



City and County of Honolulu Storm Water Utility Study Stakeholder Advisory Group

July 27, 2020, 4:00-6:30 pm

Conducted Virtually

ATTENDEES

Stakeholder Advisory Group Members

American Association of Retired People (Keali'i Lopez)

American Council of Engineering Companies of Hawai'i (June Nakamura)

Appleseed Policy Center (Gavin Thornton)

Hawaii Reserves, Inc. (Jeff Tyau)

Honolulu Board of Water Supply (Barry Usagawa)

'Iolani School (Jaron Kawamura)

Neighborhood Board #4 (Sharon Schneider)

Neighborhood Board #31 (Levani Lipton)

Kua'āina Ulu 'Auamo (KUA) (Wally Ito)

Sustainable Coastlines (Rafael Bergstrom)

The Nature Conservancy of Hawai'i (Kim Falinski)

University of Hawaii (Roger Babcock)

Hawaii Auto Dealers Association (Dave Rolf)

Public Agency Staff

Randall Wakumoto (City and County of Honolulu Department of Facility Maintenance)

Ross Sasamura (City and County of Honolulu Department of Facility Maintenance)

Kyle Tokuda (City and County of Honolulu Department of Facility Maintenance)

Consultant Team

Juli Beth (JB) Hinds (Birchline Planning LLC)

Joan Isaacson (Kearns & West)

Laurens van der Tak (Jacobs)

Jessica Chiam (AECOM)

Ming Ding (AECOM)

Cami Kloster (G70)

Janice Jensen (G70)

Dana Butler (Hastings and Pleadwell)

Taylor York (Kearns & West)

Members of the Public

Dana Okano (Hawaii Community Foundation)

Lauren Roth (Roth Ecological Design)

Aida Arik

Stuart Coleman

Elizabeth Benyshek

1. Welcome and Introductions

Joan Isaacson (Kearns & West) and Randall Wakumoto (City and County of Honolulu Department of Facility Maintenance Storm Water Quality Division) welcomed everyone and thanked participants for joining the webinar.

2. Public Comment

Randall asked if there were any questions or comments from the public. There were none.



3. Agenda Overview

Joan reviewed agenda items for the evening and noted that there would be polling questions related to several of the topics. Tips for productive discussions were reviewed. After the meeting additional comments are encouraged to be emailed to Randall. Please see slides 3 to 6 of the presentation materials.

4. Update on Binder Contents and Resources

JB Hinds (Birchline Planning) shared that the National Association of Clean Water Agencies document entitled *Navigating Litigation Floodwaters: Legal Considerations for Funding Municipal Stormwater Programs* has been added to the project website under the Learn tab (<https://stormwater.wef.org/wp-content/uploads/2015/01/NACWAs-Navigating-Litigation-Floodwaters.pdf>). Please see slide 9 of the presentation materials.

5. Updates on Modified Storm Water Utility Consideration and Potential Implementation Timeline due to COVID-19 Impacts

Randall reviewed the plans to delay the introduction of the Storm Water Utility due to COVID-19, along with the four items the Department of Facility Maintenance (DFM) will explore in 2020 and 2021 in response to stakeholder and community input. These were also discussed at the last two Stakeholder Advisory Group meetings. Also, DFM is having conversations with various agencies including Airports, Harbors, and DHHL. Please see slides 10 and 11 of the meeting presentation.

Q&A/Discussion

Please note: For all Q&A / Discussion sections, the notes with dashes (-) represent comments and questions from the Stakeholder Advisory Group and the notes with open points (o) represent the project team's responses.

- In the four actions, will these be done as part of this consulting effort or afterwards? Would like to understand timing and who will be involved.
 - o Randall replied that the Storm Water Utility actions will take place in the next year. Right now, the City is documenting discussions but will not be putting in a bill at this time. Master Planning will take place over several years and will be done in phases based on priorities and available resources.

6. Community Engagement Updates

Cami Kloster (G70) provided a brief update on future community engagement. The outreach for 2020 will focus on sharing Storm Water Utility reports and information as they are available including the Round 2 Outreach Summary and the Cost of Service Study. In 2021 outreach may focus on the Storm Water Master Plan topics to engage citizens in the Strategic Plan component. Please see slides 12 and 13 of the presentation materials for this meeting for more information.

Q&A/Discussion

- Desire was expressed for having Storm Water Utility information shared as agenda items at Neighborhood Board meetings. During the BWS rate increase process, they came to NB meetings to inform people.



7. Approach for Storm Water Master Plan Preparation

Randall presented slides on the guiding principles, themes, and key departments for Storm Water Master Plan development. The Storm Water Master Plan will be a comprehensive collection of studies. One component that is already in progress with particular relevance to the storm water utility is the updates to the standard details and specifications for green stormwater infrastructure. Potential deliverables were listed in terms of Phase I (short term) and Phase II (long term). Please see slides 14 to 25 of the presentation materials for more information.

Q&A/Discussion

- Regarding the retrofit program, what level of pollution is damaging to the environment? Concern regarding the lack of numbers.
 - o Randall responded that retrofitting the storm water system in and of itself will not necessarily result in specific degrees of clean water improvement. Storm water systems and complex and weather events are variable. Pollutant reduction will depend on the types of retrofits and maintenance of the retrofits. Everyone will need to do their part.
 - o JB noted that documents regarding documented pollutant issues in the nearshore waters and the direct scientific link to storm water runoff have been added to the website.
 - o Randall added that the City is starting to develop a listing of the most practicable retrofits and the associated costs. At this time, many retrofits are being piloted. There have not been large scale expenditures because of the funding limitations.
- Happy to see the regional drainage and flooding management plan as an action item, albeit a long-range goal. Is it correct to assume that this doesn't preclude the City Department of Design and Construction / DFM from addressing the current flooding problems like in Mapunapuna, Dillingham, Wailupe, lower Makiki and lower Kalihi streams now, which will only get worse with increased storm intensity with climate change and sea level rise?
 - o Randall noted that to do this, City departments need to be identified and take the lead. DFM is taking the first step by setting the stage for commitments from other agencies who are involved.
- How will the Storm Water Master Plan address operational performance and training for your staff?
 - o Randall stated that the City is looking at a green workforce training and succession planning to support the various activities. Performance will be addressed via the project study including costs.
- The DPW standards update is great. BWS working on project write-up/scope for a drainage/stormwater functional plan. Could DFM help on the draft?
 - o Randall responded that he is currently working on the scope for the Standard Revisions since this was something that came up recently in internal discussions, and he has had preliminary discussions with our Mayor's Office of Climate Change, Sustainability and Resiliency. Randall envisions that this could be an opportunity to discuss how a Storm Water Strategic Plan could be developed, which would provide the broad framework and long-term goals. The functional plan will likely be addressed after developing the Strategic Plan and would be a more specific and detailed plan that prioritizes and identifies specific projects and locations that could be implemented.



- It is challenging to tease out elements of success. The average pollutant loading for land use types could be calculated and then used with the volume of water to estimate pollutant loading. Ecological factors could also be looked at after the implementation of projects.
 - o Randall would like to see partnerships with folks in the headwaters and other areas where water could be retained. In the upper conservation areas, the City does not have jurisdiction. The City will need to leverage funding sources.
 - o Laurens van der Tak (Jacobs) noted that there is much published data on the performance of different types of storm water treatment systems, which allows you to estimate pollutant removal. The challenge is deciding which impervious area to retrofit first. Here is one place to start on that literature. <https://www.epa.gov/green-infrastructure/performance-green-infrastructure>.

8. Continued Discussion on Draft Recommendations

JB provided a recap of the credit program and approaches for hardship (Slides 26 to 28). For more details, see the slides from the Stakeholder Advisory Group meeting from the June 15th meeting slide deck and meeting summary on the www.stormwaterutilityoahu.org website.

a. Credits Program

The core policy recommendations for Storm Water Utility credits made by the team are:

- Eligibility: All properties are eligible for credits; everyone must apply to receive them.
- Maximum allowable credits: A maximum reduction of 60% of the total fee for each property.
- Renewal: Non-residential properties will re-apply each year. Residential properties will re-apply every three years.
- Additional Credit: Consider additional credit above the 60% maximum for properties treating runoff that does not originate on their property.

The polling questions on the credit program were given to meeting attendees.

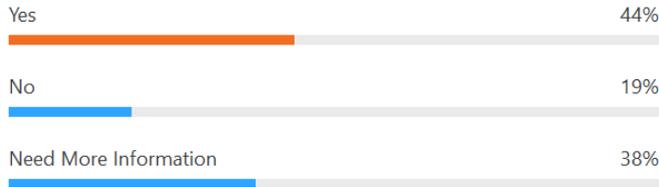


Polling Results

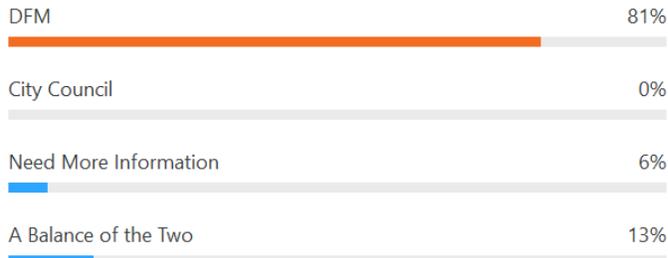
1. Do you support the general approach to a credit program?



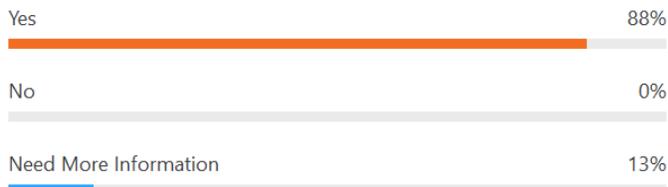
2. Should all properties be eligible on "day one," versus phasing in a program, starting with multi-family and commercial, moving to single-family?



3. In general, who should have authority to set the specific details of the credit standards and requirements?



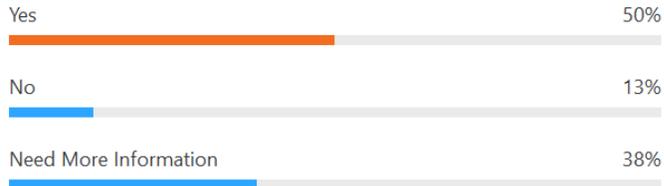
4. Are you comfortable, based on the information provided to date, with the 60% maximum for all credits?





5. Do you agree with allowing NPDES permit compliance and non-structural credits to be part of the maximum (i.e., 60%)?

An example of a non-structural credit is a golf course that adopts integrated pest management to reduce pesticide runoff.



6. Should a credit to properties that treat runoff from other sites be provided over and above the maximum (i.e., 60%)?





7. Should activity-based payments be allowed over and above the maximum (i.e., 60%)? An example would be a payment to a museum, church, or school that hosts a storm water quality public education event, like a rain barrel workshop.



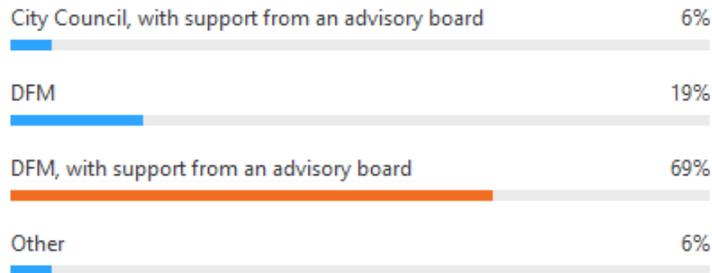
8. Are you comfortable with the proposed credit renewal requirements? We have proposed that non-single-family properties reapply each year to ensure credit practices are working properly, and that single-family properties reapply every three years.



9. In general, do you support using storm water utility funds for a grant and rebate program that helps property owners pay for storm water improvements?



10. In general, who should have primary responsibility for setting policies for grants and rebates, if a program is established?





Q&A/Discussion

- 1) Who will be reviewing the applications for credits? (Which department). It often takes a lot of time to process applications, do site inspections, etc. —so will there be additional staffing or a specific agency within the utility to handle credits? and 2) how will the compliance and maintenance with the standards be enforced?
 - o This has yet to be determined and would be decided after a storm water utility is formed, but staff with specific training, either within DFM or Department of Planning and Permitting, would perform these reviews. Reviewing applications for credits is an important process. This would be streamlined to the extent possible. Some credit types may be set up to be automatic (i.e. non-structural measures for NPDES permit holders).
 - o For permitting and inspections, typically inspections happen on larger properties with larger credits, and then is done for a sample set of properties each year.
- Would “eligible on day one” mean that “day one” would be delayed until the administration is in place? Otherwise, would the phased approach allow the utility to be implemented sooner once approved?
 - o It was clarified that the delay of the Storm Water Utility introduction to the City Council was a separate issue from the possible phasing in of credits once the Storm Water Utility has been implemented. There is no impact on adoption or implementation of the utility from this policy.

b. Approaches for Hardship Relief

Both permanent and temporary reductions are possible. Different mechanisms for providing relief were reviewed along with possible metrics for determining program eligibility.



Polling Results

1. In general, do you support a hardship program for residential accounts using a fixed monthly base charge, based on LIHEAP/150% of poverty qualification? The fixed monthly charge likely would be equivalent to the “Tier 1” cost.



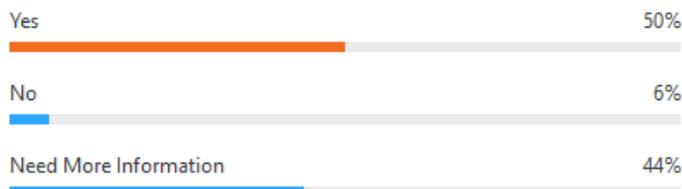
2. In general, do you support a hardship program for non-profit organizations, with fees capped at a percent of annual revenue? The concept is to extend hardship relief to non-profits that are land owning/leasing and responsible for paying utility bills.



3. In general, do you support a supplemental hardship option for extenuating and ongoing financial hardship for residents? An example would be a limit on combined utility fees that exceed 4% of income.



4. Based on the information you have received, do you support a discussion with the Dept. of Environmental Services and Dept. of Budget and Fiscal Services about a joint hardship or relief process that incorporates sewer as well as storm water fees?





5. Do you support the general proposal to limit outright exemptions from storm water utility fees to those properties with less than 300 square feet of impervious cover?



Q&A/Discussion

- Is power part of combined utility costs for the 4%? Or just water, sewer, storm water?
 - o The 4% would only be for water utilities, not power.
- Was the cap on percentage of revenue for small businesses too?
 - o Small businesses were not included under this hardship; as currently drafted, it is only for nonprofit organizations. The consultant team is not aware of hardship exemptions for small businesses based on percent of revenue.
- In general, the more hardship allowances there are, the more fees are needed to fund the additional administration costs. Is it possible to keep things simple for clearer understanding?
 - o JB responded that using LIHEAP to determine qualification would keep administration costs low as LIHEAP, which already has a robust process in place for income verification, will have already vetted the qualifying residential households. The nonprofit hardship relief would take some review.
- Would these hardship considerations be in addition to the opportunities suggested in the earlier poll to exceed the 60% credit? How do these interact?
 - o Laurens added that the two are unrelated, and you can qualify for both credits and hardship reduction. Credits are meant to incentivize treating/managing storm water from your property. Credits will reduce your fees. In addition, if fees exceed the proposed income threshold, you can also qualify for hardship reductions.

9. Overview of Options for Storm Water Fees for Private Roads

JB and Laurens provided an overview of the options for charging or exempting some types of private roads from storm water fees. Please see slides 30 to 48 of the presentation materials.

When a Storm Water Utility has fee exemptions, the revenues not charged mean that costs shift to other rate payers. 64% of storm water utilities in the US exempt public roads. 15% of those exemptions are required in the applicable state enabling laws. The Hawaii enabling law does not specifically call out road exemptions.

Public roads are part of the City storm water conveyance system. The recommendation is that public roads be exempted for this reason. This reason is commonly cited as the basis for the exemption for the public road exemption.



The policy question is: should the storm water utility likewise exempt private roads that function as public roads for all intents and purposes?

Laurens showed the team’s analysis of the various types of roadway ownership on Oahu, and the amount of impervious cover of different types of private roads. If private roads that fundamentally function as public roads were exempted from storm water fees, the approximate increase in the base storm water fee needed to make up the lost revenue would be approximately \$0.10/month/1,000 SF of impervious area. A typical single family bill would increase by \$0.35 per month if this policy decision were made.

JB and Laurens stressed that this option would reduce the administrative burden on a new storm water utility, the potential for multiple appeals and inaccuracies, and also the challenge of how to deal with the time between new public roads being constructed in subdivisions and developments, and the ultimate takeover by the City and County.

Polling Question

1. Based on the information presented, do you support a proposal to exempt those public and private roadways that are generally accessible to the public?



10. Requested Item regarding Revenue Neutrality Statement from Advisory Group

Randall recapped why a statement on revenue neutrality would need to come from the Stakeholder Advisory Group and not from City staff. The Department of Facility Maintenance/consultant report can provide the revenue implications of this decision. However, the policy decision regarding property taxes needs to be made by City Council. As a Stakeholder Advisory Group, the group has the ability to decide what type of statement to make on this issue.

Stakeholder Advisory Group member Jeff Tyau has championed discussion of this issue and assisted in the development of the polling questions on this topic. He feels that since the Stakeholder Advisory Group represents, in part, the public of Oahu, a statement on this issue should be made. In the public meetings, people expressed concerns about the additional burden of the storm water utility fee. He noted that while property tax rates have not increased over the years, property values have, and thus the total amount of property taxes. Property taxes are not limited as a percent of income. From a transparency standpoint, it should be made clear that the storm water utility fee is in addition to property taxes. Jeff advocated for a reduction in property taxes and would like to go on the record with this. It is also possible that a reduction in property taxes would not be the full amount raised by storm water fees but could be some substantive portion of what is currently being paid.

Q&A/Discussion

- Another Stakeholder Advisory member had drafted a similar statement and noted that as the Storm Water Utility fee now stands, taxpayers would be “paying twice.” The statement was:

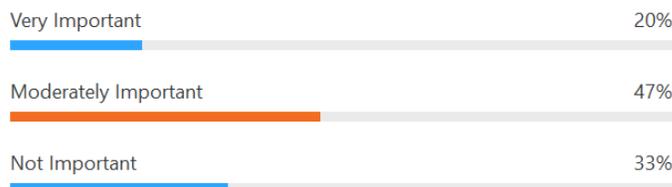


We, as members of the advisory group, note that unless property taxes are credited to taxpayers in amounts equal to the proposed Storm Water fees, that the taxpayer / rate payer are, in effect, paying for the same program twice.

- It has been made clear that we do not have the sufficient revenue to maintain the storm water program. Agree that transparency is important, and the public should understand the additional cost for a storm water utility. Not clear that revenue neutrality is possible.
- Agree with the need to be transparent about the fee and that it is being dedicated to protecting the environment. Our infrastructure is decaying, and we need to protect our island for future generations. The hardship exemptions are enough.
- Every parcel pays for storm water utility. If we reduce our property taxes, groups like nonprofits would not gain any assistance as they do not currently pay property taxes.
- While an exact property tax credit might not be possible for all groups, I support an attempt at a credit.
- Things are hard enough for businesses right now and it is just plain wrong to raise taxes (which is what this does), without the transparency that is so lacking. There have been no answers to the numbers that will be achieved with this new program. It should be emphasized that rate payers and taxpayers are going to be paying twice for the same results.
- Is it not simply a Stakeholder Advisory Group statement supporting the redirecting of storm water costs currently funded by property tax revenues to the proposed storm water fee? Agree with Jeff.
- The main thing, no matter what statement is made on the on reduction in property fees, is that we are clear that this program is needed. The discussion of revenue neutrality is not a reflection of the importance of the program. Protection of our waterways is needed. We would rather that City Council members not see the \$90 million as "free money." I am not necessarily in favor of full revenue neutrality. This is also an opportunity to be responsible and there needs to be balance. Maybe the Storm Water Utility fee becomes gradual over time.
- There have been good questions raised on what a property tax reduction would look for the various tax groups. It would be good to see some assessment on this.

Polling Questions

1. In your support of a new Stormwater Utility, how important is it to you, that there is a reduction in property taxes to offset a new Stormwater Utility fee?





2. Should there be a statement in any reporting ultimately provided to City Council regarding the Storm Water Utility that the Stakeholder Advisory Group recommends a general reduction in property taxes to offset the new Utility fees?



11. Wrap-Up | Future Advisory Group Meetings

Next Meeting (Virtual) - Monday, August 24, 2020, 4:00-6:30pm

Proposal to reduce meetings to quarterly for Fall 2020 and Spring 2021, starting in October.

Randall reiterated that the Department of Facility Maintenance will not be introducing a bill this year. In the new year with a new administration, the Department will have a better idea of the next steps. The Stakeholder Advisory Group members were asked for a commitment for 2020. For 2021 there is the possibility of including additional members such as Department of Hawaiian Home Lands and Federal government representatives.

JB thanked everyone for their tremendous input. She encouraged members to look at the meeting notes to make sure their perspectives have been captured.

Joan thanked everyone for their participation during the meeting.



Public Comments During Meeting

- EPA is looking for a more Integrated Planning approach. I think that the stormwater runoff from cesspools needs to be included in the planning because that's going to be a huge source of nutrients. Can you say if and how cesspool runoff is being included in the SW Utility fee planning?
 - o The Department of Facility Maintenance does not have an issue with this approach; however, it will require the participation of all to make it work. As mentioned, the City has multiple departments that have different roles and responsibilities so sometimes, it is difficult to get the concurrence and participation of all agencies due to differing priorities.
 - o With regard to cesspools, the City does feel this is issue falls under the purview of the storm water program; however, this would need to the State's involvement since they are the primary and lead agency that oversees and regulates that program.