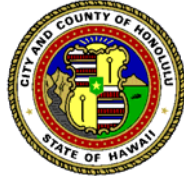


# CITY AND COUNTY OF HONOLULU

650 SOUTH KING STREET, 5TH FLOOR  
HONOLULU, HAWAII 96813



## Setting the Record Straight: Shipping Solid Waste

### ADHERENCE TO PROCUREMENT CODE A MUST

The Hannemann Administration is committed to interim shipping of solid waste, as demonstrated by the inclusion of \$10 million in this year's very tight operating budget. To award a contract for that service, however, the procurement law must be followed to avoid disputes and ensure a fair process for all prospective bidders.

The reason the City is procuring shipping services in the first place is to maintain control over our opala and where it goes, while at the same time reducing waste going into our only municipal solid waste landfill (Waimanalo Gulch). Odd as it may seem, trash is a resource, especially here in Honolulu, where much of our waste is converted to energy at H-POWER, thereby reducing our dependence on fossil fuels and providing revenues from the sale of the energy to HECO. The City can only enter contracts to process recyclables, to operate H-POWER, and to build additional capacity at H-POWER (which we are now doing for \$300 million dollars), if it can control the flow of waste. "Flow control" is so important to citizens that State law and City ordinance locally, and the U.S. Supreme Court nationally, have all affirmed the ability of municipal governments to direct the flow of waste to a designated disposal site. The Supreme Court recognized that in order to properly plan for and pay for solid waste programs and recycling contracts, local governments must be able to control the flow of waste.

On June 24, the City's Chief Procurement Officer rejected a low bid for off-island shipping of solid waste for at least three years, submitted by Hawaiian Waste Systems (HWS). His determination that the bid was "non-responsive" under the Hawaii Public Procurement Code was based upon the due diligence findings presented by the Department of Environmental Services (ENV) and the analysis of his own staff. The City Council immediately introduced Resolution 09-207, which authorizes private shipping of waste to the mainland and expressly threatens flow control, in an apparent attempt to circumvent state procurement law and benefit one bidder in particular, HWS. Sure enough, at the hearing on the Resolution, even though the Resolution on its face purported to apply to all bidders/shippers, the HWS President was the only shipper who testified, and he testified at length about the supposedly unrelated procurement dispute.

Private shipping outside of the City's control may be difficult to stop, once started. The HWS President testified that his company had spent \$10-12 million in building its facility, without any City contract, and one of his explanations was "contractual enthusiasm." It is difficult to understand why even an enthusiastic company would spend this kind of money **without a contract**, and it is even more difficult to believe that a company spending this kind of money would simply hand the waste back to the City, close up shop, and walk away. If Council passes the Resolution, and HWS begins to ship waste on its own, we will have the explanation, and will take whatever actions necessary to preserve flow control on behalf of the City taxpayer. This can all be avoided

if the City Council defers the Resolution and allows the Administration to complete its procurement of interim shipping services.

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