

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

June 26, 2026

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Kauai

Request a Six (6) Month Extension of the Board of Land and Natural Resources' Amendment Which Required the Set Aside of the East Kauai Water and Hanamaulu Ditch Systems to be Brought Back Before the Board Meeting to Allow for Coordination Between the Agribusiness Development Corporation, Land Division, Division of Forestry and Wildlife, Division of Aquatic Resources, and the Engineering Division and Conduct Public Outreach; Portion of Government Lands and Waters Within the Drainage Basins of North Wailua and Kapaa Rivers, Kawaihau, Kauai, Tax Map Key Portions of Sections (4)-3-8, (4)-3-9, (4)-4-2, (4)-4-3, (4)-4-4, (4)-4-5 and (4)-4-6, and including but not limited to diversions on the Kapaa Stream and on the Wailua River at Stable Storm, Wailua Reservoir and Aahoaka Reservoir; the Wailua and Upper Kapahi Reservoirs; and the related transmission and lateral ditch lines as well as portions of the Hanamaulu ditch system that include ditches and reservoirs within the State-owned 6,700 acres behind Kalepa Ridge, currently set aside to ADC under Governor's Executive Orders 4328, 4401, 4587 and 4594.

BACKGROUND:

On January 11, 2002, under agenda item D-29, the Board of Natural Resources approved the issuance of a revocable permit (RP) to the East Kauai Water Users' Cooperative (EKWUC) to operate and maintain the East Kauai Water System (EKWS). Through funding provided by the Legislature, and an agreement between the State and the EKWUC, the system was managed under RP S-7310. Eventually, the high costs of management and maintenance of the EKWS caused the EKWUC to terminate their agreement with the State as of January 1, 2020.

Since 2020, the Land Division (LD) has been attempting to find an entity to take over operation and management of the system in order to avoid decommissioning and abandoning the system.

In the 2024 legislative session, the Legislature recognized the value of the EKWS and appropriated funding and positions to allow ADC to acquire, manage, and rehabilitate the system. Further, the Hawaii Department of Agriculture, now referred to as the Department of Agriculture and Biosecurity (DAB), contracted Element Environmental, LLC to conduct a facilities assessment study of the EKWS that included an inventory of the system, a preliminary assessment of the system components, cost estimate to repair the system, cost estimate to operate and maintain the system, cost estimate for future improvements for efficiency, reliability, and metering, identify current and potential users, identify easements

and maintenance access points, and identify existing permits or required permits for water intake and use.

Exhibit A is an overall map of the EKWS that was prepared as a part of the DAB study. Note that portions of the system are located on private land and that any proposed acquisition would be for the infrastructure and water on Government owned lands.

At its meeting of December 12, 2025, under item D-1¹, the Board was asked to consider the issuance of a set aside of the EKWS to ADC. However, at the meeting, the Board received comments from the Division of Forestry and Wildlife expressing concern regarding the set aside of certain portions of Government lands in which portions of the East Kauai Irrigation system traversed. According to DOFAW, portions of the system are located within the Lihue-Koloa Forest Reserve as well as the Wailua Game Management Area and a set aside would bisect these areas and could affect the effective management of these areas as well as use by the general public. Further, testimony from the public indicated that there was a need for further public engagement to ensure that concerns of all users of the area were heard and addressed. Therefore, the Board deferred the set aside for six months to allow for further coordination between the agencies and to allow for public outreach².

AGENCY COORDINATION:

As of the writing of this submittal, ADC has taken a step back from their initial request and is in the process of determining the exact portions of the EKWS they are interested in acquiring. Once that is determined, they have stated that they will then need to go before their Board, the Board of Directors of the ADC, for approval to acquire before coming back to this Board to request the respected set aside(s).

Regarding the DOFAW easements, in conversation with DOFAW Kauai Staff, LD understands that there are two areas in particular that are of concern:

1. Where the Stable Storm Ditch and Kuamoo Road (also referred to as loop road by the public) intersect; and
2. Where a portion of the North Wailua Ditch system tunnels under the Wailua Game Management Area.

¹ Link to the December 12, 2025 Board Submittal, Item D-1:
<https://dlnr.hawaii.gov/wp-content/uploads/2025/12/D-1-cm.pdf>

² Link to the minutes of the December 12, 2025 Board meeting:
<https://dlnr.hawaii.gov/wp-content/uploads/2026/01/Minutes-251212.pdf>

To LD's knowledge, no discussion has taken place between ADC and DOFAW to finalize the location of the proposed easements.

Also, as DAR manages the Wailua Public Fishing Area, it was decided that it would be in the best interest of the public if DAR and ADC entered into an MOU to ensure that public access and fishing would continue should ADC decide to acquire the Wailua Reservoir. Staff notes that it is our understanding that DAR has drafted a Memorandum of Understanding (MOU) that was sent to ADC for circulation amongst ADC staff and the ADC deputy attorney general (AG) for comments and suggested edits. As of May 26, 2026, ADC was still waiting to hear back from their deputy AG.

PUBLIC MEETING:

On May 5, 2026, ADC held a public meeting from 3pm to 7pm at the Kapaa Neighborhood Center to provide beneficiaries, farmers, and community members an opportunity to "talk story" with ADC and DLNR regarding the transfer of the system. Staff from LD, DAR, and DOFAW attend in-person to answer any questions and take note of any concerns.

At the meeting, it was clear that the irrigation system was essential to the farmers that ADC involvement was needed to save the system from being decommissioned.

The hunters also were present and expressed their concern that access to hunting grounds may be impacted by ADC taking over management of the system especially over the existing roads and trails that the hunters use to access certain areas. It was mentioned that when ADC took over the Kokee Irrigation system and the Mana Plain drainage/reservoir system, access was/is blocked by a locked gate and there were fears that something similar would occur.

LD assured the hunters that the goal was to ensure that access was not blocked and that current levels of access was maintained. It was noted that the issuance of easements would help to ensure that access remains unrestricted to the public.

There was one individual present who expressed concern regarding the availability of water to Department of Hawaiian Home Lands (DHHL) beneficiaries. LD explained that ADC management and use of surface waters would be subject to DHHL water reservation rights.

LD notes that ADC was also planning to meet with DHHL beneficiaries the following day, on May 6th. Staff from the Department did not attend that meeting and ADC has been asked to brief the Board on that portion of their outreach activities.

REMARKS:

LD notes that the transfer of EKWS to another entity is essential as the LD lacks the expertise and knowledge to maintain such systems. LD understands the importance of supporting the agricultural industry but is cognizant that because of our lack of expertise and knowledge, the system and reservoirs under our management are nothing more than a liability for the Department; something which is becoming more of a concern given the recent weather events we have been experiencing.

Further, **as of last year's contract, it has been costing LD** approximately \$150,000 annually for just basic maintenance of the system. Because of the delay in the set aside action, LD had paid for a maintenance contract until the end of the calendar year.

Should the transfer of the system extend past this calendar year, LD will most likely move forward with one of two options:

1. Decommissioning of the system unless another agency or organization comes forth to take over the system; or
2. Request approval of a one-year extension of the current right-of-entry issued to ADC for due diligence and maintenance purposes and as a condition of that extension, clarify that ADC be financially responsible for the maintenance expenses of the system until acquisition is completed.

RECOMMENDATION:

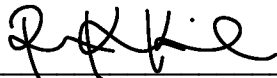
That the Board grant a six (6) month extension of the deferral of the set aside of the East Kauai Irrigation System to ADC to allow further time for agency coordination.

Respectfully Submitted,



Lauren Yasaka, Acting Assistant Administrator

APPROVED FOR SUBMITTAL:



Ryan K.P. Kanaka'ole, Acting Chairperson

