

Environmental Management Commission
March 24, 2021
Agenda item 7-b

i. Supporting creation of enterprise funds.

From: **Stephen Holmes**
Date: Thu, Feb 25, 2021 at 7:25 AM
Subject: Wastewater Enterprise Fund
To: <letters@westhawaii.com>
Cc: Dee Fulton, Rick Gaffney, Cory Harden, Georjean Adams, Ramzi Mansour

Establishing a wastewater enterprise fund would be a good first step for Hawaii County to provide sustainable monies for capital and operational costs. Honolulu did this back in the 90s, largely in response to a federal consent decree for massive upgrades, but the County shouldn't have to be sued to do good financial planning. An enterprise fund is stable and predictable. Honolulu's has an nice Aa2 bond rating by Moody's and investors can have confidence in buying bonds.

Mayor Roth has inherited a mess. As the WHT notes, major work is needed islandwide because facilities have been allowed to deteriorate by previous administrations. Treatment plants don't last forever and many are well passed their expected service life putting the environment at risk.

The union opposition needs to find an accommodation to allow access to private capital which is at historically low rates. We need a win-win solution, not knee jerk opposition. This is an opportunity to create union jobs and pump money into the local economy.

Steve Holmes
Kailua-Kona

From: **Stephen Holmes**
Date: Fri, Feb 26, 2021 at 3:52 PM
Subject: Rating Action - Moodys-assigns-Aa2-to-Honolulu-Sewer-Enterprises-senior-lien-refunding-bonds-S... - 08Dec20.pdf
To: Dee Fulton, Rick Gaffney
Cc: Richard (Rick) Bennett, Georjean Adams, Jon Olson, Dr. John Burns, Ramzi Mansour

Dee and Rick:
While currently driven by the 2010 Federal Consent Decree, the Honolulu Wastewater Enterprise Fund will continue beyond those mandated projects. Sewer infrastructure funding

never ends. Always something that needs replacing. And the fund covers all operations, benefits, consulting engineers, and maintenance. Stuff like replacement parts for pumps that break down.

But, it is also important to see it in the context of investors as this report does. They want certainty and stability. That is the framework that the fund provides. If rates need increasing, it is based on economics and not politics. As you can see, sewer fees have remained stable since 2017, which is remarkable given the price tag of consent decree work.

It is also pro union as they are assured their benefits and salaries are on stable footing.

It is pro environment as it keeps facilities in good working order and replaced at the end of service life under a long term planning process.

Steve Holmes

ii. Leasing of electric vehicles

From: **Stephen Holmes**
Date: Fri, Feb 26, 2021 at 4:10 PM
Subject: Vehicle leasing vs purchase
To: Ramzi Mansour
Cc: Dee Fulton, Rick Gaffney, Georjean Adams

Ramzi:

Hawaii passed a law regarding a lease approach to electric fleet vehicles that is similar to the Kern County enterprise equity lease program discussed here. You should review current DEM vehicle status and use the new State law. Scott Glenn head of the Hawaii State Energy Office can give your staff details. The State is moving forward on this for their fleet. Additionally, they have entered into a multi-state agreement that leverages larger purchases.

Mitch is looking at sustainability initiatives and that would be a good one. Electric vehicles have large long term maintenance savings, but higher initial capitalization cost. Leasing on a performance based contracting model solves that.

A third party financed County wide energy saving performance contract can include vehicle charging and solar panels. No upfront cost and better than HELCO rates.

Steve Holmes

From: Stephen Holmes
Sent: Friday, February 26, 2021 4:13:37 PM
To: Mansour, Ramzi
Cc: Dee Fulton; Rick Gaffney; Georjean Adams
Subject: Hawaii Releases Statewide RFP for Fleet Electrification – Atlas EV Hub

Ramzi:

Here is the info on the State RFP for electric vehicles per my previous email.

<https://www.atlasevhub.com/news/hawaii-releases-statewide-rfp-for-fleet-electrification/>

Steve Holmes

iii. Hilo Wastewater Treatment Plant

From: **Stephen Holmes**

Date: Sat, Feb 27, 2021 at 12:51 PM

Subject: Hilo WWTP

To: Georjean Adams

Cc: Dr. John Burns, Jon Olson, Rick Gaffney, Melissa Cardwell, Dee Fulton

Georjean:

Recently, Senator Laura Acasio took a tour of the Hilo Wastewater Treatment Plant and confirms that it is in badly corroded and deplorable condition. Director Mansour has said in the local papers that it needs replacing along with other older facilities. This is also reflected in the waiver granted by the Hawaii Department of Health for the Hilo Ocean Outfall as they cannot meet EPA standards. I hope the EMC can schedule this as a separate agenda item soon. I also hope the EMC can take a tour themselves and drag some Councilmembers with you.

It is typical for local governments to enter into a facilities planning process to identify such replacements early before they fail and to set in motion a schedule for upgrade along with the necessary financing. Instead, Hawaii County under previous administrations has kicked the can down the road.

In Honolulu, when HDOH granted administrative waivers in the past, it set the stage for a Citizen Suit lawsuit under the Clean Water Act. A federal judge found tens of thousands of violations and basically found that such waivers had no effect in shielding the City from legal exposure. That will be true for Hilo as well.

Many years ago, I sued Hawaii County successfully over the previous Hilo WWTP on Puhi Bay. They tried to get a waiver until we showed that it was not even capable of primary treatment under the CWA. It was virtually non-functional and HDOH had just looked the other way. Discharge monitoring reports showed that the effluent numbers were worse than the influent numbers! The autoclave wasn't working and employees were just filling in falsified numbers for bacterial reporting, a criminal act.

So, it saddens me greatly that we are again back to square one. It just is not acceptable and I urge the EMC to get involved. All public officials have an affirmative duty under the Public Trust Doctrine of the Hawaii Constitution to protect our coastal waters. It should not take lawsuits to get action.

We are very lucky to have Director Mansour publicly acknowledging these deficiencies rather than cover them up. It is refreshing honesty. We need to back him up and let the public know that these conditions exist. If we cannot get the union to support legislation for flexibility in public private partnerships to get the job done, we need other options like lease or lease to purchase. We need the legal brain trust to tell us what we can do and not what we cannot do. Time to get creative.

Thank you for your service. Steve Holmes