A BILL FOR AN ACT

RELATING TO AN APPROPRIATION FOR A KUNIA WELLS IV EXPLORATORY WELL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that many Oahu farmers depend on discounted water rates from the city and county of Honolulu board of water supply. The legislature also finds that due to new federal Food Safety Modernization Act rules, farmers will need greater access to potable water for irrigation and crop washing. More stringent water quality standards for water supply used to irrigate food crops may require increased reliance on potable supplies, thereby making existing surface water supplies less usable without treatment. The impact to Hawaii farmers and water suppliers is uncertain.

The legislature finds that funding assistance to provide alternative water sources would offset some of the costs that Oahu farmers would normally pay to start up or expand their capacity for diversified agriculture using water from the board of water supply.
The legislature further finds that the board of water supply adopted a thirty year water master plan that identifies its water system needs and a schedule of capital improvements. Recently, water rates and charges were established to better align revenues with the costs to serve different customer classes. During this water rate study process, the board of water supply engaged a stakeholder advisory group composed of water customers, community leaders, landowners, and developers, as well as agricultural, social, and environmental groups. The stakeholder advisory group recognized the benefits of a viable local agricultural industry on Oahu and the importance of an affordable supply of potable water for that industry.

The board of water supply's board of directors agreed with the stakeholder advisory group's recommendations and adopted the continuance of the subsidized water rate for agriculture, which is forty per cent lower than the rate for nonresidential ratepayers. New farmers may also incur capacity impact fees, also known as the water system facilities charges. Capacity impact fees are used to recover water system capacity that is allocated for growth. The water rate study found that the capacity impact fee also needs to be raised to meet cost of
1 service requirements. The last time the capacity impact fee was 
2 raised was in 1993. This cost increase could have a significant 
3 economic impact on new farmers.
4
5 The purpose of this Act is to appropriate funds to the 
6 board of water supply to offset the design and construction 
7 costs for one of four exploratory water wells for the proposed 
8 Kunia wells IV pump station, which will provide additional water 
9 supply for growth, including diversified agriculture. The board 
10 of water supply is prepared to pass the benefits of these 
11 appropriated funds to farmers to support the agriculture 
12 industry on Oahu and ensure the impact fee for new farmers.
13
14 SECTION 2. The director of finance is authorized to issue 
15 general obligation bonds in the sum of $1,000,000 or so much 
16 thereof as may be necessary and the same sum or so much thereof 
17 as may be necessary is appropriated for fiscal year 2019-2020 
18 for the purpose of designing and constructing an exploratory 
19 well for the proposed Kunia wells IV pump station, as follows:
20 1. To be expended by the department of land and natural 
21 resources (LNR141):
22 A. Proposed Kunia wells IV pump 
23 station, Oahu.
Design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

<table>
<thead>
<tr>
<th>Design and Construction</th>
<th>$1,000,000</th>
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<tbody>
<tr>
<td>Total funding</td>
<td>$1,000,000</td>
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SECTION 3. The appropriation made for the capital improvement project authorized by this Act shall not lapse at the end of the fiscal biennium for which the appropriation is made; provided that all moneys from the appropriation unencumbered as of June 30, 2022, shall lapse as of that date.

SECTION 4. The sums appropriated for the respective capital projects set forth in section 2 shall be expended by the designated expending agency for the purposes of this Act.

SECTION 5. This Act shall take effect on July 1, 2019.

INTRODUCED BY: [Signature]

JAN 1 8 2019
Report Title:
DLNR; LNR141; City and County of Honolulu Board of Water Supply; Kunia Wells IV Pump Station; Exploratory Well; Appropriation

Description:
Appropriates funds to the Department of Land and Natural Resources (LNR141) for the design and construction of one exploratory well to meet future potable water requirements for diversified agriculture.

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