



HAWAIIAN HOME LANDS
HAWAIIAN HOMES COMMISSION
DEPARTMENT OF HAWAIIAN HOME LANDS

Beneficiary Consultation

Proposed Increase in Water Rates

DHHL Ho'olehua Water System
March 2018

Agenda

- Pule
- Welcome & Introduction
 - Meeting Purpose & Kuleana
 - The Beneficiary Consultation Process
- DHHL Presentation
 - Background & Need
 - Proposed increase to the water rates
- Community input
- Next Steps

Meeting Purpose

Gather input from Beneficiaries on the proposed increase in water rates for the Ho'olehua drinking water system

Note: Current water rates expire June 30, 2018

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Refresher

- Hawaiian Homes Commission Act
 - Retain exclusive control of water systems
- Water Policy Plan
 - Secure revenue & reduce costs to “break even”
- Water Administrative Rules
 - Water bill payments, options, Shut-Off (last resort)
- Information meeting on System Costs
 - Expenses = \$800,000 and Rev. = \$400,000
 - Shortfall \$400,000

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Meeting Kuleana

- ✓ Be creative!
 - Work toward future solutions/aspirations
- ✓ Disagreement is ok as long as we are respectful of each other
- ✓ Everyone gets a turn first, then repeats
- ✓ Cell phones off or on silent
 - Take all calls/texting outside
- ✓ Please hold questions until after presentation

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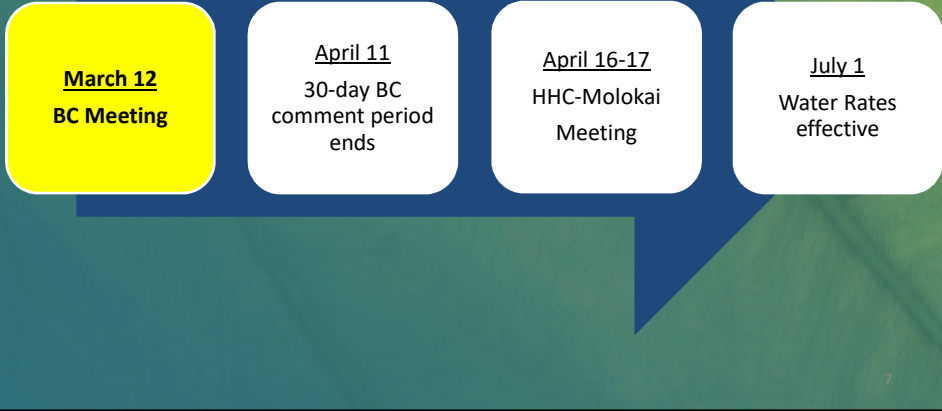
Meeting Kuleana

You are personally responsible for:

- ✓ Make sure everyone has equal opportunity to express their ideas
- ✓ Actively listen (listen to understand)
- ✓ Ask questions to clarify
(get the right info)
- ✓ Have an open mind; open heart
- ✓ Focus our attention on speaker

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Beneficiary Consultation Process Steps

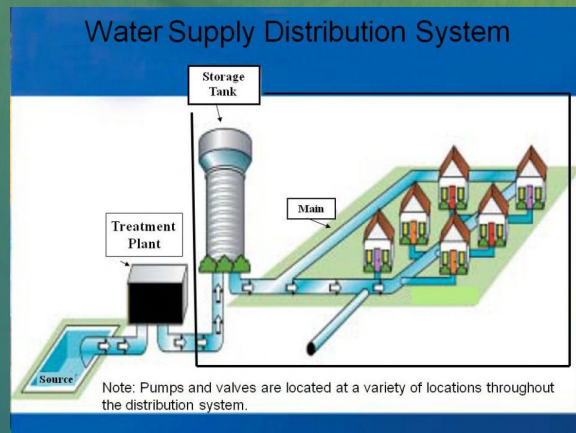


What is a Water System?

Water may be **BASIC.**

But it sure isn't **SIMPLE.**

U.S. EPA:



Water System Goals

- Provide safe, clean drinking water
- Provide reliable water delivery service (24/7)
- And cover all operating costs & have Reserve Funds for emergencies, cash flow, capital improvements

Typical Water System Expenses

ADMINISTRATION

OPERATIONS

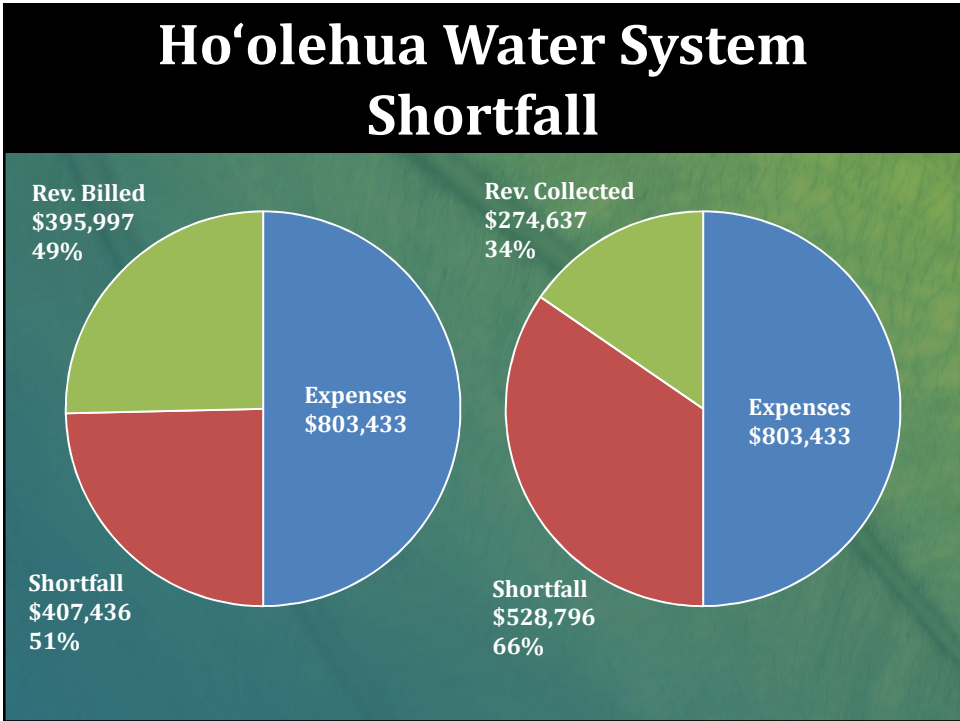
- Certified Operator
- Well Pumps
- Electricity
- Storage tank
- Booster pumps
- Pipes, fire hydrants
- Security

RESERVE FUNDS

- Operating = cash flow
- Emergency = when pumps break down
- Capital improvement = Rainy Day fund
- Debt service on loans

Ho'olehua Water System Expenses Fiscal Year 2015 - 2016

Actual Expenses	% of Total	Amount
Personnel & related costs	49%	\$394,943
Electricity	39%	309,600
Operations, Repair, Maintenance	6%	45,564
Vehicles - repair, maintenance	3%	25,959
Baseyard building maintenance	2%	18,739
Office expenses	1%	6,598
Freight & delivery	0%	2,030
Reserves	0%	-0-
TOTAL	100%	\$803,433



Goal

Balance

Costs to deliver water Rate affordability



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Need for Water Rate Increase

- Last rate increase in 2004
- Costs have gone up
- Shortfall is at least \$400,000
- Reserve Funds

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What DHHL is doing to increase revenue

- ✓ Obtained \$10 million federal grant for major CIP
- ✓ Completed Cost of Service Analysis
 - Reviewed water system budget, expenses, revenue
- ✓ Developed Administrative Rules to address non-payment of water bills
- ✓ Reviewed and analyzed water rates

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What DHHL is doing to increase system operational efficiency

- ✓ Reduced electricity bill by \$200,000
- ✓ Implemented leak detection program
- ✓ Increased scheduled maintenance
 - Helps parts/equipment to last longer
 - Example: Fire hydrant flushing, exercising valves
- ✓ Developed Administrative Rules to address unaccounted for water loss /theft

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“Water Rates 101”

Water rates are based on:

- (1) Meter size – 5/8” to 8”
- (2) “Usage Fee” – Amount of water used over a 2-month period, grouped in 3 levels or “Tiers”

There are different fees for Beneficiaries (residential & agriculture) and Commercial accounts.

Refer to Handout

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Commercial Proposed Increases

- 5/8” meter – Currently \$30, then \$134.82 by Year 2028

315% increase over the meter fee, spread incrementally over 10 years PLUS 3% annual inflation

		<u>Current</u>	<u>By Year 2028</u>
➤ Usage Fee	Tier 1	\$1.80	\$ 6.02
	Tier 2	3.35	11.20
	Tier 3	4.95	16.55

200% increase over the usage fee, spread incrementally over 10 years PLUS 3% annual inflation

Refer to Handout

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Residential Beneficiary Proposed Increases

- 5/8" meter – Current \$5.60, then \$11.95 by Year 2028

79% increase over the meter fee, spread incrementally over 10 years PLUS 3% annual inflation

		<u>Current</u>	<u>By Year 2028</u>
➤ Usage Fee	Tier 1	\$1.42	\$2.62
	Tier 2	1.91	3.52
	Tier 3	2.25	4.15

50% increase over the usage fee, spread incrementally over 10 years PLUS 3% annual inflation

Refer to Handout

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Agriculture Beneficiary Proposed Increase

- 5/8" meter – Current \$5.60, then \$11.95 by Year 2028

79% increase over the meter fee, spread incrementally over 10 years PLUS 3% annual inflation

		<u>Current</u>	<u>By Year 2028</u>
➤ Usage Fee	Tier 1	\$1.42	\$2.62
	Tier 2	1.91	3.52
	Tier 3	0.76	1.40

50% increase over the usage fee, spread incrementally over 10 years PLUS 3% annual inflation

Refer to Handout

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Next Steps

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Beneficiary Consultation Process

Estimated Date	Action Step
March 12, 2018	BC Meeting on Molokai
April 11, 2018	End of 30-day BC comment period
April 16 – 17, 2018	Hawaiian Homes Commission meeting on Molokai
June 30, 2018	Current water rates expire
July 1, 2018	New Ho'olehua water system rates become effective (pending HHC approval)

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Next Steps for DHHL

- Complete public hearings for Water Administrative Rules
- Implement major capital improvements (\$10M federal grant) to increase operational efficiencies
- Complete next Cost of Service Analysis for FY 17 and FY 18
- Complete next Water Rate Study in FY 2020

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Next Steps for You

- Participate in the BC Process
 - Send written comments by April 11
- Attend, testify or submit public testimony at the HHC – April 16-17 on Molokai
- Think about today's discussion
- Talk to family, friends, neighbors
- Fix leaks
- Conserve water
- Everyone do their part, including DHHL

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Mahalo !

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Community Input
3 minutes per speaker

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