

MINUTES
FOR THE MEETING OF THE
COMMISSION ON WATER RESOURCE MANAGEMENT

DATE: September 21, 2016
TIME: 1:00 pm
PLACE: DLNR Board Room
Kalanimoku Bldg.
1151 Punchbowl St., Room 132
Honolulu, Hawaii 96813

Vice Chair Beamer called the meeting of the Commission on Water Resource Management to order at 1:03 pm.

The following were in attendance:

MEMBERS: Mr. William Balfour, Jr., Dr. Kamana Beamer, Ph.D.,
Mr. Neil J. Hannahs, Mr. Milton D. Pavao

**DEPARTMENT OF
HEALTH'S DESIGNEE:** Mr. Keith Kawaoka

ABSENT: Ms. Suzanne Case, Mr. Michael Buck

STAFF: Rebecca Alakai, Malie Beach-Smith, Neal Fujii, Jeremy Kimura,
Lenore Ohye, Jeffrey Pearson, P.E., Ayron Strauch, Dean Uyeno

COUNSEL: Colin Lau, Esq.

OTHERS: Alan Murakami (NHLC), Cameron Grimm, David Henkin (Earthjustice),
Nancy Barter (DOH), Yvonne Izu (Moriyama Lau & Fong), Joanna Seto
(DOH-SDWB), Kaleo Manuel (DHHL), Natasha Baldauf (Sullivan
Meheula Lee), Lance Fukumoto (Fukunaga & Associates), Amanda Kimi
(Fukunaga & Associates), Lynn Malinger (Fukunaga & Associates),
Jon Nishimura (Fukunaga & Associates), Robbie Alm, Lauren Doo
(Akinaka & Associates), Kylie Wager (Earthjustice), Rodney Shiraishi
(DLNR-Engineering Division)

A. APPROVAL OF MINUTES

1. June 17, 2016
MOTION: (Balfour/Pavao)
To approve the minutes.
Minutes approved (Abstain/Beamer)
2. July 20, 2016
MOTION: (Hannahs/Pavao)
To approve the minutes.
Unanimously approved.

C. PRESENTATIONS

1. Water Audit Training Pilot Project

Neal Fujii summarized the Commission's Water Audit Training Pilot Program and provided background information for the upcoming action item B1.

A water audit is a balance analysis starting with the volume of water entering the system and the volume of water leaving the system. A key in this analysis is the source meter and customer meter data which form the foundation of the water balance. All of the water entering and leaving the system can be accounted for using meter data while making careful estimates and deductions regarding system variables. System losses can be categorized into apparent and real losses. Apparent losses can be attributed to meter inaccuracies and data handling errors. Real losses are actual physical leaks.

AWWA developed a free water audit software to help quantify and track water losses. This software will help utility managers identify actions that can be taken to reduce system losses and improve data validity. Once the utility completes the water audit, it can use the results to design a data driven and cost-effective water loss control program.

The Commission's 2013 Water Conservation Plan included 2 high priority implementation actions and one is the procedure for requiring and conducting annual water loss audits for public water systems. In April 2014, staff completed 5 water audit workshops on Kauai, Maui, Oahu, West and East Hawaii. The workshops were introductions to the concepts of the AWWA water audit software. Invitations were sent to all public water system operators. Staff partnered with the Hawaii Rural Water Association to conduct the workshops and had a 23% turnout rate.

In 2015 the Commission implemented a pilot program to train 15 Public Utilities Commission regulated public water systems on the AWWA methodology of water loss audits. The training program was a three phase program: 1) full-day hands-on workshop; 2) individual follow-up webinars; validity & data scoring; and 3) on-site system assessment. Technical memos were given to the utilities explaining the audit results and providing recommendations to reduce their losses. An anonymized program summary report was also provided.

Act 169 was passed during the 2016 Legislative Session and requires the Commission to implement a water audit program and to provide technical assistance to counties and other public water system owners to complete validated standardized water audits. It affects 103 public water systems and is divided into two groups. The first group is municipal systems and the second group is public water systems serving a thousand or more customers or within a water management area. The first group's water audits are due to the Commission on July 1, 2018. The second group's audits are due to the Commission on July 1, 2020. Act 169 authorizes the Commission to expend \$600,000 in federal funding and \$100,000 in private funding to implement provisions of the Act.

Next steps include: 1) obtaining necessary approvals for the water audit project; 2) informing the industry through newsletters; and 3) establishing a water loss control committee. The project is expected to begin in early 2017. There is future potential for funding from the Department of Health's state revolving fund for water loss intervention strategies.

The water audit is the first step in the utilities' water loss control program. The long term goal is for the utilities to reduce their losses in a cost effective manner.

B. ACTION ITEMS

1. Requesting Authority for the Chairperson to Enter Into a Contract to Conduct Water Audit Training Technical Assistance

SUBMITTAL PRESENTATION by Neal Fujii

Mr. Fujii reiterated that to carry out the purposes of Act 169, a project to provide technical assistance for training public water system operators and personnel in water loss audits is proposed.

Project objectives include providing technical assistance and training to targeted public water system operators and owners, enabling them to conduct a water audit using the free American Water Works Association water audit software and to understand the results; Commission receiving validated water audits from public water systems participating in this training program; and informing operators of water loss control strategies.

This project will affect approximately 103 public water systems, about 80% of all public water systems that deliver over 90% of the drinking water in the State.

A consulting contractor will be hired to assist the Commission to complete this project using a collaborative and hands-on approach to conducting water audits. The public water system personnel will be trained through a series of workshops and one-on-one follow-up telephone calls.

After receiving training and technical assistance from the Commission, it is expected that each of the public water systems will develop its own internal skill sets to continue to submit validated water audits to the Commission on an annual basis.

The source of funding for this project is \$600,000 in federal funding and \$100,000 in private funding. Funds will be provided by a combination of U.S. Environmental Protection Agency/Department of Health Safe Drinking Water State Revolving Fund 15% set-aside grant funds and private grant funding. Projected Annual Funding Request, Drinking Water State Revolving Fund 15% set-aside: Federal Fiscal Year 17 (Contract Term 1): \$200,000; Federal Fiscal Year 18 (Contract Term 2): \$250,000; and Federal Fiscal Year 19 (Contract Term 3): \$150,000.

The Commission has the authority to plan and coordinate programs for the conservation of water and to contract with private persons to assist with these programs. This project is exempt from the application of HRS Chapter 343 pursuant to HRS §343-5(b) and Hawaii Administrative Rule §11-200-5(d).

RECOMMENDATIONS

Staff recommends that the Commission:

1. Authorize the Chairperson to enter into a contract to provide water audit training in water audit and water loss control methods to public drinking water system personnel and to expend \$700,000 in combined federal, state, or private funds, for the purposes of Act 169
2. Authorize the Chairperson to amend or modify the contract as may be necessary to accomplish the goals and objectives of Act 169, provided that any amendment or modifications does not required additional Commission funding.
3. Authorize the Chairperson to enter into memoranda of agreement with federal, state, or private agencies organizations to receive grant funding to implement the provisions of Act 169.

The terms of the contract will be subject to the availability of funding and approval of the Chairperson and the Department's Deputy Attorney General. Procurement and contracting will be done in accordance with Chapter 103D, Hawaii Revised Statutes and Chapter 3-122, Hawaii Administrative Rules. Memoranda of agreement shall be approved by the Department's Deputy Attorney General.

Commissioner Hannahs stated that the utilities cannot be expected to figure out how the results of the audit apply to its system. Would it be beneficial to hire a consultant to help them assess the problem?

Mr. Fujii said nothing prevents the utilities from doing that.

Commissioner Hannahs asked if professional services could be incorporated into the Contract.

Deputy Pearson believed that was a good suggestion and stated that staff could work with the consultant to see how it could be built into the contract.

In reference to the anonymized pilot program results and now that Act 169 is passed, Commissioner Beamer asked if that information should be made public?

Mr. Fujii said that was not considered. Disclosing that information may prevent the utilities from participating in the program; it is not recommended at this phase.

Lenore Ohye stated that if there is a request for more information, staff will disclose the names of the agencies.

Commissioner Beamer thanked Ms. Ohye for the consolation.

Yvonne Izu commented on Commissioner Pavao's concerns regarding the utilities disregard for system losses as water losses do not translate into revenue losses for the utilities. She suggested inter-agency communications with the Public Utilities

Commission as the PUC has the authority to deny requests for rate increases if an agency's water losses are too high.

**MOTION: (Pavao/Kawaoka)
To approve staff recommendation.
UNANIMOUSLY APPROVED.**

C. PRESENTATIONS

2. State Water Projects Plan Update

Lance Fukumoto, Fukunaga & Associates, consultants for the Department of Land and Natural Resources, Engineering Division for the State Water Projects Plan, presented an overview of the State Water Projects Plan. He outlined objectives, key tasks, technical approach, projected water demands, water development strategies and recommendations.

3. Update on the Mediation for the Complaint and Petition Declaratory Order Against Waste Filed by Po`ai Wai Ola and West Kaua`i Watershed Alliance (through Earthjustice)

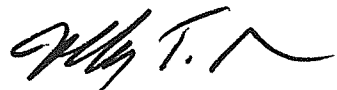
Robbie Alm updated the Commission on the mediation process. He shared that the parties have been cooperating and working together. He believed there was a possibility of resolving the issues to the satisfaction of all parties, however additional time is required. The parties would like to continue to mediate through November.

The meeting was adjourned at 3:17 pm.

Respectfully submitted,


KATHY YODA

APPROVED AS SUBMITTED:



JEFFREY T. PEARSON, P.E.
Deputy Director