

MINUTES

REGULAR MEETING OF THE BOARD OF WATER SUPPLY

July 23, 2018

At 2:01 PM on July 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
Ray C. Soon
Ross S. Sasamura
Jade T. Butay

Also Present: Ernest Lau, Manager and Chief Engineer
Ellen Kitamura, Deputy Manager and Chief Engineer
Erwin Kawata
Barry Usagawa
Robert Morita
Jason Takaki
Joe Cooper
Kevin Ihu
Jennifer Elflein
Garon Hamasaki
Anabel Lindsey
Kathleen Pahinui
Mike Matsuo
Mike Fuke
Henderson Nuuhiwa
Michele Thomas
Kathy Mitchell
Lisa Kim
Gerrene Yukuno

Others Present: Jessica Wong, Deputy Corporation Counsel
Jeff Lau, Deputy Corporation Counsel
Dave Ebersold, CDM Smith
Chris Harris, CDM Smith

Absent: David C. Hulihee
Kay C. Matsui

APPROVAL OF
MINUTES

Approval of the Minutes of the Regular Meeting held on June 29, 2018

MOTION
TO APPROVE

Ross Sasamura and Kapua Sproat motioned and seconded, respectively, to approve the Minutes of the Regular Session Meeting of June 29, 2018. The motion was unanimously carried.

ITEM FOR INFORMATION NO. 1

“July 23, 2018

UPDATE AND
DRAFT SCHEDULE
OF RATES AND
CHARGES

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

Chair and Members:

Subject: Update and Draft Schedule of Rates and Charges for the
Furnishing of Water and Water Service

Kathleen Pahinui, Information Officer; Joe Cooper, Waterworks Controller; and David Ebersold of CDM Smith, will present an update of our Water Rate Study and the draft Schedule of Rates and Charges for the Furnishing of Water and Water Service.

Respectfully submitted,

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

Attachments”

The foregoing was for information only.

DISCUSSION:

Kathleen Pahinui, Information Officer; Joe Cooper, Waterworks Controller; and Dave Ebersold of CDM Smith gave the report.

Ms. Pahinui gave a recap of the overview process for the rate study and commented that the Board of Water Supply (BWS) has reached close to 500,000 people with all of their outreach efforts. Outreach to the community has been fairly extensive, however more questions will probably be received as the new rate schedule takes effect in July 2019.

Ms. Pahinui indicated that a follow-up communications plan will be started sometime in January 2019 to ensure the community understands the changes in the new rate schedule.

Ms. Pahinui commented that during this rate study process, one of the things that the Stakeholder Advisory Group (SAG) wanted to ensure is that BWS did reach out to the community in a very broad way. Ms. Pahinui indicated that the SAG has been pleased with BWS's outreach and, overall, comments at the SAG meetings and Neighborhood Boards have been positive and supportive. However, one common concern at the SAG meetings and Neighborhood Boards was the high sewer rates. Ms. Pahinui explained that BWS would have to gently explain that the sewer rates are not within their purview.

Ms. Pahinui indicated that the SAG commented that it seems BWS has done a lot of vetting and is on the right track. It is their recommendation that the Board approve the proposed water rates.

Mr. Cooper presented more SAG highlights. Mr. Cooper stated that out of the 27 meetings to date, 17 of them covered all aspects of BWS's financial policies, the rate structure, rate plans, and BWS's charges. Mr. Cooper commented that this shows what the SAG has gone through to help BWS in developing these policies. To recognize their commitment and engagement during the rate study process, each member was presented with a plaque as appreciation of their hard work.

Board Member Ray Soon asked if there was any negative feedback from the SAG on how information was presented, if the presentations were skimmed through, or if there wasn't enough information. Mr. Cooper responded that there was lively discussion at times and that the SAG has been vocal in their opinions, but he does not think they were against the process. Ms. Pahinui added that they did not receive 100 percent consensus, but it is healthy to have diverse opinions. However, they did get close to 100 percent agreement in most of the initiatives.

Manager Lau indicated that the SAG has contributed their input and feedback during the development of the Water Master Plan, the Long-Range Financial Plan, and the rates. The SAG stated that they would like to continue to have this dialogue.

Mr. Lau pointed out one member in particular, Cynthia Rezentes, who had a lot of good, hard questions and was impressed with the whole process. Mr. Lau added that Ms. Rezentes sits on an Environmental Justice EPA Committee, nationally, and has shared with them the process BWS has gone through, as a good model for others to look at.

Mr. Lau commented that, in general, the SAG was highly enthused about the process. He added that when difficult questions were asked, BWS would take the time at the following meeting to make sure they followed up with more information to address those questions or concerns.

Mr. Soon asked if there were any issues that stood out as troublesome. Ms. Pahinui responded that when difficult questions were raised and more detail was sought, BWS went back and redid their numbers or got more information, came back and satisfactorily addressed the question or concern. Ms. Pahinui added that all major decisions were done through consensus and majority.

Mr. Lau commented that if there is one area that BWS could work on, it is the issue of farming and agriculture. Mr. Lau pointed out the challenges many farmers face. Some of the stakeholders come from an agricultural background, and many of them feel that BWS could get more involved in the discussion to help the farmers. Mr. Lau pointed out that the impact of farmers on the BWS water system and the cost of that impact is significant. Mr. Lau indicated that there is still much discussion to be needed, but it is clear that the

farmers need help. BWS's first step is to reach out to the State Department of Agriculture, the U.S. Department of Agriculture, and the University of Hawaii to look at ways they can partner together in this area to help our farmers. Mr. Lau added that BWS alone is not the final solution for our farmers. However, it is one important component.

Mr. Ebersold presented the proposed rate schedule that will be considered for adoption in August. Mr. Ebersold explained that the rate schedule is divided into two parts. The first is for the period starting September 10, 2018, continuing through June 30, 2019, the end of the current fiscal year. Mr. Ebersold stated that there are no changes to any of the tiers or in the amounts that BWS customers are charged in the first year of the new rate schedule and will stay in effect through June 30, 2019. The second part is for the subsequent four years. Mr. Ebersold stated that all numbers in the rate schedule are consistent with what was shown in all the public meetings.

Mr. Ebersold explained that the new rate schedule also includes text, which they refer to as the "fine print", following the rate schedule. The first part of the fine print is Customer Class Definitions. Previously, the customer classes were not defined in the actual schedule of rates and charges. They are now being added so that it is clear to everyone.

The next part of the fine print includes the Standby Charge, the Power Cost Adjustment, and the Environmental Regulations Compliance Fee Cost Adjustment. Mr. Ebersold stated that each of these are currently in the fine print of the current rate schedule.

Mr. Ebersold explained that the intent of language being added to the Standby Charge is to clearly state that if there was substantial emergency, and providing emergency water supply was impacting the supply to the rest of BWS's customers, some negotiation around the issue will be necessary. Regarding the Power Cost Adjustment and Environmental Regulations Compliance Fee Cost Adjustment, Mr. Ebersold indicated that the change there is that the quantity charge would rise \$0.01 per thousand gallons for each \$500,000 of additional costs. Previously, the fine print stated that the price would rise \$0.01 per thousand gallons for each \$600,000 of additional costs. Mr. Ebersold explained that the change was necessitated by an overall decrease in BWS's water sales since the last update.

Mr. Ebersold stated that in the last few months, the Board has had a lot of discussion on the waiver of Water System Facilities Charges for Qualified Affordable and Homeless Dwelling Units, and the waiver of Meter Charges for Residential Fire Sprinkler Retrofits. Mr. Ebersold hopes to accurately prepare the disvthat the Board had at the June Board Meeting, and to make sure to bring it back to the Board for its review prior to consideration in August. Mr. Lau indicated that BWS examined Bill 59 (2017), relating to affordable housing incentives, and tried to capture some of the language and definitions to stay consistent with the ordinance.

Mr. Lau asked Mr. Ebersold to point out the difference in the rate schedule between Fiscal Year (FY) 19 and FY 20. Mr. Ebersold explained that in the

current FY (FY 19), the monthly billing charge of \$9.26 is charged to every customer each month, regardless of meter size. That is proposed to change on July 1, 2019, the beginning of FY 20, to a monthly charge that varies based on the size of the meter.

Mr. Lau asked if the quantity charges will have four tiers, starting in FY 20. Mr. Ebersold explained the four-tier structure of the quantity charge for single-family residential and multi-unit residential customers. He also explained that the non-residential structure will remain a uniform charge, regardless of usage. The agricultural structure will mimic the single-family residential structure for the first two tiers and then use a lower rate in Tier 3 to eventually recover approximately 60 percent of their cost of service, which is consistent with the current cost of service recovery for this customer class.

Mr. Ebersold explained the quantity charge for recycled water customers. Currently, recycled water customers' rates are determined by contract. In FY 20 they will be moved to a more uniform published rate schedule. Two components under the recycled water category are R1 Golf and R1 Other. Mr. Ebersold explained that the reason of the difference in rates for R1 Golf and R1 Other is due to the additional benefits that golf courses provide – storm water retention and the fact that water is not being discharged into the ocean. The contracts that R1 Golf customers are on are “take or pay” contracts. This means that even if they don't use the water they still must pay for it, and that also warrants the lower rate for R1 Golf customers compared to R1 Other customers. Mr. Ebersold stated that a number of customers use reverse osmosis (RO), or demineralized, water. Like the rest of the recycled water customers, BWS intends to move these customers off of contracts and onto a consistent schedule of rates and charges.

Mr. Lau asked Mr. Ebersold to explain the fire meter standby charge. Mr. Ebersold explained that, currently, non-fire water usage is billed to customers with fire meters. Because BWS is providing a standby service, the fire connections need to be available and have pressure and water in them at all times. In FY 20, a fire meter standby charge will be billed to customers with fire meters. Mr. Ebersold explained that this is a standby charge to recoup the cost of service associated with providing the private fire meter services.

Mr. Andaya asked if there is a dollar amount associated with the annual cap for the waiver of the water systems facilities charge. Mr. Lau responded that there is no dollar amount component for the waiver of the facilities charge at this time. He explained that the waiver is strictly based on dwelling units and that the Board has requested he use his discretion to go beyond the 500 dwelling unit allocation when the last project coming in requires more dwelling units than what is still available. Ms. Kitamura added that she estimates that 500 dwelling units may come to approximately one million dollars in waivers for the year. She reminded the Board that that is just speculation and that BWS will be reporting to the Board quarterly to show how many projects have come in and what was waived. At that point, real numbers can be provided.

Mr. Andaya commented that the amount of waiver will depend on whether the units being built are single-family or multi-unit. Ms. Kitamura agreed, and

Mr. Lau added that he suspects there will be more multi-unit residential units coming in, and only some single-family residential units.

Mr. Lau stated that the draft schedule of rates and charges and fine print presented today will be published in the public hearing notice for the public hearing to be held on August 27, 2018.



Board Update Water Rate Study

Kathleen Elliott-Pahinui, Information Officer

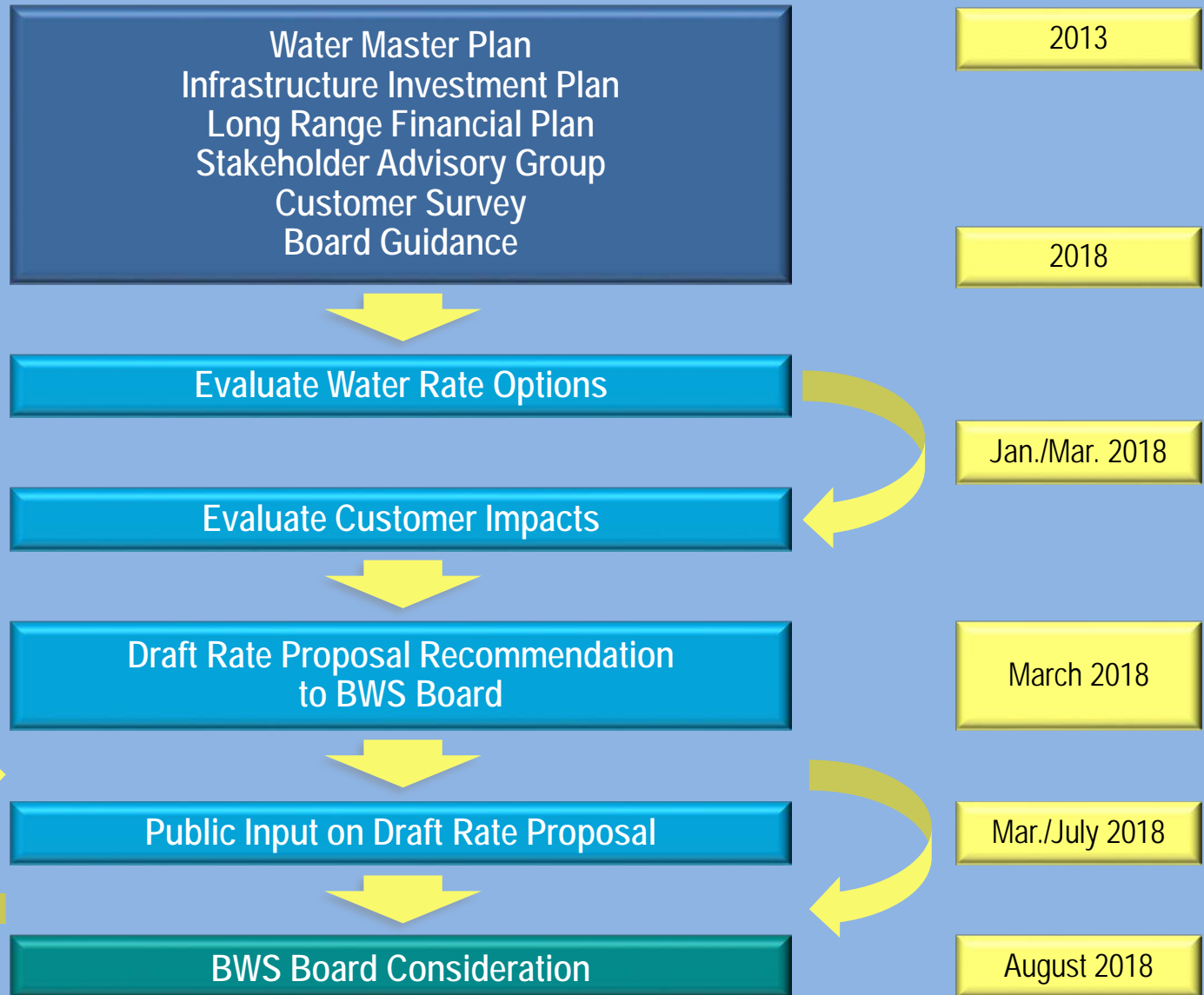
Joe Cooper, Waterworks Controller

David Ebersold, CDM Smith

BWS Water Master Plan Project

July 23, 2018

Process Overview



Recap of Public Input

- 💧 4 Public Hearings: Honolulu, Kapolei, Kaneohe, Mililani – 65 attendees
- 💧 15 Neighborhood Boards – reached about 500 attendees
- 💧 10 interest group presentations – reached about 150 attendees
- 💧 Newspaper articles, social media, TV and radio interviews – estimated reach around 250,000
- 💧 Briefings for 6 City Council Members and Cabinet Briefing
- 💧 Mailed special edition of Water Matters to 170,000 account holders
- 💧 Over 1,300 page views on the BWS website

Stakeholder Advisory Group reviewed public input on proposed rates

- 💧 SAG pleased with extensive outreach especially to the Neighborhood Boards.
- 💧 Overall, comments at the NB positive and supportive of BWS's approach and rationale for the water rate increases.
- 💧 SAG echoed comments from NBs that sewer rates are very high and nothing anyone can do about it. Community feels “stuck” with the bill.
- 💧 Reception of Essential Needs Tier from SAG and public very positive.

Stakeholder Advisory Group reviewed public input on proposed rates

- 💧 Strong support for ramp up to 21 miles of pipeline replacement over next decade along with other prioritized infrastructure upgrades.
 - Aggressive but balances ability to implement with economic impact to our customers.
 - Allows for flexibility as we work to ramp up staffing in order to implement the plan.
 - Sustainable and incremental approach to infrastructure replacement and upgrades.
- 💧 SAG members commented that it looks like you've done a lot of vetting and it doesn't sound like there are a lot of recommendations for changes. I would suggest that we approve it. BWS on the right track.

**STAKEHOLDER ADVISORY GROUP
RECOMMENDS THAT BWS BOARD
APPROVE PROPOSED WATER RATES**

July 10, 2018

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



Stakeholder Advisory Group highlights

- 💧 First meeting in May 2015
- 💧 27 meetings (2.5 hours each) to date
- 💧 Commitment and engagement
- 💧 Field trips to Halawa Shaft, Honouliuli Water Recycling Facility
- 💧 Extensive advisement on major BWS initiatives
 - Water Master Plan (October 2016)
 - Updated Financial Policies (May 2017)
 - Long Range Financial Plan (March 2018)

Stakeholder Advisory Group meeting summary since January 2017

Meeting Number	Date	Topics
11	January 10, 2017	Financial planning policies overview
12	February 7, 2017	Overview O&M components, revenue adjustments for different pipeline replacement scenarios
13	March 14, 2017	Strawman financial policies
14	April 19, 2017	Strawman financial policies, pipeline break scenarios, sources/ uses of funds
15	May 18, 2017	Current rates & structure overview, how funds used, rate objectives, financial policies
16	June 21, 2017	Value statements, fixed v. variable costs, overview of tiers, types of affordability programs, Water System Facilities Charge (WSFC), Cost of Service (COS)
17	July 11, 2017	Zero sum game, affordability, WSFC
18	August 9, 2017	10-year financial forecast for different pipeline replacement scenarios, adopted FY 2018 budget, 30-year CIP
19	September 12, 2017	Pipeline replacement review of scenarios 2 and 6, affordability, tier adjustment considerations, introduce “essential needs” concept.
20	October 17, 2017	Review pipeline replacement scenario 2, zero sum game review, review residential and non-residential rates, subsidies for agricultural and non-potable customers
21	November 14, 2017	Fixed monthly charges, subsidies
22	December 7, 2017	Deep dive on fixed charges, 10-year revenue requirements
23	January 10, 2018	30-year financial outlook, Long Range Financial Plan
24	February 21, 2018	Iterative rates modeling
25	March 13, 2018	Iterative rates modeling, recommendation for public outreach
26	April 11, 2018	WSFC draft
27	July 10, 2018	Review public input, overview of FY 2019 budget

July 10, 2018 Stakeholder recognition





Board of Water Supply

Alison Omura

Mahalo Nui Loa

***for your dedication & insight
as a member of the
Board of Water Supply
Stakeholder Advisory Group***

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



Schedule for September 10, 2018 – June 30, 2019

Billing Charge

There is a billing charge each time a bill is issued effective as follows:

Sep. 10, 2018
\$9.26

Quantity Charge

In addition to the Billing Charge, there is a charge for all water used, rounded down to the nearest 1,000 gallons (k-gal), effective as follows:

Single-Family Residential (Monthly per dwelling unit)	Sep. 10, 2018
Tier 1 First 13,000 gallons	\$4.42
Tier 2 13,001 – 30,000 gallons	\$5.33
Tier 3 Over 30,000 gallons	\$7.94
Multi-Unit Residential (Monthly per dwelling unit)	Sep. 10, 2018
Tier 1 First 9,000 gallons	\$4.42
Tier 2 9,001 – 22,000 gallons	\$5.33
Tier 3 Over 22,000 gallons	\$7.94
Non-Residential	Sep. 10, 2018
All Usage	\$4.96
Agricultural (Monthly per account)	Sep. 10, 2018
Tier 1 First 13,000 gallons	\$4.42
Tier 2 Over 13,000 gallons	\$1.89
Non-Potable/Brackish	Sep. 10, 2018
All Usage	\$2.47

Schedule for September 10, 2018 – June 30, 2019

Customer Class Definitions

Potable Water means all water that meets State Department of Health Drinking Water Standards. For all customers, all potable water used for irrigation will be billed in accordance with the primary usage of the property. Potable water customers are divided into the following classes:

Residential

Single-family residential refers to single-family and duplex residences.

Multi-Unit refers to multi-unit residences including apartments, condominiums and townhouses. Low-rise constitutes up to three stories in height. High-rise refers to higher than three living stories.

Agricultural

Agricultural refers to a parcel devoted to agricultural activities. To qualify for Agricultural Quantity Charges, a customer must submit a written application to the Board of Water Supply and furnish satisfactory proof that they are engaged in agriculture on a commercial basis. Only one dwelling unit will be allowed on a meter qualifying for the agricultural quantity charges. To continue to qualify, the application must be renewed each fiscal year.

Non-Residential

Non-residential refers to any property not used for residential or agricultural purposes. To determine appropriate quantity charges, combinations of residential and non-residential may require separate meters for each use; e.g. separate residential and non-residential meters.

Non-Potable/Brackish

Non-Potable/ Brackish refers to customers that receive non-potable/ brackish water. This water does not meet State Department of Health Drinking Water Standards. The Non-Potable Quantity Charges shall not supersede existing or individually negotiated non-potable quantity charge agreements.

Schedule for September 10, 2018 – June 30, 2019

Standby Charge: A Standby Charge will be negotiated by the Manager and Chief Engineer with each private water system contracting for interconnection service. Such service shall be provided only during emergency or temporary service outages with the intent to protect against interrupted water service supporting normal private system requirements. Water used shall be charged at the applicable quantity rate for each thousand gallons. Approval of activation and duration is contingent upon impacts to BWS customers' level of service and BWS's ability to meet Water System Standards requirements. Activation of service will require a written request submitted to the Manager and Chief Engineer at least 48 hours before service is required, unless waived by the Manager and Chief Engineer.

Water service shall be provided in accordance with Board of Water Supply Rules and Regulations Section 1-101 Availability of Water which requires that “the Department have sufficient pressure and water supply available for domestic use and fire protection and can assume new or additional service without detriment to those presently being served.”

Power Cost Adjustment: When total power, or electricity, costs to the Board of Water Supply exceed the amount used in calculating the annual Schedule of Rates and Charges, then the Quantity Charge may be increased \$0.01 per 1,000 gallons for every \$500,000 incremental power cost overage in the following fiscal year.

Environmental Regulations Compliance Fee Cost Adjustment: The Quantity Charge may be increased \$0.01 per 1,000 gallons for each \$500,000 of additional costs that the Board of Water Supply is required to incur in order to comply with any Federal or State environmental law or regulation.

Schedule for September 10, 2018 – June 30, 2019

Waiver of Water System Facilities Charge for Qualified Affordable and Homeless Dwelling Units

The Board of Water Supply may waive the Water Systems Facilities Charges and new meter cost for qualified on-site affordable and homeless dwelling units, up to 500 dwelling units per year. The waivers will be granted when the building permit is submitted for approval. To qualify, the dwelling units must be certified as either affordable or homeless dwelling units by the appropriate agency of the City and County of Honolulu. Waiver of the Water System Facilities Charge will apply only to fixture units associated with the certified dwelling units. The amount of the meter waiver shall be calculated as a percentage of the number of certified dwelling units to the total number of dwelling units in the project. If the annual cap of 500 dwelling units has not been reached and a project is proposed that would qualify for more than the remaining number of dwelling units in that year, the Manager and Chief Engineer has the discretion to increase that year's limit. This waiver provision shall expire on June 30, 2023.

Waiver of Meter Charges for Residential Fire Sprinkler Retrofits

The Board of Water Supply may waive the new meter charges for high rise multi-unit residential fire sprinkler retrofits. This waiver provision shall expire on June 30, 2023.

Schedule for July 1, 2019 – June 30, 2023

Customer Charge

There is a customer charge each month service is provided based on the meter size effective as follows:

Meter Size	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
5/8" or 3/4"	\$10.42	\$10.80	\$11.38	\$12.09
1"	\$13.31	\$13.79	\$14.45	\$15.28
1.5"	\$15.23	\$15.78	\$16.50	\$17.41
2"	\$38.81	\$40.18	\$41.61	\$43.45
3"	\$47.95	\$49.64	\$51.35	\$53.55
4"	\$91.74	\$94.95	\$97.98	\$101.92
6"	\$163.91	\$169.63	\$174.84	\$181.64
8"	\$250.03	\$258.76	\$266.57	\$276.78
12'	\$541.31	\$560.18	\$576.78	\$598.53

Quantity Charge

In addition to the Customer Charge, there is a charge for all water used, rounded down to the nearest 1,000 gallons (k-gal), effective as follows:

Single-Family Residential (Monthly per dwelling unit)	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
Tier 1: Essential Needs First 2,000 gallons	\$3.79	\$3.91	\$4.17	\$4.46
Tier 2 2,001 – 6,000 gallons	\$4.46	\$4.60	\$4.90	\$5.25
Tier 3 6,001 – 30,000 gallons	\$5.06	\$5.20	\$5.50	\$5.85
Tier 4 Over 30,000 gallons	\$8.46	\$8.60	\$8.90	\$9.25
Multi-Unit Residential (Monthly per dwelling unit)	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
Tier 1: Essential Needs First 2,000 gallons	\$3.70	\$3.71	\$3.72	\$3.77
Tier 2 2,001 – 4,000 gallons	\$4.35	\$4.36	\$4.38	\$4.43
Tier 3 4,001 – 10,000 gallons	\$4.95	\$4.96	\$4.98	\$5.03
Tier 4 Over 10,000 gallons	\$5.90	\$5.91	\$5.93	\$5.98
Non-Residential	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
All Usage	\$5.01	\$5.06	\$5.16	\$5.27
Agricultural (Monthly per account)	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
Tier 1: Essential Needs First 2,000 gallons	\$3.79	\$3.91	\$4.17	\$4.46
Tier 2 2,001 – 6,000 gallons	\$4.46	\$4.60	\$4.90	\$5.25
Tier 3 Over 6,000 gallons	\$1.95	\$1.98	\$2.05	\$2.12

Schedule for July 1, 2019 – June 30, 2023

Non-Potable/Brackish	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
All Usage	\$2.53	\$2.62	\$2.75	\$2.90
Recycled Water				
R-1 Golf	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
All Usage	\$0.57	\$0.59	\$0.62	\$0.65
R-1 Other	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
All Usage	\$1.84	\$1.88	\$1.92	\$1.96
Reverse Osmosis (RO)	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
All Usage	\$5.76	\$5.88	\$6.12	\$6.36

Fire Meter Standby Charge

For those receiving private fire service, there is an additional fire meter standby charge billed monthly based on the size of the fire meter effective as follows:

Fire Meter Size	July 1, 2019	July 1, 2020	July 1, 2021	July 1, 2022
2" and smaller	\$6.72	\$6.95	\$7.42	\$7.99
3"	\$8.82	\$9.08	\$9.64	\$10.29
4"	\$12.43	\$12.74	\$13.44	\$14.23
6"	\$25.42	\$25.94	\$27.13	\$28.44
8"	\$47.83	\$48.69	\$50.74	\$52.94

Schedule for July 1, 2019 – June 30, 2023

Customer Class Definitions

Potable Water means all water that meets State Department of Health Drinking Water Standards. For all customers, all potable water used for irrigation will be billed in accordance with the primary usage of the property. Potable water customers are divided into the following classes:

Residential

Single-family residential refers to single-family and duplex residences.

Multi-Unit refers to multi-unit residences including apartments, condominiums and townhouses. Low-rise constitutes up to three stories in height. High-rise refers to higher than three living stories.

Agricultural

Agricultural refers to a parcel devoted to agricultural activities. To qualify for Agricultural Quantity Charges, a customer must submit a written application to the Board of Water Supply and furnish satisfactory proof that they are engaged in agriculture on a commercial basis. Only one dwelling unit will be allowed on a meter qualifying for the agricultural quantity charges. To continue to qualify, the application must be renewed each fiscal year.

Non-Residential

Non-residential refers to any property not used for residential or agricultural purposes. To determine appropriate quantity charges, combinations of residential and non-residential may require separate meters for each use; e.g. separate residential and non-residential meters.

Schedule for July 1, 2019 – June 30, 2023

Non-Potable Water means all water that does not meet State Department of Health Drinking Water Standards. It is divided into the following classes:

Non-Potable/ Brackish

Customers that receive non-potable/ brackish water.

R-1 Recycled Water

R-1 recycled water is recycled wastewater that meets State Department of Health Reuse Guidelines.

R-1 Golf are those customers that receive R-1 water used primarily for golf course irrigation.

R-1 Other are those customers that receive R-1 recycled water for uses other than golf course irrigation

Reverse Osmosis (RO) Demineralized Water

RO water is recycled wastewater that has been demineralized through reverse osmosis.

The R-1 Golf, R-1 Other and RO Customer and Quantity Charges shall not supersede existing or individually negotiated charges unless expressly identified in the contract.

Schedule for July 1, 2019 – June 30, 2023

Fire Meter Standby Charge

The Fire Meter Standby Charge, for readiness to serve, applies to services used exclusively for private fire protection purposes, including automatic fire sprinkler services connected to the alarm systems, fire hydrants, and wet standpipes. These must be protected against theft and leakage or waste of water. No connections or usage of water for other than fire-fighting and system testing purposes is allowed. In addition, for any misuse or non-fire protection related water use, such usage will be billed at twice the highest quantity charge in effect at that time. For any such misuse or leakage, the Customer shall be subject to penalty pursuant to Chapter 1, Article 3, Section 1-3.1 of the Revised Ordinances of Honolulu. Except for misuse and non-fire protection related use as described above, there are no quantity charges associated with these services.

Standby Charge: A Standby Charge will be negotiated by the Manager and Chief Engineer with each private water system contracting for interconnection service. Such service shall be provided only during emergency or temporary service outages with the intent to protect against interrupted water service supporting normal private system requirements. Water used shall be charged at the applicable quantity rate for each thousand gallons. Approval of activation and duration is contingent upon impacts to BWS customers' level of service and BWS's ability to meet Water System Standards requirements. Activation of service will require a written request submitted to the Manager and Chief Engineer at least 48 hours before service is required, unless waived by the Manager and Chief Engineer.

Water service shall be provided in accordance with Board of Water Supply Rules and Regulations Section 1-101 Availability of Water which requires that “the Department have sufficient pressure and water supply available for domestic use and fire protection and can assume new or additional service without detriment to those presently being served.”

Schedule for July 1, 2019 – June 30, 2023

Power Cost Adjustment: When total power, or electricity, costs to the Board of Water Supply exceed the amount used in calculating the annual Schedule of Rates and Charges, then the Quantity Charge may be increased \$0.01 per 1,000 gallons for every \$500,000 incremental power cost overage in the following fiscal year.

Environmental Regulations Compliance Fee Cost Adjustment: The Quantity Charge may be increased \$0.01 per 1,000 gallons for each \$500,000 of additional costs that the Board of Water Supply is required to incur in order to comply with any Federal or State environmental law or regulation.

Waiver of Water System Facilities Charge for Qualified Affordable and Homeless Dwelling Units

The Board of Water Supply may waive the Water Systems Facilities Charges and new meter cost for qualified on-site affordable and homeless dwelling units, up to 500 dwelling units per year. The waivers will be granted when the building permit is submitted for approval. To qualify, the dwelling units must be certified as either affordable or homeless dwelling units by the appropriate agency of the City and County of Honolulu. Waiver of the Water System Facilities Charge will apply only to fixture units associated with the certified dwelling units. The amount of the meter waiver shall be calculated as a percentage of the number of certified dwelling units to the total number of dwelling units in the project. If the annual cap of 500 dwelling units has not been reached and a project is proposed that would qualify for more than the remaining number of dwelling units in that year, the Manager and Chief Engineer has the discretion to increase that year's limit. This waiver provision shall expire on June 30, 2023.

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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

“July 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 June 30, 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. There were no comments or discussion.

Budget vs. Actual
Revenue and Expense Totals
As of June 30, 2018

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	234,602,000	236,550,000	(1,948,000)
Operating Expenses	(171,397,000)	(191,470,000)	20,073,000
Net Revenues (expenditures)	<u>63,205,000</u>	<u>45,080,000</u>	<u>18,125,000</u>

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of June 30, 2018

Current Month	%	Last Year	%	Description	Year to Date	%	Last Year to Date	%	%
Actual	Revenue	Actual	Revenue		Actual	Revenue	Actual	Revenue	Change
				REVENUE					
17,461,631.77	100.00	17,928,778.79	100.00	OPERATING REVENUE	231,546,012.04	100.00	231,445,279.63	100.00	.04
17,461,631.77	100.00	17,928,778.79	100.00	REVENUE	231,546,012.04	100.00	231,445,279.63	100.00	.04
				OPERATING EXPENSES					
2,952,466.06-	16.91	2,241,390.47-	12.50	LABOR COSTS	35,673,408.64-	15.41	34,048,596.80-	14.71	4.77
2,158,286.53-	12.36	3,969,950.13-	22.14	SERVICES	22,024,274.50-	9.51	22,503,137.32-	9.72	2.13-
696,586.69-	3.99	199,686.29-	1.11	SUPPLIES	5,278,253.73-	2.28	3,925,192.31-	1.70	34.47
20,085.10-	.12	36,293.55-	.20	EDUCATION & TRAINING	140,116.22-	.06	214,063.54-	.09	34.54-
2,132,810.25-	12.21	3,918,100.24-	21.85	UTILITIES	21,625,415.27-	9.34	21,330,381.67-	9.22	1.38
171,652.82-	.98	1,399,064.71	7.80	REPAIR AND MAINTENANCE	2,173,483.00-	.94	1,719,014.50-	.74	26.44
1,348,980.66-	7.73	431,968.07	2.41	MISC	17,468,925.25-	7.54	15,478,539.40-	6.69	12.86
488,370.08	2.80	5,121,829.40-	28.57	RETIREMENT SYSTEM CONTRIBUTIO	19,684,684.26-	8.50	27,475,797.00-	11.87	28.36-
99,010.54	.57	146,880.33-	.82	MISC EMPLOYEES' BENEFITS	372,443.61-	.16	736,592.29-	.32	49.44-
8,893,487.49-	50.93	13,803,097.63-	76.99	OPERATING EXPENSES	124,441,004.48-	53.74	127,431,314.83-	55.06	2.35-
84,922.89-	.49	577,551.30-	3.22	NON OPERATING REVENUE AND EXPE	8,199,604.93-	3.54	9,307,851.41-	4.02	11.91-
3,184,088.61	18.23	5,320,791.80	29.68	CONTRIBUTION IN AID	18,230,547.44	7.87	25,757,568.35	11.13	29.22-
4,310,523.44-	24.69	11,912,065.86-	66.44	OTHER EXPENSES	49,543,960.60-	21.40	60,092,244.97-	25.96	17.55-
7,356,786.56	42.13	3,043,144.20-	16.97	Change In Net Assets	67,591,989.47	29.19	60,371,436.77	26.08	11.96

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of June 30, 2018

Current Quarter Actual	% Revenue	Last Year Quarter Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
REVENUE									
52,440,284	100.00	56,455,768	100.00	OPERATING REVENUE	231,546,012	100.00	231,445,280	100.00	0.04
52,440,284	100.00	56,455,768	100.00	REVENUE	231,546,012	100.00	231,445,280	100.00	0.04
OPERATING EXPENSES									
-8,697,949	16.59	-8,026,061	14.22	LABOR COSTS	-35,673,409	15.41	-34,048,597	14.71	4.77
-5,988,854	11.42	-8,355,441	14.80	SERVICES	-22,024,275	9.51	-22,503,137	9.72	-2.13
-1,276,365	2.43	-859,837	1.52	SUPPLIES	-5,278,254	2.28	-3,925,192	1.70	34.47
-36,572	0.07	-86,254	0.15	EDUCATION & TRAINING	-140,116	0.06	-214,064	0.09	-34.54
-5,860,769	11.18	-7,656,231	13.56	UTILITIES	-21,625,415	9.34	-21,330,382	9.22	1.38
-598,275	1.14	-459,490	0.81	REPAIR AND MAINTENANCE	-2,173,483	0.94	-1,719,015	0.74	26.44
-3,501,323	6.68	-2,333,797	4.13	MISC	-17,468,925	7.54	-15,478,539	6.69	12.86
-3,360,113	6.41	-8,104,718	14.36	RETIREMENT SYSTEM CONTRIBUTIO	-19,684,684	8.50	-27,475,797	11.87	-28.36
-173,649	0.33	-162,626	0.29	MISC EMPLOYEES' BENEFITS	-372,444	0.16	-736,592	0.32	-49.44
-29,493,869	56.24	-36,044,455	63.85	OPERATING EXPENSES	-124,441,004	53.74	-127,431,315	55.06	-2.35
-981,714	1.87	-971,323	1.72	NON OPERATING REVENUE AND EXPE	-8,199,605	3.54	-9,307,851	4.02	-11.91
9,999,084	-19.07	9,778,032	-17.32	CONTRIBUTION IN AID	18,230,547	7.87	25,757,568	11.13	-29.22
-13,639,694	26.01	-20,778,079	36.80	OTHER EXPENSES	-49,543,961	21.40	-60,092,245	25.96	-17.55
18,324,090	34.94	8,439,943	-14.95	Change In Net Assets	67,591,989	29.19	60,371,437	26.08	11.96

Board Of Water Supply
Balance Sheet
As of June 30, 2018

*****		Amounts		*****: *****		***** Change *****	
Description	Current	Last Month End	Last Year End	This Month	This Year		
ASSETS							
CURRENT ASSETS	60,273,848.25	59,797,191.53	66,232,287.71	476,656.72	-5,958,439.46		
RESTRICTED ASSETS	9,561,450.09	8,647,638.33	21,443,602.94	913,811.76	-11,882,152.85		
INVESTMENTS	419,521,776.54	416,315,414.20	371,646,464.94	3,206,362.34	47,875,311.60		
OTHER ASSETS	14,428,387.41	15,151,730.01	18,474,845.62	-723,342.60	-4,046,458.21		
PROPERTY / PLANT	1,154,397,235.28	1,152,081,879.47	1,139,003,077.06	2,315,355.81	15,394,158.22		
DEFERRED OUTFLOWS OF RESOURCES	48,567,073.00	48,567,073.00	48,567,073.00	0.00	0.00		
TOTAL ASSETS	<u>1,706,749,770.57</u>	<u>1,700,560,926.54</u>	<u>1,665,367,351.27</u>	<u>6,188,844.03</u>	<u>41,382,419.30</u>		
LIABILITIES							
CURRENT LIABILITIES	20,886,561.70	19,682,735.02	31,220,027.07	1,203,826.68	-10,333,465.37		
OTHER LIABILITIES	34,374,874.08	34,539,488.29	36,254,164.37	-164,614.21	-1,879,290.29		
BONDS PAYABLE, NONCURRENT	272,606,993.68	274,814,148.68	286,603,808.19	-2,207,155.00	-13,996,814.51		
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>453,653,761.46</u>	<u>454,821,703.99</u>	<u>479,863,331.63</u>	<u>-1,167,942.53</u>	<u>-26,209,570.17</u>		
NET ASSETS							
RETAINED EARNINGS	300,073,799.40	357,107,871.40	590,870,187.98	-57,034,072.00	-290,796,388.58		
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66	0.00	0.00		
RESERVE FOR ENCUMBRANCES	290,796,388.58	233,762,316.58		57,034,072.00	290,796,388.58		
CURRENT YEAR CHANGES TO FU	67,591,989.47	60,235,202.91		7,356,786.56	67,591,989.47		
NET ASSETS	<u>1,253,096,009.11</u>	<u>1,245,739,222.55</u>	<u>1,185,504,019.64</u>	<u>7,356,786.56</u>	<u>67,591,989.47</u>		
TOTAL LIABILITIES AND NET ASSETS	<u>1,706,749,770.57</u>	<u>1,700,560,926.54</u>	<u>1,665,367,351.27</u>	<u>6,188,844.03</u>	<u>41,382,419.30</u>		

Budget vs Actual Appropriation Budget - Total BWS Summary

(\$000's)

OPER UNIT ALL

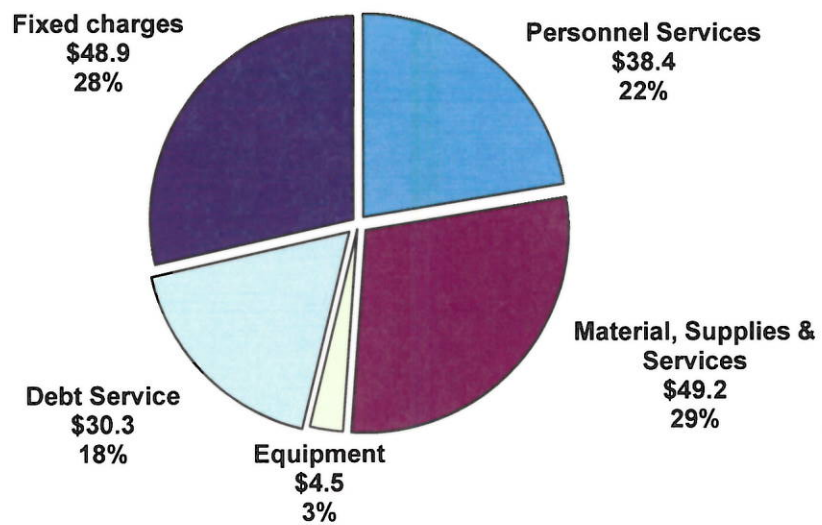
CIFIS 18820-3021

BUSINESS UNIT ALL

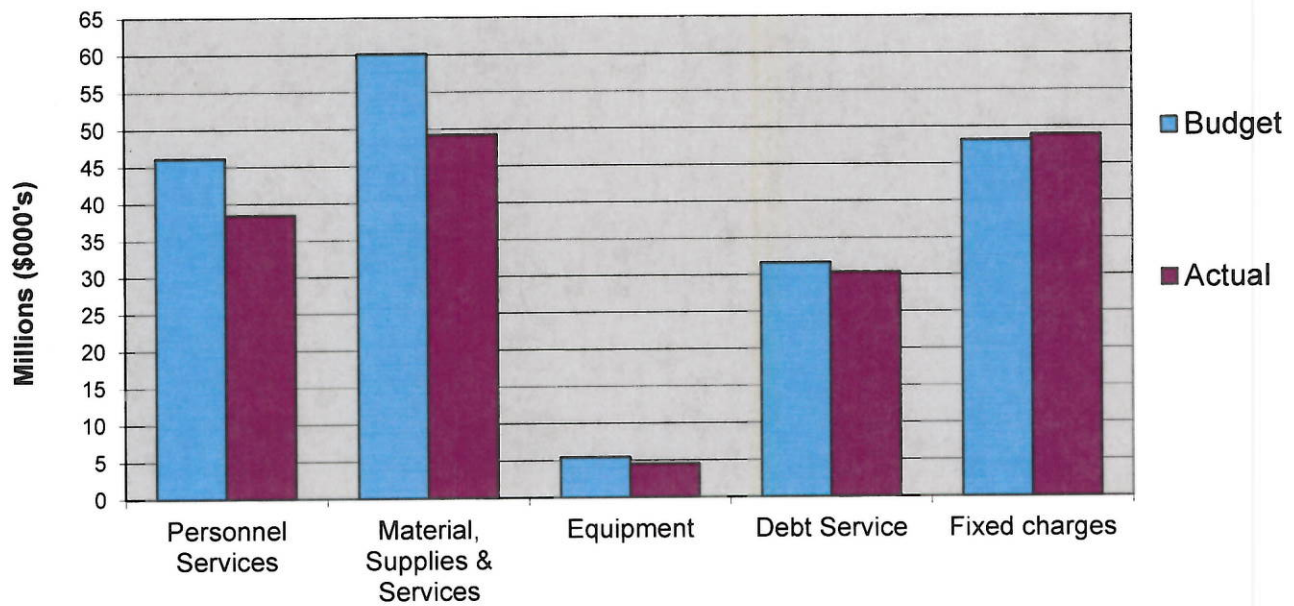
AS OF 6/30/2018

YTD-TO-DATE				FOR THE FISCAL YEAR					
YTD Actuals	YTD Budget	Avail/ (Over)	%	Object Description	Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>234,602</u>	<u>236,550</u>	<u>1,948</u>	<u>.82</u>	<u>REVENUE</u>	<u>234,602</u>		<u>236,550</u>	<u>1,948</u>	<u>.82</u>
OPERATING EXPENSES:									
38,448	46,117	7,669	16.63	Personnel Services	38,448		46,117	7,669	16.63
MATERIALS AND SUPPLIES									
25,607	28,471	2,864	10.06	Services	12,843	12,764	28,471	2,864	10.06
10,747	15,396	4,649	30.20	Supplies	9,427	1,320	15,396	4,649	30.20
347	789	442	56.02	Education & Training	298	49	789	442	56.02
	13	13	100.00	Utilities			13	13	100.00
2,696	3,709	1,013	27.31	Repairs & Maint	1,954	742	3,709	1,013	27.31
9,830	11,733	1,903	16.22	Misc	8,735	1,095	11,733	1,903	16.22
4,495	5,428	933	17.19	Equipment	483	4,012	5,428	933	17.19
30,323	31,648	1,325	4.19	Debt Service	30,323		31,648	1,325	4.19
FIXED CHARGES:									
22,614	22,010	(604)	2.74-	Utilities	22,614		22,010	(604)	2.74-
3,300	3,300			Case Fees	3,300		3,300		
10,123	10,800	677	6.27	Retirement System Contribution	10,123		10,800	677	6.27
12,867	12,056	(811)	6.73-	Misc Employees' Benefits	12,865	2	12,056	(811)	6.73-
<u>171,397</u>	<u>191,470</u>	<u>20,073</u>	<u>10.48</u>	<u>TOTAL OPERATING EXPENDITURES</u>	<u>151,413</u>	<u>19,984</u>	<u>191,470</u>	<u>20,073</u>	<u>10.48</u>
63,205	45,080	(18,125)		NET REVENUES (EXPENDITURES)	83,189	(19,984)	45,080	(18,125)	

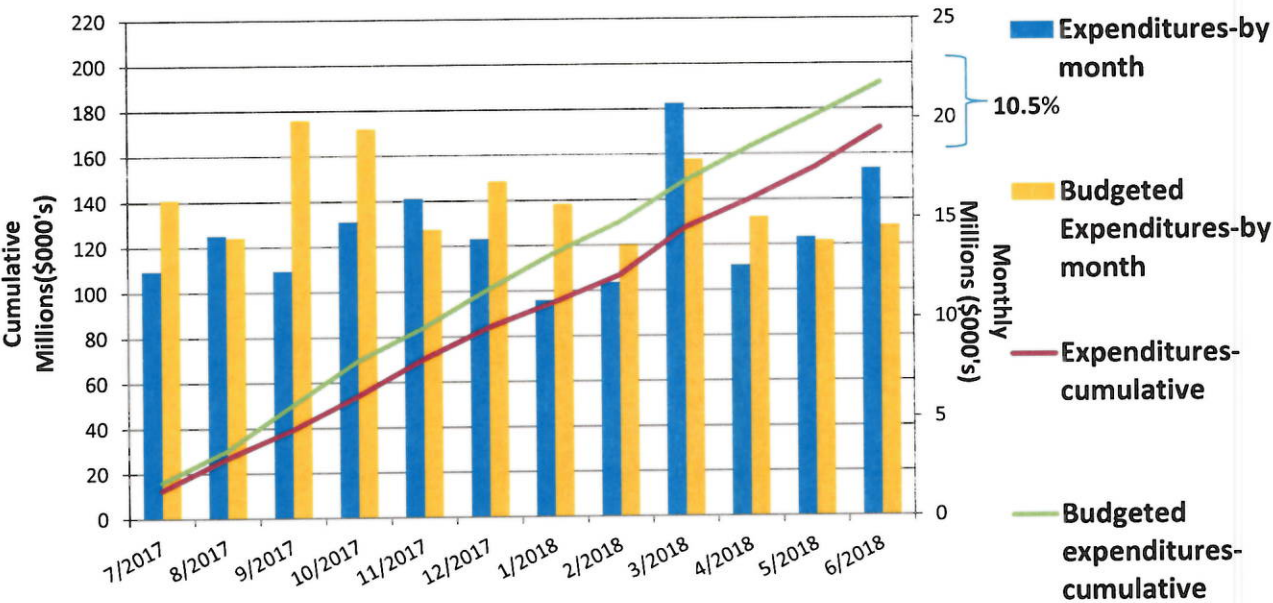
Total Operating Expenditures - \$171.4
As of June 30, 2018
(millions of dollars)



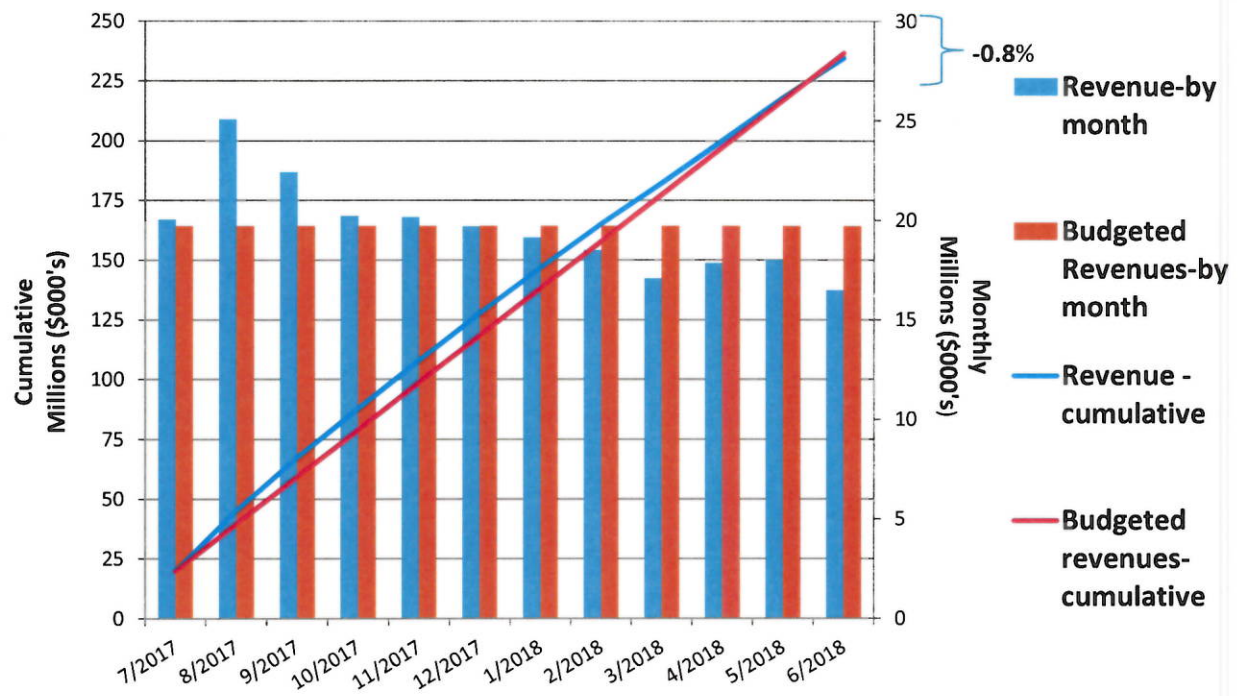
Operating Expenditures by Category (Budget vs. Actual)
as of June 30, 2018 (millions of dollars)



BUDGETED OPERATING EXPENDITURES FY 2018



BUDGETED OPERATING REVENUES FY 2018





Financial Performance

July 2017 – June 2018





Budget to Actual July 2017 – June 2018

- Actual Revenue \$235 million vs.
Budgeted Revenue \$237 million
- Operating costs are \$171 million vs.
Budgeted costs of \$191 million
- Actual Net Revenue \$63 million vs.
Budgeted Net Revenue \$45 million



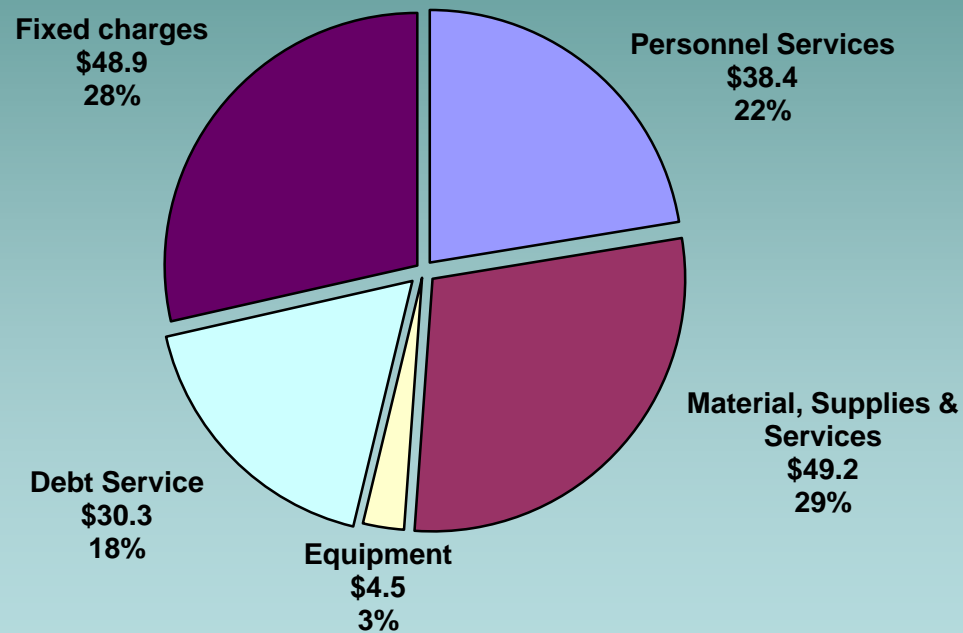
Cost Drivers

Year to Date June 2018

	Actual (millions)	Budget (millions)
• Personnel	\$38	\$46
• Services/Supplies	\$37	\$45
• Repairs & Misc.	\$13	\$15
• Equipment	\$ 4	\$ 5
• Utilities	\$23	\$22
• Debt Service	\$30	\$32

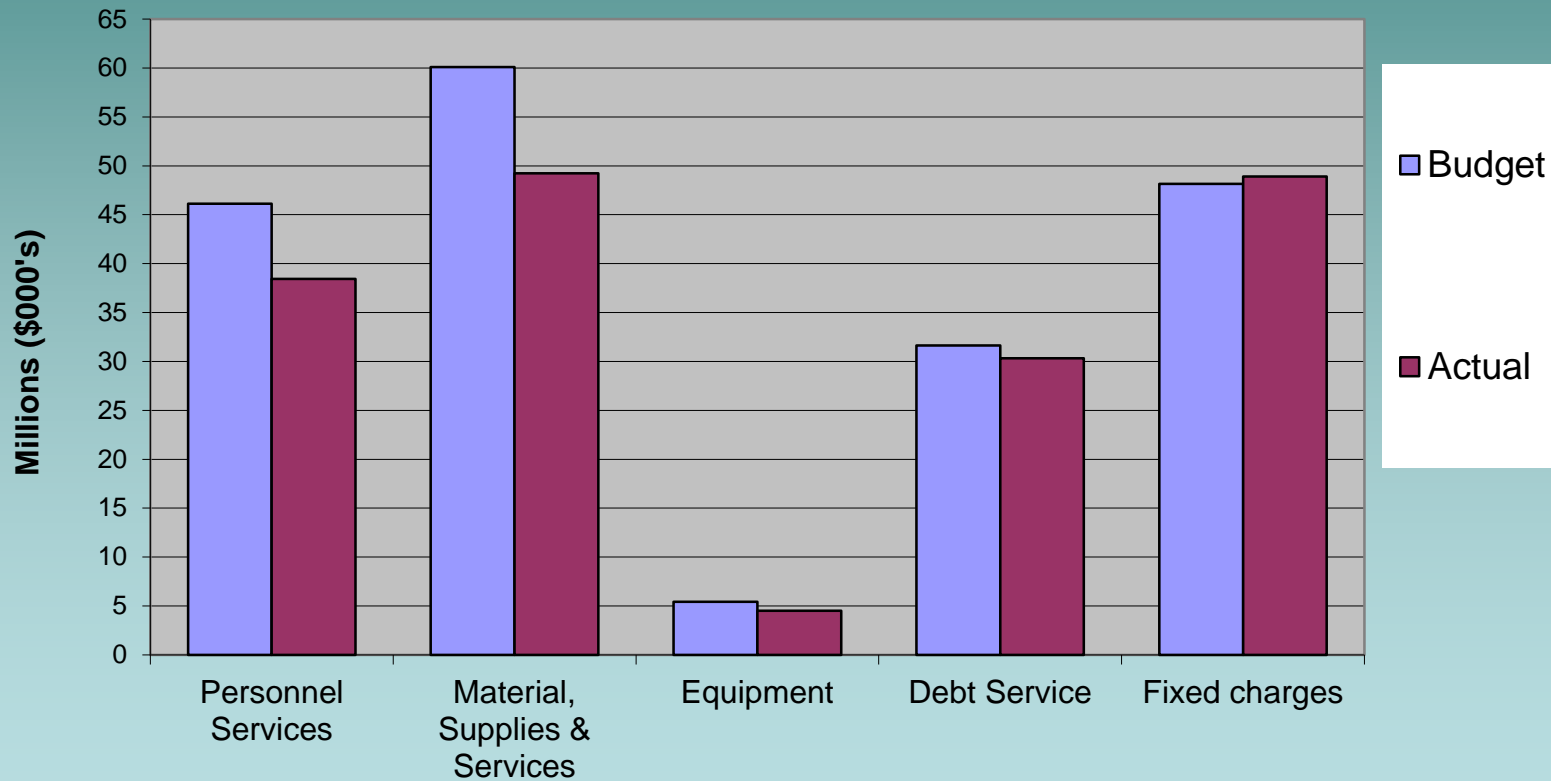


Total Operating Expenditures - \$171.4
As of June 30, 2018
(millions of dollars)



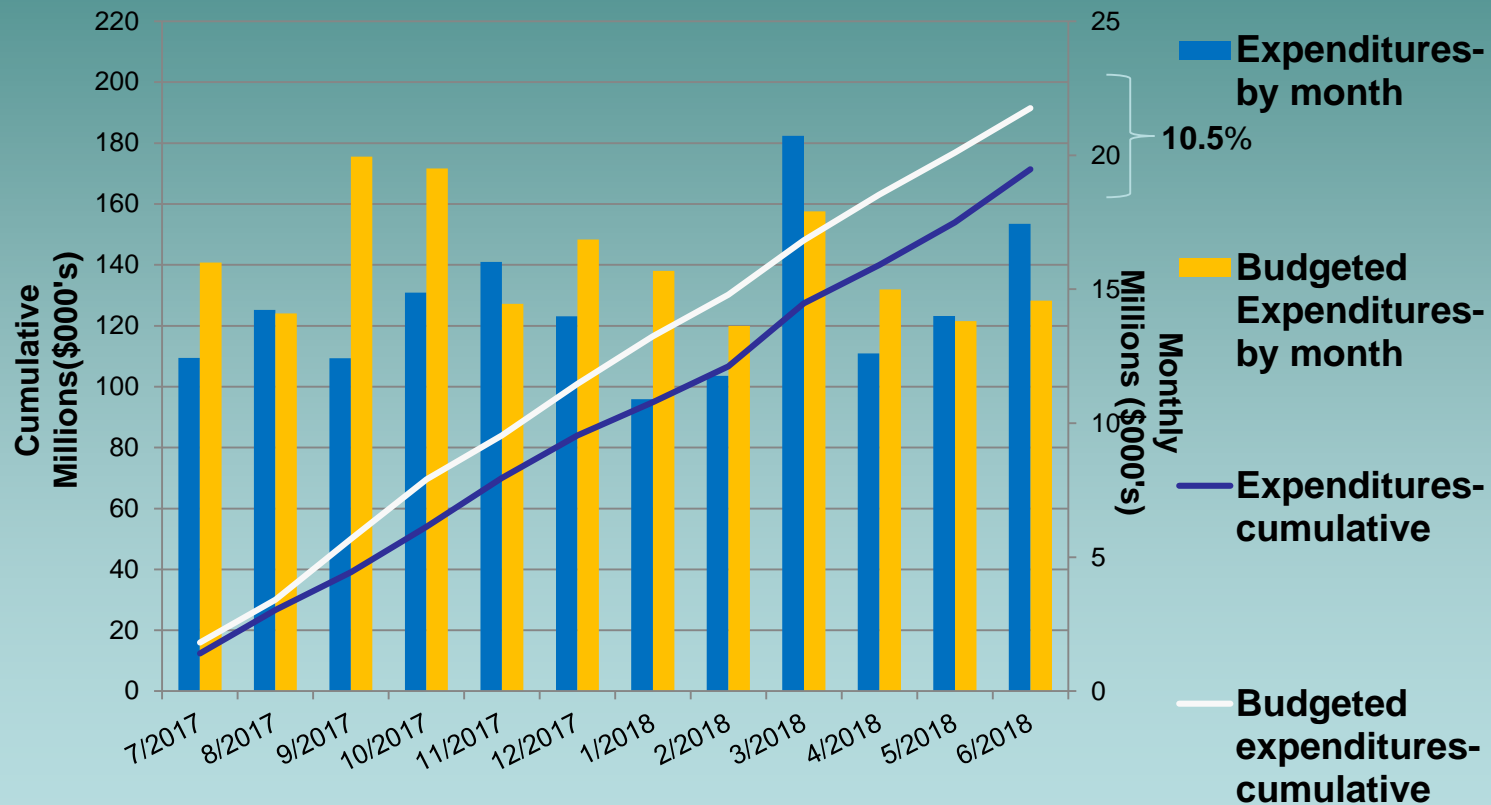


Operating Expenditures by Category (Budget vs. Actual)
as of June 30, 2018 (millions of dollars)



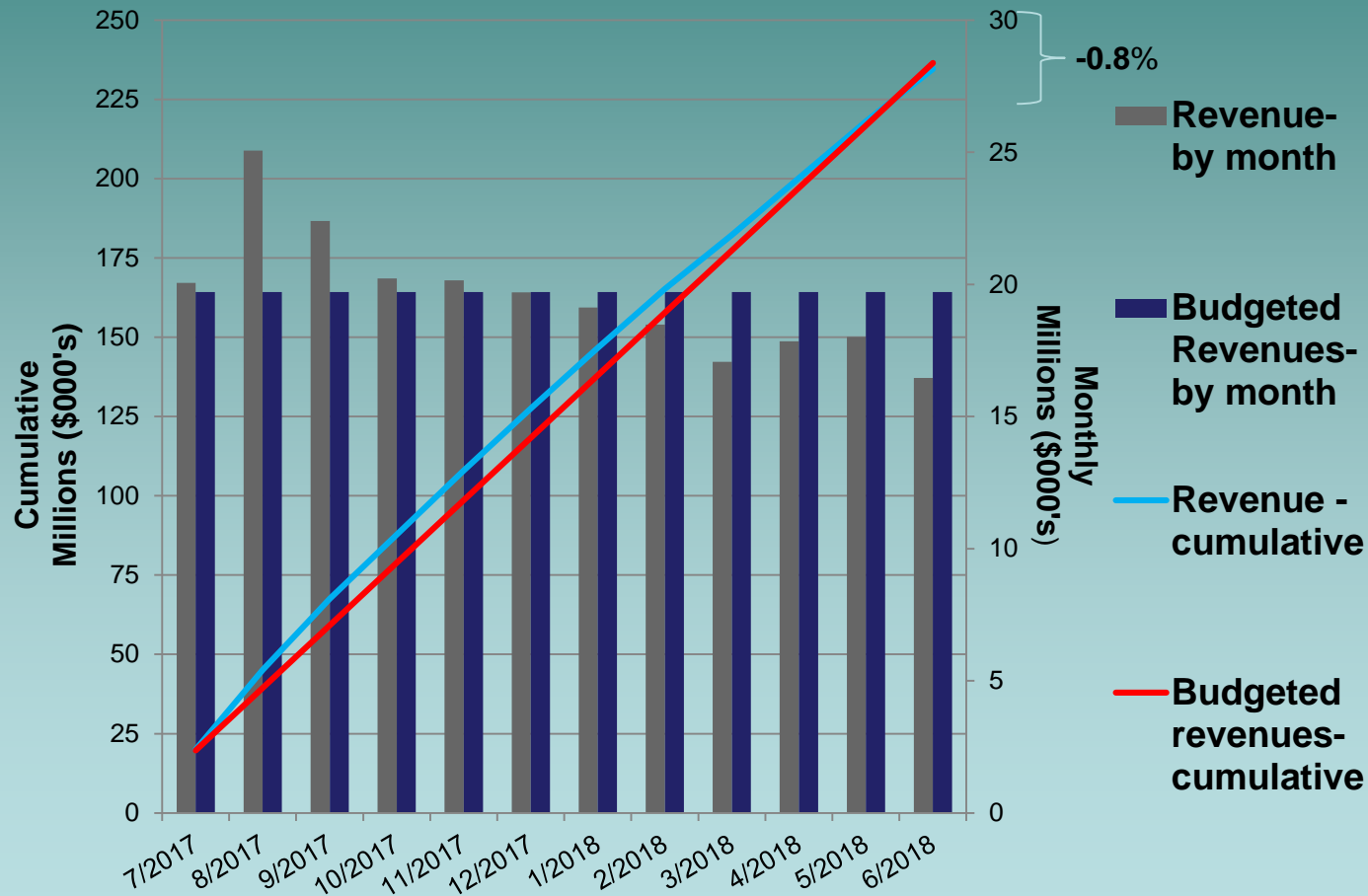


BUDGETED OPERATING EXPENDITURES FY 2018





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

Questions or Comments

REVIEW OF
THE 2018
LEGISLATIVE
SESSION

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

Chair and Members:

Subject: Review of the 2018 Legislative Session

The Board of Water Supply (BWS) tracked and monitored many bills and resolutions during the 2018 legislative session. This report addresses those measures that may directly or indirectly pertain to the BWS and were enacted into law as follows:

HOUSE BILLS

Act 35 (HB634, HD1, SD2 CD1): (Nuuanu Reservoir #1) Authorizes the issuance of special purpose revenue bonds (SPRBs) to BWS to upgrade Nuuanu Reservoir #1 to meet State Dam Safety Standards, as a component of the Nuuanu Hydroelectricity Project. Effective July 1, 2018. *BWS/Water Resources*

Act 36 (HB635, HD1 SD2 CD1): (Nuuanu Reservoir #4) Authorizes the issuance of SPRBs to BWS to upgrade Nuuanu Reservoir #4 to meet State Dam Safety Standards, as a component of the Nuuanu Hydroelectricity Project. Effective July 1, 2018. *BWS/Water Resources*

Act 121 (HB1508 HD2 SD2 CD1): (Energy Efficiency) The Hawaii Green Infrastructure Financing is a special fund program that may include loans made to government entities and private entities. This Act creates a sub-fund within the special fund program that allows all state agencies and departments the opportunity to obtain low-cost financing at an interest rate of 3.5 percent a year from the Green Energy Market Securitization Program to reduce energy costs and consumption by installing energy-efficiency measures. Effective July 1, 2018. *BWS/Finance*

Act 07 (HB1725, HD2): (Collective Bargaining) Requires public employees in collective bargaining units to provide written notification to the exclusive representative to discontinue payroll assignments within a certain time period. Requires the exclusive representative to forward the notification to the employer within ten business days of receipt. Effective upon approval (April 24, 2018). *BWS/Human Resources*

Act 56 (HB1932, HD1 SD2 CD1): (Emergency Rules) Authorizes agencies to adopt emergency rules to account for changes in controlling and superseding federal statutes or state or federal case law, subject to public hearing and at least 30 days notice. Provides for expiration of such rules no

later than adjournment sine die of the next regular legislative session following adoption. Effective upon approval (June 27, 2018). *BWS*

Act 131 (HB1934, HD1 SD2): (Environmental Protection) Prohibits the Director of Health from issuing permits for the construction of sewage wastewater injection wells unless alternative wastewater disposal options are not available, feasible, or practical. Effective upon approval (July 5, 2018). *BWS/Water Resources*

Act 17 (HB2106, HD3 SD1 CD1): (Environmental Protection) Requires the Environmental Council to adopt and maintain rules requiring all environmental assessments and environmental impact statements prepared pursuant to chapter 343, Hawaii Revised Statutes, to include consideration of sea level rise based upon the best available scientific data regarding sea level rise. Effective upon approval (June 4, 2018). *BWS/Water Resources*

Act 10 (HB2114, HD2 SD1): (Collective Bargaining) Provides that negotiations over the implementation of management decisions affecting the terms and conditions of employment that are subject to collective bargaining are not precluded from collective bargaining negotiations. Specifies that negotiation over the procedures and criteria of certain subjects of bargaining shall not compel either party to agree to a proposal or make a concession. Effective upon approval (May 1, 2018). *BWS/Human Resources*

Act 19 (HB2336, HD1 SD2): (Employee's Retirement System; Employer Contributions) Allows payment of employer contributions to the Employee's Retirement System (ERS) in advance of the fiscal year in which the contributions are required; provides for interest on and application of the advance payments. Effective July 1, 2018. *BWS/Human Resources/Finance*

Act 162 (HB2375, HD1 SD1): (Temporary Disability) Permits advanced practice register nurses to certify an employee's disability. Increases the penalty an employer is assessed for failing to submit timely wage and employment information. Permits filing of an appeal of a decision related to temporary disability insurance at the various offices of the Department of Labor and Industrial Relations (DLIR) throughout the State. Allows the DLIR to send notices of hearing electronically or by first-class mail. Clarifies that when the notice of hearing cannot be delivered to a party in the appeal, the notice may be given by online posting on the DLIR's webpage. Allows the parties to a hearing to appear in person, via telephone, or by other communication devices. Effective upon approval (July 10, 2018). *BWS/Human Resources and Executive Support Office*

Act 188 (HB2377 HD1 SD1): (Workers Compensation) Establishes training options as part of vocational rehabilitation for injured employees when training for employment in another occupational field is required for the employee and as part of the employee's rehabilitation plan. Provides that all professional and clerical employees of the Department of Labor and Industrial Relations Rehabilitation Unit are to be administered by the DLIR

Director. Effective upon approval (July 10, 2018). *BWS/Human Resources and Executive Support Office*

Act 49 (HB2651, HD2 SD1 CD1): (Wireless Broadband Facilities)

Establishes a process to upgrade and support next generation wireless broadband infrastructure throughout the State. Establishes a permitting, application, review, and approval process for small wireless providers or communications service providers to install wireless facilities on state or county solely-owned utility poles, or install associated utility poles, in the right of way. Effective July 1, 2018. *BWS/Land*

SENATE BILLS

Act 210 (SB2237 SD2 HD1 CD1): (Public Schools) Requires the City and County of Honolulu to transfer to the Department of Education (DOE) all property upon which a public elementary or intermediate school is situated. Gives the DOE power to acquire and hold title to real, personal, or mixed property for use for public educational purposes. Requires legislative approval prior to the sale or gift of lands to which the DOE holds title. Effective July 1, 2018. *BWS/Land*

Act 155 (SB2244 SD1 HD2 CD1): (Workers Compensation) Requires health care providers in the workers' compensation system who are authorized to prescribe opioids to adopt and maintain policies for informed consent to opioid therapy in circumstances that carry elevated risk of dependency. Establishes limits for concurrent opioid and benzodiazepine prescriptions. Effective upon approval (July 9, 2018). *BWS/Human Resources and Executive Support Office*

Act 111 (SB2340 SD2 HD1 CD1): (Health Insurance) Ensures certain benefits under the federal Affordable Care Act are preserved under Hawaii law, including: extending dependent coverage for adult children up to 26 years of age; prohibiting health insurance entities from imposing a preexisting condition exclusion; and prohibiting health insurance entities from using an individual's gender to determine premiums or contributions. Effective upon approval (July 5, 2018). *BWS/Human Resources*

Act 108 (SB2351 SD1 HD1 CD1): (Equal Pay) Prohibits prospective employers from requesting or considering a job applicant's wage or salary history as part of an employment application process or compensation offer. Prohibits enforced wage secrecy and retaliation or discrimination against employees who disclose, discuss, or inquire about their own or coworker's wages. Effective January 1, 2019. *BWS/Human Resources*

Act 63 (SB2691 SD1 HD1 CD1): (Board Meetings) Allows boards, under Hawaii Sunshine Law, to provide a copy of the public notice of a meeting to the Office of the Lieutenant Governor or appropriate county clerk's office via electronic mail. Effective July 1, 2018. *BWS/OMCE/Communications*

Act 69 (SB2766, SD2 HD1 CD1): (Employees Retirement System) Clarifies the applicability of benefits for accidental death and service-connected

disability benefits for members of the ERS. Effective upon approval (June 29, 2018). *BWS/Human Resources*

Act 45 (SB3095 SD1 HD1 CD1): (Environmental Protection) Beginning January 1, 2019, requires all users of restricted use pesticides to be subject to a requirement to report their use of restricted use pesticides to the Department of Agriculture (DOA). The DOA shall record and maintain a database of all users of Restricted Use Pesticide. Requires the DOA to develop a pesticide drift monitoring study no later than July 1, 2019. Appropriates general funds for the pesticide drift monitoring study. Effective July 1, 2018. *BWS/Water Quality*

RESOLUTIONS ADOPTED

Senate Resolution No. 133: (Urging the Office of Homeland Security (OHS) and Office of Planning (OP) to form a Critical Infrastructure and Resiliency Council with Consultation from the Department of Business, Economic Development, and Tourism). Senate Resolution (SR) No. 133 urges the OHS and OP to form a Critical Infrastructure and Resiliency Council composed of members from various state and county agencies, including “the directors of each of the county water supply departments.” The Council is encouraged to invite private sector representatives from each electric utility company operating in Hawaii; each telecommunications company serving at least one hundred thousand customers in Hawaii; each fuel importer and fuel refiner operating in Hawaii; and each regulated interisland water carrier serving all islands” in part, “to establish strategies, goals, priorities and recommendations to enhance security and resiliency of the electric grid, and other critical infrastructure sectors in the State. The Council is requested to submit a report summarizing its findings, recommendations, and the status of actions to enhance electric grid and other critical infrastructure sector security and resiliency to the Governor, Legislature, and Mayor and County Council of each county no later than 20 days prior to the convening of the Regular Session of 2019, and every two years thereafter.”

House Concurrent Resolution No. 86 (companion to SR No. 74, as adopted): (Task Force to Expand Water Reuse in the State.) The Department of Health is requested to convene a task force to identify barriers and solutions to expanded water reuse in the State and the task force be composed of members from various state and county and non-profit agencies, including a “director-level representative from a county agency with permitting or implementation authority over water reuse in that county, to be designated by the Mayor of that respective county.” The task force is requested to “collaborate with other federal, state, and county agencies and private entities; review findings of how water reuse and gray water regulations are administered in other states, localities, and countries, and assess the feasibility of implementing similar regulations in Hawaii; examine proposed language for future regulation or policy changes in Hawaii; and identify and rank potential demonstration projects for water reuse in Hawaii.” The task force is requested to report its findings and recommendations,

including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2019.

Respectfully submitted,

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

The foregoing was for information only.

DISCUSSION: Kathy Mitchell, BWS Staff Officer, gave a report on measures that passed the 2018 Legislative Session that directly or indirectly pertain to the Board of Water Supply (BWS) and were enacted into law.

Mr. Soon asked if there were any laws passed that are particularly onerous to the BWS, either in management or in cost. Ms. Mitchell responded that there was a concern regarding Act 10 relating to collective bargaining. Before the passage of Act 10 (HB2114), under Section 89-9(d), Hawaii Revised Statutes, the unions could not negotiate eight areas listed in the statutes. Act 10 now allows for negotiations for these eight areas. However, at the end of this measure, it states it would not compel any party to make a concession or accept a proposal. Ms. Mitchell commented that she believes this is the legislature’s way of balancing both party interests.

Regarding Act 35 (HB634) and Act 36 (HB635), Mr. Soon asked if BWS uses Special Purpose Revenue Bonds (SPRBs) often. Mr. Lau responded that this is BWS’s first time considering SPRBs. The BWS will be considering the cost of the SPRBs versus conventional revenue bond financing. Mr. Lau added that BWS appreciates the Legislature’s willingness to issue authorized SPRBs to meet State dam safety standards. However, BWS will first need to look at the cost of that debt.

Mr. Soon inquired if the SPRBs were requested by BWS. Mr. Lau said yes and explained that getting help from the State is a good idea because in the long term, Nuuanu Reservoirs #1 and #4 could be part of a larger aquifer recharge and potentially a pumped hydro project.

Mr. Lau stated that Act 35 and Act 36 were supported by the House Committee on Water and Land. Representative Yamane is interested in trying to give BWS opportunities to leverage other methods of financing.

With respect to Hawaii Green Infrastructure Financing in Act 121 (HB1508), Mr. Soon commented that 3.5 percent interest seems high. Mr. Lau responded that 3.5 percent really isn’t bad compared to revenue bonds right now. However, BWS is trying to get more information on what other costs might be related. Mr. Lau stated that Hawaii Green Infrastructure Financing is something new and will give BWS possible access to some lower-cost capital through the Green Energy Market Securitization Program. Representative Chris Lee was one of the main proponents for this measure.

Mr. Lau stated the measures presented today are just measures that became law and relate to the BWS. Ms. Mitchell and the rest of the staff also tracked many other bills.

Regarding Act 49, Board Member Jade Butay asked if BWS has any facilities that will be impacted by this measure. Mr. Lau asked Board Member Ross Sasamura, Director and Chief Engineer of the Department of Facilities Maintenance (DFM), to address Mr. Butay's question. Mr. Sasamura explained that all efforts have been directed to the programs responsible for city streetlight poles, utility poles that belong to some of the public utilities and even traffic signal poles. Mr. Sasamura stated that areas of interest are more for existing structures, and not so much real estate or facilities. Mr. Lau explained that BWS has a cell site by the entrance of Nuuanu Reservoir #4, and could expand into other facilities. Mr. Lau stated the City's approach is to work through DFM as the lead on this measure.

Regarding Act 210, Vice Chair Sproat asked if BWS has any property upon which an elementary or intermediate school is situated. Mr. Lau responded that one example is Radford High School as there is an eight-inch water line that goes into the school. Mr. Lau explained that the hydrants on that water line are maintained by BWS. BWS has an easement and the property could be turned over to the State Department of Education to have them take responsibility for maintaining the water line; the piping, or infrastructure, is only for the school's use within the campus.

ITEM FOR INFORMATION NO. 4

"July 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 June 2018. The monthly production average for June 2018 was 146.72 million gallons per day.

The Board of Water Supply rainfall index for the month of June 2018 was 94 percent of normal; with a five-month moving average of 132 percent. As of July 10, 2018, the Hawaii Drought Monitor shows abnormally dry conditions for the Leeward side of Oahu.

Most monitoring wells are exhibiting static or declining trends due to the increased pumping during the summer season.

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 JUNE 2018**

POTABLE

STATION	MGD
HONOLULU (1)	
KULIOUOU	0.06
WAILUPE	0.12
AINA KOA	0.21
AINA KOA II	0.81
MANOA II	0.82
PALOLO	1.15
KAIMUKI HIGH	1.43
KAIMUKI LOW	1.44
WILDER	8.29
BERETANIA HIGH	4.20
BERETANIA LOW	3.64
KALIH HIGH	1.98
KALIH LOW	2.22
KAPALAMA	0.57
KALIH SHAFT	8.19
MOANALUA	1.10
HALAWA SHAFT	8.64
KAAMILO	0.87
KALAUAO	6.74
PUNANANI	10.82
KAHUMANU	0.25
HECO WAIU	2.63
MANANA	0.42
WELLS SUBTOTAL:	66.61
MANOA TUNNEL	0.17
PALOLO TUNNEL	0.23
GRAVITY SUBTOTAL:	0.40
HONO. SUBTOTAL:	67.01

STATION	MGD
WINDWARD (2)	
WAIMANALO II	0.47
WAIMANALO III	0.00
KUOU I	1.72
KUOU II	0.02
KUOU III	0.46
LULUKU	0.99
HAIKU	0.00
IOLEKAA	0.00
KAHALUU	0.79
KAHANA	0.79
PUNALUU I	0.00
PUNALUU II	2.97
PUNALUU III	1.05
KALUANUI	0.00
MAAKUA	0.21
HAUULA	0.22
WELLS SUBTOTAL:	9.69
WAIM. TUNNELS I & II	0.00
WAIM. TUNNELS III&IV	0.19
WAIHEE INCL. WELLS	0.90
WAIHEE TUNNEL	4.85
LULUKU TUNNEL	0.19
HAIKU TUNNEL	0.90
KAHALUU TUNNEL	1.84
GRAVITY SUBTOTAL:	8.88
WIND. SUBTOTAL:	18.57

STATION	MGD
NORTH SHORE (3)	
KAHUKU	0.36
OPANA	0.60
WAIALEE I	0.00
WAIALEE II	0.50
HALEIWA	0.00
WAIALUA	1.91
N.SHORE SUBTOTAL:	3.38

STATION	MGD
MILILANI (4)	
MILILANI I	3.16
MILILANI II	0.00
MILILANI III	0.00
MILILANI IV	1.73
MILILANI SUBTOTAL:	4.90

STATION	MGD
WAHIAWA (5)	
WAHIAWA	1.67
WAHIAWA II	1.60
WAHIAWA SUBTOTAL:	3.26

STATION	MGD
PEARL CITY-HALAWA (6)	
HALAWA 277	0.96
HALAWA 550	0.00
AIEA	1.01
AIEA GULCH 497	0.38
AIEA GULCH 550	0.22
KAONOH I	0.99
WAIMALU I	0.00
NEWTOWN	0.99
WAIU	0.88
PEARL CITY I	0.51
PEARL CITY II	1.00
PEARL CITY III	0.41
PEARL CITY SHAFT	0.92
PEARL CITY-HALAWA SUBTOTAL:	8.28

STATION	MGD
WAIPAHU-EWA (7)	
WAIPIO HTS.	0.66
WAIPIO HTS. I	0.38
WAIPIO HTS. II	0.38
WAIPIO HTS. III	1.32
WAIPAHU	5.45
WAIPAHU II	2.05
WAIPAHU III	1.88
WAIPAHU IV	2.80
KUNIA I	4.74
KUNIA II	2.11
KUNIA III	1.48
HOAEAE	5.38
HONOULIULI I	1.27
HONOULIULI II	7.26
MAKAKILO	0.30
WAIPAHU-EWA SUBTOTAL:	37.45

STATION	MGD
WAIANAE (8)	
MAKAHA I	0.39
MAKAHA II	0.09
MAKAHA III	0.17
MAKAHA V	0.09
MAKAHA VI	0.00
MAKAHA SHAFT	0.00
KAMAILE	0.12
WAIANAE I	0.00
WAIANAE II	0.74
WAIANAE III	0.72
WELLS SUBTOTAL:	2.32
WAI. C&C TUNNEL	1.40
WAI. PLANT. TUNNELS	0.16
GRAVITY SUBTOTAL:	1.56
WAIANAE SUBTOTAL:	3.88

NONPOTABLE

NONPOTABLE	MGD
KALAUAO SPRINGS	0.88
BARBERS POINT WELL	1.33
GLOVER TUNNEL NP	0.40
NONPOTABLE TOTAL:	2.62

RECYCLED WATER MAY 2018)

RECYCLED WATER	MGD
HONOULIULI WRF R-1	7.17
HONOULIULI WRF RO	1.66
RECYCLED WATER TOTAL:	8.83

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

PRODUCTION SUMMARIES

TOTAL WATER	MGD
PUMPAGE	135.89
GRAVITY	10.84
POTABLE TOTAL:	146.72
NONPOTABLE	2.62
RECYCLED WATER	8.83
TOTAL WATER:	158.17

CWRM PERMITTED USE AND BWS ASSESSED YIELDS FOR BWS POTABLE SOURCES				
WATER USE DISTRICTS		A PERMITTED USE/ BWS YLDS	B JUN 2018	C DIFF. A-B
1	HONOLULU	82.93	66.61	16.32
2	WINDWARD	25.02	12.82	12.20
3	NORTH SHORE	4.74	3.38	1.36
4	MILILANI	7.53	4.90	2.63
5	WAHIAWA	4.27	3.26	1.01
6	PEARL CITY-HALAWA	12.25	8.28	3.97
7	WAIPAHU-EWA	50.63	37.45	13.18
8	WAIANAE	4.34	2.32	2.02
TOTAL:		191.71	139.01	52.70

CWRM PERMITTED USE FOR BWS NONPOTABLE SOURCES				
WATER USE DISTRICTS		A PERMITTED USE	B JUN 2018	C DIFF. A-B
7	WAIPAHU-EWA (BARBERS POINT WELL)	1.00	1.33	-0.33
TOTAL:		1.00	1.33	-0.33

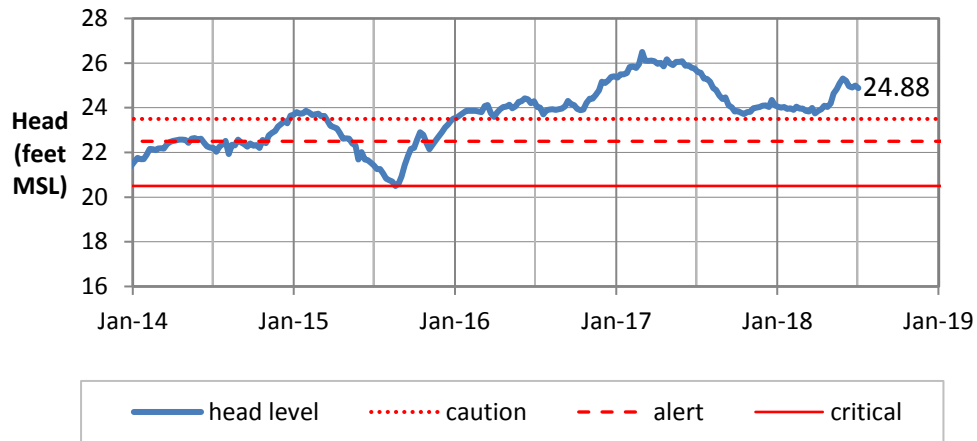
EFFECTIVE WATER DEMAND PER DISTRICT

IMPORT/EXPORT BETWEEN WATER USE DISTRICTS			
FROM	TO		MGD
2	1	WINDWARD EXPORT	1.15
7	8	BARBERS PT LB	6.73

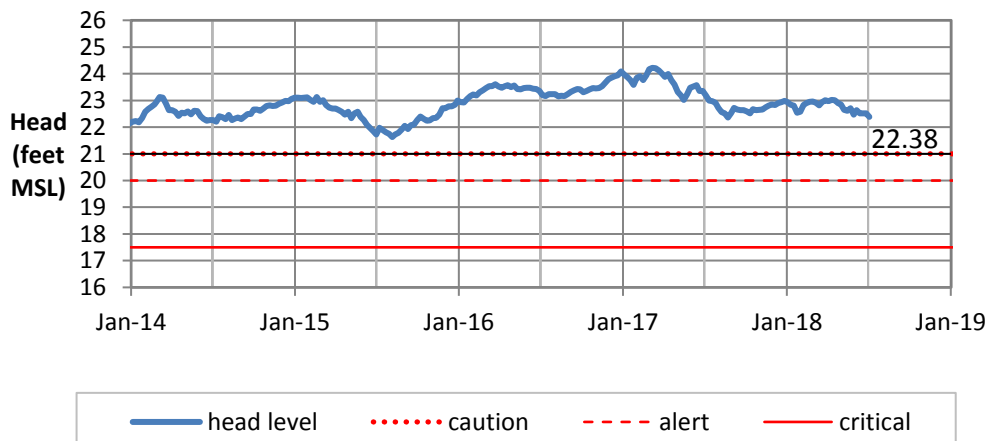
WATER USE DISTRICTS		SUBTOTAL	IMPORT	EXPORT	EFFECTIVE WATER DEMAND
1	HONOLULU	66.61	1.15	-	67.77
2	WINDWARD	12.82	-	1.15	11.66
3	NORTH SHORE	3.38	-	-	3.38
4	MILILANI	4.90	-	-	4.90
5	WAHIAWA	3.26	-	-	3.26
6	PEARL CITY-HALAWA	8.28	-	-	8.28
7	WAIPAHU-EWA	37.45	-	6.73	30.72
8	WAIANAE	2.32	6.73	-	9.05
TOTAL:		139.01	7.88	7.88	139.01

Weekly Head Report

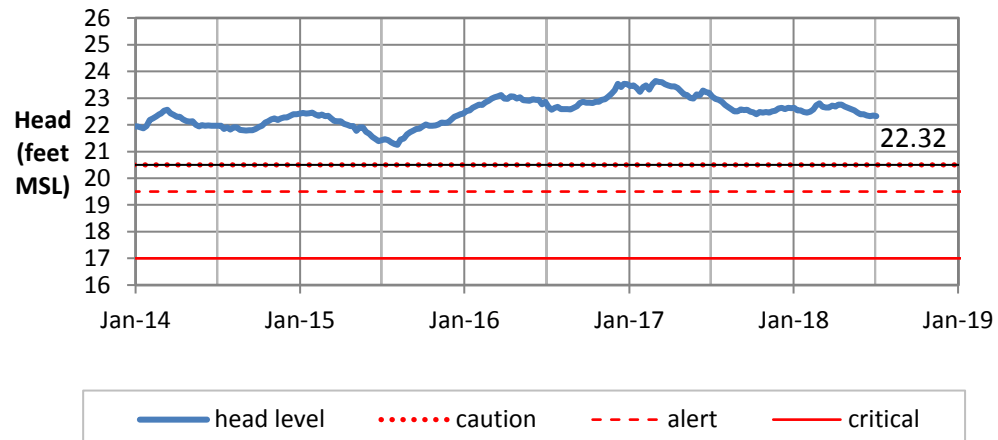
Kaimuki 07/10/18



Beretania 07/10/18

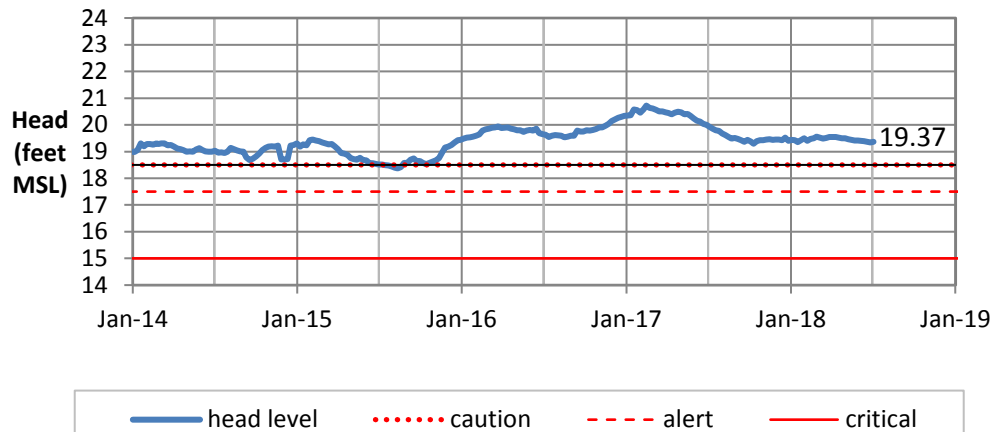


Kalihi 07/10/18

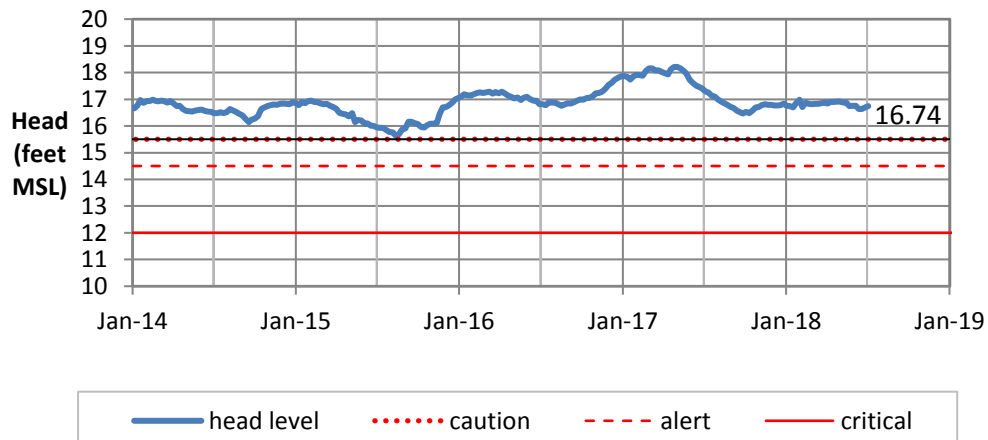


Weekly Head Report

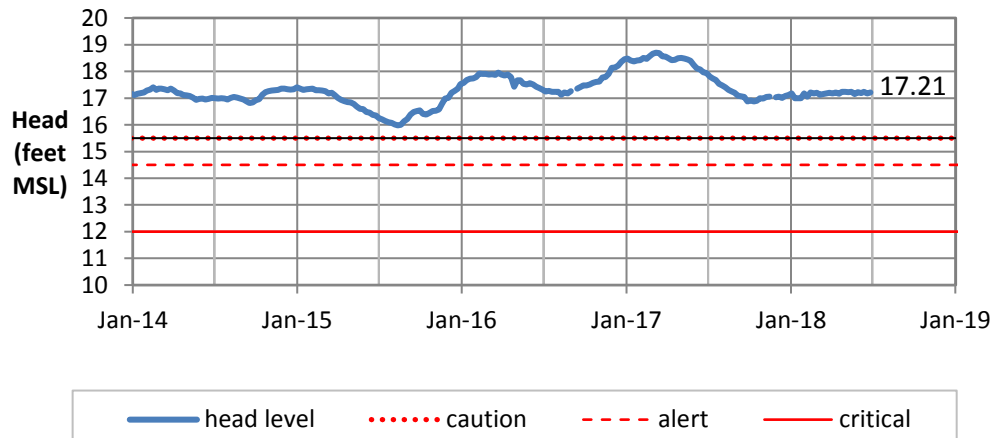
Moanalua 07/10/18



Halawa 07/10/18

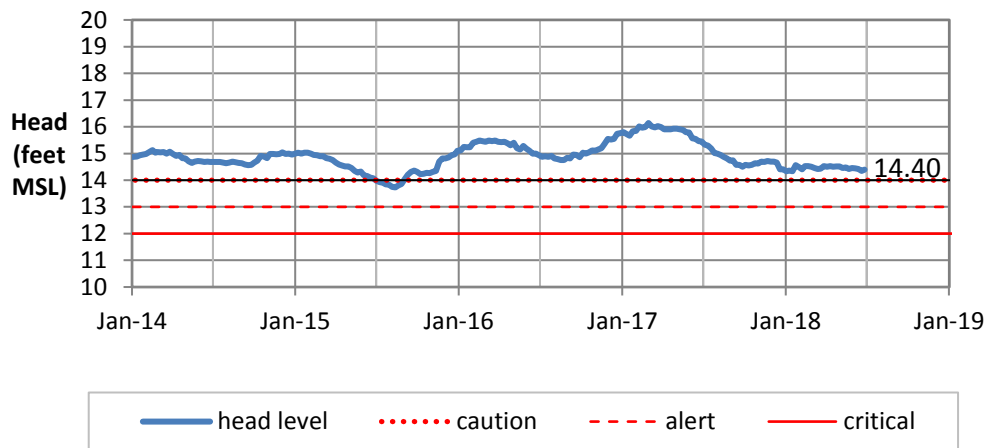


Kalauao 07/05/18

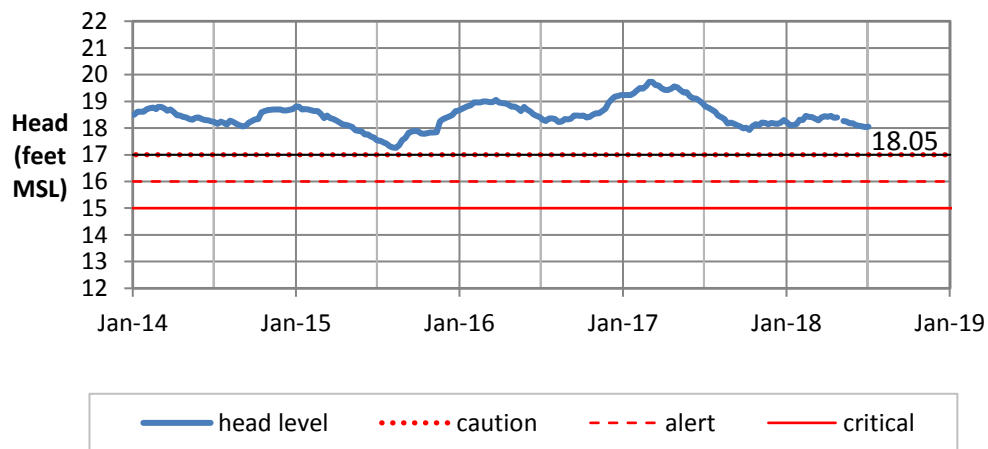


Weekly Head Report

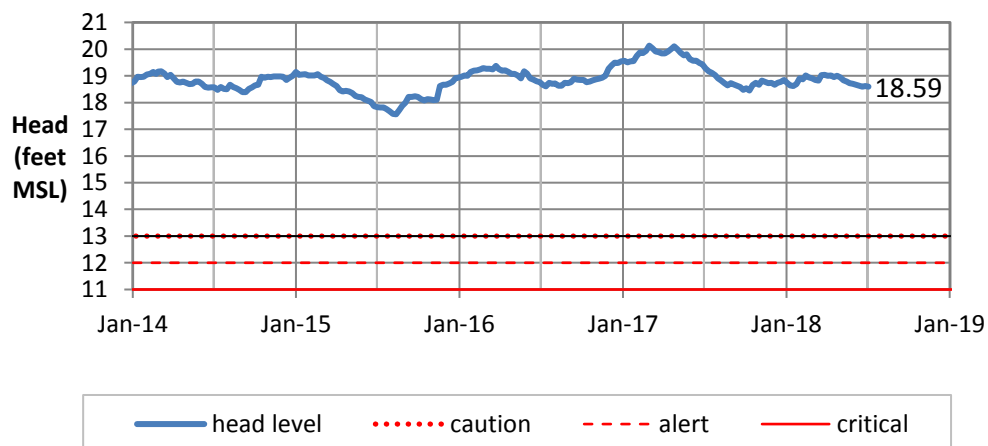
Pearl City 07/05/18



Waipahu 07/10/18

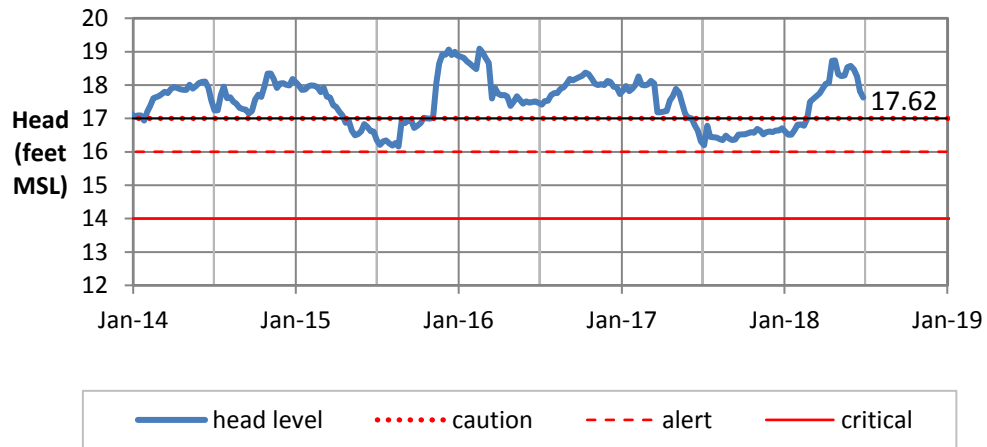


Hoeaee-Kunia 07/10/18

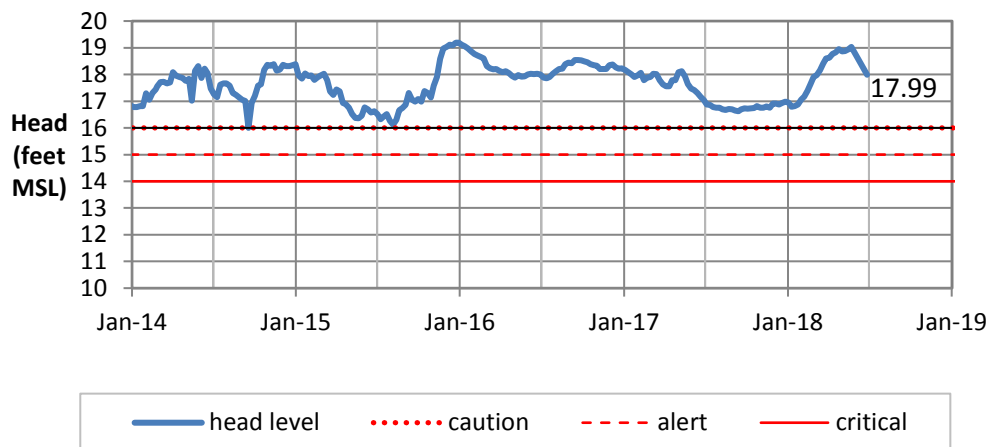


Weekly Head Report

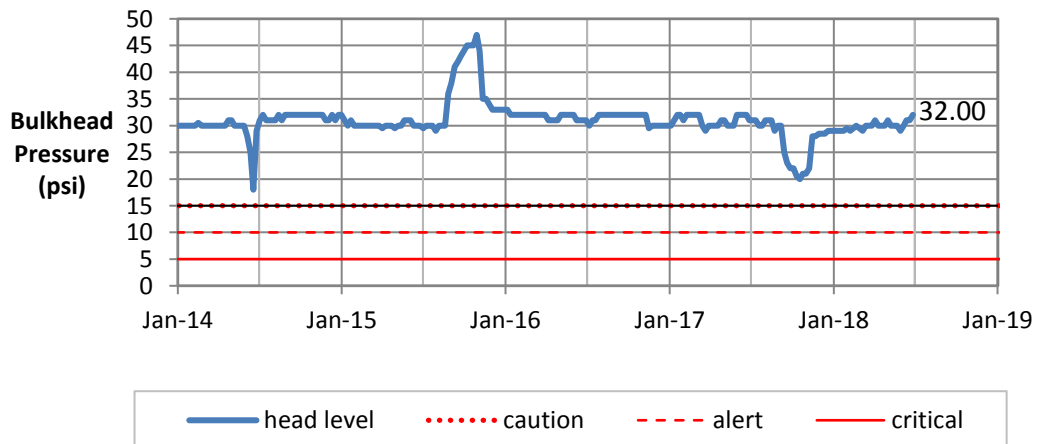
Punaluu 07/03/18



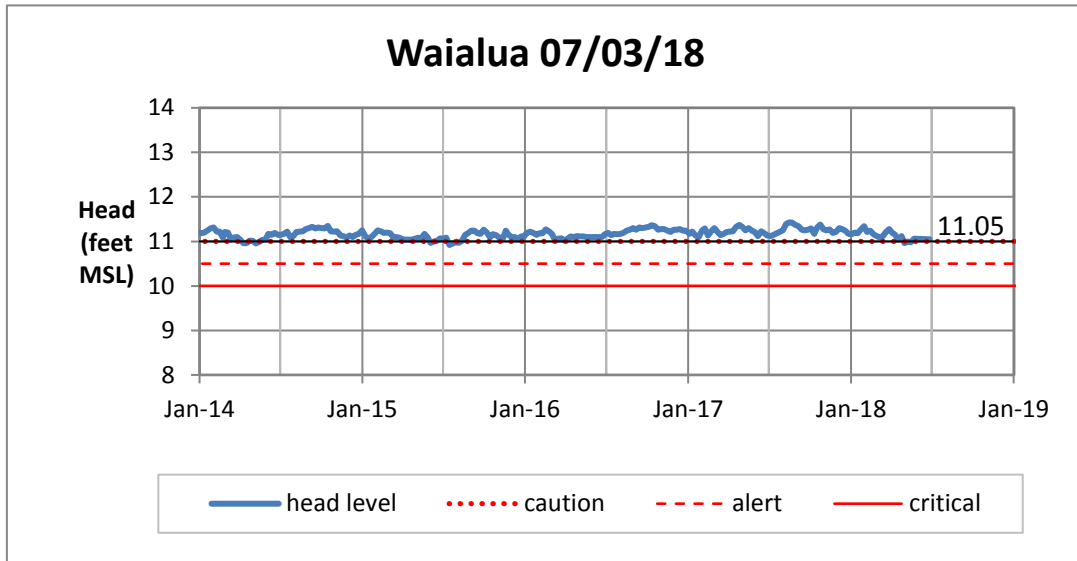
Kaluauui 07/03/18



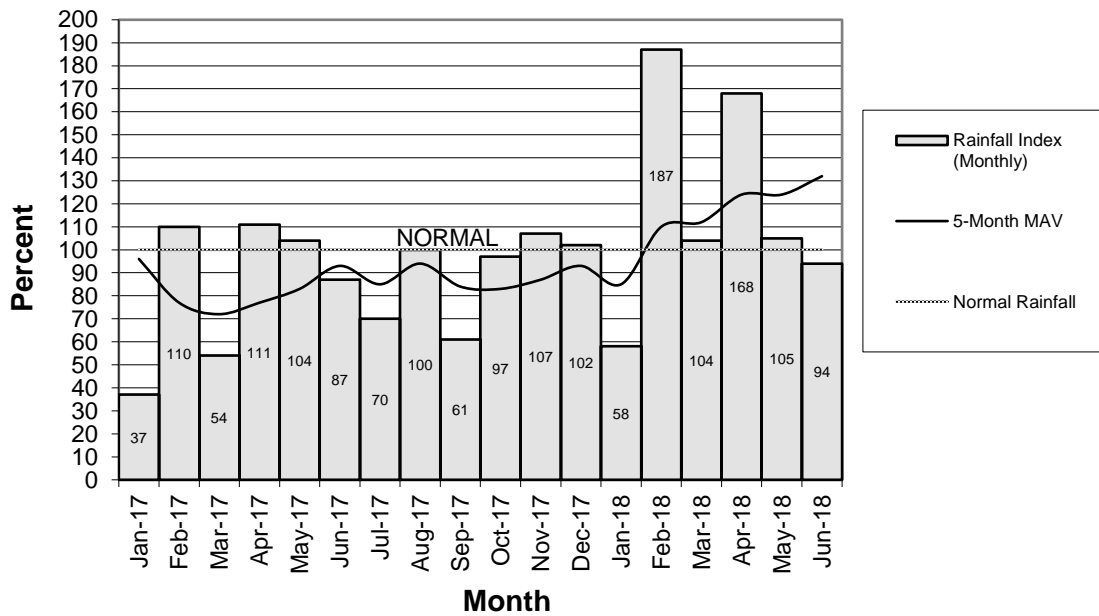
Waihee Tunnel 07/03/18



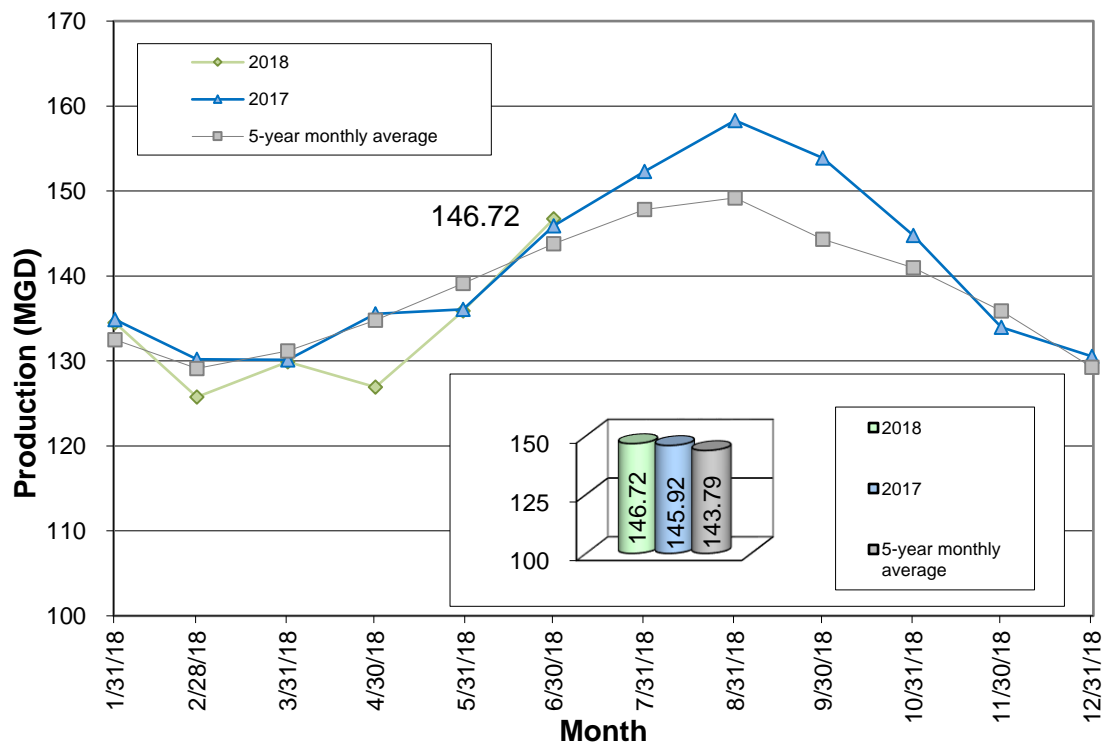
Weekly Head Report



HONOLULU WATERSHED AREA Rainfall Intake



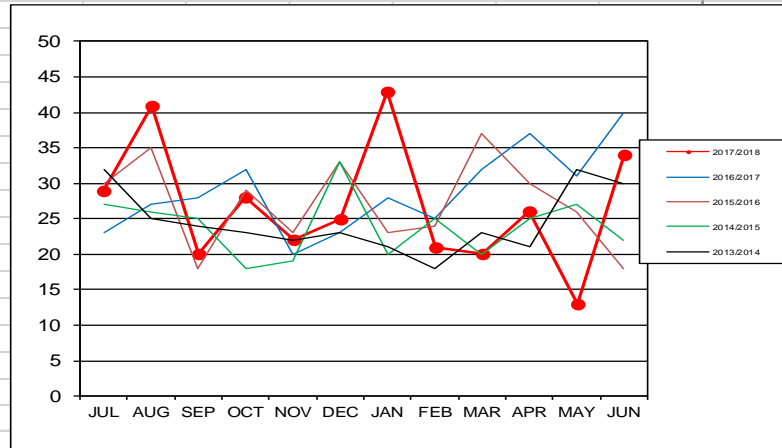
Monthly Production



ITEM FOR INFORMATION NO. 5

WATER MAIN REPAIR REPORT													
for June 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	26	13	34	322
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
6/4/2018	2101 Makiki Heights Dr, Honolulu	8	CI
6/6/2018	6133 Kawekiu Pl, Honolulu	6	CI
6/6/2018	18 Pulelehua St, Honolulu	6	CI
6/7/2018	94-10 Leolua St, Waipahu	12	CI
6/8/2018	47-528 Kamehameha Hwy, Kaneohe	8	CI
6/8/2018	5211 Poola, Honolulu	8	DI
6/9/2018	41-640 Mahailua St, Waimanalo	4	CI
6/9/2018	91-745 Makule Rd, Ewa Beach	8	CI
6/10/2018	99-1208 Aiea Heights Dr, Aiea	4	CI
6/11/2018	91-209 Hanua St, Kapolei	12	AC
6/12/2018	2232 Seaview Ave, Honolulu	8	DI
6/13/2018	99-1723 Hoapono Pl, Aiea	6	CI
6/13/2018	99-1678 Hoapono Pl, Aiea	6	CI
6/16/2018	1822 Lusitana St, Honolulu	6	CI
6/16/2018	94-1347 Huakai St, Honolulu	8	CI
6/17/2018	91-432 Pupu St, Ewa Beach	8	CI
6/17/2018	85-779 Waianae Valley Rd, Waianae	12	PVC
6/19/2018	1942 Lusitana St, Honolulu	6	CI
6/21/2018	99-945 Halawa Valley St, Honolulu	12	PVC
6/21/2018	1004 9th Ave, Honolulu	6	CI
6/21/2018	2363 Ahaiki St, Pearl City	8	CI
6/22/2018	2175 Mahalo St, Honolulu	6	PVC
6/22/2018	91-815 Oama St, Ewa Beach	8	CI
6/24/2018	98-131 Kanuku St, Honolulu	8	PVC
6/24/2018	91-592 Pupu St, Ewa Beach	8	CI
6/24/2018	98-82 Lokowai St, Aiea	8	PVC
6/24/2018	67-173 Komo St, Waialua	4	AC
6/24/2018	38 Kaneohe Bay Dr, Kailua	12	DI
6/25/2018	66-224 Waialua Beach Rd, Waialua	16	CI
6/26/2018	91-552 Onelua St, Ewa Beach	8	CI
6/26/2018	98-1005 Alania St, Aiea	8	CI
6/27/2018	1608 Ala Aolani St, Honolulu	12	CI
6/28/2018	530 Holokahana Ln, Honolulu	6	CI
6/29/2018	1732 Kealia Dr, Honolulu	6	CI



84 miles of pipelines were surveyed by the Leak Detection Team in the month of June.

DISCUSSION:

Mike Fuke, Acting Field Operations Division Program Administrator, gave the report. Mr. Fuke stated that there were 34 main breaks in the month of June. This brought BWS to a total of 322 main breaks for the fiscal year. This is a little less than the previous fiscal year, although it's very close.

Mr. Butay inquired about the main break on Alakawa and if the entire area was contaminated. Mr. Lau responded that the area was heavily contaminated with petroleum, among other things, and asked Mr. Fuke to explain what was involved in dealing with that break. Mr. Fuke explained that BWS could not pump the water out of the trench and discharge it into a storm drain, due to the heavy oil contamination. The contaminated water needed to be contained, so BWS had to pump it into frack tanks. The challenge in doing this was that they needed to maintain a low level of water, once they began cutting into the pipe, because they didn't want any kind of water getting into the pipe from the outside and contaminating it. Mr. Lau added that there was approximately 80,000 gallons of contaminated water and fuel that had to be contained and properly disposed of.

Mr. Fuke indicated that all the excavated material also had to be contained. The excavated material was put into bins and processed for discharge as hazardous material to PVT Land Company, LTD. Mr. Butay asked if sanitized back fill was used. Mr. Lau responded that the original material had to be properly disposed of because of the contamination. Mr. Fuke stated that new base course is used to back fill into the hole.

Mr. Fuke expressed his appreciation for Ryan Nakata from the Department of Transportation (DOT), who worked closely with BWS during the Vineyard Street 12-inch main break. Mr. Fuke stated that BWS also worked with the Honolulu Police Department (HPD) to close the Vineyard off ramp and keep it closed until the work was complete. Mr. Lau added that although it was a BWS team effort, it was good coordinating with DOT's Ed Sniffen and Ryan Nakata, HPD, and Department of Transportation Services.

MOTION TO
RECESS INTO
EXECUTIVE
SESSION

Upon unanimously approved motion, the Board recessed into Executive Session Pursuant to [HRS §92-5(a)(4)] at 3:01 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 3:09 PM

DISCUSSION

Discussion was held. Jessica Wong, Deputy Corporation Counsel, interrupted the discussion and advised that discussion should be kept to items on the agenda only.

Mr. Soon asked if the Board is not allowed to discuss anything even if no decisions will be made. Ms. Wong responded that guidance from the Office of Information Practices states that the Board should only discuss topics on the agenda.

Regarding the standby charges presented earlier in the meeting, Mr. Soon asked how the charges are currently negotiated. Mr. Lau responded that there are about 30 accounts right now, some of which go back to the 1940s. A rate study was done around 2002 and 2003 and the basis for a monthly charge of approximately \$2,600 a month was developed. The Board at the time decided not to go forward with it, for fear of pushback from some of these customers.

Mr. Soon asked if the customers with standby connections pay for a meter connection. Mr. Lau responded that these customers do have a meter connection and they might have paid for the installation of it, but after that, there is no recurring meter connection charge. Mr. Lau stated that BWS needs to make sure there's enough capacity for these customers without affecting the service of the rest of the customers. Mr. Lau commented that BWS provides only what they are able to and that some of these emergency standby connections use water for years.

Mr. Soon asked if customers with fire meter standby connections are charged double the rate if they use water, as a disincentive. Mr. Lau responded that if they use the water for uses other than fire protection and system testing, they are charged double the quantity charge.

Mr. Soon asked why doesn't BWS charge double the rate for customers with emergency standby connections so that they don't use water for multiple years. Mr. Lau responded that that is something BWS has contemplated and that some time limits were set on how long they can take water. If they exceed the time limit, they are charged double the non-residential rate. Mr. Soon asked if the Manager has enough discretion to do this. Mr. Lau responded yes and that it is negotiated, although negotiations can be difficult because many of these emergency standbys are federal connections such as the Army, Navy, and Air Force.

MOTION TO
ADJOURN


There being no further business Vice Chair Sproat at 3:20 PM called for a motion to adjourn the Open Session. Jade Butay so moved; seconded by Ross Sasamura and unanimously carried.

Respectfully submitted,

THE MINUTES OF THE REGULAR SESSION BOARD MEETING ON JULY 23, 2018 WERE APPROVED AT THE AUGUST 27, 2018 BOARD MEETING			
	AYE	NO	COMMENT
BRYAN P. ANDAYA	X		
KAPUA SPROAT	X		
DAVID C. HULIHEE			ABSENT
KAY C. MATSUI	X		
RAY C. SOON	X		
ROSS S. SASAMURA	X		
JADE T. BUTAY			ABSENT


LESLEY C. COON

APPROVED:


BRYAN P. ANDAYA
Chair of the Board

AUG 27 2018

Date