



HAWAIIAN HOME LANDS

HAWAIIAN HOMES COMMISSION · DEPARTMENT OF HAWAIIAN HOME LANDS

**Water System 101:
Technical, Managerial, Financial Capacity**
Part 1 of 2

**Hawaiian Homes Commission
Agenda Item G-4**

July 19 – 20, 2021



Agenda

- **Purpose**
- **Background**
 - What is a Water System?
 - DHHL owns 4 water systems
 - What is TMF Capacity?
- **How is DHHL doing in TMF?**
 - Highlights and accomplishments since January 2020
 - Challenges
- **Next Steps: Work Plan Priorities**



Legal Authorities and related Policies

- **Hawaiian Homes Commission Act of 1920, as amended**
 - Section 221f.: Water systems under the exclusive control of the department shall remain under its exclusive control
- **HHC Water Policy Plan (2014)**
 - “Our vision is that there be adequate amounts of water and supporting infrastructure so that homestead lands will always be useable and accessible to enable us to return to our lands”
 - Manage water systems . . .break even financially. . .increase security and reliability
- **HHC Enterprise Accounting Policy (2012)**
 - DHHL will budget for its water systems utilizing an enterprise account accounting structure
- **Act 169, Relating to water audits (SLH 2016)**
 - Requires all regulated Public Water Systems statewide to perform a Water Audit, annually



Purpose

Why are we talking about Water Systems?

Because:

- HHC and DHHL own 4 water systems statewide
 - Ho‘olehua Water System, Moloka‘i
 - Anahola Farm Lots Water System, Kaua‘i
 - Kawaihae Unit #1 Water System, Hawai‘i
 - Pu‘ukapu Water System, Hawai‘i (non-potable)

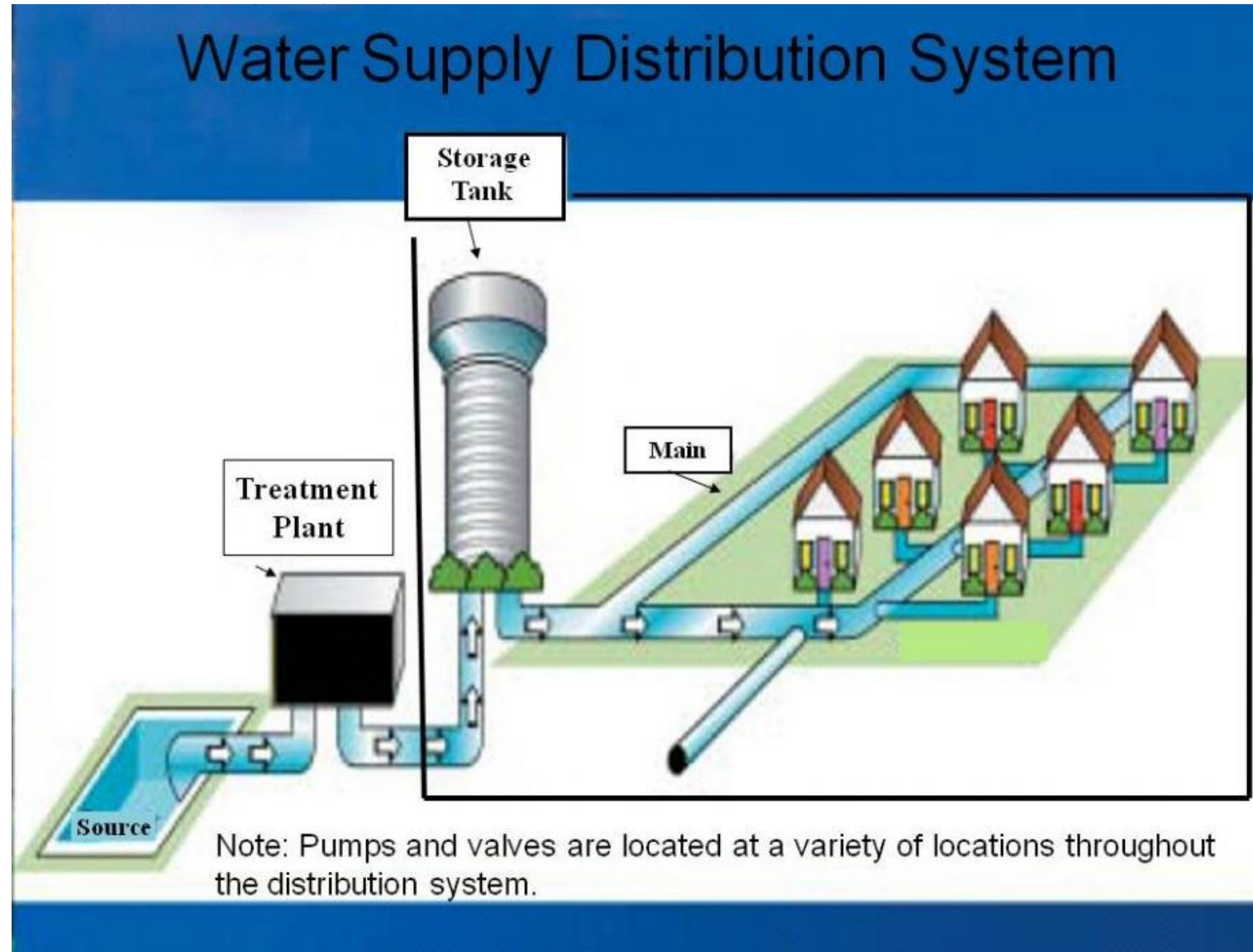
- USEPA requires systems to have “TMF” Capacity

- USDA funding condition for awarding \$30M to DHHL
 - “governing body must possess the necessary TMF Capacity and receive routine training”*



What is a Water System?

- Water may be **BASIC.**
- But it sure isn't **SIMPLE.**
- **Source**
- **Treatment**
- **Storage**
- **Distribution**





DHHL Water Systems

Water system	Description
Ho'olehua, Moloka'i PWS No. 230 Built in 1930s	Serves total of 644 customers – including beneficiaries, non-beneficiaries, community facilities, businesses in Ho'olehua and Kalama'ula Supplies water to two other Public Water Systems 2 Wells, 6 storage tanks, 50 miles of pipe, 400+ fire hydrants
Anahola Farm Lots, Kaua'i PWS No. 432 Built in 1985	Serves 75 beneficiaries only in Anahola Farm Lots and Bay View residential Emergency connection to Dept. of Water 1 Well, 1 storage tank, distribution lines
Kawaihae Unit #1, Hawai'i PWS No. 164 Built in 1997	Serves 155 beneficiaries only in the Kailapa homestead Water source is from the Kohala Ranch system 2 storage tanks and distribution lines
Pu'ukapu, Hawai'i PWS n/a Built in 2014 (Non-potable)	System built to serve 184 lots. Currently 43 beneficiaries hooked up. Serves only the Pu'ukapu homestead Supplies non-potable/stock water Water source is from Dept. of Water Supply 3 tanks, 4 fire tanks, 1 spigot for drinking water

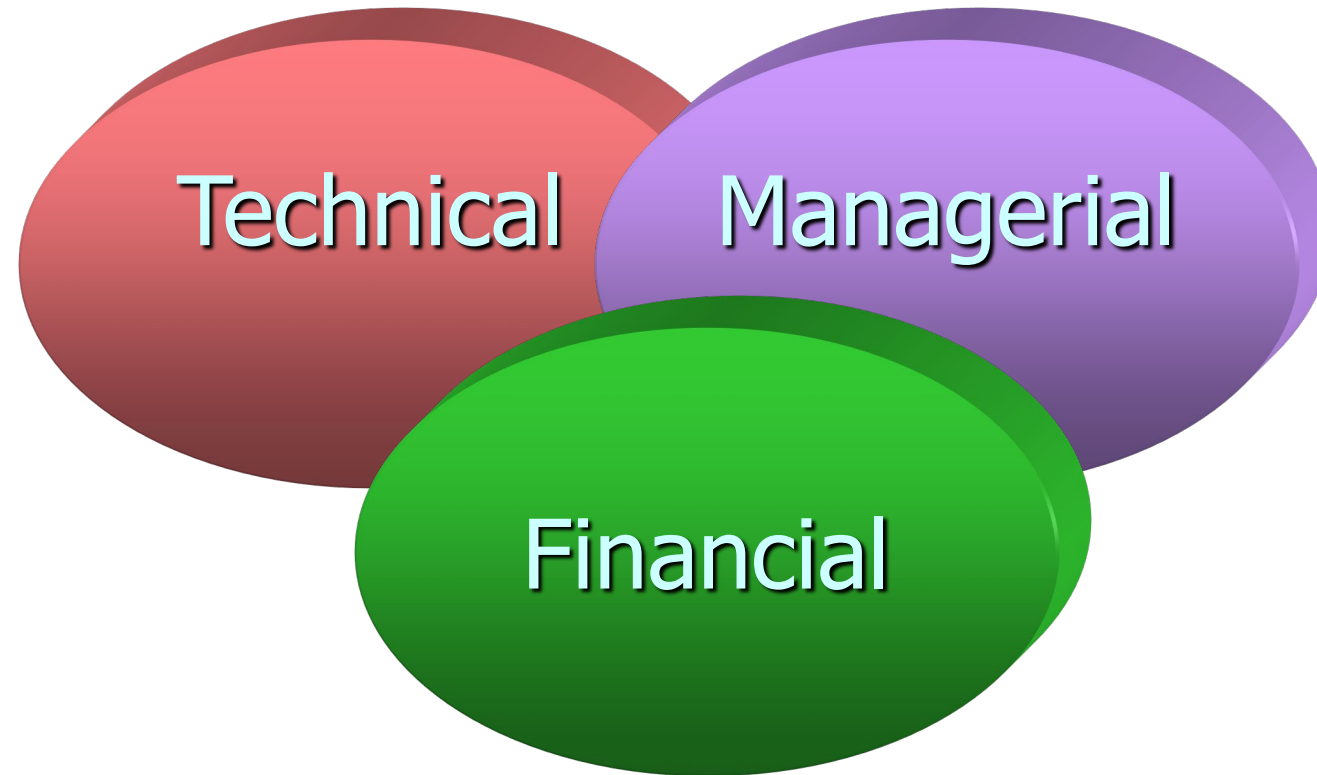


DHHL Water Systems

- ✓ DHHL Staff are incredibly dedicated individuals who want to do the right thing.
- ✓ Ho‘olehua and Anahola significant capital improvements currently under construction.
- ✓ DHHL systems have excellent water QUALITY.
Water QUANTITY may be an issue.
- ✓ All DHHL Water Systems are in compliance with Dept. of Health.
“no significant deficiencies”
- ✓ The DHHL water systems face significant challenges.



Essential Elements of Water System TMF Capacity



How is DHHL doing?



Technical Capacity

Updates:

- ✓ CWRM accepted DHHL's WUPA for Ho'olehua
- ✓ DHHL completed the state-required water audits for Ho'olehua
- ✓ Contracted operator

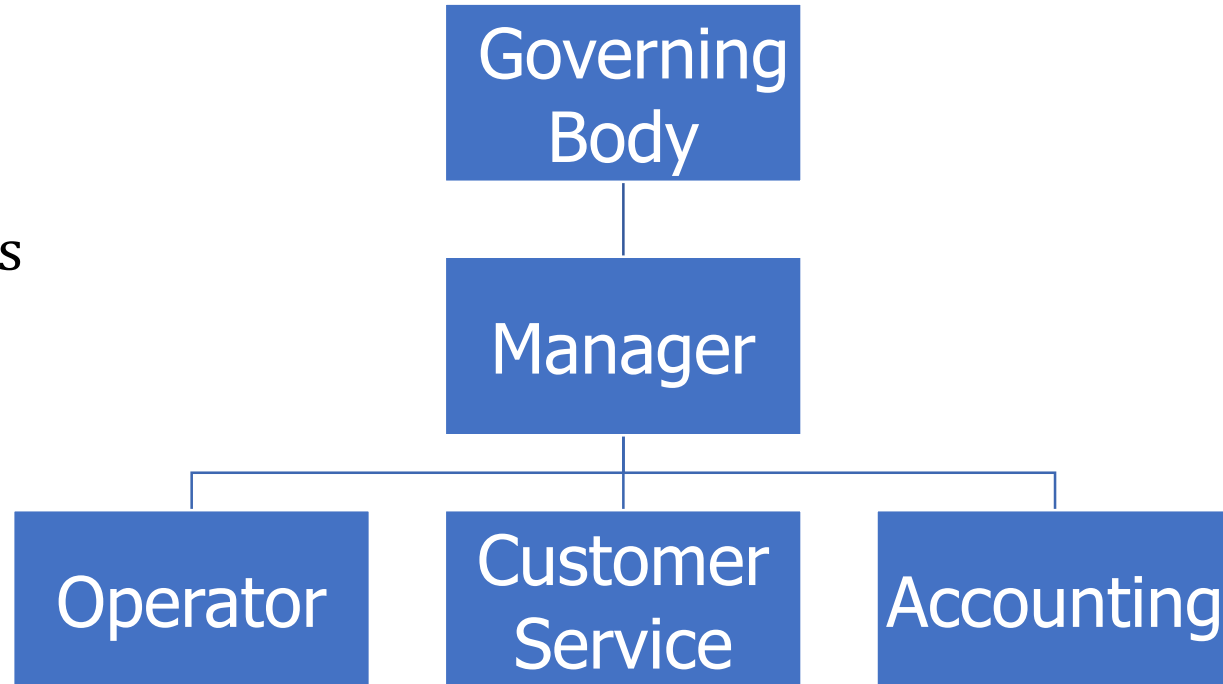
Challenges:

- ✓ Increase current staff time to be dedicated to the water systems
- ✓ Recruit expertise to manage and oversee water system operations statewide



TYPICAL MANAGERIAL CAPACITY

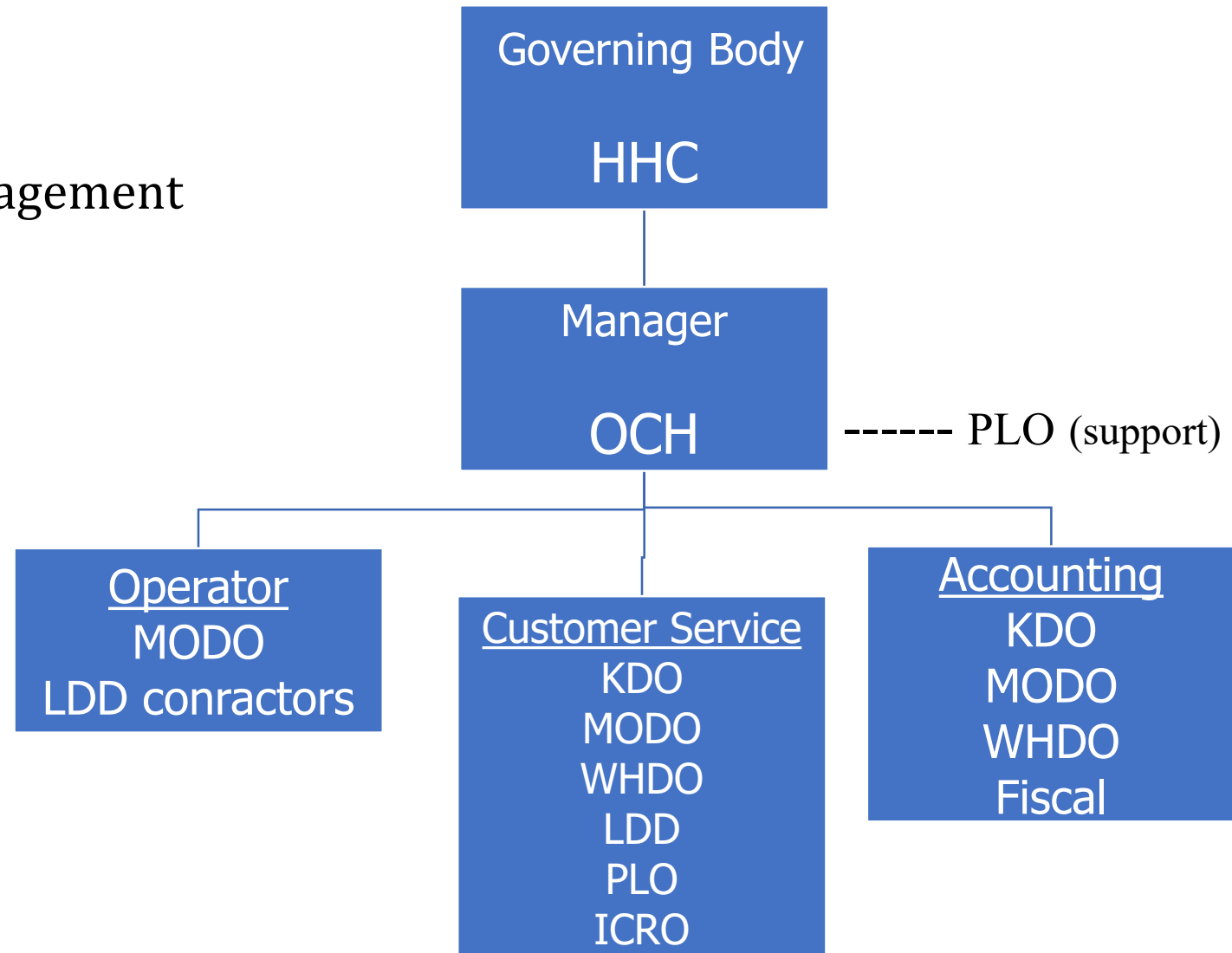
- Ownership Accountability
- Staffing And Organization
- Effective External Relationships
- Education
- Communication
- support





DHHL MANAGERIAL CAPACITY

DHHL Water System Management
and Operations
Is Highly De-Centralized





Managerial Capacity

Highlights:

- ✓ Established Acting Water Branch Team (2021)
- ✓ Water System Administrative Rules (2021)
- ✓ Construction began for the USDA-funded projects
- ✓ Long range O&M planning

Challenges:

- ✓ De-centralized organization structure to manage the DHHL water systems
- ✓ Improve internal coordination
 - ✓ planning for new water systems
 - ✓ budgeting & tracking expenses for existing systems
 - ✓ Consistency in O&M procedures
- ✓ Increase staff with expertise



Financial Capacity

Typical Water System Expenses

ADMINISTRATION

- **Personnel**
- Planning, Asset Management, GIS

OPERATIONS

- **Certified Operator**
- Well and Booster Pumps
- **Electricity**
- Storage tank
- Pipes, fire hydrants
- Security
- **Purchase water supply**

RESERVE FUNDS

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



Financial Capacity

Highlights:

- ✓ Reached milestone in the USDA-funded Anahola project
- ✓ DHHL Cost of Water Service Study (underway)

Challenges:

- ✓ DHHL continues to struggle with timely completion of water billing, collections & addressing delinquencies
- ✓ Staff consistency in applying Accounting Codes
- ✓ Implement Enterprise Accounting Policy (2012)
- ✓ Unable to produce financial reports, including aging report
- ✓ Automate USDA \$\$\$ reimbursement processing



Next Steps:

**Work Plan Priorities
to be completed by December 2021**



Status Update

TECHNICAL

- Satisfactorily respond to Dept. of Health recommendations
Includes add 2 more operators in Ho'olehua

Status: On hold

- Strive to maintain Dept. of Health “no significant deficiencies”

Status: Awaiting next Dept. of Health sanitary survey

- Complete water audits, per new state rules

Status: CY 2019 and CY 2020 completed



Status Update

MANAGERIAL

- Establish new Water Branch, recruit expertise

Status: On Hold

- Establish Internal communication & coordination protocol to monitor existing systems & plan for future water systems

Status: Acting Water Branch cross-divisional team created

- Start construction on USDA-funded projects

Status: Construction started.

- Customer education on DHHL water systems

Status: TBD



Status Update

FINANCIAL

- Training on water system budgeting & expense tracking
Status: Projected for 2022 – 2023, after completion of Cost of Water Service Study
- Successfully utilize & manage USDA RD federal funds
Status: Awaiting full expenditure of DHHL applicant contribution funds
- Complete Cost of Water Service & Water Rate studies
Status: FY 2017 and FY 2018 in draft
- Strive to keep beneficiary rates affordable & reduce Trust Subsidy
Status: Awaiting completion of Cost of Water Service Study
- Improve timeliness for water billings & collections
Status: No update.
- More aggressively address delinquencies
Status: New Water Administrative Rules, effective June 2021



Next Steps (by Dec 2021)

TECHNICAL



MANAGERIAL

- Continue monthly “Acting Water Branch” Team
- Water Admin Rules – implementation plan (billing, collection, delinquencies, enforcement)
- Continue construction on USDA-funded projects
- Customer education plan

FINANCIAL

- Complete FY 2017 and FY 2018 Cost of Water Service
- Begin drawdown of USDA federal funds



MAHALO



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