

Honolulu Board of Water Supply

Stakeholder Advisory Group Meeting 63

Thursday, October 15, 2026, 4:00 – 6:00 pm

Neal S. Blaisdell Center – Maui Suite

Meeting Notes

PURPOSE AND ORGANIZATION OF MEETING NOTES

The purpose of these notes is to provide an overview of the Board of Water Supply (BWS) Stakeholder Advisory Group meeting. They are not intended as a transcript or as minutes. Major points of the presentations are summarized herein, primarily for context. Copies of presentation materials were provided to all participants and are available on the BWS website. Participants made many comments and asked many questions during the meeting. These are paraphrased to be more concise.

ATTENDEES

This was an in-person meeting in which 18 stakeholders participated, in additionto BWS staff, consultants and members of the public. The stakeholders represent diverse interests and communities island wide.

The following Stakeholders Advisory Group members attended:

Alison Richardson	Coca-Cola Company
Bob Leinau	Resident of Council District 2
Brian Miyamoto	Hawaii Farm Bureau
Cruz Vina, Jr.	Resident of Council District 8
Cynthia Rezentes	Resident of Council District 1
Dana Okano	Hawaii Community Foundation
Guy Yamamoto	YHB Hawaii
Helen Nakano	Resident of Council District 5
Jicky Ferrer	AARP Hawaii
John Reppun	KEY Project
Kaleo Manuel	Kamehameha Schools
Mahealani Cypher	Resident of Council District 3
Mark Fox	Environmental
Mary Kishimoto	Chamber of Commerce Hawaii
Matt Bailey	Castle Hospitality Group
Pono Chong	Resident of Council District 7
Ryan Obrero	Honolulu Board of Realtors
William Clark	Resident of Council District 6

WELCOME

Facilitator Dave Ebersold welcomed everyone to the 63rd meeting of the BWS Stakeholder Advisory

Group.

Meeting objectives were identified as:

- Provide BWS updates
- Water Master Plan and Capital Improvement Program overview
- Accept notes from meeting #62
- Long-Range Financial Plan and Water Systems Facility Charge overview
- Receive feedback on overall plan and policy recommendations

Dave briefly reviewed the roadmap to Water Master Plan adoption, noting the significant progress made since January. He explained that November's meeting would focus more heavily on stakeholder feedback and discussion, with preliminary recommendations anticipated to go before the BWS Board in January. Additional review and refinements would follow, with the goal of presenting the final Water Master Plan recommendations and Water System Facilities Charge for Board consideration and adoption in July of next year.

PUBLIC COMMENTS: None.

BWS UPDATES

Dave invited Ernest Lau, BWS Manager and Chief Engineer, to share BWS updates. Ernest announced that the U.S. Water Alliance will host its annual One Water Summit in Honolulu during the first week of November 2027 at the Sheraton Waikīkī. The national conference is expected to attract approximately 1,000 participants and will provide an opportunity to showcase Hawai'i's work on water issues while learning from water professionals and organizations across the country. Ernest, who serves on the U.S. Water Alliance Board of Directors, shared his excitement about bringing the conference to Hawai'i and encouraged stakeholders to participate.

COMMENT: Bob Leinau emphasized the importance of continuing to pursue reimbursement from the U.S. Navy for costs associated with the Red Hill fuel contamination and suggested keeping the issue in mind during future discussions involving federal land leases. Ernest said BWS filed a claim for approximately $1.21 billion against the Navy under the Federal Tort Claims Act. Following the denial of BWS's initial claim, a lawsuit was filed seeking recovery of costs associated with the impacts of Red Hill. The case was initially transferred to federal multidistrict litigation in South Carolina, where PFAS-related claims are being consolidated. However, at BWS's request, the court separated the claims, allowing the petroleum-related portion involving Red Hill fuel contamination to return to federal court in Hawai'i while the PFAS-related claims remain in South Carolina. Ernest confirmed that BWS continues to pursue both matters but could not provide further details due to the ongoing litigation.

QUESTION: Bob also asked whether Ernest could provide information about the proposed amendments appearing on the upcoming election ballot, particularly those that might affect BWS. Ernest explained that, as a public official, he could not advocate for particular candidates or ballot positions. He noted that the ballot includes approximately 20 proposed amendments to the Honolulu City Charter, developed through the Charter Review Commission process. Ernest encouraged stakeholders to research the proposals before voting. Ryan Obrero recommended Honolulu Civil Beat as a resource for understanding the proposed amendments, including summaries of their potential impacts and arguments for and against them.

QUESTION: Dave asked whether any of the proposed charter amendments would directly affect BWS. Ernest confirmed that none of the current proposals directly affect BWS. He explained that a previous proposal would have eliminated BWS's semi-autonomous status and placed it under the City's

organizational structure as a regular department. Ernest said BWS's current governance structure dates back to a 1929 decision by the territorial legislature to provide greater focus and independence in managing O'ahu's drinking water supply. Ernest expressed that the current structure remains an effective model for making decisions in the best interests of the community.

WATER MASTER PLAN OVERVIEW

Carl Lundin began his presentation with an overview of the Water Master Plan and its relationship to the Capital Improvement Program (CIP) and Long Range Financial Plan. He explained that the Water Master Plan evaluates the condition and performance of BWS infrastructure, identifies future needs, and establishes the technical foundation for capital investments. Those needs are then translated into projects through the CIP, which feeds into the Long Range Financial Plan to determine future revenue requirements and inform water rates. Carl reviewed several key findings from the Water Master Plan update, focusing on those expected to have the greatest impact on future capital costs. He also discussed potential performance metrics that could be used to track BWS's progress, noting that the previous Water Master Plan included too many metrics and that the updated plan should focus on a smaller, more meaningful set.

One of the priorities identified was reducing the number of pumps offline for maintenance. Carl explained that approximately 33% of BWS pumps are currently offline due to equipment failures, repairs, or maintenance activities. He suggested continuing to track the percentage of pumps offline while also measuring repair durations to identify opportunities to return equipment to service more quickly.

QUESTION: Matt Bailey asked how BWS's current percentage of offline pumps compares with other utilities of similar size. Carl explained that approximately 15% offline would generally be reasonable, while the original Water Master Plan established a goal of 10%. He noted that the importance of individual pumps varies by location, particularly in areas with limited backup capacity, and BWS prioritizes repairs at facilities where outages could have greater consequences.

QUESTION: Dave Ebersold asked whether the proposed performance metric could account for differences in the importance of individual pump stations. Carl explained that BWS has considered incorporating firm capacity, which evaluates a station's ability to meet maximum-day demand with its largest pump out of service. However, he noted that developing a meaningful systemwide metric that captures these differences would be challenging.

QUESTION: Bob Leinau asked whether BWS could develop a metric that considers the electrical equipment that supports the pumps, since pumps cannot operate without electricity. Carl explained that the current 33% figure includes facilities offline due to electrical equipment repairs, not just mechanical pump failures. Electrical repairs can sometimes take longer than pump repairs. He clarified that the metric reflects longer-term maintenance outages rather than temporary power interruptions caused by storms or other events.

QUESTION: Guy Yamamoto asked whether BWS considers the expected lifespan of pumps and the effects of Hawai'i's corrosive environment when planning. Carl explained that equipment housed inside enclosed pump stations generally lasts significantly longer because it is better protected from corrosion. BWS is evaluating whether the additional upfront cost of enclosed facilities can be justified by longer equipment life and reduced maintenance needs. He noted that pumps generally require maintenance approximately every ten years, although individual components have different maintenance cycles.

Carl next discussed the condition of BWS reservoirs. He explained that the current assessment examined 15 selected reservoirs to evaluate how their condition had changed over the past decade. Most were aging as expected and required only minor maintenance. However, externally tensioned reservoirs were deteriorating faster than anticipated and presented more significant concerns. BWS has seven reservoirs of this type, with repair or replacement projects already underway for two. Carl said the remaining five should be prioritized in the CIP. He suggested that tracking the number of these reservoirs remaining in service could be a useful temporary metric until they are addressed.

Another priority metric is diversifying and strengthening BWS's water source portfolio. Carl explained that the loss of Hālawa Shaft, ʻAiea Wells, and other sources following the Red Hill contamination has significantly reduced supply redundancy, particularly for urban Honolulu. BWS must develop replacement sources to restore operational flexibility while also considering the effects of drought and climate change. Carl discussed a potential metric measuring the percentage of water supplied from drought-tolerant sources.

COMMENT: Barry Usagawa noted that different groundwater sources have varying levels of drought vulnerability. He explained that smaller dike sources and thinner aquifers, particularly in Windward Oʻahu, may be more susceptible to drought than larger aquifers with greater storage capacity. Dave added that seawater desalination and recycled water could generally be considered drought-resistant sources, while the reliability of groundwater sources depends on factors such as aquifer characteristics and available sustainable yield.

QUESTION: Alison Richardson asked what the goal would be for drought-tolerant water supply. Carl explained that establishing a specific percentage target would be difficult and suggested that evaluating the system's ability to maintain reliable service during drought conditions might be a more meaningful metric.

Carl continued with the next metric of keeping up with pipeline replacement, noting that BWS has recently begun distinguishing between proactive leak repairs and emergency main breaks. He explained that identifying and repairing leaks before they become major breaks can reduce property damage, service disruptions, and repair costs. However, BWS has only approximately two years of separately tracked data, making it difficult to determine whether improved leak detection could support a slower pipeline replacement schedule without increasing system risk.

COMMENT: Bob Leinau suggested examining water loss from a broader water resources perspective, beginning with rainfall and tracking how water moves through runoff, groundwater recharge, pumping, and other ways. He noted that understanding the entire water balance could provide useful context for evaluating water losses within the distribution system.

QUESTION: Ryan Obrero asked whether modern pipeline materials are more durable than those installed in previous decades. Carl explained that BWS now primarily uses ductile iron pipe with protective measures intended to extend its service life. While PVC and other materials have advantages, ductile iron has generally performed better under local conditions. He noted that BWS continues to apply lessons learned from the performance of older materials when establishing current construction standards.

QUESTION: Mahealani Cypher asked whether BWS also evaluates the bedding and fill materials surrounding pipelines. Carl confirmed that proper bedding is especially important for PVC pipelines, which can be damaged by unsuitable materials such as crushed coral. He explained that ductile iron is more resistant to these conditions, but proper installation remains essential of all pipe material.

Carl emphasized that pipeline renewal should focus on reducing overall system risk rather than simply replacing pipes based on age or the number of previous breaks. BWS is therefore considering metrics that account for both the likelihood and consequences of failure.

The next priority metric identified reducing water loss, emphasizing the importance of accurately accounting for water throughout BWS's distribution system. He explained that BWS must first ensure that its meters are functioning and providing accurate readings, allowing the utility to better track how much water enters the system, how much is delivered to customers, and where losses may be occurring. Carl noted that this approach combines improved monitoring and data accuracy with proactive leak detection and repairs to reduce overall water loss.

QUESTION: Dana Okano asked whether BWS has data demonstrating the effectiveness of conservation rebates, including incentives for high-efficiency toilets and leak repairs. Carl explained that although the recently expanded rebate programs have not been active long enough to measure their additional effects, BWS has observed long-term reductions in per-capita water consumption that can be attributed to conservation efforts.

QUESTION: Jicky Ferrer asked who is responsible for the cost of relocating or replacing BWS pipelines affected by construction of the Honolulu rail system. Carl confirmed that rail covers those costs. Ernest explained that rail contractors perform the work, while BWS inspectors ensure that construction meets current water system standards. He confirmed that required materials must comply with BWS specifications, including its standards for ductile iron pipe, protective coatings, and corrosion control.

Carl discussed the final priority Water Master Plan metric, climate resiliency. He explained that BWS is considering updates to facility design standards to incorporate improvements such as flood doors, hurricane-resistant louvers, wildfire defensible space, and ember protection. Incorporating these measures into routine facility rehabilitation projects could improve resilience without requiring separate major construction efforts.

CAPITAL IMPROVEMENT PROGRAM OVERVIEW

Carl continued discussion on how the findings of the Water Master Plan are used to develop the CIP. He noted that the process incorporates demand and capacity projections, infrastructure condition assessments, and water source assessments. Although overall islandwide water demand is projected to remain relatively stable or decline slightly over the next 30 years, development and transit-oriented growth will shift demand between different areas, requiring targeted infrastructure improvements. Projects are organized into three major categories: renewal and replacement, research and development and capacity expansion. Each project is assigned an estimated cost, priority, and anticipated implementation schedule, with prioritization also reflecting the equity considerations previously discussed with stakeholders.

Carl presented an early draft of the 30-year CIP covering fiscal years 2026 through 2055, emphasizing that the figures were preliminary and intended to begin discussion rather than represent a finalized investment program. He reviewed several major cost drivers, including the Kalaeloa seawater desalination project, PFAS treatment facilities, future replacement of granular activated carbon treatment equipment, development of replacement sources following Red Hill, and rehabilitation or replacement of critical reservoirs. He noted that much of the construction spending for replacement water sources is anticipated in the mid-2030s because of the time required for planning, environmental review, permitting, and design.

Carl explained that the current financial framework supports approximately $230 million annually in capital expenditures, which would allow BWS to replace an average of approximately ten miles of pipeline per year over the long term. Increasing replacement to the previously established target of 21 miles annually could require a total capital program approaching $350 million per year. He clarified that these projections are based on 2026 dollars and do not account for future inflation or construction cost increases. Carl emphasized that BWS must determine an appropriate level of investment while balancing pipeline renewal with other critical infrastructure needs and the financial impacts on customers.

QUESTION: Dave Ebersold asked whether maintaining a capital program of approximately $230 million annually would still require future revenue increases to account for inflation and rising construction costs. Carl confirmed that the projections do not account for future cost increases, meaning additional revenue would be needed simply to maintain the same level of investment over time. Dave suggested that annual increases of approximately 3% to 5% might be necessary just to keep pace with inflation and construction costs, with additional increases required to support a larger capital program.

COMMENT: Cynthia Rezentes emphasized that stakeholders need more financial context before recommending whether BWS should pursue ten or 21 miles of pipeline replacement annually. She recalled that the original 21-mile target was established during the previous Water Master Plan process and helped inform subsequent water rate increases. She questioned how the current investment projections relate to those earlier decisions and asked for information showing the potential effects on household water bills and affordability. Cynthia said stakeholders need to understand the financial tradeoffs before determining whether to pursue the original replacement target or adopt a more gradual approach.

Ernest agreed that affordability must be a central consideration and noted that BWS must also evaluate its ability to deliver a larger capital program. He explained that increasing water rates to fund additional projects would not necessarily be beneficial if staffing, permitting, or construction limitations prevent BWS from completing the work. Dave clarified that the Long Range Financial Plan will first determine the revenue needed to support different investment scenarios, while actual water rate structures and affordability programs would be considered through a subsequent process.

Ernest suggested that the updated analysis should also revisit historical main break projections and account for improvements in leak detection technology. He noted that satellite-based leak detection has helped BWS identify underground leaks more efficiently, potentially reducing the number of major breaks even if pipeline replacement proceeds at a slower pace. Dave explained that the limited history of separately tracking leaks and emergency breaks creates uncertainty about how much these improvements may reduce future failures. He suggested that maintaining a more moderate replacement pace while collecting additional data could be one option for balancing system reliability and affordability. Ernest also emphasized that BWS's updated pipeline standards, including corrosion-resistant coatings and cathodic protection, are intended to extend pipeline life and reduce future maintenance and replacement needs.

QUESTION: Ryan Obrero asked whether declining population, reduced tourism, and lower overall water consumption could reduce the frequency of main breaks. Carl explained that lower water demand can reduce high flows and pressure fluctuations that sometimes trigger failures, although the overall effect on main break frequency would likely be relatively small. Ernest added that continued conservation can reduce pumping requirements and pressure fluctuations, which may help extend pipeline life.

QUESTION: Ryan Obrero asked whether population shifts toward newer developments in West O‘ahu could reduce the need for pipeline replacement in urban Honolulu. Ernest explained that many of the oldest pipelines on O‘ahu are located in Honolulu, including some more than 100 years old. Even if water demand declines in those areas, BWS will still need to replace aging infrastructure to maintain reliable service.

QUESTION: Mark Fox asked whether the planning process would eventually include financial scenarios showing the revenue and potential rate increases needed to achieve different pipeline replacement targets, similar to the previous Water Master Plan process. Ernest confirmed that the Long Range Financial Plan will establish future revenue requirements for both operations and capital improvements, which will ultimately inform discussions about water rates. Mark also asked whether increasing pipeline replacement could create economies of scale and whether intermediate investment levels might provide better value. Dave noted that a larger capital program would also require additional staffing and associated operating costs, which would need to be considered alongside construction expenditures.

COMMENT: Dana Okano supported Cynthia’s request for additional information but emphasized that investment decisions should also consider the value of conserving water resources. She noted that preventing leaks and major breaks reduces wasted water and can lessen the need for additional storage and source development. Dana encouraged BWS to consider these resource conservation benefits alongside financial affordability when evaluating future investments.

QUESTION: Alison Richardson asked how many miles of pipeline BWS has actually replaced annually over the past decade. Carl explained that replacement has varied by year but generally ranged between approximately six and ten miles annually.

QUESTION: John Reppun asked how dual water systems, recycled water, and conservation are incorporated into future infrastructure planning, particularly as development continues in West O‘ahu. Carl explained that conservation has significantly improved the long-term outlook for water demand. As a result, BWS anticipates less need for new sources, pumping facilities, and reservoirs than previously expected, although the loss of major sources following Red Hill remains a challenge. He added that dual water systems can reduce potable water demand while also providing wastewater management benefits, and BWS encourages their use through incentives such as reductions in the Water System Facilities Charge.

Ernest explained that developments in the ‘Ewa Plain have incorporated separate pipelines for recycled water. However, constructing parallel potable and non-potable distribution systems can be costly. He discussed opportunities for decentralized water reuse, including onsite treatment, stormwater capture, rainwater harvesting, condensate recovery, and centralized reuse systems serving larger developments. Ernest noted that these approaches could reduce potable water demand and address wastewater disposal challenges, although water quality concerns, including PFAS, must also be considered.

QUESTION: Mahealani Cypher asked whether the Water Master Plan projections account for climate change and the potential for prolonged droughts following strong El Niño conditions. Carl confirmed that climate projections have been incorporated into the planning process. Dave explained that the Water Master Plan focuses primarily on long-term trends, while specific short-term drought events may require operational responses such as pumping restrictions and increased conservation measures.

COMMENT: Cynthia shared an example of successful water conservation through the conversion of

Hawaiian Electric's Kahe power plant to recycled water supplied from Honouliuli. She explained that the change reduced potable water consumption by approximately 250,000 gallons per day, making that water available for other uses. She encouraged stakeholders to identify similar opportunities within their communities and supported exploring shared or decentralized wastewater treatment systems that could reduce infrastructure demands and provide environmental benefits.

COMMENT: John Reppun suggested considering approaches like electrical microgrids and islanding when planning future water systems. Barry added that the planned Aloha Stadium redevelopment will incorporate non-potable water for toilet flushing and other reuse measures, supported by BWS incentives. He explained that these approaches can help address limitations in both potable water supply and wastewater infrastructure.

COMMENT: Ryan Obrero suggested that if the proposed RISE bond amendment is approved, BWS could explore opportunities to coordinate financing incentives with water conservation measures for new developments. Ernest said BWS continues to evaluate financing opportunities that can reduce costs for customers and announced that the U.S. Environmental Protection Agency was expected to announce a Water Infrastructure Finance and Innovation Act (WIFIA) loan of up to approximately $109 million to help finance the Kalaeloa seawater desalination project.

Dave concluded the discussion by explaining that the purpose of presenting the preliminary CIP scenarios was to establish a range of potential investment approaches and gather stakeholder feedback. At one end, BWS could maintain a capital program near its current level, with rate increases primarily to keep pace with inflation and construction costs. At the other end, BWS could pursue the larger investment needed to reach 21 miles of pipeline replacement annually. Dave thanked stakeholders for their input and noted that these considerations will help guide development of the next draft of the CIP.

ACCEPTING MEETING 62 NOTES

Meeting 62 notes were approved. Pono Chong clarified that he was only asking how many pipeline breaks would equal the cost of replacing the pipeline, not suggesting that BWS should allow breaks to occur.

LONG RANGE FINANCIAL PLAN OVERVIEW

Dave introduced the Long Range Financial Plan, explaining that it will identify the revenue BWS needs to support its operations, CIP, and other financial obligations over the 30-year planning period. He noted that BWS receives revenue primarily from water rates and the Water System Facilities Charge (WSFC), with a small portion coming from miscellaneous sources such as interest earnings. The Long Range Financial Plan will determine overall revenue requirements, while decisions about the water rate structure will be addressed through a separate rate-setting process.

Dave explained that the Long Range Financial Plan considers three major components: operating expenses, debt funded capital expenditures, and financial policies. Operating expenses include personnel, materials, supplies, services, equipment, and fixed costs such as employee benefits, retirement, and electricity. Capital expenditures are funded through a combination of cash collected from water rates and borrowing, primarily through bonds. He noted that federal financing programs, such as the Water Infrastructure Finance and Innovation Act, can offer lower-interest borrowing options, while grants may help offset certain expenses but generally represent a small portion of BWS's overall financial needs.

The third component involves financial policies that ensure BWS maintains sufficient resources to meet

its obligations and respond to unexpected events. These include requirements for days cash on hand, debt service coverage, and reserves. Dave explained that maintaining adequate reserves is particularly important during emergencies such as hurricanes, when water revenues may decline while repair costs increase. The Long Range Financial Plan will review whether the financial policies established during the previous planning cycle remain appropriate or require adjustments.

QUESTION: Bob Leinau asked how BWS manages its financial reserves and whether those funds earn interest while being held. Dave confirmed that the reserves generate interest income, which is included in BWS's miscellaneous revenues.

Dave outlined several key questions the Long Range Financial Plan will address, including whether current financial policies remain appropriate, how revenue requirements change under different capital investment and financing scenarios, how financial risks could affect future revenues and expenses, how much debt BWS should carry, and which investments should be prioritized or deferred. He explained that financing decisions involve tradeoffs between paying for projects upfront with cash or borrowing money and spreading repayment over time with interest. The Long Range Financial Plan will also evaluate potential risks, such as declining water sales resulting from conservation, higher-than-expected growth, or another major disruption like a pandemic. Dave emphasized that the overall objective is to balance BWS's responsibility to provide safe, dependable water with the need to keep water service affordable.

QUESTION: Ryan Obrero asked whether BWS considers future sewer rate increases when evaluating water rates, noting that customers receive a combined bill and may view increases in either charge as an increase in their overall water bill. Dave explained that the City's Department of Environmental Services adopted a multi-year sewer rate schedule approximately a year ago. However, future sewer rates beyond that period remain uncertain. Ernest agreed that the combined billing makes it difficult for customers to distinguish between water and sewer charges, particularly when increases occur around the same time. He noted that BWS has worked to separate the bills to help customers better understand the charges.

QUESTION: Jicky Ferrer asked whether BWS could pursue funding from the state's recently approved Green Fee to support capital improvements rather than relying entirely on water ratepayers. Ernest agreed that BWS should explore opportunities to obtain Green Fee revenues and other outside funding sources. Jicky also questioned how those funds are allocated and suggested that BWS should have a role in determining which projects receive funding. Ernest explained that the Legislature ultimately determines how the funds are appropriated and that requests may need to be submitted through a state agency.

Dave concluded the Long Range Financial Plan overview by explaining that it will help inform the updated Water System Facilities Charge and provide the financial foundation for BWS's next water rate study.

Water System Facilities Charge Overview

Dave introduced the Water System Facilities Charge discussion by revisiting several policy questions raised at the previous meeting. These included:

- Should growth-related capital projects be paid for entirely by the development creating the growth? Why or why not?
- What types of developments, if any, should be discounted or exempt? What would be the goal of those discounts or exemptions?
- Should a particular customer class be discounted or exempt? For example, agricultural

customers.
- Should changes to the charge be phased in over a period of years?

He reminded stakeholders that the Water System Facilities Charge is a one-time charge generally paid when a new development connects to the BWS system or when an existing property requires additional water capacity. It does not appear on customers' regular water bills. Dave also clarified that developers of large new subdivisions are generally required to construct the water infrastructure serving their developments and transfer those facilities to BWS.

Dave explained that the Water System Facilities Charge has not been updated since 1993 and provided a comparison of charges for a single-family residence with a 5/8-inch meter. BWS currently charges $3,707, compared with $12,060 on Maui, $14,115 on Kaua‘i, and $11,559 in Las Vegas. Dave also revisited the gap between Water System Facilities Charge collections and growth-related capital expenditures. From 2015 to 2020, BWS collected approximately $10.3 million annually, while more recent growth-related capital costs have averaged approximately $41.8 million annually. The resulting shortfall of roughly $30 million is funded through water rates paid by existing customers.

Dave explained that because the Water System Facilities Charge does not fully cover growth-related costs, existing BWS customers pay approximately $98 more per year than they would if development covered those costs. However, he acknowledged that increasing the charge could raise development and housing costs. He emphasized the importance of balancing these considerations, particularly given the affordability challenges facing Hawai‘i residents, including the approximately 44% of the state's population classified as ALICE (Asset Limited, Income Constrained, Employed) or below. Dave asked stakeholders to consider whether the current charge should remain unchanged, increase to shift more costs toward development, or be adjusted through a combination of policy approaches.

QUESTION: Matt Bailey asked whether large condominium developments, such as a 500-unit project in Kaka‘ako, are required to pay the WSFC or are exempt because they provide their own water infrastructure. Barry explained that these developments generally pay the charge, although qualifying affordable housing units may receive waivers. He noted that BWS currently has authority to waive charges for up to 500 affordable housing units annually, with the resulting costs effectively supported by other ratepayers.

COMMENT: Pono Chong expressed concern that stakeholders were being asked to provide policy recommendations without sufficient information about BWS's current financial position. He requested additional context regarding BWS's annual budget, available funds, and the balance between cash financing and capital expenditures. Dave explained that the Water System Facilities Charge is restricted to funding growth-related improvements to shared water system infrastructure. He noted that BWS currently spends approximately $250 million annually on capital projects, of which about $40 million is growth-related. Water System Facilities Charge revenues contribute approximately $10 million toward those costs, leaving the remaining $30 million to be funded through water rates.

QUESTION: Pono Chong asked whether the Water System Facilities Charges in other counties were structured and used the same way as BWS's charge. Dave explained that state law governs how the charges can be used, but each county has different growth-related infrastructure needs. He clarified that the figures were provided for comparison only, not as suggested amounts for BWS to charge.

QUESTION: Pono also asked how the Water System Facilities Charge accounts for differences between redevelopment in an existing urban area and entirely new developments in West O‘ahu that require extensive new pipelines. Dave explained that developers of new subdivisions are generally responsible

for constructing the infrastructure needed to serve their developments and transferring it to BWS. He added that the Water System Facilities Charge helps fund other growth-related improvements throughout the shared water system, including projects needed to accommodate increased demand from redevelopment.

QUESTION: Bob Leinau asked whether government agencies or other funding sources help farmers pay for water system connections given the financial challenges facing agriculture and the importance of local food security. Dave noted that only five new agricultural customers had connected to the BWS system over approximately the previous three years, suggesting that waiving charges for these customers would have a relatively small financial impact. Ernest clarified that BWS already has a program that waives meter charges for qualifying new farmers installing meters up to one inch in size. He acknowledged that participation has been limited and suggested that BWS may need to improve awareness of the program.

COMMENT: Brian Miyamoto explained that Hawai‘i continues to lose farms, with the most recent agricultural census showing a 10% decline statewide over five years. He noted that many new farmers take over existing farms rather than establish entirely new operations, and that most agricultural water comes from irrigation systems rather than BWS. He expressed support for increasing the number of farms and reversing the declining trend.

COMMENT: Dana Okano asked whether the existing affordable housing waiver program meets the demand for qualifying units and whether the waiver applies only to affordable units within mixed-income developments. She expressed support for expanding assistance to more affordable housing units.

Dave presented a graphic summarizing the number of affordable and homeless housing units supported by the program since 2018, along with the associated Water System Facilities Charge, meter costs, and annual fees waived. During that time, BWS waived approximately $6.3 million in WSFC charges, supporting nearly 5,000 affordable and homeless housing units, averaging approximately 500 units and $700,000 in waivers annually.

Ernest explained that demand for affordable housing waivers has increased significantly as larger developments move forward. He noted that the annual allocation of 500 units, which previously lasted much of the fiscal year, was used up during the first month of the current fiscal year. He also raised questions about how affordable housing should be defined, noting that existing state and city definitions can include households earning between approximately 80% and 140% of median household income. Ernest suggested that future policy discussions consider whether waivers should focus on lower-income households, whether the annual allocation should increase, and whether limits should be established for individual developments so that more projects can benefit.

COMMENT: Dana supported considering an increase in affordable housing waivers and suggested that developments incorporating water reuse should also qualify for reductions in the Water System Facilities Charge. She noted that both affordable and market-rate developments may incorporate reuse systems and encouraged BWS to allow projects to benefit from both affordable housing and water conservation incentives. Ernest explained that the Water System Facilities Charge applies to a development's impact on the potable water system and that developments using onsite recycled water can receive reductions based on the amount of potable water demand avoided. He noted that BWS also offers conservation incentives to help offset some of the costs of installing onsite reuse systems.

Dave concluded the discussion by noting that BWS will provide additional information on the calculations and methodology used to develop the updated Water System Facilities Charge at the next meeting, allowing stakeholders to better evaluate the financial implications of the policy options under consideration.

NEXT STEPS

Dave shared the list of stakeholder advisory group meetings for 2026:

- November 19, virtual meeting to obtain feedback on the overall Water Master Plan and recommendations to the BWS Board.

Dave thanked the attendees for their attention and participation and concluded the meeting.