

JAN 24 2019

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 federal Food Safety Modernization Act rules, farmers
5 will need greater access to potable water for irrigation and
6 crop washing. More stringent water quality standards for water
7 supply used to irrigate food crops may require increased
8 reliance on potable supplies, thereby making existing surface
9 water supplies less usable without treatment. The impact to
10 Hawaii farmers and water suppliers is uncertain.

11 The legislature finds that funding assistance to provide
12 alternative water sources would offset some of the costs that
13 Oahu farmers would normally pay to start up or expand their
14 capacity for diversified agriculture using water from the board
15 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 composed 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 the water system facilities charges. Capacity
19 impact fees are used to recover water system capacity that is
20 allocated for growth. The water rate study found that the
21 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 The purpose of this Act is to appropriate funds to the
5 board of water supply to offset the design and construction
6 costs for one of four exploratory water wells for the proposed
7 Kunia wells IV pump station, which will provide additional water
8 supply for growth, including diversified agriculture. The board
9 of water supply is prepared to pass the benefits of these
10 appropriated funds to farmers to support the agriculture
11 industry on Oahu and ensure the impact fee for new farmers.

12 SECTION 2. The director of finance is authorized to issue
13 general obligation bonds in the sum of \$1,000,000 or so much
14 thereof as may be necessary and the same sum or so much thereof
15 as may be necessary is appropriated for fiscal year 2019-2020
16 for the purpose of designing and constructing an exploratory
17 well for the proposed Kunia wells IV pump station, as follows:

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

20 A. Proposed Kunia wells IV pump
21 station, Oahu.



S.B. NO. 1542

1 Design and construction of
 2 one exploratory well to meet
 3 future potable water
 4 requirements for diversified
 5 agriculture.

6	Design and Construction	\$1,000,000
7	Total funding	\$1,000,000

8 SECTION 3. The appropriation made for the capital
 9 improvement project authorized by this Act shall not lapse at
 10 the end of the fiscal biennium for which the appropriation is
 11 made; provided that all moneys from the appropriation
 12 unencumbered as of June 30, 2022, shall lapse as of that date.

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

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

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INTRODUCED BY:

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S.B. NO. 1542

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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