

**HB 2041,  
HD1**

DAVID Y. IGE  
GOVERNOR OF  
HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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**SUZANNE D. CASE**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE MANAGEMENT

**KEKOA KALUHIWA**  
FIRST DEPUTY

**JEFFREY T. PEARSON, P.E.**  
DEPUTY DIRECTOR - WATER

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LAND  
STATE PARKS

**Testimony of  
SUZANNE D. CASE  
Chairperson**

**Before the Senate Committee on  
WATER, LAND, AND AGRICULTURE**

**Monday, March 14, 2016  
2:45 PM  
State Capitol, Conference Room 224**

**In consideration of  
HOUSE BILL 2041, HOUSE DRAFT 1  
RELATING TO WATER AUDITS**

House Bill 2041, House Draft 1 proposes to establish a program within the Department of Land and Natural Resources' (Department) Commission on Water Resource Management (Commission) to implement standardized water loss audits of public water systems in accordance with methods adopted by the American Water Works Association (AWWA). **While the Department supports House Bill 2041, House Draft 1 to the extent that water audits help to understand how much water is lost from a distribution system, the Department nonetheless prefers the companion Senate Bill 2645, Senate Draft 2, as it addresses the concerns cited below.**

As drafted, House Bill 2041, House Draft 1 would require submission of annual water audits from the county-owned public water systems beginning in 2018 and submission of annual water audits from remaining large capacity public water systems in Hawaii beginning in 2021. This measure assigns the Commission responsibility for preparing and validating the water audits and submitting them to the Legislature. It is not appropriate for the Commission to prepare and validate the audits for the following reasons:

- The Counties and private entities that own and operate these systems have an obligation to ensure that drinking water is developed and delivered to their customers as efficiently as possible while maintaining a sustainable water rate schedule.

- There is a growing trend across the continental United States where state and local water authorities are beginning to require public water systems and utilities to conduct annual water audits on their systems.
- The water supply industry trade group, AWWA, considers annual water audits a best practice that should be completed by responsible water utilities.
- The water audits described in this measure should be conducted by the water system owners or operators because they have immediate access to all of the information and data needed to complete the audits and have intimate knowledge of their water system infrastructure and operations.
- The water utility is responsible for preparing its own water audit in all other states that require water audits. These states include California, Colorado, Delaware, Georgia, New Mexico, Pennsylvania, Tennessee, Texas, Washington, and Wisconsin.
- Use of the AWWA Water Audit spreadsheet allows for standardized data input with quality control checks to safeguard data accuracy. Independent validation of the utility's audit will ensure data veracity and objectivity.
- The Commission's role is to encourage and provide technical assistance to the water utilities, while providing oversight of independent third-party audit validators.
- In preparing its water audit, a utility benefits by understanding the water audit methodology and process.
- Should this measure pass as drafted, the Commission would be responsible for preparing and validating annual water audits of approximately 100 public water systems across the state of Hawaii. The Department estimates that this additional task would require three to four new full-time professional employee positions. In addition, this would require the same amount of funding whether the Commission or the utilities conduct the audits, which we estimate to be \$650,000. The hiring and training of new personnel would delay the program from one to two years. In addition, the Legislature would need to retain staff with the knowledge to evaluate the annually submitted water audits and proposed implementation actions from approximately 100 public water systems.

Thank you for the opportunity to testify on this measure.

**DAVID Y. IGE**  
Governor

**SHAN S. TSUTSUI**  
Lt. Governor



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**SCOTT E. ENRIGHT**  
Chairperson, Board of Agriculture

**PHYLLIS SHIMABUKURO-GEISER**  
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT**  
**CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON WATER, LAND AND AGRICULTURE**

March 14, 2016  
2:45 P.M.  
CONFERENCE ROOM 224

**HOUSE BILL NO. 2041 HD1**  
**RELATING TO WATER AUDITS**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2041 HD1. The purpose of this measure is to establish a program to implement standardized water audits of public water systems and makes an appropriation to support this initiative. The Department of Agriculture respectfully offers comments and defers to the Commission on Water Resource Management on implementation.

The efficient use of our limited water resources is of paramount importance to the continued growth and security of our State. Auditing can provide valuable information to help utilities manage their operational and financial resources in a more effective manner.

Thank you for the opportunity to testify on this measure.





**Department of Land and Natural Resources  
Aha Moku Advisory Committee  
State of Hawaii  
Post Office Box 621  
Honolulu, Hawaii 96809**

Testimony of  
Leslie Kuloloio, Chair

Before the Senate Committee on  
WATER, LAND AND AGRICULTURE

Monday, March 14, 2016  
2:45 P.M.  
Conference Room 224

**In consideration of  
HOUSE BILL 2041 HD 1  
RELATING TO WATER AUDITS**

House Bill 2041 HD 1 proposes to establish a program to implement standardized water audits of public water systems in accordance with the method adopted by the American Water Works Association's Water Audits and Loss Control Programs, Manual of Water Supply Practices, as amended. **Aha Moku supports this measure through the Department of Land and Natural Resources, Water Commission perspective as stated on House Draft 1.**

We believe water audits are the answer to many of the concerns raised by Native Hawaiian resource practitioners who need and use water for their practices whether it is for lo'i, agriculture, aquaculture or coastal practices. The problem has always been with water system owners and operators and impacts people on all of the different islands. Water audits also will need to be understood by those undergoing the audits. Who uses the water in different places? How much is used and why? This is important to know because the use of water impacts the public trust. Water audits will answer questions, and remedies may be proposed to help conserve water when needed.

Thank you for the opportunity to offer testimony.

*Hawai'i Green Growth is a public-private partnership that coordinates across government, non-governmental and cultural organizations, business, academia and philanthropy to achieve Hawai'i's Aloha+ Challenge 2030 sustainability goals.*

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## Steering Committee

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## Testimony of Hawai'i Green Growth In Support of HB2041 HD1 Relating to Water Audits Senate Committee on Water, Land & Agriculture 14 March 2016, 2:45pm, Room 224

Aloha Chair Gabbard, Vice Chair Nishihara, and Members of the Committee:

**Hawai'i Green Growth (HGG) strongly supports HB2041 HD1** to establish a program to implement standardized water audits of public water systems, with the proposed implementation amendments from the Department of Land and Natural Resources.

The quantity and quality of fresh water directly impacts the health, welfare and quality of life of Hawai'i's residents and affects the economy. Based on global climate disruption, increasingly severe weather and natural disasters, and projected long-term decline of rainfall, there is an urgency to invest in Hawai'i's freshwater supplies.

Water conservation is among the least expensive and most efficient ways to increase the available supply of fresh water. One of the key strategies for water conservation recommended by the Hawai'i Fresh Water Initiative is to identify and remedy water losses within the water transportation infrastructure. Water audits are an important mechanism to help a utility analyze water loss from a distribution system, and inform key decision-making to improve overall efficiency of water delivery and reduce real or apparent losses.

HGG public-private partners agreed HB2041 HD1 is an important shared legislative priority to advance the *Aloha+ Challenge* natural resource and fresh water goals. The *Aloha+ Challenge* is a statewide commitment by the State Legislature (SCR 69), Governor, Mayors and Office of Hawaiian Affairs to achieve six sustainability goals for 2030 in the areas of clean energy, local food, natural resources, solid waste reduction, smart growth and climate resilience, and green jobs and education. Statewide HGG public-private partners are identifying shared measures to track progress and provide accountability with the online *Aloha+ Challenge* Dashboard, while developing an annual policy and action agenda to advance Hawai'i's shared 2030 sustainability goals.

The *Aloha+ Challenge* has been recognized nationally and internationally by the US State Department and Global Island Partnership as a model for locally appropriate implementation of UN Sustainable Development Goals. With the upcoming IUCN World Conservation Congress hosted by Hawai'i in September 2016, this legislative session is an important opportunity for Hawai'i to showcase leadership on sustainable development, conservation and resilience.

As a public-private partnership, Hawai'i Green Growth supports HB2041 HD1 to help drive implementation and action on statewide natural resources and fresh water goals.



**HAWAII COMMUNITY FOUNDATION**  
*Amplify the Power of Giving*

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**Testimony of the  
Hawai'i Community Foundation  
on  
H.B. 2041  
Relating to Water Audits  
Senate Committee on Water, Land, and Agriculture  
Monday, March 14, 2016  
2:45 P.M.  
Conference Room 224**

The Hawaii Community Foundation strongly supports H.B. 2041, which establishes a program to conduct water audits of public water systems.

The Hawaii Community Foundation (HCF) became concerned about long-term fresh water security issues in 2012, as research emerged from the University of Hawaii linking climate change and negative trends in Hawaii's fresh water supply. HCF assembled a blue ribbon panel of water stakeholders to provide collaborative solutions, and in concert with their recommendations launched the Hawaii Fresh Water Initiative in 2013. The Fresh Water Initiative has a goal of creating 100 million gallons per day in additional, reliable fresh water capacity by 2030.

HCF supports the findings of the Fresh Water Council and strongly supports the policy recommendations found in their "Blueprint for Action." One of the key recommendations from the Council is the establishment a statewide program of water purveyor system audits to identify water losses. H.B. 2041 will establish this important program.

HCF strongly supports H.B. 2041 and urges passage, and we stand ready to assist in helping implement this important program and all elements of the Council's "Blueprint for Action."



# Wai Maoli

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## Fresh Water Council Members

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## Testimony of the Hawai'i Fresh Water Council on H.B. 2041

**Relating to Water Audits  
Senate Committee on Water, Land, and Agriculture  
Monday, March 14, 2016  
2:45 P.M.  
Conference Room 224**

The Hawaii Fresh Water Initiative strongly supports H.B. 2041, which directs the Commission of Water Resource Management to establish a 5-year program to conduct water audits of public water systems.

The Hawaii Fresh Water Initiative was launched in 2013 and assembled our diverse Fresh Water Council to develop a forward-thinking and consensus-based strategy to increase water security for Hawaii. Our Council jointly and unanimously recommended key strategies and policies with an ultimate goal of creating 100 million gallons per day (mgd) in additional, reliable fresh water capacity by 2030. One of the key strategies to achieve this statewide water goal is to increase water conservation by identifying leak losses to the system.

The implementation of water audits is important to establish a baseline for our large capacity public water systems, and to assist in identifying inefficiencies that result in the loss of water, increased energy costs, and lost revenues.

As in other jurisdictions that have successfully implemented water audit programs, we believe H.B. 2041 should authorize the Commission on Water Resource Management (CWRM) to provide technical assistance and review audits conducted by the public water departments themselves. These audits should be conducted according to the process adopted by the American Water Works Association's Audits and Loss Control Programs, Manual of Water Supply Practices – M36, as amended.

For these reasons, we strongly support H.B. 2041, urge amendments that are consistent to maintain CWRM in a role of providing technical assistance and review, and urge passage.