

MINUTES

REGULAR MEETING OF THE BOARD OF WATER SUPPLY

April 23, 2018

At 2:00 PM on April 23, 2018 in the Board Room of the Public Service Building at 630 South Beretania Street, Honolulu, Hawaii, Board Chair Andaya called to order the Regular Meeting.

Present: Bryan P. Andaya, Chair
Kapua Sproat, Vice Chair
David C. Hulihee
Ray C. Soon
Ross S. Sasamura
Jade T. Butay

Also Present: Ernest Lau, Manager and Chief Engineer
Ellen Kitamura, Deputy Manager and Chief Engineer
Robert Morita
Erwin Kawata
Barry Usagawa
Mike Fuke
Jason Takaki
Joe Cooper
Mike Matsuo
Kevin Ihu
Kathleen Pahinui
Henderson Nuuhiwa
Jennifer Elflein
Michele Thomas

Others Present: Jeff Lau, Deputy Corporation Counsel
Jessica Wong, Deputy Corporation Counsel
Li Li, Deputy Corporation Counsel
Dave Ebersold, CDM Smith
Audrey Harris, CDM Smith
Susan Uyesugi, SSFM International
Joseph Stewart, Kobayashi Sugita & Goya

Absent: Kay C. Matsui

APPROVAL OF
MINUTES

Approval of the Minutes of the Regular Meeting held on March 27, 2018

MOTION
TO APPROVE

Ross Sasamura and Jade Butay motioned and seconded, respectively, to approve the Minutes of the Regular Session Meeting of March 27, 2018. The motion was unanimously carried.

"April 23, 2018

AUTHORIZING
A PUBLIC
HEARING

Chair and Members
Board of Water Supply
City and County of Honolulu
Honolulu, Hawaii 96834

Chair and Members:

Subject: Authorizing a Public Hearing to Consider the Proposed
Fiscal Year 2018-2019 Operating and Capital Improvement
Program Budget

We recommend that the Board authorize a public hearing to be held at 2:00 p.m. on Tuesday, May 29, 2018, to consider the resolution to adopt the proposed Operating and Capital Improvement Program Budget for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

Attached is the draft of the "Notice of Public Hearing" to be published prior to the hearing date.

Respectfully submitted,

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

Attachment"

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the BOARD OF WATER SUPPLY, CITY AND COUNTY OF HONOLULU, will hold a PUBLIC HEARING in the Board Room, Public Service Building, 630 South Beretania Street, on TUESDAY, MAY 29, 2018, at 2:00 p.m. or soon thereafter, where all interested persons shall be afforded the opportunity of being heard on the adoption of the Proposed Fiscal Year (FY) 2018-2019 Operating and Capital Improvement Program Budget of the Board of Water Supply for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

Information to be discussed at this public hearing is available at Room 319 of the Public Service Building, Board of Water Supply, 630 South Beretania Street or online at www.boardofwatersupply.com. All comments on or suggested changes to the proposed FY 2018-2019 Operating and Capital Improvement Program Budget of the Board of Water Supply should be filed in writing before the date of the public hearing or presented in person at the time of the hearing. Persons wishing to speak are requested to register by 1:00 p.m. with Luella Paekukui, 748-5176, by providing your name, phone number, and subject matter of testimony. Testimony is limited to three minutes and shall be presented by the registered speaker only. Any person requiring special assistance who plans to attend the public hearing, may contact Luella Paekukui at 748-5176, no later than May 23, 2018, so that appropriate accommodations can be provided.

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

DISCUSSION:

Manager Lau stated that this is to authorize a Public Hearing scheduled on May 29, 2018. In preparation of the Public Hearing, the Board of Water Supply will have a Budget Workshop meeting on May 14, 2018.

Board Member Soon asked if the workshop is at the end of May. Mr. Lau responded that the Budget Workshop is on May 14th, and that the Public Hearing is at the end of the month on May 29th. Mr. Soon asked if they will be approving the FY 19 Budget at that time, and if not, will it get pushed to another meeting between May and July. Mr. Lau responded that it is important for the Board to formally adopt the budget for FY 19 before the fiscal year closes on June 30, 2018.

Mr. Andaya asked if the Board Budget Workshop meeting is open to the public. Mr. Lau answered that the public is welcome to attend, and that the notice will be filed at the Office of the City Clerk.

**MOTION TO
APPROVE A
PUBLIC
HEARING**

Chair Andaya called for a motion to authorize a Public Hearing to Consider the Proposed Fiscal Year 2018-2019 Operating and Capital Improvement Program Budget. Ross Sasamura and Kapua Sproat motioned and seconded respectively, and the motion was unanimously carried.

AUTHORIZING A PUBLIC HEARING TO CONSIDER THE PROPOSED FISCAL YEAR 2018-2019 OPERATING AND CAPITAL IMPROVEMENT PROGRAM BUDGET WAS APPROVED ON APRIL 23, 2018			
	AYE	NO	COMMENT
BRYAN P. ANDAYA	X		
KAPUA SPROAT	X		
DAVID C. HULIHEE	X		
KAY C. MATSUI			ABSENT
RAY S. SOON	X		
ROSS S. SASAMURA	X		
JADE T. BUTAY	X		

ITEM FOR INFORMATION NO. 1

"April 23, 2018

RATE STUDY
AND WATER
SYSTEM
FACILITIES
CHARGE
UPDATE

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

Chair and Members:

Subject: Board of Water Supply Rate Study and Water System
Facilities Charge Update

Joe Cooper, Waterworks Controller, and David Ebersold of CDM Smith, will present an update of our Rate Study and Water System Facilities Charge.

Respectfully submitted,

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

Attachment"

The foregoing was for information only.

DISCUSSION:

Joe Cooper, Waterworks Controller, and Dave Ebersold of CDM Smith provided the report. Mr. Cooper's presentation focused on the Board of Water Supply (BWS) Water System Facilities Charge (WSFC). He went over its purpose, why BWS is updating it now, and the five basic steps involved in updating it.

BWS has been working with various groups to help evaluate different issues associated with updating the WSFC. Mr. Ebersold's presentation included input obtained from meetings with developers, agricultural stakeholders, and the Stakeholder Advisory Group.

Mr. Ebersold also covered the next steps in the process of updating the WSFC. Mr. Andaya asked what the timeline is and if BWS is aiming to adopt any changes to the WSFC this year. Mr. Lau stated that the target is later this year. He continued that "guardrails" could be established first, and then a proposal would be drafted. Discussions with different stakeholders would continue, especially from the agriculture community and the developers. The draft would then be presented to the Board, and if the Board is comfortable with it, public input would be sought, and possible adoption by the end of the year. Mr. Andaya asked if all the numbers and information would be obtained and factored in by that time. Mr. Lau responded yes, and added that the biggest challenge is with the agriculture community. Farmers' water usage impact the system much more significantly now than back in 1993.

Mr. Andaya asked if the last time the WSFC was adjusted was 25 years ago. Mr. Lau said yes, and added that completion of the Water Master Plan, the Infrastructure Investment Plan, and the 30-year Capital Improvement Plan in BWS's Long Term Financial Plan is what created the opportunity to look at and update the WSFC, by providing the foundation for calculation of these charges. How the Board would like to proceed would be a policy decision.

Mr. Lau reminded the Board that they are still looking at incentives, or the waiver of charges for affordable housing, homelessness, and fire sprinkler retrofits. This will be another decision the Board will need to make with the rate proposals. Board Member Soon asked if it is the WSFC that is being looked at for these incentives. Mr. Lau said yes, and added that if the numbers presented to the Board have anything to do with the WSFC, they will be based on 1993 rates. However, an estimation could be made of what the future rates may be.

Mr. Andaya expressed that he believes those subsidies and incentives were approved at the Rate Workshop held in January. Mr. Lau responded that it was the "guardrails" for those subsidies and incentives which were approved. Mr. Andaya asked whether it is just a matter of setting the amounts. Mr. Lau said yes, and suggested that another approach the Board could consider is to allocate a certain amount of subsidy or incentive each year. Once that amount is exhausted, they would need to wait until the next year's allocation. Mr. Lau stated that budgeting would be easier with this approach because they would know what the revenue impacts are.

Mr. Lau also reminded the Board about the upcoming public hearings, which will have official notices filed. Mr. Lau expressed that the Board Members are welcome to attend, and commended Mr. Andaya for his commitment to attend all public hearings. Mr. Andaya expressed how important it is for them to reach as many people as they can, for transparency and communication purposes. He added that he would like to show the Board's commitment to that, and these public hearings exemplify that. Mr. Andaya thanked the staff for organizing the public hearings.

Mr. Lau stated that they have reached out to the Star Advertiser, met with their editorial board, and will be submitting an op-ed. They've also done a number of radio interviews, and have multiple neighborhood board meetings planned in the next couple of months to provide a short presentation about the rate proposal. Mr. Lau added that they've also reached out to the Honolulu Board of Realtors, among others.

Mr. Andaya commented that it is important that the public understand that the reason behind the rate changes is the need to get the infrastructure updated and meet American Water Works Association (AWWA) standards of getting 21 miles of pipeline replaced a year. Mr. Lau agreed.

Mr. Soon asked if the WSFC is a one time charge, and how many new hook-ups are BWS obtaining each year. Mr. Ebersold responded yes, it is a one time charge, and BWS acquires only about 10 new agriculture accounts per year.

WATER FOR LIFE

Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

Board Update

Rate Study and Water System Facilities Charge
Joe Cooper, Waterworks Controller

David Ebersold, CDM Smith
BWS Water Master Plan Project

April 23, 2018

Water System Facilities Charge (WSFC)

- ◆ A one-time charge based on water use capacity
- ◆ Applies to
 - All new development requiring water from the BWS's system
 - Additional supplies needed for an existing water service
- ◆ Excludes
 - Developments that have paid for and installed all of a water system;
 - Portion of the system installed by developers, e.g., source, transmission and/or storage

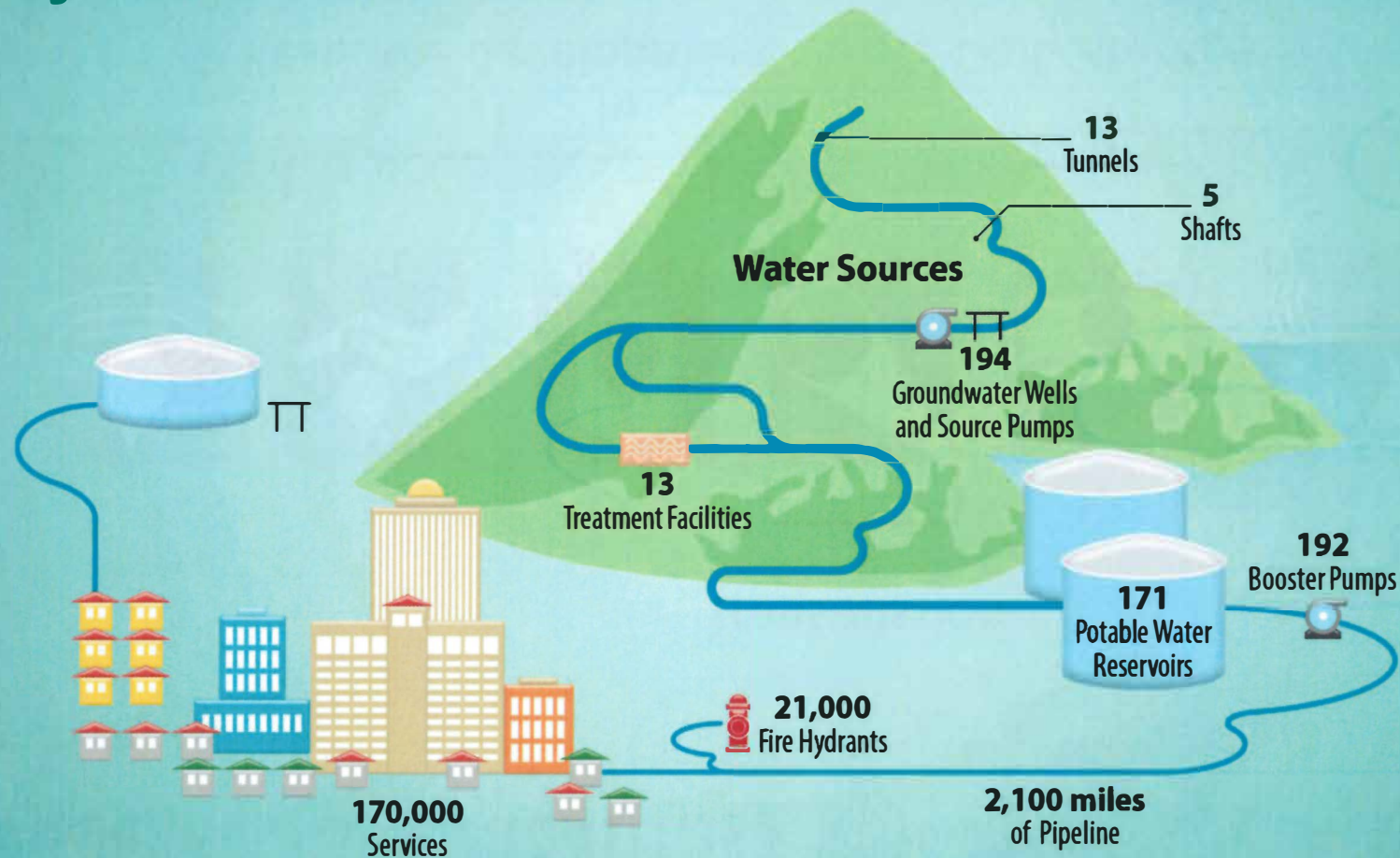
WSFC Purpose

- ◆ Fund growth-related capacity expansions
- ◆ Equitably recover costs paid by existing rate payers for their investment in oversizing of infrastructure to accommodate future customers

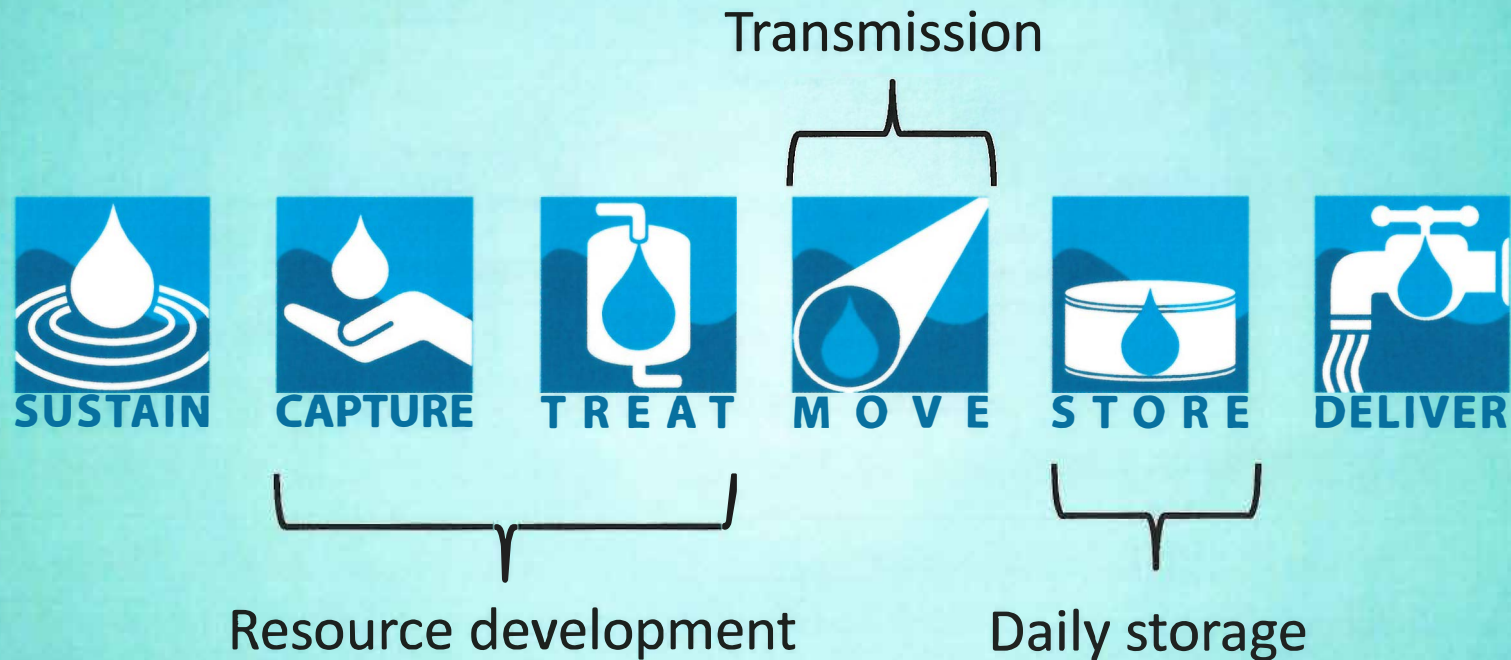
BWS's authorization for WSFC

- ◆ Hawaii Revised Statutes Chapter 46, Sections 141 – 148
 - **46-142(a)(2):** Impact fees may be assessed, imposed, levied, and collected by: Any board for any development, or portion thereof, involving water supply or service
 - **46-143(d):** An impact fee shall be substantially related to the needs arising from the development and shall not exceed a proportionate share of the costs incurred or to be incurred in accommodating the development
 - **46-146:** Assessment of impact fees shall be a condition precedent to the issuance of a grading or building permit and shall be collected in full before or upon issuance of the permit
- ◆ Rules and Regulations, Chapter I, Section 1-102
 - Stipulates who is charged the WSFC and allows the Department to negotiate a charge, when appropriate

Water System Facilities Charge pays for your share of the system's “backbone”



WSFC is for the backbone system only (general use facilities)



[AWWA M1 Manual]

Why update the WSFC now?

- ◆ Current charges adopted in 1993
- ◆ Water use patterns have changed
- ◆ Growth needs have changed
- ◆ Available capacities in existing system have changed
- ◆ Costs have increased
- ◆ Technical analysis needs to be updated
- ◆ Concurrent with other changes to BWS's rates and charges

Five basic steps to updating the WSFC

1. Determine existing available capacity in the “backbone system” and its monetary value (buy-in)
2. From WMP and 10-year IIP, identify planned additions and upgrades to meet growth, and their cost (incremental)
3. Estimate how much capacity each customer type needs (gallons per day per fixture unit)
4. Calculate updated costs
5. Evaluate policy and implementation issues

Input from March 19 developers meeting

- ◆ How would the BWS look at WSFC for live-work units? Some are used for work only; others are lived in residentially.
- ◆ Can I go to a nearby building that I do not own, replace its high-flow plumbing fixtures with new low-flow fixtures, and receive a credit towards the WSFC for my new project? ENV does something like this for sewer connections now.
- ◆ We appreciate seeing the methodology shown today. It helps us understand and put the numbers in good perspective and good light.

Input from April 6 and 9 agricultural meetings

- ◆ Attendees understand the WSFC, but the amount of the charge is a surprise
- ◆ Legislative - State could provide funding for BWS to offset costs specifically for agricultural WSFC
- ◆ Ernest willing to join meeting attendees in advocating for the State take a more active role in supporting agriculture
- ◆ In addition to WSFC, conversation should include other agricultural cost issues like Food Safety Modernization Act, Important Agricultural Lands incentives, etc.

Input from April 6 and 9 agricultural meetings (Cont.)

- ◆ Opportunities for re-allocating portion of Barrel Tax receipts to support agriculture, or new food tax
- ◆ Education about agricultural water conservation
- ◆ Cost of BWS subsidies borne by other customers
- ◆ Pleased BWS reached out to schedule meetings, provide information, facilitate conversation

Input from April 11 Stakeholder Advisory Group meeting

- 💧 We're trying to encourage more people to do ag on O'ahu. Especially with our younger farmers, these costs are going to be a big turn off.
- 💧 Farmers are under tremendous financial pressure on multiple fronts. Anything that BWS can do to help is important.
- 💧 With these looming increases, perhaps it creates a sense of urgency to bring the right players to the table to discuss the challenges facing agriculture.
- 💧 This has to be thought through very carefully before it's finalized. We don't want anyone saying that BWS doesn't support agriculture.

Next Steps

- ◆ Continue conversations with stakeholders, especially agriculture
- ◆ Consider alternatives to minimize impacts of changes
- ◆ Consider applicability of elements of “Guardrails” for rates established in January 2018
 - Better align rates with cost of service
 - Encourage conservation
 - Make changes gradually to avoid “Rate shock”
 - Continue subsidy for agriculture

WATER FOR LIFE

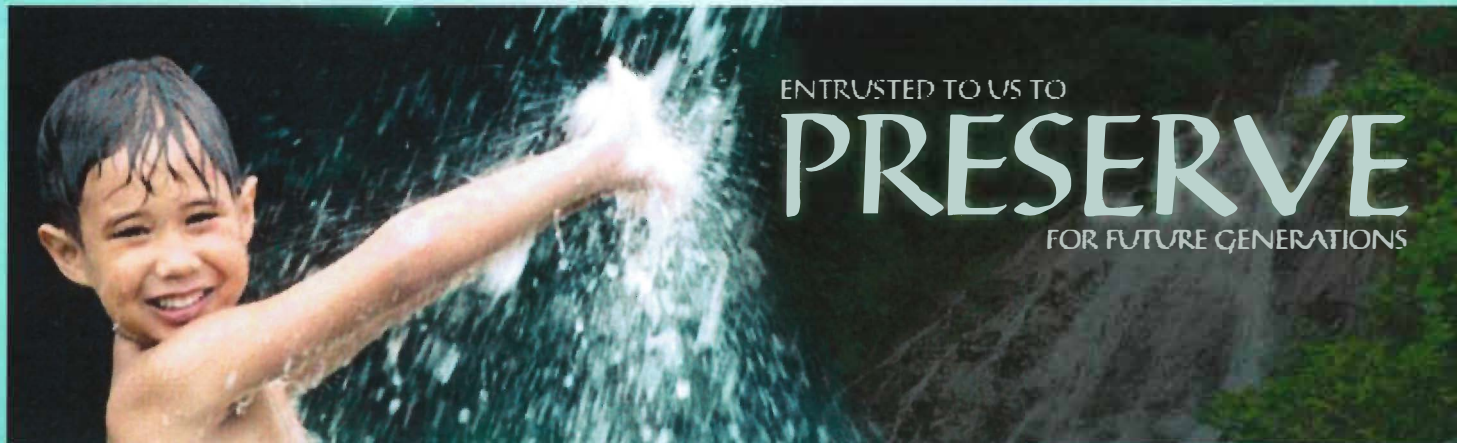
Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

Mahalo!

Questions & Answers



ITEM FOR INFORMATION NO. 2

"April 23, 2018

FINANCIAL
UPDATE

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

Chair and Members:

Subject: Financial Update for the Quarter Ended March 31, 2018

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

- Budget vs Actual Revenue and Expense Totals
- Statement of Revenues, Expenses and Change in Net Assets
- Current Quarter Statement of Revenues, Expenses and Change in Net Assets
- Balance Sheet
- Budget vs Actual Appropriation Budget – Total BWS Summary
- Graph Representing Operating Expenditures by Category
- Graphs of Total Budgeted Operating Expenditures and Total Budgeted Operating Revenues

Respectfully submitted,

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

Attachments"

The foregoing was for information only.

DISCUSSION:

Joe Cooper, Waterworks Controller, gave the report. Mr. Andaya asked if BWS's fixed charge expenditures exceeded the budgeted amount because of retirement system contribution. Mr. Cooper responded that most of the variance is due to retirement benefits and that it is a challenge to budget for because the calculations are not precise and must be reconciled. Mr. Andaya asked if reconciliation varies by the number of retirees in the previous year. Mr. Cooper responded that not only does it vary by the number of retirees, but also by how much each of those retirees receive.

Mr. Andaya asked if BWS is current with all financial obligations. Mr. Cooper answered that not only is BWS current with any financial obligations, but is also ahead of most of the other departments in the City.

Mr. Cooper explained that this is because the Employees' Retirement System (ERS) is a pooled agency account and BWS contributes exactly what is required.

Mr. Lau stated that it has been a challenge because the ERS has increased the required contribution amount. Mr. Cooper agreed. However, Mr. Cooper expressed that it also gives BWS an advantage. He explained that there have been several GASB (Governmental Accounting Standards Board) pronouncements that have changed how retirement calculations are handled, and it has allowed BWS to estimate and meet its future obligations in a rational manner.

Budget vs. Actual
Revenue and Expense Totals
As of March 31, 2018

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	182,277,000	177,412,000	4,865,000
Operating Expenses	(127,350,000)	(148,084,000)	20,734,000
Net Revenues (expenditures)	<u>54,927,000</u>	<u>29,328,000</u>	<u>25,599,000</u>

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of March 31, 2018

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
16,763,818.67	100.00	18,817,149.62	100.00	REVENUE	179,105,727.58	100.00	174,989,511.97	100.00	2.35
16,763,818.67	100.00	18,817,149.62	100.00	OPERATING REVENUE	179,105,727.58	100.00	174,989,511.97	100.00	2.35
				REVENUE					
				OPERATING EXPENSES					
2,828,279.02-	16.87	2,648,336.87-	14.07	LABOR COSTS	26,975,459.40-	15.06	26,022,536.14-	14.87	3.66
1,348,250.28-	8.04	1,555,026.38-	8.26	SERVICES	16,035,420.51-	8.95	14,147,696.36-	8.08	13.34
870,871.08-	5.19	155,533.25-	.83	SUPPLIES	4,001,888.38-	2.23	3,065,355.79-	1.75	30.55
10,794.17-	.06	28,131.40-	.15	EDUCATION & TRAINING	103,544.30-	.06	127,809.99-	.07	18.99-
2,109,504.09-	12.58	2,295,997.70-	12.20	UTILITIES	15,764,646.48-	8.80	13,674,150.54-	7.81	15.29
282,816.54-	1.69	202,855.75-	1.08	REPAIR AND MAINTENANCE	1,575,207.87-	.88	1,259,524.16-	.72	25.06
2,414,539.08-	14.40	1,500,644.19-	7.97	MISC	13,967,561.03-	7.80	13,144,742.50-	7.51	6.26
1,537,998.41-	9.17	1,481,765.46-	7.87	RETIREMENT SYSTEM CONTRIBUTIO	16,324,571.04-	9.11	19,371,078.54-	11.07	15.73-
21,866.35-	.13	142,650.73-	.76	MISC EMPLOYEES' BENEFITS	198,794.84-	.11	573,965.81-	.33	65.36-
11,424,919.02-	68.15	10,010,941.73-	53.20	OPERATING EXPENSES	94,947,093.85-	53.01	91,386,859.83-	52.22	3.90
1,324,684.75-	7.90	115,676.07-	.61	NON OPERATING REVENUE AND EXPE	7,217,890.61-	4.03	8,336,528.86-	4.76	13.42-
328,490.08	1.96	2,415,780.65	12.84	CONTRIBUTION IN AID	8,231,463.90	4.60	15,979,536.72	9.13	48.49-
3,068,607.86-	18.30	4,341,239.31-	23.07	OTHER EXPENSES	35,904,266.56-	20.05	39,314,165.84-	22.47	8.67-
1,274,097.12	7.60	6,765,073.16	35.95	Change In Net Assets	49,267,940.46	27.51	51,931,494.16	29.68	5.13-

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of March 31, 2018

Current Quarter Actual	% Revenue	Last Year Quarter Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
REVENUE									
53,537,584	100.00	56,214,530	100.00	OPERATING REVENUE	179,105,728	100.00	174,989,512	100.00	2.35
53,537,584	100.00	56,214,530	100.00	REVENUE	179,105,728	100.00	174,989,512	100.00	2.35
OPERATING EXPENSES									
-8,931,619	16.68	-8,679,608	15.44	LABOR COSTS	-26,975,459	15.06	-26,022,536	14.87	3.66
-5,427,830	10.14	-5,489,975	9.77	SERVICES	-16,035,421	8.95	-14,147,696	8.08	13.34
-2,088,690	3.90	-1,123,984	2.00	SUPPLIES	-4,001,888	2.23	-3,065,356	1.75	30.55
-30,588	0.06	-39,261	0.07	EDUCATION & TRAINING	-103,544	0.06	-127,810	0.07	-18.99
-5,820,136	10.87	-4,970,900	8.84	UTILITIES	-15,764,646	8.80	-13,674,151	7.81	15.29
-625,145	1.17	-600,665	1.07	REPAIR AND MAINTENANCE	-1,575,208	0.88	-1,259,524	0.72	25.06
-5,815,855	10.86	-3,920,028	6.97	MISC	-13,967,594	7.80	-13,144,743	7.51	6.26
-4,607,718	8.61	-5,219,670	9.29	RETIREMENT SYSTEM CONTRIBUTIO	-16,324,571	9.11	-19,371,079	11.07	-15.73
-168,664	0.32	-469,568	0.84	MISC EMPLOYEES' BENEFITS	-198,795	0.11	-573,966	0.33	-65.36
-33,516,244	62.60	-30,513,659	54.28	OPERATING EXPENSES	-94,947,127	53.01	-91,386,860	52.22	3.90
-3,890,140	7.27	-1,051,244	1.87	NON OPERATING REVENUE AND EXPE	-7,217,891	4.03	-8,336,529	4.76	-13.42
2,339,612	-4.37	5,179,031	-9.21	CONTRIBUTION IN AID	8,231,464	4.60	15,979,537	9.13	-48.49
-11,139,599	20.81	-14,404,602	25.62	OTHER EXPENSES	-35,904,267	20.05	-39,314,166	22.47	-8.67
7,331,213	13.69	15,424,055	-27.44	Change In Net Assets	49,267,908	27.51	51,931,494	29.68	-5.13

Board Of Water Supply
Balance Sheet
As of March 31, 2018

***** Amounts ***** ***** Change *****					
Description	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	58,352,210.80	69,721,044.67	66,232,287.71	-11,368,833.87	-7,880,076.91
RESTRICTED ASSETS	6,050,791.98	9,414,336.04	21,443,602.94	-3,363,544.06	-15,392,810.96
INVESTMENTS	410,618,081.88	400,355,938.63	371,646,464.94	10,262,143.25	38,971,616.94
OTHER ASSETS	15,413,515.38	15,651,669.11	18,474,845.62	-238,153.73	-3,061,330.24
PROPERTY / PLANT	1,145,558,432.91	1,141,396,602.60	1,139,003,077.06	4,161,830.31	6,555,355.85
DEFERRED OUTFLOWS OF RESOURCES	48,567,073.00	48,567,073.00	48,567,073.00	0.00	0.00
TOTAL ASSETS	<u>1,684,560,105.95</u>	<u>1,685,106,664.05</u>	<u>1,665,367,351.27</u>	<u>-546,558.10</u>	<u>19,192,754.68</u>
LIABILITIES					
CURRENT LIABILITIES	16,871,737.17	17,056,577.97	31,220,027.07	-184,840.80	-14,348,289.90
OTHER LIABILITIES	34,698,501.02	34,833,165.02	36,254,164.37	-134,664.00	-1,555,663.35
BONDS PAYABLE, NONCURRENT	272,432,575.66	273,933,726.08	286,603,808.19	-1,501,150.42	-14,171,232.53
NET PENSION LIABILITY	116,342,916.00	116,342,916.00	116,342,916.00	0.00	0.00
DEFERRED INFLOWS OF RESOURCES	9,442,416.00	9,442,416.00	9,442,416.00	0.00	0.00
LIABILITIES	<u>449,788,145.85</u>	<u>451,608,801.07</u>	<u>479,863,331.63</u>	<u>-1,820,655.22</u>	<u>-30,075,185.78</u>
NET ASSETS					
RETAINED EARNINGS	371,900,437.86	371,518,475.98	590,870,187.98	381,961.88	-218,969,750.12
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66	0.00	0.00
RESERVE FOR ENCUMBRANCES	218,969,750.12	219,351,712.00		-381,961.88	218,969,750.12
CURRENT YEAR CHANGES TO FU	49,267,940.46	47,993,843.34		1,274,097.12	49,267,940.46
NET ASSETS	<u>1,234,771,960.10</u>	<u>1,233,497,862.98</u>	<u>1,185,504,019.64</u>	<u>1,274,097.12</u>	<u>49,267,940.46</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,684,560,105.95</u>	<u>1,685,106,664.05</u>	<u>1,665,367,351.27</u>	<u>-546,558.10</u>	<u>19,192,754.68</u>

R56BUD16

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

4/6/2018

14:40:08

Page -

1

OPER UNIT ALL

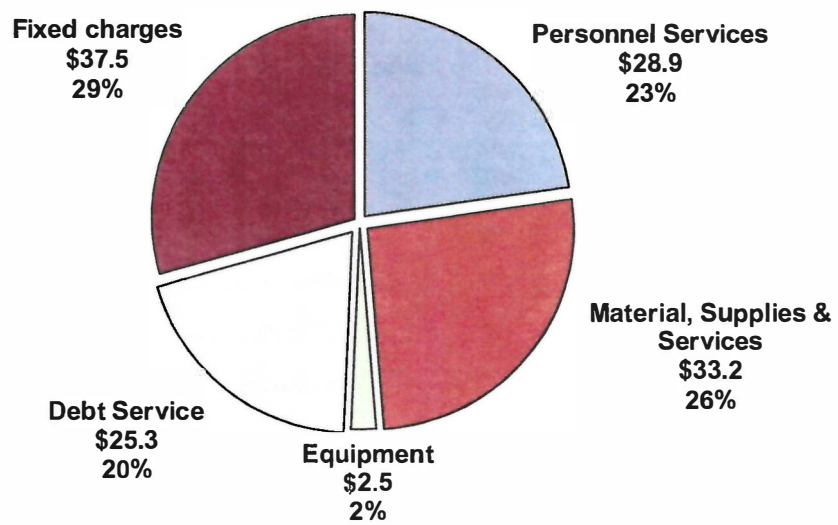
CIFIS 18820-3021

BUSINESS UNIT ALL

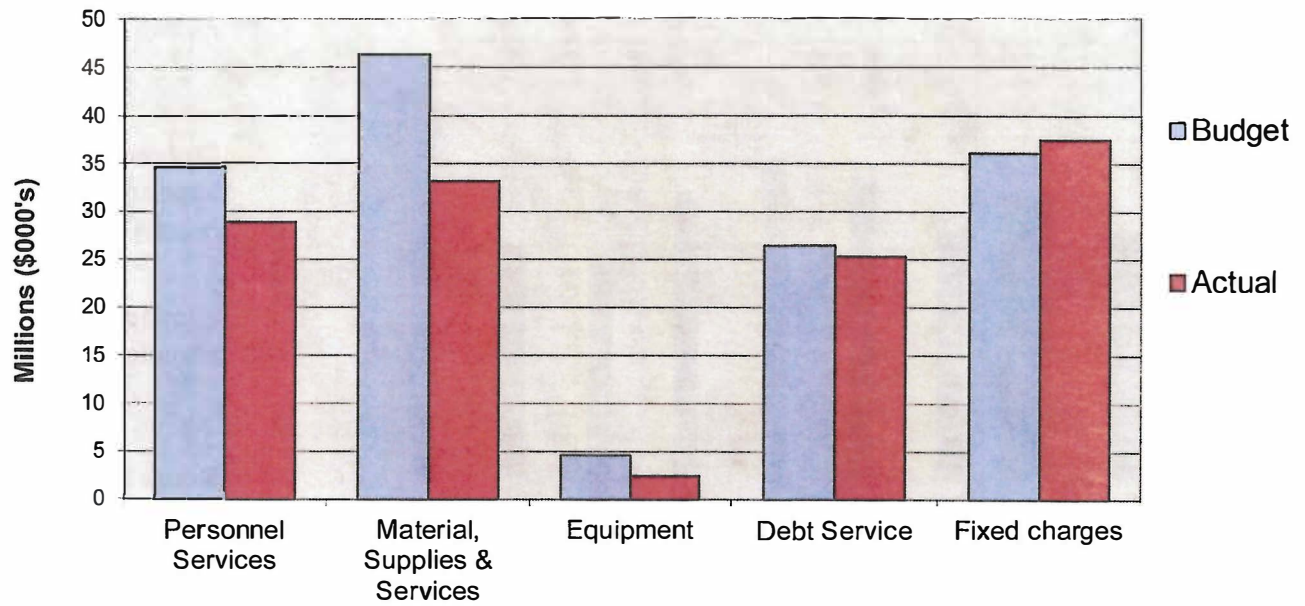
AS OF 3/31/2018

YTD-TO-DATE				Object Description	FOR THE FISCAL YEAR				
YTD Actuals	YTD Budget	Avail/ (Over)	%		Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>182,277</u>	<u>177,412</u>	<u>(4,865)</u>	<u>2.74-</u>	<u>REVENUE</u>	<u>182,277</u>		<u>236,550</u>	<u>54,273</u>	<u>22.94</u>
				OPERATING EXPENSES:					
28,893	34,586	5,693	16.46	Personnel Services	28,893		46,117	17,224	37.35
				MATERIALS AND SUPPLIES					
15,604	21,813	6,209	28.46	Services	8,267	7,337	28,471	12,867	45.19
7,652	12,103	4,451	36.78	Supplies	6,044	1,608	15,396	7,744	50.30
279	583	304	52.14	Education & Training	225	54	789	510	64.64
	9	9	100.00	Utilities			13	13	100.00
1,377	2,812	1,435	51.03	Repairs & Maint	1,209	168	3,709	2,332	62.87
8,262	8,976	714	7.95	Misc	6,386	1,876	11,733	3,471	29.58
2,492	4,613	2,121	45.98	Equipment	238	2,254	5,428	2,936	54.09
25,302	26,450	1,148	4.34	Debt Service	25,302		31,648	6,346	20.05
				FIXED CHARGES:					
16,475	16,508	33	.20	Utilities	16,475		22,010	5,535	25.15
2,475	2,475			Case Fees	2,475		3,300	825	25.00
7,787	8,100	313	3.86	Retirement System Contribution	7,007	780	10,800	3,013	27.90
10,752	9,056	(1,696)	18.73-	Misc Employees' Benefits	10,502	250	12,056	1,304	10.82
<u>127,350</u>	<u>148,084</u>	<u>20,734</u>	<u>14.00</u>	<u>TOTAL OPERATING EXPENDITURES</u>	<u>113,023</u>	<u>14,327</u>	<u>191,470</u>	<u>64,120</u>	<u>33.49</u>
<u>54,927</u>	<u>29,328</u>	<u>(25,599)</u>		<u>NET REVENUES (EXPENDITURES)</u>	<u>69,254</u>	<u>(14,327)</u>	<u>45,080</u>	<u>(9,847)</u>	

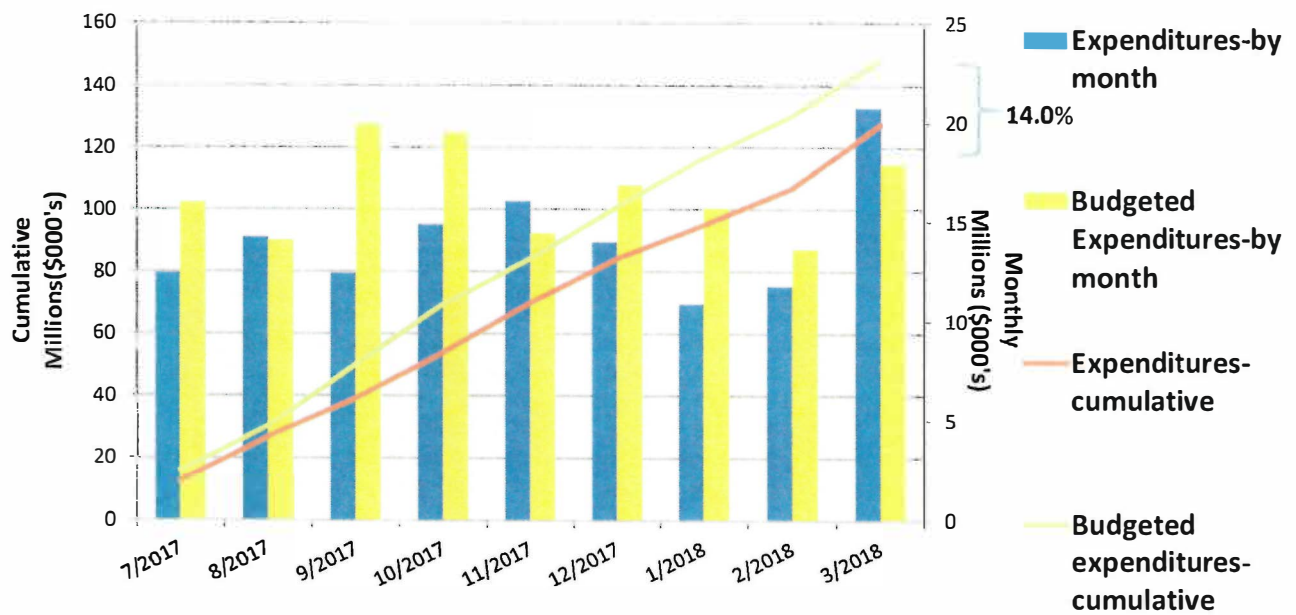
Total Operating Expenditures - \$127.4
As of March 31, 2018
(millions of dollars)



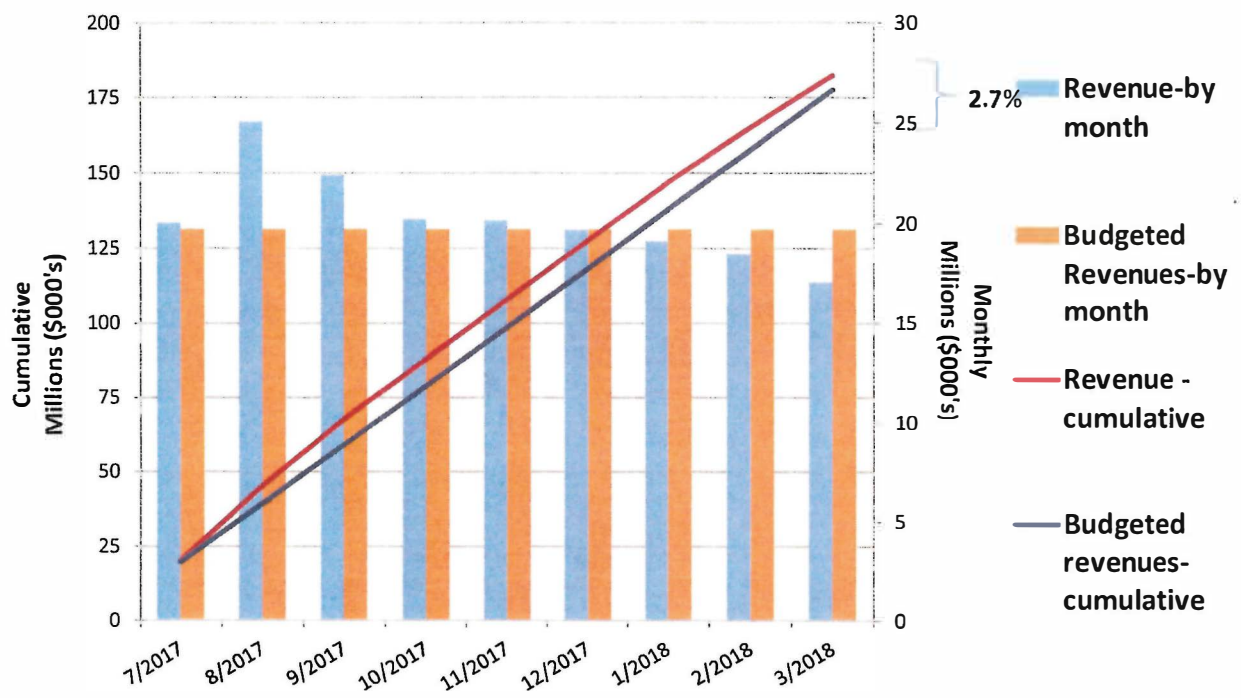
Operating Expenditures by Category (Budget vs. Actual)
as of March 31, 2018 (millions of dollars)



BUDGETED OPERATING EXPENDITURES FY 2018



BUDGETED OPERATING REVENUES FY 2018



WATER FOR LIFE

Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

Financial Performance

July 2017 – March 2018





Budget to Actual July 2017 – March 2018

- Actual Revenue \$182 million vs.
Budgeted Revenue \$177 million
- Operating costs are \$127 million vs.
Budgeted costs of \$148 million
- Actual Net Revenue \$55 million vs.
Budgeted Net Revenue \$29 million



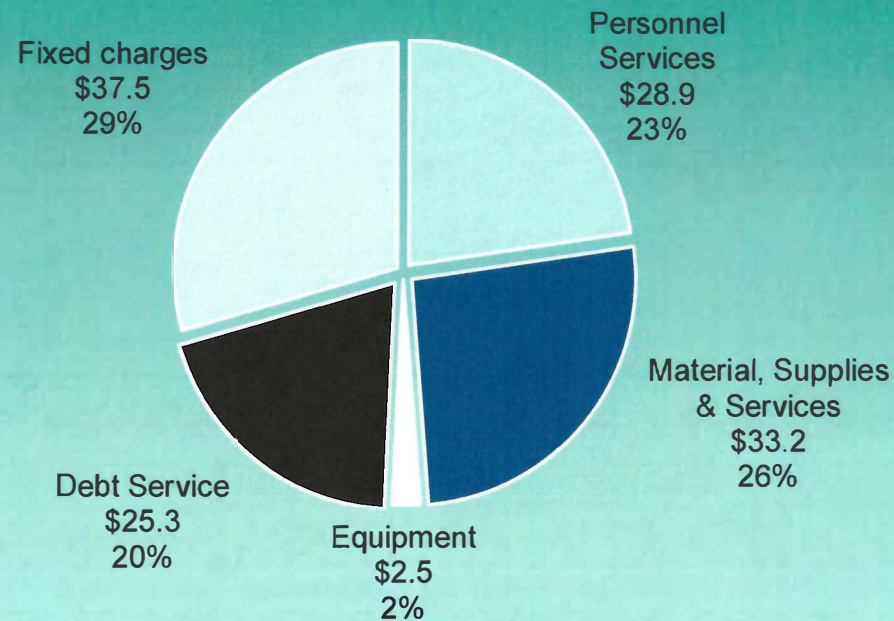
Cost Drivers

Year to Date March 2018

	Actual (millions)	Budget (millions)
• Personnel	\$29	\$35
• Services/Supplies	\$23	\$34
• Repairs & Misc.	\$10	\$12
• Equipment	\$ 2	\$ 5
• Utilities	\$16	\$17
• Debt Service	\$25	\$26



Total Operating Expenditures - \$127.4 As of March 31, 2018 (millions of dollars)



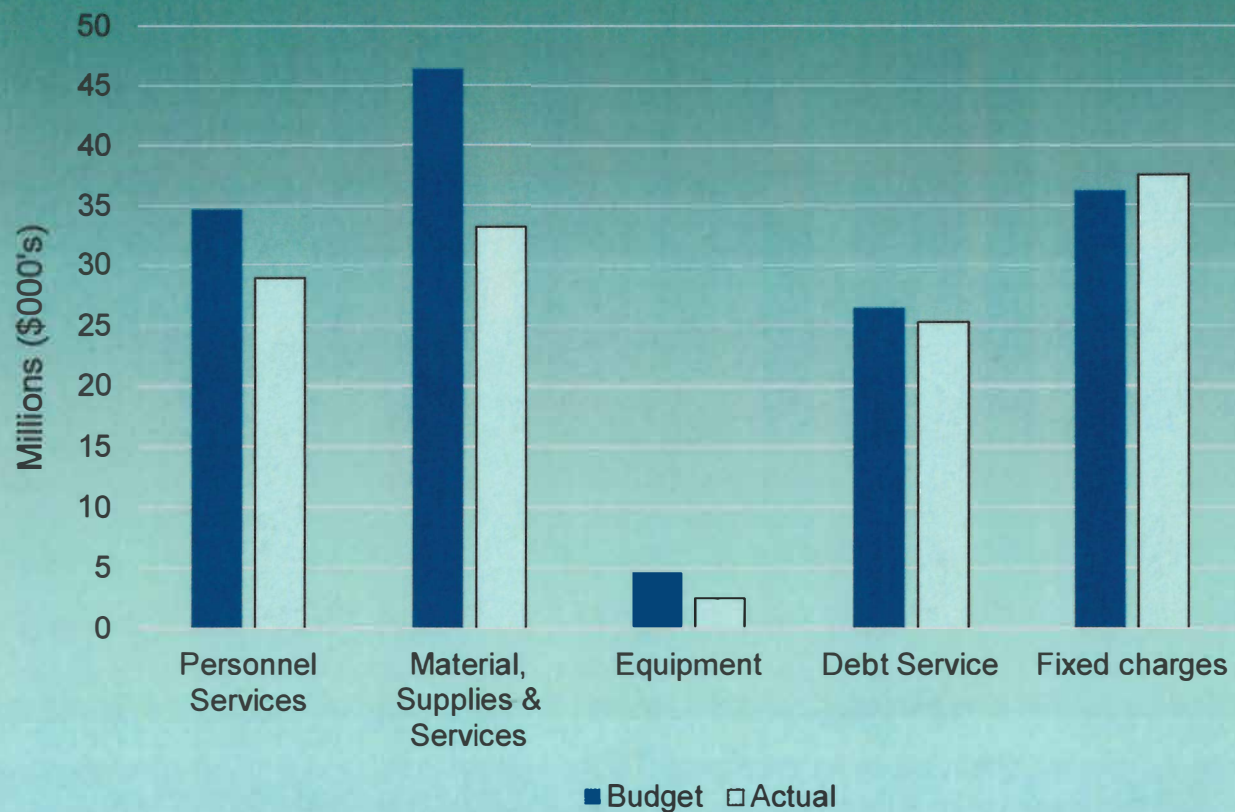
WATER FOR LIFE

Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

Operating Expenditures by Category (Budget vs. Actual) as of March 31, 2018 (millions of dollars)



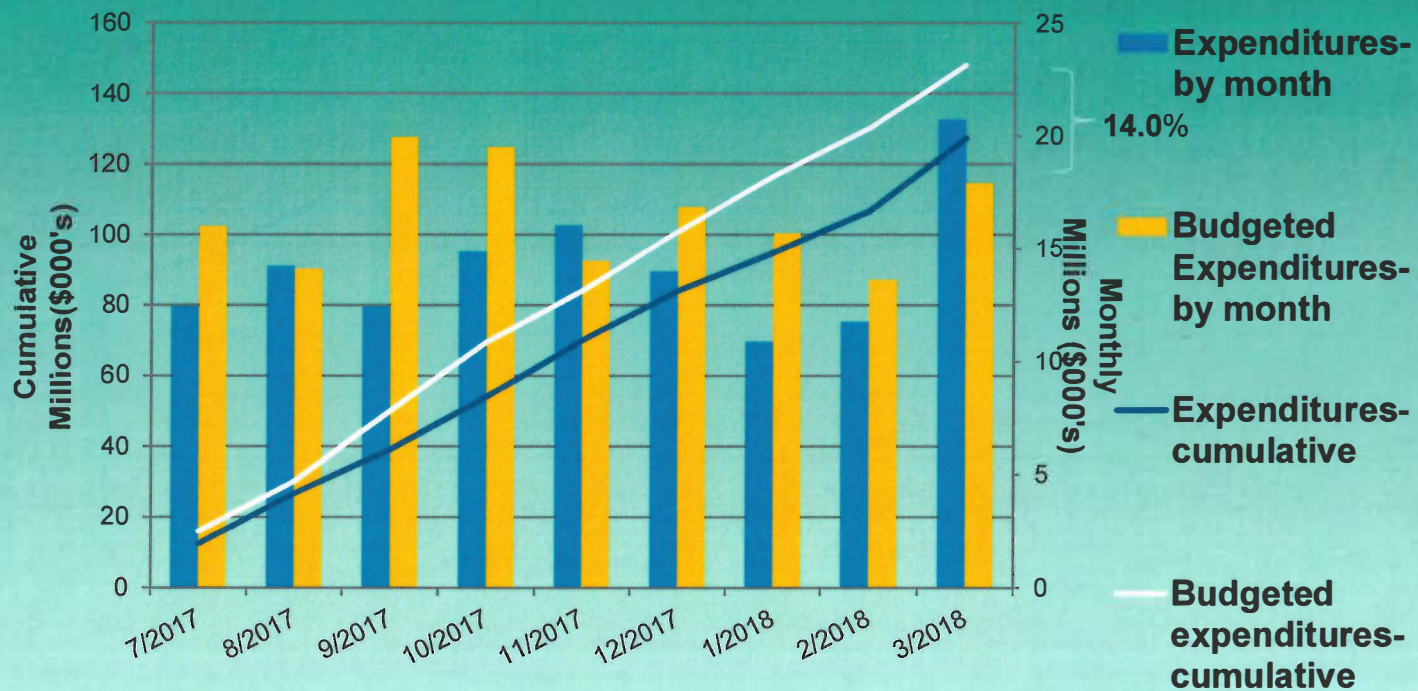
WATER FOR LIFE

Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

BUDGETED OPERATING EXPENDITURES FY 2018



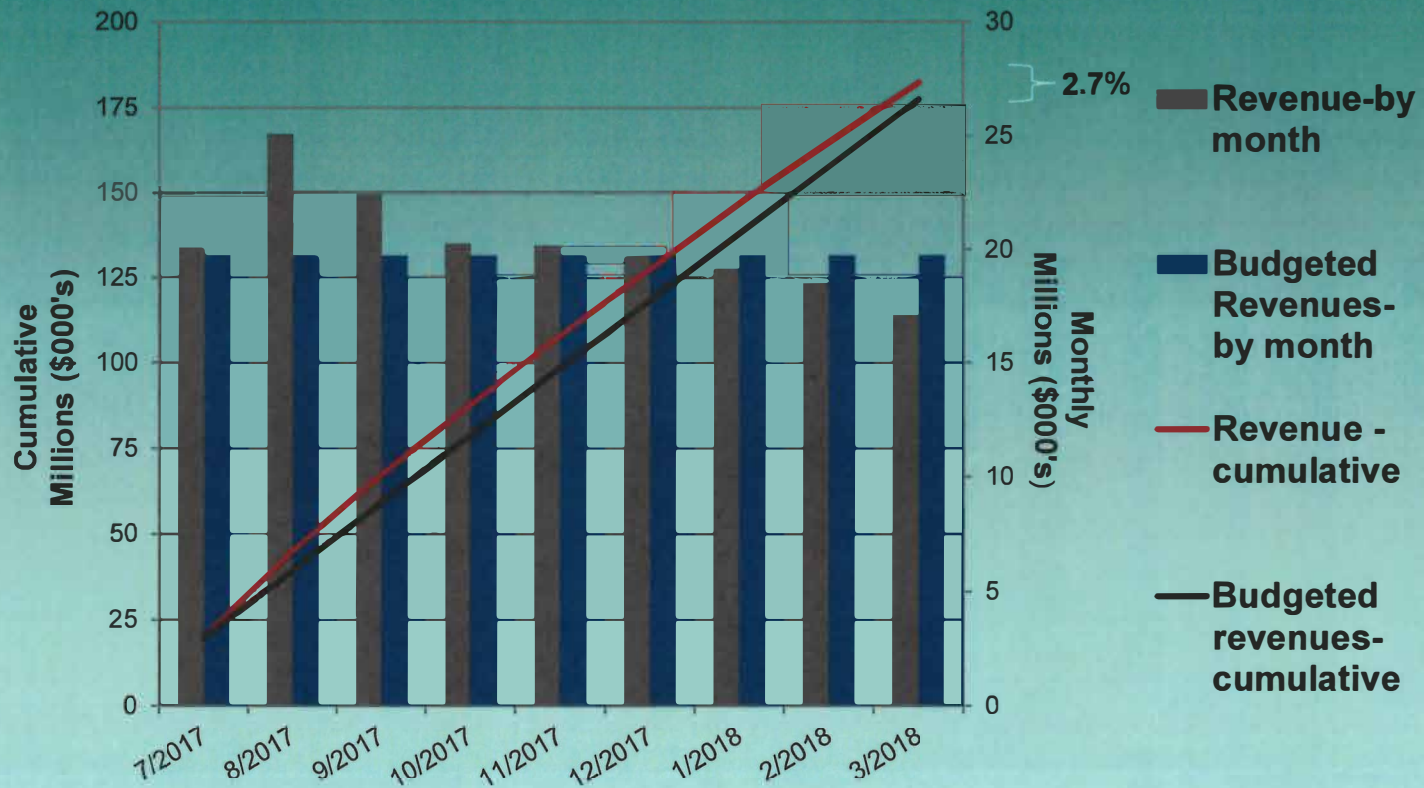
WATER FOR LIFE

Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

BUDGETED OPERATING REVENUES FY 2018



WATER FOR LIFE

Safe, dependable, and affordable water now and into the future



Board of Water Supply
City and County of Honolulu

Questions
or
Comments

ITEM FOR INFORMATION NO. 3

"April 23, 2018

GROUNDWATER
LEVELS

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

Chair and Members:

Subject: Status Update of Groundwater Levels at All Index Stations

There were no aquifer index wells within low groundwater status for the production month of March 2018. The monthly production average for March 2018 was 129.90 million gallons per day (mgd).

The Board of Water Supply rainfall index for the month of March 2018 was 104 percent of normal; with a 5-month moving average of 112 percent. As of April 10, 2018, the Hawaii Drought Monitor shows no dry conditions for Oahu.

The National Weather Service forecasting favors above normal rainfall for April, May and June 2018.

Respectfully submitted,

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

Attachment"

The foregoing was for information only.

DISCUSSION:

Barry Usagawa, Water Resources Division Program Administrator, gave the report. There were no comments or discussion.

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF MARCH 2018**

POTABLE

STATION	MGD
HONOLULU (1)	
KULIOUOU	0.06
WAILUPE	0.11
AINA KOA	0.19
AINA KOA II	0.88
MANOA II	0.00
PALOLO	1.06
KAIMUKI HIGH	2.08
KAIMUKI LOW	1.68
WILDER	7.20
BERETANIA HIGH	5.28
BERETANIA LOW	2.04
KALIIHI HIGH	0.00
KALIIHI LOW	1.48
KAPALAMA	1.43
KALIIHI SHAFT	8.34
MOANALUA	1.01
HALAWA SHAFT	6.70
KAAMILO	0.84
KALAUAO	6.42
PUNANANI	11.43
KAHUMANU	0.24
HECO WAIU	2.75
MANANA	0.42
WELLS SUBTOTAL:	61.64
MANOA TUNNEL	0.17
PALOLO TUNNEL	0.23
GRAVITY SUBTOTAL:	0.40
HONO. SUBTOTAL:	62.04

STATION	MGD
WINDWARD (2)	
WAIMANALO II	0.30
WAIMANALO III	0.16
KUOU I	0.51
KUOU II	0.08
KUOU III	0.18
LULUKU	1.18
HAIKU	0.00
IOLEKAA	0.00
KAHALUU	0.81
KAHANA	0.81
PUNALUU I	0.00
PUNALUU II	1.90
PUNALUU III	1.27
KALUANUI	0.00
MAAKUA	0.15
HAUULA	0.25
WELLS SUBTOTAL:	7.63
WAIM. TUNNELS I & II	0.00
WAIM. TUNNELS III&IV	0.19
WAIHEE INCL. WELLS	0.67
WAIHEE TUNNEL	4.35
LULUKU TUNNEL	0.20
HAIKU TUNNEL	0.83
KAHALUU TUNNEL	1.86
GRAVITY SUBTOTAL:	8.10
WIND. SUBTOTAL:	15.73

STATION	MGD
NORTH SHORE (3)	
KAHUKU	0.29
OPANA	0.07
WAIALEE I	0.45
WAIALEE II	0.39
HALEIWA	0.00
WAIALUA	1.34
N.SHORE SUBTOTAL:	2.55

STATION	MGD
MILILANI (4)	
MILILANI I	1.97
MILILANI II	0.00
MILILANI III	0.65
MILILANI IV	1.44
MILILANI SUBTOTAL:	4.06

STATION	MGD
WAIHAWA (5)	
WAIHAWA	1.20
WAIHAWA II	1.76
WAIHAWA SUBTOTAL:	2.96

STATION	MGD
PEARL CITY-HALAWA (6)	
HALAWA 277	1.00
HALAWA 550	0.00
AIEA	1.09
AIEA GULCH 497	0.00
AIEA GULCH 550	0.21
KAONOHI I	1.01
WAIMALU I	0.00
NEWTOWN	0.75
WAIU	0.65
PEARL CITY I	0.45
PEARL CITY II	1.15
PEARL CITY III	0.22
PEARL CITY SHAFT	0.91
PEARL CITY-HALAWA SUBTOTAL:	7.44

STATION	MGD
WAIPAHU-EWA (7)	
WAIPIO HTS.	0.28
WAIPIO HTS. I	0.19
WAIPIO HTS. II	0.06
WAIPIO HTS. III	1.25
WAIPAHU	4.68
WAIPAHU II	1.82
WAIPAHU III	1.59
WAIPAHU IV	1.73
KUNIA I	3.62
KUNIA II	1.65
KUNIA III	1.49
HOAEAE	3.72
HONOULIULI I	1.30
HONOULIULI II	7.33
MAKAKILO	0.30
WAIPAHU-EWA SUBTOTAL:	31.00

STATION	MGD
WAIANAE (8)	
MAKAHA I	0.69
MAKAHA II	0.12
MAKAHA III	0.33
MAKAHA V	0.19
MAKAHA VI	0.00
MAKAHA SHAFT	0.00
KAMAILE	0.00
WAIANAE I	0.00
WAIANAE II	0.64
WAIANAE III	0.59
WELLS SUBTOTAL:	2.55
WAI. C&C TUNNEL	1.40
WAI. PLANT. TUNNELS	0.16
GRAVITY SUBTOTAL:	1.56
WAIANAE SUBTOTAL:	4.11

NONPOTABLE

NONPOTABLE	MGD
KALAUAO SPRINGS	0.73
BARBERS POINT WELL	1.20
GLOVER TUNNEL NP	0.41
NONPOTABLE TOTAL:	2.33

RECYCLED WATER (FEBRUARY 2018)

RECYCLED WATER	MGD
HONOULIULI WRF R-1	4.12
HONOULIULI WRF RO	1.42
RECYCLED WATER TOTAL:	5.54

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF MARCH 2018**

PRODUCTION SUMMARIES

TOTAL WATER	MGD
PUMPAGE	119.83
GRAVITY	10.06
POTABLE TOTAL:	129.90
NONPOTABLE	2.33
RECYCLED WATER	5.54
TOTAL WATER:	137.77

CWRM PERMITTED USE AND BWS ASSESSED YIELDS FOR BWS				
POTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE/ BWS YLDS	MAR 2018	DIFF. A-B
1	HONOLULU	82.93	61.64	21.29
2	WINDWARD	25.02	10.71	14.31
3	NORTH SHORE	4.74	2.55	2.19
4	MILILANI	7.53	4.06	3.47
5	WAHIAWA	4.27	2.96	1.31
6	PEARL CITY-HALAWA	12.25	7.44	4.81
7	WAIPAHU-EWA	50.63	31.00	19.63
8	WAIANAE	4.34	2.55	1.79
TOTAL:		191.71	122.92	68.79

CWRM PERMITTED USE FOR BWS				
NONPOTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE	MAR 2018	DIFF. A-B
7	WAIPAHU-EWA (BARBERS POINT WELL)	1.00	1.20	-0.20
TOTAL:		1.00	1.20	-0.20

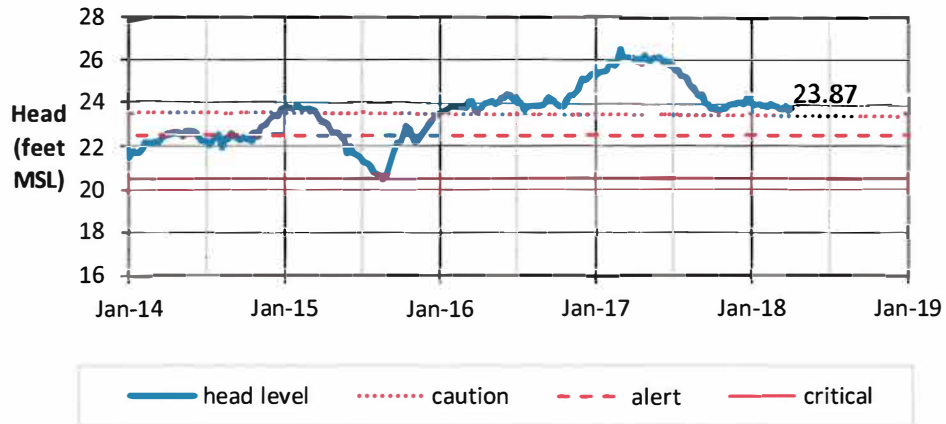
EFFECTIVE WATER DEMAND PER DISTRICT

IMPORT/EXPORT BETWEEN WATER USE DISTRICTS			
FROM	TO		MGD
2	1	WINDWARD EXPORT	1.15
7	8	BARBERS PT LB	4.63

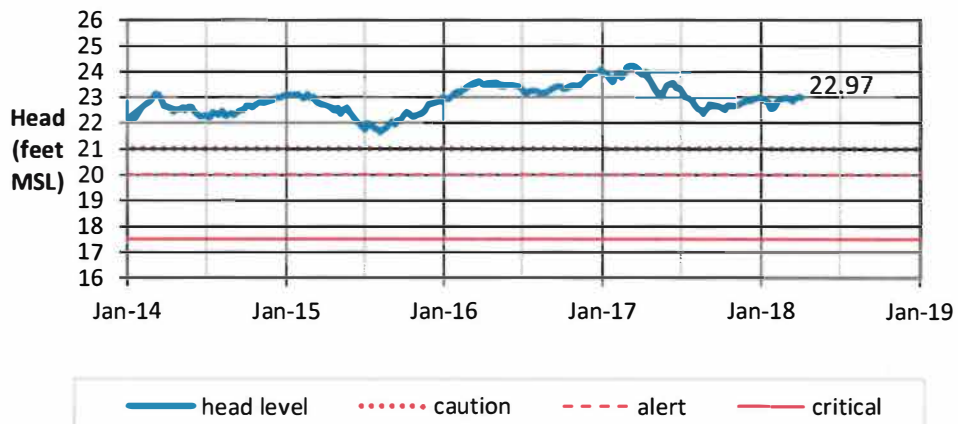
WATER USE DISTRICTS		SUBTOTAL	IMPORT	EXPORT	EFFECTIVE WATER DEMAND
1	HONOLULU	61.64	1.15	-	62.80
2	WINDWARD	10.71	-	1.15	9.56
3	NORTH SHORE	2.55	-	-	2.55
4	MILILANI	4.06	-	-	4.06
5	WAHIAWA	2.96	-	-	2.96
6	PEARL CITY-HALAWA	7.44	-	-	7.44
7	WAIPAHU-EWA	31.00	-	4.63	26.38
8	WAIANAE	2.55	4.63	-	7.18
TOTAL:		122.92	5.78	5.78	122.92

Weekly Head Report

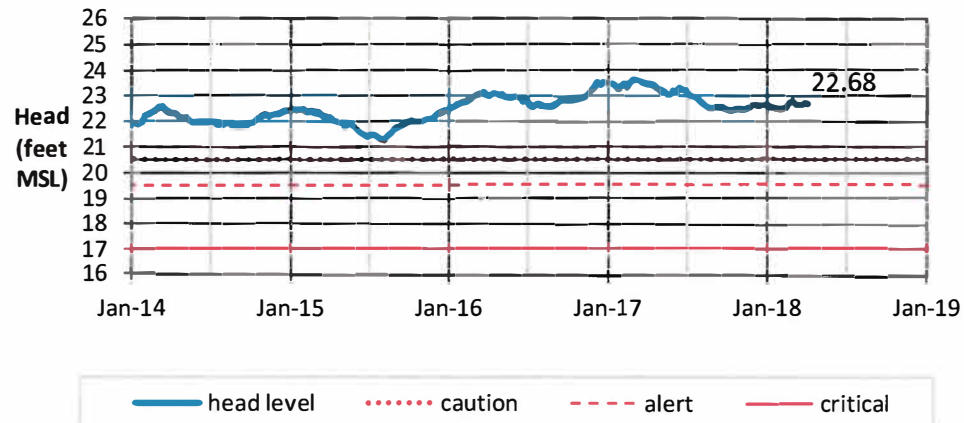
Kaimuki 04/11/18



Beretania 04/10/18

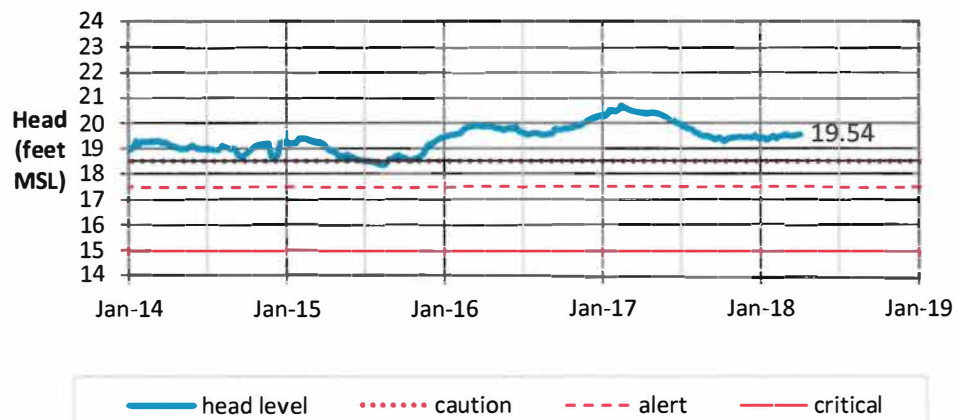


Kalihi 04/10/18

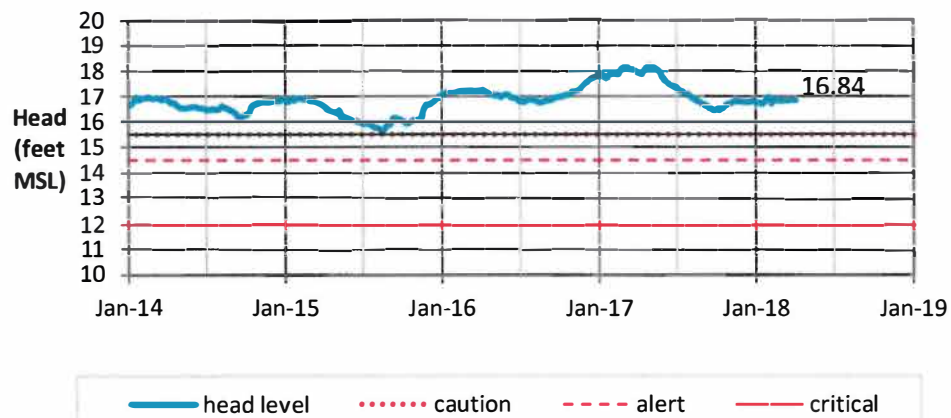


Weekly Head Report

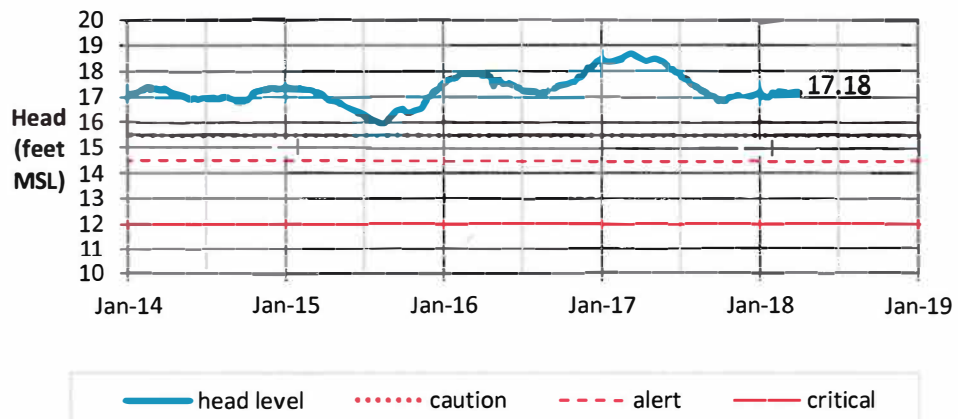
Moanalua 04/10/18



Halawa 04/10/18

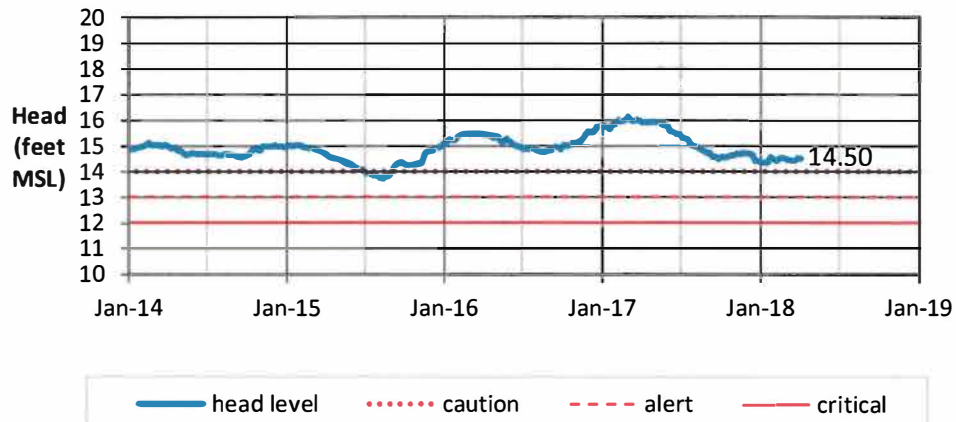


Kalauao 04/12/18

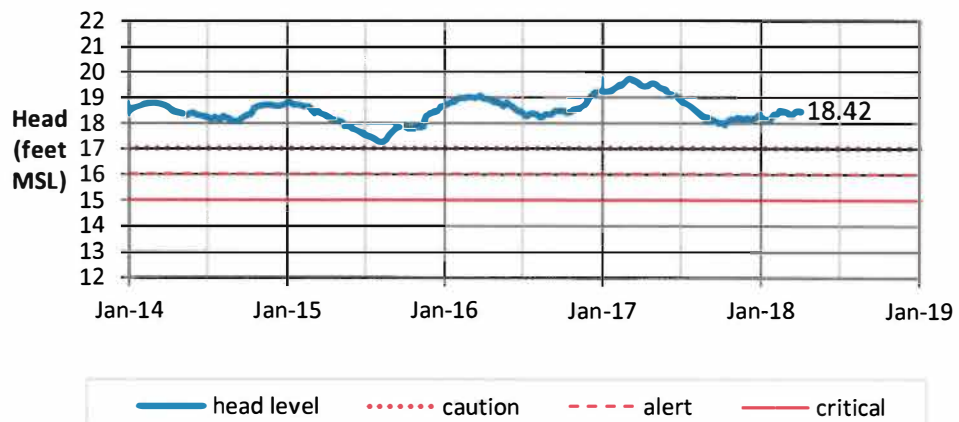


Weekly Head Report

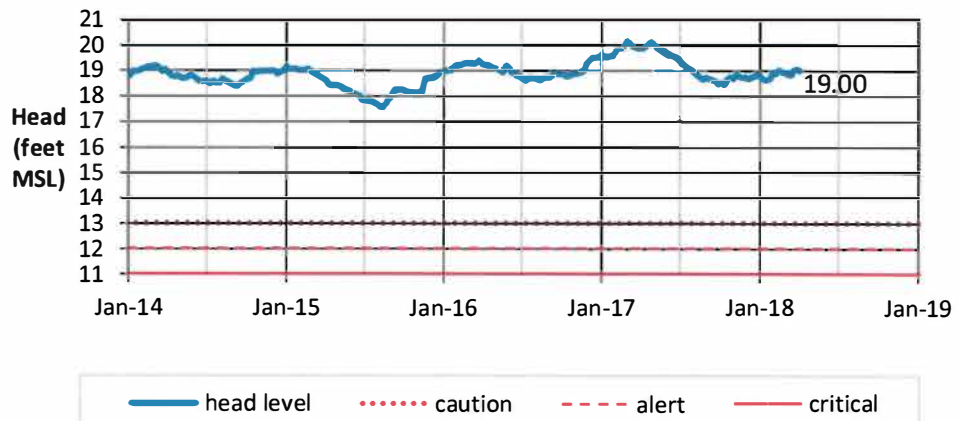
Pearl City 04/12/18



Waipahu 04/10/18

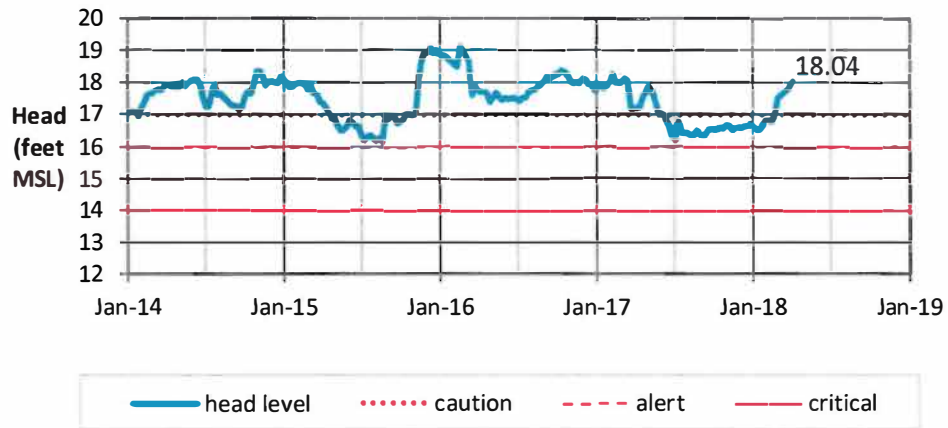


Hoeaee-Kunia 04/10/18

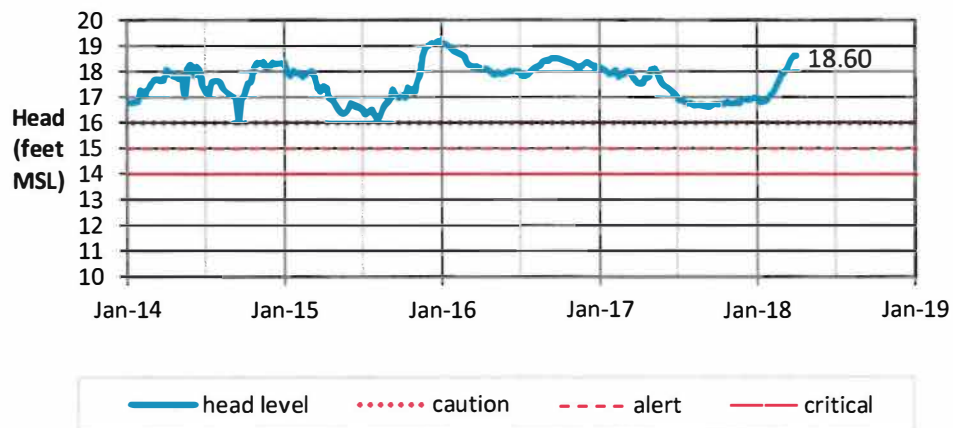


Weekly Head Report

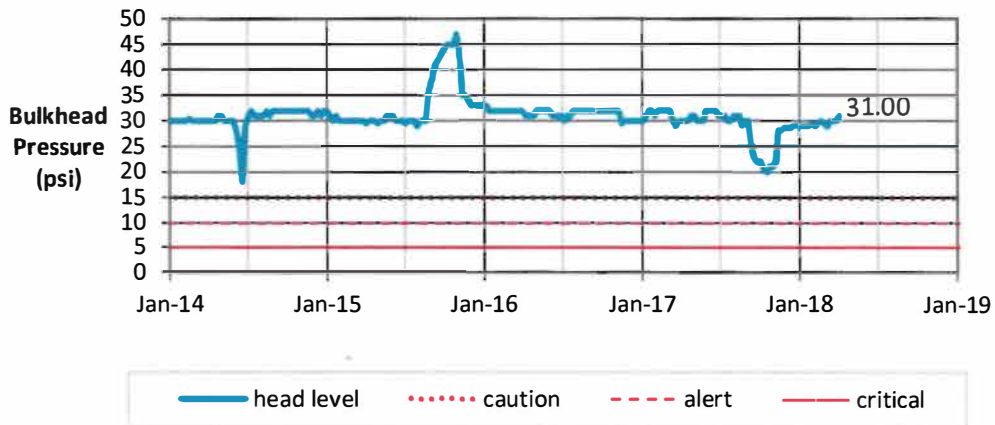
Punaluu 04/09/18



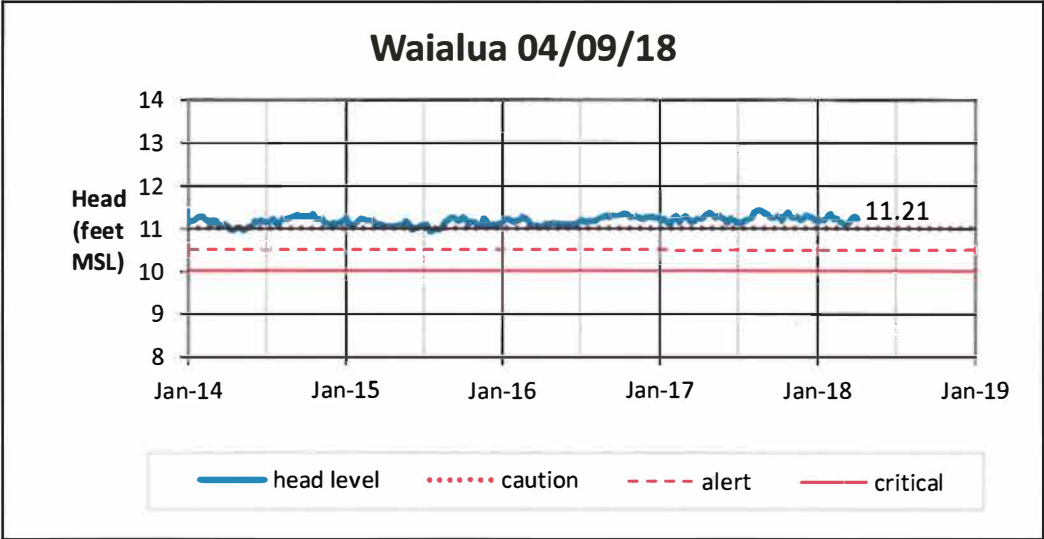
Kaluanui 04/09/18

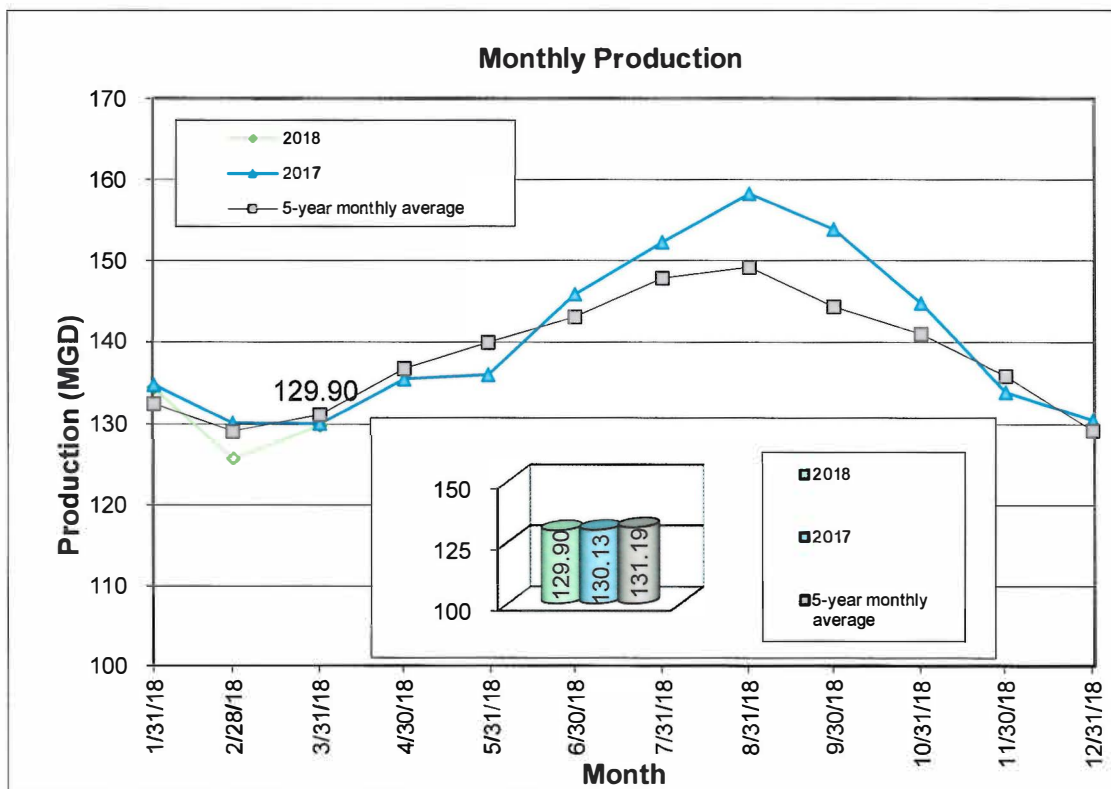
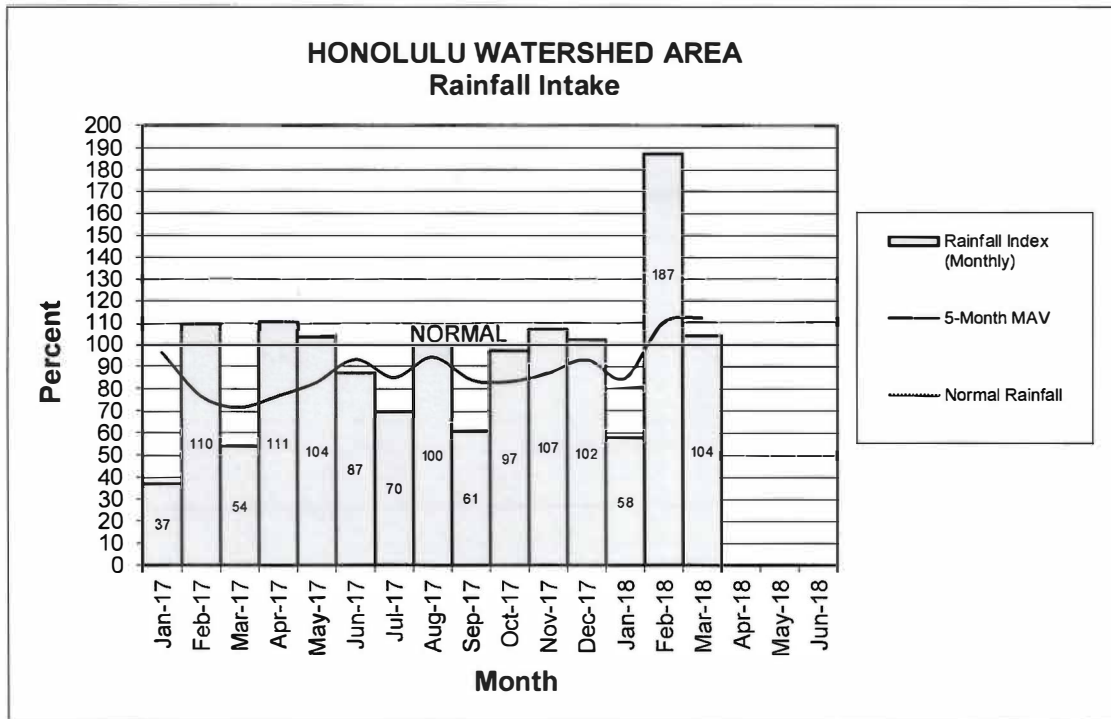


Waihee Tunnel 04/11/18



Weekly Head Report



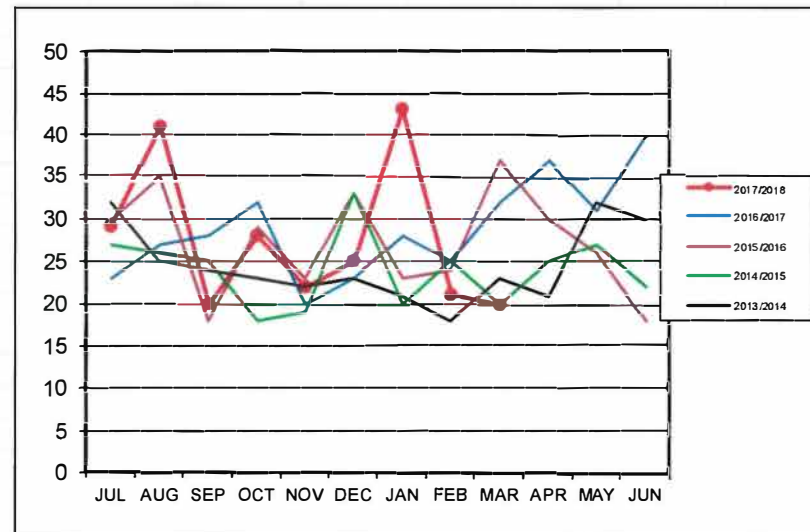


ITEM FOR INFORMATION NO. 4

WATER MAIN REPAIR REPORT
for March 2018

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
2017/2018	29	41	20	28	22	25	43	21	20				249
2016/2017	23	27	28	32	20	23	28	25	32	37	31	40	346
2015/2016	30	35	18	29	23	33	23	24	37	30	26	18	326
2014/2015	27	26	25	18	19	33	20	25	20	25	27	22	287
2013/2014	32	25	24	23	22	23	21	18	23	21	32	30	294

Date	Address	Size (In)	Pipe Type
3/1/2018	2513 KALIHI ST, HONOLULU	12	PVC
3/1/2018	1054 MOKUHANU ST, HONOLULU	36	CCP
3/5/2018	45-939 KEAAHALA PL, KANEOHE	6	CI
3/6/2018	921 EMMELUTH LN, HONOLULU	8	DI
3/7/2018	7131 KUKII ST, HONOLULU	8	CI
3/8/2018	3868 MONTEREY DR, HONOLULU	4	ci
3/8/2018	1056 2ND AVE, HONOLULU	6	CI
3/11/2018	3138 FRANCIS ST, HONOLULU	8	CI
3/11/2018	277 CALIFORNIA AVE, WAHIAWA	4	CI
3/14/2018	2710 KALIHI ST, HONOLULU	8	PVC
3/15/2018	95-781 WIKAO ST, MILILANI	12	PVC
3/16/2018	626 SHERIDAN ST, HONOLULU	8	CI
3/20/2018	67-190 KANOULU ST, WAIALUA	6	CI
3/21/2018	40 DOWSETT AVE, HONOLULU	8	PVC
3/22/2018	1410 MEYERS ST, HONOLULU	8	DI
3/27/2018	3633 DIAMOND HEAD RD, HONOLULU	12	CI
3/27/2018	1020 13TH AVE, HONOLULU	6	CI
3/28/2018	2293 WAIOMAO RD, HONOLULU	8	CI
3/29/2018	95-662 MAKAAUNULAU ST, MILILANI	8	AC
3/31/2018	2040 9th AVE, HONOLULU	4	CI



DISCUSSION:

Mike Fuke, Acting Field Operations Division Program Administrator, gave the report. Mr. Fuke showed the Board a sample of corroded pipeline from the March 1st, Mokuhanō Street main break. Mr. Fuke stated that the pipe was a 36-inch main concrete pipe, and with the condition it was in, the pipe exploded. Mr. Fuke explained that the Capital Projects Division is currently relining the pipe to reinforce it. Mr. Andaya asked how old the pipe is. Mr. Fuke answered that the pipe was installed in the '60s. Mr. Lau asked if the sample was from inside the tunnel. Mr. Fuke responded that it came from the inside of the Kamehame Tunnel. Mr. Lau suggested the sample be shown at the public hearings. Mr. Andaya agreed that it would be a great visual.

MOTION TO
RECESS INTO
EXECUTIVE
SESSION

Upon unanimously approved motion, the Board recessed into Executive Session Pursuant to [HRS §92-5(a)(2) and §92-5(a)(4)] at 2:38 PM to Consult with the Board's Attorney and to Consider Issues Pertaining to Matters Posted for Discussion at an Executive Session.

OPEN
SESSION

The Board reconvened in Open Session at 3:38 PM

MOTION TO
ADJOURN

There being no further business Chair Andaya at 3:39 PM called for a motion to adjourn the Open Session. Ross Sasamura so moved; seconded by Kapua Sproat and unanimously carried.

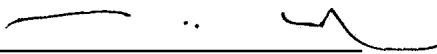
Respectfully submitted,

THE MINUTES OF THE REGULAR SESSION BOARD
MEETING ON APRIL 23, 2018 WERE APPROVED AT
THE MAY 29, 2018 BOARD MEETING

	AYE	NO	COMMENT
BRYAN P. ANDAYA	X		
KAPUA SPROAT	X		
DAVID C. HULIHEE	X		
KAY C. MATSUI			ABSENT
RAY C. SOON	X		
ROSS S. SASAMURA	X		
JADE T. BUTAY	X		


LESLEY C. COON

APPROVED:


BRYAN P. ANDAYA
Chair of the Board

MAY 29 2018

Date