



HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION • DEPARTMENT OF HAWAIIAN HOME LANDS

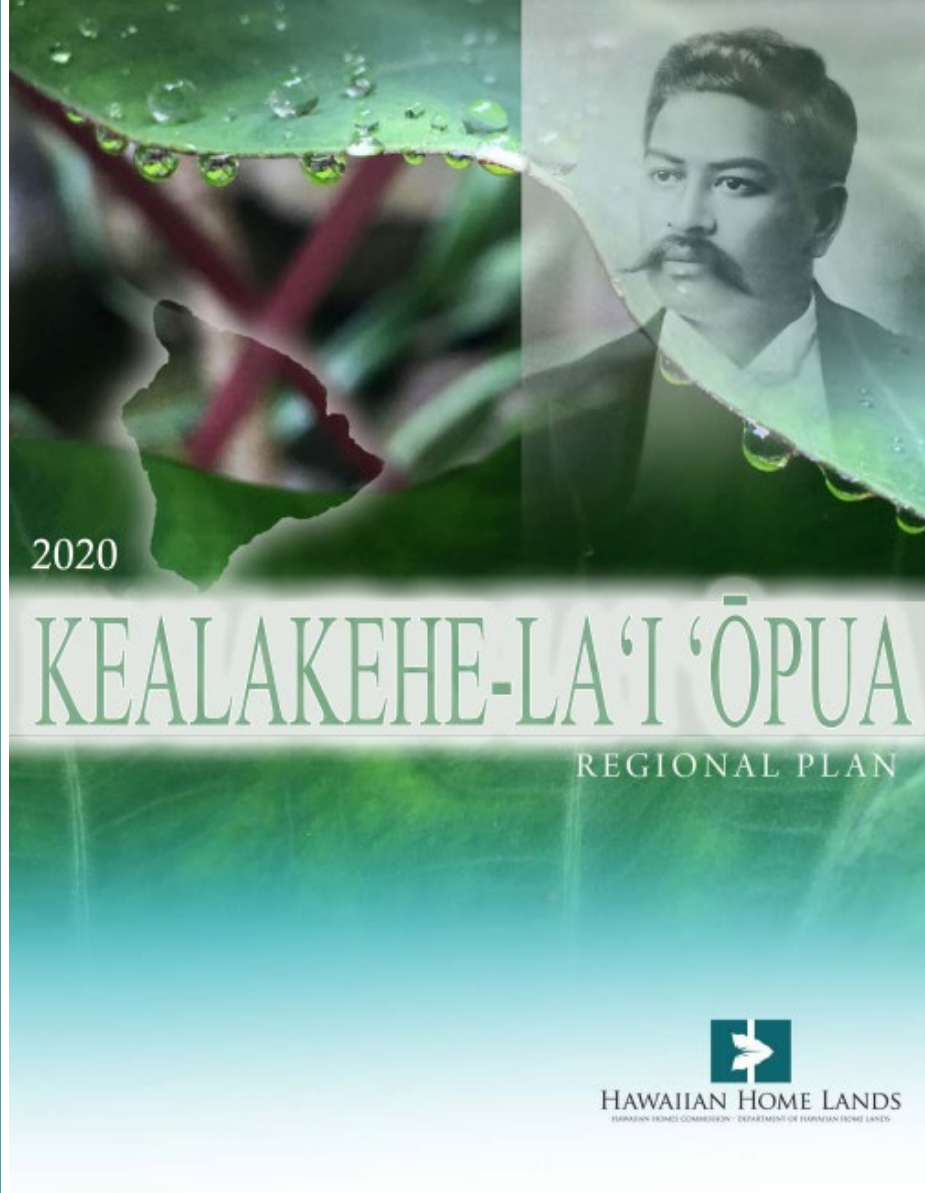
Item G-7

Memorandum of Understanding Among DHHL, Kamehameha Schools, & Hawai'i County Department of Water Supply Keauhou, North Kona, Hawai'i Island

December 19-20, 2022



Background

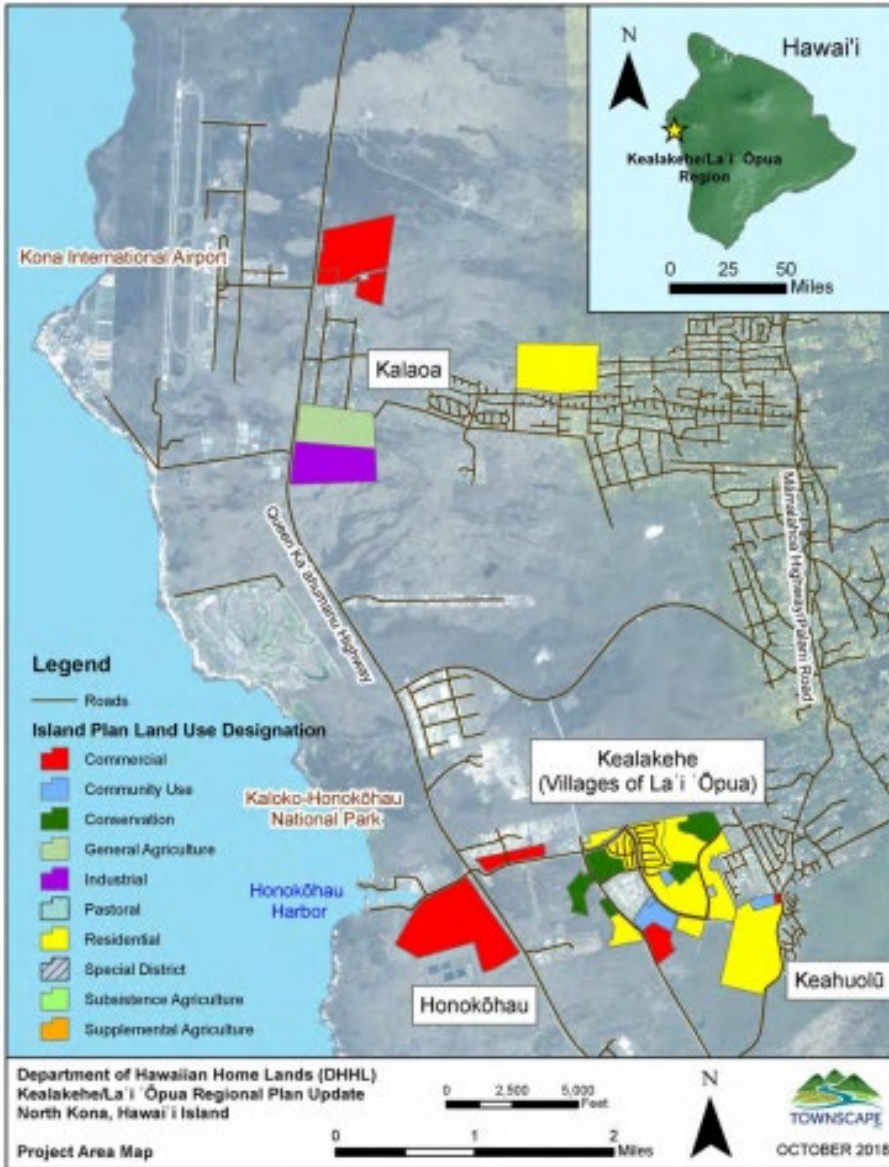


Priority Projects:

- **North Kona Water Source Development Project**
- **Provide homestead opportunities for beneficiaries in the “Gap Group”**
- **Renewable Energy Initiative**
- **Establish a DHHL Kona District Office**
- **Initiate Commercial Development of DHHL lands near Honōkohau Harbor**



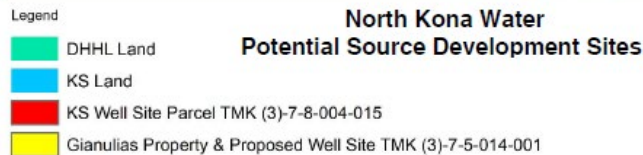
Background



- DHHL has 1,400 acres in North Kona
- After the completion of Village 4 Phase I and Phase II, DHHL will not have any more water credits (equivalent units) on the County DWS water system for future development
- Unmet DHHL water demand is estimated to be 3.398 million gallons per day (MGD)
- CWRM approved a water reservation for 3.398 MGD in North Kona in 2015.



Background



- KS developed well several decades ago (KS Well 2)
- Second Well (KS Well 2A) not developed
- Well 2 within proximity of County DWS system
- Well has been tested and has successfully yielded water
- KS development plans for its Keauhou lands have changed – KS projected future water demand has decreased
- KS approached DHHL to bring the Well 2 and possibly Well 2A online to the DWS system



Overview of the MOU

- This MOU is meant to summarize the mutual understanding among the three organizations regarding proposed usage and system improvements related to Well 2 and future Well 2A.
- The MOU is a non-binding understanding of potential future commitments and benefits to each MOU party.
- Future additional agreement(s) that articulate specific costs to each party and specific water credit allocation amounts and facility charge credit amounts will be needed. DHHL staff will seek HHC approval on future agreement(s) with DWS and KS related to the project as these agreements are drafted.



DHHL MOU Commitments & Benefits

Commitments	Benefits
Complete a hydraulic study of DWS system (currently on-going)	Receive one-third of the maximum day pumping capacity of Well 2
Fund, design, and construct additional storage improvements as determined by the above hydraulic study	Receive two-third of the maximum day pumping capacity of Well 2A (if DHHL develops Well 2A)
Prepare a HRS Chapter 343 EA	Receive Facility Charge Credits from DWS
Reimburse KS for costs incurred by KS in the development of KS Well 2. (\$1,110,478)	DWS will assume long-term operation and maintenance costs of the system improvements



KS MOU Commitments & Benefits

Commitments	Benefits
Dedicate to DWS any Well 2 improvements previously made by KS	Resolve prior commitments and obligations to DWS under previous agreements between the two parties
Convey non-exclusive easements over KS lands to DWS to connect the well site to the existing DWS system	Receive reimbursement from either DHHL or DWS for use of its lands for the project
Work with DWS to make adjustments to utility easements over its lands	Receive compensation from either DHHL or DWS for loss or damages incurred by its agricultural lessees caused by this project
Convey to DHHL its allocation of Equivalent Units of Water generated from Well 2	Receive reimbursement from DHHL for Well 2 costs previously incurred (\$1,110,478)



DWS MOU Commitments & Benefits

Commitments	Benefits
Acquire all necessary property interests for land area designated for Well 2 site and Well 2A site from KS at market value for the property	DWS would receive capital improvements of water source accessibility, storage, and transmission on its water systems in North Kona funded in part by DHHL.
Pay for the costs to acquire all necessary property interests for the Keauhou Segment	
Fund, design, and construct improvements for the existing KS Well 2, pump installation, control building, 2 MG tank, and transmission lines	
Accept responsibility for long-term operation and maintenance of the water system improvements	



Unresolved Decisions

- DHHL or DWS shall design, fund, permit, and construct a second well (Well 2A) and install pump system and related controls.
- DHHL or DWS shall purchase the necessary property interests from KS for the expansion of the Kahaluu Tank site at fair market value.
- DHHL and/or DWS shall compensate KS (KIC) or its lessees for any loss and/or damage suffered related to crop damage or interruption to agricultural operations.
- Specific water allocation / credit amounts and facility charge credit amounts to be received by parties to the agreement



Costs of DHHL Commitments in Agreement

DHHL Commitment	Estimated Cost
Hydraulic Study and Chapter 343 EA (both currently under contract)	\$345,952
Design and construct additional storage as determined by the findings of the hydraulic study	Unknown until completion of hydraulic study
Reimburse KS for costs incurred by KS in the development of KS Well 2	\$1,110,478
Design and Construct Well 2A (to be decided in future conversations between DHHL and DWS)	\$5,900,000 (2022 Dollars and Rough Order of Magnitude Estimate)
Purchase the necessary property interests from KS for the expansion of the Kahalu‘u Tank Site (to be decided in future conversations between DHHL and DWS)	Unknown. Dependent upon whether DHHL or DWS purchase property from KS. Also dependent upon reaching an agreement on purchase price with KS.
Compensate KS or its lessees for any loss and/or damages related to crop damage or interruption to agricultural operations.	Unknown. Dependent upon whether DHHL or DWS provide compensation to KS for improvements. Also dependent upon future conversations with KS on reasonable compensation amounts.



Estimated Water Amount DHHL Could Receive

Well	MOU Allocation to DHHL	DHHL Water Amount (MGD)	Approx. Equivalent Units (1 Unit = 600 gallons per day)
Well 2	One-third of Max Day Use (1MGD)	0.333	555
Well 2A	Two-third of Max Day Use (1MGD)	0.666	1,111

Note: DHHL total estimated water demand for undeveloped lands is 3.398 MGD. Additional source development will be needed.



Next-Steps

- This MOU will need to be approved by the Hawai'i County DWS;
- HRS Chapter 343 Environmental Assessment will need to be completed;
- Additional conversations and agreement(s) among the parties to resolve undecided decisions will need to be completed including real estate transactions to secure sites needed for water system improvements;
- Design and construction of water system improvements;



Mahalo

Ho‘o Nāinau