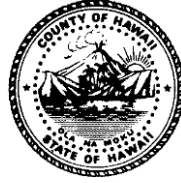


Mitchell D. Roth
Mayor



Georjean Adams
Chair

Ramzi I. Mansour
Director, Department of
Environmental Management

Dorothy Norris
Vice Chair

County of Hawai'i

ENVIRONMENTAL MANAGEMENT COMMISSION

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Date: August 1, 2024

To: Georjean Adams, Chair
And members of the Environmental Management Commission

From: Erica Perez, Jim Beets, Laura Acasio, Dell Otsuka, Commissioners
Members of the Permitted Interaction Group

Subject: Report of the Permitted Interaction Group on Cesspool Conversions and Future Sanitation Needs

EXECUTIVE SUMMARY

Agenda Topics:

1. Managing current issues and future needs
2. Financing scalable solutions for cesspool conversions
3. Enterprise fund- merging current emergencies and future needs (Guest speaker Steve Holmes).
4. Initiating Public-Private partnership for wastewater solutions
5. Wastewater Treatment Plants visited
 - a. Pāpa'ikou Wastewater Treatment Plant;
 - b. Hilo Wastewater Treatment Plant; and
 - c. Kula'imano Wastewater Treatment Plant
6. Workforce Development needs and gaps in capacity

SUMMARY AND MAJOR FINDINGS

There is a significant amount of failing infrastructure of existing systems managed by Hawai'i County as seen in failing pump systems during high tides, corrosion, algal overgrowth, et cetera, leading to unsafe working environments and wastewater spills that harm ecosystems and people.

The Permitted Interaction Group was established to create recommendations for the Environmental Management Commission to explore novel solutions to address barriers to cesspool conversion, including financing, existing statutes and case law, and workforce shortages, all of which will need to be solved if the people of Hawai'i County are going to make progress toward reaching the 2050 cesspool conversion deadline set by the State of Hawai'i. After numerous discussions with leaders in the field, the Director of the Department of Environmental Management, and site visits to distressed Wastewater Division facilities, the Permitted Interaction Group recommends the following:

- There are a number of financing mechanisms already deployed by the County in existing projects that could be beneficial and useful in moving wastewater projects forward, such as (Public-Private Partnerships, Enterprise funding, Historic Customer Agreements, Service Contracts, Energy Saving Performance Contract, and Franchise Organization).
- The EMC approved a motion to support the ‘WW Enterprise Fund’ in the past. How this is proceeding is unclear.
- County will not be able to meet the demands of the users without private sector participation. Due diligence would investigate innovative financing methods to address sanitation projects/demands.
- Hydrology is the key indicator to disposal methods
 - Cancer screening chemicals (and other WW tracers) have been found in Kailua Bay and State NPS regions.
- Review of a “Service Contract” for areas where public collection systems could connect to privately owned ww treatment plants under an agreed upon “Service Contract”
 - Potential to use Union employees
- “Energy Saving Performance Contract” (3rd party finance)
 - Benefits to these systems = equal wages, professional development, and growth for Union employees.

CLOSING AMERICA’S WASTEWATER ACCESS GAP PROGRAM

Who Can Qualify? If any of these conditions apply, assistance may be available. Communities – including homeowners, counties, and utilities – and all states, tribes, and territories can request no-cost technical assistance.

- Do septic systems back up into homes or cause sewage to pool in yards?
- Does the town struggle to provide adequate sanitation services to their residents?
- Does the community struggle to rebuild wastewater and septic systems damaged by natural disasters?

Examples of technical assistance provided through the Closing America’s Wastewater Access Gap Program:

- Conduct an assessment of the community’s wastewater needs.
- Evaluate the feasibility of wastewater solutions, including performing a rate study.
- Identify funding options, such as grants and financing.
- Help with completing the preliminary engineering and paperwork requirements for funding applications.
- Assist community/county with establishing an ordinance for wastewater management.

RECOMMENDATIONS:

1. Wastewater Division should require that
 - a. All properties within _ feet of a public or private sewer line should be required to connect, instead of the current 300 feet.
 - b. The County should establish a connection fee for all new connections to a public sewer.
2. The County should conduct a formal legal review/interpretation of the Konno decision outlining its application/misuse for private sector partnerships regarding County Wastewater projects.

3. The County should support a Sewer Connection Special Fund to provide sewer connection assistance to homeowners who have insufficient income.
4. The County should support and encourage the County Council to adopt the Chapter 21 county code changes proposed by DEM.
5. The County should identify the potential for EPA Technical Assistance Program to address innovative financing strategies such as enterprise funds, franchise organizations, Energy Saving Performance Contracts, and Service Contracts.
6. The County should support a Water Technician Certification Program to address the workforce shortage.

Table highlighting examples of the EPA TA support available:

Planning and Assessment	Project Development	Partnerships and Engagement	Funding and Financing	Program Management Support
Community Engagement	Preliminary Engineering Reports	Ongoing Engagement and Outreach	Rates and Revenue Analysis	Bid Support
Plan Development and Coordination	Lead Service Line Inventories	Decision-maker and Board Education	Financial Planning	Change Order Review
Studies and Assessments	Project Design	Water Systems Partnerships	Identify Funding Options	Project Inspection
Asset Management	Environmental Reviews	Capacity Building	Application Support	Domestic Preference and Davis Bacon Assistance

FURTHER DISCUSSION:

- Discuss Hawai‘i County Code Chapter 23, Section 23-85(b): If a subdivision 'cannot' connect, they shall meet minimum DOH requirement. That exception is not provided or who makes the decision. That should not be a Mayor, Director, et cetera. That should be a board, panel, et cetera. It appears to be another loophole for developers.
- Should sewer charges be assessed only to houses within 300 feet of a line? Or should the broader area potentially accessible to sewer but not yet connected be required to pay into the system?
- Identify potential for EPA Technical Assistance Program to address innovative financing strategies such as discussed above for Hawaii County/Hilo.
- ROE (Right of Entry No. 103-dated 10/09/1991), 11. Special Conditions
 - c. “That the county will not require Keaukaha homestead lessees located along the route of the new wastewater treatment pipelines to hook up or pay any sewer assessment fees until such time that all other residences in critical areas of Hilo are required to hook up (estimated to occur between 1997-99).
...
 - e. “That in-kind services, valued at approximately \$1.75 million, be accepted in lieu of a rental charge:”
 - f. “That the county provide water and sewer laterals for future hook-ups for each affected homestead lot along the path of these proposed improvements at no cost to the homesteaders of the department:”

Appendix 1: EMC MEETING NOTES:

Date/Time: May 30, 2024 1:00 p.m- 2:30 p.m.

Attendees: Director Ramzi Mansour, Jim Beets, Erica Perez, Laura Acasio

Agenda: Review finding: financial frameworks/structures, permitting/regulatory challenges, recommendations at scale.

Notes:

Correspondence from Jim for reference:

Ramzi informed us on several items, but I believe that the most important item needing recognition is that new developments (any construction that has sewage) should pay a 'connection fee' for connection to the sewage mains. This is not presently not a fee collected, which is a surprise, and is a primary reason that there are insufficient funds for infrastructure improvements.

Dell, I believe that every connection should require a connection fee, but I also strongly believe that the state should provide a fund for sewage connection to assist those homeowners who have insufficient income. It should be possible to establish a 'sewage conversion fund' that residents could apply for assistance. Of course, it would need clear policies for review.

Date/Time: May 3, 2024 12-2pm

Attendees: Jim Beets, Erica Perez, Laura Acasio, Dell Otsuka / Presenter Steve Holmes

Agenda:

Presenter- Steve Holmes

1. Financing Scalable solutions for cesspool conversion
2. Enterprise fund- merging current emergencies and future needs.
3. Public-private partnerships for wastewater solutions

Notes:

- Discussion around need for private sector partnerships to address scalable projects to address sanitation across the County
 - Challenge around Konno Decision (originally focused on solid waste) → county jobs were lost, leading to penalties and said decision. Also Salerno (Oahu example again on solid wastewater management)
 - “Historic Customer Service”
- EPA is a technical resource to educate on alternatives for inventive financing through the EPA consent decree.
 - EPA can amend the County recommendations as deemed appropriate
- County will not be able to meet the demands of the users without Private sector participation. Due diligence would investigate innovative financing methods to address sanitation projects/demands.
- Hydrology is the key indicator to disposal methods
 - Cancer screening chemicals (and other WW tracers) have been found in Kailua Bay and State NPS regions.
- Proper legal review and interpretation of the Konno Decision is needed to address P3
- Review of a “Service Contract” for areas where public collection systems could connect to privately owned ww treatment plants under an agreed upon “Service Contract”

- Potential to use Union employees
- “Energy Saving Performance Contract” (3rd party finance)
 - Benefits to these systems = equal wages, professional development, and growth for Union employees.
- Filling gaps on Workforce development
 - The Chancellor of HCC wants to design operator courses.
- Reviewed operator courses locally and process
 - Hawai‘i Rural Water Association
 - RCAC
 - HCC/MCC → new beginning courses around water jobs
- “Franchise Organization” → potential agreement to hire/train union staff = no loss of union jobs
- Countywide AOC must identify service areas
- “Enterprise fund” (model off CCH) a way to address the County owned municipalities similar to sustainable funding where longer-term operations and maintenance,, emergency funds, et cetera, are captured in advance to need and is an independent fund to manage wastewater utilities.

Action Items:

1. Identify potential for EPA Technical Assistance Program to address innovative financing strategies such as discussed above for Hawaii County/Hilo.
 2. How can the EMC get a formal legal review/interpretation of the Konno decision outlining its application/mis-use for County Wastewater projects.
 3. Ask for the date that EMC approved to support the ‘WW Enterprise Fund’; ask Ramzi Mansour for his opinion on the establishment of Enterprise Fund.
 4. Discuss Sewer District Improvement Process with EMC (Ramzi M?)
 5. Support for Water Technician Certification Program (name of existing program in HI?)
-

Date/Time: April 26, 2024

Attendees: Erica P, Laura A, Jim B, Dell O

Notes:

- Discussed who could Chair or be the spokesperson for the PIG. Jim recommended Erica and Dell agreed. Erica accepted.
- Erica will provide updates and reports to EMC
- Challenges around being prepared for meetings and reading all the content. Possibly request meeting content to be received earlier.
- Difficult to vote/find conclusion → possibly Leg framework review
 - Reg- guide to specifics of action
- Can we as EMC request administrative action? → Is there potential to add language “in a timely manner” to requests.
- IF staffing and funding are common barriers to implementation what can we as the EMC or PIG investigate to dig deeper for solutions to these barriers?
- Erica shared the Cesspool Conversion Working Group website and final report inclusive of final recommendations to the Legislature in 2023
- Review of HB 1892, HB 2743, and SB 2513

- DOH and County “Co-responsibility” → Application for IWS “co-jurisdiction” (this is a part of recommendations from CCWG)
- Septic tank installation needs to be updated for Hawaii “soil type.” EPA uses US continent geological soil types, and this results in bad design for Hawaii IWS.
 - Many times, lots are not able to have proper build of IWS and they are permitted anyway or grandfathered in
 - How can we address “blue rock”

Keaukaha (Hawaiian Homelands) the ROE (Right of Entry No. 103-dated 10/09/1991), 11. Special Condition. c. “That the county will not require Keaukaha homestead lessees located along the route of the new wastewater treatment pipelines to hook up or pay any sewer assessment fees until such time that all other residences in critical areas of Hilo are required to hook up (estimated to occur between 1997-99).*

e. “That in-kind services, valued at approximately \$1.75 million, be accepted in lieu of a rental charge:”

f. “That the county provide water and sewer laterals for future hook-ups for each affected homestead lot along the path of these proposed improvements at no cost to the homesteaders of the department:”....

Would this in part fall under -‘financial scalable solution’ for Keaukaha and ‘private-public partnership’ as well?

As I mentioned, and as I was told, DHHL financed the sewer installation on Desha Avenue which encountered issues with the water line.

Upgrades to the Pua Force Main (Keaukaha-Puhi Bay) are in need of upgrades as with the HWWTP. Can we ask what the DEM is doing about this? Are they requesting DHHL to finance this?

Action Items:

- Review AOC
- Jim to request a presentation by Steve Holmes, will share a draft agenda to PIG members for approval prior to sending off.
- Next meeting next Friday @ 12 - 1:30pm
- Agenda:
 - Presenter- Steve Holmes
 1. Financing Scalable solutions for cesspool conversion
 2. Enterprise fund- merging current emergencies and future needs.
 3. Private public partnership for wastewater solutions

APPENDIX 2: RESOURCES FOR FURTHER INFORMATION

1. This section contains the resources, photos, and other important links shared during the PIG discussions. All resources were made available to all PIG members for future discussion and context of meeting topics.
 - Puakō and South Kohala Regional Wastewater Master Plan
 - <https://storymaps.arcgis.com/stories/0779d87eb08549e296ade72f5b33dbbe>
 - Cesspool Conversion Working Group
 - <https://health.hawaii.gov/wastewater/home/ccwg/>
 - CCWG Final recommendations to the Legislature in 2023
 - https://health.hawaii.gov/wastewater/files/2022/11/ccwg_final_report.pdf
 - Puakō Clean Water for Reefs Resources
 - <https://coral.org/en/puako-research-resources/>
 - COH-DHHL ROE (Right of Entry No. 103-dated 10/09/1991), 11. Special Condition. c. “That the county will not require Keaukaha homestead lessees located along the route of the new wastewater treatment pipelines to hook up or pay any sewer assessment fees until such time that all other residences in critical areas of Hilo are required to hook up (estimated to occur between 1997-99).”*
 - Closing America’s Wastewater Access Gap Program
Launched as a pilot in partnership with the U.S. Department of Agriculture, the initiative partners with EPA contractors and/or local technical assistance providers to help underserved communities access federal wastewater infrastructure funding.
 - <https://www.epa.gov/water-infrastructure/closing-americas-wastewater-access-gap>
 - <https://www.epa.gov/water-infrastructure/water-technical-assistance-waterta>

- **Photos of Wastewater Treatment Plants**



