## Honolulu Board of Water Supply

TO:

ERNEST Y.W. LAU, P.E.

**DATE:** July 1, 2025

MANAGER & CHIEF ENGINEER

FROM:

RAELYNN NAKABAYASHI

**EXECUTIVE SUPPORT OFFICE** 

SUBJECT: Approval of the Revision of the Fiscal Year 2025-2026 Capital Improvement -

Program Budget - Amendment No. 1

We request your approval to reprogram funding in Fiscal Year 2026 (FY2026) Capital Improvement Program (CIP) Budget to make funding available to pay for the abrogation of the quitclaim deed and other costs for the Kalaeloa Sea Water Desalination Facility.

1. Decrease \$6,500,000 in Water Infrastructure Finance and Innovation Act (WIFIA) project funding from LAND for:

Item No. 45 Kalaeloa Sea Water Desalination Facility

Description: Abrogation of Desal Property Deed and Acquisition of Olai Street Roadway Lot

Appropriation WIFIA FUND

LAND

Present

Proposed

\$6,500,000 \$0

Reason: WIFIA funds for land costs are not needed for the Kalaeloa Sea Water Desalination Facility project. Abrogating the quitclaim deed restrictions would ensure that the design and construction of the project is not unduly delayed.

2. Increase \$6,500,000 in WIFIA project funding and decrease \$19,000,000 in Extramual project funding from CONST for:

Item No. 45 Kalaeloa Sea Water Desalination Facility

Description: Design-Build-Operate-Maintain (DBOM) contract for a 1.7 MGD desalination facility with limited oversizing for future expansion. Install 16-inch transmission main along the project boundary from desalination facility to Ōlai Street; along Ōlai Street, from end to Kalaeloa Boulevard; along Kalaeloa Boulevard, from Ōlai Street to the existing 16-inch main near the Northern end of TMK 9-1-031:022 - approx. 4,800 lin. ft

Appropriation		<u>Present</u>	<u>Proposed</u>
EXTRAMURAL FUND	CONST	\$19,000,000	<b>\$</b> 0
WIFIA FUND	CONST	\$50,500,000	\$57,000,000

Reason: Extramural funds were budgeted in FY2025, encumbered in late FY2025, and are no longer needed for this project. WIFIA funds originally budgeted for land can be used for construction costs.

ERNEST Y.W. LAU, P.E. July 1, 2025 Page 2

3. Increase \$19,000,000 in Extramural project funding in the Contract Adjustment Account:

Appropriation Present Proposed STRAMURAL FUND Proposed \$19,000,000

Reason: The recommended reprogramming of the funds will enable the Department to execute projects that require additional funding. Due to continued economic uncertainty and volatility, the Board of Water Supply (BWS) is seeking increased project costs and more funding is required to award and complete projects.

4. Decrease \$2,210,000 in Special Expendable project funding for:

## Item No. 43 Wai'awa 228 Reservoirs

Description: Install 4.0 MG, 2.5 MG, and 2.0 MG reservoirs and appurtenances (TMK: 9-6-004:024). Install 30-inch influent and effluent mains and appurtenances along the paved access road, from the reservoir to Cane Haul Road - approx. 3,700 lin. ft. Install 12-foot wide paved access road, from the reservoir to Cane Haul Road, approx. 3,500 lin. ft.

AppropriationPresentProposedSPECIAL EXPENDIBLE FUNDP&E\$5,000,000\$2,790,000

Reason: The funds will be transferred to enable the Department to abrogate the quitclaim deed restrictions attached to the Kalaeloa Sea Water Desalination Facility property.

5. Decrease \$4,000,000 in Special Expendable project funding in the Construction Cost Index Adjustment:

Appropriation Present Proposed \$4,000,000 \$0

Reason: The recommended reprogramming of the funds will enable the Department to pay the federal government to abrogate the quitclaim deed restrictions Kalaeloa Sea Water Desalination Facility property.

6. Increase \$6,210,000 in Special Expendable project funding from LAND for:

Item No. 45 Kalaeloa Sea Water Desalination Facility

Description: Abrogation of Desal Property Deed and Acquisition of Olai Street Roadway Lot

Appropriation Present Proposed SPECIAL EXPENDABLE FUND LAND \$0 \$6,210,000

Reason: Special Expendable funds are needed to pay the federal government to abrogate the quitclaim deed restrictions for the Kalaeloa Sea Water Desalination Facility property.

ERNEST Y.W. LAU, P.E. July 1, 2025 Page 3

The following is a summarization of the FY2026 Budget Amendment No. 1:

## Resolution 999, 2025

FY2026 CIP Budget (as Adopted)	\$283,327,500	
FY2026 – Amendment No. 1 Projects – Deferred	(\$ 27,710,000)	
Construction Cost Index - Deferred	(\$ 4,000,000)	

Contract Adjustment Account – Added \$ 19,000,000
Projects – Added +\$ 12,710,000
FY2026 CIP Budget (as Amended) \$283,327,500

Upon approval, the appropriate changes will be affected.

APPROVED / DISAPPROVED

ERNEST Y.W. LAU, P.E. Date

CC: Finance

Capital Projects Water Resources

Land

ESO-MBO - Original