



STAKEHOLDER ADVISORY GROUP

Board of Water Supply, City & County of Honolulu
January 18, 2024
Meeting 49

WELCOME & INTRODUCTIONS

DAVE EBERSOLD, FACILITATOR

STAKEHOLDER ADVISORY GROUP MEETING 49

JANUARY 18, 2024



WELCOME!

Kaliko Lum Kee

Assistant Waterworks Controller

Board of Water Supply



MEETING OBJECTIVES

- Rate Study Wrap-Up
- Accept notes from meeting #48
- Provide BWS updates
- Looking Ahead



PUBLIC COMMENT ON AGENDA ITEMS





ACCEPT MEETING NOTES FROM MEETING 48

David Ebersold
Facilitator

January 18, 2024
www.boardofwatersupply.com



WATER RATES UPDATE

David Ebersold
Senior Vice President, CDM Smith

January 18, 2024
www.boardofwatersupply.com

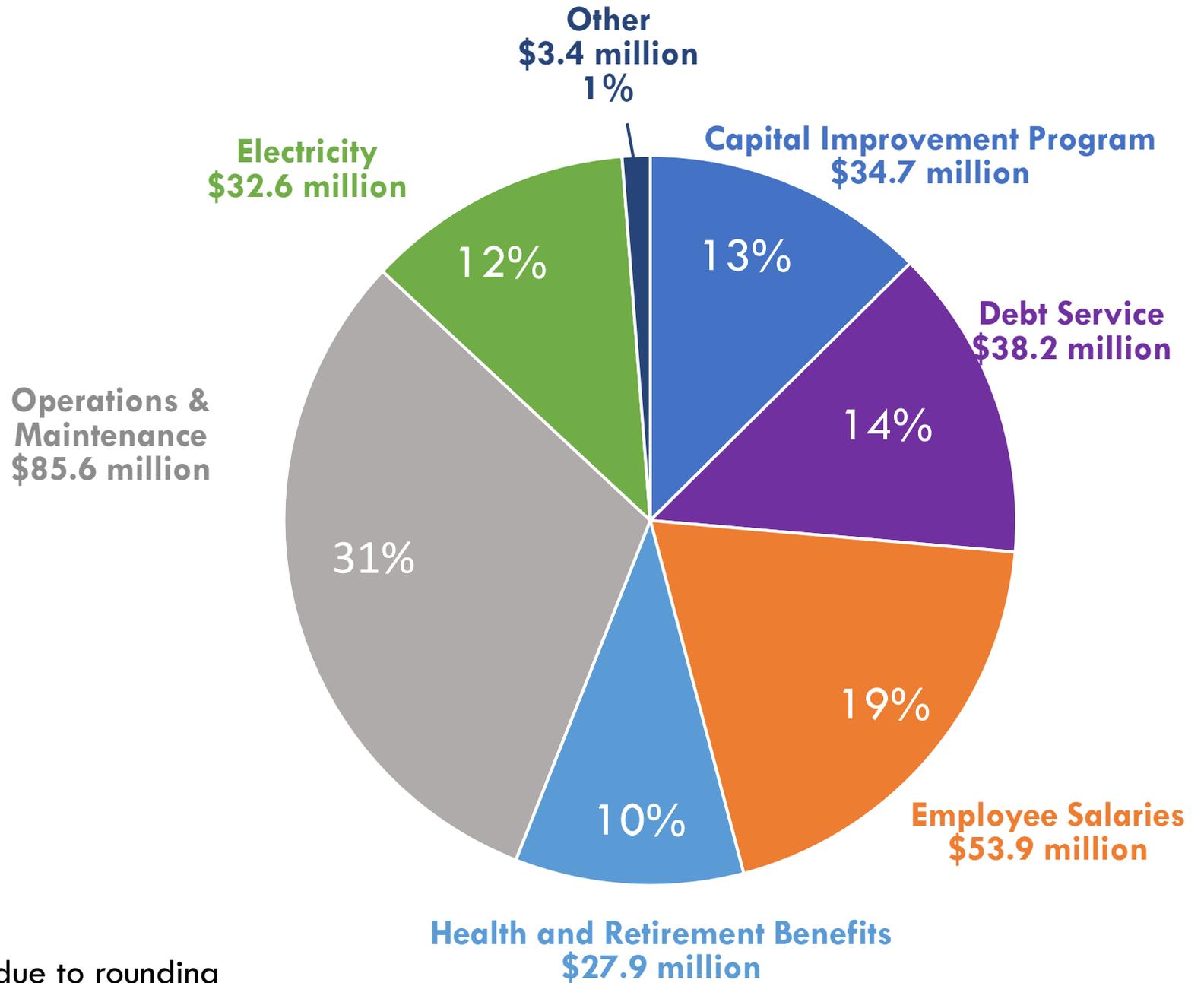
AGENDA

- What was proposed
- What did we hear
- How are we addressing it
- BWS Board action



WHERE YOUR MONEY GOES

Operating Fund Expenditures
Fiscal Year 2024
\$276.4 million*



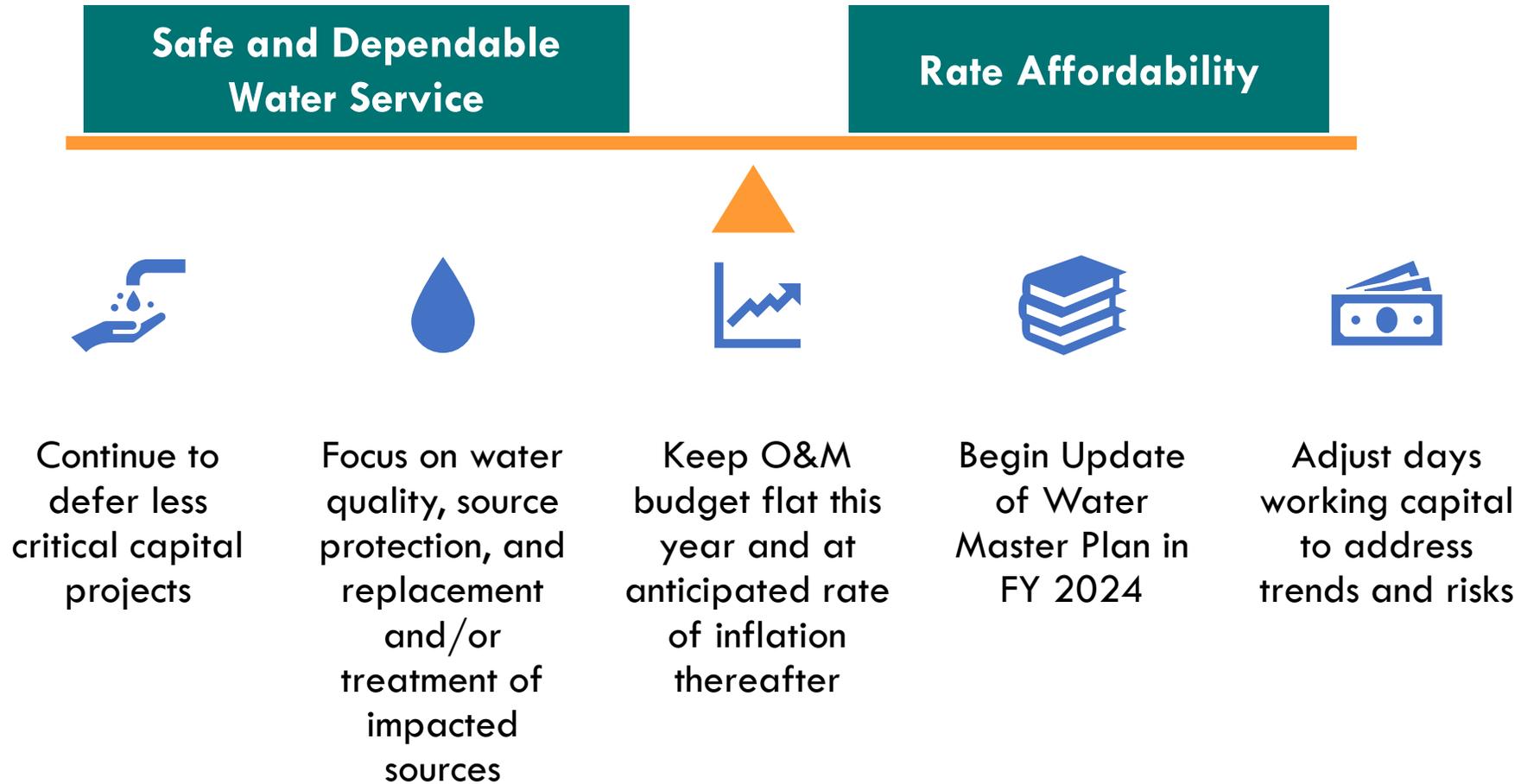
* Individual amounts may not total due to rounding

TOTAL CAPITAL IMPROVEMENT PROJECTS (2018-2023)

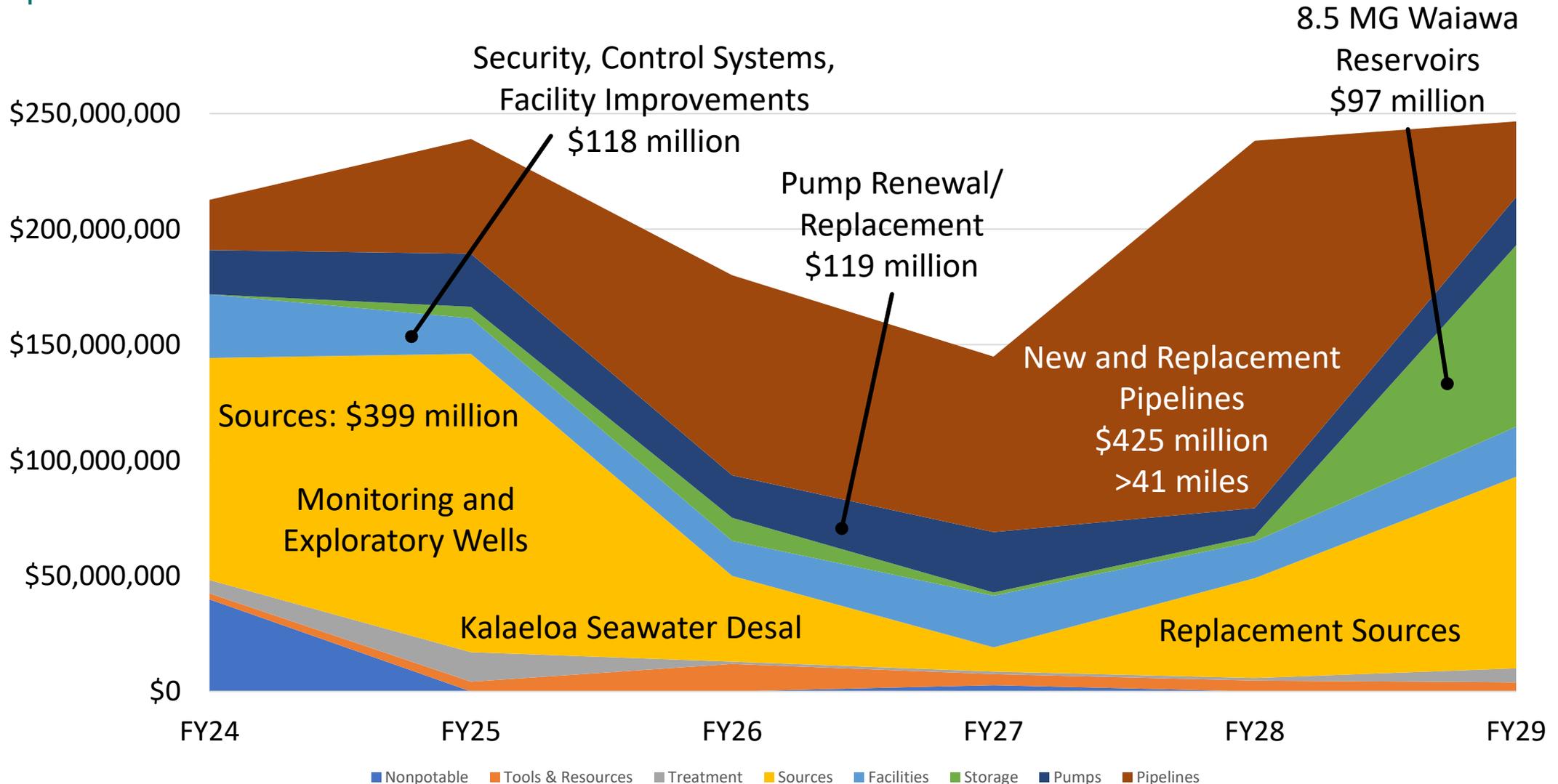
Planning/Design Phase	196 PROJECTS	\$134,472,236
Construction Phase	298 PROJECTS	\$635,069,548
Total	494 PROJECTS	\$769,541,784



OUR STRATEGY FOR RATE INCREASES STRIVES TO STRIKE A BALANCE

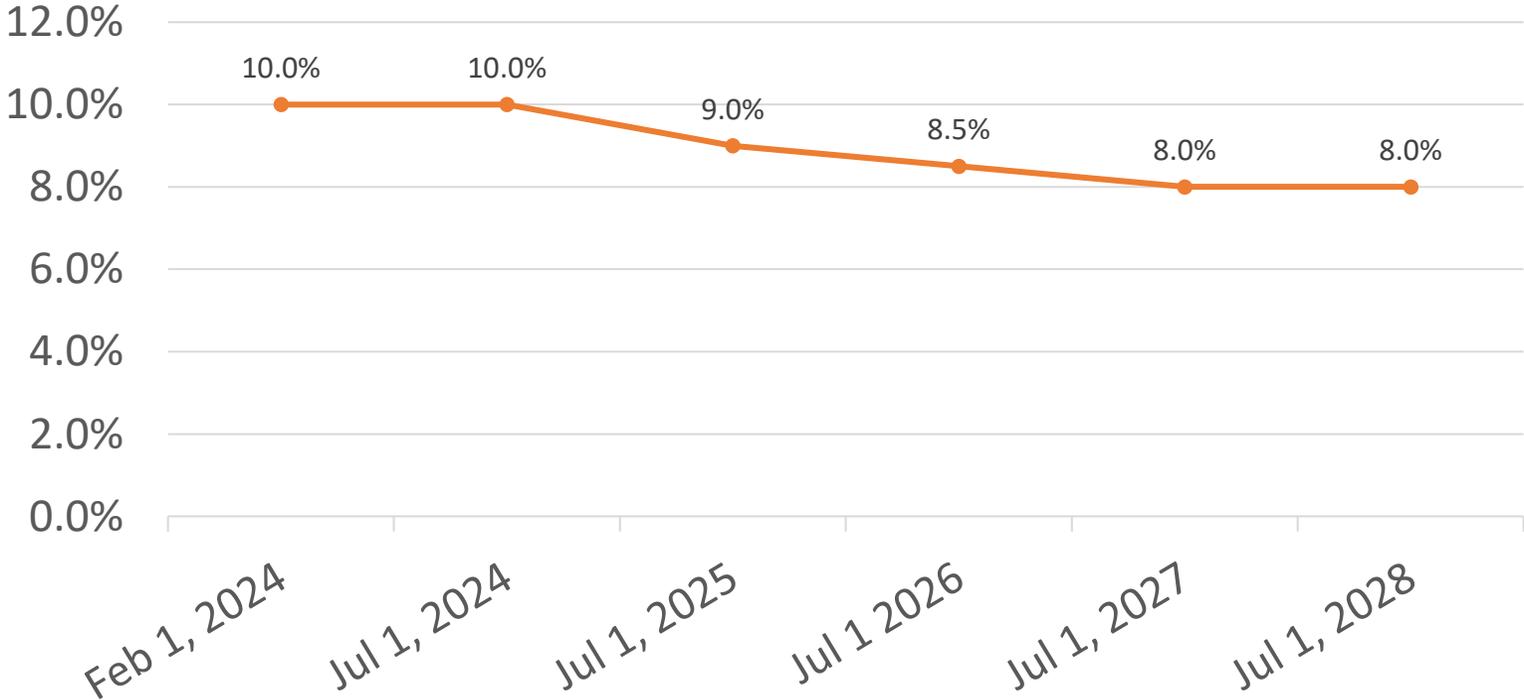


WHAT THE RATE INCREASES WILL PAY FOR \$1.26 BILLION IN 132 CAPITAL PROJECTS



WATER RATES BEING PROPOSED FOR 5 ½-YEAR PERIOD
BEGINNING FEBRUARY 1, 2024 – JUNE 30, 2029
RATES WILL REMAIN IN EFFECT UNTIL SUPERSEDED.

BWS planned
for rate
increases every
year



ALL CUSTOMER CLASSES WILL HAVE SAME RATE INCREASE



Single-family residential

Tiered



Multi-unit residential

Tiered

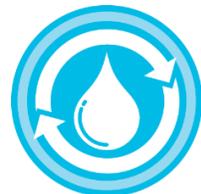


Agricultural

Tiered



Non-residential



Non-potable and recycled

Changes may vary by tier,
but are consistent across
the class

ALL CUSTOMER CLASSES WILL HAVE SAME RATE INCREASE



Single-family residential

Tiered



Multi-unit residential

Tiered

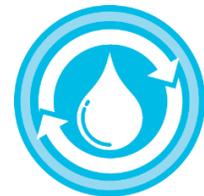


Agricultural

Tiered



Non-residential



Non-potable and recycled

Changes may vary by tier,
but are consistent across
the class

No changes to usage
rates and monthly
customer charges as
presented on
August 17, 2023



For affordable housing

**CONTINUING
EXISTING FEE
WAIVERS TOO!**



**And to retrofit
fire sprinklers**



For homeless housing



NEW!

WAIVERS FOR NEW FARMERS

Waive installation fee and Water System Facilities charge for new $\frac{3}{4}$ -inch and 1-inch meters connecting to BWS system for the first time

Limited to \$1 million granted by State of Hawaii for new exploratory well in Kunia (Memorandum of Understanding dated March 30, 2021)

Require proof of commercial agricultural operation and water use plan



GIVE YOUR INPUT ON PROPOSED RATES

Send a letter or an email to:

Board of Water Supply

Attn: Proposed Water Rates

630 South Beretania, Honolulu 96843

Email: bwsrates@hbws.org

Nov. 27, 2023

Questions?

Call: (808) 748-5041

BWS Website: www.boardofwatersupply.com

Twitter: [@BWSHonolulu](https://twitter.com/BWSHonolulu)

Facebook: <http://www.facebook.com/BWSHonolulu>



For more information, visit our website or scan this QR code with your mobile device.



OVERVIEW VIDEO OF RATE PROPOSAL

- 284 Views on BWS Website

Overview into the Proposed Updates to the Water Rates and Charges (11:44)



4 COMMUNITY INFORMATION MEETINGS

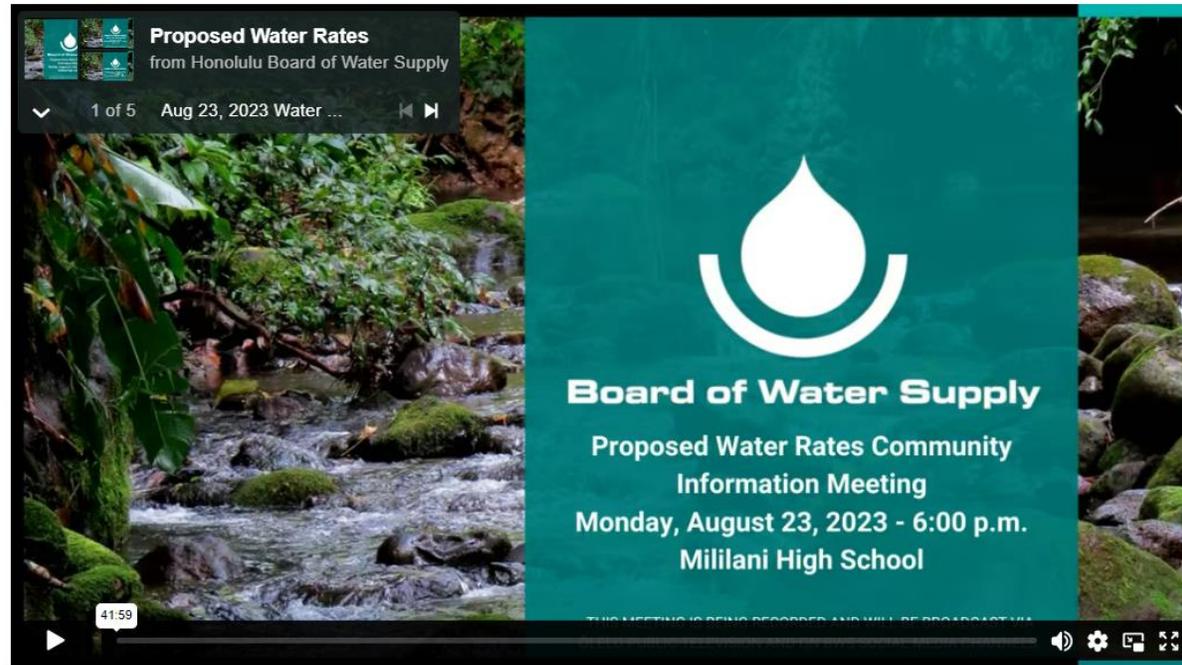
25 ATTENDEES

All Meetings: 6:00 – 8:30 PM	
Kaneohe	Monday, August 14 <i>Benjamin Parker Elementary School Cafeteria</i> 45-259 Waikalua Road, Kaneohe 96744
Honolulu	Tuesday, August 15 <i>Japanese Cultural Center of Hawaii</i> 2454 S Beretania St., Honolulu 96826
Kapolei	Wednesday, August 16 <i>Kapolei Hale, Conference Rooms A/B/C</i> 1000 Uluohia Street, Kapolei 96707
Mililani	Wednesday, August 23 <i>Mililani High School</i> 95-1200 Meheula Parkway, Mililani 96789



VIDEOS OF COMMUNITY INFORMATION MEETINGS

- 75 Views on BWS Website
- All 4 meetings aired on Olelo TV at least 4 times each through late September
- All 4 meetings available on Olelo Video on Demand



21 NEIGHBORHOOD BOARD PRESENTATIONS ABOUT 420 ATTENDEES

North Shore #27	Waimanalo #32
Kuliouou-Kalani Iki #2	Wahiawa #26
Kahaluu #29	Kaimuiki #4
Diamond Head-Kapahulu- St. Louis Hts #5	Liliha / Puunui / Alewa / Kamehameha Heights #14
Mililani-Waipio #25	Makakilo-Kapolei #34
Waipahu #22	Kailua #31
Pearl City #21	Nuuanu / Punchbowl #12
Liliha-Kapalama #14	McCully #8



7 INTEREST GROUP PRESENTATIONS ABOUT 150 ATTENDEES

- Stakeholder Advisory Group
- Commercial Stakeholder Advisory Group
- Chamber of Commerce Hawaii: Government Relations
- House District 44 – Representative Darius Kila
- Kukui Plaza
- Green Business Conference
- Stormwater Stakeholder Advisory Group



DISTRIBUTED INFORMATION AT EVENTS

- Senior Fairs
- Emergency Prep Fairs
- Imagine A Day Without Water
- Climate Change Open House



SPECIAL EDITION OF WATER MATTERS MAILED TO 170,000 ACCOUNT HOLDERS



WATER MATTERS

Safe, dependable, and affordable water, now and into the future

Vol. 10 – Issue 2

Special Water Rates Issue

Fall 2023

BWS Seeks Comments on Proposed Water Rate Hikes

The Honolulu Board of Water Supply (BWS) is proposing rate adjustments so we can continue to provide safe and dependable water to the one million people we serve on Oahu, now and in the future.

As a semi-autonomous City agency, the BWS is financially self-sufficient; no tax revenues are used to finance BWS operations. Infrastructure improvements and operations are funded mostly by rate revenues.

Since 2020, we have all been impacted by the global pandemic and the many associated stressors, financial and otherwise, that have come from it. During this time, the BWS has gone to great lengths to minimize the impacts to our customers. In addition to our extensive customer assistance programs, we will have a "flat" Operations and Maintenance budget for 2024, and are deferring purchases of replacement vehicles and other equipment, deferring less-critical capital projects, and not passing on energy cost increases to our customers. Unfortunately, our water supply is under unprecedented threat from the Red Hill fuel crisis. The as-yet undetermined risk of Per- and Polyfluoroalkyl Substances (PFAS), also known as "forever chemicals," in widespread use in common household products since the 1940s and 1950s, poses uncertainty about what will be our highest project priorities in the future. What we do know with certainty is that over the next few years the BWS will continue to invest in infrastructure projects to replace pipelines, pumps, and reservoirs; sustain our water supply by establishing new wells to replace those impacted by Red Hill and building our first desalination plant in Kalealoea; and expand our water conservation programs while continuing to invest in watershed protection.



BWS's revenues will need to increase to meet anticipated operating and infrastructure improvement expenses.

The proposed draft rate adjustments shown on the following pages are needed to accomplish the following objectives:

- Focus on water quality, source protection, and replacement and/or treatment of impacted sources
- Focus on maintaining and replacing our most critical infrastructure
- Begin update of the Water Master Plan in 2024
- Adjust the number of days of working capital to address trends and risks

Proposed draft rate adjustments may be implemented starting January 1, 2024. Please note: these are proposed WATER rates, NOT sewer rates.



COMMUNITY COMMENTS

- Received 117 written and oral comments (not including Neighborhood Boards and Community Meetings)
 - 102 opposed or have concerns about increases
 - 15 supported increases and felt they were needed
- Received and responded to about 130 questions at the 21 Neighborhood Board and other meetings
 - After presentation and discussion, in general, board and community understood the why for the increase
- Topics of concern
 - Red Hill 60
 - Increases too High 38
 - Cost of Living 32
 - Impact to Kupuna/Fixed Income 23
 - Sewer 17
 - Development/Planning/Infrastructure/Conservation/Non-Residential/Waivers 80



COMMUNITY COMMENTS (CONT.)

- Red Hill:
 - “...writing in opposition to any rate increase related to Red Hill...costs in response to Red Hill must be paid by the US Navy and not passed on to ratepayers.”
 - “The US Navy must pay all costs associated with shutdown and replacement of Halawa Shaft.”
 - “Now, we are having to pay for the mistakes of tohers such as the Navy and thier cover up of polluting the water for years?”
- Impact to Kupuna/Fixed Income:
 - “The increase will greatly affect financially the retirees or middle class senior primary homeowners.”
 - “...proposed rate increases are a cause for alarm, concern of living in Hawaii and destructive to those on a budget and where those who rely on Social Security.”
 - “This proposed increase should definitely make it very difficult for retired seniors on “fixed income” to continue with keeping their household.”
- Cost of Living:
 - “Please don’t raise your rates, they’re too high already.”
 - “Hawaii residents can barely afford to live here on a good day.”
 - “I do not support any rate hikes at this time. It is difficult for many locals to cope with rising costs...”



COMMUNITY COMMENTS (CONT.)

- Increases too High:
 - “...very unfair for you to raise the lowest rate...because no matter how much less water we use, there’s no cheaper rate.”
 - “Proposed rate increase is ridiculous.”
 - “I am opposed to a rate hike of 53.5% over 5 years. This is too steep for the average wage earner in Hawaii...”
- Sewer:
 - “I oppose rate hike, ask Sewer to lower their take as they have fixed their issues and no longer need that amount to support the infrastructure.”
 - “...my water bill has been increasing for over a decade with no significant change in water usage due to the increase in sewer charges...”
- Development/Planning/Infrastructure/Conservation/Non-Residential/Waivers:
 - “...tier 3 is too broad and does not encourage smart water use or water conservation efforts.”
 - “I may be willing to pay the water increases if condominiums were individually metered.”
 - “Please keep Ag rates as low as possible to allow food production to continue as I am retired and all costs come out of retirement savings.”
 - “Non-Residential Rates should be split out and a special category be established for facilities serving visitors...”
 - “...moratorium on building permits.”



COMMUNITY COMMENTS (CONT.)

- Support rate increase:
 - “As a residential customer, I support the increase.”
 - “I have no problem with the increased rates for water usage.”
 - I approve of the proposed water rates starting 1/1/24.”
 - “I understand most of the reasoning behind the proposed water rate hikes except, why are homeowners going to be responsible for the Navy’s mess created by the Red Hill crisis? The Navy should be responsible, not the public. Please let me know if BWS has made attempts to recover costs from the Navy?”





HONOLULU CITY COUNCIL

Ke Kanihela o ke Kalana o Honolulu

- 7 City Council Member Briefings
- Briefing to Managing Director on July 25, 2023



District IV
Chair
Tommy Waters



District III
Vice Chair
Esther Kia'ōina



District VII
Floor Leader
Radiant Cordero



District I
Andria Tupola



District II
Matt Weyer



District V
Calvin Say



District VI
Tyler Dos Santos-Tam



District VIII
Val Aquino Okimoto



District IX
Augie Tulba



MEDIA

- Interview with Catherine Cruz, HPR
- Answered questions for Kokua Line in the Star Advertiser
- The Big Q in the Star Advertiser
- Civil Beat article September 18, 2023

BIG Q

Are you assured that defueling of the Red Hill tanks, to start Monday, will go well?

A. Yes; sharp planning, drills have minimized risks
B. 50-50; lingering concerns over risks
C. No; very worried about dangers

THURSDAY'S BIG Q:
Are you concerned about Oahu's water rates rising, as proposed?*

Response	Percentage
A. Yes, very; financial hardship	44%
B. Somewhat; doable but should be lower	32%
C. No; justifiable for aging system, its needs	24%

* Up 8% to 10% yearly, from 2024-28
Total votes as of 6 p.m. Thursday: 526

Vote by 6 p.m. today on our website at staradvertiser.com. Results will run in tomorrow's edition and online. This is not a scientific poll; results reflect the opinions of only those voting.

Struggling To Get By

Oahu Homeowners And Businesses May Soon See Higher Water Bills

BWS says additional spending required because of Red Hill-related problems and inflation is forcing it to charge higher rates



By Ben Angarone / September 18, 2023

Reading time: 6 minutes.



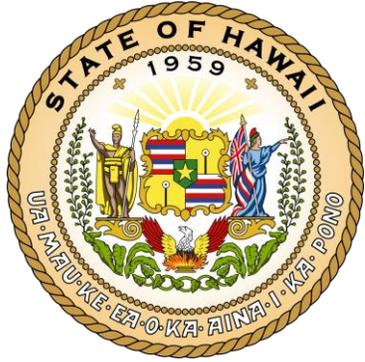
Water prices may be increasing more than 50% over the next five years for most Oahu customers, if new rates proposed by the Honolulu Board of Water Supply are approved this fall.

BWS blamed inflation, the need to invest in new facilities because of fallout from the Navy's Red Hill water crisis, rising electricity costs and pandemic effects for the new rate proposals.

The proposed increases for water rates and water meter charges are 10% on Jan. 1, 2024; 10% on July 1, 2024; 9% on July 1, 2025; 8.5% on July 1, 2026; 8% on July 1, 2027, and 8% on July 1, 2028.

Some variation exists for single family residential customers, who are priced based on tier of water usage in order to encourage conservation. Residents who use less water would see a smaller rate increase.





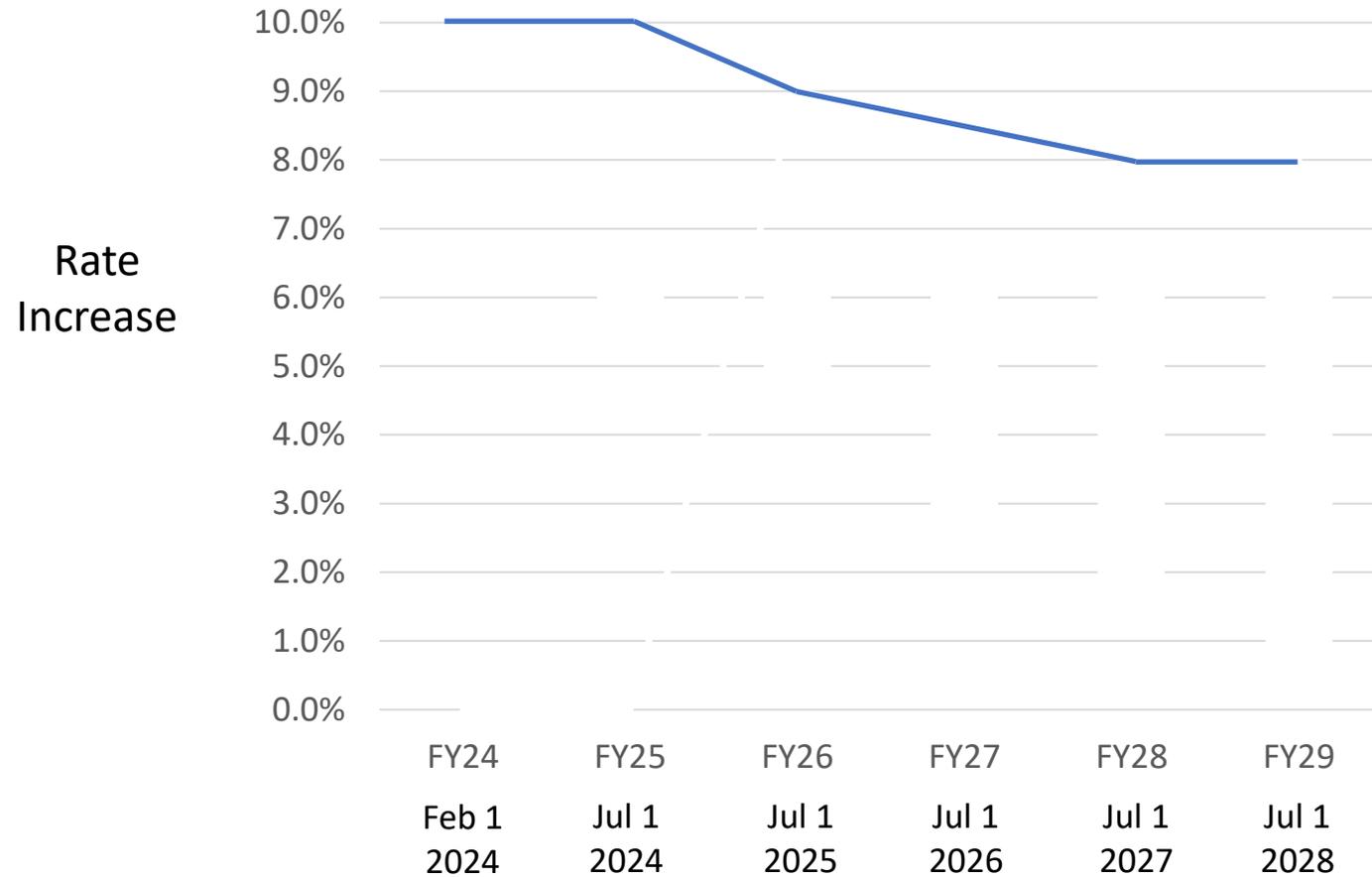
DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM SMALL BUSINESS REGULATORY REVIEW BOARD

- Prepared Small Business Impact Statement and submitted to SBRRB (required prior to public hearing)
- SBRRB Review (August 17, 2023)
- Next Steps
 - Provide at least 30-days notice of public hearing
 - Public hearing with full consideration of all written and oral submissions (Tentative: November 27, 2023)
 - Submit post-hearing Small Business Impact Statement
 - Becomes effective 10 days after filing with City Clerk, or later as specified

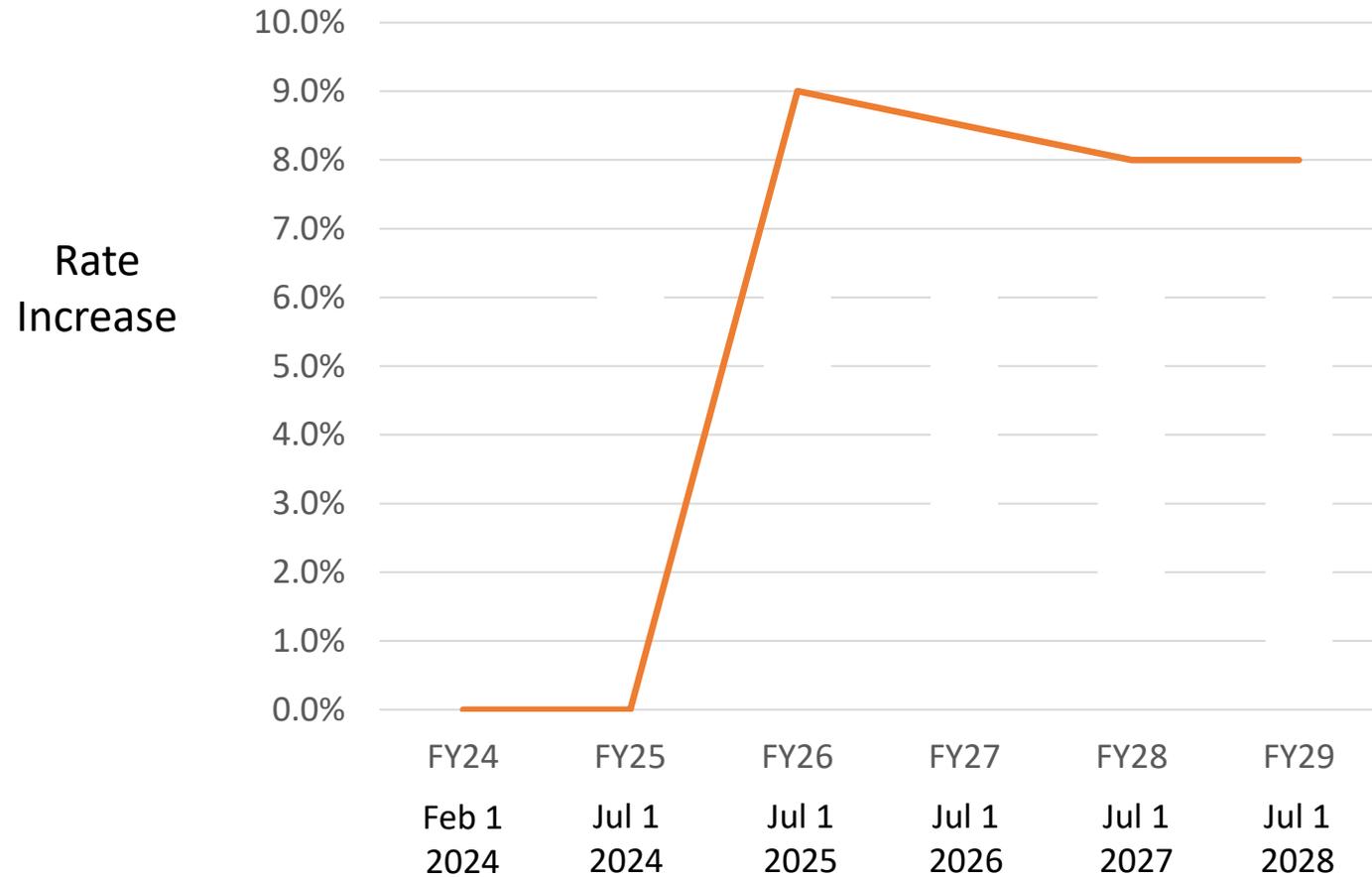
**SBRRB made
unanimous
recommendation to
proceed to public
hearing**



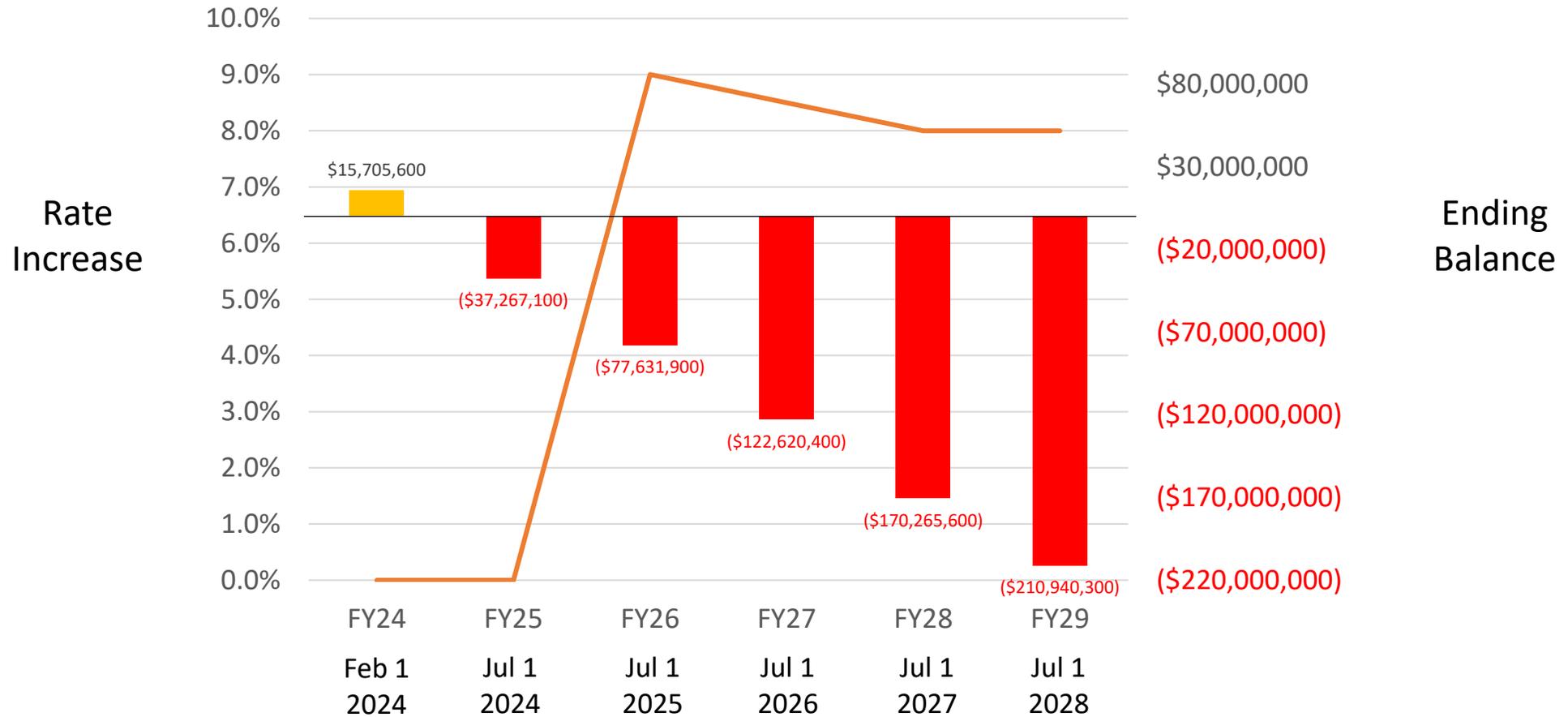
CONSIDERATION OF HOLDING OFF THE 2024 INCREASES



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CONSIDERATION OF HOLDING OFF THE 2024 INCREASES





INCREASE FOR ESSENTIAL NEEDS TIER LIMITED TO 2.5% PER YEAR

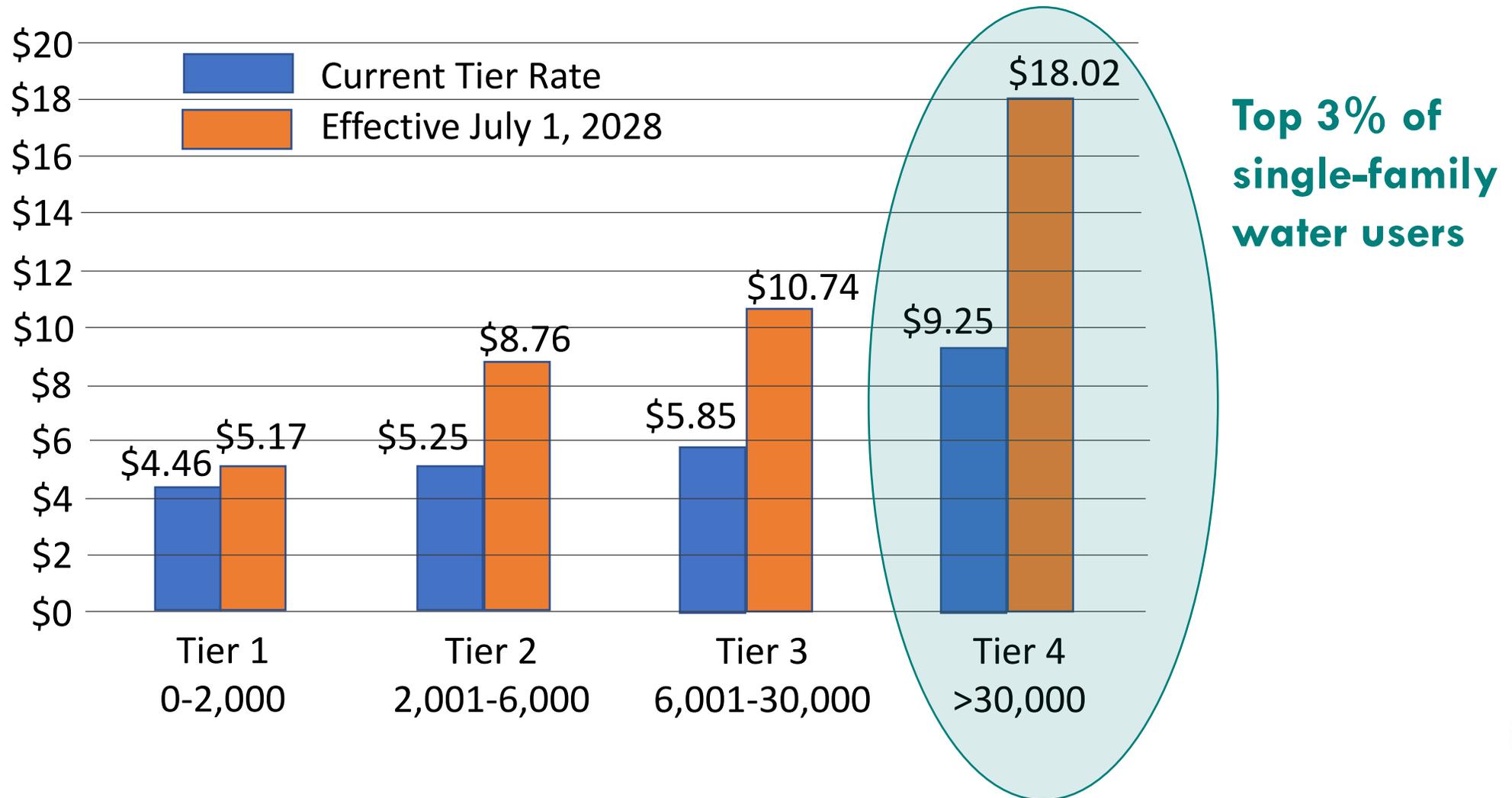
Below-cost rate for first
2,000 gallons per month

All residential customers
get this rate

10% of BWS residential
customers use 2,000
gallons or less



RATES DESIGNED TO ENCOURAGE CONSERVATION BY HIGHEST WATER USERS



BWS OFFERS WATER CONSERVATION DEVICE REBATES



AND IMPLEMENTING NEW WATER CONSERVATION PROGRAMS

Top water user outreach

- Hotels, other businesses, condos and townhomes

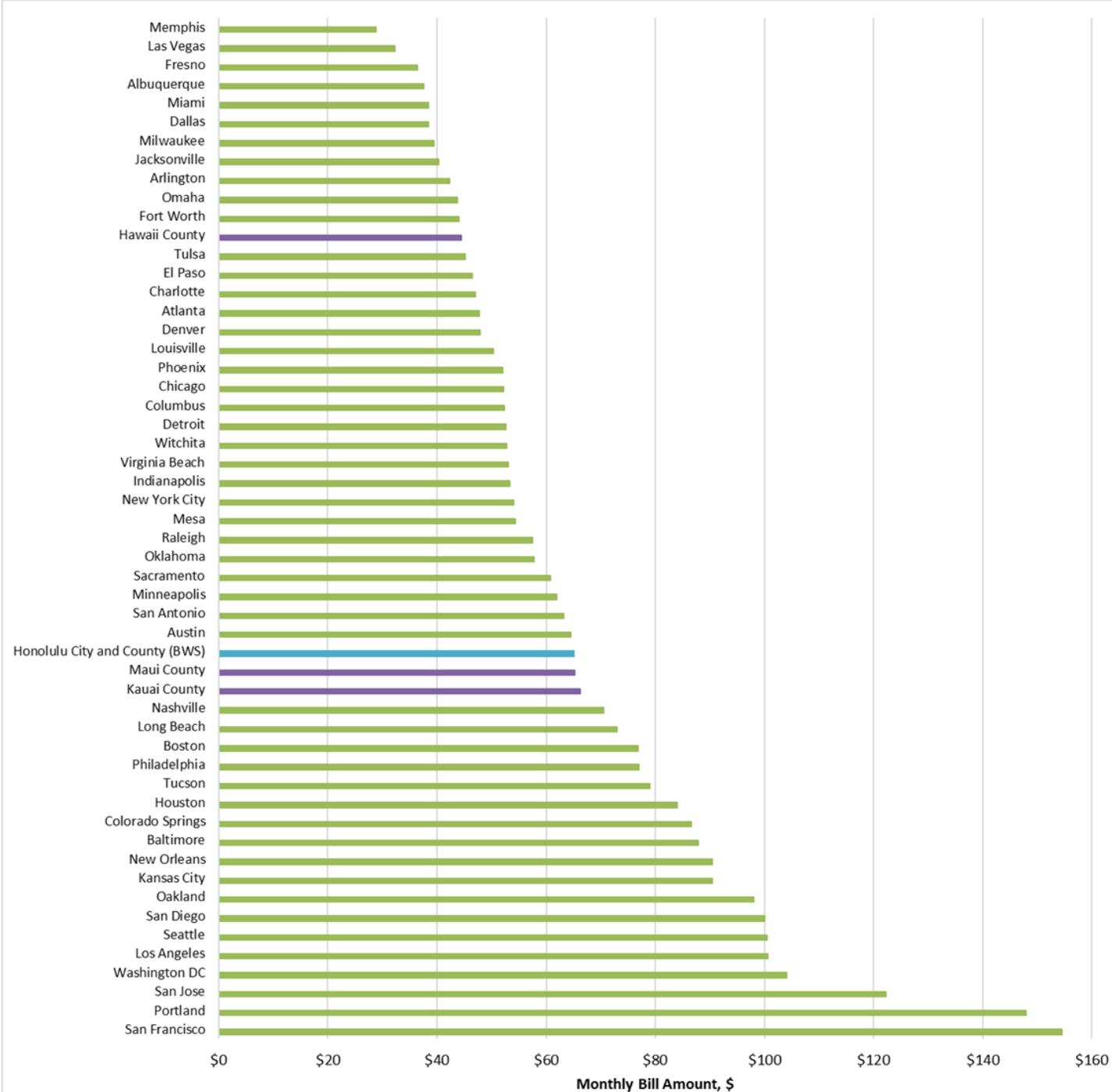
Direct install for Kupuna living on their own

- Free low flow showerheads and faucet aerators
 - Water audits of homes
- Ensure Kupuna are getting appropriate rebates

For more information go to the conservation menu tab at boardofwatersupply.com

WATER RATES COMPARISON TO OTHER US CITIES

Proposed BWS rates as of Feb 1, 2024, compared to existing published rates for 9,000 gallons per month (BWS average) bill





\$0.011 per gallon

BWS WATER
ABOUT A PENNY
GALLON



BOTTLED WATER
PURCHASED IN BULK
170X MORE



\$1.73 per gallon



\$15.14 per gallon

SINGLE BOTTLES
PURCHASED RETAIL
1,500X MORE



RATES PROCESS

- Started technical process in 2022
- First stakeholder outreach in October 2022
- Have been discussing rates with the public since July 2023
- Provided at least 30-days notice of public hearing
 - Ran ad in Star Advertiser as required on Friday, October 27 and Sunday, October 29
- Public hearing with full consideration of all written and oral submissions (November 27, 2023)



RESOLUTION NO. 976, 2023

ADOPTED NOVEMBER 27, 2023

BE IT FINALLY RESOLVED by the Board of Water Supply, City and County of Honolulu, that in support of these objectives and the mission of the Board of Water Supply, the Revised Schedule of Rates and Charges for Fiscal Years 2024 – 2029 is adopted as attached hereto, and that said rates and charges shall become effective from and after February 1, 2024, and shall remain in effect until superseded.

ADOPTED:



NĀ'ĀLEHU ANTHONY
Chair

Honolulu, Hawai'i
November 27, 2023

ADOPTION OF RESOLUTION NO. 976, 2023, ADOPTING THE REVISION TO THE SCHEDULE OF RATES AND CHARGES FOR THE FURNISHING OF WATER AND WATER SERVICE FOR FISCAL YEARS 2024-2029, EFFECTIVE FEBRUARY 1, 2024, THROUGH JUNE 30, 2029, AND TO REMAIN IN EFFECT UNTIL SUPERSEDED WAS ADOPTED ON NOVEMBER 27, 2023

	AYE	NO	COMMENT
NA'ALEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN	X		
GENE C. ALBANO			ABSTAIN





MAHALO!

THERE IS NO
SUBSTITUTE FOR PURE
WATER!

boardofwatersupply.com



BWS UPDATES

Ernest Lau
Manager and Chief Engineer
January 18, 2024
boardofwatersupply.com



RED HILL UPDATE

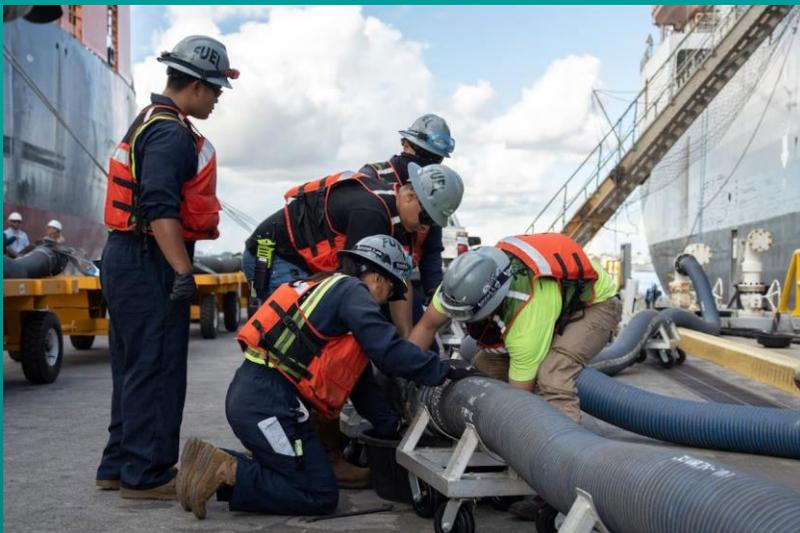


RECENT EVENTS



Photo source: Joint Task Force –Red Hill

- 10/16: Defueling of Red Hill
- 10/23: Joint Task Force –Red Hill Attended BWS Board Meeting
- 10/24: Defueling Information Sharing Forum
- 11/1: Mini Well Workshop
- 11/14: Defueling Plan Supplement 3
- 11/15: Fuel Tank Advisory Committee Meeting
- 11/16: Community Representation Initiative Group Meeting

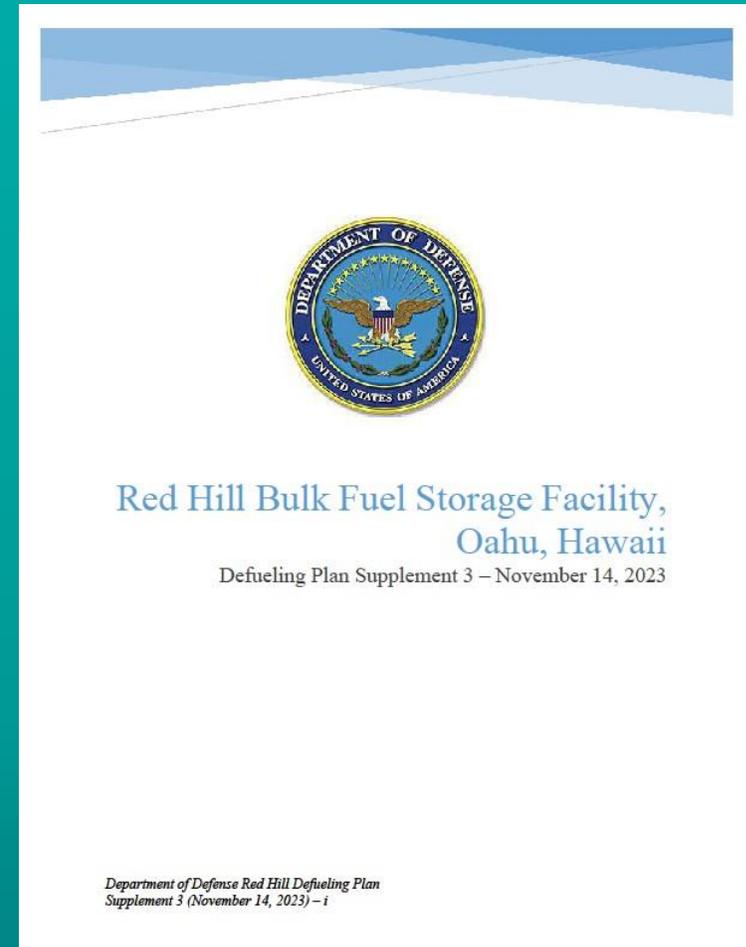


DEFUELING the Red Hill Bulk Fuel Storage Facility

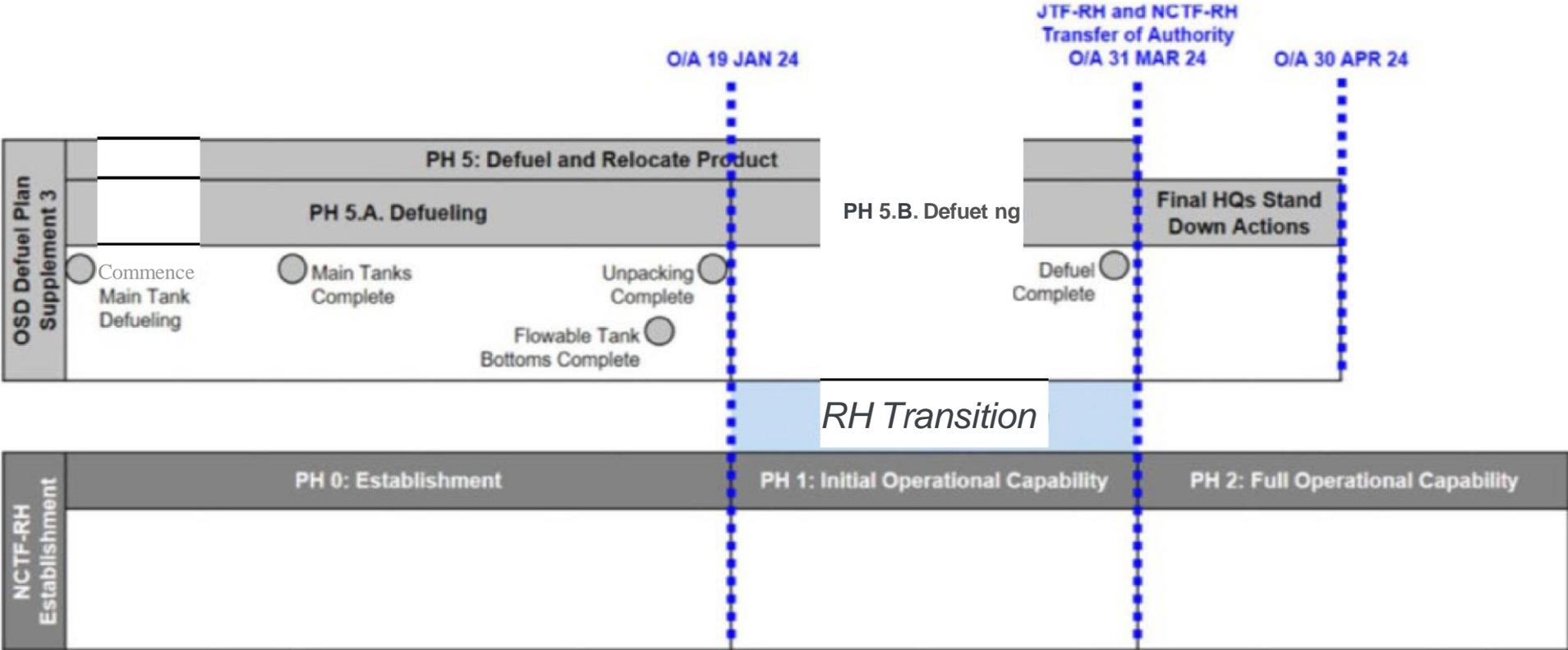
Ongoing: October 16, 2023 – January 19, 2024

Defueling Supplement Plan 3

- Announced establishment of Navy Closure Task Force – Red Hill (NCTF –RH)
- **Joint Task Force –Red Hill (JTF-RH) will remain the lead in defueling.**
- Phase 5A: 64,000 gallons of fuel and 28,000 gallons of sludge to remain after gravity defueling in January 2024.
- Phase 5B: 60,000 gallons of residual fuel will be removed by JTF –RH non-destructively **by March 31, 2024.**
- Remaining **4,000 gallons of fuel and 28,000 gallons of sludge to be removed during Closure** via demolition contracts led by NCTF –RH

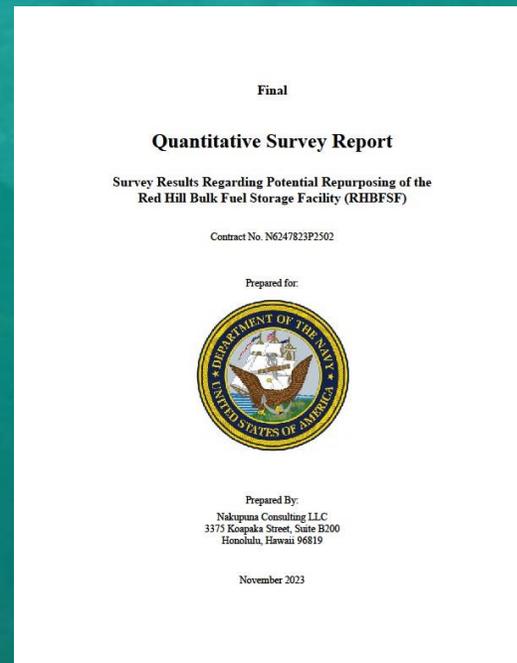
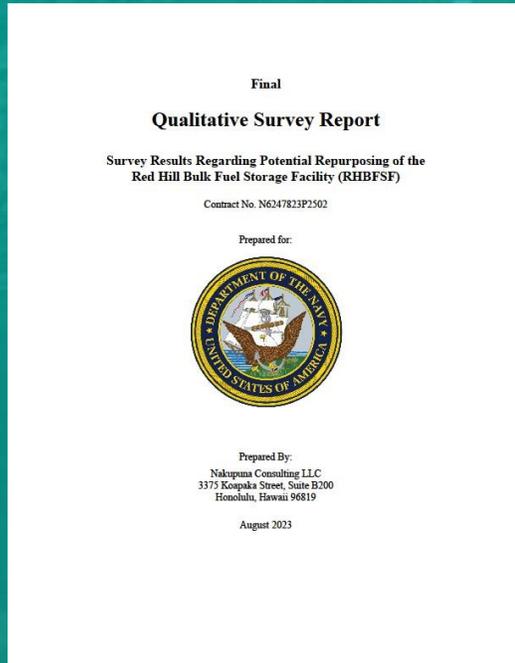


Transition to Navy Closure Task Force –Red Hill



CLOSURE of Red Hill Bulk Fuel Storage Facility

Department of Defense Announced Closing Red Hill **WILL NOT** Impact Operational Readiness



Navy Closure Task Force –Red Hill

- Rear Admiral Stephen Barnett

Closure Plan to date:

- Removal of remaining 4,000 gallons of fuel and 28,000 gallon of sludge via demolition contract.
- Dismantle the 3 fuel pipelines between tanks and Pearl Harbor.
- Clean and close fuel tanks via method to be determined.
- 3+ years to complete (November 2027)

Non-Fuel Reuse

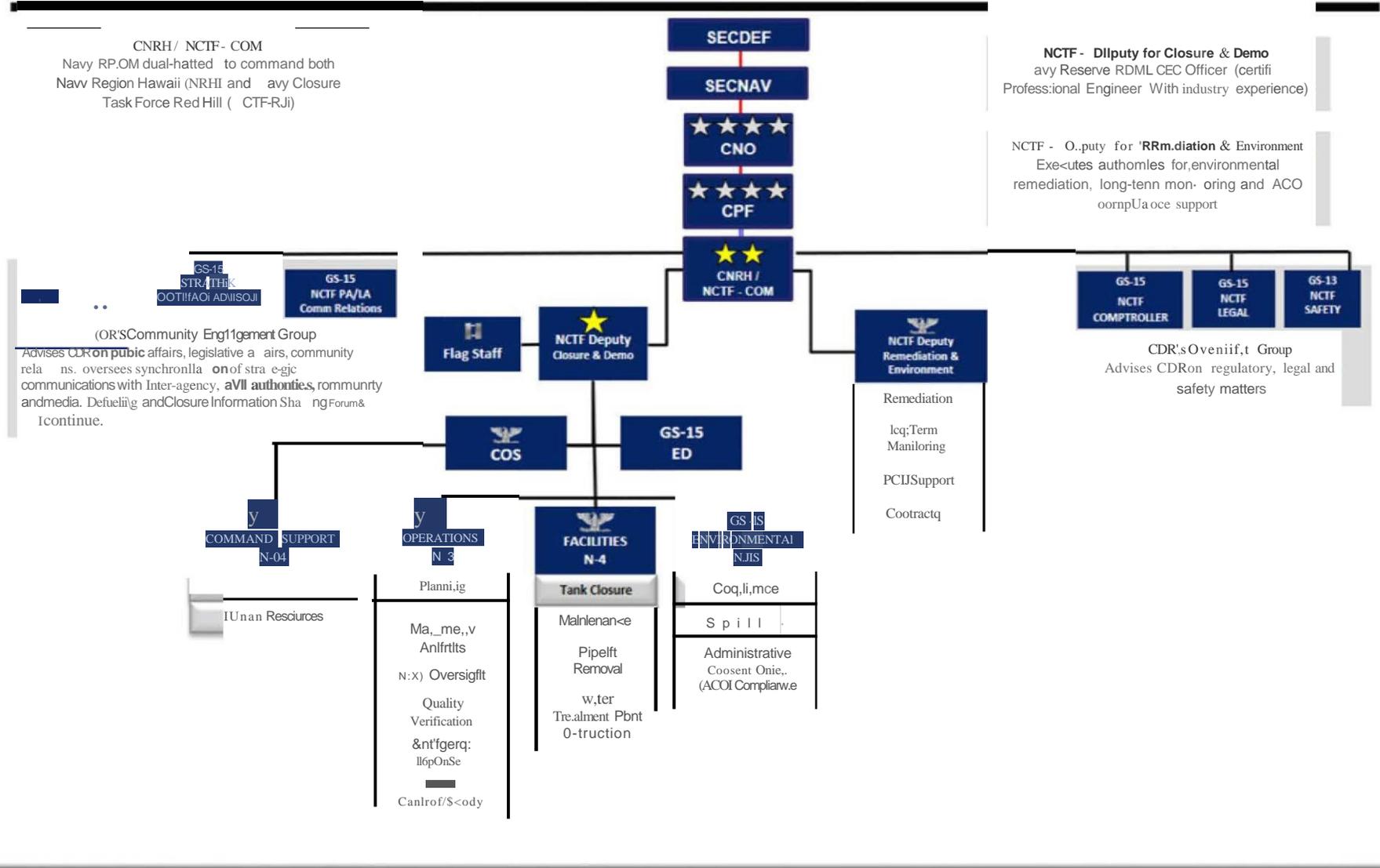
- Survey Reports by Nakupuna Companies released.
- Report due to Congress in February 2024.

Tentative Closure: July 2028





Navy Closure Task Force-Red Hill



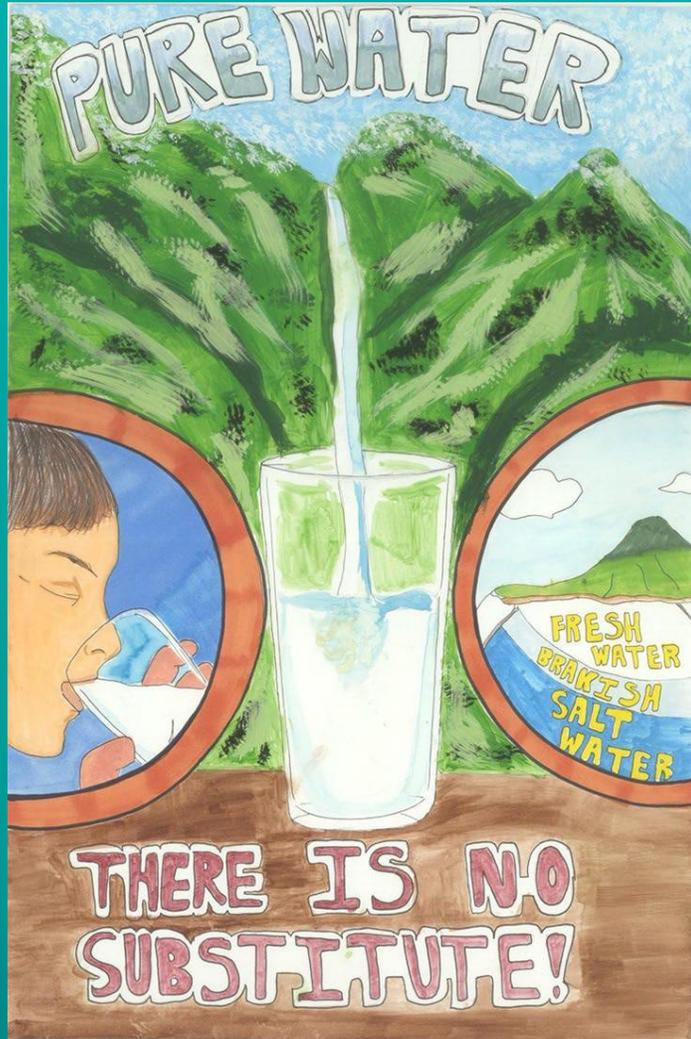


Photo Source: BWS Poster Contest
Pure Water –There is No Substitute: Poster by Loko Maikai Lynch
of Kapolei Middle School (2016)

UPCOMING EVENTS

January 2024

- Quarterly Meeting with the 3 Admirals

February 2024

- Governor's Water Committee
- Board Meeting – DOH and EPA





Mahalo!

Providing safe, dependable, and affordable drinking water, now and into the future.

UPCOMING STAKEHOLDER ADVISORY GROUP MEETINGS

2024

- Thursday, April 18, 2024
- Thursday, July 18, 2024
- Thursday, October 17, 2024





Mahalo!

Providing safe, dependable, and affordable drinking water, now and into the future.