
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:

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

12 The legislature finds that funding assistance to provide
13 alternative water sources would offset some of the costs that
14 Oahu farmers would normally pay to start up or expand their
15 capacity for diversified agriculture using water from the board
16 of water supply.



1 The legislature further finds that the board of water
2 supply adopted a thirty-year water master plan that identifies
3 its water system needs and a schedule of capital improvements.
4 Recently, water rates and charges were established to better
5 align revenues with the costs to serve different customer
6 classes. During this water rate study process, the board of
7 water supply engaged a stakeholder advisory group consisting of
8 water customers, community leaders, landowners, and developers,
9 as well as agricultural, social, and environmental groups. The
10 stakeholder advisory group recognized the benefits of a viable
11 local agricultural industry on Oahu and the importance of an
12 affordable supply of potable water for that industry.

13 The board of water supply's board of directors agreed with
14 the stakeholder advisory group's recommendations and adopted the
15 continuance of the subsidized water rate for agriculture, which
16 is forty per cent lower than the rate for nonresidential
17 ratepayers. New farmers may also incur capacity impact fees,
18 also known as water system facilities charges. Capacity impact
19 fees are used to recover water system capacity that is allocated
20 for growth. The water rate study found that the capacity impact
21 fee also needs to be raised to meet cost of service



1 requirements. The last time the capacity impact fee was raised
2 was in 1993. This cost increase could have a significant
3 economic impact on new farmers.

4 The purpose of this Act is to appropriate funds to the
5 department of land and natural resources for the board of water
6 supply to offset the design and construction costs for one of
7 four exploratory water wells proposed by the board of water
8 supply for the proposed Kunia wells IV pump station, which will
9 provide additional water supply for growth, including
10 diversified agriculture. If the funds are used for the design
11 or construction of one of four exploratory wells, the board of
12 water supply is prepared to pass the benefits of this well to
13 offset the impact fees for new farmers to support the
14 agriculture industry on Oahu.

15 SECTION 2. The director of finance is authorized to issue
16 general obligation bonds in the sum of \$ or so much
17 thereof as may be necessary and the same sum or so much thereof
18 as may be necessary is appropriated for fiscal year 2019-2020
19 for the purpose of designing and constructing an exploratory
20 well for the proposed Kunia wells IV pump station, as follows:



1 1. To be expended by the department of land and natural
2 resources (LNR141):

3 A. Proposed Kunia wells IV pump
4 station, Oahu.

5 Design and construction of
6 one exploratory well to meet
7 future potable water
8 requirements for growth,
9 including diversified
10 agriculture.

11	Design and Construction	\$1,000,000
12	Total funding	\$1,000,000

13 SECTION 3. The appropriation made for the capital
14 improvement project authorized by this Act shall not lapse at
15 the end of the fiscal biennium for which the appropriation is
16 made; provided that all moneys from the appropriation
17 unencumbered as of June 30, 2022, shall lapse as of that date.

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

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



Report Title:

DLNR; LNR141; City and County of Honolulu Board of Water Supply;
Kunia Wells IV Pump Station; Exploratory Well; Appropriation;
CIP

Description:

Appropriates funds to the Department of Land and Natural Resources for the Board of Water Supply to offset the design and construction costs for one of four exploratory wells proposed by the Board of Water Supply for the proposed Kunia wells IV pump station to meet future potable water requirements for growth, including diversified agriculture. (SD1)

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