

City and County of Honolulu
Storm Water-Wastewater Advisory Group (SW-WAG) Meeting #6

October 21, 2024, 4:00-6:30 pm
In-Person | Pīkake Room, Neal Blaisdell Center

ATTENDEES

SW-WAG Advisory Group Members

Castle & Cooke – Developer Representative (Kapiolani Street)
City Council District 1 – Neighborhood Board 24 (Philip Ganban)
City Council District 2 – Neighborhood Board 27 (Kathleen Pahinui)
City Council District 7 - Neighborhood Board 18 (Chandra Kanemaru)
City Council District 7 – Neighborhood Board 20 (Lawrence Higa)
Fresh Water Initiative (Mark Fox)
Hawai'i Community Foundation (Dana Okano)
Hawai'i Green Growth (Shelley Gustafson)
Hawai'i Reserves, Inc. (Jeff Tyau)
Hawai'i Sea Grant College Program (Melanie Lander)
Hawaiiiana (Jon McKenna)
Honolulu Board of Water Supply (BWS) (Barry Usagawa)
Kamehameha Schools (Calvin P. Mann)
Roman Catholic Church Diocese of Honolulu (Frank Doyle)
Sustainable Coastlines (Rafael Bergstrom)
The Nature Conservancy of Hawai'i (Kim Falinski)
University of Hawai'i (Sheri Ching)

City & County of Honolulu Staff

Roger Babcock (Director and Chief Engineer, Department of Environmental Services (ENV))
Mike O'Keefe (Deputy Director, ENV)
Markus Owens (Public Communications Officer, ENV)
Gene Albano (Director and Chief Engineer, Department of Facility Maintenance (DFM))
Randall Wakumoto (Program Administrator, DFM, Storm Water Quality Division (SWQ))
Lisa Petersen (Branch Chief – Compliance & Inspections, DFM, SWQ)
Blaine Kawamura (Branch Chief – Investigations & Enforcement, DFM, SWQ)
Shah Tariq (Branch Chief – Public Education & Enforcement, DFM, SWQ)
Saani Fong (Lead Planner, DFM, SWQ)
Starla Takahara (Contracts Officer, DFM, SWQ)
Shari Tanaka Munalem (Administrative Specialist, DFM, SWQ)
Dustin Harbottle (Civil Engineer, DFM, Division of Road Maintenance (DRM))

Consultant Team

Joan Isaacson (Kearns & West)
Dave Ebersold (CDM Smith)
Rhea Quezon (CDM Smith)
Cami Kloster (G70)
Evelyn Navas-Aron (G70)
Juli Beth (JB) Hinds (Birchline Planning LLC)
Laurens van der Tak (Jacobs)
Ming Ding (AECOM)

Agency Representatives and Project Partners:

Megan Muramatsu (BWS)
Nancy McPherson (DHHL)

Members of the Public:

James Kumagai
Tyler Law (Ikehu Utility Solutions)

1. Welcome and Agenda Overview

Joan Isaacson (Kearns & West), as meeting facilitator, welcomed attendees and reviewed the meeting agenda and guide for productive meetings.

See *slides 1 to 4* of the presentation materials provided at StormWaterUtilityOahu.org.

2. Public Comment

Joan opened the floor to members of the public, agency representatives and project partners to introduce themselves and/or provide comment.

Tyler Law, General Manager of Ikehu Utility Solutions, introduced himself. Tyler shared that he submitted comments during the September SW-WAG meeting. Randall Wakumoto (DFM) confirmed he has received Tyler's comments.

See *slides 5 and 6* of the presentation materials.

3. Wastewater

Recap of Previous Meetings and Today's Objectives

Dave Ebersold (CDM Smith) provided a recap of previous Storm Water - Wastewater Advisory Group (SW-WAG) meetings and restated that their purpose is to engage in collaborative discussions and seek input from Advisory Group members on sewer rates and the options available. Previously, the SW-WAG provided input on the rate options presented, and the need for sewer rate increases had been discussed. The objective for ENV is to strike a balance between the needs of the sewer system and ensuring public and environmental health and safety, while also maintaining rate affordability. The SW-WAG's previous feedback on rate objectives emphasized the need for rates to be transparent and understandable; be stable, predictable, and fair; promote water conservation; and provide sufficient revenue.

Comparison of Rate Structures

Dave shared that over the last five meetings, the SW-WAG discussed ENV rate revenue requirements, identified and prioritized rate objectives, considered potential rate alternatives to meet those objectives, and explored different customer affordability options. Based on the feedback and input received thus far from the SW-WAG, ENV has developed a proposed rate adjustment schedule and customer affordability program.

Dave also quickly recapped ENV's primary revenue requirement needs. Due to ENV's efficient spending, sewer rates have not increased since 2016. However, additional revenue is now required for wastewater operations and maintenance (O&M) and the Capital Improvement Program (CIP). Specifically, the revenue requirement annual increase from fiscal year 2024 to 2040 is about 8.8 percent per year. ENV's CIP will cost \$10.1 billion between 2025 and 2040 and, therefore, ENV requires additional revenue to fund it. The largest CIP project is the final phase of the 2010 consent decree, the Sand Island Wastewater Treatment Plant upgrade, to be completed by 2035 at a cost of \$1.8 billion. If ENV were to fund CIP entirely with cash while also absorbing its existing debt service, customers would experience extreme rate shock in 2028 when the Sand Island Wastewater Treatment Plant upgrade appropriations

begin. In order to avoid rate shock, ENV will judiciously draw down the Sewer Enterprise Fund, leverage additional debt service, and raise rates as low and steadily as possible.

Which of the Following Rate Structures Should ENV Implement?

Currently, approximately 70 percent of ENV's sewer rate revenue is generated by the fixed charge and about 30 percent of the revenue is generated by the volumetric charge (based on water use). During previous SW-WAG meetings, the SW-WAG discussed and provided feedback on different rate structures. The SW-WAG indicated a preference to increase the portion of sewer rate revenue generated by the volumetric charge to allow customers more control over their bill and to promote water conservation. Many SW-WAG members demonstrated a preference for a 50 percent fixed / 50 percent uniform volumetric rate structure phased in over a 4-year period.

Q&A

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

- Is there any flexibility in complying with the Consent Decree?
 - o Roger Babcock (ENV) responded that the cost for complying with the Consent Decree is based on designs and plans already developed for the Sand Island Wastewater Treatment Plant's improvement project. The process is entering the final design stage, and the timeline has been developed to complete the work by 2035 (approximately 7 years of construction time). A contract must be awarded and construction itself needs to begin by 2029, with the project to be completed by 2035 to remain in compliance with the Consent Decree.
- What is the overarching process of the Consent Decree?
 - o Roger explained that the Consent Decree outlines a plan for the City to address various violations of its permit conditions and associated penalties, thereby providing a pathway for required improvements to be made. These include reducing sewer system overflows to meet collection system standards and implementing secondary upgrades to Oahu's two largest treatment plants.
- What are the benefits of the Consent Decree and more specifically to the environment?
 - o Roger responded that the environment directly benefits from improvements made to the infrastructure and treatment facilities. Federal regulations such as the Clean Water Act, Safe Drinking Water Act, and the Clean Air Act are national standards that ENV must comply with.
- Would it be possible to reduce the requirements of the Consent Decree and what has been done to achieve this?
 - o The consent decree is a formal agreement between ENV, the Environmental Protection Agency (EPA), Hawai'i Department of Health (DOH), The Sierra Club, Hawai'i's Thousand Friends, and Our Children's Earth Foundation. To modify the requirements of the consent decree, ENV would have to return to court and the litigants would have to agree to reopen the judgment. ENV attempted to reopen consent decree negotiations through formal letter request to the Environmental Protection Agency (EPA) and the Department of Health; however, the agencies expressed disinterest in reopening discussions. San Diego was able to forego mandatory secondary treatment improvements through the implementation of a large-scale recycled water

program. Implementation of a recycled water program of that caliber on O'ahu is currently not feasible and, therefore, ENV will not be pursuing an amendment like San Diego at this time.

- Is future population growth being considered when calculating revenue requirements now and in the future?
 - o Dave responded that the County's anticipated growth rate is incorporated into the calculations and new customers coming into the system have been considered. It is assumed that new customer growth will remain flat, which is consistent with ENV's customer growth in the past decade.

- As to revenue, can we expect any other growth or any other sources of revenue?
 - o Dave responded that new developments are required to pay a one-time impact fee when they connect to the ENV system for the first time. Thereafter, new customers contribute to the revenue through their monthly sewer bill like existing customers. Since the last rate increases were implemented, ENV's revenue has been fairly consistent year-to-year.

See *slides 7 to 20* of the presentation materials.

Proposed Rate Increase & Customer Affordability Program

Total sewer rate revenues need to increase 9 percent per year for six years beginning July 1st, 2025 (FY 2026), and are then proposed to increase by 8 percent, 7 percent, 6 percent, and 5 percent each year from July 1st, 2031 (FY 2032). This is a total increase of 115 percent over the next 10 years. Inflation is built into the annual revenue increases as follows: 4 percent starting July 1st, 2025 (FY 2026), 3.5 percent starting July 1st, 2026 (FY 2027), and 3 percent each FY from July 1st, 2027 (FY 2028) through July 1st, 2034 (FY 2035). Based on feedback received from the SW-WAG, ENV is also proposing to shift the rate structure to a 50 percent fixed / 50 percent uniform volumetric rate structure (phased in over a four-year period). Additionally, ENV is launching a customer assistance program, the Customer Assistance for Residential Environmental Services (CARES), to be funded at approximately \$10 million per year. The rate adjustments have been presented to the Mayor and he has expressed his full support to move the rate package forward to City Council.

The rate adjustment to a 50 percent fixed / 50 percent uniform volumetric rate structure (phased in over a four-year period) will increase the portion of ENV revenue collected from volumetric charge. This shift is intended to promote water conservation since more of the bill will be based upon water use. Essentially, customers can lower their monthly sewer bill by using less water. The rate adjustment allows all customers more control over their bill and especially benefits lower water users.

Comparing Sewer Bills

The current monthly fixed rate for single-family residential customers is \$77.55 and the volumetric rate is \$4.63 per 1,000 gallons of water use. Under the proposed rate adjustments, the rate structure shifts to a 50 percent fixed rate, 50 percent volumetric rate over 4 years. Therefore, the fixed rate decreases slightly while the uniform volumetric rate increases for the first four years. This results in different increases in bill amounts for customers because of differences in their water use. After the 4 years, the rate increases are no longer affected by the shift in rate structure and the bill amounts will increase by the same percentages for all customers according to the 10-year schedule.

Single-family residential customers at 2,000 gallons of water use or less comprise approximately 10 percent of ENV's bills. Under the current rate structure, the monthly bill for a customer at 2,000 gallons of water use is \$84.96. Over four years, their monthly bill amount would increase by 3.2 percent (\$2.69), 2.8 percent (\$2.49), 2.5 percent (\$2.23), and 2.1 percent (\$1.90) each year starting July 1, 2025. Once the 50 percent fixed rate, 50 percent volumetric rate structure is established, the percentage changes in bills will follow the percentage increases in the 10-year rate schedule. Therefore, low water users would experience a lower increase in their bill amounts than those outlined in the 10-year rate schedule for the first four years. Over the 10-year rate setting period, the compounded increase in bill amounts would be 69.6 percent.

The monthly bill for single-family residential customers with median water use (approximately 6,000 gallons of water per month) is \$99.77 per month under the current rate structure. Like the customers at 2,000 gallons of water use, customers with median water usage will experience a lower increase in their bill amounts than those outlined in the 10-year rate schedule for the first four years. During the 4-year phase in period of the new rate structure, median water use customer bill amounts will increase by approximately 7.5 percent annually. Thereafter, the bill amounts will increase in accordance with the 10-year rate schedule. Over the 10-year rate setting period, the compounded increase in bill amounts would be 104.2 percent.

Average water usage is 9,000 gallons of water per month and approximately 70 percent of ENV bills are for this amount of usage or less. Under the current rate structure, single-family residential customers with average water use pay approximately \$110.89 per month. For the first four years of the proposed rate schedule, customers at 9,000 gallons of water use will experience slightly higher increases in their bill amounts than those outlined in the 10-year rate schedule (10.1 percent in years one and two, and approximately 10.0 percent in years three and four). However, starting July 1, 2029, the bill amounts for customers at 9,000 gallons of water use per month will increase in accordance with the 10-year rate schedule. Over the 10-year rate setting period, the compounded increase in bill amounts would be 124.1 percent.

Single-family residential customers at 35,000 gallons or more of water per month are considered high water users and comprise approximately 2 percent of all ENV bills. The monthly bill amount for a customer using 35,000 gallons of water per month is currently \$207.19. For the first four years, these customers will experience significantly higher bill amount increases than outlined in the 10-year rate schedule since more of the bill amount will be determined by water use. Their monthly bill amount would increase by 20.6 percent, 19.5 percent, 18.5 percent, and 17.8 percent each year starting July 1, 2025. Beginning July 1, 2029 (when the shift to a 50 percent fixed rate, 50 percent volumetric rate structure is complete), the monthly bill amount will increase each year according to the 10-year rate schedule. Over the 10-year rate setting period, the compounded increase in bill amounts would be 207.2 percent.

Under the proposed rate structure, low water users would have lower bill amount increases than high water users for the first four years. The monthly bill amounts for multi-family residential and non-residential customers follow the same four-year pattern as those for single-family residential customers. Dave presented bill multi-family residential bill examples for customers at 2,000 gallons per month, 6,000 gallons per month (the average water use for multi-family customers), and 35,000 gallons per

month. For non-residential customers, three examples of real customers with varying amounts of monthly water use and Equivalent Single-Family Dwelling Units (ESDUs) were provided:

- A large shopping center that uses 9,748,704 gallons of water and has 1,930 ESDUs is a relatively low water user and currently pays about \$185,781 per month. For the first four years, their bill amount would increase by 6.6 percent, 6.6 percent, 6.5 percent, and 6.5 percent each year starting July 1, 2025. Thereafter, the bill amounts would increase annually in accordance with the 10-year rate schedule. The compounded increase in bill amounts for the 10-year rate setting period would be 96.9 percent.
- An office building that uses 945,056 gallons of water per month and has 154 ESDUs currently pays about \$15,443 per month. For the first four years, their bill amount would increase by 7.7 percent, 7.7 percent, 7.6 percent, and 7.6 percent each year starting July 1, 2025. Thereafter, the bill amounts would increase annually in accordance with the 10-year rate schedule. The compounded increase in bill amounts for the 10-year rate setting period would be 105.2 percent.
- A hotel that uses 11,636,683 gallons of water per month and has 405 ESDUs is a relatively high-water user and is currently paying about \$74,510 per month. For the first four years, their bill amount would increase by 19 percent, 18.2 percent, 17.5 percent, and 16.9 percent each year starting July 1, 2025. Thereafter, the bill amounts would increase annually in accordance with the 10-year rate schedule. The compounded increase in bill amounts for the 10-year rate setting period would be 195.2 percent.

It is important to note that the actual bill amount will vary by customer depending on water use and customer class. However, low water users in all customer classes will benefit from the proposed rate structure because they will see lower bill amount increases for the first four years compared to higher water users. Additionally, with the proposed rate structure all customers will have more control over their sewer bills.

Customer Assistance for Residential Environmental Services (CARES)

ENV is proposing a residential customer affordability program called the Customer Assistance for Residential Environmental Services (CARES). This program would be funded at approximately \$10 million per year with the rate increase. Residential customers with an income equal to or less than 80 percent of Honolulu's area median income (AMI) would qualify. The application and re-verification process could be administered by a third-party non-profit organization. Once enrolled, customers must be re-verified every six months. Eligible customers would qualify for a \$20 to \$25 credit towards their bill's monthly fixed charge. Funds would be disbursed on a first come, first served basis, up to the maximum available funds per year.

Q&A

- Regarding the customer assistance program, is this geared only towards residential customers or will businesses be eligible to apply?
 - o Dave responded that only residential customers would be eligible for the CARES.

- Requiring a status verification every 6 months seems burdensome. What is the potential risk of customers abusing the CARES program?
 - o Roger responded that the CARES program details are still being refined. What is being presented are recommendations from other existing programs. The third-party contractors used to manage other City affordability programs (i.e. Catholic Charities and Council for Native Hawaiian Advancement) have expressed they would not want to extend eligibility past 6 months because it is difficult to know if residents have moved away or sold a property. The administration of this type of customer affordability program will be challenging regardless of verification procedures. ENV must first discuss budget and scope with a third-party contractor.

- Are there plans to increase the \$10 million fund in the future? It is concerning that, like Section 8, there will not be enough funds to assist those who qualify, and the program will not be able to 'keep up.'
 - o The \$10 million is proposed to be the annual funding for the CARES program.

- For the projections over 10 years there seems to be quite a bit of doubling of rates because of the increases in percentages. What will happen beyond this period and how do these increases compare to what other cities/municipalities do to meet their revenue requirements?
 - o Dave responded that the meeting's presentation provides information for the average monthly bill increases per year. From fiscal year 2024 through 2040, the projected annual increase in revenue requirement is about 8.8 percent per year. This is the best projection that can be provided with the level of information currently available. A lot of things can change in 10 years, and this also affects what ENV is able to do. Utilities are increasing rates nationwide due to similar challenges that ENV faces (e.g., increase in operation and maintenance costs, regulatory requirements, aging infrastructure, etc.). Utilities once received operating subsidies under the Clean Water Act, but those subsidies are no longer available.

- With the proposed rates, bills appear to be doubling over 10 years, which is a big positive conservation signal. However, as people implement conservation measures does this affect ENV's revenue stream? What discussions are being held in this regard?
 - o Dave responded that the rising cost of water bills sends a strong price signal to customers, which does encourage conservation. However, when looking at this across the US, even when rate increases are implemented, typically customers' water usage does not change significantly. Customer water usage patterns are typically inelastic, which means they do not change substantially with rising costs. In theory, higher rates should translate to lower water usage, but the available data does not support this as a significant outcome. The expectation is that once a new rate structure is introduced water consumption will remain roughly the same.

- Customers might be more open to rebates. Is ENV anticipating that they would contribute to conservation rebates programs that HBWS has? Could there be more joint programs with HBWS and ENV?
 - o Roger responded that ENV would provide support to rebate programs.

- It would be relevant for ENV to analyze and consider Honolulu's homestead population differently. Homestead residents have permanence and have the option to extend their residence generationally (99 years). Multi-generational households are common as well. Please consider

coordinating with the Department of Hawaiian Homelands on what can be done differently to address these customers' needs.

Public Outreach Activities

Joan provided the SW-WAG members with an informational handout regarding ENV's plans to adjust its sewer rates beginning July 1, 2025 (see Attachment 1) for their review.

Joan stated that ENV has requested time on all City and County of Honolulu neighborhood board agendas to present and introduce its plans for adjustments to its sewer rates. Additionally, meetings with each City Council office have been requested and an op-ed will be published in the Star-Advertiser. Furthermore, there will be opportunities for the public to tour wastewater facilities as soon as November 16, 2024, with the possibility of adding a second tour if it garners enough interest. The introduction of the sewer fee bill to City Council will take place on November 7, 2024, and will be followed by at least two additional City Council meetings.

Q&A

- In addition to the neighborhood board meetings, it is recommended that ENV host additional public outreach meetings. It is also recommended that ENV meet with the Chamber of Commerce as well as the Hawai'i Restaurant Association.
- ENV should include the "Plans Adjustments to its Sewer Fees" handouts along with their current bills so all customers have access to the information being provided to the SW-WAG (see, Attachment 1).

Anticipated Approval Schedule

Dave reported that the first City Council reading will take place on November 7th, 2024. The City Council Committee meetings are expected to take place on November 19th and November 21st, and a second reading on December 11th. A third reading may take place in January 2025. Dave encouraged the SW-WAG members' participation in this process.

The SW-WAG members are encouraged to attend the City Council Budget Committee meeting on Tuesday, November 19th at 9:00 a.m., at Honolulu Hale.

See *slides 21 to 40* of the presentation materials.

4. Storm Water: Updates on Potential Storm Water Fee and Associated Programs

Juli Beth (JB) Hinds (Birchline Planning) discussed previous feedback received from the SW-WAG and based on this input, the project team has new updates to share.

Fee Structure Questions

One question previously received was whether an impervious area could be accurately calculated on individual parcels. JB confirmed that this possible, thanks in part to the National Oceanic and Atmospheric Administration's (NOAA) updated 2022 "C-CAP Regional Land Cover" data, as well as updated parcel boundary information.

Another question received from the SW-WAG was whether a flat fee per parcel could be imposed. JB explained there are some utilities that do charge a flat fee. But what ultimately happens is that properties with less impervious surface are overcharged, and properties with more impervious surface are undercharged. This results in an inequitable billing situation. Additionally, flat fees substantially undercharge state and federal properties. The use of impervious cover as a basis to calculate and charge storm water fees has been consistently upheld by U.S. courts.

Charging a Differential Fee Based on Annual Rainfall

JB emphasized that storm water management, and a storm water fee, are intended to ensure island-wide functionality. Services are tied to regulatory requirements for the entire County, and these regulatory requirements do not vary geographically. Impervious cover is a uniform and legally defensible way to charge a storm water fee. If we start dissecting the fee based on location-specific rainfall averages, explained JB, the rate would vary only slightly but its administrative complexity would increase. Furthermore, there is not a defensible way to assess a different cost of service based on local rainfall variability. We must also consider what happens if rainfall averages change, or a strong storm or drought affects one area, and whether this would affect the fee.

Importance of Funding Storm Water Operations Through a Fee

Maintenance is universally one of the hardest things for cities to fund. Under the City's current budget procedures, DFM does not have the ability to secure funding for more than one year's operating expenses at a time. This translates to disruptions of essential services such as stream cleaning, which continuously suffers schedule setbacks due to funding disruptions. If a reserve fund cannot be carried over from year to year, DFM is unable to deal with emergencies unless it reroutes funds from other programmed activities and projects. If money is diverted from necessary activities and projects needed for permit compliance, the City could incur NPDES permit violations.

On the whole, capital funding is easier to secure than operational funding. Multiple sources for grants are available for capital projects and activities; however, most grants require multi-year commitment of matching funds, which cannot be committed when funding is purely year-to-year.

Q&A

- It seems that DFM should be able to carry over a portion of the funds it currently receives to fund its future needs, and these funds should be accounted for in the projections.
 - o Randall responded that because storm water management is a shared responsibility among many City departments, and each of these departments tap into the City's General Fund and/or Highway Fund, it is impossible for DFM to secure multi-year funding that comprehensively looks at the entire system and therefore be able to prioritize projects. Utilities have multi-year funding they can rely on and make long-term plans. DFM must act on a year-to-year basis based on the funds available that year and is unable to account for emergencies that arise, which ultimately translate into deferred maintenance. By implementing a storm water fee, DFM will be able to secure reliable funding and be able to budget for the future. Highway funds are available to address projects that fall under the "roadways" and help to offset overall cost. There may be other funds available that are tied to the General Fund, and which specifically address projects specific to permit requirements.

- Can funds collected for storm water operations and projects be later used for other purposes?
 - o Roger responded that an ordinance determines what the funds are available for, and those funds cannot be diverted for other purposes. This is how ENV and the Board of Water Supply (BWS) work. It is also the reason why an Enterprise Fund was established for ENV around 1989. ENV experienced similar problems as DFM, in which funds were being diverted to other programs.
 - o Randall further provided that once a storm water fund is established, it will be audited to ensure the funds are being used appropriately. During previous SW-WAG meetings the Advisory Group was asked to participate in a poll to decide what the name of the fund should be so it is recognizable, and so citizens can understand its purpose. This was done in anticipation of creating a future enterprise fund for the storm water fee.

Impervious Area Update and New Customer Account File

Laurens van der Tak (Jacobs) explained that a storm water 'customer account file' is a database of every single property on Oahu and the impervious areas associated with each property. A customer account file is key to establishing a storm water fee as it is used to determine how much each property would pay. The customer account file includes three crucial elements: 1) geographic information systems data / layers (GIS) to determine parcel impervious data, 2) Real Property Assessment Division's (RPAD) tax assessment and property ownership data, and 3) City and County of Honolulu's ownership and tax parcel data.

Impervious area is determined using satellite imagery. In this process, infrared and visible light reflected back to the satellite from different surfaces help map various land covers such as vegetation, water, and impervious cover from rooftops, driveways, roads, etc. The project team used data flown in 2022 and released by NOAA in February 2024 to update the customer file.

In addition to impervious area data, for the customer account file it is necessary to have clear information on parcel boundaries. Previously, GIS data provided by the Department of Planning and Permitting was used. However, there were issues when the data was overlaid with the satellite imagery as they did not always line up. In 2021, work was done to better align the City and County Honolulu's GIS parcel data with the available impervious cover imagery. In addition, the parcel data was updated in 2024, adding approximately 800 new parcels to the database and removing approximately 1,200 old parcels that no longer exist.

How are Individual Bills Determined?

Laurens provided an overview of the first step, which is the establishment of tiers. Tiers for the storm water fee will likely be set as ranges of 1,000 square feet of impervious area on a parcel. Using tiers simplifies billing and can account for challenges involved in providing precise measurements of small amounts of impervious area. The more tiers used the more equitable fees will be. During previous discussions, the SW-WAG proposed an 8-tier billing system for Oahu.

Fees based on impervious area also promote equity. The example was provided of two parcels with very different amounts of impervious area which would be reflected in the different bills based on the tier of impervious area.

Q&A

- How will properties designated 'agricultural' be treated?
 - o Laurens responded that agricultural properties will be treated the same as any other property. The amount of impervious area would be determined for each one, and the bill based on that amount. This is also where "tier" categories come into play.
- NOAA Coastal Change Analysis Program (C-CAP) layers are updated approximately every 5 years; is this being factored into the budget so the data can be updated accordingly?
 - o Yes. Laurens responded that administration of the billing data is included in the budget. Another approach for short-term updates is that before new parcels are being added to the inventory, new subdivision information can be requested from DPP before updated satellite imagery becomes available. To address any discrepancies in how property boundaries and impervious areas are calculated, bill audits are built into the storm water fee mechanisms.
- What will the storm water rates look like?
 - o JB responded that the earliest a storm water fee can begin billing is 2027. With the new data calculations, DFM can now calculate rates and plans to present them to the SW-WAG in February or March 2025.
 - o Gene Albano (DFM) responded that it is expected rates will be similar to what was discussed with the SW-WAG 4 years ago. DFM wants to respect and be cognizant of the fact that any numbers provided to the public will affect how they are received and/or perceived. The new calculations will be shared once fully developed and reviewed for quality and accuracy.

Exempting Public and Quasi-Public Roads

JB shared that public travel ways— including roadways, airport runways, docks (250' of water's edge) that are open to public travel and maintained by the City and County of Honolulu or the Department of Transportation – would be exempt from a storm water fee. Everyone benefits from the movement of goods and services through our local transportation network; because of this everyone has a responsibility to pay a little more to cover the costs relating to managing runoff stemming from these sites. Therefore, by exempting these surfaces from a fee, everyone will share equally in the costs related to public road runoff.

It is important to note that 'quasi-public' roads are privately owned roadways that are open to the public for travel under City ordinance. These would also be exempt, since they are City maintained and function for all intents and purposes as public roads. Fully private rights-of-way, that are not open to public travel and/or are not maintained by DFM, will be charged and the owners will be required to pay a storm water fee.

Q&A

- Is there an update on the Storm Water Credit Manual?
 - o JB shared that no substantial progress has been made since the September SW-WAG meeting, however the project team is actively working on its development.
- How is private road assessment done?
 - o Laurens responded that if a road is private, it will have a designated owner listed (i.e. a Homeowners' Association) and the owner would receive the bill.

- How are private roads that belonged to an entity that no longer exists, and which have not been turned over to the City assessed?
 - o JB responded that if no individual or entity is listed, then ownership cannot be determined, and the City is unable to bill for that road. However, if the roadway is considered 'quasi-public' and is open to travel, then a storm water fee would not be assessed. This is why a 'quasi-public' provision is included, to help address these types of issues.

See *slides 41 to 64* of the presentation materials.

5. ENV Updates

No ENV updates were provided.

This marks the final scheduled joint SW-WAG meeting of 2024. Mike O'Keefe (Deputy Director, ENV) expressed his gratitude to the Advisory Group for their participation and valuable input in shaping the wastewater rate proposals. The developed proposals, which have been heavily influenced by the SW-WAG's feedback, will soon be made public and further refined before being submitted to City Council for review. Mahalo to the SW-WAG members for their time.

See *slide 65* of the presentation materials.

6. Wrap Up

Joan, on behalf of the project team, thanked the SW-WAG for their participation in the monthly meetings. Finally, Randall addressed the Advisory Group, thanking SW-WAG members for their time and, on behalf of the Department of Facility Maintenance, expressed deep appreciation for their participation. Additionally, Randall reminded the Advisory Group that storm water rates are still being developed and the SW-WAG's continued engagement is crucial in the rate proposal process. Rate analysis is almost completed and is pending further review before numbers can be presented to the SW-WAG for their consideration and feedback. Rebates, credits, and rate proposals will be shared with the SW-WAG in 2025.

SW-WAG members also thanked ENV and DFM for allowing them to participate in the rate process. Members emphasized the importance of managing natural resources and expressed support for ENV and DFM programs.

Joan shared that virtual 'check-in' meetings, to provide SW-WAG members with new updates, are being considered for November or December 2024. Quarterly in-person SW-WAG meetings may resume in 2025. Additional information will be shared with the SW-WAG when available.

The meeting ended at 6:30 PM.

See *slides 66 to 68* of the presentation materials.