



HONOLULU CITY COUNCIL

KE KANIHELA O KE KALANA O HONOLULU

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May 12, 2025

Andrew T. Kawano
Director
Department of Budget and Fiscal Services
530 South King Street
Room 208
Honolulu, HI 96813

SUBJECT: Proposed Increases in Honolulu Sewer Rates and the Status of Wastewater Service Debt

Dear Director Kawano:

As you are aware, the Council continues to discuss the proposal to significantly increase sewer rates in Bill 60 (2024). While the Council understands the importance of providing wastewater services and fulfilling the financial obligations of the City, the Council wants to ensure that the City has explored all options to reduce the proposed increase and its impacts on our constituents.

To fulfill our obligations to our constituents, I request that you provide additional details and respond to the questions below. While some of this information may have been presented and available in other formats, consolidating all the information into a single document would be helpful.

Given the importance and timeliness of the potential rate increases and the need for Council deliberations on the matter, please respond to the following questions as quickly as possible, but no later than May 20, 2025.

1. Please list all current long term liabilities the Sewer Fund and the wastewater treatment system including, but not limited to:
 - a. General Obligation bonds.
 - b. Revenue bonds.
 - c. Revenue bonds – direct placement.
 - d. Sewer Revenue Improvement Fund bonds.
 - e. General Improvement Bonds.
 - f. Notes Payable.
 - g. Direct Borrowings.
 - h. Defeased Bonds.
 - i. State Revolving Fund Loans.
 - j. Asset Retirement.
 - k. Current Contracts (construction, other).

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- I. Any and all other long term liabilities not specifically listed.
2. For all current long term liabilities for the Sewer Fund and the wastewater treatment system, please provide a detailed breakdown of each liability to include:
 - a. Obligation name or identifying information (bond series & year, account name, etc.).
 - b. Type of obligation (bond, loan, contract, etc.).
 - c. Year incurred.
 - d. Initial principal amount and interest rate.
 - e. Annual debt service amounts (including all interest and fees) for life of obligation.
 - f. List of personnel positions legally required by the agreement (including position name, annual salary).
 - i. Include a copy of and the specific citation from agreement documents requiring the personnel positions.
 - ii. Complete list of any additional personnel positions partially or fully funded by the agreement revenues.
 - g. List of projects that are legally obligated to be funded by the agreement (including project name, specific amount, and any deadlines imposed).
 - i. Include a copy of and the specific citation from agreement documents requiring the project spending.
 - ii. Complete list of any additional projects partially or fully funded by the agreement revenues.
3. Please list any variable rate debt obligations held by the Sewer Fund or the wastewater treatment system.
4. Please detail how the City's current level of overall debt aligns with its adopted Debt and Financial Policies.
5. Please list all projected, anticipated or planned additional liabilities the Sewer Fund and the wastewater treatment system may take on in the next 10 years, including, but not limited to:
 - a. General Obligation bonds.
 - b. Revenue bonds.
 - c. Revenue bonds – direct placement.
 - d. Sewer Revenue Improvement Fund bonds.
 - e. General Improvement Bonds.
 - f. Notes Payable.
 - g. Direct Borrowings.
 - h. Defeased Bonds.
 - i. State Revolving Fund Loans.
 - j. Asset Retirement.
 - k. Current Contracts (construction, other).
 - l. Any and all other long term liabilities not specifically listed.

6. For all projected, anticipated or planned additional liabilities the Sewer Fund and the wastewater treatment system may take on in the next 10 years, please provide a detailed breakdown of each liability to include:
 - a. Obligation name or identifying information (bond series & year, account name, etc.).
 - b. Type of obligation (bond, loan, contract, etc.).
 - c. Year incurred.
 - d. Initial principal amount and interest rate.
 - e. Annual debt service amounts (including all interest and fees) for life of obligation.
 - f. List of personnel positions that would be legally required by the agreement (including position name, annual salary).
 - i. Include a copy of and the specific citation from agreement or proposed documents requiring the personnel positions.
 - ii. Complete list of any additional personnel positions that may be partially or fully funded by the agreement revenues.
 - g. List of projects that would be legally obligated to be funded by the agreement (including project name, specific amount, and any deadlines imposed).
 - i. Complete list of any additional projects that may be partially or fully funded by the agreement revenues.
7. What is the historic annual and projected annual impact to revenues of the anaerobic digesters project?
 - a. Please provide a copy of any contract and any amendments to any contract between the City and Synago and/or other parties.
8. How does the process of reviewing and establishing criteria for evaluating capital project proposals specifically prioritize projects that can be funded from existing revenues or alternative sources, either reducing or eliminating the need for additional bonds?
9. What specific steps are being taken to pursue alternative sources of funding in order to minimize the level of debt for capital projects?
10. Please detail how the City's level of increased projected, overall debt will align with its adopted Debt and Financial Policies.
11. Assuming that no new additional debt was taken on by the Sewer Fund or wastewater treatment system after FY 2024, what would total cumulative debt owed by the system?
 - a. Please list by debt agreement the annual debt service required to fulfill the City's obligations to the remaining creditors for FY2025 – FY 2035.
12. For fiscal years 2026 to 2035, if Bill 43 (2025) is adopted, how much in OTAT moneys will be deposited into the sewer fund?
 - a. For fiscal years 2026 to 2035, how much of these OTAT moneys can be used to decrease the annual sewer fund expenditures.

13. Assuming that no new additional debt was taken on by the Sewer Fund or wastewater treatment system after FY 2024, what would the annual budget amounts needed to complete the work required by the consent decree at the Sand Island Wastewater Treatment Plant and other anticipated system needs for FY 2025 to FY 2035?
14. Please provide a copy of all current bond and debt agreements for all liabilities currently held by the Sewer Fund and the wastewater treatment system.

Thank you for your attention to this request. If you have any questions, please contact my Chief of Staff, Duncan Osorio, at 808-768-5095.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy Waters", with a long horizontal flourish extending to the right.

Tommy Waters
Chair and Presiding Officer
Honolulu City Council

cc: Mayor Rick Blangiardi
Managing Director Mike Formby
Director Roger Babcock Jr., Ph.D., P.E.