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EES Informational Briefing

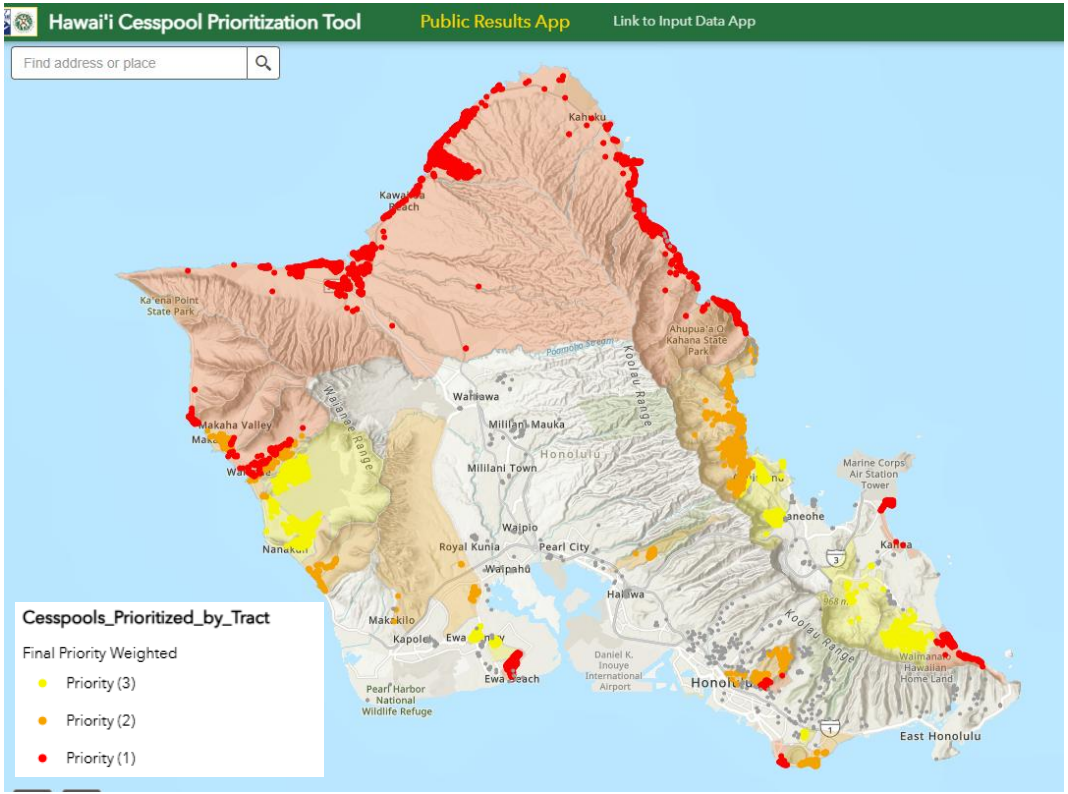
City Cesspool Conversion Planning and Strategies Update

Tuesday, June 23, 2026

Office of Climate Change, Sustainability and Resiliency

MAYOR'S MESSAGE 84(26)
EES

The Challenge We Are Addressing



Source: https://seagrant.soest.hawaii.edu/app/

Hawai‘i has approximately **88,000** residential cesspools that collectively discharge an estimated 50 million gallons of untreated sewage into groundwater and surface waters each day, of which **8,000** of these cesspools are located on O‘ahu.

Recognizing the urgency of this issue, the Hawai‘i State Legislature enacted Act 125 (2017), **requiring the conversion of all cesspools statewide by 2050**. Despite this mandate, the high upfront costs of conversion remain a significant barrier for many property owners, particularly low- and moderate-income (LMI) households.

Climate Resiliency Fund Authorization

Bill 15 (2025), CD2, FD1 approves a Bill for an Ordinance that establishes the **Climate Resiliency Fund. Section 6-5 (b)** states that moneys in the Climate Resiliency Fund may be used to finance "*preventive and ameliorative measures [that] include cesspool conversion.*

CRF Purpose Areas:

1. **Finance preventive, ameliorative, and educational measures** relating to experienced and anticipated climate impacts.
2. **Safeguard the City's residents, economy, and natural environment** against climate change impacts for future generations.
3. **Educate City residents about experienced and anticipated climate impacts** and the importance of resilience to foster community-wide understanding of and response to climate challenges.
4. **Enhance the City's resilience to climate change impacts**, including investments in green infrastructure, Indigenous knowledge-informed solutions, invasive species prevention and control, renewable energy, and coastal protection measures.
5. **Mitigate experienced and potential flood impacts** induced by climate change by financing construction, repair, and maintenance of City-owned or -controlled waterways, wetlands, streams, drainageways, channels, and water systems.

FY26 CRF Allocation

- **Resolution 25-204, CD1, FD1**: Approved a transfer of funds of **$625,000** from the Climate Resiliency Fund to the Office of Climate Change, Sustainability and Resiliency (CCSR) to support household cesspool conversion pursuant to Ordinance 25-23 and in alignment with Climate Ready Oʻahu actions 5.3 and 9.4
  - *5.3: Increase partnerships and investments to support cesspool conversions islandwide*
  - *9.4: Create a toolbox of innovative funding mechanisms for climate adaptation.*

- CCSR liaised with State Department of Health, Hawaiʻi Green Infrastructure Authority, and City and County of Honolulu Department of Environmental Services to design the scope for the FY26 CRF Cesspool Conversion Program.

Comparison and Review of Program Delivery Approaches

City Administered Program with Hawai‘i Department of Health (HDOH)	City Administered Program with Hawai‘i Green Infrastructure Authority (HGIA)	City-Led Program
Program Approach: Initiate an MOA with the HDOH to transfer FY26 CRF funds of $625,000 to administer the City cesspool grant program.	**Program Approach**: Initiate an MOA with HGIA to contribute to their Cesspool Conversion Revolving Loan Fund, which can include grants, low-interest and/or forgivable loans, revolving loan mechanisms, credit enhancements, and/or blended structures.	**Program Approach:** Create an independent city cesspool conversion grant program.
Analysis of Approach: In 2022, Act 153 (2022) established the Pilot Cesspool Grant Program, led by HDOH, to assist qualified property owners with upgrading or converting their cesspools or connecting to an available sewage system. As of 2025, this grant program expired and HDOH is currently not interested in partnering with City and County of Honolulu (CCH) on this program.	**Analysis of Approach**: HGIA is a green bank with state-administered financing authority with experience designing and implementing innovative financing mechanisms to expand access to capital, particularly for underserved and LMI households. On May 7, 2026, HB1618 HD1 SD1 CD1 was transmitted to the Governor to establish a Cesspool Conversion Revolving Loan Fund, to be administered by the Hawai‘i Green Infrastructure Authority, to provide financial assistance, including low-interest or forgivable loans, to eligible homeowners for the upgrade, conversion, or connection of cesspools.	**Analysis of Approach**: High administrative burden to create a new cesspool grant program. In addition, there is no dedicated staff capacity to implement a city cesspool conversion grant program. CCSRs current charter does not allow CCSR to solicit and provide direct grants to individuals, households, or entities.

Proposed Partnership Structure

CCSR intends to initiate a MOA with HGIA to establish the terms and conditions under which CCSR will transfer **$625,000** in FY26 CRF monies to HGIA for the administration and implementation of financial assistance for eligible O‘ahu households to upgrade or convert cesspools to approved wastewater on-site treatment systems or connect to City sewer infrastructure as appropriate.

Key Objectives of the MOA include:

1. Allow flexible financing methods (low-interest loans, forgivable loans, grants) [as authorized]
2. Prioritize LMI households (income <$100k) and Priority 1 cesspools
3. Require deployment planning and reporting
4. Support future leveraging of state/federal/other funding

Timeline Of Progress To-Date

May 14, 2025

Bill 15 (2025), CD2, FD1 approves a Bill for an Ordinance that establishes the Climate Resiliency Fund.

September 3, 2025

Resolution 25-204, CD1, FD1 adopted. Transfer of Funds of $625,000 to implement the grant program pursuant to Section 6-5 of Ordinance 25-23.

January 16, 2026

State of Hawai‘i House Bill 1618 was introduced in the House

March 5, 2026

HB1618 passed the House and received in the Senate

May 7, 2026

HB1618 HD1 SD1 CD1 Transmitted to the Governor

June 22, 2026

CCSR receives fully executed MOA from COR

Next Steps

Timeline	Implementation Readiness Milestones
Ongoing	Track the progress and signing of HB1618
May 1-31	CCSR facilitate fiscal procedures to encumber funds via IGA MOA with HGIA, which includes reviews and approval from COR, BFS, and MDO
June 30	Deadline to execute the MOA with HGIA
July 1	Upon enactment of HB1618 initiate transfer of funds to HGIA and kick-off call to initiate activities set forth in the MOA begin efforts to accelerate cesspool conversion for O‘ahu’s low- and moderate-income households by leveraging state financing expertise and infrastructure.

Mahalo!