



**CITY COUNCIL**  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

## **AGRICULTURAL DEVELOPMENT TASK FORCE**

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### **MINUTES**

TUESDAY, NOVEMBER 20, 2018  
CITY COUNCIL COMMITTEE MEETING ROOM  
HONOLULU HALE, 2<sup>nd</sup> FLOOR

Members Present: Yukio Kitagawa, James Nakatani, Dean Okimoto, Alan Takemoto  
Members Excused: Fred Humphrey, Charley Ice  
Staff: Kamakana Watanabe, Legislative Aide, Office of Council Services (OCS)

1. With a quorum present, the meeting was called to order at 1:05 p.m.
2. The Minutes of November 07, 2017 were approved as circulated.

Motion made by Member Nakatani, seconded by Member Takemoto

AYES: Kitagawa, Nakatani, Takemoto, Okimoto- 4  
NOES: None- 0  
EXCUSED: Humphrey, Ice- 2

3. Report from the DPP taken up first:

Report by Ms. Kathy Sokugawa, Acting Director from the DPP and Ms. Dina Wong, acting chief of planning division head.

Ms. Wong presented the background of the DPP's Oahu Important Agricultural Land Report, released in October 2018.

-1978 State Constitutional Convention which amended the Hawaii constitution to include a mandate to the State and Counties to designate Important Agricultural Land ("IAL").

-Codified in Chapter 205 of HRS

-DPP in 2011 started mapping IAL

-IAL=lands that are capable of producing high agricultural yield, contribute to State's economic base and produce ag commodities, are needed to promote the expansion

-IAL Goal: help farming to be an economically viable activity, ensure that the best of O'ahu's high- quality farm land is protected and preserved for long-term ag use, guide decision-making in State Ag District

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-County of Honolulu: Phase I formed DPP technical advisory commit, with 6 meetings  
Then phase II: is community engagement, published ad in Star Advertiser, publicized maps and report. Transmitted to City Council, City Council review, LUC holds public hearings and issues written decision to designate IAL

-Land must have 1 of 3 priority criteria to be eligible IAL:

1. Currently used for ag production
2. soil qualities and growing conditions
3. sufficient quantities of water

-Majority landowners requested removal from IAL because: not ag use, not desired for future ag use, does not have qualities to support ag use, was incorrectly included

-non-landowners: Hoopili, Koa ridge as IAL, preserving all ag lands regardless of IAL designation, More community outreach, greater transparency

-Priority

- Include Hoopili and Koa ridge
- increase food self-sufficient
- IAL designation make easier for developers to rezone unimportant AG land
- How does IAL affect land value and future development
- Fear of adding another layer of regulation
- How do landowners opt out
- Mistrust of government
- Consideration of small family vs. corporate interests
- Want to ensure consistency with General Plan, DP and SCP plans
- Balanced representation with tech advisory committee

4. Discussion of what city incentives are being offered:

Dean Okimoto posed a question about auto designation of AG land if land is IAL.

Kathy Sokugawa: If IAL you auto are designated AG land, but concern from BFS is that property owner should still file as ag land to ensure land is continued to be used as ag land and not changed.

Dr. Po-Young Lai: In terms of incentive, the integral part of what was proposed for IAL designation, tried to get different departments together to see if there are additional incentives, specifically with IAL designation. Besides possible water rates from BWS, there are no additional incentives that the admin can come up with.

Member Takemoto: We understand deferring to tax department, pulling different issues together to create an incentive for IAL. But it is worth the discussion to brainstorm on some of these incentives. I'm worried about the farmers because they count on the land for their revenue and retirement. From business access how do we keep these farmers viable while preserving and protecting the IAL. If we preserve the land and there are no farmers, come to a circle where the land is empty. We would have appreciated to focus more incentives.

Director Sokugawa: The Mayor met with landowners, and the Mayor is supportive of incentives but incentives that wouldn't cost the city money. Requested BWS for water meter charges, but haven't been successful, automatic designation with IAL was possible incentive. We're hoping the farming community would come up with more options. The

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farmers have been given a lot of incentives already, so it's challenging to come up with even more incentives just for IAL lands.

Member Takemoto: Putting a conservation easement, it creates a concern. The incentives was to provide an economic stimulus for IAL. The original bill was supposed to be an economic incentive bill. In the discussion the incentives, economic incentive, was lost in the discussion.

Director Sokugawa: All we have is a resolution for the maps. We do not have incentives before the Council.

Member Nakatani: On Kauai, the incentive for state land, why doesn't state do IAL, private sector would invest millions of dollars in infrastructure and get a tax incentive that was the incentive to better the area. Would it be an issue to do that on Oahu?

Director Sokugawa: Any investment on infrastructure you can take a tax credit on IAL. State incentive. This is all about replacing ALISH maps. We have no modern system. IF we adopt these maps we would have current conditions instead of the plantation economy.

Member Takemoto: We should move ahead with IAL maps. We're not going to decide on incentives for today. We should adopt the maps and see what happens. Where the Dept. of Ag, and what is are their comments.

Director Sokugawa: DOA kept coming to TAC for Oahu County. State was supposed to set up incentives and county was supposed to follow the state. However, that did not happen. The grand scheme of how that was supposed to happen did not play out.

Member Takemoto: When we first pushed for IAL legislation there was a lot of opposition, one of the things that brought everyone to the table was incentives. IAL with incentives should move as a package. Concerned that if we separate maps from incentives there will be opposition. When the maps came out where there concerns about their properties being mapped?

Director Sokugawa: A few questions that came up from the community and was able to address them one way or the other. People did express concern about the mapping process. Kathy did it as resource based. Started with maps only matched resource characteristics. Went online, take any 8 criteria and choose which you wanted and it would show you which maps matched that criteria. That map was available for a year but it had very little legs. Until it came up with DPP version of what the maps would look like.

Dr. Lai: The knowledge and the process of getting the IAL maps together. Yes quite a few landowners expressed concern. DPP reviewed the concerns and lands were conducted in a very professionally done.

Director Sokugawa: You had to manipulate the criteria in order to exclude the property from IAL. But if you took the criteria out it had repercussions across the islands. Document every request or concern they received.

Chair Kitagawa: concerned there were a lot fo small lots. Were the small lots contiguous? Because one side can ask for IAL and the other side may not want it, so how do you ensure that these lots are one lot or separate lots.

Director Sokugawa: When evaluating the lots, you have to be able to conduct farming on a reasonable basis. So when we looked at the map and walked through the map, if saw a cluster of relatively small parcels, did a donut theory, if all around the center is IAL, then

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made the center IAL as well. Because of the criteria in state law, that the land has to be of reasonable size to retain agriculture. Don't we need the incentives, apparently landowners voluntarily designated, 12,000 landowners went to LUC to designate their land.

Member Okimoto: Don't want to see the city to go to LUC and then landowners will ask where the incentives are. Waste more time to complete project.

Director Sokugawa: ADTF to come up with incentives and DPP is open to discussion.

Chair Kitagawa: Already problems trying to enforce land use on ag subdivision, is there going to be any effort to policing on the small lots for example.

Director Sokugawa: Not sure if ag subdivisions are the issue, it's the CPR's that are the challenge. It comes through the State. DPP is telling the CPR and DCCA about the concerns City has with Ag CPR.

Member Nakatani: Rather move ahead with the IAL maps then sit and let IAL idle while trying to wait for incentives.

Director Sokugawa: This process was very simple, and people can understand it. That's why I think it's important, if we don't do it now we are still stuck with ALISH. And this would be a resource for the City, gives you a better update on where the resources are.

Dr. Lai: At least we have something tangible with the IAL report. So we don't have another few decades to see a product and in the meantime see ag lands shrinking. Urges task force to consider the effort that has been made, the first in the State to have done this report, indicating that the City is seriously trying to accomplish something. Very important to protect ag land for ag use.

Member Takemoto: Spoke about incentives a long time ago, and have TAC meetings and speak about incentives, but it's not part of the report. Doesn't want to stop it, but wants to add it to the maps.

Director Sokugawa: Relying on ag community to tell DPP of non-cost items as incentives and are open to all suggestions:

Member Okimoto: It has been very stagnant. Perhaps we should move forward. Perhaps if we move forward landowners will come forward with suggestions.

Dr. Lai: Asked some landowners what are the incentives that would make you willing to designate as IAL, did not receive any significant, workable incentive. Therefore, that the mayor is really concerned about the interest of the farmer and has tried to come up with an incentive. But we have failed. But if the taskforce can come up with a workable fair incentive, mayor will work together to get it done.

Director Sokugawa: It's been 40 years since the state con amendment to do IAL. This is the closest we've come to it.

Okimoto: Advisory board for water rates, which I'm on as well. Hasn't been anything coming from BWS for incentives. Besides the Ag rate. Part of it is the meter situation. Had a little bit of discussion on it.

5. Discussion of water rates and incentives for agricultural land:

Barry Usagawa, Program Administrator of the Board of Water Supply Water Resources Division: BWS has been working to provide some incentives for farmers served of the BWS system (a lot of farmers have their own private water, in places like Waianae, Waimanalo, and Kahaluu) that we provide a lower water rate per thousand gallons. Board

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adopted a new set of water rates, the quantity rate is still maintained at 40% subsidy. Whatever the cost to serve the farms, we're charging 60%. There are three tiers; 0-2000 gallons, to \$3.79 per thousand, 2000 to 6000 \$4.46. Lot of the farms have a home on the lot and put the farm on the back, so first 2000 is essential living, next is for farm any of 6000 is \$1.95. It is a 5 year rate schedule that tries to lower the cost of ag water. As water is a large cost to the farm . Struggling with the impact fee and whether or not we continue to subsidize the impact fee. .3% of water meters in the system 170,000, .3% is ag. Ag use 2.5% of water we pump, and we pump 145 million gallons of water a day. Relative to a single family home a farm uses more water, so impact to the system is higher. Looking for way to subsidize impact fee for farmers. If we were to provide a subsidy on impact fee, looking at ways that we could monitor water use. When we come in with new meter, dept. of ag and farmers would come up with a water plan so BWS would right size the meter. Dept. of Ag.'s water plan helps the farmers figure out how much water they use, take into account all necessary environmental factors. So, what can the community do to help farmers right size their water farm. Also, if we subsidize the rate and impact fee we want them to conserve the water. We had two meetings with farmers and have another meeting coming up. A lot of the farmers aren't as cognizant because they use a private source. But if the water is coming from BWS, we want them to have conservation measures, have conservation education programs. Our conservation rebate program just launched giving \$40 for a rain barrel, \$75 for clothes washer, and a rebate for irrigations systems is operated based on the weather. The incentives come with the expectation that they conserve. If we give them a low rate and they don't conserve, they're using other water rate funding. The subsidy comes from the other lot designations.

Member Okimoto: The incentives help all farmers with BWS rates and fees, not just IAL

Mr. Usagawa: yes

Chair Kitagawa: BWS just had a rate meeting?

Mr. Usagawa: Yes, we've redesigned the entire schedule but has maintained the rates for agriculture. We require a GET license and submit a form annual to continue the subsidy. Anything below 13000 is charged at residential, but anything over is Ag rate. Moved the threshold down to 6000, anything over you get a benefit now.

Chair Kitagawa: If you look at how the water is applied to the land there could be some help.

Member Takemoto: With affordable housing incentives, etc, are the developers getting any breaks that the developers are getting when building affordable housing.

Mr. Usagawa: A bill passed at the Council to give incentives with BWS. There is an exclusion up to 500 units per year for homeless or affordable housing, BWS waves the impact fee. Also added, if you retrofit the building for a meter for fire sprinkler fee BWS waived the impact fee.

Mr. Usagawa: Impact fee is a one-time fee when you get a new service. Designed to help offset the additional capacity infrastructure BWS has to create for greater capacity. Has to ensure capacity of the system grows faster than the users. One island wide charge, everyone pays the same fee.

6. Chair recognizes David Arakawa from the Land Use Research Foundation to testify:

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Mr. Arakawa: On behalf of the Land Use Research Foundation, we worked with other stakeholders to help draft, craft and pass the impact fee law. First was passed in 2005, implementation was 2008, 2008 included state incentives and suggestions for county incentives. April 15<sup>th</sup> letter urging the Legislature to pass the IAL law in 2008, important part of letter urging the adoption of IAL law, IAL is not an open space or is not a land use initiatives, it is an ag viability initiative. Happily the City adopted this position. It's a viability initiative. Not intended to kapu as much land as possible. To preserve as much ag land that is viable. We urge you to look at April 15<sup>th</sup> letter. IAL law provides that incentives are very important. If IAL designation would be a taking, for that reason the State put in the law that State and Counties should do incentives. State did incentives but none of the Counties have. We (LURF) came to the City in 2008 and urged them to do these incentives, when City started the process. 1. Follow IAL law which requires counties to do incentives prior to forcing the designation on private property. 2. Hold responsible parties accountable, it is not the farmers fault that they did not come up with incentives, City has the resources to find the money to find the incentives. Cognizant that the City has a budget. Credit goes to DPP, Dr. Lai and the Mayor on the process of IAL recognition. They missed certain things. Can find millions of dollars for homeless, affordable housing, etc. IAL is a constitutional mandate but farmers are being told that incentives are no-cost to the city. 3. Please listen to the farmers. 4. Let's all work together. Have 5 issues relating to the report: 1. Incentives first. 2. System that's set up currently includes designation when there is no sustainable water to the property that can sustain viable agriculture. Land with sufficient quantities of water to support viable ag should be a mandatory requirement. HRS 205-50(g) a landowner can withdraw property from IAL if the land does not have sufficient quantities of water. 3. Designation that are ½ acre or smaller, want county to check if those lands are truly needed. Technical Advisory Committee for DPP IAL report did not see final proposal. 4. Any dwelling on IAL, any occupant of that dwelling must work full time on IAL land. By putting IAL on land that has a dwelling already would make the dwelling illegal if they do not work full-time on the IAL land. 5. Incentives, issue of automatic renewal of ag designation. Nothing has been done. Water rater, irrigation, hook-up fees, BWS is giving incentives to affordable housing which is not a constitutional mandate. Can BWS give more breaks to ag. Look at carbon farming law, people who produce carbon pay into a program and farmers can get cash from that program. City can give grants to ag in the ordinance allowing grants. Give priority to grants relating to ag or IAL. Could be R&D, employee training, etc. motor vehicle and auto registration is a possible solution for farm vehicle. City and State give zoning variances, could be variances relating to ag that could be granted. Make Dr. Lai's position permanent, or perhaps a position in DPP. Agro-tourism could help their income, does the city include provisions for agro-tourism on IAL land.

7. Discussion of Mr. Arakawa's testimony:

Member Nakatani: To DPP, DPP proposing we move forward with maps only. Doesn't mean that it's automatically submitted to the LUC.

Director Sokugawa: Only reason they'd pass it is if for it to go to LUC.

Member Nakatani: We have time to move the process forward.

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Director Sokugawa: This report does not have a statutory deadline. We do not update our data. Existing ag use data is very dated. Don't want to move it too far in the future. Once you get to IAL there is no regular updating.

Member Nakatani: Have a chance with this administration which supports IAL, don't know what next admin will do. Shouldn't stop while we have the momentum.

Takemoto: Everyone supports IAL. What this does is forces the discussion about what it's going to take to move forward with viable IAL. IF we only speak about IAL and not incentives the bill would have died. Trying to collaborate on this issue that we don't get to a point where the groups divide and the effort stalls. Task force should submit incentives and maps.

Chair Kitagawa: we should submit incentives and the maps together?

Member Takemoto: We should submit a list and the maps so we can flush out ideas of what works and what doesn't in the process. As far as the details of the maps, I defer to the maps. I just think the incentives should be part of the entire package.

Chair Kitagawa: Should recommend to the Council that we're ok with the maps but need to continue working on incentives?

Member Takemoto: We develop a list of incentives and submit it to the Council. So when the maps go to the Council, the list and the maps come together.

Member Nakatani: Does it make a difference if we submit the list to the Council or not?

Director Sokugawa: May have to get legal advice on whether or no incentives are required to accompany the maps. Would like input on the maps themselves.

Member Nakatani: Maybe just move forward and vote on it.

Director Sokugawa: This is the closest we've ever been. If it gets voted down not sure if DPP can take up the project again.

Chair Kitagawa: If we recommend to the Council if this project is ok, just talking about the maps, with our thoughts. It's up to the Council from there on. We should also say based on Resolution 18-201, that we will be working with DPP on developing incentives.

Dr. Lai: AGDTF has 90 days to come up with a list of incentives, then the Council would have further deliberations on the list. Some departmental concern that we need to consultate with the departments to work together. If task force can come up with potential list of incentives and then from there work together to flush out the incentives and come out with a final workable list of incentives.

Director Sokugawa: A second meeting with a draft list might bring more input.

Chair Kitagawa: Going to ask for an extension. Unless there is a serious opposition to the map, Task force is going to recommend approval of the maps.

Member Takemoto: can the task force wait for the next meeting to develop a list of incentives for next meeting and at the next meeting decide on the maps.

Chair Kitagawa: If we don't get support of the Admin or the Council the recommendation will drag out. IF we can separate it. IF we can just support the maps to the Council with the caveat that we will continue to develop incentives.

Member Okimoto: I don't want to be seen that the task force is going back on its word in moving one measure before the other. More comfortable moving maps and incentives together.

Director Sokugawa: Council is winding down already, for all intents and purposes they won't take any action on anything this year anyway. You have time in that sense. There

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may be two other landowners may be coming in to do their land designations. LUC works really quickly on the designations.

Member Nakatani: Smaller farms can't make capital investments, it's not feasible. What did you hear from landowners in the form of incentives?

Director Sokugawa: Other than water meter cost have not come up with anything. How many people are taking advantage of the ag designation processes.

Member Nakatani: State is thinking about having incentives for green houses. Not sure the smaller farmers will come up with incentives that are not very costly. We have no idea what incentives for smaller farmers.

Director Sokugawa: an idea is that Anderson wants a special zoning district, for Waimanalo to save agriculture. An agricultural special district. Intent is kind of IAL related. Trend in Waimanalo is to rezone to smaller lots, so they can get more houses. How to save small farms? Come up with a zoning special district.

Mr. Arakawa: I'm not sure what the rush is...it is better to do incentives and maps together. If you push this forward you might face a lawsuit, on the incentives not having been completed first. More prudent to take time to do this together. Nature of ag is changing. That's the strongest argument. Going towards hydroponics and greenhouse gases and going to big ag. Then why are we designating half acre lots as IAL.

Member Okimoto: We should defer to next meeting and work on incentives and look at the maps as well.

Chair Kitagawa: I will call another meeting to further discuss these issues.

8. Adjournment: Member Okimoto moved to adjourn, seconded by Member Nakatani. Motion passed unanimously at 2:57pm