



HAWAIIAN HOME LANDS  
HAWAIIAN HOMES COMMISSION  
DEPARTMENT OF HAWAIIAN HOME LANDS

# 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

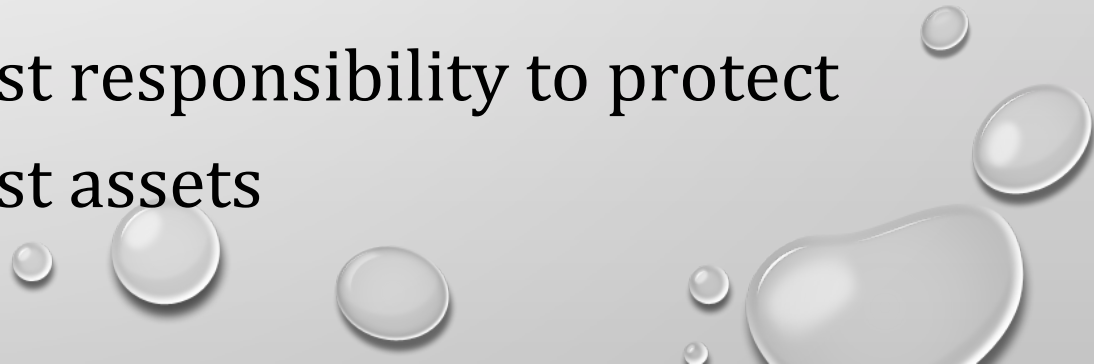


# What We'll Cover and Why


## 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
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- A series of realistic water droplets of various sizes are scattered in the bottom right corner of the slide, adding a decorative touch to the presentation.

# Pu'ukapu 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
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- A cluster of realistic water droplets of various sizes is positioned in the bottom right corner of the slide, adding a visual element related to the water system theme.

# Pu'ukapu 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
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- A cluster of realistic water droplets of various sizes is located in the bottom right corner of the slide, adding a decorative touch to the presentation.

# “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



# Water Rate Structures

## 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



# Cost Of Service Analysis

## FY 2016

<b>BILLED</b>		<b>COLLECTED</b>		<b>With RESERVES</b>	
Expenses	\$213,439	Expenses	\$213,439	Expenses	\$213,439
<u>Billed</u>	<u>&lt;\$52,547&gt;</u>	<u>Collected</u>	<u>&lt;\$36,918&gt;</u>	<u>Reserves</u>	<u>\$158,805</u>
Shortfall	\$160,892	Shortfall	\$176,521	TOTAL	\$372,244
				<u>Billed</u>	<u>&lt;\$52,547&gt;</u>
				Shortfall	\$319,697



# 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?



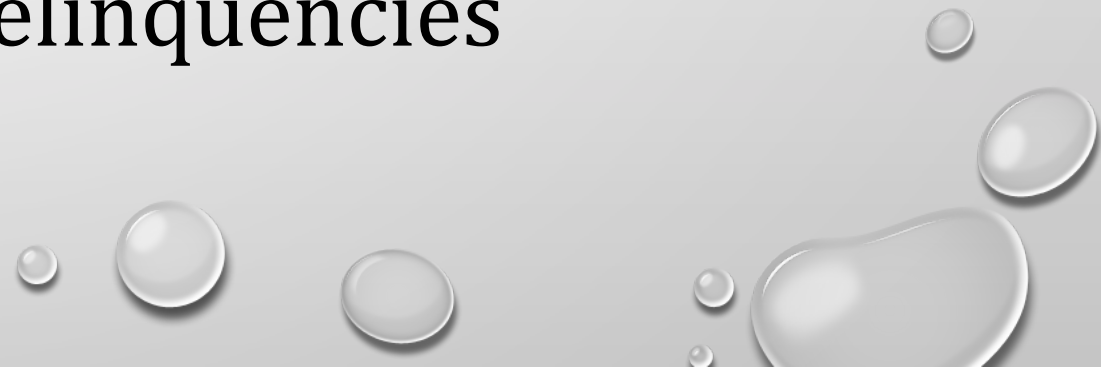
# Questions to Consider

- 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 !***

