

Da: June 9, 2025

To: ADC Board of Directors & Attorney General's Office

From: Wendy Gady, Executive Director, Agribusiness Development Corporation (ADC)

Subject: Weekly Report (June 2, 2025 – June 6, 2025) Based on ADC 2023 Strategic Plan Goals

Increase Agricultural Productivity Land Acquisition & Development

1. GOAL: Acquire & develop productive agricultural lands for agricultural development.

1.1. Objective 1: Maximize Utilization (100% occupancy) of ADC land resources for diversified agribusiness

1.1.1. *Actions:*

1.1.1.1. ADC has released all lands in the portfolio for applications.

1.1.1.2. ADC BOD has approved Rights of Entry for ranked applicants: 18 Oahu ROEs have been clearing land to do survey work to start individual conservation plans, and farm utilization plans; the Kauai Property Manager is working with applicants on additional site selection

1.1.1.3. Staff are developing an annual production survey for new licensees

1.2. Objective 2: To implement the State's goal to double local food production and consumption.

1.2.1. *Actions:*

1.2.1.1. ADC is working to develop an Entrepreneurial Product Manufacturing Facility network for growing shelf stable and value-added products.

1.2.1.2. ADC is working with the HDOE to increase local products through a centralized kitchen.

1.2.1.3. ADC has a Commodity Coordinator position in the FY26 budget awaiting Governor's approval.

1.2.1.4. ADC is developing a small animal slaughterhouse on Oahu.

1.2.1.5. ADC has a feed mill concept study contracted with UH CDC.

1.2.1.6. ADC has an aquaculture feed mill in development on Oahu.

1.2.1.7. ADC is working with DLNR to transfer the East Kauai Irrigation System to preserve land in production and protect DHHL lands for future production by insuring water delivery.

1.2.1.8. ADC has worked with Kauai Shrimp on the recent sale and in establishing new licenses with the new owner.

1.2.1.9. ADC is working with HDOA on a biosecurity lab to reduce the threat of invasive species and crop losses.

1.2.1.10. ADC is drafting an MOA with UH regarding ADC budget items for additional Extension Agents on Oahu and Big Island. Extension.

1.3. Objective 3: To reduce food imports.

1.3.1. *Actions:*

- 1.3.1.1. ADC has hired a Climate Resilient Food & Product Innovation Network manager co-funded with UH who will be starting in June 2025.
- 1.3.1.2. Please also reference 1.2.1
- 1.4. Objective 4: To acquire and make agriculture lands available for production.
 - 1.4.1. Actions:
 - 1.4.1.1. ADC has identified several land acquisitions, which are in the FY26 Budget pending Governor's approval.
 - 1.4.1.2. Staff are working with ADC BOD representatives on identifying opportunities for acquisition.
- 1.5. Objective 5: Educate the public on the importance of local agriculture and farming to our state economy and food supply.
 - 1.5.1. Actions:
 - 1.5.1.1. ADC is working with Hawaii Farm Bureau Federation on Farm Field Days July 11-13, 2025, on Oahu, on ADC lands.
 - 1.5.1.2. ADC has signed an MOA with HDOE to work on agribusiness educational opportunities.

Irrigation System Development & Maintenance

1. GOAL: Assure the continued availability of adequate, reasonably priced water to lands to accommodate present and future agricultural activities.

- 1.1. Objective 1: To develop a master irrigation plan which incorporates system development watershed management and water recycling.
 - 1.1.1. Actions:
 - 1.1.1.1. ADC is supporting the Central Oahu Watershed management Plan.
 - 1.1.1.2. ADC is working with the City and County of Honolulu on an R1 Project.
 - 1.1.1.3. ADC is working to acquire the Wahiawa Irrigation System
 - 1.1.1.4. ADC is working to acquire the East Kauai Irrigation System
- 1.2. Objective 2: To maintain and improve the efficiency of existing irrigation systems.
 - 1.2.1. Actions:
 - 1.2.1.1. ADC is awaiting budget approval by the Governor for a major repair to the Waiahole irrigation System.
 - 1.2.1.2. ADC is working to renovate reservoirs 155 & 225 with the Army Corp of Engineers.
 - 1.2.1.3. ADC is working to improve data gathering.
 - 1.2.1.4. ADC is working with Kekaha Agriculture Association (KAA) and DHHL on the Kekaha Irrigation System.
- 1.3. Objective 3: To expand agricultural water resources.
 - 1.3.1. Actions:
 - 1.3.1.1. ADC has acquired Dole Wells.
 - 1.3.1.2. ADC has budgeted for reservoir acquisition.
 - 1.3.1.3. ADC is working on an R1 project with the City & County of Honolulu.
 - 1.3.1.4. ADC has worked to improve the Christian Crossing Bridge.
 - 1.3.1.5. ADC is working with KAA on a west Kauai bridge.
 - 1.3.1.6. ADC is working with KAA to repair one hydro-electric plant.

Improve Components of the Food System

1. GOAL: To improve the productivity of agriculture operations by providing brick and mortar facilities, as needed, and to promote efficient profitability by enticing the development of applied research and innovation on State lands and in State facilities.

1.1. Identify and deploy viable new techniques and tools to improve crops and livestock yield and marketability.

1.1.1. Actions:

1.1.1.1. ADC is working to develop a packing & processing facility on Oahu and on Kauai.

1.1.1.2. ADC is exploring workforce housing solutions with private partners and within DBEDT agencies.

1.1.1.3. The statewide Food Systems Working Group moved from HDOA to ADC July 1, 2026.

In Development: Capacity Building

1. Staffing

- 1.1. Kauai Property Manager and Kauai Water Manager are Onboarding
- 1.2. Kauai Water Workers candidates are being interviewed
- 1.3. Climate Resilient Food & Product Innovation Network Manager is HIRED
- 1.4. Accountant V candidate paperwork being processed for offer
- 1.5. Contract Manager & Accountant IV candidates being interviewed
- 1.6. Waiahole Water Worker still out
- 1.7. FY26: Hope to be adding a Commodity Coordinator

2. Financial

2.1. Grant Submission Updates:

2.1.1.1. **Breaking News: Mahalo Ulupono Initiative for supporting ADC- ALL four requests have been forwarded:**

https://www.schatz.senate.gov/imo/media/doc/hls_schatz_cds_disclosure_fy_26.pdf

2.1.1.2. https://www.hirono.senate.gov/imo/media/doc/fy26_hls_public_disclosure.pdf

2.1.2. Actively writing: Hazard Mitigation Grant Program (25% match): \$12M

2.1.3. Awaiting notice:

2.1.3.1. Temporary Food Storage in Ag/Hilo (Senator Schatz & Senator Hirono)

2.1.3.2. Wildfire Mitigation in Homeland Security/Oahu (Senator Schatz & Senator Hirono)

2.1.3.3. Waiahole Project/Oahu (Senator Schatz)

2.1.3.4. Central Oahu Water Project Renovation/Oahu (Senator Hirono)

2.1.3.5. WaterSMART Grant: ETA 7/25

3. Budget: Awaiting worksheets, C&Rs for Governor, Letters of Support to Governor & B&F from stakeholders
4. Yardi: Training being scheduled for the new Kauai Property Manager & new Kauai Water Manager
 - 4.1. Accountant V: Will need to help finalize reconciliation
 - 4.2. Kauai Property Manager: Will QC Kauai information that has been inputted
 - 4.3. Currently in year 4 of 5 for the contract
 - 4.4. Awaiting estimate from Spire for additional support
2. **Strategic Planning**
 - 2.1. Meeting regularly with UH CDC and Staff
 - 2.2. MOA with OPSD, UH CDC and ADC in process
3. **Audit Preparation**
 - 3.1. New Records Management System Established
 - 3.1.1. Physical file system has been reorganized by our intern
 - 3.1.2. 6/16/25 18 boxes are heading to State Records Management

Collaborations:

- **Pacific Missile Range Facility, Kauai**
 - Attended the Changing of Command Ceremony on June 5, 2025, on Kauai at the Pacific Missile Range Facility
 - Defense Community Infrastructure Partnership Grant is open, and will close 7/3/25- we are working to see if this matches the new Commanding Officer's vision and we can partner for this amazing opportunity
 - PMRF has also asked for ADC support for water access during an upcoming well repair
- **UH CDC**
 - Working to create a new Project Tracking system which is attached to this week's report

On The Move:

Events and Conferences

- Sentinel Landscape Kickoff Meeting

Upcoming Deadlines & Events

- I. 6/19: ADC BOD Meeting
- II. 6/26: ADC Special BOD Meeting
- III. 7/4: State Holiday- Offices Closed
- IV. 7/11-13: Hawaii Farm Bureau Farm Fair
- V. 7/17-18 Food Innovation Summit

Manager's Report
March 2025

Rain Showers in February and March brought the return of rapid growing guinea grass and koa haole that is requiring attention that we needed not to worry since last June. These nuisance showers did not generate lasting stream flows in either month, so power generation continued to suffer. In March we initiated the work on outside jobs to compensate for lost internal revenue. Helpful in the short run, internal infrastructure improvements and maintenance suffer. March is an off-season month for our large farms, and thus irrigation needs are low, as reflected in the numbers below. The Legislature in session brought the frantic following of bills and rallying support, and a rewarding Agriculture Day at the Capital.

Summary Information
March 2025

Rainfall (inches)	December	January	February	March
Actual (KAA Office)	unk	0.87	3.10	
Actual (PMRF)	0.71	1.88	3.02	2.37
Average(weather.com)	4.30	3.36	2.13	2.53
Actual YTD (PMRF)	19.45	1.88	4.90	7.27
Average Year to Date	21.84	3.36	5.49	8.02
Puu Opae Rainfall	0.83	4.43	6.19	1.37
Waiakoali Rainfall	2.98	11.50	5.46	3.88
Water Usage (mgd)				
Surface	1.00	1.04	0.53	0.26
Pumped	0.45	0.45	0.45	0.45
Kokee	0.18	0.15	0.40	0.40
Total	1.63	1.64	1.38	1.11
Ditch/River Flows (mgd)				
Hukipo	5.84	5.92	7.34	6.33
Waimea River	24	68	63	50
Mauka Hydro	14	17	17	16
Power (kWh)				
Mauka	317,333	309,590	322,300	256,454
Waiawa	Est 47,150	14,477	Est 20,160	Est 40,320
Total	364,483	324,067	342,460	296,774
Internal kW Usage (kW)	403,537	394,946	297,044	384,180
Power sold to KIUC (kW)	38,400	46,800	40,200	61,200
Bought from KIUC (kW)	183,600	133,200	113,400	145,800
Net KIUC Revenue	(\$36,479)	(\$24,157)	(\$23,284)	(\$28,108)
Blended Rate per kW	\$0.19	\$0.17	\$0.19	\$0.19

A silver lining, perhaps, is that absence of the usual high flashy volumes of water in the Waimea River has preserved vehicular access to Waiahulu throughout this period that we would normally be accessed only by helicopter.

POWER GENERATION and DISTRIBUTION

Net power sales resulted in a \$28,108 cost to Kekaha Ag in March, and a 19 cents net cost per kilowatt-hour. A very different picture compared to last year. In 2024, the cost per kilowatt-hour was 13 cents per kWh, and year-to-date through March Kekaha had net sales of \$68,160 versus a loss of \$75,549 this year. Low stream flows continue to plague power production.

At 10:30 pm on March 7 a breaker blew, cutting power feeding Kauai Shrimp, Sunrise Capital, and the Beck's Facility. Sunrise Capital quickly shifted to generator back up and KIUC power. Efforts to shift Kauai Shrimp to KIUC power were unsuccessful and they were without electric power for over 12 hours, resulting in a significant loss of shrimp. Kekaha Ag is investigating relocating the diesel generators to the Shrimp Farm, now that the property has been transferred to the ADC



1 Harvesting dead shrimp

IRRIGATION SYSTEMS



March is an off-season month for corn cultivation, so water usage was low. Both the Kokee Ditch and Kekaha Ditch functioned without incident, albeit at lower than desired flows.

At left is an image of the Puu Moe Weir on the East Branch of the Kokee Ditch, downstream of the Puu Moe Divide, indicating about 300 gallons of water per minute, or 432,000 gallons per day. An equal amount of water is sent down the West Branch to the DHHL property. This amount of water is slightly below the desired 500,000 gallons per day.

Effective March 1 the contract with Lord's Electric, who hires Kekaha Ag's three ditch men was reduced to cut costs due to Kekaha Ag's loss of revenue. The ditch men are currently on a four-day schedule, taking off Fridays. Kekaha Ag staff covers when necessary.

DRAINAGE SYSTEM

Cleaning the last remaining ravine drain, Kapilimao Valley Drain, was started in late March. This drain has not been cleaned in years, and is shown in white on the image. The mauka end of the drain is about 33 feet above sea level and drops to eight feet at the end. The drain separates the ADC property from Knudsen property. During storm conditions, this drain would discharge into the ocean at the Cox Drain.

ROADS and BRIDGES

The Main Track and access roads were mowed in early March. Recently, Kekaha Ag staff adjusted the mowing sequence and routes and are now able to complete mowing the main areas in just four days using a batwing mower. Mowing drainage banks is separate.



FIELDS AND FACILITIES – Miscellaneous Operation

Regular landscape maintenance of the Beck's facility and the 'Andros' facility continued in March, taking about 50 manhours per month.

The County of Kauai visited Field 311 on March 5th to confirm the location of a Landfill monitoring well that was approved by the ADC several months ago.

In 2024 a Right of Entry was issued to a team from University of Hawaii to investigate locations for two Mesonet Weather Stations on West Kauai. A site visit was made on March 5th to a proposed site on property licensed to Wines of Kauai in Field 666. Having concerns that the weather station could interfere with tenant operations, Kekaha Ag recommended a site on unlicensed land adjacent to Field 666 to which the UH team agreed. A second site is to be located within the Open Floodable Space near Polihale.

Kekaha Ag prepared measured drawings of floor plans for the Andros Container Shed structure and the Carpenter shop, and utilization plans for those properties and the 'Frontage Lot'. The ADC approved a license for the three parcels at the March Board Meeting. The license is for three years, co-terminating with the Kekaha Ag RMOA, plus an option for five additional years.

Along with the utilization plan for the Andros Shops, an at-cost-plus charge out rate for recycling plastic ag chemical containers was developed.

EQUIPMENT Update

Only ongoing maintenance and minor repairs to equipment to report in March. Fuel consumption for the month was half the usual.

INCIDENTS & SECURITY

Effective March 1, Na Alii Security Services reduced their fee by 25% to help with cost containment in light of Kekaha Ag's loss of revenue. Patrolling Mauka fields has been eliminated, and hours of on-site presence reduced. Kekaha Ag staff occasionally assists with locking gates at the end of the day that the security service normally handles.

Security has reported an increase in trespassing, illegal hunting, loitering and dumping trash. We believe this is due, not only to the reduced security hours, but lack of agriculture activity on much of the property, and the possibility of gate keys being in the possession of unauthorized people.

Kani Wildlife Control, who currently provides most of the authorized wildlife control on the property by way of contracts with major tenants, informed Kekaha Ag that their eradication permits expire in September 2025, and discussed future options. We felt important considerations are reductions in tenant contracts, security provided by wildlife personnel, and wildlife control on unlicensed areas. We plan to work together to develop a more comprehensive wildlife control plan for the property.

OUTSIDE JOBS

As mentioned last month, to help make up for revenue loss and to preserve our small crew, the Kekaha Ag Directors approved engaging in outside jobs. The goal is 50% of labor be charged to outside jobs. In March it was 58%,

Starting on March 3rd, a Kekaha Ag crew started work on a new parking lot at the Kikiaola Boat Harbor on a time and material basis. In addition to labor the Cat Motor Grader was billed out, and \$14,000 billed to the general contractor. Work continued into April.

Over the last weekend of March, a Kekaha Ag crew was hired to set up and breakdown for a concert at Vidinha Stadium for which \$2,233 was billed.



DIRT SALES

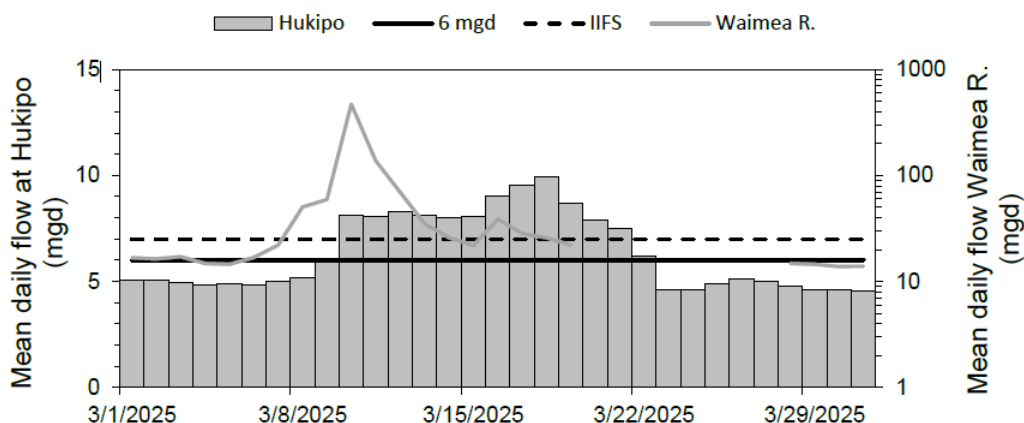
The County removed 49 cubic yards of dirt in March. Sales totaled \$257.35, split evenly between ADC and Kekaha Ag.

WAIMEA WATERSHED AGREEMENT

Meters and Gauges were all read on April 1st and monthly reports filed for F3 reporting to ADC and well-deep readings logged into the State's database. KBay Environmental Services completed the Hukipo report, and it was sent to ADC separately.

KBay reported in their Hukipo Report for March that the mean daily flow in the Kekaha Ditch for March was 6.33 mgd, just slightly lower than a year ago. Flow in the ditch never exceeded 10 million gallons.

March, in general, was uneventful, with only one spike in river flow around March 10th, as seen in the KBay chart below.



KBAYES March 2025

A regular Waimea Watershed Agreement Update Meeting was held on March 12. Focus of the Parties was to delineate low flow triggers and recommended actions, and conveying to appropriate parties the importance of the Puu Lua Reservoir to the Kokee Ditch System. Deputy Director Kahahane, requested a map and images be included to better understand the system during discussions. KBay provided a map with images shortly thereafter, and is included as an attachment to this report.

KEKAHA DRAINAGE MANAGEMENT PLAN (Clean Water Settlement Agreement)

Several meetings were held in March to discuss strategies and possible actions regarding the proposed draft NPDES permit for the ocean discharges from Kikiaola Harbor to Nohili.

STRATEGIC PLANNING

Kekaha Ag escorted DOFAW Forestry Program personnel on a quick tour of the mauka fields, specifically Waiaka Ridge, and discussed the concept of commercial timber forest development on some of the area. This was received positively by the group. Also discussed was the native seed amplification program that Kekaha Ag could participate in.

STATUS of PROJECTS in PROGRESS

KODIS Ph 1

At the end of March the four stream diversion gates being manufactured by Watch Technologies were being prepared for shipment to Kauai.

Kekaha Ag and KBay further developed the monitoring and control regime for the Kokee Ditch system.

Water for PMRF. Mana Wells Upgrade

Discussions were held with PMRF representatives regarding scope of work to bring Mana Wells up to potable water standards, and Kekaha Ag prepared a draft site upgrade plan. A site visit with a power line contractor revealed major termite damage to power poles at the Mana Wells. PMRF is continuing their due diligence.



Mana Solar + Storage

No activity on the site, except for remote monitoring site conditions.

REPI/Open Floodable Space

See Project Manager's report attached.

Paua Valley Rock Crushing

No Action again this month.

Kokee RAP Material

Piles of mixed RAP, dirt, and stones located across the Kekaha Mill were screened and separated for use and further processing.

Kekaha Ag met with representatives from the contractor awarded the next phase of work on the Kokee Road to discuss receiving more RAP material. The current plan is to receive the material at Field 646, licensed to Wines but fallow. From this staging site repair mauka field roads and apply compacted RAP surfacing.

Waiawa Hydro Replacement.

An issue of finding a "special inspector" for certifying reinforcement steel in the building slab has delayed the County Building Permit. Long lead material, such as the steel building and HDPE for lining the penstock has been ordered and by month's end shipments were scheduled for April, with deliveries starting in May.

Mana Quarry

Kauai Concrete Aggregates have redoubled their interest in reopening the Mana Sand Quarry.

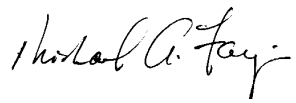
Kiko Road Gate

Currently on hold due to funding.

Community and Government

A Report for March 2025 by Stephanie Iona is attached.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Khalid A. Fayz". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

04/29/2025