or
18 something, by the fact that these green belts were
19 eliminated by developers?

20 A Yes.

21 Q But yet in 1977 the city plans clearly
22 showed that these lands were designated for urban
23 growth. How do you reconcile that?

24 MR. SEITZ: At this point I'm going to
25 object --

1 THE WITNESS: I've said -- I've said over --

2 MR. SEITZ: Excuse me.

3 THE WITNESS: -- and over.

4 MR. SEITZ: Just wait. Just wait. I'm going
5 to object as being argumentative. He's clearly
6 testified he wasn't aware. He didn't pay attention to
7 the city plans. So his testimony is limited to what
8 he contends. And to argue with him at this point
9 beyond that I think is inappropriate.

10 CHAIRMAN LEZY: I think I agree, Mr. Kudo.
11 I think it's argumentative.

12 MR. KUDO: I'll end there.

13 CHAIRMAN LEZY: Okay. County?

14 MR. JAYARAM: No questions.

15 CHAIRMAN LEZY: Office of Planning?

16 MR. YEE: No questions.

17 CHAIRMAN LEZY: Sierra Club?

18 MS. DUNNE: No questions.

19 CHAIRMAN LEZY: Mr. Seitz?

20 MR. SEITZ: I have no questions.

21 CHAIRMAN LEZY: Dr. Dudley, anything else?

22 REDIRECT EXAMINATION

23 BY DR. DUDLEY:

24 Q I just wanted to come back to the fact that
25 the -- your orientation to the state. There was an

1 awful lot of problem between the city and the state
2 through these many years, the governor and the mayor
3 and so forth. I don't know what kind of question I
4 can ask about that. I think I'll just stop right
5 there.

6 CHAIRMAN LEZY: Okay. Thank you.
7 Commissioners, questions? Commissioner Heller.

8 COMMISSIONER HELLER: Thank you. I just
9 wanted to go back briefly to the statement that you
10 made, if I understood it correctly, that in looking at
11 city plans we should be somehow cautious or sceptical
12 because the city has a pro-development bias because of
13 the real property tax. Is that a fair summary of what
14 you said?

15 THE WITNESS: That's true.

16 COMMISSIONER HELLER: And I wanted to ask
17 about that, just to clarify that the real property tax
18 on, at least on the island of O'ahu --

19 THE WITNESS: Yeah.

20 COMMISSIONER HELLER: -- is set forth in
21 city and county ordinances, correct?

22 THE WITNESS: Yes.

23 COMMISSIONER HELLER: And the city council
24 has the power to enact or to amend city ordinances,
25 right?

1 THE WITNESS: Right.

2 COMMISSIONER HELLER: So if at any time they
3 wanted to change how favorable or unfavorable the tax
4 law is with respect to agriculture, they could do
5 that, right?

6 THE WITNESS: Right.

7 COMMISSIONER HELLER: Okay. Thank you.

8 THE WITNESS: If I could just briefly
9 restate. My point is that they have a vested interest
10 in generating revenue. And it is property tax on
11 developed land that is by far the greatest revenue
12 generator.

13 COMMISSIONER HELLER: Thank you.

14 CHAIRMAN LEZY: Commissioners, any other
15 questions? Thank you for your testimony. Dr. Dudley,
16 with that you rest your evidentiary case?

17 DR. DUDLEY: Yes, we do. Mr. Chair, at one
18 point here -- never mind. That's another point down
19 the line or so I'll bring it up again.

20 CHAIRMAN LEZY: Okay. I think it probably
21 makes sense, Mr. Kudo, at this point is it just
22 Mr. Nance then on rebuttal?

23 MR. KUDO: Yes.

24 CHAIRMAN LEZY: I think it probably makes
25 sense to take a break for lunch. That should take us

1 into the public testimony after Mr. Nance. So let's
2 take a one hour break for lunch. So if we could be
3 back at 1:00, please.

4 (Recess was held. 12:00-1:13)

5 CHAIRMAN LEZY: Mr. Kudo.

6 TOM NANCE

7 being first duly sworn to tell the truth, was examined
8 and testified as follows:

9 THE WITNESS: I do.

10 CHAIRMAN LEZY: Please state your name again
11 and your address.

12 THE WITNESS: Tom Nance. Business
13 address -- it's a new address, Gentry Pacific Design
14 Center, Suite 213 on Nimitz Highway, 560 North Nimitz
15 Highway.

16 CHAIRMAN LEZY: Thank you. Mr. Kudo.

17 MR. KUDO: Mr. Nance is here as a rebuttal
18 witness for the Petitioner's case. He's here to
19 address three witnesses put on by the Intervenor.
20 The first witness that he will be rebutting is
21 Mr. Michael Lee. Then he will be addressing jointly
22 Dr. Giambelluca's testimony, and Mr. Bill Tam.

23 REBUTTAL EXAMINATION

24 BY MR. KUDO:

25 Q Mr. Nance, have you had a chance to review

1 Mr. Lee's affidavit and testimony filed in this
2 proceeding?

3 A I did review his affidavit, not the
4 testimony.

5 Q As a hydrogeologist, how many wells have you
6 drilled or supervised the drilling of in the 'Ewa
7 region?

8 A Starting in the early 1980s and including
9 test holes, monitoring wells and production wells,
10 more than 60.

11 Q Based on your extensive experience in
12 drilling or supervising the drilling of wells in the
13 'Ewa region, have you gained any personal knowledge in
14 the underground water system in the 'Ewa region and
15 what exists below the surface of the 'Ewa Plains?

16 A I believe so.

17 Q During the drilling of these wells in the
18 'Ewa region have you encountered any karsts or karst
19 cave systems?

20 A Not in the bore holes that we've drilled,
21 no.

22 Q How about underground aqueducts? This is a
23 word that, I guess, Mr. Lee used, under or near the
24 Petition Area?

25 A No, none.

1 Q What, in your opinion -- what is your
2 opinion on Mr. Lee's belief that there exists a karst
3 system running underneath the Petition Area?

4 A I guess in simple words I disagree. But let
5 me explain. Karsts are formed when slightly acidic
6 rainfall ponds on the limestone surface and dissolves
7 it.

8 So most of the karsts we see out in 'Ewa are
9 in the last, Waimanalo stage of the reef building,
10 they're in the shoreline maybe from the shoreline into
11 about 3- or 4,000 feet. And they're vertical and near
12 vertical structures. There are, in fact, many of them
13 in the Ocean Pointe Project, in the Barbers Point
14 Project and out in Campbell Industrial Park.

15 When the slightly acidic rainfall and ponded
16 runoff has made its way down to the groundwater, the
17 groundwater itself, brackish and saline, is basic.
18 And it neutralizes this slightly acidic rainfall
19 coming down.

20 So the ability to dissolve the limestone
21 that is at and below the groundwater table is gone.
22 And that's my belief why we don't see any of these
23 lateral extensions of the vertical karst structures
24 that are definitely out there.

25 When you get to the Ho'opili site, and maybe

1 we ought to pull up a cross-section.

2 MR. KUDO: This is Petitioner's Exhibit 13B.

3 CHAIRMAN LEZY: The cross-section?

4 MR. KUDO: Excuse me. Petitioner's Exhibit
5 No. 100B.

6 THE WITNESS: It's a generalized section in
7 certain places. It's not necessarily one-to-one
8 accurate for what we're talking about at Ho'opili.
9 But this coral that exists across the 'Ewa Plain,
10 which is in total almost 1,200 feet thick at the
11 shoreline, and then this triangular shaped in
12 cross-section, and there are actually two aquifers, a
13 sort of brackish water aquifer at the top separated
14 by a chalky layer that's 40, 50, 60 feet deep. And
15 then another saltwater aquifer below that.

16 And below that all the way to the interface
17 of sediments and sarcolite from the volcanics is more
18 of the material that's not permeable at all.

19 What we find with recent data, not
20 necessarily what was thought in the past when the data
21 didn't exist, is that the coral was basically
22 permeable all the way going inland.

23 And the reality is it's not anywhere near
24 the case. Near the shoreline and inland for thousands
25 of feet we get a permeability factor, the number --

1 the units might not make sense to you but the relative
2 magnitudes will -- permeability is about 40,000 feet
3 per day or at least ten times more permeable than the
4 very permeable volcanics at depth here.

5 But as you march inland, the character of
6 the limestone changes and it becomes more lagoonal
7 deposits rather than built-up coral.

8 So you get to areas where the limestone
9 itself has permeabilities that are one, two and
10 sometimes even three times lower than the permeability
11 of the very permeable corals near the shoreline.

12 In the past people have thought that water
13 from this basalt aquifer came into the coral formation
14 laterally and even this way. (indicating) But what
15 we've seen by the data is that this stuff is really
16 too impermeable to take that water.

17 The layers in here absolutely impermeable.
18 No water comes that way. So there's very little
19 movement of water from the basalt into the coral. So
20 no lateral movement of water that Mr. Lee's testimony
21 is suggesting happened.

22 So you don't -- in the area of Ho'opili,
23 which has tens of feet of alluvium sitting on the top
24 of the coral, you don't run into karsts. In the
25 really unlikely situation where one actually existed,

1 it would have been filled with the alluvium that just
2 blankets it and filled the karst formation and
3 therefore eliminated as a possible conduit for water.
4 So I don't think there is a karst system beneath the
5 Project site.

6 Q So if I understand you, there is -- it is
7 difficult to have any system which moves water
8 laterally into the ocean, as Mr. Lee was saying.

9 A No, no. Once you get, let's say, in the
10 makai half of the limestone, groundwater is very
11 definitely moving laterally into the ocean. But it's
12 not groundwater that originated from up mauka.

13 Q Say, from the Petition Area on.

14 A Right, and beyond that.

15 Q Now, during Mr. Lee's oral testimony,
16 specifically paragraph 35 of his affidavit, he states
17 that, "The Royal Burial karst cave in the Chant of
18 Kane's Sacred Water starts at the Mountain of Waiahole
19 in the Ko'olaupoko and moves underground in the
20 Pohuaina karst cave system at Honouliuli."

21 As a hydrology expert can you state your
22 opinion on this statement of Mr. Lee?

23 A While not wanting to oppose in chants and
24 beliefs, it's basically physically impossible for
25 groundwater or surface water on the Windward side of

1 the Ko'olau, migrate through the Ko'olau in some
2 fashion, go through the flank lavas there all of
3 Central O'ahu and then get down into the limestone and
4 emerge at the shoreline.

5 Two major impediments: First, the Ko'olau
6 Mountain is formed by intrusives which we call dike.
7 They're magma that comes up. Some cool in place,
8 never break the surface, others break the surface and
9 create the flank flow of lavas. When these cool at
10 the cessation of volcanism, they are basically
11 impermeable barriers.

12 If they're not so closely spaced they become
13 great containers for what we call high-level
14 groundwater. And we develop from them. But near the
15 ridge of the Ko'olau they are just dike swarms,
16 hundreds, and hundreds and hundreds are closely
17 spaced.

18 They're an absolute physical barrier from
19 the ground, from the top of the mountain all way down
20 to the magma, a physical barrier to groundwater to
21 flow through them.

22 Waiahole Ditch brings that water through,
23 but there's no natural way for the water to get from
24 the Windward side of the Ko'olau to the Leeward side.

25 The second major impediment is the one I

1 just described. It had been thought in the past,
2 before we had the data we started collecting in the
3 '80s and '90s and now, that water from the volcanics
4 actually went into the limestone and ultimately went
5 to the shoreline.

6 The reality is in this particular area, the
7 Pu'uloa sector of the caprock, you've got a lot of
8 data that says that's just not happening either.

9 Q Now, Mr. Lee also expressed his concern that
10 drainage from the Ho'opili land area might affect his
11 limu practice down at One'ula Beach.

12 Would you have any information that would
13 alleviate or address his concerns?

14 A Yeah, I'm not exactly sure what his
15 concern's in, so I'll address both the surface water
16 and the groundwater. The surface water, even
17 pre-plantation time from Kaloi Gulch which drains
18 about eight miles up mauka, actually never physically
19 got to the shoreline. It's such a long pass across
20 the 'Ewa Plain that it's almost flat and highly
21 permeably. So prior to the plantation no runoff
22 actually went down.

23 In the plantation era when they took some of
24 the soils and created fields further makai than the
25 soils naturally occurred, they sort of made Kaloi

1 Gulch a two-levy channel that probably never also
2 discharged water at the shoreline.

3 What's happened with the closing of the
4 plantation and the development of all the projects in
5 this Pu'uloa sector, is the city and county has
6 imposed incredible stormwater retention/detention
7 volumes.

8 And it makes it -- from my opinion, not on
9 paper but as a real world thing -- absolutely
10 impossible for runoff from the portion of the Ho'opili
11 site that goes makai in the Kaloi Gulch, and that
12 really is only about 10 percent of the total Project
13 Area. It's physically impossible for that water to
14 actually get through all of these retention storage
15 things.

16 We have a great example of that: Election
17 night 1996, about a 50-year event. Only a few of
18 these drainage volumes were there and available. The
19 runoff in Kaloi Gulch improved as it was to get rid of
20 the plantation levy limitations and so forth, never
21 got past Geiger Road.

22 You had on the mauka side of the Coral Creek
23 Golf Course, the side, on the mauka side is Geiger,
24 40, 50-acre, 20-feet deep muddy water.

25 Further up above that for the 'Ewa Villages

1 Golf Course you had the same. And you still had to,
2 in some storms, go into a similar storage in the Coral
3 Creek Golf Course makai of Geiger, a similar amount of
4 storage in the part that Gentry's going to develop
5 between makai of the Coral Creek Golf Course and Ocean
6 Pointe, and then a similar or even greater amount of
7 storage in the Ocean Pointe development areas and in
8 the golf course.

9 So as a practical matter development of
10 Ho'opili is simply not going to change in any way the
11 surface runoff that gets to the south shoreline
12 including One'ula Park.

13 On the groundwater side about 60 percent or
14 maybe slightly more of the Project site will
15 contribute groundwater recharge to the limestone
16 slowly in some cases.

17 The Project site will have numerous
18 retention-detention storage requirements of the city.
19 What happens is that when a development occurs locally
20 surface runoff is, in fact, increased. Obviously
21 there's impermeable surface. But this runoff is
22 directed into these retention-detention basins.

23 And we have a good example of that just in
24 the first March 3 to 6 we had 4 inches of rain in
25 'Ewa, which is a big deal for 'Ewa. Everywhere where

1 you have golf courses, Coral Creek Golf Course, you've
2 got retention runoff that is recharging the cap cock.
3 And that's what will happen with the development of
4 Ho'opili.

5 So it's not -- it's not going to change or
6 limit the amount of groundwater that's ultimately
7 migrating to the shoreline on the 'Ewa south shore.

8 Q Now, I would like to ask you some questions
9 that addresses the testimony of Dr. Tom Giambelluca
10 and Bill Tam. Mr. Nance, have you had a chance to
11 hear or read Dr. Giambelluca's testimony?

12 A Yes.

13 Q And did you have a chance to listen to the
14 testimony of Bill Tam?

15 A Yes.

16 Q During Mr. Tam's testimony there were
17 questions raised by the Commissioners with regard to
18 the 'Ewa caprock. Can you explain to the Commission
19 how the existence of the 'Ewa caprock relates to
20 Ho'opili and its impact on water recharge into the
21 Waipahu/Waiawa Aquifer?

22 A The Ho'opili site, most of it overlies the
23 'Ewa caprock alluvium and then the 'Ewa caprock below.
24 There's a transitional area in the vicinity of
25 Farrington Highway which probably isn't recharging

1 anything.

2 Because if you look at drillers' logs for
3 wells, the old O'ahu Sugar wells, you run into layer
4 after layer of compacted clay that's essentially
5 impermeable.

6 But if you go to the most mauka portion of
7 the Project site abutting the makai side of H-1
8 Freeway, you've got soils there overlying the
9 Waipahu-Waiawa Aquifer.

10 So the reality is for at least that portion
11 of the site, you can say that the development of this
12 Project would change the recharge amount to the
13 Waipahu-Waiawa Aquifer. But it's a low rainfall area.
14 It's a high evapotranspiration area. So the amount of
15 recharge that's occurring now is an insignificant part
16 of the rainfall recharge for the aquifer as a whole.

17 It probably would be diminished slightly
18 with the development of the Ho'opili Project because
19 the retention-detention storage basins that I talked
20 about would be makai of that because they're going to
21 be downslope so they can catch the runoff.

22 So you have to say maybe there's a small
23 impact to an already very small amount of the
24 aquifer's rainfall recharge, but that's not
25 significant.

1 Q Can you explain to us the relationship
2 between the Waipahu/Waiawa Aquifer and Ho'opili's
3 overall water demand?

4 A I testified, and I believe also Barry
5 Usugawa testified, at present the aquifer's
6 sustainable yield is 104 mgd. The allocated supply is
7 85 with a fraction of whatever. So there's about 19
8 mgd, which is currently not allocated.

9 Pumpage is about 54, 55 mgd. It's not the
10 same every year so it does vary. It's sort of a
11 moving target. But that number, 54 or 55 mgd, is
12 about 30 mgd less than the allocated supply and about
13 50 mgd less than the sustainable yield at the present
14 time.

15 The other thing about it is that Ho'opili
16 holds an allocation for what's called the EP18
17 Battery. It's three former O'ahu Sugar well
18 batteries: EP3 and 4; EP7 and 8; EP5 and 6. The
19 amount of that allocation in round numbers is 8 mgd,
20 7.969 or something like that.

21 The Ho'opili Project, when it's completed,
22 will have 8 mgd that's currently an agriculture
23 allocation on the property. They'll probably need
24 about 6 mgd. 3.9 would be for the potable use. It
25 will be that portion of the present allocation would

1 be transferred to the Board of Water Supply. The
2 Board of Water Supply will put it on its appropriate
3 well pumping facilities that are existing and be able
4 to supply Ho'opili out of that allocation.

5 About 1.9 mgd of that 8 will need to be
6 transferred in use from ag to an urban use so that it
7 can cover the landscape irrigation that we plan to do
8 with using EP 5 and 6 well battery.

9 And maybe around .3 mgd or so would be
10 retained in agriculture use to do the agricultural
11 uses that are proposed for the property.

12 So you've got a present allocation of 8; an
13 ultimate need of about 6. The 2 that is not needed
14 for Ho'opili would ultimately get returned to the
15 Water Commission to be reallocated as it sees fit.

16 Q Dr. Giambelluca and Mr. Tam raised concerns
17 regarding the reduction in rainfall over the 30-year
18 period 1978-2007 incorporated in the recently released
19 2011 Rainfall Atlas.

20 During their testimony I believe there was a
21 question raised by one of the Commissioners as to
22 whether we should stop development altogether because
23 we don't know what's going to happen in the future.

24 What is your opinion on this issue?

25 A Well, the first thing I did is take a look

1 at rain gauges that were used in both the 2011
2 recently published Atlas, which has a 30-year period
3 from 1978 through 2007, and the last published
4 Rainfall Atlas done by the same guy, Dr. Tom
5 Giambelluca, which looked at a 68-year period I think
6 from 1916 through 1983.

7 I looked at all the gauges that were in
8 common for both of them and just compared the
9 rainfalls monthly as well as annually.

10 And I only looked in the rain gauges that
11 are over the Waipahu-Waiawa Aquifer and also those
12 that are over the Wahiawa High-Level Aquifer, directly
13 upgradient because that aquifer, in fact, drains into
14 Waipahu/Waiawa.

15 And you can say just on a count of all the
16 rain gauges that this 10 to 12 percent reduction is
17 probably realistic. But it's got an interesting
18 distribution to it. If you look at all the rain
19 gauges that are down in the lower elevation areas
20 where the rainfall's about 25 to 50 inches a year, you
21 get reductions which are from 10 to as much as
22 17 percent across the board.

23 All of these are in areas, however, where
24 recharge is not that significant, rainfall is low and
25 evaporation is high. The rainfall recharge component

1 in those lower areas is not that significant.

2 If you start looking at the rain gauges that
3 are 100 inches, 150, as much as 240 inches in the
4 uplands of the Waipahu/Waiawa area and also Wahiawa,
5 those rainfall reductions -- and most of them are
6 reductions -- but they're on the order from as low as
7 2.8 to as high as 5. One gauge that actually is
8 11.6 percent higher in the recent atlas.

9 So you don't really have across-the-board in
10 the aquifer this 10 to 12 percent reduction. You do
11 have in the lower areas where rainfall isn't that
12 critical. But you don't see that much in higher
13 recharge areas. And I think also Dr. Giambelluca said
14 his models are predicting the rest of the century
15 maybe another 5 percent reduction.

16 So just to give you an idea of where we
17 might be if, for example, instead of the 104 mgd it's
18 actually 90, that's a reduction, total reduction of
19 13.6 or some odd percent. Where would that put
20 Ho'opili with this reduced amount of the
21 sustainability yield?

22 Well, first off the actual pumpage today 54,
23 55 would still be about 35 mgd less than the reduced
24 sustainable yield to 90 mgd. The aquifer is 85 mgd
25 allocated use would only then have another 5 mgd to go

1 before it was fully allocated. But the Ho'opili
2 Project already has 8 of that current allocation. And
3 its development will actually cover the 8 using 6 and
4 give back 2 for use by others.

5 So if you -- even with the reduction of
6 sustainable yield that I picked, 90, round number, in
7 my view that would still be an adequate supply for
8 this Project.

9 Q Mr. Nance, do you have any closing remarks
10 for this Commission?

11 A Just from a hydrologic perspective, just
12 looking at this Petition Area, it is rather unique or
13 even blesses in terms of the hydrologic perspective.

14 1. Just as I said, I think regardless of future
15 reductions in sustainable yield there will be an
16 adequate supply.

17 2. The Project's development will not
18 require additional allocated supply. It already has
19 enough. And it will be able to give 2 mgd back. In
20 its location it will have, I can't say zero, but I'm
21 willing to say de minimus effect on the rainfall
22 recharge of the Waipahu/Waiawa Aquifer, for the
23 drinking water source.

24 And it will not impact the Pu'uloa sector of
25 the 'Ewa caprock and alter what may be happening with

1 groundwater discharge into the marine environment
2 along the south shore.

3 MR. KUDO: This concludes Mr. Nance's
4 rebuttal testimony. He's open for cross.

5 CHAIRMAN LEZY: County?

6 MR. JAYARAM: No questions.

7 CHAIRMAN LEZY: OP?

8 MR. YEE: No questions.

9 CHAIRMAN LEZY: Dr. Dudley?

10 SURREBUTTAL EXAMINATION

11 BY DR. DUDLEY:

12 Q Mr. Nance, when you first came to talk to us
13 a couple years ago, you said that the needs for the
14 Leeward area were, perhaps, in 20 years -- in 20 years
15 you said that there were 5 million gallons a day of
16 desalinated water.

17 But you said -- you were calculating things
18 at the time and that could go to 10 million gallons a
19 day of needed desalinated water or 15 million gallons
20 a day. Do you remember that?

21 A I don't think that was my calculation. I
22 think that was the Board of Water Supply incremental
23 plan of development if and when they do desal out in
24 the makai end of Campbell Industrial Park.

25 Q I think what it was was you said that: "The

1 present view is that we will need 5 million gallons a
2 day. But I am doing calculations, and I think that we
3 could need as much as ten or 15 million gallons a day.

4 A I certainly don't recall that. I don't know
5 where that would come from.

6 Q Okay. It really seems strange that, you
7 know, I just wonder how -- every time you come to talk
8 to us there's something different. And it goes from
9 needing desalinated water the first time, to the
10 second time we don't need desalinated water. And this
11 time we're going to give 2 million gallons a day of
12 freshwater back.

13 MR. KUDO: I think he's becoming
14 argumentative to the witness.

15 DR. DUDLEY: I'm sorry.

16 Q I just want to know why is it that things
17 keep changing and in such a favorable way for
18 Ho'opili?

19 A They don't. But let me explain. The
20 Waipahu-Waiawa Aquifer does and potentially will in
21 the future supply development from Nanakuli all the
22 way into Honolulu.

23 And ultimately when and if growth actually
24 eats up whatever is left, desal will happen. It
25 doesn't look like, given what we're seeing as growth

1 rates in water use, that that's going to happen any
2 time soon.

3 But the reality down the road is -- and I
4 can't tell you how far down the road it is -- but it's
5 easily decades off. Desal is likely to be a part of
6 the mix.

7 Q Why is it that we keep getting more water?
8 Why is it that your anticipations always have more
9 water in them?

10 A That's not a correct characterization of my
11 testimony.

12 Q Okay. I really do disagree with that. But
13 that's the end of my questions.

14 CHAIRMAN LEZY: Ms. Dunne.

15 SURREBUTTAL EXAMINATION

16 BY MS. DUNNE:

17 Q I had a couple questions. Mr. Nance, I'm
18 just going to summarize. At the beginning of your
19 testimony I believe you made some comments regarding
20 the land below the proposed development. And I
21 believe you said there were some things that you and
22 perhaps others used to think about that land that are
23 no longer true or no longer entirely true. Is that
24 correct?

25 A No. But I'll explain. Let me explain.

1 Q That's what I heard you say. So...

2 A No. What I said is, and I don't want to
3 call it the mythology of hydrology. But in the
4 absence of real field data it was presumed that
5 groundwater from the Waipahu Aquifer moved through the
6 'Ewa limestone, moved through sediment, moved through
7 the end of the margin of the limestone and flowed
8 through the caprock.

9 But since we started drilling a whole bunch
10 of wells, test bore holes, monitor wells, production
11 wells, what we found is that that upper third or upper
12 half of the limestone is really very poorly permeable.
13 You can't drill wells there and get water out of them,
14 for example.

15 And the wells that are farthest mauka,
16 farthest north in the Pu'uloa sector are actually the
17 lowest yielding and saltiest wells. If we had all
18 this freshwater coming out of the volcanic aquifer
19 moving through the limestone, the absolute reverse
20 would be true.

21 The best wells, freshest wells would be
22 further mauka. The reality is that's not the case.

23 And I also never said that I believe the
24 water was coming through there. I'm kind of coming at
25 it from let's drill a hole and find out.

1 Q Okay. So the assumptions were made based
2 on, I guess you said in the absence of real field
3 data?

4 A Yes.

5 Q Is that correct?

6 A Yes.

7 Q Okay. And you haven't been involved in any
8 comprehensive mapping of the karst system in that
9 area, is that correct?

10 A That is correct, yes.

11 Q You testified about retention and drainage
12 basins.

13 A Yes.

14 Q I believe you testified that retention and
15 drainage basins could address the surface and
16 stormwater runoff from the Project? Is that correct?

17 A It does, yes.

18 Q Okay. And you agree the Project is adding
19 urban surface, is urbanizing land, is that correct?

20 A Yes.

21 Q And is it also correct there's no final
22 drainage or retention plans in place? D.R. Horton
23 does not have any final plans in place?

24 A There's a drainage Master Plan done by Bills
25 Engineering. I can't tell what the status was, but

1 one was done, identifies where retention storage is
2 going, the sizes and so forth. It's somewhere with me
3 here.

4 Q That's okay. So you don't know if that plan
5 has been finalized or if it's left up to the city to
6 approve that plan.

7 A I don't know, yeah, you're correct.

8 Q Are you aware that D.R. Horton has had a
9 number of -- been cited by the Environmental
10 Protection Agency for a number of Clean Water Act
11 violations related to stormwater runoff?

12 A I'm not aware of that, no.

13 Q So you would be surprised to find out that,
14 for example, just this past year D.R. Horton was fined
15 \$200,000 in New Jersey for failing to control
16 stormwater runoff?

17 A I have no knowledge of that.

18 Q So if I told you there are numerous other
19 similar violations around the country, you wouldn't be
20 able to speak to that one way or another?

21 A I have no knowledge of it.

22 MR. KUDO: Objection. Those are facts not
23 in evidence.

24 MS. DUNNE: I have no further questions.

25 CHAIRMAN LEZY: Mr. Seitz?

1 MR. SEITZ: No questions.

2 CHAIRMAN LEZY: Redirect?

3 MR. KUDO: No redirect.

4 CHAIRMAN LEZY: Commissioners, questions?
5 Commissioner McDonald.

6 COMMISSIONER McDONALD: Thank you again,
7 Mr. Nance, for your testimony. Just a quick question.
8 Where is the existing well at the Ho'opili site
9 located?

10 THE WITNESS: It's -- there's actually close
11 to 30 of them in three batteries.

12 MR. KUDO: This is Petitioner's Exhibit No.
13 13B. (graphic being displayed)

14 CHAIRMAN LEZY: Thanks.

15 THE WITNESS: This would sort of
16 approximate, but they are all in this area here, down
17 in here. Right. This is Old Fort Weaver Road. EP 5
18 and 6 is there, 7 and 8; 3 and 4, something like that.
19 And each of those has 10 to 12 wells all manifolded
20 together.

21 COMMISSIONER McDONALD: So that's the
22 location where, based on your data, the current data,
23 those are not the prime locations for those wells as
24 they are further mauka as you had mentioned.

25 THE WITNESS: Not sure what you mean.

1 COMMISSIONER McDONALD: Well, you had
2 mentioned, based on some data that you had just come
3 across or tested with your test wells online, the
4 subsurface --

5 THE WITNESS: Okay. I think --

6 COMMISSIONER McDONALD: -- subsurface
7 geography or whatnot doesn't designate the northern
8 portion of the site as the most preferable location
9 for these wells.

10 THE WITNESS: Two completely different
11 animals. What I was referring to as not a place to
12 develop wells was trying to get water out of the
13 limestone underneath Ho'opili.

14 These wells here are down in low elevation
15 areas because of the limitations of pumping capability
16 in the turn of the century. They go through gravel,
17 marly limestone hitting the porous volcanics hundred+
18 feet below sea level. So those wells don't draw from
19 the caprock. They draw from the volcanic. They draw
20 from the Waipahu/Waiawa Aquifer.

21 And they're at low elevations because the
22 didn't have turbine pumps in those days. They had to
23 use end section pumps. So they're down there because
24 the limitation of pumping technology in that time.

25 Seven and 8, 3 and 4 wouldn't be used.

1 They're a little saltier. And they're not nearly as
2 in good condition. The EP5 and 6 facility drawing
3 from the Waipahu Aquifer for non-potable use for the
4 Project is incredibly good shape. It's one of the
5 best of the O'ahu Sugar facilities if not the best
6 that I've seen.

7 COMMISSIONER McDONALD: What's the depth of
8 those wells?

9 THE WITNESS: Three, 400 feet.

10 COMMISSIONER McDONALD: Thank you.

11 CHAIRMAN LEZY: Commissioners, any other
12 questions? Thank you, Mr. Nance. Mr. Kudo, any
13 additional witnesses?

14 MR. KUDO: No additional witnesses.

15 CHAIRMAN LEZY: I assume you rest your
16 evidentiary case?

17 MR. KUDO: Yes.

18 CHAIRMAN LEZY: Thank you. We're just a
19 little bit early but let's just move straight into
20 public testimony. Holly, are you okay? Note to the
21 public testifiers, because of the outer island
22 Commissioners' travel schedules we have to adjourn at
23 3:30. Anyone who still wishes to provide public
24 testimony at that point we'll defer to the next
25 meeting. And I just ask folks to keep that in mind so

1 that we can get as many people as possible who're here
2 to provide public testimony to try to keep your
3 comments and your testimony in light of the time
4 limitations. Appreciate it.

5 MR. DAVIDSON: The first three signed up --
6 and there will be a 3-minute deadline: Arlene Webb,
7 Pearl Johnson, Victoria Cannon. (no response) Pearl
8 Johnson?

9 PEARL JOHNSON
10 being first duly sworn to tell the truth, was examined
11 and testified as follows:

12 THE WITNESS: Yes.

13 CHAIRMAN LEZY: Please state your name, your
14 address and proceed.

15 THE WITNESS: Pearl Johnson, 2404 Kaneali'i
16 Avenue, Honolulu. I wish to remind the Land Use
17 Commission that you have not been given the authority
18 to enforce any conditions that the Petitioner has
19 promised for this change in designation.

20 Just two words: Aina Le'a on the Big
21 Island, which is still in litigation. But in December
22 the judge said that you had no authority to revoke the
23 urban designation for a corporation that had taken
24 more than a decade to build anything.

25 And the last deadline, you gave them three

1 years to build 16 houses, and they failed to meet
2 that. At that point you revoked the urban designation
3 but the judge said you do not have the authority.

4 Now Horton has promised affordable housing.
5 This was one of the big things at 'Aina Le'a. And the
6 16 houses they were supposed to build were supposed to
7 be affordable. Sixteen came down from 1656 down to
8 1,000 and then 16 but they still did not build it.
9 And you still could not revoke the urban designation.

10 Now, traffic. Horton has promised to build
11 an extra lane. If they don't build it can you do
12 anything about it? Do you really think you can?

13 Agriculture. They said that if the State
14 Department of Agriculture does not approve of the land
15 that they designate for agriculture, they will give
16 additional or different land for agriculture. And if
17 they don't, do you think you can do anything about it?

18 So please, this urban designation is
19 irrevocable. And as many of our witnesses before have
20 said irreversible. Once you put houses on the land
21 you cannot put farms on it. So please why not wait?
22 Build on the less desirable agricultural lands first,
23 if any agricultural lands need to be built on.
24 Please, this precious piece of agricultural land
25 should not go to urban designation.

1 In 1997 when the -- no, I'm sorry. In 1977
2 when the General Plan for O'ahu was made, the thinking
3 was, well, we plant sugar, pineapple send it off. We
4 import all our food.

5 We have a different thinking now. And we
6 would like to have food that is locally grown. And
7 this piece of land can grow very much of what we need.
8 It's 30 percent right now. And 30 percent taken away
9 from locally grown food is a huge percentage. Thank
10 you very much.

11 CHAIRMAN LEZY: Parties, questions?
12 Commissioners, questions? Thank you for your
13 testimony, Ma'am.

14 MR. DAVIDSON: Victoria Cannon followed by
15 Gene Iwana followed by Charley Reppun.

16 VICTORIA CANNON
17 being first duly sworn to tell the truth, was examined
18 and testified as follows:

19 THE WITNESS: I do.

20 CHAIRMAN LEZY: Please state your name, your
21 address and proceed.

22 THE WITNESS: Victoria Cannon 92-102 Oloa
23 Place O-l-o-a Place in Makakilo 96707. Commissioners,
24 thank you again for the opportunity. I will make this
25 brief. I only have two real comments then I'm going

1 to be taking care of this box. (indicating)

2 As Mr. Coffman, the earlier expert witness
3 pointed out to you today, the original plans which
4 were presented to the community from the Estate of
5 James Campbell always showed this farmland remaining
6 in farmland. We began meeting with the city and
7 county way back when. All our communication was ag
8 land, ag land, ag land. It never changed. We were
9 always led to believe it would be kept in ag land.

10 All of a sudden we come to find out city and
11 county is in some way, shape or form, and I'm not
12 going to be negative here, beginning to dismiss our
13 desires and our expressed, voted-upon wishes to do a
14 plan all their own, and 10 years later, 12 years
15 later, 20 years later submit it to the public as if it
16 was something we just need to accept. And that's
17 exactly how it came down.

18 They're still behaving that way to this day
19 as we spoke at this minute on other projects which
20 will be coming up in front of you in the years ahead.

21 I also want to remind us all -- and I'm
22 sorry I'm going to bring up the elephant in the
23 room -- there are already 34,000 zoned and permitted
24 homes comin' at us. We don't need these houses. We
25 don't need this farmland destroyed to build more

1 houses that we don't need. There's plenty of jobs out
2 there already in place.

3 I am humbled. I've been asked to present
4 you folks with petitions put out by Friends of
5 Makakilo and the Stop Ho'opili website. We have in
6 this box over 6,661 signed petitions from folks just
7 like me.

8 We're just little bitty folks living on what
9 we always thought and still want to remain a beautiful
10 island. And we came together, many, many folks from
11 all sides of this island, we came together on this
12 issue. This particular Petition brought us together
13 and to let you folks know, this is where we draw our
14 line in the sand.

15 We have put our collective feet down and ask
16 you to do the same. Draw your line at this
17 reclassification, Commissioners, right here, right
18 now. Enough is enough. Thank you.

19 CHAIRMAN LEZY: Parties, questions?
20 Commissioners, questions? Thank you, Ma'am.

21 THE WITNESS: Thank you very much. Excuse
22 me. Do I submit these to Riley?

23 CHAIRMAN LEZY: Please.

24 MR. DAVIDSON: Gene Iwana followed by
25 Charlie Reppun followed by David Hulihe'e. (Pause. No

1 response) Mr. Reppun, looks like you're up.

2 CHARLES REPPUN

3 being first duly sworn to tell the truth, was examined
4 and testified as follows:

5 THE WITNESS: Yes.

6 CHAIRMAN LEZY: Please state your name, your
7 address and proceed.

8 THE WITNESS: My name is Charles Reppun.
9 My address is 47-410 Ululani Street, Kahalu'u.

10 I wrote this paper that I handed in to you a
11 year ago for the value of Hawai'i. But I also wrote a
12 paper that was related to this back in 1996 or so.
13 I've been a farmer in Waiahole Valley and in Waihe'e
14 Valley for 35-plus years. And dealt with a lot of
15 these different kinds of issues, a lot of water issues
16 especially all the Waiahole water case.

17 One of the very interesting things, that
18 Waiahole water case dealt with land use issues a lot
19 especially with these areas that we're talking about
20 here.

21 One of the interesting bits of testimony
22 that I heard was one of the state planners got asked,
23 "How do you do population projections?" And I thought
24 he was gonna say: Strictly on, you know, looking at
25 what the population percentages were and then that's

1 how they did their planning.

2 But in reality what it turns out is that
3 they do the population projections based at least in
4 part on looking at the main economic drivers of our
5 economy, construction and tourism, and seeing what
6 they need to be healthy. And then they do a
7 population projection based on that.

8 So, in other words, even though it says in
9 our O'ahu General Plan and in our State Constitution
10 that we're supposed to control population growth and,
11 in fact, balance in-migration with out-migration, the
12 exact opposite is what happened. Because we need
13 population growth in order to survive as an economy.
14 In other words, we need to build houses all the time.

15 I don't think you've ever heard a news
16 report that said, "New housing starts are down," and
17 that that's good news. And if you look at the
18 introduction to this paper, in the United States as a
19 whole since the 1970s we've been urbanizing land at
20 the rate of 2 acres a minute -- 2 acres a minute,
21 which is like two football fields a minute, in other
22 words, about a million acres a year.

23 In the United States we can afford to do
24 that because we have the most, best arable land of any
25 country in the world. But where do you, as the

1 previous speaker said, where do you draw the line?

2 Where do you say that system doesn't work? We cannot
3 keep building houses forever and forever. So how do
4 we draw that line and where do we draw that line?

5 It seems to me that in this particular case
6 we're talking about some of the best agricultural land
7 that we have. And land that has access to
8 groundwater.

9 So wouldn't this be an ideal place to draw a
10 line? They're not drawing this line really anywhere
11 in the United States. The central valley, which is
12 where a quarter of the Nation's produce comes from, is
13 urbanizing land at the rate of 15,000 acres a year.
14 And that's definitely not sustainable.

15 So we're going to be running up against some
16 very have serious problems. And even though our
17 population grew by 17 percent during that time period
18 from the '70s to now, the percent of urbanized land
19 grew by 45 percent. So the kinds of developments that
20 we're doing, even if we are going to develop, are
21 totally wrong. We're doing 'em in totally the wrong
22 way.

23 I'd like to comment briefly on the water
24 issue.

25 MR. DAVIDSON: Excuse me. You've got 30

1 seconds.

2 THE WITNESS: Okay. In our water case we
3 felt that groundwater for agriculture was extremely
4 important. And that freshwater, in other words, the
5 Waiahole Ditch, keeping that water in the streams and
6 going into the ocean was extremely important.

7 And as it turns out in the world today the
8 cause of over -- the cause of fish population
9 declines, the number one cause is overfishing. The
10 number two reason for decline of fish stocks is
11 diversion of freshwater away from the ocean.

12 So when we're looking at sustainability,
13 freshwater going into the ocean, our nearshore waters
14 and how that affects ocean fisheries in general,
15 especially in a place like Hawai'i, that's a key
16 factor as far as sustainability is our fish stocks.

17 CHAIRMAN LEZY: Parties, questions?
18 Commissioners, questions? Thank you for your
19 testimony, Sir.

20 MR. DAVIDSON: Next up Arlene Webb followed
21 by David Hulihe'e followed by Fred Lau.

22 ARLENE WEBB
23 being first duly sworn to tell the truth, was examined
24 and testified as follows:

25 THE WITNESS: Yes, I do.

1 CHAIRMAN LEZY: Please state your name, your
2 address and proceed.

3 THE WITNESS: My name is Arlene Webb. My
4 address i 87-114 Mana Street, Wai'anae 96792. And I
5 took the bus here. Members, of the Land Use
6 Commission, esteemed members, I invite you to consider
7 the doors. On the other side of those doors lie the
8 future. And through no fortune of our own we happen
9 to be alive at this time in the early 21st Century.

10 The people who are not here are the ones who
11 don't have a voice because they have not yet been born
12 and they depend on our decisions. And I'd like you to
13 consider them as you deliberate, consider your
14 grandchildren and what they can say about you. You
15 made a stand for the future for this beautiful earth
16 and these beautiful waters. And that's all there is
17 to it. And God bless you. Thank you.

18 CHAIRMAN LEZY: Parties, questions?
19 Commissioners, questions? Thank you for taking all
20 the trouble to come. Thank you.

21 MR. DAVIDSON: David Hulihe'e followed by
22 Fred Lau. And then I'm having a lot of trouble
23 reading, is there a Robert Yoshioka?

24 DAVID HULIHE'E
25 being first duly sworn to tell the truth, was examined

1 and testified as follows:

2 THE WITNESS: Yes.

3 CHAIRMAN LEZY: Please state your name,
4 your address and proceed.

5 THE WITNESS: My name is Dave Hulihe'e, 677
6 Ahua Street. I'm the Chairman and CEO of Grace
7 Pacific and Royal Contracting. You've been receiving
8 a lot of important testimony in regards to land use,
9 traffic, job creation and other relevant factors in
10 your upcoming decision regarding Ho'opili.

11 I would like to, however, speak on the
12 character, integrity and my overall impression of D.R.
13 Horton-Schuler Homes Hawai'i and the people that lead
14 the company.

15 The companies I'm involved with have worked
16 for decades with D.R. Horton. They have completed
17 their heavy infrastructure, more specifically the
18 installation of water, sewer and drainage systems,
19 utility connections, parks, school sites and much
20 more.

21 Actually, I think we've built more miles of
22 road and utility transmission lines for them than we
23 have built for the city.

24 We've paved the roadways that D.R. Horton
25 built. We all drive on these roads today, even these

1 Intervenor here and the sidewalks the kids walk and
2 ride their bikes on. And we've installed the
3 playground equipment and the drinking fountains in the
4 parks in our playgrounds daily.

5 This is a good company run by good people
6 for the past 30 years from Jim Schuler to Mike Jones.
7 We have worked them -- we've worked with all types of
8 developers, and this company ranks among our
9 favorites. They provide quality work, bid fairly and
10 manage their jobs professionally.

11 As a local businessman, business family with
12 long, long kama'aina roots in this community, I'm
13 telling you that D.R. Horton knows how to do business
14 in Hawai'i the right way. They envision their plan.
15 They communicate, they execute, they follow through,
16 then they follow up. They are dependable in the end
17 and build the kind of community I want our kids and
18 grandkids to live in. Thank you. Please approve
19 Ho'opili.

20 CHAIRMAN LEZY: Parties, questions?
21 Commissioners, questions? Thank you for your
22 testimony.

23 MR. DAVIDSON: Fred Lau.

24 FRED LAU

25 being first duly sworn to tell the truth, was examined

1 and testified as follows:

2 THE WITNESS: I do.

3 CHAIRMAN LEZY: Please state your name, your
4 address and proceed.

5 THE WITNESS: Fred Lau, 171 Waokanaka Place,
6 Honolulu, Hawai'i 96817. All right. Good afternoon
7 again. I'm Fred Lau. I own a landscape construction
8 company and two nurseries that grow landscape plant
9 material and some produce.

10 Our original nursery was located in Mokuleia
11 on the north shore but transportation costs and
12 distance to our projects was costing way too much. I
13 had the opportunity to partner with Finance Realty who
14 were the developers of the Makakilo area. And in 1987
15 we built a 25-acre nursery in the valley to the east
16 of Makakilo Drive.

17 In 2001 I bought the business from Finance
18 and I've owned the property since then. From the
19 beginning we were bordered by a strip mall, a church,
20 a fire station, multiple townhomes to the east side of
21 the property.

22 And I mention this because the property that
23 Ho Farms agreed to lease from D.R. Horton is very
24 similar to that property. And we've been able to farm
25 adjacent to residential for over 20 years. I think

1 we've been good neighbors and I think the neighbors
2 have accepted us.

3 We've benefited from being able to farm in
4 the heart of urban development and it saves thousands
5 and thousands of gallons of fuel to transport both our
6 plant material and our labor to the various job sites
7 in the Kapolei area.

8 We have a second nursery in Mililani. It
9 sits on 17 and-a-half acres. It, again, is adjacent
10 to residential properties. We are bordered on our
11 north side by about, I don't know, 16 or 18 homes.
12 Our trees are planted as close as 5 feet away from
13 their fence lines.

14 Two years ago we dedicated an acre of land
15 to food production using aquaponics. And aquaponics
16 is the combination of aquaculture, we raising fish in
17 our case, and hydroponics, raising produce in water
18 using a soilless media.

19 It's an extremely sustainable method of
20 farming, utilizes about 5 percent of the amount of
21 water that conventional farming uses. Our production
22 has increased because there's no tilling or composting
23 needed. And the crop cycle is about 25 richer than
24 conventional farming.

25 Our fertilizer is provided by the fish so it

1 is a closed system. No synthetic fertilizers are
2 released into the streams or our tables. And we're
3 Certified Organic. So no synthetic pesticides are
4 used on plants -- on the plants.

5 We've been working with CTAHR, College of
6 Tropical Agriculture and Research, to develop a 1-acre
7 model for this system of production that will
8 determine the economic feasibility of the process.

9 During our peak production last year when
10 weather was good we were able to produce between 3 and
11 4,000 pounds of lettuce, 1500 pounds of tomatoes and
12 1500 pounds of cucumbers per month off of this 1-acre
13 parcel.

14 I still believe if we optimize our
15 production and the spacing of our crops we would be
16 able to increase our production by about 50 percent.

17 MR. DAVIDSON: Excuse me, 30 seconds.

18 THE WITNESS: Okay. This is -- I'm almost
19 done -- this is also a very homeowner friendly method
20 of growing their own produce. So we've been -- we
21 would like to see all the homes in Ho'opili equipped
22 with such a system. And we'd like to work with D.R.
23 Horton.

24 We've been looking at a parcel that might be
25 favorable to bring this farming method into Ho'opili

1 and make Ho'opili into a model community for
2 sustainability. Thank you.

3 CHAIRMAN LEZY: Parties, questions?
4 Commissioners, questions? Thank you.

5 MR. DAVIDSON: Robert Yoneoka, Alice Fisher,
6 Glenn Yamashita.

7 ROBERT YONEOKA
8 being first duly sworn to tell the truth, was examined
9 and testified as follows:

10 THE WITNESS: I do.

11 CHAIRMAN LEZY: Please state your name, your
12 address and proceed.

13 THE WITNESS: Robert Yoneoka. I live at 156
14 Kokololio Place, Honolulu. I'd like to read testimony
15 that I have written up. I am in full support of the
16 proposed Ho'opili community in East Kapolei which will
17 be developed by D.R. Horton-Schuler Division.

18 I have been a resident of Hawai'i all my
19 life. As a young boy everyone had the saying, "Lucky
20 you live Hawai'i." And it was many years later after
21 traveling and experiencing many countries and cities
22 that the saying, "Lucky you live Hawai'i" holds up so
23 true.

24 We are fortunate in the weather, people,
25 diverse culture, scenic beauty and relative stable

1 economy. Let's not forget Hawai'i's strategic
2 location within the Pacific region acting as a gateway
3 to the United States from Asia. We directly benefit
4 from the prosperity and growth of Asia and the up and
5 coming rising of China and India.

6 It is because of this Hawai'i's future enjoy
7 high demand and a consistent growth rate. We need to
8 plan for and anticipate this growth.

9 There will always be a need for proper
10 housing on O'ahu. And even with a conservative half a
11 percent growth rate, the island is in dire need of
12 housing. The lack of zoned lands for community
13 development is so limited that it's choked out the
14 supply for affordable housing on island.

15 We need to increase the supply of housing to
16 reduce our outrageous home prices that we have to
17 endure to live here. It is less likely that anyone
18 will build affordable housing without a balance of
19 marketable homes, and we have this opportunity to do
20 so with the Ho'opili Development.

21 Ho'opili's new residential communities will
22 have a variety of housing options at affordable
23 pricing creating homeownership possibilities for a
24 diversity of local families.

25 I respect the Sierra Club for their concerns

1 over the loss of farmlands. However, the land that
2 Ho'opili is located is a natural extension of growth
3 and takes advantage of the fact that it neighbors UH
4 West O'ahu campus.

5 This growth process is a natural evolution
6 of land use. As cities grow land's put into higher
7 and more diversified uses. Land use and conservation
8 has an important factor in preserving and enhancing
9 the scenic value of islands.

10 And together with proper planning we have
11 achieved outstanding communities such as Princeville,
12 Wailea, Waikele, Mililani and Kapolei. I would like
13 to remind you that many of these areas were once also
14 farmlands. That is why there's no farms in downtown
15 Honolulu. The farms are displaced into lower density
16 and rural areas where it's more economically to run
17 and own.

18 Opponents of Ho'opili ask: What about farm
19 jobs? Farm jobs are still there. They are simply
20 moved into more rural areas.

21 Ho'opili services the greater good of the
22 community by providing many more jobs, housing,
23 community amenities, parks and diversified
24 agriculture, not to mention increased tax revenues for
25 the city and state other than having simply farmland.

1 We'll still have abundant areas for
2 farmland. In fact a lot of Hawai'i's farmland has
3 gone fallow due to the scaling back of sugarcane and
4 pineapple. We are now into diversified agriculture
5 which Ho'opili provides for in its development.

6 By creating diversity and job opportunities
7 with offices, shopping, restaurants, the Second City
8 community will be able to live and work within their
9 neighborhoods and not rely on the community of
10 downtown Honolulu.

11 Then there's the issue of traffic. All
12 cities of desirability will have the problems of
13 growth --

14 MR. DAVIDSON: Excuse me, 30 seconds.

15 THE WITNESS: I'm sorry. Okay. I'll just
16 skip on to the back. I believe that Ho'opili is a
17 well-planned environmentally-sustainable community
18 that will provide for future needs for the growth of
19 West O'ahu.

20 This new community will be a good example of
21 how to create a sustainable lifestyle where live,
22 work, play, learn and farm are wholly integrated to
23 create a unique sense of community.

24 Because Ho'opili is a well planned and
25 integrated community whose uses compliment and enhance

1 the area of Kapolei, I respectfully encourage you to
2 approve this Project.

3 Ho'opili's land use concept is fundamentally
4 sound, and will be an asset for West O'ahu for many
5 generations fo families to come.

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

9 MR. DAVIDSON: Alice Fisher, Glenn
10 Yamashita, (sic) Mark Daranciang.

11 THE WITNESS: Alice D. Fisher.

12 ALICE FISHER

13 being first duly sworn to tell the truth, was examined
14 and testified as follows:

15 THE WITNESS: Yes, I do.

16 CHAIRMAN LEZY: Please state your name again
17 and provide your address.

18 THE WITNESS: Surely. Alice D. Fisher, 4300
19 Waialae Avenue, Honolulu, 96816.

20 I presume, though I don't know, that you
21 were appointed to be on this Commission because you
22 have a great deal of knowledge about land use and
23 about regulations and the important things that are
24 necessary to guard against allowing people to build if
25 they do not provide what is required.

1 And I understand that you are also accepting
2 being on this Commission because you probably feel
3 that it is a good idea to approve these projects,
4 otherwise you wouldn't even be here.

5 And the only thing that I can think of that
6 would override your sense of responsibility in this
7 regard is the one thing that we all put first, which
8 is self preservation.

9 And I am going to discuss very briefly what
10 would happen if the ships did not come in for some
11 reason and that is not now as unimaginable as it used
12 to seem.

13 We have seen things happening in this world
14 that we would not have believed. Just to mention the
15 word "Japan" and it's pretty horrifying.

16 And so I have been asking what would happen
17 if the ships didn't come in. And as I understand
18 there are about three days' worth of food available in
19 our supermarkets and food stores. After three days if
20 people felt that they absolutely. They weren't
21 coming, the ships weren't, they would be sold out,
22 empty.

23 So what would remain? Well, those people
24 who have enough money to stockpile food and enough
25 foresight to stockpile food, would have food. But

1 many people, not only don't, perhaps, look ahead like
2 that but they don't have enough money to stockpile
3 food.

4 So then the next thing that would be
5 happening would be whether or not people with food
6 would share with the people who didn't have food. And
7 I'll leave that to your imagination for the time being
8 and go on to the next step, which as I understand it
9 the military have stockpiles, large stockpiles of
10 food.

11 And they would start distributing it to the
12 population in order to forestall starvation. Though
13 how much they have available, if they keep out the
14 amount they need for the military, I don't know. But
15 perhaps it could be discussed further.

16 So that brings us up to what I started with
17 saying. And that is self-preservation and children
18 and grandchildren and even all of you, (addressing the
19 audience) and I understand the need for jobs.

20 In my first testimony here I spoke about how
21 I absolutely think being without a job is one of the
22 most devastating things that can happen because I
23 lived through the Great Depression.

24 And there will be jobs in infrastructure,
25 though I understand as a caveat that I have heard that

1 if the money available for infrastructure includes
2 federal money, then it cannot be restricted just to
3 Hawaiians. And that concerns me.

4 I think it should be investigated, because
5 otherwise it will only be those bond issues which are
6 purely fund by us that would be able to be preserved
7 just for our own citizens.

8 MR. DAVIDSON: Excuse me. You have 30
9 seconds.

10 THE WITNESS: Oh, surely. So I will turn
11 just a moment to remind you, some of you may remember
12 the first Iraq war, and the fact that the Kurds were
13 starving. They were isolated and they were starving.
14 And I still remember how the women and the children
15 were going hungry while the more aggressive people
16 were grabbing the food.

17 And I worry about rioting and violence and I
18 know it sounds farfetched but it's something to think
19 about when you're trying to decide about saving this
20 precious, precious land. Thank you very much.

21 CHAIRMAN LEZY: Parties, questions?
22 Commissioners, any questions? Thank you, Ma'am.

23 MR. DAVIDSON: Glenn followed by Mark
24 Daranciang, followed by Leatrice Grantham.

25 xx

1 GLENN YAMASAKA

2 being first duly sworn to tell the truth, was examined
3 and testified as follows:

4 THE WITNESS: Yes, I do.

5 CHAIRMAN LEZY: Please state your name, your
6 address and proceed.

7 THE WITNESS: My name is Glenn Yamasaka. I
8 live at 3416 Waialae Avenue, unit 5, Honolulu, Hawai'i
9 96816. Commissioners, this is an impromptu speech. I
10 just, with Dr. Kioni Dudley and the Save O'ahu
11 Farmlands I'm paralleling Mr. Peter F. Drucker's Daily
12 Reading for today: "Balancing objective
13 measurements."

14 The ideal situation is that we both have the
15 need of food security and homes for people and work.
16 That would be the ideal situation for all of us. But
17 realistically Mr. Nance says that -- the first person
18 to testify, said there is not enough water at the
19 exact location of where Ho'opili would be built. And
20 it would be undermining our future if we don't fulfill
21 the needs that is required for such a development.
22 But then what about the existing farming lands there?

23 I wrote to Dr. Dudley that there is no
24 cultural farming existing community there, but it's
25 prime farmland. The thing that has been stated that

1 there are 34,000 homes already zoned for development.

2 And I know the men in brown want work. We all want
3 work.

4 I have a young family. My daughter has
5 three sons and she and her husband wants to own a home
6 someday. But what you gonna do? What does the future
7 hold?

8 I estimate in the next five years if we
9 don't manage our world natural resources it will go
10 with the big dilemmas and turmoils all over the world.
11 And we will be the canary of the world, these islands
12 here in Hawai'i.

13 So I'm saying that to the Land Use
14 Commissioners to make the right decision and take all
15 the facts and be realistic and think for the citizens
16 and the Hawaiians in our community. Thank you.

17 CHAIRMAN LEZY: Parties, questions?
18 Commissioners, questions? Thank you, Sir.

19 MR. DAVIDSON: Mark followed by Leatrice
20 Grantham followed by Clyde Hayashi.

21 MARK DARANCIANG
22 being first duly sworn to tell the truth, was examined
23 and testified as follows:

24 THE WITNESS: I do.

25 CHAIRMAN LEZY: Please state your name, your

1 address and proceed.

2 THE WITNESS: Mark Daranciang, 98-384 Punono
3 Street, Mililani, Hawai'i 96789. I'm a student at the
4 University of Hawai'i and I expect to graduate within
5 the next few years.

6 I currently live in Mililani with my parents
7 and my siblings, a trend not uncommon with the youth
8 of Hawai'i. Following graduation I hope to jump full
9 time into the workforce and proceed to pursuing the
10 American dream of owning a home.

11 The youngest age that I can recollect, my
12 parents and I lived with my grandparents in a house in
13 Kalihi. They had a modest yard with a few
14 fruit-bearing trees that shaded a small expanse of
15 grass which I freely played in and thoroughly enjoyed.

16 My parents were able to save their mony and
17 manage their finances to purchase a small townhouse in
18 Waipio. Our family expanded with the addition of our
19 first pet and my loyal friend Tasha, our dog. She and
20 I would spend hours in our attached yard, enjoying the
21 fresh open air and soft grass.

22 Within a couple years my parents decided to
23 move us to Mililani which we've resided in for the
24 past 23 years.

25 My entire family has always appreciated

1 having our much larger yard, enjoying barbecues,
2 gardening and the open space to play with our pets and
3 take advantage of the night skies to stargaze.

4 I remember the day our Realtor took us out
5 to the site where our house would be built. He
6 actually took us out. It was a flat of red dirt, not
7 even a foundation made. He outstretched his arms and
8 said, "Mark, you're going to live in a pineapple
9 field."

10 At the time I didn't fully understand what
11 that meant. But now I understand that Mililani was
12 previously plantation that was rezoned so that
13 families would be able to purchase an affordable home
14 in a growing community.

15 Mililani Town, my hometown, was a Master
16 Planned community that was allowed to reach its full
17 potential and is now home to over 60,000 residents.

18 Each weekday morning I join the masses of
19 commuters who are fortunate enough to enjoy and hold
20 sacred the idea of having a home with a yard and a
21 community to support it.

22 Many of these communities exist in West and
23 Central O'ahu. And the people who reside in them
24 commute to town or East O'ahu for school and work.
25 The commute is often long.

1 We brave traffic in our own vehicles and
2 public transportation because we value the homes we
3 live in, their location and the communities they make
4 up.

5 I myself have never lived in a highrise, but
6 if given the choice I'd prefer not to. I've been so
7 fortunate to have lived in a house with a yard my
8 whole life, and I appreciate the fact that my parents
9 thought it important for our family to have that. And
10 that's what I'd expect myself to give to my own future
11 children.

12 I believe the Ho'opili Project by D.R.
13 Horton-Schuler Division will do what Mililani did for
14 my family and the tens of thousands of other families
15 who reside there now. It will give me and future
16 generations a new and affordable neighborhood where
17 the value of a yard can be truly appreciated.

18 With the addition of Ho'opili to the Kapolei
19 community, I believe the vision of Kapolei, the Second
20 City, will only be further realized. As the Second
21 City grows, I believe more residents and more
22 businesses will take root in Kapolei alleviating some
23 of the traffic that is bound for Downtown and East
24 O'ahu.

25 Commissioners, I respectfully ask you to

1 consider the approval of Ho'opili as it will give
2 future generations of Hawai'i a place to realize the
3 dream of homeownership in a sustainable community that
4 will help us become environmentally responsible
5 individuals who contribute to a more environmentally
6 responsible state. Approve Ho'opili and give the
7 people of Hawai'i yet another reason to say, "Lucky
8 you live Hawai'i."

9 CHAIRMAN LEZY: Parties, questions?
10 Commissioners, questions? Thank you.

11 MR. DAVIDSON: Leatrice --

12 CHAIRMAN LEZY: Let's take a short break for
13 our court reporter.

14 (Recess was held.)

15 CHAIRMAN LEZY: (gavel)

16 MR. DAVIDSON: Leatrice followed by Clyde
17 Hayashi followed by Adam Bensley.

18 LEATRICE GRANTHAM,
19 being first duly sworn to tell the truth, was examined
20 and testified as follows:

21 THE WITNESS: Yes.

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

24 THE WITNESS: Leatrice Grantham, 94-820
25 Lumiauau Street, Waipahu, Hawai'i 96797. Ladies and

1 gentlemen of the Land Use Commission, I just wanted to
2 share with you my viewpoints as a business owner who's
3 lived in Waipahu nearly all my life.

4 Having to be a small business owner is
5 really important to me as far as depending on the
6 economy and the future of what's happening right now
7 in Waikele and Kapolei.

8 Being born, raised in Waipahu I experienced
9 many changes that were extremely positive in creating
10 recreational development and housing. Economic
11 progress is the key to our future, our children and
12 grandchildren.

13 Without it we would continue to sustain the
14 old status quo of which merely translates into no pay
15 raises, no jobs, no room for further education.

16 As we continue to experience economic
17 instability, and with the possibility of inflation in
18 the next 10 years, we really have no choice but to
19 rely on the future developments.

20 The Ho'opili Project stems from the
21 definition of coming together. It is a community
22 envisioned to bring together families, residents and
23 searching for a sustainable lifestyle.

24 Its development will seek to establish,
25 encourage, flourish an economy that will create

1 approximately 7,000 permanent jobs in the business in
2 the community, to the City of Kapolei to include
3 restaurants, entertainment centers that will allow the
4 community access of self-sustainability.

5 Change is inevitable, ladies and gentlemen.
6 With regard to location, east, west, the support, your
7 decision will make a difference in how we live in
8 today's world and the future of our children. Thank
9 you.

10 CHAIRMAN LEZY: Parties, questions?
11 Commissioners, questions. Thank you for your
12 testimony.

13 MR. DAVIDSON: Clyde followed by Adam
14 Bensley followed by Thomas Ramos.

15 CLYDE HAYASHI
16 being first duly sworn to tell the truth, was examined
17 and testified as follows:

18 THE WITNESS: Yes.

19 CHAIRMAN LEZY: Please state your name, your
20 address and proceed.

21 THE WITNESS: Clyde Hayashi, 94-163 Hokualea
22 Place, Mililani, Hawaii'i. Chair Lezy, Members of the
23 Commission, thank you for this opportunity to share
24 some of my personal thoughts. Wanted to just comment,
25 some of my observations over the past few years so I

1 wanted to be here.

2 So the Friends of Makakilo. I was at a
3 hearing when they opposed, he opposed Kapolei
4 Harborside, Kapolei West and Makaiwa Hills. At that
5 point I assumed he was anti-development. I thought
6 Kapolei Harborside being a light industrial project
7 bringing jobs to the area would be something that
8 would be, many people would support, but he was
9 opposed to that.

10 So I just roughly went through the
11 Neighborhood Board minutes, go back to 2001 he's been
12 on the board there. He's opposed almost all
13 developments considered.

14 In fact, a few years ago there was a
15 planned, proposal for desalinization plant. And his
16 comments were, this is a quote from the minutes,
17 "Dudley said that the plant would lead to" -- he
18 opposed the plant because the plant would lead to more
19 development.

20 From all I can say it's only more recently
21 that he's become anti-ag because that's a good reason
22 to oppose this particular Project.

23 A group in Waialua, Haleiwa, when Waialua
24 Sugar was still operating I was very disappointed
25 when it closed. Over the years I learned the

1 advantage that Waialua Sugar had which is it had an
2 independent water source, Lake Wilson.

3 My understanding is tha 'Ewa Plantation,
4 O'ahu Sugar, could not have operated without the water
5 from the Windward side. Thus the Windward -- Waiahole
6 Ditch was built, tunnel and ditch was built.

7 When O'ahu Sugar closed down Windward
8 farmers asked for their water back. And I remember
9 that time, what I recall from that discussion was that
10 if they did get all of their water back, which many
11 feel they deserved, it would kill, end agriculture in
12 the 'Ewa Plain.

13 So compromised decision was reached that led
14 to some of the water being returned. And my
15 understanding is that issue is still alive today.

16 If they were to get all of their water back,
17 which some view they rightfully deserve, what would
18 happen to agriculture? What would happen to those
19 farms in that area?

20 The General Plan was passed when -- being
21 some of the group in Waialua/Haleiwa I took particular
22 interest in it because I wondered what the plan was
23 for my hometown, my community. And guess fortunately
24 for us from wanting to keep it more country, that area
25 of the island was actually reserved for agriculture.

1 So Kamehameha Schools and Mokuleia Ranch had
2 plans to build developments. Basically don't forget
3 this area is reserved for agriculture.

4 Growth is being directed to the 'Ewa Plain.
5 If you drive to Waialua/Haleiwa, I don't know how many
6 you do, go on Kaukonohua Road you see acres and acres
7 of land lying fallow. No one's farming it.

8 When my brother works on a farm up in an
9 area we call Opaelua back, you need a key to get in
10 the back there. He works on the farm. I went with
11 him and you can go for miles with no farms on
12 Kamehameha Schools' lands laying fallow.

13 In fact, I attended the Kawaiiloa Wind Farm
14 ground breaking the North Shore Chamber of Commerce
15 leaders shared their goal, in fact, of re-establishing
16 agriculture for that reason, being the bread basket of
17 the island.

18 MR. DAVIDSON: Excuse me, 30 seconds.

19 THE WITNESS: Thirty seconds? And most
20 major decisions are tough, require balancing of needs.
21 I'm clearly for agriculture. We need to have to
22 adjust our sustainability, food sustainability. But I
23 see Ho'opili as one of those decisions you have to
24 weigh these two important needs. This is a tough one.
25 But I see the population of this island increasing. I

1 see no reason why anyone would assume that it
2 wouldn't. It increased 8 percent in the past decade.

3 The O'ahu General Plan is to provide for
4 that growth. I have two kids in their 20s. They
5 intend to live here, work here, raise their families
6 here. My son was in the same Boy Scout Troop as Mark
7 Daranciang.

8 So where are they and other local families
9 going to live? I support Ho'opili. I think it's a
10 piece of the puzzle to complete our Second City.

11 And the plan for the Second City is to
12 create a community where people can live, work, play
13 and go to school. We need the homes for our local
14 families. I thank you for this opportunity to share
15 my thoughts.

16 CHAIRMAN LEZY: Parties, questions?
17 Commissioners, questions? Thank you for your
18 testimony.

19 MR. DAVIDSON: Adam Bensley followed by
20 Thomas Ramos followed by Janine Clifford.

21 ADAM BENSLEY
22 being first duly sworn to tell the truth, was examined
23 and testified as follows:

24 THE WITNESS: Yes.

25 CHAIRMAN LEZY: Please state your name, your

1 address and proceed.

2 THE WITNESS: My name's Adam Bensley. I
3 live at 2393 Waimao Road in Honolulu. And thank you
4 for letting me get up here and speak today. I really
5 appreciate it.

6 I'm currently working two jobs. I'm also a
7 Master's student at the University of Hawai'i. My
8 Master's Degree is in Natural Resource Environmental
9 Management. And my area of concentration is
10 Environmental Planning.

11 I've been to almost all of these hearings.
12 So I take time off from work. And I take time off
13 from school to come here. I feel very, very
14 passionately about this issue. I'm not on the clock
15 like a lot of the guys in brown. I'm losing money
16 every time I'm here. I bought my lunch today. I
17 bought this shirt, you know. I care about this issue.

18 I worked on an organic farm for about a
19 year. It was really hard work but it was very, very
20 rewarding. It's just an amazing experience. I want
21 to farm again some day.

22 My generation there's a resurgence (sic) of
23 people, of youth my age that want to farm. One of my
24 friends works out at MA'O. He said all the guys out
25 there, they love it. That's what they want to do.

1 It's so important going forward to have the
2 ag land for my generation, for the future generations
3 and the generations 500 years from now. We need this
4 land. This is the highest producing land in all of
5 Hawai'i. We need it.

6 Say this development does get built. Fast
7 forward 20 years. All the construction jobs that's
8 going to supply gone. Then where are we? Our land's
9 gone, you know. We aren't going to be able to feed
10 ourselves. And people are still without jobs. So
11 it's just not worth it. So please do not reclassify
12 this land. Mahalo.

13 CHAIRMAN LEZY: Parties, questions?
14 Commissioners, questions? Thank you for your
15 testimony.

16 MR. DAVIDSON: Thomas followed by Janine
17 Clifford followed by Georgette Stevens.

18 THOMAS RAMOS
19 being first duly sworn to tell the truth, was examined
20 and testified as follows:

21 THE WITNESS: Yes.

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

24 THE WITNESS: My name is Thomas Ramos. I'm
25 from -- my address 1150 Belleau Woods Street in

1 Kapolei, Hawai'i 96707. I'm honored to bring up this
2 issue. I'm from a shelter, looking for a job, try to
3 invest one home. The family is living in Hawai'i but
4 thinking about leaving Hawai'i because of the planning
5 of house, the environment? But now it's like I'm in a
6 shelter trying to make my investment to get into one
7 home that's affordable for keeping and my family. And
8 jobs right now is pretty hard because where I live at
9 Onemalu at Barbers Point is far away to Kapolei
10 Shopping Center or anywhere else.

11 It's nice to see buildings building up,
12 jobs. But mostly jobs in my stage -- I was in the
13 military for 23 years, you know, not qualified for da
14 kine jobs they have in Kapolei. But I'm looking for
15 the future for my family, for everyone family in the
16 shelter. That's why I came up today to announce that.

17 Kapolei is doing a nice job being the Second
18 City. But if they can build more property where that
19 can be affordable for all families can live in and job
20 is close-by home.

21 That's all I wanted to say about the shelter
22 people. Thank you.

23 CHAIRMAN LEZY: Parties, questions?
24 Commissioners, questions. Thank you, sir.

25 MR. DAVIDSON: Janine followed by Georgette

1 Stevens followed by Matthew Stuckey.

2 xx

3 JANINE CLIFFORD

4 being first duly sworn to tell the truth, was examined
5 and testified as follows:

6 THE WITNESS: Yes.

7 CHAIRMAN LEZY: Please state your name, your
8 address and proceed.

9 THE WITNESS: Janine Clifford, 2064 Mana
10 Place, Honolulu, Hawai'i 96822. Commissioners, I'm a
11 kindergartener's mother and a caregiver to an aging
12 and deserving parent. I'm also a University of
13 Hawai'i educator, and lastly a working professional.
14 Life is full, hectic, mostly delightful, but marked by
15 commuting and our expensive island life.

16 I lived at the end of 'Ewa Beach for more
17 than 18 months and experienced firsthand the traffic.
18 I'm a product of our public school system. I also
19 received a Master's and a Doctorate Degree in Design
20 at Harvard University. And I subsequently taught
21 there. I'm co-editor of Pohaku, The Art and
22 Architecture of Stonework in Hawai'i a
23 memorialization of our state artifacts in photographic
24 and generational stories, some of which is
25 pre-contact. I care deeply about our environment, our

1 heritage and our children.

2 I testify today in support of D.R.
3 Horton-Schuler Division's proposed Ho'opili community,
4 a true opportunity to make a profound and immeasurable
5 difference in the quality of our lives is rare.

6 I believe this prototypical environmentally
7 conscious agriculturally underpinned community is such
8 a rare instance. In Ho'opili a provocative land use
9 approach, agricultural urbanism, is presented for all
10 of us to consider.

11 Agricultural urbanism is not new. It's
12 conceptual roots are in World War II victory gardens
13 that supplied half of our nation's fresh produce in a
14 time of great need.

15 Today the marriage of the urban and farming
16 is commonly found in backyards and community gardens.
17 However, our heightened awareness of the need for true
18 land stewardship has enabled new conversations on self
19 sustainment.

20 D.R. Horton, in their innovative exploration
21 on what agricultural urbanism might mean, invited the
22 existing community and UH students who could be
23 feature residents, to join in the dialogue. The
24 students visited and studied walkable communities in
25 San Francisco and Denver through a D.R. Horton-Schuler

1 scholarship program.

2 Recent prototypes lean toward reclaiming
3 vacant and fallow lands. Last year the city of
4 Chicago allowed commercial growers-sized scaled urban
5 farms within the city. And Detroit's Hantz Farms also
6 before city planners with their avant garde approach
7 are developing one of the largest urban farms yet.

8 Last year's National Association of Home
9 Builders gold award went to Wisconsin's Bishop Bay, a
10 large commune intertwined with homes, very much like
11 Ho'opili.

12 Ho'opili, within the city's Urban Growth
13 Boundary and planned for 20 years as Kapolei's
14 bookend, should be a national model that points the
15 way towards preserving above all our need to generate
16 sustenance on a commercial scale close to home while
17 enhancing a future for our generations.

18 A true pedestrian-centric place where we
19 cultivate, educate, recreate and reside in close
20 proximity and in perpetuity.

21 Thus, I respectfully encourage you to
22 approve this Project such that this important dialogue
23 can continue. Thank you for this opportunity to share
24 my support for Ho'opili.

25 CHAIRMAN LEZY: Parties, questions?

1 Commissioners, questions? Thank you for your
2 testimony.

3 MR. DAVIDSON: Georgette followed by Matthew
4 Stuckey followed by Gilbert Gabriel.

5 GEORGETTE STEVENS
6 being first duly sworn to tell the truth, was examined
7 and testified as follows:

8 THE WITNESS: Yes.

9 CHAIRMAN LEZY: Please state your name, your
10 address and proceed.

11 THE WITNESS: Georgette Stevens, P. O. Box
12 75-414 Kapolei. Aloha, Members of the Land Use
13 Commission. I am Georgette Stevens. And I'm here to
14 support D.R. Horton-Schuler Division's proposed
15 Ho'opili community in East Kapolei. And I am a member
16 of the Ho'opili Task Force as well.

17 After many years of planning we are finally
18 seeing Kapolei, or as some call it, the Second City --
19 we call it the new city, come to life. Examples of
20 this include the many residences in the Villages of
21 Kapolei, Kapolei Knolls and the Department of Hawaiian
22 Home Lands neighborhoods.

23 We also have conveniences and services which
24 allow us to stay close to home and avoid traveling to
25 town to eat, shop or handle our business at the city

1 and state offices.

2 More recently we have seen the Salvation
3 Army Kroc Center open where thousands of families from
4 our community can enjoy a first class recreation
5 center.

6 West O'ahu is really becoming a place where
7 families young and old can enjoy a sense of community.
8 More specifically East O'ahu where Ho'opili is
9 located, is planned to be a major economic corridor
10 with the Kroc Center and UH West O'ahu in the future.
11 The continued buildout of Hawaiian Homes, East Kapolei
12 could soon be the model community we look at for Smart
13 Growth and sustainable developments.

14 Speaking of Kroc Center and UH West O'ahu, I
15 think it is important to point out that Ho'opili is on
16 the same ag land that these two projects are on. I
17 have been a part of this community for many years.

18 When these two projects were planned I don't
19 remember any ag-proponents trying to save the land.
20 If they are really trying to save ag, where were they
21 then?

22 To be pro-ag is different than being
23 anti-development. Just today I was at a West O'ahu
24 Economic Development Association luncheon. I'm on the
25 board at the Kroc Center. While we normally use the

1 banquet facilities at the Ihilani Resort we decided to
2 have it there at the Krock Center. It was fabulous.
3 And that's another reason for people to experience
4 what West O'ahu, and more specifically, East O'ahu has
5 to offer.

6 Finally, we must think about what will
7 happen to Ho'opili land if it does not get urbanized.
8 Not only will East Kapolei be incomplete, but there's
9 no law that would require D.R. Horton to continue to
10 farm the property. The way to secure longer term
11 farming on this land is to urbanize it. Mahalo for
12 this opportunity to share my thoughts.

13 CHAIRMAN LEZY: Parties, questions?
14 Commissioners, questions? Thank you for your
15 testimony. (Applause)

16 MR. DAVIDSON: Matthew followed by Gilbert
17 Gabriel followed by Phyllis Kacher.

18 MATTHEW STUCKEY
19 being first duly sworn to tell the truth, was examined
20 and testified as follows:

21 THE WITNESS: Yes.

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

24 THE WITNESS: Matthew Stuckey. I live on
25 2747 Waiamao Road. Thanks for letting me be here.

1 Thanks for everybody showing up. You guys got a tough
2 job.

3 So, and I'm not here today 'cause I want to
4 be. This isn't something that I came 'cause I had
5 extra time either, like a lot of people. This is a --
6 this is something that I felt like I had to do. This
7 is a need. And I would do this in any place I lived.

8 I can't offer any different or rational
9 argument containing any information you haven't heard
10 before. I'm thankful people have come up and said a
11 lot of this already. So I don't want to pretend that
12 this is not a value judgment in the end. 'Cause it
13 is. So that's one of the facts, I think, rather than
14 just percentages.

15 The value of this is a fact. And I was
16 interested on the front of the Land Use Commission
17 website it was really inspiring to work under such a
18 line. It said, "The life of the Land is" perpetrated
19 (sic) -- "perpetuated in righteousness." That sums it
20 up. So I just wanna -- I don't know if that's been
21 dissected yet. I just want to look at that.

22 So the "life of the land" under concrete is
23 just, that's an interesting thing to think about. And
24 "Perpetuated" is something when you define it it means
25 to preserve from extension. And when we look at this

1 it's not -- this is not looking at the extinction of
2 housing or jobs or people if this -- if this is not
3 approved.

4 If this comes through, people will not --
5 this isn't the end of growth and development. But
6 this is the end of that piece of land. So that's not,
7 that's not land being perpetuated.

8 Righteousness is morally right or
9 justifiable and virtuous. So when you consider this,
10 there's a lot of good arguments. And there's a lot of
11 interesting points of view. When you think of virtue,
12 think about your decision in this.

13 Um, I'll question when the people move into
14 these new homes if they knew what was beneath them
15 before that. Maybe some of 'em will know. Probably
16 not. So I think I hope we'll feel responsible to let
17 all the new people know.

18 Maybe some people will move in and they'll
19 enjoy that. And that's okay. But some people won't.
20 And a lot of people probably wouldn't end up in a
21 house if they knew it was being fought for before
22 that. That's a big thing.

23 This island groans under the weight of all
24 our decisions. The story of this development and this
25 farmland destruction is, is, been going on for a long

1 time on this island and in the whole world.

2 And this is a chance to change course not
3 only here, but it sets an example. And it sets a
4 trend. This is something that has been happening for
5 a long time in history. We're just kinda needing to
6 get out of this, change the story a little bit.

7 So it's a good opportunity to take that on,
8 if you can. So the implications, I think, are
9 enormous.

10 MR. DAVIDSON: Excuse me, 30 seconds.

11 THE WITNESS: Okay. So the implications of
12 this reach far beyond just O'ahu, as many people have
13 said, the other generations including this current
14 one. So please listen to the land here and the people
15 here. Thank you for letting me speak. Take care.

16 CHAIRMAN LEZY: Parties, questions?
17 Commissioners, questions? Thank you for your
18 testimony.

19 MR. DAVIDSON: Gilbert Gabriel? If not,
20 Phyllis followed by Maeda Timson followed by Jeanne
21 Vana.

22 PHYLLIS KACHER
23 being first duly sworn to tell the truth, was examined
24 and testified as follows:

25 THE WITNESS: Yes.

1 CHAIRMAN LEZY: Please state your name, your
2 address and proceed.

3 THE WITNESS: My names is Phyllis Okada
4 Kacher. K-A-C-H-E-R 94-1050 Waipio Uka Street, Waipahu
5 96797. I also went on that website that the gentleman
6 referenced. What I was struck by is that you folks
7 are unpaid volunteers. I was shocked by that.

8 This decision is probably one of the biggest
9 decisions that you're going to make in your lifetime.
10 For your volunteerism and your willingness to step up
11 to the plate and help our community I commend you for
12 that.

13 My name is Phyllis Kacher. And I'm
14 testifying today in favor of Ho'opili. D.R. Horton is
15 the right developer in my opinion. I was the first
16 president of the Waikele Community Association for
17 seven years when D.R. Horton built over 2,000 homes in
18 the Waikele community.

19 From start to finish Schuler Homes, D.R.
20 Horton, they always kept their promises and always put
21 people before profits. I know there's been some
22 disparaging things said about this developer. But I
23 can tell you that I worked with them under some of the
24 worst recessionary times.

25 And even when sales were very, very slow,

1 the president, Mike Jones, Schuler Homes, always kept
2 their promises. And since then that community has
3 thrived.

4 Many of the Waikele children that grew up in
5 that community, they ended up buying another Schuler
6 home. Quite a testament to the honesty and integrity
7 of the company.

8 When the last home was built the community
9 looked absolutely beautiful. And every year since,
10 it's thrived. When they left that community after
11 they finished their last home we were able to reduce
12 our dues by 30 percent. We had a reserve study done.
13 And the reserve study specialist told us we had too
14 much money. How many times do you hear that kind of
15 thing? We had too much money? We had so much money
16 that we could fund social programs and more.

17 The Schuler Homes townhomes that they built
18 started at about \$80,000. Today, 20 years later
19 they're selling for \$300,000. If that's not the
20 American Dream I don't know what is.

21 Those families have just thrived and that
22 community looks beautiful. They have a -- Schuler
23 Homes has a 40-year track record of success, exemplary
24 business management and for treating homeowners with
25 honesty and fairness. I can testify to that.

1 And we're very, very lucky that they're so
2 committed.

3 I understand the concerns over the farmland.
4 My parents and my grandparents were all farmers. But
5 please consider, again, they've got a 40-year track
6 record of success in keeping their promises.

7 And this property does take into
8 consideration the farmers, that there's demand now for
9 housing and our population is expected to continue to
10 grow by more than 120,000 people is just 18 years.

11 The cost of housing is going to soar if the
12 supply is stopped. We all took our Economics 101. We
13 know the Law of Supply and Demand. The other thing is
14 that D.R. Horton isn't asking for a penny in financial
15 incentives from either the state or the city.

16 So they're accepting all of the risks for
17 this development and not us taxpayers. So I really
18 think it's a win/win.

19 Finally, without Ho'opili the dreams of
20 homeownership will be dashed for renters and our
21 keiki. We heard the testimony from, I think Jason
22 Espero, that talked how he wants to buy a new home.
23 Societies are judged on how they treat their weakest
24 members.

25 Many of the people that are testifying

1 against this Project already have their homeownership.
2 And it's simply unfair to deny that dream to other
3 people.

4 At 42 percent Hawai'i has more renters in
5 America than 47 other states behind only New York and
6 California. Again, we know the supply, the Law of
7 Supply and Demand.

8 MR. DAVIDSON: Excuse me, 30 seconds.

9 THE WITNESS: Thanks, Dan. D.R. Horton,
10 their plan is for 3,000 affordable homes. I know that
11 they can do what they did at Waikele. And I very
12 respectfully ask that you please have the courage and
13 the vision to approve Ho'opili.

14 Ho'opili is the right project at the right
15 time by the right developer. Thank you very much.

16 CHAIRMAN LEZY: Thank you. Parties,
17 questions? Commissioners, questions? (applause)

18 MS. DUNNE: I'm sorry. I have one question.

19 CHAIRMAN LEZY: I'm sorry, Ma'am. There's a
20 question for you. Sorry, I didn't see you, Ms. Dunne.

21 MS. DUNNE: No problem. I just have one
22 question. I was wondering if you're aware that
23 there's currently pending a large class action lawsuit
24 against D.R. Horton for poorly constructed homes? Are
25 you aware of that?

1 THE WITNESS: I'm sure every developer in
2 the state, there's always somebody that's not happy
3 especially when the market is down. So I don't deny
4 that. Yeah, probably so. But you can cite any
5 developer. I'm telling you that for the 2,400 homes
6 that they built in Waikele they stood behind
7 everything that they promised and more.

8 MS. DUNNE: Thank you.

9 CHAIRMAN LEZY: Thank you.

10 MR. DAVIDSON: Maeda followed by Jeanne Vana
11 followed by Thad.

12 MAEDA TIMSON,
13 being first duly sworn to tell the truth, was examined
14 and testified as follows:

15 THE WITNESS: Yes, I do.

16 CHAIRMAN LEZY: Please state your name, your
17 address and proceed.

18 THE WITNESS: Maeda Timson, 92-684 Naha
19 Street Kapolei, 'Ewa Plain west side.

20 Thousands of us moved to Kapolei decades ago
21 with the dream of raising our families in the new city
22 that had its roots in James Campbell's vision for the
23 'Ewa Plain. It included homes, businesses, services,
24 connectivity to neighbors. All of this needed
25 thought, planning and government leadership.

1 At the helm of this government leadership
2 for the 'Ewa Plain for over 16 years was former
3 Governors Waihe'e and Cayetano. We listened in awe at
4 the promises of what the 'Ewa Plains would be like and
5 how our future and our keiki looked bright. After
6 all, they were the leaders with life experiences,
7 education and an eye for the future. They knew that
8 this city and the region would take many, many more 20
9 years to build. And they laid out our future.

10 I know. I was there. I was one of those
11 eager and excited residents listening to their words
12 and watching their actions to build the 'Ewa Plain.

13 To hear them yesterday was sad. It was
14 disappointing. It was really puzzling. Did they
15 forget? Are they saying they made wrong decisions
16 while in office? What about us who believed and
17 invested our future on their government promises? Do
18 we wonder why so many times the public has little
19 faith in government?

20 The discussion of prime land is another
21 puzzling issue to me. Only a few years ago this
22 movement started to stop Ho'opili, not by the
23 residents who have worked years on the 'Ewa Plains
24 future, not by the city, not by the state, but by
25 those who are antidevelopment of anything and

1 everything. They live outside this region and they
2 make selective land, prime land definitions.

3 UH West O'ahu and Salvation Army Kroc Center
4 are magnificent benefits to our region. And we are
5 blessed to have them. They have worked in partnership
6 with D.R. Horton in obtaining roadways and
7 infrastructure. But they sit on the same land where
8 the proposed Ho'opili is.

9 If I stand here, UH West O'ahu's property is
10 just right across the street where St. Andrews Priory
11 is. If I was standing on Horton's property and I
12 threw a rock the distance of this room, I would hit a
13 Kroc Center window. Hope I didn't break it.

14 We heard no objections to these projects. In
15 fact, one of the avid anti-Ho'opili people, Thad,
16 right there, he pays for recreation at the Kroc Center
17 which sits on what he is claiming prime land that he's
18 trying to protect. (audience laughter) I don't get it.
19 It's okay for certain structures to be on prime land,
20 okay to take Horton's money for roads and
21 infrastructure. But it's not okay for them to build a
22 community.

23 I'll tell you, folks, I'm not the only one
24 who supports this Ho'opili Project. I speak for these
25 folks too. (displaying bundles of postcards off mic)

1 We have, in less than eight months there's over 4,000
2 people that's signed cards, not little petitions like
3 we were told that was put in front of their faces.
4 They're all here. They're all here in numbers.

5 And, mind you, three neighborhood boards:
6 Kapolei, Waipahu, 'Ewa Beach, unanimously supports the
7 Ho'opili Project. Not just us. And I see all the
8 people from the west side, from that side on the
9 island in here. Don't be shy. If you support
10 Ho'opili tell them. Give them a shout. (Applause).

11 (Returning to mic) This is real.

12 (Unidentified speaker standing): And when
13 did you all pass that sh*t out?

14 THE WITNESS: Shame on you. Do not swear.
15 Get out of here. Shame on you. Who are your parents?

16 CHAIRMAN LEZY: That's enough.

17 THE WITNESS: Okay. So here you go. We
18 show where people come from. Less than eight months
19 this has been here, not like years to get a few more
20 thousand. So we speak for a whole bunch of people.
21 And if you support Ho'opili, you support the future,
22 you support where we live, let them know and let them
23 know now. (Loud applause). Now ask me a question.

24 MR. DAVIDSON: Jeanne Vana.

25 UNIDENTIFIED SPEAKER: All right. I'll ask

1 you more respectfully. When did you pass those out?
2 I live in West Loch Fairways. I'm just asking a
3 question.

4 UNIDENTIFIED SPEAKER: You're out of order,
5 brah.

6 MR. DAVIDSON: Jeanne, go ahead.

7 CHAIRMAN LEZY: Wait. Ms. Timson, you're
8 going to have to take your display out of the way,
9 please. Let me just say this to the folks in the
10 public. All right. We need to show respect to one
11 another regardless of what our opinions are. And if
12 we have any more folks that speak up like that --

13 UNIDENTIFIED SPEAKER: I'm an 'Ewa Beach
14 resident. Where was that?

15 CHAIRMAN LEZY: -- then we'll stop public
16 testimony and defer it to the next hearing. Okay?
17 Please show respect for one another. Ma'am.

18 JEANNE VANA
19 being first duly sworn to tell the truth, was examined
20 and testified as follows:

21 THE WITNESS: Yes, sir.

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

24 THE WITNESS: My name is Jeanne Vana,
25 95-498 Awiki Street, Mililani. I'm a small family

1 farm business owner and member fo the Waialua Farmers
2 Cooperative representing 60 other farms and 30 market
3 vendors. We strongly oppose the intent of this
4 development. We are not anti-development.

5 Waialua farmers, like Hawai'i state
6 legislators and Hawai'i Department of Ag continue to
7 receive numerous requests for farmland and have an
8 extensive long waitlist of farmers, not including new
9 wannabe farmers that could help and contribute to the
10 economic growth of Hawai'i.

11 I personally have been an independent farmer
12 for 15 years and myself continue to look for five
13 years for more farmland, which is ideally what
14 Ho'opili ag land in existence right now has to offer.
15 Where is the land? Where is the land with water?
16 Central O'ahu? Helemano Ridge land? Neither can
17 substitute for the low elevation, warm farmland that
18 the 'Ewa Plains has to offer.

19 Previously to owning my own business for 20
20 years I worked with Dole and Waialua Sugar working on
21 various job capacities after receiving my Ag Degree.
22 My years overseeing the field operations and
23 subsequently Dole's diversified ag projects,
24 developing 600 acres of diversified crops, I'm very
25 familiar with the O'ahu lands that the Aloun Farms

1 would have as an option to go to.

2 There are no suitable lands remaining on
3 O'ahu that would meet the same criteria as the 'Ewa
4 Plains. You are considering to pave over the last
5 remaining low elevation, high heat, dry environment
6 that farmers most desire.

7 We need that land if we are going to feed
8 ourselves. Folks, this is it. You know, you want
9 development? Where's our food gonna come from for the
10 population? This is it. There are no other low
11 elevation lands available.

12 The high elevations that Aloun Farms will
13 have to go to will result in a change in their crops.
14 We are going to lose the melon, the sweet corn, the
15 squashes. They do not grow at high elevations.

16 Have you considered the agricultural
17 consequences of what you folks are complaining about?
18 This is the future. I see on the brown shirts, their
19 keiki future. This is what we are talking about. We
20 are talking about the same thing but from a seriously
21 different perspective.

22 I seriously, please, the transportation
23 costs alone that Aloun will face if they choose to go
24 to a higher elevation in wet rainy conditions, will
25 add to the cost of our food. Do you realize that,

1 people? Your sustainable lifestyle will be
2 diminished. Your disposable income will shrink.

3 Please seriously consider this matter.
4 There are professionals in our area of expertise, and
5 we are against -- without good conscience we are
6 advising you to please consider the fate of O'ahu and
7 the future of everyone for the future generations.
8 Thank you. And I have a subsequent testimony
9 representing West O'ahu County Farm Bureau.

10 CHAIRMAN LEZY: Questions for the witness,
11 parties? Commissioners, questions? I'm sorry.
12 You're here as a representative of?

13 THE WITNESS: I'm the president of West
14 O'ahu County. I'm also, well, I just gave testimony
15 for my company, North Shore Farms as well as Waialua
16 Farmers Co-op.

17 CHAIRMAN LEZY: And you wish to provide
18 testimony on behalf of?

19 THE WITNESS: West O'ahu County Farm Bureau.

20 CHAIRMAN LEZY: Will that testimony be
21 different than what you just provided?

22 THE WITNESS: Yes.

23 CHAIRMAN LEZY: Please proceed.

24 THE WITNESS: Again, I'm the newly elected
25 President of West O'ahu County Farm Bureau

1 representing over 130 ag producers from Wai'anae,
2 Wahiawa, Mililani to the North Shore. I've been a
3 member of this organization for over 15 years. We
4 stand behind the testimony that was submitted in April
5 of 2001 by the previous board.

6 We continue to oppose this development as we
7 believe the increased traffic congestion will continue
8 to manifest itself with or without rail for our
9 community. We live in this community.

10 This situation will increasingly negatively
11 impact our quality of standard of living and result in
12 a increase in crime into our community.

13 In order for us to maintain a healthy
14 lifestyle we need to maintain open vistas that the
15 land currently provides that visitors to O'ahu come to
16 expect that they are paying for when the come to
17 vacation here. That is our industry. That is an
18 economic industry that we cannot ignore that will have
19 impact with this development if this should be
20 rezoned.

21 We continue to oppose this development as we
22 believe 2+ acres per household is necessary to set
23 aside in order to meet food requirements.

24 If you want to have a development, a little
25 community garden is not going to sustain or contribute

1 significantly. If you want to have a development, for
2 every home make it 2.25 acres of ag land. That is the
3 appropriate means to sustain ourselves because it's
4 not if but when this island has no food coming in.

5 And you want to be a friend of the farmer?
6 Better start now. This development is perceived as
7 counterproductive to this whole "buy local" campaign.
8 The continued talk for island self-sufficiency and
9 sustainability must be dealt and demonstrated now.

10 After years of acquiring new information and
11 expertise our fellow West O'ahu member Alec Sou, Aloun
12 Farms, currently leases this prime ag lands as well as
13 Fat Law Farms.

14 Should this land be vacated by Aloun there
15 are existing farmers that want this prime low
16 elevation/high heat index relatively dry environment
17 that is most conducive and the last remaining acreage
18 available.

19 Development and relocating a farm the size
20 of Aloun's farming operation not only displaces
21 farmland that could otherwise meet the demand for
22 farmland by other farmers in need of land too. So
23 you've got a situation where we're just displacing the
24 movement of farmers that need land. We're going
25 backwards.

1 Farmers in Hawai'i must continue to build on
2 the current inventory of crops they cultivate. This
3 development takes us backwards and would take away --

4 MR. DAVIDSON: Excuse me, 30 seconds.

5 THE WITNESS: -- from our ability as farmers
6 on O'ahu to continue to offer a wide variety selection
7 of vegetables and fruits at an affordable price where
8 the state of Hawai'i's population exists.

9 We respectfully request not overpaving what
10 we perceive as the last remaining low elevation prime
11 ag land on O'ahu to meet current and future food
12 requirements. Thank you.

13 CHAIRMAN LEZY: Parties, questions?
14 Dr. Dudley.

15 DR. DUDLEY: Could you explain to us the
16 structure of Farm Bureau. You say you're the West
17 O'ahu --

18 THE WITNESS: Okay. Well, the counties are
19 all members of -- they're several counties within the
20 state on different islands. There are three on O'ahu
21 east, west and south. And it is under the umbrella of
22 the Hawai'i Farm Bureau Federation but separate.

23 DR. DUDLEY: But you are members of the
24 Hawai'i Farm Bureau Federation.

25 THE WITNESS: Yes.

1 DR. DUDLEY: And Dean Okimoto is the
2 president of that?

3 THE WITNESS: Yes.

4 DR. DUDLEY: So he's, like, the president
5 for the whole Hawai'i Farm Bureau?

6 THE WITNESS: Yes.

7 DR. DUDLEY: Okay. And you say that your
8 Farm Bureau section, which is the west section, has
9 voted in the past to preserve agriculture?

10 THE WITNESS: Yes. In April of 2011.

11 DR. DUDLEY: Okay. Have they recently
12 reconfirmed that vote. Is that what you're saying?

13 THE WITNESS: We had a vote this past
14 Tuesday. And that's what the testimony I'm presenting
15 verifies. We also have East O'ahu County that had
16 their meeting on Tuesday. And they should be
17 submitting their East O'ahu County Farm Bureau
18 testimony opposing Ho'opili.

19 DR. DUDLEY: Okay. So on this island there
20 are three sections of the Farm Bureau in actuality and
21 two of those sections have voted to keep the ag land
22 at Ho'opili.

23 THE WITNESS: Yes. They realized, too, that
24 this is the last remaining appropriate land for ag.

25 DR. DUDLEY: Thank you very much.

1 CHAIRMAN LEZY: Commissioners, questions?

2 Thank you. I'm sorry, we're going to have to defer
3 the remainder of the public testimony until the next
4 meeting. The reason being that flights are
5 exceedingly full. And if the outer island
6 Commissioners miss their flight then they will be
7 unavailable to get home this evening.

8 So I ask for your cooperation in this. And
9 I'm going to have to read through the close of
10 evidence litany as well. So the four people that
11 remain on the public testifier list, you will be taken
12 first at the next meeting on this docket matter.
13 Okay.

14 UNIDENTIFIED SPEAKER: May I speak?

15 CHAIRMAN LEZY: No.

16 UNIDENTIFIED SPEAKER: Ms. Timson got to
17 tell lies about me. And I would really like the
18 chance to defend myself here and now. I only need a
19 couple minutes.

20 CHAIRMAN LEZY: Sir, you can certainly
21 provide that testimony at the next meeting. Okay. I
22 appreciate it.

23 Given that the parties have now completed
24 their evidentiary cases, the evidentiary portion of
25 this proceeding is closed. The parties are directed

1 to draft their respective proposed findings of fact,
2 conclusions of law, and decision and order based upon
3 the record in this docket and to serve same upon the
4 other parties and the Commission.

5 The parties' proposed findings of fact must
6 identify the witness as well as the date, page and
7 line numbers of the appropriate hearing transcript to
8 support any fact offered that is based on witness
9 testimony. Similarly, any fact offered that is based
10 upon an admitted exhibit should reference that
11 exhibit.

12 I note for the parties that the Commission
13 has standard conditions which I suggest that the
14 parties consider in preparing the proposed orders. A
15 copy of the standard conditions may be obtained from
16 Commission staff.

17 If any of the parties desire to stipulate to
18 any portion or all of the findings of fact,
19 conclusions of law and decision and orders they are
20 encouraged to do so.

21 I also encourage the Intervenors to work to
22 submit a single proposed findings of fact, conclusions
23 of law and decision and order. Regardless of whether
24 the parties pursue a partial or fully stipulated
25 order, I direct that each party file its proposed

1 order with the Commission and serve copies on all the
2 other parties no later than the close of business on
3 April 13, 2012.

4 All comments or objections to the parties'
5 proposed orders shall be filed with the Commission and
6 served on the other parties no later than the close of
7 business on April 27, 2012.

8 Any responses to the objections must be
9 filed with the Commission and served on the other
10 parties no later than the close of business May 7,
11 2012. Those are firm deadlines and will not be
12 waived.

13 I encourage the parties to consult with the
14 Commission staff early in this process to ensure that
15 technical and non-substantive formatting protocols
16 that are observed by the Commission are followed.

17 For the benefit of the parties and the
18 public, oral argument will be scheduled after receipt
19 of the parties' respective submissions. Are there any
20 questions from the parties with regard to these
21 post-hearing procedures? Mr. Yee.

22 MR. YEE: Chair Lezy, the Office of Planning
23 would request to be excused from having to file a
24 decision and order on 4-13-12. We will file comments
25 and objections on 4-27-12, and we will waive our

1 ability to file a response on 5-7-12.

2 CHAIRMAN LEZY: Any parties have an
3 objection to that? I believe in order to do that it's
4 necessary for the Commission to waive its rules
5 regarding submission. So I would entertain a motion
6 from a Commissioner to do.

7 COMMISSIONER HELLER: So moved.

8 COMMISSIONER McDONALD: Second.

9 CHAIRMAN LEZY: Any discussion?

10 MR. DAVIDSON: We need a roll call.

11 CHAIRMAN LEZY: Please.

12 MR. DAVIDSON: Motion to waive rule
13 regarding submission of findings of fact and
14 conclusions of law by all parties. Who made the
15 motion?

16 COMMISSIONER HELLER: I did.

17 MR. DAVIDSON: Commissioner Heller?

18 COMMISSIONER HELLER: Yes.

19 MR. DAVIDSON: Commissioner McDonald?

20 COMMISSIONER McDONALD: Yes.

21 MR. DAVIDSON: Commissioner Teves?

22 COMMISSIONER TEVES: Yes.

23 MR. DAVIDSON: Commissioner Matsumura?

24 COMMISSIONER MATSUMURA: Yes.

25 MR. DAVIDSON: Chair Lezy?

1 CHAIRMAN LEZY: Yes.

2 MR. DAVIDSON: Motion passes 5-0, Chair.

3 MR. YEE: Thank you.

4 CHAIRMAN LEZY: Anything else? I will state
5 again that for the public's benefit that it's
6 regretful that we have to suspend public testimony
7 today. But I'm sure you can understand the
8 circumstances.

9 As one of the public testifiers indicated,
10 the Commissioners that serve, serve voluntarily and
11 already have a lot of obligations related to their
12 Commission work. I'm sure that none of you would wish
13 to do anything that might end up having one of the
14 Commissioners be required to stay overnight.

15 So I appreciate, again, your patience and
16 understanding with that. And as I mentioned we will
17 make sure that the folks that are signed up will be
18 taken in order at the next hearing.

19 And since we have closed the evidentiary
20 portion I'd just like to thank the parties for their
21 hard work in getting through their cases and doing so
22 in an efficient, timely manner. Thank you. We stand
23 adjourned.

24 (The proceedings were adjourned at 3:26 p.m.)

25 --oo00oo--

1 C E R T I F I C A T E

2

3 I, HOLLY HACKETT, CSR, RPR, in and for the State
4 of Hawai'i, do hereby certify;

5 That I was acting as court reporter in the
6 foregoing LUC matter on the 16th day of March 2012;

7 That the proceedings were taken down in
8 computerized machine shorthand by me and were
9 thereafter reduced to print by me;

10 That the foregoing represents, to the best
11 of my ability, a true and correct transcript of the
12 proceedings had in the foregoing matter.

13

14 DATED: This _____ day of _____ 2012

15

16

17

18

19 _____
20 HOLLY M. HACKETT, HI CSR #130, RPR
21 Certified Shorthand Reporter
22
23
24
25

