

ENVIRONMENTAL MANAGEMENT / SOLID WASTE / WASTEWATER

RECOMMENDATIONS:

1. County Council, the Office of the Mayor, and the Corporation Counsel should thoroughly evaluate the County's contract with Hawai'i Earth Recycling which is clearly wasting taxpayer dollars, is not producing the compost the contract describes, and isn't efficiently processing the Big Island's green waste matter. The parties involved with this contract should re-negotiate a deal that is a more fiscally responsible use of taxpayers' funds while also being beneficial for the environment.
2. The answer to address some of our wastewater treatment plant issues lies in following the wisdom, success, and example of Public/Private Partnerships (PPP) as O'ahu has implemented; as such, County resources should study those PPPs done elsewhere in the state to mirror their success here. Careful consideration of how to work within the confines of the *Konno* Decision should be pursued with the County, Corporation Counsel, Union labor partners, and private entities.

EVALUATION:

We interviewed Division of Environment Management (DEM) Director Ramzi Mansour three times and deployed a survey to DEM employees. (A summary of survey results can be found in Appendix C.)

Throughout that analysis, the most egregious example of inefficiency is with the County's handling of green waste matter through its contracted vendor, Hawai'i Earth Recycling.

Through our review and interviews, we also learned that the County is not as innovative and efficient as it could be with its waste facilities (solid waste and wastewater) in light of the *Konno* Decision.

FINDINGS:

Hawai'i Earth Recycling Contract

During a previous administration, the County entered into a contract with Hawai'i Earth Recycling (HER) to transform Hawai'i County's green waste and food waste into compost for its residents.

- This is a two-phase contract, Phase 1 – mulch operation and Phase 2 – compost operation.
- The County has indefinitely deferred Phase 2, the compost operation, while it does an evaluation of Hawai'i Island's organic waste quantities.
- Thus, HER is not under an obligation to create compost at this time.

The contract, which is valid through 2036, guarantees Hawai'i Earth Recycling a minimum annual payment of 40,000 tons at approximately \$105/ton. Further, each year the per ton price will be increased by adding the Consumer Price Index (CPI) through 2036. In other words, even if the County provided only 5,000 tons to HER, the County would still be required to pay the 40,000 ton minimum. The certified funds amount for this year's contract is \$4,751,900.

According to DEM, the County provides 30,000-32,000 tons of green waste each year to HER. That would mean at the current price, Hawai'i County would be paying 8,000 tons over what was received and processed and paying approximately \$840,000 more than should be paid for services rendered.

While mulch is better than nothing, it is extremely wasteful to taxpayers to pay for volumes of mulch that is not being produced.

Wastewater Processing / Konno Decision Challenges

PPP, particularly in regard to wastewater processing, water-recycling, and water treatment are areas where there may be an opportunity for private partnerships as well as networking between our County/State/Federal delegations to troubleshoot and rapidly address our island's crumbling wastewater infrastructure.

DEM Director Ramzi Mansour has discussed this with the Mayor but still expressed hesitancy due to concerns surrounding the *Konno* Decision. Various groups have met with the Mayor and DEM, even on the day of our Zoom with Director Ramzi, but according to the administration there may be obstacles in the path forward that could get resolved by legislative amendments and union and political support.

Our DEM Permitted Interaction Group has briefly explored the successes the City & County of Honolulu was able to achieve in their leverage of private public partnerships to address wastewater infrastructure upgrades needed, and we believe this is an area warranting more review by the administration and County Council members. Award winning projects that were done in spite of the Hawai'i Supreme Court decision in *Konno* that keeps coming up as a roadblock. Our committee recommends that our County look to the examples elsewhere in our State as *Konno* has a loophole that allows leeway if the focus is not on customary and historic services. Honolulu did a 12 million gallons per day (MGD) water recycling facility in 'Ewa as water recycling was not a historic service. The facility built with no taxpayers' dollars stood apart from the nearby Honouliuli Wastewater Treatment Plant (WWTP) and impacted no union jobs. At the Sand Island WWTP, they met consent decree requirements in partnership with Synagro Technologies Inc., which put in a digester for solids management. A soil amendment product was produced for sale, which was not a customary or historic service. With Sand Island moving to full secondary under the consent decree, another digester is being installed to handle more volume. This resulted in no union lawsuit.

Mayor Roth has been approached by a couple of wastewater companies with very large portfolios willing to invest in solutions for Hawai'i County. We should find a way to say yes while operating within the current confines and exemptions, if any exist, of the *Konno* decision. One option to explore is lease to purchase. Hilo needs a new treatment plant and modular design could eliminate the long procurement and design process while quickly bringing the plant into compliance. Average daily flows are only 2 MGD and modular can go up to 3 MGD. A private

company under this approach can take taxable depreciation on the assets and then the County buys it back at a greatly reduced price. Union employees continue to operate the old plant during construction and take classes and certifications to operate the new equipment. With further exploration, this is a handoff approach that may work within the *Konno* decision.

For County facilities facing legal action because they use injection wells, water recycling may be the solution. At Kealakehe, for example, we could keep the existing R-2 facility in place under union employees but consider contracting out the service for the R-1 upgrade and pipeline distribution system. Revenue could then be generated from sales of recycled water where it displaces potable water. This idea is similar to what was done in 'Ewa on O'ahu. There are numerous examples and our permitted interaction group believes that the County needs to focus on "out of the box" solutions to address our crucial wastewater infrastructure needs and stop using *Konno* as an excuse for inaction.