



MEETING SUMMARY March 22, 2011

Date: February 23, 2010 **Project Name:** General Plan Update
Time: 4:00 to 6:30 pm **Recorded by:** Corlyn Orr
Location: Fasi Municipal Building, 9th Floor Conference Room
Subject: Agriculture Focus Group Meeting
Attendees: Alenka Remec, City and County of Honolulu Office of Economic Development
David Arakawa, Land Use Research Foundation
Dean Okimoto, Nalo Farms / Hawai'i Agriculture Foundation
Earl Yamamoto, Department of Agriculture
Eric Enos, Kaala Farm
Fred Perlak, Monsanto / Hawai'i Crop Improvement Association
Gary Maunakea-Forth, MA'O Organic Farms
Giorgio Caldarone, Kamehameha Schools
James Hollyer, UH CTAHR
Dr. Peter Garrod, Evaluation Research Consultants
Ron Nishihara, Trinity Management Group
Tammy Yoshino, Foodland Stores
Claire Sullivan, Whole Foods
Tim Law, FAT Law's Farm Kunia
Tisha Uyehara, Armstrong Produce
Wayne Ogasawara, Mililani AG Park
Bruce Plasch, Plasch Econ Pacific
Kathy Sokugawa, Mike Watkins and Randy Hara, Dept. of Planning and Permitting
Jiro Sumada, Deputy Director, Department of Planning and Permitting
Corlyn Orr and Scott Ezer, Helber Hastert and Fee Planners

Scott Ezer convened the meeting at 4:00 pm. He thanked everyone for participating, and provided a brief overview of the General Plan and the project purpose. The meeting purpose was to discuss how the current General Plan could be improved to address agriculture on O'ahu. Meeting participants were emailed several items to be reviewed and considered in preparation for the meeting discussion, including: (1) 1992 General Plan; (2) Draft Agriculture Trend Report; (3) draft meeting agenda; and (4) a list of possible discussion questions. (See attached for meeting agenda, discussion questions, and policy evaluation questionnaire that was handed out at the end of the meeting.)

After introducing the planning team, Scott asked focus group members to introduce themselves and summarize their primary concern for the agricultural industry. Introductory comments are summarized:

- There needs to be a paradigm shift from the plantation agriculture model of farming to the high-value and specialty crops model of farming.
- Market demand for fresh farm produce is major predictor of local agriculture's potential success; if the market accepts a crop at a profitable price, farmers will grow it.
- Kamehameha Schools is committed to agriculture and wants to see industry thrive.
- Globalization has changed the business of agriculture, and has increased the competition that Hawai'i's agricultural products face. The world market and the cost of commodities are currently in turmoil because of globalization. For example, cotton is priced at \$2/lb (alarming

because the last time it went above \$1/lb was in the mid-1990s). Corn and soybean prices are also high. There is less overall acreage in production worldwide, resulting in higher margins on agricultural products.

- Goal is to grow our own food and be competitive in the global market. Need to utilize available lands. Other issue is changing the mindset so people want to farm. Industry needs to thrive to attract new entrepreneurs.
- Majority of products I'm growing are for the export market. Experiencing problems with water and insects that are affecting crop production and sales.
- There is a lack of local products to meet supply. Need local certified organic to address import substitution.
- Agriculture is important to watershed health, as well as to people's cultural, spiritual and physical health. Looking at agriculture from a cultural perspective, the disconnect from the land affects the cultural and spiritual health of Native Hawaiians, ultimately affecting their physical health.
- The challenge in expanding farm production is getting good labor. One farmer has recently started using labor from Waiawa Correctional Facility because no other labor source is available.
- Weather affects local supply and good pricing. Pricing is an issue because it is hard to pass on higher prices to the consumer. Store wants to work with local farmers.
- The demand for locally-grown products is greater than the available supply. As a wholesale distributor, product mix is about 25% local to 75% import. Always looking for local sources because local demand is high, but supply is lower. Have asked farmers to increase products, but farmers not always willing or able to increase crop production. Finding the labor and investments needed to increase production (e.g., land prep, building shade houses, etc.) is not always worth the effort.
- Developing local farmers and growing crops locally is not a new concept. These were concerns noted in 1915, almost 100 years ago. UH works with almost 220 farms in the state, and is encouraged to see small-scale agricultural successes in various venues (including garages, rooftops).
- Important that decision-makers understand the support needed to make agriculture successful. Issues range from food safety, labor, water and land availability and pricing, capacity level of farms (how much they can produce), and permitting issues.
- Concerned about water and land issues on the North Shore.
- Believe that IAL designation and water issues will determine the future of agriculture. Fake farms should be pushed to less productive agricultural lands.

Scott Ezer facilitated the meeting discussion, which is summarized as follows. He opened the discussion with an observation that the policies for agriculture in the current General Plan are found in the Economic Activity chapter, as opposed to having its own section specific to agriculture. He then proceeded to ask two questions: (1) What would you like to see in the City's policy for agricultural land? and (2) Is our lack of food production a result of an inability to compete with out-of-state imports, a lack of small farm availability, a lack of agricultural land with adequate facilities (i.e., water, roads, etc.), a lack of farmers, or a combination of all of the above?

LACK OF FARMERS / NEED FOR EDUCATION

Lack of farmers is the main reason for our lagging food production. People don't want to farm because it is too hard to commit to the lifestyle. Younger generation is not interested in farming (farmer's son is working related to agriculture, but not directly farming).

Our long history of plantation agriculture has left us with few agricultural entrepreneurs capable of farming. Truck drivers who transported sugar cane did not train to be farmers, and could not easily transition to becoming agri-business people. Biofuels and seed production are not creating entrepreneurs, only maintaining corporate culture. Need to shed plantation mindset to fully develop agriculture industry. (DOE administrators still feel agriculture is for remedial students, so gifted and talented are not encouraged to work in the school gardens). Education is a key factor for agricultural promotion. Agriculture industry is dependent on growing a new generation of entrepreneurs.

Need to teach younger generation how to farm. There is no K-12 school teaching agriculture, no agricultural training in our schools. Except for those few who grow up in a farm family, high schools students have nowhere to learn farming skills. Also need to teach other related skills needed to run a farm (farming is a multi-faceted job, requiring skills like marketing, branding, business knowledge, tractor repair, value added products), so that they can have a lucrative, enjoyable agricultural career. Knowing how to be an entrepreneur and how to grow a business to make money and be viable is important.

Agriculture is the basis of our society. If we lose agriculture, we lose all connection to the land.

LACK OF SMALL FARM AVAILABILITY

O'ahu has 42,000 acres of high quality agriculture land available, but only 12,000 acres are being actively farmed. Large acreages are concentrated in Kunia and North Shore, with small farms scattered throughout Waimanalo, Waianae and Ko'olau Loa. Hawai'i agriculture is in an interim transition period, slowly adjusting to life without the plantations. Small farm lots are needed to support farmers.

Richard Ha, a Big Island farmer, has said many times that "Farmers will farm if they can make money." Young people will farm if there is money to be made, but they need land that is affordable.

FOOD PRODUCTION, AGRICULTURE, AND DEMAND FOR LOCALLY-GROWN PRODUCTS

According to retailers, the higher price for local produce in comparison to imported produce is not a major issue for consumers. The issue is not having enough supply to meet demand. Armstrong Produce buys from an estimated 100 local growers statewide. Foodland is the largest locally-owned and operated grocery retailer in Hawai'i. Foodland works with some farmers directly. A handful of growers can meet Foodland's demand and deliver to all stores statewide; others choose to work through a wholesale distributor. Whole Foods buys from about 75 farms. Farms range from between 2-20 acres. Their Kahala Store stocks about 33% local produce; their Maui Store about 44%.

There is no systemic support for farmers to be successful. Examples of this include: (1) the failure of the O'ahu dairy industry due to the dairy processor's inability to allow product differentiation, and (2) the recent closure of O'ahu's largest commercial kitchen (the closure limits the industry's capacity for value-added products).

There is an untapped demand for locally-produced, niche-market, value-added products that showcase Hawai'i produce and that supplement Hawai'i's tourist industry.

Subsistence farming is another component to agriculture. The tradition of growing, preparing and cooking as a family unit, and learning about food from family members, is no longer standard practice in our modern-day society. It is alarming that there is no farm-to-table restaurant along the Waianae Coast that cooks/serves fresh food that is grown/caught in the region.

The Victory Gardens common during WWI and WWII are one strategy to growing our own food.

JOB CREATION

Agriculture Trend Report estimates that agriculture generates about 1 job per 9 acres. Would like to relook at this – 1 job per 9 acres undervalues what agriculture can offer in terms of job creation. Ratio on small farms may be closer to 1 job per 1 acre. Small farm labor requires being able to perform a number of different skills, not specialized, repetitive jobs like the plantations. Small farms can be economically viable, enjoyable work, offering a lifestyle choice.

COST OF AGRICULTURAL LAND / AGRICULTURAL SUBDIVISIONS

Ideal cost of land – when purchasing land for farming – is between \$10,000 and \$15,000/acre, if the farm is to be economically viable. This price range may be possible with large tracts of land, but small tracts that come up for sale are not in this price range.

Agricultural subdivisions of gentlemen estates are making agricultural land unaffordable. Although this issue affects all counties, it is not as much of a problem for O'ahu as it is on other islands. Nevertheless, the presence of agricultural subdivisions on O'ahu has affected land prices, and farmers can no longer afford to purchase land. Two agricultural subdivisions on O'ahu (Waialua and Poamoho) are prime examples of fake farms. The majority of homeowners in each subdivision are not actively farming (Whole Foods purchases from one farmer in each subdivision).

Solution is to push gentlemen estates to rural lands, so they don't use valuable agricultural lands.

City's Agricultural Development Task Force unsuccessfully tried to address gentlemen's farms. City has strict policies in place that require farm dwellings on AG-zoned land to show income derived from the land. Difficulty comes in enforcing policies.

Agricultural land pricing is also influencing older farmers to sell their land. Selling the land at market value is viewed as a way to fund retirement, especially when no one from the younger generation wants to continue to farm. Small family-owned farms on the outskirts of urbanized areas are particularly vulnerable.

Farm families who own agricultural land want to keep their land as a legacy for their families, and are proposing to use their land to build homes for their children. The dilemma faced by the City is whether or not to allow residential use of AG-2-zoned agricultural land as a way to keep families on the land and the loss of ag land over time due incremental urbanization of smaller parcels of ag land.

Government can help by addressing the cost of agricultural lands. Possible strategies may include tax policies to encourage agriculture, such as penalties to discourage the sale of agricultural lands and tax

incentives for different agricultural uses. Policies should be structured to consider the cost of agricultural land in relation to the purpose its being used for. There will be no food production in the future if costs are not equalized. For example, land being used for pasture/grazing may be valued at \$30/acre, while vegetable production may yield \$200/acre. Landscape plants may be higher (\$600-700/acre), along with seed corn and bio-energy fuels.

PERMITTING REQUIREMENTS

Structures and property improvements have to be affordable. The current burdensome infrastructure requirements for farm-lot developments should be reduced. Development of a processing facility took 2 years to complete, at a cost of \$1.6 million due to permitting requirements. Project was originally estimated to cost \$350,000. Delays and cost-overruns negatively affected economic viability of farm operations.

DESIGNATING IMPORTANT AGRICULTURAL LANDS

IAL will give farmers some stability because it will make the landowner's intent about the future use of the land clear. Once lands are designated for IAL, landowners and the State/City can work to prioritize much-needed infrastructure improvements. Landowners have until July 1, 2011 to designate their lands. After July 1, the counties will be able to submit their proposed IAL maps to the Land Use Commission for consideration.

There is no mechanism in place to require active agricultural use of the land once it is designated IAL. Theoretically, a landowner could allow the land to sit fallow, since there's no mechanism to enforce that the land is farmed.

The criteria to designate lands IAL are stringent. 800 acres of vacant land at Waiawa cannot be designated IAL because there is no water available.

WATER

The lack of water is a major impediment to expanding agriculture. In many areas where land is available, the old plantation infrastructure needs major improvements, and very few landowners can afford the costs. Water availability is the main obstacle preventing Kamehameha Schools (KS) from leasing its vacant North Shore lands. These lands would be quickly leased if reasonable-cost water (both quality and quantity) were available. KS is paying taxes on fallow, unproductive agricultural land, and is investing millions of dollars in dam modifications and surface water irrigation improvements, including installing BWS meters. Of 6,000 acres in the North Shore, about 2,500 acres are currently irrigated. KS plans to expand its acreage in agriculture in Punalu'u, but water is a major issue there also.

Upgrading Lake Wilson to R-1 treated effluent would establish a source of irrigation water for North Shore agricultural lands.

USE OF AG LANDS FOR SUSTAINABLE ENERGY PROJECT

Solar and wind energy facilities can be complementary with agriculture. Such facilities can be directed to less productive lands. In addition, HECO will limit the amount of electricity generated by sustainable sources to protect the integrity of the electrical grid. For large landowners, sustainable energy projects can be a source of income to support the expenditures spent on agricultural infrastructure improvements.

SUSTAINABLE AGRICULTURE

Industrial agriculture (large-scale agriculture) differs from sustainable agriculture. Large agriculture operations will always rely on cheap labor to survive. The opposing viewpoint is that there is no conflict between large-scale and small-scale agriculture, and that industrial agriculture can be part of the diversified agriculture market.

Seed corn is a labor-intensive endeavor that involves hand pollination. Monsanto currently owns about 2,300 acres in Kunia, and has a large work force (between 400-500 employees). About 400-500 acres are in production at any one time. Growing seed corn requires small plots in isolated areas, with limited intensity (1.25 crops/acre/year). Although seed companies are currently a major agricultural producer in Hawaii, there is the possibility that other parts of the world may become more competitive for seed corn production.

POSSIBLE GENERAL PLAN REVISIONS

Agree agriculture should be a separate section in the General Plan, not clumped as a sub-section in the Economic Activity chapter.

Other suggestions for revisions include:

- Right-to-farm language to address encroaching urban uses
- Recognition of IAL
- Encouraging people to continue farming and emphasizing the importance of the farmer
- Keeping land in agriculture (discouraging people from selling their land)

Lands are already designated for agricultural use, and there are existing policies for agriculture, yet farmers are not wanting to farm. City's role should be to make it so farmers can farm. City should focus on critical issues, such as investing in infrastructure to attract farmers to the land; finding opportunities to purchase/lease land; and developing access to water.

MEETING WRAP-UP

Each participant was asked to take home and complete a policy evaluation questionnaire, and return it to HHF in the pre-addressed/stamped envelope. The questionnaire would also be emailed to participants.

Meeting was adjourned at 6:30 pm.