



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

January 10, 2022, 4:00-6:30 pm  
Conducted Virtually

### ATTENDEES

AARP (Kealii Lopez)  
American Society of Civil Engineers (ASCE) (June Nakamura)  
Board of Water Supply (BWS) (Barry Usagawa)  
Building Owner and Managers Association (BOMA) (Melissa Pavlicek)  
'Iolani School (Jaron Kawamura)  
Ko'olau Mountains Watershed Partnership (JC Watson)  
NAIOP | Commercial Real Estate Development Organization (Darian Chun)  
Neighborhood Board #4 (Sharon Schneider)  
Neighborhood Board #25 (Bernie Marcos)  
Neighborhood Board #31 (Levani Lipton)  
Roman Catholic Archdiocese of Hawaii (Frank Doyle)  
Sustainable Coastlines (Rafael Bergstrom)  
The Nature Conservancy of Hawaii (Kim Falinski)  
Wai'anae Mountains Watershed Partnership (Yumi Miyata)  
Kua'Āina Ulu Auamo (KUA) (Wally Ito)  
At-Large (Mark Fox)

### *Public Agency Staff*

Randall Wakumoto (Program Administrator, Storm Water Quality Division, City and County of Honolulu Department of Facility Maintenance (DFM))  
Roger Babcock (Former Director, City and County of Honolulu DFM)  
Dawn Szewczyk (Director and Chief Engineer, City and County of Honolulu DFM)  
Tonya Ketza (Outreach, City and County of Honolulu DFM)  
Matt Gonser (City and County of Honolulu Office of Climate Change, Sustainability and Resiliency)  
Alex Yee (City and County of Honolulu Office of Climate Change, Sustainability and Resiliency)  
Isabella Roberson (City and County of Honolulu Office of Climate Change, Sustainability and Resiliency)

### *Consultant Team*

Juli Beth (JB) Hinds (Birchline Planning, LLC)  
Joan Isaacson (Kearns & West)  
Jack Hughes (Kearns & West)  
Laurens van der Tak (Jacobs)  
Ming Ding (AECOM)  
Cami Kloster (G70)  
Janice Jensen (G70)  
Dana Butler (Hastings & Pleadwell)

### *Members of the Public*

Lauren Roth Venu  
Casey Maslan (Hawaii Green Growth)  
Christin Reynolds  
Rod

## **1. Welcome and Agenda Overview**

Joan Isaacson (Kearns & West) welcomed everyone. Randall Wakumoto introduced Dawn Szewczyk as the new Director and Engineer for the Department of Facility Maintenance (DFM). Joan led the roundtable introductions for Stakeholder Advisory Group members and provided orientation to the agenda.

See slides 1 to 6 of the presentation materials provided at [stormwaterutilityoahu.org](http://stormwaterutilityoahu.org).

## **2. Public Comment (see additional information at the bottom of this agenda)**

There were no public comments. See slides 7 and 8 of the presentation materials.

## **3. Storm Water Utility Updates and Discussion/Q&A**

### **a. Neighborhood Board and community organization outreach**

Cami Kloster (G70) updated the group on progress with Neighborhood Board meeting presentations. This round in fall and winter of 2021, thirty presentations have been given to neighborhood boards, and three more are scheduled to be completed this month. The community's reception during these meetings was generally good and questions and comments were centered on logistics and how the storm water utility would be implemented. Overall, there seemed to be growing recognition of the need for the utility and an increased level of support. The project team has plans to do future rounds of presentations to Neighborhood Boards to ensure they stay informed on new developments related to the utility.

A panel discussion of the utility was hosted on PBS Insights in December. A link to view the episode is available on the Storm Water Utility O'ahu website.

The project team also recently gave presentations to Rotary clubs, Health Care Association of Hawaii, and the Land Use Research Foundation (LURF). A presentation to the Department of Hawaiian Homelands (DHHL) is being scheduled for later this month.

A two-page flyer was developed by the project team and provided to Mō'ili'ili Resident Managers Association (MRMA) and to City Council members. It is also available on the home page of the website.

See slides 9 to 14 of the presentation materials.

### **b. Presentation of ordinance to City Council**

Randall updated the group on the status of the draft ordinance. The draft is still in review by the City's Corporation Counsel. Some of the key items that Corporation Counsel is looking at were those discussed during the November stakeholder meeting on the ordinance. DFM is continuing to engage with the Mayor and the Managing Director, and Roger Babcock and Dawn Szewczyk have met with City Council members to address questions and discuss concerns.



Considering recent economic developments, the Mayor is paying close attention to the timing for the introduction of the ordinance to City Council. The Transient Accommodations Tax (TAT) was just introduced and will have financial impacts on the broader island community. The rise in property values will likely lead to an overall increase in property taxes, which may also influence the timing of the ordinance's introduction. The City is trying to remain flexible and be cognizant of the financial impacts to our community, businesses, and residents. As DFM continues to have discussions with the administration and the Mayor's office, Randall will keep the Stakeholder Advisory Group updated on any changes to the timeframe of the ordinance introduction. Right now, the City is continuing to work as if the ordinance will move forward at the end of this month, per the original timeframe.

See slide 15 of the presentation materials.

### 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.*

- Is there an expectation as to when or how you would like Stakeholder Advisory Group members to engage?
  - o This topic is planned for discussion later in the agenda.

### c. Rate analysis

JB Hinds (Birchline Planning) introduced Laurens van der Tak (Jacobs) and the work the team has been doing to adjust the rate scenarios based on information and requests from the City's Department of Budget and Fiscal Services (BFS) office, City Council members, and DFM.

Laurens began by reviewing some definitions of financial terms and then outlined the six scenarios to be discussed. The first four scenarios (first introduced at the October 2021 stakeholder group meeting) show the effects on the rate due to modifications in the projected operating and capital costs.

Scenario 3 is based on the proposed exemption of DOT Harbors and Airports, and Scenario 4 on the repayment of debt service for past storm water projects. These scenarios were briefly reviewed for context.

For Scenarios 3 through 6, each has a different mix of funding: scenarios with "a" assume 100% debt funding and those with "b" assume 50-50 debt and cash (CIP) funding. Capital costs would increase significantly in year 3 for each of scenarios to reflect the need to begin a regular cycle of asset renewal and replacement.

Two new scenarios, 5 and 6, were introduced. Scenario 5 shows what would happen to the rate if access to the \$22 million annual transfer from the Highway Fund was eliminated. Scenario 6 evaluates the impacts of adding a base charge with an impervious area charge for all customer accounts, which was done to see whether there would be a financial benefit if each condominium owner in tall buildings paid more than the fractional share of a fee based on impervious surface.



Scenarios 5 and 6 were calculated using Scenario 4 (repayment of debt service from previous storm water projects) as the baseline.

To illustrate the significant impact that Scenarios 5 and 6 have on the rate, Scenarios 5b and 6b were compared with scenario 4b as a baseline in slides 26 and 28, respectively.

JB explained that if an internal City decision was made to discontinue use of the Highway Fund to support storm water-related maintenance of the roadways, the storm water program would need to find the money elsewhere as this service, and its associated labor and equipment costs, cannot be discontinued. For Scenario 5b, this would amount to a rate increase of approximately 20%.

Laurens showed how these rate increases under Scenarios 5 and 6 were calculated based on the projected loss in revenue to meet the desired storm water program budget in slides 27 and 29, respectively.

Laurens explained that under Scenario 6b, everyone would pay a base charge – including each account holder or condominium owner in tall buildings. Part of the rationale for evaluating a base charge is that for tall buildings with relatively small impervious areas (i.e., condos and supporting parking areas), people may end up paying a relatively small charge even though the relative impact is higher due to the intensity of use. However, under this scenario, the rates for properties in the lower tiers (with less impervious area) were significantly raised when compared to those in the higher tiers (with more impervious area). This would effectively penalize properties with less impervious area as it shifts the cost burden from the higher to lower tiers; therefore, instituting a base charge is not recommended.

He summarized how the two new scenarios would impact the rates for each of the 8 tiers of impervious area using the table in slide 30.

The final takeaways presented to the group were that scenario “b” (50-50 debt and cash funding) in every case would reduce the rate, and is a recommended approach; Scenario 5, eliminating the transfer from the Highway Fund, would raise the fee by ~20%; and Scenario 6, having a base charge to all accounts, would penalize smaller properties fairly substantially and is not recommended.

See slides 16 to 31 of the presentation materials.

## Q&A/Discussion

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- Part of the justification for the utility is its broad base, its fairness among all property owners, and the nexus between impervious surface and storm water management costs. Is the justification for considering exempting DOT the shared service to the community? If so, under that logic, schools should also be exempted. Maybe we should be looking at agencies that are funded by the state general fund (i.e., by the taxpayers). In which case, DOT-Airports wouldn't necessarily get an exemption because it is funded by users. Should this be framed in terms of agencies/property owner function (I don't think so) or how they are funded (I think maybe).



- This came up when the state legislature introduced a bill for a storm water utility in February 2021 to exempt all state properties—schools, prisons, etc.—from paying the storm water utility fee. The legislature received a lot of testimony in opposition to the full state exemption which ultimately is part of the reason they decided not to move it forward during that session. However, before it was held, they revised the bill to exempt just DOT Harbors and Airports. DFM leadership is trying to engage with the state DOT on their concerns and present them with options. By looking at scenarios in which specifically DOT Harbors and Airports receive an exemption, DFM is trying to avoid a full exemption of all state properties. The limited exemption for airports and harbors would be more in alignment with the credits for public roadways. The draft of the ordinance that is under review fundamentally exempts public docks and taxiways. State DOT Harbors and Airports have also pointed out that the facilities are largely located near the ocean and are therefore receiving runoff from everything happening above them in the watershed. There is some validity to that, but DFM leadership and the project team also explained that this is an island-wide program, and everybody needs to contribute because everybody benefits from the system as a whole. Schools also benefit from a functioning and well-maintained storm water system.
- An amendment to a bill that did not pass maybe should not be taken this seriously. The legislature does not only listen to DOT; they also listen to other large landowners and groups that would be paying.
  - The City wants to be prepared and not blindsided by this proposal, should it come up in the future. The state would be one of the biggest customers because they have large amounts of impervious area. DOT must comply with regulations and is required to do things under their own storm water permits. The City is trying to work with them, but we don't control what the ultimate decision will be [on whether to allow the exemption]. If the legislature decides to pass the bill, the City must be prepared for it. Stakeholder testimony opposing the exemption was instrumental when the state tried to exempt itself the last time, and it will be needed again.
- DOT Harbors and Airports already have NPDES permits that would allow them to negotiate exemptions with DFM, correct?
  - One of the proposed credits relates to having an industrial NPDES permit that targets management of specific types of pollutants. In contrast, the City's permit has more and broader requirements that include management of overall water quantity and quality. Holding an industrial permit (as DOT Harbors and Airports do) would be one automatic credit towards the 60% total credit amount that DOT Harbors and Airports would be eligible for like everyone else. Other state facilities would also be eligible for up to 60% credit.
- We do not want to give that much to DOT right away because a lot of others could also ask for the same thing (i.e., exemptions). If we can demonstrate that there are other routes to obtain credits, that would be preferable rather than working through all these scenarios.
  - If you look back at the earlier scenarios, that was the assumption we started with (i.e., no exemptions). The idea was to establish Memorandum of Understanding with DOT and help them to get the maximum credit. That is the approach that has been taken with other storm water utilities around the country and makes more



sense. However, Scenario 3 was developed in response to the reaction we received when we put forward that proposal.

- If the storm water system under the airport runways needs correction or improvement, who will pay for this work? High tides and storm events (and combinations thereof) greatly affect drainage.
  - o DOT Airports is responsible for maintaining their own system within the airport property. DOT Harbors is also responsible for periodically maintaining the harbors (i.e., dredging). With a storm water utility there could be opportunities for partnerships and leveraging funding to benefit both the State and City.
- The degree to which there are already existing ways that people can get fee reductions—and the fact that harbors and airports can pass the fee on to the users, whereas others, (i.e., residents) cannot, is a bigger issue for legislators. It would be wonderful, ideally, for these exemptions not to be included in the draft ordinance, for everyone’s benefit.
- Do we have a sense of the proportion of property owners that fall within each tier? If I were a councilmember, I would want to know how large each of these groups are.
  - o Yes, we do. We have a distribution showing all the properties. About half the properties are under the 3,000/4,000 square foot range. The median impervious area for all properties (including commercial properties) is in Tier 4. For those properties in Tiers 7 and 8, nearly all have some basis for exemption or credit.
- What does the \$3.49 Base Charge [in Scenario 6] cover? Wouldn't this be a deduction from the previously calculated fees for the various areas/options and not an additional charge?
  - o The Base Charge would cover administration of the Storm Water Utility, including staff, billing, and the cost of upfront implementation. The projected cost of administration was divided by the total number of accounts to get the \$3.49 Base Charge. Everyone, regardless of the size of impervious area on their property, would pay for these administration costs. In this Base Charge scenario (Scenario 6), the impervious area portion of the fee is reduced because the Base Charge would generate ~\$8.5M for administration. The variable piece of the rate is reduced, and the fixed piece stays constant across the board.
- Can the 2019 AECOM budget analyses be released for review?
  - o The cost of services study performed by AECOM has not been publicly made available due to confidential information that is contained in the report on salaries and positions. We summarized this information in our rate analysis and Storm Water Feasibility Study Summary Report.
- It seems that that the Base Charge of \$3.49 in Scenario 6 is already being shot down for consideration. Is there anything on the table to find a Base Charge number that is palatable, even if it's just \$1.50? Ultimately, we all use impervious surface, most likely every day. Until we come together as a society to care more and transform how we treat the earth we live on, we are all complicit in the generation of storm water.
  - o That could be considered.
- Why do DOT Harbors and Airports claim that they should be exempted? I thought/believe this storm water fee is ultimately to incentivize the responsible care of rainwater so that it does not become runoff - not just looking at it in terms of “what is the burden on City and County facilities”.



- From a storm water system perspective, it is a shared responsibility, and the utility would help facilitate that process because it incentivizes certain behaviors that encourage ground water recharge, storm water treatment, etc. In our discussion with DOT Airports, they mentioned that majority of their drainage is serviced via injection wells, and therefore majority of the runoff generated by their airport properties is already infiltrated.
- Is land zoned as agricultural included?
  - Yes, agricultural lands would be subject to the storm water fee—and eligible for the same credits—if the property has more than 300 square feet of impervious surface.
- Partnering with upper watershed management at some point is important. A huge amount of storm water is generated from our mauka regions, as is the capacity for aquifer recharge and downstream reductions.
- How much of a change are these rates from what was originally presented in the Feasibility Summary Report and how will you explain that to the City Council (and others)?
  - The rates are not that different from the original projections. Adjustments were made for start dates (due to COVID) which raised the cost a bit. There have also been a number of requests and considerations, for example, BFS's request that we look at adding the repayment of storm water-related debt to the budget (this is a relatively small addition); the exemptions of DOT Harbors and Airports; and then there was the question of what if the Highway Fund transfer was eliminated. The basics really haven't changed that much. There is a lot of political calculus that remains and will be monitored. There has not been a fundamental change in the vision and program needs to do a great job in managing the system. Some of the scenarios are the result of what we heard from the stakeholders; the exemption of public and quasi-public roadways (where the amount of the exemption was negligible) is one example. Another example is areas with greater intensity of use, particularly monster homes, which were brought up by City Council. Calculations and evaluations are still being performed for these in preparation for anticipated City Council discussions when the bill is introduced.
- It is important that everyone understands the rationale for these fees as they will realistically only go up over time.
- This is the first reference to a discussion with City Council on monster homes that has been shared. I understand that they are a problem, but I would hate to see this process held up just for the purpose of penalizing them.
  - The project team wanted to acknowledge this recent Council concern and will share the analysis being prepared with the Stakeholder Advisory Group. It first examines potential criteria for a "monster home" (i.e., floor area ratio: number of bedrooms and number of bathrooms) as this does not currently exist to know what the policy impacts might be. The intention is to avoid unintended consequences to properties that are not high intensity use properties if the Council desire to include them moves forward.



#### 4. Strategic Plan: Vision, Mission, and Strengths, Opportunities, Aspirations and Results (SOAR) Analysis

JB Hinds updated the group on the progress of the draft Strategic Plan. The DFM staff participated in a Strengths, Opportunities, Aspirations, and Results (SOAR) exercise. JB shared the summarized input for each category. Cami continued by describing the City's existing mission for the Storm Water Quality (SWQ) Division, and how the SOAR analysis was used to craft a draft vision statement which is currently under review by the Division.

The draft Storm Water Strategic Plan should be available for Stakeholder Advisory Group review in February after the City has completed their initial review. The draft will then be offered to the public for review. The public debut may include a public meeting or two to walk through the components and get feedback on how it reflects what was said in the community engagement process. The draft Strategic Plan is expected to be around 30 pages in length.

The Storm Water Strategic Plan is the first step in having a comprehensive Storm Water Master Plan. One possible funding source for it is the American Rescue Plan Act (ARPA) funds. The Storm Water Master Plan is on the City priority listing for use of those funds. DFM is working on developing scope of work for when these or other funds may be available for the planning effort.

See slides 32 to 35 of the presentation materials.

#### Q&A/Discussion

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- We need to think about what percentage of storm water runoff is coming from impervious surfaces (mauka conservation/agriculture lands versus urban kula). This matters for coastal water quality and setting expectations around it.
  - o Christin Reynolds has some data to share, but there are multiple ways to calculate this.
- I believe the majority of sediment sources are mauka. Watersheds are kind of short (i.e., Maunaloa), and people can easily see that the water coming down from the mountain is already dirty, so it is important to figure out how to talk about it. Chemicals of concern are also important to talk about for impervious surface environments. While people can easily see turbidity (dirty water), they can't see the other pollutants. However, turbidity might be more easily solved above (up mauka) rather than below. Flooding is what will trigger people to understand how this applies to them.
  - o The City does need to identify sources and contributing factors from both mauka areas (which have the largest land area) and urban areas with roads, hard surfaces, and channelized streams. Hardened surfaces generate more runoff and cause more downstream problems. It is easier to see the benefits of doing things in the upper watersheds because there are a lot more opportunities to mitigate sediment. Because of the NPDES permit, the City must look at things from a Total Maximum Daily Load (TMDL) perspective and is also trying to look beyond permit requirements by using models to indicate where pollutants are coming from and identify opportunities for correction/to address them. DFM wants the Storm Water Master Plan to be data-driven





and is using the Board of Water Supply as an example for planning efforts, especially in prioritizing and allocating funds. This Strategic Plan is the high-level framework which will feed into the more specific Storm Water Master Plan with the actions and programs we need to make those types of decisions.

- Does the present financing and plan include projects that would be able to reduce turbidity? Sediment is a real challenge to tackle and in some cases almost impossible.
  - o That is the intent for developing the comprehensive Storm Water Master Plan. Data can be used to demonstrate benefits and generate projects. The existing CIP has a lot of water quality actions, but not asset renewal/replacement. Pollutants do come from areas beyond the urban jurisdiction, and the City has installed things like mitigation basins and boulders to help address debris coming down streams. The City cannot take on everything storm water related. However, there are other sources of funding for this kind of work that is not currently being tapped into.
- Projects related to sediment control and turbidity are not included in the CIP program today and part of the reason is that sediment is not coming from City and County property. I don't think there's enough money in the fee to address this issue and improve flooding, and I am also not sure that the fee *should* include this, especially for those areas that are not in the City's jurisdiction.
- This discussion is making the case for greater funding for forest management and mountain watershed partnerships. The affordability argument for whatever rate scenario is chosen still comes down to understanding what benefits the rate payers get for the money and providing an equitable way to reduce their bills with incentives to reduce the amount of impervious surface area on their property.
- It is important to remind people that the point of reducing the fees is that it cannot only be the City's storm water department that does the work. We must do the work to slow the flow of water off all properties, private and public.
- It is easier to be competitive for grant funding with a plan and a utility.

## 5. Storm Water Utility Communications

Randall explained that this topic came up due to the impact of the Stakeholder Advisory Group members who provided testimony at the State legislature last year. For Stakeholder Advisory Group members who are interested in advocating for the utility, the Hawaii Community Foundation (HCF) could help with facilitating communications when the bill is introduced to City Council, as well as any other related legislation at the state level (i.e., if exemptions are proposed). He then introduced Dana Okano from Hawaii Community Foundation (HCF) to share a few words.

Dana Okano (HCF) explained that when bills of concern come up, HCF will submit their testimony and are happy to share draft testimony language with others who are interested in crafting their own. Recommended talking points can be provided to organizations to help prepare their own testimony. She invited any stakeholders interested in crafting testimony points to reach out to her and be added to a list.

See slide 36 of the presentation materials.



## Q&A/Discussion

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- I would love to have testimony for our organization, but will it come from HCF or will the City review it before it is sent to us, and we can distribute it to our membership?
  - o The City will not lead an advocacy effort. The City can provide information to help inform testimony. It would be great to show the community support, and HCF is able to help supporters express their positions as they work with nonprofits and for-profits in advocacy. The City and HCF can provide feedback and thoughts on testimony if organizations would like that.
  
- Is the fee is going to have to be tied to property taxes to make it more viable?
  - o This is a policy decision and will not be known until the bill is heard. One option is that the utility could be phased in, instead of being implemented all at once. If that is the situation, then the storm water budget would have to be supplemented by property taxes until full implementation. However, the longer it takes to be phased in, the longer it takes to establish the benefits of having a utility. There is good information exchange currently between the City and the City Council.

## 6. Wrap-up

**Next Meeting: Monday, April 4, 2022, 4:00 - 6:30 pm (planning for virtual)**

See slides 37 to 39 of the presentation materials.