



Agribusiness

Development Corporation

*Working for a Strong
Agricultural Future*

2008 Update

Who We Are

Enacted by the Hawai'i State Legislature in 1994, the Agribusiness Development Corporation (ADC) is a state agency administratively attached to Hawai'i's State Department of Agriculture. We have our own 11-member board of directors, consisting of three ex-officio and eight private citizens appointed by the governor.



Our Mission

To acquire and manage in partnership with farmers, ranchers and aquaculture groups selected high-value lands, water systems and infrastructure for commercial agricultural use and to direct research into areas that will lead to the development of new crops, markets and lower production costs.

What We Do for Hawai'i

Rich agricultural lands are one of Hawai'i's greatest assets. ADC's role is to protect the future of agriculture in Hawai'i by facilitating its transformation from a dual-crop economy of sugar and pineapple to a multi-crop industry. Our breadth of responsibilities include transitioning former plantation lands and water systems to diversified long-term agricultural use, initiating and developing diversified agriculture facilities, and finding innovative solutions for issues facing the agricultural industry today.



Reinstalling a pump at Kapaehaona pumping station in Kapaehaona

Our unique position enables us to coordinate federal, state and private resources to maximize agribusiness opportunities. Our exemptions from Hawai'i Revised Statutes Chapter 171 regarding land use, as well as Public Utilities Commission regulations and civil service laws, and our ability to issue bonds and form subsidiaries, allow for greater flexibility in managing our programs. We foster the growth of agricultural enterprises across the state by providing affordable irrigation and long-term licenses or leases to tenants, which stimulates



Solar Water Pasteurization panels at Kula Ag Park in Maui

investment in agribusiness and enhances the viability of agriculture in Hawai'i, ultimately improving the economic and environmental climate for all of Hawai'i's people. We achieve these important goals through diverse efforts in the community, such as:

- Acquiring and managing selected high-value agricultural lands, water systems and infrastructures
- Acquiring agricultural conservation easements to protect certain valuable agricultural lands
- Organizing farmers and users into cooperatives that benefit from participants' common interests and collective efforts
- Forming subsidiaries to create private and public partnerships
- Assisting in acquiring or constructing processing and/or treatment facilities to enhance producers' abilities to take advantage of export or value-added opportunities
- Informing, educating or training farmers on various industry practices such as food safety, production techniques and land issues



Aerial view of the Pacific Missile Range Facility and adjacent agricultural lands

- Coordinating and cooperating with other government agencies, educational institutions and private organizations to advance agriculture in Hawai'i
- Conducting research and demonstrative projects to facilitate the transfer of knowledge or technology
- Conducting economic and feasibility studies relating to agriculture

Several of Our Current Projects

ADC is continually involved in facilitating a variety of diversified agriculture projects statewide, including:

Waiabole Water System

ADC owns and operates O'ahu's 90-year-old Waiabole Water System, which delivers an average of 5 million gallons of irrigation water per day to 5,600 acres of farmlands with an estimate farm gate value of \$95 million per year. Since Del Monte's abrupt departure from central O'ahu in late 2006, we have been working closely with the landowner and various other parties to transition the acreage from a plantation-style pineapple operation to diversified agriculture. ADC continues to work on improving water delivery efficiency and reducing system loss.

Kekaha Agricultural Lands and Infrastructure

The current and projected farm gate value of agricultural production at the Kekaha, Kaua'i lands is \$35 to \$50 million. ADC now has long-term land licenses with tenants and a 20-year agreement with the Kekaha Agriculture Association to operate and maintain common infrastructure. In addition, we have been contracted by the U.S. Navy for the operation and maintenance of two pumping stations and related drainage canals that prevent flooding of farmlands, the town of Kekaha and the Pacific Missile Range Facility.

East Kaua'i Irrigation System

The East Kaua'i Irrigation System and about 6,700 acres of state-owned former Lihu'e plantation land are pending transfer from the Department of Land and Natural Resources (DLNR) to ADC. In the meantime, ADC continues to provide support and partial funding for the operation and management of the irrigation system.

Ka'u Irrigation System

After meetings with farmers and ranchers in the Ka'u area of the Big Island in early 2007, ADC began taking steps to request the transfer of the state-owned water sources that feed irrigation systems in the Ka'u District from DLNR to ADC. We envision that a long-term agreement will be negotiated with Ka'u water users, who have already organized and formed a cooperative. Agricultural activities in the district include macadamia nuts, coffee, flowers, truck crops and ranching.

Farm and Ranch Land Protection Program

In 2006, ADC signed an agreement with the USDA's Natural Resources Conservation Service for \$1.8 million in federal funds for the purchase of an agricultural conservation

easement in Kunia, O'ahu. In 2007 we secured \$1.1 million in matching funds from the Legacy Land Conservation fund, managed by DLNR. We anticipate the easement purchase to be completed in 2008.

Kaua'i Tropical Fruit Disinfestation Facility

ADC completed a capital improvement project that included refurbishing and upgrading the facility's treatment chambers and its fruit-fly-free zone. We are participating with partners such as the Kaua'i Farm Bureau Development Corporation, the University of Hawai'i's College of Tropical Agriculture and Human Resources (CTAHR), Kaua'i County, and the Kaua'i Economic Opportunity for the revitalization of the papaya industry on Kaua'i.

Solar Water Pasteurization Demonstrative Project

ADC provided funding to a group of CTAHR researchers to demonstrate the use of solar technology to reduce the microbial load on irrigation water and evaluate the feasibility and operating costs associated with this technology. The site for this project was the Kula Ag Park in Maui.



Dredging a drainage canal in Kekaha

Wahiawa Irrigation System

In late 2006, Dole Food Company expressed interest in gifting its Wahiawa irrigation system to the state (ADC). To evaluate repair costs, feasibility and liability, ADC commissioned a comprehensive study of the irrigation system, including Lake Wilson. This system plays an important role in sustaining agriculture on O'ahu, as it delivers water to approximately 10,000 acres of former plantation lands on the North Shore.

How Our Work Makes a Difference

ADC helps Hawai'i sustain agricultural business, develop stronger self-sufficiency and increase quality of life for its residents. Diversifying agricultural products encourages the entrepreneurial spirit that builds a healthy community. Our success means:

More jobs for farmers. A variety of enterprises provides employment opportunities for farmers and other agricultural workers.

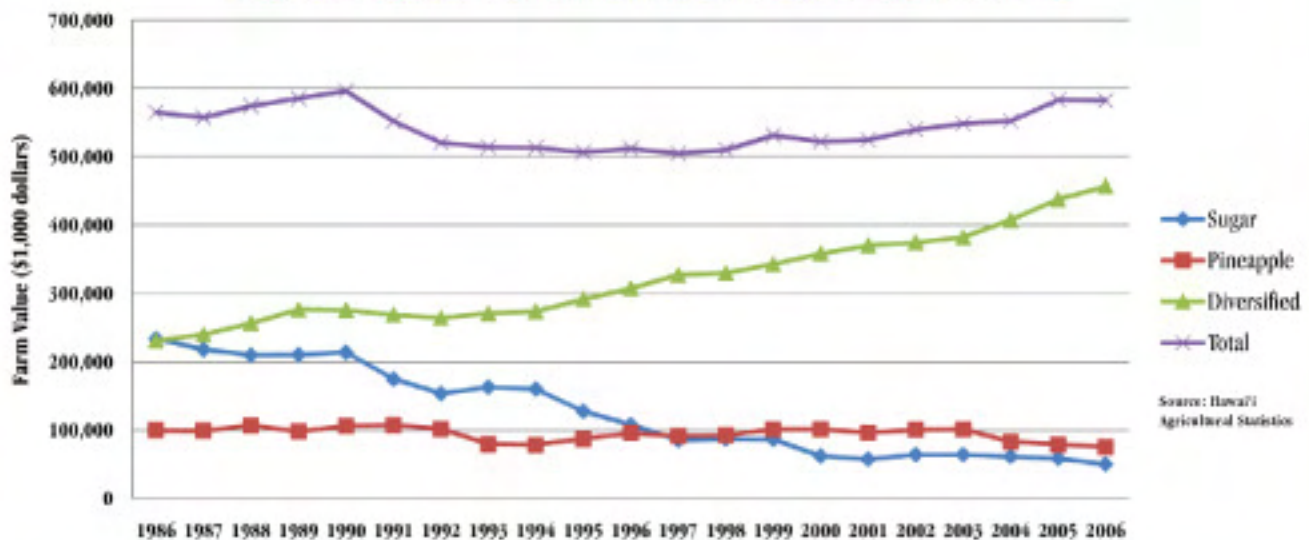
A stronger economy for Hawai'i. Even with the dramatic slowing of Hawai'i's sugar industry over the last 20 years, total farm level revenues are now approaching \$600 million due to the strength of diversified agriculture. A strong agricultural industry leads to a stronger economy, which means more jobs and a better standard of living for everyone.

Fresh, Island-grown foods. The variety of locally grown food is more diverse than ever before. Island greens, banana, papaya, macadamia nuts, cacao, bell peppers, tomatoes, eggplant, coffee, rambutan, lychee, ginger, asparagus, onions, watermelon, taro, tea, beef and other products such as tropical flowers and aquaculture are increasingly in demand in markets, gourmet restaurants and farmers markets as residents and visitors ask for fresh Island products.

A more beautiful landscape. Maintaining diversified agriculture on statewide lands helps preserve the green, rural environment that residents treasure and that attracts so many of our visitors.



Diversified Agriculture: Continued Growth for Hawai'i's Economy



Over the past 20 years, transitioning to diversified agriculture has helped Hawai'i's agricultural industry remain strong despite declines in sugar and pineapple production.



We welcome your questions and comments.

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