Honolulu Board of Water Supply

TO: ERNEST Y.W. LAU, P.E.
MANAGER & CHIEF ENGINEER

DATE: October 7, 2026

FROM: MEGAN MARUMATSU
EXECUTIVE SUPPORT OFFICE

megan marumatsu Digitally signed by Megan Marumatsu
Date: 2026.10.07 10:22:58 -10'00'

SUBJECT: Approval of the Revision of the Fiscal Year 2026-2027 Capital Improvement – Program Budget – Amendment No. 2

We request your approval to reprogram funding in Fiscal Year 2027 (FY2027) Capital Improvement Program (CIP) Budget to reprogram partial funding for Item No. 1 Monitoring Wells for Red Contamination Response – Group IV from the Operating Fund to the Extramural Fund of $632,816, reprogram $4,500,000 from the State Revolving Fund to the Operating Fund, and defer Item No. 2. Waikele Gulch Exploratory Well to a future fiscal year and move these funds to the Contract Adjustment Account.

1. Decrease $632,816 in Operating funding and increase $632,816 in Extramural project funding in the Contract Adjustment Account for:

Item No. 1 Monitoring Wels for Red Hill Contamination Response – Group IV
Drill and case one monitoring well for use as "sentinel" well to warn of the presence of an underground fuel plume from the Red Hill fuel contamination.

Appropriation		Present	Proposed
OPERATING FUND	CONST	$4,000,000	$3,367,184
EXTRAMURAL FUND	CONST	$0	$ 632,816

Reason: Of the two million dollars in funding from the State of Hawai‘i’s FY26 budget that was appropriated to the Board of Water Supply (BWS) for monitoring wells at various locations on Oahu to cover the planning, design, construction, equipment and appurtenances for groundwater monitoring wells to measure and monitor the level, quality, quantity or movement of subsurface water, for contaminants with total petroleum hydrocarbons or aqueous film forming foam, and allow the monitoring of other contaminants related to the Red Hill Fuel Crisis, $632,816 are remaining and available for this project. The funds were conditioned upon the City and County of Honolulu [BWS] providing 80% of the total project cost.

2. Increase $2,500,000 in Improvement project funding and decrease $2,500,000 State Revolving project funding for:

Item No. 23 Pacific Heights Road Area Water System Improvements
Description: Install 12-inch, 8-inch, and 4-inch mains and appurtenances along Pacific Heights Road, from 2695 Pacific Heights Road to Von Hamm Place – approx. 1,500 lin. ft.

Appropriation		Present	Proposed
OPERATING FUND	CONST	$0	$2,500,000
STATE REVOLVING FUND	CONST	$2,500,000	$0

Reason: Operating funding provides a more practical and efficient funding option than SRF for these small construction projects, allowing BWS to proceed with necessary projects while minimizing administrative burden and associated costs.

3. Increase $300,000 in Improvement project funding and decrease $300,000 State Revolving project funding for:

Item No. 24 Moanalua Road: 8-inch Water Main Near Hekaha Street
Install 8-inch mains and appurtenances along Moanalua Road to repair a main break leak – approx. 20 lin. ft.

Appropriation		Present	Proposed
OPERATING FUND	CONST	$0	$300,000
STATE REVOLVING FUND	CONST	$300,000	$0

Reason: Operating funding provides a more practical and efficient funding option than SRF for these small construction projects, allowing BWS to proceed with necessary projects while minimizing administrative burden and associated costs.

4. Increase $1,700,000 in Improvement project funding and decrease $1,700,000 State Revolving project funding for:

Item No. 28 Kapolei Parkway 24-inch R-1 Water Main
Install 24-inch mains and appurtenances along Kapolei Parkway, from near FH No. L04892 to Kamōkila boulevard – approx. 700 lin. ft.

Appropriation		Present	Proposed
OPERATING FUND	CONST	$0	$1,700,000
STATE REVOLVING FUND	CONST	$1,700,000	$0

Reason: Operating funding provides a more practical and efficient funding option than SRF for these small construction projects, allowing BWS to proceed with necessary projects while minimizing administrative burden and associated costs.

5. Decrease $7,000,000 Operating funding for:

Item No. 2 Waikele Gulch Exploratory Well
Drill, install, test pump, and sample two exploratory wells. Install a temporary bridge to access the well site.

Appropriation		Present	Proposed
OPERATING FUND	CONST	$7,000,000	$0

Reason: The project will be deferred to a future fiscal year.

6. Increase $7,000,000 in Operating funding in the Contract Adjustment Account:

Appropriation		Present	Proposed
OPERATING FUND	CONST	$18,940,000	$25,940,000

Reason: The recommended reprogramming of the funds will enable the Department to execute projects that require additional funding. Due to continued economic uncertainty and volatility, the BWS is seeing increased project costs, and more funding is required to award and complete projects.

The following is a summarization of the FY2027 Budget Amendment No. 2:

Resolution 1013, 2027

FY2027 CIP Budget (as Adopted)	$266,810,000
FY2027 – Amendment No. 1	
Projects – Deferred	($ 5,000,000)
Contract Adjustment Account – Added	$ 2,100,000
Projects – Added	+$ 2,900,000
FY2027 CIP Budget (as Amended)	$266,810,000
FY2027 – Amendment No. 2	
Projects – Deferred	($ 7,000,000)
Contract Adjustment Account – Added	$ 7,000,000
FY2027 CIP Budget (as Amended)	$266,810,000

Upon approval, the appropriate changes will be affected.

☑ APPROVED / ☐ DISAPPROVED :

Ernest Lau Digitally signed by Ernest Lau
Date: 2026.10.07 17:25:27 -10'00'

ERNEST Y.W. LAU, P.E. Date

CC: Finance
Capital Projects
Water Resources
ESO-MBO - Original