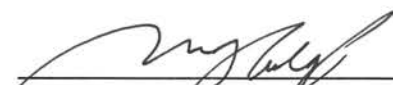


# DEPARTMENT OF HAWAIIAN HOME LANDS



## **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

## **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 private purveyor.
- 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 <a href="#">water credits</a> 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 <a href="#">water meters</a> in each <a href="#">Department Water System</a>, and all associated documentation related to the calculation of availability and disposition of the <a href="#">water meters</a>.</p> <p>Confirms on at least an annual basis the amount of available <a href="#">water credits</a> and <a href="#">water meters</a> 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 <a href="#">water credit</a> and <a href="#">water meter</a> 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 <a href="#">Department</a> lands in the categories of the <a href="#">Prioritization Policy</a>.</p>
_____ District Office	<p><b>Application: (HAR §10-4.1-6)</b></p> <p>Receives requests for <a href="#">water credit</a> or <a href="#">water meter</a> issuance, forwards to Planning Office with a copy to the Homestead Services Division.</p>



\_\_\_\_\_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



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- Exhibit B -

**WATER CREDIT ALLOCATION WORKFLOW**

