

## BOARD OF WATER SUPPLY

CITY AND COUNTY OF HONOLULU  
630 SOUTH BERETANIA STREET  
HONOLULU, HI 96843



March 17, 2014

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ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer

ELLEN E. KITAMURA, P.E.  
Deputy Manager and Chief Engineer

The Honorable Angus L.K. McKelvey, Chair  
and Members  
Committee on Consumer Protection & Commerce  
House of Representatives  
Hawaii State Capitol, Room 325  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair and Members:

Subject: Senate Bill 3094, SD2, Relating to Public Counties

The Board of Water Supply, City and County of Honolulu (BWS) supports Senate Bill No. 3094, SD2, relating to the empowerment of counties to impose and enforce liens on unpaid water or sewer charges and the revisions to paragraph (23) (A) as described below.

The amendments to paragraph (23) (B) to remove the dollar threshold for the imposition and enforcement of liens, are consistent with the other provisions of the chapter and that any liens would be implemented in accordance with the counties ability to enact or adopt laws, rules and ordinances.

Additionally, we support the amendments to paragraphs (23) (A) of this chapter that removed language to allow counties to take over State water systems. This amendment would ensure that our ratepayers and counties would not be unfairly burdened with the additional cost to maintain, improve, enlarge, and develop a State water system.

BWS water rate payers are currently assessed the cost of operating and maintaining water system infrastructure through established water rates as allowed by statutes and City charter. BWS rates are established by conducting a rate study that takes substantial amount of time, as many issues have to be addressed and vetted to ensure that the proposed water rate revenues are adequate to recover the projected future water supply operating and capital costs. A cost of service analysis is then performed to properly allocate the revenue requirements to the various customer classes in a fair and equitable manner.

Thank you for your consideration of our testimony on Senate Bill 3094, SD2.

Very truly yours,

ERNEST Y. W. LAU, P.E.  
Manager and Chief Engineer



DEPARTMENT OF WATER SUPPLY • COUNTY OF HAWAII

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March 15, 2014

The Honorable Angus L.K. McKelvey, Representative  
10th House District  
Chair, House Committee on Consumer Protection and Commerce

RE: SB 3094, RELATING TO COUNTIES

The Department of Water Supply and the Water Board (DWS) County of Hawaii supports S.B. NO. 3094 which seeks to impose and enforce liens upon the premises served for any unpaid water or sewer charges where the premises owner fails, after reasonable notice, to make payment and after being given an opportunity for a hearing pursuant to chapter 91; provided that the lien may be enforced against the entire unpaid amount.

The DWS sees the need to place property liens for unpaid water bills as an additional tool to assist the DWS' current and active attempts to collect on 1.2 million dollars in delinquent charges for water service which are in arrears past 90 days.

Although a portion of this total amount is anticipated to be collected through previously arranged payment plans or pending water leak adjustments, the majority of the delinquent accounts remain in the collection process for long periods of time. This collection process includes correspondence, phone calls, and taking legal action against customers, when they can be located. This process can be time and resource consuming. When customers do not pay their bills the cost of operating the water system has to be borne by the other water customers.

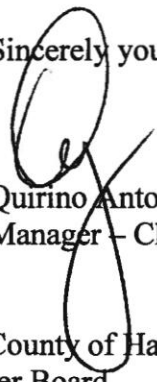
Oftentimes when a lawsuit is filed, the defendant does not respond, and a default judgment will be entered. It is assumed that defendants do not appear because there is no defense—the customer knows it used the water service and did not pay. Yet, the time and resources it takes to obtain a judgment may exceed the amount collected. Having the ability to place a lien against a property after due process is given, shortens the collection time period. Additionally, customers who may be intimidated by the court process, or find the court process too costly, may be more inclined to raise legitimate defenses within the administrative hearing process. Basically, this bill is an effort to shorten collection timelines while affording customers due process and using fewer resources.

However, we need your specific attention to amend the **effective date of this bill to 2015** because as it is written now the effective date is 2050.

Also, despite concerns raised by the Realtor's Association, it is important to note this bill helps realtors insure the transference of a "clean title" and does not impede a sale of a property. As previously mentioned, the lien will only be placed after notice and an opportunity to be heard via Chapter 91 by the property owner.

In closing, the DWS has a public trust responsibility. It is important for all who use water to pay for and protect water as our most precious resource. The DWS requests your support of S.B. NO. 3094 and asks you to pass this measure.

Sincerely yours,

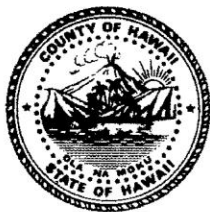


Quirino Antonio, Jr., P.E.  
Manager - Chief Engineer

copy - Honorable William P. Kenoi, Mayor, County of Hawai'i  
Kenneth Kaneshiro, Chairperson, Water Board  
Ernest Lau, Manager and Chief Engineer, Honolulu Board of Water Supply  
Dave Taylor, Director, Maui Department of Water Supply  
Kirk Saiki, Acting Manager and Chief Engineer, Kauai Department of Water Supply

**William P. Kenoi**  
*Mayor*

**Walter K.M. Lau**  
*Managing Director*



**BJ Leithead Todd**  
*Director*

**John A. Medeiros**  
*Deputy Director*

**County of Hawai'i**  
**DEPARTMENT OF ENVIRONMENTAL MANAGEMENT**  
345 Kekūanāo'a Street, Suite 41 • Hilo, Hawai'i 96720  
(808) 961-8083 · Fax (808) 961-8086  
<http://www.hawaiicounty.gov/environmental-management/>

March 14, 2014

**COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

Rep. Angus L.K. McKelvey, Chair  
Rep. Derek S.K. Kawakami, Vice Chair

DATE: Monday, March 17, 2014  
TIME: 2:10 PM  
PLACE: Conference Room 325  
State Capitol  
415 South Beretania Street

RE: S.B. No. 3094, Relating To Counties

Dear Chair McKelvey, Vice Chair Kawakami and members of the Committee on Consumer Protection & Commerce

The County of Hawaii's Department of Environmental Management supports the passage of S.B. No. 3094 which would allow the department to impose and enforce liens upon the premises served for any unpaid water or sewer bills. This would only be done after reasonable notice, an opportunity to make payment and an opportunity to request a Chapter 91 hearing. The department sees this as an additional tool to help in the collection of past due accounts.

The department currently has past due accounts in the amount of \$1,026,795 that are over 90 days past due. The current process includes letters, payment plans, phone calls and going to court to get a judgment. This process can be time consuming and requires a substantial commitment of resources in terms of staff time from our department as well as from the Office of the Corporation Counsel. In many cases, the time and resources required to get a court ordered judgment exceeds the amount owed. The department also feels that an administrative process for customers to contest past due bills may be better than going through the court system for customers as well.

The department appreciates your consideration and asks that you pass this measure.

Sincerely,

BJ Leithead Todd  
DIRECTOR

cc: Mayor William Keno  
John Medeiros, Deputy Director

March 17, 2014

**The Honorable Angus L.K. McKelvey, Chair**  
House Committee on Consumer Protection & Commerce  
State Capitol, Room 211  
Honolulu, Hawaii 96813

**RE: S.B. 3094, S.D.2, Relating to Counties**

**HEARING: Monday, March 17, 2014 at 2:10 p.m.**

Aloha Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,300 members. HAR **expresses concerns** with S.B. 3094, SD2, which permits counties to impose and enforce liens upon premises served for unpaid water or sewer charges after an opportunity to be heard under chapter 91, Hawai'i Revised Statutes. Also, it repeals the authority of each county to take over from the State existing waterworks systems and sewer systems and to enlarge, develop, and improve the same.

HAR has concerns that this bill could result in property owners becoming liable for large delinquencies with no knowledge of, nor opportunity to react to, delinquencies created by their tenants.

We believe that if a tenant does not pay their water bill, the property owner must be notified prior to a lien being placed and that such notification that is timely to ensure that the owner may cure any non-payment.

Should this committee be inclined to pass this measure, we respectfully ask that the measure be amended to require (1) pre-lien notice of delinquency must be provided to property owners and (2) the delinquent charges that could be the subject of such liens not commence to accrue until the date of such notice.

Mahalo for the opportunity to testify.