

Honolulu Board of Water Supply
Stakeholder Advisory Group Meeting 49
Thursday, January 18, 2024, 4:00 – 6:00 pm
Microsoft Teams

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 online meeting in which 13 stakeholders participated, in addition to BWS staff, consultants and members of the public. The stakeholders represent diverse interests and communities island wide.

The following Stakeholders Advisory Group members attended:

William Clark	Resident of Council District 6
Mark Fox	Environmental
Shari Ishikawa	Hawaiian Electric Company
Will Kane	Mililani Town Association
Markus Krebs	Outrigger Reef Hotel
Bob Leinau	Resident of Council District 2
Helen Nakano	Resident of Council District 5
Dana Okano	Hawaii Community Foundation
Dean Okimoto	Nalo Farms, Inc.
Elizabeth Reilly	Resident of Council District 4
Cynthia Rezentes	Resident of Council District 1
Alison Richardson	Coca-Cola Co.
Suzanne Young	Honolulu Board of Realtors

WELCOME

Facilitator Dave Ebersold welcomed everyone to the 49th meeting of the BWS Stakeholder Advisory Group. He also introduced Kaliko Lum Kee, the BWS’s new Assistant Waterworks Controller.

Meeting objectives were identified as:

- Rate Study Wrap-Up

- Accept notes from meeting #48
- Provide BWS updates
- Looking Ahead

PUBLIC COMMENTS: None.

ACCEPTING MEETING 48 NOTES

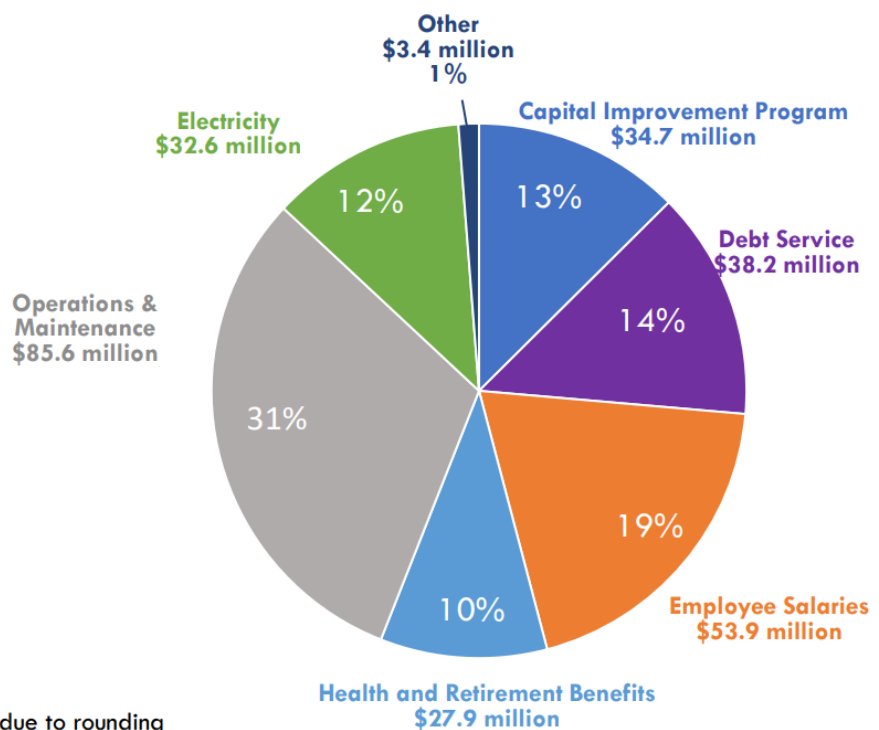
Meeting 48 notes were approved. BWS Information Office Kathleen Elliott-Pahinui acknowledged BWS Information Specialist Keoni Mattos for his work on the meeting notes.

WATER RATES UPDATE

Dave provided an update on water rates, noting significant developments since the last discussion in October. Dave covered the breakdown of the current fiscal year's operating fund expenditures, highlighting that the Capital Improvement Program and debt service account for 27% of expenditures, employee salaries and benefits about 29%, operations and maintenance at 31%, and electricity costs at 12%. Total expenditures for the year are budgeted at \$276 million.

WHERE YOUR MONEY GOES

Operating Fund Expenditures
Fiscal Year 2024
\$276.4 million*



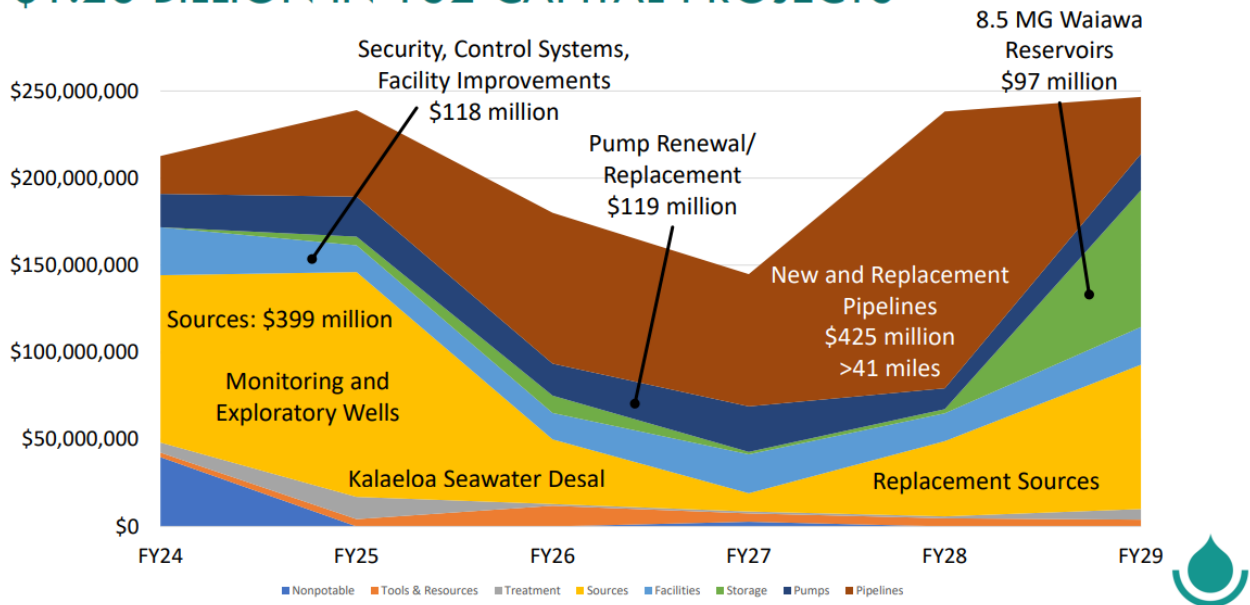
* Individual amounts may not total due to rounding

Dave also reviewed the achievements from the last round of rate increases from 2018-2023, which included substantial investments in the water system and capital improvement projects totaling \$770 million.

Dave discussed the strategy for future rate increases, which aims to balance safe and dependable water service with rate affordability. This includes deferring less critical capital projects, focusing on water quality and source protection, keeping operations & maintenance (O&M) costs flat, updating the Water Master Plan, and adjusting the number of days of working capital for affordability while retaining enough capital for risk response. A detailed overview of the Capital Improvement Program

for fiscal years 24-29 was presented, emphasizing various projects such as source development, security enhancements, storage capacity expansion, and pipeline replacement, with significant investments highlighted, including the Kalaeloa Seawater Desalination Project.

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



Dave discussed proposed rate increases for a five and a half year period, which will be starting February 1, 2024. The rate increase schedule emphasizes consistent application across all customer classes and variations within tiers to incentivize water conservation. BWS will be continuing existing fee waivers for affordable housing, homeless housing, and fire sprinkler retrofits, and will establish a waiver for new farmers connecting to the BWS system for the first time.

BWS conducted extensive outreach efforts, including website views, social media engagement, community meetings, and presentations, acknowledging that the majority of community feedback expressed concerns over the proposed rates while understanding their necessity.

Q: Dean Okimoto asked if BWS is in conversation with the Navy about them picking up some of these costs since it is a direct result of Red Hill?

A: Ernest commented that the need for new water sources was identified in our Water Master Plan adopted in 2015-2016, primarily due to growth in areas like ‘Ewa and Central Oahu. While Red Hill exacerbated the situation by necessitating the shutdown of three wells, it's not the main driver behind the need for new sources. We've filed a claim against the Navy under the Federal Tort Claims Act, seeking \$1.21 billion for costs incurred.

Q: Elizabeth Reilly noted that Congressman Ed Case mentioned funds being given to the military to help with Red Hill. Is there a disconnect between his office and the Board of Water Supply regarding funds allocation?

A: Ernest responded that the Department of Defense received nearly \$2 billion, but none of it has been

allocated to the BWS. BWS has engaged with Congressman Case and Senator Schatz's offices for potential funding opportunities but hasn't been successful yet. We will continue to explore avenues for federal funds, particularly grants. Elizabeth asked if it is worth trying to get a meeting with Congressman Case to address this issue? Ernest said he has been in dialogue with Congressman Case and Senator Schatz's office to address this issue. BWS has also submitted project requests for congressional set-asides. BWS will continue to work with our congressional delegation to explore opportunities for federal funding.

Dave continued his presentation and the conversation about public feedback on rate increases. Measures to maintain affordability for low water users and incentivize water conservation were implemented, including enhancements to water conservation incentive programs. A comparison of proposed water rates with over 50 other cities placed BWS in the middle of the pack. The financial implications of delaying rate increases were analyzed, showing detrimental effects on BWS's financial health.

Dave and Ernest acknowledging the hard work of the BWS team and the valuable input from the Stakeholder Advisory Group throughout the rate increase process. They emphasized the continuation of dialogue with stakeholders and the future steps to be taken.

BWS UPDATES

Dave invited Ernest Lau, BWS Manager and Chief Engineer Ernest Lau to share BWS updates.

Ernest reported significant achievements in the Navy's defueling the Red Hill facility, with 104.6 million gallons of fuel already removed as of December, greatly reducing the risk of potential leaks. Ongoing efforts to drain an additional 60,000 gallons from the pipeline system are expected to be completed by March, although residual fuel and sludge remain in the tanks, requiring further cleanup efforts.

Ernest outlined the meticulous process involved in cleaning each tank, with an estimated timeline of over three years for completion, leading to the anticipated closure of the facility by the end of 2028. He also mentioned the upcoming transition to a new task force dedicated to overseeing the closure and cleanup of Red Hill, addressing concerns about potential future uses of the site and emphasizing the importance of preventing environmental risks.

Q: Bob Leinau asked what will happen to the tanks once they're emptied.

Ernest emphasized the importance of preventing the Navy from reactivating them and ensuring that any reuse does not pose environmental risks. He mentioned the Navy's commitment to removing pipelines but notes that decisions about the tanks themselves are still under discussion.

Ernest also discussed a news release from the State Department of Health regarding \$75 million in bipartisan infrastructure funding available. Upon further investigation, only \$32 million of that is currently accessible. The funds are earmarked for addressing emerging contaminants in water systems, but not specifically for the BWS. Ernest highlighted ongoing discussions with the Department of Health and EPA to maximize the utilization of these funds for eligible projects.

Ernest thanked the SAG members for attending and for their future input on the revised BWS Water Master Plan.

NEXT STEPS

Dave shared a list of Stakeholder Advisory Group meetings in 2024: Thursday, April 18; Thursday, July

18; and Thursday, October 17 from 4 to 6 p.m. Dave thanked the attendees for their attention and participation and concluded the meeting.