

**Proposed Water Rate Questions and Answers
Community Meetings (2023)**

Ben Parker Elementary School – August 14, 2023

Q: How much water do we have to supply all the new developments and is that factored into the operational expense included in these proposed rates?

- Yes, this is factored into the proposed rates.
- In the BWS Water Master Plan, a long-term plan we developed in 2016 looking ahead 30 years, we projected what the future water demand would be based on Department of Planning and Permitting's estimates of population around different parts of the island. The State Water Commission regulates freshwater resources on most of the island of Oahu and sets the estimated sustainable yield or capacity that can be sustained by these resources.
- While we have enough to supply in most areas, we still need to develop more supply in the Honolulu and the Ewa area because of the growth.

Q: For the proposed Kupuna program, what age do you consider kupuna?

- We plan to work with the Department of Community Services, the Elderly Affairs division, other nonprofits around the island that work with the kupuna community to get referrals for the program.

Q: When you talk about waivers for affordable housing, what is considered affordable? For many of the buildings that are going up in Honolulu in the Kakaako area, there would be a very small percentage of it that's affordable.

- We work with what the Department of Planning and Permitting will tell us or verify for each building. If a building will have 100 units and only 20 are affordable, the waiver would only apply to the 20 units and the rest pay the regular impact fee.

Q: This rate adoption process doesn't seem to include a internal review of cost reduction and cost savings program in BWS. Can you address that in terms of purchasing vehicles, any third-party oversight, and with regard to pipeline maintenance and replacement? It looks like it costs \$10 million per mile to replace a pipeline based on that chart.

- We have worked hard to keep our budget flat even with electricity costs for the last fiscal year being 20% over plan. Rather than passing that added cost to our customers, we opted to absorb that through cost-saving measures. We always look for ways to economize and be careful with our ratepayer money. But one thing we realize is the pressures of increased costs to manage and maintain our massive water system doesn't go away. Every year, our cost to operate the system reliably and safely for our community goes up. We are committed to aggressively pursuing outside sources of funds, including federal programs and grant dollars to pay for some of our capital program or our operating costs where we are able.

- Regarding vehicle purchases, we're required by State law to go through a procurement process and follow the State procurement code. We develop the specifications put it out to bid, and award on a low-bid basis.
- BWS is part of the City and County of Honolulu, and as a semi-autonomous agency, we operate under the guidance of a 7-member board. Our semi-autonomous status is the direct result of the lack of oversight of the island's water infrastructure that, by the 1920s, had reached a point that Honolulu risked running out of water. Since 1929, BWS has been tasked with ensuring the delivery of safe, reliable and affordable water for its ratepayers. BWS board members are independent volunteers committed to making the best decisions about our municipal water system for the good of our community. We are committed to transparency. Each year, BWS undergoes an independent financial audit on how we use our funds. Those audits are posted online. We are also subject to audits for how we use federal funds, and we can be subjected to a management audit by the City auditor.
- There isn't a standard cost for pipeline repair or replacement because there are many factors to consider for each pipe. Generally, it is much more expensive to install new pipelines versus fixing a leak. Our pipelines vary in size, from a 3-inch pipe all the way to one that's 42 inches in diameter. The larger the pipe, the more expensive and complicated it can be, and many of our large pipelines are nearing an age where their remaining service life is limited.

Q: How much of this rate increase is driven by the fiasco at Red Hill?

- We are incurring costs because of Red Hill, like installing monitor wells to find out where the contamination is going and for developing alternative water sources so that we don't risk pumping fuel contaminated groundwater into our system. We don't know what the final cost is going to be. We are keeping all options open, including legal options if necessary.

Q: Has BWS scrutinized its energy costs?

- We meet regularly with Hawaiian Electric to talk about opportunities to work jointly together to conserve energy and conserve water.

Japanese Cultural Center – August 15, 2023

Q: Is the first increase, if adopted by the board, is kind of an immediate half step forward to try to get caught up, because in 2024, there's both January 1st and July 1st increases? You need to wrap up the proposed rate increases by October/November because you need to implement and start putting on the bills starting January 1st, right?

- The proposed rate increases are for a 5-½-year period, with two increases in 2024, one in January, which is in the current fiscal year, and one in July, which is in the start of the next fiscal year.

Q: The Capital Improvement Project (CIP) program, as it is being implemented, is always subject to adjustment for all kinds of reasons. Is the cost of the CIP factored into this rate proposal through 2028?

- Yes, the proposed rate increases cover our projected operating expenses, and our capital program needs.

Q: Is the cost of the fee waivers spread out to all ratepayers?

- BWS supports programs that focus on three essential needs: safe drinking water, food and shelter. The existing fee waiver program for affordable housing and homeless units and fire sprinkler retrofits for high rise buildings without fire sprinklers represents about \$2.5 million over the last five years.
- That \$2.5 million would have gone toward our Capital Improvement Program. In lieu of that, BWS needs to rely on other revenue sources such as selling revenue bonds, and the debt service on those bonds, for instance, would be something that would be factored into all our customer rates.

Q: What geographic areas of Oahu are not served by the Board of Water Supply and, as such, would not be affected by these proposed rate increases?

- BWS serves most of the island.
- There are separate water systems for Joint Base Pearl Harbor Hickam and Hickam Air Force Base, as well as for the old Barbers Point Naval Air Station, areas like Schofield and Wheeler Air Force Base, and pockets of other Department of Defense facilities.
- Other small or private systems exist around the island, such as the Waimea area, where BWS does not have existing municipal water infrastructure.

Q: Are these proposed five-year rates in line with past five-year rate increases?

- We like to do rate increases in five-year increments so people can see what the rates will be and hopefully can start to adjust their budget.
- The last five-year rate increases were lower than this set of proposed five-year rate increases, primarily due to certain drivers such as rising inflation, the pandemic, and Red Hill.

Kapolei Hale – August 16, 2023

Q: Will the proposed agricultural rates be available for growing recreational cannabis?

- BWS wants to support access to three basic needs: safe drinking water, food and shelter.
- The proposed agricultural rates are intended to support food security. We will take a hard look to ensure the proposed agriculture program remains on food security

Mililani High School – August 23, 2023

No questions.