



Honolulu Board of Water Supply
Stakeholder Advisory Group Meeting 41
Thursday, January 20, 2021 4:00 – 6:00 pm
Virtual Meeting

Draft 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 17 stakeholders participated on-line and/or by phone, 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 participated:

Bill Clark	Resident of Council District 6
Mark Fox	Environmental
Shari Ishikawa	Hawaiian Electric Co.
Markus Krebs	Outrigger Reef Hotel
Bob Leinau	Resident of Council District 2
Dean Okimoto	Nalo Farms, Inc.
Christine Olah	AARP Hawaii
Dick Poirier	Resident of Council District 9
Helen Nakano	Resident of Council District 5
Robbie Nicholas	Resident of Council District 3
Elizabeth Reilly	Resident of Council District 4
John Reppun	KEY Project
Cynthia Rezentes	Resident of Council District 1
Alison Richardson	Coca-Cola Co.
Walter Thoemmes III	Kamehameha Schools
Cruz Vina Jr.	Resident of Council District 8
Cheryl Walthall	General Contractors Association of Hawaii
Suzanna Young	Honolulu Board of Realtors

WELCOME

Facilitator Dave Ebersold welcomed everyone to the 41st meeting of the BWS Stakeholder Advisory Group.

Markus Krebs, General Manager of Outrigger Reef Hotel, was welcomed as the newest member of the BWS Stakeholder Advisory Group.

Meeting objectives were identified as:

- Receive updates from the BWS regarding the Red Hill Bulk Fuel Storage Facility and the BWS Water System Facilities Charge (WSFC)
- Accept notes from Meeting #40
- Introduction on the BWS's upcoming Water Rate and Cost of Service study.
- Learn about the Wai'anae Water Management Area Designation

PUBLIC COMMENTS: None.

WATER RATE AND COST OF SERVICE STUDY

Dave asked Joe Cooper, BWS Waterworks Controller, to lead the presentation on the BWS's upcoming Water Rate and Cost of Service study. Joe explained that every 5 years, the BWS initiates a Cost of Service study to set a new multi-year rate schedule. The current rate schedule runs until June 30, 2023. The Stakeholder Advisory Group will be a valuable part of this rate-making process.

Joe reminded the group that the BWS is a semi-autonomous agency whose authority to make rates is established in the City Charter. He then explained the cost-based ratemaking process and its objectives to provide sufficient funding to build, operate, maintain, and reinvest in infrastructure; provide safe and reliable drinking water and fire protection; and allow for economic development and community sustainability.

Joe discussed the various steps of the ratemaking process:

- Assessing how much it costs to run the Board of Water Supply over the next 5 years, known as the Revenue Requirement.
- Identifying differences in costs to serve each of the customer classes, known as the Cost of Service; and
- Considering the level and structure of rate design for each service class, known as the Rate Design.

Joe acknowledged members' previous comments about the combined water and sewer bill and reminded them that sewer rates are outside of the BWS's purview. Joe concluded his presentation by committing to provide the Stakeholder Advisory Group with periodic updates and seek their input in the Water Rate and Cost of Service Study.

Q: Has customer delinquency increased or decreased during the COVID-19 pandemic?

A: Delinquency did increase during the first 6 months of the COVID-19 pandemic, particularly with Residential customers, though it has since stabilized. Several rental assistance programs have been helpful for customers to pay their past-due water bills.

Q: Can BWS consider lower rates for drier parts of the island that receive less rainfall and require more water-use for irrigation?

A: Yes, this can be considered as part of the Cost of Service Study. Note that BWS currently has a uniform rate schedule for non-residential customers, where all customers within that customer class are charged the same water use rate.

BWS UPDATES – RED HILL

Ernest Lau, BWS Manager and Chief Engineer, welcomed the group. He then began his presentation on the Navy's management of the Red Hill Bulk Fuel Storage Facility, a presentation that he has been sharing with elected officials and community groups across the island. The group was reminded of the size and complexity of the BWS's water system, our island's unique geology and water cycle that provides fresh water, and the essential need to care for our water supply for current and future generations. The group was also reminded of the size and fuel capacity of the tanks at Red Hill, and how they are located just 100 feet above the groundwater table.

Ernie assured the group that the 5 BWS wells nearest to the Red Hill Bulk Fuel Storage Facility are being tested weekly to ensure public health and safety, and that there have been no fuel detections at BWS sources. The BWS shut down its Halawa Shaft, Halawa Wells, and Aiea Wells in response to the Navy announcement of petroleum contamination at their Red Hill Shaft and distribution system sample point near Aiea Halawa Shaft. The Environmental Protection Agency (EPA) and Hawaii Department of Health (DOH) have asked the Navy to look at BWS pumping test data that show groundwater flow from beneath the tanks.

Ernie showed a map of the BWS's metropolitan water distribution system, which stretches from Salt Lake to Hawaii Kai. BWS is taking extraordinary efforts to protect its water system from fuel contamination issues currently faced by Navy customers.

Ernie shared a timeline of recent leaks at the Red Hill facility, as well of a chronology of events after the November 28 release that lead to the shutdown of the Navy's Red Hill Shaft. He also expressed his support for the DOH Emergency Order to the Navy on December 6, 2021 which, among other things, asks the Navy to immediately suspend operations including fuel transfers at Red Hill.

Continued storage of Red Hill fuel above the aquifer endangers the water resource from further contamination. The BWS has been advocating for the immediate relocation of the fuel to a location away from the aquifer. BWS continues to do media and community outreach to educate customers about the situation.

Q: What has the EPA been doing to address violations of its regulations?

A: The EPA and DOH have been monitoring the Red Hill issue since 2014, more formally under the Administrative Order on Consent since September 2015. The Navy's own studies and data from decades ago showed clear signs of problems at the facility, and more could have been done to prevent fuel releases from happening.

Q: A member commented that environmental audits at the Naval shipyard were conducted as far back as 1978, and that projects to double-line tanks should have been started at that time. They also suggested Ford Island as an alternate location for fuel tanks.

A: Ernie referenced a siting study in 2019 where BWS agreed on alternate locations where fuel could be stored away from the water resource. He also commented that BWS has a Red Hill database document repository on its website, making data available to the community. This was created to provide greater transparency on this facility.

Q: Did the Red Hill risk assessment consider a diplomatic failure where the facility could be targeted by missile attack.

A: Ernie commented that taking out the facility would also catastrophically impact BWS wells in the area.

Q: What more can the Water Commission do?

A: Ernie appreciates the Water Commission and DOH now taking a strong public position to suspend operations at the Red Hill facility. However, more could have been done to be more aggressive with protecting the water resource from being endangered by pollution.

Q: Can the Navy consider other alternatives for generating jet fuel? The member is aware of local boys who developed technology that processes hemp into jet fuel and wants to share this information with the BWS.

A: The member was thanked for the recommendation.

Q: The Navy plans to treat its contaminated water at with Granular Activated Carbon (GAC) filtration. What is the process for replacing the filters?

A: Erwin Kawata explained that GAC filters eventually reach a point of saturation and need to be replaced. He is unaware of any details of the Navy's plans to maintain and replace the filters.

Q: Does BWS have any idea of what the Legislature will do regarding the Red Hill facility?

A: Ernie said that the legislative session just started and BWS is aware of several Red Hill-related bills to monitor. BWS is grateful for the many elected officials who have reached out to offer support to defuel the tanks.

Q: How does the Navy plan to dispose of used carbon filters?

A: Erwin responded that, depending on the contaminant, the carbon filters can be regenerated and reused. Since fuel is a multi-component mixture of chemicals, it would likely be disposed via a landfill or incineration process. He also commented that incineration is at a high temperature to destroy contaminants, so they are not discharged into the air.

Q: Does the DOH Emergency Order to suspend operations at the Red Hill facility supersede Federal right to use land and resources? Additionally, how can citizens support efforts to shut down the fuel tanks at Red Hill?

A: Erwin commented that the Navy has until February 2nd to file an appeal on the Emergency Order. If the Navy files an appeal, the appeals process will explore those rights.

Ernie thanked the Stakeholder Advisory Group members for supporting the BWS on this issue for years, and for sharing their concerns with elected officials and constituents in their areas. Community advocacy is an important factor to ensure the Navy appropriately prioritizes funds to toward the facility.

ACCEPT MEETING 40 NOTES: Accepted.

WAI'ANAE WATER MANAGEMENT AREA

Jonathan Scheuer, Ph.D., principal of Kahālāwai Consulting LLC, introduced himself and discussed his efforts to help BWS with the process to seek designation of the Wai'anae Aquifer Sector Area as a Ground Water Management Area.

Jonathan provided a brief overview of Hawaii's Water Law history. In ancient Hawai'i up to Mahele (prior to 1848-1852), land and water were not considered to be private property. They were considered a gift from the gods, and Chiefs managed the resource for everyone's benefit. From the rise of private property and plantations in Hawaii to early statehood (1852-1973), Hawaii water law was interpreted to treat water as less of a public resource and more like private property that could be bought or sold, and people had little input on how water was managed in their communities. After several high-profile cases between sugar plantations in the early 70s, the Hawai'i Supreme Court determined that water should remain a public trust and that the State of Hawai'i, as the successor sovereign, has a duty to manage water for the State's benefit. The Hawai'i Constitutional Convention of 1978 made two key amendments: making a clear statement that water and other natural resources are held in trust by the government for the people; and called for the legislature to create a new scheme for managing water, which led to the State Water Code established in 1987. This code divided the state into hydrological units; set limits for the maximum amount of water that can be drawn; and set management levels for "designated" and "undesignated" areas, among other things. Designated water management areas have a higher level of management and requirements, such as requiring additional permits and a public notice process.

The Wai'anae Aquifer Sector Area has only a 13 million gallon per day (MGD) sustainable yield, compared to the overall 393.5 MGD for the island of O'ahu. All of O'ahu is designated as a Ground Water Management Area except for the Wai'anae sector. Additionally, all of Molokai and Maui's Iao system are designated as Ground Water Management Areas – all other areas are undesignated. While community members have discussed it, no one has formally petitioned to designate the Wai'anae Groundwater Aquifer Sector – until now.

Wai'anae faces several key water issues:

- Demand exceeds supply. More than 50% of water used in Wai'anae is imported from the Pearl Harbor sector.
- Climate change impacts. Data from 1970's -2011 show that mean annual rainfall at the summit of Mt. Ka'ala has decreased from 100" to 65" of rain per year (1/3rd reduction). Additionally, climate projections predict that areas of Waianae could get 70%-90% drier by year the 2100.
- Strong community desires for preserving streamflow and restoring watershed areas.

Based on these issues and trends, BWS is filing a legal petition for the Commission on Water Resource Management (CWRM) to designate Wai'anae as a Ground Water Management Area to bring water management in Wai'anae to the same level as the rest of O'ahu. If designated, then non-individual well users (BWS, military, Ag, golf courses) will be required to apply for a new Water Use Permit for each source, based on their existing water use. This process will provide the CWRM with detailed data on how water is used in the area and permits can be challenged if the usage is not in line with State and County regulations. Historically, water departments across Hawai'i have contested groundwater management designation. However, the BWS sees the water use trends in the Waianae area and recognizes the need for CWRM and all water users in the area to effectively manage water availability

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in this area.

Q: Water restrictions impact agricultural food production, which is an important part of keeping our island sustainable. What is the BWS and Legislature doing to ensure water remains available for agriculture?

A: Jonthan explained that, if the Waianae area is designated, BWS customers with agricultural meters will not need to file a Water User Permit Application (WUPA) – they will be covered under the BWS application. However, individual farmers with individual wells will need to apply for a Water Use Permit.

COMMENT: Establishing tighter control on existing water in the area is necessary. However, we should also consider alternative water sources for the area, such as desalination.

Q: How can we support this initiative?

A: BWS wants to get as much input from the community as possible. We have presented at both the Wai`anae and Nānākuli Neighborhood Boards and with anyone who wants to meet to discuss the designation. The goal is to inform and educate as many customers as possible so they can be engaged with the process.

COMMENT: Kathleen Elliott-Pahinui thanked Stakeholder Advisory Group member Cynthia Rezentes for launching a resolution for the Nanakuli-Mailii Neighborhood Board to support the Ground Water Management Area designation proposal.

BWS UPDATE – WATER SYSTEMS FACILITIES CHARGE

The water systems facilities charge impact fee was last updated in the 1990s and is due for an update. Per a request from the Department of Facility Maintenance who is doing public outreach on its stormwater utility fee, the BWS has paused its own public outreach on the water systems facilities charge until June 2022. Hopefully, the BWS Board of Directors will be able to consider adopting the charge by the end of this year.

Next Steps: Dave told the group that dates for upcoming stakeholder advisory group meetings will be Thursday, April 21st, Thursday, July 21st, and Thursday, October 20th.

Dave thanked the attendees for their attention and participation.

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