

## IEM Committee

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**From:** Eric Yoshizawa <Eric.Yoshizawa@hcdhawaii.com>  
**Sent:** Wednesday, August 30, 2017 1:33 PM  
**To:** IEM Committee  
**Subject:** HC&D Response Letter to IEM Committee re IEM-33  
**Attachments:** Response Letter to IEM Chair Cochran re IEM-33.pdf

Aloha IEM Committee,

Please find attached HC&D's response to IEM Chair Cochran with respect to IEM-33. A hard copy is being mailed.

Thank you.

**Eric Yoshizawa**  
V.P., Special Projects



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August 29, 2017

Honorable Elle Cochran, Chair  
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RE: MORATORIUM ON EXPORTING SAND, THE MAUI INLAND SAND  
RESOURCE QUANTIFICATION STUDY AND SAND MINING  
REGULATION (IEM-33)

Dear Chair Cochran:

We are in receipt of your correspondence dated August 15, 2017. On behalf of HC&D, I'd like to provide the following information in response to your questions:

1. *How much inland sand does HC&D have stockpiled on Maui?*

In response to a notice from the County of Maui, HC&D stopped all work at Site 9 in Maui Lani as of May 1, 2017, with the exception of some activities necessary for clean-up, erosion control and safety purposes. No sand has been removed from the site for stockpiling since then. As a result, HC&D has already depleted our stock of Maui sand. We are currently unable to supply our clients' needs and have been forced to turn away customers.

2. *Based on the amount of inland sand currently stockpiled, if no additional sand was added to the stockpile, approximately how long would this supply last?*

As noted in our response to Question 1, our stock of Maui sand is already depleted. Without a viable alternative, we have had to turn away business or import sand from out of the state to supply some of our Maui customers, at a substantially higher market cost.

3. *What percentage of your sand operation on Maui exports sand to neighbor islands? Please also provide this amount in cubic yards and tons.*

In May 2017, HC&D voluntarily stopped shipping natural Maui sand outside of Maui County, and began importing sand from a new source in Canada, primarily to supply our customers on Oahu. While we remain agreeable to shipping sand from Maui to supply its sister islands, Molokai and Lanai, we are currently unable able to do so due to lack of supply.

4. *Based on the amount of inland sand currently stockpiled, if no additional sand was added to the stockpile, approximately how long would this supply last?*

A moratorium on access to Maui inland sand would effectively be a moratorium on the competitive supply of ready mix concrete. HC&D as well as some of our Maui customers, have already been negatively impacted by our fully depleted stockpile of natural sand. A moratorium would further aggravate the situation, and potentially jeopardizes several critical public infrastructure projects underway.

Sand is a key component of concrete, and Maui inland sand is used by the industry to produce multiple concrete products including proprietary formulations designed to meet specific project needs. Because of its superior characteristics, Maui sand cannot simply be substituted with imported sand without potentially affecting the suitability and/or driving up the cost of the final concrete product.

There are several large Maui projects committed to HC&D based on proprietary concrete formulations specified for those projects, including the new car rental facility at Kahului Airport, the current phase of Lahaina Bypass Highway (Phase 1B-2), and the Lahaina Sewage Treatment Plant. Disrupting the local supply of sand for any length of time may threaten our ability to fulfil these contracts and can have far-reaching and undesirable consequences for these projects.

Inland sand is also widely used throughout the community for a broad variety of purposes – everything from commercial and residential projects to neighborhood playgrounds and parks. Given HC&D's depleted stockpile, a moratorium may effectively result in a monopoly on supply, leaving only one source of natural Maui sand remaining in the County with a dwindling stockpile. Because imported sand may not be a suitable substitute, placing onerous restrictions on the local sand supply will likely result in poor-to-no availability and/or higher prices of both sand and concrete for consumers throughout the county. Among those potentially impacted are the construction industry, new housing projects, roadway improvements, golf courses, and public State or County projects.

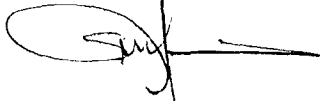
Under normal conditions, access to sand varies over time depending on what other activities are taking place, for example, when a development project in a location with suitable sand is ready to prepare its site for construction. A moratorium would disrupt the industry's ability to coordinate with these other projects and to plan ahead to ensure a stable sand supply for the future. There is no assurance that sand will readily be accessible if and when a moratorium is lifted.

HC&D believes a Maui Inland Sand Study can be conducted without imposing a problematic and costly moratorium on its acquisition.

Thank you very much for this opportunity to provide information. We hope it proves helpful as the Council continues its deliberations on the proposed ordinance.

Please feel free to contact us again should you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric M. Yoshizawa', with a large, stylized flourish on the left side.

Eric M. Yoshizawa  
Vice President, Special Projects