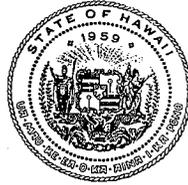


**HB 2211**



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**

**H.B. 2211, MAKING AN APPROPRIATION FOR WASTEWATER PROJECTS**

**Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health**

**March 18, 2008  
3:15 p.m.**

1 **Department's Position:** The Department of Health must respectfully **oppose** this measure because it  
2 would adversely impact priorities as set forth in the Executive Supplemental Budget.

3 **Fiscal Implications:** The measure appropriates an unspecified amount of general funds to the  
4 Department of Health.

5 **Purpose and Justification:** H.B. 2211 requests appropriation out of the general revenues of the State of  
6 Hawaii for fiscal year 2008-2009 for the SRF water pollution control state revolving fund. The SRF  
7 fund is largely exhausted and needs to be replenished to meet the wastewater infrastructures needs of the  
8 counties. The most pressing need is the replacement of large-capacity cesspools in accordance with the  
9 mandates imposed by the federal Environmental Protection Agency.

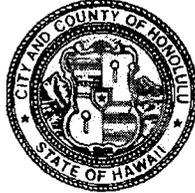
10 The Department is sympathetic with the intent of this measure to provide additional funds to the  
11 SRF program, but this measure is not part of the two-year financial plan. If the legislature were to pass  
12 this measure, this bill would have to be accommodated in the budget, and its impact on the budget may  
13 result in reduced funding for other similarly worthy causes. Therefore, the Department cannot support  
14 the bill at this time.

15 Thank you for the opportunity to testify on this measure.

DEPARTMENT OF ENVIRONMENTAL SERVICES  
**CITY AND COUNTY OF HONOLULU**

1000 ULUOHIA STREET, SUITE 308, KAPOLEI, HAWAII 96707  
TELEPHONE: (808) 768-3486 • FAX: (808) 768-3487 • WEBSITE: <http://www.co.honolulu.gov>

MUFI HANNEMANN  
MAYOR



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 08-93

March 17, 2008

The Honorable Senator Ron Menor  
Chair, Committee on Energy and Environment  
State Senate  
State Capitol, Room 208  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Senator Menor:

Subject: HB 2211 (HSCR 903-08), Making an Appropriation  
for Wastewater Projects

The Department of Environmental Services, City and County of Honolulu, strongly **supports** HB 2211 (HSCR 903-08) which would appropriate funds to the State of Hawaii Water Pollution Control Revolving Fund for fiscal year 2008-2009.

The Water Pollution Control Revolving Fund is largely exhausted and additional funding is needed to allow loans to support various wastewater needs throughout the State to improve the quality and service provided by the various county wastewater systems and to assist in the replacement of large-capacity cesspools. It is our understanding that without additional funding, the fund will be unable to grant any additional loans to the City and County until 2011.

It is important to understand that the Water Pollution Control Revolving Fund is funded in part by Federal Grants through the U.S. Environmental Protection Agency; however, federal funding has been continuously reduced over the past several years. The Fiscal Year 2009 federal budget proposes \$550 million nationally to fund the Clean Water State Revolving Fund (Water Pollution Control Revolving Fund), \$134 million below the current federal budget and the lowest level in 20 years. State support is important in keeping this low interest loan option available to assist in making proper wastewater service available to our communities at this most reasonable cost.

The Honorable Senator Ron Menor  
March 17, 2008  
Page 2

We wish to thank the Committee on Energy and Environment for their consideration and support of funding for the Water Pollution Control Revolving Fund, and urge the Committee to pass HB 2211 (HSCR 903-08).

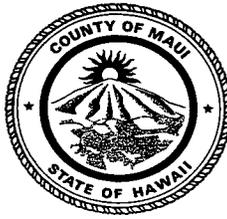
Sincerely,

A handwritten signature in black ink, reading "Eric S. Takamura". The signature is written in a cursive style with a large, stylized "E" and "T".

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

CHARMAINE TAVARES  
Mayor  
CHERYL K. OKUMA, Esq.  
Director  
GREGG KRESGE  
Deputy Director

DAVID TAYLOR, P.E.  
Wastewater Reclamation Division  
TRACY N. TAKAMINE, P.E.  
Solid Waste Division



**COUNTY OF MAUI  
DEPARTMENT OF ENVIRONMENTAL  
MANAGEMENT**

2200 MAIN STREET, SUITE 175  
WAILUKU, MAUI, HAWAII 96793

March 13, 2008

The Honorable Ron Menor, Chair  
and Members of the Senate Committee on Energy  
and Environmental

**HEARING DATE: Tuesday, March 18, 2008, 3:15 p.m.**  
**Conference room 414**  
**State Capitol**  
**415 S. Beretania Street**

**RE: HB 2211-MAKING AN APPROPRIATION FOR WASTEWATER PROJECTS**

Dear Chair Menor and Members:

I am Cheryl K. Okuma, Director of the Department Environmental Management and am providing testimony in support of HB 2211 which would make an appropriation to the state revolving fund for wastewater projects. We understand from the State Department of Health that for fiscal year 2009 state revolving funds would not be available to Maui County.

Our wastewater facilities and infrastructure are aging. Therefore, it is important that we are able to undertake various capital improvement projects to ensure the reliability of our wastewater system as well as comply with State and Federal requirements. The state revolving fund provides the County with the ability to finance these costly projects at a low interest rate.

I appreciate the opportunity to provide our comments in support of HB 2211 and request your favorable consideration of this proposed measure.

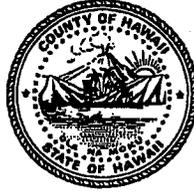
Sincerely,

Handwritten signature of Cheryl K. Okuma in black ink.

Digitally signed by Cheryl K.  
Okuma  
Date: 2008.03.13 12:33:59  
-10'00'

Cheryl K. Okuma  
Director, Department of Environmental Management

**Harry Kim**  
*Mayor*



**Dixie Kaetsu**  
*Managing Director*

**Barbara J. Kossow**  
*Deputy Managing Director*

## County of Hawaii

25 Aupuni Street, Room 215 • Hilo, Hawaii 96720-4252 • (808) 961-8211 • Fax (808) 961-6553  
KONA: 75-5706 Kuakini Highway, Suite 103 • Kailua-Kona, Hawai'i 96740  
(808) 329-5226 • Fax (808) 326-5663

March 17, 2008

The Honorable Ron Menor  
Chair, Committee on Energy  
and Environment  
415 South Beretania Street  
Honolulu, HI 96813

Dear Chair Menor and Committee Members:

Re: HB 2211

The Federal mandate to close all large-capacity cesspools has had a significant impact on the County of Hawai'i. Those closures, along with the need to deal with wastewater in the Kealahou area of West Hawai'i, have resulted in a major need for capital funds that is difficult for Hawai'i County to meet on its own.

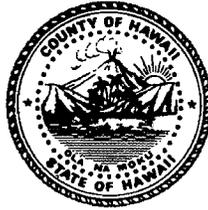
The state has long assisted the counties with wastewater projects through a revolving fund under the Department of Health. However, on this occasion we are informed that all funds have been committed and no further loans are available. Only if the Legislature chooses to increase the revolving fund could this situation be remedied, and if the Legislature did take this step, we believe that Hawai'i County could fulfill all necessary terms and be eligible for loans from the fund. I am aware of the many demands on this legislature for funding this year, and realize that full funding for our needs, along with the needs of other counties, is out of the question. Nevertheless, I am hopeful that some additional funds can be made available to help us serve our common constituents.

Any assistance you can give us will be appreciated.

Aloha,

Harry Kim  
MAYOR

Harry Kim  
Mayor



Bobby Jean Leithead-Todd  
Director

Nelson Ho  
Deputy Director

**County of Hawai'i**  
**DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**  
25 Aupuni Street • Hilo, Hawai'i 96720  
(808) 961-8083 • Fax (808) 961-8086  
[http://co.Hawai'i.hi.us/directory/dir\\_envmng.htm](http://co.Hawai'i.hi.us/directory/dir_envmng.htm)

March 13, 2008

The Honorable Ron Menor, Chair  
and Members of the Committee on Energy and Environment

The Honorable Clarence K. Nishihara, Chair  
and Members of the Committee on Tourism and Government Operations

The Honorable Carol Fukunaga, Chair  
and Members of the Committee on Economic Development and Taxation

Hawai'i State Capitol  
415 South Beretania Street  
Honolulu, HI 96813

Hearing: Tuesday, March 18, 2008  
Time: 3:15 P.M.  
Place: Conference Room 414

**Re: HB 2211 – Making An Appropriation For Wastewater Projects**

Dear Chairs Menor, Nishihara and Fukunaga,

The County of Hawai'i Department of Environmental Management supports HB 2211 which would make an appropriation to the state revolving fund for wastewater projects. The County was informed by the Department of Health that all funds in the revolving fund have been committed and no further loans are available until 2010. Our concerns are further exacerbated by proposed cuts by the federal government for future funding.

The EPA mandated closure of all large capacity cesspools throughout the country. In the County of Hawai'i this posed major problems. Most County facilities such as base yards and parks were on large capacity cesspools. The County has already closed 104 such cesspools at substantial cost. The remaining County projects involve the closure of large capacity cesspools in the towns of Na`alehu and Pahala (additional \$7.2M needed) and Honoka`a (additional \$3.5M) as well as 2 subdivisions, Komohana

Heights in Hilo (\$700,000) and Queen Lili`uokalani Village (QLV) in Kona (\$16.5M). While the Komohana and QLV cesspools were dedicated to the County and are part of its wastewater system, Na`alehu, Pahala and Honoka`a are projects geared to help both County and State agencies, residents and businesses.

### Na`alehu and Pahala

The Na`alehu and Pahala camps were constructed over 100 years ago with sewer service currently being provided by C. Brewer Ltd. (C. Brewer). Approximately 165 lots in Na`alehu and 114 lots in Pahala are currently serviced by the C. Brewer sewer systems. Both the Na`alehu and Pahala systems currently discharge into LCC's. The Na`alehu and Pahala camps were sugar plantation housing that was subdivided and sold as fee simple lots to the plantation workers with C. Brewer maintaining operation and maintenance of the existing sewer system.

Due to the impending dissolution of C. Brewer, Ltd., there are very limited options for residents currently served by the Na`alehu and Pahala sewer system and the County entered into an agreement with C. Brewer to take over the sewer systems in an effort to assist the communities. While no County facilities will be served by the new sewer systems, the new wastewater treatment system in Pahala will be designed to accommodate additional flows from the business community as well as wastewater from the Kau High and Elementary Schools. The County has been advised by the State Department of Health (DOH) and the State Department of Education (DOE) that limited options are available for the Ka`u schools with closure of their existing LCC's. It has been determined that there are multiple large lava tubes underlying the schools and that the lava tubes are currently used as the schools' current means of wastewater disposal.

### Honoka`a

The County of Hawai`i conducted a study in accordance with House Resolution (HR) No. 84, H.D.1 to examine the feasibility of installing a wastewater treatment system in Honoka`a, Hawai`i to serve County and State facilities as well as residents and businesses in order to develop a community wide solution to wastewater disposal in Honoka`a. The proposed system would allow both the County and State to close LCC's in accordance with the EPA mandate and also allow the disconnection of existing systems that are currently disposing of wastewater into lava tubes in the area.

The Honoka`a project would serve numerous State facilities (Honoka`a State Library, DOH facilities at the Honoka`a Civic Center, Judicial Courthouse at the Honoka`a Civic Center, DOE facilities at Honoka`a Elementary, Intermediate and High School and a Hawai`i Housing Authority Elderly Housing project). The project would also allow numerous businesses to connect to the system. These businesses have few options available for closure of LCC's due the configuration of their lots and could face closure of their businesses as a result.

## Queen Lili`uokalani Village

The Queen Lili`uokalani Village Subdivision was constructed pursuant to Act 108, SLH 1970 (Experimental and Demonstration Housing Projects) as an Affordable Housing Project in the 1970's with the County responsible for the wastewater system. Twenty-nine (29) LCC's were installed within the subdivision in order to service the housing units due to difficult topography of the area and as a cost-saving measure. Connection of the subdivision to the Kealakehe Wastewater Treatment Plant will provide secondary wastewater treatment in accordance with DOH regulations.

Costs for the upgrade include replacement of the existing sewer collection system that is substandard due to the exemptions provided under Act 108, SLH 1970. Upgrade of the collection system is also required since the system within the subdivision was not designed for future connection to the Kealakehe wastewater system due to cost considerations. The estimated cost of the project is about \$16.5M.

## Kealakehe Wastewater Treatment Plant Projects

The Kealakehe Wastewater Treatment Plant (KWWTP) was constructed in 1993 in accordance with the 1991 Keahole to Kailua Development Plan (K to K Plan) to serve the future planned developments in the area. While it was originally intended that an Effluent Reuse program be utilized as the primary means of effluent disposal from the facility, the County was unable to utilize the planned Kealakehe Golf Course as the means of effluent disposal due to economic and legal complications associated with the Kealakehe Golf Course. As a result, only a very limited amount of effluent (average of 20,000 gpd) is utilized for reuse and the majority of the effluent is disposed of via an infiltration. The plan is to install sewer and reuse infrastructure in the Queen Kaahumanu Highway conjunction with the State Department of Transportation's (DOT) Queen Kaahumanu Highway Widening Project – Phase II (DOT Queen K - Phase II Project).

Installation of the sewer and effluent reuse infrastructure is required in order to serve planned development of the area and will also be a major step in implementation of an effective effluent reuse program that will serve to protect State Waters on the Kona Coast as well as save potable water supplies in the area. Dovetailing of the project with the DOT Queen K – Phase II Project will result in significant cost savings associated with installation of the sewer and reuse infrastructure and will prevent tremendous negative impacts to traffic flow in the area in the event that the infrastructure is required to be installed after completion of the DOT Queen K – Phase II Project. This project needs approximately \$13.3M.

The KWWTP was constructed in 1993 with an initial design capacity of 2.8 MGD (million gallons per day). During the construction phase, the plant capacity was increased to 5.1 MGD in accordance with an agreement with the State of Hawai'i Housing and Finance Development Corporation whereby State funds were contributed to ensure a reserve capacity of 1.6 MGD for future State housing developments in the area.

Accumulated sludge in the lagoon treatment system has reduced the KWWTP plant capacity and is required to be removed in order to help restore capacity.

The KWWTP was originally designed to accommodate domestic strength sewage from the area served by the Kona Sewer System. As a result of State requirements implemented after construction of the KWWTP that now require that septic tanks be utilized for Individual Wastewater Systems (IWS's) in the majority of cases, the KWWTP has been forced to accommodate high-strength septage loads (40-50 times normal strength) from West Hawai'i septic tanks in areas not currently serviced by the Kona Sewer System. Additionally, the KWWTP has also been required to accept large sludge loads from State and private WWTP's such as the Keahole Airport facility that were not required by DOH to have sludge dewatering capabilities and therefore utilize the KWWTP as their means of sludge disposal.

The recent EPA mandate requiring closure of all LCC's has exacerbated the problem since many LCC's have been converted to Large Capacity Septic Systems (LCSS's) that also dispose of large volumes of high-strength septage at the KWWTP. This project needs approximately \$4.6M.

Other projects related to the KWWTP require an additional \$7.2M. The total funding amount for these projects is about \$53M. However, because of the current fiscal situation, the State has taken the position that funds should be limited to construction so the funding amount would be about a total of \$42.5M.

The department recognizes that this is a significant request and that there are unmet needs for all 4 counties. We would appreciate any additional funding that could be provided whether by way of grant or loans.

We respectfully request your consideration of the above testimony.

Sincerely,



Bobby Jean Leithead Todd  
DIRECTOR

cc: Harry Kim, Mayor  
Dora Beck, TSS Chief  
Bert Saito, WWD Chief  
Robin Bauman, DEM Business Manager

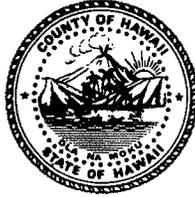
**BOB JACOBSON**

**Councilmember**

*Chair, Environmental Management Committee*

*Vice-Chair, Finance Committee*

*Vice-President Hawai'i State Association of Counties*



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Ben Franklin Building, Hilo, Hawai'i 96720

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## HAWAI'I COUNTY COUNCIL

*County of Hawai'i*

March 13, 2008

Senator Ron Menor, Chair  
Senator Gary L. Hooser, Vice Chair  
Committee on Energy and Environment  
And Members

Senator Clarence K. Nishihara, Chair  
Senator Will Espero, Vice Chair  
Committee on Economic Development and Taxation  
And Members

Hearing Tuesday, March 18, 2008 at 3:15 pm  
Conference Room 414  
State Capitol  
415 South Beretania St  
Honolulu, HI

Re: HB 2211 MAKING AN APPROPRIATION FOR WASTEWATER PROJECTS

I wholeheartedly support HB 2211. I believe that this appropriation is necessary for the County of Hawaii to comply with our federally mandated clean water rules.

Currently the revolving fund is empty and no funds are available until 2010. Being that most wastewater projects are federally mandated, these projects can not wait until 2010. With the appropriation of funds to the State Revolving Fund, all four Counties would be able to borrow money to successfully complete these much needed sewer projects to protect our clean water.

I urge you to pass HB 2211.

Aloha,

Bob Jacobson

**TESTIMONY OF THE  
COUNTY OF KAUAI  
PUBLIC WORKS DEPARTMENT, WASTEWATER MANAGEMENT DIVISION**

**TO THE SENATE COMMITTEE  
ON ENERGY AND THE ENVIRONMENT**

**TWENTY-FOURTH LEGISLATURE  
REGULAR SESSION OF 2008**

**March 18, 2008  
3:15 p.m.**

**TESTIMONY ON HOUSE BILL NO. 2211, MAKING AN APPROPRIATION FOR  
WASTEWATER PROJECTS**

**TO THE HONORABLE RON MENOR, CHAIR, AND MEMBERS OF THE COMMITTEE:**

**My name is Edward Tschupp, chief of the Wastewater Management Division, Public Works Department, County of Kauai (County), testifying in favor of House Bill No. 2211.**

**The Bill makes an appropriation for fiscal year 2008-2009 to replenish the water pollution control revolving fund, established pursuant to section 342D-83, Hawaii Revised Statutes. If replenished, the fund would provide a needed source of funds to improve the County's wastewater facilities. These improvements are essential to develop affordable housing, maintain adequate service levels, and comply with environmental mandates and concerns.**

**We thank the Committee for the opportunity to present testimony on this matter.**

To: Senator Ron Menor, Chair  
Senator Gary Hooser, Vice Chair  
Committee on Energy and Environment

Senator Clarence Nishihara, Chair  
Senator Donna Mercado Kim, Vice Chair  
Committee on Tourism and Government Operations

Senator Carol Fukunaga, Chair  
Senator Will Espero, Vice Chair  
Committee on Economic Development and Taxation

From: Ralph C. Boyea  
Legislative Advocate, Hawaii County Council

For: Hearing on March 18, 2008  
HB 2211 – Making an Appropriation for Wastewater Projects

Testimony **in favor** of HB 2211

Chairpersons, Vice Chairpersons and Honored Senators,

On behalf of the Hawai'i County Council, I am presenting this testimony in favor of HB 2211. This Bill appropriates funds for wastewater projects that are necessary to comply with federal Environmental Protection Agency requirements. These funds would replenish the State's revolving fund for wastewater projects. The County of Hawaii has been informed that all funds in the revolving fund have been committed and no further loans are available until 2010.

In her testimony to your Committees, the County of Hawai'i Department of Environmental Management, Director Bobby Jean Leithead Todd, outlines urgent needs in the communities of Pahala, Na'alehu, Honoka'a, Komohana, Queen Lili'uokalani Village and Kealakehe. All of these communities are on the island of Hawaii. The wastewater treatment projects for these communities must be completed to comply with federal EPA mandates. The total cost of these projects exceeds \$60.4 million. Ms Leithead Todd acknowledges that this is a significant amount of money, and that it must be considered along with requests from other counties. She asks for whatever help the State can give.

On February 5, 2008, I attended a joint hearing of the House Committee on Economic Development & Business Concerns and the House Committee on Agriculture. One of the Bills heard on that day was HB1629 – RELATING TO CORPORATION INCOME TAX. This Bill calls for the elimination of the State corporate income tax. Director Kurt Kawafuchi, State Department of Taxation, submitted written and oral testimony. In his written testimony, Mr. Kawafuchi noted that if the corporate income tax was eliminated "The effect on the tax structure would not be great – corporate tax collections in fiscal year 2007 were only about \$82 million."

If collections were “only” \$82 million, then perhaps looking at “only” \$60.4 million to comply with the EPA mandate is not out of the question. Considering the fact that corporations, their subsidiaries, related business enterprises, employees and customers all contribute to the wastewater problem, I suggest the Legislature consider retaining the corporate income tax for at least two more years, and using that income to bring all counties into compliance with the EPA mandate. Corporations could then be hailed for their very significant contribution to the health and well being of the people of Hawaii, and, if the Legislature sees fit to do so, they could then be rewarded with the elimination of the corporate income tax in 2010.

HB 2211 is part of Mayor Kim’s package for the 2008 Session. The Hawaii County Council supports the Mayor’s request.

We urge you to pass HB 2211.

Thank you.