

DEPARTMENT OF ENVIRONMENTAL SERVICES
CITY AND COUNTY OF HONOLULU

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April 9, 2008

ERIC S. TAKAMURA, Ph.D., P.E.
DIRECTOR

KENNETH A. SHIMIZU
DEPUTY DIRECTOR

ROSS S. TANIMOTO, P.E.
DEPUTY DIRECTOR

IN REPLY REFER TO:
WAS 08-105

The Honorable Todd Apo, Chair
and Members of the Budget Committee
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Chair Apo and Members:

Subject: Responses to Questions on Operating and
CIP Budgets for Fiscal Year 2009

CITY COUNCIL
HONOLULU, HAWAII

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The following are responses to questions raised during our budget presentation on Thursday, March 20, 2008.

Barbara Marshall

1. Why \$15,000 for refrigerators shown in operating budget?

\$15,000 is for 3 laboratory refrigerators estimated to cost just under \$5,000 each with a rounded cost of \$15,000.

2. Provide timeline for odor control relief in Kailua.

See Attachment A.

3. Why do investigations continue to go down in Environmental Quality, Regulatory Control Branch?

The decline in grease trap inspections (investigations) is due to many restaurants combining their separate grease traps into one as they upgrade to the new sizing criteria. Each grease trap (regardless of size) is counted as one inspection. This does not represent a decrease in the program effort.

4. Provide consolidated list of sewer fund costs related to legal fees.

The \$4.5M budgeted includes the following:

2103 (Admin), 3004 – Consultant services related to legal issues = \$2,000,000

2103 (Admin), 3006 – Fees for professional services related to law suits =
\$500,000

2103 (Admin), 3015 – Attorney fees = \$2,000,000

5. What is the \$1M for contractual service for force main maintenance? Why contract out maintenance work that looks like we normally would do?

We are not intending to contract out normal maintenance work. The contractual services will supplement the existing workforce in undertaking force main O&M activities on an accelerated basis, as is currently being discussed with EPA/DOH. There is a need for a significant level of expedited maintenance on a short term basis, which can best be accomplished through contract support.

6. Synagro operations – reconfirm and explain operating contract costs. Is it \$2.77M or \$4M?

The budget, as submitted, includes \$2.77M for the Synagro operating costs, which is based on current ongoing expenditures. Synagro recently submitted an estimate of \$4M, taking into account an estimated increase in CPI of 4.75% and related cost increases in fuel oil and electricity. These appear to be fairly conservative estimates.

The Synagro contract includes two cost elements: (1) a guaranteed processing cost and (2) reimbursable expenses – utilities. The guaranteed processing cost goes up with the CPI, while the reimbursable expenses increase with actual costs.

Should additional funds be required beyond the amount currently in the budget, it would most likely come in the form of reimbursable expenses. We propose to use sewer funds in the Provision for Energy Costs (i.e., \$2.5M) to cover these energy-related utility cost increases, as needed.

7. Why do we need six (6) new refuse collection equipment operator positions when we have vacancy cutback and not all existing positions are filled?

Positions are required to provide first-day pick up for those residents needing two (2) gray bins for refuse despite their placing recyclable materials in the green and blue bins. Additional six (6) positions are needed because all current vacancies have been accounted for through fills, reorganizations, etc. to meet the needs of the division.

Currently, Refuse has 56 vacant positions with 14 as vacancy cutback. The vacancy cutback reflects a relative number of positions temporarily vacant throughout the year due to retirements, promotions, dismissals, etc. Of the 56 vacancies, 38 are in the process of being filled and eight (8) are pending approval to fill in relation to reorganization requests. The remainder would be used to fill additional requirements for drivers to increase convenience center services and additional staff to support curbside recycling as it expands to include all Oahu communities.

8. Please explain \$3,200 in WTD for executive swivel chair.

\$3,200 is total cost for 10 chairs at \$320 each.

9. Provide total cost/consolidated list of all public outreach/education costs in ENV.

The budgets for public outreach/education are associated with three separate activities - wastewater (sewer), storm water, and solid waste. The funding is not interchangeable among the different programs. See Attachment B.

10. What are FY08 costs for greenwaste pickup/processing and community white bin program?

Community White Bin Program:

FY 2008 = \$3,000,000 FY 2009 = \$3,500,000

Greenwaste Processing:

FY 2008 = \$2,600,000 FY 2009 = \$4,950,000

11. What is total cost for training in ENV?

Total cost in FY 2009 is \$422,583, or an investment of about \$422 per employee to improve their knowledge and ability to perform their jobs.

Todd Apo

1. Provide slides on solid waste and sewer funding for support from other City agencies.

See Attachments C and D.

2. What is cost of solid waste to energy facility?

The estimated cost to purchase H-Power is approximately \$44M.

3. What is cost of excavation at the landfill? Cost of liner?

In FY 2007, cost was:

Excavation = \$1,497,000

Liner = \$616,000 (approx.)

In FY 2009, we are requesting:

\$1,962,000

\$2,200,000

Increases in FY 2009 are due to Waste Management asking for an increase in unit costs the City pays for liner and excavation.

4. What is appropriate carryover balance for solid waste?

Determining an appropriate carryover balance for solid waste requires understanding that the Solid Waste Fund includes four (4) independent sub-accounts. Funds are not interchangeable between the accounts.

H-Power: Ordinance requires that H-Power be individually self-supporting and that revenues over expenses be retained in the H-Power account for uses related to H-Power.

Recycling: Recycling revenues are limited to use for recycling programs and any revenues above expenses are to remain in the sub-account. With increases in recycling activities, this fund should not have a carryover.

Glass Recycling: Glass recycling is funded by the state and activities and expenditures are limited to promoting glass recycling. Funds not used could ultimately be returned to the State.

Refuse-General: This account encompasses most of the refuse collection and disposal activities. It is heavily subsidized by the General Fund (\$92M). Any carryover in this account reduces the potential General Fund subsidy in the following year.

5. What base costs are included in the budget for curbside mixed recycling?

Salary Costs

Additional salary costs required for new green waste (GW) and mixed recycling (MR) collection routes in FY 2009 budget are:

\$645,000 for six (6) additional positions that may be required for those residents that need an additional bin for regular refuse while using their green and blue bins for recycled materials. Since regular refuse will be collected once-per-week, the City will provide an extra gray bin to those households who are fully recycling, but still require more capacity on the first day of regular refuse collection. To accommodate these households, up to six (6) new routes may be required at a cost of \$645,000 in salaries per year (not including fringe benefits).

\$1.8M for those residents willing to pay for second day collection should this option be allowed by City Council. If GW and MR collection replace the current second day regular refuse collection (similar to Hawaii Kai model), there will be no additional cost in salaries.

Equipment

Additional truck costs required for new GW and MR collection routes in FY 2009 budget are:

\$901,500 for three (3) automated collection vehicles.

Current Expenses

In FY 2009, we are requesting \$6.93M for 62,000 carts - \$3.33M for green carts, \$2.7M for blue carts and \$0.9M for gray carts.

GW carts (green) and MR carts (blue) need to be purchased for all areas served by the program. In addition, extra regular refuse carts (gray) will need to be purchased for those homes that demonstrate a need for additional carts.

\$3.91M is requested for processing collected GW (\$2.53M) and MR (\$1.38M).

\$245,000 is included for AES maintenance and fuel.

\$428,000 is requested for public education, of which \$192,500 is for administration of the cart sticker second day collection program.

Total amount requested for GW and MR is \$14.86M.

6. Submit request to modify Solid Waste Weighing Facility to include construction and equipment funding.

The following CIP funding request will be submitted for the scale facility:

Design	\$100,000
Construction	<u>\$400,000</u>
Total	\$500,000

Nestor Garcia

1. What is cost of mixed recycling pilots in Hawaii Kai and Mililani?

The annual cost for Hawaii Kai and Mililani is approximately \$2.25M. This cost includes driver salaries (not including fringe benefits), processing costs, public education, truck maintenance and fuel costs. Cart and truck costs are also included, but are amortized over their expected life cycles. Other indirect costs (i.e., CASE, other agency support, administrative support) are not included.

Ann Kobayashi

1. What is the cost of rental space in FMB?

The current costs were determined in the FY 2003 budget process. We are researching old records to locate the breakdown.

Romy Cachola

1. When will we be able to sell pellets (from Synagro)?

We would like to clarify that SYNAGRO has never stopped selling pellets since starting sales on February 11, 2008. Pellets with molybdenum concentrations that meet the State DOH limit of 15 milligrams per kilogram (mg/kg) are used for golf courses and sod growers, while those that exceed the limits are disposed of at the Waimanalo Gulch Landfill. SYNAGRO submitted a variance application to raise the 15 mg/kg limit to 25 mg/kg limit, and on April 3, 2008, DOH approved the variance. The 25 mg/kg limit will allow SYNAGRO to sell practically all their pellets since they can comfortably meet the higher limit.

2. What is cost to reduce the heavy metal concentration to meet the State's limit?

See our response to question above. No additional cost to reduce the heavy metal concentration is anticipated at this time. SYNAGRO is able to comfortably meet the 25 mg/kg molybdenum limit, and any pellets exceeding that limit will be disposed of at the landfill.

3. Add \$2M to storm drain BMP in Salt Lake drainage system.

The City Administration does not recommend including the \$2M for Salt Lake dredging in the FY 2009 CIP budget due to the outstanding legal issues, which are now under review. Should the Council decide to put these funds in the budget, the Administration will defer the allotment and encumbrance of the funds until the legal issues are addressed.

Gary Okino

1. What is the total cost of projects to comply with the consent decree?

We are compiling the data on the total cost of projects for the 309 Consent Decree and will provide this information under separate cover.

2. When will the Waimalu sewer project be completed?

It is anticipated that the Waimalu Sewer Rehabilitation/Reconstruction Phase 1 project will be completed by November 2010.

3. What is time schedule for Waiiau project?

The project is currently entering planning phase. The tentative construction funding is included in the FY 2010 CIP in the Six-Year CIP program. However, depending on the recommendations from the planning phase and evaluation of the permits and land permissions that are needed, the construction phase may be deferred to FY 2011. Actual duration of the construction work is expected to be two years.

Charles Djou

1. HPower attorney fees – who are we using?

Foster Pepper PLLC.	Flow Control
Orrick, Herrington & Sutcliffe LLP	Bond Counsel

If you have any questions, please call David Nagamine at 847-8310

Sincerely,



Eric S. Takamura, Ph.D., P.E.
Director

Attachments

FORWARDED:



Mary Patricia Waterhouse, Director
Department of Budget and Fiscal Services

FORWARDED:



Wayne M. Hashiro, P.E.
Managing Director

cc: Office of the Mayor

STATUS OF PROJECTS AT KAILUA WASTEWATER TREATMENT PLANT

IN-HOUSE PROJECTS - Managed by ENV's Wastewater Treatment & Disposal (WTD) Division.

Odor Control System (OCS) at Headworks area:

Replacement of the Headworks OCS fans was completed in-house by WTD Division in Feb. 2008.

Odor Control System (OCS) at Primary Treatment area:

Chemical tanks and pumps for the ARI Locat were changed by WTD Division in 2007.

Primary Clarifiers:

The tank covers were sealed using new bolts and strip gaskets by WTD in 2007
The scum removal system is being upgraded to a new system that will reduce scum build-up at the collection troughs and the common influent channel. The work is on-going.

Bar Screens at the Influent Pump Station:

New bar screens have been ordered. Installation is scheduled for 2008.

General:

New airflow gauges are being installed to allow operators to monitor airflow in the OCS systems.
New manometer gauges have been ordered, and velocity meters are being used in the interim.

MAJOR CIP PROJECTS COMPLETED OR IN CONSTRUCTION - Managed by Dept. of Design and Construction (DDC).

Major sewer rehabilitation projects completed:

Kalaheo Ave. Reconstructed Sewer project, Kahanahou Circle Sewer Rehabilitation, and Kailuana Place Sewer Rehabilitation. These projects have helped to reduce sea water infiltration entering the system. Excessive sea water in the wastewater system can lead to additional sulfide odors at the treatment plant.

Kailua WWTP - Digester Tank Cover Repairs:

Construction is now starting on the cover repairs for two of the digesters. Completion of the work is scheduled for 2010.

Kailua WWTP - Replace Primary Sludge Pumps and New Primary Clarifier Dewatering System:

This project provides new pumps for efficient pumping of sludge from the Primary Clarifiers, replacement of sludge piping, and a system for dewatering the tanks to allow for efficient cleaning and maintenance. Construction is on-going and is scheduled to be complete by end of 2008.

Kailua WWTP Misc - DAF Pressurization Vessel:

This project will install a permanent second DAF Pressurization Vessel and system to provide continuity of operation. The project was bid and awarded at the end of 2007, and is scheduled to be completed in 2009.

STATUS OF PROJECTS AT KAILUA WASTEWATER TREATMENT PLANT, (cont'd)

ODOR MITIGATION PROJECTS IN DESIGN PHASE – Managed by DDC, with ENV/WTD support.

These projects are now entering design phase. (FY08 CIP funds provided under the project “Kailua WWTP Improvements”, project 2008071)

Temporary chemical addition in the collection system and at Kailua WWTP to achieve odor reduction:

Full-scale testing is scheduled to start towards the end of 2008. The design consultant will design the test, including recommendations for temporary chemical storage and dosing facilities, chemicals, dosage concentrations, and schedules. Tentative locations include Kailua WWTP, Kaneohe WWPTF and Kailua Rd Wastewater Pump Station.

Permanent chemical addition in the collection system and at Kailua WWTP:

Using the results of the temporary testing, the design consultant will design permanent chemical addition facilities. Construction is scheduled for 2009 to 2010.

Re-routing of in-plant sewer lines:

Re-routing of in-plant sewer lines will redirect internal process flows away from the influent pump station and the primary treatment process, which will reduce odor-causing compounds in these treatment processes. Construction is scheduled for 2009 to 2010.

Upgrades to the Headworks OCS and Primary OCS:

This project will include improved capacity of the ductwork and fans, improved noise reduction enclosures which will accommodate larger fans, and modifications to the foul air treatment systems. Construction is scheduled for 2009 to 2011.

Odor mitigation upgrades that potentially require an Environmental Assessment, Special Management Area Use Permit and/or modifications to the existing air permit:

This work may include new bio-trickling filters for improved foul air treatment and related improved fans and ductwork, modifications to the dewatering building to enclose the building and provide new supply and exhaust air systems, extending the height of exhaust stacks and removing rain hoods, and a new digester gas flare to improve combustion and reduce emission of hydrogen sulfide. This work will depend on the results of the required permitting processes, but the construction is tentatively scheduled for 2009 to 2011.

LONG-RANGE PLANNING FOR KAILUA WWTP, KANEOHE WWPTF, WET WEATHER STORAGE, AND MAJOR SEWER TRUNK SYSTEMS – Managed by ENV.

Update to the 1998 Wastewater Facilities Plan:

This update is being considered due to the 2007 Force Main Stipulated Order with EPA. The Order requires construction of a second force main from Kaneohe to Kailua, and maintenance of a dual force main system. In addition to this, the EPA-approved “Final Sewer I/I Plan, 1999”, requires the construction of large wastewater storage tanks at Kaneohe WWPTF and at Kailua WWTP, and upgrades to the peak flow capacity at Kailua WWTP, all of which must be completed by December 2019. A facilities plan update will further evaluate possible locations and configurations for this proposed system of storage tanks, and how they will operate. Also, a new alternative is to be considered to construct a deep sewer tunnel from Kailua to Kaneohe. The proposed sewer tunnel could provide the required storage capacity for peak wet weather flows, and thus eliminate the need for the above ground tanks as well as allow elimination of pump station and force main systems. An additional benefit of the deep tunnel system is the potential to keep the sewage fresher and less odorous than it is with the existing pump station and force main systems, which could help to mitigate odors at Kailua WWTP. The Facility Plan and EIS update is scheduled for 2008 to 2009.

ATTACHMENT B

ENV Public Outreach/Education

Administration, Activity 2103 (sewer-funded)

3252	Advertising and public outreach Radio, TV, print ads	\$150,000
	TOTAL	\$150,000

Environmental Quality, Activity 2110 (general fund)

2401	Education/outreach materials/supplies Video tapes, brochures, rubber gloves, sponges, spray paint, brushes, roller brushes, paint, buckets, door hangers, rental of chairs, rental of tents, rental of porta potties, storage facility rental, rakes, bags, rack cards, first aid kits, rubbish grabbers, banners, T-shirts, posters, signs, safety barriers, safety vests, fish nets, calendars, sediment dam and clamp sets, post cards, plants and seedling, steel brushes, oil change boxes, absorbent mats, Geotex mats, permanent netting, Adopt-A-Stream stencils, lanyards, magnets, key chains, water tattoos, pens, fans, antibacterial wipes, coloring books, activity books, water multi-parameter kits, monitoring kits, file dividers, Earth Month awards, photo-essay supplies, Adopt-A-Stream supplies, etc.)	\$ 76,500
3004	Public education Design and production for pollutant banners, auto fluids rack card, car wash rack card, floatables rack card, green waste rack card, sediment rack card, fertilizer rack card, pet waste rack card, read the label poster, Everyday Environmental Hero campaign, revision to stencil, photo essay contest postcard, T-shirts, Mahalo ad, photo essay ad, Teen Video Kickoff map scans, Adopt-A-Stream stencils, educational material giveaways, Adopt-A-Block signs, Be A Part of the Solution ad, and web site development and maintenance fee.	\$148,600
3252	Public notices for permits, appeals; Midweek full page ad for yard care tips; KCCN and KSSK radio spots and KGMB, KHON, KITV TV spots for Environmental Hero; Clear Channel radio spots for Read the Label, Environmental Hero, Make A Difference Day, and holiday Campaigns; Honolulu Advertiser for Mahalo and Hot Spots ad; Star Bulletin Nine Tips ad; Salem Media Holiday/Clean Water Survey; Star Bulletin/Midweek Photo Essay ad; KITV oil campaign; and KHON and KITV teen video contest.	\$143,000
	TOTAL	\$368,100

Recycling, Activity 2055 (solid waste – recycling fund)

3049	Recycling Education Events	\$160,000
3049	Radio/TV/print media	200,000
3049	Radio/TV/print media budget issue	200,000
3252	Advertising/Public Notices	160,000
3049	Web server/enhancements/updates	25,000
3262	Printing/Binding	100,000
	TOTAL	\$845,000

Recycling Education Events include:

Discover Recycling Fair, Tour de Trash, Made in Hawaii Festival-Recycled Products, Earth Month Events, Trade Expos, Community Meetings on Recycling

Although we budget \$160,000 in 3049 Other Services-Not Classified, the expenditures will be applied to numerous object codes for advertising, printing, lease, transportation services, etc., once the details of the event are developed. See the breakdown of expenditures for the Discover Recycling Fair below as an example.

Discover Recycling Fair 2007 total cost	\$156,363	(3-day event, 8000 attendees)
Blaisdell	\$12,000	
Trade Show Decorators	\$13,263	
Audio/Visual	\$8,000	
Recycled Giveaways	\$20,000	
Recycled Art Center/Show	\$15,586	
Performers	\$8,600	
Camera/staff/stage	\$6,800	
Buses	\$16,700	
Graphic Design	\$7,000	
Printing	\$5,000	
Print ads	\$17,500	
Radio ads	\$26,000	

Radio/TV/Print/Advertising 3049 and 3252 includes:

Media to support all programs and events including Discover Recycling Fair, Tour de Trash, Household Hazardous Waste, Greencycling, Christmas Treecycling, Bulky Collection, Community Bins, Curbside, etc.

- \$200,000 is requested in 3049 Current Expenses to cover existing education media
- \$200,000 is requested in 3049 Budget Issue to cover residential program expansions including curbside recycling, community bins and condo recycling.
- \$160,000 is requested in 3252 Advertising & Public Notices to cover the public recycling receptacles, as the purpose of these is convenience and public education.

Estimated current media costs based on 2008 expenditures 3049 (\$200,000):

Discover Recycling Fair print ads	\$17,500	annual event promotion
Discover Recycling Fair radio	\$26,000	annual event promotion
Tour de Trash print ads	\$17,500	annual event promotion
Greencycling (Christmas treecycling) print ads	\$18,700	annual
Household Hazardous Waste	\$66,000	bi-monthly event promotion
TOTAL	\$145,700	
Bulky	not yet booked	
Community Bins	not yet booked	

Estimated budget issue media costs for the program expansions 3049 (\$200,000)

Media to promote residential recycling expansions -- Curbside Recycling Expansion FY09 (Phase 1 launched November 2008; Phase 2 launched March 2009); Community Bin Expansion; Condo Recycling

Print ads	\$30,000 x 2 =	\$60,000
Radio	\$30,000 x 2 =	\$60,000
TV production		\$20,000
TV airtime	\$30,000 x 2 =	\$60,000
TOTAL		\$200,000

Estimated Public Recycling Receptacle Costs 3252 (\$160,000) will be utilized to purchase public recycling receptacles to promote the ethic of recycling in public areas. All receptacles will advertise the opala.org website and recycling info phone number. Cost estimate calculated at 200 steel recycling containers @ \$300ea. and 1000 plastic recycling containers @\$100ea.

Printing and Binding 3262 (\$100,000) includes

Brochures, flyers, posters, stickers, banners, tool kits, packets, booklets, event guides, display boards

Examples

Display Boards (36"x46")	\$200 ea x20	\$4000
Curbside Brochures	20,000	\$4,600
Discover Recycling Booklet (32 pages plus cover)	8,000	\$4,700
Curbside Calendar/Bin Stickers	20,000x 2pages	\$24,000
Flyers (8.5x11 color; city print shop)	10,000x \$.27	\$2,700
Brochures (11x17 color, two-sided; city print shop)	10,000x \$.52	\$5,200

SOLID WASTE FUNDING FOR SUPPORT BY OTHER CITY AGENCIES

Agency	FY08	FY09	Change
- BFS Accounting	90,250	97,890	8.5%
- BFS Treasury	4,800	19,000	396%
- DIT	47,796	52,537	9.9%
- DFM(AES)	8,503,129	8,828,011	9.7%
- DFM(Driver Training)	68,440	97,503	42.5%
- Rent(City Facilities)	263,500	263,500	0%
- CASE	10,674,500	10,916,400	2.3%
TOTAL	19,652,415	20,274,841	3.2%
- Legislative Budget	8,000	8,000	0%
GRAND TOTAL	19,660,415	20,282,841	3.2%

SEWER FUND FUNDING FOR SUPPORT BY OTHER CITY AGENCIES

Agency	FY08	FY09	Change
- BFS Accounting	209,100	230,205	10.1%
- BFS Treasury	1,200	1,200	0%
- DIT	94,104	104,615	11.2%
- Corp Counsel	460,297	456,689	-0.8%
- DPP (GIS/WW Permits)	1,191,006	1,433,155	20.3%
- DFM (AES)	1,700,625	1,711,452	0.6%
- Rent (City Facilities)	472,500	472,500	0%
- Radio Maintenance	35,000	35,000	0%
- CASE	7,561,400	8,871,700	17.3%
- DDC (WW Design/Engineering)	1,240,043	1,278,612	3.1%
Subtotal - Operating	11,625,275	14,595,128	25.5%
- CIP – DDC Support	6,704,450	6,719,000	2.2%
TOTAL	18,669,725	21,314,128	14.2%
- Legislative Budget	40,000	40,000	0%
GRAND TOTAL	18,709,725	21,354,128	14.2%