



Proposed Sewer Rate Adjustments

Public Infrastructure & Technology Committee Meeting: November 21, 2024
Roger Babcock Jr, Director, Department of Environmental Services

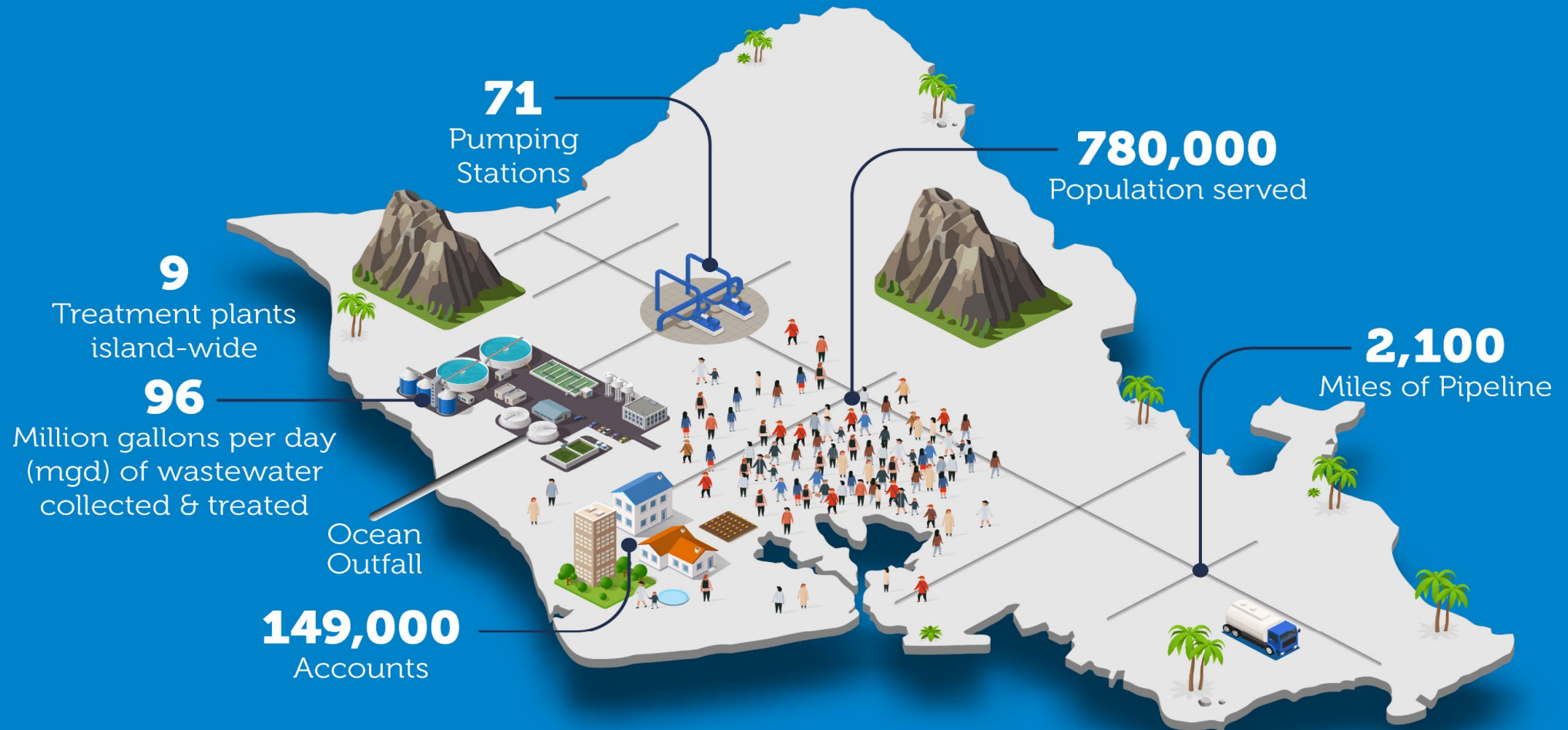
Relating to Bill 60 (2024)

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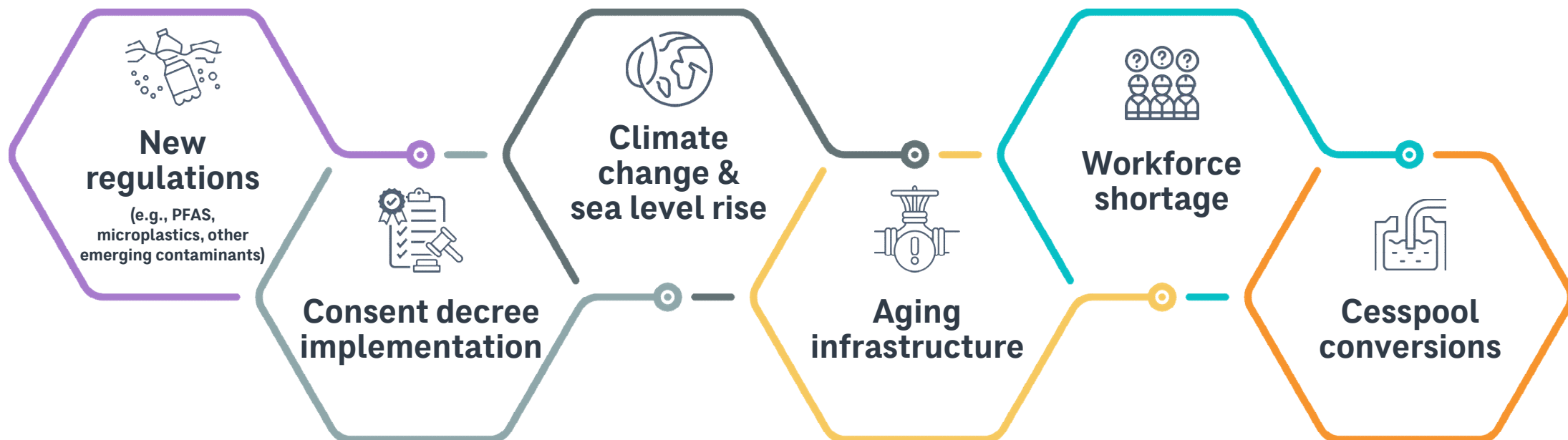
ENV Overview



ENV Overview



Current Challenges



Consent Decree

- Formal agreement with specific requirements that ENV must comply with
- Entered on December 17, 2010
- Entered consent decree with EPA, Department of Health (DOH), The Sierra Club, Hawai'i's Thousand Friends, and Our Children's Earth Foundation

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA, } Civil No. 94-00765 DAE-KSC
et. al., }
Plaintiffs, }
v. }
CITY AND COUNTY OF }
HONOLULU, }
Defendant. }

CONSENT DECREE

Phase	Consent Decree	Status
1	Collection System projects, to be completed by 2020 	Completed on-time & on-budget
2	Upgrade the Honouliuli WWTP to secondary treatment by 2024 	Completed on-time & on-budget
3	Upgrade the Sand Island WWTP to secondary treatment by 2035	In-Progress

Consent Decree Phase III – Sand Island WWTP

Includes:

- Secondary treatment upgrades:
 - Phase I: 20 million gallons per day (mgd)
 - Phase II: additional 70 mgd
- Organic waste sustainability plan to reduce greenhouse gas emissions

Phase I upgrades 50% complete

Completion deadline: December 31st, 2035

Approximate Cost: \$2.5 billion



Sand Island WWTP



ENV Current Rates - Residential

	Single-Family and Duplex Dwellings	Rate Per Dwelling Unit Per Month
Served by City Water System	Base Charge (Fixed)	\$77.55
	Volume Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%*	\$4.63
NOT Served by City Water System	Charge (Fixed)	\$110.89

	Multiple-Unit Dwellings	Rate Per Dwelling Unit Per Month
Served by City Water System	Base Charge (Fixed)	\$53.32
	Volume charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%*	\$4.63
NOT Served by City Water System	Charge (Fixed)	\$86.65

** Provided that residential users who install and maintain a water meter for submetering non sewer water shall not have the water consumed reduced by the water irrigation factor.*



ENV Current Rates – Non-Residential

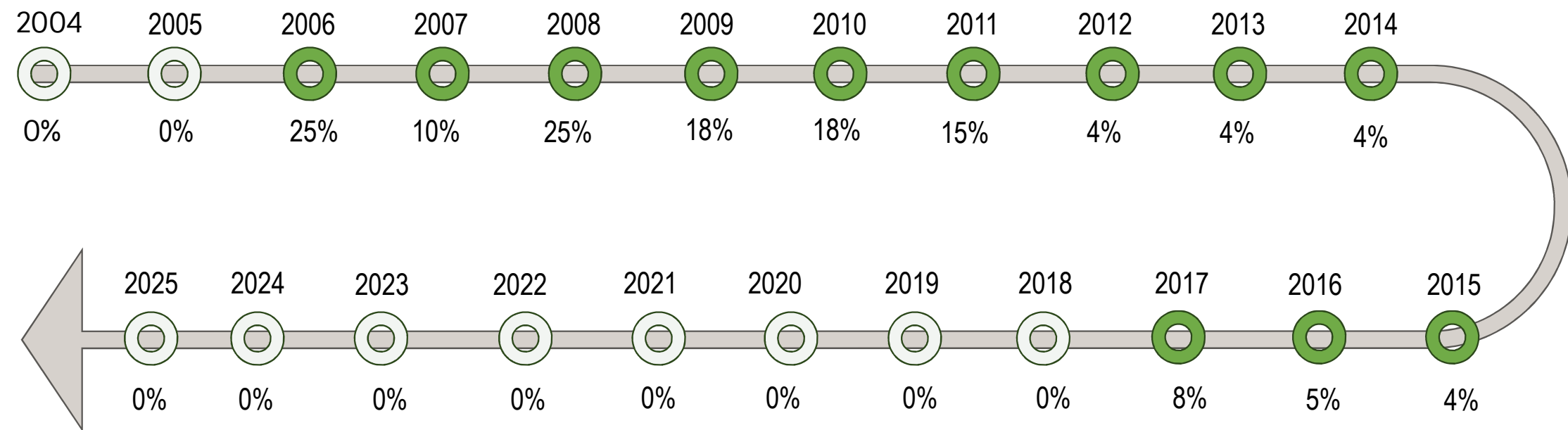
	Domestic Strength Wastewater	Monthly Rate
Metered Water Usage	Base charge per ESDU ¹	\$77.55
	Volume charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%	\$4.63
Metered Wastewater Discharge	Base charge per ESDU (Fixed Charge)	\$77.55
	Volume charge per 1,000 gallons	\$4.63

	Extra Strength Wastewater	Monthly Rate
Metered Water Usage	Charge per 1,000 gallons of metered water consumed, the water consumed reduced by the water irrigation factor of 20%, use the following formula: $0.857 + 0.143(SSm/200)$ multiplied by applicable rate ²	\$4.63
Metered Wastewater Discharge	Charge per 1,000 gallons of wastewater discharge, use the following formula: $0.857 + 0.143(SSm/200)$ multiplied by applicable rate*	\$4.63

¹ where (SSm) is the measured suspended solids loading when greater than 200 milligrams per liter.

² Equivalent Single-Family Dwelling Unit

History of ENV Rate Increases by Fiscal Year

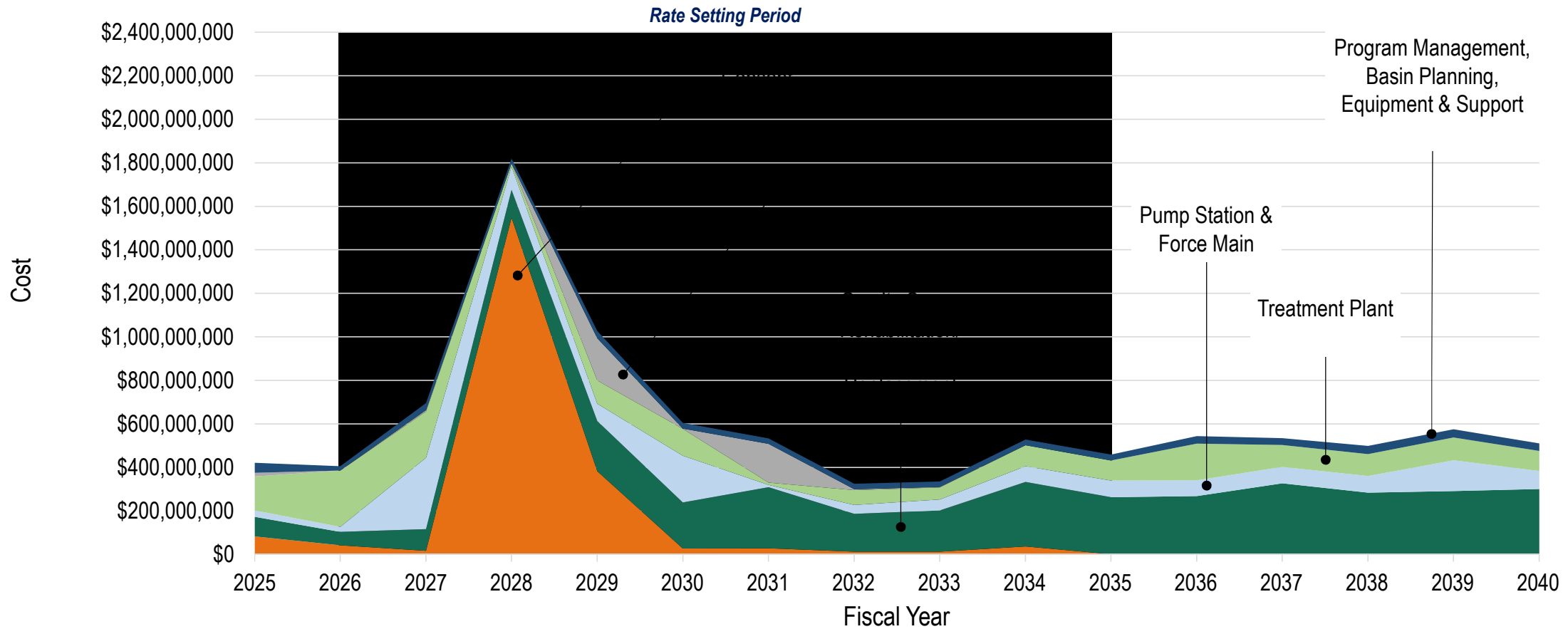


Average Annual Percent **Increase** from 2004 – 2025: 6%

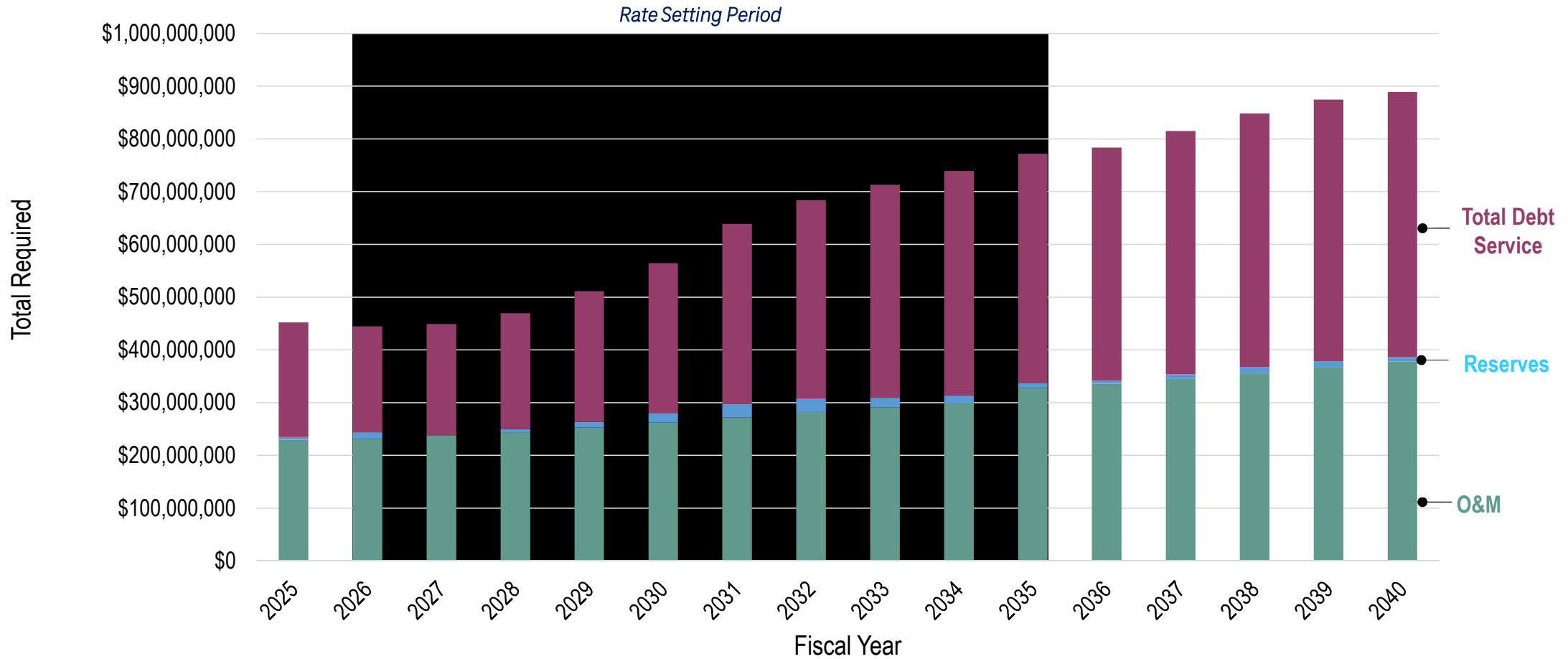
2025-2040 CIP Appropriations by Project Type



Cost: \$10.1 billion



2025-2040 Revenue Requirement from Rates (net of miscellaneous revenues)



Proposed Rates Adjustments and Affordability Program



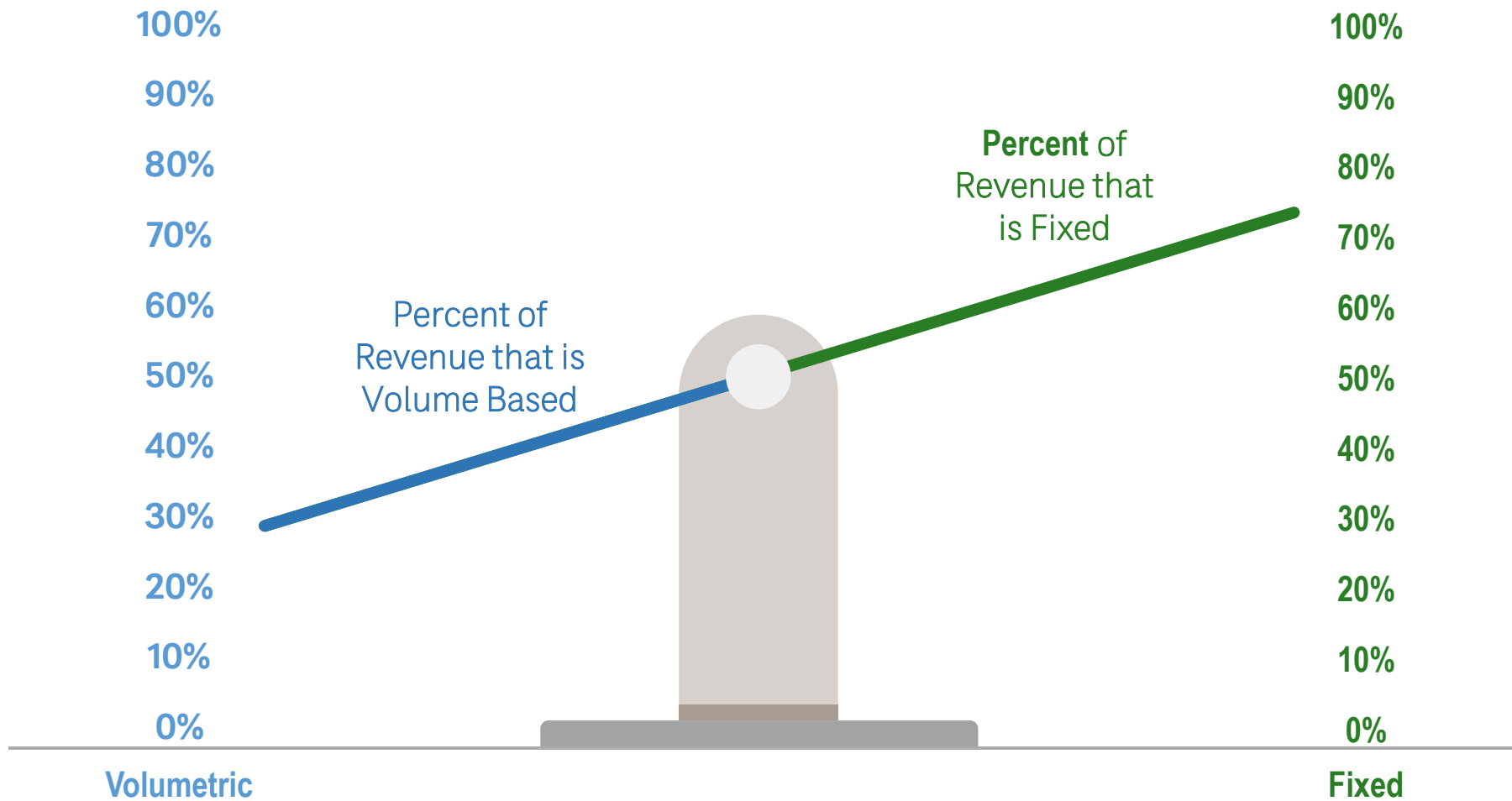
Proposed Rate Adjustments

- 10-year rate package

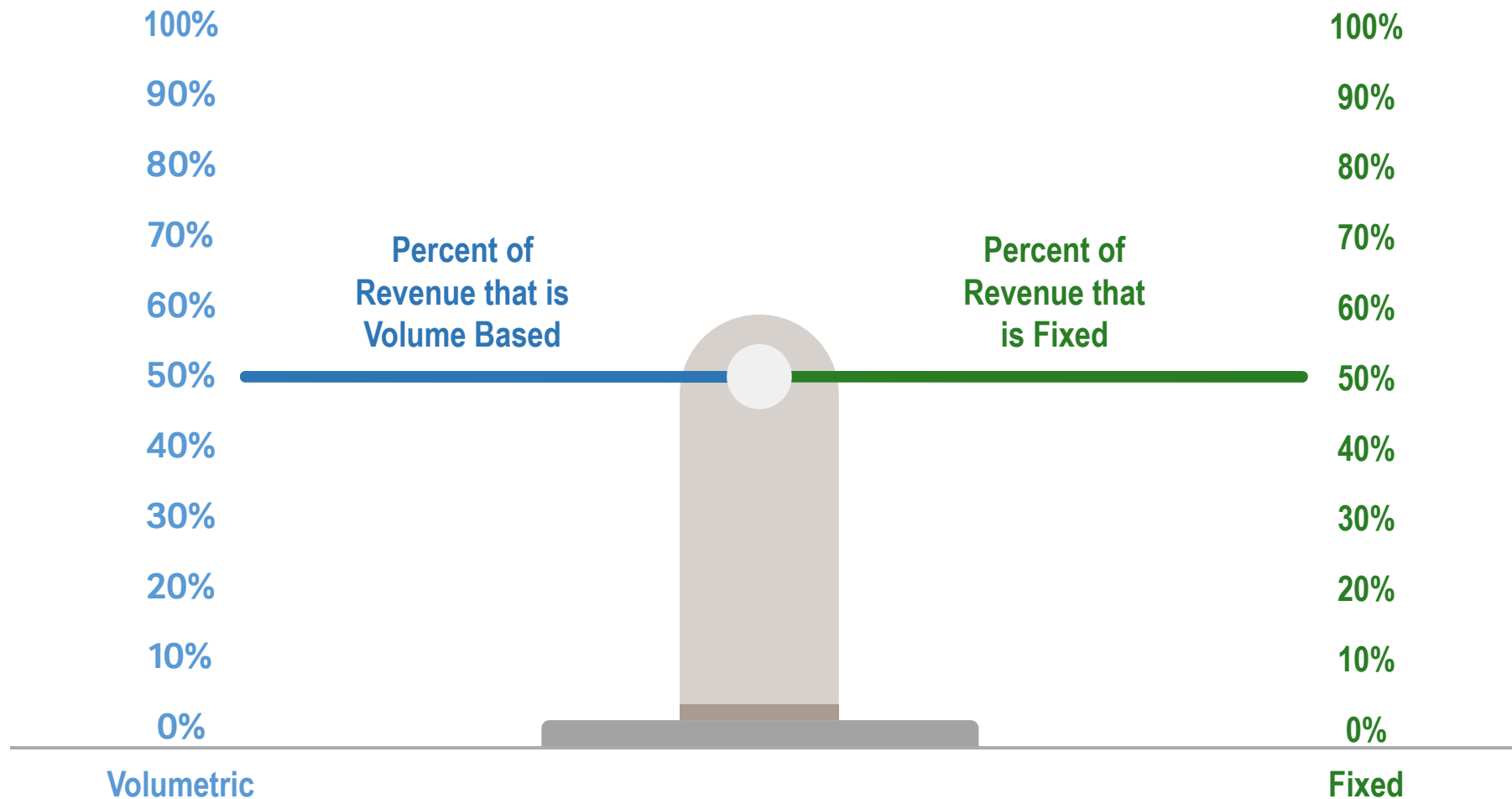
	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	July 1, 2031	July 1, 2032	July 1, 2033	July 1, 2034
Annual Revenue Increase	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	8.0%	7.0%	6.0%	5.0%

- Moving to a 50% fixed, 50% uniform volumetric rate structure
 - Phased in over four years
- Customer assistance program funded at \$10 million per year

Adjusting Rate Structure to Improve Equity and Encourage Conservation



Adjusting Rate Structure to Improve Equity and Encourage Conservation



Customer Assistance for Residential Environmental Services (CARES)

- Funded at \$10 million dollars per year
- Income-based qualification potentially administered through 3rd party non-profit
 - Eligibility = household income less than 80% of area median income (AMI)
- Eligible customers may qualify for a \$20 to \$25 credit on their monthly fixed charge
- Application required to enroll in program
 - Customers must be re-verified every six months
- First come – first served up to maximum of available funds per year

Monthly Rates in \$

50% Fixed, 50% Uniform Volumetric – Phased in Over 4 Years

Rate Structure	Monthly Rate	Current (2024)	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	July 1, 2031	July 1, 2032	July 1, 2033	July 1, 2034
Single-Family 	Fixed	77.55	77.83	77.52	76.53	74.74	81.47	88.80	95.90	102.62	108.77	114.21
	Uniform Volumetric (per 1,000 gal)	4.63	6.14	7.89	9.90	12.21	13.31	14.50	15.67	16.76	17.77	18.66
Multi-Family 	Fixed (per dwelling unit)	53.32	53.51	53.30	52.62	51.39	56.01	61.05	65.94	70.55	74.79	78.53
	Uniform Volumetric (per 1,000 gal)	4.63	6.14	7.89	9.90	12.21	13.31	14.50	15.67	16.76	17.77	18.66
Non-Residential 	Fixed (per ESDU*)	77.55	77.83	77.52	76.53	74.74	81.47	88.80	95.90	102.62	108.77	114.21
	Uniform Volumetric (per 1,000 gal)	4.63	6.14	7.89	9.90	12.21	13.31	14.50	15.67	16.76	17.77	18.66

* ESDU: Equivalent Single-Family Dwelling Unit



Comparing Sewer Bills –
Single-Family Residential

				July 1 st of	2,000					
				2024	84.96					
				2025	87.65					
				2026	90.14	16,000	18,000	20,000	25,000	30,000
				2027	92.37	135.81	144.22	151.63	170.15	188.67
				2028	94.28	136.42	166.25	176.07	200.63	225.19
				2029	102.77	138.51	191.14	203.76	235.32	266.88
				2030	112.00	139.25	219.09	234.93	274.53	314.13
				2031	120.97	140.03	250.56	270.10	318.94	367.78
				2032	129.44	140.84	273.13	294.43	347.67	400.91
				2033	137.20	141.40	297.60	320.80	378.80	436.80
				2034	144.07	141.48	321.55	346.62	409.30	471.98
				Compounded Increase (% over 10 years)	70	141.15	343.96	370.78	437.82	504.86
						141.23	364.66	393.09	464.17	535.25
						141.06	382.91	412.77	487.41	562.05
						141.58	166	172	186	198



Comparing Sewer Bills –
Single-Family Residential

				July 1 st of	9,000			
				2024	110.89			
				2025	122.04			
				2026	134.33			
				2027	147.81			
				2028	162.65			
				2029	177.30			
				2030	193.20			
				2031	208.72			
				2032	223.29			
				2033	236.71			
				2034	248.56			
				Compounded Increase (% over 10 years)	124			
9,000	12,000	14,000						
110.89	122.00	129.41						
122.04	136.77	146.60						
134.33	153.26	165.89						
147.81	171.57	187.41						
162.65	191.96	211.49						
177.30	209.25	230.54						
193.20	228.00	251.20						
208.72	246.33	271.40						
223.29	263.52	290.33						
236.71	279.36	307.79						
248.56	293.35	323.20						
124	140	150						



Comparing Sewer Bills – Single-Family Residential

July 1 st of	30,000			
2024	188.67			
2025	225.19			
2026	266.88	0	25,000	30,000
2027	314.13	3	170.15	188.67
2028	367.78	7	200.63	225.19
2029	400.91	6	235.32	266.88
2030	436.80	3	274.53	314.13
2031	471.98	0	318.94	367.78
2032	504.86	3	347.67	400.91
2033	535.25	0	378.80	436.80
2034	562.05	2	409.30	471.98
		8	437.82	504.86
		9	464.17	535.25
		7	487.41	562.05
Compounded Increase (% over 10 years)	198		186	198



Comparing Sewer Bills – Non-Residential

Customer	Current Bill	Future Bill at Proposed Rates										Compounded Increase
		July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030	July 1, 2031	July 1, 2032	July 1, 2033	July 1, 2034	
Large Shopping Center	185,781	198,102	211,137	224,914	239,460	261,011	284,502	307,262	328,771	348,497	365,922	96.9%
9,748,704 gallons per month	\$ Change	12,322	13,035	13,776	14,546	21,551	23,491	22,760	21,508	19,726	17,425	
1,930 ESDUs	% Change	6.6%	6.6%	6.5%	6.5%	9.0%	9.0%	8.0%	7.0%	6.0%	5.0%	
Office Building	15,443	16,629	17,902	19,270	20,740	22,607	24,641	26,612	28,475	30,184	31,693	105.2%
945,056 gallons per month	\$ Change	1,185	1,274	1,368	1,469	1,867	2,035	1,971	1,863	1,709	1,509	
154 ESDUs	% Change	7.7%	7.7%	7.6%	7.6%	9.0%	9.0%	8.0%	7.0%	6.0%	5.0%	
Hotel	74,510	88,695	104,830	123,151	143,921	156,874	170,992	184,672	197,599	209,455	219,927	195.2%
11,636,683 gallons per month	\$ Change	14,185	16,135	18,321	20,770	12,953	14,119	13,679	12,927	11,856	10,473	
405 ESDUs	% Change	19.0%	18.2%	17.5%	16.9%	9.0%	9.0%	8.0%	7.0%	6.0%	5.0%	

Public Outreach



Storm Water-Wastewater Advisory Group (SWWAG) Roadmap



- ✓ Introductions
- ✓ ENV Overview and Current Rates



- ✓ Rate Structure Attributes
- ✓ ENV Revenue Requirement
- ✓ Rate Setting Flexibility



- ✓ Rate Structure



- ✓ Potential to Include Stormwater Charge
- ✓ Affordability Programs
- ✓ Rate Structure cont.



- ✓ Rate Modeling Results and Sample Bill Examples
- ✓ Draft Rate Proposal (With Affordability Assistance)
- ✓ Add'l Questions / Refinements for Evaluation



- ✓ Proposed Rate Increase & Customer Affordability Program

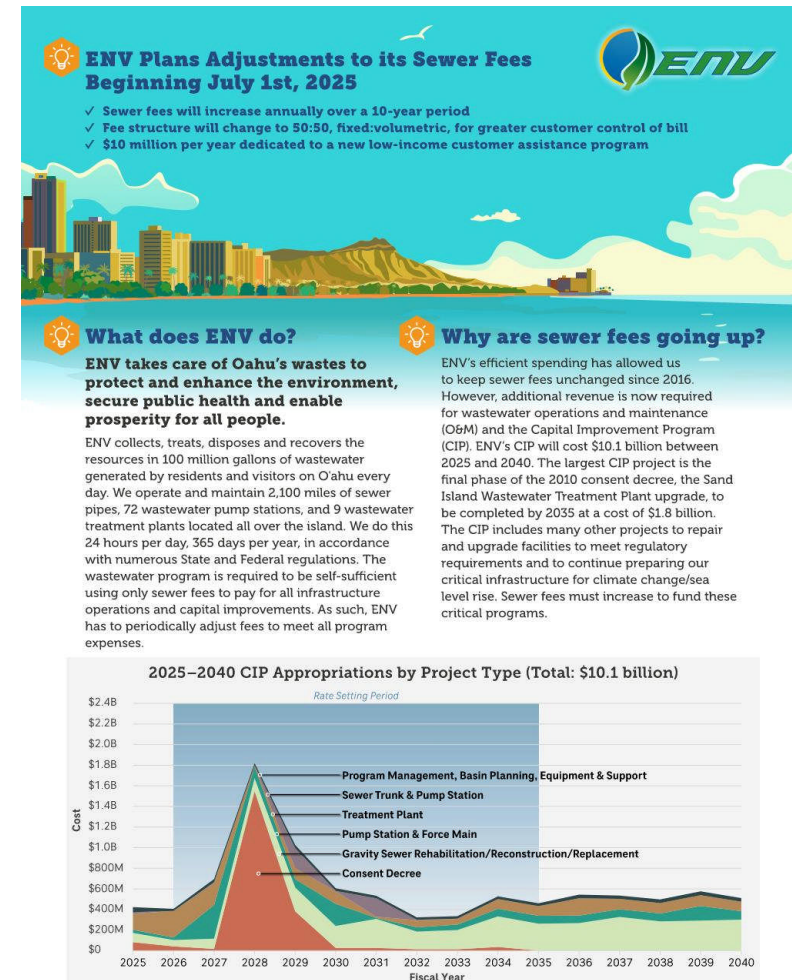


Storm Water & Wastewater Advisory Group Feedback

- ENV should not have an entirely fixed charge
- Give customers more control over bill
- Support water conservation
- Avoid rate shock
- Ensure minimum operating expenses can be met
- Provide public education materials on rate structure

Public Outreach Activities

- Briefings with each City Council member (Sep26-Oct 4)
- Announcement to all Neighborhood Board (NB) agendas (Oct 10)
- Requested ENV presentation at all NBs (Oct thru Jan)
- Press Conference announcement (Oct 23)
- Living 808 show KHON (Oct 24)
- One O'ahu podcast (Oct 24)
- Op-Ed in Star-Advertiser (Oct 27)
- Introduced sewer fee bill at full council on (Nov 7)
- Public tour (bus) of wastewater facilities (Sat, Nov 16)
- Webpage created: www.honolulu.gov/env/sewer-fee-rates
- Social media: facebook (HNL.ENV1), Instagram (hnl.env)



Neighborhood Board Meetings

- Presented at the following NB meetings:
 - Wahiawā / Whitmore Village (Oct 21)
 - Ala Moana / Kaka‘ako (Oct 22)
 - Pearl City (Oct 22)
 - Waipahu (Oct 24)
 - Hawaii Kai (Oct 29)
 - McCully Mō‘ili‘ili (Nov 7)
 - ‘Aiea (Nov 12)
 - Kalihi Valley (Nov 13)
 - Diamond Head / Kapahulu / St. Louis Heights (Nov 14)
 - Punchbowl/Nuuanu (Nov 19)
 - Makiki / Tantalus (Nov 21)
 - Kaneohe (Nov 21)
- Additional NB meetings scheduled Dec (4th & 5th), Jan (2 so far: 13th & 22nd)

Sewer Fee Increase Town Hall Meetings

■ Sewer Fee Town Halls:

Kapolei Hale, Monday, November 18, 2024, 5:30-7:00pm

Neal Blaisdell Center, Tuesday, December 3rd, 2024, 10 am – 12 pm

Kailua / Kāneʻohe, Tuesday, December 10th, 2024, 5:30-7:00pm

Mililani , Tuesday, December 17th, 2024, 5:30-7:00pm

ʻĀina Haina , Friday, January 3rd, 2025, 5:30-7:00pm

Nānākuli , Monday, January 6th, 2025, 5:30-7:00pm

2024 Proposed Sewer Fees in the Hawaii Media

<u>Date</u>	<u>Media Agency</u>	<u>Title</u>	<u>Time</u>
Oct. 23, 2024	Hawai'i News Now	Proposed sewer fee hikes could increase your bill significantly over next decade	7:00 a.m.
Oct. 23, 2024	Hawai'i News Now	Proposed sewer fee hikes could increase your bill significantly over the next decade	3:00 p.m.
Oct. 23, 2024	KHON	Honolulu sewer fees could double in 10-years	5:08 p.m.
Oct. 23, 2024	KITV	Honolulu state official plan to adjust city's sewer fees	5:00 p.m.
Oct. 23, 2024	KITV	Sewer fee increases potentially on tap starting next year on O'ahu	6:00 p.m.
Oct. 24, 2024	Star-Advertiser	City proposing 124% residential sewer fee hikes over the next 10 years on O'ahu	5:00 a.m.
Oct. 24, 2024	Hawai'i News Now	Proposed sewer fee hikes could increase your bill significantly over the next decade	7:27 a.m.
Oct. 27, 2024	Star-Advertiser	Column: Sewer fee hike to fund vital projects	5:00 a.m.
Nov. 1, 2024	Star-Advertiser	Letter: Proposed sewer fee is a fair, equitable change	5:00 a.m.
Nov. 1, 2024	KHON	Honolulu Department of Environmental Services to Implement 10-Year Sewer Fee Increase	4:17 p.m.
Nov. 5, 2024	Star-Advertiser	Honolulu Council to review sewer fee hike measure	5:00 a.m.
Nov. 12, 2024	Star-Advertiser	Council weighs in on city's proposed sewer fee hike	5:00 a.m.
Nov. 18, 2024	Star-Advertiser	Editorial: More outreach on sewer fee increase	5:00 a.m.

Feedback Received via Public Outreach

- General concern about the rate increase and compounded rate increase over the rate setting period
- Understanding about the need for the rate increases
- Interest in the rate proportion shift
- Interest in the CARES program

Mahalo

