

MINUTES

REGULAR MEETING OF THE BOARD OF WATER SUPPLY

January 24, 2011

At 2:02 PM on January 24, 2011, in the Board Room of the Public Service Building at 630 South Beretania Street, Honolulu, Hawaii, Chairman Chung called to order the Regular Meeting of the Board

Present: Randall Y. S. Chung, Chair
Adam C. Wong
George Keoki Miyamoto
Glenn M. Okimoto

Also Present: Wayne Hashiro, Manager and Chief Engineer
Dean Nakano, Deputy Manager
Brendan Bailey
Darwin Ching
Marc Chun
George Gusman III
Daryl Hiromoto
Erwin Kawata
Paul Kikuchi
Jan Kemp
Brian McKee
Jonathan Suzuki
Jason Takaki
Kurt Tsue
Alexander Ubiadas
Barry Usagawa

Others Present: Lynn Wakatsuki, Deputy, Corporation Counsel

Absent: Anthony R. Guerrero, Jr.
William K. Mahoe
Theresia C. McMurdo

APPROVAL
OF MINUTES

Approval of the Minutes of the Regular Meeting held on
December 20, 2010

MOTION
TO APPROVE

Adam Wong and George Miyamoto motioned and seconded,
respectively, to approve the Minutes of the Regular Session Meeting
Minutes of December 20, 2010. The motion for approval was
unanimously carried.

Chairman Chung introduced new board member, ex-officio, Glenn M.
Okimoto, Acting Director for the Department of Transportation, State
of Hawaii who shared his professional and educational background.

"January 24, 2011

FINANCIAL
UPDATE

Chairman and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawaii 96843

Chairman and Members:

Subject: Financial Update for the Period Ended
December 31, 2010

The following Board of Water Supply's financial reports are attached:

- Budget vs Actual Revenue and Expense Totals
- Statement of Revenues, Expenses and Change in Net Assets
- Balance Sheet
- Budget vs Actual Appropriate Budget – Total BWS Summary

Respectfully submitted,

/s/ Wayne M. Hashiro
WAYNE M. HASHIRO, P.E.
Manager and Chief Engineer

Attachments"

The foregoing was for information only.

DISCUSSION

Chief Financial Officer, Paul Kikuchi, summarized the financial reports, with primary focus on the favorable variance.

In response to Director Wong's request for a breakdown of the favorable variances in the revenues and expenses report, Mr. Kikuchi identified the personnel services category and the material services and supplies category as below projected expenditures, which resulted in the favorable variance.

Mr. Hashiro informed the Board that if the vacant positions are justified as critical; the positions are filled provided the divisions are able to present such a case to him.

Budget vs. Actual
Revenue and Expense Totals
As of December 31, 2010

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	83,212,000	83,914,000	(702,000)
Operating Expenses	(58,453,000)	(74,362,000)	15,909,000
Net Revenues (expenditures)	<u>24,759,000</u>	<u>9,552,000</u>	<u>15,207,000</u>

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
For the Six Months Ending December 31, 2010

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
				REVENUE					
12,058,324.84	100.00	12,204,710.25	100.00	OPERATING REVENUE	80,835,597.28	100.00	79,020,560.59	100.00	2.30
12,058,324.84	100.00	12,204,710.25	100.00	REVENUE	80,835,597.28	100.00	79,020,560.59	100.00	2.30
				OPERATING EXPENSES					
2,386,228.89-	19.79	2,595,188.42-	21.26	LABOR COSTS	14,335,305.44-	17.73	15,765,089.13-	19.95	9.07-
879,094.00-	7.29	726,118.65-	5.95	SERVICES	4,820,362.96-	5.96	4,061,944.81-	5.14	18.67
460,218.96-	3.82	201,837.18-	1.65	SUPPLIES	1,149,354.01-	1.42	1,113,264.91-	1.41	3.24
3,250.47-	.03	22,938.70-	.19	EDUCATION & TRAINING	29,454.26-	.04	38,746.68-	.05	23.98-
3,796,986.16-	31.49	1,500,869.86-	12.30	UTILITIES	10,236,592.97-	12.66	8,584,412.48-	10.86	19.25
33,365.70-	.28	877,742.35-	7.19	REPAIR AND MAINTENANCE	994,386.00-	1.23	1,707,069.81-	2.16	41.75-
843,800.40-	7.00	1,116,500.81-	9.15	MISC	6,837,978.84-	8.46	6,785,061.61-	8.59	.78
1,182,274.09-	9.80	1,188,263.64-	9.74	RETIREMENT SYSTEM CONTRIBUTIO	6,043,292.51-	7.48	6,148,787.16-	7.78	1.72-
6,438.97-	.05	2,366.18	.02	MISC EMPLOYEES' BENEFITS	141,510.20-	.18	182,402.85-	.23	22.42-
9,591,657.64-	79.54	8,227,093.43-	67.41	OPERATING EXPENSES	44,588,237.19-	55.16	44,386,779.44-	56.17	.45
2,080,171.50-	17.25	1,078,765.41-	8.84	NON OPERATING REVENUE AND EXPE	3,405,983.40-	4.21	3,087,826.47-	3.91	10.30
3,041,966.01	25.23	1,895,947.16	15.53	CONTRIBUTION IN AID	6,961,544.80	8.61	7,734,775.85	9.79	10.00-
4,000,700.69-	33.18	3,995,226.57-	32.74	OTHER EXPENSES	21,979,356.02-	27.19	23,258,069.69-	29.43	5.50-
572,238.98-	4.75	799,572.00	6.55	Change In Net Assets	17,823,565.47	22.05	16,022,660.84	20.28	11.24

Board Of Water Supply
Balance Sheet
As of December 31, 2010

Description	Amounts			Change	
	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	36,527,927.66	37,263,948.68	27,312,344.23	-736,021.02	9,215,583.43
RESTRICTED ASSETS	2,607,744.46	-3,522,051.69	15,688,225.22	6,129,796.15	-13,080,480.76
INVESTMENTS	176,251,656.12	182,674,260.59	164,564,855.54	-6,422,604.47	11,686,800.58
OTHER ASSETS	2,903,543.46	3,767,271.82	4,865,245.84	-863,728.36	-1,961,702.38
PROPERTY / PLANT	1,159,226,244.82	1,157,528,776.81	1,158,272,860.97	1,697,468.01	953,383.85
TOTAL ASSETS	<u>1,377,517,116.52</u>	<u>1,377,712,206.21</u>	<u>1,370,703,531.80</u>	<u>-195,089.69</u>	<u>6,813,584.72</u>
LIABILITIES					
CURRENT LIABILITIES	15,255,423.18	14,231,948.07	25,107,428.03	1,023,475.11	-9,852,004.85
OTHER LIABILITIES	23,939,352.57	23,982,624.92	24,538,737.49	-43,272.35	-599,384.92
BONDS PAYABLE, NONCURRENT	323,358,429.47	323,961,482.94	323,917,020.45	-603,053.47	-558,590.98
LIABILITIES	<u>362,553,205.22</u>	<u>362,176,055.93</u>	<u>373,563,185.97</u>	<u>377,149.29</u>	<u>-11,009,980.75</u>
NET ASSETS					
RETAINED EARNINGS	340,551,865.24	344,831,479.86	287,900,588.78	-4,279,614.62	52,651,276.46
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66		
RESERVE FOR ENCUMBRANCES	61,954,648.93	61,954,648.93	114,605,925.39	0.00	-52,651,276.46
CURRENT YEAR CHANGES TO FU	17,823,565.47	14,116,189.83		3,707,375.64	17,823,565.47
NET ASSETS	<u>1,014,963,911.30</u>	<u>1,015,536,150.28</u>	<u>997,140,345.83</u>	<u>-572,238.98</u>	<u>17,823,565.47</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,377,517,116.52</u>	<u>1,377,712,206.21</u>	<u>1,370,703,531.80</u>	<u>-195,089.69</u>	<u>6,813,584.72</u>

Board Of Water Supply
Budget vs Actual Appropriation Budget - Total BWS Summary
(\$000's)

OPER UNIT ALL
BUSINESS UNIT ALL

CIFIS 11820-3021
AS OF 12/31/2010

YTD-TO-DATE				FOR THE FISCAL YEAR					
YTD Actuals	YTD Budget	Avail/ (Over)	%	Object Description	Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>83,212</u>	<u>83,914</u>	<u>702</u>	<u>.84</u>	<u>REVENUE</u>	<u>83,212</u>		<u>162,512</u>	<u>79,300</u>	<u>48.80</u>
OPERATING EXPENSES:									
15,378	21,675	6,297	29.05	Personnel Services	15,378		43,549	28,171	64.69
MATERIALS AND SUPPLIES									
5,044	6,838	1,794	26.24	Services	3,019	2,025	13,653	8,609	63.06
2,403	2,687	284	10.57	Supplies	1,522	881	5,779	3,376	58.42
33	203	170	83.74	Education & Training	30	3	433	400	92.38
	7	7	100.00	Utilities			13	13	100.00
992	2,833	1,841	64.98	Repairs & Maint	705	287	7,357	6,365	86.52
4,246	4,413	167	3.78	Misc	4,132	114	10,118	5,872	58.04
30	825	795	96.36	Equipment	20	10	2,704	2,674	98.89
10,459	12,090	1,631	13.49	Debt Service	10,459		24,178	13,719	56.74
FIXED CHARGES:									
10,966	11,810	844	7.15	Utilities	10,966		23,619	12,653	53.57
1,650	1,650			Case Fees	1,650		3,300	1,650	50.00
3,347	3,807	460	12.08	Retirement System Contribution	3,347		7,614	4,267	56.04
3,905	5,524	1,619	29.31	Misc Employees' Benefits	3,880	25	13,548	9,643	71.18
<u>58,453</u>	<u>74,362</u>	<u>15,909</u>	<u>21.39</u>	<u>TOTAL OPERATING EXPENDITURES</u>	<u>55,108</u>	<u>3,345</u>	<u>155,865</u>	<u>97,412</u>	<u>62.50</u>
<u>24,759</u>	<u>9,552</u>	<u>(15,207)</u>		<u>NET REVENUES (EXPENDITURES)</u>	<u>28,104</u>	<u>(3,345)</u>	<u>6,647</u>	<u>(18,112)</u>	

"January 24, 2011

GROUNDWATER
LEVELS

Chairman and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawaii 96843

Chairman and Members:

Subject: Status Update of Groundwater Levels at Index Stations

Two index wells are under low groundwater conditions for the production week that ended on January 8, 2011. This is an improvement from the five index wells reported this past December. Kaimuki is in a caution level, and Punaluu remains under an alert condition. Recent rainfall events have contributed to lower production rates and regional aquifer head recovery. The weekly production average for the period was 126.66 million gallons per day.

The December Board of Water Supply rainfall index was 192 percent of normal with a 5-month moving average of 120 percent. Continuing rainfall events, as experienced recently, will allow aquifers to recover. As of January 4, 2011, there are no drought-designated areas on the island of Oahu. The Climate Prediction Center extended forecast predicts a probability of above average rainfall to June 2011.

Respectfully submitted,

/s/ Wayne M. Hashiro
WAYNE M. HASHIRO, P.E.
Manager and Chief Engineer

Attachments"

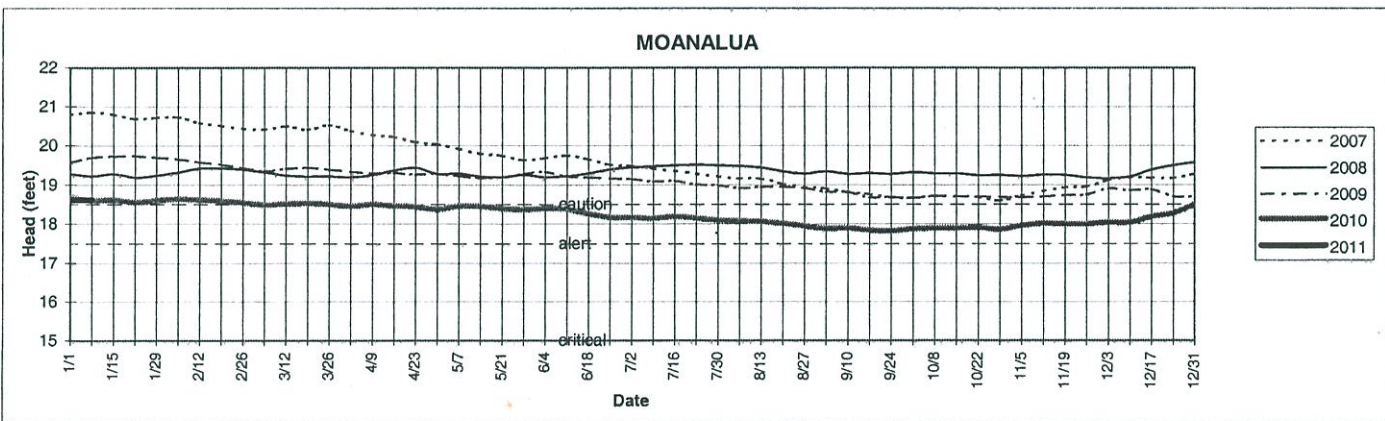
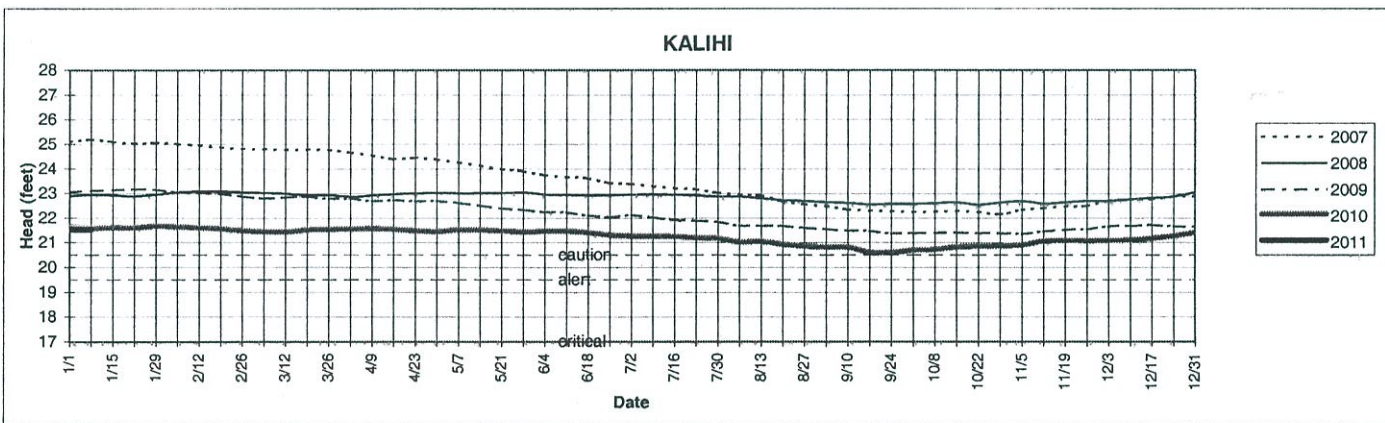
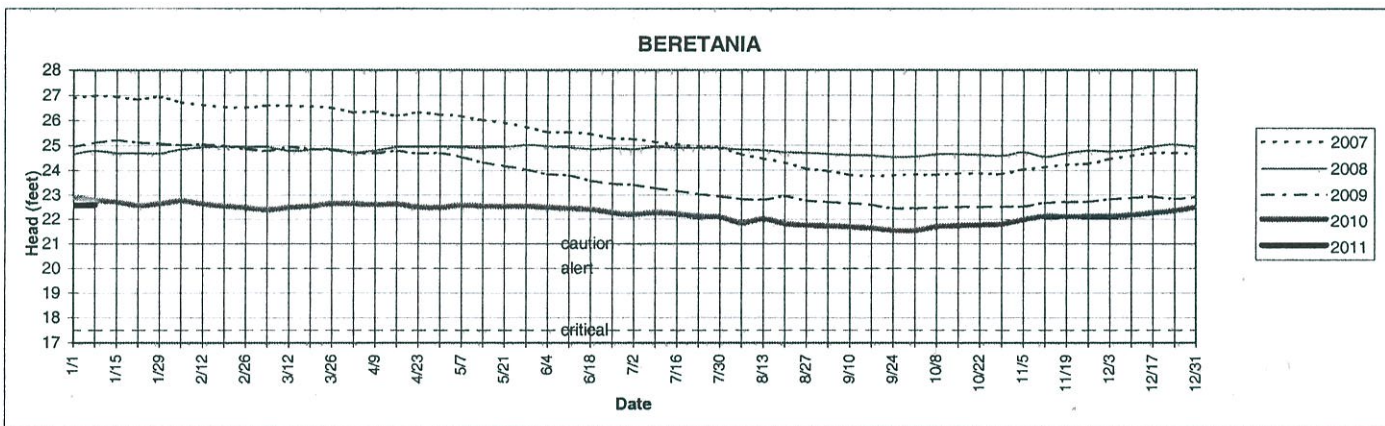
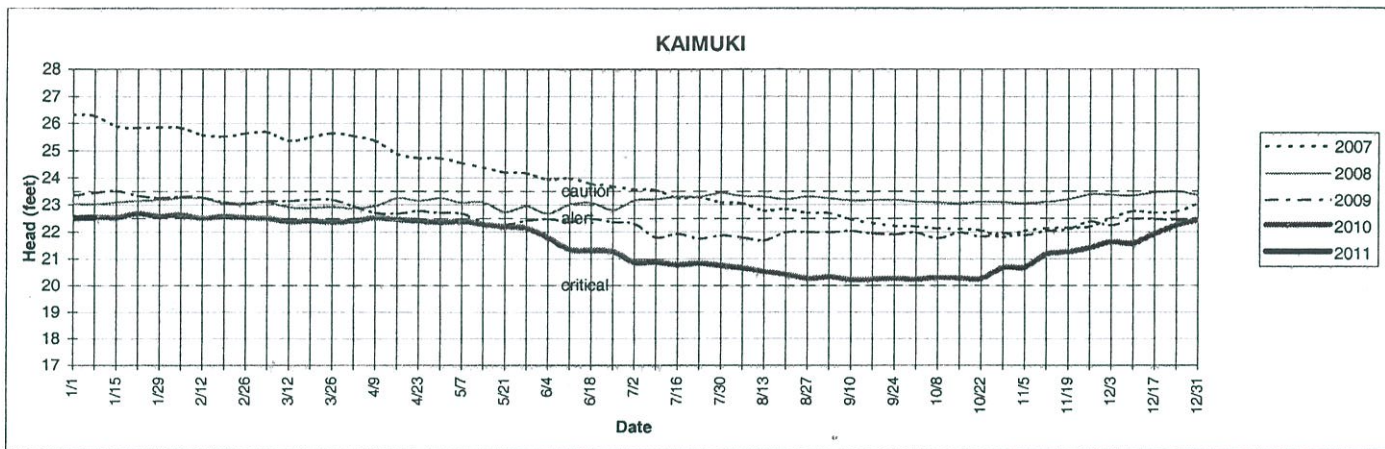
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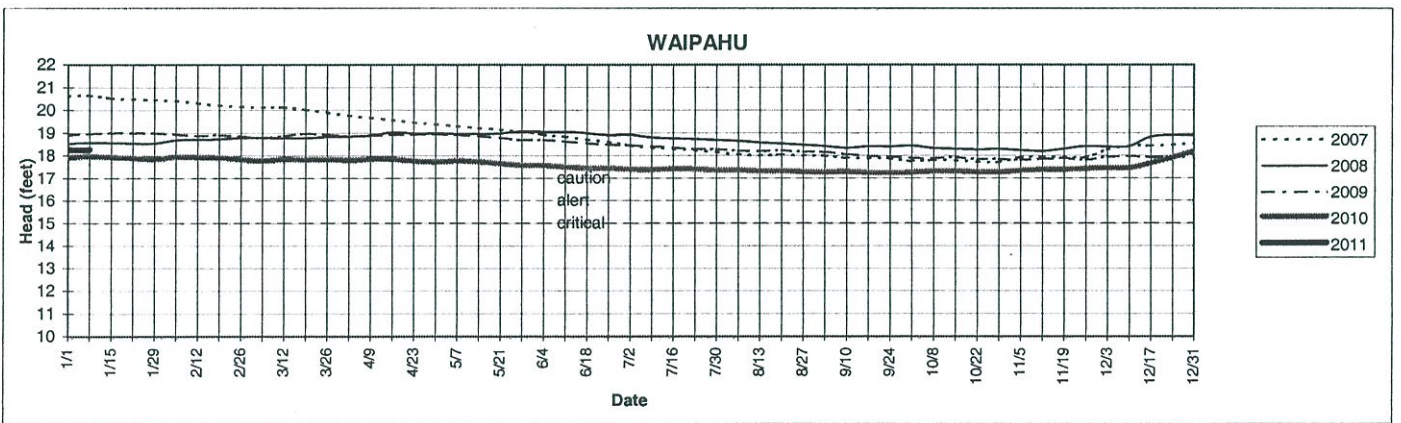
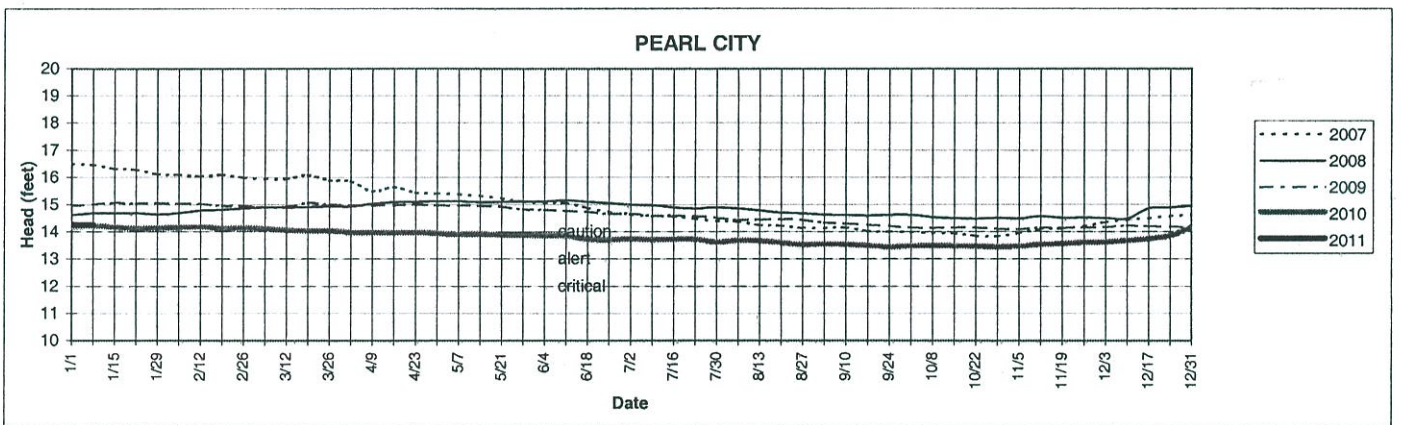
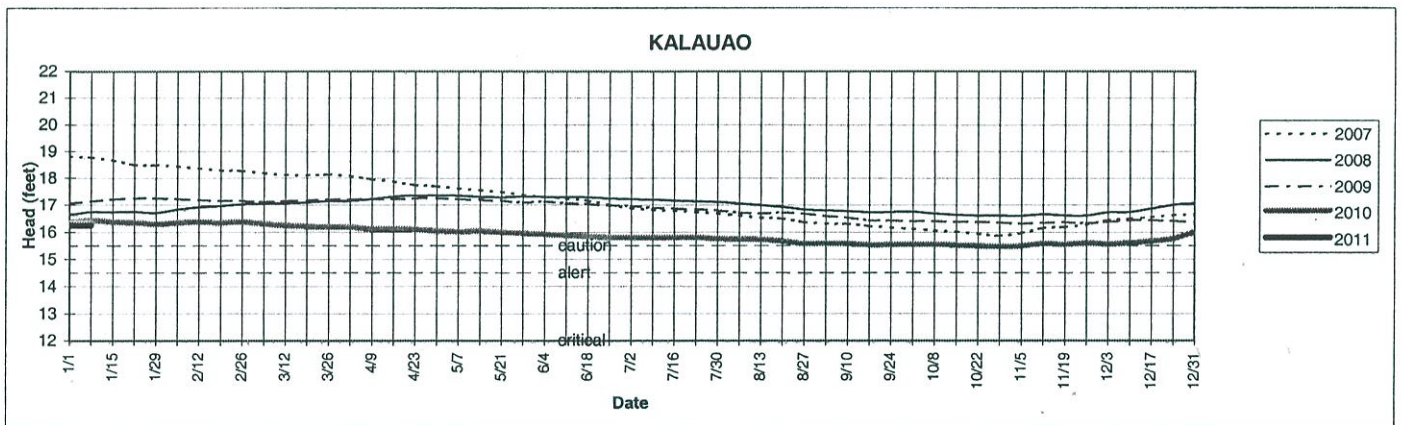
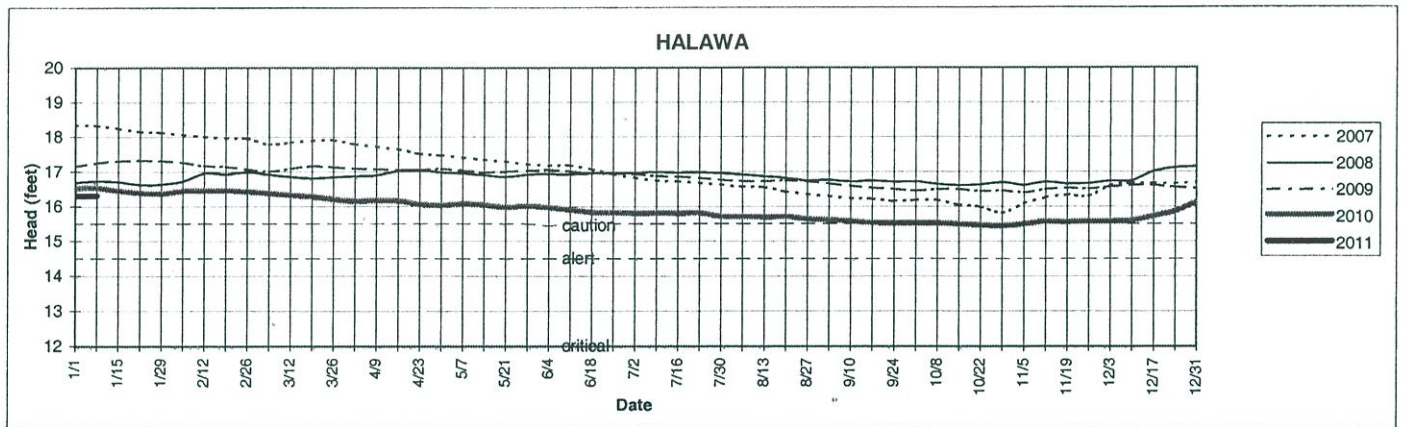
PUMPAGE, HEAD, AND RAINFALL REPORT

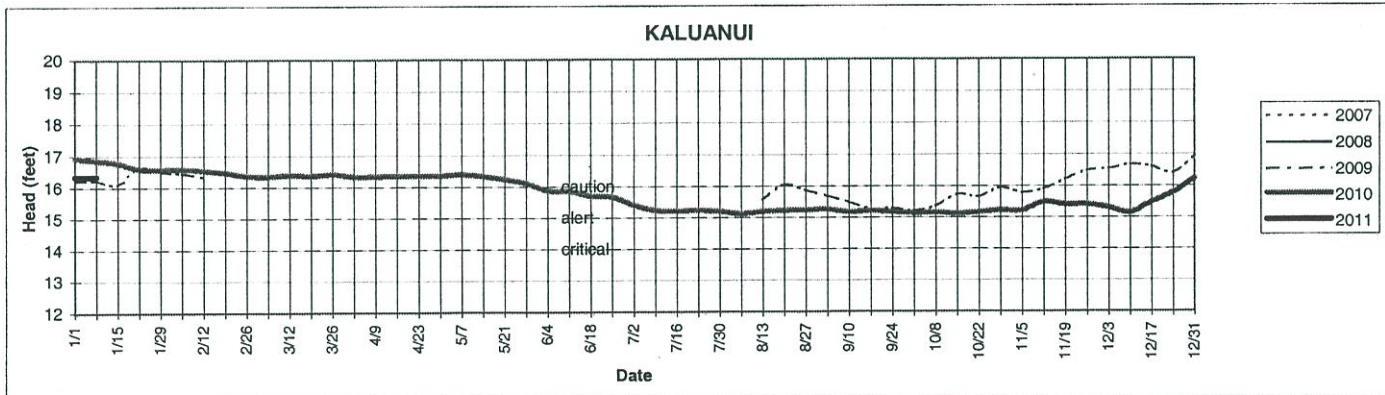
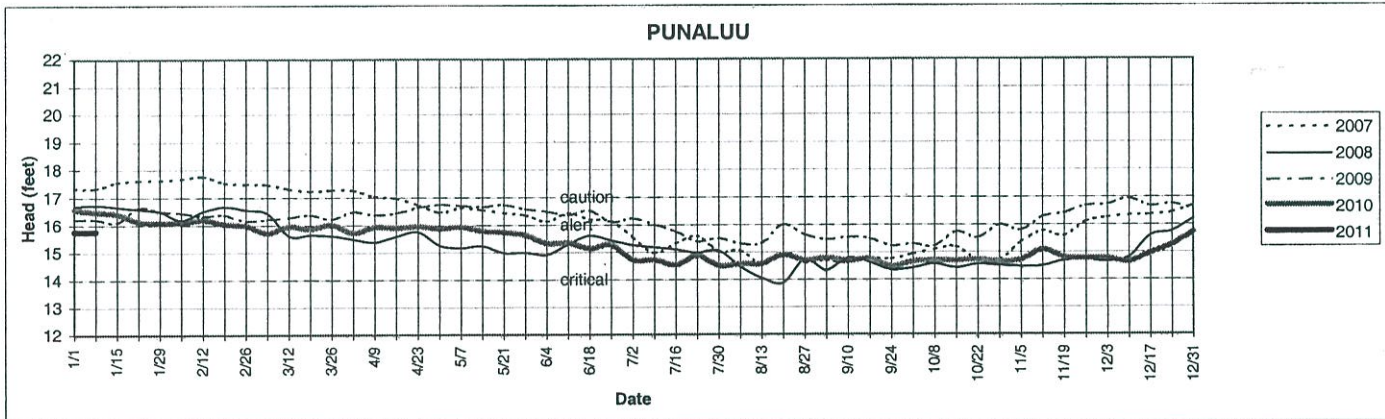
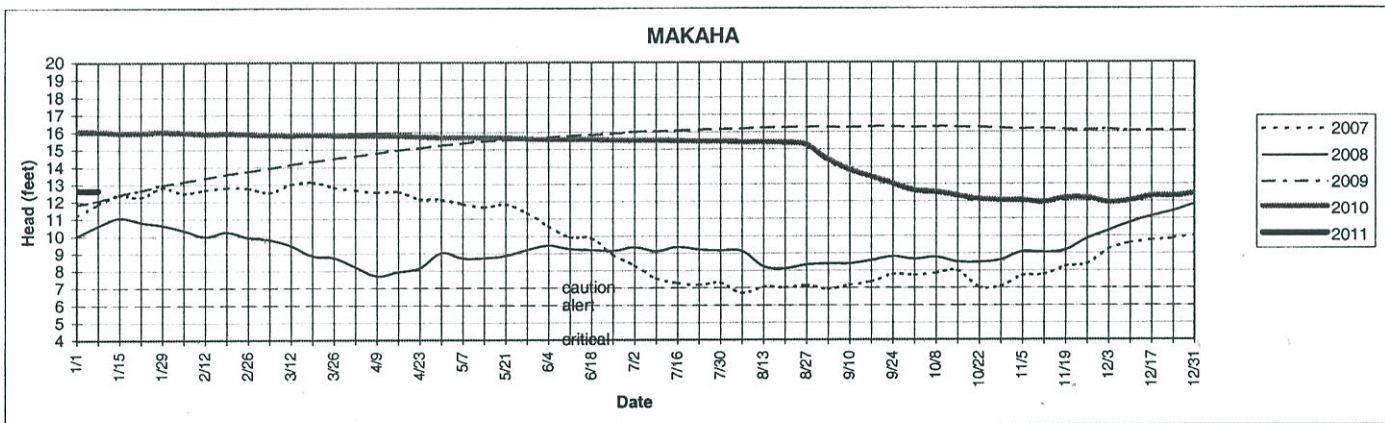
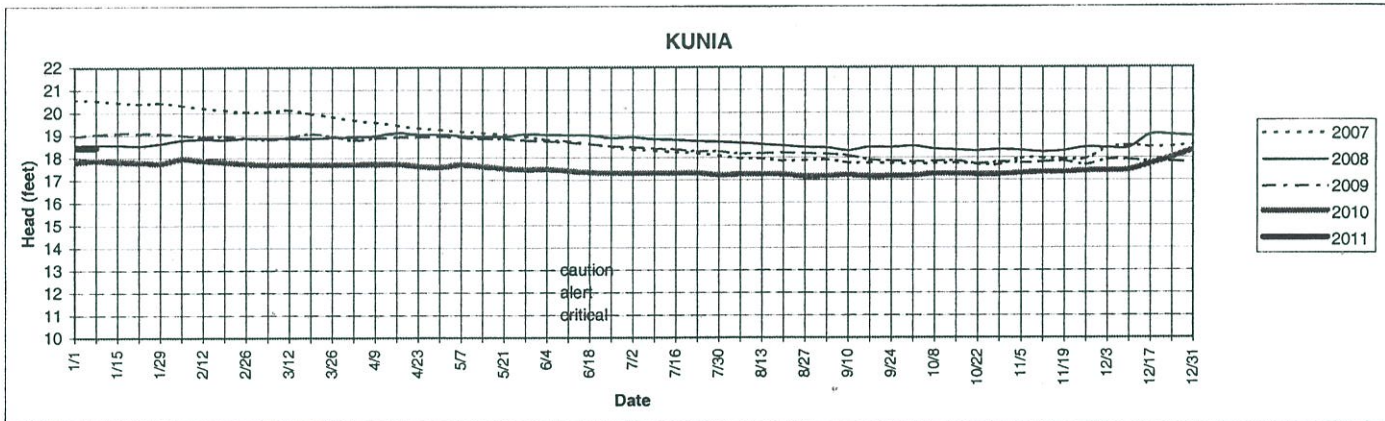
Week of 1/02/11 to 1/08/11

STATION	MGD	HEAD	STATION	MGD	HEAD	STATION	MGD	HEAD		MGD	HEAD
METRO			WINDWARD			EWA-WAIAANAE (CONT)			PH (CONT)		
KULIQUOU	0.00		WAIMANALO I	0.00		MAKAHA IV	0.00		PEARL CITY II	1.79	
WAILUPE	0.00		WAIMANALO II	0.14		MAKAHA V	0.07		PEARL CITY III	0.40	
WAIALAE-IKI	0.00		KUOU I	0.00		MAKAHA VI	0.00		WAI AU	0.61	
AINA KOA	0.06		KUOU II	0.07		MAKAHA SHAFT	0.05	12.66	NEWTOWN	1.22	
AINA KOA II	0.50		KUOU III	0.25		KAMAILE	0.00		KAONOH I	0.86	
WAIALAE SHAFT	0.00		LULUKU I	1.09		WAIAANAE I	0.00		WAIMALU I	0.00	
MANOA II	0.58		HAIKU	0.26		WAIAANAE II	0.76		AIEA	0.75	
PALOLO	1.52		IOLEKAA	0.01		WAIAANAE III	0.47		AIEA GULCH 497	0.42	
KAIMUKI HIGH	2.50	22.53	KAHALUU	0.62		MAKAKILO	0.65		AIEA GULCH 550	0.23	
KAIMUKI LOW	0.11		WAIHEE	0.00		HONOULIULI I	1.25		HALAWA 277	1.63	
WILDER	9.95		KAHANA	0.65		HONOULIULI II	7.17		HALAWA 550	0.00	
BERETANIA HIGH	2.74	22.58	PUNALUU I	0.00	15.76	SUBTOTAL:	10.59		KAAHUMANU MTR(-)	0.00	
BERETANIA LOW	0.42		PUNALUU II	3.31		IMPORT FROM PH			KAAMILO FLO MTR (-)	0.00	
KALIH I HIGH	2.68	21.53	PUNALUU III	1.50		KAPOLEI LINE BSTR	4.07		KUNIA I	0.00	18.43
KALIH I LOW	0.76		KALUANUI	0.00		HONOULIULI LB FLOW	6.68		KUNIA II	1.65	
KAPALAMA	1.51		MAAKUA	0.00		EWA BEACH FLOW	1.74		KUNIA III	2.19	
KALIH I SHAFT	7.50		HAUULA	0.15		HONOULIULI I (-)	-1.25		HOAEAE	4.75	
MOANALUA	1.51	18.62				HONOULIULI II (-)	-7.17		EWA SHAFT	0.00	
SUBTOTAL:	32.33		KAHUKU	0.10		SUBTOTAL:	4.06		WAI PAHU INTCON. (-)	-3.89	
			OPANA						EWA-WAIAANAE (-)	-4.06	
IMPORT FROM PH			WAI ALEE I	0.00		PEARL HARBOR			PH LOCAL USE:	26.57	
HALAWA SHAFT	8.87	16.30	WAI ALEE II	0.35		WAI AWA	1.43		TOTAL SUBURBAN:	51.64	
KAAMILO	1.32		SUNSET BEACH	0.00		WAI AWA II	1.48				
KALAUAO	7.42	16.24	SUBTOTAL:	8.50		MILILANI I	2.18		KALAUAO SPRINGS	0.58	
PUNANANI	8.50					MILILANI II	0.00		BARBERS POINT (NP)	1.13	
KAONOH I II	0.00		WIND. EXPORT	0.50		MILILANI III	0.00		GLOVER TUNNEL (NP)	0.28	
WAIMALU II	0.00	15.09				MILILANI IV	2.14				
KAAHUMANU	1.06		HALEIWA-WAI AUA			WAIPIO HTS.	0.20		HEAD CONDITION		
HECO WAI AU	1.80		HALEIWA	0.00		WAIPIO HTS. I	0.50		CAUTION	ALERT	CRITICAL
MANANA	0.98		WAI AUA	2.42		WAIPIO HTS. II	0.19		Kaimuki	Punaluu	
KAAHUMANU FLOW MT	0.00		SUBTOTAL:	2.42		WAIPIO HTS. III	1.07				
KAAMILO FLOW MTR	0.00					WAI PAHU	3.89	18.27			
TOTAL IMP/EXP WAI P. INT:	3.89		EWA-WAIAANAE			WAI PAHU II	1.07				
IMPORT FRM WIND:	0.50		MAKAHA I	0.02		WAI PAHU III	0.00				
SUBTOTAL:	34.35		MAKAHA II	0.05		WAI PAHU IV	2.59				
			MAKAHA III	0.09		PEARL CITY SHAFT	0.95	14.27			
TOTAL METRO:	66.68					PEARL CITY I	0.32				

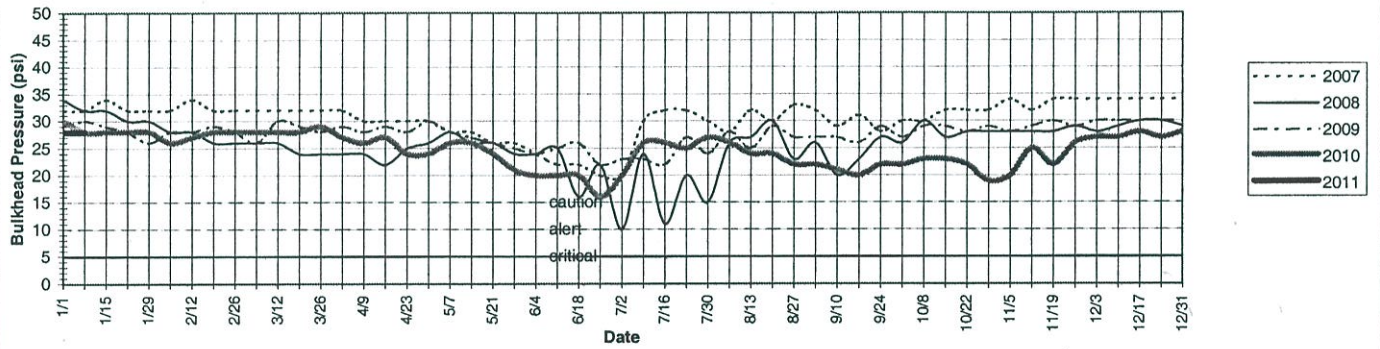
CWRM PERMITTED USE FOR BWS POTABLE SOURCES						PUMPAGE	2011	2010	GRAVITY	2011	2010
	A	B	C	D	E	SUBURB.	51.64	61.00	SUBURB.	7.98	9.59
WATER DISTRICTS	PERMITTED USE	2011	DIFF. B-A	YEAR/ DATE	DIFF. D-A	METRO	66.68	67.21	METRO	0.37	0.37
						TOTAL:	118.31	128.21	TOTAL:	8.35	9.96
HONOLULU	45.27	32.70	-12.57						Manoa	0.17	
WINDWARD	25.21	14.26	-10.95			NUUANU #5			Paloalo	0.20	
NORTH SHORE	4.08	2.87	-1.21			(rainfall)	1.06"	0.45"	Waim. I&II	0.15	
WAI AWA	4.27	2.91	-1.36						Waim. III&IV	0.19	
WAIAANAE	4.34	3.29	-1.05						Waihee incl.	0.00	
EWA-KUNIA	15.88	9.07	-6.81						Waihee tun.	3.88	
PEARL HARBOR	92.66	61.56	-31.10						Luluku	0.05	
TOTAL:	191.71	126.66	-65.04						Haiku	0.00	
									Kahaluu	1.93	
									Waia. C&C	1.40	
									Waia plant.	0.37	



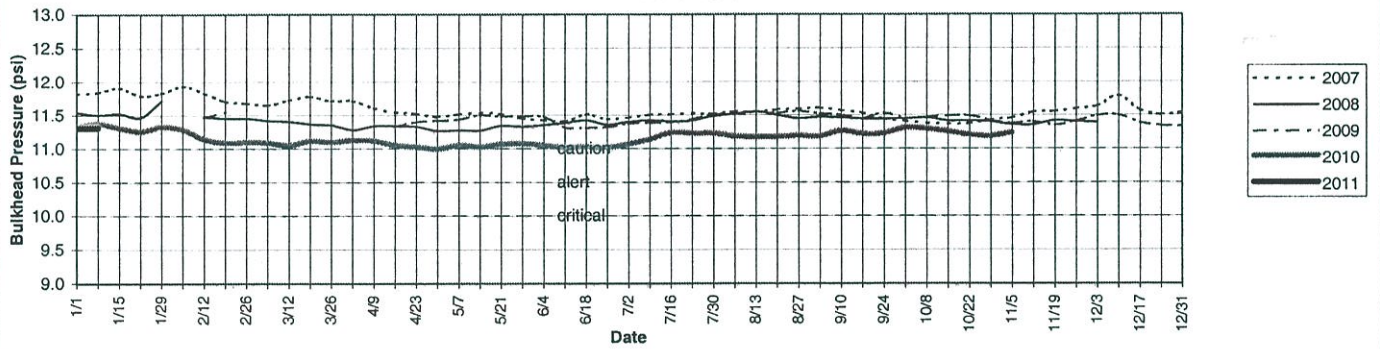


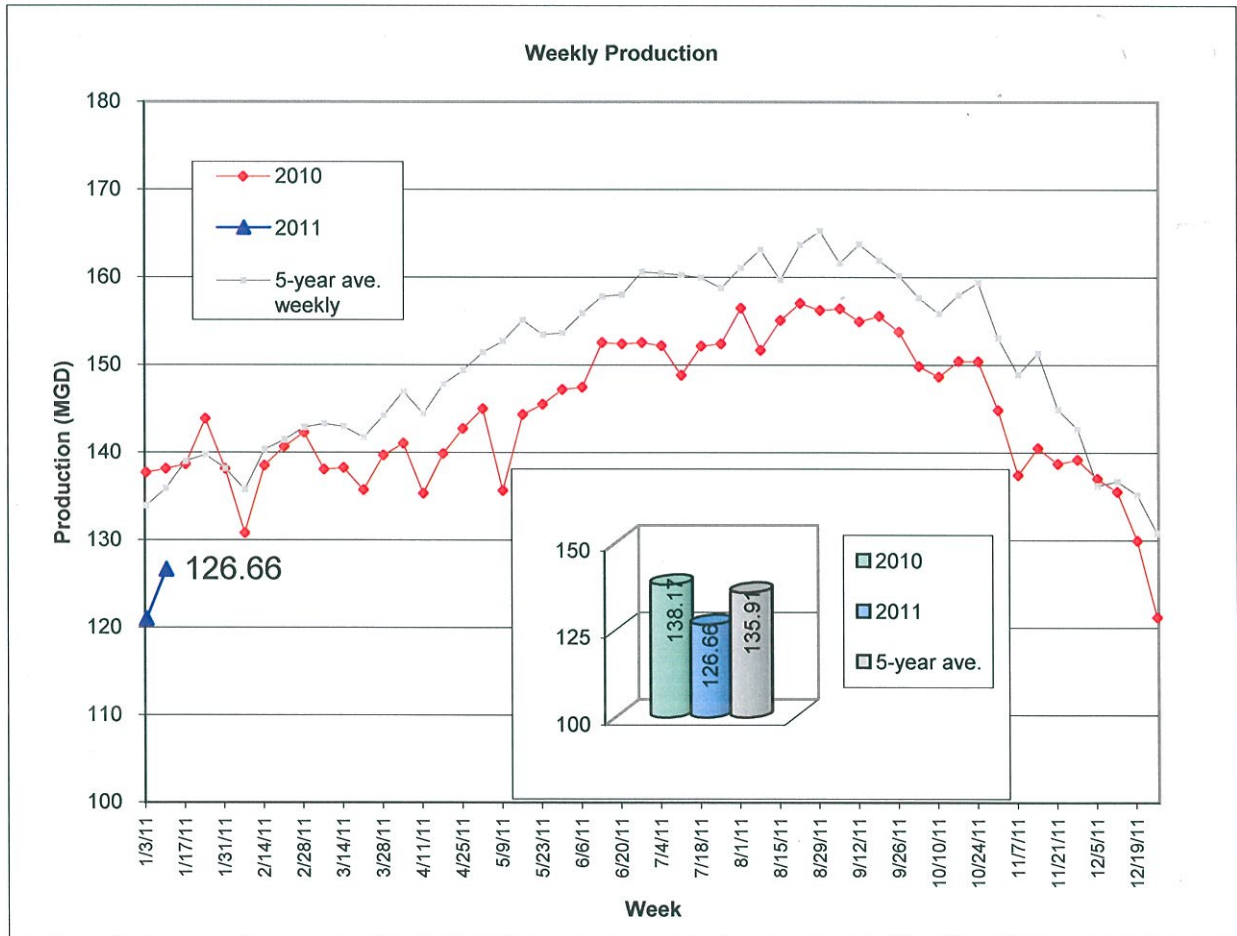
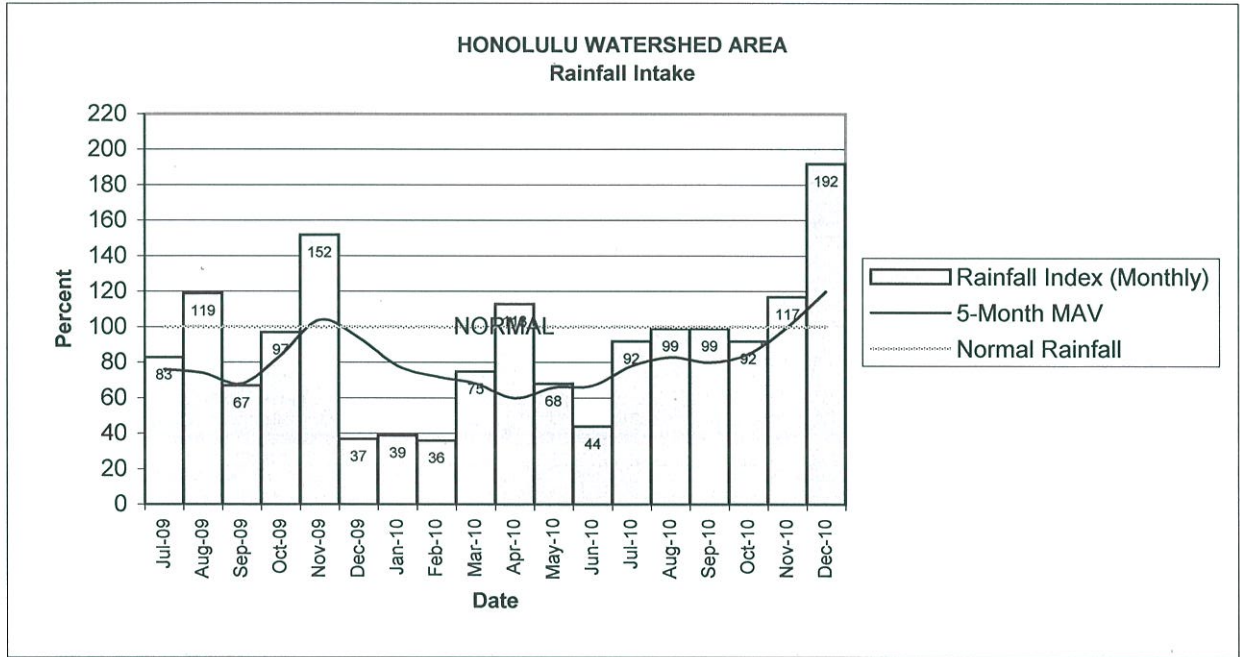


WAIHEE TUNNEL



WAIALUA





HAWAII RURAL
WATER ASSOC.
UPDATE

Manager and Chief Engineer, Wayne Hashiro, announced that the Board of Water Supply (BWS) is a conditional member of the newly formed Hawaii Rural Water Association (HRWA) and he was elected to serve as one of the Board of Directors.

The Executive Session Noticed and Scheduled for January 24, 2011 was deferred until the next board meeting.

MOTION TO
ADJOURN

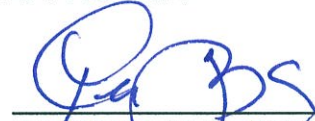
There being no further business, Chairman Chung at 2:22 P.M. called for a motion to adjourn the Open Session. Adam Wong so moved; seconded by George Miyamoto and unanimously carried.

THE MINUTES OF THE JANUARY 24, 2011 BOARD MEETING WERE APPROVED ON 03/28/2011			
	AYE	NO	COMMENT
RANDALL Y. S. CHUNG	X		
DENISE M. C. DE COSTA	X		
ANTHONY R. GUERRERO, JR.			ABSENT
THERESIA C. MCMURDO	X		
ADAM C. WONG	X		
WESTLEY K.C. CHUN	X		
GLENN M. OKIMOTO	X		

Respectfully submitted,


NANCY TANO

APPROVED:


RANDALL Y. S. CHUNG
Chairman of the Board

MAR 28 2011

Date