

STATE OF HAWAI‘I  
DEPARTMENT OF HAWAIIAN HOME LANDS  
**HAWAIIAN HOMES COMMISSION MEETING/WORKSHOP AGENDA**

91-5420 Kapolei Parkway, Kapolei, O‘ahu, Hawai‘i, and Zoom: Meeting ID: 609 754 2925  
Tuesday, January 17, 2023, at 9:30 a.m. to be continued, if necessary, on  
Wednesday, January 18, 2023, at 9:30 a.m.  
*Livestream available at [www.dhhl.hawaii.gov/live](http://www.dhhl.hawaii.gov/live)*

*Note: Commission Meeting Packets will be available at [dhhl.hawaii.gov](http://dhhl.hawaii.gov) by Thursday, January 12, 2023.*

**I. ORDER OF BUSINESS**

- A. Roll Call
- B. Approval of Agenda
- C. Approval of Minutes:
  - a. December 19 & 20, 2022 Regular Meeting
  - b. April 11 & 12, 2016 and May 23 & 24, 2016 Regular Meeting Minutes
- D. Public Testimony on Agendized Items – see information below

Public testimony on any item **relevant to this agenda** may be taken at this time, or a testifier may wait to testify at the time the agenda item is called for discussion. Pursuant to section 92-3, Hawaii Revised Statutes, and section 10-2-11(c), Hawaii Administrative Rules, the Chair of the Commission has the authority to impose reasonable conditions to ensure an orderly and efficient meeting.

**II. ITEMS FOR DECISION MAKING**

**A. CONSENT AGENDA**

Homestead Services Division

- D-2 Approval of Consent to Mortgage (see exhibit)
- D-3 Ratification of Loan Approvals (see exhibit)
- D-4 Approval of Homestead Application Transfers / Cancellations (see exhibit)
- D-5 Approval to Certify Applications of Qualified Applicants for the Month of December 2022 (see exhibit)
- D-6 Approval of Assignment of Leasehold Interest (see exhibit)
- D-7 Approval of Amendment of Leasehold Interest (see exhibit)
- D-8 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees (see exhibit)
- D-9 Commission Designation of Successor – **DANNY K. PALIMOO**, Residential Lease No. 2231, Lot No. 161, Kewalo, Oahu
- D-10 Request for Additional Time Extension in the Matter of Commission Designation of Successor, **POHAIKEALOHA DYMOND**, Residential Lease No. 11042, Lot No. UNDV041, Anahola, Hawaii
- D-11 Approval of Subdivision and Transfer of a Portion of Residential Lease No. 2907, Lot No. 30, Nanakuli, Oahu – **JACOB JOHN KU, JR.**

**B. REGULAR AGENDA**

Office of the Chairman

- C-1 Approval of Legislative Proposal to Extend the Lapse Date in Act 279 (SLH 2022)
- C-2 Approval of Chairman Designate Ikaika Anderson’s Five-Point Plan

Land Management Division

- F-1 Approval to Amend Right of Entry Permit No. 482, Keaukaha Pana‘ewa Community Alliance, Waiakea, S. Hilo, Island of Hawaii, TMK: (3) 2-1-025:091
- F-2 Approval to Issuance of License to Kanuikapono Public Charter School, Anahola, Island of Kaua‘i, TMK No.: (4) 4-8-003:019 (por.)

**III. EXECUTIVE SESSION**

The Commission anticipates convening an executive meeting pursuant to Section 92-5(a)(4), HRS, to consult with its attorney on questions and issues pertaining to the Commission’s powers, duties, privileges, immunities, and liabilities on the following matters:

- 1. Discussion on DHHL Informational Briefing before the Senate Committees on Ways and Means, and Hawaiian Affairs
- 2. Discussion on the potential for mortgage grants to DHHL beneficiaries.
- 3. Discussion on delinquent right of entry permits issued for use of Hawaiian home lands in Kalaeloa, Island of Oahu
- 4. Update on discussions with Department of Interior regarding Act 236 (SLH 2021)

**IV. ITEMS FOR INFORMATION/DISCUSSION**

**A. REGULAR ITEMS**

Homestead Services Division

- D-1 HSD Status Reports
  - A.-Homestead Lease and Application Totals and Monthly Activity Reports
  - B.-Delinquency Reports
  - C.-DHHL Guarantees for FHA Construction Loans

**B. WORKSHOPS**

Planning Office

- G-1 For Information Only – Briefing on United States Department of Agriculture (USDA) Federal Funds for Water System Development
- G-2 For Information Only – Briefing on DHHL Beneficiary Consultation Policy

**V. ANNOUNCEMENTS AND RECESS**

- 1. No DHHL Community Meeting in January

STATE OF HAWAI‘I  
DEPARTMENT OF HAWAIIAN HOME LANDS  
**HAWAIIAN HOMES COMMISSION MEETING/WORKSHOP AGENDA**

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**I. ORDER OF BUSINESS**

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- B. Public Testimony on Agendized Items - see information below

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**II. ITEMS FOR INFORMATION/DISCUSSION**

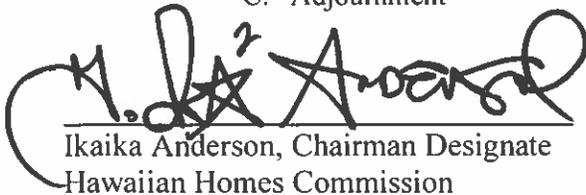
**A. GENERAL AGENDA**

Requests to Address the Commission

- J-1 Kilia Purdy-Avellino – Hoolehua Lease
- J-2 Kekoa Enomoto – Maui/Lanai Mokupuni Council and Pa‘upena Community Development Inc.
- J-3 Bo Kahui – La‘iopua Development Corporation
- J-4 Homelani Schaedel – Various Concerns
- J-5 Blossom Feiteira – Various Concerns
- J-6 Allen Cardines – Nanakuli Community Security Watch

**III. ANNOUNCEMENTS AND ADJOURNMENT**

- A. Next HHC Meeting – February 21 & 22, 2023, (Tuesday & Wednesday) Hale Pono‘i, Department of Hawaiian Home Lands, Kapolei, Oahu
- B. Next DHHL Community Meeting – February 21, 2023 (No Community Meeting in January)
- C. Adjournment



Ikaika Anderson, Chairman Designate  
Hawaiian Homes Commission

**COMMISSION MEMBERS**

Randy K. Awo, Maui  
Patricia A. Teruya, O‘ahu  
Pauline N. Namu‘o, O‘ahu  
Michael L. Kaleikini, East Hawai‘i

Zachary Z. Helm, Moloka‘i  
Vacant, West Hawai‘i  
Dennis L. Neves, Kaua‘i  
Russell K. Ka‘upu, O‘ahu

If you need an auxiliary aid/service or other accommodation due to a disability, contact Michael Lowe at 620-9512, or michael.l.lowe@hawaii.gov, as soon as possible, preferably by January 13, 2023. If a response is received after then, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be fulfilled. Upon request, this notice is available in alternate formats.

**Public Testimony on Agendized Items** can be provided either as: (1) in person at the meeting location, by filling out a form at the reception table, (2) written testimony mailed to *Commission Testimony, P.O. Box 1879, Honolulu, HI, 96815*, or emailed to *DHHL.icro@hawaii.gov* by January 13, 2023, or (3) live, oral testimony online by joining the Zoom meeting and relabeling your profile to include the agenda item you wish to testify on. Please keep your computer muted and your camera off until you are called. You will need a computer with internet access, video camera and microphone to participate. Testimony may be limited to a maximum of three (3) minutes per person.

**Disruption of Interactive Technology** – Please reconnect to the same Zoom link listed on the agenda.

**ITEM D-2 EXHIBIT**

APPROVAL OF CONSENT TO MORTGAGE

<b>LESSEE</b>	<b>LEASE NO.</b>	<b>AREA</b>
BLACKSTAD, Tiffany K. P.	6488	Anahola, Kauai
FUJINAKA, Katrina	11357	Kekaha, Kauai
HOOPII, Carrie K.	6296	Keaukaha, Hawaii
KAHIAMOE-TERUKINA, Lance A.	8508	Princess Kahanu Estates, Oahu
KALEIKULA-KELE, Malisa M.	3799	Nanakuli, Oahu
LONO, Howard M.	5945	Waiehu, Maui
MCGUIRE, Celice K. K. N. A. A.	9447	Waiehu Kou II, Maui
POE, Kaulana J.	9908	Hanapepe, Kauai
POE, Lorna L.	9908	Hanapepe, Kauai
TABALI, James P.	3084	Nanakuli, Oahu
YIM, Edith W.	2168	Kewalo, Oahu

**ITEM D-3 EXHIBIT**

RATIFICATION OF LOAN APPROVALS

<b>LESSEE</b>	<b>LEASE NO.</b>	<b>AREA</b>
CALDEIRA, Heidi K.	8674	Anahola, Kauai
JOHNSON, Joshua	10379	Waiehu Kou IV, Maui
KALANIOPIO, William K., Jr.	9835	Kawaihae, Hawaii

**ITEM D-4 EXHIBIT**

APPROVAL OF HOMESTEAD APPLICATION TRANSFERS / CANCELLATIONS

<b>APPLICANT</b>	<b>AREA</b>
ALONZO, Alvin R.	Oahu IW Agr to Kauai IW Agr
ALONZO, Alvin R.	Oahu IW Res to Kauai IW Res
ALONZO, Raymond J.	Oahu IW Res to Kauai IW Res
ASANO, Deborah R.	Kauai IW Res
BLOCK, Beatrice N.	Waimea Area / Hawaii IW Agr
KAPULE, Maminette P.	Waimanalo Area / Oahu IW Res
KEKAWA, Shalee K.	Oahu IW Res to Hawaii IW Res
LAU, Beverly Ann	Waimanalo Area / Oahu IW Res to Hawaii IW Res
MEDINA, Bernardson C.	Waimanalo Area / Oahu IW Res
MENO, Tichelle K.	Oahu IW Res to Hawaii IW Res
PANG, John K.	Kauai IW Res to Oahu IW Res
ROJAS, Lisa L.K.	Hawaii IW Res to Oahu IW Res
SEE, Shandon K.W.Y.	Oahu IW Agr to Maui IW Agr
WILCOX, Dallas K.	Kauai IW Res

\* IW = Islandwide

**ITEM D-5 EXHIBIT**

APPROVAL TO CERTIFY APPLICATIONS OF QUALIFIED APPLICANTS FOR THE MONTH OF  
December 2022

<b>APPLICANT</b>	<b>AREA</b>
CABRINHA, Jacob K.	Oahu IW Res
ENGLISH, Fumiko D.K.	Molokai IW Agr
ENGLISH, Fumiko D.K.	Molokai IW Res
KANAHELE-MOSSMAN, Huihui L.	Hawaii IW Agr
PUU, John C.K.	Oahu IW Agr
PUU, John C.K.	Oahu IW Res
WONG, Vallendee N.	Kauai IW Agr
WONG, Vallendee N.	Kauai IW Res
YAMAMOTO, Danny K., Jr.	Hawaii IW Res

\* IW = Islandwide

**ITEM D-6 EXHIBIT**

APPROVAL OF ASSIGNMENT OF LEASEHOLD INTEREST

<b>LESSEE</b>	<b>LEASE NO.</b>	<b>AREA</b>
AKINA, Glynn L. U.	9444	Waiehu Kou II, Maui
AKAHI, Keoni K.	9444	Waiehu Kou II, Maui
KALUA, Isaac K., III	11213	Kakaina, Oahu
KANAHELE, Brett K.	11357	Kekaha, Kauai
APO, Roy K.	11357	Kekaha, Kauai
NAMUO, Elizabeth K.	6601	Anahola, Kauai
TOKUOKA, Donna Lee M.	8860	Hanapepe, Kauai
KEAHI-LEARY, Margaret K.	6035	Hoolehua, Molokai

**ITEM D-7 EXHIBIT**

APPROVAL OF AMENDMENT OF LEASEHOLD INTEREST

<b>LESSEE</b>	<b>LEASE NO.</b>	<b>AREA</b>
KALUAHINE, Saint Mathew	3348	Anahola, Kauai
KANAHELE, Brett K.	11357	Kekaha, Kauai
PILIALOHA, Norman A.	258	Nanakuli, Oahu
PURDY, Harry K., III	106	Hoolehua, Molokai
SMITH, Rowena P.	4689	Anahola, Kauai
TABALI, James P.	3084	Nanakuli, Oahu
VALENTE, Keven L.	3757	Waimanalo, Oahu
YEE, Alan M. L. K., Jr.	2251	Waimanalo, Oahu

**ITEM D-8 EXHIBIT**

APPROVAL TO ISSUE A NON-EXCLUSIVE LICENSE FOR ROOFTOP PHOTOVOLTAIC  
SYSTEMS FOR CERTAIN LESSEES

<b>LESSEE</b>	<b>LEASE NO.</b>	<b>AREA</b>
OTA, Anne N. H.	11156	Anahola, Kauai

**HAWAIIAN HOMES COMMISSION  
JANUARY 17 & 18, 2023  
FACE-TO-FACE &  
INTERACTIVE CONFERENCE  
TECHNOLOGY**

**C – ITEMS  
OFFICE OF THE CHAIRMAN**

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

January 17-18, 2023

To: Chairman and Members, Hawaiian Homes Commission

From: Lehua Kinilau-Cano, NAHASDA Government Relations Program Manager *Lehua Kinilau-Cano*

Subject: Approval of Legislative Proposal to Extend the Lapse Date in Act 279 (2022)

RECOMMENDED ACTION:

That the Hawaiian Homes Commission approve the legislative proposal to extend the lapse date in Act 279 (2022).

DISCUSSION

The Department of Hawaiian Home Lands has prepared a draft legislative proposal to be recommended for introduction this legislative session.

The Commission approved the 2023 Legislative Proposals at its meeting in September 2022. Proposal HHL-10(23) acknowledged that Act 279 (2022) appropriated out of the general revenues of the State of Hawaii the sum of \$600 million for fiscal year 2021-2022 to provide a multi-pronged approach to reducing the over 28,000 applicants on DHHL's waitlist and stipulated that any moneys not encumbered for specific purposes shall lapse to the general fund on June 30, 2025. Article VII, section 11 of the State Constitution provides that no appropriation shall be for a period exceeding three years. This provision therefore permits the expenditure of biennial appropriations one year beyond the biennial period, so no later than June 30, 2024, for the fiscal biennium 2021-2023. The purpose of Proposal HHL-10(23) is to allow for the expenditure of these funds until June 30, 2025, as intended by the Legislature in Act 279 (2022).

The current proposal before the Commission would request an extension of the lapse date in Act 279 (2022). The reason for this extension is due to the limited amount of funds that DHHL can expend and encumber in FY 23 and 24 as a result of federal funding the State has received leaving a large amount of funds to be expended and encumbered in FY 25. Federal funding received under the American Rescue Plan Act (ARPA) required

states receiving elementary and secondary school emergency relief (ESSER) program III funds for maintenance of effort (MOE) for elementary and secondary education in FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FY 2017, 2018, and 2019. If the State fails to meet ARPA ESSER MOE requirements, the United States Department of Education has the authority to impose a range of enforcement options, including seeking recovery of the approximately \$412,300,000 in ESSER program III funds awarded to the Department of Education. As the State of Hawaii's economy has improved and general fund revenues has rebounded, the MOE obligation has become increasingly difficult to manage, in part due to certain large general fund appropriations made in FY 22 and 23 for non-educational purposes, including Act 279 (2022). These appropriations have the impact of increasing the denominator for ARPA ESSER MOE calculations expended in FY 23. However, these worthy purposes would not be adversely affected by statutory adjustments to modestly delay expenditures, so the expenditures no longer impact the ARP ESSER MOE calculations.

#### PROPOSAL SUMMARY

*Proposal HHL-11(23)*

*RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.*

This proposal extends the lapse date in Act 279 (2022).

#### RECOMMENDED ACTION/MOTION:

Staff respectfully requests approval of the motion as recommended.

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# A BILL FOR AN ACT

RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

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

1           SECTION 1. The legislature finds that Act 279, Session  
2 Laws of Hawaii 2022, appropriated out of the general revenues of  
3 the State of Hawaii the sum of \$600,000,000 or so much thereof  
4 as may be necessary for fiscal year 2021-2022 to provide a  
5 multi-pronged approach to reducing the over 28,000 applicants on  
6 the department of Hawaiian home lands waitlist.

7           The legislature further finds that Act 279, Session Laws of  
8 Hawaii 2022, stipulated that any moneys not encumbered for  
9 specific purposes shall lapse to the general fund on June 30,  
10 2025. This deadline is likely difficult to meet in light of the  
11 limits on the amount that the department of Hawaiian home lands  
12 can expend and encumber in fiscal years 2022-2023 and 2023-2024  
13 because of the maintenance of effort as a result of funding  
14 received under the American Rescue Plan Act. Accordingly, the  
15 purpose of this Act is to extend the lapse date in Act 279,  
16 Session Laws of Hawaii 2022, to a date uncertain.

17           SECTION 2. Act 279, Session Laws of Hawaii 2022, is  
18 amended by amending section 6 to read as follows:



\_\_\_\_.B. NO. \_\_\_\_\_

**Report Title:**

Department of Hawaiian Home Lands; Appropriation

**Description:**

Extends the lapse date in Act 279, Session Laws of Hawaii 2022, to a date uncertain.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

JUSTIFICATION SHEET

DEPARTMENT: Hawaiian Home Lands

TITLE: A BILL FOR AN ACT RELATING TO THE DEPARTMENT OF HAWAIIAN HOME LANDS.

PURPOSE: Extends the lapse date in Act 279, Session Laws of Hawaii 2022, to a date uncertain.

MEANS: Amend Act 279, Session Laws of Hawaii 2022.

JUSTIFICATION: The Legislature intended that funds appropriated in Act 279, Session Laws of Hawaii 2022, be available for expenditure until June 30, 2025. This deadline is likely difficult to meet in light of the limits on the amount that the Department of Hawaiian Home Lands can expend and encumber in fiscal years 2022-2023 and 2023-2024 because of the maintenance of effort as a result of funding received under the American Rescue Plan Act.

Impact on the public: This proposal further protects the interest of beneficiaries of the Hawaiian Homes Commission Act by allowing for expenditure of funds appropriated in Act 279, Session Laws of Hawaii 2022 to a date uncertain.

Impact on the department and other agencies: This revision will allow the Department of Hawaiian Home Lands to expend funds to a date uncertain.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: HHL 602.

OTHER AFFECTED AGENCIES: None.

EFFECTIVE DATE: Upon approval.

STATE OF HAWAI'I  
DEPARTMENT OF HAWAIIAN HOME LANDS  
January 17-18, 2023

To: Vice-Chair and Members, Hawaiian Homes Commission  
From: Ikaika Anderson, Chairman-Designate   
Subject: Approval of Chairman-Designate Ikaika Anderson's Five-Point Plan

RECOMMENDED MOTION:

To approve Chairman-Designate Ikaika Anderson's Five-Point Plan.

DISCUSSION:

Thank you for the opportunity to share with you our vision for serving our beneficiaries of Prince Kuhio's Hawaiian Homes Commission Act. I come from a family of public servants - and I, myself, -became one. Many of have asked why I wanted to come to the Department of Hawaiian Home Lands and the answer is actually quite simple: my aloha for our people. I believe I have the passion, drive, and know-how to assist moving this Department forward and these Five-Points are my vision toward getting help to our people.

1. Four Request for Proposals (RFP) issued by the end of this first quarter.
2. Restart quarterly community meetings to rebuild trust and address uncertainties. We have already started visits with our homestead association leaders because we know that partnerships with our beneficiaries builds self-sufficiency in their own communities.
3. Aligning assets/Collaborating with fellow agencies like DOT, DoA, DLNR to maximize results thru shared engagements.
4. Pursue multi-family and kupuna housing like Kulana Kauhale o Na Kupuna in Waimanalo. Also, support down payment assistance for those on the waitlist to purchase a home off of Trust Lands.
5. Actively look for land acquisition to provide single-family, low/mid-rise housing opportunities in addition to rental housing.

RECOMMENDATION

The Chairman-Designate recommends approval of the motion as stated.

**HAWAIIAN HOMES COMMISSION  
JANUARY 17 & 18, 2023  
FACE-TO-FACE &  
INTERACTIVE CONFERENCE  
TECHNOLOGY**

**D – ITEMS**

**HOMESTEAD SERVICES DIVISION**

HOMESTEAD SERVICES DIVISION  
AGENDA

January 17, 2023

DIV.	ITEM NO.	SUBJECT
	D-1	HSD Status Reports Exhibits: A - Homestead Lease & Application Totals and Monthly Activity Reports B - Delinquency Report C - DHHL Guarantees for FHA Construction Loans
ODO/APPL. LOANS		
LOANS	D-2	Approval of Consent to Mortgage (see exhibit)
	D-3	Ratification of Loan Approvals (see exhibit)
APPL	D-4	Approval of Homestead Application Transfers / Cancellations (see exhibit)
	D-5	Approval to Certify Applications of Qualified Applicants for the Month of December 2022 (see exhibit)
DO	D-6	Approval of Assignment of Leasehold Interest (see exhibit)
	D-7	Approval of Amendment of Leasehold Interest (see exhibit)
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	D-10	Request for Additional Time Extension in the Matter of Commission Designation of Successor, <b>POHAIKEALOHA DYMOND</b> , Residential Lease No. 11042, Lot No. UNDV041, Anahola, Kauai
	D-11	Approval of Subdivision and Transfer of a Portion of Residential Lease No. 2907, Lot No. 30, Nanakuli, Oahu - <b>JACOB JOHN KU, JR.</b>

Sample Footer 12pt. Times New Roman  
(Without Exhibit)

ITEM NO. D-1

(With Exhibit)

ITEM NO. D-1  
**EXHIBIT A**

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

From: Juan Garcia, HSD Administrator 

SUBJECT: **Homestead Services Division Status Reports**

RECOMMENDED MOTION/ACTION

NONE

DISCUSSION

The following reports are for information only:

Exhibit A: Homestead Lease & Application Totals and Monthly Activity Reports

Exhibit B: Delinquency Report

Exhibit C: DHHL Guarantees for FHA Construction Loans

January 17, 2023

SUBJECT: Homestead Lease and Application Totals and Monthly Activity Reports

LEASE ACTIVITY REPORT

Month through December 31, 2022

	As of 11/30/22	Add	Cancel	As of 12/31/22
Residential	8,476	0	2	8,474
Agricultural	1,091	0	0	1,091
Pastoral	413	0	0	413
<b>Total</b>	<b>9,980</b>	<b>0</b>	<b>2</b>	<b>9,978</b>

The cumulative number of Converted Undivided Interest Lessees represents an increase of 540 families moving into homes. Their Undivided Interest lease was converted to a regular homestead lease.

	As of 11/30/22	Converted	Rescinded/ Surrendered/ Cancelled	As of 12/31/22
Undivided	773	0	0	773

Balance as of 12/31/2022

Awarded	1,434
Relocated to UNDV	7
Rescinded	118
Surrendered	6
Cancelled	4
Converted	<u>540</u>
Balance to Convert	773

Lease Report For the Month Ending December 31, 2022

	RESIDENCE			AGRICULTURE			PASTURE			TOTAL LEASES		
	Last Month	Add	Cancel	TOTAL	Last Month	Add	Cancel	TOTAL	Last Month	Add	Cancel	TOTAL
<b>OAHU</b>												
Kakaina	31	0	0	31	0	0	0	0	0	0	0	31
Kalawahine	90	0	0	90	0	0	0	0	0	0	0	90
Kanehili	399	0	0	399	0	0	0	0	0	0	0	399
Kapolei	176	0	0	176	0	0	0	0	0	0	0	176
Kauuokahai	147	0	0	147	0	0	0	0	0	0	0	147
Kaupea	325	0	1	324	0	0	0	0	0	0	0	324
Kaupuni	19	0	0	19	0	0	0	0	0	0	0	19
Kewalo	248	0	0	248	0	0	0	0	0	0	0	248
Kumuahu	51	0	0	51	0	0	0	0	0	0	0	51
Lualualei	147	0	0	147	30	0	0	30	0	0	0	177
Malu'ohai	225	0	0	225	0	0	0	0	0	0	0	225
Nanakuli	1,045	0	1	1,044	0	0	0	0	0	0	0	1,044
Papakolea	64	0	0	64	0	0	0	0	0	0	0	64
Princess Kahanu Estates	270	0	0	270	0	0	0	0	0	0	0	270
Waiabole	0	0	0	0	17	0	0	17	0	0	0	17
Waianae	421	0	0	421	12	0	0	12	0	0	0	433
Waimanalo	714	0	0	714	2	0	0	2	0	0	0	716
<b>TOTAL</b>	<b>4,372</b>	<b>0</b>	<b>2</b>	<b>4,370</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,431</b>
<b>MAUI</b>												
Hikina	31	0	0	31	0	0	0	0	0	0	0	31
Kahiknui	0	0	0	0	0	0	0	0	75	0	0	75
Keokea	0	0	0	0	64	0	0	64	0	0	0	64
Leialii	102	0	0	102	0	0	0	0	0	0	0	102
Paukukalo	178	0	0	178	0	0	0	0	0	0	0	178
Waielu 1	39	0	0	39	0	0	0	0	0	0	0	39
Waielu 2	109	0	0	109	0	0	0	0	0	0	0	109
Waielu 3	113	0	0	113	0	0	0	0	0	0	0	113
Waielu 4	97	0	0	97	0	0	0	0	0	0	0	97
Waiotuli	591	0	0	591	0	0	0	0	0	0	0	591
<b>TOTAL</b>	<b>1,260</b>	<b>0</b>	<b>0</b>	<b>1,260</b>	<b>64</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>1,399</b>
<b>EAST HAWAII</b>												
Discovery Harbour	2	0	0	2	0	0	0	0	0	0	0	2
Kamaoa	0	0	0	0	0	0	0	0	25	0	0	25
Kaumana	43	0	0	43	0	0	0	0	0	0	0	43
Keaukaha	471	0	0	471	0	0	0	0	0	0	0	471
Kurtistown	3	0	0	3	0	0	0	0	0	0	0	3
Makuu	0	0	0	0	120	0	0	120	0	0	0	120
Panaewa	13	0	0	13	260	0	0	260	0	0	0	273
Piihonua	17	0	0	17	0	0	0	0	0	0	0	17
Puuoe	0	0	0	0	12	0	0	12	0	0	0	12
University Heights	4	0	0	4	0	0	0	0	0	0	0	4
Waiakea	285	0	0	285	0	0	0	0	0	0	0	285
<b>TOTAL</b>	<b>838</b>	<b>0</b>	<b>0</b>	<b>838</b>	<b>392</b>	<b>0</b>	<b>0</b>	<b>392</b>	<b>25</b>	<b>0</b>	<b>0</b>	<b>1,255</b>
<b>WEST HAWAII</b>												
Honokaia	0	0	0	0	0	0	0	0	24	0	0	24
Humuula	0	0	0	0	0	0	0	0	5	0	0	5
Kamoku	0	0	0	0	0	0	0	0	16	0	0	16
Kaniohale	223	0	0	223	0	0	0	0	0	0	0	223
Kawaihae	192	0	0	192	0	0	0	0	1	0	0	193
Laiopua	277	0	0	277	0	0	0	0	0	0	0	277
Lalamilo	30	0	0	30	0	0	0	0	0	0	0	30
Nienie	0	0	0	0	0	0	0	0	21	0	0	21
Puukapu/Waimea/Kuhio VII	117	0	0	117	110	0	0	110	218	0	0	445
Puupu'uehu	33	0	0	33	0	0	0	0	0	0	0	33
<b>TOTAL</b>	<b>872</b>	<b>0</b>	<b>0</b>	<b>872</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>110</b>	<b>285</b>	<b>0</b>	<b>0</b>	<b>1,267</b>
<b>KAUAI</b>												
Anahola	532	0	0	532	46	0	0	46	0	0	0	578
Hanapepe	47	0	0	47	0	0	0	0	0	0	0	47
Kekaha	117	0	0	117	0	0	0	0	0	0	0	117
Puu Opae	0	0	0	0	0	0	0	0	1	0	0	1
<b>TOTAL</b>	<b>696</b>	<b>0</b>	<b>0</b>	<b>696</b>	<b>46</b>	<b>0</b>	<b>0</b>	<b>46</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>743</b>
<b>MOLOKAI</b>												
Hoo'ehua	153	0	0	153	345	0	0	345	21	0	0	519
Kalamaula	167	0	0	167	70	0	0	70	3	0	0	240
Kapaakea	47	0	0	47	0	0	0	0	3	0	0	50
Moomomi	0	0	0	0	3	0	0	3	0	0	0	3
One Aii	27	0	0	27	0	0	0	0	0	0	0	27
<b>TOTAL</b>	<b>394</b>	<b>0</b>	<b>0</b>	<b>394</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>418</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>839</b>
<b>LANAI</b>												
Lanai	44	0	0	44	0	0	0	0	0	0	0	44
<b>TOTAL</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>44</b>
<b>STATEWIDE TOTAL</b>	<b>8,476</b>	<b>0</b>	<b>2</b>	<b>8,474</b>	<b>1,091</b>	<b>0</b>	<b>0</b>	<b>1,091</b>	<b>413</b>	<b>0</b>	<b>0</b>	<b>9,978</b>

**HOMESTEAD AREA AND ISLANDWIDE APPLICATIONS WAITING LIST MONTHLY REPORT FOR THE MONTH ENDING**  
December 31, 2022

**AREA WAITING LIST**

DISTRICT AREA	RESIDENCE			AGRICULTURE			PASTURE			TOTAL
	Last Month	Add	Cancel	Last Month	Add	Cancel	Last Month	Add	Cancel	
Oahu District	936	0	0	0	0	0	0	0	0	936
Maui District	50	0	0	4	0	0	5	0	0	59
Hawaii District	127	0	0	28	0	0	46	0	0	201
Kauai District	50	0	0	3	0	0	27	0	0	80
Molokai District	19	0	0	17	0	0	1	0	0	37
<b>TOTAL</b>	<b>1,182</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>0</b>	<b>0</b>	<b>1,313</b>

**ISLANDWIDE WAITING LIST**

ISLAND	RESIDENCE			AGRICULTURE			PASTURE			TOTAL
	Last Month	Add	Cancel	Last Month	Add	Cancel	Last Month	Add	Cancel	
Oahu	10,215	15	3	3,969	2	1	0	0	0	14,197
Maui	3,879	3	3	4,722	2	1	626	1	1	9,228
Hawaii	5,882	3	1	7,313	5	1	1,916	0	0	15,117
Kauai	1,669	2	1	2,272	2	1	308	0	0	4,251
Molokai	808	2	1	1,088	1	0	203	0	0	2,101
Lanai	74	0	0	0	0	0	0	0	0	74
<b>TOTAL</b>	<b>22,527</b>	<b>25</b>	<b>9</b>	<b>19,364</b>	<b>12</b>	<b>4</b>	<b>3,053</b>	<b>1</b>	<b>1</b>	<b>44,968</b>

**AREA AND ISLANDWIDE LISTS**

AREA AND ISLANDWIDE LISTS	RES			AG			PAS			TOTAL			ADDITIONS			CANCELLATIONS														
	Last Month	Add	Cancel	Last Month	Add	Cancel	Last Month	Add	Cancel	Last Month	Add	Cancel	New Applications	Application Transfers	Lease Rescissions	App Reinstatements	HHC Adjustments	New Lease Awards	Application Transfers	Succ'd and Cancel Own	Public Notice Cancel	Voluntary Cancellations	Lease Successorships	HHC Adjustments	Dec'd No Successor	Additional Acreage	NHQ Unqualified			
OAHU	11,163	0	0	3,970	0	0	15,133	0	0	0	0	0	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2
MAUI	3,929	0	0	4,727	631	0	9,287	7	0	0	0	0	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7
HAWAII	6,011	0	0	7,345	1,962	0	15,318	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5
KAUAI	1,720	0	0	2,276	335	0	4,331	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MOLOKAI	828	0	0	1,106	204	0	2,138	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LANAI	74	0	0	0	0	0	74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>23,725</b>	<b>0</b>	<b>0</b>	<b>19,424</b>	<b>3,132</b>	<b>0</b>	<b>46,281</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>

HOMESTEAD AREA AND ISLANDWIDE APPLICATIONS WAITING LIST MONTHLY REPORT FOR THE MONTH ENDING

December 31, 2022

	RESIDENCE			AGRICULTURE			PASTURE			TOTAL
	Last Month	Add	Cancel	Last Month	Add	Cancel	Last Month	Add	Cancel	
<b>OAHU DISTRICT</b>										
Nanakuli	159	0	0	0	0	0	0	0	0	159
Waianae	138	0	0	0	0	0	0	0	0	138
Luualaie	0	0	0	0	0	0	0	0	0	0
Papaikoua/Kewalo	66	0	0	0	0	0	0	0	0	66
Waimanalo	548	0	0	0	0	0	0	0	0	548
Subtotal Area	936	0	0	0	0	0	0	0	0	936
Islandwide	10,215	15	3	3,969	2	1	3,970	0	0	14,197
<b>TOTAL OAHU APPS</b>	<b>11,151</b>	<b>15</b>	<b>3</b>	<b>3,969</b>	<b>2</b>	<b>1</b>	<b>3,970</b>	<b>0</b>	<b>0</b>	<b>15,133</b>
<b>MAUI DISTRICT</b>										
Paukukalo	50	0	0	0	0	0	0	0	0	50
Kula	0	0	0	4	0	0	4	0	0	9
Subtotal Area	50	0	0	4	0	0	4	0	0	59
Islandwide	3,879	3	3	4,722	2	1	4,723	0	0	9,228
<b>TOTAL MAUI APPS</b>	<b>3,929</b>	<b>3</b>	<b>3</b>	<b>4,726</b>	<b>2</b>	<b>1</b>	<b>4,727</b>	<b>0</b>	<b>0</b>	<b>9,287</b>
<b>HAWAII DISTRICT</b>										
Keaukaha/Waiakea	67	0	0	0	0	0	0	0	0	67
Panaewa	0	0	0	16	0	0	16	0	0	16
Humuula	0	0	0	0	0	0	0	0	0	0
Kawaihae	16	0	0	0	0	0	0	0	0	16
Waimea	44	0	0	12	0	0	12	0	0	102
Subtotal Area	127	0	0	28	0	0	28	0	0	201
Islandwide	5,882	3	1	7,313	5	1	7,317	0	0	15,117
<b>TOTAL HAWAII APPS</b>	<b>6,009</b>	<b>3</b>	<b>1</b>	<b>7,341</b>	<b>5</b>	<b>1</b>	<b>7,345</b>	<b>0</b>	<b>0</b>	<b>15,318</b>
<b>KAUAI DISTRICT</b>										
Anahola	42	0	0	3	0	0	3	0	0	65
Kekaha/Puu Opae	8	0	0	0	0	0	0	0	0	15
Subtotal Area	50	0	0	3	0	0	3	0	0	80
Islandwide	1,669	2	1	2,272	2	1	2,273	0	0	4,251
<b>TOTAL KAUAI APPS</b>	<b>1,719</b>	<b>2</b>	<b>1</b>	<b>2,275</b>	<b>2</b>	<b>1</b>	<b>2,276</b>	<b>0</b>	<b>0</b>	<b>4,331</b>
<b>MOLOKAI DISTRICT</b>										
Kalamaula	4	0	0	0	0	0	0	0	0	4
Hoolihua	8	0	0	17	0	0	17	0	0	26
Kapaakea	6	0	0	0	0	0	0	0	0	6
One Alii	1	0	0	0	0	0	0	0	0	1
Subtotal Area	19	0	0	17	0	0	17	0	0	37
Islandwide	808	2	1	1,088	1	0	1,089	0	0	2,101
<b>TOTAL MOLOKAI APPS</b>	<b>827</b>	<b>2</b>	<b>1</b>	<b>1,105</b>	<b>1</b>	<b>0</b>	<b>1,106</b>	<b>0</b>	<b>0</b>	<b>2,138</b>
<b>LANAI DISTRICT</b>										
Islandwide	74	0	0	0	0	0	0	0	0	74
<b>TOTAL LANAI APPS</b>	<b>74</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>74</b>
<b>TOTAL AREA ONLY</b>	<b>1,182</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>1,313</b>
<b>TOTAL ISLANDWIDE</b>	<b>22,527</b>	<b>25</b>	<b>9</b>	<b>19,364</b>	<b>12</b>	<b>4</b>	<b>19,372</b>	<b>1</b>	<b>1</b>	<b>44,968</b>
<b>TOTAL STATEWIDE</b>	<b>23,709</b>	<b>25</b>	<b>9</b>	<b>19,416</b>	<b>12</b>	<b>4</b>	<b>19,424</b>	<b>1</b>	<b>1</b>	<b>46,281</b>

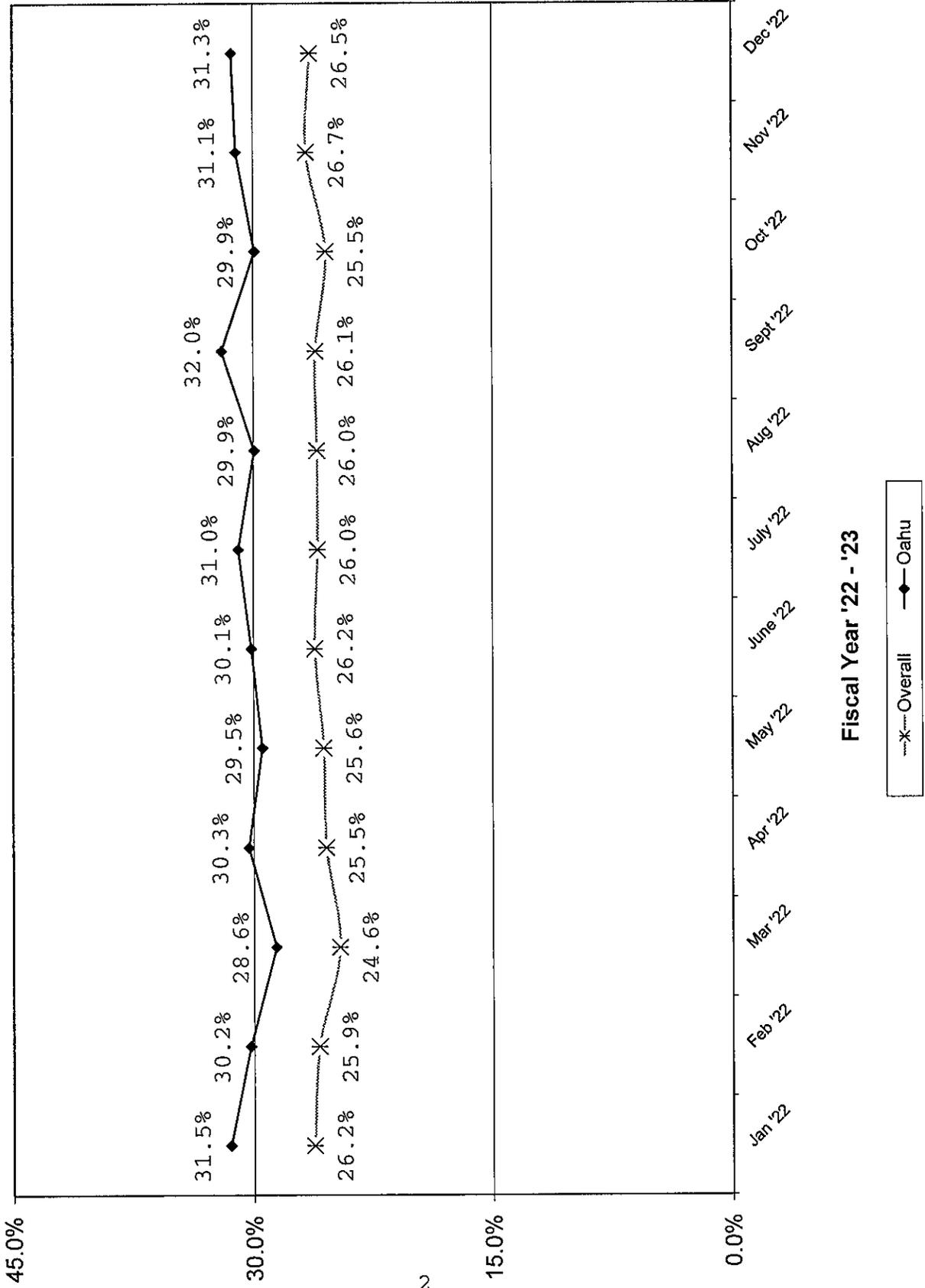
**DELINQUENCY REPORT - STATEWIDE**  
January 17, 2023  
(\$Thousands)

ITEM NO.	D-1	EXHIBIT B	R I S K												% of Totals 12/31/2022				
			Total Outstanding (000s)		Total Delinquency (000s)		30 Days (low) (000s)		60 Days (Medium) (000s)		90 Days (High) (000s)		180 Days (Severe) (000s)						
			No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	\$
<b>DIRECT LOANS</b>			379	36,739	122	11,512	21	1,852	9	665	24	2,281	68	6,714	32.2%	31.3%			
OAHU			201	12,105	61	4,040	12	578	3	158	7	344	39	2,960	30.3%	33.4%			
EAST HAWAII			78	8,012	10	1,138	3	357	3	422	0	0	4	358	12.8%	14.2%			
WEST HAWAII			81	7,054	15	669	3	255	1	34	1	18	10	363	18.5%	9.5%			
MOLOKAI			91	7,192	10	535	2	77	1	147	0	0	7	312	11.0%	7.4%			
KAUAI			106	13,987	35	4,618	5	359	10	1,211	5	806	15	2,241	33.0%	33.0%			
MAUI			936	85,088	253	22,511	46	3,478	27	2,637	37	3,449	143	12,947	27.0%	26.5%			
<b>TOTAL DIRECT</b>			100.0%	100.0%	27.0%	26.5%	4.9%	4.1%	2.9%	3.1%	4.0%	4.1%	15.3%	15.2%					
Advances (including RPT)			246	5,959	246	5,959	0	0	0	0	246	5,959	100%	100%					
DHHL LOANS & Advances			1,182	91,047	499	28,470	46	3,478	27	2,637	283	9,408	143	12,947	42.2%	31.3%			
<b>LOAN GUARANTEES as of June 30, 2022</b>																			
SBA			2	67	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%			
USDA-RD			274	35,831	43	6,613	0	0	0	0	43	6,613	15.7%	18.5%					
Habitat for Humanity			32	893	16	429	0	0	0	16	429	50.0%	48.0%						
Maui County			5	74	0	0	0	0	0	0	0	0	0	0.0%	0.0%				
Nanakuli NHS			1	7	1	7	0	0	0	0	1	7	100.0%	100.0%					
City & County			10	204	10	204	0	0	0	0	10	204	100.0%	100.0%					
FHA Interim			6	1,366	0	0	0	0	0	0	0	0	0	0.0%	0.0%				
OHA			1	6	1	6	0	0	0	0	1	6	100.0%	100.0%					
<b>TOTAL GUARANTEE</b>			331	38,448	71	7,259	0	0	0	0	71	7,259	21.5%	18.9%					
PMI Loans			124	17,218	5	904	1	129	1	86	3	689	4.0%	5.3%					
HUD REASSIGNED for Recovery			126	13,591	101	11,833	1	10	1	11	5	397	80.2%	87.1%					
FHA Insured Loans			2,941	533,887	213	33,274	0	0	0	0	213	33,274	7.2%	6.2%					
<b>TOTAL INS. LOANS</b>			3,191	564,696	319	45,011	2	139	2	97	221	34,360	10.0%	8.1%					
<b>OVERALL TOTALS(EXC Adv/RP)</b>			4,458	688,232	643	75,781	48	3,617	29	2,733	329	45,069	237	24,363	14.4%	11.0%			
<b>ADJUSTED TOTALS</b>			4,704	694,190	889	81,740	48	3,617	29	2,733	575	51,028	237	24,363	11.8%				

Note: HUD 184A loan program has 515 loans, with a total outstanding principal balance of \$112,252,547 as of June 30, 2022. 15 Loans, totaling \$3,590,830 are delinquent.

The deferred interest for 482 loans comes out to \$2,108,765.34 as of 12/31/2022.

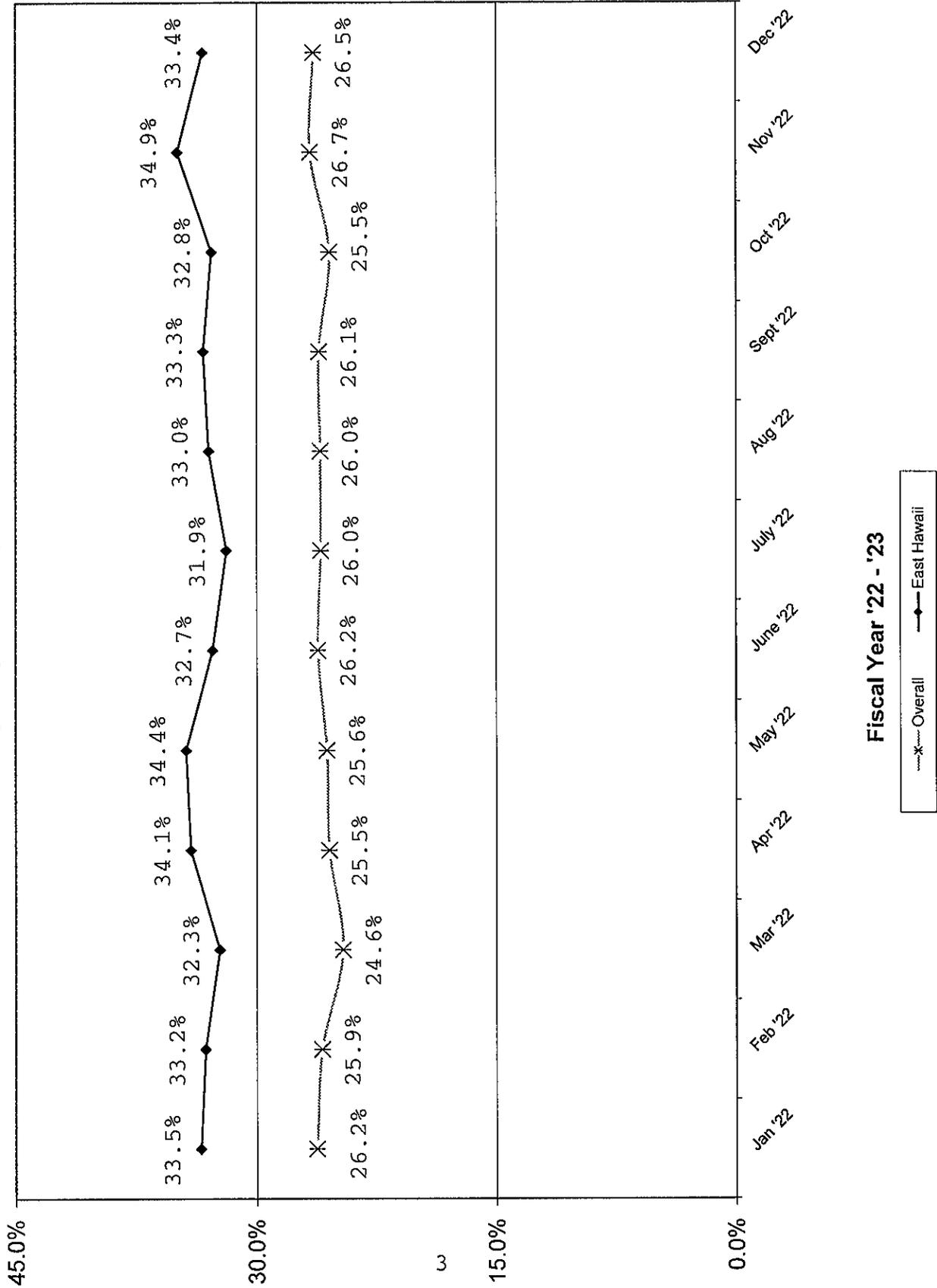
OAHU  
Direct Loans  
Delinquency Ratio Report



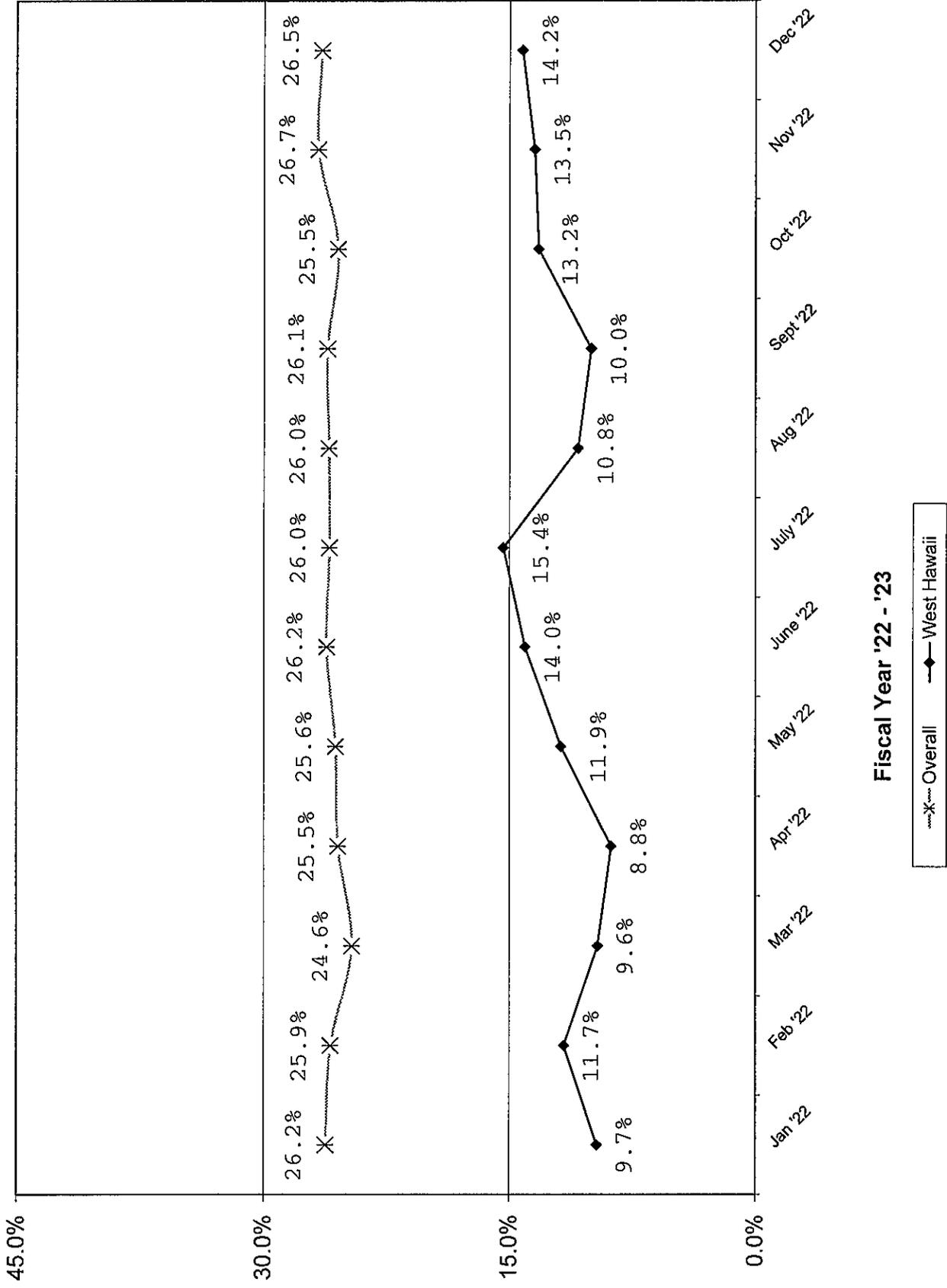
Fiscal Year '22 - '23

---\*--- Overall    —◆— Oahu

**EAST HAWAII  
Direct Loans  
Delinquency Ratio Report**



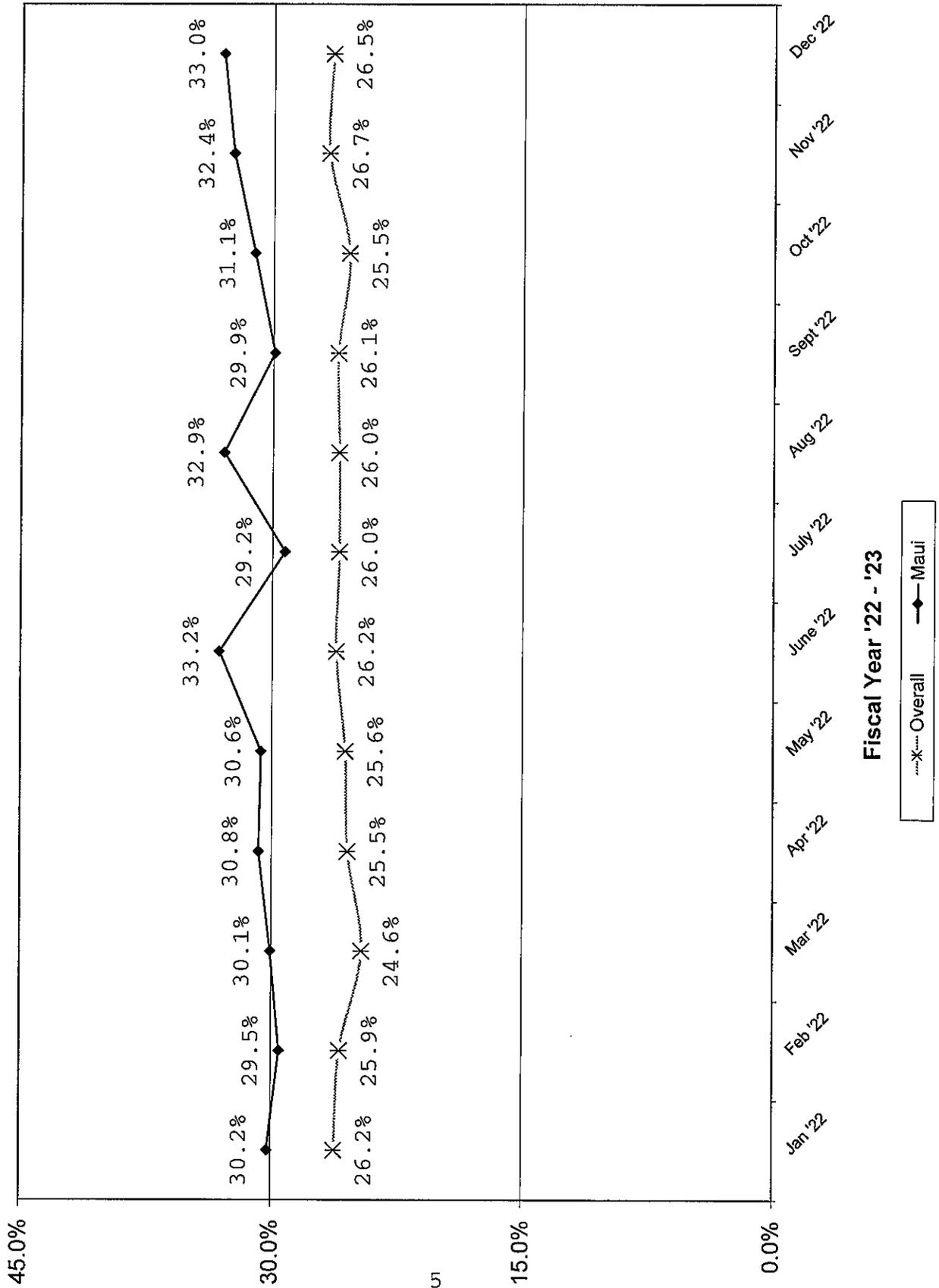
**WEST HAWAII  
Direct Loans  
Delinquency Ratio Report**



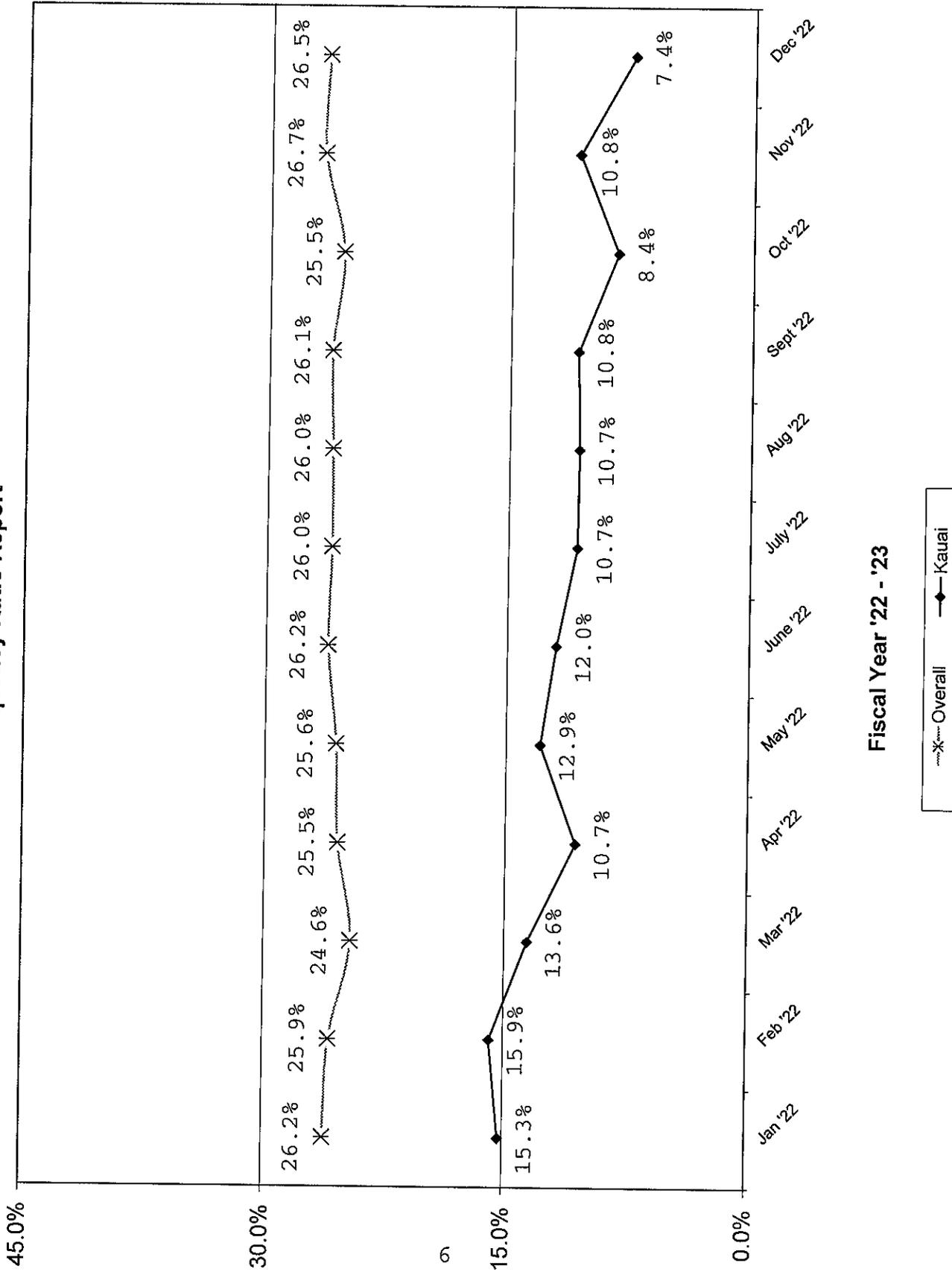
**Fiscal Year '22 - '23**

---x--- Overall    ---◆--- West Hawaii

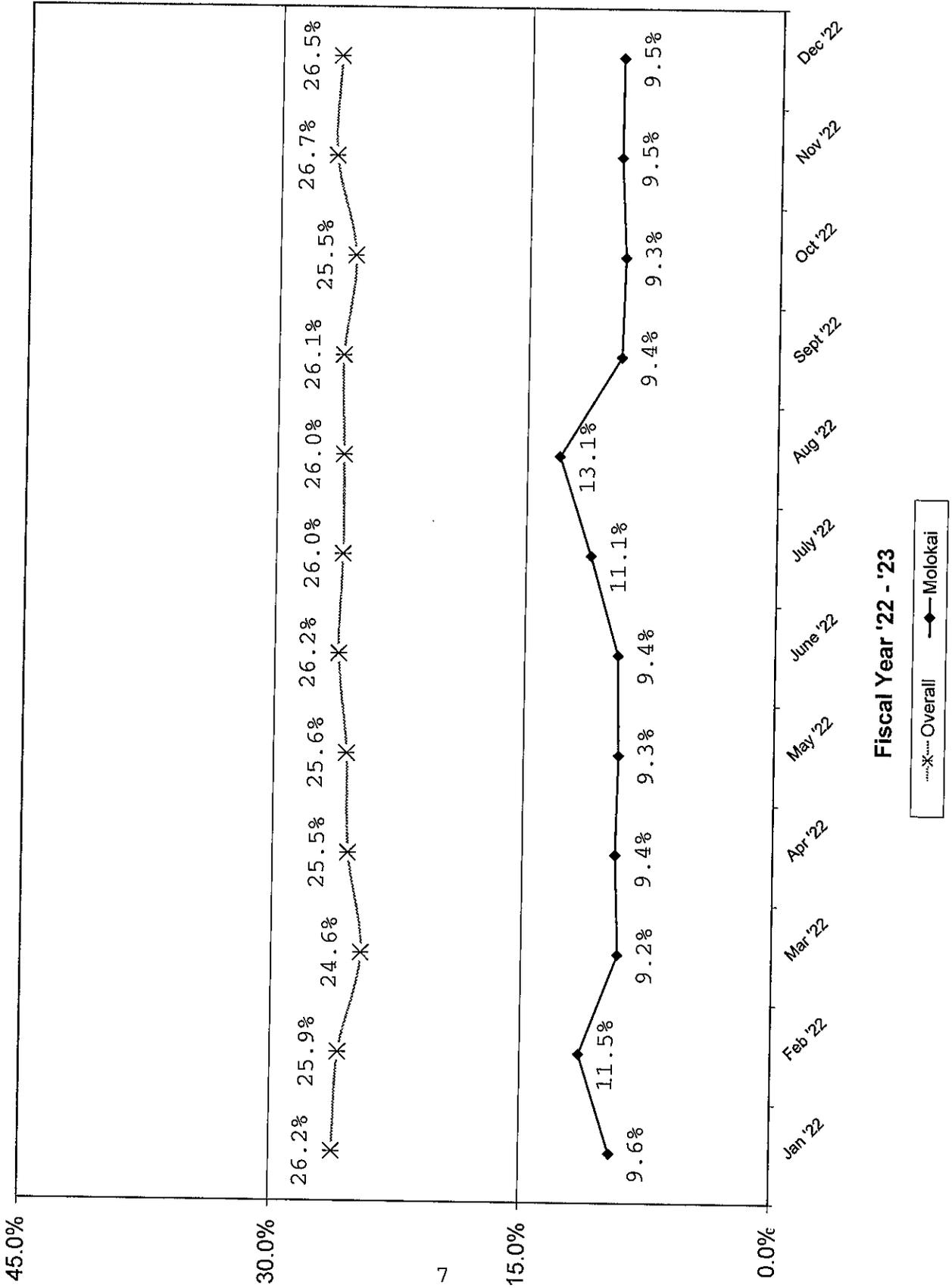
**MAUI**  
**Direct Loans**  
**Delinquency Ratio Report**



**KAUAI**  
**Direct Loans**  
**Delinquency Ratio Report**



**MOLOKAI  
Direct Loans  
Delinquency Ratio Report**



January 17, 2023

SUBJECT: **DHHL Guarantees for FHA Construction Loans**

DISCUSSION: The Department issues guarantees to FHA lenders during the construction period of a home, as FHA does not insure the loan until the home is completed. The loan term for these loans do not exceed fifteen (15) months from the date of loan signing. The following FHA Interim Construction loans were issued guarantees:

\*Note: FHA loans are insured by the U.S. Department of Housing and Urban Development (HUD) and do not impact the State's guaranty ceiling.

<u>LEASE NO.</u>	<u>AREA</u>	<u>LESSEE</u>	<u>Loan Amount</u>	<u>Date Approved</u>
3947	Waimanalo	Duran, Monica K.	\$369,848	12/1/22
7058	Puu Pulehu	Kamauu, Dale I.	\$223,625	12/23/22

	<u>No.</u>	<u>Balance</u>
FY Ending 6/30/22	5	\$ 1,522,381
Previous Months	2	\$ 727,497
This Month	<u>2</u>	<u>593,473</u>
FY '22-'23 to date	4	\$ 1,320,970

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission  
THROUGH: Juan Garcia, HSD Administrator  
Homestead Services Division  
FROM: Dean Oshiro, Loan Services Manager  
SUBJECT: **Approval of Consent to Mortgage**

RECOMMENDED MOTION/ACTION

To approve the following consents to mortgages for Federal Housing Administration (FHA) insured loans, Department of Veterans Affairs (VA) loans, United States Department of Agriculture, Rural Development (USDA, RD) guaranteed loans, United States Housing and Urban Development (HUD 184A) guaranteed loans and Conventional (CON) loans insured by private mortgage insurers.

DISCUSSION

<u>PROPERTY</u>	<u>LESSEE</u>	<u>LENDER</u>	<u>LOAN AMOUNT</u>
<u>OAHU</u>			
Nanakuli Lease No. 3799 TMK: 1-8-9-009:016	KALEIKULA-KELE, Malisa M. (Cash Out Refi) FHA	Click N' Close, Inc.	\$ 199,000
Kewalo Lease No. 2168 TMK: 1-2-4-042:027	YIM, Edith W. (Cash Out Refi) FHA	Click N' Close, Inc.	\$ 189,000
Nanakuli Lease No. 3084 TMK: 1-8-9-005:029	TABALI, James P. (Cash Out Refi) FHA	HomeStreet Bank	\$ 311,400

OAHU

Princess Kahanu Estates Lease No. 8508 TMK: 1-8-7-042:123	KAHIAMOE-TERUKINA, Lance A. (Purchase)VA	Department of Veterans Affairs	\$ 375,000
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MAUI

Waiehu Lease No. 5945 TMK: 2-3-2-021:018	LONO, Howard M. (Cash Out Refi) FHA	Click N' Close, Inc.	\$ 392,000
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Waiehu Kou II Lease No. 9447 TMK: 2-3-2-022:009	MCGUIRE, Celice K. K. N. A. A. (Purchase)FHA	HomeStreet Bank	\$ 220,000
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KAUAI

Kekaha Lease No. 11357 TMK: 4-1-2-017:028	FUJINAKA, Katrina (Purchase)FHA	V.I.P. Mortgage Inc.	\$ 450,751
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Anahola Lease No. 6488 TMK: 4-4-8-020:059	BLACKSTAD, Tiffany K. P. (Purchase)FHA	SecurityNat- ional Mortg- age Co.	\$ 307,000
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Hanapepe Lease No. 9908 TMK: 4-1-8-018:027	POE, Lorna L. & POE, Kaulana J. (Cash Out Refi) FHA	SecurityNat- ional Mortg- age Co.	\$ 184,000
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HAWAII

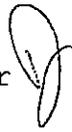
Keaukaha Lease No. 6296 TMK: 3-2-1-021:105	HOOPII, Carrie K. (Cash Out Refi) FHA	V.I.P. Mortgage Inc.	\$ 237,000
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<u>RECAP</u>	<u>NO.</u>	FHA	<u>AMOUNT</u>	<u>NO.</u>	VA <u>AMOUNT</u>
FY Ending 6/30/22	381	\$	125,173,653	10	\$ 4,610,852
Prior Months	99	\$	34,487,602	3	\$ 819,375
This Month	9		2,490,151	1	375,000
Total FY '22-'23	<u>108</u>	\$	<u>36,977,753</u>	<u>4</u>	\$ <u>1,194,375</u>
			<u>HUD 184A AMOUNT</u>		<u>USDA-RD AMOUNT</u>
FY Ending 6/30/22	54	\$	16,015,743	5	\$ 1,134,606
Prior Months	14	\$	4,745,510	0	\$ 0
This Month	0		0	2	0
Total FY '22-'23	<u>14</u>	\$	<u>4,745,510</u>	<u>2</u>	\$ <u>671,858</u>

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission  
THROUGH: Juan Garcia, HSD Administrator,   
Homestead Services Division  
FROM: Dean Oshiro, Loan Services Branch Manager   
SUBJECT: **Ratification of Loan Approvals**

RECOMMENDED MOTION/ACTION

To ratify the approval of the following loan previously approved by the Chairman, pursuant to section 10-2-17, Ratification of Chairman's action, of the Department of Hawaiian Home Lands Administrative Rules.

<u>LESSEE</u>	<u>LEASE NO. &amp; AREA</u>	<u>LOAN TERMS</u>
Kalaniopio, William K., Jr.	9835, Kawaihae	NTE \$134,000 @ 4% interest per annum, NTE \$640 monthly, repayable over 30 years.

Loan Purpose: Refinance Contract of Loan No. 19158 to reduce the interest rate due to financial hardship. Original loan amount of \$158,280 @ 4.5% per annum, \$880 monthly, repayable over 25 years. A contested case hearing was not held for this account.

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<u>LESSEE</u>	<u>LEASE NO. &amp; AREA</u>	<u>LOAN TERMS</u>
Caldeira, Heidi K.	8674, Anahola	NTE \$78,500 @ 4% interest per annum, NTE \$375 monthly, repayable over 30 years.

Loan Purpose: Refinance Contract of Loan No. 18942 to reduce the interest rate due to financial hardship. Original loan amount of \$99,729 @ 4.5% per annum, \$555 monthly, repayable over 25 years. A contested case hearing was not held for this account.

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Johnson, Joshua	10379, WK-IV	NTE \$199,500 @ 4% interest per annum, NTE \$953 monthly, repayable over 30 months.
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Loan Purpose: Purchase existing improvements in conjunction with a new lease award.

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<u>REFINANCE</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	6	\$ 1,275,214
Prior Months	6	695,925
This Month	2	212,500
Total FY '22-'23	<u>8</u>	<u>\$ 908,425</u>
<u>REPAIR</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	0	\$ -0-
Prior Months	0	-0-
This Month	0	-0-
Total FY '22-'23	<u>0</u>	<u>\$ -0-</u>
<u>HOME CONSTRUCTION</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	1	\$ 250,000
Prior Months	0	-0-
This Month	0	-0-
Total FY '22-'23	<u>0</u>	<u>\$ -0-</u>
<u>FARM</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	0	\$ -0-
Prior Months	0	-0-
This Month	0	-0-
Total FY '22-'23	<u>0</u>	<u>\$ -0-</u>
<u>TRANSFER WITH LOAN</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	1	\$ 133,000
Prior Months	1	143,000
This Month	0	143,000
Total FY '22-'23	<u>1</u>	<u>\$ 143,000</u>
<u>AWARD</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	3	\$ 469,550
Prior Months	0	-0-
This Month	1	199,500
Total FY '22-'23	<u>1</u>	<u>\$ 199,500</u>
<u>OTHER</u>	<u>NO.</u>	<u>LOAN AMOUNT</u>
FY Ending 6/30/22	0	\$ -0-
Prior Months	0	-0-
This Month	0	-0-
Total FY '22-'23	<u>0</u>	<u>\$ -0-</u>

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission  
THROUGH: Juan Garcia, HSD Administrator  
FROM: Nicole F. Bell, Specialist V  
Application Branch, Homestead Services Division  
SUBJECT: **Approval of Homestead Application Transfers/Cancellations**



RECOMMENDED MOTION/ACTION

To approve the transfers and cancellations of applications from the Application Waiting Lists for reasons described below:

DISCUSSION

1. Requests of Applicants to Transfer

WAIMANALO AREA / OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

LAU, Beverly Ann	02/20/1976	HAWAII	RES	08/23/2022
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OAHU ISLANDWIDE AGRICULTURAL LEASE LIST

ALONZO, Alvin R.	05/05/2015	KAUAI	AGR	11/15/2022
SEE, Shandon K.W.Y.	06/18/2020	MAUI	AGR	08/26/2022

OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

ALONZO, Alvin R.	05/05/2015	KAUAI	RES	11/15/2022
ALONZO, Raymond J.	12/29/2015	KAUAI	RES	11/15/2022
KEKAWA, Shalee K.	03/30/1999	HAWAII	RES	08/23/2022
MENO, Tichelle K.	04/12/2013	HAWAII	RES	08/23/2022

HAWAII ISLANDWIDE RESIDENTIAL LEASE LIST

ROJAS, Lisa L.K.                      10/07/1998              OAHU      RES              08/12/2022

KAUAI ISLANDWIDE RESIDENTIAL LEASE LIST

PANG, John K.                      05/30/1990              OAHU      RES              08/23/2022

2. Deceased Applicants

NONE FOR SUBMITTAL

3. Awards of Leases

WAIMANALO AREA / OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

KAPULE, Maminette P.                      Assigned Residential Lease  
#12981, Lot 37 in Kakaina, Oahu  
dated 11/30/2022. Remove  
application dated 12/20/1971.

MEDINA, Bernardson C.                      Assigned Residential Lease  
#12983, Lot 9 in Kakaina, Oahu  
dated 11/30/2022. Remove  
application dated 08/07/1962.

WAIMEA AREA / HAWAII ISLANDWIDE AGRICULTURAL LEASE LIST

BLOCK, Beatrice N.                      Assigned Agricultural Lease  
#12988, Lot 66 in Maku'u, Hawaii  
dated 10/25/2022. Remove  
application dated 04/05/1972.

KAUAI ISLANDWIDE RESIDENTIAL LEASE LIST

ASANO, Deborah R.                      Assigned Residential Lease  
#12990, Lot 7 in Pi'ilani Mai Ke  
Kai (Anahola), Kauai dated  
11/22/2022. Remove application  
dated 01/08/1991.

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission  
THROUGH: Juan Garcia, HSD Administrator   
FROM: Nicole F. Bell, Specialist V  
Application Branch, Homestead Services Division  
SUBJECT: **Approval to Certify Applications of Qualified Applicants for the month of December 2022**

RECOMMENDED MOTION/ACTION

To approve the certification of applications of qualified applicants for the month of December 2022. The Department has verified the native Hawaiian blood quantum requirement of each applicant according to section 10-3-2 of the Hawaii Administrative Rules.

DISCUSSION

At its October 2020 regular meeting, the Hawaii Homes Commission adopted the recommendation of the HHC Investigative Committee on the Native Hawaiian Qualification Process to recall to the HHC, pursuant to Hawaii Administrative Rules § 10-2-16(a), the authority to accept the Native Hawaiian Quantum (NHQ) determination for an individuals as a function requiring the exercise of judgement or discretion. The recommendation included a process to implement the Commission's review and acceptance of NHQ determinations. These applicants have been deemed by the Department to have met the native Hawaiian blood quantum requirement through the kumu 'ohana process.

OAHU ISLANDWIDE AGRICULTURAL LEASE LIST

PUU, John C.K. 11/17/2022

OAHU ISLANDWIDE RESIDENTIAL LEASE LIST

CABRINHA, Jacob K. 11/17/2022

PUU, John C.K. 11/17/2022

HAWAII ISLANDWIDE AGRICULTURAL LEASE LIST

KANAHELE-MOSSMAN, Huihui L. 11/16/2022

HAWAII ISLANDWIDE RESIDENTIAL LEASE LIST

YAMAMOTO, Danny K., Jr. 11/15/2022

KAUAI ISLANDWIDE AGRICULTURAL LEASE LIST

WONG, Vallendee N. 11/21/2022

KAUAI ISLANDWIDE RESIDENTIAL LEASE LIST

WONG, Vallendee N. 11/21/2022

MOLOKAI ISLANDWIDE AGRICULTURAL LEASE LIST

ENGLISH, Fumiko D.K. 11/22/2022

MOLOKAI ISLANDWIDE RESIDENTIAL LEASE LIST

ENGLISH, Fumiko D.K. 11/22/2022

Previous Cumulative Total for Current FY	501
Current Month's Total	9
<b>Fiscal Year Total: July 2022-June 2023</b>	<b>510</b>

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Juan Garcia, Administrator  
Homestead Services Division

FROM: Ross K. Kapeliela, Acting ODO Supervisor  
Homestead Services Division

SUBJECT: **Approval of Assignment of Leasehold Interest**

RECOMMENDED MOTION/ACTION

1. To approve the assignment of the leasehold interest, pursuant to Section 208, Hawaiian Homes Commission Act, 1920, as amended, and subject to any applicable terms and conditions of the assignment, including but not limited to the approval of a loan.

2. To approve and accept that transferees are of no less than the required 25% or 50% Hawaiian ancestry as appropriate pursuant to Section 208, Hawaiian Homes Commission Act, 1920, as amended.

DISCUSSION

Eight (8) assignments of lease.

1. Lessee Name: Glynn L. U. Akina  
Res. Lease No. 9444, Lot No. 6  
Lease Date: 6/1/2000  
Area: Waiehu Kou II, Maui  
Property Sold & Amount: Yes, \$250,000.00  
Improvements: 3 bedroom, 2 bath dwelling

Transferee Name: Keoni K. Akahi  
Relationship: Son  
Loan Assumption: N/A  
Applicant: Yes, Maui IW Res., 9/10/2009

Reason for Transfer: "Moving off island." Special  
Condition: Transferee to obtain funds to pay purchase  
price. See simultaneous transfer below.

2. Lessee Name: Keoni K. Akahi  
Res. Lease No. 9444, Lot No. 6  
Lease Date: 6/1/2000  
Area: Waiehu Kou II, Maui  
Property Sold & Amount: Yes, \$250,000.00  
Improvements: 3 bedroom, 2 bath dwelling

Transferee Name: Kuakea K. Akahi  
Relationship: Son  
Loan Assumption: N/A  
Applicant: No

Reason for Transfer: "Transfer lease to son." Special  
Condition: Transferee to obtain funds to pay purchase  
price.

3. Lessee Name: Isaac K. Kalua, III  
Res. Lease No. 11213, Lot No. 4  
Lease Date: 10/15/2016  
Area: Kakaina, Oahu  
Property Sold & Amount: Yes, \$625,000.00  
Improvements: 4 bedroom, 3 bath dwelling

Transferee Name: Kapiolani A. Nolan  
Relationship: None  
Loan Assumption: N/A  
Applicant: Yes, Oahu IW Res., 5/17/2022

Reason for Transfer: "Financial reasons." Special  
Condition: Transferee to obtain funds to pay purchase  
price.

4. Lessee Name: Brett K. Kanahale  
Res. Lease No. 11357, Lot No. 28  
Lease Date: 11/22/2006  
Area: Kekaha, Kauai  
Property Sold & Amount: Yes, \$450,000.00  
Improvements: 4 bedroom, 2 bath dwelling

Transferee Name: Roy K. Apo  
Relationship: None  
Loan Assumption: N/A  
Applicant: Yes, Kauai IW Res., 11/18/2004

Reason for Transfer: "Moving off island and due to divorce  
and separation." Special Condition: Transferee to obtain  
funds to pay purchase price. See simultaneous transfer  
below.

5. Lessee Name: Roy K. Apo  
Res. Lease No. 11357, Lot No. 28  
Lease Date: 11/22/2006  
Area: Kekaha, Kauai  
Property Sold & Amount: No, \$450,000.00  
Improvements: 4 bedroom, 2 bath dwelling

Transferee Name: Katrina K. A. Fujinaka  
Relationship: Daughter  
Loan Assumption: N/A  
Applicant: No

Reason for Transfer: "Giving lease to relative." Special  
Condition: Transferee to obtain funds to pay purchase  
price.

6. Lessee Name: Elizabeth K. Namuo  
Res. Lease No. 6601, Lot No. 41  
Lease Date: 6/30/1994  
Area: Anahola, Kauai  
Property Sold & Amount: No, N/A  
Improvements: 4 bedroom, 2 bath dwelling

Transferee Name: Elizabeth K. Namuo & Sunday Lee A. U. Namuo  
Relationship: Lessee & Daughter  
Loan Assumption: Yes  
Applicant: No

Reason for Transfer: "Adding relative to lease." HHC  
approved refinance of loan under Transferees on November 21,  
2022.

7. Lessee Name: Donna Lee M. Tokuoka  
Res. Lease No. 8860, Lot No. 19  
Lease Date: 5/1/2000  
Area: Hanapepe, Kauai  
Property Sold & Amount: No, N/A  
Improvements: 4 bedroom, 2-1/2 bath dwelling

Transferee Name: Duellane K. Rita  
Relationship: Daughter  
Loan Assumption: N/A  
Applicant: Yes, Kauai IW Res., 8/23/1991

Reason for Transfer: "Giving lease to relative."

8. Lessee Name: Margaret K. Keahi-Leary  
Agr. Lease No. 6035, Lot No. 42-B-1-E  
Lease Date: 12/1/1985  
Area: Hoolehua, Molokai  
Property Sold & Amount: No, N/A  
Improvements: N/A

Transferee Name: David H. K. Gomes  
Relationship: Nephew  
Loan Assumption: N/A  
Applicant: Yes, Molokai IW Agr., 1/16/2018

Reason for Transfer: "Giving lease to relative."

Assignments for the Month of January `23	8
Previous FY '22 - '23 balance	<u>108</u>
FY '22 - '23 total to date	116
Assignments for FY '21 - '22	220

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Juan Garcia, Administrator   
Homestead Services Division

FROM: Ross K. Kapeliela, Acting ODO Supervisor   
Homestead Services Division

SUBJECT: **Approval of Amendment of Leasehold Interest**

RECOMMENDED MOTION/ACTION

To approve the amendment of the leasehold interest listed below.

DISCUSSION

Eight (8) amendments of lease.

1. Lessee: Saint Mathew Kaluahine  
Res. Lease No.: 3348  
Lot No., Area, Island: 36-B, Anahola, Kauai  
Amendment: To amend the lease to incorporate the currently used terms, covenants and conditions to the lease and to extend the lease term to an aggregate term of 199 years.
  
2. Lessee: Brett K. Kanahele  
Res. Lease No.: 11357  
Lot No., Area, Island: 28, Kekaha, Kauai  
Amendment: To amend the lease to release the 10 year retention period established for the Native Hawaiian Housing Block Grant.

3. Lessee: Norman A. Piliialoha  
 Res. Lease No.: 258  
 Lot No., Area, Island: 19-A, Nanakuli, Oahu  
 Amendment: To amend the lease title and lessor's name, update the property description, to incorporate the currently used terms, conditions, and covenants to the lease, and to extend the lease term to an aggregate term of 199 years.
4. Lessee: Harry K. Purdy, III  
 Agr. Lease No.: 106  
 Lot No., Area, Island: 4, Hoolehua, Molokai  
 Amendment: To amend the lease to incorporate the currently used terms, covenants and conditions to the lease and to extend the lease term to an aggregate term of 199 years.
5. Lessee: Rowena P. Smith  
 Res. Lease No.: 4689  
 Lot No., Area, Island: 12, Anahola, Kauai  
 Amendment: To amend the lease tenancy from tenants-in-common to joint tenants.
6. Lessee: James P. Tabali  
 Res. Lease No.: 3084  
 Lot No., Area, Island: 114, Nanakuli, Oahu  
 Amendment: To amend the lease to incorporate the currently used terms, covenants and conditions to the lease and to extend the lease term to an aggregate term of 199 years.
7. Lessee: Keven L. Valente  
 Res. Lease No.: 3757  
 Lot No., Area, Island: 108, Waimanalo, Oahu  
 Amendment: To amend the lease to incorporate the currently used terms, covenants and conditions to the lease and to update the property description.

8. Lessee: Alan M. L. K. Yee, Jr.  
 Res. Lease No.: 2251  
 Lot No., Area, Island: 13, Waimanalo, Oahu  
 Amendment: To amend the lease title and lessor's name and to incorporate the currently used terms, conditions, and covenants to the lease, and to extend the lease term to an aggregate term of 199 years.

Amendments for the Month of January '23	8
Previous FY '22 - '23 balance	<u>49</u>
FY '22 - '23 total to date	57
Amendments for FY '21 - '22	133

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Juan Garcia, Administrator   
Homestead Services Division

FROM: Ross K. Kapeliela, Acting ODO Supervisor   
Homestead Services Division

SUBJECT: **Approval to Issue a Non-Exclusive License for Rooftop Photovoltaic Systems for Certain Lessees**

RECOMMENDED MOTION/ACTION

To approve the issuance of a non-exclusive license to allow the Permittee to provide adequate services related to the installation, maintenance, and operation of a photovoltaic system on the premises leased by the respective Lessees.

The non-exclusive license is necessary as the Lessee can not issue his/her own licenses.

DISCUSSION

One (1) non-exclusive license.

1. Lessee: Anne N. H. Ota  
Res. Lease No.: 11156  
Lot No., Area, Island: 49, Anahola, Kauai  
Permittee: Sunrun Installation Services, Inc.

Non-Exclusive License for the Month of January '23	1
Previous FY '22 - '23 balance	<u>47</u>
FY '22 - '23 total to date	48

Non-Exclusive License for FY '21 - '22	53
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STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Juan Garcia, HSD Administrator   
Homestead Services Division

FROM: Ross K. Kapeliela, Acting District Supervisor   
Oahu District Office  
Homestead Services Division

SUBJECT: **Commission Designation of Successor -  
DANNY K. PALIMOO, Residential Lease No. 2231,  
Lot No. 161, Kewalo, Oahu**

RECOMMENDED MOTION/ACTION

1. To approve the designation of Wanda Piliialoha Perry Palimo'o (Wanda) as successor to Residential Lease No. 2231, Lot No. 161, Kewalo, Oahu (Lease), for the remaining term of the Lease;
2. To approve and accept that Wanda is of no less than the required 25% Hawaiian ancestry and is therefore a qualified successor pursuant to Section 209 of the Hawaiian Homes Commission Act, 1920, as amended;
3. To stipulate that Wanda's successorship right and interest in the Lease do not vest until Wanda has signed that: (i) Transfer Through Successorship of Lease; (ii) Lease Addendum; and such necessary and appropriate instruments; and that if Wanda does not sign all such documents on or before **March 31, 2023** (the Deadline), that the Commission's selection of Wanda as the successor is automatically revoked;
4. To authorize the Department to extend the Deadline up to 60 days for good cause;
5. To declare that if Wanda's selection as the successor is revoked, the Commission will consider other successorship claims to the leasehold interest received prior to the public notice closing date of April 7, 2023; and if there

are no eligible successors from these respondents, then under Section 209(a) of the Hawaiian Homes Commission Act, 1920, as amended, "...the land subject to the lease shall resume its status as unleased Hawaiian home lands and the department is authorized to lease the land to a native Hawaiian as provided by the Act;" and

6. To amend the lease title and Lessor's name, to update property description to include a new 10 ft wide sewer easement, to incorporate the currently used terms, covenants, and condition to the lease, and to extend the term to an aggregate term of 199 years.

#### DISCUSSION

Danny K. Palimoo (Decedent) succeeded to the Lease on July 10, 2002.

On September 14, 2022, the Decedent passed away without naming a successor to his lease.

On November 21, 2022, the Department received the decedent's death certificate.

In compliance with Administrative Rule 10-3-63, the Department published legal notices in the Honolulu Star-Advertiser, the Hawaii Tribune Herald, the West Hawaii Today, The Maui News, and The Garden Island newspapers on December 7, 14, 21, and 28, 2022, to notify all interested, eligible and qualified heirs of the Decedent to submit their successorship claims to the Lease.

The Department received a successorship claim from the Decedent's wife, Wanda, who has been determined to be of at least 25% Hawaiian ancestry and is thus eligible for successorship to the Lease.

The Department also received a successorship claim from the Decedent's son, Dennis Wailana Kaena Palimoo (Dennis), who has been determined to be of at least 25% Hawaiian ancestry and is thus eligible for successorship to the Lease.

Pursuant to Section 209 of the Hawaiian Homes Commission Act of 1920, as amended (Act), when a lessee fails to designate a successor, the commission is authorized to terminate this lease or to continue the lease by designating a successor. Section 209

states in part that the department may select from only the following qualified relatives of the decedent:

1. Husband or wife; or
2. If there is no husband or wife, then the children; or
3. If there is no husband, wife, or child, then the grandchildren; or
4. If there is no husband, wife, child, or grandchild, then the brothers or sisters; or
5. If there is no husband, wife, child, grandchild, brother, or sister, then from the following relatives of the lessee who are native Hawaiian: father and mother, widows or widowers of the children, widows or widowers of the brothers and sisters, or nieces and nephews.

Pursuant to Section 209, Wanda has the highest priority to succeed to the leasehold interest and is presently occupying the home. Should Wanda not succeed to the leasehold interest, Dennis' successorship claim, along with other claims received prior to the public notice closing date of April 7, 2023, shall subsequently be considered.

Improvements to the homestead lot consist of a 4 bedroom and 1-1/2 bath, single family dwelling, which was constructed in 1974.

There are no outstanding loans. The real property tax is current, and the next assessment will be due in February 2023. The lease rent account has a credit balance of \$2 dollars.

The Department requests approval of its recommendation.

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Juan Garcia, Administrator  
Homestead Services Division 

FROM: Erna Kamibayashi, Kauai District Office Supervisor  
Homestead Services Division

SUBJECT: **Request for Additional Time Extension in the Matter of Commission Designation of Successor, Pohaikealoha Dymond, Residential Lease No. 11042, Lot No. UNDV041, Anahola, Kauai**

RECOMMENDED MOTION/ACTION

To approve the request for an additional 120 days to be added to the Time Extension currently provided to complete the transfer through successorship from Pohaikealoha Dymond to her daughters, Nicole I.P. Doversola and Kollett E.M.M. Doversola, as successors to Residential Lease No. 11042, Lot No. UNDV041, Anahola, Kauai for the remaining term of the lease

DISCUSSION

On May 16, 2022, the Hawaiian Homes Commission approved the selection of Nicole I.P. Doversola (Nicole) and Kollett E.M.M. Doversola (Kollett) to succeed to their mother Pohaikealoha Dymond's Department of Hawaiian Home Lands Residential Lot Lease No. 11042, Lot No. UNDV041, located in Anahola, Kauai (Exhibit A)

The Commission's selection of Nicole and Kollett stipulated that their right and interest in the lease does not vest until Nicole and Kollett have signed that: (i) Transfer Through Successorship of Lease; (ii) Lease Addendum; and such necessary and appropriate instruments; and that if Nicole and Kolett did not sign all such documents on or before July 31, 2022 (the deadline) that the Commission's selection of Nicole and Kollett as successors would be automatically revoked. The

Commission also authorized the Department to extend the Deadline up to 60 days for good cause, not to exceed September 30, 2022.

The named successors, through largely no fault of their own, could not meet the extended execution deadline of September 30, 2022, and as such, the Department is requesting an additional extension of 120 days be granted for good cause not to exceed **January 31, 2023.**

While the subject Anahola lease is under the purview of the Kauai District Office, on-island staff requested assistance from the Oahu District Office (ODO) to obtain signatures of the designated successors as Kollett currently resides in Las Vegas, Nevada and Nicole lives on Oahu.

On September 19, 2022, ten (10) days before the expiration date of the extended Deadline, the ODO mailed the lease to Kollett who signed and subsequently returned the document on November 22, 2022. Unfortunately, the ODO inadvertently failed to simultaneously mail a copy of the lease to Nicole to be executed in counterpart. The ODO has already reached out to Nicole and will work to resolve this issue immediately.

The Department respectfully requests approval of its recommendation.

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17, 2023

TO: Chairman and Members, Hawaiian Homes Commission

THROUGH: Juan Garcia, HSD Administrator   
Homestead Services Division

FROM: Ross K. Kapeliela, Acting ODO Supervisor   
Homestead Services Division

SUBJECT: **Approval of Subdivision and Transfer of a Portion of Residential Lease No. 2907, Lot No. 30, Nanakuli, Oahu - JACOB JOHN KU, JR.**

RECOMMENDED MOTION/ACTION

1. To approve the request of Jacob J. Ku, Jr. (Jacob, Jr.) to subdivide Department of Hawaiian Home Lands Residential Lease No. 2907, Lot No. 30, Nanakuli, Oahu, consisting of 0.53 acres (23,087 square feet), and further identified as TMK (1) 8-9-006-:010 into Lots 30-A and 30-B, provided that the Lessee is responsible for all costs incurred in the processing and obtaining of the subdivision, including but not limited to surveying fees, fees imposed by the City and County of Honolulu (County), fees for utility (electric, water, etc.) and other fees associated with the subdivision of Lot No. 30.

2. To approve the amendment of Lease No. 2907, to amend the lease title and Lessor's name, to reflect the subdivision of Lot No. 30, updating the property description, incorporate the currently used terms, covenants, and conditions in the lease, and extend the lease term to an aggregate term of 199 years.

3. To stipulate that Jacob, Jr. shall provide either an approval letter from Wells Fargo Bank, allowing the amendments to Lease No. 2907 OR proof that the outstanding mortgage dated September 12, 2007, is paid in full, by **February 19, 2022**, otherwise this approval will be automatically revoked.

4. To approve the transfer of Lot No. 30-B, under Lease No. 2907, from Jacob, Jr. to his son, Jacob J. Ku, III (Jacob, III).

5. To approve the creation of newly designated Residential Lease No. 2907-A, demising Lot No. 30-B.

6. The above are subject to the completion of the survey work done by a licensed surveyor, including but not limited to the surveying and staking of boundary corners of the lots, submitting the required number of final subdivision maps recorded with the State of Hawaii Bureau of Conveyances to the County, preparing and submitting the legal description of the lots to the Department of Hawaiian Home Lands (Department), applying to the County for subdivision approval, obtaining the tax map keys for the Lots, and final subdivision approval by the County of Honolulu.

#### DISCUSSION

Department of Hawaiian Home Lands Residential Lease No. 2907, Lot No. 30, located in Nanakuli, Oahu (Lease), was transferred to Jacob, Jr. by way of Transfer Through Successorship instrument dated April 12, 2006.

Jacob, Jr. is requesting the approval to subdivide his lot into two lots and to transfer the newly created lot to Jacob, III. Jacob, III, has been deemed to be of at least 50% Hawaiian ancestry and is therefore qualified to receive a portion of the lot. Once the lot is subdivided, Jacob, III, will receive Lot No. 30-B, under newly created Lease No. 2907-A, and Jacob, Jr. will retain Lot No. 30-A, under Lease No. 2907.

Jacob, III, has submitted a prequalification letter from Security National Mortgage Company in the amount of \$386,000.00, for the construction of a new home.

Section 10-3-38 of the Administrative Rules (Rules) states that, "A lessee of a residential lot, with approval of the commission, may subdivide and transfer a portion of the lot for the remaining term of the lease to any individual who is native Hawaiian and is at least 18 years old; provided that after the transfer, each lot conforms to County zoning standards. The department shall not be required to finance the construction of the house on the transferred portion." The Rules also state, "The Department shall not be required to pay for any costs incurred in the processing and obtaining of the subdivision." Furthermore,

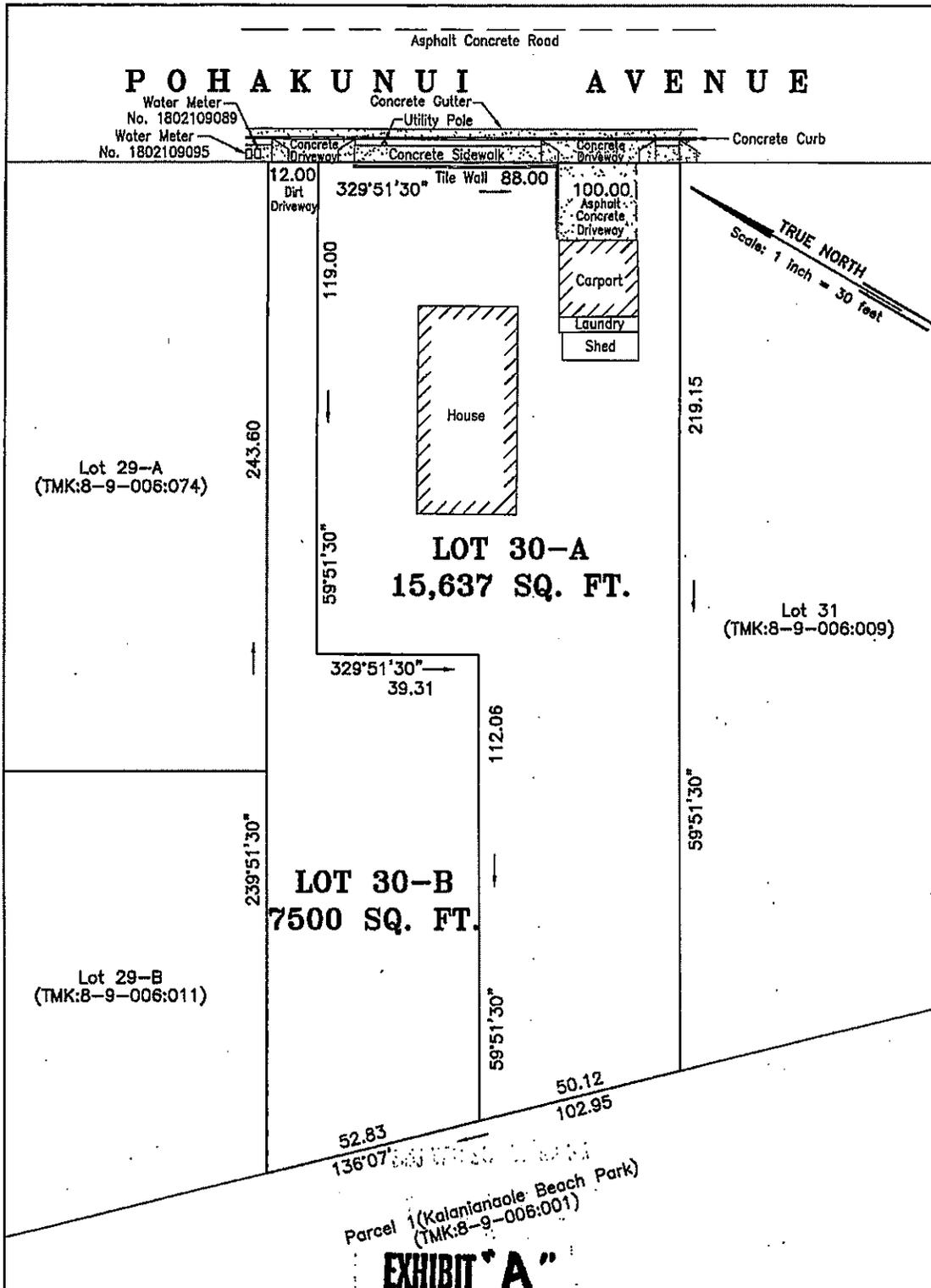
ITEM NO. D-11

Section 208(5) of the Hawaiian Homes Commission Act of 1920, as amended, states in part, "The lessee may transfer the lessee's interest in the tract to the following qualified relatives of the lessee who are at least one-quarter Hawaiian: husband, wife, child, or grandchild."

Attached is "Exhibit A" illustrating the two lots. The existing home is located on Lot No. 30-A, which is to be retained by Jacob, Jr.

There is an outstanding mortgage with Wells Fargo Bank dated September 12, 2007, with an original balance of \$142,450.00. The real property taxes and the lease rent are paid current.

The Department recommends a conditional approval, subject to written confirmation from Wells Fargo Bank allowing the Department to amend the Lease without jeopardizing the Federal Housing Administration mortgage insurance.



**HAWAIIAN HOMES COMMISSION  
JANUARY 17 & 18, 2023  
FACE-TO-FACE &  
INTERACTIVE CONFERENCE  
TECHNOLOGY**

**F – ITEMS  
LAND MANAGEMENT DIVISION**

STATE OF HAWAII

DEPARTMENT OF HAWAIIAN HOME LANDS

January 17-18, 2023

To: Chairman and Members, Hawaiian Homes Commission

From: Peter “Kahana” Albinio, Jr., Acting Administrator  
Land Management Division KA

Subject: Approval to Amend Right of Entry Permit No. 482, Keaukaha Panaewa  
Community Alliance, Waiakea, S. Hilo, Island of Hawaii, TMK: (3) 2-1-025:091

RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission (HHC) grant its approval to amend Right of Entry Permit No. 482 (ROE 482) see Exhibit “A” issued to Keaukaha Panaewa Community Alliance (“KPCA”) covering a combined total of Hawaiian home lands identified by Tax Map Key No. (3) 2-1-025:091, delineated more specifically on Exhibit “B” attached hereto consisting of a combined land area of 10.633 acres (more or less,) of Hawaiian home lands situated in Waiakea, S. Hilo, Island of Hawaii, for the purpose of conducting due diligence studies including but not limited to project master plan, business plan, and related Chapter 343, HRS compliance requirements and Chapter 6E, HRS compliance requirements for the subject parcel in its entirety and to retain its existing farmers market operation and agricultural use operation, subject to the following conditions:

1. The land area shall be amended to cover an additional land area of approximately 9.633 acres, for a total land area of 10.633 acres as delineated in Exhibit “B” for the purposes as described above;
2. PERMITTEE shall be required to pay a non-refundable processing and documentation fee of \$175.00;
3. PERMITTEE shall submit within a thirty-six (36) month period from the amendment execution date, a Master Plan to include but not be limited to the following:
  - i. Narrative description that clearly articulates permittee’s project goals for the project area and detailed description of each proposed programmatic element and land use by the permittee.
  - ii. Narratively and graphically describe characteristics of the project area including topography, portions of the project area susceptible to natural disaster events, access points for vehicle and pedestrian ingress and egress, identification of level of infrastructure improvements.
  - iii. Site plan drawing at scale of the project area depicting conceptual size and location of proposed improvements and programmatic use of the project area.

4. Except for the current requested action, all the terms, conditions, covenants, and provisions of Right of Entry No. 482 shall continue and remain in full force and effect. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR this project will probably have minimal or no significant effect on the environment.
5. Declare that, after considering the potential effects of the proposed amended disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR this project will probably have minimal or no significant effect on the environment.

BACKGROUND/DISCUSSION:

At its meeting of July 22, 2013, the Hawaiian Homes Commission approved the conversion of Revocable Permit No. 473 to Right of Entry Permit No. 482 issued to KPCA (Permittee) commencing effectively as of June 29, 2015, to utilize a 1.0-acre portion of the subject premises for farmers market and agricultural use purposes.

Pursuant to the attached Non-Profit Organization Application for Long-Term Use of DHHL Lands, dated December 17, 2022, (Exhibit "C"), the Permittee is requesting an amendment which is intended for the purposes conducting due diligence studies including but not limited to project master plan, business plan, and related Chapter 343, HRS compliance requirements and Chapter 6E, HRS compliance requirements for the subject parcel in its entirety and to retain its existing farmers market operation and agricultural use operation.

In addition, the Permittee has indicated that the Keaukaha Pana'ewa Farmers Association (KPFA) formed KPCA on November 16, 2012 to serve as KPFA's 501(c)(3) partner. KPFA Directors are formally elected by Pana'ewa Agricultural DHHL lease holders every four years at a General Membership Meeting. Notice for this meeting is mailed (and emailed) to community members at least 30 days prior to the meeting date. The KPCA Bylaws require that 51% of KPCA's Board is comprised of active KPFA members. Currently, 100% of KPCA Directors are KPFA Directors. KPCA Directors are elected by existing KPCA board members. KPCA serves a KPFA's fiscal sponsor for grants and for its DHHL community benefit.

Permittee is compliant with the terms and conditions of ROE 482. For reference purposes, attached as Exhibit "D" are respective DCCA filings dated December 28, 2022 for KPCA and KPFA.

LAND USE DESIGNATION:

Commercial Use, Hawaii Island Plan (May, 202), Figure 4 – East Hawaii - Hawaii Land Inventory

CURRENT STATUS:

Portion of parcel used by KPCA for its Farmers Market and Agricultural use purposes

CHARACTERER OF USE:

Commercial Use

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

Triggers:

Use of State Lands

In accordance with the Department of Hawaiian Home Lands Comprehensive Exemption List as Reviewed and Concurred Upon by the Environmental Council on June 30, 2015, the Right of Entry permit request is exempt from the preparation of an environmental assessment pursuant to Exemption Class #5, “Basic data collection, research, experimental management, and resource evaluation activities which do not result in serious or major disturbances to an environmental resource.”

Panaewa Regional Plan (2017)

The site is designated for Industrial Use consistent with the Panaewa Regional Plan (2017)

AUTHORIZATION / LEGAL REFERENCE:

§171-55, Hawaii Revised Statutes, as amended, a “permit on a month-to-month basis may continue for a period not to exceed one year from the date of issuance; provided that the commission may allow the permit to continue on a month-to-month basis for additional one-year periods.”

RECOMMENDATION

Land Management Division respectfully recommends approval of the requested motion/action as stated.

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS  
RIGHT-OF-ENTRY NO. 482

This Right-of-Entry ("ROE") No. 482 is dated this 29<sup>th</sup> day of July, 2015, by and between the State of Hawaii, DEPARTMENT OF HAWAIIAN HOME LANDS, whose place of business is 91-5420 Kapolei Parkway, Kapolei, Hawaii, 96707, and whose mailing address is P. O. Box 1879, Honolulu, Hawaii 96805, hereinafter as "PERMITTOR," and KEAUKAHA PANAEA COMMUNITY ALLIANCE (formerly known as KEAUKAHA PANAEA FARMERS ASSOCIATION) Attn: Mr. Kihel Ahuna, President, whose mailing address is P.O. Box 6844, Hilo, Hawaii 96720 (Phone #808.854.0077), hereinafter the "PERMITTEE."

PERMITTOR hereby grants to PERMITTEE a Right-of-Entry upon that certain parcel of Hawaiian home lands in Waialae, South Hilo, Island of Hawaii, for the exclusive benefit use of approximately 1.0 Acre (21,780 square feet) of Hawaiian home lands, identified as Tax Map Key No. (3) 2-1-025:091 (por.), and further shown as cross-hatched area on the map attached hereto as Exhibit "A," subject to the following conditions:

1. TERM. The term of the ROE shall be month-to-month up to twelve (12) months, effective July 1, 2013. This ROE may be cancelled by PERMITTOR, at PERMITTOR'S sole discretion and for any reason whatsoever, at any time during the twelve month period, upon 30 days advance notice in writing to PERMITTEE.
2. PERMITTED USE. The Premises shall be used for PERMITTEE TO OPERATE A FARMERS MARKET AND AGRICULTURAL USE. No other uses or sub-tenancy shall be permitted without the express written approval of PERMITTOR. PERMITTEE'S use shall comply with all applicable governmental laws, regulations, rules and permitting requirements, pertaining to such use.
3. FEE. PERMITTEE shall pay to PERMITTOR a fee of \$20.00 per month (\$240.00 per annum), plus a non-refundable processing and documentation fee of \$175.00.
4. CONSTRUCTION AND MAINTENANCE. During the period of the ROE, PERMITTEE shall keep the Premises and all improvements thereon in a strictly clean and sanitary and orderly condition, and shall not make, permit nor suffer any waste,

spoil, nuisance, nor any unlawful, improper or offensive use of the Premises. PERMITTEE shall comply with all rules, regulations, ordinances and/or laws of the State of Hawaii and any other municipal and/or Federal Government authority applicable to the Premises and improvements thereon.

5. RIGHT TO ENTER. PERMITTEE shall allow PERMITTOR, and the agents and representatives thereof, at all reasonable times, free access to the Premises for the purpose of examining the same and/or determining whether the covenants herein are being fully observed and performed, or for the performance of any public or official duties. In the exercise of such rights, PERMITTOR and government officials shall not interfere unreasonably with PERMITTEE and PERMITTEE'S use and enjoyment of the Premises.
6. NO TRANSFER, MORTGAGE, AND SUBLEASE. This ROE shall be non-transferable, and PERMITTEE may not in any manner transfer to, mortgage, pledge, sublease, sublet, or otherwise hold or agree so to do, for the benefit of any other person or persons or organization of any kind, its interest in this ROE, the premises and the improvements now or hereafter erected thereon.
7. EXPIRATION. Upon the expiration of the ROE, or its sooner termination as herein provided, PERMITTEE shall peacefully and quietly leave and surrender and deliver up to PERMITTOR possession of the premises. This includes the clean-up and removal of all property belonging to PERMITTEE.
8. TERMINATION/ABANDONMENT. Upon termination or abandonment of the specified purposes for which this ROE is granted, all interests granted by this ROE and any approved improvement constructed by PERMITTEE on the Premises shall revert to, and become the property of PERMITTOR.
9. PREMISES. The term "Premises", when it appears herein, includes and shall be deemed to include the lands described above and all improvements whenever and wherever erected or placed thereon.
10. INSURANCE. PERMITTEE shall, at its own expense, effect, maintain and keep in force throughout the life of this ROE, a comprehensive liability insurance policy, with limits of not less than \$1,000,000.00 for each occurrence, including property damage, personal injury and advertising



injury; \$100,000.00 for fire damages to the premises for any one fire; \$10,000.00 in medical expenses for any one person, and an aggregate limit of \$2,000,000.00 per policy year. The specification of these limits as contained herein shall not be construed in any way to be a limitation on the amount of liability of PERMITTEE for fees, interest or other charges under this ROE.

PERMITTEE at its own expense shall maintain and keep in force Workers Compensation Insurance to include Employer's Liability. Such coverage shall apply to all of its employees.

PERMITTEE at its own expense shall maintain and keep in force Automobile Insurance, covering all owned, non-owned and hired automobiles in the following amounts: Bodily Injury: \$1,000,000.00 per person and \$1,000,000.00 per occurrence; Property Damage: \$1,000,000.00 per accident; or a combined single limit of \$1,000,000.00

PERMITTEE shall provide certificate(s) of insurance necessary to evidence compliance with the insurance provisions of this ROE. PERMITTEE shall keep such insurance in effect and the certificate(s) on deposit with PERMITTOR during the entire term of this ROE.

In addition:

- a. Failure of PERMITTEE to provide and keep in force such insurance shall be regarded as material default under this ROE. PERMITTOR shall be entitled to exercise any or all of the remedies provided in this ROE for default of PERMITTEE.
- b. The procuring of such required insurance policies shall not be construed to limit PERMITTEE'S indemnification obligations under this ROE.
- c. PERMITTOR is a self insured State agency. PERMITTEE'S insurance shall be primary. Any insurance maintained by PERMITTOR and/or the State of Hawaii shall apply in excess of, and shall not contribute with, insurance provided by PERMITTEE.

Such insurance policy shall (a) be issued by an insurance company or surety company authorized to do business in the

State of Hawaii or approved in writing by the Chairman, Hawaiian Homes Commission; (b) name the State of Hawaii and its DEPARTMENT OF HAWAIIAN HOME LANDS as an insured; (c) provide that the DEPARTMENT OF HAWAIIAN HOME LANDS shall be notified at least thirty (30) days prior to any termination, cancellation or material change in the insurance coverage; and (d) cover all injuries, losses or damages arising from, growing out of or caused by any acts or omissions of PERMITTEE, its officers, agents, employees, invitees or licensees in connection with PERMITTEE' use or occupancy of the premises.

PERMITTEE shall insure during the term of this ROE the entire premises, including all buildings now existing and hereafter built or located on the premises, improvements and grounds, and all roadways and sidewalks on or adjacent to the premises in the control or use of the PERMITTEE. The insurance shall cover loss or damage by fire and other hazards, casualties and contingencies, including vandalism and malicious mischief. The insurance shall be for the full insurable value of such improvements.

PERMITTEE shall furnish to PERMITTOR upon the execution of this ROE, certificates showing such insurance policy or policies to be in favor of PERMITTOR and to be in force, and shall furnish like certificates upon each renewal thereof. In the event of loss, damage or destruction, PERMITTOR shall retain from the proceeds of the policies such amounts deemed by it to be necessary to cover the loss, damage or destruction of or to the improvements and the balance of such proceeds, if any, shall be delivered to PERMITTEE.

The procuring of this policy shall not release or relieve PERMITTEE of its responsibility under this ROE as set forth herein or limit the amount of its liability under this ROE.

PERMITTEE shall provide proof of liability insurance for such activities prior to the effective date of this ROE, or this ROE shall be null and void.

11. Defense and Indemnity. PERMITTEE shall release, defend, indemnify and hold harmless PERMITTOR, its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of PERMITTEE



and/or PERMITTEE'S officers, employees, agents, or contractors occurring during or in connection with the exercise of this ROE. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this ROE.

12. HAZARDOUS MATERIAL. PERMITTEE shall not cause or permit the escape, disposal, or release of any hazardous materials. PERMITTEE shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be bought onto the premises any such materials except to use in the ordinary course of PERMITTEE'S business, and then only after written notice is given to the PERMITTOR of the identity of such materials and upon PERMITTOR'S consent, which consent may be withheld at the PERMITTOR'S sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by PERMITTEE, then PERMITTEE shall be responsible for the costs thereof. In addition, PERMITTEE shall execute affidavits, representations and the like from time to time at PERMITTOR'S request concerning PERMITTEE'S best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by PERMITTEE.

PERMITTEE agree to indemnify, defend, and hold harmless PERMITTOR, its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorney's fees, and all claims, suits, and demands therefor, arising out of or resulting from any use or release of hazardous materials on the premises occurring while PERMITTEE is in possession, or elsewhere if caused by PERMITTEE or persons acting under PERMITTEE. These covenants shall survive the expiration or earlier termination of the ROE.

For the purpose of this ROE, the term "hazardous material" as used herein shall include any substance, waste or material designated as hazardous or toxic or radioactive or other similar term by any present or future federal, state or local statutes, regulation or ordinance, such as the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, and the Federal Clean Water Act,



as amended from time to time, and also including but not limited to petroleum, petroleum based substances, asbestos, polychlorinated-biphenyls ("PCB"), formaldehyde, and also including any substance designated by federal, state or local regulations, now or in the future, as presenting a risk to human health or the environment.

Prior to the termination of the ROE, PERMITTEE may be required to conduct a Level One (1) Hazardous Waste Evaluation and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health and PERMITTOR.

13. ENTIRE AGREEMENT. This ROE contains all of the terms and agreements between the parties relating to the subject matter hereof and supersedes and cancels any and all other conflicting prior agreements, promises, and negotiations between them. Nothing contained herein shall limit any claims by PERMITTOR against PERMITTEE arising under prior agreements, nor limit PERMITTEE continuing obligations under prior agreements, including insurance, indemnity, and hazardous waste obligations.

14. SPECIAL CONDITIONS.

A. Restoration of Demised Premises. In the event of a breach, abandonment or termination, PERMITTEE shall, within thirty (30) days of the termination of this ROE, restore, at its own cost and risk, the Premises to a condition similar to that which existed prior to the effective date of this ROE (or at PERMITTOR'S election, prior to PERMITTEE' first occupancy of the Premises), reasonable and ordinary wear and tear and damage by acts of God excepted, and peacefully surrender possession thereof to PERMITTOR. This may include the removal of any complete or incomplete structure constructed by PERMITTEE. In the event PERMITTEE fails to effectuate such restoration of the Premises, PERMITTOR reserves the right to accomplish the same by its own employee or by an independent contract and to assess PERMITTEE the total costs thereof.

B. PERMITTEE shall be responsible for and shall pay any and all taxes, fees, charges and assessments pertaining to



the Premises, including without limitation, all utility charges and property taxes.

C. PERMITTEE is required to remove and properly dispose of any unwanted overgrowth, trees, rubbish, dilapidated fencing, old irrigation lines, derelict vehicles and equipment and other junk from the property at their own expense.

D. PERMITTEE shall keep and maintain Premises and any and all equipment and their personal properties upon the Premises in a strictly clean, neat, orderly, and sanitary condition, free of waste, rubbish and debris and shall provide for the safe and sanitary handling and disposal of all trash, garbage and other refuse resulting from its activities on or off of the Premises.

E. PERMITTEE shall be responsible for the security of the Premises (to include, proper signage, fencing and gate installation and control) and all of PERMITTEE's personal property stored thereon.

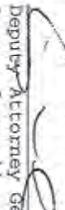
F. This ROE is subject to other terms and conditions that may be deemed prudent by the Chairman of the Hawaiian Homes Commission.

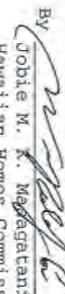
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IN WITNESS WHEREOF, PERMITTOR and PERMITTEE have caused this ROE to be executed by the duly authorized officers/individuals as of the day and year first above written.

APPROVED BY THE HHC  
AT ITS MEETING HELD ON  
July 22, 2013.

State of Hawaii  
DEPARTMENT OF HAWAIIAN HOME LANDS

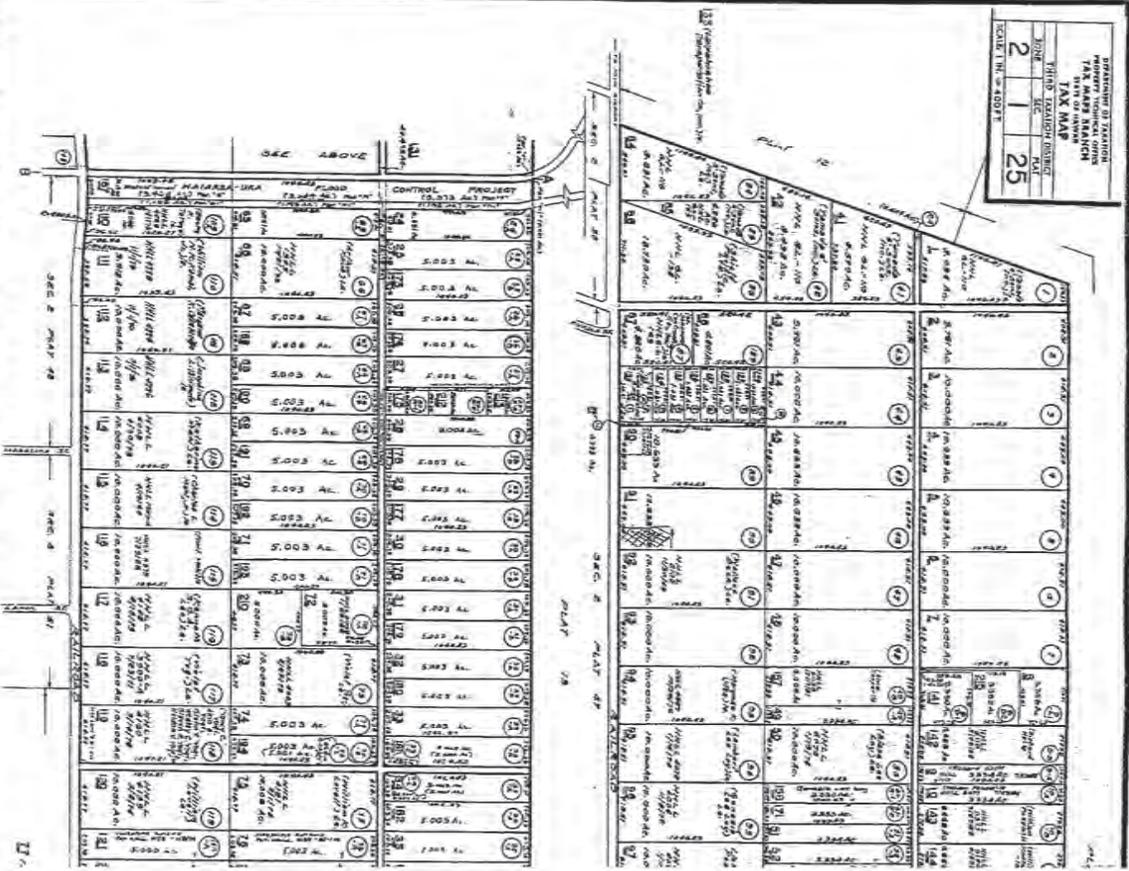
APPROVED AS TO FORM:  
  
Deputy Attorney General  
State of Hawaii

By   
Jobie M. K. Magatani, Chairman  
Hawaiian Homes Commission  
PERMITTOR

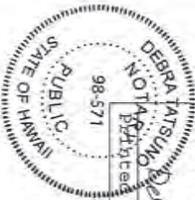
KEAUKAHA PANAEWA COMMUNITY  
ALLIANCE  
By   
Kikel Ahuna, President  
PERMITTEE



DEPARTMENT OF TAXATION  
TAX MAPS SECTION  
TAX MAP  
HAWAII  
COUNTY OF HAWAII  
SCALE 1" = 400 FT  
25



EVLIPIRT 'A'



NOTARY CERTIFICATION STATEMENT

Document Identification or Description: H1 Driver License #1024662

Doc. Date: 12-28-2017

No. of Pages: 9 or  Undated at time of notarization

Signature of Notary: [Signature] Jurisdiction: Third Circuit

Date of Notarization and Certification Statement: 6-29-15

Name of Notary: Tatsuno



Notary Public, State of Hawaii

Printed Name: Debra Tatsuno

My commission expires: November 5, 2018

STATE OF HAWAII )  
 )  
 ) SS.  
COUNTY OF HAWAII )

On this 29th day of June, 2015, before me appeared Kihei A. Ahuna, \_\_\_\_\_, and \_\_\_\_\_, to me personally known, who, being by me duly sworn, did say that they are the person who executed the foregoing instrument and acknowledged to me that they executed the same freely and voluntarily for the use and purposes therein set forth.



**Department of Hawaiian Home Lands**  
**NON-PROFIT ORGANIZATION APPLICATION FOR LONG-TERM USE OF DHHL LANDS**  
**Application**  
**INSTRUCTIONS**

**PURPOSE OF APPLICATION**

The Hawaiian Homes Commission Act (HHCA) Section 204(2) and 207(c) authorizes DHHL to dispose of lands for non-homesteading purposes on the same terms, conditions, restrictions, and uses applicable to the disposition of public lands as provided in Hawaii Revised Statutes (HRS) Chapter 171. HRS 171-43.1 authorizes DHHL to dispose of lands to eleemosynary organizations by direct negotiation without requiring a competitive solicitation process.

Per HRS 171-43.1, eleemosynary organizations must be certified to be tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as amended. The lands shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service.

**This application is meant for IRS 501(c)(1) or IRS(501)(c)(3) non-profit organizations that are interested in long-term utilization of DHHL land for the purposes of providing programs and services to DHHL beneficiaries to further their rehabilitation and well-being.**

This application is NOT meant for:

- For-profit entities and for-profit purposes. For-profit proposals must go through a different process that requires a competitive solicitation process as outlined in HRS Chapter 171.
- Individual use of Hawaiian Home Lands
- Organizations and individuals that are interested in use or access of Hawaiian Home Lands for less than 30-days (short-term use). Interested organizations or individuals interested in short-term use of Hawaiian Home Lands should contact the DHHL Land Management Division for a Limited Right-of-Entry Permit application.

**APPLICATION PROCESS**

There are two main parts to this application process: (1) Completion of Pre-Application Form and (2) Application.

**Part I -- Pre-Application Form**

Pre-application intended to minimize risk of investing significant time and resources for the applicant and give DHHL a better idea about proposal and applicant potential capacity to implement.

The Pre-Application Project Proposal Form also ensures that the proposed area of use is consistent with DHHL Island Plan Land Use Designations. DHHL Island Plans can be found at: <http://dhhl.hawaii.gov/po/island-plans/> DHHL will **only** be accepting proposals for its lands that

**Department of Hawaiian Home Lands  
NON-PROFIT ORGANIZATION APPLICATION FOR LONG-TERM USE OF DHHL LANDS  
Application  
INSTRUCTIONS**

are designated for (1) Community Use, (2) General Agriculture, (3) Conservation, or (4) Special District.

The Pre-Application Project Proposal Form will also help DHHL determine whether the proposed project requires a DHHL beneficiary consultation meeting. Project proposals that are identified as priority projects in DHHL Regional Plans do **not** require additional DHHL beneficiary consultation.

**NOTE TO POTENTIAL APPLICANTS: DHHL funding and staff technical assistance is NOT guaranteed. DHHL might consider providing funding assistance to projects that can attract other sources of funding. Projects that rely primarily on DHHL resources (other than land) for implementation will not be considered.**

### **Submitting the Pre-Application Packet**

There are questions on the Pre-Application Form that can be filled out on the form. However, the majority of the questions on the form will require typed written responses on a separate page. When answering questions on a separate page, please indicate the question number and question you are responding to prior to your written response.

### **Overview of the Pre-Application Form**

There are four sections to the Pre-Application Form:

1. **Applicant Information** – This section helps DHHL identify **who** the applicant organization is and the applicant organization's history and experience with providing programs and services to DHHL beneficiaries.
2. **Project Information** – This section helps DHHL identify **what** the project is, **why** the project is needed, and **how** it will benefit DHHL and its beneficiaries. The section also asks whether the proposed project is a DHHL Regional Plan Priority Project to determine beneficiary support for the project. If it is not a DHHL Regional Plan Priority Project, additional beneficiary consultation is needed to determine beneficiary support for the project.
3. **Project Location** – This section helps DHHL identify **where** the project is located. DHHL will make determinations whether the proposed project is consistent with its Island Plan Land Use Designation and whether the proposed project is a compatible use with the surrounding area.
4. **Timeframe** – This section helps DHHL identify **when** and **how long** the applicant's proposed project will take to implement. More importantly, it helps DHHL and the applicant to identify major benchmarks and phases in the proposed project.

**Department of Hawaiian Home Lands  
NON-PROFIT ORGANIZATION APPLICATION FOR LONG-TERM USE OF DHHL LANDS  
Application  
INSTRUCTIONS**

A completed Pre-Application Packet must include:

- Signed Application Instructions Form (See the bottom of this form)
- Filled-out and signed Pre-Application Form
- Enclosed with the filled-out and signed Pre-Application Form, on separate pages, applicant responses to the information requested on the Pre-Application Form.

Please submit your pre-application packet either via mail to:

**DHHL Land Management Division  
91-5420 Kapolei Parkway  
Kapolei, HI 96707**

**Part II --APPLICATION**

After DHHL review of a completed Pre-Application Project Proposal and positive recommendation by staff is made, and if comments from beneficiary consultation meetings are positive, staff will make a recommendation to the Hawaiian Homes Commission to approve a Right-of-Entry Permit for the applicant to access DHHL land to conduct further due diligence work. Terms and conditions of the ROE permit will also be negotiated with the applicant at this time. The due diligence work is project dependent but typically consists of:

- Master Plan
- Business Plan
- HRS Chapter 343 Environmental Assessment or Environmental Impact Statement

**NOTE TO POTENTIAL APPLICANTS: DHHL funding and staff technical assistance is NOT guaranteed to complete any of the above due diligence work. DHHL might consider providing funding assistance to projects that can attract other sources of funding. Projects that rely primarily on DHHL resources (other than land) for implementation will not be considered.**

**Department of Hawaiian Home Lands**  
**NON-PROFIT ORGANIZATION APPLICATION FOR LONG-TERM USE OF DHHL LANDS**  
**Application**  
**INSTRUCTIONS**

**ISSUANCE OF A LONG-TERM DISPOSITION (License or General Lease)**

After successful completion of the due diligence studies, DHHL will negotiate terms and conditions of a long-term disposition with the applicant and make a recommendation to the HHC for approval of a long-term disposition. Please note, each disposition will most likely include a set of special conditions that must be fulfilled by the applicant. Special conditions will be unique for each project and will be negotiated between DHHL and the applicant.

In addition to special conditions, **standard conditions** that will be included in every disposition instrument include:

- Requiring the licensee or lessee to possess a valid limited liability insurance policy that can cover up to \$1 million in damages to DHHL property or persons that are accidentally injured on DHHL land;
- Requiring the licensee or lessee to comply with all applicable federal, state, and county laws;
- Realistic project milestones that demonstrate the growing capacity of the licensee or lessee; this may include limiting the size of the area that was originally requested by the applicant in the pre-application form to a smaller more manageable size in the first several years of the license or lease and gradually increasing the size of the area in the license or lease over time as project milestones are reached.
- Requiring the licensee or lessee to demonstrate that it is proactively making its best effort to recruit more DHHL beneficiaries to participate in the programs and services being provided on the DHHL property for which it has a license or lease to.

**DHHL has a fiduciary responsibility to ensure that the applicant's use of DHHL property does not harm DHHL's ability to help other current and future beneficiaries. Please note that the special conditions and standard conditions that are included in dispositions are meant to mitigate harm to the DHHL Trust from unforeseen and/or unfortunate incidences that may occur on the licensed or leased property and ensure that all interested DHHL beneficiaries may participate in programs or services being offered through the use of DHHL property by the applicant.**

**Department of Hawaiian Home Lands**  
**NON-PROFIT ORGANIZATION APPLICATION FOR LONG-TERM USE OF DHHL LANDS**  
**Application**  
**INSTRUCTIONS**

**APPLICATION PROCESS ESTIMATED TIMEFRAME**

Application Step	Timeframe	Responsible Entity
1. DHHL receives pre-application packet and notifies applicant if pre-application packet is complete	Up to 30 days	LMD
2. DHHL reviews completed project proposal and schedules review meeting with applicant to review questions, concerns, staff may have	Up to 90 days	PO & LMD
3. DHHL schedules beneficiary consultation meeting if project is <u>not</u> a regional plan priority project.  The applicant's pre-application will be placed on the DHHL Land Management Division webpage for public review.	Meeting scheduled 3 months before on island HHC meeting. For example, if you are applying for DHHL land on Kauai, the beneficiary consultation meeting would be scheduled 3 months before the HHC meeting on Kauai.  HHC meeting calendar go to:  <a href="http://dhhl.hawaii.gov/hhc/">http://dhhl.hawaii.gov/hhc/</a>	PO & Applicant
4. HHC ROE approval for due diligence	3 months after beneficiary consultation meeting	LMD & HHC
5. Conduct due diligence studies*	12-24 months	Applicant*
6. HHC approves FONSI	TBD	PO & HHC
7. HHC approves long-term disposition	TBD	LMD & HHC
8. Monitoring and reporting	TBD	Applicant & PO & LMD

**[To be signed by person identified in Pre-Application Form Question #1]** I hereby acknowledge that I have read and understand the above application instructions. I understand that this form is being submitted electronically and my typed name on the signature line will qualify as my signature for purposes of the above certification.

Signature:   
 Printed Name: Maile Lu'uwai  
 Organization: Keaukaha Pana'ewa Farmers Association

Date: 12/17/2022  
 Title: President



STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS  
P. O. BOX 1879  
HONOLULU, HAWAII 96825

Department of Hawaiian Home Lands  
**NON-PROFIT ORGANIZATION APPLICATION FOR  
LONG-TERM USE OF DHHL LANDS**

**PRE-APPLICATION FORM**

*This form should be used by non-profit organizations who are interested in securing a long-term license agreement for the use of DHHL lands to better serve native Hawaiian beneficiaries, their families, and the homestead community. Please review the Pre-Application Guidelines and Instructions document before you fill out this form because it provides detailed instructions and it explains all the steps involved in securing a long-term license agreement.*

**APPLICANT INFORMATION**

**Name of Organization:** Keaukaha Pana'ewa Community Alliance

Date of Incorporation: 11/16/2012 IRS Tax-Exempt #: 31622

1. Please identify one individual who will be the point of contact for this application:  
Contact Name: Maile Lu'uwai Title: President, Keaukaha Pana'ewa Farmers Association  
Email Address: maile@luuwailaw.com Phone: 808-280-0083
2. What is the mission/vision of your organization?  
*[Please provide your typed responses on a separate page]*
3. Please describe the history of your organization.  
*[Please provide your typed responses on a separate page]*
4. How has your organization previously served beneficiaries of the Hawaiian Homes Commission Act?  
*[Please provide your typed responses on a separate page]*
5. Describe past experiences, projects, or programs in the last five years that illustrate consistency with your organization's mission/vision statement.  
*[Please provide your typed responses on a separate page]*
6. Please provide references (name and contact information) and/or Letters of Support for this application for non-homestead use of Hawaiian Home Lands.  
*[Please provide your typed responses on a separate page]*
7. If you are developing your project in partnership with another organization(s), please describe the roles and responsibilities of each organization during project development, implementation, and long-term management.  
*[Please provide your typed responses on a separate page]*

**PROJECT INFORMATION**

- 8. Describe the project. What are your project goals and objectives? What kinds of activities, programs, and/or services will you provide? Describe the need for your project and how it will benefit the DHHL trust, homestead lessees, and/or waitlist applicants.  
*[Please provide your typed responses on a separate page]*
- 9. Please share your current thinking about the following project elements:
  - a. The planning process and your efforts to include beneficiaries.
  - b. Beneficiary involvement throughout the duration of the project.
  - c. Design and construction costs for major improvements (if any).
  - d. Long-term management and operation of project facilities and the requested land area.
  - e. Long-term maintenance and repairs.*[Please provide your typed responses on a separate page]*
- 10. Is the proposed project a Regional Plan Priority Project? YES  NO
- 11. How do you intend to secure funding and other needed resources for the project?  
*[Please provide your typed responses on a separate page]*

**PROJECT LOCATION**

- 12. Identify the parcel(s) of land your organization is requesting.  
Tax Map Key Number(s): (3) 2-1-025:091 \_\_\_\_\_ Acres: 10.63 \_\_\_\_\_  
Homestead Area: Pana'ewa \_\_\_\_\_ Regional Plan Area: Pana'ewa \_\_\_\_\_  
Island Plan Land Use Designation: *check all that apply below*  
Community Use  General Agriculture  Conservation  Special District  Other
- 13. Please attach a map that marks the boundaries of the area of land you are requesting. Please also identify on a separate map the conceptual layout and siting of proposed uses.  
  
See Exhibit A. Resiliency & Agricultural Innovation Hub Design Charrette Executive Summary, Page 11, Figure 1.
- 14. What are the existing uses in the surrounding area? Please describe how your proposed use is consistent with the existing surrounding uses.  
*[Please provide your typed responses on a separate page]*
- 15. Why do you want to implement your project at this site? Describe the characteristics of the site and surrounding area that make it an ideal location for your project.  
*[Please provide your typed responses on a separate page]*

**TIMEFRAME**

- 16. What is the general timeframe for implementing the project (estimated years)? Please identify major benchmarks and phases.  
*[Please provide your typed responses on a separate page]*

I hereby acknowledge that I have read this application and certify that the information provided in our responses are correct. I understand that this form is being submitted electronically and my typed name on the signature line will qualify as my signature for purposes of the above certification.

Signature:   
 Printed Name: Maile Lu'uwai  
 Organization: Keaukaha Pana'ewa Farmers Association

Date: 12/17/22  
 Title: President

**Department of Hawaiian Home Lands**  
**NON-PROFIT ORGANIZATION APPLICATION FOR LONG-TERM USE OF DHHL LANDS**  
**Application**  
**INSTRUCTIONS**

### **PURPOSE OF APPLICATION**

The Hawaiian Homes Commission Act (HHCA) Section 204(2) and 207(c) authorizes DHHL to dispose of lands for non-homesteading purposes on the same terms, conditions, restrictions, and uses applicable to the disposition of public lands as provided in Hawaii Revised Statutes (HRS) Chapter 171. HRS 171-43.1 authorizes DHHL to dispose of lands to eleemosynary organizations by direct negotiation without requiring a competitive solicitation process.

Per HRS 171-43.1, eleemosynary organizations must be certified to be tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as amended. The lands shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service.

**This application is meant for IRS 501(c)(1) or IRS(501)(c)(3) non-profit organizations that are interested in long-term utilization of DHHL land for the purposes of providing programs and services to DHHL beneficiaries to further their rehabilitation and well-being.**

This application is NOT meant for:

- For-profit entities and for-profit purposes. For-profit proposals must go through a different process that requires a competitive solicitation process as outlined in HRS Chapter 171.
- Individual use of Hawaiian Home Lands
- Organizations and individuals that are interested in use or access of Hawaiian Home Lands for less than 30-days (short-term use). Interested organizations or individuals interested in short-term use of Hawaiian Home Lands should contact the DHHL Land Management Division for a Limited Right-of-Entry Permit application.

### **APPLICATION PROCESS**

There are two main parts to this application process: (1) Completion of Pre-Application Form and (2) Application.

#### **Part I -- Pre-Application Form**

Pre-application intended to minimize risk of investing significant time and resources for the applicant and give DHHL a better idea about proposal and applicant potential capacity to implement.

The Pre-Application Project Proposal Form also ensures that the proposed area of use is consistent with DHHL Island Plan Land Use Designations. DHHL Island Plans can be found at: <http://dhhl.hawaii.gov/po/island-plans/> DHHL will **only** be accepting proposals for its lands that

**Name of Organization:** Nonprofit Fiscal Sponsor: Keaukaha Pana'ewa Community Alliance  
Sponsored Organization: Keaukaha Pana'ewa Farmers Association

## APPLICANT INFORMATION

### 1. Please identify one individual who will be the point of contact for this application:

Contact Name: Maile Lu'uwai Title: President, Keaukaha Pana'ewa Farmers Association  
Email Address: maile@luuwailaw.com Phone: 808.280.0083

### 2. What is the mission/vision of your organization?

**Nonprofit Fiscal Sponsor: Keaukaha Pana'ewa Community Alliance (KPCA):**

In 2012, the Keaukaha Pana'ewa Farmers Association (KPFA) incorporated KPCA to serve as KPFA's non-profit 501(c)(3) partner fiscal sponsor. KPCA is operated exclusively for the exempt purposes set forth in its articles of incorporation. KPCA serves as KPFA's fiscal sponsor for DHHL community benefit funds, private, state, and federal grants.

**Sponsored Organization: Keaukaha Pana'ewa Farmers Association (KPFA):**

KPFA's mission is to "support, motivate and educate Keaukaha Pana'ewa agricultural lessees to establish a viable, sustainable farm community; preserve Hawaiian culture; achieve self-sufficiency; and strengthen pono management and respect for the 'aina".

KPFA is organized to encourage, promote, and support all agricultural activities pertinent to the Pana'ewa farm lot homestead lessees and their 'ohana, and all other Hawaiians on the waiting list for Pana'ewa agricultural homestead leases.

### 3. Please describe the history of your organization.

Located in South Hilo, the Keaukaha Hawaiian Homestead was the first residential homestead developed on Hawai'i Island in 1921.

In 1976, the Keaukaha Pana'ewa Homestead was established. The first agricultural land awards for this homestead were awarded to fifty Keaukaha native Hawaiians, who were forced to relinquish their homes and relocate due to the construction of the Hilo International Airport. KPFA was established to serve Keaukaha Pana'ewa Homestead lessees on DHHL agricultural lands in Pana'ewa.

KPFA is a Hawaiian Homes Commission Act Beneficiary Association controlled by beneficiaries, as defined by the Hawaiian Home Land Recovery Act, 109 §537, and is registered with the U.S. Department of the Interior, 43 CFR §§47.10 and 48.6. KPFA is also recognized by the State of Hawai'i Department of Hawaiian Home Lands as the representative organization for DHHL beneficiaries and their 'ohana on Pana'ewa Hawaiian Home Land trust lands.

In 2012, KPFA incorporated KPCA to serve as KPFA's non-profit 501(c)(3) partner entity and fiscal sponsor for grants.

KPFA currently manages the Pana'ewa Resiliency & Agricultural Innovation Hub (Pana'ewa Hub); formerly known as the Pana'ewa Farmer's Market. The Pana'ewa Hub is a one-acre site located at 363 Railroad Avenue. The site is operated under a Right-of-Entry Permit No. 482 between fiscal sponsor KPCA and DHHL.

This long-term license application is requesting 10.63 acres to fully develop the Pana'ewa Hub in accordance with its Conceptual Master Plan (Master Plan). The Master Plan is a 299-page document KPFA completed with consultant G70 in October 2021. The Master Plan includes a biological assessment, traffic assessment, archeological assessment, and utilities and infrascture preliminary assessment. For a summary of the Master Plan, see Exhibit A. The Resiliency & Agricultural Innovation Hub Design Charrette Executive Summary.

**4. How has your organization previously served beneficiaries of the Hawaiian Homes Commission Act (HCCA)?**

KPFA provides programs to beneficiaries at the Pana'ewa Hub. KPFA has secured grants and established partnerships to provide agricultural and community workshops, as well as provide resources, to beneficiaries and their 'ohana. Detailed information regarding KPFA programs and beneficiaries served is provided in Exhibit B. 2017-2022 KPFA Programs.

**5. Describe past experiences, projects, or programs in the last five years that illustrate consistency with your organization's mission/vision statement.**

For KPFA Programs in the last five years that illustrate consistency with KPFA's mission and vision, see Exhibit B. 2017-2022 KPFA Programs.

**6. Please provide references (name and contact information) and/or Letters of Support for this application for non-homestead use of Hawaiian Home Lands.**

Not applicable. This application is for homestead community use of Hawaiian Home Lands.

**7. If you are developing your project in partnership with another organization(s), please describe the roles and responsibilities of each organization during project development, implementation, and long-term management.**

Keaukaha Pana'ewa Community Alliance (KPCA) will serve as the project fiscal sponsor. Keaukaha Pana'ewa Community Alliance (KPFA) is not developing the project in partnership with another organization.

## PROJECT INFORMATION

- 8. Describe the project. What are your project goals and objectives? What kinds of activities, programs, and/or services will you provide? Describe the need for your project and how it will benefit the DHHL trust, homestead lessees, and/or waitlist applicants.**

KPFA is proposing to develop a Resiliency & Agricultural Innovation Hub (Pana'ewa Hub) for a 10.63-acre parcel on Hawaiian Home Lands, identified as Tax Map Key (3) 2-1-025:091 located on 363 Railroad Avenue in Hilo Hawaii. This application is for a long-term license for the 10.63-acre parcel.

The Pana'ewa Hub will consist of a series of pavilions connected by a lanai deck encompassing a central mound (piko). The pavilions will be designed as flexible spaces that can accommodate a range of programs. A kitchen and equipment storage area will also be included to support KPFA operations. The grounds surrounding the hub will be utilized for parking, outdoor learning spaces, innovative agricultural demonstration areas, and a community garden.

The Pana'ewa Hub purpose is twofold. First, in accordance with KPFA's community driven strategic plan, the Pana'ewa Hub will be our own 'space and place'; a community serving facility with a commercial kitchen and facilities for keiki to kūpuna programming; agricultural training; and include an agricultural demonstration area to support 'ohana enrichment, community economic sustainability, and economic food security.

Second, the Pana'ewa Hub, in its design and capacity, can be activated to support the community, coordinate communication and resources, and ensure that physical and social needs can be met in preparation of, during, and post-recovery of a natural disaster or pandemic related event. The primary resources will include water, food security, off-grid energy production, access to clean drinking water, emergency communication technologies, storage for emergency equipment, and training for disaster preparedness and response.

- 9. Please share your current thinking about the following project elements:**

**a. The planning process and your efforts to include beneficiaries.**

KPFA beneficiaries and their 'ohana were invited to two all-day strategic planning workshops in 2018 and 2019. Via these strategic planning workshops, the community identified a community facility and innovative agriculture as top priorities for the selected site. The Pana'ewa Hub facility was selected as the number one strategic priority by KPFA community members.

In 2020, KPFA secured G70 to lead KPFA beneficiary visioning workshops to create a Design Charette for the Pana'ewa Hub. The Design Charette was completed in November 2020.

In 2021, KPFA secured G70 to lead KPFA beneficiary workshops to develop a Conceptual Master Plan based on KPFA beneficiary driven strategic priorities and incorporating the Design Charette. The Master Plan, a 299-page document, was completed in October 2021.

In 2022, KPFA secured G70 to continue the Master Plan work to include the Environmental Assessment (343 HRS) and Historic Preservation Review (6E HRS). The KPFA Board will be included in G70 status reports for both projects.

KPFA is currently working on the proposal scope for the next stage of the Master Plan: Design Tasks, Permit Set, Permitting/Bid Process, Construction, and Community Vulnerability Assessment. KPFA beneficiaries will be included in the final design process and the community vulnerability workshops.

**b. Beneficiary involvement throughout the duration of the project.**

See above.

**c. Design and construction costs for major improvements.**

As stated above, KPFA is working on the proposal scope for the next stage of the Master Plan which includes Design Tasks. The Design Task Phase includes a Permit Set and Final Construction Documents. Upon KPFA approval of the Permit Set design, final design documents will be generated for construction pricing. At this time, design and construction costs for major improvements will be identified.

**d. Long-term management and operation of project facilities and the requested land area.**

We are developing a business plan that will be submitted upon completion of the environmental assessment. The business plan will provide a framework for the long-term management and operation of the Pana'ewa Hub.

**e. Long-term maintenance and repairs.**

The business plan includes plans for long-term maintenance and repairs.

**10. Is the proposed project a Regional Plan Priority Project?** YES  NO

**11. How do you intend to secure funding and other needed resources for the project?**

KPFA is currently working on the proposal scope for the next stage of the Master Plan: Design Tasks, Permit Set, Permitting/Bid Process and Community Vulnerability Planning. KPFA beneficiaries will be included in the final design process and the community vulnerability workshops.

KPFA proposal scope will be included in the State GIA request for funding that is due on January 22, 2023.

**12. Identify the parcel(s) of land your organization is requesting.**

Tax Map Key Number(s): (3) 2-1-025:091

Acres: 10.63

Homestead Area: Pana'ewa

Regional Plan Area: Pana'ewa

Island Plan Land Use Designation: *check all that apply below*

Community Use  General Agriculture  Conservation  Special District  Other

The information that follows is from Exhibit A. Pana‘ewa Resiliency & Agricultural Innovation Hub Design Charrette Executive Summary, Page 4, Table 1. Summary of Environmental Conditions.

<b>Tax Map Key (TMK)</b>	(3) 2-1-025:091
<b>Ahupua‘a</b>	Waiākea
<b>Island</b>	Hawai‘i Island
<b>State Land Use District</b>	Urban
<b>Hawai‘i County Zoning</b>	MG-1a (General Industrial District)
<b>Department of Hawaiian Home Lands (DHHL) Land Use Classification</b>	Commercial
<b>Land Use Pattern Allocation Guide (LUPAG)</b>	Urban Expansion
<b>Topography</b>	Relatively flat, undulating ground with an elevation change of 6 ft
<b>Rainfall</b>	About 140 inches per year
<b>Soils</b>	Papai extremely cobbly highly decomposed plant material, 2 to 10 percent slopes
<b>Land Study Bureau (LSB)</b>	No Classification
<b>Agricultural Lands of Importance to the State of Hawai‘i (ALISH)</b>	<b>Prime</b>
<b>Flood Hazard</b>	Zone X, minimal flood hazard
<b>Sea Level Rise Exposure Area (SLR-XA)</b>	This parcel is located outside of the SLR-XA
<b>Tsunami Evacuation Zone</b>	This parcel is located outside of the tsunami evacuation zone
<b>Lava Hazard Zone</b>	2

**13. Please attach a map that marks the boundaries of the area of land you are requesting. Please also identify on a separate map the conceptual layout and siting of proposed uses.**

See Exhibit A. Resiliency & Agricultural Innovation Hub Design Charrette Executive Summary, Page 11.

**14. What are the existing uses in the surrounding area? Please describe how your proposed use is consistent with the existing surrounding uses.**

The surrounding area includes commercial and industrial uses. The current one-acre site is used by KPFA’s is used for community and agricultural workshops and for a hydroponics center. The rear of the site is not developed. The adjacent southeast site is used for agriculture. The adjacent northwest site is not developed.

**15. Why do you want to implement your project at this site? Describe the characteristics of the site and surrounding area that make it an ideal location for your project.**

In 2014, this site was identified by KPFA, with the support of DHHL, as an exceptional site to locate KPFA's Farmers Market and for community workshops and activities. Although, DHHL Land Use Classification for site is commercial, the Agricultural Lands of Importance to the State of Hawai'i (ALISH) is prime agricultural land. The site characteristics supports our Masterplan.

**16. What is the general timeframe for implementing the project (estimated years)? Please identify major benchmarks and phases.**

Estimated Timeframe

June 2023	Environmental Assessment (343 HRS) Issue FEA/FONSI to conclude EA Review
April 2023	6E HRS Historic Preservation Review SHPD Review Period/Letter of Concurrence
July 2024	Community Vulnerability Assessment Community workshops
Dec 2024	Design Tasks: Geotechnical Study, Topo Survey, Schematic Design, Design Development, Permit Set, Final Construction Documents
March 2025	Permitting/ Bid Process
Oct 2025	Begin Construction

**Name of Organization:** Nonprofit Fiscal Sponsor: Keaukaha Pana'ewa Community Alliance  
Sponsored Organization: Keaukaha Pana'ewa Farmers Association

## APPLICANT INFORMATION

### 1. Please identify one individual who will be the point of contact for this application:

Contact Name: Maile Lu'uwai Title: President, Keaukaha Pana'ewa Farmers Association  
Email Address: maile@luuwailaw.com Phone: 808.280.0083

### 2. What is the mission/vision of your organization?

**Nonprofit Fiscal Sponsor: Keaukaha Pana'ewa Community Alliance (KPCA):**

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### 3. Please describe the history of your organization.

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In 1976, the Keaukaha Pana'ewa Homestead was established. The first agricultural land awards for this homestead were awarded to fifty Keaukaha native Hawaiians, who were forced to relinquish their homes and relocate due to the construction of the Hilo International Airport. KPFA was established to serve Keaukaha Pana'ewa Homestead lessees on DHHL agricultural lands in Pana'ewa.

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**4. How has your organization previously served beneficiaries of the Hawaiian Homes Commission Act (HCCA)?**

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**5. Describe past experiences, projects, or programs in the last five years that illustrate consistency with your organization's mission/vision statement.**

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**6. Please provide references (name and contact information) and/or Letters of Support for this application for non-homestead use of Hawaiian Home Lands.**

Not applicable. This application is for homestead community use of Hawaiian Home Lands.

**7. If you are developing your project in partnership with another organization(s), please describe the roles and responsibilities of each organization during project development, implementation, and long-term management.**

Keaukaha Pana'ewa Community Alliance (KPCA) will serve as the project fiscal sponsor. Keaukaha Pana'ewa Community Alliance (KPFA) is not developing the project in partnership with another organization.

**PROJECT INFORMATION**

**8. Describe the project. What are your project goals and objectives? What kinds of activities, programs, and/or services will you provide? Describe the need for your project and how it will benefit the DHHL trust, homestead lessees, and/or waitlist applicants.**

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**9. Please share your current thinking about the following project elements:**

**a. The planning process and your efforts to include beneficiaries.**

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In 2022, KPFA secured G70 to continue the Master Plan work on the Environmental Assessment (343 HRS) and Historic Preservation Review (6E HRS). The KPFA Board will be included in G70 status reports for both projects.

KPFA is currently working on the proposal scope for the next stage of the Master Plan: Design Tasks, Permit Set, Permitting/Bid Process, Construction, and Community Vulnerability Assessment. KPFA beneficiaries will be included in the final design process and the community vulnerability workshops.

**b. Beneficiary involvement throughout the duration of the project.**

See above.

**c. Design and construction costs for major improvements.**

As stated above, KPFA is working on the proposal scope for the next stage of the Master Plan which includes Design Tasks. The Design Task Phase includes a Permit Set and Final Construction Documents. Upon KPFA approval of the Permit Set design, final design documents will be generated for construction pricing. At this time, design and construction costs for major improvements will be identified.

**d. Long-term management and operation of project facilities and the requested land area.**

We are developing a business plan that will be submitted upon completion of the environmental assessment. The business plan will provide a framework for the long-term management and operation of the Pana'ewa Hub.

**e. Long-term maintenance and repairs.**

The business plan includes plans for long-term maintenance and repairs.

**10. Is the proposed project a Regional Plan Priority Project?** YES  NO

**11. How do you intend to secure funding and other needed resources for the project?**

KPFA is currently working on the proposal scope for the next stage of the Master Plan: Design Tasks, Permit Set, Permitting/Bid Process and Community Vulnerability Planning. KPFA beneficiaries will be included in the final design process and the community vulnerability workshops.

KPFA proposal scope will be included in the State GIA request for funding that is due on January 22, 2023.

**12. Identify the parcel(s) of land your organization is requesting.**

Tax Map Key Number(s): (3) 2-1-025:091

Acres: 10.63

Homestead Area: Pana'ewa

Regional Plan Area: Pana'ewa

Island Plan Land Use Designation: *check all that apply below*

Community Use  General Agriculture  Conservation  Special District  Other

The information that follows is from Exhibit A. Pana‘ewa Resiliency & Agricultural Innovation Hub Design Charrette Executive Summary, Page 4, Table 1. Summary of Environmental Conditions.

<b>Tax Map Key (TMK)</b>	(3) 2-1-025:091
<b>Ahupua‘a</b>	Waiākea
<b>Island</b>	Hawai‘i Island
<b>State Land Use District</b>	Urban
<b>Hawai‘i County Zoning</b>	MG-1a (General Industrial District)
<b>Department of Hawaiian Home Lands (DHHL) Land Use Classification</b>	Commercial
<b>Land Use Pattern Allocation Guide (LUPAG)</b>	Urban Expansion
<b>Topography</b>	Relatively flat, undulating ground with an elevation change of 6 ft
<b>Rainfall</b>	About 140 inches per year
<b>Soils</b>	Papai extremely cobbly highly decomposed plant material, 2 to 10 percent slopes
<b>Land Study Bureau (LSB)</b>	No Classification
<b>Agricultural Lands of Importance to the State of Hawai‘i (ALISH)</b>	<b>Prime</b>
<b>Flood Hazard</b>	Zone X, minimal flood hazard
<b>Sea Level Rise Exposure Area (SLR-XA)</b>	This parcel is located outside of the SLR-XA
<b>Tsunami Evacuation Zone</b>	This parcel is located outside of the tsunami evacuation zone
<b>Lava Hazard Zone</b>	2

**13. Please attach a map that marks the boundaries of the area of land you are requesting. Please also identify on a separate map the conceptual layout and siting of proposed uses.**

See Exhibit A. Resiliency & Agricultural Innovation Hub Design Charrette Executive Summary, Page 11.

**14. What are the existing uses in the surrounding area? Please describe how your proposed use is consistent with the existing surrounding uses.**

The front of one-acre site is used by KPFA’s is used for community and agricultural workshops and for a hydroponics center. The rear of the site is not developed. The adjacent southeast site is used for agriculture. The adjacent northwest site is not developed. The surrounding area includes commercial and industrial uses.

**15. Why do you want to implement your project at this site? Describe the characteristics of the site and surrounding area that make it an ideal location for your project.**

In 2014, this site was identified by KPFA, with the support of DHHL, as an exceptional site to locate KPFA's Farmers Market and for community workshops and activities. Although, DHHL Land Use Classification for site is commercial, the Agricultural Lands of Importance to the State of Hawai'i (ALISH) is prime agricultural land. The site characteristics supports our Masterplan.

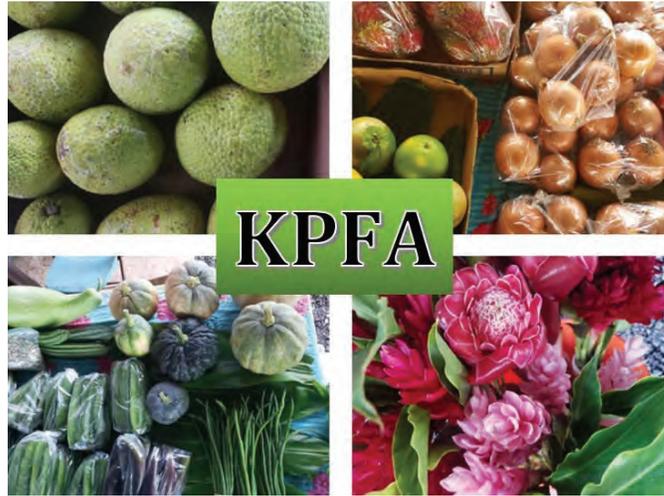
**16. What is the general timeframe for implementing the project (estimated years)? Please identify major benchmarks and phases.**

Estimated Timeframe

June 2023	Environmental Assessment (343 HRS) Issue FEA/FONSI to conclude EA Review
April 2023	6E HRS Historic Preservation Review SHPD Review Period/Letter of Concurrence
July 2024	Community Vulnerability Assessment Community workshops
Dec 2024	Design Tasks: Geotechnical Study, Topo Survey, Schematic Design, Design Development, Permit Set, Final Construction Documents
March 2025	Permitting/ Bid Process
Oct 2025	Begin Construction

**Exhibit A**  
**Resiliency & Agricultural Innovation Hub Design**  
**Charrette Executive Summary**

# KEAUKAHA PANA'EWA FARMERS ASSOCIATION



## RESILIENCY & AGRICULTURAL INNOVATION HUB DESIGN CHARRETTE EXECUTIVE SUMMARY

Waiākea, Island of Hawai'i,  
Hawai'i

Tax Map Key: (3) 2-1-025:091

Prepared By:



111 S. King Street, Suite 170  
Honolulu, Hawai'i 96813

OCTOBER 2021

# Executive Summary

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## PROJECT DESCRIPTION

Located in South Hilo, the Keaukaha Hawaiian Homestead was the first residential homestead developed on Hawai'i Island in 1921. In 1976, the Keaukaha Pana'ewa Homestead was established. The first agricultural land awards for this homestead were given to fifty Keaukaha native Hawaiians, who were forced to leave their homes and relocate due to the construction of the Hilo International Airport. Now named the Keaukaha Pana'ewa Farmer's Association (KPFA), its mission is to support, motivate and educate the Keaukaha Pana'ewa agricultural lessees to establish a viable sustainable farm community; preserve Hawaiian culture; achieve self-sufficiency, pono management, and respect for the 'āina (land).

KPFA is a Hawaiian Homes Commission Act Beneficiary Association controlled by beneficiaries, as defined by the Hawaiian Home Land Recovery Act, 109 §537, and is registered with the U.S. Department of the Interior, 43 CFR §§47.10 and 48.6. KPFA is also recognized by the State of Hawai'i Department of Hawaiian Home Lands as the representative organization for DHHL beneficiaries and their 'ohana on Pana'ewa Hawaiian Home Land trust lands.

In 2012, KPFA incorporated the Keaukaha Pana'ewa Community Alliance (KPCA) to serve as KPFA's non-profit 501(c)(3) partner entity and fiscal sponsor for private, state, and federal grants. KPFA also manages the Ho'oulu 'Āina Community Project (HACP), which encourages Native Hawaiian homesteaders to actively farm for cultural, economic, health and self-sufficiency benefits. In addition to community engagement workshops and instructional, hands-on demonstrations, HACP has documented oral histories and farming practices of Hawaiian homesteaders.

KPFA currently operates the Pana'ewa Farmer's Market and Resource Hub. KPFA has secured grants and established partnerships to provide agricultural workshops and resources for community members. KPFA coordinated the distribution and delivery of food, PPE, keiki supplies during the height of the COVID pandemic from 2020 to 2021 and continues to provide COVID testing kits to the community.

KPFA is proposing to develop a Resiliency & Agricultural Innovation Hub (Pana'ewa Hub) for a 10.63- acre parcel on Hawaiian Home Lands, identified as Tax Map Key (3) 2-1-025:091 located on 363 Railroad Avenue in Hilo Hawaii. The Pana'ewa Hub will consist of a series of pavilions connected by a lanai deck encompassing a central mound (piko). The pavilions will be designed as flexible spaces that can accommodate a range of programs. A kitchen and equipment storage area will also be included to



support KPFA operations. The structures will be orientated to honor the direction towards Mauna Kea and Mauna Loa. The grounds surrounding the hub will be utilized for parking, outdoor learning spaces, innovative agricultural demonstration areas, and a community garden.

## Resilience Hub

After a tumultuous Hurricane season several years ago, the volcano's destruction in Pahoehoe, and KPFA's community experience with COVID, KPFA community members recognized that they needed their own resilient 'place and space', as well as a safe haven to support our community members to prepare for, during, and post-recovery from a natural disaster and community crisis like COVID-19.

Through intensive community driven strategic planning, the Pana'ewa Hub evolved as the number one community priority. The Pana'ewa Hub purpose is twofold. First, in accordance with KPFA's strategic plan, the Pana'ewa Hub will be a community serving facility with a commercial kitchen and facilities for keiki to kupa programming; agricultural training; and agricultural demonstration area to support 'ohana enrichment, community economic sustainability, and economic food security.

Second, the Pana'ewa Hub will provide training, community care and coordinate resource distribution services before, during, or after a hazardous event. The primary resources will include: water, food security, off-grid energy production, access to clean drinking water, emergency communication technologies, storage for emergency equipment, and training for disaster preparedness and response.

**Table 1: Summary of Environmental Conditions**

<b>Tax Map Key (TMK)</b>	(3) 2-1-025:091
<b>Ahupua'a</b>	Wai'ikea
<b>Island</b>	Hawai'i Island
<b>State Land Use District</b>	Urban
<b>Hawai'i County Zoning</b>	MG-1a (General Industrial District)
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<b>Agricultural Lands of Importance to the State of Hawai'i (ALISH)</b>	Prime
<b>Flood Hazard</b>	Zone X, minimal flood hazard
<b>Sea Level Rise Exposure Area (SLR-XA)</b>	This parcel is located outside of the SLR-XA
<b>Tsunami Evacuation Zone</b>	This parcel is located outside of the tsunami evacuation zone

<b>Lava Hazard Zone</b>	2
<b>Wildfire Ignition Density</b>	High (2.18 sq. mi/yr.)
<b>Census Tract</b>	206 Hilo: Keaukaha-Pana'ewa
<b>Total Population</b>	6,282
<b>Native Hawaiian Population</b>	1263 (20.11%)
<b>Median age</b>	34
<b>Avg. Family Income</b>	58,516
<b>Below Poverty</b>	629
<b>Housing: Rented</b>	491
<b>Housing: Owned</b>	3339

For maps related to environmental conditions, see Appendix A.

## Methodology and Timeline

The Project was scoped for site condition analysis, conceptual master plan, infrastructure, and utilities assessment, three technical studies (Flora/Fauna, Traffic, Archaeology), and three workshops with KPFA community members and stakeholders. See Table 2 below.

<b>Date</b>	<b>Name</b>	<b>Affiliation</b>
Oct. 17, 2020	Charrette #1	KPFA Community Members & Stakeholders
Aug. 11, 2021	Justine Kamelamela	Ho'oulu 'Āina Community Project
Aug. 21, 2021	Charrette #2	KPFA Community Members & Stakeholders
Sept.17, 2021	Dotty Kelley-Paddock	Hau'ula Community Association (HCA)
Sept.17, 2021	Sean Naleimaile	State Historic Preservation Division (SHPD)
Sept. 25, 2021	Charrette #3	KPFA Community Members & Stakeholders
Oct. 1, 2021	Dr. Noa Lincoln	University of Hawai'i Department of Plant and Soil Sciences

## CONCEPTUAL MASTER PLAN AND PROGRAMMING

The conceptual masterplan was formed through KPFA community member workshops that were specific to KPFA's mission and goals for the site. The workshops defined who they are and why this project is unique to them. In the process of collecting foundational words and stories from KPFA, a vision statement was created to describe the project:

*Our Keaukaha Pana'ewa Farmers community honors the first Pana'ewa Nui homesteaders by carrying on the vision of a sovereign and thriving people committed to the guardianship of our resources in this pu'uhonua of well-being, gratitude, and growth.*

Within the balance between the existing site (abundance of water, sun, and life) and the origins of the site (ancestors who pioneered the land), lives legacy and honor. This vision is translated into the project's very own masterplan DNA where the spirit of the community coming together is embraced through creating a space for resiliency and agricultural innovation. Additionally, honoring the importance of Mauna Kea and Mauna Loa was incorporated into the site design. This simple, yet powerful, relationship anchors the hub and sits within the natural landscape of the site.

KPFA Resiliency & Agricultural Innovation Hub Masterplan DNA:

1. **Resilience** – The project is a place that represents shelter and the unique feeling of being safe, a Resiliency Hub that serves the community with protection and provision when they are in need. As a resilient strategy against hurricanes, flooding and other natural disasters, the site focuses on nature- based solutions that help mitigate wind and water. Surrounding the property are native tree species that are resilient to strong winds, and a moat to divert water or prevent flooding; all natural barriers that protect the site. Innovative agricultural areas will be located behind and intertwined around the Hub facility. As a result, the hub and innovative agricultural areas will remain safe and protected throughout all seasons.
2. **Central Mound** – A Central Mound creates a communal space, further expressing the feeling of coming together and being protected. This open space can house small to large group activities and performances. A central location for demonstration activities such as Hula, Kilo Hōkū, Kilo Honua, Lā'au Lapa'au (native plants), and Ho'okani Pila (music) - an open space for amphitheater and stepped seating. The Central Mound also offers an open view towards Mauna Kea and Mauna Loa.
3. **Lumi (Pavilion)** – In extension to the Central Mound, is the Lumi (pavilion). Depending on their use, each Lumi can grow and be flexible using sliding walls and screens.
  - a. LUMI 1: Kūpuna/Keiki engagement activities, 'Ohana gatherings, agricultural workshops (i.e., Indigenous Polyforestry)
  - b. LUMI 2: Commercial Certified Kitchen, Restrooms, Storage, Office, Sleeping Quarters
  - c. LUMI 3: Equipment Storage & Warehouse
  - d. LUMI 4 & 5: Spaces for educators to host Kilo and Agriculture programs.
4. **Lifted Lanai** – The Lifted Lanai allows spaces to stay cooler and enables the ground underneath to help with rain and water mitigation. A protected indoor-outdoor deck connects all the Lumi pavilions together, providing additional spaces that can be used during private and public events. The Lanai ensures ease for Kūpuna to find their way to their next class.

The programming and demographic workshops brought the understanding that the hub will meet a variety of community needs. Applying the strategy of flexibility and modularity, the conceptual masterplan incorporates large indoor-outdoor gathering spaces built on a structural grid; most of which are covered for protection and integrated with sustainable systems, such as photovoltaic panels for power, and rain collection for water. The full KPFA agricultural innovation and resilience hub site features and programming can be found in Table 3, Site Features and Programming.

Table 3. Site Features and Programming

Site Features	Area
Agriculture Innovation Projects (Green)	304,920 sf (7 Acres) Approximate
Central Mound	700 sf
Lifted Lanai (Covered, Open-Air)	8,000 sf
Parking #1 70 Stalls (Standard + ADA) Two Drop-Offs	30,000 sf
Parking #2 – Update- this area is included in the 2-Acre Agricultural Innovation Project. Figure 1 will be updated to reflect this change.	3,000 sf
Others (Paving & Decks)	TBD

Program	Area
Gathering Pavilion Front	2,570 sf
Lanai	500 sf
Back Lanai	500 sf
250 people max	
Total	3,570 sf (250 people max)
Commercial Certified Kitchen Outdoor Prep	1,960 sf
Process & Store/Refrigeration Vendor Stations	1,670 sf
Emergency Food Storage Backup	
Power Storage	
Total	3,630 sf
Imu Facility (Outdoor)	1,300 sf
Restrooms & Showers	1,160 sf
Male – Min. 3 stalls Female – Min. 3 stalls ADA – Min. 1 stall	
Office	950 sf
Storage Files	
Conference Room	835 sf
Classrooms & Storage	
Storage (Energy & Water Storage)	1,110 sf
Equipment Storage/ Warehouse	2,220 sf
Farm Dwelling	835 sf
Open (Kipuka) Pavilions	1,900 sf
Community Use Educational Use	
Program Total	17,490 sf

The project site is located within the DHHL Commercial district, which is designated for retail, business, and commercial activities. The purpose of this land is to provide revenue to DHHL Trust and/or Homestead Community Associations. Mixed uses are allowed. Permitted uses and minimum infrastructure on DHHL Commercial land must meet county standards. The programming is also applicable to Hawai'i State and County zoning. State Urban districts include activities or uses as provided by ordinances or regulations of the respective county. Likewise, permitted uses in the County MG-1a district include, but are not limited to: agricultural products processing, aquaculture, broadcasting stations, catering establishments, commercial parking lots, community buildings, food manufacturing, and greenhouses.

## SUMMARY OF REPORTS

### Archaeological Reconnaissance Survey

An Archaeological Reconnaissance Survey (ARS) was conducted by Keala Pono on July 12-13<sup>th</sup>, 2021. The pedestrian survey covered approximately 91% of the study area. One acre (9%) of the parcel was not walked due to impenetrable brush. One archaeological site (Site 1) was identified and consists of three abandoned cars, structural remains, and historic artifacts. The site as a whole likely dates to the 1960s or later, with the cars and at least one artifact probably dating to the 1950s. The site is in fair to poor condition, with all features heavily deteriorated. An archaeological inventory survey or data recovery program is recommended to document the site and more fully identify the cars and artifacts.

A consultation with the State Historic Preservation Division (SHPD) recommends completing an Archaeological Inventory Survey (AIS) to further document the sites. It is anticipated that documentation of the site would be adequate in moving towards a “no historic properties affected” determination.

### Biological Assessment

A walk-through survey was completed by Hui Kū Maoli Ola and G70 on July 21<sup>st</sup>, 2021. The perimeter survey identified 59 plant taxa and three fungi taxa, of which seven species (~11%) may be considered native (either indigenous to Hawai'i or of Polynesian introduction). Eight species of avifauna and four species of terrestrial fauna were identified, all of which have been introduced to Hawai'i. There were no proposed or endangered species observed.

Strawberry guava dominated the vegetation of the project's forested area. See Figure 3. Other abundant plant species include octopus tree, gunpowder tree, fruit trees, miconia, and bingabing. Indigenous plants include pockets of 'ōhia lehua, pepeiao, pōpolo, forked fimbry, and moa. Avifauna observed include cattle egret, red cardinal, zebra dove, spotted dove, red-billed leiothrix, house sparrow, saffron finch, and common mynah. Of the terrestrial fauna, green anole lizards and feral pigs were observed, and coqui frogs could be heard from the project area.

The report recommends the removal of invasive plant species to the extent possible, primarily, strawberry guava, miconia, bingabing, and a patch of juvenile gunpowder trees. Cleared areas should immediately be replanted and/or monitored to prevent invasive plants from reestablishing presence. The planting of traditionally cultivated plants that are compatible with the parcel, such as kukui, mai'a (banana), niu (coconut), noni, 'ōhi'a 'ai (mountain apple), 'ulu (breadfruit), 'awa, kalo (taro), kī, kō (sugarcane), māmakī, 'ōlena (tumeric), 'uala (sweet potato), and uhi (yam), is recommended. Furthermore, invasive species control is recommended for feral pigs and little fire ants. Project site should be monitored for possible Rapid 'Ōhi'a Death (ROD) and potential 'Ōpe'ape'a (Hawaiian Hoary Bat) populations.

### Traffic Assessment Report

A Traffic Assessment Report (TAR) was conducted from August 11<sup>th</sup>, 2021 to August 15<sup>th</sup>, 2021 by Traffic Management Consultants to analyze the existing peak hour traffic in vicinity of the project site. Turning movement traffic count surveys were conducted at the intersections of:

- a) Maka'ala Street and Railroad Avenue
- b) The Home Depot Driveway and Railroad Avenue
- c) Pu'ainako street and Railroad Avenue

A highway capacity analysis was used to determine Levels of Service (LOS) ranging from best LOS "A" to the worst LOS "F". LOS "D" is the minimum acceptable LOS according to Hawai'i County Code "Concurrency Requirements". A traffic count survey was conducted on Railroad Avenue to determine peak periods of traffic.

Peak weekday traffic hours occur from 7:15 AM to 8:15 AM and again from 3:15 PM to 4:15 PM. During peak AM traffic, Maka'ala Street and Railroad Avenue operated at LOS "D". Pu'ainako Street and the Home Depot Driveway operated at LOS "C" and "D", respectively. During peak PM hours, Maka'ala Street and Railroad Avenue operated at LOS "D". Pu'ainako Street and the Home Depot Driveway operated at LOS "C". Weekend traffic was higher on Saturday, and the peak hour of traffic on Saturday is from 10:45 AM to 11:45 AM. During this hour, Maka'ala Street operated at LOS "D". Pu'ainako Street and the Home Depot Driveway operated at LOS "C" and "B", respectively.

## Utilities and Infrastructure

### Proposed Site Access, Parking and Safety

The property will continue to be accessed off of Railroad Ave. Proposed improvements will include three new driveway aprons off of the public roadway, including a driveway in and a driveway out of the proposed parking lot. A third driveway will be located across the intersection with Maka'ala Street, which will function more as a service entry to the farm. For proposed driveway access points and parking lot, see Figure 1.

Pedestrian access will continue to be limited with no surrounding public sidewalks serving the project site.

### Proposed Water Infrastructure

The property is currently serviced by the County of Hawai'i Department of Water Supply (DWS). The existing 5/8-inch domestic water meter and lateral would likely be replaced with a larger service to meet the needs of the facility. In addition, it is expected that the building may need to have a fire sprinkler, which will require a new fire service lateral and backflow preventor to be installed off of the existing 12" public water main on Railroad Avenue.

### Proposed Wastewater Infrastructure

Since municipal wastewater service is not available from the County, onsite wastewater treatment systems are required and will need to be design and constructed as required by State regulations.

Due to the anticipated amount of wastewater generated, it is likely that a wastewater treatment plant (WWTP) is required. It is likely that some form of aerobic treatment would be used along with disposal of effluent in a large absorption field to be located somewhere on the property. Due to the variable flow expected as well as redundancy requirements an equalization tank and emergency generator are recommended.

### Proposed Electrical/Telecom

The property does not currently appear to have electrical or telcom service. However, at the appropriate time, a service request can be submitted to the utilities to bring in service to the proposed building and other facilities. The new service would likely come in off of the existing pole on the northwest corner of the property and run overhead to the building.

### Proposed Drainage Infrastructure

The project site generally slopes from south to north and is heavily vegetated, except in the area currently cleared for the 1 -acre farmer's market. There is no existing drainage infrastructure onsite.

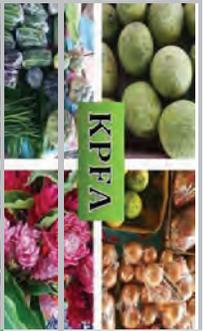
The proposed drainage infrastructure for the project will be limited to swales, culverts, rain gardens and drainage sumps. Runoff will flow overland to swales and through culverts, then into landscape or farm areas. Rain gardens and sumps will be created in these areas to manage runoff, allowing for evapotranspiration and infiltration into the ground. Improvements will be designed and constructed as required by County Standards.

## CONCLUSION

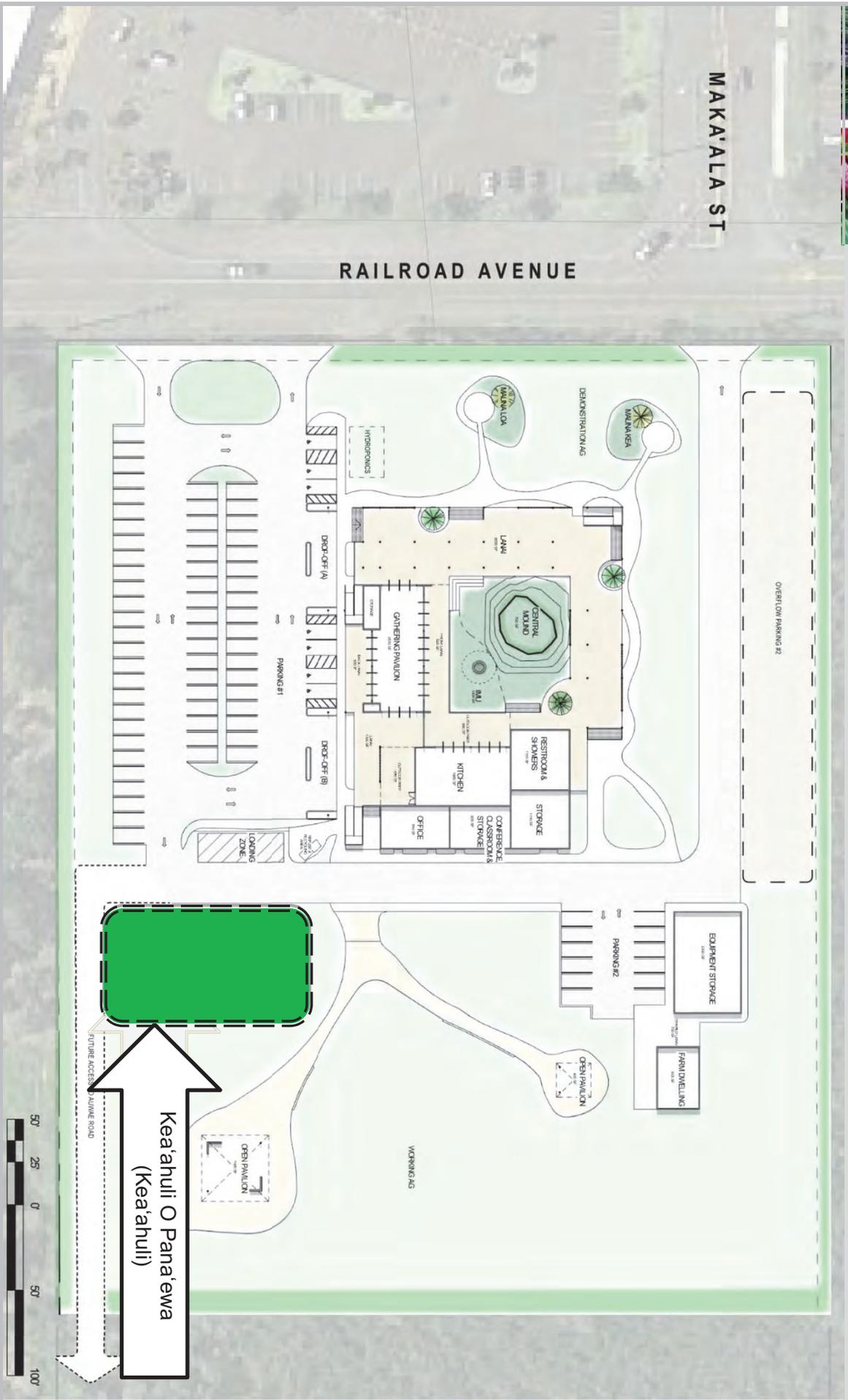
The Keaukaha Pana'ewa Farmers Association (KPFA) is proposing to develop a Resiliency & Agricultural Innovation Hub for a 10.63-acre parcel on Hawaiian Home Trust Lands located on 363 Railroad Avenue in Hilo, Hawaii. Resilience Hubs are community serving facilities that support residents and coordinate resource distribution and services before, during or after a hazard event.

Three design charrettes with KPFA were held, and four additional consultations were conducted. An Archaeological Reconnaissance Survey, Biological Assessment, Preliminary Traffic Assessment Report, and Conceptual Utility and Infrastructure Study have been conducted for the parcel. The proposed conceptual masterplan is consistent with DHHL land use designations as well as State and County zoning. With consultant G70, KPFA will complete an environmental assessment and preliminary engineering plan by late fall or early summer 2023.

The KPFA Pana'ewa Hub Program DNA embodies resiliency through central components, including a central mound or piko, lumi pavilions, lifted lanai and agricultural sites encompassing the site. The pavilions will be designed as flexible spaces that can accommodate a range of agricultural, cultural, and educational programs. Through community-run programming and services, the Resilience & Agricultural Innovation Hub will further the community's vision of becoming a sovereign and thriving people acting in guardianship of their own pu'u honua.



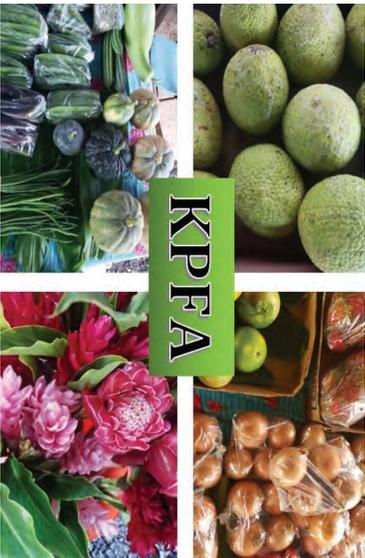
# Pana'ewa Resiliency & Agricultural Innovation Hub



**Exhibit B**  
**2017-2022 KPFA Programs**

## PANA'EWA HUB REPORT: 2017-2022

Prepared by Justine Kamelamela for the Keaukaha Pana'eawa Farmers Association



PH 2017 - PRESENT

YEAR	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LESSEE	VOLUNTEER(S)	TOTAL VOLUNTEER HRS
2017	832	208	208	728	2080
2018	888	252	251	737	2109
2019	965	231	228	714	2105.5
2020	3627	2924	2616	286	986
2021	698	470	372	83	864
2022	908	619	502	134	245
<b>TOTAL</b>	<b>7918</b>	<b>4704</b>	<b>4177</b>	<b>2682</b>	<b>8389.5</b>

### 2017

DATE	EVENT/ ACTIVITY	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LESSEE	NO. OF VOLUNTEERS	VOLUNTEER HRS	TOTAL HRS
01-12/2017	Hydroponics: Wednesdays (52 Weeks)	260	104	104	260	3	780
01-12/2017	Hydroponics: Saturdays (52 Weeks)	416	52	52	416	3	1248
01-12/2017	Pana'eawa Farmers Market (Every Saturday, 52 weeks)	156	52	52	52	1	52
	<b>2017 TOTAL</b>	<b>832</b>	<b>208</b>	<b>208</b>	<b>728</b>	<b>-</b>	<b>2080</b>

### 2018

DATE	EVENT/ ACTIVITY	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LESSEE	NO. OF VOLUNTEERS	VOLUNTEER HRS	TOTAL HRS
01-12/2018	Hydroponics: Wednesdays (Every Saturday, 52 Weeks)	260	104	104	260	3	780
01-12/2018	Hydroponics: Saturdays (52 Weeks)	416	52	52	416	3	1248
01-12/2018	Pana'eawa Farmers Market (52 weeks)	156	52	52	52	1	52
9/22/2018	Site Blessing for Ho'oulu 'Aina Community Project (HACP)	5	5	4	3	1	12
10/6/2018	HACP Mālama Mahi'ai: Meet Your Extension Agent	9	5	5	1	3	3
11/10/2018	HACP Mālama Mahi'ai: 'Awa Propagation	3	2	2	1	2	6
11/17/2018	HACP Aloha Pana'eawa: Community Leadership	18	16	16	1	2	2
11/24/2018	HACP Mālama Mahi'ai Agroforestry Systems: Integrating Forest Trees and Crops	5	4	4	1	2	2
12/15/2018	HACP Huaka'i: Huaka'i i Wailuku   Wahi Pana o Humu'u	13	10	10	1	2	2
12/22/2018	HACP Mālama Mahi'ai: 'Awa Mentorship and Talk story	3	2	2	1	2	2
	<b>2018 TOTAL</b>	<b>888</b>	<b>252</b>	<b>251</b>	<b>737</b>	<b>-</b>	<b>2109</b>

**2019**

DATE	EVENT/ ACTIVITY	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LESSEE	NO. OF VOLUNTEERS	VOLUNTEER HRS	TOTAL HRS
01/2019-12/2019	Panalewa Farmers Market (Every Saturday, 52 weeks)	156	0	0	0	0	0
01/2019-12/2019	Hydroponics: Wednesdays (52 Weeks)	260	104	104	260	3	780
01/2019-12/2019	Hydroponics: Saturdays (52 Weeks)	416	52	52	416	3	1248
1/5/2019	HACP Aloha Panalewa: History of the Department of Hawaiian Home Lands(DHHL)	12	11	11	1	2	2
2/9/2019	HACP Malama Mahi'ai: Composting 101	8	5	5	1	2	2
03/02-04/13/2019	Hydroponics: For the Home Gardener(5 Classes)	55	10	10	15	1.5	22.5
3/9/2019	HACP Malama Mahi'ai: Learn to Graft	6	5	5	1	2	2
4/13/2019	HACP Malama Mahi'ai: Grow Your Own La'au Garden	8	7	6	1	2	2
4/16 - 4/20/2019	HACP Community Impact Research Trip: Huaka'i i Molokai	8	8	7	1	10	10
6/25/2019	HACP Malama Mahi'ai: Awa Mentorship and Talk Story	3	2	2	1	2	2
6/29/2019	HACP Malama Mahi'ai: Mahina	10	8	7	1	2	2
8/24/2019	HACP Malama Mahi'ai: La'Ohana	15	14	14	15	2	30
12/15/2019	Hui Malama Ola Na O'iwi Garden Workshop: Grow Your Own La'au	8	5	5	1	3	3
	<b>2019 TOTAL</b>	<b>965</b>	<b>231</b>	<b>228</b>	<b>714</b>	<b>-</b>	<b>2105.5</b>

**2020**

DATE	EVENT/ ACTIVITY	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LESSEE	NO. OF VOLUNTEERS	VOLUNTEER HRS	TOTAL HRS
02-12/2020	Panalewa Farmers Market(44 Weeks)	176	44	44	0	0	0
1/4/20	Hydroponics: Wednesdays (18 Weeks)	90	0	0	5	3	270
1/7/2020	Hydroponics: Saturdays (17 Weeks)	136	0	0	8	3	408
04-05/2020	Keiki Care Packs(3 rounds)	180	140	120	9	2	18
4/22/2020	Earth Day Community Plant Giveaway	40	20	8	1	3	3
5/6/2020	Show Aloha Challenge: Kipuna Bento	30	28	28	6	1	6
5/14/2020	Ola Na Iwi Kipuna Food and Hygiene Bags	50	49	45	2	2	4
05-06/12/2020	Show Aloha Challenge: Kipuna Bento(5 rounds)	240	220	212	24	1	24
07/2020-08/2021	Ho'oulu Aina Community Project(HACP) - Funded by the Pawanka Fund	25	25	25	0	0	0
8/5/2020	Ola Na Iwi Kipuna Food and Hygiene Bags	50	49	45	2	2	4
09/25-12/10/2020	PFM & Resiliency Hub Meal Distribution & Delivery(50 meals x 2/wk. x 26 wks.)	2600	2340	2080	221	1	221
9/26/2020	CPR Training	5	5	5	4	4	16
11/7/2020	Volunteers Work Day	5	4	4	4	3	12
	<b>2020 TOTAL</b>	<b>3627</b>	<b>2924</b>	<b>2616</b>	<b>286</b>	<b>-</b>	<b>986</b>

**2021**

DATE	EVENT/ ACTIVITY	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LEESEE	NO. OF VOLUNTEERS	VOLUNTEER HRS	TOTAL HRS
01/02/2021-11/6/2021	Pana'ewa Farmers Market(Every Saturday, 45wks)	180	45	45	0	0	0
01/25-01/29/2021	Grant Onboarding with Vibrant Hawaii Grant Team(4 days)	2	2	1	1	4	16
01/27-10/27/2021	Pana'ewa Neighborhood Watch Meeting: 01/27/2021, 04/28/2021, 07/28/2021 & 10/27/2021	59	25	25	4	2	8
01/05/2021-05/29/2021	Vibrant Hawaii! Leadership Academy Cohort (1x/month)	2	2	1	2	3	30
02/09-05/29/2021	KPFA Hydroponics Program - Supported by Grant with Vibrant Hawaii!	6	6	4	6	2	12
03/26/2021	Plant Donation Received: 'Uala slips & Huli (60 plants)	2	2	1	1	1	1
2/12/2021	Pana'ewa Hydroponics Program	5	5	5	4	3	12
2/13/2021	Volunteer Day: Organize Container	2	2	1	1	2	2
2/16/2021	Pana'ewa Hydroponics Program	5	5	5	4	2	8
2/19/2021	Pana'ewa Hydroponics Program	5	5	5	4	2	8
03/27/2021	KPFA Community & General Membership Meeting	40	40	34	1	4	4
03/27/2021	Community Distribution: Huli - 3 varieties, Kou, Kupukupu, Leafy/Green Starts, Lemongrass, Ma'o Hau Hele, Mānaki, Niu and 'Uala - 2 varieties (~150 plants)	40	39	34	1	4	4
04/03/2021	Workshop: Growing Canoe Plants to Increase Food Security with Kaiana Runnels	22	7	3	1	4	4
04/23/2021	Plant Donation Received: Huli (Palehua)	2	2	2	1	1	1
05/01/2021	Food Distribution: KPFA Hydroponics Program	30	30	25	2	2	4
05/17-05/18/2021	Mural Painting with Susan Champeny (2 days)	8	4	3	7	4	56
05/29/2021	Workshop: Building Soil 101 with Donna Mitts	14	6	3	1	5	5
06/05/2021	Food Distribution: KPFA Hydroponics Program	30	27	25	2	2	4
06/08-08/20/2021	Volunteer Work Days (2x/wk, for 19wks)	6	6	4	6	2	384
06/26/2021	Workshop: Mānaki Forum	13	5	2	1	4	4
06/26/2021	Donation Received: Mānaki (40 plants)	2	1	0	0	0	0
08/21/2021	Community Distribution: Mānaki Plants	10	8	5	0	0	0
09/03/2021-11/05/2021	Volunteer Work Day (2x/wk, for 10wks)	6	6	4	6	2	240
09/09/2021	Donation Received: Mānaki (40) & Ala'ala wai nui (20)	2	1	1	1	1	1
09/24/2021	Donation Received: Pots and Seedling Trays	1	0	0	1	1	1
09/24/2021	Community Distribution: Pots and Seedling Trays	8	5	2	0	0	0
10/05/2021	Community Distribution: Kupuana Produce Boxes (Partnership with Hawaii Rise Foundation, Hawaii Eco Experiences & the Pana'ewa Hub)	30	30	26	2	2	4
10/23/2021	Plant Donation Received: Chive Starts	1	0	0	1	1	1
10/31/2021	Pana'ewa Hub Reservation: Da Chop Sui Hui	9	6	3	1	1	3
11/05/2021	Community Distribution: 20 sets of Hydroponic Pot System	20	20	20	1	1	1
11/06/2021	Community Distribution: Mānaki Plants	2	2	2	1	1	1

11/12/2021	Volunteer Day: Organization of Storage Container	2	2	1	1	2	2
11/13/2021	Pana'eawa Hub Reservation: Ke Kula Nui O Wainanalo	42	38	19	0	0	0
11/13/2021	Community Distribution: 40 Plants. Māmaki, Uhi and 'Ala 'ala wai nui	42	38	19	1	1	1
11/19/2021	Volunteer Day: Harvesting of 'Olena	6	6	4	5	2	10
11/26/2021	Volunteer Day: Cleaning and Harvesting of Kupukupu	6	6	4	5	2	10
11/28/2021	'Aina Mauna Legacy Program Distribution	30	30	30	6	2	12
12/03/2021	Volunteer Day: Pulling weeds and watering plants	6	6	4	5	2	10
<b>2021 TOTALS</b>		<b>698</b>	<b>470</b>	<b>372</b>	<b>83</b>	<b>-</b>	<b>864</b>

## 2022

DATE	EVENT/ ACTIVITY	PARTICIPANTS	NATIVE HAWAIIAN	DHHL LEESEE	NO. OF VOLUNTEERS	VOLUNTEER HRS	TOTAL HRS
01-9/17/2022	Pana'eawa Farmers Market (Every Saturday, 37 weeks)	148	37	37	0	0	0
01/14/2022	Volunteer Day: PH Maintenance	6	6	4	5	2	10
01/22/2022	PH Site Reservation: KPFA Ag. Committee Meeting	4	4	3	3	2	6
01/22/2022	Community Distribution: Free Covid-19 Test Kits (Total 600 Kits)	150	135	135	6	2	12
01/22/2022	Community Distribution: Pots and 'Olena	2	2	2	0	0	0
01/26/2022	Pana'eawa Neighborhood Watch Meeting: 01/26/2022	9	9	8	1	2	2
01/28/2022	Volunteer Day	4	4	2	3	2	6
02/05/2022- 2/26/2022	Pana'eawa Farmers Market (Every Saturday, 6 -10am x 4wks)	16	4	4	0	0	0
02/04/2022	Volunteer Day	6	6	4	5	2	10
02/05/2022	Community Distribution: Pots and Huli	2	2	2	0	0	0
02/05/2022	Donation Received: 60 Huli (3 varieties)	1	1	1	0	0	0
02/09/2022	Volunteer Day - Gather trash around site and in hot houses	2	2	1	1	1	2
02/11/2022	Volunteer Day - Truck trash to dump	4	4	2	3	2	6
02/12/2022	Community Distribution: Huli(30)	2	2	2	0	0	0
02/16/2022	Volunteer Day - Weeding of garden areas	5	5	3	4	1	4
02/18/2022	Volunteer Day - Ho'omā'ema'e Nursery tent	4	4	2	3	1	3
02/19/2022	Pana'eawa Community Nursery: Distribution Huli(20)	1	1	1	0	0	0
02/23/2022	Volunteer Day - Ho'omā'ema'e Nursery tent and construct nursery tables	4	4	2	3	2	6
02/25/2022	Volunteer Day - Huli Kabo	6	6	4	6	2	12
02/26/2022	KPFA General Membership + Community Meeting	60	60	60	6	2	12
02/26/2022	Community Distribution: Plants(30) and Produce(6)	25	25	25	3	3	6
03/02/2022	Volunteer Day: Weeding & Watering	1	1	1	1	2	2
03/04/2022	Volunteer Day: Harvested Lemongrass and replotting.	5	5	3	5	2	10
03/05- 3/26/2022	Pana'eawa Farmers Market (Every Saturday, 6 -10am x 4wks)	16	4	4	0	0	0
03/05/2022	Community Nursery: Plant distribution - 40 (green onion, chives, 'uala, miniature pommeranate, peace lilly, lemongrass, huli)	5	4	2	0	0	0

03/09/2022	Volunteer Day: Weeding & Watering	6	6	4	4	5	1.5	7.5
03/11/2022	Volunteer Day: Potting up plants for community nursery.	6	6	4	5	1.5	9	
03/19/2022	Community Nursery: Plant distribution - 40 (green onion, culantro, 'uala, lemongrass, huli)	6	3	2	0	0	0	
03/23/2022	Volunteer Day: Weeding & Watering	6	6	4	5	1.5	7.5	
03/25/2022	Volunteer Day: Huki 'Uala. Made slips and cuttings to replant.	7	6	4	6	2	12	
03/26/2022	Volunteer: Kanu 'olenak(Hawaiian Sun & Black)	6	6	6	5	1	5	
03/26/2022	Community Nursery: Plant Distribution - 10	4	1	1	0	0	0	
03/30/2022	Volunteer Day: Weeding, watering & amending soil beds	4	2	2	3	1.5	4.5	
04/01/2022	Volunteer Day: Weeding, harvesting and cleaning KI	4	4	1	3	1.5	4.5	
04/02/-								
04/30/2022	Panaewa Farmers Market(5 days)	20	5	4	1	5	5	
04/02/2022	Community Nursery: 20 Plants	4	3	2	0	0	0	
04/06/2022	Volunteer Day: Dump run	3	3	2	2	1.5	3	
04/08/2022	Volunteer Day: Weeding and Watering	4	4	1	3	1.5	4.5	
04/08-								
04/09/2022	Community Distribution: 300 at Home COVID Test Kits	75	50	30	0	0	0	
04/08/2022	Community Nursery: 10 Plants	1	1	1	0	0	0	
04/13/2022	Volunteer Day: Potting 'Uala	5	5	3	4	1.5	4.5	
04/22/2022	Volunteer Day: Weeding, watering and harvesting lau KI	5	5	3	4	1.5	4.5	
04/23/2022	Community Distribution: 150 At Home COVID Test Kits	38	30	25	0	0	0	
04/27/2022	Neighborhood Watch Meeting	13	9	9	1	1.5	1.5	
04/29/2022	Volunteer Day: Potting 'Uala	5	5	3	4	1.5	4.5	
04/30/2022	Community Distribution: 84 At Home COVID Test Kits	21	15	13	0	0	0	
04/30/2022	Community Nursery: Green Onion(4 bunches, sold + 3 kupuna)	5	2	2	0	0	0	
05/07 -05/28/2022	Panaewa Farmers Market(4 days)	16	4	4	2	5	10	
05/06/2022	Volunteer Day: Weeding and Watering	3	3	1	2	1.5	3	
05/07/2022	Community Distribution: 64 At Home COVID Test Kits	16	13	5	0	0	0	
05/13/2022	Volunteer Day: Dump run	3	3	1	2	1.5	3	
05/14/2022	Community Nursery: Plant distribution	2	2	2	0	0	0	
05/28/2022	Community Distribution: 126 At Home COVID Test Kits	30	24	6	0	0	0	
06/04 -06/25/2022	Panaewa Farmers Market(3 days)	11	3	3	2	5	10	
06/03/2022	Volunteer Day: Clean front fence line	4	4	4	3	1.5	4.5	
06/04/2022	Community Distribution: 300 At Home COVID Test Kits	50	26	15	0	0	0	
06/10/2022	Volunteer Day: Weeding Māla Lā'au	4	4	4	3	1.5	4.5	
06/11/2022	Community Nursery: Plant Distribution	2	2	0	0	0	0	
06/17/2022	Volunteer Day: Weeding Garden beds(along Puna side)	4	4	4	3	1.5	4.5	
07/02 -07/30/2022	Panaewa Farmers Market(5 days)	19	5	5	2	5	10	

07/22/2022	Volunteer Day: Repotting	4	4	4	4	3	1.5	4.5
07/29/2022	Volunteer Day: Weeding	4	4	4	4	3	1.5	4.5
08/13/2022	Community Nursery: Plant donation(Kou and Milo)	2	2	2	2	0	0	0
08/18/2022	Community Nursery: Plant donation(Malabar Chestnut)	2	2	2	2	1	1	1
08/20/2022	Volunteer Day: Maintenance on Hydroponic tents (weewacking and organizing)	3	3	3	3	3	4	12
8/27/2022	Volunteer Day: Weeding and replanting front raised bed	2	2	2	1	2	2	4
8/24-9/17/2022	Community Distribution: 600 At Home COVID Test Kits	343	-	-	-	-	-	-
08/30/2022	Kea'ahuli O Pana'ewa Blessing with NOAA x KPFA	32	17	15	2	5	10	
09/12/2022	PH Hosted Sustainable Molokai	6	6	4	1	1	1	1
09/15/2022	Kūpuna Produce Box Distribution	30	30	30	0	0	0	0
09/17/2022	Community Nursery: Donation (Pots, 200 and Trays, 100)	1	0	0	1	1	1	1
	<b>TOTAL</b>	<b>908</b>	<b>619</b>	<b>502</b>	<b>134</b>	<b>-</b>	<b>245</b>	

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## Business Information

MASTER NAME	KEAUKAHA PANAEWA COMMUNITY ALLIANCE
BUSINESS TYPE	Domestic Nonprofit Corporation
FILE NUMBER	237661 D2
STATUS	Active
PURPOSE	TO PROMOTE AND ADVANCE THE BETTERMENT OF NATIVE HAWAIIAN ON HAWAII ISLAND, INCLUDING THE PANAEWA REGION.
ORGANIZED IN	Hawaii UNITED STATES
INCORPORATION DATE	Nov 16, 2012
MAILING ADDRESS	P O BOX 6844 HILO, Hawaii 96720 UNITED STATES
TERM	PER
AGENT NAME	RAMONA ULLANI NAIPO
AGENT ADDRESS	PO BOX 6844 HILO, Hawaii 96720 UNITED STATES

## Annual Filings

FILING YEAR	DATE RECEIVED	STATUS
2022	Oct 19, 2022	Processed
2021	Jan 7, 2022	Processed
2020	Oct 6, 2020	Processed
2019	Oct 6, 2020	Processed
2018	Oct 6, 2020	Processed
2017	Oct 4, 2017	Processed
2016	Mar 2, 2017	Processed
2015	Oct 21, 2015	Processed
2014	Feb 27, 2015	Processed
2013	Feb 27, 2015	Processed

## Officers

NAME	OFFICE	DATE
AHUNA, KIHIEI	P/D	Oct 1, 2014
TAUJATI, GERMAINE	V/D	Oct 1, 2022
PUA, LORILYNN	S/D	Oct 1, 2022
NAIPO, RAMONA ULLANI	T/D	Oct 1, 2022

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## Business Information

MASTER NAME	KEAUKAHA PANAEWA FARMERS ASSOCIATION
BUSINESS TYPE	Domestic Nonprofit Corporation
FILE NUMBER	284634 D2
STATUS	Active
PURPOSE	COMMUNITY ASSOCIATION
ORGANIZED IN	Hawaii UNITED STATES
INCORPORATION DATE	Oct 25, 2017
MAILING ADDRESS	P O BOX 6844 HILO, Hawaii 96720 UNITED STATES
TERM	PER
AGENT NAME	MAILE LUUWAI
AGENT ADDRESS	1518 AUWAE RD HILO, Hawaii 96720 UNITED STATES

## Annual Filings

FILING YEAR	DATE RECEIVED	STATUS
2022	Oct 4, 2021	Not Filed
2021	Jan 18, 2021	Processed
2020	Dec 7, 2020	Processed
2019	Apr 5, 2019	Processed

## Officers

NAME	OFFICE	DATE
LUUWAI, MAILE	P	Oct 1, 2018
PEA, HOWARD	D	Oct 1, 2018
MASAKO, ELIZABETH	D	Oct 1, 2018
AKAU, LACEY	D	Oct 1, 2018

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

January 17-18, 2023

To: Chairman and Members, Hawaiian Homes Commission

Thru: Peter Kahana Albinio, Jr., Acting Administrator,  
Land Management Division *KA*

From: Kaipo Duncan, Land Agent *KD*  
Land Management Division

Subject: Approval to Issuance of License to Kanuikapono Public Charter School, Anahola,  
Island of Kaua'i, TMK No.: (4) 4-8-003:019 (por.)

**APPLICANT**

Kanuikapono Public Charter School

**RECOMMENDED MOTION/ACTION**

That the Hawaiian Homes Commission (HHC) approves the issuance of a license agreement to Kanuikapono Public Charter School (KPCS) for thirty (30) years, or until such time as Kanuikapono Public Charter School ceases to operate a charter school, whichever occurs sooner, for the right and privilege to enter and use a portion of land in Anahola, island of Kaua'i, Hawai'i, identified as Tax Map Key No. (4) 4-4-8-003:019 (por.) (*See Exhibit "A"*), consisting of approximately 10.5 acres (457,380 square feet) of land for the purpose of operating and maintaining a public charter school, subject to the following conditions:

1. The term of the license shall be for thirty (30) years, effectively commencing on February 1, 2023, and expire effectively as of January 31, 2053.
2. The purpose of this license and use of the site is strictly for LICENSEE to continue, maintain, and operate its Hawaii Public Charter School purpose and related services which directly benefits Hawaiian homestead beneficiaries and the broader native Hawaiian community.
3. LICENSEE shall pay to LICENSOR an annual license fee established at ONE THOUSAND FIVE HUNDRED SIXTY AND NO/100 DOLLARS (\$1,560.00) which, shall not in any event, during the term of this license be less than this established per annum fee. The annual fee as established shall be payable in monthly installments to LICENSOR.
4. NO RESIDENTIAL USE SHALL BE PERMITTED, including temporary, overnight occupancy of the premises.

5. LICENSEE shall construct and maintain, as part of the school development, a minimum 2-acre community park.
6. LICENSEE shall remit a processing fee of \$200.00 and documentation fee of \$75.00;
7. LICENSEE at its own cost shall be required to procure a licensed land surveyor to conduct, produce, and submit a survey map inclusive with a metes and bounds description of the 10.5 acres to LICENSOR no later than one (1) year from the license commencement date of February 1, 2023.
8. The premise is licensed in an "as is" condition. LICENSEE shall be solely responsible for the cost of any renovation, repair, and maintenance for buildings, facilities, utilities (electricity, water, sewer), etc.
9. LICENSEE shall undertake no new construction until LICENSOR has examined and approved the plans for the proposed structure. All erected buildings on the premises shall require Kauai County building permits.
10. This license shall be nontransferable, and LICENSEE shall not in any manner transfer, assign, sublease, sublet, mortgage, pledge, or otherwise hold or agree to do so, for the benefit of any other person or persons or organizations of any kind.
11. The word "premises" when it appears herein includes and shall be deemed to include the lands described above all existing and future building structures and improvements whenever and wherever erected or placed thereon.
12. The license agreement document shall contain Department of Hawaiian Home Lands standard terms and conditions and shall be subject to the review and approval of the Department of the Attorney General.
13. All other terms and conditions deemed prudent and necessary by the Hawaiian Homes Commission.

## **DISCUSSION**

Kanuikapono Public Charter School currently services two hundred twenty-six (226) students from kindergarten through twelfth grade, most of whom reside on Hawaiian home lands. Kanuikapono Public Charter School serves as an alternative to the Department of Education schools for homesteaders living in the Anahola area. The 10.5 acres of land will allow Kanuikapono Public Charter School to expand the school facility to service DHHL beneficiaries and other residents living in this area and to accommodate the growth of the school.

Kanu I Ka Pono, Inc., (formerly known as Kanuikapono, Inc.) operated as an affiliate non-profit of Kanuikapono Public Charter School. On August 16, 2001, the State of Hawai'i Public Charter School Commission granted Kanuikapono Public Charter School a charter to operate a public school pursuant to Section 302D-25, Hawaii Revised Statutes ("HRS"). The Department issued License Agreement No. 512 to "Kanuikapono, a Hawaii non-profit organization" for the use of a

three (3) acre site in Anahola, Kaua‘i identified by Tax Map Key No. (4) 4-4-8-003:019 (por.) (“Premises”) to construct, manage, and operate a State of Hawai‘i Department of Education regulated charter school. The original License Agreement No. 512 was effective as of April 23, 2002 and expired on April 22, 2007 “or until such time as Licensee ceases to operate a State of Hawaii, Department of Education regulated public charter school, whichever occurs sooner, unless this License is sooner terminated as hereinafter provided.” The annual rental amount was set at \$1,560.

On March 20, 2007, the Commission authorized the Department to grant an extension of License Agreement No. 512 to Kanuikapono Charter School for thirty (30) years from April 23, 2007 to April 22, 2037. The annual rental amount was recommended to remain unchanged. The Department did not execute an amendment to License Agreement No. 512. The license expired on April 22, 2007, pursuant to its original term.

The Department issued a second License Agreement No. 512 to “Kanu I Ka Pono, Inc., a Hawaii non-profit organization” for the Premises to construct, manage, and operate a State of Hawai‘i Department of Education regulated charter school. The second License Agreement No. 512 was effective as of April 23, 2008 and expired on April 22, 2038 “or until such time as Licensee ceases to operate a State of Hawaii, Department of Education regulated public charter school, whichever occurs sooner, unless this License is sooner terminated as hereinafter provided.”

On June 18, 2012, the Commission authorized the Department to grant to Kanuikapono Charter School approximately 7.5 acres of land for the expansion of the charter school for a high school campus. Kanuikapono Public Charter School agreed to set aside two (2) of the 7.5 acres to build a public park. The Department did not execute an amendment to the second license Agreement No. 512 to reflect the 7.5-acre expansion in area of the Premises.

On July 19, 2018, the Public Charter School Commission appointed a new governing board for Kanuikapono Public Charter School, in part, due to violations of governing board composition, board governance regulations, lack of internal financial controls, and employment and admissions practices. Upon confirmation, Kanu I Ka Pono, Inc., never has and continues to lack the authority to operate a public charter school.

On July 20, 2020, and August 17, 2020, the Department received requests from Kanuikapono Public Charter School principal, Kanoe Ahuna, to issue a license directly to Kanuikapono Public Charter School for the construction, maintenance, and operation of the public charter school. To accommodate Kanuikapono Public Charter School’s growth, the school has constructed many buildings and classrooms over the Premises. None of these structures are permitted. Kanuikapono Public Charter School seeks to have a license, in part, to obtain the appropriate permitting necessary so that these buildings are in compliance with the requirements for both the Department and the County of Kaua‘i.

On January 10, 2023, the Department issued a letter to Kanu I Ka Pono, Inc., informing Kanu I Ka Pono, Inc. that it was terminating License Agreement No. 512 due to their failure to operate a State of Hawai‘i Department of Education regulated public charter school in direct violation of License Agreement No. 512.

**LOCATION**

Hawaiian home lands situated at Anahola, island of Kaua‘i, Hawai‘i, identified by Tax Map Key No. (4) 4-4-8-003:019 (por.)

**AREA**

Approximately 10.5 acres

**PLANNING AREA**

Anahola, Island of Kaua‘i

**LAND USE DESIGNATION**

Community Use, Kaua‘i Island Plan (2004)

**CURRENT STATUS**

Offices and Buildings – Classroom Facilities

**CHARACTER OF USE**

Community Use

**CHAPTER 343, HAWAII REVISED STATUTES – ENVIRONMENTAL ASSESSMENT**

Trigger - Use of State Lands

**CONSISTENCY WITH DHHL PLANS, POLICIES, AND PROGRAMS**

A. General Plan (2002)

The recommended disposition is consistent with the following General Plan goals and objectives:

- Goals
  - Utilize Hawaiian home lands for uses most appropriate to meet the needs and desires of the beneficiary population; and
  - Develop livable, sustainable communities that provide space for or access to the amenities that serve the daily need of its residents
- Objectives
  - Provide space for and designate a mixture of appropriate land uses, economic opportunities, and community services in a native Hawaiian-friendly environment

B. Anahola Regional Plan (2022)

The recommended disposition with the following elements of the Anahola Regional Plan:

- Kanuikapono Public Charter School has been identified as a location that embodies one of the updated regional values of community education and capacity building.
- In the 2010 Anahola Regional Plan, supporting Kanuikapono 21st Century Ahupua‘a Place Based Labs was one of the priority projects identified by the community. The two priority project included: (1) construction of a new Learning Resource Center to be located on Hawaiian home lands adjacent to the Pi‘ilani

Mai Ke Kai subdivision; and (2) establishment of a mobile educational place-based learning labs throughout the ahupua‘a of Anahola.

- In the 2022 Anahola Regional Plan, supporting Kanuikapono 21st Century Ahupua‘a Place Based Labs continues to be a priority project identified by the community. This project would support the development of learning spaces for Hawaiian cultural, place-based learning in partnership with Kanuikapono Public Charter School, Kūkulu Kumuhana O Anahola, and other community-based programs serving the youth of Anahola.

**AUTHORIZATION**

- Section 207(c)(1) of the Hawaiian Homes Commission Act, 1920, as amended; and
- Section 10-4-22, Hawaii Administrative Rules

**RECOMMENDATION**

The Land Management Division respectfully requests approval of the motion as stated.





**HAWAIIAN HOMES COMMISSION  
JANUARY 17 & 18, 2023  
FACE-TO-FACE &  
INTERACTIVE CONFERENCE  
TECHNOLOGY**

**G – ITEMS  
PLANNING OFFICE**

STATE OF HAWAII

Department of Hawaiian Home Lands

January 17 - 18, 2023

TO: Chairman Designate and Members  
Hawaiian Homes Commission

Through: Andrew H. Choy, Planning Program Manager

FROM: Gigi O. Cairel, Grants Specialist

SUBJECT: FOR INFORMATION ONLY - Briefing on United States  
Department of Agriculture (USDA) Federal Funds for  
Water

RECOMMENDED MOTION / ACTION

None; For information only.

BACKGROUND

*Water. An important Trust asset.  
Water System owners are responsible to provide  
clean and safe drinking water  
for the protection of public health and safety*

The Hawaiian Homes Commission (HHC) and the Department of Hawaiian Home Lands (DHHL) own and operate four (4) water systems throughout the state. See Table 1 below. This submittal addresses a federal funding condition by the US Department of Agriculture Rural Development (USDA RD), as follows.

"It is required that members of the commission possess the necessary technical, managerial, and financial capacity skills to consistently comply with pertinent Federal and State laws and requirements. It is recommended members receive training within one year of appointment and a refresher training for all governing members on a routine basis."

TABLE 1  
DHHL Water Systems Statewide

DHHL Water System	Service Area
Ho'olehua Water System Public Water System (PWS) No. 230  Built in 1930	Moloka'i Ho'olehua and Kalama'ula homesteads, Lanikeha Center, Airport, Schools, Churches, businesses and other facilities  Approximately 600 customers
Anahola Farm Lots Water System PWS No. 432  Built in 1985	Kaua'i Anahola farm lots and Bayview residential homesteads and emergency inter-connect with County of Kaua'i  Approximately 75 customers
Kawaihae Unit #1 Water System PWS No. 164  Built in 1997	Hawai'i - Kailapa residential homestead  Approximately 155 customers
Pu'ukapu Water System PWS No. not applicable  Built in 2014	Hawai'i - Pu'ukapu pastoral lots  Approximately 40 customers

In total, the DHHL water systems serve over 900 customers and about 3,500 beneficiaries statewide. All other homesteaders are served by the County water departments.

Three (3) out of the four (4) water systems meet the definition of a Public Water System (PWS), thus are regulated by the State of Hawai'i Department of Health (DOH) for drinking water quality standards. The Pu'ukapu Water System in Waimea, Hawai'i is for non-human consumption (drinking, bathing, cooking) and is to be used for stock water only. Currently, all three (3) water systems meet all federal and state water quality standards. And, each system maintains a "no significant deficiencies" status from the most recent DOH sanitary surveys. DHHL personnel directly operate the DHHL Ho'olehua water system. Operations for all others are contracted out to private entities. The DHHL Ho'olehua water system is the only DHHL system that serves a mix of customers: beneficiaries, non-beneficiaries, and the general public - airport, US Post Office, schools, churches, businesses and other facilities.

TABLE 2  
Fiscal Year 2018 Water Service Costs, Revenue, Subsidy

Total Operating and Maintenance Costs	\$1,300,000
Total capital improvement project costs	\$1,300,000
TOTAL Costs in FY 2018	\$2,600,000
Water billing revenue (from customer rates) <i>This assumes all customers pay their water bills</i>	\$690,000
Total Trust Subsidy	\$1,910,000

These figures do not include set-aside funding for reserve accounts such as for emergencies, operating/short-lived assets, and future capital improvements. Note that another USDA funding condition requires DHHL to maintain reserves for short-lived assets and debt service. At the November 21 - 22, 2022 HHC meeting, HHC approved an amendment to the department budget to begin budgeting for these USDA-required reserves. See Exhibit A. This will increase the overall Trust subsidy to operate the water systems.

More than 97% of the nation's Public Water Systems are "small systems," meaning they serve a population of 10,000 or fewer people. DHHL systems are considered very small by industry standards. Small systems face unique financial and operational challenges in consistently providing drinking water that meets US Environmental Protection Agency (USEPA) and DOH quality standards and requirements.

The most common challenges for small water systems are the following:

- With a small customer base, small water systems struggle to financially break even while keeping customer water rates affordable.
- Another challenge for small systems is recruiting and retaining qualified certified operators and professionals to manage and operate the system.
- Small systems rely heavily on informal "mutual aid" agreements with neighboring jurisdictions such as sharing equipment.

One of the requirements from the USEPA is that all water systems - large and small - must demonstrate Technical, Managerial,

Financial Capacity or "TMF" to manage and operate the system on a sound business plan. Further, USDA has adopted this requirement for water systems, such as those owned by DHHL and that have been awarded federal financial assistance. TMF Capacity enables water systems to have the capabilities to consistently provide safe and clean drinking water to the public.

In 2016 and 2018, DHHL applied for and was awarded over \$30 million in USDA grant and loan funds for the following projects. See Exhibit B.

- Ho'olehua water system improvements, Moloka'i
- Anahola Farm Lots water system improvements, Kaua'i
- La'i 'Opua Village 4 Hema water, wastewater, storm water improvements, Kona, Hawai'i

DHHL's last TMF training for the HHC was held at the July 2021 HHC regularly scheduled meeting.

#### Summary of federal funds from US Department of Agriculture

From 2005 to 2018, DHHL accessed over \$45 million in federal funds from the US Department of Agriculture, Rural Development (USDA RD), Water and Environment Program (WEP). See Exhibit C. And, DHHL has leveraged Trust funds, at least 1:1. Note that USDA WEP program funds water and waste systems (sewer, storm water, solid waste). For new DHHL homesteads, DHHL must raise funds for all other infrastructure - roads, street lights, telecommunications, etc. Figures in Table 3 below do not include DHHL funds for the non-water infrastructure. See Table 3 below.

TABLE 3  
Summary of USDA federal funds  
2005 - 2018

PROJECT	DHHL Funds	USDA GRANT	USDA LOAN	TOTAL
<b>DHHL</b>				
Ho`olehua Water System 530 homestead lots	\$14,073,250	\$11,634,083	\$7,455,000	33,162,333
Anahola water system 75 homestead lots	3,770,723	5,085,083	4,100,000	12,955,806
La`i `Opua Village 4 Hema water/sewer/ storm water 125 homestead lots	3,409,150*	2,789,304	0	6,198,454
<b>TOTAL</b>	<b>\$21,253,123</b>	<b>\$19,508,470</b>	<b>\$11,555,000</b>	<b>\$52,316,593</b>
			<b>TOTAL Lots</b>	<b>730</b>

<b>Nā Kupa`a o Kūhiō</b>	DHHL FUNDS	USDA GRANT	USDA LOAN	TOTAL
East Kapolei IIB water/sewer 160 homestead lots	\$160,000*	\$1,513,000	\$2,188,000	\$3,701,000
Kaka`ina/Waimānalo water/sewer 50 homestead lots	25,000*	377,800	541,000	943,800
Pi`ilani Mai Ke Kai water 56 homestead lots	25,500*	339,000	471,000	835,500
La`i `Opua Village 4 water/sewer 245 homestead lots	251,650*	917,350	2,134,000	3,303,000
Waiohuli Kēōkea 3 & 4 water 157 homestead lots	216,800*	855,655	1,913,000	2,985,455
Maku`u off-site water well 900 homestead lots	309,000*	2,100,000	3,148,000	5,557,000
Ho`olehua water system improvements phase IV 530 homestead lots	98,500	1,163,475	1,323,525	2,585,500
<b>TOTAL</b>	<b>\$1,086,450</b>	<b>\$7,266,280</b>	<b>\$11,718,525</b>	<b>\$20,071,255</b>
			<b>TOTAL Lots</b>	<b>2,098</b>

Note: figures with (\*) do not include additional DHHL funds for non-water infrastructure - roads, street lights, etc.

From 2006 to 2016, DHHL had a partnership with Nā Kupa'a o Kūhiō, a private, nonprofit, federal tax-exempt 501(c)(3) nonprofit corporation.

Nā Kupa'a o Kūhiō assisted DHHL with developing the water infrastructure for new homestead lots statewide. The partnership involved the department identifying USDA WEP-eligible projects, primarily drinking water and waste projects (sewer, storm water, solid waste). Nā Kupa'a o Kūhiō then served as the applicant to access the USDA WEP funds for construction. Because these were new homestead lot developments, USDA funded only the water infrastructure. DHHL projects had to be "shovel ready" and DHHL had to raise funds for all other non-water infrastructure.

Per USDA WEP program regulations, the applicant must own, manage and operate the water system. DHHL executed a lease agreement with Nā Kupa'a o Kūhiō. Then, Nā Kupa'a leased back the water system to DHHL to enable water and sewer services to be provided to the homesteads. This lease-back agreement enabled DHHL to fulfill its Trust obligations to provide water infrastructure and new homestead lots to Trust beneficiaries.

During the DHHL-Nā-Kupa'a o Kūhiō partnership, we successfully accessed over \$15 million in USDA WEP funds for seven (7) DHHL water/waste projects statewide. The following four (4) projects were successfully implemented.

- Kaka'ina water/sewer, Waimānalo, O'ahu (50 new lots)
- Pi'ilani Mai Ke Kai water, Anahola, Kaua'i (56 new lots)
- Ka'uluokaha'i water/sewer, O'ahu (160 new lots)  
(formerly known as East Kapolei IIB)
- Ho'olehua water system Phase IV improvements, Moloka'i  
(530 existing homesteaders)

Three (3) projects were not "shovel ready" on the department side, so USDA de-obligated \$11 million. USDA WEP funds have a shelf-life of five (5) years.

The USDA WEP funds (\$3.701 million) for the Ka'uluokaha'i homestead (formerly known as East Kapolei IIB) is being transferred to DHHL. The water/sewer project was completed in 2016 and 160 families have moved in. The department is seeking reimbursement (\$3.701 million) from USDA. See Exhibit D.

Having successfully implemented the USDA federal funds and projects above, DHHL is better equipped to implement any new USDA WEP grant and loan projects. The infusion of these federal

funds has helped to improve existing DHHL water systems and construct new water, sewer and storm water infrastructure for DHHL to continue to provide safe and clean drinking water and waste disposal for beneficiaries and the larger community. The USDA WEP federal funds also helped DHHL bring access to water to under-served native Hawaiian communities throughout the state.

DISCUSSION

TECHNICAL CAPACITY

Water systems are required to have properly licensed and DOH-certified operators (24/7) to operate and maintain the system so that it delivers safe, clean drinking water to customers. This includes maintaining all system components properly and in compliance with federal and state safe drinking water standards - from source, to storage, treatment and distribution. Further the system should have "no significant deficiencies" as determined by DOH.

Table 4  
Current Operators for each DHHL Water System

DHHL Water System	DOH Required Operator Certification Level	Operated by
Ho'olehua water system PWS No. 230 - Moloka'i	Distribution System Operator (DSO) Level 2	DHHL personnel
Anahola water system PWS No. 432 - Kaua'i	DSO Level 1	Contractor - Aqua Engineers, Inc.
Kawaihae Unit #1 Water System PWS No. 164 - Hawai'i	DSO Level 1	Contractor - Pural Water Specialty Co.
Pu'ukapu Water System Hawai'i	N/A	Contractor - Pural Water Specialty Co.

Updates since July 2021

- Ho'olehua PWS No. 230 - Moloka'i
  - o New DSO Level 1 operator hired for Moloka'i.
  - o To support the Moloka'i operators, and to address DOH's 2018 recommendations to increase operator staff, DHHL time extended its contract with Pacific Electro Mechanical, Inc. to serve as backup operator.
  - o Even with these additions above, DHHL continues to face operator staffing challenges. In 2018, DOH recommended that DHHL have a total of four (4) full-time operators, given the size and complexity of this system.

- o DHHL successfully completed the annual State required Water Audit for calendar year 2021.
- o DHHL is in start up phase to use the State Geographic Information System (GIS) as a tool to inventory water system components, starting with the customer water meters. This GIS project will greatly improve our knowledge base of system components, assist us to track repairs and replacements, and plan for the future.
- o DHHL will be starting to prepare a long term operations and maintenance plan. This comes at a good time as major system improvements are currently under construction.
- o Water system improvements project - 72% complete. Estimated date of completion is November 2023.
- Anahola PWS No. 432 - Kaua'i
  - o Completed conversion from manual meters to electronic meters for all customers, which has saved us time from manual meter readings.
  - o Started to develop standard forms and procedures for work orders, meter repairs and replacements.
  - o Water system improvements project - 90% complete. Estimated date of completion is September 2023.
- Pu'ukapu Water System - Hawai'i
  - o DHHL started an assessment study of this system for recommendations on future capital improvements

#### Next Steps

- Address DOH 2018 recommendation for four (4) full time operators for the DHHL Ho'olehua water system.
- Clarify priorities and expectations of all operators, statewide - whether employee or contracted operator status.
- Return the operator contracts from DHHL Land Development Division (LDD) to DHHL Homestead Services Division (HSD).

#### MANAGERIAL CAPACITY

Typically, water systems have a manager to provide overall leadership, oversight and direction of the water systems, make major decisions, and report to HHC, the governing body - similar to a department director for a County Water Department. The water manager oversees and manages all aspects of the water utility systems. Typical duties include hires and supervises personnel; oversees system operations; ensures compliance with federal and state water quality standards; handles procurement and contracting; prepares the overall budget for each system; engages in long-range planning, including major CIP; maintains

the asset inventory; and manages water billings, customer service, customer awareness.

DHHL continues to operate in a highly de-centralized structure involving at least three (3) divisions and three (3) district offices. None of these divisions have staff dedicated 100% time to the DHHL water systems nor is there an overall water manager. This has resulted in inconsistent procedures across all DHHL water systems statewide, inefficiencies, and lack of accountability and transparency.

#### Updates since July 2021

- DHHL Planning Office continued to convene the Acting Water Branch team on a monthly basis. This team was sponsored by the Office of the Chair and consists of representatives from each division and support offices. The team's purposes are for cross-division communication, decisionmaking, and problem solving.
- Sub-teams were created and meet regularly to address needs specific to the DHHL Ho'olehua and Anahola water systems.
- DHHL implemented the HHC Policy on Allocation of Water Credits and Water Meters (2022) by issuing responses to several outstanding water meter requests from beneficiaries on Moloka'i.

#### Next Steps

- Re-visit 2018 proposal to establish a DHHL Water Division.
- Seek additional staff with water utility system expertise in management, operations, and financial.
- Continue to support cross-division communication and coordination to improve data integrity, water billing process, and smoother transition from construction to water system operator (end user).
- Continue to clarify roles, responsibilities, and decisionmaking authority for water utility system management and operations.
- Continue to collaborate with USDA WEP federal staff to strengthen DHHL access to more USDA WEP federal funds.
- Continue to address outstanding customer requests for new meters from the DHHL Ho'olehua water system.

#### FINANCIAL CAPACITY

Financial capacity has to do with sound fiscal responsibility including budgeting; tracking expenses; preparing the water service cost analysis and rate studies; customer water

billing and collections; preparing financial statements; federal grants management, reporting and compliance.

#### Updates since July 2021

- Training was provided on water billing procedures and using the billing software, Utility Star.
- DHHL started to draw down USDA federal grant funds for the Ho'olehua and Anahola water system improvements projects.
- DHHL successfully obtained the USDA federal loan funds in lump sum - \$7.455 million - for the Ho'olehua water system improvements project. This was a tremendous collaborative effort among DHHL Planning, Administrative Services Office, Fiscal, LDD and the State Attorney General's Office. We now have a template and process to use with USDA for future projects.
- HHC approved department budget amendment to initiate the USDA-required reserve funds.

#### Next steps:

- Draw down the \$4.1 million USDA loan funds for the Anahola water system improvements project.
- Obtain the \$3.701 million USDA WEP funds for the completed Ka'uluokah'i water/sewer project.
- Continue to support and improve DHHL water billing process.

#### AUTHORITY

- Hawaiian Homes Commission Act of 1920, as amended, Section 221(f) Water, (Exhibit E)
- Hawaii Administrative Rules, Chapter 10-4.1 Management of Water Systems, 2021 (Exhibit F)
- HHC Water Policy Plan, 2014 (Exhibit G)
- HHC Policy on Enterprise Accounting, 2012 (Exhibit H)
- HHC Policy on Allocation of Water Credits and Water Meters, 2022 (Exhibit I)

#### RECOMMENDATION

None. This is for information only.

EXHIBIT A  
USDA required reserves  
HHC Submittal - November 2022

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

November 21, 2022

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Rodney Lau, Administrative Services Officer *Rodney Lau*  
Gigi Cairel, Grants Specialist *GC*

SUBJECT: Approval to Amend the DHHL FY 2023 Operating Budget

RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission approve Amendment No. 1 to the DHHL FY 2023 Operating Budget.

**DHHL Water System(s) Debt Service and Reserve Accounts**

In September 2018, the Department of Hawaiian Home Lands (DHHL) was awarded a total of \$15,147,279 in federal grant and loan funds from the US Department of Agriculture Rural Development (USDA RD) Water Environment Program (WEP) for major capital improvements to the DHHL-owned Anahola Farm Lots and Ho'olehua Water Systems.

As a condition of these funding awards, DHHL committed to the following:

**1. LOAN AND GRANT CONDITIONS - Anahola, Kauai**

(a) The Department of Hawaiian Home Lands (DHHL) accepts the \$4,100,000 loan and subsequent \$1,999,946 grant (a prior USDA grant of \$3,055,137 was received by DHHL earlier in 2016), as part of a financing package awarded in September 2018 to the DHHL by the U.S. Department of Agriculture Rural Development (USDA RD) to fund major capital improvements to the DHHL-owned Anahola Water System (Public Water System #432) on the island of Kauai.

35 Year Loan; Interest only payments first 2 years; Amortized equal annual installments for the next 33 years; Interest rates to be determined at closing (estimated 3.125% rate in 2018); estimated annual debt service \$200,900.

**FY 2023 BUDGET IMPACT: \$128,125 INTEREST ONLY DEBT SERVICE PAYMENT**

account be established and funded annually equal to 10% of the annual payment each year over the life of the loan until one annual installment is accumulated (i.e. annual installments for 10 years). Ten percent of the proposed loan installment would equal \$36,530 per year.

**FY 2023 BUDGET IMPACT: \$0**

**FY 2023 DEBT SERVICE RESERVE ACCOUNT: Restrict Cash \$36,530; used in the event of loan default**

(f) In accordance with the Letter of Conditions, dated September 26, 2018, DHHL certify that a Short-Lived Asset Reserve (based on preliminary engineering report) be established. DHHL must deposit at least \$84,713 into the Short-Lived Asset Reserve Fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. DHHL shall assess the Ho'olehua facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

**FY 2023 BUDGET IMPACT: \$0, until reserve expended for repairs/replacement of major system assets**

**FY 2023 SHORT-LIVED ASSET RESERVE ACCOUNT: Restrict Cash \$84,713**

USDA DEBT SERVICE AND RESERVES FY 2023				
DEBT SERVICE	DEBT SERVICE RESERVE	SHORT-LIVED ASSET RESERVE		
\$130,000	\$21,000	\$43,790	ANAHOLA	DEBT SVC: INTEREST ONLY
\$270,000	\$36,530	\$84,713	HOOLEHUA	DEBT SVC: INTEREST ONLY
\$400,000	\$57,530	\$128,503		
BUDGET INCREASE: INTEREST EXPENSE	RESERVE	RESERVE		

**RECOMMENDED MOTION**

We respectfully request an increase of \$400,000 to the Hawaiian Home Operating Fund (HHOF) operating budget to finance the anticipated debt service payments in FY 2023.



# HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

## **Amendment No. 1 – DHHL FY 2023 Operating Budget Item H-1 Hawaiian Homes Commission meeting**

November 21 – 22, 2022

1

EXHIBIT *A*



## Recommended Action

That the Hawaiian Homes Commission approve Amendment No. 1 to the DHHL FY 2023 Operating Budget to increase the Hawaiian Home Operating Fund by \$400,000 to finance Year 1 of the federal loans for improvements to the DHHL Ho'olehua and Anahola water systems.



# Agenda

## DHHL Water System improvements projects

- Ho'olehua Public Water System (PWS) No. 230, Moloka'i
- Anahola Farm Lots PWS No. 432, Kaua'i

## US Department of Agriculture Rural Development financing package

- USDA RD funding conditions – Reserves
- USDA RD loan re-payment

## Next Steps



## DHHL Water Systems

DHHL owns and operates four (4) water utility systems statewide.

- Ho'olehua Public Water System (PWS) No. 230, Moloka'i
- Anahola Farm Lots PWS No. 432, Kaua'i
- Kawaihae Unit #1 PWS No. 164, Hawai'i
- Pu'ukapu Water System (PWS N/A), Hawai'i



## Federal financing package – Ho‘olehua

US Department of Agriculture Rural Development

Ho‘olehua PWS No. 230, Moloka‘i

Source	Detail	Amount
DHHL contribution	\$14,073,250	\$14,073,250
USDA RD Grant	\$11,604,083	
USDA RD Loan	\$7,455,000	
Total USDA RD		\$19,059,083
<b>TOTAL PROJECT BUDGET</b>		<b>\$33,132,333</b>

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## Federal financing package - Anahola

US Department of Agriculture Rural Development

Anahola Farm Lots PWS No. 432, Kaua'i

Source	Detail	Amount
DHHL contribution	\$3,770,723	\$3,770,723
USDA RD Grant	\$5,055,083	
USDA RD Loan	\$4,100,000	
Total USDA RD		\$9,155,083
<b>TOTAL PROJECT BUDGET</b>		<b>\$12,925,806</b>

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EXHIBIT A



## USDA RD funding conditions - Reserves

### Ho'olehua PWS No. 230, Moloka'i

- Debt service reserve - \$36,530 annually
- Short-lived asset reserve - \$84,713 annually

### Anahola Farm Lots PWS No. 432, Kaua'i

- Debt service reserve - \$21,000 annually
- Short-lived asset reserve - \$43,790 annually

*Amounts shown above are subject to change at loan closing*

Restrict cash for these reserve amounts



## USDA RD loan re-payment

Ho'olehua PWS No. 230, Moloka'i - \$7,455,000 loan

- 35 year loan term
- 3.125% interest rate (for planning purposes only)
- \$365,295 estimated annual payment
- Payments for first two years is for interest only - \$232,969 estimate

Anahola Farm Lots PWS No. 432, Kaua'i -\$4,100,000 loan

- 35 year loan term
- 3.125% interest rate (for planning purposes only)
- \$200,900 estimated annual payment
- Payments for first two years is for interest only - \$128,125 estimate

Request increase FY 2023 budget by \$400,000 TOTAL



## Next Steps

### DHHL:

- Continue to work with USDA RD on loan closing
- Create the USDA RD-required reserve accounts
- Assign the accounts to a Division(s) to oversee and manage
- Develop internal procedures to track and record account transactions
- Report to USDA RD (funder)
- Annually, assess water system short-lived asset needs and adjust the reserve amounts, as needed
- Annually, seek HHC budget approval for the loan re-payment amounts and USDA RD-required reserve amounts



# Questions? Mahalo!



DEPARTMENT OF HAWAIIAN HOME LANDS

[www.dhhl.hawaii.gov](http://www.dhhl.hawaii.gov)

DEPARTMENT OF HAWAIIAN HOME LANDS – INFORMATION & COMMUNITY RELATIONS OFFICE

EXHIBIT A

EXHIBIT B  
HHC Submittal - September 2020

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS  
September 21 - 22, 2020

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Andrew H. Choy, Acting Planning Program Manager *AK*  
Gigi O. Cairel, Grants Specialist *McAul*  
Rodney Lau, Administrative Services Officer  
Stewart Matsunaga, Acting Administrator, Land  
Development Division

Subject: For Information Only - Confirm and reauthorize DHHL to borrow up to \$11,555,000 under the US Department of Agriculture Rural Development (USDA RD) Water and Environment Program (WEP) for approved capital improvements to the DHHL-owned Anahola Farm Lots Water System (PWS 432) on the island of Kaua'i and Ho'olehua Water System (PWS 230) on the island of Moloka'i.

RECOMMEND MOTION/ACTION

None; for information only.

BACKGROUND

The Department of Hawaiian Home Lands (DHHL) owns and operates four (4) water systems statewide.

- Ho'olehua water system, Moloka'i
- Anahola Farm Lots water system, Kaua'i
- Kawaihae water system, Hawai'i
- Pu'ukapu water system, Hawai'i (non-potable)

These water systems serve a total of over 800 homestead lots, community facilities (Ho'olehua Airport, Post Office, Schools) and businesses.

The Ho'olehua and Anahola water systems are over 80 years old and 30 years old, respectively, and need major capital

improvements. In addition to aging infrastructure, both these systems suffer from inconsistent water pressure to homestead lots, high energy costs, leaks and exposure to security threats and vandalism.

*November 2018 and January 2020 Commission Actions*

In 2016 and 2018, DHHL was awarded a total of \$28,214,166 in federal grant and loan funds from the USDA RD WEP for major capital improvements to the Ho'olehua and Anahola Water Systems. As a condition to receive those funds, DHHL had to contribute \$16,043,973 to the projects' costs. As a condition to receive the grant funds, DHHL must close the loans. The total project financing package is \$44,258,139 - Ho'olehua \$31,332,333 and Anahola \$12,925,806.

In November 2018 DHHL gave an informational workshop and presented a submittal (Items H-1 and H-2) describing the projects, the then-estimated costs, and proposed financing packages. DHHL requested that the HHC accept the USDA RD WEP supplemental grant and loan funds awarded to DHHL in 2018. (See Exhibit A.) The HHC unanimously approved accepting the 2018 USDA RD WEP supplemental funding obligations - \$3,592,279 grant and \$11,555,000 loan.

In January 2020, DHHL gave an informational workshop and presented a submittal (Items G-2 and H-1) requesting the HHC increase the DHHL Development Budget by \$20M. See Exhibit A. The HHC unanimously approved the budget increase.

TABLE 1  
Summary of Project Financing

Project Financing Source	Anahola water system	Ho'olehua water system
DHHL contribution	\$3,770,723	\$12,273,250
2016 USDA RD WEP GRANT*	3,055,137	10,011,750
2018 USDA RD WEP GRANT*	1,999,946	1,592,333
2018 USDA RD WEP LOAN	4,100,000	7,455,000
<b>TOTAL</b>	<b>\$12,925,806</b>	<b>31,332,333</b>

\*Note: USDA RD WEP grant funds are from the Congressional set-aside.

Anahola Farm Lots Water System Improvements

This project is broken into two (2) Phases.

*Project Status*

- Phase 1 construction started in February 2020. Phase 1 includes replacement of the distribution lines, creating dual water pressure zones, installing new water meters and backflow preventers, various repairs, and securing the emergency inter-connection tie to the County water system.
- Phase 2 is to replace the 500,000 gallon water storage tank. The Notice to Proceed for Phase 2 was issued in September 2020.

Ho'olehua Water System Improvements

This project is broken out in to four (4) packages. Construction for Package 1 and Package 2 are planned to start at the same time.

- Package 1 - improvements to various sites in Ho'olehua
- Package 2 - Improvements to various sites in Kalama'ula
- Package 3 - Photovoltaic System
- Package 4 - Procure equipment and supplies

*Project Status*

- Construction contracts for Package 1 and Package 2 received concurrence from USDA RD in March 2020.
- Two Conditional Notices to Proceed were issued in July 2020.
- Official Notice to Proceed and groundbreaking are estimated in October 2020.
- Package 3 Photovoltaic System is currently in the planning and design phase.
- Package 4 Equipment and Supplies - bid package is currently being drafted.

DISCUSSION

Since January 2020, DHHL and the USDA-RD have been negotiating the terms and conditions under which DHHL would borrow up to \$11.555M in loans from the USDA-RD WEP. The

parties are near agreement on the final terms and conditions of the Loan (a summary is included in Table 2).

TABLE 2  
Key Terms

1. Total Estimated Project Cost:	\$44,258,139
1.1. DHHL Contribution:	\$16,043,973
1.2. USDA RD WEP Grants	\$16,659,166
1.3. Ho'olehua Loan	\$7,455,000
1.4. Anahola Loan	\$4,100,000
2. Interest Rate:	3.125%, subject to adjustment at Closing.
3. Term/Repayment:	35 years, fully amortizing over 33 years: (a) interest only in years 1 - 2; then in equal monthly installments of principal and interest in years 3 - 35. Borrower may prepay all or any portion of any note at any time without penalty.
4. Closing:	TBD
5. Security	
5.1. Promissory Note:	One or more promissory notes using form RD 440-22.
5.2. Mortgage:	Not Required.
5.3. Assignment of Incomes and Rents:	Assigning rights to accounts receivable from all "available lands" (under general leases, licenses, permits, and rights-of-entry), subordinate to: (a) DHHL revenue bond obligations, series 2017; and (b) DHHL certificate of participation, series 2017 A. (see separate attachment); and net

incomes from water systems (if any).

- 5.4. Fixture Filing: A financing statement in form and content sufficient to perfect a security interest in the fixtures constituting the water system purchased, installed, or paid for with the Loan, including any accessions, improvements, and replacements.
6. Other Agreements: Security Agreement  
Loan Resolution and Security Agreement  
Severance Agreement  
Right of Way Certificate  
\*Third-Party Legal Opinion
- Subject to further negotiation to ensure compliance with USDA statutes, rules, and regulations and with the statutes, rules, and regulations of the State of Hawaii.
7. Commission Approval: The transaction contemplated is conditioned on and subject to the approval of the Hawaiian Homes Commission. Any modification to the contemplated transaction must be approved by the parties in writing.

A critical document in the package of Loan Documents is the USDA Loan Resolution Security Agreement. See Exhibit B. It includes, among other things, the operational and administrative controls the department must implement or institute to administer the Loans and comply with the USDA-RD's program requirements. Fiscal has reviewed and confirms it is capable of complying with all of the institutional controls and is making appropriate preparations to implement any new or revised processes, procedures, and systems to ensure the department's compliance.

The other documents are mostly non-negotiable forms required by the USDA RD to comply with its program rules and requirements. The department has negotiated such documents with the assistance of the Department of the Attorney General to ensure their compliance with Hawaii law.

The department still needs to obtain a third-party legal opinion to comply with the USDA-RD's program rules and requirements. Such opinion must be obtained when the Loan Documents are in a final executable form. The department is procuring outside counsel to obtain that opinion with the assistance and guidance of the Department of the Attorney General.

#### CONCLUSION

DHHL is in continuous communication with USDA RD to address these matters above and is working diligently and collaboratively to close the Loans. The primary benefits to accessing the USDA RD WEP funds are (1) to fund and construct these improvements in a timely manner; and (2) to leverage DHHL resources that would otherwise be used for new homestead lot development to address the applicant wait list.

#### RECOMMENDATION

None; for your information only.

Exhibit A

EXHIBIT B

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

January 27 - 28, 2020

TO: Chairman and Members, Hawaiian Homes Commission  
Through: Andrew Choy, Acting Planning Program Manager *K*  
FROM: Gigi Cairel, Grants Specialist *G. Cairel*  
Subject: For information only - US Department of Agriculture  
Rural Development Water and Environmental Program  
project financing

RECOMMENDED MOTION/ACTION

None; for information only.

BACKGROUND

The Department of Hawaiian Home Lands (DHHL) owns and operates four (4) water utility systems statewide. All are potable water systems, except for the Pu'ukapu system on Hawai'i island.

- Ho'olehua water system, Moloka'i
- Anahola Farm Lots water system, Kaua'i
- Kawaihae water system, Hawai'i
- Pu'ukapu (non-potable) water system, Hawai'i

The Ho'olehua and Anahola water systems are over 80 years old and 30 years old, respectively, and are in need of major capital improvements. These systems suffer from inconsistent water pressure to homestead lots, high energy costs, leaks, and exposure to security threats and vandalism.

In 2016 and 2018, US Department of Agriculture Rural Development (USDA RD) Water and Environmental Program (WEP) awarded over \$28 million in federal loan and grant funds to improve the Ho'olehua and Anahola Farm Lots Water Systems. DHHL committed to over \$16 million. Today, the estimated project costs are \$44.3 million - \$31.3 million for Ho'olehua and \$13 million for Anahola. DHHL is expected to advance funds for the projects and USDA RD will reimburse DHHL with WEP funds. See Exhibit A.

At the November 2018 Hawaiian Homes Commission (HHC) meeting, an informational workshop and submittals (Items H-1 and H-2) were presented and included project descriptions, costs, and project financing packages. See Exhibits B and C.

DISCUSSION

Anahola Farm Lots Water System improvements

Project need

- Aging infrastructure
  - 0.5 MG steel storage tank has reached its useful life
  - Replace distribution lines, meters, backflow preventers, fire hydrants
- Inconsistent water pressure
- Improve system safety and security
  - Emergency inter-tie with County water system is highly vulnerable to vandalism

Project objectives

- Increase operational efficiencies and system reliability
- Replace the 0.5MG steel storage tank with a 0.5MG concrete tank
- Address water pressure issues by creating dual pressure zone areas
- Repair/replace system components including distribution lines, fire hydrants, water meters and backflow preventers
- Improve system safety and security, particularly at the emergency inter-tie with the County system

The project will not add new users to the system or expand the current service area beyond the existing homesteads in the Bay View residential subdivision and the Anahola Farm Lots.

Ho'olehua Water System Improvements

Project need

- Aging infrastructure
- Low water pressure
- Un-accounted for water due to leaks
- High energy costs to run the well pumps
- System components are inaccessible 24/7
- System is vulnerable to vandalism
- Maintenance building is inadequate to store water system equipment and supplies

Project objectives

- Increase operational efficiencies and system reliability
- Reduce energy costs

- Achieve 24/7 access to system components
- Address water pressure issues
- Repair/replace system components
- Increase fire protection
- Improve system safety and security

The project will not add new users to the system or expand the current service area beyond the existing homesteads in Ho'olehua and Kalama'ula.

*US Department of Agriculture Rural Development Water and Environmental Program*

The USDA RD WEP provides funding for clean and reliable drinking water and waste disposal systems serving rural communities. The WEP program is widely used across the nation by rural towns and federally-recognized tribes, with populations of less than 10,000. But, in Hawaii, only DHHL, the County of Hawaii, and small, private homeowner associations have used WEP funds. USDA RD WEP is generally under-utilized in Hawaii, resulting in a reduction of federal budget allocations to the WEP over the years and WEP funds for Hawaii moved to other states with a waiting list of shovel-ready projects.

USDA RD WEP funds are used to serve the needs of current rural residents without access to safe drinking water and sanitary waste disposal systems. Consequently, new construction and lot development projects are usually not eligible for USDA RD WEP funds. But, in DHHL's case, USDA RD and DHHL reached an understanding that DHHL's planned, rural communities constituted a "virtual community" eligible for WEP funds.

USDA RD WEP funds are offered at very low-interest rates, up to a 40-year re-payment term and potentially funding 100% of a project using a combination of loans and grants. The combination of grants to loans depends on several factors, like borrower's ability to re-pay the loan, median household income of the project area, and the USDA WEP budget allocation for federal grant funds.

*Congressional set-aside for USDA RD WEP grant funds for DHHL*

Starting in federal fiscal year 2009/2010, Congress allocated \$5M per year to the USDA WEP budget for DHHL and residents of Hawaiian Home Lands (the DHHL Grant Set-Aside), then reduced to \$1 million per year and, finally, deleted from the USDA WEP budget. USDA RD informed DHHL that they do not have rules to award federal grant funds to fund all project costs with federal grant funds, except in certain locations and for emergencies.

Since 2008, DHHL partnered with Nā Kupa'a o Kūhiō (501c3 Nonprofit) to access the DHHL Grant Set-Aside. USDA RD awarded \$19 million to fund 7 water and sewer projects serving DHHL homesteads. For a complete and detailed list of projects and funding see Exhibit D.

After these projects were funded, DHHL learned that the DHHL Grant Set-Aside had accumulated to almost \$20 million, despite the funding of the 7 projects. DHHL then discovered that instead of using the DHHL Grant Set-Aside, USDA RD had used USDA RD National Office loan and grant funds and special funds from the American Recovery and Reinvestment Act (ARRA or "federal stimulus"). The only project funded by the DHHL Grant Set-Aside was the project for the DHHL Ka'ulu'okah'i homestead (formerly East Kapolei Increment IIB) of about \$1.5 million

In federal fiscal year 2015/2016, USDA RD informed DHHL that the \$5M annual grant set-aside was no longer allocated in USDA's budget and that the then \$20 million balance of the DHHL Grant Set-Aside would be "de-obligated" or returned to USDA RD and unavailable to DHHL. By federal statute, funds allocated but unspent after 5 years are de-obligated.

In 2016, DHHL submitted 3 applications (which included the DHHL Ho'olehua and Anahola water systems) to USDA RD to use the DHHL Grant Set-Aside. All applications were funded with the DHHL Grant Set-Aside in 2016, but \$3.6 million balance remained. USDA encouraged DHHL to apply for additional funds, so DHHL re-evaluated project costs. In 2018, DHHL applied for and received a combination of loan and grant awards under WEP, which completely draws down the DHHL Grant Set-Aside. Because the 2018 awards were a combination loan/grant, USDA reverted to their standard program.

### *Benefits and Challenges*

Benefits for DHHL to use the USDA RD WEP program are as follows:

- Leverages State CIP and DHHL Trust resources (approximately 1.75 federal funds/ DHHL funds)
- Allows DHHL to implement improvements in a timely manner
  - Improvements are needed to protect public health and safety, increase operational efficiencies, and help keep water rates affordable for beneficiaries

Challenges to implement the USDA RD WEP funds are many, including the following summarized in Table 1 below.

TABLE 1  
Challenges

Challenge	DHHL Response
5-year Federal statutory limit to spend down funds <ul style="list-style-type: none"> <li>• 2016 grant award expires 2021</li> <li>• 2018 loan/grant award expires 2023</li> </ul>	DHHL target to start construction by July 2020
WEP program rules has a prescribed order of priority on how funds are to be spent <ol style="list-style-type: none"> <li>(1) DHHL contribution</li> <li>(2) USDA WEP Loan funds</li> <li>(3) USDA WEP Grant funds (2016)</li> <li>(4) USDA WEP Grant funds (2018)</li> </ol>	DHHL will advance its own funds
Interim construction loan	DHHL intends to self-fund construction.
USDA WEP grant funds disbursed by reimbursement	DHHL may request to be reimbursed as frequently as monthly
State versus Federal construction documents	DHHL and USDA negotiated final documents
Federal loan documents	DHHL and USDA currently negotiating

NEXT STEPS

*Implement the USDA RD WEP Funds*

WEP has a prescribed priority order on how project funds are to be spent and how USDA RD disburses WEP funds. For the DHHL projects, the following is the WEP prescribed order. Refer to Exhibit E for Anahola and Exhibit F for Ho'olehua.

- Priority 1 - Applicant contribution (2016 commitment)
- Priority 2 - USDA RD WEP Supplemental Loan (2018 award)
- Priority 3 - USDA RD WEP Grant Set-Aside (2016 award)
- Priority 4 - USDA RD WEP Supplemental Grant (2018)

It is DHHL's intent to fully utilize all WEP loan and grant funds. However, DHHL is aware that WEP has a stipulation that should there be remaining funds at construction completion, USDA may de-obligate such funds. Per WEP rules, any reduction in funds will be first applied to the oldest USDA RD grant award, which also happens to be the WEP Set-Aside. For the DHHL projects, the amount of un-used funds will be first taken out from the 2016 grant, then the 2018 grant. If there are more un-used funds, then WEP loan funds will be applied as an extra payment towards the USDA RD loan.

*Execute DHHL construction contracts*

In 2016, USDA RD obligated only grant funds to DHHL, with a DHHL contribution of its own funds. USDA RD regulations required DHHL, as a state agency, to use its own State of Hawaii

construction documents as opposed to the federal standard construction documents. Only the Anahola Phase 1 project was bid out and contract executed in July 2018 using State of Hawaii documents. In September 2018, for both projects, DHHL was awarded additional funds in a combination of WEP loan and grant funds. USDA RD notified DHHL that the department was no longer exempted from using the Federal standard documents.

As of January 9, 2020, USDA RD concurred on a modified set of construction documents.

*DHHL to negotiate, finalize and execute USDA RD WEP loan documents*

In November 2018, HHC delegated authority to the Chairman to negotiate with USDA RD the final loan terms and conditions and to execute related loan documents. DHHL is currently reviewing the loan documents.

#### CONCLUSION

The department is in continuous communication with USDA RD to address these matters above and is working diligently and collaboratively to find mutually-agreeable alternatives. The primary benefit to accessing the USDA RD federal funds today is to leverage DHHL resources that would otherwise be used for new homestead lot development to address the applicant wait list. Total federal funds for these two projects is \$28.2 million - \$11.5 federal loan and \$16.7 federal grant.

#### RECOMMENDATION

None; for your information only.

## Water & Environmental Programs

To apply for Water & Environmental Grant and Loan funding, visit **RD Apply**, our newly developed, online application system

Through Rural Utilities Service Water and Environmental Programs (WEP), rural communities obtain the technical assistance and financing necessary to develop drinking water and waste disposal systems. Safe drinking water and sanitary waste disposal systems are vital not only to public health, but also to the economic vitality of rural America. Rural Development is a leader in helping rural America improve the quality of life and increase the economic opportunities for rural people.

WEP provides funding for the construction of water and waste facilities in rural communities and is proud to be the only Federal program exclusively focused on rural water and waste infrastructure needs of rural communities with populations of 10,000 or less. WEP also provides funding to organizations that provide technical assistance and training to rural communities in relation to their water and waste activities. WEP is administered through National Office staff in Washington, DC, and a network of field staff in each State.

### USDA Rural Development Water and Environmental Programs:

- Circuit Rider Program
- Emergency Community Water Assistance Grants
- Grants for Rural and Native Alaskan Villages
- Household Water Well System Grants
- Individual Water & Wastewater Grants
- SEARCH - Special Evaluation Assistance for Rural Communities and Households
- Solid Waste Management Grants
- Water & Waste Disposal Grants to Alleviate Health Risks on Tribal Lands and Colonias
- Water & Waste Disposal Loans & Grants
- Water & Waste Disposal Loan Guarantees
- Water & Waste Disposal Predevelopment Planning Grants
- Water & Waste Disposal Revolving Loan Funds
- Water & Waste Disposal Technical Assistance & Training Grants

### Reports

- WEP FY 2016 Annual Progress Report

### Special Initiatives

- American Iron and Steel Requirement
- Electronic Preliminary Engineering Report (ePER)

## **Water & Waste Disposal Loan & Grant Program Program 101**

Program Fact Sheet

**Are applications currently being accepted:** YES

### **What does this program do?**

This program provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.

### **Who may apply?**

This program assists qualified applicants who are not otherwise able to obtain commercial credit on reasonable terms. Eligible applicants include:

- Most state and local governmental entities
- Private nonprofits
- Federally-recognized tribes

### **What is an eligible area?**

Areas that may be served include:

- Rural areas and towns with populations of 10,000 or less -- check eligible addresses
- Tribal lands in rural areas
- Colonias

### **What kinds of funding are available?**

- Long-term, low-interest loans
- If funds are available, a grant may be combined with a loan if necessary to keep user costs reasonable.

### **How may the funds be used?**

Funds may be used to finance the acquisition, construction or improvement of:

- Drinking water sourcing, treatment, storage and distribution
- Sewer collection, transmission, treatment and disposal
- Solid waste collection, disposal and closure
- Storm water collection, transmission and disposal

In some cases, funding may also be available for related activities such as:

- Legal and engineering fees
- Land acquisition, water and land rights, permits and equipment
- Start-up operations and maintenance
- Interest incurred during construction
- Purchase of facilities to improve service or prevent loss of service
- Other costs determined to be necessary for completion of the project
- See 7 CFR Part 1780.7 and 1780.9 for a complete list

### **What is the loan term and rate?**

- Up to 40-year payback period, based on the useful life of the facilities financed

- Fixed interest rates, based on the need for the project and the median household income of the area to be served

Contact us for details and current interest rates applicable for your project

### Are there additional requirements?

- Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities.
- All facilities receiving federal financing must be used for a public purpose.
- Partnerships with other federal, state, local, private and nonprofit entities that offer financial assistance are encouraged.
- Projects must be financially sustainable.

### How do we get started?

**RD Apply**

- Applications are accepted year round and may be filed electronically using **RD Apply**. The RD Apply Customer Help Guide is provided to help you get started and work through the application process
- Applications are also accepted through your local RD office.
- Program resources are available online (i.e., forms, guidance, certifications, etc.).

### Who can answer questions?

- Contact the local representative who serves your area
- Participating nonprofits in your area may also offer assistance and training

### What governs this program?

- Basic Program – 7 CFR, Part 1780
- Loan Servicing – 7 CFR, Part 1782
- Section 306 of the Consolidated Farm and Rural Development Act

### Why does USDA Rural Development do this?

This program helps very small, financially distressed rural communities extend and improve water and waste treatment facilities that serve local households and businesses. Good practices can save tax dollars, improve the natural environment, and help manufacturers and businesses to locate or expand operations.

**NOTE:** Program details may change over time. Before you begin an application, please confirm you have the most current information by contacting a program specialist in your local RD office for assistance or consult the program instructions listed in the section above titled "What Governs this Program?"

## Forms & Resources

**NOTE:** Please ensure that your state is selected in the dropdown menu above to find the state office contact information, and speak to a program specialist before attempting to fill out any forms or applications. This will save you time in completing your application.

## Engineering

Key WEP Engineering Resource Page

Individual states will have particular requirements based on state and local regulations. Please contact the local RD office in the state where your project is located.

## Environmental

## Interest Rates

Current interest rates for 1st Quarter FY 2020, effective October 1, 2019 to December 31, 2019

<b>Poverty:</b>	1.750%
<b>Intermediate:</b>	2.375%
<b>Market:</b>	3.000%



# Water & Waste Disposal Loan & Grant Program

## What does this program do?

This program provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.

## Who may apply?

This program assists qualified applicants who are not otherwise able to obtain commercial credit on reasonable terms.

Eligible applicants include:

- Most state and local governmental entities
- Private nonprofits
- Federally-recognized tribes

## What is an eligible area?

Areas that may be served include:

- Rural areas and towns with populations of 10,000 or less - check eligible addresses
- Tribal lands in rural areas
- Colonias

## What kinds of funding are available?

Long-term, low-interest loans. If funds are available, a grant may be combined with a loan if necessary to keep user costs reasonable.

## How may the funds be used?

Funds may be used to finance the acquisition, construction or improvement of:

- Drinking water sourcing, treatment, storage and distribution
- Sewer collection, transmission, treatment and disposal
- Solid waste collection, disposal and closure
- Storm water collection, transmission and disposal

In some cases, funding may also be available for related activities such as:

- Legal and engineering fees
- Land acquisition, water and land rights, permits and equipment

- Start-up operations and maintenance
- Interest incurred during construction
- Purchase of facilities to improve service or prevent loss of service
- Other costs determined to be necessary for completion of the project
- See 7 CFR Part 1780.7 and 1780.9 for a complete list

## What is the loan term and rate?

The loan term is up to 40-year payback period, based on the useful life of the facilities financed with a fixed interest rate. The interest rate is based on the need for the project and the median household income of the area to be served.

**Contact us** for details and current interest rates applicable for your project.

## Are there additional requirements?

- Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities.
- All facilities receiving federal financing must be used for a public purpose.
- Partnerships with other federal, state, local, private and nonprofit entities that offer financial assistance are encouraged.
- Projects must be financially sustainable.

EXHIBIT A  
EXHIBIT B



## Water & Waste Disposal Loan & Grant Program

### How do we get started?

Applications are accepted year round and may be filed electronically using **RD Apply**. The RD Apply Customer Help Guide is provided to help you get started and work through the application process. Applications are also accepted through your **local RD office**. Program resources are available online (i.e., forms, guidance, certifications, etc.).

### Who can answer questions?

Contact the local representative who serves your area. Participating nonprofits in your area may also offer assistance and training.

### What governs this program?

- Basic Program – **7 CFR, Part 1780**
- Loan Servicing – **7 CFR, Part 1782**
- Section 306 of the Consolidated Farm and Rural Development Act

### Why does USDA Rural Development do this?

This program helps very small, financially distressed rural communities extend and improve water and waste treatment facilities that serve local households and businesses. Good practices can save tax dollars, improve the natural environment, and help manufacturers and businesses to locate or expand operations.

EXHIBIT <sup>B</sup>  
EXHIBIT A

NOTE: Because citations and other information may be subject to change please always consult the program instructions listed in the section above titled "What Governs this Program?" You may also contact your **local RD office** for assistance. You will find additional forms, resources, and program information at [www.rd.usda.gov](http://www.rd.usda.gov). *USDA is an equal opportunity provider, employer, and lender.*

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STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

November 19 - 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Rodney Lau, Administrative Services Officer  
Norman Sakamoto, Administrator, Land Development  
Division  
Kaleo Manuel, Acting Planning Program Manager  
Gigi Cairel, Grants Specialist

Subject: Approve to Accept the US Department of Agriculture  
Rural Development Loan/Grant Financing for the  
DHHL-owned Anahola Farm Lots Water System on the  
Island of Kaua'i

RECOMMENDED MOTION/ACTION:

That the Hawaiian Homes Commission (HHC) approves to accept the subsequent \$4,100,000 loan and subsequent \$1,999,946 grant, as part of a financing package awarded to the Department of Hawaiian Home Lands (DHHL) by the US Department of Agriculture Rural Development (USDA RD) to fund capital improvements to the DHHL-owned Anahola Farm Lots Water System (Public Water System #432) on the Island of Kaua'i;

That the HHC delegates authority to the Chairman to negotiate final terms and conditions of the USDA RD loan, including execution of related documents.

BACKGROUND:

The DHHL-owned Anahola Farm Lots Water System serves 75 lessees and their families in the Bayview residential homestead and Anahola Farm Lots. Total population served is approximately 385 people. This water system also provides potable water to one non-homestead lot and has an interconnection tie to the County of Kaua'i, where DHHL may draw water from the County and vice versa for emergency purposes. All other homestead areas on Kaua'i receive potable water from the County of Kaua'i, including residential homesteads in Anahola, Pi'ilani Mai Ke Rai, Hanapepe, and Kekaha.

The Anahola Farm Lots Water System is supplied by a groundwater source from the DHHL Anahola well which was

constructed over 35 years ago by the Department of Land and Natural Resources. Major water system facilities include a half-acre site containing the well, control building, and a 0.5 million gallon (MG) steel storage tank; nearly two miles of distribution lines; and an emergency interconnection between the DHHL Anahola Farm Lots Water System and the County of Kaua'i. The well water is treated at the source with sodium hypochlorite. The system is classified by the Department of Health (DOH) as a Public Water System Grade 1 distribution system and requires a DOH certified operator with a Grade 1 operator license. The operations and maintenance services are provided by a DHHL contractor.

Water quality delivered by the Anahola water system currently meets all Federal and State drinking water quality standards. On a quarterly basis, the DHHL contracted operator conducts water quality testing, as required by DOH. Every three years, DOH conducts a sanitary survey to check site and facility conditions for compliance with Technical, Managerial and Financial capacity standards. Since there have been no significant deficiencies, DOH conducts its sanitary survey every five years. In prior DOH sanitary surveys, DOH provided recommendations to non-significant findings, which DHHL has remediated and corrected over the years, except for storage tank replacement. In the 2018 DOH survey, the Anahola system had no significant deficiencies, yet has six non-significant deficiencies such as recordkeeping and properly updating documents such as the mutual aid agreement with County of Kaua'i and the DHHL Vulnerability Assessment/Emergency Response Plan.

#### *Need for project*

The needs for this capital improvement project are many and include:

- (1) Since 1999, DOH has continuously recommended that DHHL replace the Anahola water storage because it is severely rusted on the roof and sides. The rust has degraded to loose flakes. DOH reported algal/fungal growth on the tank sides since 2008. Further, the tank's structural integrity is at risk. The tank has more than reached its useful life of over 30 years old.
- (2) The 2013 DOH sanitary survey noted the lack of security at the interconnect tie between the DHHL Anahola water system and the County. DOH recommended fencing the area and locking the standpipe caps and valves to prevent tampering with a public water supply.
- (3) Aging infrastructure where system components need major repairs or complete replacement.
- (4) Low water pressure in mauka areas and high water pressure in areas makai-side of Kūhio highway
- (5) High level of unaccounted for water due to leaks.

Improvements are needed to improve overall reliability and functionality of the water system. The improvements will not add new users to the system nor expand the service area beyond the Bayview residential homestead and Anahola Farm Lots. Due to the location of the Anahola water system, there is little to no opportunity to physically expand the water system or serve new homestead lots in the near term.

*Project description/scope*

The scope of this project is to implement much needed improvements to the Anahola Farm Lots Water System including the following.

- Increase operational efficiency
- Replace the storage tank
- Address water pressure issues
- Repair or replace components that have reached their useful life cycle
- Improve water system safety and security

The design and construction of the proposed Anahola Farm Lots Water Project is divided into two phases.

Phase 1 will address water distribution system improvements as follows.

- install a new dual water pressure zone which will increase the water pressure to customers in the mauka area and reduce the extreme high pressures to customers in the makai area, below Kūhio Highway.
- replace aging asbestos concrete pipes with Kaua'i County standard material that have a longer life expectancy.
- replace all fire hydrants, water meters and backflow preventers.
- improve the security in and around the interconnection facility at Kūhio Highway used for emergencies.

Phase 2 construction is to replace the water storage tank and improve the well site.

- construct a temporary 100,000 gallon steel tank.
- demolish the existing 500,000 gallon steel storage tank.
- construct a new concrete storage tank.
- Improve the well site, including replacement of well pump, install a booster pump, install an emergency diesel generator, install an improved chlorination system and install a Supervisory Control and Data Acquisition (SCADA) system. Currently, the well controls are operated manually; the SCADA

system will allow for remote operations and notifications of problems.

*Project costs*

In 2016, the project cost estimate was \$8.8M. DHHL sought federal funds from the USDA RD Water and Environment Program (WEP) (1) to access USDA RD set-aside grant funds that were available only to DHHL water and waste projects; and (2) to leverage DHHL resources for major capital improvements. USDA awarded \$3M and DHHL committed \$3.8M of its own funds. Total project cost was then reduced to \$6.8M.

In 2018, USDA RD approached and encouraged DHHL to consider applying for additional funds for anticipated project cost overruns. USDA RD had a national "call out" for projects due to the sudden availability of federal dollars that needed to be obligated by the end of the federal fiscal year, September 2018. DHHL submitted an application to seek an additional \$6.1M, thus bringing the total project cost to \$13M. USDA RD subsequently awarded the additional \$6.1M in the form of a loan/grant combination - \$4.1M Loan and \$2M Grant.

TABLE 1  
Project Budget

Project Budget Category	2016	2018	Difference
Legal/Administration	\$150,000	\$150,000	\$0
Engineering	\$1,632,860	\$1,628,363	<\$4,497>
Construction	\$4,675,600	\$9,610,477	\$4,934,617
Contingency	\$397,400	\$1,566,966	\$1,169,566
<b>TOTAL</b>	<b>\$6,855,860</b>	<b>\$12,955,806</b>	<b>\$6,099,946</b>

TABLE 2  
Summary of USDA Funds

YEAR	USDA awards	DHHL contribution	TOTAL
June 2016	Grant \$3,025,137	\$3,770,723	\$6,795,860
September 2018	Loan \$4,100,000 Grant \$1,999,946	-0-	\$6,099,946
<b>TOTAL</b>	<b>\$9,125,083</b>	<b>\$3,770,723</b>	<b>\$12,895,806</b>
DHHL	Loan re-payment	\$4,100,000	
<b>TOTAL</b>	<b>DHHL Contribution</b>	<b>\$7,870,723</b>	

Loan terms (for planning purposes):  
Period 35 years  
Note: payments in first two years is interest only  
Interest rate 3.1250%\*  
Amortization \$49/\$1000  
Estimated annual payments \$200,900\*

\*Note: The precise payment amount will be based on the interest rate at which time the loan is closed and may be different than as stated above. See Exhibit A for the amortization schedule.

The following factors contributed to the differences in cost estimates.

- The 2016 engineering cost estimates were grossly undervalued for this type of project located on a neighbor island in the State of Hawai'i.
- Project costs generally have gone up in the 2-year period - 2016 and 2018.
- The lengthy DHHL procurement and contracting process.
- Guidance from USDA to increase Contingency to 20%.
- Guidance from USDA that they were flush with funds that must be obligated by September 2018.
- Guidance from USDA that there is no guarantee that USDA will fund future DHHL cost overruns for this Anahola water project.

During this period, the project scope remained the same.

Based on the factors above, DHHL was conservative in making the request to USDA RD for the additional \$6.1M. Since the \$6.1M award from USDA RD, DHHL again evaluated the project costs based on the actual final low bid numbers from Phase 1 at \$3.1M. Phase 2 is estimated at \$5.2M. With engineering design costs and contingency, this brings up the project cost estimate from \$6.8M (2016) to \$11.62M (2018). At this time, it appears the shortfall is \$4.8M, not \$6.1M. Thus, DHHL may have remaining funds amounting to \$1.3M.

Per USDA RD regulations, "remaining funds may be used for eligible loan and grant purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan and grant remains the same." DHHL has developed a list of items should there be such remaining funds when construction is complete for the original scope. Additional items include the following (in order of priority):

- Any cost overruns experienced during construction
- Replace grass area with pavement at the well/tank site

- Expand the existing control building to enclose well pumps and booster pumps to protect against moisture damage
- Add security measures, including enhanced lighting, to the well/tank site
- Exterior coating to the tank
- Purchase water truck for emergency use
- Stock equipment on island including pumps, motors, etc.

DHHL will seek preliminary approval from USDA RD to add these items in the event there are remaining funds.

TABLE 3  
Updated Project Costs

Project Budget Category	USDA Award	DHHL Revised Costs	Difference
Legal/Administration	\$150,000	\$150,000	\$0
Engineering	\$1,628,363	\$1,628,363	\$0
Construction	\$9,610,477	\$8,300,000	<\$1,310,477>
Contingency	\$1,566,966	\$1,566,966	\$0
<b>TOTAL</b>	<b>\$12,955,806</b>	<b>\$11,645,329</b>	<b>&lt;\$1,310,477&gt;</b>

#### Project Status

At this time, the following is the status of this project.

- Phase 1 (water lines) - Construction contract executed.
- Phase 2 (tank replacement) - Currently is in the bidding process, Bid opening expected in early December 2018.

#### DISCUSSION

DHHL is seeking approval to accept the 2018 USDA RD loan/grant package to finance the proposed improvements to the Anahola water system. Should DHHL not proceed with the 2018 subsequent USDA RD loan/grant funds and, instead, proceed with the earlier 2016 USDA RD grant funds, the following are the impacts.

- DHHL may move forward with the 2016 USDA RD grant award (\$3,025,137) and DHHL contribution (\$3,770,723).
- There would be no need for DHHL to address USDA RD loan conditions - loan security, interim financing, change to use the federal bid and contract documents.
- DHHL may proceed with the Anahola water system improvements project with minimal disruption and time delays to the project.
- DHHL will continue to use the State bid and contract documents.

- DHHL will need to identify a new source of funds for the estimated project cost shortfall of \$4.8M and any future unforeseen cost overrun.
- DHHL will need to identify a new source of funds for the additional needs, not in the original 2016 scope - includes paving the well/tank site, enclose the well pump, coating of the tank, and purchase of equipment/supplies.

Should DHHL accept the 2018 USDA RD loan/grant package, there are major issues that need to be negotiated and resolved with USDA RD. The USDA RD loan is a new component to the overall financing package and with it comes new funding conditions. The major issues of concern to DHHL are as follows.

- Loan security, collateral, and general obligation bond financing
- Interim financing
- USDA priority order to disburse funds
- Use of State of Hawaii procurement and contracting documents versus federal standard documents

DHHL is optimistic that USDA RD will concur with our proposed alternatives.

*Loan Security, Collateral, General Obligation Bond Financing*

When a borrower is a public body, USDA's first preference for security are general obligation bonds, which is evidence of the full faith and credit of the borrower. DHHL is unable to provide such security. Instead, DHHL proposes to pledge all revenues from its "available lands" as security in lieu of general obligation bonds, subordinate to the DHHL Revenue Bonds, series 2017 and DHHL Certificates of Participation Series 2017 A (COPS). This proposal would place USDA RD in third position to all revenues from DHHL "available lands."

Status: DHHL will send this proposed alternative to USDA RD for its review and concurrence.

*Interim Financing*

USDA RD loans are long term (35 years) permanent take-out loans. USDA RD requires its borrowers to seek Interim Financing for the construction period. However, should a borrower be unable to obtain such interim financing with reasonable terms, borrower may request an exception whereby USDA RD would disburse the loans funds directly on a monthly or quarterly basis.

Status: DHHL is pursuing an exception to this USDA RD requirement to obtain Interim Financing.

*USDA priority order to disburse funds*

This federal requirement is in regards to USDA's priority order on how project funds are to spent and how USDA RD disburses the federal funds.

First priority	Applicant contribution
Second priority	USDA RD loan (awarded in 2018)
Third priority	USDA RD grant (awarded in 2016)
Fourth priority	USDA RD grant (awarded in 2018)

Further, there's a stipulation that should there be remaining funds upon construction completion (ie project comes under budget), USDA may de-obligate such funds. Any reduction in funds will be applied to the USDA RD grant funds first. Generally, the older grant funds from 2016 (\$3,025,127) will be de-obligated first, then the grant funds from 2018 (\$1,999,946). If un-used grant funds are totally de-obligated, then any un-used loan funds will be applied as an extra payment towards the USDA RD loan.

Status: The next opportunity to re-assess costs is when final bid tabulations for all phases are received by the DHHL. Secondly, as project construction nears completion, another assessment of project costs may be made to determine if there will be any remaining funds. Should this project come under budget, DHHL has planned for additional items to re-direct any remaining USDA funds.

*Use of federal docs (EJCDC) versus State of Hawaii docs*

At the time this project started in 2016, USDA RD obligated only grant funds to DHHL. USDA RD regulations required DHHL, as a state agency, to use its own State of Hawaii documents as opposed to the federal standard documents, called the Engineers Joint Contract Documents Committee or "EJCDC". Now in 2018, with the award of federal loan funds, DHHL is no longer exempted from using the EJCDC documents. The challenge is that DHHL has already executed bid and contract documents using the State templates. Changing existing State documents in mid-stream to the federal EJCDC documents will result in time delays and, possibly, loss of the vendors.

The construction contract for Phase 1 is executed, using State of Hawaii documents. DHHL is currently in the bid process for Phase 2 and expects bid opening by early December 2018. Again, State of Hawaii documents were used throughout the procurement process. Should this matter on the EJCDC not be resolved in a timely manner, DHHL may need to consider starting a new procurement process, thus further delaying the project timeline.

EJCDC documents include, but are not limited to, the following:  
(a) contract documents between DHHL and engineer, construction contractor, inspector/construction management services; (b) Bid

forms; (c) Notice of Award; (d) Standard General Conditions; (e) Change Orders; etc.

Status: DHHL is proposing to USDA that we continue using the State documents throughout the project period and, as needed, include any federal EJCDC requirements by amendment.

#### CONCLUSION

The department is in continuous communication with USDA RD to address these matters above and is working diligently and collaboratively to find mutually-agreeable alternatives. The primary benefit to accessing the USDA RD federal funds today for the existing Anahola Farm Lots Water System is to leverage DHHL resources that would otherwise be used for new homestead lots to address the applicant wait list. Secondly, by utilizing the USDA RD funds, DHHL is creating templates for future use of the USDA RD WEP program to finance more DHHL water projects to develop new homestead lots.

#### RECOMMENDATION

Staff respectfully requests approval of the recommended motion as stated above.

Anahola		Base Interest	3.125%					
		Adj Interest	37.500%					
	Installment	N	33,000	PV	4,100,000.00			
calculated	200,896.58	Monthly interest	10,677.08					
rounded	200,900.00	Annual interest	128,125.00					
Year	P/I	Interest	Cumulative Interest Pd	Principal	Cumulative Principal Pd	Principal Bal	Pl pmts	Due Date
1	128,125.00	128,125.00	128,125.00		-	4,100,000.00		8/31/2021
2	128,125.00	128,125.00	256,250.00		-	4,100,000.00		8/31/2022
3	200,900.00	128,125.00	384,375.00	72,775.00	72,775.00	4,027,225.00	1	8/31/2023
4	200,900.00	125,850.78	510,225.78	75,049.22	147,824.22	3,952,175.78	2	8/31/2024
5	200,900.00	123,505.49	633,731.27	77,394.51	225,218.73	3,874,781.27	3	8/31/2025
6	200,900.00	121,086.91	754,818.18	79,813.09	305,031.82	3,794,968.18	4	8/31/2026
7	200,900.00	118,592.76	873,410.94	82,307.24	387,339.06	3,712,660.94	5	8/31/2027
8	200,900.00	116,020.65	989,431.59	84,879.35	472,218.41	3,627,781.59	6	8/31/2028
9	200,900.00	113,368.17	1,102,799.76	87,531.83	559,750.24	3,540,249.76	7	8/31/2029
10	200,900.00	110,632.81	1,213,432.57	90,267.19	650,017.43	3,449,982.57	8	8/31/2030
11	200,900.00	107,811.96	1,321,244.53	93,088.04	743,105.47	3,356,894.53	9	8/31/2031
12	200,900.00	104,902.95	1,426,147.48	95,997.05	839,102.52	3,260,897.48	10	8/31/2032
13	200,900.00	101,903.05	1,528,050.53	98,996.95	938,099.47	3,161,900.53	11	8/31/2033
14	200,900.00	98,809.39	1,626,859.92	102,090.61	1,040,190.08	3,059,809.92	12	8/31/2034
15	200,900.00	95,619.06	1,722,478.98	105,280.94	1,145,471.02	2,954,528.98	13	8/31/2035
16	200,900.00	92,329.03	1,814,808.01	108,570.97	1,254,041.99	2,845,958.01	14	8/31/2036
17	200,900.00	88,936.19	1,903,744.20	111,963.81	1,366,005.80	2,733,994.20	15	8/31/2037
18	200,900.00	85,437.32	1,989,181.52	115,462.68	1,481,468.48	2,618,531.52	16	8/31/2038
19	200,900.00	81,829.11	2,071,010.63	119,070.89	1,600,539.37	2,499,460.63	17	8/31/2039
20	200,900.00	78,108.14	2,149,118.77	122,791.86	1,723,331.23	2,376,668.77	18	8/31/2040
21	200,900.00	74,270.90	2,223,389.67	126,629.10	1,849,960.33	2,250,039.67	19	8/31/2041
22	200,900.00	70,313.74	2,293,703.41	130,586.26	1,980,546.59	2,119,453.41	20	8/31/2042
23	200,900.00	66,232.92	2,359,936.33	134,667.08	2,115,213.67	1,984,786.33	21	8/31/2043
24	200,900.00	62,024.57	2,421,960.90	138,875.43	2,254,089.10	1,845,910.90	22	8/31/2044
25	200,900.00	57,684.72	2,479,645.62	143,215.28	2,397,304.38	1,702,695.62	23	8/31/2045
26	200,900.00	53,209.24	2,532,854.86	147,690.76	2,544,995.14	1,555,004.86	24	8/31/2046
27	200,900.00	48,593.90	2,581,448.76	152,306.10	2,697,301.24	1,402,698.76	25	8/31/2047
28	200,900.00	43,834.34	2,625,283.10	157,065.66	2,854,366.90	1,245,633.10	26	8/31/2048
29	200,900.00	38,926.03	2,664,209.13	161,973.97	3,016,340.87	1,083,659.13	27	8/31/2049
30	200,900.00	33,864.35	2,698,073.48	167,035.65	3,183,376.52	916,623.48	28	8/31/2050
31	200,900.00	28,644.48	2,726,717.96	172,255.52	3,355,632.04	744,367.96	29	8/31/2051
32	200,900.00	23,261.50	2,749,979.46	177,638.50	3,533,270.54	566,729.46	30	8/31/2052
33	200,900.00	17,710.30	2,767,689.76	183,189.70	3,716,460.24	383,539.76	31	8/31/2053
34	200,900.00	11,985.62	2,779,675.38	188,914.38	3,905,374.62	194,625.38	32	8/31/2054
35	200,707.42	6,082.04	2,785,757.42	194,625.38	4,100,000.00	0.00	33	8/31/2055
Totals	5,022,307.42	2,785,757.42		4,100,000.00				

Year 35 numbers have been adjusted due to rounding of payments.

**Assumptions:**  
(1) USDA RD Funding package  
DHHL contribution - \$3,770,723  
USDA Grant (2016) - \$3,055,137  
USDA Grant (2018) - \$1,999,946  
USDA Loan (2018) - \$4,100,000

**TOTAL - \$12,925,806**

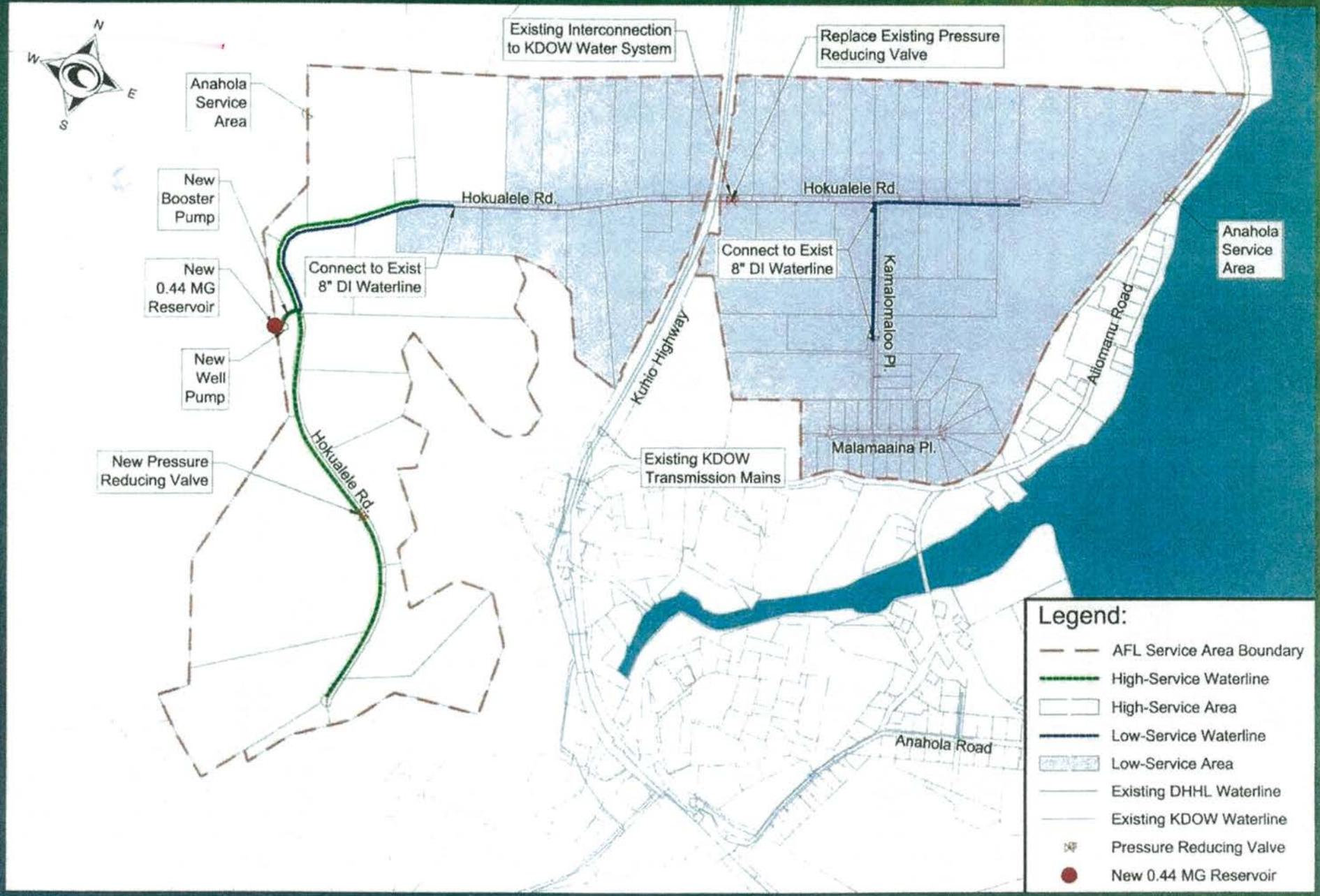
(2) USDA Loan Terms  
Re-payment over a period of 35 years.  
Payments due the first two years will consist of interest only.  
Payments for the remaining 33 years will be equal amortized annual installments, beginning two years after loan closing.  
For planning purposes, use a 3.125% interest rate and an amortization factor of \$49/\$1000, which provides for an annual payment of \$200,900.  
The precise payment amount will be based on the interest rate at loan closing.

(3) Assumes construction completed by August 2021. First payment due August 31, 2021.

HHC ITEM H-1  
EXHIBIT A

EXHIBIT B  
EXHIBIT \_\_\_\_\_

# PROJECT SITE MAP



FIGURE

EXHIBIT B

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

November 19 - 20, 2018

TO: Chairman and Members, Hawaiian Homes Commission

FROM: Rodney Lau, Administrative Services Officer  
Norman Sakamoto, Administrator, Land Development  
Division  
Kaleo Manuel, Acting Planning Program Manager  
Gigi Cairel, Grants Specialist

Subject: Approve to Accept the US Department of Agriculture  
Rural Development Loan/Grant Financing for the  
DHHL-owned Ho'olehua Water System on the Island of  
Moloka'i

RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission (HHC) approves to accept the subsequent \$7,455,000 loan and subsequent \$1,592,333 grant, as part of a financing package awarded in September 2018 to the Department of Hawaiian Home Lands (DHHL) by the US Department of Agriculture Rural Development (USDA RD) to fund major capital improvements to the DHHL-owned Ho'olehua Water System (Public Water System #230) on the Island of Moloka'i; and

That the HHC delegates authority to the Chairman to negotiate final terms and conditions of the USDA RD loan, including execution of related documents.

BACKGROUND

The DHHL-owned Ho'olehua water system serves over 500 lessees and their families in Kalama'ula and Ho'olehua homesteads. Total population served is approximately 2,400 people. All other homesteads on Moloka'i receive potable water from the County of Maui, including Kapaakea and Kamiloloa-One Ali'i. In addition, this system delivers drinking water to community facilities such as the Ho'olehua airport, US Post Office, schools, churches and to commercial businesses. This is the only DHHL-owned water system that serves community facilities and businesses. This is an advantage to DHHL because these other water system users pay a higher water rate to help offset costs to operate the system that otherwise would be 100% borne by lessees.

The system is supplied by groundwater sources from the Kauluwai Well No. 1 and No. 2, both owned by DHHL. Water system facilities include a DHHL maintenance baseyard building, five storage tanks, one pressure breaker tank, two booster pumps, two altitude valves, and approximately 50 miles of pipeline. The water is treated at the source with sodium hypochlorite. The system is classified by the Department of Health (DOH) as a Public Water System Grade 2 distribution system and requires a DOH certified operator with a Grade 2 operator license. The system is operated by DHHL Moloka'i District Office personnel, who are all beneficiaries.

Water quality delivered by the Ho'olehua water system meets all federal and state drinking water quality standards. Every three to five years, DOH conducts a sanitary survey to check site and facility conditions and compliance with Technical, Managerial and Financial capacity standards. In prior DOH sanitary surveys, the Ho'olehua water system had significant deficiencies and DHHL water staff have fully addressed them to date. In the 2018 sanitary survey, the Ho'olehua system had no significant deficiencies.

#### *Need for project*

The needs for this capital improvement project are many and include:

- (1) Aging infrastructure, where some components have been operating since the 1930s such as the 3.5 million gallon (MG) concrete storage tanks located in Ho'olehua.
- (2) Water system components have reached the end of their useful life and are in need for major repairs or complete replacement.
- (3) Low water pressure in the Kalama'ula homestead, which is a priority project in the Moloka'i Regional Plan.
- (4) High level of unaccounted for water due to leaks.
- (5) High energy costs to operate the well pumps. The annual energy cost is \$310,000, which is 40% of the water system operating budget.

Improvements are needed to improve overall reliability and functionality of the water system. The proposed improvements are not intended to add new users to the system nor expand the service area beyond the existing homesteads in Ho'olehua and Kalama'ula.

#### *Project description/scope*

Overall objectives of the improvements are as follows:

- Increase operational efficiency
- Reduce energy costs
- Increase fire protection

- Achieve 24/7 access to system components by improving roadways
- Increase storage capacity
- Address water pressure issues
- Repair or replace components that have reached their useful life cycle
- Improve water system safety and security

The scope of the project is to implement much needed improvements to the Ho'olehua Water System to improve transmission and provide reliable water service to the existing population over a 35-year planning period. In addition to upgrading the reliability of the existing water system, improvements will seek to create a more sustainable system to minimize unexpected losses of service and reduce annual energy costs. The design and construction of the proposed Ho'olehua Water System improvements project is divided into four bid packages as follows.

Package 1 - Ho'olehua portion of the Ho'olehua Water System  
Site numbers 1, 3, 4, 5, 6, 7. Refer to Exhibit B.

- Improve Kauluwai 1.0MG Storage Tank.
- Install a 1,000 gallon above-ground fuel storage tank for the generator.
- Repair the two Ho'olehua 3.5MG storage tanks.
- Replace aging asbestos water piping, pressure relief valves, gate valves, flow controls, well booster pumps and motors, which have reached the end of their useful life.
- Install new water lines and hydrants to provide fire protection to areas not protected now.
- Install new 0.2 MG storage water tank to lower the risk of low pressure and vacuum conditions in the waterline that could result in contamination of the drinking water system through an increase risk of backflow conditions. It will also provide adequate water pressure.
- Provide over 3 miles of all-weather roadways for 24/7 access to most of the water system, storage water tanks and well sites in order to properly maintain and service them.
- Demolish existing DHHL Molokai Maintenance warehouse and construct a new facility to house all of the new construction equipment and properly store water treatment supplies which will allow the Molokai District Office Maintenance crew to provide adequate maintenance and repairs to the Ho'olehua Water System.

Package 2 - Kalama'ula portion of the Ho'olehua Water System  
Site number 2. Refer to Exhibit B.

- Improve roadway for 24/7 access to the 0.2MG Kalama'ula storage tank.
- Replace 12-inch transmission main water line.

Package 3 - Photovoltaic (PV) system and solar field

- Implementation of a large 1 mega-watt PV solar field. This should generate over \$300,000 (estimate) in annual electrical savings.

Package 4 - Equipment and supply needs for the entire Ho'olehua Water System.

*Project costs*

In 2016, the project cost estimate was \$25M. DHHL sought federal funds from the USDA RD Water Environment Program (WEP) (1) to access USDA RD set-aside grant funds available only to DHHL water and waste projects; and (2) to leverage DHHL resources for major capital improvements. USDA awarded \$10M in grant funds and DHHL committed \$12M of its own funds. Total project cost was then reduced to \$22M.

In 2018, USDA RD approached and encouraged DHHL to consider applying for additional funds for anticipated project cost overruns. USDA RD had a national "call out" for projects due to the sudden availability of federal dollars that needed to be obligated by the end of the federal fiscal year, September 2018. DHHL submitted an application to seek an additional \$9M, thus bringing the total project cost to \$31M. USDA RD subsequently awarded the additional \$9M in the form of a loan/grant combination - \$7.4M Loan and \$1.5M Grant.

TABLE 1  
Project Budget

Project Budget Category	2016	2018	Difference
Engineering	\$2,035,444	\$2,518,663	\$483,219
Construction	\$18,481,503	\$24,013,781	\$5,532,278
Contingency	\$1,768,053	\$4,799,889	\$3,031,836
<b>TOTAL</b>	<b>\$22,285,000</b>	<b>\$31,332,333</b>	<b>\$9,047,333</b>

TABLE 2  
Summary of USDA Funds

YEAR	USDA awards	DHHL contribution	TOTAL
June 2016	Grant \$10,011,750	\$12,273,250	\$22,285,000
September 2018	Loan \$7,455,000 Grant \$1,592,333	-0-	\$9,047,333
<b>TOTAL</b>	<b>\$19,059,083</b>	<b>\$12,273,250</b>	<b>\$31,332,333</b>
	DHHL Loan re-payment	\$7,455,000+	
<b>TOTAL</b>	<b>DHHL Contribution</b>	<b>\$19,728,250+</b>	

EXHIBIT

Loan terms (for planning purposes):  
Period 35 years  
Note: payments in first two years is interest only  
Interest rate 3.1250%\*  
Amortization \$49/\$1000  
Estimated annual payments \$365,295\*

\*Note: The precise payment amount will be based on the interest rate at which time the loan is closed and may be different than as stated above. See Exhibit A for the amortization schedule.

The following factors contributed to the differences in cost estimates from 2016 to 2018.

- Project costs generally have gone up in the 2-year period - 2016 and 2018.
- The lengthy DHHL procurement and contracting process
- USDA RD staff changes resulted in time delays of the USDA review of bid and contracting documents
- Guidance from USDA to increase Contingency to 20%
- Guidance from USDA that they were flush with funds that must be obligated by September 2018
- Guidance from USDA that there is no guarantee that USDA will fund future DHHL cost overruns for this Ho'olehua project

During this period, the project scope remained the same. The only change was that DHHL removed \$5M that was originally budgeted with USDA funds in 2016 for the PV project. Instead, DHHL anticipates the PV project to be self-financed through a Purchase Power Agreement (PPA). The \$5M in USDA funds was re-allocated to the other sub-projects - Bid Package 1 (Ho'olehua), Bid Package 2 (Kalama'ula) and Bid Package 4 (Equipment/Supplies).

Based on the factors above, DHHL was conservative in making the request to USDA RD for the additional \$9M. Since the \$9M award from USDA RD, DHHL again evaluated the project costs based on the actual final low bid numbers from Packages 1 and 2 - \$19,554,000 (USDA RD portion \$16,228,000) and \$3,048,540, respectively. Package 4 is estimated at \$1,411,242. With engineering design costs and 10% contingency, this brings up the project cost estimate from \$22M (2016) to \$25M (2018). At this time, it appears the shortfall is \$3M, not \$9M. Thus, DHHL may have remaining funds amounting to \$6M.

Per USDA RD regulations, "remaining funds may be used for eligible loan and grant purposes, provided the use will not result in major changes to the original scope of work and the purpose of the loan and grant remains the same." DHHL has developed a list of work items should there be such remaining

funds when construction is complete for the original scope. Additional items include the following (in order of priority):

- Any cost overruns experienced during construction, including funds needed for the PV project should the PPA fall through.
- Emergency repairs to the two 3.5MG concrete tanks.
- Replace and re-condition 278 fire hydrants, in addition to the 30 in the original scope.
- Construct protective structures over well pumps & booster pumps to protect moisture damage to pump motors.
- Stock equipment/supplies on island such as gate valves, water laterals, etc.
- Purchase equipment including tapping machine, bits & adapters, etc.

DHHL will seek preliminary approval from USDA RD to add these items in the event there are remaining funds.

TABLE 3  
Updated Project Costs

	USDA Award Amounts	DHHL Revised Costs	Difference
Engineering	\$2,518,663	\$2,552,225	\$33,562
Construction	\$24,013,781	\$20,687,781	\$3,326,000
Contingency	\$4,799,889	\$2,068,778	\$2,731,111
<b>TOTAL</b>	<b>\$31,332,333</b>	<b>\$25,308,784</b>	<b>\$6,090,673</b>

*Project Status*

- At this time, the following is the status of this project.
- Packages 1 and 2 - Bids received and ready to award contracts.
  - Package 3 - PV project pending State (and possibly USDA RD) approval of bid documents.
  - Package 4 - Equipment pending USDA RD approval of Request for Proposal documents.

DISCUSSION

DHHL is seeking approval to accept the 2018 USDA RD subsequent loan/grant package to finance the proposed improvements to the Ho'olehua water system. Should DHHL not proceed with the 2018 subsequent USDA RD loan/grant funds and, instead, proceed with the earlier 2016 USDA RD grant funds, the following are the impacts.

EXHIBIT C  
EXHIBIT B

- There would be no need for DHHL to address USDA RD loan conditions - loan security, interim financing, change to use the federal bid and contract documents.
- DHHL may proceed with the Ho'olehua water system improvements project with minimal disruption and time delays to the project.
- DHHL will continue to use the State bid and contract documents.
- DHHL will need to identify a new source of funds for the estimated project cost shortfall of \$3M and any future unforeseen cost overruns during the construction period.
- Should the PV PPA fall through, DHHL will need to identify a new source of funds. The PV was part of the original scope for 2016 USDA RD funds. If the PV will be removed the original scope, it will result in a \$5M reduction in the original 2016 USDA RD grant of \$10,011,000.
- DHHL will need to identify a new source of funds for the additional needs, not in the original 2016 scope - includes emergency repairs to the two 3.5 MG concrete tanks, replace fire hydrants, construct new protective covering for the well pumps and booster pumps, etc.

Should DHHL accept the 2018 USDA RD loan/grant package, there are major issues that need to be negotiated and resolved with USDA RD. The USDA RD loan is a new component to the overall financing package and with it comes new funding conditions. The major issues of concern to DHHL are as follows.

- Loan security, collateral, and general obligation bond financing
- Interim financing
- USDA priority order to disburse and de-obligate funds
- Use of State of Hawaii procurement and contracting documents versus federal standard documents

DHHL is optimistic that USDA RD will concur with our proposed alternatives.

#### *Loan Security, Collateral, General Obligation Bond Financing*

When a borrower is a public body such as DHHL, USDA's first preference for security are general obligation bonds, which is evidence of the full faith and credit of the borrower. DHHL is unable to provide such security. Instead, DHHL proposes to pledge all revenues from its "available lands" as security in lieu of general obligation bonds, subordinate to the DHHL Revenue Bonds, series 2017 and DHHL Certificates of Participation Series 2017 A (COPS). This proposal would place USDA RD in third position to all revenues from DHHL "available lands."

Status: DHHL will send this proposed alternative to USDA RD for its review and concurrence.

*Interim Financing*

USDA RD loans are long term (35 years) permanent take-out loans. USDA RD requires its borrowers to seek Interim Financing for the construction period. However, should a borrower be unable to obtain such interim financing with reasonable terms, borrower may request an exception whereby USDA RD would disburse the loans funds directly on a monthly or quarterly basis.

Status: DHHL is pursuing an exception to this USDA RD requirement to obtain Interim Financing.

*USDA priority order to disburse funds and de-obligate funds*

This federal requirement is in regards to USDA's priority order on how project funds are to be spent and how USDA RD disburses the federal funds.

First priority	Applicant contribution
Second priority	USDA RD loan (awarded in 2018)
Third priority	USDA RD grant (awarded in 2016)
Fourth priority	USDA RD grant (awarded in 2018)

Further, there's a stipulation that should there be remaining funds upon construction completion, USDA may de-obligate such funds. Any reduction in funds will be applied to the USDA RD grant funds first. The amount of un-used funds will be taken out from the 2016 grant (\$10M) first, then the 2018 grant (\$1.6M). If there are more un-used funds, then loan funds will be applied as an extra payment towards the USDA RD loan.

Status: The next opportunity to re-assess costs is when final bid tabulations for all project components are received by DHHL. Secondly, as project construction nears completion, another assessment of project costs may be made to determine if there will be any remaining funds. Should this project come under budget, DHHL has planned for additional items to re-direct any remaining USDA funds.

*Use of federal docs (EJCDC) versus State of Hawaii docs*

At the time this project started in 2016, USDA RD obligated only grant funds to DHHL. USDA RD regulations required DHHL, as a state agency, to use its own State of Hawaii documents as opposed to the federal standard documents, called the Engineers Joint Contract Documents Committee or "EJCDC". Now in 2018, with the award of federal loan funds, DHHL is no longer exempted from using the EJCDC documents. The challenge is that DHHL has already executed bid and contract documents using the State templates. Changing existing State documents in mid-stream to the federal EJCDC documents will result in time delays and, possibly, loss of the vendors.

For Bid Packages 1 and 2, DHHL is at the point of contract award. Should this matter on EJCDC not be resolved in a timely manner and the current vendor declines the DHHL contract, DHHL would start a new procurement process. The second lowest bid in the first procurement was \$25,439,306, which is, coincidentally, about a \$6.0M difference from the lowest bidder (\$19,554,000). So, if there are remaining funds, first priority would apply to this situation.

EJCDC documents include, but are not limited to, the following: (a) contract documents between DHHL and engineer, construction contractor, inspector/construction management services; (b) Bid forms; (c) Notice of Award; (d) Standard General Conditions; (e) Change Orders; etc.

Status: The department is proposing to USDA that we continue using the State documents throughout the project period and, as needed, include any federal EJCDC requirements by amendment.

#### CONCLUSION

The department is in continuous communication with USDA RD to address these matters above and is working diligently and collaboratively to find mutually-agreeable alternatives. The primary benefit to accessing the USDA RD federal funds today for the existing Ho'olehua Water System is to leverage DHHL resources that would otherwise be used for new homestead lots to address the applicant wait list. Secondly, by utilizing the USDA RD funds, DHHL is creating templates for future use of the USDA RD WEP program to finance more DHHL water projects to develop new homestead lots.

#### RECOMMENDATION

Staff respectfully requests approval of the recommended motion as stated above.

EXHIBIT C

EXHIBIT B

	A	B	D	E	F	G	H	J	K	L	M
1	<b>Hoolehua</b>			Base Interest	3.125%						
2				Adj Interest	37.500%						
3		Installment		N	33,000	PV	7,455,000.00				
4	calculated	\$365,268.79		Monthly Interest	19,414.06						
5	rounded	365,295.00		Annual Interest	232,968.75						
6											
7				Cumulative		Cumulative					
8	Year	P/i	Interest	Interest Pd	Principal	Principal Pd	Principal Balan	Pi pmts	Due Date		
9	1	232,968.75	232,968.75	232,968.75		-	7,455,000.00		8/31/2021		
10	2	232,968.75	232,968.75	465,937.50		-	7,455,000.00		8/31/2022		
11	3	365,295.00	232,968.75	698,906.25	132,326.25	132,326.25	7,322,673.75	1	8/31/2023		
12	4	365,295.00	228,833.55	927,739.80	136,461.45	268,787.70	7,186,212.30	2	8/31/2024		
13	5	365,295.00	224,569.13	1,152,308.93	140,725.87	409,513.57	7,045,486.43	3	8/31/2025		
14	6	365,295.00	220,171.45	1,372,480.38	145,123.55	554,637.12	6,900,362.88	4	8/31/2026		
15	7	365,295.00	215,636.34	1,588,116.72	149,658.66	704,295.78	6,750,704.22	5	8/31/2027		
16	8	365,295.00	210,959.51	1,799,076.23	154,335.49	858,631.27	6,596,368.73	6	8/31/2028		
17	9	365,295.00	206,136.52	2,005,212.75	159,158.48	1,017,789.75	6,437,210.25	7	8/31/2029		
18	10	365,295.00	201,162.82	2,206,375.57	164,132.18	1,181,921.93	6,273,078.07	8	8/31/2030		
19	11	365,295.00	196,033.89	2,402,409.26	169,261.31	1,351,183.24	6,103,816.76	9	8/31/2031		
20	12	365,295.00	190,744.27	2,593,153.53	174,550.73	1,525,733.97	5,929,266.03	10	8/31/2032		
21	13	365,295.00	185,289.56	2,778,443.09	180,005.44	1,705,739.41	5,749,260.59	11	8/31/2033		
22	14	365,295.00	179,664.39	2,958,107.48	185,630.61	1,891,370.02	5,563,629.98	12	8/31/2034		
23	15	365,295.00	173,863.44	3,131,970.92	191,431.56	2,082,801.58	5,372,198.42	13	8/31/2035		
24	16	365,295.00	167,881.20	3,299,852.12	197,413.80	2,280,215.38	5,174,784.62	14	8/31/2036		
25	17	365,295.00	161,712.02	3,461,564.14	203,582.98	2,483,798.36	4,971,201.64	15	8/31/2037		
26	18	365,295.00	155,350.05	3,616,914.19	209,944.95	2,693,743.31	4,761,256.69	16	8/31/2038		
27	19	365,295.00	148,789.27	3,765,703.46	216,505.73	2,910,249.04	4,544,750.96	17	8/31/2039		
28	20	365,295.00	142,023.47	3,907,726.93	223,271.53	3,133,520.57	4,321,479.43	18	8/31/2040		
29	21	365,295.00	135,046.23	4,042,773.16	230,248.77	3,363,769.34	4,091,230.66	19	8/31/2041		
30	22	365,295.00	127,850.96	4,170,624.12	237,444.04	3,601,213.38	3,853,786.62	20	8/31/2042		
31	23	365,295.00	120,430.83	4,291,054.95	244,864.17	3,846,077.55	3,608,922.45	21	8/31/2043		
32	24	365,295.00	112,778.83	4,403,833.78	252,516.17	4,098,593.72	3,356,406.28	22	8/31/2044		
33	25	365,295.00	104,887.70	4,508,721.48	260,407.30	4,359,001.02	3,095,998.98	23	8/31/2045		
34	26	365,295.00	96,749.97	4,605,471.45	268,545.03	4,627,546.05	2,827,453.95	24	8/31/2046		
35	27	365,295.00	88,357.94	4,693,829.39	276,937.06	4,904,483.11	2,550,516.89	25	8/31/2047		
36	28	365,295.00	79,703.65	4,773,533.04	285,591.35	5,190,074.46	2,264,925.54	26	8/31/2048		
37	29	365,295.00	70,778.92	4,844,311.96	294,516.08	5,484,590.54	1,970,409.46	27	8/31/2049		
38	30	365,295.00	61,575.30	4,905,887.26	303,719.70	5,788,310.24	1,666,689.76	28	8/31/2050		
39	31	365,295.00	52,084.05	4,957,971.31	313,210.95	6,101,521.19	1,353,478.81	29	8/31/2051		
40	32	365,295.00	42,296.21	5,000,267.52	322,998.79	6,424,519.98	1,030,480.02	30	8/31/2052		
41	33	365,295.00	32,202.50	5,032,470.02	333,092.50	6,757,612.48	697,387.52	31	8/31/2053		
42	34	365,295.00	21,783.36	5,054,263.38	343,501.64	7,101,114.12	353,885.88	32	8/31/2054		
43	35	364,944.81	11,058.93	5,065,322.31	353,885.88	7,455,000.00	(0.00)	33	8/31/2055		
44	Totals	12,520,322.31	5,065,322.31		7,455,000.00						
45	Year 35 numbers have been adjusted due to rounding of payments.										
46											
47											
48	<b>Assumptions:</b>										
49	(1) USDA RD Funding package										
50	DHHL contribution - \$12,273,250										
51	USDA Grant (2018) - 10,011,750										
52	USDA Grant (2018) - \$1,592,333										
53	USDA Loan (2018) - \$7,455,000										
54											
55	<b>TOTAL - \$31,332,333</b>										
56											
57	(2) USDA Loan Terms										
58	Re-payment over a period of 35 years.										
59	Payments due the first two years will consist of interest only.										
60	Payments for the remaining 33 years will be equal amortized annual installments, beginning two years after loan closing.										
61	For planning purposes, use a 3.1250% interest rate and an amortization factor of \$49/\$1000, which provides for an annual payment of \$365,295.										
62	The precise payment amount will be based on the interest rate at loan closing.										
63											
64	(3) Assumes construction completed by August 2021. First payment due August 31, 2021										
65											
66											

HHC ITEM H-2  
EXHIBIT A

EXHIBIT C  
EXHIBIT B

# Hoolehua Water System



## Multiple Improvement Projects Proposed In Seven Areas

EXHIBIT       
EXHIBIT B

## EXHIBIT D

Nā Kupa'a o Kūhiō  
2009 - 2011 Projects funded by USDA RD WEP

Project	DHHL	USDA Loan	USDA Grant	USDA ARRA Loan	USD ARRA Grant	USDA Set- Aside Grant	TOTAL
Ho'olehua water Moloka'i <i>Project complete</i>	\$98,500	\$1,323,525	\$1,163,475	-0-	-0-	-0-	\$2,585,500
Maku'u off-site well/reservoir Hawai'i - 978 lots <i>De-obligated</i>	309,000	3,148,000	2,100,000	-0-	-0-	-0-	5,557,000
Lai 'Opua Village 4 water/sewer, Hawai'i 252 lots <i>De-obligated</i>	251,650	2,134,000	917,350	-0-	-0-	-0-	3,303,000
Waiohuli / Kēōkea 3 and 4, Maui 157 lots <i>De-obligated</i>	216,800	1,913,000	855,655	-0-	-0-	-0-	2,985,455
Kaka'ina water/sewer, Waimānalo, O'ahu 50 lots <i>Project complete</i>	25,000	-0-	-0-	541,000	377,800	-0-	943,800
Pi'ilani Mai Ke Kai water, Kaua'i 56 lots <i>Project complete</i>	25,500	-0-	-0-	471,000	339,000	-0-	835,500
East Kapolei IIB water/sewer, O'ahu 160 lots <i>Project complete</i>	160,000	2,188,000	-0-	-0-	-0-	1,513,000	1,513,000
<b>TOTAL</b>	<b>\$1,086,450</b>	<b>\$10,706,525</b>	<b>\$5,036,480</b>	<b>\$1,012,000</b>	<b>\$716,800</b>	<b>\$1,513,000</b>	<b>\$20,071,255</b>
			<b>TOTAL</b>	<b>USDA</b>	<b>\$18,984,805</b>		

EXHIBIT

B

EXHIBIT D  
HHC Item G-2

Department of Hawaiian Home Lands

Anahola Farm Lots Water System Improvements project  
 Project Funding Sources and Uses  
 (For Budget Planning Purposes)  
 January 27 – 28, 2020

TABLE 1  
 Project Funding Sources

PROJECT FUNDING SOURCES	(1) DHHL Contribution	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
	\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806.00

TABLE 2  
 USES

(This is not a spend down plan. This is an illustration to show the uses in relation to each source of funds. For example, "Construction Management" and "Construction Phase 1" may occur simultaneously under "DHHL Contribution".)

USES	Planning and Design	Construction Management	Construction Phase 1	Construction Phase 1 continued	Construction Phase 2	Construction Phase 2 continued	Construction Phase 2 continued	Other Project Costs (Cost overruns, price escalation, remaining funds)	TOTAL
	\$1,293,885	\$541,069	\$1,935,769	\$1,260,639	\$2,839,361 estimate	\$3,055,137 estimate	\$798,288 estimate	\$1,201,658	\$12,925,806.00
			Construction Phase 1 TOTAL (does not include Contract No. 1 price)	Phase 1 Supplemental escalation) \$3,196,408		Construction Phase 2 TOTAL \$6,692,786 estimate			

TABLE 3  
 Encumbrances, Expenditures, Budget still needed

	Planning and Design	Construction Management	Construction Phase 1	Construction Phase 1 continued	Construct Phase 2	Construction Phase 2 continued	Construction Phase 2 continued	Other Project Costs	TOTAL
Encumbered	\$1,293,885	\$541,069	\$1,935,769	\$1,260,639	\$0.00	\$0.00	\$0.00	N/A	\$5,031,362.00
Spent	1,032,687.37	59,579.73	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	N/A	\$1,092,267.10
Additional budget funds needed	\$0.00	\$0.00	\$0.00	TBD for Supplemental Contract No. 1	\$2,839,361 estimate	\$3,055,137 estimate	\$798,288 estimate	\$1,201,658 estimate	\$7,894,444
									\$8,000,000 rounded

EXHIBIT

Notes:

1) Contract amounts

USE	Vendor	Contract No.	Total Amount	Total Amount Encumbered	Spent	Contract Remaining Balance
Planning and Design	Oceanit	63707	\$286,606	\$286,606	\$286,606.00	\$0.00
Planning and Design	Oceanit	65504	1,007,279	1,007,279	746,081.37	261,197.63
Construction Management	Bowers + Kubota	64811	541,069	541,069	59,579.73	481,489.27
Construction Phase 1	Kaiwa Construction	67189	3,196,408	3,196,408	\$0.00	3,196,408.00
Construction Phase 1	Kaiwa Construction	Supplemental Contract No. 1 <i>pending</i>	TBD	TBD	\$0.00	N/A
Construction Phase 2	TBD	Contract <i>pending</i>	\$6,692,786	TBD	\$0.00	N/A
Other Project Costs	TBD		\$1,201,658	TBD	\$0.00	N/A
<b>TOTALS</b>			<b>\$12,925,806</b>	<b>\$5,031,362</b>	<b>\$1,092,267</b>	<b>\$3,939,095</b>

EXHIBIT E  
HHC ITEM G-2

**EXHIBIT** B

EXHIBIT

Department of Hawaiian Home Lands

Ho'olehua Water System Improvements project  
 Project Funding Sources and Uses  
 (For Budget Planning Purposes)  
 January 27 – 28, 2020

TABLE 1  
 Project Funding Sources

PROJECT FUNDING SOURCES	(1) DHHL Contribution	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
	\$12,273,250	\$7,455,000	\$10,011,750	\$1,592,333	\$31,332,333

TABLE 2  
 USES

(This is not a spend down plan. This is an illustration to show the uses in relation to each source of funds in Table 1 above. For example, Construction Management and Construction Packages 1 and 2 are expected to occur simultaneously)

USES	Planning and Design	Construction Management	Construction Package 1	Construction Package 1 <i>continued</i>	Construction Package 1 <i>Continued</i>	Construction Package 2	Bid Package 4 Equipment	Bid Package 3 Photo Voltaic	Bid Package 3 <i>continued</i>	Other Project Costs (Cost overruns, price escalation, remaining funds)	TOTAL
	\$1,163,125	\$662,049	\$10,448,076 <i>estimate</i>	\$7,455,000 <i>estimate</i>	\$1,650,924 <i>estimate</i>	\$3,048,540 <i>estimate</i>	\$1,600,000 <i>estimate</i>	\$3,712,286 <i>estimate</i>	\$1,287,714 <i>estimate</i>	\$304,619	\$31,332,333
			Package 1 Total \$19,554,000			Package 2 Total \$3,048,540	Package 4 Total \$1,600,000	Package 3 Total \$5,000,000			

TABLE 3  
 Encumbrances, Expenditures, Budget still needed

	Planning and Design	Construction Management	Construction Package 1	Construction Package 1 <i>Continued</i>	Construction Package 1	Construction Package 2	Bid Package 4 Equipment	Bid Package 3 Photo Voltaic	Bid Package 3 <i>continued</i>	Other Project Costs	TOTAL
Encumbered	\$1,163,125	\$662,049	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,825,174
Spent	1,060,006	8,962	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,068,968
Additional funds needed	\$0.00	\$0.00	\$0.00	\$153,076	\$1,650,924 <i>estimate</i>	\$3,048,540 <i>estimate</i>	\$1,600,000 <i>estimate</i>	\$3,712,286 <i>estimate</i>	\$1,287,714 <i>estimate</i>	\$304,619	\$11,757,159
											\$12,000,000 rounded

EXHIBIT F  
 HHC ITEM G-2

EXHIBIT B

EXHIBIT

Notes:

1) Contract amounts

USE	Vendor	Contract No.	Total Amount	Total Amount Encumbered	Spent	Contract Remaining Balance
Planning and Design	G70	65418	\$1,163,125	\$1,163,125	\$1,060,005.77	\$103,119.23
Construction Management	SSF/M	65800	\$662,048.97	\$662,048.97	\$8,961.50	653,087.47
Construction Package 1	TBD	Contract pending	\$19,554,000 estimate	TBD	\$0.00	N/A
Construction Package 2	TBD	Contract pending	\$3,048,540 estimate	TBD	\$0.00	N/A
Package 4 equipment	TBD	To be bid	\$1,600,000 estimate	TBD	\$0.00	N/A
Package 3 PV	TBD	To be bid	\$5,000,000 estimate	TBD	\$0.00	N/A
Other Project Costs	TBD		304,619	TBD	\$0.00	N/A
<b>TOTALS</b>			<b>\$31,332,333</b>	<b>\$1,825,173.97</b>	<b>\$1,068,967.27</b>	<b>\$756,206.70</b>

2) DHHL Contribution TOTAL = \$12,273,250

Breakdown:

\$ 1,825,174 encumbered by various contracts, with budget from previous years

\$ 4,000,000 R/M CIP lump sum budget

\$ 6,448,076 currently budgeted in FY 2020 LDD Development Budget

3) USDA Loan TOTAL = \$7,455,000

Breakdown:

\$ 7,301,924 currently budgeted in FY 2020 LDD Development Budget

\$ 153,076 Unknown

4) Bid Package 3 – Photo Voltaic

Estimated at \$5M

Plan A – this sub-project is intended to be self-financed through a Purchase Power Agreement (PPA), which is still in negotiations.

Plan B – if the PPA falls through, DHHL proposes to seek HHC approval to amend the LDD Development budget to add in an estimated \$5M



**HAWAIIAN HOME LANDS**  
HAWAIIAN HOMES COMMISSION  
DEPARTMENT OF HAWAIIAN HOME LANDS

**Hawaiian Homes Commission meeting  
January 27-28, 2020 – Agenda Item G-2**

**US Department of Agriculture  
Water and Environmental Program  
financing**

1

1

**Workshop Agenda**

- I. Introduction and Background**
- II. Ho'olehua water improvements project**
- III. Anahola water improvements project**
- IV. US Department of Agriculture WEP project financing**
  - a. Grant Set-Aside funds**
  - b. Benefits and Challenges**
- V. Next Steps**

2

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EXHIBIT

EXHIBIT B

1

## Introduction and Background

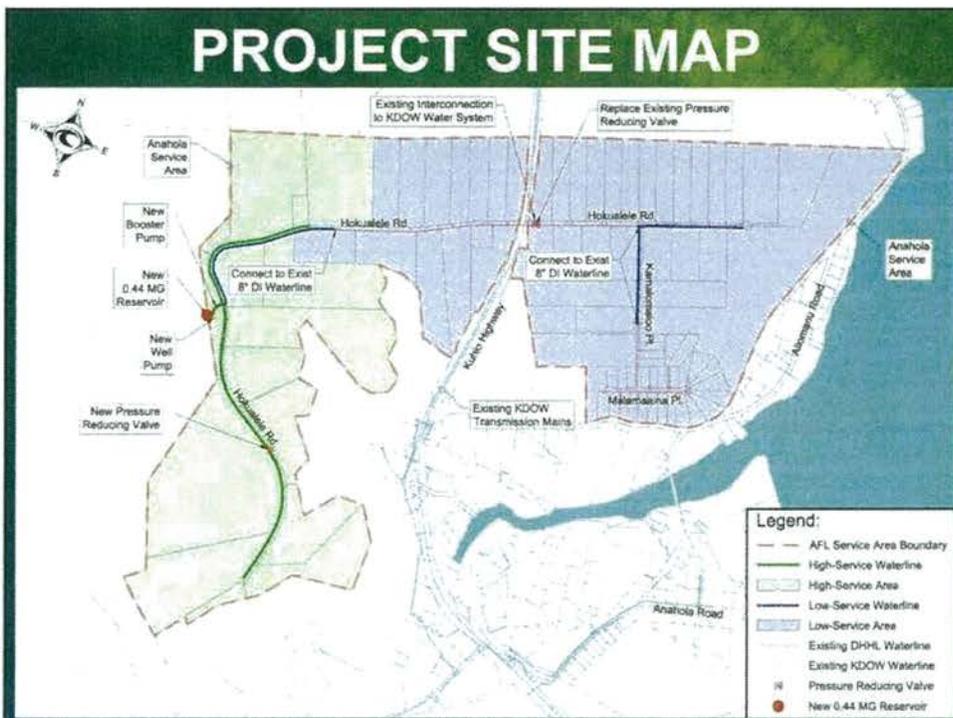
- Major capital improvements needed for DHHL water systems – Ho‘olehua (Moloka‘i) and Anahola (Kaua‘i)
- In 2016 and 2018, DHHL was awarded over \$28M in federal grant and loan funds
- DHHL committed to provide a contribution of over \$16M

Refer to HHC Items H-1 and H-2, November 2018

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3

## PROJECT SITE MAP



4

T18HX3

## Anahola Farm Lots Water System improvements — Need for Project

- **Aging infrastructure**
  - 0.5 MG steel storage tank has reached its useful life
  - Replace distribution lines, meters, backflow preventers, fire hydrants
- **Inconsistent water pressure**
- **Improve system safety and security**
  - Emergency inter-tie with County water system is highly vulnerable to vandalism

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## Anahola Farm Lots Water System Improvements – Project Objectives

- **Increase operational efficiencies and system reliability**
- **Address water pressure issues**
- **Repair/replace system components including distribution lines, fire hydrants, water meters and backflow preventers**
- **Improve system safety and security**

Project estimated cost = \$13 million

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# Hoolehua Water System

**Multiple Improvement Projects  
Proposed In Seven Areas**

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## Hoolehua Water System improvements Need for Project

- Aging infrastructure
- Low water pressure
- Un-accounted for water due to leaks
- High energy costs to run the well pumps
- System components are inaccessible 24/7
- System is vulnerable to vandalism
- Maintenance building is inadequate to store water system equipment and supplies

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## Project Objectives

- Increase operational efficiencies and system reliability
- Reduce energy costs
- Achieve 24/7 access to system components
- Address water pressure issues
- Repair/replace system components
- Increase fire protection
- Improve system safety and security

Project estimated cost = \$31.3 million

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## US Department of Agriculture Water Environment Program

- Provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage in eligible rural areas, with populations < 10,000.
- This is primarily a loan program. Grants may be combined with a loan based on several factors.
- WEP loans are offered at very low interest rates, up to 40-year re-payment term.

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**US Department of Agriculture  
Water Environment Program**

**A word about the  
USDA Set-Aside grant funds**

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**Benefits**

- ✓ **Leverages State CIP & DHHL Trust resources by 1.75 federal / DHHL**
- ✓ **Allows DHHL to implement much-needed improvements in a timely manner**
- ✓ **Improvements needed to protect public health & safety, increase operational efficiencies, keep water rates affordable**

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### USDA WEP Requirements Challenges

Challenge	DHHL response
5-year Federal statutory limit to spend down all funds	DHHL target to start construction by July 2020
WEP rules on priority order for spend down	DHHL will advance its own funds
Interim construction loan	DHHL intends to self-fund construction
USDA grant funds disbursed on a reimbursement basis	DHHL may request reimbursement as frequently as monthly
State versus Federal construction documents	DHHL and USDA negotiated final documents
Federal loan documents	DHHL and USDA negotiating

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## NEXT STEPS

**Implement the USDA RD WEP Funds**

**Refer to:**

**Tables on "Sources and Uses"**

**Exhibit E Anahola and Exhibit F Ho'olehua**

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## Anahola – Budget Planning Purpose Refer to Exhibit E

### TABLE 1 - Sources

(1) DHHL	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806

### TABLE 2 - Uses

Planning, Design, CM, Phase 1	Phase 1 (continued)	Phase 2	Phase 2 (continued) Other costs	TOTAL
\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806

This is not a spend down plan.  
Information subject to change.

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## Anahola – Budget Planning Purpose Refer to Exhibit E

### TABLE 3 DHHL Budget Need

	(1) DHHL	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
	\$3,770,723	\$4,100,000	\$3,055,137	\$1,999,946	\$12,925,806
<b>Budget secured</b>	\$3,770,723	\$1,260,639	\$0	\$0	\$5,031,362
Encumbered by contract	\$3,770,723	\$1,260,639	\$0	\$0	\$5,031,362
<b>Additional funds needed</b>	\$0.00	\$2,839,361	\$3,055,137	\$1,999,946	\$7,894,444 <b>\$8,000,000 Rounded</b>

**\$4.1 M will be reimbursed by the USDA Loan**  
**\$5.1 M will be reimbursed by the USDA Grants**

16

16

TIGHEX5

## Ho'olehua – Budget Planning Purpose Refer to Exhibit F

### TABLE 1 - Sources

(1) DHHL	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
\$12,273,250	\$7,455,000	\$10,011,750	\$1,592,333	\$31,332,333

### TABLE 2 - Uses

Planning, Design, CM, Package 1	Package 1 (continued)	Package 1 (continued) Package 2, 3, 4	Package 3 (continued) Other costs	TOTAL
\$12,273,250	\$7,455,000	\$10,011,750	\$1,592,333	\$31,332,333

This is not a spend down plan.  
Information subject to change.

17

17

## Ho'olehua – Budget Planning Purpose Refer to Exhibit F

### TABLE 3

#### DHHL Budget Need

	(1) DHHL contribution	(2) USDA Loan	(3) USDA 2016 Grant	(4) USDA 2018 Grant	TOTAL
	\$12,273,250	\$7,455,000	\$10,011,750	\$1,592,333	\$31,332,333
<b>Budget secured</b>	\$12,273,250	\$7,301,924	\$0	\$0	\$19,575,174
<b>Encumbered by contract</b>	\$1,825,174	\$0	\$0	\$0	\$1,825,174
<b>Additional funds needed</b>	\$0	\$153,076	\$10,011,750	\$1,592,333	\$11,757,159 <b>\$12,000,000</b> Rounded

**\$7.5 M will be reimbursed by the USDA Loan**  
**\$11.6 M will be reimbursed by the USDA Grants**

18

18

## Next Steps

- DHHL to execute the construction contracts
- DHHL to negotiate, finalize and execute the USDA WEP loan terms and conditions

19

19

*Mahalo*

20

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EXHIBIT C  
USDA Water and Environment Program (WEP)

## Water & Environmental Programs

To apply for Water & Environmental Grant and Loan funding, visit **RD Apply**, our newly developed, online application system

Through Rural Utilities Service Water and Environmental Programs (WEP), rural communities obtain the technical assistance and financing necessary to develop drinking water and waste disposal systems. Safe drinking water and sanitary waste disposal systems are vital not only to public health, but also to the economic vitality of rural America. Rural Development is a leader in helping rural America improve the quality of life and increase the economic opportunities for rural people.

WEP provides funding for the construction of water and waste facilities in rural communities and is proud to be the only Federal program exclusively focused on rural water and waste infrastructure needs of rural communities with populations of 10,000 or less. WEP also provides funding to organizations that provide technical assistance and training to rural communities in relation to their water and waste activities. WEP is administered through National Office staff in Washington, DC, and a network of field staff in each State.

### USDA Rural Development Water and Environmental Programs:

- Circuit Rider Program
- Emergency Community Water Assistance Grants
- Grants for Rural and Native Alaskan Villages
- Household Water Well System Grants
- Individual Water & Wastewater Grants
- SEARCH - Special Evaluation Assistance for Rural Communities and Households
- Solid Waste Management Grants
- Water & Waste Disposal Grants to Alleviate Health Risks on Tribal Lands and Colonias
- **Water & Waste Disposal Loans & Grants**
- Water & Waste Disposal Loan Guarantees
- Water & Waste Disposal Predevelopment Planning Grants
- Water & Waste Disposal Revolving Loan Funds
- Water & Waste Disposal Technical Assistance & Training Grants

### Reports

- WEP FY 2016 Annual Progress Report

### Special Initiatives

- American Iron and Steel Requirement
- Electronic Preliminary Engineering Report (ePER)

## **Water & Waste Disposal Loan & Grant Program Program 101**

Program Fact Sheet

**Are applications currently being accepted:** YES

### **What does this program do?**

This program provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.

### **Who may apply?**

This program assists qualified applicants who are not otherwise able to obtain commercial credit on reasonable terms. Eligible applicants include:

- Most state and local governmental entities
- Private nonprofits
- Federally-recognized tribes

### **What is an eligible area?**

Areas that may be served include:

- Rural areas and towns with populations of 10,000 or less -- check eligible addresses
- Tribal lands in rural areas
- Colonias

### **What kinds of funding are available?**

- Long-term, low-interest loans
- If funds are available, a grant may be combined with a loan if necessary to keep user costs reasonable.

### **How may the funds be used?**

Funds may be used to finance the acquisition, construction or improvement of:

- Drinking water sourcing, treatment, storage and distribution
- Sewer collection, transmission, treatment and disposal
- Solid waste collection, disposal and closure
- Storm water collection, transmission and disposal

In some cases, funding may also be available for related activities such as:

- Legal and engineering fees
- Land acquisition, water and land rights, permits and equipment
- Start-up operations and maintenance
- Interest incurred during construction
- Purchase of facilities to improve service or prevent loss of service
- Other costs determined to be necessary for completion of the project
- See 7 CFR Part 1780.7 and 1780.9 for a complete list

### **What is the loan term and rate?**

- Up to 40-year payback period, based on the useful life of the facilities financed

- Fixed interest rates, based on the need for the project and the median household income of the area to be served

Contact us for details and current interest rates applicable for your project

### Are there additional requirements?

- Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities.
- All facilities receiving federal financing must be used for a public purpose.
- Partnerships with other federal, state, local, private and nonprofit entities that offer financial assistance are encouraged.
- Projects must be financially sustainable.

### How do we get started?

**RD Apply**

- Applications are accepted year round and may be filed electronically using **RD Apply**. The RD Apply Customer Help Guide is provided to help you get started and work through the application process
- Applications are also accepted through your local RD office.
- Program resources are available online (i.e., forms, guidance, certifications, etc.)

### Who can answer questions?

- Contact the local representative who serves your area
- Participating nonprofits in your area may also offer assistance and training

### What governs this program?

- Basic Program – 7 CFR, Part 1780
- Loan Servicing – 7 CFR, Part 1782
- Section 306 of the Consolidated Farm and Rural Development Act

### Why does USDA Rural Development do this?

This program helps very small, financially distressed rural communities extend and improve water and waste treatment facilities that serve local households and businesses. Good practices can save tax dollars, improve the natural environment, and help manufacturers and businesses to locate or expand operations.

**NOTE:** Program details may change over time. Before you begin an application, please confirm you have the most current information by contacting a program specialist in your local RD office for assistance or consult the program instructions listed in the section above titled "What Governs this Program?"

## Forms & Resources

**NOTE:** Please ensure that your state is selected in the dropdown menu above to find the state office contact information, and speak to a program specialist before attempting to fill out any forms or applications. This will save you time in completing your application.

## Engineering

Key WEP Engineering Resource Page

Individual states will have particular requirements based on state and local regulations. Please contact the local RD office in the state where your project is located.

## Environmental

## Interest Rates

Current interest rates for 1st Quarter FY 2020, effective October 1, 2019 to December 31, 2019

**Poverty:** 1.750%  
**Intermediate:** 2.375%  
**Market:** 3.000%

# Water & Waste Disposal Loan & Grant Program

## What does this program do?

This program provides funding for clean and reliable drinking water systems, sanitary sewage disposal, sanitary solid waste disposal, and storm water drainage to households and businesses in eligible rural areas.

## Who may apply?

This program assists qualified applicants who are not otherwise able to obtain commercial credit on reasonable terms.

Eligible applicants include:

- Most state and local governmental entities
- Private nonprofits
- Federally-recognized tribes

## What is an eligible area?

Areas that may be served include:

- Rural areas and towns with populations of 10,000 or less - **check eligible addresses**
- Tribal lands in rural areas
- Colonias

## What kinds of funding are available?

Long-term, low-interest loans. If funds are available, a grant may be combined with a loan if necessary to keep user costs reasonable.

## How may the funds be used?

Funds may be used to finance the acquisition, construction or improvement of:

- Drinking water sourcing, treatment, storage and distribution
- Sewer collection, transmission, treatment and disposal
- Solid waste collection, disposal and closure
- Storm water collection, transmission and disposal

In some cases, funding may also be available for related activities such as:

- Legal and engineering fees
- Land acquisition, water and land rights, permits and equipment

- Start-up operations and maintenance
- Interest incurred during construction
- Purchase of facilities to improve service or prevent loss of service
- Other costs determined to be necessary for completion of the project
- See **7 CFR Part 1780.7 and 1780.9** for a complete list

## What is the loan term and rate?

The loan term is up to 40-year payback period, based on the useful life of the facilities financed with a fixed interest rate. The interest rate is based on the need for the project and the median household income of the area to be served. **Contact us** for details and current interest rates applicable for your project.

## Are there additional requirements?

- Borrowers must have the legal authority to construct, operate and maintain the proposed services or facilities.
- All facilities receiving federal financing must be used for a public purpose.
- Partnerships with other federal, state, local, private and nonprofit entities that offer financial assistance are encouraged.
- Projects must be financially sustainable.

EXHIBIT A

EXHIBIT C



## Water & Waste Disposal Loan & Grant Program

### How do we get started?

Applications are accepted year round and may be filed electronically using **RD Apply**. The RD Apply Customer Help Guide is provided to help you get started and work through the application process. Applications are also accepted through your **local RD office**. Program resources are available online (i.e., forms, guidance, certifications, etc.).

### Who can answer questions?

Contact the local representative who serves your area. Participating nonprofits in your area may also offer assistance and training.

### What governs this program?

- Basic Program – **7 CFR, Part 1780**
- Loan Servicing – **7 CFR, Part 1782**
- Section 306 of the Consolidated Farm and Rural Development Act

### Why does USDA Rural Development do this?

This program helps very small, financially distressed rural communities extend and improve water and waste treatment facilities that serve local households and businesses. Good practices can save tax dollars, improve the natural environment, and help manufacturers and businesses to locate or expand operations.

EXHIBIT <sup>C</sup>  
EXHIBIT A

NOTE: Because citations and other information may be subject to change please always consult the program instructions listed in the section above titled "What Governs this Program?" You may also contact your **local RD office** for assistance. You will find additional forms, resources, and program information at [www.rd.usda.gov](http://www.rd.usda.gov). *USDA is an equal opportunity provider, employer, and lender.*

Last Updated August 2017

EXHIBIT D  
USDA funds for Ka'uluokaha'i water/sewer project  
HHC Submittal - February 2022

State of Hawaii

Department of Hawaiian Home Lands

February 22 - 23, 2022

TO: Chair and Members, Hawaiian Homes Commission

Through: Andrew H. Choy, Acting Planning Program Manager *AC*

FROM: Gigi O. Cairel, Grants Specialist *G. Cairel*

SUBJECT: Approval to authorize the Chairman to submit to US Department of Agriculture Rural Development an application for federal funds for the construction of the Ka'uluokaha'i water and wastewater project, Kapolei, O'ahu

RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission (HHC) approves the following.

- Authorize the Chairman to submit to the US Department of Agriculture Rural Development (USDA RD), Water and Environmental Program (WEP), a funding application in the amount of \$3,701,000 for the construction of the Ka'uluokaha'i water and wastewater project, Kapolei, O'ahu;
- Authorize the Chairman to negotiate the final terms and conditions of the USDA RD WEP funds.

BACKGROUND

In 2006, DHHL and Nā Kupa'a o Kūhiō established a partnership to access Congressional set-aside funds for DHHL drinking water and wastewater infrastructure projects. The federal funds were made available within the US Department of Agriculture Rural Development (USDA RD), Water and Environmental Program (WEP). USDA WEP only awards funds as a combination Loan and Grant. Nā Kupa'a o Kūhiō is a private, nonprofit, federally tax-exempt 501(c)(3) organization.

From 2006 to 2011, the partnership was to assist DHHL to develop the infrastructure for new homestead lots statewide. The

partnership involved the department identifying USDA RD WEP-eligible water and wastewater infrastructure projects. Nā Kupa'a o Kūhiō then served as the applicant to access the USDA RD federal funds for construction and improvements to drinking water and wastewater systems that serve homesteads in USDA RD-defined rural areas. Per USDA RD WEP regulations, and as the applicant, Nā Kupa'a o Kūhiō must own, operate and maintain the water and wastewater systems during construction and throughout the life of the USDA RD loan (typically 35 years). Nā Kupa'a o Kūhiō then leased the systems to DHHL to enable water and wastewater services to be provided to the homesteads. This lease-back agreement enabled DHHL to fulfill its Trust obligations to provide infrastructure and lots to Trust beneficiaries.

Nā Kupa'a o Kūhiō successfully accessed over \$18 million in USDA Loan and Grant funds for seven (7) DHHL water and wastewater projects. Four (4) projects were not "shovel-ready" on the department side, so USDA de-obligated \$11 million.

#### DISCUSSION

The water and wastewater system for the Ka'uluokaha'i homestead was the last project from the DHHL/ Nā Kupa'a o Kūhiō partnership. In 2011, USDA obligated \$3.701 million to Nā Kupa'a o Kūhiō in a combination of WEP Loan and WEP Grant funds -- \$2,188,00 Loan and \$1,513,00 Grant. The project consisted of water distribution lines within the subdivision, which connected to the Honolulu Board of Water Supply (BWS) system. The wastewater component consisted of wastewater disposal collection lines, which connected to the City and County wastewater treatment system. Since project completion in 2015, Ka'uluokaha'i residential lessees became direct customers of BWS.

Because this was a new homestead development, this project was included in DHHL's construction of the other subdivision infrastructure -- roads, drainage, street lights, etc. The subdivision construction plans were designed and approved as a comprehensive package; the water and wastewater components had to be constructed at the same time as the rest of the improvements, even though the federal funds were not yet readily available by Nā Kupa'a o Kūhiō. To keep the project going, DHHL then entered into an Interim Financing Agreement in 2014 (Contract No. 63423) with Nā Kupa'a o Kūhiō to bridge the total project funding gap. (See Exhibit A) The project was completed

on time and within budget in 2015. Note that the State Procurement Process (Hawai'i Revised Statutes Chapter 103D) was used, where DHHL served as the lead agency to conduct one procurement process for construction of all infrastructure components for the entire subdivision - water, wastewater, roads, drainage, street lights, etc. This ensured there was an open and transparent bidding process for the construction contracts as required by both State and Federal laws. It also ensured that one contractor would do all of the work and avoid conflicts during construction.

#### USDA transfer of the federal funds from Nā Kupa'a o Kūhiō to DHHL

By the time project construction was completed, the USDA RD WEP funds had still not been released from USDA to Nā Kupa'a o Kūhiō. USDA RD appealed to DHHL for assistance. In 2021, all parties came to an agreement on the path to move forward: USDA RD committed to transfer the \$3.701 million funding obligation from Nā Kupa'a o Kūhiō to DHHL. (See Exhibit B)

The transfer of the USDA RD funding obligation from Nā Kupa'a o Kūhiō to DHHL involves several steps, including the following:

- DHHL and Nā Kupa'a o Kūhiō to jointly notify USDA RD that both parties are mutually agreeable to this transfer. *This is completed.*
- Per USDA request, DHHL is to submit a funding application in the amount of \$3.701 million to USDA RD. *This is currently in process. Expected completion is end of February 2022.*
- DHHL and USDA RD to negotiate the terms and conditions of the funding obligation.

#### DHHL Interim Financing Agreement with Na Kupaa

Given that USDA committed to transfer the \$3.701M funding obligation from Nā Kupa'a o Kūhiō to DHHL, DHHL re-visited its Interim Financing Agreement with Nā Kupa'a o Kūhiō. The following is what transpired in regards to this Agreement.

- 2014 - HHC authorized the issuance of the Interim Financing Agreement to Nā Kupa'a o Kūhiō in the amount of \$3,701,000. And, DHHL executed the Interim Financing Agreement as a certified Contract (Contract No. 63423).

- 2014 - 2015 - DHHL disbursed \$2,873,877.40 to Nā Kupa'a o Kūhiō, based on invoices and proper documentation submitted by Nā Kupa'a. Funds were used to pay for construction of the water and sewer infrastructure. (See Exhibit C)
- 2018 - Re-payment of the loan in full was due. In May 2018, DHHL sent a demand notice to Nā Kupa'a o Kūhiō. No response was received. DHHL then proceeded to administratively close Contract No. 63423.

To resolve this situation, DHHL exercised provision #4 in the Interim Financing Agreement, by cancelling License No. 757

"(4) That non-compliance with the terms of this Interim Financing Agreement shall be considered a material breach of License No. 757 between the Department and Borrower, and may result in cancellation of the License No. 757."

DHHL issued the License Cancellation notice to Nā Kupa'a o Kūhiō on February 7, 2022. (See Exhibit D)

#### RECOMMENDED MOTION/ACTION

DHHL staff respectfully requests approval of the recommended motions as stated above.

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS  
INTERIM FINANCING AGREEMENT  
Number 01

THIS INTERIM FINANCING AGREEMENT is made this \_\_\_\_\_ day of OCT 01 2014, under the authority of and subject to the provisions of the HAWAIIAN HOMES COMMISSION ACT, 1920, as amended, hereinafter called "Act", between the DEPARTMENT OF HAWAIIAN HOME LANDS (DHHL) whose principal place of business is 91-5420 Kapolei Parkway, Kapolei, Hawaii, 96707 and whose mailing address is P. O. Box 1879, Honolulu, Hawaii 96805, hereinafter called "Department", and NA KUPA'A O KUHIO, a Hawaii non-profit corporation, whose place of business and mailing address is P. O. Box 700248, Kapolei, Hawaii, 96709-0248, hereinafter called "Borrower".

WHEREAS, the Department and Borrower have entered into that certain Project Agreement dated June 24, 2014, for Borrower to obtain United States Department of Agriculture loan/grant funds ("USDA Loan") to fund the development of a domestic water supply and distribution system and a wastewater collection system to service DHHL's East Kapolei IIB Subdivision; and

WHEREAS, the USDA Loan cannot be closed until title to the East Kapolei IIB Subdivision, which is the subject of that certain Unrecorded Deed from the Department of Land and Natural Resources, State of Hawaii ("DLNR"), dated February 5, 2009, is formally transferred to the Department under Hawaii's Land Court registration statute, chapter 501, Hawaii Revised Statutes; and

WHEREAS, the Department wishes to enter into this Interim Financing Agreement to advance construction funds to the Borrower pending completion of title transfers in the Land Court of the State of Hawaii from DLNR to the Department for the land underlying East Kapolei IIB; and

WHEREAS, the Department's Hawaiian Homes Commission approved the funding for Interim Construction Financing in the amount of \$3.701 million for Fiscal Year 14-15 at its meeting on July 22, 2014; and

WHEREAS, the Department's Hawaiian Homes Commission further approved an Interim Construction Loan to Borrower in the amount of \$3.701 million at its meeting on August 19, 2014;

WHEREAS, section 213(h) of the Hawaiian Homes Commission Act, 1920 ("HHCA") authorizes moneys deposited into the Hawaiian home trust fund, among others, to be available for

**EXHIBIT** A.  
**EXHIBIT** D

any public purpose deemed by the Hawaiian Homes Commission to further the purposes of the HHCA;

NOW THEREFORE, IT IS AGREED:

THAT Borrower, the holder of that certain Benefit/ Exclusive Right License No. 757, dated June 22, 2011, hereinafter called "License", in consideration of the agreement which is made by the Department to loan Borrower the sum of THREE MILLION SEVEN HUNDRED AND ONE THOUSAND DOLLARS AND NO/100 DOLLARS (\$3,701,000) does covenant and agree with Department, and its successors, as follows:

(1) THAT for valuable consideration received from the Department, the Borrower, Borrower's heirs, executors, administrators, successors and assigns shall repay the principal amount of THREE MILLION SEVEN HUNDRED AND ONE THOUSAND DOLLARS AND NO/100 DOLLARS (\$3,701,000) with 0% interest. The entire unpaid principal balance of the loan shall be due and payable on either of two maturity dates, whichever date occurs first: one (1) year from the date of this Interim Financing Agreement OR on the date the Borrower closes and records its loan and grant award with the United States Department of Agriculture - Rural Development (USDA-RD) for the construction and construction management of the East Kapolei IIB water and wastewater systems as described in its Project Agreement with the Department dated June 24, 2014. The Borrower further agrees that if payment in full cannot be made at the maturity date as outlined above due to delays incurred by the Department in registering the land described in License No. 757 with Land Court, State of Hawaii, or if delays are incurred by USDA-RD to close the loan and grant award, then the Department and Borrower agree to renegotiate an extension of time to the maturity date of this Interim Construction Contract of Loan.

(2) THAT under this Interim Financing Agreement, payments in any sum may be made at any time before the aforesaid maturity dates.

Payment shall be paid by mail addressed to the Department of Hawaiian Home Lands, P. O. Box 1721, Honolulu, Hawaii 96806, or paid in person at any office of the Department of Hawaiian Home Lands.

(3) THAT moneys loaned under this Interim Financing Agreement shall be devoted exclusively for the purpose of the construction and construction management of the East Kapolei IIB water and wastewater systems as described in its Project Agreement with the Department dated June 24, 2014. The Department will disburse loan funds to Borrower upon written

request and submission of documentation satisfactory to Lender of work performed. Borrower shall pay its contractors, builders, material men, vendors and others in connection with the aforesaid purpose and in accordance with all USDA-RD underwriting terms and conditions for the permanent loan and grant award.

(4) THAT non-compliance with the terms of this Interim Financing Agreement shall be considered a material breach of License No. 757 between the Department and Borrower, and may result in cancellation of the License No. 757.

(5) THAT notwithstanding anything to the contrary in this Interim Financing Agreement or in any other instrument securing the Interim Financing Agreement (collectively, the "Financing Documents"), the liability of the Borrower hereunder and under the Financing Documents, is limited to its interest in the East Kapolei IIB water and wastewater systems described herein and its interest in the Project Agreement with the Department. The Borrower shall have no personal liability under this Interim Financing Agreement or under any of said Financing Documents no recourse shall be made against the assets of the Borrower for the repayment of the loan other than the Borrower's interest in the East Kapolei IIB water and wastewater systems and in the Project Agreement for payment of any sums owed under this Interim Financing Agreement or under the Financing Documents. In addition, no affiliate, officer, director, shareholder, principal, trustee or advisor of the Borrower shall have any personal liability under the Interim Financing Agreement or under the Financing Documents.

This Interim Financing Agreement shall be equally binding upon and enforceable against the heirs, executors, legal representatives, administrators, successors and assigns of the Borrower.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

This Agreement is executed on the date first above written.

NA KUPA'A O KUHIO

Musey J. D.  
APPROVED AS TO FORM:

By Thomas Contrades  
Thomas Contrades, President

Borrower

STATE OF HAWAII  
Department of Hawaiian Home Lands

By Jobie M.K. Masagatani  
Jobie M.K. Masagatani, Chairman  
Hawaiian Homes Commission

Department

APPROVED AS TO FORM:

[Signature]  
Deputy Attorney General  
State of Hawaii

Ratified by the Hawaiian Homes  
Commission on

**EXHIBIT A.**  
**EXHIBIT D.**

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

JOSH GREEN  
LT. GOVERNOR  
STATE OF HAWAII



WILLIAM J. ATLA, JR.  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES  
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879  
HONOLULU, HAWAII 96805

March 31, 2021

Mr. Alton Kimura, Community Programs Director  
U.S. Department of Agriculture Rural Development  
154 Waianuenue Avenue Room 311  
Hilo, Hawaii 96720

Subject: *East Kapolei IIB Water and Wastewater Project*

Dear Mr. Kimura,

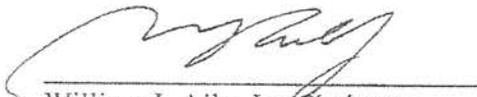
This letter is to confirm that both the Department of Hawaiian Home Lands (DHHL) and Na Kupa'a o Kuhio (Na Kupa'a) have mutually agreed to the transfer of the U.S. Department of Agriculture Rural Development (USDA RD) Water and Environment Program (WEP) loan of \$2,188,000 and grant of \$1,513,000 funds obligation from Na Kupa'a to DHHL for the East Kapolei IIB Water and Wastewater project. The total amount of federal funds transferred under this agreement is \$3,701,000.

DHHL and Na Kupa'a have been in partnership since 2006 to support water and wastewater infrastructure projects in under-served native Hawaiian communities throughout the State of Hawaii. Jointly, DHHL and Na Kupa'a have leveraged their respective funds and accessed over \$5.4 million in USDA RD WEP funds for multiple water and wastewater projects. For the East Kapolei IIB project, which is the last and final project between DHHL and Na Kupa'a, USDA RD initially obligated federal funds to Na Kupa'a in 2011. The project was constructed and completed in 2016. USDA RD informed DHHL that the WEP loan has not closed with Na Kupa'a and no WEP funds have been released to Na Kupa'a to date. To resolve this matter, both DHHL and Na Kupa'a agree to the transfer of WEP funds from Na Kupa'a to DHHL.

EXHIBIT B  
EXHIBIT D

We appreciate USDA RD's assistance and support over the years on these important infrastructure projects in native Hawaiian homestead communities. Federal USDA WEP funds contributed to housing over 260 native Hawaiian families and providing access to safe drinking water and wastewater disposal services. If there are any questions, or further information is needed, please contact me at (808) 620-9500 or by email at [william.j.ailair@hawaii.gov](mailto:william.j.ailair@hawaii.gov).

Mahalo,



---

William J. Aila, Jr., Chairman  
Hawaiian Homes Commission



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Wendell Lee, Board Member  
Na Kupa`a o Kuhio

**EXHIBIT** B.  
**EXHIBIT** D

East Kapolei II, Increment IIB  
Interim Construction Loan to Na Kupa'a o Kuhio  
Contract 63423

Draw Number	Invoice date	Royal Contracting	Bowers + Kubota	Community Planning and Engineering	TOTAL
#1	1/6/15	1,140,533.18	20,487.50		1,161,020.68
#2	2/26/15	1,244,294.95	22,872.00	2,990.60	1,270,157.55
#3	5/14/15	155,439.95	100,028.00	6,056.25	261,524.20
#4	6/25/15	98,508.92	22,346.00	10,479.65	131,334.57
#5	8/17/15	32,159.40	9,761.00	7,920.00	49,840.40
	Total	\$ 2,670,936.40	\$ 175,494.50	\$ 27,446.50	<u>\$ 2,873,877.40</u>

**EXHIBIT** C  
**EXHIBIT** D

NĀ KŪPA'A O KŪHIŌ

RECEIVED  
LAND DEVELOPMENT  
DIVISION

2015 JAN -7 AM 8:20

Board of Directors

January 6, 2015

Officers

Thomas Contrades  
President

Dr. Michael Chun  
Vice President

Riley Smith  
Secretary/Treasurer

Director  
Todd Apo  
Director

Land Development Division  
Department of Hawaiian Home Lands  
P.O. Box 1879  
Honolulu, HI 96805

Attn: Darrell Ing

Subject: East Kapolei IIB Subdivision  
Interim Financing Agreement, Contract 63423

Na Kupa'a o Kuhio hereby requests an interim loan draw-down in the amount of \$1,161,020.68 for the following invoices:

Royal Contracting, Request #1: 632,086.16 and ) \$1,140,533.18  
Royal Contracting, Request #2: 508,447.02  
Bowers + Kubota Consulting, Progress Payment #1: \$20,487.50  
TOTAL: \$1,161,020.68

I hereby certify that the foregoing is correct and that loan funds for this statement have not been received.

Patricia K. Brandt  
Executive Director

Encl.

For Information, Contact  
Patricia K. Brandt

Mailing Address  
P.O. Box 700248  
Kapolei, HI 96709

Phone  
808-386-0435  
808-354-8145

Fax  
808-848-1004

E-Mail  
na.kupaaw@gmail.com

Contract No. 63423  
Invoice Received 1/7/15  
Date  
1/8/15  
N. S. ... 9 Jan 15

CN

EXHIBIT C  
EXHIBIT D

# NĀ KŪPA'Ā O KŪHIŌ

## Board of Directors

February 26, 2015

### Officers

**Thomas Contrades**  
President

Land Development Division  
Department of Hawaiian Home Lands  
P.O. Box 1879  
Honolulu, HI 96805

**Dr. Michael Chun**  
Vice-President

Attn: Darrell Ing

**Todd Apo**  
Secretary

Subject: East Kapolei IIB Subdivision  
Interim Financing Agreement, Contract 63423

**Wendell Lee**  
Treasurer

Na Kupa'a o Kuhio hereby requests an interim loan draw-down in the amount of \$1,270,157.55 for the following invoices:

### Directors

**Riley Smith**  
Director

\$772,716.37 Royal Contracting, Request #3  
\$471,578.58 Royal Contracting, Request #4  
\$ 22,872.00 Bowers + Kubota Consulting, Progress Payment #2  
\$ 2,990.60 Community Planning & Engineering, Inc.: Payment #1

**Micah Kane**  
Director

I hereby certify that the foregoing is correct and that loan funds for this statement have not been previously received.

Patricia K. Brandt  
Executive Director

Encl.

For information, contact  
Patricia K. Brandt

Mailing Address  
P. O. Box 700248  
Kapolei, HI 96709

Phone  
(808) 386-0435

Fax  
(808) 848-1004

E-mail  
na.kupaa@gmail.com

Control No.	63423
<input checked="" type="checkbox"/> Partial <input type="checkbox"/> Complete	
Invoice Received	2/26/15
Date	
I certify that goods/services were satisfactorily received on 2/27/15 and recommended payment.	
Signature	N. Satomou 2/27/15
Date	

RECEIVED  
LAND DEVELOPMENT  
DIVISION  
2015 FEB 26 PM 2:56

EXHIBIT C  
EXHIBIT D

# NA KŪPA'Ā O KŪHIŌ

## Board of Directors

### Officers

**Thomas Contrades**  
President

**Dr. Michael Chun**  
Vice-President

**Todd Apo**  
Secretary

**Wendell Lee**  
Treasurer

### Directors

**Riley Smith**  
Director

**Micah Kane**  
Director

For information, contact  
**Patricia K. Brandt**

Mailing Address  
P. O. Box 700248  
Kapolei, HI 96709

Phone  
(808) 386-0435

Fax  
(808) 848-1004

E-mail  
na.kupaa@gmail.com

May 14, 2015

Land Development Division  
Department of Hawaiian Home Lands

Honolulu, HI 96805

Attn: Darrell Ing

Subject: East Kapolei IIB Subdivision  
Interim Financing Agreement, Contract 63423  
Request #3

Na Kupa'a o Kuhio hereby requests an interim loan draw-down in the amount of \$261,524.20 for the following invoices:

\$ 78,439.60	Royal Contracting, Request #5
\$ 77,000.35	Royal Contracting, Request #6
\$ 37,896.00	Bowers + Kubota Consulting, Progress Payment #3
\$ 38,411.00	Bowers + Kubota Consulting, Progress Payment #4
\$ 23,721.00	Bowers + Kubota Consulting, Progress Payment #5
\$ 3,871.25	Community Planning & Engineering, Inc.: Payment #2
\$ 2,185.00	Community Planning & Engineering, Inc. Payment #3
<hr/>	
\$ 261,524.20	

I hereby certify that the foregoing is correct and that loan funds for this statement have not been previously received.

Patricia K. Brandt  
Executive Director

Encl.

Contract No. <u>63423</u>	
<input checked="" type="checkbox"/> Partial	<input type="checkbox"/> Complete
Invoice Received	<u>5/14/15</u>
	Date
I certify that goods/services were satisfactorily received on <u>5/15/15</u> and	
	Date
recommended payment.	
Signature	Date

RECEIVED  
LAND DEVELOPMENT  
DIVISION  
2015 MAY 14 PM 1:26

EXHIBIT C  
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# NĀ KŪPA'A O KŪHIŌ

2015 JUN 25 PM 1:49

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LAND DEVELOPMENT  
DIVISION

## Board of Directors

### Officers

**Thomas Contrades**  
President

**Dr. Michael Chun**  
Vice-President

**Todd Apo**  
Secretary

**Wendell Lee**  
Treasurer

### Directors

**Riley Smith**  
Director

**Micah Kane**  
Director

June 25, 2015

Land Development Division  
Department of Hawaiian Home Lands

Honolulu, HI 96805

Attn: Darrell Ing

Subject: East Kapolei IIB Subdivision  
Interim Financing Agreement, Contract 63423  
Request #~~34~~ 4

Na Kupa'a o Kuhio hereby requests an interim loan draw-down in the amount of \$131,334.57 for the following invoices:

- \$ 41,220.50 Royal Contracting, Request #7
- \$ 57,288.42 Royal Contracting, Request #8
- \$ 11,457.00 Bowers + Kubota Consulting, Progress Payment #6
- \$ 10,889.00 Bowers + Kubota Consulting, Progress Payment #7
- \$ 6,027.75 Community Planning & Engineering, Inc.: Payment #4
- \$ 4451.90 Community Planning & Engineering, Inc. Payment #5

I hereby certify that the foregoing is correct and that loan funds for this statement have not been previously received.

Patricia K. Brandt  
Executive Director

Encl.

For information, contact  
**Patricia K. Brandt**

Mailing Address  
P.O. Box 700248  
Kapolei, HI 96709

Phone  
(808) 386-0435

Fax  
(808) 848-1004

E-mail  
na.kupaa@gmail.com

Contract No.	63423
<input checked="" type="checkbox"/> Partial <input type="checkbox"/> Complete	
Invoice Received	6/25/15
	Date
I certify that goods/services were satisfactorily received on	
	6/25/15 and
	Date
recommending payment.	
<i>N. Salom</i>	6/25/15
Signature	Date

EXHIBIT C  
EXHIBIT D

# NĀ KŪPA'A O KŪHIŌ

## Board of Directors

### Officers

**Thomas Contrades**  
President

**Dr. Michael Chun**  
Vice-President

**Todd Apo**  
Secretary

**Wendell Lee**  
Treasurer

### Directors

**Riley Smith**  
Director

**Micah Kane**  
Director

August 17, 2015  
Land Development Division  
Department of Hawaiian Home Lands  
Honolulu, HI 96805

Attn: Darrell Ing

Subject: East Kapolei IIB Subdivision  
Interim Financing Agreement, Contract 63423  
Request #5

2015 AUG 26 AM 8:04

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LAND DEVELOPMENT  
DIVISION

Na Kupa'a o Kuhio hereby requests an interim loan draw-down in the amount of \$49,840.40 for the following invoices:

- \$ 10,379.70 Royal Contracting, Request #9
- \$ 21,779.70 Royal Contracting, Request #10
- \$ 6,491.00 Bowers + Kubota Consulting, Progress Payment #8
- \$ 3,270.00 Bowers + Kubota Consulting, Progress Payment #9
- \$ 4,900.00 Community Planning & Engineering, Inc.: Payment #6
- \$ 3,020.00 Community Planning & Engineering, Inc. Payment #7

I hereby certify that the foregoing is correct and that loan funds for this statement have not been previously received.

Patricia K. Brandt  
Executive Director

Encl.

For information, contact  
Patricia K. Brandt

Mailing Address  
P. O. Box 700248  
Kapolei, HI 96709

Phone  
(808) 386-0435

Fax  
(808) 848-1004

E-mail  
na.kupaa@gmail.com

Contract No.	63423
<input checked="" type="checkbox"/> Partial <input type="checkbox"/> Complete	
Invoice Received	8/26/15
	Date
I certify that goods/services were satisfactorily received on 8/28/15 and	
	Date
recommend payment.	
Signature	W. S. ... 28 Aug 15
	Date

EXHIBIT C  
EXHIBIT D

DAVID Y. IGE  
GOVERNOR  
STATE OF HAWAII

JOSH GREEN  
LT. GOVERNOR  
STATE OF HAWAII



WILLIAM J. AILA, JR.  
CHAIRMAN  
HAWAIIAN HOMES COMMISSION

TYLER I. GOMES  
DEPUTY TO THE CHAIRMAN

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

P. O. BOX 1879  
HONOLULU, HAWAII 96805

February 7, 2022

VIA ELECTRONIC MAIL: [wendell@legacyworkshawaii.com](mailto:wendell@legacyworkshawaii.com)

Na Kupa'a 'O Kuhio  
c/o Mr. Wendell Lee, Treasurer  
P.O. Box 4322  
Honolulu, Hawaii 96812-4322

Dear Mr. Lee:

Subject: Cancellation of License Easement No. 757, Kapolei, Island of O'ahu

In light of recent information that have surfaced regarding the subject license, the Department of Hawaiian Home Lands "DHHL" has confirmed that the \$3.701 Million USDA Loan & Grant funds obligated to Na Kupa'a 'O Kuhio for DHHL's water and wastewater infrastructure improvements of its Kauluokaha'i homestead subdivision project were never released.

Based on this information, and pursuant to the terms and conditions of the Interim Financing Agreement Number 01, dated October 1, 2014, specifically condition no. 4, on pg. 3, DHHL is hereby cancelling the subject license effective as of the date of this letter. It is further understood that via communication with DHHL's Planning Office staff that Na Kupa'a 'O Kuhio is amenable to the license cancellation.

If you have any questions or need further clarification, you can contact Peter "Kahana" Albinio, Jr, Acting Administrator, Land Management Division at 808.620.9451 or email [peter.k.albinio.jr@hawaii.gov](mailto:peter.k.albinio.jr@hawaii.gov).

Aloha,

William J. Aila, Jr., Chairman  
Hawaiian Homes Commission

c: DHHL-PLO (via-email)  
DHHL-LDD (via-email)

EXHIBIT D  
EXHIBIT D

EXHIBIT E  
Hawaiian Homes Commission Act, 1920, amended  
Section 226(f) Water

**§221. Water.** (a) When used in this section:

(1) The term "water license" means any license issued by the board of land and natural resources granting to any person the right to the use of government-owned water; and

(2) The term "surplus water" means so much of any government-owned water covered by a water license or so much of any privately owned water as is in excess of the quantity required for the use of the licensee or owner, respectively.

(b) All water licenses issued after the passage of this Act shall be deemed subject to the condition, whether or not stipulated in the license, that the licensee shall, upon the demand of the department, grant to it the right to use, free of all charge, any water which the department deems necessary adequately to supply the livestock, aquaculture operations, agriculture operations, or domestic needs of individuals upon any tract.

(c) In order adequately to supply livestock, the aquaculture operations, the agriculture operations, or the domestic needs of individuals upon any tract, the department is authorized (1) to use, free of all charge, government-owned water not covered by any water license or covered by a water license issued after the passage of this Act or covered by a water license issued previous to the passage of this Act but containing a reservation of such water for the benefit of the public, and (2) to contract with any person for the right to use or to acquire, under eminent domain proceedings similar, as near as may be, to the proceedings provided in respect to land by sections 101-10 to 101-34, Hawaii Revised Statutes, the right to use any privately owned surplus water or any government-owned surplus water covered by a water license issued previous to the passage of this Act, but not containing a reservation of such water for the benefit of the public. Any such requirement shall be held to be for a public use and purpose. The department may institute the eminent domain proceedings in its own name.

(d) The department is authorized, for the additional purpose of adequately irrigating any tract, to use, free of all charge, government-owned surplus water tributary to the Waimea river upon the island of Kauai, not covered by a water license

EXHIBIT E



Board of land and natural resources empowered to prepare irrigation plans, see §§174-5, 174-6.

### **Law Journals and Reviews**

Native Hawaiian Homestead Water Reservation Rights: Providing Good Living Conditions for Native Hawaiian Homesteaders. 25 UH L. Rev. 85.

### **Case Notes**

Although the Hawaii administrative rules denominate aquifer-specific reservations of water to the department of Hawaiian home lands, such a limitation for purposes of water resource management does not divest the department of its right to protect its reservation interests from interfering water uses in adjacent aquifers. 103 H. 401, 83 P.3d 664.

Insofar as the commission on water resource management, as the agency authorized to administer the state water code, determines the contents of the Hawaii water plan, which includes the designation of hydrologic units and sustainable yields, and the commission's "interpretation of its own rules is entitled to deference unless it is plainly erroneous or inconsistent with the underlying legislative purpose", it is within the commission's authority to limit reservations of water to specific aquifers. 103 H. 401, 83 P.3d 664.

Where commission on water resource management failed to render the requisite findings of fact and conclusions of law with respect to whether applicant had satisfied its burden as mandated by the state water code, it violated its public trust duty to protect the department of Hawaiian home lands' reservation rights under the Hawaiian Homes Commission Act, the state water code, the state constitution, and the public trust doctrine in balancing the various competing interests in the state water resources trust. 103 H. 401, 83 P.3d 664.

Where commission on water resource management's findings supporting its conclusion that the proposed use of water would not interfere with department of Hawaiian home lands' reservation rights under this section failed to address whether the proposed user had adduced sufficient evidence with respect to the impact of the proposed use on the department's

EXHIBIT E

reservation in the adjacent aquifer system, commission erred in concluding that proposed user had met its burden under §174C-49 to obtain a water use permit. 103 H. 401, 83 P.3d 664.

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[Next](#)

EXHIBIT E

**§226. Qualification for federal programs.** The department shall be qualified to participate in any federal program that renders assistance in program areas that the department is mandated by the Act to implement. [L 1978, c 204, §1]

[Previous](#)

[Vol01\\_Ch0001-0042F](#)

[Next](#)

EXHIBIT E

EXHIBIT F  
Hawaii Administrative Rules Chapter 10-4.1 (2021)  
Management of Water Systems

DEPARTMENT OF HAWAIIAN HOME LANDS

Adoption of Chapter 10-4.1  
Hawaii Administrative Rules

[ JUN 25 2021 ]

SUMMARY

Chapter 10-4.1, Hawaii Administrative Rules, entitled  
"Management of Water Systems", is adopted.

**B398**



HAWAII ADMINISTRATIVE RULES

TITLE 10

DEPARTMENT OF HAWAIIAN HOME LANDS

CHAPTER 4.1

MANAGEMENT OF WATER SYSTEMS

Subchapter 1 General Provisions

\$10-4.1-1	Purpose
\$10-4.1-2	Applicability
\$10-4.1-3	Definitions
\$10-4.1-4	General conditions for water service
\$10-4.1-5	Water pressure conditions and elevation agreement
\$10-4.1-6	Application for water service
\$10-4.1-7	Installation of water service
\$10-4.1-8	Responsibility for equipment
\$10-4.1-9	Payment of bills and delinquency
\$10-4.1-10	Discontinuance of service
\$10-4.1-11	Restoration of water service
\$10-4.1-12	Meter test and adjustment of bill
\$10-4.1-13	Underground leak adjustment
\$10-4.1-14	Water charge adjustment
\$10-4.1-15	Obstructed meter fine
\$10-4.1-16	Tampering prohibited
\$10-4.1-17	Accessing the consumer's premises
\$10-4.1-18	Cross-connection control and backflow prevention
\$10-4.1-19	Interruption of water supply
\$10-4.1-20	Meter disconnection or reconnection
\$10-4.1-21	Change in service administration fee
\$10-4.1-22	Department fire hydrants and fire protection

- \$10-4.1-23 Water spigots
- \$10-4.1-24 Consumer's sale of water
- \$10-4.1-25 Electrical grounding
- \$10-4.1-26 Unscheduled meter replacement
- \$10-4.1-27 Compensation
- \$\$10-4.1-28 to 10-4.1-30 (Reserved)

Subchapter 2 Hawaiian Home Lands Public Water Systems

- \$10-4.1-31 Water service rates
- \$10-4.1-32 Meter reading and rendering of bills
- \$10-4.1-33 Conservation and emergency measures
- \$\$10-4.1-34 to 10-4.1-40 (Reserved)

Subchapter 3 Puukapu Non-Potable Water System

- \$10-4.1-41 General conditions
- \$10-4.1-42 Monthly maintenance fee
- \$10-4.1-43 Conservation measures and emergency conditions
- \$10-4.1-44 Unauthorized drawing of water

SUBCHAPTER 1

GENERAL PROVISIONS

**\$10-4.1-1 Purpose.** The purpose of this subchapter is to promote the health, safety, and general welfare of the community by providing standards for governing water service provided by water systems in the exclusive control of the department. [Eff **JUN 25 2021** ] (Auth: HHC Act \$222) (Imp: HHC Act \$221)

**§10-4.1-2 Applicability.** This subchapter shall apply to all water systems under the exclusive control of the department. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-3 Definitions.** As used in this chapter, unless plainly evident from the context that a different meaning is intended:

"Applicant" means any person who submits an application for water service or additional water service.

"Application" means a written request for water service or additional water service.

"Consumer" means the person, firm, corporation, association, or governmental entity, whether owner or tenant, whose name appears on the records of the department as the party responsible and liable for receiving water service from the department.

"Consumer's water system" means the pipes and plumbing extending from the water service connection.

"Cross-connection" means any actual or potential connection between the public water supply and a source of contamination or pollution.

"County" means the county where the department water service is located.

"Department of health" means the State of Hawaii department of health.

"Governmental entity" means any State of Hawaii or county department or office.

"Main" or "main pipe" means the department's supply or distribution pipe from which service connections are made.

"Non-potable water" means water that has not been certified by the department of health as suitable for cooking, drinking, and bathing purposes.

"Potable water" means water that has been certified by the department of health as suitable for cooking, drinking, and bathing purposes.

"Premises" means a parcel of real property and any structures thereon which have water service, will

require water service, or requires additional water service.

"Public water system" means a water system which provides water for human consumption as provided by the department of health in title 11, Hawaii administrative rules chapter 20.

"Service lateral" means the main tap and complete installation of pipes, fittings, and appurtenances from the main to and including the meter.

"Water meter" or "meter" means a device that measures the volume of water delivered to any premises.

"Water service" means the delivery of water to any premises.

"Water spigot" means a water spigot or standpipe that is maintained by the department and connected to a public water system for lessee access to potable water.

"Water system" means a network of pipelines, main taps, storage, facilities, pumps, shut-off valve, and other appurtenances, wells, water filtration treatment facilities, or other sources which furnishes a supply of water to the premises. [Eff **JUN 25 2021** ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-4 General conditions for water service.**

(a) Any applicant whose premises is located within service limits established by the department and adjacent to a distribution main where pressure conditions permit may obtain water service, provided that:

- (1) The existing water system servicing the area has adequate physical and legal capacity, as determined by the department, for such intended use without impairing service to existing consumers or future lessees;
- (2) All applicable fees and deposits for such service have been paid in full;
- (3) The applicant is not delinquent on other services in his or her name; and,

- (4) The applicant agrees to abide by the rules, regulations, and policies of the department relating to water service.
- (b) Water service shall be restricted to the property for which the application is made.
- (c) All water service supplied by the department shall be measured by means of meters furnished by the department and only the department is authorized to install water meters on department water systems.
- (d) The department shall determine the final location and size of the service lateral. Service laterals shall be operated and maintained by the department.
- (e) The department shall only be responsible for the operation and maintenance of water systems in its exclusive control, which may include contracted operation and maintenance services.
- [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-5 Water pressure conditions and elevation agreement.** (a) The department shall exercise due diligence and reasonable care to maintain adequate pressure in its water mains but accepts no responsibility to maintain such pressure.

(b) Where a premise is situated at such an elevation that it cannot be assured of a dependable supply or of adequate service from the department's distribution system, the consumer, in consideration of water service and connection to the department's system:

- (1) Shall agree to accept such service as the department is able to render from its existing facilities;
- (2) Shall agree to install, if necessary, and maintain at the consumer's expense a tank and pump, with an air gap between the consumer's supply pipe and the department's system, of suitable design and of sufficient

capacity to furnish an adequate supply of water; and

- (3) Shall execute a written release in favor of the department for all claims due to any inadequacy in the department's system or inadequacy of water supply to the premise including but not limited to lack of fire department services in the event of a fire.

(c) When the pressure of the department's supply fluctuates or is higher than that for which individual fixtures are designed, the consumer shall protect such fixtures by installing and maintaining pressure reducing, or relief valves, or both. The department shall not be liable for damage due to pressure conditions or for damages caused by or arising from the failure of, or the defective condition of such pressure regulators or relief valves, or for damage that may occur through the installation, maintenance, or use of such equipment. [Eff **JUN 25 2021** ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-6 Application for water service.** (a)

Each prospective consumer shall complete a standard application form for the water service desired. Prospective consumers shall assume responsibility for the payment of future charges for service at the location identified on the application before water is turned on for any use. The department shall inform the applicant in writing that the application is complete and accepted or if the application is deficient, what specific information is necessary to complete the application. The department shall assign an account number when the application is complete. The person, entity, or organization executing the application form shall be liable for the payment of all charges for water service at the designated location including a meter charge with each billing cycle as provided in section 10-4.1-31 and 10-4.1-42.

(b) Charges for service shall begin when the service lateral and the consumer's water system are

physically joined and water is made available to the consumer, and will continue until:

- (1) The consumer makes a written request to discontinue service;
- (2) A judicial order to discontinue service is issued; or
- (3) The department discontinues service for failure of the consumer to comply with the provisions of this subchapter.

(d) When an application for water service is made by a former consumer who was responsible for and failed to pay all bills for water service previously rendered, regardless of location or time incurred, the department may refuse to furnish service to the premises of the applicant until the outstanding bills are paid.

(e) A consumer taking possession of the premises and using water without having made application for the transfer of water service shall be held liable for the water delivered from the date of the last recorded meter reading. If application for transfer is not made, and accumulated bills for water service are not paid upon presentation, the water service may be discontinued ten business days after written notice is sent to the consumer. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-7 Installation of water service. (a)**

When an application for water service has been approved, water service shall be installed as approved. There shall be one meter for each service, unless the department, because of operating necessity, installs a combination meter, or two or more meters in parallel. All meters shall be tested for accuracy before installation. All meters shall be installed along the property boundary, unless, due to operating necessity or other extenuating situations, the department approves installation of the meter elsewhere.

(b) It is the consumer's responsibility and expense to install their supply pipe and water system, to connect such system to the department's service lateral, and to install an approved backflow prevention device on the consumer's system on the downstream side of the meter. The department may provide backflow prevention devices to lessees as a means to protect the public water system, however the cost of installation shall be paid by the consumer within thirty days of installation. The consumer's water system shall, at all times, remain the sole property of the consumer, who shall be responsible for its maintenance, repair, and replacement.

(c) A readily accessible shutoff valve controlling all outlets shall be installed by the department on the consumer's water service supply pipe at a location to be determined by the department. In addition, the department may install a shutoff valve before the meter for the use of employees of the department. If a replacement of the shutoff valve is necessary on the consumer's side of the service supply pipe, it shall be installed by the department and paid for by the consumer.

(d) The department may make the connection to the consumer's water service supply pipe once the consumer installs the supply pipe at the approved location.

(e) Only the department may connect or disconnect the water service to or from the department's main.

(f) When the proper size of service lateral for any premises has been determined and the department has made installation at the location specified by the consumer, the department has fulfilled its obligations insofar as the size of the service and the location thereof are concerned. If the consumer desires a change in size of the service lateral or a change in the location thereof, the consumer shall bear all costs of such change.

(g) Whenever a check valve or pressure reducing valve is installed on the consumer's cold water supply line between the meter and the hot water storage tank

or heater, there shall be installed on the consumer's hot water distribution system a suitable pressure relief valve.

(h) Once installed, any costs associated with the repair or replacement of damaged or missing meters and services will be charged to the consumer. Such costs include but are not limited to gaskets, meter boxes, lid inserts, meters, pressure regulator valves, related labor, equipment, vehicles, and materials. This does not include replacement of meters that are operating outside of tolerances. [Eff JUN 25 2021]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-8 Responsibility for equipment.** (a) At the consumer's own risk and expense, the consumer shall furnish, install, and keep in good, safe, and operating condition all equipment that may be required for receiving, controlling, applying, and utilizing water. The department shall not be responsible for any loss or damage caused by the improper installation of such equipment, or the negligence, want of proper care, or wrongful act of the consumer.

(b) Water service may be discontinued to any consumer whose water system includes plumbing fixtures or water containers in any form, or of any use, which in the opinion of the department may contaminate the department's water supply or may endanger the public water supply from a public health standpoint. Any such discontinuation of service shall continue until such dangerous fixtures or uses have been corrected, removed or discontinued, and the department is assured that the dangerous fixtures or uses will not be reinstalled or resumed.

(c) The department shall not be responsible for damage to property caused by spigots, faucets, valves, and other equipment that may be open when water is turned on at the meter either when turned on originally or when turned on after temporary shutdown.

(d) All service laterals are the property of the department and shall be operated and maintained by the department.

(e) All equipment belonging to the department and installed upon the consumer's premises for measurement, test, check, or any other purpose, shall continue to be the property of the department, and the department may access the consumer's premises without consent whenever necessary to inspect, maintain, repair, replace, or remove the equipment. The consumer shall exercise reasonable care to prevent damage to meters and other equipment of the department upon the premises and shall in no way interfere with the operation of the same.

(f) Any cost to repair damaged water mains, service laterals, valves, fire hydrants, or other property of the department shall be paid for by the party responsible for the damage. The consumer shall be liable for any damage to a meter or other equipment or property of contractors, licensees or permittees, on the consumer's premises, and the department shall be promptly reimbursed by the consumer for any such damage upon presentation of the bill thereof. In the event settlement for such damage is not made within thirty days, the department may discontinue water service to the premises according to 10-4.1-10.

(g) When a meter is found to have been damaged by hot water or steam emanating from the premises served, the consumer shall pay for all costs required to repair the meter. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-9 Payment of bills and delinquency.** (a) All bills shall be due and payable within twenty-one days from the bill date. Payment shall be made at the office of the department or, at the department's option, to duly authorized collectors of the department. Any bill not paid within thirty days from the bill date, shall be considered delinquent and the water service shall be subject to shut-off. There

shall be a service charge for payments made by check or electronic debit which have been dishonored for any reason. The service charge shall be as set in section 40-35.5, HRS. On accounts where payments have been dishonored more than four times in one calendar year, the department may require payment on the account to be made by cash, by certified or cashier's check or by money order, and may require a deposit equal to the highest amount billed in the last twelve months to be held.

(b) An account is delinquent when it is not paid in full within thirty days after the bill date. A late payment charge shall be assessed at an amount of one per cent for each month or fraction thereof against the delinquent balance. When a delinquent account remains unpaid twenty-one days after the second regular billing, water service for the account may be discontinued.

(c) The department may enter into a payment agreement with a consumer to facilitate the payment of delinquent water charges. The terms of a payment agreement between the department and a lessee-consumer may include alternative payment methods and shall not exceed the term of five years. Current charges shall continue to be paid when due. The agreement shall be signed by the department and the consumer, and breach of such an agreement by the consumer shall result in further collection efforts including disconnection.

- (1) Alternative payment methods are goods that are grown, caught, or produced by the consumer and donated to the homestead community on island or services provided by the consumer free of charge to the department. Goods shall be dropped off at the district office at a time determined by the district office supervisor for distribution among beneficiaries. Services shall be provided to the department as determined by the district office supervisor.
- (2) The value of the alternative payment methods rendered shall not exceed five per cent of

the delinquent amount. All terms regarding alternative payment methods, including the goods or services or both to be donated, valuation, and dates and times of service or drop off shall be included in the payment agreement. [Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-10 Discontinuation of service.** (a) The department may refuse or discontinue water service for any of the following reasons:

- (1) Non-payment of bills or fees. If the consumer fails to pay any sums due, the department may discontinue service five business days after written notice is given to the consumer.
- (2) Noncompliance with rules and regulations. If the consumer fails to comply with any of the department's rules and regulations and noncompliance is not corrected within five business days after written notice is given to the consumer, the department may discontinue service.
- (3) Unauthorized use of water. Without notice, the department may refuse or discontinue water service to any premises or consumer to protect itself against fraud, abuse or unauthorized use of water. For unauthorized use of water, a surcharge may be assessed as provided in section 10-4.1-31 and 10-4.1-42.
- (4) Wasteful use of water. Where negligent or wasteful use of water exists on any premises and such conditions are not corrected within five business days after written notice is given to the consumer, the department may discontinue service.
- (5) Service detrimental to others. The department may refuse to furnish water and may discontinue the service to any premises

where the demands of the consumer will result in inadequate service to others.

(b) Where discontinuation of water service for any of the above reasons is proposed, the department shall, prior to the proposed shut off, give the consumer written notice at least five business days before shut off. The notice shall specify the reasons for the proposed shut off as well as inform the consumer of the right to dispute the shut off by making appropriate request to the department at the address or phone number provided on the notice. The notice shall further inform the consumer that once water service has been discontinued, water service may be restored but only in accordance with section 10-4.1-11.

(c) If the consumer wishes to dispute the shut off, the consumer shall within five business days from the date of the notice of shut off, request a billing conference. Once requested, the billing conference shall be scheduled at the earliest reasonable opportunity for the consumer and in no case more than ten days from the request and the consumer shall be given the option of having the conference over the phone or in person with a district office supervisor from another district office that manages a department water system. If an in person conference is requested, the district office supervisor shall travel to meet with the consumer on the consumer's island. The district office supervisor conducting the billing conference shall not have previously been involved in the case, shall objectively review the basis for water shut off, shall be subject to all state ethics rules on conflicts of interest, and shall exercise impartial judgment in deciding the merits of the consumer's request for reinstatement of water service.

(1) At the billing conference, the consumer shall have the right to submit evidence, present and cross examine witnesses, and bring a representative to aid in presenting the case. The consumer shall have the right to see the department's records concerning the account and shall have the right to

reasonable explanation for any matter concerning the proposed discontinuance of service. The district office supervisor conducting the billing conference shall be empowered to correct any errors in billing and to take whatever remedial action is necessary if the consumer presents evidence that would demonstrate by a preponderance of the evidence that the consumer is not responsible for conditions leading to the department's decision to shut off service other than non-payment of the water bill. The district office supervisor conducting the billing conference shall make a written decision within three business days of the conference.

- (2) If the consumer is dissatisfied with the decision from the billing conference, the consumer shall have the right within five business days of receipt of the written decision to appeal the matter to the chairman or the chairman's designee. The amount due shall be paid into an escrow trust account after the billing conference with the district office supervisor and shall not be postponed pending the appeal. The chairman or the chairman's designee shall review the consumer's written appeal and the billing conference record and decision for compelling factual, legal, or procedural errors, or any combination thereof, and render a final written decision affirming the district office supervisor's written decision or remanding the matter to the district office supervisor for further handling pursuant to the chairman's or the chairman's designee's written decision and direction on appeal. The decision of the chairman shall be final.

(d) A charge of \$150 shall be added to each account in which service is discontinued if the consumer or other party cuts the lock and turns the

meter on without prior approval of the department. The meter shall be removed and the water service capped off. Water service shall not be reconnected until the consumer has paid the past due water charges, water disconnection charges, and the meter disconnection and reconnection charges.

(e) An account that remains disconnected or suspended because of delinquent payment shall continue to accrue monthly base rate service charges as well as late fees.

(f) A consumer about to vacate any premises supplied with water by the department shall give written notice of their intention to vacate, specifying the date service should be discontinued. If the consumer fails to give such notice, the consumer shall be responsible for all water service furnished to such premises until the department has received a notice of discontinuance. Before buildings with water service are demolished, the department shall be notified so the water service can be shut off.

(g) The department may remove a meter for non-use after one year of non-use. A consumer whose meter is removed for non-use forfeits all previous fees and reapplication shall be treated as a new service connection with applicable costs. [Eff **JUN 25 2021** ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-11 Restoration of water service.** Water service shall not be resumed until all of the consumer's delinquent accounts, including all charges, fees, and reinstallation costs, including one hour of labor, and materials, transportation, and any other overhead costs for the meter reinstallation and reactivation, have been paid in full or the consumer has entered into and signed an approved payment plan. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-12 Meter test and adjustment of bill.**

(a) Any consumer who has a reasonable doubt of the accuracy of the meter serving his or her premises may request a test of the meter. The consumer may request to be notified as to the time of the test and may witness the test. No charge shall be made for meter tests unless such tests are requested more often than once every twelve months.

(b) If, as a result of the test, the meter is found to register more than five percent fast under conditions of normal operation, the department shall refund to the consumer the overcharge based on past consumption, for a period not exceeding six months, unless it can be proven that the error was due to some cause, the date of which can be fixed, then the overcharge shall be computed back to, but not beyond, such date.

(c) The consumer has sole control of the water delivered beyond the department's meter and the department is not responsible for the maintenance and repairs to pipes and fixtures beyond the meter.

(d) If the meter fails to register due to any cause except the non-use of water, an average bill may be rendered. Such average bill will be subject to equitable adjustment taking into account all factors before, during, and after the period of said bill.  
[Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-13 Underground leak adjustment.** (a) If a consumer experiences a leak within their water line, the consumer may request the department provide a leak adjustment for excessive bills provided a leak adjustment was not granted to the consumer within the twelve month period prior to the request and the leak was reported to the department and repaired within thirty days of detection. The adjustment shall be one-half of the excess consumption over a normal bill.

(b) No additional refunds shall be given.

(c) If there is not an existing valve on the consumer side of the meter, there shall be no credit processed on the account until a valve is installed.

(d) Department personnel shall be dispatched to inspect the consumer's meter to verify the leak has been repaired. [Eff **JUN 25 2021**] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-14 Water charge adjustment.** Errors in billing or collection shall be corrected in a timely manner by the department. Resulting credits on accounts or refunds shall be made as expeditiously as possible. [Eff **JUN 25 2021**] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-15 Obstructed meter fine.** (a) The department shall charge the consumer an obstructed meter fine of twenty-five dollars per billing period when access to the water meter is significantly obstructed by landscaping or other barriers and the meter cannot be read. This fine shall be applied only after the property owner has been notified, via a door hanger, that the obstruction exists and that the problem must be corrected by the time of the next meter reading.

(b) If the consumer fails to remove the obstruction, the department may remove the obstruction and bill the consumer twenty-five dollars for the cost of remediation. [Eff **JUN 25 2021**] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-16 Tampering prohibited.** (a) Any person found tampering with service laterals, water meters, the valve, or stopcock before the meter shall be guilty of a misdemeanor, pursuant to section 701-107(3), HRS, and shall be liable for all costs

associated with any repair to the service lateral, water meter, valve, or stopcock.

(b) A late payment charge shall be assessed at the rate of one per cent for each month or fraction thereof against costs associated with repairs for tampering that go unpaid for thirty days following the date of billing. After sixty days, the delinquency shall be reported to the commission and the amount due turned over to collections. Further legal action may be taken with commission approval.

[Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-17 Accessing the consumer's premises.**

Any properly identified officer or employee of the department shall have the right of ingress to and egress from the consumer's premises at any reasonable hour, and at any hour during an emergency, for any purpose reasonably connected to the protection of the public drinking water system and furnishing of water to said premises and the exercise of all rights secured to it by law or this subchapter. If the officer or employee is prevented from carrying out the duties, the department may shut off water service to said premises five business days after written notice is given to the consumer. [Eff JUN 25 2021 ]

(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-18 Cross-connection control and backflow prevention.** (a) No cross-connections shall be made without the written consent of the department.

(b) It is unlawful for any person to make, maintain, or cause temporarily or permanently, any cross-connection that has a potential for backflow between their plumbing pipes or water fixtures and the department's water system. Existing cross-connections between the department's water system and any auxiliary water supply shall be eliminated or

protected by means of an approved backflow prevention assembly. Cross-connection control and backflow prevention requirements for facilities and premises shall be in accordance to this subchapter.

(c) The department may require installation of an approved backflow prevention assembly on the consumer's side of the meter at the consumer's expense before service will be provided. The department may provide for the installation of an approved backflow prevention assembly to homestead lots in the service area.

(d) If uninterrupted water service is necessary, an additional backflow prevention assembly may be installed in an approved manner to ensure continued water service whenever inspection, testing and repair procedures is being performed on any one of these assemblies.

(e) The backflow prevention assembly installed in accordance with these rules shall, unless otherwise approved by the department in writing, be located above ground and in a manner safe from flooding or submergence in water or other liquid, properly protected from external damage, freely accessible, and with adequate working room for inspections, testing, and repairing.

(f) All backflow prevention devices shall be tested at least once annually and as often as required by the department where successive tests indicate repeated failure. Repairs, replacement of parts, or any other maintenance shall be made whenever deemed necessary by the department and at the expense of the consumer. The annual test shall be the responsibility of the consumer and shall be made in accordance with methods approved by the department. Upon request by the department, the consumer shall present an affidavit certifying that there are no cross-connections of the type prohibited under this rule on the premises or describing in detail all nonconforming connections or installations.

(g) Records of tests, repairs, parts, and inspections shall be made on forms prescribed by the department and furnished to the department. Failure

of the consumer to properly test and submit the records may, at the option of the department, result in termination of service or the department making the tests, repairing and replacing any equipment, and charging the cost to the consumer.

(h) When a backflow prevention assembly fails in service, the consumer shall notify the department. Repairs are the responsibility of the consumer. A certified general tester shall perform the testing. Backflow prevention assembly test forms shall be completed and sent to the department for confirmation that the device has been properly repaired and functions as required. Inspection and approval by the department shall be conducted before the device is put back into operation.

(i) When the department encounters water uses that represent a clear and immediate hazard to the department's water supply that cannot be immediately abated, the department shall terminate water service at the premises immediately. Written notice shall be given to the consumer after water service termination.

(j) For other situations requiring backflow protection where there is not apparent and immediate hazard to the water supply, the department may terminate water service to a consumer's premises after proper notification has been sent.

(k) Conditions relative to the installation and maintenance of cross-connection control and backflow prevention referred to in this section shall be subject to change to meet changing requirements of federal, state, and county laws, ordinances, and rules. [Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-19 Interruption of water supply.** (a) While the department shall exercise reasonable diligence and care to deliver an adequate supply of potable water under reasonable pressure, the department shall not be financially liable for any direct or consequential damages resulting from water

supply interruption, shortage, insufficiency of supply, inadequate or excessive water pressure, leakage on the consumer's premises, or temporary colored and turbid water quality conditions caused by emergency repair of water mains. The department further disclaims all warranties, expressed or implied, and reserves the right to shut off water mains for repairs, extensions, or alterations, and to terminate water service as provided herein for conservation measures, during emergency conditions, and for other reasons deemed by the department to be necessary and proper without notice.

(b) The department may shut off water from the mains without notice for making repairs, extensions, alterations, or for other reason. Consumers depending upon a continuous supply of water shall provide for their own emergency water storage and any check valves or other devices necessary for the protection of plumbing or fixtures against failure of the pressure or supply of water in the department's mains. Repairs or improvements shall be completed as rapidly as practicable. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-20 Meter disconnection or reconnection fees.**

(a) The department shall charge a fee equal to one hour of labor and overhead costs to those consumers requesting disconnection or reconnection of a water meter when not related to an account delinquency. The department shall apply such charges to the consumer's account.

(b) Upon request and payment of a turn off fee the department shall turn off the water at the meter during regular business hours. Upon request and payment of a turn on fee, the department shall turn on the water at the meter during regular business hours. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-21 Change in service administration fee.**

(a) The department shall levy a charge when a change in service status requires administrative action or a special meter reading by department personnel.

(b) When a change in account status requires a special water meter reading by the department a fee equal to one hour of labor and costs shall be charged to the consumer. When a change in account status does not require a special water meter reading by the department the standard change of owner fee shall be charged to the consumer. [Eff **JUN 25 2021** ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-22 Department fire hydrants and fire protection.**

(a) Any use of a fire hydrant, fire protection reservoir, or the taking of water from one for purposes other than fire protection by persons other than authorized employees of the fire department or of the department is prohibited without a written permit from the department. The fire department shall have the prior right to use any hydrant at any time and shall have the authority to remove peremptorily, if necessary in case of emergency, any connection approved by the department. The fire department shall notify the department when use of water during non-fire events, including training, is contemplated. Hydrant main line valves shall not be used to control flows. The fire department shall coordinate with the department during a fire emergency to prevent damage to the water system.

(b) The department may provide water to a governmental entity provided the governmental entity first submits a written hydrant permit application and agrees to all the terms and conditions contained therein including but not limited to notifying the department when any use of water is contemplated, paying a security deposit for a meter assembly and backflow prevention device and utilizing the meter assembly and backflow prevention device. Any failure of the permittee to properly utilize the meter

assembly to record water taken through the fire hydrant shall constitute a violation of the hydrant permit and shall immediately terminate the hydrant permit and the permittee's right to draw water. Hydrant permits shall not be issued for a period longer than six months. Renewal shall be allowed on a case by case basis.

(c) Any damage to fire hydrants, and any consequent resulting loss or damage to property, or any injury to persons arising from or out of the damage to fire hydrants shall be paid for by the person or legal entity responsible for the damage. All repairs for any damage to fire hydrants shall be paid by the person or entity responsible for the damage.

(d) Any persons or entities, or both, found to have used, obstructed, or tampered with a department fire hydrant without the express written consent of department shall be assessed fees and charges including the estimated amount of the water taken, water discharged by the department to clear the mains, labor and materials, and administrative costs. Each invoice not paid within ten calendar days of date thereon will accrue a late charge equal to five per cent of the unpaid balance at the time it becomes delinquent and an additional five per cent for each month delinquent thereafter.

(e) The department shall, if it approves the request for a change in location of a hydrant, change such location; provided, that all labor, material, equipment, and all other costs and charges are paid in advance by the consumer. [Eff JUN 25 2021 ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-23 Water spigots.** (a) The department may provide water spigots connected to public water systems. The water spigot shall be labeled with the appropriate public water system number as issued by the department of health. Each water spigot, and water spigot area, shall be maintained by the

department in a manner suitable for lessee access to potable water.

(b) Each spigot shall be metered and the commission shall set the maximum amount that may be drawn from each spigot during a single billing cycle.

(c) The department shall manage access to the spigot by reasonable means.

(d) The department may restrict spigot use during time of water restrictions.

(e) The department guarantees potable water only to the point of withdrawal from the public water system. [Eff JUN 25 2021 ] (Auth: HHC Act §222)  
(Imp: HHC Act §221)

**§10-4.1-24 Consumer's sale of water.** Subject to civil or criminal prosecution or both, unless specifically agreed upon by the commission, the consumer shall not sell any water received or purchased from the department. [Eff JUN 25 2021 ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-25 Electrical grounding.** (a) Protective grounding of alternating current secondary distribution circuits made to the water system shall conform in all details with the national electrical code of the national board of fire underwriters and with the county building code where the water system is located.

(b) The department shall not be responsible for any damage or injury caused by any electrical grounding.

(c) No grounding of direct current to any portion of the water system shall be permitted.

(d) No grounding other than as provided in this section shall be made to any portion of the water system without the department's written approval.

(e) The department shall not be responsible for the maintaining of a continuous metallic water piping

system and reserves the right, without liability to public utility electric companies, electric consumers, or any other agency, consumer, or individual, to create a physical break in its service laterals and mains, or to incorporate non-metallic pipes and appurtenances in its system and to make joints of any materials, without regard to their efficiency as conductors of electricity and without giving notice. [Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-26 Unscheduled meter replacement.** If a consumer requests a meter replacement prior to the scheduled routine replacement, the consumer will be billed for the service call plus the current cost of the meter. As is the case with all new meters, upon installation the meter becomes the property of the department. [Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-27 Compensation.** Employees of the department are strictly forbidden to demand or accept personal compensation for services rendered. [Eff JUN 25 2021 ] (Auth: HHC Act §222) (Imp: HHC Act §221)

§§10-4.1-28 to 10-4.1-30 (Reserved)

## SUBCHAPTER 2

### HAWAIIAN HOME LANDS PUBLIC WATER SYSTEMS

**§10-4.1-31 Water service rates.** (a) The department shall conduct a cost of service study annually, based upon enterprise accounting, and a water service rates analysis at least every three years.

(b) Water service rates for each department owned public water system shall be established by the commission and attached to this chapter. Effective July 1, 2019, once each fiscal year the commission may adjust base water service charges by no more than ten per cent per thousand gallons of water delivered. Effective upon approval by the commission, water service rates are set as follows:

- (1) The table entitled, "Hoolehua Water System Service Rates Approved on April 17, 2018", dated April 17, 2018, attached as Exhibit "A" at the end of this chapter and made part of this chapter.
- (2) The table entitled, "Kawaihae Water System Service Rates Approved on May 14, 2018", dated May 14, 2018, attached as Exhibit "B" at the end of this chapter and made part of this chapter.
- (3) The table entitled, "Anahola Water System Service Rates Approved on August 21, 2018", dated August 21, 2018, attached as Exhibit "C" at the end of this chapter and made part of this chapter. [Eff **JUN 25 2021** ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-32 Meter reading and rendering of bills.**

(a) Meter readings and billings shall be on at least a bi-monthly basis, except for closing of accounts for special conditions with the approval of the department.

(b) Closing bills for a period shorter than the regular billing period shall be determined by the sum of the charges per water meter reading and prorating of the monthly service charge. If a meter cannot be read, an estimated bill shall be rendered following

acceptable practices using the reading, where available, of the same time the previous year.

(c) Bills for metered water service shall be on a per meter basis. If the consumer has more than one metered installation on the premises, each meter shall be billed separately. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-33 Conservation and emergency measures.**

(a) Whenever, in the department's opinion, special conservation measures are advisable to forestall water shortage or an emergency, the department may restrict the use of water by any means or method of control. The department shall also have the right to limit the quantity of water taken from any of its facilities. In determining the priorities in restricting the use of water, the health and safety of the public shall be given first consideration over other uses.

(b) When the department's water supply usage exceeds the rate of resupply, the commission may declare a water shortage or emergency and further restrict the use of water by any means or method of control.

(c) The department shall notify consumers of emergency conditions by written communication through mailing, electronic posting, or the newspaper, or combination thereof. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

§§10-4.1-34 to 10-4.1-40 (Reserved)

SUBCHAPTER 3

PUUKAPU NON-POTABLE WATER SYSTEM

**§10-4.1-41 General conditions.** (a) The water supplied by the Puukapu non-potable water system is intended to be used only for pastoral uses consistent with pastoral leases. Consumers may not use water for any other purpose except with the express written consent of the department. The department makes no guarantee, warranty, or representation, expressed or implied, as to the quality, quantity, flow rate, condition, or fitness of the water supplied for any use or purpose.

(b) The department shall deliver water to the lot of each consumer at the ground elevation and at the outlet site as the department may establish upon each consumer's land convenient with the operation of the department's irrigation system, and it shall be the responsibility of each consumer to provide for the distribution of water upon the consumer's lot by the consumer's own method. [Eff **JUN 25 2021**] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-42 Monthly maintenance fee.** (a) The lease shall provide service conditions and for the assessment of the monthly maintenance fee set as follows: the table entitled, "Puukapu Maintenance Fee" Approved on May 19, 2014 and Extended on May 15, 2018", dated May 15, 2018, attached as Exhibit "D" at the end of this chapter and made part of this chapter. [Eff **JUN 25 2021**] (Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-43 Conservation measures and emergency conditions.** (a) Whenever, in the department's opinion, special conservation measures are deemed necessary to forestall a water shortage and a consequent emergency, the department may restrict or ration the use of water by any method or means of control. Livestock watering consumers may be required to install an automatic water flow control device to

prevent waste or continued overflow from livestock drinking troughs. Each device shall be approved by the department prior to installation and shall be tested periodically to determine its functionality.

(b) The department reserves the right in times of declared emergency to allow the use of water for emergency purposes. Charges for the water used shall be established by the commission based on the nature of the emergency and attendant circumstances.

(c) During periods of special conservation measures, the department shall develop notices and criteria for the manner in which water will be delivered, restricted, and allocated for the duration for the emergency. Violations of the restrictions or allocations may result in the discontinuance of service, additional water toll surcharges, or the removal of the water connection.

(d) Upon declaration of emergency conditions and implementation of mandatory conservation measures (i.e., ten per cent, twenty per cent, or thirty per cent cutbacks), consumers exceeding the level of mandatory cutback shall be assessed a surcharge as established by the commission. [Eff **JUN 25 2021** ]  
(Auth: HHC Act §222) (Imp: HHC Act §221)

**§10-4.1-44 Unauthorized drawing of water.** (a)

No person or entity shall be permitted to draw water from any part of the system without the written consent of the department. No approval shall be granted in cases where, in the opinion of the department, the drawing of water may adversely affect the water service extended by the department to lessees.

(b) Approvals given by the department under this section are subject to revocation upon thirty days written notice. [Eff **JUN 25 2021** ] (Auth: HHC Act §222) (Imp: HHC Act §221)

HOOLEHUA WATER SYSTEM SERVICE RATES  
 APPROVED ON APRIL 17, 2018

**Lessee Service Rates:**

Lessee water service delivery (usage) tiers:

	<b>Gallons Bi-Monthly</b>
Tier 1	0 - 10,000
Tier 2	10,001 - 25,000
Tier 3	Over 25,000

Residential lessee meter service (base) fees:

<b>Meter size (inches) Bi-Monthly</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
5/8"	\$6.21	\$6.82	\$7.43	\$8.04	\$8.65	\$9.26	\$9.87	\$10.48	\$11.09	\$11.70
3/4"	\$7.76	\$8.53	\$9.29	\$10.05	\$10.82	\$11.58	\$12.34	\$13.10	\$13.87	\$14.63
1"	\$12.75	\$14.01	\$15.26	\$16.51	\$17.77	\$19.02	\$20.27	\$21.53	\$22.78	\$24.04
1 1/2"	\$24.40	\$26.80	\$29.19	\$31.59	\$33.99	\$36.39	\$38.79	\$41.18	\$43.58	\$45.98
2"	\$33.27	\$36.54	\$39.81	\$43.08	\$46.35	\$49.62	\$52.89	\$56.16	\$59.43	\$62.70
3"	\$66.54	\$73.08	\$79.62	\$86.16	\$92.70	\$99.24	\$105.78	\$112.32	\$118.86	\$125.40
4"	\$121.99	\$133.98	\$145.97	\$157.96	\$169.95	\$181.94	\$193.93	\$205.92	\$217.91	\$229.90
6"	\$216.26	\$237.51	\$258.77	\$280.02	\$301.28	\$322.53	\$343.79	\$365.04	\$386.30	\$407.55
8"	\$332.70	\$365.40	\$398.10	\$430.80	\$463.50	\$496.20	\$528.90	\$561.60	\$594.30	\$627.00

Residential lessee water service delivery (usage) fees:

<b>Per 1,000 gallons</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
Tier 1	\$1.53	\$1.65	\$1.76	\$1.87	\$1.99	\$2.10	\$2.22	\$2.33	\$2.44	\$2.56
Tier 2	\$2.06	\$2.22	\$2.37	\$2.52	\$2.67	\$2.83	\$2.98	\$3.13	\$3.29	\$3.44
Tier 3	\$2.43	\$2.61	\$2.79	\$2.97	\$3.15	\$3.33	\$3.51	\$3.69	\$3.87	\$4.05

(CONTINUED)

Agriculture lessee meter service (base) fees:

Meter size (inches) Bi-Monthly	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
5/8"	\$6.21	\$6.82	\$7.43	\$8.04	\$8.65	\$9.26	\$9.87	\$10.48	\$11.09	\$11.70
3/4"	\$7.76	\$8.53	\$9.29	\$10.05	\$10.82	\$11.58	\$12.34	\$13.10	\$13.87	\$14.63
1"	\$12.75	\$14.01	\$15.26	\$16.51	\$17.77	\$19.02	\$20.27	\$21.53	\$22.78	\$24.04
1 1/2"	\$24.40	\$26.80	\$29.19	\$31.59	\$33.99	\$36.39	\$38.79	\$41.18	\$43.58	\$45.98
2"	\$33.27	\$36.54	\$39.81	\$43.08	\$46.35	\$49.62	\$52.89	\$56.16	\$59.43	\$62.70
3"	\$66.54	\$73.08	\$79.62	\$86.16	\$92.70	\$99.24	\$105.78	\$112.32	\$118.86	\$125.40
4"	\$121.99	\$133.98	\$145.97	\$157.96	\$169.95	\$181.94	\$193.93	\$205.92	\$217.91	\$229.90
6"	\$216.26	\$237.51	\$258.77	\$280.02	\$301.28	\$322.53	\$343.79	\$365.04	\$386.30	\$407.55
8"	\$332.70	\$365.40	\$398.10	\$430.80	\$463.50	\$496.20	\$528.90	\$561.60	\$594.30	\$627.00

Agriculture lessee water service delivery (usage) fees:

Per 1,000 gallons	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Tier 1	\$1.53	\$1.65	\$1.76	\$1.87	\$1.99	\$2.10	\$2.22	\$2.33	\$2.44	\$2.56
Tier 2	\$2.06	\$2.22	\$2.37	\$2.52	\$2.67	\$2.83	\$2.98	\$3.13	\$3.29	\$3.44
Tier 3	\$0.82	\$0.88	\$0.94	\$1.00	\$1.06	\$1.12	\$1.19	\$1.25	\$1.31	\$1.37

(CONTINUED)

**Non-Beneficiary Service Rates:**

Non-Beneficiary water service delivery (usage) tiers:

	<b>Gallons Bi-Monthly</b>
Tier 1	0 – 10,000
Tier 2	10,001 – 30,000
Tier 3	Over 30,000

Non-Beneficiary commercial / non-agriculture meter service  
 (base) fees:

<b>Meter size (inches) Bi-Monthly</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
5/8"	\$40.35	\$50.70	\$61.05	\$71.40	\$81.75	\$92.10	\$102.45	\$112.80	\$123.15	\$133.50
3/4"	\$59.18	\$74.36	\$89.54	\$104.72	\$119.90	\$135.08	\$150.26	\$165.44	\$180.62	\$195.80
1"	\$94.15	\$118.30	\$142.45	\$166.60	\$190.75	\$214.90	\$239.05	\$263.20	\$287.35	\$311.50
1 1/2"	\$182.92	\$229.84	\$276.76	\$323.68	\$370.60	\$417.52	\$464.44	\$511.36	\$558.28	\$605.20
2"	\$282.45	\$354.90	\$427.35	\$499.80	\$572.25	\$644.70	\$717.15	\$789.60	\$862.05	\$934.50
3"	\$524.55	\$659.10	\$793.65	\$928.20	\$1,062.75	\$1,197.30	\$1,331.85	\$1,466.40	\$1,600.95	\$1,735.50
4"	\$860.80	\$1,081.60	\$1,302.40	\$1,523.20	\$1,744.00	\$1,964.80	\$2,185.60	\$2,406.40	\$2,627.20	\$2,848.00
6"	\$1,708.15	\$2,146.30	\$2,584.45	\$3,022.60	\$3,460.75	\$3,898.90	\$4,337.05	\$4,775.20	\$5,213.35	\$5,651.50
8"	\$2,690.00	\$3,380.00	\$4,070.00	\$4,760.00	\$5,450.00	\$6,140.00	\$6,830.00	\$7,520.00	\$8,210.00	\$8,900.00

Non-Beneficiary commercial / non-agriculture water service  
 delivery (usage) fees:

<b>Per 1,000 gallons</b>	<b>FY 19</b>	<b>FY 20</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>FY 24</b>	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 28</b>
Tier 1	\$2.21	\$2.63	\$3.04	\$3.46	\$3.87	\$4.28	\$4.70	\$5.11	\$5.53	\$5.94
Tier 2	\$4.12	\$4.89	\$5.66	\$6.43	\$7.20	\$7.97	\$8.74	\$9.51	\$10.28	\$11.06
Tier 3	\$6.09	\$7.23	\$8.37	\$9.50	\$10.64	\$11.78	\$12.92	\$14.06	\$15.20	\$16.34

(CONTINUED)

Non-Beneficiary commercial / agriculture meter service (base) fees:

Meter size (inches) Bi-Monthly	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
5/8"	\$40.35	\$50.70	\$61.05	\$71.40	\$81.75	\$92.10	\$102.45	\$112.80	\$123.15	\$133.50
3/4"	\$59.18	\$74.36	\$89.54	\$104.72	\$119.90	\$135.08	\$150.26	\$165.44	\$180.62	\$195.80
1"	\$94.15	\$118.30	\$142.45	\$166.60	\$190.75	\$214.90	\$239.05	\$263.20	\$287.35	\$311.50
1 1/2"	\$182.92	\$229.84	\$276.76	\$323.68	\$370.60	\$417.52	\$464.44	\$511.36	\$558.28	\$605.20
2"	\$282.45	\$354.90	\$427.35	\$499.80	\$572.25	\$644.70	\$717.15	\$789.60	\$862.05	\$934.50
3"	\$524.55	\$659.10	\$793.65	\$928.20	\$1,062.75	\$1,197.30	\$1,331.85	\$1,466.40	\$1,600.95	\$1,735.50
4"	\$860.80	\$1,081.60	\$1,302.40	\$1,523.20	\$1,744.00	\$1,964.80	\$2,185.60	\$2,406.40	\$2,627.20	\$2,848.00
6"	\$1,708.15	\$2,146.30	\$2,584.45	\$3,022.60	\$3,460.75	\$3,898.90	\$4,337.05	\$4,775.20	\$5,213.35	\$5,651.50
8"	\$2,690.00	\$3,380.00	\$4,070.00	\$4,760.00	\$5,450.00	\$6,140.00	\$6,830.00	\$7,520.00	\$8,210.00	\$8,900.00

Non-Beneficiary commercial / agriculture water service delivery (usage) fees:

Per 1,000 gallons	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Tier 1	\$2.21	\$2.63	\$3.04	\$3.46	\$3.87	\$4.28	\$4.70	\$5.11	\$5.53	\$5.94
Tier 2	\$4.12	\$4.89	\$5.66	\$6.43	\$7.20	\$7.97	\$8.74	\$9.51	\$10.28	\$11.06
Tier 3	\$6.09	\$7.23	\$8.37	\$9.50	\$10.64	\$11.78	\$12.92	\$14.06	\$15.20	\$16.34

(END Exhibit "A")

KAWAIHAE WATER SYSTEM SERVICE RATES  
 APPROVED ON MAY 15, 2018

**Residential Lessee Service Rates:**

Residential lessee meter service (base) fees:

Meter size (inches) Bi-Monthly	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
5/8"	\$49.07	\$63.37	\$77.70	\$92.06	\$106.46	\$120.90	\$135.37	\$149.88	\$164.42	\$179.01

Residential lessee service delivery (usage) tiers:

	Gallons Bi-Monthly
Tier 1	0 - 10,000
Tier 2	10,001 - 30,000
Tier 3	30,001 - 80,000
Tier 4	Over 80,000

Residential lessee service delivery (usage) fees:

Per 1,000 gallons	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Tier 1	\$3.67	\$4.73	\$5.81	\$6.88	\$7.95	\$9.03	\$10.11	\$11.20	\$12.28	\$13.37
Tier 2	\$4.92	\$6.35	\$7.79	\$9.23	\$10.68	\$12.12	\$13.58	\$15.03	\$16.49	\$17.95
Tier 3	\$6.89	\$8.90	\$10.92	\$12.94	\$14.96	\$16.99	\$19.02	\$21.06	\$23.10	\$25.15
Tier 4	\$8.30	\$10.73	\$13.15	\$15.58	\$18.02	\$20.46	\$22.91	\$25.37	\$27.83	\$30.30

(CONTINUED)

**Kailapa Community Association Service Rates:**

Kailapa Community Association meter service (base) fees:

Meter size (inches) Bi-Monthly	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
5/8"	\$49.07	\$63.37	\$77.70	\$92.06	\$106.46	\$120.90	\$135.37	\$149.88	\$164.42	\$179.01

Kailapa Community Association water service delivery (usage)  
 tier:

	Gallons Bi-Monthly
Tier 1	9,999,999

Kailapa Community Association water service delivery (usage)  
 fees:

Per 1,000 gallons	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28
Tier 1	\$11.41	\$14.73	\$18.06	\$21.40	\$24.75	\$28.11	\$31.47	\$34.84	\$38.22	\$41.61

(END Exhibit "B")

ANAHOLA WATER SYSTEM SERVICE RATES  
APPROVED ON AUGUST 21, 2018

**Residential Lessee Service Rates:**

Residential lessee meter service (base) fees:

Meter size (inches)	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
5/8"	\$28.08	\$32.16	\$36.24	\$40.32	\$44.40	\$48.48	\$52.56	\$56.64	\$60.72	\$64.80
3/4"	\$37.44	\$42.88	\$48.32	\$53.76	\$59.20	\$64.64	\$70.08	\$75.52	\$80.96	\$86.40
1"	\$58.50	\$67.00	\$75.50	\$84.00	\$92.50	\$101.00	\$109.50	\$118.00	\$126.50	\$135.00
1 1/2"	\$105.30	\$120.60	\$135.90	\$151.20	\$166.50	\$181.80	\$197.10	\$212.40	\$227.70	\$243.00
2"	\$175.50	\$201.00	\$226.50	\$252.00	\$277.50	\$303.00	\$328.50	\$354.00	\$379.50	\$405.00
4"	\$514.80	\$589.60	\$664.40	\$739.20	\$814.00	\$888.80	\$963.60	\$1,038.40	\$1,113.20	\$1,188.00

Residential lessee water service delivery (usage) tiers:

METER SIZE	TIER 1	TIER 2	TIER 3
	Gallons Bi-monthly	Gallons Bi-monthly	Gallons Bi-monthly
5/8"	0 – 20,000	20,001 – 40,000	> 40,000
3/4"	0 – 70,000	70,001 – 140,000	> 140,000
1"	0 – 200,000	200,001 – 400,000	> 400,000
1 1/2"	0 – 600,000	600,001 – 1,200,000	> 1,200,000
2"	0 – 1,200,000	1,200,001 – 2,400,000	> 2,400,000
4"	0 – 6,000,000	6,000,001 – 12,000,000	> 12,000,000

Residential lessee water service delivery (usage) fees:

Per 1,000 gallons	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Tier 1	\$3.23	\$3.70	\$4.17	\$4.64	\$5.11	\$5.58	\$6.04	\$6.51	\$6.98	\$7.45
Tier 2	\$3.74	\$4.29	\$4.83	\$5.38	\$5.92	\$6.46	\$7.01	\$7.55	\$8.10	\$8.64
Tier 3	\$5.27	\$6.03	\$6.80	\$7.56	\$8.33	\$9.09	\$9.86	\$10.62	\$11.39	\$12.15

(CONTINUED)

**Agricultural Lessee Service Rates:**

Agricultural lessee meter service (base) fees:

Meter size (inches)	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
5/8"	\$28.08	\$32.16	\$36.24	\$40.32	\$44.40	\$48.48	\$52.56	\$56.64	\$60.72	\$64.80
3/4"	\$37.44	\$42.88	\$48.32	\$53.76	\$59.20	\$64.64	\$70.08	\$75.52	\$80.96	\$86.40
1"	\$58.50	\$67.00	\$75.50	\$84.00	\$92.50	\$101.00	\$109.50	\$118.00	\$126.50	\$135.00
1 1/2"	\$105.30	\$120.60	\$135.90	\$151.20	\$166.50	\$181.80	\$197.10	\$212.40	\$227.70	\$243.00
2"	\$175.50	\$201.00	\$226.50	\$252.00	\$277.50	\$303.00	\$328.50	\$354.00	\$379.50	\$405.00
4"	\$514.80	\$589.60	\$664.40	\$739.20	\$814.00	\$888.80	\$963.60	\$1,038.40	\$1,113.20	\$1,188.00

Agricultural lessee water service delivery (usage) tiers:

METER SIZE	# of structures	TIER 1	TIER 2
		Gallons Bi-monthly	Gallons Bi-monthly
5/8"	N/A	0 – 25,000	> 25,000
3/4"	1	0 – 25,000	> 25,000
3/4"	2	0 – 50,000	> 50,000
1 1/2"	1	0 – 25,000	> 25,000
1 1/2"	2	0 – 50,000	> 50,000
2"	1	0 – 25,000	> 25,000
2"	2	0 – 50,000	> 50,000

Agricultural lessee water service delivery (usage) fees:

Per 1,000 gallons	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Tier 1	\$3.23	\$3.70	\$4.17	\$4.64	\$5.11	\$5.58	\$6.04	\$6.51	\$6.98	\$7.45
Tier 2	\$0.82	\$0.94	\$1.06	\$1.18	\$1.30	\$1.41	\$1.53	\$1.65	\$1.77	\$1.89

(END Exhibit "C")

Exhibit "D"  
May 15, 2018

PUUKAPU MAINTENANCE FEE  
APPROVED ON MAY 19, 2014 AND EXTENDED ON MAY 15, 2018

<b>COST COMPONENT</b>	<b>RATE PER MONTH</b>
• Standby Charge: 4-Inch Master Meter \$255.00 per month. \$255.00/184 lots = \$1.39 per lot	\$ 1.39
• Flat Rate Water Charge	\$ 18.00
• Electricity Charge (\$1,692/40 users)	\$ 42.30
• Operations and Maintenance (10,761/184 users)	\$ 58.48
• Potable Water via Spigot (600 gpd/40 users)	\$ 2.24
<b>TOTAL</b>	<b>\$122.41</b>

One-time equipment and installation costs:

<b>EQUIPMENT/INSTALLATION</b>	<b>COST</b>
5/8" Meter	\$114.00
Backflow Preventer	\$675.00
<b>TOTAL</b>	<b>\$789.00</b>

(END Exhibit "D")

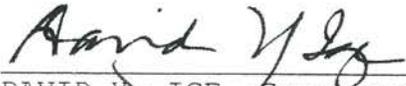
DEPARTMENT OF HAWAIIAN HOME LANDS

Chapter 10-4.1, Hawaii Administrative Rules, on Summary Page dated [ ], following public hearings held on November 18, 19, and 20, 2020, after notice was given on October 19, 2020 in the Honolulu Advertiser, The Maui News, West Hawaii Today, Hawaii Tribune-Herald, and The Garden Island.

The adoption of chapter 10-4.1 shall take effect ten days after filing with the Office of the Lieutenant Governor.

  
WILLIAM J. AILA, JR., Chairman  
Hawaiian Homes Commission

APPROVED:

  
DAVID Y. IGE, Governor  
State of Hawaii

Dated: 6/15/21

LIEUTENANT GOVERNOR'S  
OFFICE

'21 JUN 15 P 2:39

APPROVED AS TO FORM:

  
Deputy Attorney General

\_\_\_\_\_  
Filed



EXHIBIT G  
HHC Water Policy Plan (2014)

# HAWAIIAN HOMES COMMISSION WATER POLICY PLAN

July 22, 2014

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## Vision

Our vision is that there will be adequate amounts of [water](#) and supporting infrastructure so that homestead lands will always be usable and accessible, to enable us to return to our lands to fully support our self-sufficiency and self-determination in the administration of the Hawaiian Homes Commission Act (HHCA), and the preservation of our values, traditions, and culture.

## Mission

In a manner consistent with our [values](#), the Hawaiian Homes Commission (HHC) and Department of Hawaiian Home Lands (DHHL) shall strive to ensure the availability of adequate, quality [water](#) by working cooperatively to:

- Understand our trust [water](#) assets;
- Plan for our [water](#) needs;
- Aggressively understand, exercise and assert our [kuleana](#) as stewards of [water](#);
- Develop and protect [water](#) sources; and
- Manage [water](#) systems.

## Values

1. **Waiwai:** [Mōhala i ka wai ka maka o ka pua](#). *Unfolded by the water are the faces of the flowers.* The availability of [water](#) to our lands and people is integral to the trust and our mission.
2. **Waihona:** [Ua lehulehu a manomano ka `ikena a ka Hawai`i](#). *Great and numerous is the knowledge of the Hawaiians.* Honoring and documenting our knowledge about [water](#) is essential to managing it.
3. **Mālama:** [He ali`i ka `āina; he kauwā ke kanaka](#). *The land is a chief; man is its servant.* We consider [water](#) to be part of our genealogy and so we manage it in a manner that cares for its long-term sustainability for all things, as we also use it productively for our mission.
4. **Laulima:** [E lauhoe mai nā wa'a; i ke kā, i ka hoe; i ka hoe, i ke kā; pae aku i ka `āina](#). *Everybody paddle the canoes together; bail and paddle, paddle and bail, and the shore is reached.* We are one people who now share Hawai`i with others. DHHL is only one of many Hawaiian serving institutions. We will assert our rights while considering our larger lāhui `ōiwi and the larger world in which we live.

## Policies

The HHC and the DHHL are seeking to be proactive in our management of water. Our Priority Policies are to:

1. Expressly determine and plan for future [water](#) needs and actively participate in broader [water](#) management, use and protection efforts in Hawai`i in order to secure [water](#).
2. Aggressively exercise, reclaim, and protect Hawaiian home land [water kuleana](#).
3. Develop, manage, and steward [water](#) in a manner that balances cost, [efficiency measures](#), and [Public Trust](#) uses in the short and long term.
4. Affirmatively communicate our decisions, our reasoning, and our performance in managing, stewarding, and using [water](#) before and after making major [water](#) decisions.

Additionally, the HHC and the DHHL should consider in their work the following statements:

5. Educate beneficiaries, the DHHL, HHC, and other stakeholders continually on our [water kuleana](#).
6. Foster self-sufficiency of beneficiaries by promoting the adequate supply of [water](#) for homesteading when developing or managing [water](#).
7. Foster the self-determination of beneficiaries by seeking ways for beneficiaries to participate in the management of [water](#) by delegating authority related to [water](#) subject to the discretion of the HHC as described in the [HHCA](#).
8. Make [water](#) decisions that incorporate traditional and place-based knowledge of our people and are clear and methodical in their reasoning.
9. Make efforts to understand, maintain, and improve the quality of [water](#) as it moves into and through our lands and is used by beneficiaries.
10. Affirmatively consider the development and use of [alternative sources](#) of [water](#) and [efficiency measures](#) in [water](#) decision-making.
11. Ensure that [water](#) decisions are consistent with other Departmental [policies](#), programs, and plans including but not limited to the [Energy Policy](#) and Agricultural Program.
12. Explicitly consider [water](#) availability and the costs to provide adequate [water](#) when developing new homestead areas, designating land uses, issuing land dispositions, or exchanging properties.

## Goals

To make progress on achieving our Mission and complying with our Policies, the Priority Goals of the HHC and the DHHL are to:

1. Affirmatively communicate with beneficiaries regarding [water](#) decisions, performance, and [water](#) rights on a regional and annual basis.
2. Aggressively, proactively, consistently and comprehensively advocate for the [kuleana](#) of the beneficiaries, the DHHL, and the HHC to [water](#) before all relevant agencies and entities.
3. Develop and manage a [Water Assets Inventory \(WAI\)](#).
4. Support watershed protection and restoration on DHHL lands and source areas for DHHL [water](#).

Additional goals that DHHL and the HHC shall seek to achieve, based on the availability of resources, organized by Mission activities, are:

### Part I. Understand our trust water assets

1. Revise the DHHL submittal template to the HHC for [water](#) related decisions.
2. Revise budgets to show the total costs of a) [water](#) system management b) all spending on [water](#) issues.
3. Staff and organize the DHHL consistent with importance of [water](#) to the trust.

### Part II. Plan for our water needs

4. Determine current and foreseeable future needs based upon periodic reviews of [water](#) availability projections that incorporate climate change, projected beneficiary demand, [alternative sources](#) and [efficiency measures](#).
5. Design homesteads and manage lands to create and enhance [water](#) availability, optimizing costs, use of [alternative sources](#) and [efficiency measures](#).

### Part III. Aggressively understand, exercise and assert our water rights

6. Secure adequate and enforceable reservations of [water](#) for current and foreseeable future needs for all of its lands across the islands.
7. Partner with trust beneficiaries in [water](#) advocacy efforts.
8. Engage in updates to all [Hawai'i Water Plan](#) elements to ensure DHHL [water](#) needs and rights are addressed.
9. Advocate that all [Water Use Permit Applications](#) properly address the [water](#) rights of DHHL and other Hawaiian [water](#) rights.
10. Advocate that County Boards of Water Supply and other County agencies that affect [water](#) have the spirit of the [HHCA](#) faithfully carried out to protect DHHL

water uses as a [Public Trust](#) use of [water](#) and manage rates so they are affordable by beneficiaries.

11. Ensure that all legal provisions for the licensing of state [water](#) are followed.

**Part IV. Develop and protect water sources**

12. Carefully weigh alternatives regarding the dedication or DHHL management of new [water](#) systems.
13. Methodically and consistently manage and allocate water credits.
14. Support the drilling of wells by beneficiaries for their own use on lots where appropriate.
15. Partner with Department of Health and others on [water](#) quality education and outreach.
16. Continue to pursue development of agricultural [water](#) systems.

**Part V. Manage water systems**

17. Secure revenue and reduce operation costs so DHHL [water](#) systems break even financially over the long term.
18. Increase security and reliability for DHHL [water](#) users.
19. Pursue resolution by the Department of Agriculture of prior audit findings in the management of the Moloka`i Irrigation System and full repair of the System

## Delegation of Authorities, Reporting, and Consultation

1. Delegation
  - a. The HHC delegates authority to the Chairperson to prepare an Implementation Program for this Water Policy Plan, which shall be subject to the approval by HHC. The Program shall identify tasks to implement each goal, and shall specify tasks that apply statewide as well as tasks that apply to different islands or regions under each goal.
2. Reporting
  - a. The Chairperson shall submit the proposed Implementation Program to the HHC annually in conjunction with the Department's budget request.
  - b. The Chairperson shall annually report on progress on execution of the approved Implementation Program and overall progress towards achieving the goals of and maintaining compliance with the Water Policy Plan.
3. Consultation
  - a. The Chairperson shall consult with the HHC on any major water issues not contained in the Implementation Program.

## Legal Authorities

1. [Hawai'i State Constitution](#)
2. [Hawaiian Homes Commission Act of 1921, as amended](#)
3. [Hawai'i State Water Code, HRS 174C](#)
4. [In the Matter of Water Use Permit Applications \(Waiāhole I case\)](#)
5. [Wai'ola o Moloka'i](#)
6. [Kauai Springs, Inc. v. Planning Commission of the County of Kauai](#)

## Related Plans and Policies

1. [DHHL General Plan](#)
2. [DHHL Energy Policy](#)
3. [Hawaiian Homes Commission Beneficiary Consultation Policy](#)

## References

1. 1983. Pūku`i, Mary Kawena. 'Ōlelo No'eau: Hawaiian Proverbs & Poetical Sayings. Honolulu: Bernice Pauahi Bishop Museum.
2. [Aia i hea ka wai a Kāne?](#) (Traditional chant, "Where is the water of Kāne?")

## Definitions

**Alternative sources:** Alternative sources include but are not limited to the water developed through reuse and recycling technologies and best practices, capture of flood waters, desalinated waters, and other sources as may be appropriate for proposed uses.

**Hawai`i Water Plan:** The Hawai`i Water Plan and its parts, as detailed in Part III of the Hawai`i State Water Code (HRS 174C), is the state's "program of comprehensive water resources planning to address the problems of supply and conservation of water" (HRS 174C-2(b)).

**Efficiency Measures:** Efficiency measures include optimal design and development, alternative energy utilization, changing in behavioral practices and technologies that support onsite distributed wastewater systems.

**Kuleana:** Kuleana encompasses both rights and responsibilities. DHHL's water kuleana includes its responsibilities under its mission and the legal rights to water enshrined in the HHCA and state Constitutional and statutory provisions. Kuleana exists within the genealogical and spiritual relationship between water and the lāhui `ōiwi.

**Public Trust:** As delineated in the Hawai`i Supreme Court [Waiāhole I](#) and [Wai`ola O Moloka`i](#) cases, public trust uses of water include domestic uses, traditional and customary Hawaiian rights, the protection and procreation of fish and wildlife, the maintenance of proper ecological balance and scenic beauty, and reservations of water for the DHHL.

**Water:** In this policy, water includes mists, fog, rain, and other precipitation; water as it flows above or below ground, and into the ocean; water used for homesteading; alternative sources including waste, brackish, and salt water; water used in the exercise of traditional and customary practices; infrastructure used to produce, store and transmit water; and water we use as well as water to which we have rights.

**Water Assets Inventory (WAI):** A comprehensive geographically referenced database of the water assets of the DHHL, including traditional knowledge related to water, DHHL owned water infrastructure, current and future water demand, water agreements, water credits, and potential water sources.

## Approval Date

Policy approved by the Hawaiian Homes Commission on July 22, 2014.

EXHIBIT H  
HHC Policy on Enterprise Accounting (2012)

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

August 20, 2012

To: Chairman and Members, Hawaiian Homes Commission

From: Dreana Kalili, Policy and Program Analyst *DK*  
Ray Enos, Land Issues Officer *RE*

Subject: Management and Accounting Guidelines for the Water  
Systems Owned and Operated by the Department of  
Hawaiian Home Lands to Submit with USDA-RUS  
Applications

RECOMMENDED MOTION/ACTION

That the Hawaiian Homes Commission adopt these management and accounting guidelines for water systems owned and operated by the department.

DISCUSSION

Within Hawaii, water is free, however, there is a cost to pump, store, treat, and transport the water to homes, businesses, and public facilities like schools. On Hawaiian Home Lands, water systems have been and continue to be constructed by the department, and then are either leased to the applicable County water department, or are operated and maintained by the department. Water users of the system pay a fraction of the cost to operate the system and the operating costs of the water systems owned and operated by the department are heavily supplemented by trust funds.

Since 2008, the department has partnered with Na Kupaa O Kuhio to apply for and receive grant and low-interest loan assistance from the U.S. Department of Agriculture Rural Utilities Service (USDA RUS) to develop water systems for homesteaders. The department is eligible to directly apply for USDA-RUS assistance. However, under the department's current accounting structure, the water system expenses and receipts are imbedded in the overall department budget process and as such, the department is not able to demonstrate financial sustainability throughout the life of the improvements and meet the USDA-RUS grant determination criteria.

Section 213(e) of the Hawaiian Homes Commission Act, as amended,

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**EXHIBIT** *H*

authorizes the Operating portion of the Hawaiian Home Operating Fund to be used for the construction, operation and maintenance of revenue-producing activities that are intended to serve principally occupants on Hawaiian home lands (such as the Molokai Water System, and the Anahola Farm Lots Water System, on the island of Kauai, and the Kawaihae Water System on the island of Hawaii).

The department is able to create separate enterprise accounts for all water system revenue producing activities in the Operating portion of the Hawaiian Home Operating Fund. The separate ledger accounts will be referred to collectively as the Hawaiian Home Lands (HHL) enterprise account.

In basic terms, this method of accounting will effectively isolate the water system budget from the department's larger budget. An enterprise account establishes a separate accounting and financial reporting mechanism for services for which a fee is charged in exchange for goods or services. The Administrative Services Office has indicated that the enterprise account, as an alternative method of accounting, can be prepared using existing accounting records.

The specific management and accounting guidelines for the water systems owned and operated by the DHHL are found attached in Exhibit A.

#### *USDA RUS Grant Criteria*

The purpose of USDA-RUS Water and Environment Program is to provide loan and grant funds for water and waste projects serving the most financially needy communities. Financial assistance from the program should result in reasonable user costs for rural residents, rural businesses, and other rural users. The excerpts of the grant criteria are found in Exhibit B and are designed to ensure this program purpose is met.

As a grant and loan applicant, DHHL must meet these criteria and demonstrate the following:

- 1) That grants it receives will not result in an Equivalent Dwelling Unit (EDU) costs below similar system user cost. The EDU means the level of service provided to a typical rural residential dwelling;
- 2) That the debt service portion of the average annual EDU cost, for users in the applicant's service area, exceeds the following percentages of median household income by 0.5% when the median household income of the service area is equal to or below 80% of the statewide nonmetropolitan median income (in other words, if the median income for

the service area is \$48,000, a water system is eligible for a grant if the debt service portion to individual system users is more than \$240 over one year);

- 3) That its annual cost for delivery of service is subsidized; and
- 4) That water system user charges are reasonable, or the planned revenue should be sufficient to provide for all debt service, debt reserve, operation and maintenance, and, if appropriate, additional revenue for facility replacement of short-lived assets without building a substantial surplus.

The staff recommendation is to adopt the "Management and Accounting Guidelines for the Water Systems Owned and Operated by the Department of Hawaiian Home Lands" to align DHHL's operating and accounting processes related to these water systems with the USDA-RUS program criteria and goals.

It is critical that DHHL demonstrate these criteria are met so it can qualify for the maximum grant award allowed per project. These grant funds are needed to increase the operating efficiency of its water systems to decrease trust subsidies, and maximum grant awards means less funds expended from the trust.

MANAGEMENT AND ACCOUNTING GUIDELINES FOR THE WATER SYSTEMS OWNED  
AND OPERATED BY THE DEPARTMENT OF HAWAIIAN HOME LANDS

August 2012

- 1) The Water System will carry out the Department's goals, objectives and policies through a service delivery system financed through the utility's operating and capital budgets. The relationship between the operating and capital budgets will be explicitly recognized and incorporated into the budget process in a manner consistent with sound accounting and management practices. Funding for these budgets shall be adequate to provide operating services and maintenance or enhancement of fixed assets needed to support the demand for the water utility. The Commission will establish all user charges fees at a level related to the full costs (operating, direct, indirect and capital) of providing the service. Supplemental funding for the Water System enterprise account may be made by the Commission in order to avoid rate shock to the users. The Commission will review fees/charges at least every four years. As the need arises the Commission may adjust the rates by resolution. The Department will maintain records to document compliance with the user charge requirements, including records of the review, and such records will be available to the users.
- 2) The Water System user charge shall consist of a base rate and a consumption charge which combined shall be considered the water utility user charge. The Department Budget Officer shall establish a account or account within the Department's budget for the Water System utility charges. Moneys received as a result of the Water System utility user charge shall be allocated to the Water System Enterprise Account in the amounts established in the water utility charge resolution of the Commission. Except as otherwise provided or allowed by state law, the utility account or accounts shall be used solely for the purposes of the utility.
- 3) It is recognized that in order for the Water System to be a sustainable, self-supporting enterprise, there would need to be a substantial rate increase to users which would result in rate shock and have undesirable consequences. It is recognized that the utility rate for the Water System will need to be reviewed and re-authorized by the Commission. The Water System

EXHIBIT A

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enterprise account may continue to be subsidized by the Department as to avoid rate shock and the Commission may consider financial self-sufficiency and sustainability along with its other goals and objectives when establishing the Water System rates in the future.

- 4) DHHL will budget for the Water System utilizing an enterprise account accounting structure that is subsidized by the Department's other funds. However, the Commission may authorize the Department's budget officer to transfer moneys from other funds into the Water System Enterprise account to address emergency conditions or public health and safety considerations.

# HHC 08/20/12 – Adopted Management & Accounting Guidelines for DHHL Water Systems

- The department is able to create separate enterprise accounts for all water system revenue producing activities in the Operating portion of the Hawaiian Home Operating Fund. The separate ledger accounts will be referred to collectively as the Hawaiian Home Lands (HHL) enterprise account.
- In basic terms, this method of accounting will effectively isolate the water system budget from the department's larger budget. An enterprise account establishes a separate accounting and financial reporting mechanism for services for which a fee is charged in exchange for goods or services. The Administrative Services Office has indicated that the enterprise account, as an alternative method of accounting, can be prepared using existing accounting records.
- DHHL will budget for the Water System utilizing an enterprise account accounting structure that is subsidized by the Department's other funds. However, the Commission may authorize the Department's budget officer to transfer moneys from other funds into the Water System Enterprise account to address emergency conditions or public health and safety considerations.



U.S. DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE  
WATER AND WASTE LOANS AND GRANT CRITERIA  
(Excerpts from the Code of Federal Regulations, Title 7, Part 1780)

§ 1780.1 General. (Excerpts)

(c) RUS debt instruments will require an agreement that if at any time it shall appear to the Government that the borrower is able to refinance the amount of the indebtedness to the Government then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the borrower will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

(j) Water and waste applicants must demonstrate that they possess the financial, technical, and managerial capability necessary to consistently comply with pertinent Federal and State laws and requirements. In developing water and waste systems, applicants must consider alternatives of ownership, system design, and the sharing of services.

§ 1780.3 Definitions and grammatical rules of construction. (Excerpts)

*Equivalent Dwelling Unit (EDU)* means the level of service provided to a typical rural residential dwelling.

*Rural and rural areas* means any area not in a city or town with a population in excess of 10,000 inhabitants, according to the latest decennial census of the United States.

*Rural Development* means the mission area of the Under Secretary for Rural Development. Rural Development State and local offices will administer this water and waste program on behalf of the Rural Utilities Service.

*RUS* means the Rural Utilities Service, an agency of the United States Department of Agriculture established pursuant to section 232 of the Department of Agriculture Reorganization Act of 1994 (Pub. L. 103-354, 108 Stat. 3178), successor to the Farmer's Home Administration and the Rural Development Administration with respect to certain water and waste disposal loan and grant programs.

*Service area* means the area reasonably expected to be served by the project.

*Similar system cost* means the average annual EDU user cost of a system within a community having similar economic conditions and being served by the same type of established system. Similar system cost shall include all charges, taxes, and assessments attributable to the system including debt service, reserves and operation and maintenance costs.

§ 1780.7 Eligibility.

Facilities financed by water and waste disposal loans or grants must serve rural areas.

(a) Eligible applicant. An applicant must be:

- (1) A public body, such as a municipality, county, district, authority, or other political subdivision of a state, territory or commonwealth;
- (2) An organization operated on a not-for-profit basis, such as an association, cooperative, or private corporation. The organization must be an association controlled by a local public body or bodies, or have a broadly based ownership by or membership of people of the local community; or
- (3) Indian tribes on Federal and State reservations and other Federally recognized Indian tribes.

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(b) Eligible facilities. Facilities financed by RUS may be located in non-rural areas. However, loan and grant funds may be used to finance only that portion of the facility serving rural areas, regardless of facility location.

(c) Eligible projects. (1) Projects must serve a rural area which, if such project is completed, is not likely to decline in population below that for which the project was designed.

(2) Projects must be designed and constructed so that adequate capacity will or can be made available to serve the present population of the area to the extent feasible and to serve the reasonably foreseeable growth needs of the area to the extent practicable.

(3) Projects must be necessary for orderly community development and consistent with a current comprehensive community water, waste disposal, or other current development plan for the rural area.

(d) Credit elsewhere. Applicants must certify in writing and the Agency shall determine and document that the applicant is unable to finance the proposed project from their own resources or through commercial credit at reasonable rates and terms.

(e) Legal authority and responsibility. Each applicant must have or will obtain the legal authority necessary for owning, constructing, operating, and maintaining the proposed facility or service and for obtaining, giving security for, and repaying the proposed loan. The applicant shall be responsible for operating, maintaining, and managing the facility, and providing for its continued availability and use at reasonable user rates and charges. This responsibility shall be exercised by the applicant even though the facility may be operated, maintained, or managed by a third party under contract or management agreement. Guidance for preparing a management agreement is available from the Agency. Such contracts, management agreements, or leases must not contain options or other provisions for transfer of ownership.

(f) Economic feasibility. All projects financed under the provisions of this section must be based on taxes, assessments, income, fees, or other satisfactory sources of revenues in an amount sufficient to provide for facility operation and maintenance, reasonable reserves, and debt payment. If the primary use of the facility is by business and the success or failure of the facility is dependent on the business, then the economic viability of that business must be assessed.

(g) Federal Debt Collection Act of 1990 (28 U.S.C. 3001 et seq.). An outstanding judgment obtained by the United States in a Federal Court (other than in the United States Tax Court), which has been recorded, shall cause the applicant to be ineligible to receive a loan or grant until the judgment is paid in full or otherwise satisfied.

[62 FR 33478, June 19, 1997, as amended at 64 FR 29946, June 4, 1999]

§ 1780.9 Eligible loan and grant purposes.

Loan and grant funds may be used only for the following purposes:

(a) To construct, enlarge, extend, or otherwise improve rural water, sanitary sewage, solid waste disposal, and storm wastewater disposal facilities.

(b) To construct or relocate public buildings, roads, bridges, fences, or utilities, and to make other public improvements necessary for the successful operation or protection of facilities authorized in paragraph (a) of this section.

(c) To relocate private buildings, roads, bridges, fences, or utilities, and other private improvements necessary for the successful operation or protection of facilities authorized in paragraph (a) of this section.

(d) For payment of other utility connection charges as provided in service contracts between utility systems.

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(e) When a necessary part of the project relates to those facilities authorized by paragraphs (a), (b), (c) or (d) of this section the following may be considered:

(1) Loan or grant funds may be used for:

(i) Reasonable fees and costs such as: legal, engineering, administrative services, fiscal advisory, recording, environmental analyses and surveys, possible salvage or other mitigation measures, planning, establishing or acquiring rights;

(ii) Costs of acquiring interest in land; rights, such as water rights, leases, permits, rights-of-way; and other evidence of land or water control or protection necessary for development of the facility;

(iii) Purchasing or renting equipment necessary to install, operate, maintain, extend, or protect facilities;

(iv) Cost of additional applicant labor and other expenses necessary to install and extend service; and

(v) In unusual cases, the cost for connecting the user to the main service line.

(2) Only loan funds may be used for:

(i) Interest incurred during construction in conjunction with multiple advances or interest on interim financing;

(ii) Initial operating expenses, including interest, for a period ordinarily not exceeding one year when the applicant is unable to pay such expenses;

(iii) The purchase of existing facilities when it is necessary either to improve service or prevent the loss of service;

(iv) Refinancing debts incurred by, or on behalf of, an applicant when all of the following conditions exist:

(A) The debts being refinanced are a secondary part of the total loan;

(B) The debts were incurred for the facility or service being financed or any part thereof; and

(C) Arrangements cannot be made with the creditors to extend or modify the terms of the debts so that a sound basis will exist for making a loan; and

(v) Prepayment of costs for which RUS grant funds were obligated.

(3) Grant funds may be used to restore loan funds used to prepay grant obligated costs.

(f) Construction incurred before loan or grant approval.

(1) Funds may be used to pay obligations for eligible project costs incurred before loan or grant approval if such requests are made in writing by the applicant and the Agency determines that:

(i) Compelling reasons exist for incurring obligations before loan or grant approval;

(ii) The obligations will be incurred for authorized loan or grant purposes; and

(iii) The Agency's authorization to pay such obligations is on the condition that it is not committed to make the loan or grant; it assumes no responsibility for any obligations incurred by the applicant; and the applicant must subsequently meet all loan or grant approval requirements, including environmental and contracting requirements.

(2) If construction is started with Agency approval, post-approval in accordance with this section may be considered, provided the construction meets applicable requirements including those regarding approval and environmental matters.

(g) Water or sewer service may be provided through individual installations or small clusters of users within an applicant's service area. The approval official should consider items such as: quantity and quality of the individual installations that may be developed; cost effectiveness of the individual facility compared with the initial and long term user cost on a central system; health and pollution problems attributable to individual facilities; operational or management problems peculiar to individual installations; and permit and regulatory agency requirements.

(1) Applicants providing service through individual facilities must meet the eligibility requirements in §1780.7.

(2) The Agency must approve the form of agreement between the applicant and individual users for the installation, operation, maintenance and payment for individual facilities.

(3) If taxes or assessments are not pledged as security, applicants providing service through individual facilities must obtain security necessary to assure collection of any sum the individual user is obligated to pay the applicant.

(4) Notes representing indebtedness owed the applicant by a user for an individual facility will be scheduled for payment over a period not to exceed the useful life of the individual facility or the RUS loan, whichever is shorter. The interest rate will not exceed the interest rate charged the applicant on the RUS indebtedness.

(5) Applicants providing service through individual or cluster facilities must obtain:

(i) Easements for the installation and ingress to and egress from the facility if determined necessary by RUS; and

(ii) An adequate method for denying service in the event of nonpayment of user fees.

#### § 1780.10 Limitations.

(a) Loan and grant funds may not be used to finance:

(1) Facilities which are not modest in size, design, and cost;

(2) Loan or grant finder's fees;

(3) The construction of any new combined storm and sanitary sewer facilities;

(4) Any portion of the cost of a facility which does not serve a rural area;

(5) That portion of project costs normally provided by a business or industrial user, such as wastewater pretreatment, etc.;

(6) Rental for the use of equipment or machinery owned by the applicant;

(7) For other purposes not directly related to operating and maintenance of the facility being installed or improved; and

(8) A judgment which would disqualify an applicant for a loan or grant as provided for in §1780.7(g).

(b) Grant funds may not be used to:

(1) Reduce EDU costs to a level less than similar system cost;

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(2) Pay any costs of a project when the median household income of the service area is more than 100 percent of the nonmetropolitan median household income of the State;

(3) Pay project costs when other loan funding for the project is not at reasonable rates and terms; and

(4) Pay project costs when other funding is a guaranteed loan obtained in accordance with 7 CFR part 1779 of this title.

(c) Grants may not be made in excess of the following percentages of the RUS eligible project development costs. Facilities previously installed will not be considered in determining the development costs.

(1) 75 percent when the median household income of the service area is below the higher of the poverty line or 80% of the state nonmetropolitan median income and the project is necessary to alleviate a health or sanitary problem.

(2) 45 percent when the median household income of the service area exceeds the 80 percent requirements described in paragraph (c)(1) of this section but is not more than 100 percent of the statewide nonmetropolitan median household income.

(3) Applicants are advised that the percentages contained in paragraphs (c)(1) and (c)(2) of this section are maximum amounts and may be further limited due to availability of funds or the grant determination procedures contained in §1780.35 (b).

[62 FR 33478, June 19, 1997, as amended at 64 FR 29946, June 4, 1999; 66 FR 23151, May 8, 2001]

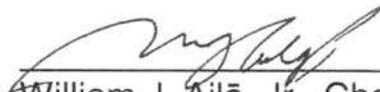
EXHIBIT I  
HHC Policy on Allocation of Water Credits and Water Meters  
(2022)

**DEPARTMENT OF HAWAIIAN HOME LANDS**



**Processes for  
the Allocation of Water Credits and  
Water Meters on Water Systems  
Serving DHHL Lands**

**Procedure Number  
001-2022**

  
\_\_\_\_\_  
William J. Ailā, Jr., Chairman  
Hawaiian Homes Commission

September 19, 2022

\_\_\_\_\_  
Date

**EXHIBIT I**

## Procedure and Workflow

- Subject: Internal Department procedures and workflow for the management and allocation of water credits and water meters on Water Systems Serving DHHL Lands
- Purpose: Water credits held for County or private systems and the capacity to issue water meters on Department owned systems are valuable trust assets. This document provides Hawaiian Homes Commission's (HHC's) policy guidance and procedures for their methodical and consistent management and allocation by the Department.
- Policy: Water credits and water meters shall be allocated in the following prioritization:

### **Prioritization Policy:**

- a. Residential use on awarded residential homestead lots
- b. Residential use on awarded residential agricultural or pastoral lots
- c. Areas where the Department has invested in infrastructure development for residential use on homestead lots but development is incomplete
- d. Lots eligible for subdivision for residential use, regardless of being agricultural, pastoral, or residential lots
- e. Agricultural or pastoral use on agricultural or pastoral lots
- f. Uses by a Homesteader Organization on a property interest issued by the Department
- g. Ancillary community uses that are identified in Island or Regional Plans or other HHC land use designation actions
- h. Commercial and other non-homestead, non-community uses in the area on Department lands

### **Exceptions to this policy:**

- a) May be made by the Chairman for community health and safety purposes as required by a declaration of emergency
- b) Lower priority uses may be allowed before higher priority uses when 1) they would not be otherwise used within the next four years and 2) there is a recommendation to do so by the Chairman with the concurrence of the HHC.

### **Allocation if there is excess:**

In a situation where there are water credits or the ability to issue water meters in excess of what is needed to meet all identified needs in the above Prioritization Policy, they shall be either sold or issued to monetize these assets, or water credits should be traded for those in areas where water credits may be needed, where such trade is possible.

Authorities: Water credits (or similar terms meeting the same definition) are usually acquired by the Department from the various County Boards / Departments of Water Supply. They may be also obtained for County systems from third parties who control credits, in some cases subject to the approval of these County bodies. Water credits may also be issued by private water systems. Water credits are issued under the various state and county authorities that govern those bodies, or in the case of private systems by the Public Utilities Commission or other authorities.

The capacity to issue new water meters on Department owned and managed systems may be limited by permits issued by the Commission on Water Resources Management under HRS 174C, and / or the overall system capacity.

The Department follows a three-tiered planning system to guide development and management of its land holdings for the benefit of current and future beneficiaries. The planning system includes its over-arching General Plan, followed by its second tier of Strategic Program Plans and Island Plans followed again by Regional and Development Plans in its third tier. See HAR §§10-4-51 to -60.

The HHC Water Policy Plan, Policy 6 is to "Foster self-sufficiency of beneficiaries by promoting the adequate supply of water for homesteading when developing or managing water" which speaks to the need to methodically and consistently manage the issuance of water meters on Department managed systems. Additional Goal 13 is to "Methodically and consistently manage and allocate water credits."

Department procedures are applicable to the extent consistent with other legal requirements and authorities, including the declaration of emergency.

## Glossary of Terms

- 1) **Charge** - the fee paid in exchange for receiving the benefit of a water credit or water meter from the Department.
- 2) **Board / Department of Water Supply (B/DWS)** - refers to the Kaua'i County Board / Department of Water, Maui County Board / Department of Water Supply, Honolulu City and County Board of Water Supply, and the Hawai'i County Board / Department of Water Supply, as appropriate.
- 3) **Declaration of Emergency** – A declaration by a federal, state or county executive where the issuance of a water meter or a water credit may be necessary to address the emergency condition.
- 4) **Department** - the Department of Hawaiian Home Lands.
- 5) **Department Water System** – A water system owned and operated by the Department, currently the Ho`olehua water system, the Pu`ukapu Water System, the Kailapa Water System, or the Anahola Water System.
- 6) **Homesteader** - The holder or successor thereto of a lease which may be of the following classes issued under section 207 of the act: (1) Residential or residence lot lease; (2) Pastoral or pastoral lot lease; and (3) Agricultural or agricultural lot lease.
- 7) **Homesteader Organization** – A democratically-elected organization representing a Hawaiian homestead community or communities
- 8) **Island or Regional Plans** - Plans developed under tiers 1 and 2 of the Department's planning system as prescribed by HAR §10-4-56(a) and §10-4-57(b).
- 9) **Water Credits** - A certain amount of water to be delivered to a parcel or area based on an agreement and allocation from Hawaii's various [Boards and Departments of Water Supply](#) or a privateurveyor.
- 10) **Water Credit Agreement** – A legal contract between a B/DWS and the Department and/or another body that allocates to the Department a certain number of water credits in exchange for dedicated land, infrastructure, or other valuable consideration.
- 11) **Water Meter** - an instrument for recording the quantity of water passing through a particular outlet.
- 12) **Subdivision** - Division of a homestead lot into two lots to allow the transfer of a portion of the lot to another individual who qualifies under the Hawaiian Homes Commission Act, subject to HHC approval for the remaining term of the original lease. Subdivision of a residential lot is governed by HAR §10-3-38; agricultural subdivision is governed by HAR §10-3-26(g).

## Water Credit and Water Meter Allocation Process

*This process governs the allocation of water credits and water meters held by the Department*

<u>Responsible Entity</u>	<u>Action</u>
_____ Planning Office	<p><b>Data maintenance, water availability:</b></p> <p>Maintains a database of <u>water credits</u> held by the Department, the area of their geographic application, and all associated documentation related to the acquisition and disposition of the credits.</p> <p>Maintains a database of unused water capacity available to issue <u>water meters</u> in each <u>Department Water System</u>, and all associated documentation related to the calculation of availability and disposition of the <u>water meters</u>.</p> <p>Confirms on at least an annual basis the amount of available <u>water credits</u> and <u>water meters</u> in the above databases with the relevant County or DHHL office.</p> <p>Makes that information readily available to staff with need for the information.</p> <p>Ensures that information on <u>water credit</u> and <u>water meter</u> availability and requests are included in annual reports to the Hawaiian Homes Commission.</p>
_____ Planning Office	<p><b>Data maintenance, water demand:</b></p> <p>Maintains a database of unmet water demands for <u>Department</u> lands in the categories of the <u>Prioritization Policy</u>.</p>
_____ District Office	<p><b>Application: (HAR §10-4.1-6)</b></p> <p>Receives requests for <u>water credit</u> or <u>water meter</u> issuance, forwards to Planning Office with a copy to the Homestead Services Division.</p>

Department of Hawaiian Home Lands Procedure Number 001-2022  
Processes for the Allocation of Water Credits and Water Meters on Water Systems  
Serving DHHL Lands

\_\_\_\_\_ Homestead Services Division

**Compliance:**

Determines if lessee is compliant with lease terms and has no delinquencies, and reports on same to applicable District Office and Planning Office

\_\_\_\_\_ Planning Office

**Application Processing: (HAR §10-4.1-6)**

Acknowledges receipt of request with copies to Applicant and District Office.

Determines a recommendation for issuance based on the data maintained and the Prioritization Policy, and determines the appropriate charges:

- a. Residential use on awarded homestead lots (**no charge**)
- b. Areas where the Department has invested in infrastructure development for residential use on homestead lots but development is incomplete (**no charge**)
- c. Lots eligible for subdivision for residential use. **(In these cases, the pre-subdivision lessee has already benefited from one free water credit or water meter. One will be provided at the current cost of obtaining a water credit from the relevant Board or Department of Water Supply In the case of water credits, not at the value of the credit when it was obtained by the Department)**
- d. Non potable agricultural water on agricultural or pastoral homestead lots (**subject to the charges specified by rule**)
- e. Uses by a Homesteader Organization on a property interest issued by the Department (**No charge for any non-profit activities; at the current cost of obtaining a credit from the relevant Board or Department of Water Supply for for-profit activities.**)
- f. Ancillary community uses that are identified in Island or Regional Plans or other HHC land use designation actions (**at the current cost of obtaining a credit from the relevant Board or Department of Water Supply for for-profit activities.**)
- g. Commercial and other non-homestead, non-community uses in the area on DHHL lands. (**at the current cost of obtaining a credit from the relevant Board or Department of Water Supply for for-profit activities.**)

Responsible Entity

Action

\_\_\_\_\_ Planning Office

**Application Recommendation:**

Prepares a memo for Chairman on same (see Exhibit A)

**Application Decision (HAR §10-4.1-6)**

\_\_\_\_\_ Office of the Chairman

Accepts or rejects staff recommendation, except when HHC concurrence is also required

\_\_\_\_\_ HHC

Acts when concurrence is also required

\_\_\_\_\_ Planning Office

Responds to Applicant in accord with Chairman / HHC determination.

\_\_\_\_\_ Planning Office

If the water credit was determined to be granted, manages issuance process and charge by:

- (1) updating databases referenced above; and if needed
- (2) notifying the appropriate Board or Department of Water Supply or other entity that granted the water credit; and
- (3) notifying Fiscal Office and/or Administrative Services Division of charges, if any, associated with the allocation

**END OF PROCEDURE**

- Exhibit A -

*Sample analysis and recommendation to Chairperson for allocation of a water credit*

To: Chairman, Department of Hawaiian Home Lands  
From: Planning Office  
Subject: Request for approval of water credit allocation

A request for a water credits was received from a homesteader for residential uses on their lands in Anahola, Kaua'i. According to the database maintained in our Office, DHHL has an agreement with Kaua'i County Department of Water under which DHHL was allocated 30 credits in relation to a well development agreement. Water credits to be allocated will be associated with parcels located at the following Tax Map Key (TMK) Nos.: (4) 4-8-018: 028, 029, 030, 031, 032, 033, 034, 035, 036, 037.

According to the DHHL's Water Credit Management Procedures, the request for water credits to service existing homestead lots is a "first priority" for awarding such credits and the applicant is not to be charged. DHHL has available credits in the amount requested.

Homestead services has confirmed that the applicant has no lease violations or delinquencies.

For these reasons, our Office recommends approval of the request for a water credit at no charge to the applicant. Upon your determination, we will inform the applicant and proceed accordingly.

Please direct any inquiries to our Office.

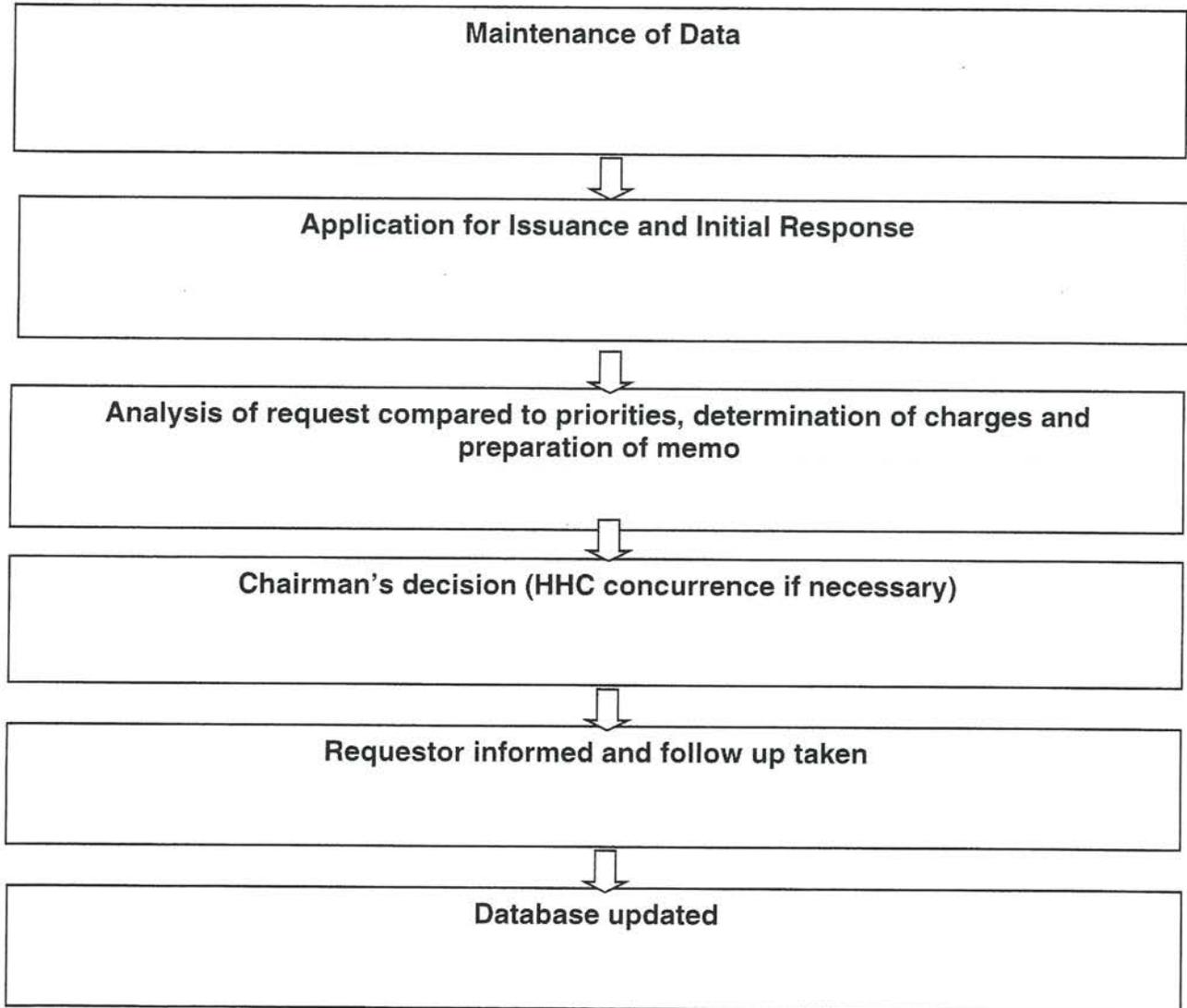
Acceptance of Recommendation

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date

- Exhibit B -

**WATER CREDIT ALLOCATION WORKFLOW**



STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

January 17-18, 2023

To: Chairman and Members, Hawaiian Homes Commission  
From: Andrew H. Choy, Planning Program Manager AC  
Subject: DHHL Beneficiary Consultation Policy

Recommended Action

For information only. No action required.

Purpose

The purpose of this informational submittal is to inform the Hawaiian Homes Commission (HHC) about the DHHL Beneficiary Consultation Policy that was adopted by the HHC in 2009. A similar update to the Commission was provided in March of 2019.

Background

The HHC recognizes that meaningful, timely, and informative beneficiary consultation is necessary for the successful formulation and implementation of its policies, programs, and projects. In 2009, the Commission adopted a Beneficiary Consultation Policy [Exhibit A]. The purpose of the Beneficiary Consultation Policy is to ensure that appropriate beneficiary consultation processes and activities are incorporated into DHHL's planning and decision-making.

Summary of the Policy

The policy requires consultation for four types of proposals:

1. **Statewide Policy Issues** - These often involve revisions to the HHCA, other legislation at the Federal, State, or County levels, policy affecting native Hawaiian rights. Examples of completed

consultations include: Administrative Rule promulgation (2015-2018), and the DHHL Water Policy Plan (2013).

2. **Amendments to Land Use Designations** - Involving amendments to adopted Island Plan land uses involving a comprehensive, consistent, community-based planning process. Examples of completed consultations: Waimea, Hawaii Island, Community-Use Designation (2015), Malama Park, Molokai Special District Designation (2018), Honokowai, Maui (2022).
3. **Development Proposals** - Involving revenue-producing, homestead and community developments on Hawaiian home lands. Consultations are held in the local area most affected. Examples of completed consultations include Renewable Energy Development Kahikinui, Maui, and Kalaeloa, Oahu (March 2019 upcoming); Kekaha Hawaiian Homestead Association Puu Opae, Kauai, Farm and Irrigation Plan (2017);
4. **Development of DHHL Plans** - Beneficiary consultation will be sought in the development and revision of DHHL's plans. It is important to include beneficiary input in these plans since they direct and guide implementing actions that follow.

The DHHL Beneficiary Consultation Policy also allows for *informational meetings* in addition to consultation. Informational meetings occur when a decision has already been made and communication is required in order to ensure knowledge and compliance with the particular decision.

### **Beneficiary Consultation Process**

The DHHL beneficiary consultation process that is outlined in the 2009 policy involved seven action-steps:

1. **Identification of the proposed issue.** The proposed action or issue for discussion is defined. The proposed action or issue must be consistent with the four proposals articulated above.
2. **Notification.** DHHL beneficiaries (lessees and applicants) impacted by the proposed action or issue will be notified via direct mail outs, posting on DHHL website, and/or through homestead associations to ensure maximum participation. *Notification will be given at least two (2) weeks before the consultation meeting occurs.*

3. **Presentation and Feedback.** The Planning Office conducts the beneficiary consultation meeting. Information is provided by the respective DHHL division that is responsible for the proposed action. Beneficiary questions and comments are collected at the meeting.
4. **Draft Beneficiary Consultation Report with Comments Received.** The Planning Office will develop a draft Consultation Report that identifies all proposals brought to the beneficiaries for consultation, and documents all comments received.
5. **Review Period.** The draft consultation report will be made available to all participants to review in order to ensure that their comments were presented properly. A review period of 30-days will be provided in order for participants to submit any corrections to their statements. The Planning Office will collect all comments/corrections.
6. **Final Beneficiary Consultation Report.** After the 30-day review period, the Planning Office will prepare a final Consultation Report that would document the major comments, respond to the comments and make recommendations to the Commission regarding the proposed policy or land use change. The Final Report would be posted on the DHHL website.
7. **Decision-Making.** The HHC makes decisions on each proposal. Proponents of the proposal would present their proposal and justification. The Planning Office would present the Consultation Report with recommendations based on the consultation. The HHC would be able to make its decision with consideration given to the proponent of the measure as well as beneficiary comments on the proposal. Decisions would be posted on the DHHL website.

### Changes to the Beneficiary Consultation Policy

Since the adoption of the Beneficiary Consultation Policy in 2009 there has been modifications to both the types of proposals that require consultation and the consultation process. The following is a summary of the changes.

In consultation and coordination with DLNR, DHHL beneficiary consultation is now required for DLNR leasing of water [Exhibit B]. DHHL beneficiary consultation in the

water leasing process provides beneficiaries an opportunity to help identify potential DHHL water needs in the affected area. Based on the consultation with beneficiaries, DHHL develops its water rights reservation. There have been two beneficiary consultations that have been conducted related to DLNR water leasing: (1) Wailuku River, Hawaii Island (2017) and (2) East Maui Irrigation, Maui (on-going).

DHHL beneficiary consultation has also been conducted in assessing policy-decisions regarding water billing rates for DHHL owned systems. Four beneficiary consultation meetings were held in Puukapu, Kawaihae, Hoolehua, and Anahola regarding proposed water rate schedules. These meetings were held in 2018.

There have been two modifications to the consultation process since 2009. The first change involves the comment and review period. While the previous practice was to give beneficiaries a 30-day period to comment on a draft beneficiary consultation report, the current practice is now to give beneficiaries an additional 30-days from the date of the consultation meeting to submit additional comment on the subject-matter issue. If it is a state-wide consultation with multiple meetings on multiple islands, the comment period extends for 30-days from the date of the last consultation meeting held.

The second change to the beneficiary consultation policy is that the HHC now has to approve acceptance of the beneficiary consultation report as the official record of beneficiary input and comments on the subject matter issue. Acceptance of the beneficiary consultation report by the HHC is required prior to the HHC taking action on the particular subject matter.

#### DHHL Planning System Administrative Rules

In 2018, administrative rules related to the DHHL Planning System were adopted by the Governor. [Exhibit C] Beneficiary Consultation is articulated as its own subsection (HAR 10-4-60) within the DHHL Planning System Rules. The following is a summary of HAR 10-4-60.

HAR 10-4-60 identifies three types of consultations:

1. **Comprehensive.** Comprehensive Consultation is related to statewide policies and programs. Notice is provided to all existing lessees, waitlist applicants, and other native Hawaiians who have registered with DHHL.
2. **Place-based.** Place-based consultation is geographically specific. Notice for consultation is given to beneficiaries who are associated with the geographic area that may be impacted by the proposed action. The rule states that the Chairman shall determine the geographic scope of the notice. Place-based consultation is required for DHHL Island Plans, Regional Plans, Development Plans, Special Area Plans, and proposed projects that require an environmental assessment or environmental impact statement.
3. **Ad-Hoc.** Ad hoc consultation consists of the formation of an advisory body to provide input to DHHL for the preparation and amendment of any plan or implementing action. The Chairman may select the membership of the advisory body subject to consultation and ratification by the HHC. Ad hoc consultation is meant to supplement and not replace Comprehensive or Place-based consultation.

#### Implementation of the DHHL Beneficiary Consultation Policy

Since the HHC adoption of the Beneficiary Consultation Policy has been in place, DHHL has conducted over 100 consultation meetings.

A record of the most recent consultation meetings is kept on the DHHL website and can be found here for meetings that have been held from 2011 to 2020:

<http://dhhl.hawaii.gov/po/beneficiary-consultation/>

From 2021 to current, a listing of meetings can be found here:

<https://dhhl.hawaii.gov/meetings/>

#### Recommendation

For information only. No action required.

DEPARTMENT OF HAWAIIAN HOME LANDS  
BENEFICIARY CONSULTATION  
ON

## Beneficiary Consultation

1	<b>Proposed Action</b>	Beneficiary Consultation Policy
2	<b>Status</b>	CONSULTATION COMPLETED
3	<b>Decision-Making</b>	Approved by the Hawaiian Homes Commission on January 27, 2009
4	<b>Reports</b>	HHC Item E-1 (January 27, 2009) Record of Comments (January 20, 2009)
5	<b>Background Information</b>	<i>SAMPLES OF PLANS:</i> DHHL General Plan (2002) DHHL Hawaii Island Plan (2002) Kealakehe/Laiopua Regional Plan (2009)

Exhibit A

STATE OF HAWAII  
DEPARTMENT OF HAWAIIAN HOME LANDS

January 27, 2009

To: Chairman and Members, Hawaiian Homes Commission

From: Robert Hall, Executive Assistant *Robert Hall*  
Office of the Chairman

Darrell Yagodich, Planning Program Administrator  
Planning Office *Darrell Yagodich*

Julie-Ann Cachola, Planner  
Planning Office *Julie-Ann Cachola*

Subject: Beneficiary Consultation Policy

RECOMMENDED MOTION/ACTION

That the Commission approve the proposed Beneficiary Consultation Policy (Exhibit A) and direct the Chairman to issue guidelines for the Department's implementation and begin the rulemaking process.

DISCUSSION

1. Introduction

This submittal and attached Exhibits condenses a year of research, workshops, and community/beneficiary meetings that looked critically at how the Department consulted with beneficiaries in the past and opened discussion on how consultation could be conducted in the future to ensure that it is timely, efficient, and effective.

We are at the decision-making stage in the proposed consultation process. We had early discussions on the notion of developing a beneficiary consultation policy with homestead association leaders and in-house staff. We held open discussions in our homestead communities with both applicants and lessees at eleven (11) meetings that were held throughout the State from August 21, 2008 to September 24, 2008. From the rich input received in these meetings, we developed a draft beneficiary consultation policy. The policy was then

**Exhibit A**

reformatted in order to facilitate easy review and comment. The formatted document was mailed out to all lessees and applicants for their review and comment. The comment period was ended on January 19, 2009.

This submittal takes us through the final stage of the consultation process. Key comments and staff responses are identified and changes to the draft policy are recommended if necessary. Exhibit A is the revised Beneficiary Consultation Policy that incorporates the recommended changes.

## 2. Summary of Beneficiary Comments and Responses

This section reports summary findings from Exhibit B, which provides a complete "Record of Comments" received from the following sources:

- a. Meeting Notes which identify beneficiary comments raised at each of the 11 Beneficiary Consultation meetings that were conducted statewide between August 21, 2008 and September 24, 2008;
- b. Survey Results which identify beneficiary responses to a short survey that was administered at the conclusion of each of the 11 Beneficiary Consultation meetings; and
- c. Written correspondence from beneficiaries who chose to comment on the Proposed Beneficiary Consultation Policy document that they received in the mail.<sup>1</sup>

The majority of comments validate the need for more information on current policies, programs, and procedures. The comments also indicate that there are a number of issues that require further discussion and resolution, including: successorship, subdivision of lots, sale of leases, lowering blood quantum requirements for successors, and loan information.

The table below identifies the key questions/comments raised by beneficiaries in their review of the draft policy. It also identifies staff responses and recommendations.

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<sup>1</sup> The 8-page beneficiary consultation policy document was sent to the printer/printer on 11/26/08 and was supposed to be in the mail by 11/30/08. Based on this information, we set the deadline for comments at 12/31/08, affording beneficiaries the 30-day review and comment period. Unfortunately, the U.S. Postal Service implemented a Rule change which delayed the mail out, and it was the Christmas season. The document was mailed on 12/9/08, but beneficiaries did not receive it until 12/16/08 or later. We immediately posted a notice on our website extending the deadline for comments to January 15, 2009.

3. Key Questions, Comments, Responses and Recommendations

BENEFICIARY COMMENT	STAFF RESPONSE
<p>1. Why are you talking about this policy and at the same time there are projects going through that have not been subject to consultation?</p>	<p>It takes time to develop, consult, test, and implement a comprehensive consultation policy, as we are attempting to do. It has already taken a year to get this far and there are people who feel we are going too fast! It's important to understand that there will be a transitional period while the policy is being developed. During this transitional period, projects that have already received approvals would be allowed to proceed in order to meet our homestead development schedule. It is not feasible to stop work on existing projects nor would it be feasible to require these projects to start all over.</p> <p><i>Recommend: Establish a point in time, perhaps from the date of Commission approval, after which all projects would be subject to the consultation provision established in the policy.</i></p>
<p>2. You are proposing to go out for consultation only once a year. Is this sufficient?</p>	<p>We agree that opening the consultation agenda once a year may be too ambitious, but we fear that if we allow the process to be triggered as needed, or more than once a year, decisions can easily circumvent the more rigorous planning process and could eventually evolve into handling all development decisions on an ad hoc basis, i.e., it will encourage spot</p>

	<p>decision making. On a practical level, our limited staff resources are already strained to conduct the annual consultation process, which is in addition to their regular duties and functions. We simply don't have the staff resources to handle numerous consultation cycles. Finally, we recognize that there will be a lot of issues up-front that need to be addressed—since they have not been addressed in the past. After these "backlog" issues are addressed, we anticipate that an annual consultation agenda would be sufficient to handle statewide policy issues and amendments to Island Plan land use designations.</p> <p><b><i>No further action needed.</i></b></p>
<p>3. The federal government has a consultation policy and procedure they use to consult with American Indians and Alaska natives—why don't we use the same policy and procedure?</p>	<p>A review of existing native consultation practices, policies, and procedures of various federal agencies was our first step in developing our beneficiary consultation policy. We looked for something that was user friendly and interactive. We looked for a process that could find solutions—that promoted better understanding of each other. Federal consultation policies and procedures do not provide any of these features.</p> <p><b><i>No further action needed.</i></b></p>

	<p>the "short list" to our quarterly meetings with homestead leaders to get their input on consultation priorities. We also intend to have a means through our website to allow beneficiaries to "vote" on pressing issues for consultation.</p> <p><b><i>Recommend: The policy state that the agenda for annual consultation would be developed with the input of homestead leaders and beneficiaries.</i></b></p>
<p>6. Our primary concern is when the Department intends to issue long term leases to non-beneficiary parties for commercial purposes. Your Land Use Designation of "commercial" does not give us enough information on what kind of development will occur.</p>	<p>The "Commercial" land use designation covers a wide range of land uses and a wider range of building structures. In order to keep beneficiaries informed, engaged, and supportive of our revenue-generating activities, when General Lessees or potential General Lessees get that work preliminary or conceptual land use proposals are available, they should be shared with beneficiaries.</p> <p><b><i>Recommend: Involvement of beneficiaries early in the planning process.</i></b></p>

The recommended changes were incorporated in the policy document. For a detailed discussion of the consultation policy, turn to Exhibit A, which is the Beneficiary Consultation Policy document.

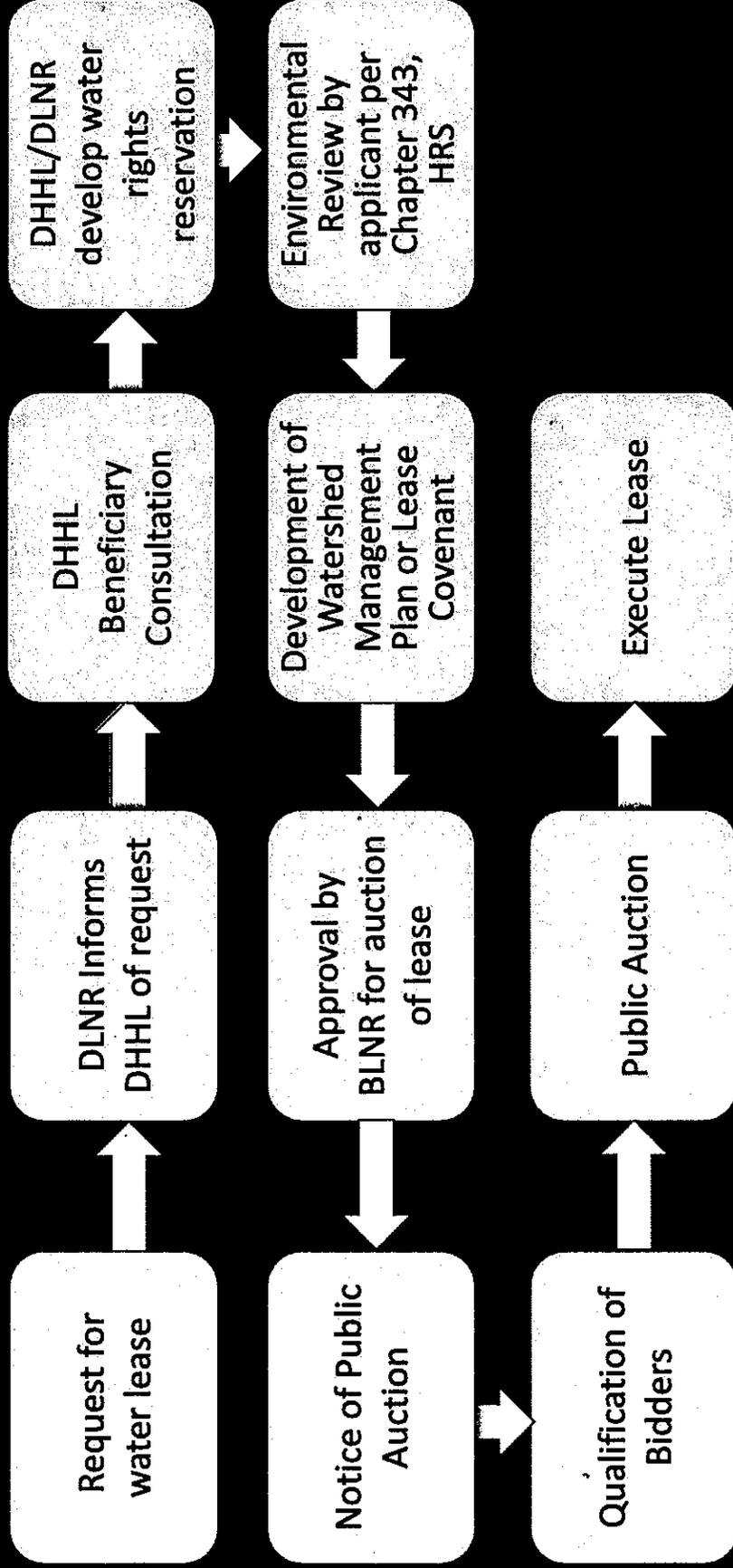
A. Next Steps

The Planning Office will start to develop procedures and processes to bring to the Chairman to address implementation issues within the Department and between the Department and Commission.

After a trial period of about 6 months, the Department will recommend rules for the Commission to promulgate.

# DLNR's Water Leasing Process

Chapter 171-58, HRS



collect and analyze pertinent data in the evaluation report. The chairman may include other measures of performance and effectiveness. The evaluation report shall include recommendations for improvements as applicable. The chairman shall bring to the attention of the commission development plans that are completed or outdated, and a majority vote of the commission shall void or update such plans. [Eff and comp HHC Act, all] ] (Auth: HHC Act §222) (Imp: **AUG 25 2018**)

**§10-4-60 Beneficiary consultation. (a)**

Meaningful and timely consultation with beneficiaries promotes trust, partnership, and civic engagement. The type of consultation shall be appropriate to the potential impact of the decision or action.

(b) Types of consultation. The type of consultation is determined by the type of plan or implementing action:

- (1) Comprehensive. Comprehensive consultation is statewide. Notice shall be provided to all existing homesteaders, all waiting lists applicants, and other native Hawaiians who have registered with the department. The notice shall describe the proposed action and the date, time, and place of a public meeting to be held on each island. Comprehensive consultation shall apply to the preparation and amendment of Tier 1 plans, preparation and amendment of program plans, and promulgation of administrative rules.
- (2) Place-based. Place-based consultation is geographically specific. Notice shall be provided to existing homesteaders, waiting lists applicants, and other native Hawaiians who have registered with the department and who are associated with a geographic area impacted by the proposed action. The chairman shall determine the appropriate

scope of the notice. The notice shall describe the proposed action and the date, time, and place of a public meeting to be held within the geographic area. Place-based consultation shall apply to the preparation and amendment of island plans, preparation and amendment of tier 3 plans, and proposed projects that require an environmental assessment or environmental impact statement.

- (3) Ad hoc. Ad hoc consultation consists of the formation of an advisory body to provide input to the department for the preparation and amendment of any plan or implementing action. The chairman may select the advisory body, subject to consultation and ratification by the commission, for the preparation or amendment of any plans. Such ad hoc consultation for the preparation and amendment of plans shall supplement and not replace comprehensive or targeted consultation. The chairman may select an ad hoc body for an implementing action and provide a report to the commission.

(c) Consultation methods. The department shall use its best effort to employ diverse and creative notification and participation methods that reach the intended audience in the most effective yet efficient manner. [Eff and comp **AUG 25 2018** ] (Auth: HHC Act §222) (Imp: HHC Act, all)

**HAWAIIAN HOMES COMMISSION  
JANUARY 17 & 18, 2023  
FACE-TO-FACE &  
INTERACTIVE CONFERENCE  
TECHNOLOGY**

**J – ITEMS  
REQUESTS TO ADDRESS THE  
COMMISSION**

Hawaiian Homes Commission Meeting  
January 17 & 18, 2022  
General Agenda

- J-1 Kilia Purdy-Avellino – Hoolehua Lease
- J-2 Kekoa Enomoto – Maui/Lanai Mokupuni Council  
and Paupena Community Development Inc.
- J-3 Bo Kahui – Laiopua Development Corporation
- J-4 Homelani Schaedel – Various Concerns
- J-5 Blossom Feiteira – Various Concerns
- J-6 Allen Cardines – Nanakuli Community Security  
Watch

# J-1

**From:**  
**To:**  
**Cc:**  
**Subject:**  
**Date:**

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Aloha Leah,

Happy New Year! I'd like to request to be on the J Agenda for the January Commission meeting in regards to my dad's homestead lot. We've been in communication with Juan and he & Elroy brought an issue to our attention concerning the 7+ acre gulch on the parcel that we were finally awarded in June 2021, that the department will not lease due to liability. Further, they said that the gulch is too deep that to create a road for access over it will cost a lot more money than the department anticipated. With the gulch in place, Juan is saying that we will not just be forfeiting the 7 acres of gulch, but also the 10+ acres above it, leaving us with just the parcel below the gulch, approximately 17 acres. Because the total acreage is a lot less than the additional 35 that was awarded in order to then relinquish 3-acres for a waitlister, we are now being forced into this position to have to ask for modification of the award to accept the additional 17-acres without having to relinquish any more to a waitlister since we are already being cut back another 17-acres.

Uncle Zack, dad will probably get in touch with you to explain this further. But, this is coming directly from the office and so, we hope that the modification will be accepted by commission to not have to prolong this any longer.

Mahalo nui,  
Kilia

Sent from my iPhone

Aloha mai e Commission Secretary Leah,

Ke `olu`olu, may I pls RSVP to advocate on behalf of the Maui/Lana`i Mokupuni Council, and Pa`upena Community Development Corporation on the 1/18/23 J Agenda? Mahalo for this opportunity to speak at/after 9:45 a.m. during the Hawaiian Homes Commission (HHC) monthly meeting likely on items, as follows:

. Introduce myself/Pa`upena priorities:

1. Water meter at, and long-term lease of, 127-acre Waiohuli/Keokea homelands parcel.

2. ROE to 4,780-acre Waiohuli/Keokea homelands tract.

3. Healy Foundation grant to manage 4,780-acre Waiohuli/Keokea homelands tract while deploying World Conservation Strategies, i.e., ecosystem-regenerative techniques.

4. First Nations grant to involve `opio in Project MAHI`AI e-commerce platform serving native farmers/ranchers.

. Maui/Lana`i Mokupuni Council priorities:

1. Inform/engage/empower beneficiary orgs/leaders/beneficiaries.

2. Collaborate w/Molokai Mokupuni Council.

3. Interface monthly w/Maui/Molokai commissioners re: issues/concerns.

4. 11.1 MGD Upcountry/Pulehunui water RSVP to CWRM.

. My 2023 intentions:

. Advocate monthly.

. Encourage Maui County beneficiary orgs/leaders/beneficiaries to advocate before HHC, etc.

Mahalo a Hau`oli Makahiki Hou!

-`Anake Kekoa

Aloha Leah,

Respectfully, Laiopua CDC request to be placed the the DHHL  
Commission J Agenda scheduled for Jan16th to Jan 17th.

FYI, I was looking for the meeting dates for Commission hearings on  
the website, but none was posted. I'm guessing that the next meeting  
will be the third Mon & Tue of the month as it has been in the past.

Your consideration in this matter is greatly appreciated.

Mahalo,

Bo Kahui, ED

Laiopua CDC

Aloha e Leah,

If at all possible, may I please be added to the “J” agenda to address community concerns for Malu’ohai.

Mahalo,  
Aunty Home

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**Name**

Blossom Feiteira

**Email**

[\\_\\_\\_\\_\\_](#)

**Message**

Request placement on the Hawaiian Homes Commission Agenda item J for

Mahalo!!!

**J-6**

**Name**

Cardines Jr Allen

**Email**

**Message**

Aloha and Happy New Year! I'd love to give an update from our District 8 Neighborhood Security Watch/Community Policing Team. Especially our Operation Blue Light Christmas and Christmas on the Ave in Nanakuli on Dec. 10, 2022. <https://youtu.be/5LTL4VFwh6g>

I'd also love to invite you to our next Operation Blue Light Christmas on Dec. 9, 2023.