

HAWAIIAN HOMES COMMISSION

Minutes of December 20, 2021, via Interactive Conferencing Technology (ICT)

Pursuant to proper call, the meeting of the Hawaiian Homes Commission was held via teleconference, moderated by Chairman William Ailā Jr., from Hale Pono‘i, 91-5420 Kapolei Parkway, Kapolei, O‘ahu, Hawai‘i, beginning at 9:30 a.m.

PRESENT William J. Ailā Jr., Chairman
Randy K. Awo, Maui Commissioner (via ICT) (arrived 11:20 a.m.)
Zachary Z. Helm, Moloka‘i Commissioner (via ICT) (arrived 11:15 a.m.)
David B. Ka‘apu, West Hawai‘i Commissioner (via ICT)
Michael L. Kaleikini, East Hawai‘i Commissioner (via ICT)
Russell K. Ka‘upu, O‘ahu Commissioner (via ICT)
Dennis L. Neves, Kauai Commissioner (via ICT)
Patricia A. Teruya, O‘ahu Commissioner (via ICT)

EXCUSED Pauline N. Namu‘o, O‘ahu Commissioner

COUNSEL Katie Lambert, Deputy AG

STAFF Tyler I. Gomes, Deputy to the Chairman
Leah Burrows-Nuuanu, Secretary to the Commission
Andrew Choy, Acting Planning Manager
Kahana Albinio, Acting Land Management Division Administrator
Juan Garcia, Homestead Services Division Administrator
Cedric Duarte, Information & Community Relations Officer
Stewart Matsunaga, Acting Land Development Division Administrator
Paula Ailā, Acting Contact and Awards Division Administrator
Jamilia Pacheco, Information Specialist
Michael Lowe, Information Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chair Ailā called the meeting to order at 9:36 a.m. six (6) members were present via ICT at roll call.

Pursuant to the Governor’s emergency proclamation, related to COVID-19 Emergency, Hawai‘i Revised Statutes (“HRS”) Chapter 92 regarding public agency meetings and records are currently suspended through December 30, 2021, to the extent necessary to enable boards to conduct business without holding meetings open to the public and to allow state agencies the ability to effectively and efficiently provide emergency relief and engage in emergency management functions.

Chair Ailā reminded Commissioners to keep cameras “on” unless excusing themselves from the meeting. A quorum of Commissioners must be visible during the meeting. In the executive session, no one can be in the room or hear the conversation. Commissioners don’t need to be visible during the executive session, and cameras can be turned off.

Chair Ailā asked to amend agenda Item D-2 to add Maxine Honda to the Consent to Mortgage. The mortgage will be closing at the end of the month but was missed. Chair Ailā also asked to discuss Item D-2 at 11:00 a.m. when Commissioner Awo is present.

APPROVAL OF AGENDA

MOTION/ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Neves, to amend the agenda to include Maxine Honda in the Consent to Mortgage submittal. Motion carried unanimously.

MOTION/ACTION TO APPROVE THE AMENDED AGENDA

Moved by Commissioner Neves, seconded by Commissioner Kaupu, to approve the agenda as amended. Motion carried unanimously.

Chair Ailā stated the Commission would recess around noon for lunch and convene into executive session for about 30-minutes.

APPROVAL OF MINUTES FOR NOVEMBER 15 & 16, 2021

Commissioner Teruya requested a status of the Keaulana Avenue contested case hearing. Chair Ailā stated J. Garcia just let him know that it will be coming forward next month.

Commissioner Teruya asked for a status of the Right of Entry permitted interaction group. Commissioner Kaapu stated that he would work with the group to schedule a meeting soon.

Commissioner Kaleikini stated that he was excused on second day of the meeting.

MOTION/ACTION

Moved by Commissioner Teruya, seconded by Commissioner Neves, to approve the November 15 & 16, 2021 Amended Minutes. Motion carried unanimously.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

OFFICE OF THE CHAIRMAN

ITEM C-1 Approval of Lease Award Ka'uluokaha'i Increment B Residential Subdivision Vacant Lot, Kapolei, O'ahu, Approval of Lease Award Kalama'ula Preowned Residential Home Kaunakakai, Moloka'i, Approval of Lease Award Anahola Preowned Residential Home, Anahola, Kaua'i (see exhibit)

RECOMMENDED MOTION/ACTION

Acting Contact and Awards Division Administrator Paula Ailā presented the following: Motion that the Hawaiian Homes Commission approve the awards for 99-years to 6 leases. There are 4 - Lease Awards for Ka'uluokaha'i in Kapolei, O'ahu; 1- Lease Award Preowned Residential Home in Kalama'ula, Moloka'i, and 1 - Lease Award Preowned Residential Home in Anahola, Kauai

Chair Ailā stated the Department is moving the re-awards as quickly as it can.

MOTION/ACTION

Moved by Commissioner Teruya, seconded by Commissioner Neves, to approve the motion as stated in the submittal.						
Commissioner	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo						X late
Commissioner Helm						X late
Commissioner Ka'apu			X			
Commissioner Kaleikini			X			
Commissioner Ka'upu			X			
Commissioner Namu'o						X
Commissioner Neves		X	X			
Commissioner Teruya	X		X			
Chairman Ailā			X			
TOTAL VOTE COUNT			6			3
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED Motion passed unanimously- six (6) Yes votes.						

ITEMS FOR DECISION MAKING

CONSENT AGENDA

HOMESTEAD SERVICES DIVISION

- ITEM D-3 Approval of Streamline Refinance of Loans (see exhibit)**
- ITEM D-4 Ratification of Loan Approvals (see exhibit)**
- ITEM D-5 Approval of Homestead Application Transfers / Cancellations (see exhibit)**
- ITEM D-6 Commission Designation of Successors to Application Rights – Public Notice 2013 (see exhibit)**
- ITEM D-7 Approval to Certify Applications of Qualified Applicants for the Month of November 2021 (see exhibit)**
- ITEM D-9 Approval of Designation of Successors to Leasehold Interest and Designation of Persons to Receive the Net Proceeds (see exhibit)**
- ITEM D-10 Approval of Assignment of Leasehold Interest (see exhibit)**
- ITEM D-11 Approval of Amendment of Leasehold Interest (see exhibit)**
- ITEM D-12 Approval to Issue Non-Exclusive Licenses for Rooftop Photovoltaic Systems for Certain Lessees (see exhibit)**
- ITEM D-13 Commission Designation of Successor - KLYDE K. KAIMANA, Residential Lease No. 5616, Lot No. 87, Lualualei, Oahu**
- ITEM D-14 Commission Designation of Successor – ELWOOD K. AKEN, Residential Lease No. 8334, Lot No. 43, PKE, Oahu**
- ITEM D-15 Request to Surrender Residential Lease No. 11104, UNDV 103, Anahola, Kaua'i – BERNADINE U. CAPELL**
- ITEM D-16 Approval of Subdivision, Transfer of a Portion of Residential Lease No. 3372, Lot No. 66, Anahola, Kaua'i – HELEN KON BREDE**

ITEM D-17 Request of Extension of Deadline to Sign Successorship Documents – ROBERTA F.U. FERNANDEZ, Residential Lease No. 11123, Lot No. UNDV 122, Anahola, Kauai

ITEM D-18 Request for Extension of Deadline to Sign Successorship Documents – CHERVONNE LEHUANANI SMITH MAGAOA, Agricultural Lease No. 499, Lot No. 33F-1 & 33F-2, Ho’olehua, Molokai

RECOMMENDED MOTION/ACTION

Homestead Services Division Administrator Juan Garcia presented the following:
Motion to approve the Consent Agenda items listed for the Commission’s consideration, except for Item D-2.

MOTION/ACTION

Moved by Commissioner Ka’apu, seconded by Commissioner Kaupu, to approve the Consent Agenda, except for Item D-2.						
Commissioner	1	2	‘AE (YES)	A’OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo						X
Commissioner Helm						X
Commissioner Ka’apu	X		X			
Commissioner Kaleikini			X			
Commissioner Ka’upu		X	X			
Commissioner Namu’o						X
Commissioner Neves			X			
Commissioner Teruya			X			
Chairman Ailā			X			
TOTAL VOTE COUNT			6			3
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
Motion passed unanimously. Six (6) Yes votes.						

RECESS 9:47 AM
RECONVENED 9:54 AM

PUBLIC TESTIMONY ON AGENDIZED ITEMS

PT-1 Homelani Schaedel Items F-1 and G-1

H. Schaedel suggested amendments to Items F-1. Chair Aila asked that she submit her suggestions to staff.

H. Schaedel mentioned concerns about parking and abandoned vehicle issues. She stated she supports the short-termed disposition because it generates income, but she does so with reservation.

Commissioner Ka’apu stated he has the same concerns. Chair Ailā stated there would be a presentation during the submittal and that it is a temporary disposition scheduled for 3-months. The company doing the work is for low-income rentals and will have some information regarding beneficiaries served and outside of the homelands.

For Item G-1, H. Schadael stated she supported the Inergex project in Kalaeloa as the lands are not suitable for residential, agricultural, and pastoral. She believes that the Commission’s

predecessors were looking to develop income for the Trust. She asked that the Commission approve the FONSI for Inergex to move forward.

Commissioner Teruya stated she was surprised that the Barbers Point EA was on the agenda for decision, and she just received the EA to read.

ITEMS FOR DECISION MAKING

REGULAR AGENDA

LAND MANAGEMENT DIVISION

ITEM F-1 Approval to Issuance of a Temporary “Three (3) Month” Right-of-Entry Permit, Mutual Housing Association of Hawai’i, Inc., Kapolei, O’ahu Island TMK (1) 9-1-017:156 (por.)

RECOMMENDED MOTION/ACTION

Acting Land Management Division Administrator Kahana Albinio presented the following: Motion that the Hawaiian Homes Commission approve the issuance of a Temporary “Three (3) Month” Right-of-Entry Permit, Mutual Housing Association of Hawai’i, Inc., Kapolei, O’ahu Island TMK (1) 9-1-017:156 (por.)

K. Albinio introduced David Nakamura, CEO of Mutual Housing Association of Hawai’i (MHA), who shared a presentation with the Commission.

D. Nakamura stated MHA is:

- A non-profit that provides affordable rental housing and supportive services.
- Owns, develops, and manages five affordable rental communities on O’ahu and Kaua’i
- Rentals target families earning less than 60% of median income
- Supports after-school tutoring, financial literacy and budgeting training, food distributions, healthcare services, and enrichment programs

MHA is:

- Requesting assistance for their Ko’oloa’ula project for families earning 30%, 50%, and 60% of the HUD median incomes
- The 308-unit project was built in two phases in 2013 and 2017 on state land leased from HHFDC
- 66% of the residents identify as Native Hawaiian
- It is eight years old and needs parking lot repairs, seal coating, and restriping.
- No street parking is available
- Requesting temporary use for three months of DHHL’s Park 3 lot located east of Ko’oloa’ula
- The lot would be used to park tenant’s cars during construction work; 160 stalls
- They would have a botanist check there are no ko’oloa’ula plants that will be disturbed
- Secure any insurance required by DHHL and the City
- When done, the lot will be cleaned and returned to its existing state

DISCUSSION

Commissioner Teruya asked if MHA would be in charge of grubbing the property? D. Nakamura stated they would hire a landscape contractor to mow the lot.

Commissioner Ka’apu asked about the liability insurance. DHHL must be named if there is any liability from people using the property. D. Nakamura stated the general liability terms are in place, and DHHL will be added.

Commissioner Ka’apu asked about the property's current condition. D. Nakamura stated it is predominately grass with some brush. Commissioner Ka’apu asked what type of remediation plan MHA has in place to deal with gas or oil leaks. D. Nakamura stated that they have not gotten to that level of detail. They use an environmental consultant, EMET, and he can bring them in along with a botanist to assess before mowing so that MHA leaves the site as good as or better than it was. Commissioner Ka’apu asked if the stalls would be striped. D. Nakamura stated they are still figuring that out.

Commissioner Neves asked about access control if the cars have something indicating authorization to park there? D. Nakamura stated the residents have parking cards that they put on their rear-view mirror. MHA anticipates hiring someone to patrol and monitor the parking lot on weekends and evenings. Commissioner Neves asked about having proper signage and towing regarding derelict vehicles? D. Nakamura stated they could do that.

Commissioner Teruya asked if handicapped stalls, guest parking, and field lights would be available. D. Nakamura stated they would have handicapped parking and field lights as the area is dark.

Chair Ailā stated condition 1-A includes the insurance; to return the property as good or better is part of the standard condition. There will not be grubbing, but they will cut the grass, and the brush. D. Nakamura stated they are working with a state-certified botanist.

Note: Slide presentation attached

MOTION/ACTION

Moved by Commissioner Teruya, seconded by Commissioner Ka’apu, to approve the motion with all the conditions discussed.						
Commissioner	1	2	‘AE (YES)	A’OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo						X late
Commissioner Helm						X late
Commissioner Ka’apu		X	X			
Commissioner Kaleikini			X			
Commissioner Ka’upu			X			
Commissioner Namu’o						X
Commissioner Neves			X			
Commissioner Teruya	X		X			
Chairman Ailā			X			
TOTAL VOTE COUNT			6			3
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED Motion passed unanimously- six (6) Yes votes.						

PLANNING OFFICE

ITEM G-1 Declare a Finding of No Significant Impact (FONSI) for the Barbers Point Solar Project, East Kalaeloa, ‘Ewa District, O’ahu, Final EA TMKs (1) 9-1-013:038, (1) 9-1-013:040, and (1) 9-1-016:027

RECOMMENDED MOTION/ACTION

Acting Planning Manager Andrew Choy presented the following:
Motion that the Hawaiian Homes Commission Declare a Finding of No Significant Impact (FONSI) for the Barbers Point Solar Project, East Kalaeloa, ‘Ewa District, O’ahu, Final EA TMKs (1) 9-1-013:038, (1) 9-1-013:040, and (1) 9-1-016:027

MOTION

Moved by Commissioner Kaapu, seconded by Commissioner Neves, to approve the motion as stated in the submittal.

A. Choy stated on July 2019, the Commission authorized the Chairman to issue a Right-of-Entry permit to Innergex Renewables USA LLC to conduct due diligence to assess the potential development of a solar project in Kalaeloa on O’ahu. The Draft Environmental Assessment was presented to the Commission in September 2021 and published in the Environmental Notice periodical from October to November 2021. Innergex held a public meeting in October 2021.

DISCUSSION

Commissioner Ka‘apu asked about Leina a Ka’uhane because he was unfamiliar with it and how that was addressed. Archaeologist Mara Mulhoney with Pacific Legacy stated it is the leaping place of souls here on O’ahu. The challenge of identifying this is it extends from Moanalua to Kaena Point. She stated they talked with the State Historic Preservation Division staff to define this, but the staff at SHPD was unable to assist. In terms of physical impacts, Pacific Legacy could not identify a specific physical impact on the site.

Commissioner Teruya asked how many DHHL residents would benefit. A. Choy stated page 11 lists the different benefits to beneficiaries.

Chair Ailā stated he does not believe there is a specific benefits package in this case. The Department does not negotiate the community benefits package on behalf of the homestead organizations. The list on page 11 is things that Innergex agreed to work with the Kapolei community. Commissioner Teruya commented that future solar projects in that area should consider the beneficiaries living in the adjacent homestead associations.

ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Neves, to approve the motion as stated in the submittal.						
Commissioner	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo						X
Commissioner Helm						X
Commissioner Ka'apu	X		X			
Commissioner Kaleikini			X			
Commissioner Ka'upu			X			
Commissioner Namu'o						X
Commissioner Neves		X	X			
Commissioner Teruya			X			
Chairman Ailā			X			
TOTAL VOTE COUNT			6			3
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED Motion passed unanimously- six (6) Yes votes.						

ADMINISTRATIVE SERVICES OFFICE

ITEM H-1 Transfer of Hawaiian Home Receipts Fund at the End of the Second Quarter, FY 2022

RECOMMENDED MOTION/ACTION

Administrative Services Officer Rodney Lau presented the following:

Motion that the Hawaiian Homes Commission approve to transfer of the entire receipts deposited in the Hawaiian Homes Receipt Funds as of December 31, 2021, to the Hawaiian Homes General Loans Fund.

MOTION ACTION

Moved by Commissioner Ka'apu, seconded by Commissioner Teruya, to approve the amended motion as stated.						
Commissioner	1	2	'AE (YES)	A'OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo						X
Commissioner Helm						X
Commissioner Ka'apu	X		X			
Commissioner Kaleikini			X			
Commissioner Ka'upu			X			
Commissioner Namu'o						X
Commissioner Neves			X			
Commissioner Teruya		X	X			
Chairman Ailā			X			
TOTAL VOTE COUNT			6			3
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED Motion passed unanimously- six (6) Yes votes.						

RECESS
RECONVENED

11:07 AM
11:15 AM

Note: Commissioner Helm joined the meeting at 11:15 AM.

ITEMS FOR INFORMATION/DISCUSSION

WORKSHOPS

PLANNING OFFICE

ITEM G-2 For Information Only – Status Update on Plan Implementation in the Nanakuli and Waianae Regions

RECOMMENDED MOTION/ACTION

None. For information only. Acting Planning Manager Andrew Choy presented the following:

A. Choy stated the presentation would be given to the Nanakuli community later at the evening's meeting. He will focus on renewable energy for this presentation.

For the Nānākuli Solar Project

- August 2020 – HHC authorizes Chairman to solicit interested developers
- August 2020 – DHHL publishes request for proposals (Nanakuli, Moloka'i, Kawaihae, Kona)
- October to December 2020 – Beneficiary Info Meetings (Nanakuli, Moloka'i, Kawaihae)
- Developer ICAST (International Center for Appropriate Sustainable Technology) selected for Nanakuli
- April to November 2021 – ICAST due diligence studies
- ICAST Conclusion – Project is infeasible
- November 2021 – DHHL acknowledges ICAST withdrawal from the project

Note: Commissioner Awo joined the meeting at 11:20 AM

DISCUSSION

Commissioner Teruya stated she would like more info on the process. It frustrated many beneficiaries about having a proposed solar farm in Nanakuli Valley. She asked if these processes could be better initiated to let the community know where things are.

Chair asked for a motion to go into executive session for Items D-2 and D-8.

Note: Slide Presentation attached

MOTION

Moved by Commissioner Helm, seconded by Commissioner Awo to convene in an executive session 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; and

To convene in an executive session pursuant to Section 92-J-1, HRS, relating to government records maintained by the Department of Hawaiian Home Lands that are not required to be publicly disclosed. Motion carried unanimously.

Commissioner Teruya stated she did not see an executive session on the agenda and asked the Chair if he added an executive session. Chair Ailā asked Counsel to explain.

DAG Katie Lambert stated that on any item on the agenda, the Commission can move into executive session if there are privileged issues. There might be legal questions as consent to mortgage and sensitive personal information protected by HRS Section 92-J-1.

EXECUTIVE SESSION IN 11:30 AM

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 these matters.

To convene in an executive session pursuant to Section 92-J-1, HRS, relating to government records maintained by the Department of Hawaiian Home Lands that are not required to be publicly disclosed. Motion carried unanimously.

1. ITEM D-2 Approval of Consent to Mortgage (see exhibit)
2. ITEM D-8 Approval to Cancel Applications for Non-Qualified Applicants

EXECUTIVE SESSION OUT 12:37 PM

ITEMS FOR DECISION MAKING

REGULAR AGENDA

HOMESTEAD SERVICES DIVISION

ITEM D-2 Approval of Consent to Mortgage (see exhibit)

RECOMMENDED MOTION/ACTION

Motion that the Hawaiian Homes Commission approve the Consent to Mortgage with the addition of Maxine Honda.

MOTION/ACTION

Moved by Commissioner Ka’upu, seconded by Commissioner Teruya, to approve the Consent to Mortgage with the addition of Maxine Honda.						
Commissioner	1	2	‘AE (YES)	A’OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo			X			
Commissioner Helm			X			
Commissioner Ka’apu			X			
Commissioner Kaleikini			X			
Commissioner Ka’upu	X		X			
Commissioner Namu’o						X
Commissioner Neves			X			
Commissioner Teruya		X	X			
Chairman Ailā			X			
TOTAL VOTE COUNT			8			1
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED Motion passed unanimously- eight (8) Yes votes.						

ITEM D-8 Approval to Cancel Applications for Non-Qualified Applicants (see exhibit)

Chair Ailā stated Item D-8 would be taken up for more discussion and action tomorrow.

ITEMS FOR INFORMATION/DISCUSSION

GENERAL AGENDA

HOMESTEAD SERVICES DIVISION

ITEM D-1 HSD Status Reports

- A. Homestead Lease and Application Totals and Monthly Activity Reports**
- B. Delinquency Reports**

DISCUSSION

None.

LAND DEVELOPMENT DIVISION

ITEM E-1 For Information Only – Nanakuli and Waianae Projects Update

RECOMMENDED MOTION/ACTION

None. For information only. Acting Land Development Division Administrator Stewart Matsunaga presented the following:

DISCUSSION

Commissioner Teruya asked if Catholic Charities is extended for the year to help the families of Ulu Ke Kukui relocate. D. Ing stated the Department of Human Services notified DHHL that their funding to Catholic Charities ran out and that they vacated. The formal announcement will be sometime in January. Mr. Watson and his organization have site control over the rental units and the other public facilities.

Commissioner Teruya asked if the traffic calming is funded by the DHHL or the Governor's package. Chair Ailā stated it is a legislative add-on from Representative Eli. S. Matsunaga stated DHHL trust funds fund the first portions of designs, but the Department recently received \$1 million from the state for construction.

ITEM E-2 For Information Only – Draft Environmental Assessment for Redevelopment of the 820 Isenberg Street Property, Mo'ili'ili, Waikiki District, O'ahu, and Anticipated Finding of No Significant Impact (AFONSI), TMK Nos. (1) 2-7-008:018 and 020

RECOMMENDED MOTION/ACTION

None. For information only. Acting Land Development Division Administrator Stewart Matsunaga presented the following:

Stanford Carr and Koloa Robinson presented a PowerPoint to the Commission on the Redevelopment of 820 Isenberg Street. K. Robinson covered the four different types of structures, the planning, the high-level overview, the development, and the environmental assessment.

DISCUSSION

Commissioner Teruya asked what the cost of a 1-bedroom, 2-bedroom, and so on was. K. Robinson showed the Commission the Affordable Rent Guidelines 2021 for the cost of the rental units according to each percentile AMI for a studio up to a 4-bedroom rental unit. The guidelines are established by HUD (U.S. Department of Housing and Urban Development).

Commissioner Teruya asked if the 270 units are not filled by beneficiaries, would they be filled by non-beneficiaries. K. Robinson stated not as he understands it.

Commissioner Teruya asked if the developers could keep the units exclusively for Hawaiians if the developers go for the 201-tax exemption. She thought that a developer could not do that when they received 201 tax-exemption benefits. S. Carr stated DHHL is a qualified recognized agency for NAHASDA funds. They conform to the federal fair housing laws, and they know that this is the first DHHL all rental community for its beneficiaries. Financing of the project would be thorough an FHA (Federal Housing Authority) HUD program exclusive to the Department of Hawaiian Home Lands and its beneficiaries.

Commissioner Teruya stated Hale Makana in Nanakuli was the first affordable rental unit on Hawaiian Home Lands. It was opened to Hawaiians and non-Hawaiians because of the tax exemptions for affordability. It was controversial. Chair Ailā stated the type of federal funds used caused that challenge. Chair Ailā stated he does not know what funds Hale Makana used but that DHHL has the ability to provide the preference.

S. Carr stated concerning DHHL beneficiaries and the priority of beneficiaries renting as residents. That is encapsulated into the development agreement with DHHL. The level of rents that are seen on the matrix, which was proposed in the RFP when it was submitted, and is consistent with S. Carr Developer's application with HHFDC, utilizing tax-exempt bond financing, tax credits, soft-second financing, which is generated under a rental housing revolving fund which is administered by HHFDC. It comes with a regulatory agreement that runs with the life of the property. It is a public record and runs with the land.

For preference of the ground floor commercial space, that was not a condition of the RFP published. S. Carr Developers has not gone out for any leasing plans, but they support local companies.

WORKSHOPS

Chair Ailā stated Item G-4 would be deferred to tomorrow's agenda.

PLANNING OFFICE

ITEM G-3 For Information Only – DHHL Waianae Moku Future Water Needs and Possible Designation of a Waianae Ground Water Management Area (GWMA)

RECOMMENDED MOTION/ACTION

None. For information only. Acting Planning Manager Andrew Choy presented the following:

Dr. Jonathan Scheuer shared a slide presentation on DHHL’s Waianae Moku Future Water Needs and the Possible Designation of a Waianae Ground Water Management Area (GWMA).

1. Waianae Moku Tracts and Water Needs
 - a. About 60% of the Hawaiian Home Lands are concentrated on the Waianae Coast
 - b. In the Waianae Region, there are 2,472 acres of land
 - c. In the Nanakuli Region, there are 2,311 acres of land

The Commission on Water Resource Management divides every island in the state into different aquifer sectors to manage ground water pumping. A sustainable yield is set, the maximum amount of groundwater that may be moved over time. The sustainable yield for O’ahu is 393.5 mgd. The sustainable yield for Waianae is 13 mgd, and the amount of groundwater resource in Waianae is limited. Waianae imports a lot of its groundwater.

2. Implications of Possible “Designation” of a Ground Water Management Area
 - a. A GWMA is permitted in non-designated vs. designated area
 - b. Undesignated Areas need a
 - i. Well Construction Permit
 - ii. Pump Installation Permit
 - c. Designated Areas need a
 - i. Well Construction Permit
 - ii. Pump Installation Permit
 - iii. Water Use Permit

The Water Commission has treated the permits as ministerial permits, like construction permits. As long as a licensed driller drills the wells and follows the rules, the permits will be given automatically. There were no public reviews. There is a Water Use Permit for the designated areas that are not given administratively but go through a public hearing process. People have a chance to ask for a hearing and comment or even seek a contested case on the matter. The only part of O’ahu that is not designated is Waianae.

DHHL and Beneficiary Rights in WMAs:

- The ability to secure enforceable water reservations by administrative rule
- The ability to comment on, object to, and request contested cases on the proposed water uses of other parties
- Water Use Permits are conditioned on DHHL uses

DISCUSSION

Commissioner Teruya asked why Waianae was not designated. Dr. Scheuer stated many people in Waianae had talked about it for many years, but nobody did anything.

Commissioner Ka’upu asked about the political environment to push it through. Is it a good time for DHHL to push? Dr. Scheuer stated that the Board of Water Supply plans to submit its petition. It is good for the Department to support it somehow, and the timing is good.

Commissioner Teruya thinks that the Commission should take a position. Chair Ailā stated that it could be put on the next month’s agenda for decision making.

RECESS

1:50 PM

HAWAIIAN HOMES COMMISSION
Minutes of December 21, 2021, via ICT - Zoom
DHHL Main Office, Hale Pono‘i, Kapolei, O‘ahu, Hawai‘i

PRESENT William J. Ailā Jr., Chairman
Zachary Z. Helm, Moloka‘i Commissioner (via ICT)
David B. Ka‘apu, West Hawai‘i Commissioner (via ICT)
Michael L. Kaleikini, East Hawai‘i Commissioner (via ICT)
Russell K. Ka‘upu, O‘ahu Commissioner (via ICT)
Pauline N. Namu‘o, O‘ahu Commissioner (via ICT)
Dennis L. Neves, Kauai Commissioner (via ICT)
Patricia A. Teruya, O‘ahu Commissioner (via ICT)

EXCUSED Randy K. Awo, Maui Commissioner

COUNSEL Katie Lambert, Deputy AG

STAFF Tyler I. Gomes, Deputy to the Chairman
Leah Burrows-Nuuanu, Secretary to the Commission
Andrew Choy, Acting Planning Manager
Kahana Albinio, Acting Land Management Division Administrator
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Stewart Matsunaga, Acting Land Development Division Administrator
Paula Ailā, Acting Contact and Awards Division Administrator
Jamilia Pacheco, Information Specialist
Michael Lowe, Information Specialist

ORDER OF BUSINESS

CALL TO ORDER

Chair Ailā called the meeting to order at 9:36 a.m. eight (8) members were present via ICT at roll call.

Pursuant to the Governor’s emergency proclamation, related to COVID-19 Emergency, Hawai‘i Revised Statutes (“HRS”) Chapter 92 regarding public agency meetings and records are currently suspended through December 30, 2021, to the extent necessary to enable boards to conduct business without holding meetings open to the public and to allow state agencies the ability to effectively and efficiently provide emergency relief and engage in emergency management functions.

Chair Aila stated Items D-8 and Item G-4 were carried over from yesterday’s meeting.

PUBLIC TESTIMONY ON AGENDIZED ITEMS

Chair Aila stated that no one signed up for public testimony on agendized items.

ITEMS FOR INFORMATION/DISCUSSION

WORKSHOPS

PLANNING OFFICE

ITEM G-4 For Information Only – DHHL Cost of Water Service Analysis

RECOMMENDED MOTION/ACTION

None. For information only. Grants Specialist Gigi Cairel presented:

G. Cairel stated the first analysis was completed in 2017 and the second in 2021. Both studies had similar findings and recommendations and found that the Department’s accounting system has the capacity to track water system expenses and any other Department enterprises. However, data quality is a challenge, and it oversees and manages the system.

G. Cairel went over the:

- DHHL Water Systems
- The EPA guidance on Technical, Managerial, and Financial Capacity (TMF)
- DHHL’s Cost Analysis Findings
- Next steps (within next three months)
- Water system management and operations
 - Appoint an interim point of contact.
 - With water expertise and decision-making authority
 - Coordinate across divisions
 - Contract oversight
 - Centralize billings and collections
 - Support District Offices and Fill MODO position

Legal Authorities to the water system:

- Hawaiian Homes Commission Act of 1920, as Amended
- Enterprise Accounting Policy (2012)
- Water Policy Plan (2014)
- Hawai`i Administrative Rules, Chapter 10-4.1 Management of Water Systems (2021)

DISCUSSION

Commissioner Helm asked what has been done by the Department to collect the delinquencies since 2018. G. Cairel stated the new rules with the enforcement provisions went into effect in 2021. It would be difficult to go “back” and collect.

Chair Aila stated that some discrepancies in the commercial accounts' meter readings are being worked out.

Commissioner Helm asked if the last increase was in 2018 or 2019 and if the 10-year rate projections would increase the balance per year of revenue. G. Cairel stated 2018. Chair Aila stated the increase in the revenue was meant to be at a pace that wouldn’t shock the beneficiaries.

Commissioner Helm asked about the Anahola positions. Chair Aila stated the positions would have to be created for the water branch, it is on paper, but the Department has not been able to get

Budget and Finance to approve the reorganization. The Department has identified positions in the water branch that it would hire to run the water branch considering the minimum amount.

Commissioner Neves asked if the delinquency percentage between the farm and the residential lot could be identified. G. Cairel apologized that she did not know the percentage.

Commissioner Neves asked Chair Aila to explain why the Department cannot return to the delinquent arrears. Chair Aila explained that the Rules were not in place and became effective in 2021, which affects what is going forward. Commissioner Neves stated that the lease agreements should be considered as far as the lessees' responsibility.

Commissioner Helm asked if the Ho`olehua water system's photovoltaic system would come back on again. Chair Aila stated the Department has to work with Maui Electric because if too much load comes off the grid, it will cause serious problems. They will have to figure out how to utilize solar power with a battery not to impact Moloka`i's power grid.

Commissioner Ka`upu stated it sounds like the water department was set up by a recommendation from a study; was any thought given to hiring a third-party operator. G. Cairel stated it was one of the options, but the direction was to have it in-house. By converting private operators into staff positions, the Department would have employees certified in the level 1 & 2 positions and cross-trained and have beneficiaries trained.

Commissioner Ka`upu stated beneficiary trained could also work with a third party. Chair Aila stated that the Moloka`i system had unionized public workers working on it since its inception. The other systems do not; the Department can utilize contract workers. It would be difficult to privatize a system that has been under public worker operation. There was a lawsuit that dealt with privatizing county and state positions.

Commissioner Ka`upu asked about those lessees that opted not to use the Department's water. Do they go with the county system, and if you are within the County system, you are obligated to use the county system? G. Cairel stated that they do not reside on the agricultural and pastoral lands, so they are not required to sign up for the water system. Still, if it were a regulated system, they would be required to sign up. There are 184 lots, and only 40 are in use, and the Trust is covering those costs because the water system in Pu`ukapu has to operate.

Commissioner Ka`upu asked if the Department could enforce a mandatory payment of fees through the leases for the unregulated system. Chair Aila stated that nothing in the lease requires the lessees to sign up. Commissioner Ka`upu suggested that the unregulated systems build the requirement of paying the fees within their leases. Chair Aila stated he thinks it could be done in the future, and the Department could take a look at that.

Commissioner Teruya asked if the Department was looking to increase rates again in 2022. G. Cairel stated yes because the rates are not high enough to cover the costs. The focus is to nail down the cost study.

Commissioner Teruya stated collection is important in that discussion too. She asked where Kalaeloa gets their water from, is their water contaminated? A private entity is the water utility provider in Kalaeloa that receives its water from the Navy, but the water is from the Waiawa wells. There is no evidence from the State Department of Health or reports indicating that it has any petroleum or other contaminants in the water.

Commissioner Teruya asked if DOH tested the Department's tenants in Kalaeloa. Chair Aila stated he does not know if DOH did the testing. Based on the reports from the Navy to DOH and the fact that the water is coming from a different source, DOH has not opined that the water is unsafe.

Note: Slide presentation attached

RECESS 11:00 AM
RECONVENED 11:13 AM

GENERAL AGENDA

REQUESTS TO ADDRESS THE COMMISSION

ITEM J-6 Leila Kealoha – Maku`u Farmers Association

L. Kealoha is the Secretary and Treasurer for the Maku`u Farmers Hawaiian Homes Association (MFHHA). MFHHA is requesting DHHL's recognition and support. Communication should be to the association's President, Paula Kekahuna, Leila Kealoha. She spoke about the illegal activities in the community and stated that their neighborhood watch had not received any response from the Department after submitting complaints and reports. Another request is DHHL is giving permission to organizations that want to do work in the neighborhood. MFHHA wants to be contacted to know if the organizations have proper permission to be in the community. MFHHA is requesting DHHL update all lessees' current mailing addresses to the county of Hawai'i real property tax office and requesting signage of roads, no hunting, no trespassing, and such.

Commissioner Kaleikini pledged to help in any way he could.

Commissioner Teruya stated the same incidents are happening in Nanakuli. She suggested contacting Grants Specialist Gigi Cairel to apply for a grant to help with signage. Maybe the DAG could help them with the Nuisance Abatement Law for illegal activities on the homestead.

Commissioner Neves stated signage should be readily available through Land Management Division. Chair Aila stated the Department would work with the association on signage.

Commissioner Ka`apu stated HHC Act 201.6 is subject to the consent of Congress, and he wants her to be aware that Congress has not yet consented to this. It was drafted by the Hawai'i State Legislature and passed, but it had not been approved by Congress and did not have the effect of law. He asked if Maku`u is a DCCR community. Acting Planning Manager Andrew Choy stated Maku`u is not a DCCR community.

L. Kealoha stated they had a meeting to add the DCCRs into their by-laws. Commissioner Ka`apu stated MFHHA has to get the 175 people with leases to sign up and say they are bound by the DCCR.

Commissioner Ka`apu stated they don't have to look for money because they are state signs and have to be with the approved language.

ITEM J-2 Kekoa Enomoto – Keokea/Waiohuli Cultural Management Plan

K. Enomoto spoke on behalf of Pa`upena CDC and the Maui/Lani Moku Puni Council. She addressed the cultural preserves in Keokea/Waiohuli. The task force they formed would like to see a beneficiary consultation to consider beneficiary input and a community-based approach for these archaeological, cultural preserves. The beneficiary task force would rather have this than a drainage assessment.

K. Enomoto stated Waiohu Kou 3 submitted a \$5,000 proposal, and the DHHL Planning Office declined to accept it. She stated the Moku Puni Council would like the Department to have codified, consistent regulations for the grant submission process.

Chair Aila stated he would like to have a private conversation regarding the grant submittal. He is not at liberty to say the issue, but someone on O`ahu delivering the item on time is not the issue. K. Enomoto stated Mona Kapaku said she did not see any reason why the district offices cannot accept the proposals, print them out and submit them by interoffice mail.

Chair Aila asked DAG Katie Lambert to explain. DAG Lambert stated, in general, the use of State time or state resources for private endeavors is not allowed.

Chair Aila addressed the first issue and stated if the Department does not know where the drainage is going, it cannot protect those sites. With the recent heavy rains, the water does not go where it normally does, and the Department needs to understand that before going to the next step to provide long-term protection.

Commissioner Teruya stated she did not appreciate the Chair's statement telling the Commissioners to read between the lines.

ITEM J-5 Allen Cardines – Nanakuli Neighborhood Security Watch

A. Cardines updated the Commission on the Nanakuli Neighborhood Security Watch for Keaulana Avenue. He shared a slide presentation.

- Operation Blue Light Christmas – was an opportunity for NSW to bring HPD, government officials, and the neighborhood together
- Delivered gifts to children at Hale Makana o Nanakuli

ITEM J-8 Blossom Feiteira – Various Concerns

B. Feiteira stated the community is aware of tensions rising in King's Landing, and the community has been communicating with the Department but has not received a response. The request is for the Department to resolve the issues happening in King's Landing and contact the leadership.

B. Feiteira stated there are no real rules for the grants process. The Commission/Department has control over the process. The program is needed for the community, but they need clarification regarding a packet. The item is being promoted as a grant and treated as an RFP. The State has rules regarding RFP's, the Department's procurement process. The procurement process is clear about the submission and the condition. RFP requirement kicks in when the amount being granted reaches a certain threshold which she believes is \$15,000. The procurement process may be easier for the Department, but it may not be for the organization if they are not familiar with the process. She recommended increasing the eligibility level to include state-recognized domestic non-profits

and developing a policy of directives for utilizing trust funds. Part of that policy is to allow for the submission of grants in whichever way the Department wants it done, and the district offices be a conduit for the delivery of those documents.

B. Feiteira stated the list for disqualification of applicants resulted in two people that were lessees. When the Commission disqualifies people listed on the applicant list due to lack of quantum on the application, the Commission also impacts them as lessees. As an applicant, your name is taken off the list. It is most devastating when lessees are forced to give up their lot and all they've put into it.

For Waiohuli/Keokea, the master plan provided for the flood mitigation to be constructed mauka of the area adjacent to the highway. As an undivided interest lessee, she was told at the selection meeting that she would have a lot in 2008; she signed a lease in 2005. The scope of the infrastructure plan was changed, and they cut through the pasture between Waiohuli and Keokea. The way it was done interfered with the natural flow of the water to Waiohuli. As a result of all the damage that was done, LDD's current move to assess the drainage in that area is most appropriate, and that needs to move fast.

MOTION

Moved by Commissioner Neves, seconded by Commissioner Helm to convene in an executive session 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.

EXECUTIVE SESSION IN

12:17 PM

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 these matters.

1. Update on issues related to Telecommunications and Broadband services on Hawaiian Home Lands;
2. Discussion on *In re Paniolo Cable Company, LLC*. Case No. 18-01319 (RJF) before the U.S. Bankruptcy Court, District of Hawai'i; and
3. Discussion on *United States of America vs. Sandwich Isles Communications, Inc., et al.*, Case No. 18-00145 (JMS-RT) before the U.S. District Court for the District of Hawai'i
4. Discussion on *Kanahele et al. v. State of Hawai'i et al.*, ICCV-20-000235

EXECUTIVE SESSION OUT

1:30 PM

ITEMS FOR INFORMATION/DISCUSSION

GENERAL AGENDA

REQUEST TO ADDRESS THE COMMISSION

ITEM J-9 Al Hee – Sandwich Isles Communication

A. Hee made a few comments and showed a short video of the people of Kahikinui and their connection with Sandwich Isles. He stated 30-years ago, since then, there has been a lot of progress, and the transparency has been a lot better at the Department, but the problems are the

same. He stated that when the Commission issued him the license back then, the Commission chose not to pursue the programs that he had brought before them because of the problems the Department has with their water systems. The Commission then stated they should not be in the utility business. The programs he used to build the infrastructure came from the USDA.

The following J-Agenda beneficiaries were not in the meeting.

- ITEM J-1 Kaui Almeida – Pana`ewa Hawaiian Home Lands Community Association**
- ITEM J-3 Rufina Kaauwai – Ho`olehua Successorship Concern**
- ITEM J-4 Donna Sterling – Kahikinui**
- ITEM J-7 Naomi Mitchell – Kalaeloa**

ITEMS FOR DECISION MAKING

REGULAR AGENDA

HOMESTEAD SERVICES DIVISION

ITEM D-8 Approval to Cancel Applications for Non-Qualified Applicants

RECOMMENDED MOTION/ACTION

Homestead Services Division Administrator Juan Garcia presented the following:
 Move that the Hawaiian Homes Commission approve the cancellation of applications from the application waiting list due to Hawaiian qualification because the Department has been unable to verify the following applicants' Hawaiian blood quantum per the Hawaiian Homes Commission Act of 1920, as Amended.

MOTION

Moved by Commissioner Neves, seconded by Commissioner Teruya, to approve the cancellation of applications for non-qualified applicants.

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Teruya, to approve the cancellation of applications for non-qualified applicants.						
Commissioner	1	2	`AE (YES)	A`OLE (NO)	KANALUA ABSTAIN	EXCUSED
Commissioner Awo						X
Commissioner Helm			X			
Commissioner Ka`apu			X			
Commissioner Kaleikini			X			
Commissioner Ka`upu			X			
Commissioner Namu`o			X			
Commissioner Neves	X		X			
Commissioner Teruya		X	X			
Chairman Aila			X			
TOTAL VOTE COUNT			8			1
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED Motion passed unanimously. Eight (8) Yes votes.						

RECESS
RECONVENED

1:52 PM
2:02 PM

ANNOUNCEMENTS AND ADJOURNMENT

A. Waianae/Nanakuli Community Meeting, December 20, 2021, 6:30 p.m., (ICT) Zoom

NEXT MEETING

The next HHC meeting will be held on January 18 & 19, 2022, (ICT) Zoom

MOTION/ACTION

Moved by Commissioner Neves, seconded by Commissioner Helm, to adjourn the meeting.
Motion carried unanimously.

ADJOURNMENT

2:03 PM

Respectfully submitted:



William J. Ailā Jr., Chairman
Hawaiian Homes Commission

Prepared by:



Leah Burrows-Nuuanu, Commission Secretary
Hawaiian Homes Commission

Attachments:

- 1) Slide Presentation F-1
- 2) Slide Presentation G-1
- 3) Slide Presentation G-4



MUTUAL HOUSING
ASSOCIATION OF HAWAI'I

*Building Our Communities
with Respect, Integrity,
and Aloha*

*Presentation to
Hawaiian Homes Commission
State of Hawaii*

December 20, 2021

Mutual Housing Association of Hawai`i, Inc.

- Local non-profit that provides affordable rental housing and supportive services for over 980 families
- Owns, develops and manages five affordable rental communities on Oah`u and Kaua`i
- Rental properties target families earning less than 60% of median incomes
- Supportive services include after-school tutoring, financial literacy and budgeting training, food distributions, healthcare services and other enrichment programs

Ko`oloa`ula



- 308-unit project for families earning 30%, 50% and 60% of HUD median incomes
- Built in two phases in 2013 and 2017 on land leased from the State of Hawai`i (HHFDC)
- Approximately 66% of residents self-identify as Native Hawaiian

Map of East Kapolei II Subdivision



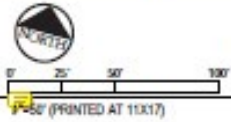
Ko`oloa`ula

- Located within DHHL's East Kapolei II Subdivision across from the Honouliuli Middle School and near the Salvation Army's Kroc Center
- Project named after the endangered *ko`oloa`ula* plant
- Pre-development, Mutual Housing collaborated with DHHL and contributed to offsite infrastructure costs
- Eight years old and in need of parking lot repairs, seal coating and restriping
- No street parking available
- Requesting temporary use for 3 months to DHHL's Park 3 lot located east of Ko`oloa`ula
- Lot would be used to park tenants cars during construction work

Park 3 – East Kapolei II Subdivision



KO'OLOA'ULA – TEMPORARY OFF SITE PARKING
MUTUAL HOUSING ASSOCIATION OF HAWAII



11-23-21

Request to DHHL

- Three month temporary access and use of the top portion of Park 3 lot
- Mutual Housing will mow approximately 60,000 sf of the lot for temporary parking (*falls under Exemption Class #1*)
- No permanent structures or improvements will be built on the lot
- Botanist will survey site to determine if any *ko`oloa`ula* are present; any *ko`oloa`ula* plants discovered will not be disturbed
- Mutual Housing will provide insurance coverage and secure any necessary building permits
- Lot will be cleaned and returned to its existing state when vacated
- Mutual Housing will provide evening and weekend security of the lot during the construction period



HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

G-2

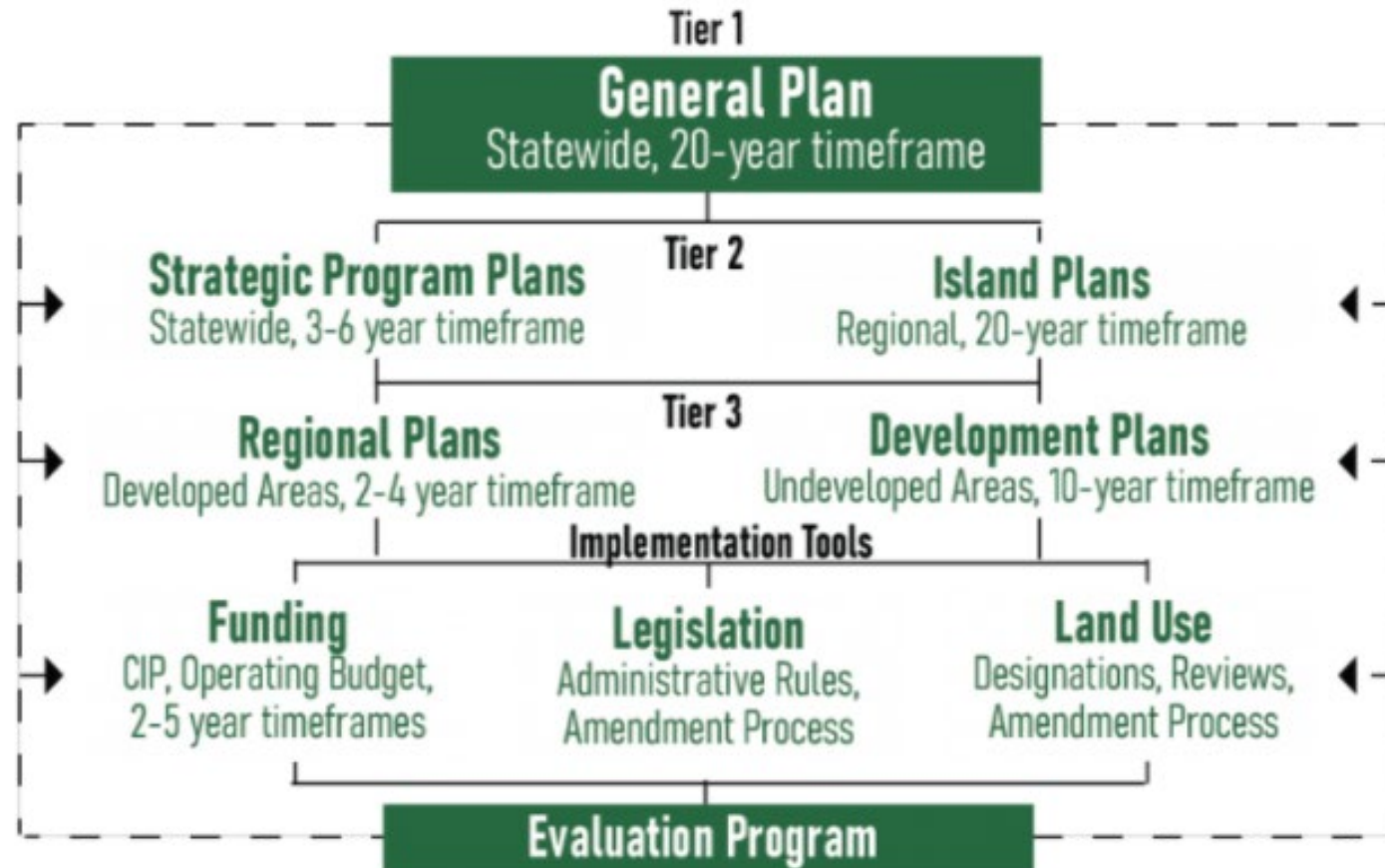
STATUS UPDATE - PLAN IMPLEMENTATION IN THE WAI'ANAE MOKU, ISLAND OF O'AHU

December 19 – 20, 2021



DHHL Planning System

DHHL Planning System





DHHL O`ahu Island Plan

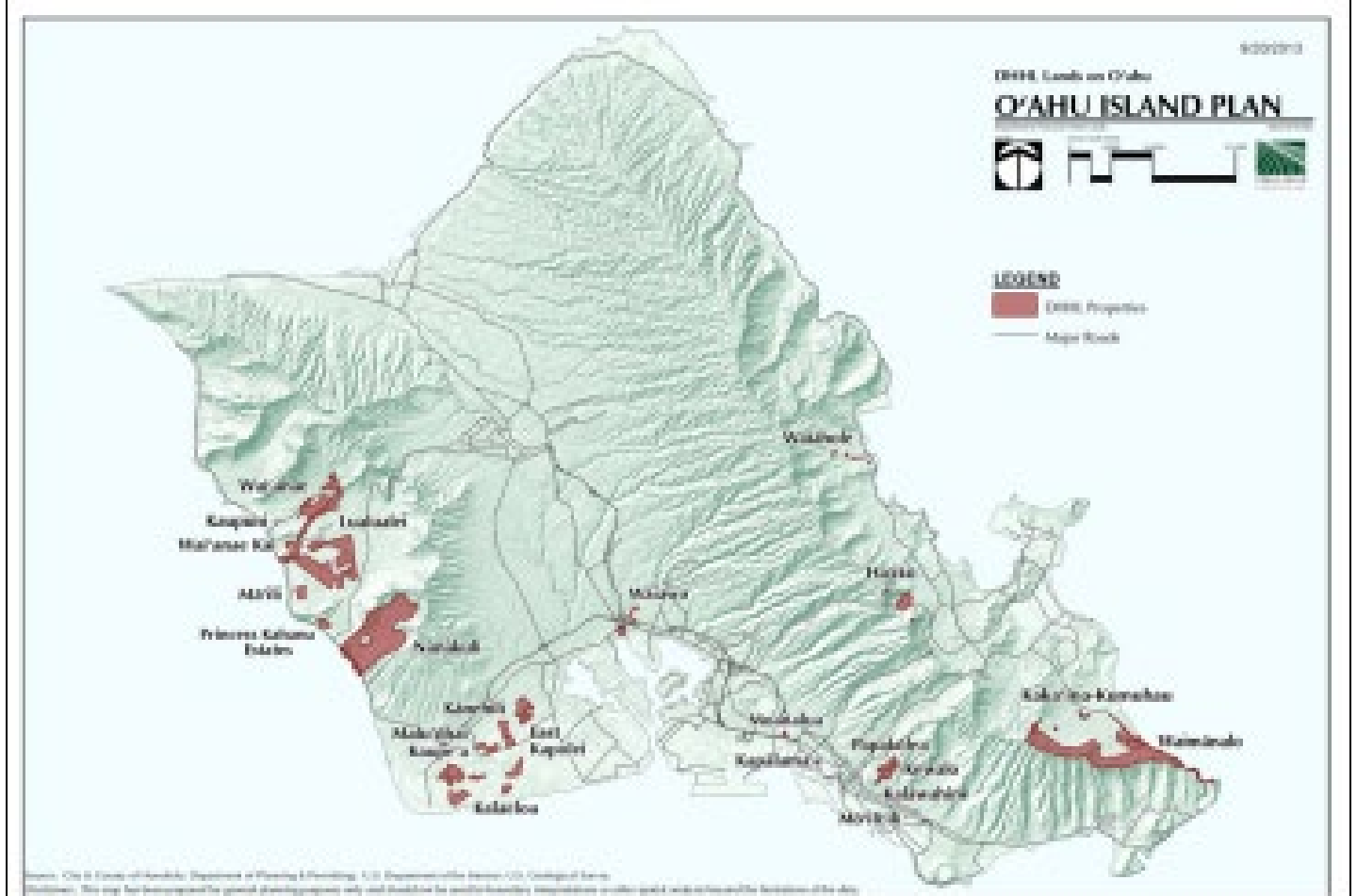
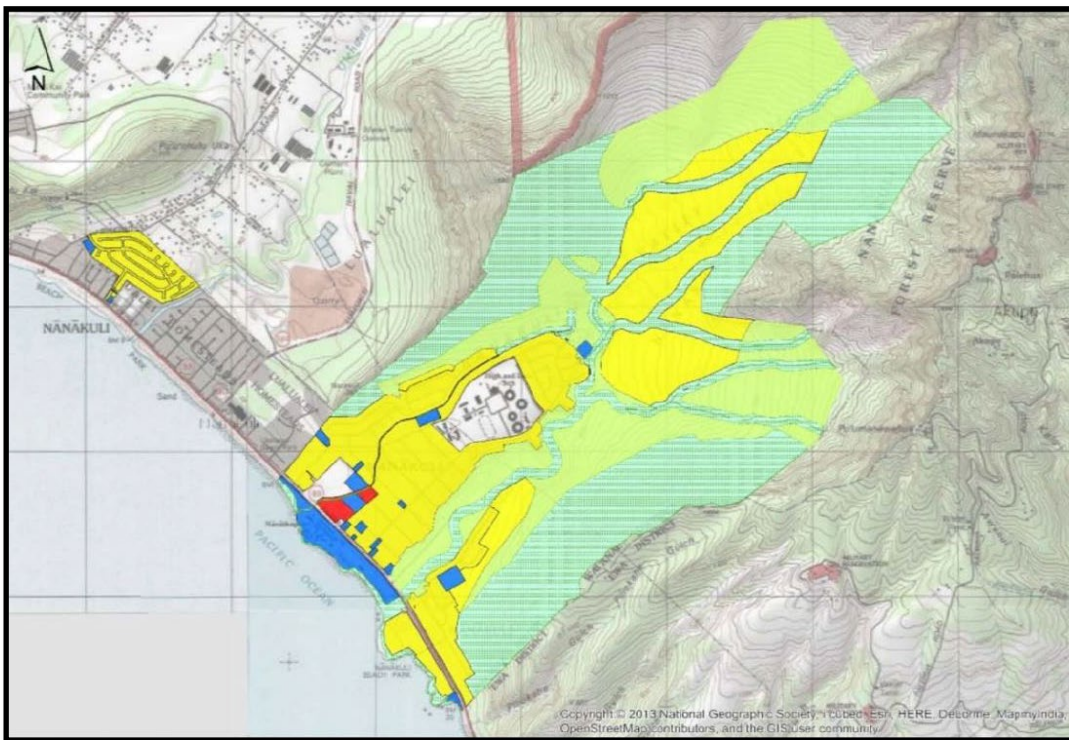


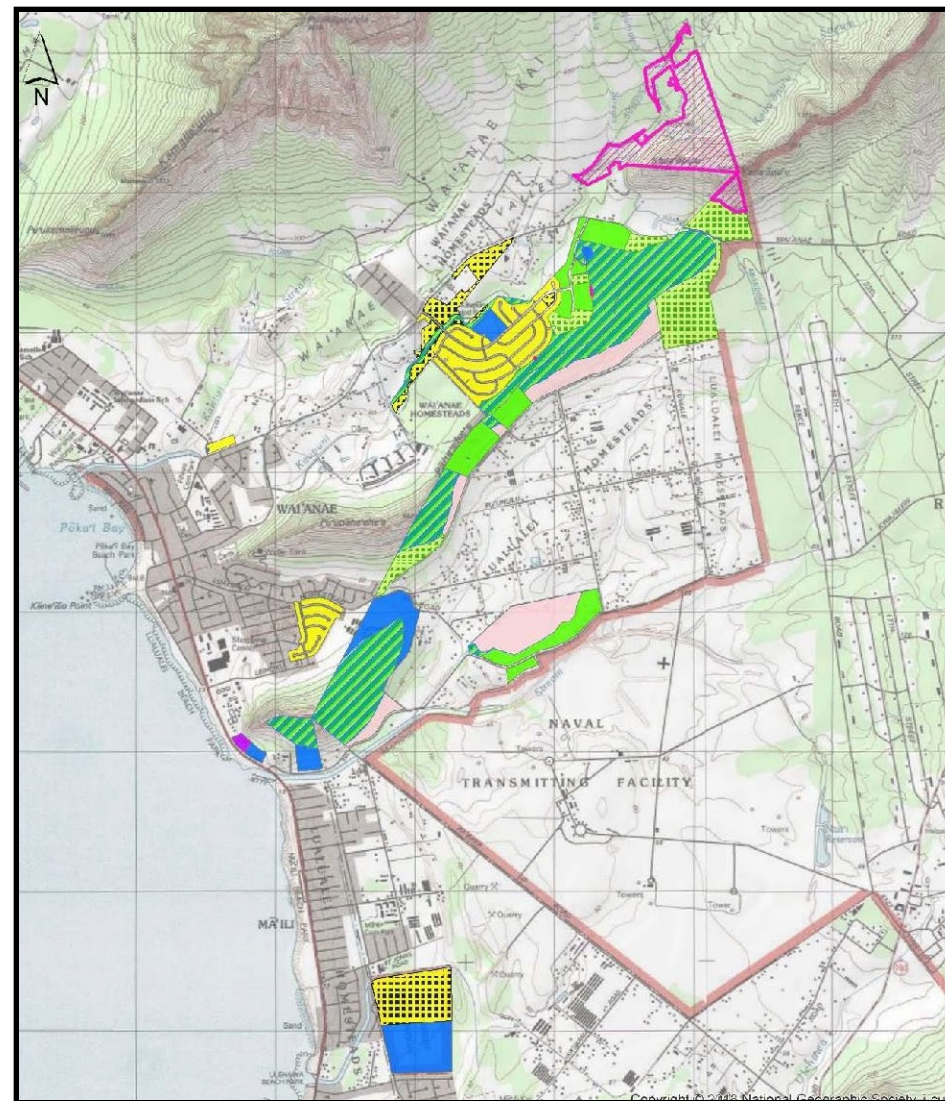
Figure ES-1 DHHL Lands on O`ahu



DHHL Landholdings: Wai‘anae Moku, O‘ahu



Nānākuli



Wai‘anae and Lualualei



DHHL Landholdings: Wai‘anae Moku, O‘ahu

Land Use Designation (LUD)	Wai‘anae	Lualualei	Nānākuli	Total Acres	Percent of LUD in Wai‘anae	Percent of LUD on O‘ahu
Special District	95	10		105	3%	42%
Conservation	75	190	825	1,090	32%	42%
General Agriculture		95	705	800	24%	88%
Residential	130	125	745	1,000	30%	61%
Pastoral	-	-	-	-	-	-
Subsistence Agriculture	50	140		190	6%	86%
Supplemental Agriculture	-	-	-	-	-	-
Industrial	-	3	-	3	0.8%	0.4%
Community Use	10	75	55	140	4%	45%
Commercial	-	-	10	10	.2%	11%
TOTALS	360	638	2,340	3,338	100%	50%



O'ahu Island Plan: Wai'anae Projects



Mā'ili Homestead Community Residential Plans

- Property: 40 acres, former Voice of America Site
- Alternative 1: 200 single-family homes
- Alternative 2: 330 single-family & multi-family homes
- June 22, 2021: Beneficiary Consultation #1
- Early 2022: Draft Environmental Assessment



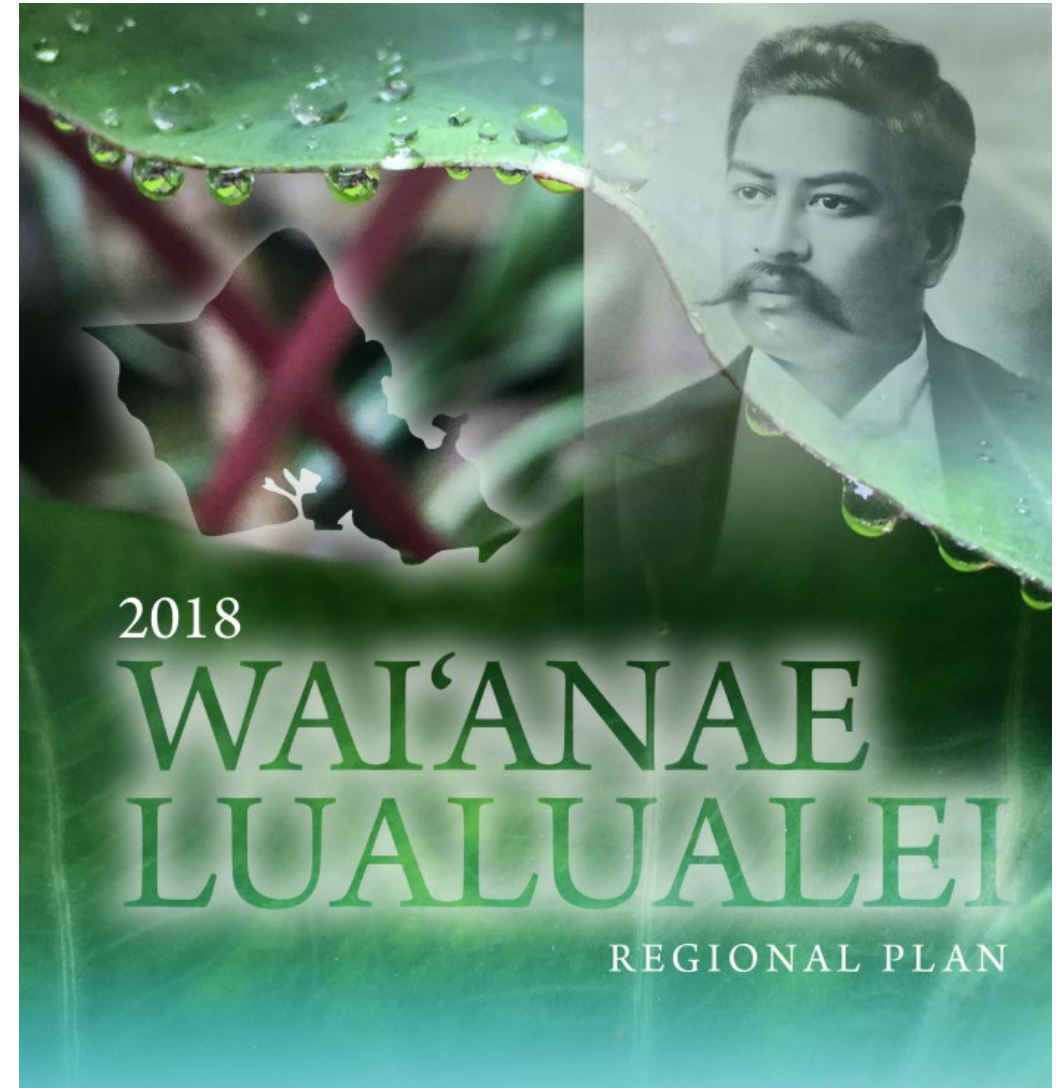
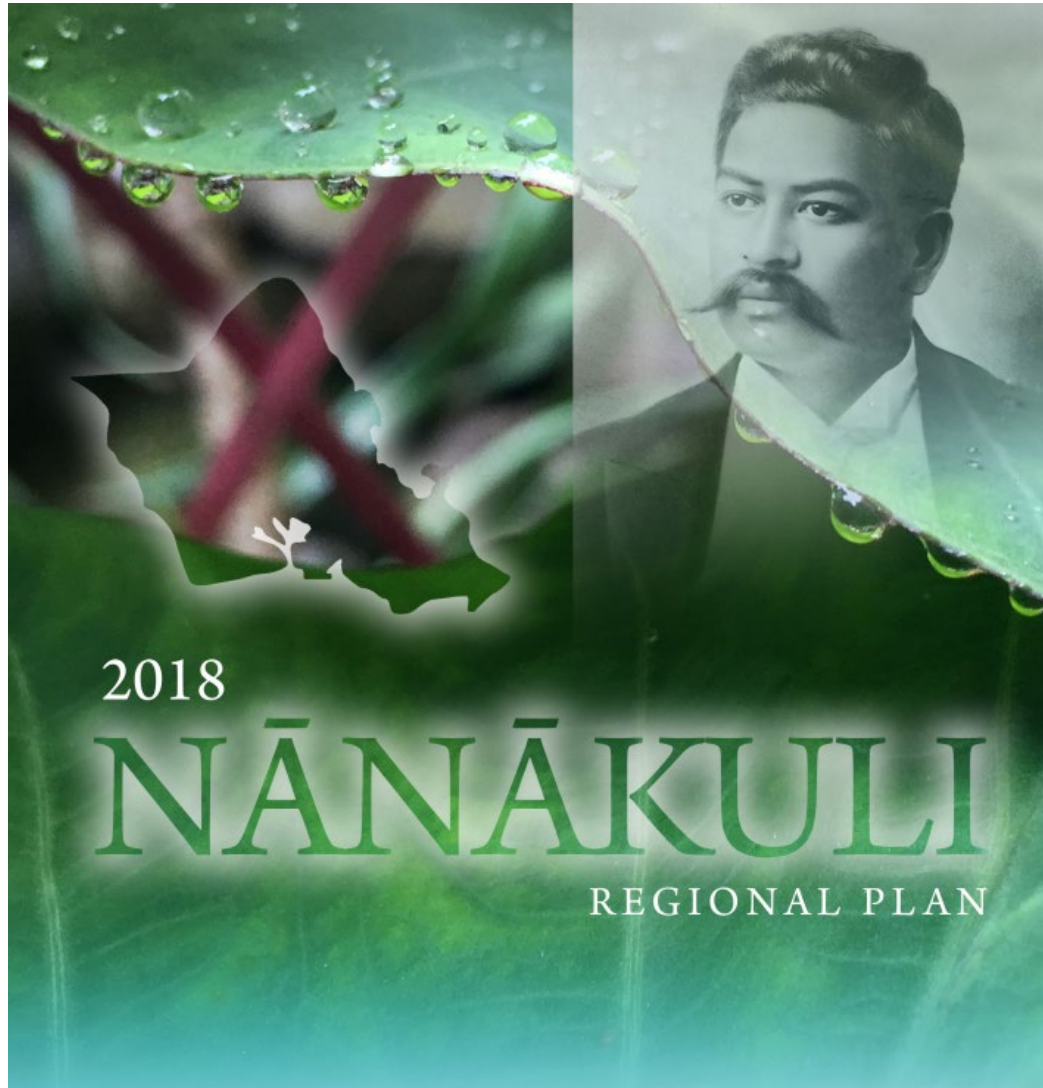
Nānākuli Solar Project

Community Based Renewable Energy: Nānākuli

- August 2020: HHC authorizes Chairman to solicit interested developers
- August 2020:DHHL Publishes Request for Proposals (Nānākuli, Moloka`i, Kawaihae, Kona)
- October to December 2020: Beneficiary Info. Meetings (Nānākuli, Moloka`i, Kawaihae)
- Developer ICAST (International Center for Appropriate Sustainable Technology) selected for Nānākuli
- April to November 2021: ICAST due diligence studies
- ICAST Conclusion: Project is infeasible
- November 2021: DHHL acknowledges ICAST withdrawal from project



Nānākuli & Wai`anae Regional Plans





Nānākuli Regional Plan

PRIORITY PROJECTS:

1. Disaster Preparedness
2. Improve Community Access to Non-Homesteading Areas
3. Street Repairs and Improvements for Health and Safety in the region
4. Establish Community-Based Education Programs
5. Identify and Pursue Opportunities for “Pono Economic Development” and Community Action



Nānākuli Regional Plan

1. The Nānākuli Regional Plan (July 2018)

Priority Project	Current Status
<p>A. Disaster Preparedness</p>	<p>The State Department of Transportation (DOT), Highways Division, completed the Farrington Highway Corridor Study in March 2021. The corridor study identified interim measures to keep Farrington Highway functioning acceptably while the long-term plans to widen Farrington Highway is completed (estimated completion date 2035).</p>
<p>B. Improve Community Access to Non-Homesteading Areas</p>	<p>A blessing for the Nānākuli Village Center was held in November 2019.</p> <p>On April 27, 2021, Kamehameha Schools opened the Kalanihookaha Community Learning Center, that will provide ‘āina-based programs, career development and training.</p> <p>The Nānākuli Village Center is a joint effort of the Nānākuli Hawaiian Homestead Community Association and the Hawaiian Community Development Board.</p> <p>DHHL also initiating repairs to the Nānākuli Cemetery. See HHC Agenda Item E-1 for more information.</p>
<p>C. Street Repairs and Improvements for Health and</p>	<p>DHHL continues to work with the City & County of Honolulu (City) to assume responsibility for proper roadway maintenance and improvement within homesteads. DHHL Nānākuli Traffic Calming Project in progress. See HHC Agenda Item E-1 for more info.</p>
<p>D. Establish Community-Based Education Programs</p>	<p>Community led initiatives are ongoing.</p>
<p>E. Identify and Pursue Opportunities for “Pono “Economic Development” and Community Action</p>	<p>Community led initiatives are ongoing.</p>



Wai‘anae & Lualualei Regional Plan

PRIORITY PROJECTS:

1. Increase Capacity for Specific Community-Based Projects
2. Improve Community Access to Non-Homesteading Areas
3. Homestead Infrastructure & Maintenance
4. Safety & Community Enforcement
5. Disaster Preparedness & Coordination



Wai‘anae & Lualualei Regional Plan

Wai‘anae and Lualualei Regional Plan (December 2018)

Priority Project	Current Status
Increase Capacity for Specific Community-Based Projects	<p>Community led initiatives are ongoing.</p> <p>DHHL offering capacity building grants for associations in its FY 22 Grant solicitation</p>
Improve Community Access to Non-Homesteading Areas	<p>Community led initiatives are ongoing.</p>
Homestead Infrastructure & Maintenance	<p>DHHL continues to work with the City & County of Honolulu (City) to assume responsibility for proper roadway maintenance and improvement within homesteads. DHHL coordinates recurring meetings with the City to help keep the focus on collaboration, aligning priorities and addressing issues.</p> <p>DHHL working on West O`ahu Sewer System Improvements. See HHC Agenda Item E-1 for more information.</p>
Safety & Community Enforcement	<p>Community led initiatives are ongoing.</p>
Disaster Preparedness & Coordination	<p>The State DOT Highways Division completed the Farrington Highway Corridor Study in March 2021. The corridor study identified interim measures to keep Farrington Highway functioning acceptably while the long-term plans to widen Farrington Highway is completed (estimated date 2035).</p> <p>DHHL coordinating WCEAR. See HHC Agenda Item E-1 for more information.</p>



Mahalo



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HAWAIIAN HOME LANDS

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Hawaiian Homes Commission

Agenda Item G-4

DHHL Cost of Water Service Analysis

December 20 – 21, 2021



Agenda

- Overview
 - DHHL Water Systems
 - Technical, Managerial, Financial Capacity or “TMF”
- DHHL Cost Analysis Findings
 - The numbers
- Next Steps



Legal Authorities

- Hawaiian Homes Commission Act of 1920, as amended
- Enterprise Accounting Policy (2012)
- Water Policy Plan (2014)
- Hawaii Administrative Rules, Chapter 10-4.1
Management of Water Systems (2021)



Key Terms

- Enterprise
- Economies of Scale
- DHHL Financial Management System (FMS)
- True Costs vs. Hidden Costs
- Fixed Costs vs. Variable Costs
- Revenue billed vs. Revenue collected



Overview DHHL Water Systems

- WHAT are the “DHHL Water Systems”?
 - Ho‘olehua Public Water System No. 230 – Moloka‘i
 - Anahola Farm Lots Public Water System No. 432 – Kaua‘i
 - Kawaihae Unit #1 Public Water System No. 164 – Hawai‘i
 - Pu‘ukapu Water System (non-regulated) – Hawai‘i
- WHO are the customers?
 - Lessees
 - Non-beneficiaries (Ho‘olehua only) – Schools, Churches, businesses
- HOW many total customers statewide? – 881



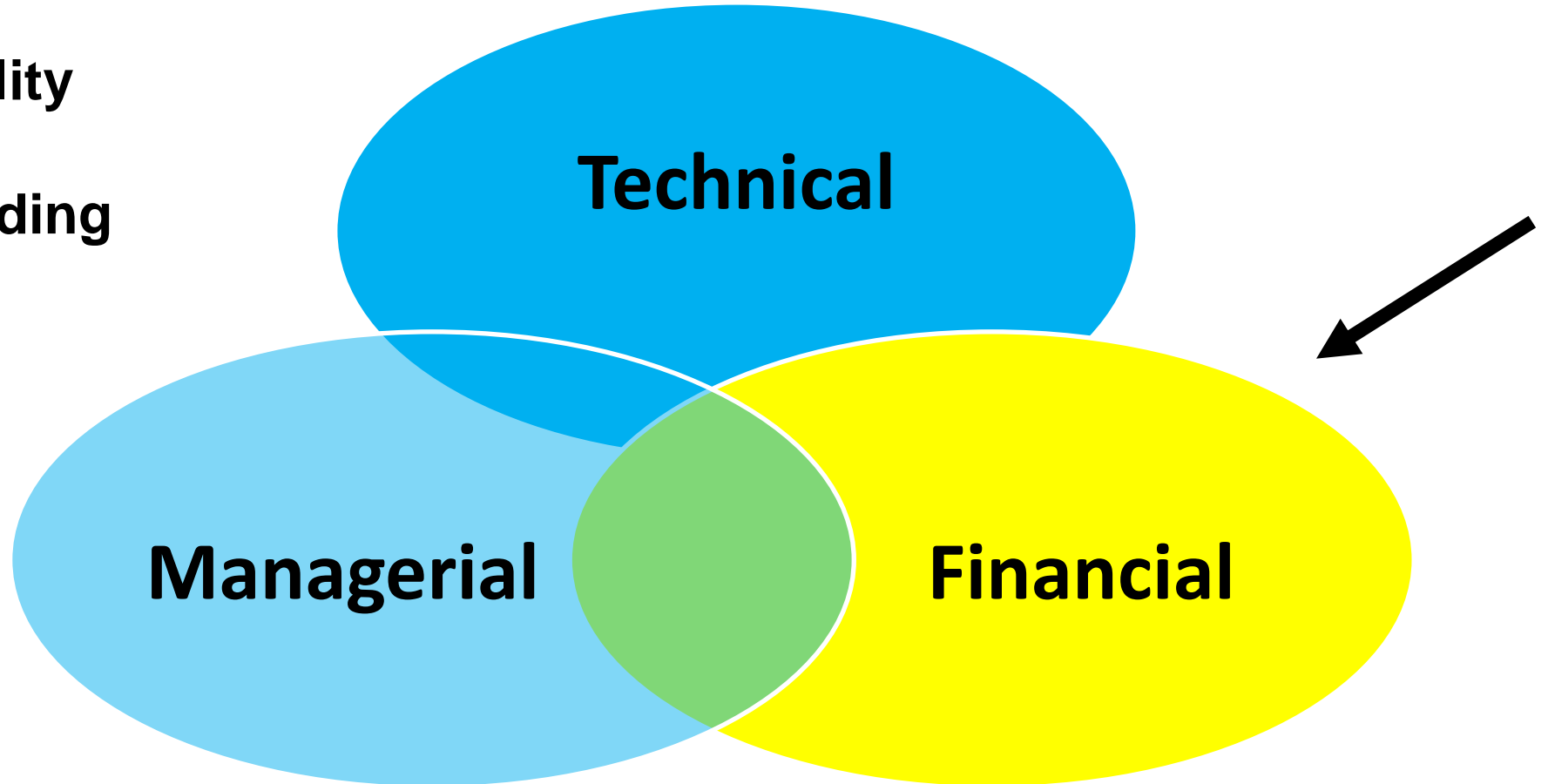
Water System “TMF” Capacity

Technical, Managerial, Financial Capacity – “TMF”

Owner responsibility

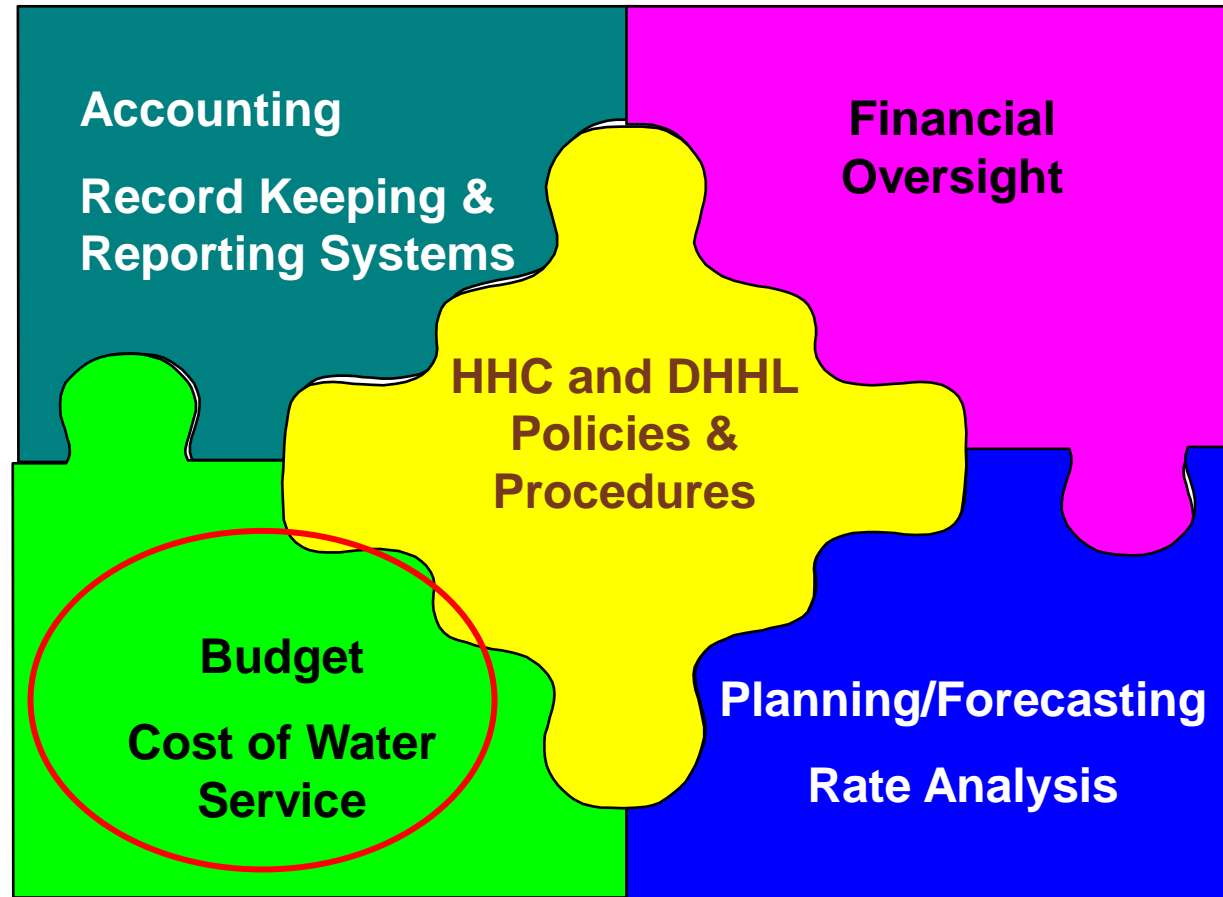
Federal USDA funding
condition

US EPA guidance





Basic Elements in “Financial Capacity”





Cost of Water Service Analysis is a Tool

Analytical Tool to Determine the “True Cost” of Providing Water Service to the Community

- Basis for Budget Controls
- Basis for Determining Actual Revenue Requirement
- Basis for Setting Rates



DHHL Financial Management Challenges

**DHHL water systems are “small systems”
< 1,000 customers**

- Operating costs exceed revenue billed
 - Economies of scale
 - Fixed costs disproportionately higher
- DHHL must continue to supplement to break even



Cost Analysis: Data Quality is KEY to usefulness

- The Findings of the Cost Analysis are only as good as the Data Quality and Assumptions that go into it.
- Even data with high uncertainty, can help us improve, including identifying how we can improve our data, which can lead to more useful results.



2017 DHHL Cost of Water Service Analysis

Since 2017 . . .

Accomplishments

- Rate Analysis completed, resulting in HHC approved rate increases
- Effective Utility Management paper completed, resulting in proposal to establish Water Branch
- Water Administrative Rules, effective 2021 with enforcement provisions



2021 COWSA FINDINGS

- Enterprise Accounting Policy not implemented
- De-centralized management and operations
- DHHL Financial Management System to be fully utilized
- Technology needs
- Education and Enforcement to be implemented



DHHL Water System Budget

“True COSTS”

- **Operating, Repairs, Maintenance**

Hidden Costs:

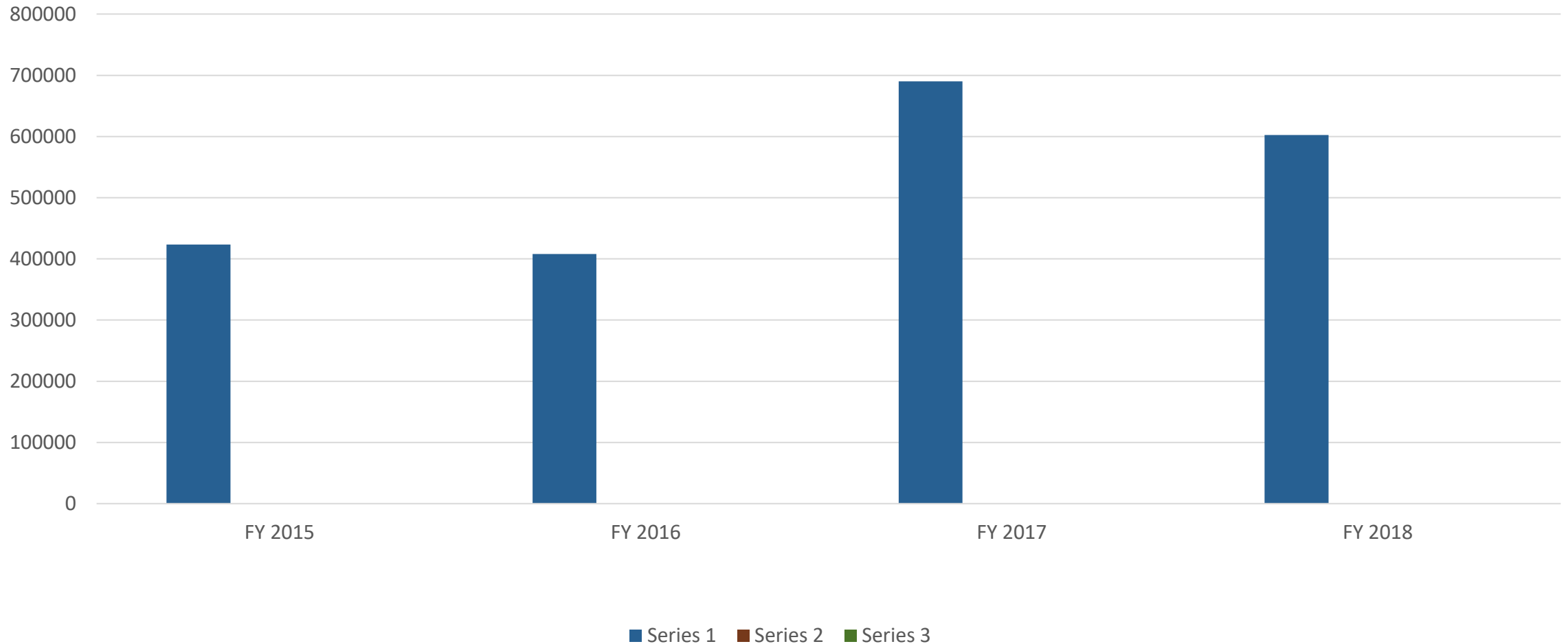
- Education and Enforcement
- Administrative
- Planning, Studies
- Regulatory compliance
- Funder requirements
- CIP
- Reserves

REVENUE

- Customer Rates
- Trust Funds
- State General Fund (Personnel only)
- Trust Funds for CIP
- State Leg funds for CIP and Repairs/Maintenance
- Federal funds for CIP

Shortfall: Operating Costs and Revenue Billed

FY2015 – FY2018





FY2018: Shortfall (based on best available data)

	Ho'olehua Water System	Anahola Farms Lots Water System	Kawaihae Unit #1 Water System	Pu'ukapu Water System	TOTAL
Collected (customer rates)	\$326,525	\$54,684	\$92,567	\$59,161	\$532,937
O&M Expenses	\$618,000	\$168,000	\$300,000	\$225,000	\$1,311,000
Shortfall	-\$291,475	-\$113,316	-\$207,433	-\$165,839	-\$778,063
Highest expense	Electricity \$386,000	Fee for Service \$141,000	Fee for Service \$231,000	Fee for Service \$164,000	
Next highest	Fee for Service \$135,000	Electricity \$20,000	Maintenance \$56,000	Water \$35,000	
Delinquent Accounts (estimate)	Commercial 22% Beneficiaries 40%	43%	24%	20%	



Financial Outlook: Long Term Impact on Trust Funds

- Increasing operating costs
- Increase in rates by Hawaii County and Kohala Ranch
- Constructing more irrigation systems, not everyone signing up for water service
- Ho‘olehua and Anahola Improvement Projects – cost overruns
 - Photo-Voltaic for Ho‘olehua postponed
- \$14 million federal loan



How to balance the budget?

There's only one way to balance the budget
Increase Revenue and Reduce Costs



Suggestions to balance the Budget

INCREASE REVENUE

- Address un-collectibles
- Increase rates (again)
- Pursue State Leg for Repairs and Maintenance
- Min. charge to all lessees
- Leaks/un-accounted for water
- Use by Non-beneficiaries
- “Right size” the system

DECREASE COSTS

- Complete Ho‘olehua and Anahola improvements
- Convert operator contracts to staff positions
- Centralize management and operations
- Smart meters for Kawaihae, Pu‘ukapu, future systems



Next Steps: Complete within Next 3 Months

Water system management and operations

- Appoint interim point of contact (interim)
 - With water expertise and decisionmaking authority
 - Coordinate across divisions
 - Contract oversight
- Centralize billings and collections
 - Support DOs and Fill MODO position



Next Steps: Complete within 6 Months

Water Systems Management & Operations

- Meter readings (by April 2022)
- Centralize Billing and Collections
 - Separation of duties
 - Assess causes of billing delinquencies

DHHL Financial Management System

- Consistent use of coding across all divisions



Next Steps: Complete within 12 Months

Water System Management and Operations

- Implement Water Branch

DHHL Financial Management System

- Produce financial reports for DHHL management & USDA

Implement rigorous education & enforcement

- Develop program to address delinquencies
- Implement new Rules enforcement provisions



Next Steps: Complete within 12 Months

Technology

- Assess billing system (Utility Star)
- Improve cell signal for smart meters
- Automate data collection



Long term: Other next steps

- Rate Setting: consider minimum charge to lessees within service area
- Equipment inventory
- GIS
- Reserves policy
 - USDA reserve requirements
 - CIP reserve funding schedule
- Current and Future DHHL water systems
 - Improve internal coordination in planning, design, construction, system management and operations, system budgets, and communications with community and stakeholders



What's the Risk?

Without implementing these critical steps, we are not able to . . .

- Understand the Trust Subsidy
- Produce financial reports for DHHL management
- Produce required financial statements (Balance Sheet, etc.) for USDA
- Set better customer rates and fees



Questions?

Mahalo!