HAWAIIAN HOMES COMMISSION
Agenda Item G-3 – Pu‘ukapu Water System Water Rates
For Information Only

May 20 – 21, 2018 – Waimea, Hawaii
Purpose

Provide information to update the HHC on the May 2018 presentation on the DHHL Pu‘ukapu Water System Water Rates
What We’ll Cover and Why

WHAT

• Background
• Pu‘ukapu Water System Expenses & Current Water Rate
• Trust Subsidy

WHY

• Legal responsibility to protect public health and safety
• Fiduciary responsibility to fiscally manage the DHHL Water systems
• Trust responsibility to protect Trust assets
Puʻukapu Water System
Background

• Owner: Department of Hawaiian Home Lands
  • Contracted Operator: Waimea Nui Community Development Corporation
• Smallest (44 connections) & Newest (5 Years Old)
• Built to serve 184 Pastoral lots
• 600 gallons per day limit, per lot
• Lease addendum and elevation agreement
Puʻukapu Water System Background

• **Water source:** County of Hawaii DWS
• **Storage:** 3 tanks & 4 fire fighting tank reservoirs
• **Treatment:** None
• **Transmission lines:** 71,300 linear feet
• **Other:**
  • Photovoltaic panel system
  • Backflow preventers per lot
  • Water spigot to provide potable water
“True” Costs of Providing Water

(1) Day-to-Day Operations

(2) Water system management and administration

(3) Funding for reserves
   a. Emergency
   b. Operating
   c. Capital improvement
   d. Debt service
4 TYPES:

• Uniform Flat Rate – DHHL Pu‘ukapu Water System

• Single Or Uniform Block Rate

• Increasing Block Rate – DHHL Ho‘olehua, Anahola, Kawaihae

• Decreasing Block Rate – DHHL Ho‘olehua & Anahola agriculture beneficiaries only
<table>
<thead>
<tr>
<th></th>
<th>BILLED</th>
<th>COLLECTED</th>
<th>With RESERVES</th>
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<td>Expenses</td>
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<td>Expenses $213,439</td>
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<td>Reserves $158,805</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>Shortfall</strong></td>
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<td><strong>$319,697</strong></td>
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Cost Of Service Analysis
FY 2016
Questions to Consider

Continue using the Flat Rate structure for the DHHL Pu‘ukapu Water System?

Or, consider other rate options based on amount of water used?
question to consider

Should all 184 lessees pay a minimum fee based on the fixed costs?
Questions to Consider

• Should staff time and administrative costs be recovered through the Water Rates? With Trust Funds?
  And, how to fund Reserves?

• Assistance for fixed- and low-income beneficiaries – on the DHHL Pu‘ukapu water systems?
Implementation Actions for All DHHL Water Systems

- Establish Central Water Branch
- Implement Enterprise Accounting
- Continue water system customer outreach and education
- Address beneficiary water bill delinquencies
- Enforcement
MAHALO !