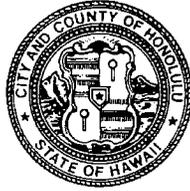


DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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KIRK CALDWELL
MAYOR



LORI M.K. KAHIKINA, P.E.
DIRECTOR

TIMOTHY A. HOUGHTON
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 15-52

May 4, 2015

The Honorable Ann H. Kobayashi, Chair
and Members
Committee on Budget
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

RECEIVED
CITY CLERK
& C OF HONOLULU
2015 MAY -8 PM 1:39

Dear Chair Kobayashi and Councilmembers:

SUBJECT: Comments on Proposed Bill 13 (2015), CD2 Amendments for
the Department of Environmental Services

Please find attached our comments regarding the budget amendments in Bill 13 (2015),
CD1 and the proposed amendments for Bill 13 (2015), CD2.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori M.K. Kahikina".

Lori M.K. Kahikina, P.E., Director
Department of Environmental Services

Attachment

CONCUR:

A handwritten signature in black ink, appearing to read "Nelson H. Koyanagi, Jr.".
Nelson H. Koyanagi, Jr., Director
Budget and Fiscal Services

APPROVED:

A handwritten signature in black ink, appearing to read "Roy K. Amemiya, Jr.".
Roy K. Amemiya, Jr.
Managing Director

RECEIVED
2015 MAY -8 A 10:24
CITY COUNCIL
HONOLULU, HAWAII

Attachment

DEPARTMENT OF ENVIRONMENTAL SERVICES

ACTIVITY: REFUSE COLLECTION AND DISPOSAL

Councilmember: Trevor Ozawa

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(25,000)	WF-GN	Reduce funding for current expenses for OC 3004 – Consultant Services

Department's Comments and Concerns:

Request restoration of \$25,000.

The increase in funding is to fund several contracts which help to ensure that as Refuse Division's facilities get older, the required repairs, upgrades and refurbishments are planned, designed, and implemented in a timely manner to make certain that the collection, transfer and disposal of refuse is uninterrupted.

Councilmember: Ann Kobayashi

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(130,000)	WF-RC	Reduce funding for current expenses for OC 3006 - Other Professional Services

Department's Comments and Concerns:

Request restoration of \$130,000.

Funding is to conduct five-year waste characterization audit of Oahu's residential waste. Audit is critical in determining recycling recovery rates and the effectiveness of the City's waste management system and recycling programs as mandated in ROH Ch 9, Sec.9-1.9; and City Resolution No. 07-395 requests that the City specifically initiate and maintain a curbside recycling education program.

Councilmember: Ann Kobayashi

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(1,253,520)	WF-RC	Reduce funding for current expenses for OC 3039 – Recycling Services

Department's Comments and Concerns:

Request restoration of \$1,253,520.

This is based on the contract rate paid to the City's contracted recycling company to receive and process the materials collected in the City's curbside recycling (blue bin) program. The contract rate is higher than the previous fiscal year due in part to more stringent Hawaii State Department of Health requirements for sorting and processing HI-5 materials received in the program.

Councilmember: Trevor Ozawa

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(5,844,612)	WF-GN	Reduce funding for current expenses for OC 3040 – Solid Waste Disposal (including management services)

Department's Comments and Concerns:

Request restoration of \$5,844,612.

The increase in funding for this activity, compared with last fiscal year, is to provide funding for the increased tip fee at H-POWER from last Fiscal Year's rate of \$45 to the current rate of \$62 per ton. The increase in tip fee is to cover the actual operational expenses at H-POWER.

Councilmember: Ann Kobayashi

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(5,857,890)	WF-HP	Reduce funding for current expenses for OC 3049 - Other Services - Not Classified

Department's Comments and Concerns:

Request restoration of \$5,857,890.

The H-POWER items in OC 3049 are contractual costs included in the operating contract; permit required environmental testing; insurance premiums for the facility; and tip fees for disposal of ash in landfill. Also included is funding to begin operation of several new projects to increase energy production (refurbishing super heater tubes) and to further divert materials away from landfill (acceptance of sewage sludge and additional waste storage area) that were not operational in FY15. These costs are contractually or legally required and H-power operations are needed to continue as the primary portion of the City's landfill diversion efforts.

Councilmember: Trevor Ozawa

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(8,000)	WF-GN	Reduce funding for current expenses for OC 3507 – Other Repairs to Building & Other Structures

Department's Comments and Concerns:

Request restoration of \$8,000.

The increase in funding is to account for the expected increased costs. Refuse Division's transfer station facilities are aging and therefore require minor repairs. These minor repairs will help to prevent them turning into major repairs in the future.

Councilmember: Ann Kobayashi

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(804,400)	WF-GN	Reduce funding for current expenses for OC 3898 - Refuse Recycle Surcharge

Department's Comments and Concerns:

Request restoration of \$804,400.

The increase in funding for this activity is based on the increase in tip fee at H-POWER from last Fiscal Year's rate of \$45 to the current rate of \$62 per ton and the Recycle

Surcharge is 12% of the tip fee (increasing from \$5.40 per ton to \$7.44 per ton). The Recycling Surcharge rate is set by City Ordinance.

ACTIVITY: ENVIRONMENTAL QUALITY

Councilmember: Kymberly Pine

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(9,400)	GN	Reduce funding for current expense for OC 2401 – Educational, Recreational and Scientific Supplies

Department's Comments and Concerns:

Request restoration of \$9,400.

The funds are necessary in order to comply with the City's NPDES MS4 Permit requirements. Public education and outreach is one of the seven primary components of the City's storm water management program. The City relies heavily on public participation through its volunteer cleanup programs such as Adopt-A-Block, Adopt-A-Stream, and Storm Drain Marking to demonstrate compliance with its permit requirements. Studies have shown that these programs are the most cost-effective means with complying. Essential volunteer cleanup and outreach supplies such as trash bags, gloves, test kits, and storm drain markers are needed to support these programs. Without these funds, the Storm Water Quality (SWQ) Branch will be forced to scale back its outreach activities that will result in reductions in its annual reporting. These reductions will be reported as non-compliances and may be viewed by EPA and the State Department of Health as a failure to effectively implement its program, which may result in penalties and fines.

Councilmember: Kymberly Pine

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(1,400)	GN	Reduce funding for current expense for OC 2517 – Supplies Not Classified.

Department's Comments and Concerns:

Request restoration of \$1,400.

The funds are critical to maintaining our existing sampling equipment that is used to comply with the City's National Pollutant Discharge Elimination System (NPDES) Municipal Separate Storm Sewer System (MS4) Permit monitoring requirements. The permit requires the City to continuously monitor storm water discharges from its storm drainage system and its impacts on receiving waters. Monitoring equipment such as solar panels, power regulators, and various cables and accessories are needed to keep the sampling equipment operational. Failure to comply with our permit requirements may result in penalties and fines.

Councilmember: Kymberly Pine

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(125,153)	GN	Reduce funding for current expense for OC 3004 – Consultant Services.

Department's Comments and Concerns:

Request restoration of \$125,153.

The new NPDES MS4 Permit that became effective February 16, 2015 contains substantial permit changes and immediate deadlines that the City will be obligated to comply with over the coming fiscal year, such as adopting stricter Low Impact Development (LID) policies, implementing construction oversight inspection and enforcement procedures, developing trash reduction measures to meet the State's zero trash discharge policies, monitoring effectiveness with Total Maximum Daily Load (TMDL) waste load reduction programs, and implementing more stringent tracking and reporting of municipal maintenance activities pertaining to street sweeping, storm drain cleaning and litter collection. Each of these new requirements will rely on significant technical resources and planning that the City does not possess with its current staffing. Failure to comply may result in penalties and fines. The City has already been issued a Notice of Apparent Violation by the State Department of Health. The violation was a result of an EPA audit that pointed out deficiencies with the City's storm water program.

Councilmember: Kymberly Pine

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(2,560)	GN	Reduce funding for current expense for OC 3103 – Telephone

Department's Comments and Concerns:

Request restoration of \$2,560.

Funds cover the monthly costs for cell phone usage plans. The Storm Water Quality (SWQ) Branch currently has 15 staffed positions and 9 vacancies. SWQ is anticipating to fill all vacancies in the coming fiscal year. At an average cost of \$40 per month/user, SWQ will require full funding as requested to provide each member with a cell phone that is essential to maintain direct communication with all members of the branch especially since the majority of the time is spent in the field.

Councilmember: Kymberly Pine

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(8,400)	GN	Reduce funding for current expense for OC 3670 – Other Rentals

Department's Comments and Concerns:

Request restoration of \$8,400.

Funds are used to cover the costs for outside storage units that houses the Storm Water Quality (SWQ) Branch's sampling equipment and public outreach supplies at a cost of roughly \$450/mo for each unit or about \$10,800 annually. Sampling equipment such as refrigerated automatic samplers, flow meters, networking modules, rain gauges, wireless modems, and multi-parameter monitoring sondes are expensive and contain sensitive electronic components that require storage within a secured and climate controlled environment. Without this funding, SWQ will be unable to meet its permit obligations.

ACTIVITY: COLLECTION SYSTEM MAINTENANCE

Councilmember: Trevor Ozawa

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(25,000)	SW	Reduce funding for current expenses for OC 2510-Fittings, Couplings, Gauges, Valves

Department's Comments and Concerns:

Request restoration of \$25,000.

These funds are for parts that are critical to keeping our wastewater collection system in good repair and to meet our consent decree goals.

ACTIVITY: WASTEWATER TREATMENT AND DISPOSAL

Councilmember: Kymberly Pine

<u>Amount</u>	<u>Fund Code</u>	<u>Description</u>
\$(1,104,484)	SW	Reduce funding for current expense for OC 3302 – Electricity.

Department's Comments and Concerns:

Request restoration of \$1,104,484.

Funds are necessary to operate our nine wastewater treatment plants. If not placed in the departmental operating budget, we request that the funds be placed in the provisional account for electricity.