

**Honolulu Board of Water Supply**  
**Stakeholder Advisory Group Meeting 47**  
Thursday, July 20, 2023, 4:00 – 6:00 pm  
Blaisdell Center

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 10 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:

Bill Clark	Resident of Council District 6
Mark Fox	Environmental
Markus Krebs	Outrigger Reef Hotel
Calvin Mann	Kamehameha Schools
Helen Nakano	Resident of Council District 5
Dana Okano	Hawaii Community Foundation
Dean Okimoto	Nalo Farms, Inc.
Cynthia Rezendes	Resident of Council District 1
Alison Richardson	Coca-Cola Co.
Guy Yamamoto	YHB Hawaii

**WELCOME**

Facilitator Dave Ebersold welcomed everyone to the 47th meeting of the BWS Stakeholder Advisory Group.

Meeting objectives were identified as:

- Continue to Seek input on Water Rates
- Accept notes from meeting #46
- Provide BWS updates

**PUBLIC COMMENTS:** SAG Member John Reppun commented on the how the infestation of little fire ants on Oahu has reached a critical point and would like to discuss the matter before the meeting ends.

### **WATER RATES UPDATE**

Dave provided the members with a recap of water rate discussions at the previous SAG meeting. At that meeting, the SAG:

- Explored efficient indoor water usage.
- Participated in an exercise that suggested a residence with 10 people could reasonably use not more than about 15,000 gallons per month indoors.
- Noted that the top tier for single-family residential is greater than 30,000 gallons per month
- Discussed Days Working Capital and the potential to drop below 60-day minimum to maintain affordability
- Discussed potential for non-uniform rate increase across the residential rate tiers, such as lower increases for the Essential Needs Tier.

Dave also provided the members with a summary of water rate-related activities since the previous SAG meeting. Those included:

- Continuing to evaluate rate alternatives along with revenue and customer impacts
- Providing water rates update to the BWS Board in June 2023
- Forming a Water Rates Permitted Interaction Group within the BWS Board
- Beginning preparations to seek public input on the rate proposal this month
- Scheduling community information meetings for August 2023
- Continuing work to refine the exact rate proposal

Dave began discussing the objectives for the water rates update presentation tonight, which include:

- Reviewing factors resulting in current financial conditions,
- Discussing rate design guideposts; and
- Evaluating the specific proposal.

Dave continued his presentation by discussing several external factors that impacted the BWS operations.

- COVID-19 Global Pandemic. Shifted customer water use patterns whereby non-residential water use dropped sharply and single-family residential water use rose significantly. These water use patterns are slowly shifting back to pre-pandemic levels.
- Inflation. Cumulative inflation has outpaced the BWS's revenue increases, resulting in a 7.6% loss in purchasing power.
- Power Costs. Electricity costs have trended sharply upward. Though BWS's power consumption has been trending downward, electricity costs were \$5.5 million (20%) over budget for Fiscal Year 2023.
- Red Hill Response. BWS is investing in new monitoring wells to gain information on how the contamination is moving and new exploratory wells to find new sources to replace 17.5 million gallons per day of potable water pumping capacity. BWS is aggressively pursuing cost recovery from the Navy and has requested assistance from the Hawaii Congressional Delegation.
- Per- and polyfluoroalkyl substances (PFAS) impacts to the BWS system.

In response to these external factors, BWS has taken steps to be more frugal. These steps include holding

itself to already-approved rate increases for 2018-2023; maintaining a flat Fiscal Year 2024 budget despite high inflation; not passing energy cost increases to customers; and deferring purchases of replacement vehicles and equipment, as well as deferring less-critical capital projects. With the funding from the previous water rate increase for 2018-2023, BWS initiated 494 capital improvement projects, including planning for the Kalaeloa Seawater Desalination Plant, valued at nearly \$770 million.

Q: Cynthia Rezentes asked how large the Kalaeloa Desalination Plant is.

A: BWS Manager and Chief Engineer Ernest Lau stated that the plant capacity will be 1.7 million gallons per day (MGD) to start, but can be expanded to 5 MGD or more depending on the impacts of climate change.

Dave continued the presentation by discussing reserves and working capital. As part of the previous water rate study, the BWS developed a working capital target financial policy, which includes:

- An objective to maintain 180 days cash on hand
- Providing funds for unplanned events such as disaster recovery and rate stabilization
- Achieving the target gradually over an approximately 10-year period to minimize rate impacts
- Maintaining a minimum of 60 days cash on hand

Dave shared two concepts on how to adjust the working capital financial policy and how that could impact rates.

- Concept #1 In this scenario, estimated working capital would always meet or exceed a minimum of 60 days (instead of 180 days). Given the Capital Improvement Plan and operational expenses needed to get to 60 days working capital, this would result in a 14.4% increase in FY 2024, 8.6% in FY 2025, and yearly increases of 5.2% from FY 2026 – FY 2029, a cumulative increase of 52.3%. For the average single-family residential customer that uses 9,000 gallons of water per month, they currently pay \$59.56 and that would increase to \$90.73 in FY 2029.
- Concept #2: In this scenario, yearly rate increases would never be more than 10%. This would result in a 9.9% increase in FY 2024 & FY 2025, a 7.1% increase in FY 2026, a 6.2% increase in FY 2027, a 7.4% increase in FY 2028 and a 5% in FY 2029, a cumulative increase of 54.9%. Additionally, estimated days of working capital would fall below 60 days in FY 2024 & FY 2025. For the average single-family residential customer that uses 9,000 gallons of water per month, they currently pay \$59.56 and that would increase to \$92.27 in FY 2029.

Dave asked the group for input on dropping below 60-days working capital and whether there should be a maximum rate increase for any given year.

COMMENT: Dean Okimoto prefers the first scenario. He commented that it is a steeper increase at the beginning but is a better value in the long run. He also cautioned BWS about falling below 60 days working capital due to the unpredictability of the world today.

COMMENT: Cynthia Rezentes agreed. Oahu recently avoided being hit by a tropical storm, and Hawaii is entering a strong El Nino phase. There is concern about not having extra funds available in the event of a disaster or unpredictable climate effects.

COMMENT: Helen Nakano agreed. She commented that climate will be getting warmer, and people are using water wastefully. She also commented that the rates are reasonable and would rather BWS be more financially secure in the event of a disaster.

COMMENT: John Reppun agreed. He prefers concept #1 and commented that the public will be more accepting of maintaining a higher working capital due to public awareness of Red Hill.

QUESTION: Calvin Mann asked if BWS accounted for the current state of the economy before deciding on the amount and timing of rate increases.

ANSWER: Dave responded that balancing rate affordability, and what to give up in exchange for that, is a major conversation the group has been having and will continue to have today. Ernest commented that the BWS's mission is to provide safe, dependable, and affordable water now and into the future. The majority of BWS customers are single-family customers, so rate affordability is taken very seriously.

Dave invited Ernest to speak further about the minimum working capital funds, why BWS would consider lowering the estimated days of working capital, and what tools are available in the event of an emergency. Ernest commented that the working capital fund is one of many sources that will keep BWS operational in the event of a disaster. Other sources include cancelling existing projects and redirecting those funds, property damage insurance, and federal funds via an emergency declaration. Ernest thanked the SAG for their continued understanding and support throughout the rate making process.

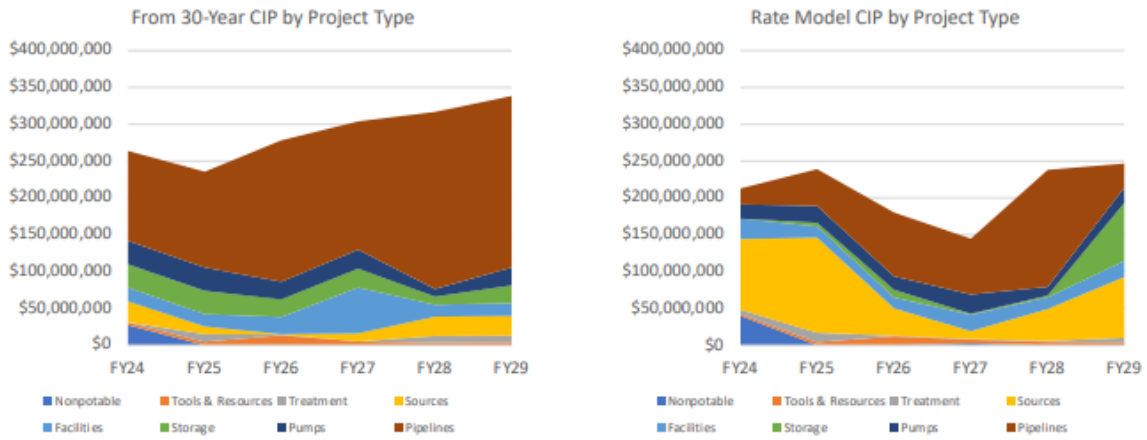
Dave continued his presentation by discussing rate design guideposts suggested by the BWS Board of Director's Permitted Interaction Group on water rates. These guideposts were to not exceed 10% rate increases in any given year and to never have less than 45 days working capital.

COMMENT: Mark Fox commented that even when considering the additional tools available to BWS in the event of an emergency, having only 45 days working capital is scary. Dave asked if those who commented earlier about maintaining 60 days working capital still feel the same way, and they agreed.

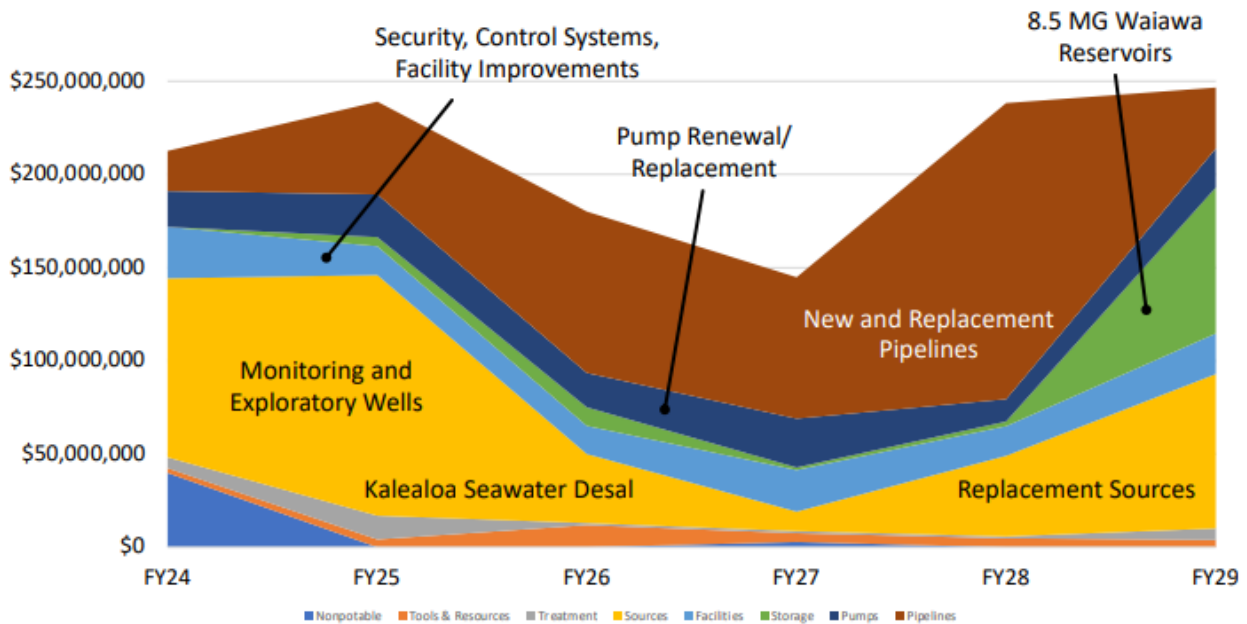
COMMENT: John Reppun added that this is an opportunity to educate people about water conservation and understanding the difference between potable and non-potable uses.

Dave continued his presentation and shared two graphics that compare the current proposed Capital Improvement Plan to the 30-Year Water Master Plan and subsequent Long Range Financial Plan. Those graphics are shared below. Notably in the CIP for the Long Range Financial Plan, a major goal was to ramp up pipeline replacement. The CIP for the current proposed rate increases has less pipeline replacement funding, but more source replacement funding driven by our Red Hill response. The overall level of spending for the proposed CIP is less than what was anticipated in the Long Range Financial Plan due to inflationary pressures and the need to invest in source replacement.

# COMPARISON OF CURRENT PROPOSAL TO LONG RANGE FINANCIAL PLAN



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



COMMENT: Dana Okano asked if the reduction in pipeline replacement funding to instead increase funding for new source development is proposed or final. Ernest replied that certain pipeline projects will be deferred into the future, but the pressing urgency in the water system is losing 3 vital sources due to Red Hill and optimizing how we pump from the aquifer to maintain quality. Proactively finding and repairing leaks within the system will be vital to extending the life of existing pipelines. BWS will also be updating the originally 30-year Water Master Plan that was initially developed in 2016.

QUESTION: Cynthia Rezentes commented that the original Stakeholder Advisory Group emphasized ramping up to replacing 21 miles of pipeline per year because at the time, BWS was replacing less than 6 miles per year. With his new change of direction to focus on developing new water sources, what is the new rate of pipeline replacement?

ANSWER: Ernest replied that he will follow up on that question. He also commented that funding 21 miles of pipeline replacement per year while also funding new source development would impact rate affordability for customers. He also mentioned hiring and retaining vital engineering positions and rising construction costs are some of the challenges to ramping up to 21 miles of pipeline replacement per year.

QUESTION: Guy Yamamoto asked if BWS can pursue outside funding for source development since this shift in budgeting is a direct result of Red Hill. He commented on new fencing around BWS pump stations and reservoirs and asked if that was mandated by the government.

ANSWER: The new fencing is expanded metal mesh, which is more secure than chain link. Additionally, the BWS is continually seeking outside sources of funding, from the Federal government or other entities, to offset costs to ratepayers. He referenced \$50.3 in American Rescue Plan Act funds that are funding BWS capital improvement projects, as well as \$10 million grant from the State Legislature for monitoring wells and an exploratory well to develop a new water source.

Dave continued his presentation showing four alternatives that fully fund the proposed Capital Improvement Program and the Operations and Maintenance budget of the BWS.

1. Alternative #1 – No Buffer
  - a. Increases of 10%, 10%, 6.7%, 6.4%, 7.4% & 5%, a cumulative increase of 55%
  - b. Estimated working capital drops as low 46 days but gets back up to 60 days.
2. Alternative #2 – Getting Back on Track
  - a. Increases of 10%, 10%, 9%, 8.5%, 8% & 8%, a cumulative increase of 66.9%
  - b. Estimated working capital drops as low 46 days but gets back up to 158 days.
3. Alternative #3 – Flat Smile
  - a. Increases of 10%, 10%, 6.7%, 7.5%, 8% & 9%, a cumulative increase of 63.4%
  - b. Estimated working capital drops as low 46 days but gets back up to 104 days.
4. Alternative #4 – Return to 180
  - a. Increases of 10%, 10%, 9.5%, 8%, 9% & 9.5%, a cumulative increase of 70.8%
  - b. Estimated working capital drops as low 46 days but gets back up to 179 days.

Dave then shared a graph that shows the changes to monthly bills for each alternative based on the average single-family residential customer who uses 9,000 gallons of water per month. (shown below):

## CHANGES TO MONTHLY BILL AVERAGE SINGLE-FAMILY RESIDENTIAL CUSTOMER 9,000 GAL/MONTH

Alternative	Current	Jan 1 FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Cumulative
Alt 1 No Buffer	\$59.56	\$65.52	\$72.07	\$76.91	\$81.85	\$87.88	\$92.30	55.0%
Alt 2 Getting Back on Track	\$59.56	\$65.52	\$72.07	\$78.55	\$85.23	\$92.05	\$99.41	66.9%
Alt 3 Flat Smile	\$59.56	\$65.52	\$72.07	\$76.91	\$82.67	\$89.29	\$97.32	63.4%
Alt 4 Return to 180	\$59.56	\$65.52	\$72.07	\$78.91	\$85.23	\$92.90	\$101.72	70.8%



DRAFT: For Discussion Only

COMMENT: Dana Okana asked, and Dave confirmed, that each alternative caps rate increases at 10% per fiscal year and allows estimated working capital days to drop down to 45 days. Dave confirmed, and commented that these alternatives would change if it was necessary stay above 60 days working capital per the group's earlier feedback.

COMMENT: Dean Okimoto commented that he is concerned about how much it would cost to maintain 180 days working capital, or close to it, beyond FY 2029. Dave replied that all things remaining equal, water rates would need to increase at the rate of inflation.

COMMENT: Cynthia Rezentes commented that there are no accurate projections regarding inflation. Looking at the alternatives, she understands the difference between the lowest and highest alternatives is only \$9 per month, but in her capacity providing rent, mortgage, and utility relief for families, that is still a lot for families who are already struggling.

QUESTION: Alison Richardson asked what were the Permitted Interaction Group's guideposts for estimated working capital days? Dave replied never less than 45 days working capital, there was no maximum days working capital guidepost. Dave also commented that the Permitted Interaction Group expressed discomfort with working capital days being lower than 60 days because it doesn't provide the flexibility the BWS needs.

COMMENT: Guy Yamamoto commented that minimum wage is going up over the next two years and that costs are escalating for employers and homeowners as well. There's no simple answer, but people will be making a higher wage as mandated by the government.

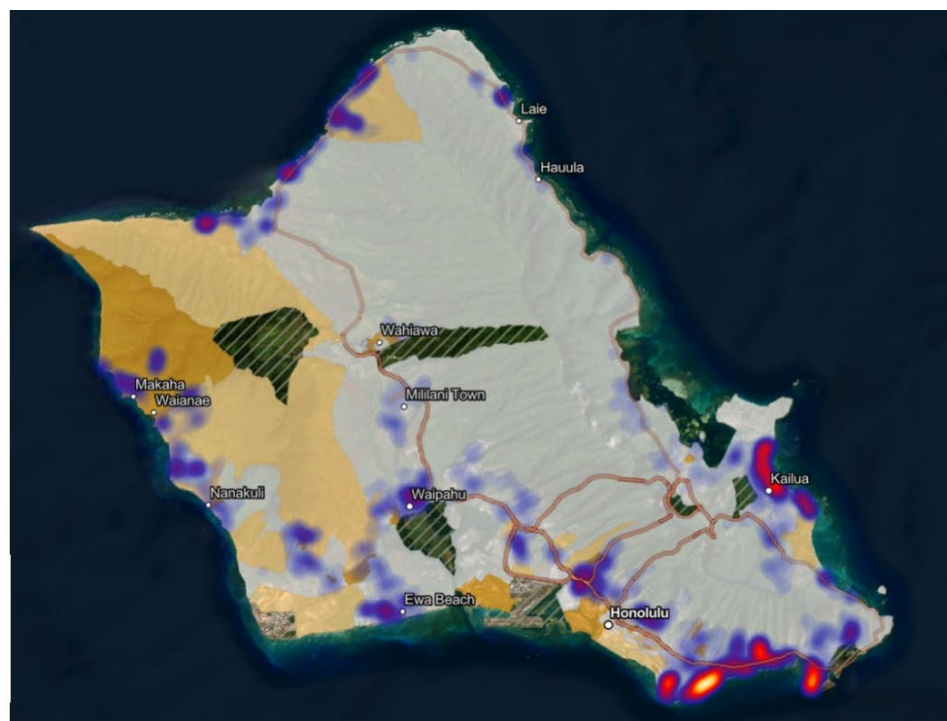
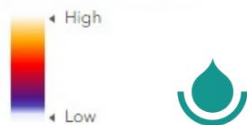
QUESTION: Dean Okimoto asked if rate of inflation was factored into the alternatives listed. Dave replied that the alternatives assume a downward trend in inflation, starting at 4.5% and gradually dropping down to 3%.

Dave continued his presentation and stated that the Permitted Interaction Group suggested Alternative #2 – Getting Back on Track. He also mentioned that this alternative could change based on the Stakeholder Advisory Group’s recommendation to not drop below 60 days working capital. He estimated that the first-year increase would be around 14.4% and the second-year increase would also be higher than 10%, with a cumulative increase over 70%.

At the previous Stakeholder Advisory Group meeting, the group urged lower increases for the Essential Needs Tier, passing those increases over to higher water users. Dave showed a heat map of high single-family residential water users across Oahu (map shown below). The lower density areas (purple) represents 1-6 customers within a square mile that use 35,000 gallons or more of water per month. The high density group (yellow) represents 60-100 customers per square mile that use 35,000 gallons or more of water per month.

## SINGLE-FAMILY RESIDENTIAL HOT SPOTS

35,000 + gallons per month



QUESTION: Mark Fox asked, and Dave clarified, that the graph depicts customers that use a minimum of 35,000 gallons of water per month and the color represents the density of these customers.

COMMENT: Dean Okimoto commented that he was surprised that predominantly agricultural areas weren’t represented in the map. Dave commented that the map depicts only single-family residential water users.

QUESTION: Cynthia Rezentes asked if these customers are multi-generational homes. She also asked if BWS understands why these customers are using 35,000 gallons of water per month and if it’s landscaping, can BWS consider what California communities have done by banning green lawns and encouraging gravel, xeriscape, or artificial landscaping. BWS Information Officer Kathleen Elliott-Pahinui commented that these types of customers predominantly have large lots with lush landscaping and swimming pools. The BWS IT Division developed a dashboard that can create a list of top water users so BWS can do targeted water conservation outreach to these customers.



COMMENT: Cynthia Rezendes commented that the City & County of Honolulu is exploring a tax based on the amount of impervious area on land. She asked that the BWS and City figure out how not impact customers at the same time. Ernest commented that the stormwater fee does not align with what BWS is trying to accomplish with water conservation and that this is an important conversation to have the Department of Facility Maintenance.

Dave continued his presentation showing two rate models based on the Getting Back on Track alternative. Both models are shown below. One model has uniform increases for all tiers resulting in a cumulative rate increase of 66.9%. The other model limits increases for the Essential Needs tier at 2.5% per year, resulting in a cumulative rate increase of 16% for the Essential Needs tier and 94.8% for Tier 4.

## UNIFORM INCREASES FOR ALL TIERS

Typical Single-Family Residential Customer Type	Current	Jan 1 FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Cumulative
Not More Than 10%		10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%
Low – 2,000 gal/mo	\$21.01	\$23.11	\$25.42	\$27.71	\$30.07	\$32.47	\$35.07	66.9%
Median – 6,000 gal/mo	\$42.01	\$46.21	\$50.83	\$55.41	\$60.12	\$64.93	\$70.12	66.9%
Average 9,000 gal/mo	\$59.56	\$65.52	\$72.07	\$78.55	\$85.23	\$92.05	\$99.41	66.9%
High 35,000 gal/mo	\$228.66	\$251.53	\$276.68	\$301.58	\$327.21	\$353.39	\$381.66	66.9%
<b>Percentage Changes by Tier</b>								
Quantity Charge Increases	EssN: Tier 1	10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%
	Tier 2	10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%
	Tier 3	10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%
	Tier 4	10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%
Customer Charge Increase		10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%

DRAFT: For Discussion Only



## LIMIT INCREASE IN ESSENTIAL NEEDS TIER TO 2.5%

Typical Single-Family Residential Customer Type	Current	Jan 1 FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Cumulative
Not More Than 10%		10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%
Low – 2,000 gal/mo	\$21.01	\$22.44	\$24.00	\$25.55	\$27.15	\$28.78	\$30.52	45.3%
Median – 6,000 gal/mo	\$42.01	\$45.54	\$49.41	\$53.25	\$57.20	\$61.23	\$65.58	56.1%
Average 9,000 gal/mo	\$59.56	\$65.12	\$71.44	\$77.69	\$84.13	\$90.70	\$97.80	64.2%
High 35,000 gal/mo	\$228.66	\$256.94	\$287.22	\$317.15	\$347.96	\$379.42	\$413.49	80.8%
<b>Percentage Changes by Tier</b>								
Quantity Charge Increases	EssN: Tier 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	16.0%
	Tier 2	10.00%	10.00%	9.00%	8.50%	8.00%	8.00%	66.9%
	Tier 3	11.57%	12.49%	10.97%	10.18%	9.43%	9.34%	83.6%
	Tier 4	18.38%	12.49%	10.97%	10.18%	9.43%	9.34%	94.8%
Customer Charge Increase		10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%

DRAFT: For Discussion Only



COMMENT: Kathleen Elliot-Pahinui commented, and Dave confirmed, that the model includes increases to the total bill, which includes the customer charge and quantity charge. Dave also reminded the group that every customer gains the benefit of the lower cost on the first 2,000 gallons of water used in the Essential Needs tier.

COMMENT: Calvin Mann commented that limiting increases in the Essential Needs tier could help shape positive habits and incentivize people to stay within the low and medium rate tiers.

QUESTION: John Reppun asked what percentage of customers use above 9,000 gallons of water per

month. Dave answered that two-thirds of BWS customers use 9,000 gallons or less per month. These customers will see a lower rate increase compared to the uniform rate increase model. Dave also commented that both models generate the same amount of revenue, they shifting the tier to generate that revenue.

COMMENT: John Reppun commented on limiting the amount of water customers can use. He suggested that anyone using more than 10,000 gallons of water per month should pay the highest rate for water. This could encourage water conservation.

COMMENT: Marc Fox commented to say that he's interested in seeing how penalties for high water users could effect behavioral change. He suggested surveying this group to see how high a penalty would need to be to encourage them to lower their water use.

COMMENT: John Reppun asked if the Kaneohe Marine Corps Base of Hawaii is included in residential use. Ernest commented that since there are industrial uses on base, they are a non-residential customer of the BWS. Ernest also met with the new Commander of the base to talk about conservation and using recycled wastewater for irrigation. The Commander said converting to R-1 water for irrigation was a top priority for the Marine Corps nationwide.

QUESTION: Helen Nakano asked if BWS has talked with psychologists on what could make people change their behavior to conserve water. Ernest said BWS has not and thanked her for the idea.

Continuing his presentation, Dave said that the Permitted Interaction Group liked keeping increases to the Essential Needs Tier lower and shifting those increases to the higher tiers. Based on that feedback, the specific rate proposal the BWS will be sharing for broader public outreach includes:

- Continuing to defer less critical capital projects
- Focus on water quality, source protection, and replacement and/or treatment of impacted sources
- Keeping the Operation and Maintenance budget flat this year and at anticipated rate of inflation thereafter
- Initiate Water Master Plan update in FY 2024
- Adjust days working capital to address trends and risks
- This results in increases of 10%, 10%, 9%, 8.5%, 8% & 8% through July 2028, a cumulative increase of 66.9%

Since BWS has a tiered water rate structure, customers will pay more as water use increases. Below is a table that shows proposed single-family residential rates from 2024-2029 for the quantity charge and customer charge.

# SINGLE-FAMILY RESIDENTIAL WATER RATES 2024 - 2029



Tier	Gallons/ du/month	Current	Proposed Rates, Effective Dates						Cumulative Change
			Jan 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	
EssN: 1	0 to 2,000	\$4.46	\$4.57	\$4.69	\$4.80	\$4.92	\$5.05	\$5.17	16.0%
2	2,001 to 6,000	\$5.25	\$5.78	\$6.35	\$6.92	\$7.51	\$8.11	\$8.76	66.9%
3	6,001 to 30,000	\$5.85	\$6.53	\$7.34	\$8.15	\$8.98	\$9.82	\$10.74	83.6%
4	More than 30,000	\$9.25	\$10.95	\$12.32	\$13.67	\$15.06	\$16.48	\$18.02	94.8%

EssN – Essential needs  
Rates are in \$ per thousand gallons  
du – dwelling unit



PROPOSED: For Discussion Only

## MONTHLY CUSTOMER CHARGE BASED ON WATER METER SIZE

Meter Size	Current	Jan 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
5/8"	12.09	13.30	14.63	15.95	17.30	18.68	20.18
3/4"	12.09	13.30	14.63	15.95	17.30	18.68	20.18
1"	15.28	16.81	18.49	20.15	21.87	23.62	25.50
1.5"	17.41	19.15	21.07	22.96	24.91	26.91	29.06
2"	43.45	47.80	52.57	57.31	62.18	67.15	72.52
3"	53.55	58.91	64.80	70.63	76.63	82.76	89.38
4"	101.92	112.11	123.32	134.42	145.85	157.52	170.12
6"	181.64	199.80	219.78	239.56	259.93	280.72	303.18
8"	276.78	304.46	334.90	365.05	396.07	427.76	461.98
12"	598.53	658.38	724.22	789.40	856.50	925.02	999.02



PROPOSED: For Discussion Only

Based on that rate proposal for single-family residential customers:

- Customers who use 2,000 gallons of water per month (Essential Needs Timer) will see their water bill increase from \$21.01 to \$30.52 in July 2028, a cumulative increase of 45.3%
- Customers who use 6,000 gallons of water per month (median water user) will see their water bill increase from \$42.01 to \$65.58 in July 2028, a cumulative increase of 56.1%.
- Customers who use 9,000 gallons of water per month (average water user) will see their water bill increase from \$59.56 to \$97.80 in July 2028, a cumulative increase of 64.2%
- Customers who use 35,000 gallons of water per month (high water user) will see their water

bill increase from \$228.66 to \$413.49 in July 2028, a cumulative increase of 80.8%.

Multi-Unit residential customer rate increases were tiered similarly to single-family residential customers, keeping the Essential Needs Tier to 2.5% per year with higher increases at higher water use tiers. Those rates are shown below:

## MULTI-UNIT RESIDENTIAL WATER RATES 2024 - 2029



Tier	Gallons/du/month	Current	Proposed Rates, Effective Dates						Cumulative Change
			Jan 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	
EssN: 1	0 to 2,000	\$3.77	\$3.86	\$3.96	\$4.06	\$4.16	\$4.27	\$4.37	16.0%
2	2,001 to 4,000	\$4.43	\$4.87	\$5.36	\$5.84	\$6.34	\$6.85	\$7.39	66.9%
3	4,001 to 10,000	\$5.03	\$5.70	\$6.52	\$7.33	\$8.16	\$9.01	\$9.93	97.4%
4	More than 10,000	\$5.98	\$7.21	\$8.25	\$9.27	\$10.33	\$11.40	\$12.57	110.2%

EssN – Essential needs  
Rates are in \$ per thousand gallons  
du – dwelling unit



PROPOSED: For Discussion Only

Non-Residential customers pay the same rate, currently at \$5.27 per 1,000 gallons of water. This would increase to \$8.80 in July 2028, a cumulative increase of 66.9%. Those rates are shown below:

## NON-RESIDENTIAL WATER RATES 2024 - 2029



Current	Proposed Rates, Effective Dates						Cumulative Change
	Jan 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	
\$5.27	\$5.80	\$6.38	\$6.95	\$7.54	\$8.14	\$8.80	\$3.53
% Change	10.0%	10.0%	9.0%	8.5%	8.0%	8.0%	66.9%

Rates are in \$ per thousand gallons

Examples: hotels, restaurants, government, shopping centers, hospitals, retail



PROPOSED: For Discussion Only

Current subsidies for local agriculture and recycled customers will continue under the proposed rate

schedule. This will encourage local farming of fresh produce and using non-potable water for irrigation and industrial use. The rate structure for agricultural customers will remain the same with minimal increases to the Essential Needs tier. For non-potable and recycled customers, the cumulative rate increase is 66.9% across all customer types. These rates are shown below:

## AGRICULTURAL WATER RATES

2024 - 2029



Tier	Gallons/du/month	Current	Proposed Rates, Effective Dates						Cumulative Change
			Jan 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	
EssN: 1	0 to 2,000	\$4.46	\$4.57	\$4.69	\$4.80	\$4.92	\$5.05	\$5.17	16.0%
2	2,001 to 6,000	\$5.25	\$5.78	\$6.35	\$6.92	\$7.51	\$8.11	\$8.76	66.9%
3	Over 6,000	\$2.12	\$2.33	\$2.57	\$2.81	\$3.05	\$3.29	\$3.56	67.8%

EssN – Essential needs  
 Rates are in \$ per thousand gallons  
 du – dwelling unit



PROPOSED: For Discussion Only

## NON-POTABLE AND RECYCLED WATER RATES

2024 - 2029



Type	Current	Proposed Rates, Effective Dates						Cumulative Change
		Jan 1, 2024	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	
Non-Potable	\$2.90	\$3.19	\$3.51	\$3.82	\$4.15	\$4.48	\$4.84	66.9%
R-1 Golf	\$0.65	\$0.72	\$0.79	\$0.86	\$0.93	\$1.00	\$1.08	66.9%
R-1 Other	\$1.96	\$2.16	\$2.37	\$2.59	\$2.80	\$3.03	\$3.27	66.9%
RO	\$6.36	\$7.00	\$7.70	\$8.39	\$9.10	\$9.83	\$10.62	66.9%

Rates are in \$ per thousand gallons



PROPOSED: For Discussion Only

The rate proposal will continue fee waivers for meter installation and the Water System Facilities Charge for affordable housing and homeless housing units. Waiver of the meter charge for fire sprinkler retrofits would also be continued. The BWS is also considering waivers of the meter installation and Water System Facilities Charge for new agricultural customers with three-quarter or 1-

inch meters. BWS is also considering new water conservation programs, including top water user outreach and direct install program for Kupuna living on their own.

The proposal also includes uniform rate increases for the Fire Meter Standby Charge and no increases to the Water System Facilities Charge, Environmental Regulations Compliance Fee Cost Adjustment, and Power Cost Adjustment.

Dave gave an overview of the schedule for rate adoption. We are currently seeking public input on the draft proposal, leading up to the BWS Board of Directors considering adoption of the rate proposal in September – October 2023. He also mentioned three upcoming community meetings to seek input from the public:

- August 14, 6:00PM – 8:30PM at Benjamin Parker Elementary School
- August 15, 6:00PM – 8:30PM at the Japanese Cultural Center of Hawaii
- August 16, 6:00PM – 8:30PM at Kapolei Hale

The Stakeholder Advisory Group members were invited to attend these meetings. Lastly, Dave listed ways for the public to provide input on the proposed rates:

- Letter to 630 South Beretania Street, Honolulu, HI 96843, Attention: Proposed Water Rates
- Email to [bwsrates@hbws.org](mailto:bwsrates@hbws.org)

Deadline to submit input is September 30, 2023. Residents may also call 808-748-5041 or contact the BWS via social media for questions.

This concluded Dave's Water Rates Update and he thanked the group for their input.

### **ACCEPT MEETING 46 NOTES**

Meeting 46 notes were approved.

COMMENT: Cynthia Rezentes commented that BWS presented at the recent Nanakuli-Mailii Neighborhood Board and there were questions about BWS and City budgets, higher single-family residential rates compared to agricultural rates, and the combined water and wastewater bill. She urged BWS to be prepared for questions from those who are not as familiar with BWS's semi-autonomous status and to consider including bullet points in the presentation to help. Ernest commented that those are great suggestions that will be used.

### **BWS UPDATES**

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

Defueling efforts are underway, led by the Joint Taskforce (JTF). The Navy started defueling four aboveground tanks containing 480,000 gallons of fuel near Pearl Harbor. The next step is to repack or fill 2 of 3 pipelines that will be used to gravity drain 104 million gallons of fuel from Red Hill to Pearl Harbor. This work is targeted to start in mid-October and be done in mid-January. The gravity drain will still leave between 100,000 to 400,000 gallons of fuel in low points of the pipeline that will remain until all 3 pipelines connecting the Red Hill tanks to Pearl Harbor are removed 3+ years from now. The faster the fuel and pipelines can be removed, the better. BWS will also advocate that JTF stay in operation until every drop of fuel is removed, instead of passing the responsibility back to the Navy.

Defueling is one step, but remediation of the impacted area is also important. We estimate a minimum

of 180,000 gallons of fuel leaked throughout the lifetime of the facility. They must clean up the aquifer and the area between the bottom of the fuel tanks and top of aquifer where fuel could be trapped above the water table. Remediation is long term effort and the Navy must follow through and continue the clean up until all water is restored.

QUESTION: Helen Nakano asked if BWS has experienced with genki balls and would it work. Ernest answered that bioremediation, naturally introducing bacteria to break down the fuel, is one option being considered. He said we haven't tried it and commented that the fuel is likely trapped in cracks and crevices of lava rock, which will be challenging to remove.

Ernest thanked the group for their support and feedback on the rate proposal. He commented that balancing the operational needs of the water system with affordability for customers is a challenge. He hopes that smaller increases on the Essential Needs Tier, which was designed to help those on fixed incomes, will minimize impact on those customers and that larger increases for high water users will incentivize them to be good stewards of the water resource.

#### **NEXT STEPS**

Dave reminded the group of the next stakeholder advisory group meetings on Thursday, October 19, 2023. Dave thanked the attendees for their attention and participation and concluded the meeting.