

**Honolulu Board of Water Supply
Stakeholder Advisory Group**

Meeting 36 Thursday, October 15, 2020 4:00 – 5:30 pm
Virtual Meeting

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 a virtual meeting in which 18 stakeholders participated on-line and/or by phone, in addition to BWS and CDM Smith staff and members of the public. The stakeholders represent diverse interests and communities island-wide.

The following Stakeholders Advisory Group members participated:

- | | |
|-------------------|--------------------------------|
| Bill Clark | Resident of Council District 6 |
| Mark Fox | Environmental |
| Shari Ishikiawa | Hawaiian Electric Co. |
| Will Kane | Mililani Town Association |
| Dan Kouchi | Chamber of Commerce, Hawaii |
| Bob Leinau | Resident of Council District 2 |
| Helen Nakano | Resident of Council District 5 |
| Robbie Nicholas | Resident of Council District 3 |
| Dean Okimoto | Nalo Farms, Inc. |
| Christine Olah | AARP Hawaii |
| Dick Poirier | Resident of Council District 9 |
| John Reppun | KEY Project |
| Alison Richardson | Coca-Cola Bottling Co. |
| Elizabeth Reilly | Resident of Council District 4 |
| Cynthia Rezentes | Resident of Council District 1 |
| Chace Shigimasa | Resident of Council District 7 |
| Guy Yamamoto | YHB Hawaii |
| Cruz Vina Jr. | Resident of Council District 8 |

WELCOME

Dave Ebersold, meeting facilitator and Vice President of CDM Smith, welcomed the group and outlined meeting objectives. Stakeholders will:

- Listen to an update about the Long Range Financial Plan and provide input on new scenarios related to the COVID-19 global pandemic.
- Review and accept notes from Stakeholder Advisory Group meeting #35.
- Watch a new BWS storm water best management practices training video for employees.
- Hear about Department of Facility Maintenance (DFM) efforts to form a new storm water utility and provide them with feedback.

PUBLIC COMMENT: None.

ACCEPT MEETING 35 NOTES: Accepted.

BWS UPDATES

Ernest Lau, BWS Manager and Chief Engineer, updated the group about BWS operations. All BWS employees are working and 150 are teleworking at least part time and participating in rotating schedules to maintain safety while providing service to the community during the pandemic. Ernest said that a virtual meeting of the Red Hill fuel tank advisory committee will take place at the end of October.

BWS is asking customers to voluntarily conserve water due to the dry weather conditions over the last seven months that have increased water demand across the Island. Water production rate hit 160 million gallons a day (MGD) compared to the average daily demand of 145 MGD.

Ernie told the group that they would hear from guest speakers who will share about the proposed storm water utility, led by Ross Sasamura, Chief Engineer, Department of Facilities Maintenance and a BWS Board Member.

FINANCIAL PLAN PANDEMIC SCENARIOS

Dave said that the BWS Long Range Financial Plan (LRFP) is being updated to reflect recent needs, primarily in response to the COVID-19 pandemic. The BWS Board adopted the LRFP in February 2018. The Stakeholder Advisory Group provided a tremendous amount of input to the process of developing the LRFP. Dave reviewed the main elements the plan, discussed potential updates, and received stakeholders' input prior to the BWS Board meeting the following week.

In the 2018 LRFP, six long range planning scenarios were developed and considered uncertainties shown below:

LRFP Scenario

Aggressive conservation
Aggressive growth
Major natural disaster
Major source water contamination
Climate change

Economic cycle

Uncertainties Considered

Water demands
Water demands, water quality
Water demands, water quality, economic factors
Regulatory requirements, water quality
Climate change, water demands, water quality, economic factors
Economic factors

Dave said:

- The **Aggressive Conservation** scenario assumed that water demands would decrease by an average of 1% per year, resulting in BWS receiving less revenue from all customers.
- The **Aggressive Growth** (high demand) scenario considered two conditions, a 0.5% increase and a 1.0% increase in water demand per year.
- The **Major Natural Disaster** scenario focused on capital needs related to damaged infrastructure, revenue lost from water service interruption, and reductions in the ability to collect bills. This evaluation helped inform the BWS Board's financial policies, targeting 180 days of working capital.
- The **Major Source Water Contamination** scenario considered contamination caused by a sudden leak or by long-term legacy land use issues. Both are expensive problems to fix.
- The **Climate Change** scenario considered several situations including the need for higher capital replacement due to an increase in groundwater salinity; when 25% of BWS infrastructure becomes low enough and close enough to the coastline to be impacted; the useful life of infrastructure is cut in half; additional sources of supply are needed to offset failing ground water sources; and mandatory conservation is required.
- The **Economic Cycle** scenario assumed a downturn similar to the great recession of 2008 that lasted about 18 months in Hawaii.

Each scenario was evaluated against the financial mitigation strategies available to the BWS and the strategies appeared to be adequate. BWS's financial situation has been monitored by using the Water Master Plan scorecard and other available metrics to best assess changing conditions.

COVID 19

In 2020 it became clear that LRFP would need to be updated to include planning scenarios to address worldwide pandemics. The Coronavirus is a specific example and a driver of this kind of updated scenario. Dave emphasized the importance of monitoring Oahu's situation right now. He added that, if a hurricane struck during the pandemic, the impacts could be catastrophic to the island community.

BWS has been evaluating the impacts of the pandemic and identifying additional tools and strategies, including an update to the LRPF. Dave and Barry Usagawa, BWS Water Resources Program Administrator, showed the group a series of slides on water use patterns since the pandemic hit and customer delinquencies in paying their water bills.

Water Demand Patterns

Barry said that water demand decreased from the pandemic's stay home work home order in mid-March to the end of April largely from the loss of tourism. When business closed, more people worked at home and we saw residential water demand remain high. Water use is also dependent upon weather, and the summer has been hot and dry. BWS is asking people to voluntarily conserve water. April marked the start of a 7-month drought. By early May, water use had climbed back up to and exceeded the 5-year monthly average. Barry showed daily production measurements.

Hurricane Douglas passed very near Oahu in July and water demand decreased due to the large amount of rain.

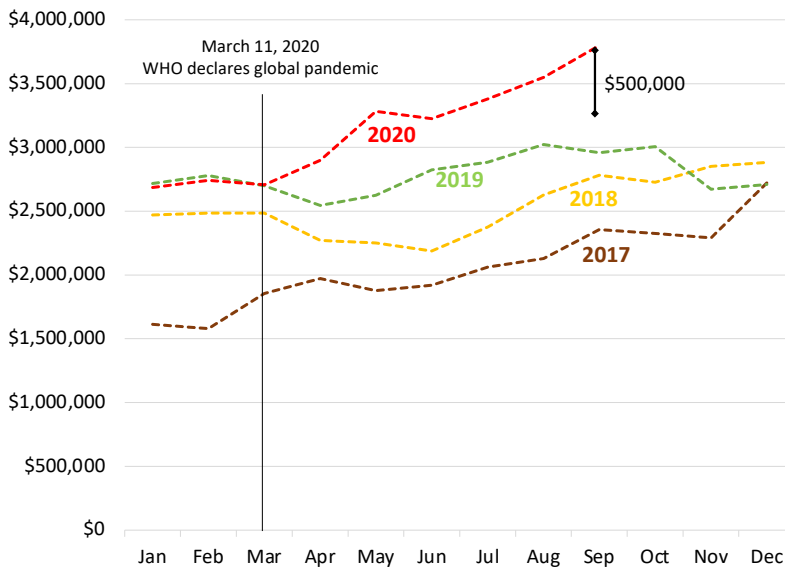
Barry showed the rainfall index to the group. In April, rainfall dropped 35% below normal. In August and September, rainfall was 41% lower than normal. October showed a similar trend. Barry said he hopes that winter brings storms to alleviate water demand. The National Weather Service will provide the winter outlook soon and BWS will update the group.

Water Bill Delinquencies

Dave said that BWS is tracking the number of customers who are not paying their bills. He showed a chart of accounts that are 30 days over the last 4 years, starting in 2017, and pointed out that there is a consistent seasonality to delinquency trends. Delinquencies increase at the end of every year and then decrease at the start of the next year. This type of trend is important to be aware of so the data aren't misinterpreted.

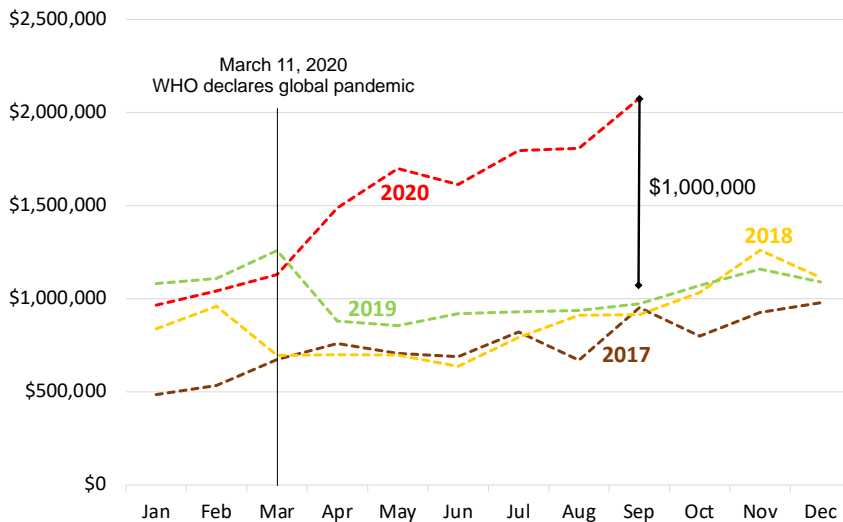
The number of delinquent accounts in 2020 is consistent with previous years but the dollar amount owed to BWS has increased. The chart below shows the financial impacts to BWS and includes a vertical arrow in 2020 to show what half a million dollars would look like. This chart shows the magnitude of delinquencies for residential water customers but is not an exact amount.

Monthly Residential Water Customer Delinquency – 2017 to Present (\$)



A similar analysis was conducted for commercial customers which showed a higher number of delinquencies after March 2020. There was a high of about 1,600 delinquent accounts in May and June before dropping to 1,400 and has been holding steady. BWS looked at the delinquencies in dollars to see if there would be a similar trend to the residential customers, however, the dollar tells a different story, with the amount increasing by over \$1 million from the previous year.

Monthly Commercial Water Customer Delinquency – 2017 to Present (\$)



Ernie reminded the group that BWS will not shut off customers' water in 2020 due to a lack of payment and understands that this is a hard time. BWS is encouraging customers to pay what they can and enter into payment plans if needed. This will be reevaluated next year.

Dave talked about variables that would need to be considered for the pandemic scenario and what would be impacted in regard to both revenues and expenses. Questions to consider in the updated financial analysis are:

- What happens with the number of accounts?
- Does the number of customers grow or contract as businesses shut down?
- Are people moving away over time?
- What is the usage per account?
- Do people conserve more water?
- Does residential usage go up as more people are staying home?
- How does that offset the decrease that has occurred in commercial usage?

Variables to Consider in New Pandemic Scenario

Revenue	Expense
Water sales	Operations & Maintenance
Account growth (contraction)	Fixed
Usage per account	Variable
Delinquencies	Capital Improvement Program
\$ Amount	Cash
Duration of repayment	Debt
Uncollectable accounts	Timing
Stimulus Funding	

One of the lessons learned in examining recent data is that it's not enough to just look at the delinquency rate, but attention must be paid to the dollar amount of delinquencies. As we think about impacts and recovery, we need to think about the duration of time it will take people to pay back bills that they're delinquent on and what amount will become uncollectable as people move away, declare bankruptcy or go through continued hardship. Also important to consider are the availability and timing of stimulus funding for BWS's customers, businesses that drive the economy overall, and local government agencies.

Dave said that costs for operations and maintenance are mostly fixed and can't be changed quickly. Adjustments in the capital improvement program can be made by pushing some projects into later years and increasing the amount of borrowing.

In thinking about how to frame a global pandemic scenario and elements of the planning process, BWS thought about what's the best framework to use. How do we discuss the timing of reopening the economy? The University of Hawaii Economic Research Organization's (UHARO) forecasts came out in September and provided the starting point for the discussion and guided a range of scenarios based on the ability to reopen tourism, which is the primary economic driver in Hawaii.

Considering a range of 3 scenarios based on ability to “reopen” tourism

Element	Optimistic	Moderate	Pessimistic
Test-based Reopening	Yes	Yes	Yes
Rapid Testing and Effective Contact Tracing	Yes	No	No
3 rd Wave	No	No	Yes
Vaccine	No	Widely available Summer 2021	Available late 2021

After UHERO State Forecast Update, September 2020

Informed by this, BWS is considering three scenarios: an optimistic one, a moderate one, and a pessimistic scenario. Under the **optimistic** scenario, there would be test-based reopening coupled with widely available rapid inexpensive testing, and effective contact tracing. The idea is that these elements would allow quicker reopening of tourism than would be possible otherwise. Rapid testing and contact tracing would allow the reopening to happen faster even before the use of a vaccine.

The **moderate** scenario looks like what's happening right now. In October 2020, Honolulu began allowing people to COVID-test before they arrived on Island to avoid a 2-week quarantine. In this scenario, Honolulu would not have widespread rapid testing or effective contact tracing. A third wave of infection would not come to fruition and a vaccine might be widely available around the summer of 2021.

The ideas behind the more **pessimistic** scenario are that there's test-based reopening, but an effective vaccine would not be available until late 2021. In the meantime, we would not have effective contact tracing; there would be weaknesses in that testing; and a third wave of the virus would force the economy to contract even more.

Dave asked if the stakeholders think that this is the way to frame a global pandemic scenario, and if this range of options, elements, and timing seem reasonable. He asked if anything else should be added. Stakeholders' comments and questions are summarized below.

Comment: I think you need to take a hard look at how many uncollectable amounts you're actually going to get. If a family has an unexpected mortality, their economics could totally crash. You talked about how many months it would take to collect delinquent funds or what percent to write off. I think we need to take a really hard look at that kind of situation. I'm curious how that situation will back into your three scenarios. I think one of the biggest variables is going to be the amount of money that is ultimately uncollectable.

Comment: I don't see a lot of people getting rental assistance from different agencies. Instead of having these folks jump through hoops to get funding support for rentals and/or other household costs, like utilities, is there a way for the Boards of Water Supply across the State of Hawaii to be tapping into the Governor's Office for funds to pay their water bills? We know there are people who never had a problem with paying their water bill prior to March 2020. Why aren't we collectively going after funds given to the State to help stabilize some of our funding sources? This could potentially help those individuals plus the BWS.

Response: Ernie said that he wished BWS could use that funding source for this purpose. Early on, the BWS proposed that some of the CARES Act funding be used for customers who have been impacted by COVID-19 and are struggling to pay their utility bills. Federal rules for CARES Act funding do not allow that.

Comment: It's a perception thing. It could almost look like they are taking CARES money and giving it back to the government. I think people would get upset about something like that.

Comment: City and County funds should be allowed to pay for household hardships, including utilities. That was promoted when that program came out. What's the harm in saying, "By the way, if you can't pay your water bill, or your electric bill, go apply for those funds"? Because those funds don't go to the individuals anyway; they go directly to whoever the bills are paid to. Even if the funds were to go toward rent, the money goes directly to the landlord. And, in this case, instead of going to the customer, the money would go directly to Hawaiian Electric Company or BWS. (Ernie clarified that while BWS is a government entity, Hawaiian Electric Company is not.)

Comment: There are so many people at home starting their own gardens, which I think is pretty great. I'm sure this is affecting some of the water usage because people tend to overwater their gardens. Maybe it would make sense for BWS to engage with private sector entities to teach people how to properly garden at home. Teach them about conserving water and partner/develop entrepreneurial activities with people who can go to homes and teach other people how to grow using hydroponics, for example.

STORM WATER BEST MANAGEMENT PRACTICES TRAINING VIDEO

Erwin Kawata, BWS Water Quality Program Administrator, introduced a training video developed for employees. Erwin said he is really pleased with this opportunity to share the training video with the Stakeholder Advisory Group. The video covers what BWS does to reduce sediment and other materials from entering the storm drains and our environment when performing work on the water system. The video covers Best Management Practices (BMPs) used at BWS base yards and while working on the water system. Erwin shared the videos and answered question from the stakeholders.

Erwin thanked Eva Kakone, BWS Environmental Management Specialist, for working on this video, and the employees who volunteered to be part of it and allowed BWS to film the work that they perform.

Comment: It's great how you manage the storm water, not letting a lot of this stuff go into the ocean. But in Ag areas, we have brown water situations where streams go straight into the ocean

and there are no storm water mitigation procedures. Developers are tasked with paying for/putting in storm drains. I don't understand why, in some areas, rather than installing storm drains that lead to the ocean, task developers with putting in reservoirs and pumping the water back up so it can be used for Ag, going forward. If people really want Ag, that's part of it. We have a problem where there are fallow fields, and when we have a storm, all that dirt goes out to the ocean. So how do we address that situation?

STORM WATER UTILITY UPDATE

Dave welcomed Ross Sasamura, Director of the Department of Facilities Maintenance (DFM) and BWS Board member.

Ross introduced his team working for the Storm Water Utility project for DFM: Randall Wakumoto, DFM Storm Water Quality Division Head and consultants Laurens van der Tak and Juli Beth (JB) Hinds. He thanked Dana Okano who is with Hawaii Community Foundation which has provided funding for the Storm Water Utility Feasibility Study. Ross complimented the video prepared by Erwin Kawata and his team at BWS, which reflects actions that are necessary to protect water quality.

The City and County of Honolulu has been dealing with storm water regulations for more for 25 years. Regulation is important, expensive, and time consuming. Resource protection and conservation tie to weather, climate change, sea level rise and the impacts from increased consumption. In order to actually tackle some of the bigger challenges ahead, the City wants to expand the way that it is doing business by creating a Storm Water Utility. The utility will raise additional revenue needed to address the operation of storm drain systems and compliance with regulations.

Ten City and County departments deal with complex storm water issues that are similar to issues that came up in developing the Water Master Plan. These departments operate different City facilities like the police or fire departments.

Ross defined a storm water utility as being a mechanism for collecting funds that are dedicated to management of storm water and reinvestment into the storm water drain system. The process for billing is still being assessed but fees will be based on square feet of impervious area on a specific parcel. This storm water utility will create incentives for property owners to look at storm water differently and treat it as a resource.

Storm water utilities have been established in over 2000 municipal jurisdictions across the United States including: Philadelphia, Pennsylvania; Montgomery County, Maryland; San Antonio, Texas; Portland, Oregon; Miami-Dade County in Florida; and Detroit, Michigan. A storm water fee would allow the City to have a predictable and stable source of funding to address resources, staffing, and equipment. It would increase the City's capability to deal with maintenance and improvements, permit compliance, and other responsibilities. Developing the fee involves transparency and public awareness to storm water services and impacts.

Randall Wakumoto introduced the evaluation process of feasibility study of the proposed storm water utility. He said that while the overall study began in 2011, the work that has been accomplished in 2019 and 2020 has evaluated the following:

- Is the formation of a storm water utility **feasible** and **desirable**?
- What **rate** would be required to fund a desired storm water program?

The program also has an active stakeholder advisory group that includes BWS.

Stakeholder Advisory Group: 18 Organizations + 9 Neighborhood Boards

Meeting since August 2019 – moving to Quarterly meetings after October 2020

- | | |
|---|---|
| • AARP Hawai'i | • Kamehameha Schools |
| • Amer. Council of Engineering Companies – HI | • Kua'Aina Ulu 'Auamo (KUA) |
| • Appleseed Policy Center | • NAIOP Commercial Real Estate Development Association - HI |
| • Building Owners & Managers Association (BOMA) | • O'ahu Resource Conservation and Development Council |
| • Fresh Water Council | • Sustainable Coastlines |
| • Hawai'i Association of Watershed Partnerships | • The Nature Conservancy – HI |
| • Hawai'i Auto Dealers Association | • University of Hawai'i – Manoa Dept. of Civil Engineering |
| • Hawai'i Reserves, Inc. | • Waikiki Business Improvement District |
| • Honolulu Board of Water Supply | |
| • I'olani School (Student Member) | |

O'AHU STORM WATER UTILITY STUDY

JB Hinds said that the feasibility study began with technical studies, proposals, and extensive public outreach. It was anticipated that DFM would be at City Council with a bill for an ordinance to establish a utility by summer of 2020. That was before the global pandemic hit earlier this year. DFM made an important decision in March to not advance a bill for a storm water utility in 2020 in light of the economic considerations from COVID-19. The hope is to bring a draft bill for an ordinance to establish the special fund and the storm water utility to the public and to Council in 2021 for positive action. The bill and proposal will be based on recommendations from the program's stakeholder advisory group. The middle of 2022 would probably be the early point when billing could actually be established.

Lawrence Van der Tak discussed the core findings and recommendations for a storm water utility. Storm water responsibilities would remain with the Department Facility Maintenance and the storm water quality team, with allied work by other City departments. Fees would be phased in for certain user groups. There is flexibility in adopting a storm water utility and fee.

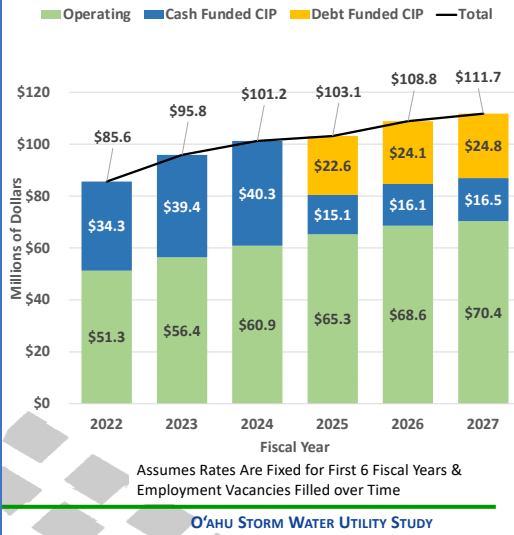
Revenue neutrality has been an important issue. At every public meeting, it's been pointed out that storm water fees would represent new revenue to the City and County of Honolulu. People have questioned whether those already paying property tax will receive something back, since fundamentally, they're funding about \$70 million of the program today through property tax payments.

Lawrence explained how costs for budgeting are calculated. He said that second recommendation from the stakeholder advisory group was to substitute the storm water fee as fixed amount (not increase) that would be sufficient for the first 6 fiscal years.

2. Set a storm water fee sufficient to fund the “Plan C” budget for the first six fiscal years

- Phases in hiring and program expenses over first 6 fiscal years
- Includes start-up and ongoing administrative costs
- Includes allowance for credits, non-payment
- **Issuance of \$73 million in revenue bonds for capital projects in Year 4, once sufficient fund balance achieved

Annual average, first 6 FY = \$96.7m
 “Steady State” budget at full hiring: \$101.7m (2020 dollars)



Built-in benefits include stream channel cleaning, green infrastructure maintenance, some proactive drain line inspection, cleaning and repairs, and incentive programs such as funding, grants and partnerships, as well as a credit program.

The program’s stakeholder advisory group gave feedback on how storm water fees would be calculated. Every property pays in proportion to the amount of the impervious area that is on the property, which was shown to the group as an aerial map. The buildings, driveway, parking lots, walkways are included. Vacant parcels would not be charged if they have less than 300 square feet of impervious area. The overall base rate is \$4.85 per month/1000 SF.

How Much Would Different Size Parcels Pay?
DRAFT Storm Water Rates per 1,000 SF of Impervious Area

	Square Feet of Impervious Area	Multiple of Storm Water Rate	Base Monthly Fee (before credits)	Annual Equivalent	Number of Properties	
Base Rate: \$4.85/month per 1,000 SF of Impervious Area Median single-family residence: 3,900 SF IA = \$16.98/month	Tier 1	300 – 1,000 SF	0.5	\$2.43	\$29.16	2,199
	Tier 2	>1,000 – 2,000 SF	1.5	\$7.28	\$87.36	10,810
	Tier 3	>2,000 – 3,000 SF	2.5	\$12.13	\$145.56	31,124
	Tier 4	>3,000 – 4,000 SF	3.5	\$16.98	\$203.76	38,239
	Tier 5	>4,000 – 5,000 SF	4.5	\$21.83	\$261.96	31,209
	Tier 6	>5,000 – 6,000 SF	5.5	\$26.68	\$320.16	18,211
	Tier 7	>6,000 – 7,000 SF	6.5	\$31.53	\$378.36	8,774
	Tier 8	≥7,000 SF	n/a	\$4.85 x 1,000 SF/IA	\$58.20 x 1,000 SF/IA	18,487

Other recommendations are to make all properties eligible for credits up to 60% off applicable storm water fee, and to incentivize water capture, reuse and infiltration in credit rebates and grant policies.

The program’s stakeholder advisory group added in hardship provisions for relief to low-income households and nonprofit organizations. Public roads are exempted from a fee on the premise that everyone benefits from and uses them as a core resource. JB Hinds said Barry Usagawa was helpful in thinking through the options for hardship provisions.

JB Hinds said the program will work with BWS to collaborate on grants, rebates, and partnerships. This will include opportunities for One Water, conservation and storm water capture. DFM recommends developing partnerships and providing funding and staff to support those partnerships. The program’s budget could ramp up to about \$1.6 million annually and includes budget for grants and partnerships for things like adding to water capture incentives, and workforce development around green infrastructure maintenance.

Important Opportunity with BWS: Grants, Rebates, and Partnerships



JB Hinds thanked the group and invited questions and feedback.

Q: I live in an area that has no infrastructure on the street. On the mauka side of me, I have a tile border on my property, which essentially raises the ground level on that side. On the makai side, I have a steel border because my next-door neighbor tends to use weed whackers. If I just put a hump to get out of my carport and essentially turned my yard into a detention basin, why would I be paying storm water fees? I'm taking care of my water on my property, which is the premise of this. I get the intent of this, because not everybody takes care of their property if they're next to the stream and the City has to go clean it out. I get that we're all being asked to pony up a new charge to living here, whether we utilize it or not.

A: There are many different ways that we calculate storm water runoff. Even if your soil is very permeable, the rooftop is not. So, you still need to figure out whether that water is actually managed on your property. But let's assume it is. You could apply for what will probably be described in the credit manual, which has yet to be written, as a situation where you have direct discharge to pervious pavement or landscaped areas, which basically manages the runoff from your roof.

So, let's hypothetically say that you could make that case and it fits within the parameters of the storm water manual, then you can get a maximum credit, 60% reduction. Why can't you get 100% credit? If everybody managed 100% of their storm water runoff, Honolulu would still need a program that manages storm water quality for the rest of the island.

Comment: It's nice to know that there's another stakeholders group working on finally addressing the hidden costs that we all have to embrace.

I'm on the Windward side. We have destroyed our streams, turned them into channels. The Department of Planning and Permitting (DPP) know that these severely impacted streams should be improved. But we keep allowing developments that encroach into riparian zones and into wetlands. We've got to think about the ecosystem as filters and the sponges. It's so critical that our planning covers whole ecosystems.

Dean talked about agricultural areas that comes into play. Do we want Hawaii Housing Financing and Development Corporation (HHFDC) and the landlord to push people in the Waiahole or Waikane areas to farm in riparian areas? Some of us are pushing back saying, "Well, we don't really want to farm everything. We want to leave those riparian zones really healthy." We have to preserve our wetlands and together we have to figure out how to fund that.

I'm wondering about how this effort intersects, for example, with the Clean Water and Natural Lands funding and the Natural Reserves funding. Together, all of this will hopefully amount to mechanisms for much better stewardship. In the list of those who are stakeholders, I saw Oahu Resource Conservation & Development Council (ORC&D). I did not see the soil and water conservation districts. Have they been a part of this?

A: We have reached out ORC&D, Department of Health (DOH), and with the Watershed Organizations. The intent is to continue these efforts.

Comment: I think the ORC&D and the soil and water conservation districts are kind of working in a direct same direction, but how they relate to one another is going to take some ironing out. The districts come administratively under DLNR. And they have the power of counties practically. It is critical to get folks from the soil and water conservation districts to be a part of this, whereas the ORC&D is a nonprofit and a very different kind of organization.

Q: You talked about the storm water drain system. Where I live, there is a private road system that was never dedicated to the City. It has a storm drain that dumps out on my property. It goes down a ditch into a gulch a mile and a half from the ocean. It never gets to the ocean and it all percolates. I'm wondering, is that part of the City drainage system?

The other confusion is that on a State highway, you might have a City-County storm drain system. How do you work out different kuleana in those kinds of scenarios? The other thing is, you had talked about working out a rate for impervious square footage and then looking for exemptions. My question is this: Is another possible approach to not have a standardized per square foot fee, and look at ways of adjusting that? Especially if it related to roadways?

What people really want to know is how it's going to affect their wallet. And the more variables that got in there (the fee) that aren't defined are anxieties in the end.

I think your presentation is very good and I would hope that it could go to all the neighborhood boards. I don't think a lot of people know about this program yet; at least not the ones I've talked to. And they certainly don't know how it's actually going to affect their wallet because of the variables.

A: Actually, the City and State really do work together well right now. Some elements of the State Department of Transportation are in a kind of sticker shock right now because airports and harbors stand to pay a lot of money into the City storm water utility, just because of all of the impervious area that they have there.

One of the key points that you brought up about affecting people and their wallets, is that we really want people to have control for that amount of money that they're able to get. You have control over 60% of the bill. We want people to have that ability to determine what's best for them on their property, and what things they can live with and what they can afford to put in.

With respect to your question about private roads, if you have a bunch of owners and the road qualifies for maintenance under the City's private road maintenance program, that would all be part of that exempt roadway provision that's already worked in there. There are a lot of factors and clearly, it's not something that's easy to do and easy to do quickly, but we're doing what we can to try to incorporate as much flexibility as we can. And we don't want to go out there and just hammer everybody for as much money as we can get.

Q: There are revenues already collected through property taxes. Are those revenues going to revert back to the General Fund and be reappropriated, or is the intent to direct those revenues into the special fund?

A: As far as the existing revenues are concerned, the funds will be directed to a dedicated special fund and spent by the utility.

Q: There's talk about a nonprofit cap of 0.5%. Has that been determined as far as recommendations about which nonprofits will be allowed under this? Will it be C3, C4, anything that's the IRS designates?

A: We have not worked that out fully yet. Glad to take suggestions.

Q: Where I come from, a community association, Mililani Town, maintains 600+ acres of property with substantial common areas. We're a C4 organization. Will we be charged for each parcel individually?

A: For basically any association with common property plus individual condo associations, like Mililani Town Association, that gets worked out in the initial implementation phase. Storm water utilities are kind of agnostic about how those bills get divided up and billed. It's really up to the property owners and typically there's a lot of work upfront with associations to figure out who gets the bill and how those accounts will be set up. It's really what works for the property owner that could be dealt with administratively in an efficient way.

Q: I represent Council District 7 as a resident from our area, which is Honolulu's western urban core. In our area, we have many condos and public housing. There are many variables currently in the presentation that are not addressed. What I'm talking about is the impervious areas, as defined to high-density zoned buildings or high-density condos. Could you explain what you're looking at as the impervious area within the lot footprint?

I'm also the chair of the Salt Lake Neighborhood Board. In our community, the storm drains on Likini Street directly impact a private landowner, the Honolulu Country Club. Their water goes into the Salt Lake Waterway and then over into Mapunapuna through our storm water system.

I also didn't really hear any explanation on high-density and how you're going to work with condo associations directly in the urban core. What would be the standardized rates and can you give an explanation on the impervious area that you're defining?

A: In terms of standardized rates, it really boils down to \$4.85 per 1000 square feet. Imagine you have a very high-density area that has 10,000 square feet of building, a parking lot, all that stuff added together. If there is just one property owner, they would pay one amount for the total parcel. If a similar building next door has 20 condo owners, the fee would be divided up among the 20 property owners.

Q: A private entity that has waterways on their property is required by the City to maintain them. My question is whether or not they will double-pay, because they're paying to maintain the waterway and would also be paying the City the storm water fee. In this example, this waterway feeds to a private landlord (e.g., Honolulu Country Club).

A: Honolulu Country Club would get a credit because they're receiving water from other folks. In essence, the Club is treating the water before they release it back into the City system. They're still going to have to pay a storm water fee just like everybody else, but there will be some credits.

Ross said he wanted to go back and address the question about high density areas. He mentioned earlier wanting to give people as much control as possible over their bill. Some new buildings coming up in Kakaako have areas that are set up with cisterns. That is a credit option if you're in a condo and your whole property is impervious. The water in cisterns is used to irrigate community gardens and rooftop landscaping. Ross thinks credits are going to be based on a case-by-case basis, what works best for each property. But he thinks it's something that provides some measure of hope and control for all of the people that are going to be affected by this at some point.

Q: So, there's no difference between residential and non-residential; their fees are just based on square footage?

A: Correct, they are the same.

NEXT STEPS

Dave thanked everyone for participating before closing the meeting. We were only missing two members of our Stakeholder Advisory Group, which is a phenomenal turnout, especially as we continue meeting in these times. The next scheduled BWS Stakeholder Advisory Group meeting is in January. It was later confirmed that the next meeting would be held on January 21, 2021.