

**ALAN M. ARAKAWA**  
Mayor



**TEENA M. RASMUSSEN**  
Economic Development Director

**OFFICE OF ECONOMIC DEVELOPMENT**

COUNTY OF MAUI

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OFFICE OF THE  
COUNTY COUNCIL

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May 16, 2018

Honorable Alan M. Arakawa  
Mayor, County of Maui  
200 South High Street  
Wailuku, HI 96793

For Transmittal to:

Honorable Yuki Lei Sugimura, Chair  
Members of the Policy, Economic Development,  
And Agriculture Committee  
200 South High Street  
Wailuku, HI 96793

Dear Chair Sugimura and committee members,

**SUBJECT: ACQUISITION OF APPROXIMATELY 262 ACRES IN PULEHUNUI AND OMAOPIO  
(PEA-71)**

The policy, Economic Development, and Agriculture Committee is in receipt of County Communication 18-116, from you transmitting a proposed resolution to authorize the acquisition of 262 acres in Makawao, identified for real property tax purposes as tax map key (2) 2-5-001:002.

1. The Council appropriated \$1.1 million in funding under Capital Improvement Projects Office of the Mayor for the Kula Agricultural Park Expansion in the Fiscal Year 218 Budget.

Please confirm this is the same parcel that was being considered for purchase in the FY2018 Budget. If not, explain the decision behind purchasing a different parcel than the one originally planned for.

Tax Map Key (2) 2-5-001:002 is the parcel the County of Maui is requesting approval to acquire in the FY 2018 Budget.

2. Purchase of the 262-acre parcel is contingent on the State's release of \$5 million in funding designated for this project. Why does the County need to approve the purchase of the parcel before the State releases the funds? How can we be assured the State will release their funds in a timely manner?

The process of getting funds released requires that all the necessary approvals accompany the request from the Mayor. This means that the Maui County Council must approve the purchase before we can request the funds to be released. In order to protect the county, the PSA is currently being revised to state that the approval to purchase is CONTINGENT upon the release of the state money. In other words, if the state does NOT release the funds, then the sale will be null and void.

3. Please confirm the availability and ownership of water for the property. Is there a water tank situation on or in close proximity to the parcel, with appropriate infrastructure to transport the water to the parcel?

One million gallons per day of non-potable water will be made available to the property which the County proposes to acquire (the "Property") via a water agreement with the County.

The County water from the EMI Ditch System for use at the existing Kula Agricultural Park by way of a County pump located on the Hamakua Ditch (the "Ag Park Pump") upstream of Reservoir 40, which is located on the neighboring parcel (TMK (2)2-5-002-001). This arrangement does not efficiently utilize the water in the Ditch System because in order for the County to operate the Ag Park Pump, EMI must send significantly more water down the Hamakua Ditch than the County actually withdraws. Relocating the Ag Park Pump to Reservoir 40 is expected to result in water savings of at least 1 MGD, sufficient to meet the agricultural irrigation water needs of the 262 acres. With this improvement, no net increase in the Hamakua Ditch flows will be needed to meet the County's existing water usage and the needs of the 262 acres.

To document this, A&B has agreed to enter into a water agreement with the County which will allow the County to enter A&B land and the reservoir to implement the pump relocation work and thereafter, draw non-potable water from Reservoir 40 and take it to the Property. In that regard, A&B will create and grant an easement in favor of the Property, providing access/utility rights from reservoir 40 to the Property. The easement will be located initially along an existing ditch that the County will be allowed to utilize on a non-exclusive basis. The easement area can be relocated in the future should the water conveyance infrastructure need to be situated in a different location.

There is no water tank on or near the subject property. The County will need to install its own water distribution system to bring the water from Reservoir 40 to the subject property.

Sincerely,

A handwritten signature in black ink, reading "Teena M. Rasmussen". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Teena M. Rasmussen  
Director