

BUSINESSREPORT



DOW JONES
Close: 19,097.90
CHANGE: -54.24



S&P
Close: 2,201.72
CHANGE: -11.63



NASDAQ
Close: 5,368.81
CHANGE: -30.11



CRUDE OIL
Close: \$47.08
CHANGE: +\$1.02

Oahu slaughterhouse is sold to Kauai firm

Kunoa Cattle Co. has plans to expand and to debut a beef brand

By **Andrew Gomes**
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A Kauai company that helps manage cattle for other owners has bought Oahu's only slaughterhouse as part of a plan to expand the supply of locally produced beef.

The acquisition by Kunoa Cattle Co. comes several years after the seller of the financially struggling slaughterhouse, a private cooperative, obtained public financial support but failed to have the state purchase the Kapolei facility.

Kunoa said its purchase

was completed Nov. 17, but declined to disclose a price.

Jack Beuttell, Kunoa co-founder, said the company intends to expand processing of locally raised livestock at the facility for other customers while also working to develop a major new brand of fresh Hawaii beef. "We're open for business for the livestock community," he said.

BEUTTELL, an environmental investment consultant, established Kunoa in 2014 with Bobby Farias, a third-generation Kauai rancher who grazed cattle for another owner and also ran a business helping Hawaii ranchers ship cattle to the mainland for processing. The grazing and transportation operations are

now part of Kunoa, which plans to send cattle to Oahu for local processing and sale.

Beuttell said the company has been using the slaughterhouse in recent months as part of a pilot project, and now is talking to large retailers and distributors interested in helping establish Kunoa as a brand of grass-fed Hawaii beef.

Kunoa manages about 1,500 head of cattle for another owner on Kauai, which represents one source of beef for the Oahu plant along with cattle the company can buy from its shipping customers.

Kunoa also envisions raising its own cattle on 740 acres in Central Oahu that it recently leased from Kamehameha Schools, though the

property is initially being used as a holding facility for Kauai cattle.

Beuttell said there are two slaughterhouses on Kauai but that neither is big enough for what Kunoa envisions. "We needed a bigger facility," he said, adding that the Oahu slaughterhouse was designed to process 50 cattle a day.

The Oahu slaughterhouse, which is on state land at Campbell Industrial Park and is certified by the U.S. Department of Agriculture, was part of a food processing plant built about 15 years ago by Palama Meat Co. with financial backing from the state and support from the Hawaii Livestock Cooperative.

The co-op — set up by hog farmers, dairy farms,

meat processors and other stakeholders — acquired the slaughterhouse after Palama Meat filed bankruptcy in 2004, but has had trouble sustaining operations because of the demise of Hawaii dairy, cattle and hog farming.

IN RECENT decades, rising feed costs prompted most Hawaii ranchers to ship calves to the mainland for fattening and processing. Kunoa said 30,000 to 50,000 calves a year are sent via ship to mainland feedlots.

Under increasing hardship, Hawaii Livestock sought help from state lawmakers in 2011. The Legislature considered one bill that would have spent \$1.6 million to acquire and improve the slaughterhouse. Two

other bills solicited grants to help the co-op, which owed the state Department of Agriculture \$600,000, avoid bankruptcy.

The bills failed, but lawmakers put \$750,000 into the state budget to pay for a photovoltaic system to make the slaughterhouse more viable. Beuttell said the facility's electricity costs were cut in half.

Scott Enright, state Department of Agriculture director, said the sale to Kunoa was a good outcome that hopefully will increase the supply of locally produced beef and put the slaughterhouse's new owner in a better position to support a broader livestock industry and repay the \$600,000 loan obligation assumed by Kunoa.