

The Future of Honolulu's Sewer Charges

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City and County of Honolulu
33rd Annual HWEA Conference
February 14-16, 2011

The Future of Honolulu's Sewer Charges

- Legal Requirement and Authority
- City's Wastewater Program
- Sewer Charges 1992 – 2011
- Sewer Charge Rate Structure
- Financing Capital Projects
- 2010 Global Consent Decree
- Projected Sewer Charges

Clean Water Act – Sewer Charge Requirement

- Section 204(b)(1)(A) of the Clean Water Act requires that municipalities receiving federal grants:
 - “must have a system of charges to assure that each recipient of waste treatment services within the applicant’s jurisdiction, as determined by the Administrator, will pay its proportionate share (except as otherwise provided in this paragraph) of the costs of operation and maintenance (including replacement) of any waste treatment services”
- In 1979, the City amended the Sewer Ordinance to authorize collection of sewer service charges.
- The City charges all users of the nine different sewer systems a uniform charge.

City Wastewater Facilities

- **Nine (9) wastewater treatment plants – 105.7 mgd**

Sand Island -62.8 mgd

Honouliuli- 25.4 mgd

Kailua Regional – 11.3 mgd

Waianae- 3.2 mgd

Wahiawa – 1.7 mgd

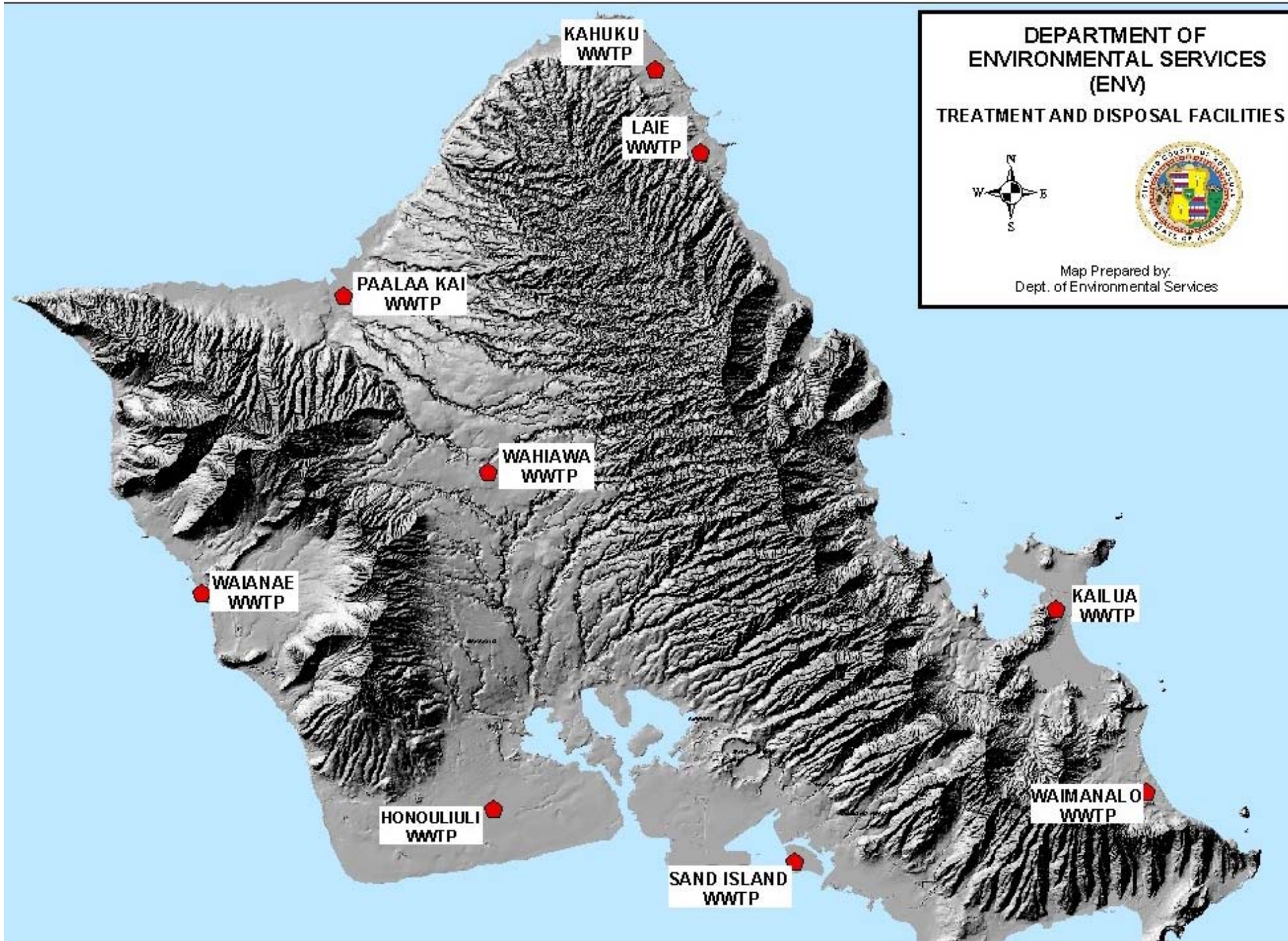
Waimanalo – 0.6 mgd

Laie – 0.4 mgd

Kahuku – 0.2 mgd

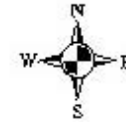
Pa’alaa Kai – 0.1 mgd

- **70 wastewater pump stations**
- **2,100 miles of sewer lines (including laterals)**



DEPARTMENT OF ENVIRONMENTAL SERVICES (ENV)

TREATMENT AND DISPOSAL FACILITIES



Map Prepared by:
Dept. of Environmental Services

FY 2011 Wastewater Appropriation

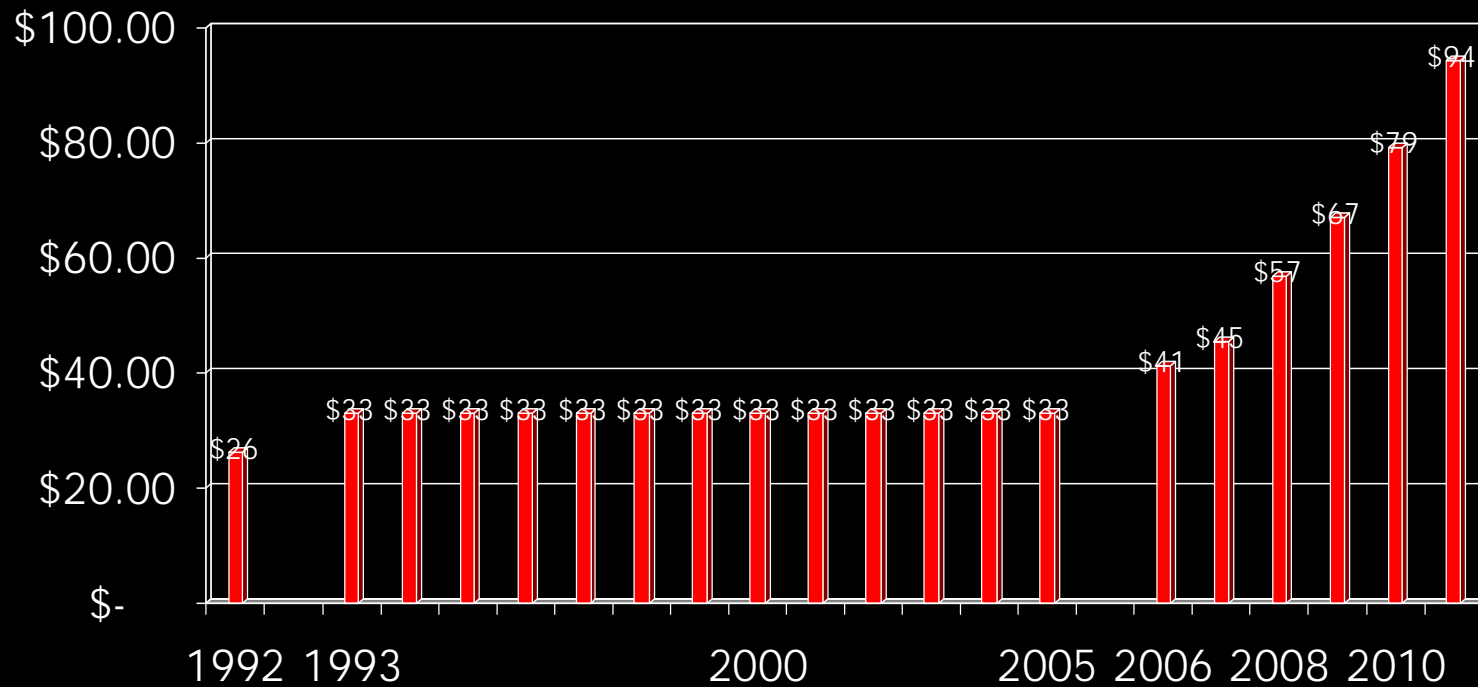
SEWER FUND

Operations/Related Costs	\$106,131,938
Non-salary Personnel Costs	12,508,150
Provision for Energy Cost	1,310,000
Debt Service (GO Bonds/SRF)	12,178,000
Debt Service (Revenue Bonds and SRF)	93,017,000
Support by Other City Agencies	18,508,725
SUBTOTAL	243,653,813
LEGISLATIVE	62,500
TOTAL	243,716,313

FY 2011 Estimated Wastewater Revenues

■ Sewer Charges	\$318,646,000
■ Wastewater Facility Charges	8,870,000
■ Investments	112,000
■ Other	2,359,850
Total Wastewater Revenues	\$ 329,851,850

Honolulu Sewer Charge Monthly Average Residential



Sewer Service Charge Rates FY 2011(July 2010 to June 2011)

- Sewer Service Charges
 - Residential Rates
 - Non-Residential Rates
- Facility Charges

Sewer Service Charge Monthly Residential Rates July 2010 – June 2011

Single Family and Duplex

- **Monthly Base Charge – \$68.39**
- **Usage Charge (volume based on BWS meter reading less 2,000 gallons and 18% irrigation credit)**
 - **Charge per 1,000 gallons - \$2.88**

Multiple Unit Dwelling

- **Monthly Base Charge - \$47.90**
- **Usage Charge (volume based on BWS meter reading less 2,000 gallons and 18% irrigation credit)**
 - **Charge per 1,000 gallons - \$2.88**

Residential Sewer Charge 2-Month Billing Calculation

For BWS Consumption – 26,000 gallons

- Base Charge 2 X \$68.39 = \$136.78

- Volume Charge = \$ 51.84
 - Bi-monthly water consumption 26,000 gallons
 - Less lifeline credit* - 4,000
22,000
 - Less 18% irrigation credit - 3,960
 - Billable Volume 18,040 gallons
 - Volume charge = 18 X \$2.88/1,000 gallons
= \$51.84

- Total 2-month charge = = \$188.62

* Lifeline credit = 2,000 gallons/month

Sewer Service Charge

Monthly Non-residential Rates

July 2010 – June 2011

- 9,000 gallons or less
 - Base Charge - \$61.51
 - Volume Charge per 1,000 gall - \$3.13
- More than 9,000 gallons
 - \$9.96 per 1,000 gallons
 - No base charge

Wastewater Facility Charge per unit July 2010 – June 2011

Wastewater Facility Charge – Charge for new sewer connection to pay for their share of capital costs of infrastructure costs.

- **Residential - \$5,541**
- **Low-income Residential - \$1,146**
- **Non-Residential - \$5,541**

Financing Capital Projects

- **Wastewater Financial Policy**
 - **Long term financing versus current customers**
 - **Operating Reserve**
 - **Coverage**
 - **Self Supporting**

Financing Capital Projects

- **Sources**
 - **Wastewater Revenue Bonds**
 - **SRF Loans**
 - **Cash**
 - **Grants**

Financing Requirements

- **Wastewater revenue bond resolutions establish:**
 - **Revenues minus operating cost must exceed debt service by established target amounts**
 - **Reserves are required**
 - **Bond Reserves**
 - **Operating Reserves**
 - **Debt Service Reserve**

Bond Ratings

- One key to affordability
 - AA bond ratings get very low interest rates.
 - As ratings go down, cost of borrowing goes up.
 - When cost of borrowing goes up, overall program cost and rates go up.

2010 Global Consent Decree (GCD)

What did it do?

- Established a clear capital program for the next 25 years
 - **Collection System Work through 2020 - \$3.4B**
 - **Treatment Plant Upgrades to Secondary - \$1.7B**
 - **Honouliuli – by 2024**
 - **Sand Island – by 2035**

Projected Sewer Service Charges – What do you get for your money?

- *Current cost is \$0.0107 per gallon of water - about one cent per gallon of water collected and treated*
 - **Flush the toilet – 1.6 gallons 2 cents**
 - **Shower – 10 minutes – 25 gallons 27 cents**
 - **Dishwasher load – 15 gallons 16 cents**
 - **Clothes washer load – 43 gallons 46 cents**

Projected Sewer Service Charges

- **Will it cost more??????**
 - **Unfortunately, YES**
- **Revenue needs are projected to rise at 3 to 5 percent per year in constant 2010 dollars.**
- **Inflation may add to those projected increases**
- **We receive 95% of revenue from sewer service charges – charges will go up to provide needed revenue**

Sewer Service Charges

- **What about affordability?**
 - **Charges currently cost less than 2% of Hawaii median household income**
 - **For lower income households, percent cost is greater.**
 - **Do we give breaks to lower/fixed income households – A BIG QUESTION**

The Future?

- How do we provide the needed and required improvements at the most affordable level.
- How do we get value for our money? Do we?????