

MINUTES

PUBLIC HEARING AND THE REGULAR MEETING OF THE BOARD OF WATER SUPPLY

August 22, 2011

The Public Hearing was held in the Board Room of the Public Service Building at 630 South Beretania Street, Honolulu, Hawaii, to Consider (1) Adoption of the Proposed Revisions to the Schedule of Rates and Charges for the Furnishing of Water and Water Service for Fiscal Years (FY) 2012-2016 (effective January 1, 2012 through June 30, 2016).

Present: Randall Y. S. Chung, Chair
Denise M. C. De Costa
Duane R. Miyashiro
Adam C. Wong
Westley K. C. Chun

Also Present: Dean Nakano, Acting Manager
Brendan Bailey
Darwin Ching
Marc Chun
George Gusman
Daryl Hiromoto
Erwin Kawata
Paul Kikuchi
Tracy Kitaoka
Jan Kemp
Keoni Mattos
Jason Takaki
Karen Tom
Kurt Tsue
Alex Ubiadas
Barry Usagawa
Susan Uyesugi
Ron Wada
Wayne Yoshimura

Others Present: Krishna Jayaram, Deputy Corporation Counsel
Vera Onouye, Department of Human Resources
Ranceford Ako
Andrea Anixt
Dr. Jim Anthony
Kelly Barnes
Emory Bush, Hawaiiana Management Co., Ltd
Tyler Dos Santos-Tam, HART
Randy Ennis, HHH
William Fay, The Town House
Kennard K. Hicks
Milton Imada

Nathan Kau
Katherine Kupukaa
FL Morris, Star Advertiser
Kenzie J. Pang
Ralph Sato
Jane Sugimura, HCAA
Bill Tam, DLNR/CWRM
Dawn Wasson

Absent: Theresia C. McMurdo
Glenn M. Okimoto

At 2:00 p.m., Chairman Chung called to order the public hearing announcing that this public hearing is to consider the proposed Revisions to the Schedule of Rates and Charges for the Furnishing of Water and Water Service. Under the proposed schedule of rates and charges, the billing and quantity charges would increase 9.65% effective January 1, 2012, with subsequent annual increases of 9.65% effective on July 1, 2012, 2013, 2014 and 2015. A notice of Public Hearing on this matter appeared in the August 11, 2011 Honolulu Star Advertiser.

Before taking testimony, Dean Nakano, Acting Manager of the Board of Water Supply provided a brief statement on the proposed rate increase that would allow the Board of Water Supply to keep pace with needed water system repairs and operational requirements. Mr. Nakano noted that by not adopting the proposed water rate increase, the BWS would need to defer infrastructure improvements resulting in higher costs, and that the water system assets will continue to age, resulting in additional water system disruptions. Pending public comment today, we recommend that the Board approve the proposed Schedule of Rates and Charges, which will enable the Board of Water Supply to continue to provide a safe and dependable water supply, now and into the future. He also noted that presentations on the proposed rate increase were given to the Mayor, the City Council and information was also shared with all the neighborhood boards and the media leading up to today's public hearing.

Chairman Chung then stated that this Board is dedicated to ensuring a level of service to all customers that includes uninterrupted service, compliance with regulations, and overall financial accountability. We agree that there is a need to properly fund a regular program of water facility replacement and improvement, as mentioned by Mr. Nakano. However, we also recognize the impact of a rate increase on our customers, the public, and will continue to scrutinize operations of the Board of Water Supply to ensure continued efficiency and fiscal responsibility during these challenging economic times.

Chairman Chung announced they will now take testimony on the proposed water rate schedule. Due to time constraints, those providing testimonies are to limit their presentation to three minutes each; state their name and organization, if any, that they represent before proceeding with their testimony.

Chairman Chung also noted for the record written submissions from Senator Pohai Ryan, an anonymous email, written testimony from Julian Leo, message from the Mayor's office pertaining to comments by Michael Renaldi and written testimony by Karen Berggen. Besides written testimony, Mr. Milton Imada, Mr. Emory Bush of Hawaiiana Management Company, Jane Sugimura, President, Hawaii Council of Associations of Apartment Owners, and Bill Tam, Department of Land and Natural Resources (DLNR) were present at the hearing to provide verbal testimony.

Verbal testimony by Mr. Milton Imada, Honolulu

"Chairman Chung and members of the Board, my name is Milton Imada, I am a BWS retiree, I am summarizing my testimony. Some BWS employees and I asked you not to pass the 70 percent water rate increase that combine with the 2006 57.6% rate increase will total 127.6% by 2015. That will unjustify the burden of hotel cost, hospitals, farmers, large families and the elderly. The Deputy is exaggerating the urgency and monies needed for repairing water infrastructure and maintaining water pumps which is the normal, major of the water business and should have been allotted for in the short and long term budget unless he has been directing the funds elsewhere, which he will continue to do if you condone his action by allowing the 70% rate increase. The historic number of main breaks are not results of old infrastructure, but a result of bad morale causing the old timers to leave the Board of Water Supply before they pass on their wisdom. By that Deputy Nakano, be like Kazu Hayashida and other managers before 1998 that saved \$100 million surplus. The Board must share blame for the lack of financial responsibility to its customers. We are taking this opportunity to ask Mr. Chung to honorably step down from being Board Chair and are asking for a new Board Chair who has successful knowledge of the Board of Water Supply and the experience to change the BWS back to the financially efficient and conservative agency it once was. Mr. Chung, since 2004, had many opportunities to improve the Board of Water Supply in the best interest of civil service employees and the citizens. Sadly, the Chair's loyalty to the past two BWS managers, Deputy Nakano and the contract executive always took precedence. Why did Mr. Chung support the squandering of \$489 thousand on lobbyist since 2006? In May, 2011, the Board Chair approved the Deputy's increase 2011 budget and refused to phase out the contract executives earning outrageous fees compare to the civil service counterpart. Before raising water rates, Deputy Nakano should cut the fat off of operations by phasing out the contract executives, BWS Legal Office that no other City Department has, Human Resource office and reinstate the Management and Budget Office. Deputy Nakano should address all costly concerns such as mentioned by one of his staff on page 5, paragraph 2, of my testimony. Why have they BWS Human Resources Office duplicate the work of the City HR office and is accused of prejudice to our civil service employees, tamper with position descriptions to block progression, altering city standards of hiring procedures, demoralizing civil service employees and making a mockery of the disciplinary process. Remove the individual hired on contract who was placed into the highest secretary III position as a favor to Mufi Hannemann. Why did Deputy Nakano renew her contract when he's raising water rates, 127.6% from 2006 to 2015? In 1998, the BWS manager at the time said going into the bottled water business was a good suggestion to make money. Approximately 3 years ago, the BWS ran a TV commercial saying the same thing. Why after nine years the Deputy is still looking into it. To make money, why doesn't the BWS float bonds to build a multi-level parking and business building on this site to rent and lease. The BWS is out of control and in dire need of another audit to review waste and mis-management. In closing, we repeat our request for the Board Chair to honorably step down from his position and give fair opportunity to another board member with successful BWS experience to Chair the board. Thank you."

Verbal testimony by Dr. James Anthony

"It has taken me twenty years, gentlemen of the Board, to get to this point before you this afternoon, to address this very important matter of public concern. Twenty years is a long time, I've grown old waiting to appear before you on this matter. So, I'm going to start with what I think is the most important, some of the most important issues, that you as a board, are responsible for looking into. First of all, I think this board is in dire need of looking at itself and how it has handled the business of water in this town. And, if I may continue along that line, you need to realize that

this Board of Water Supply, redistributes 150 million of gallons of water a day (mgd), this is a 600 square mile island. But that is not all, another 150 mgd is taken out of groundwater systems throughout the island of Oahu by at least, 300 different permitted takers of water, 300 different takers of water, are taking another 150 mgd and also you press, and I'm looking at you camera people, and print media people and voice media people here, have never reported the fact that there are 300 takers of water, permitted by the State Commission of Water Resource Management, who take 150 mgd and do not pay a single penny for it. Not one penny. They don't pay anything for it, yes, yes, yes, I know. Board of Water Supply says when I bring it to them, they say, 'oh that's not my kuleana. That's somebody else's job.' Fee stakeholders, members of the public have a term for this, it's called buck passing. We go to the Water Commission and they say, 'oh, we don't know what to do about this,' and rub their hands together like this. We go to the PUC, that's another actor in the system, PUC says, we don't have a case before us. We go to USGS, they're useless they don't want to become involved in policy; they might get their hands dirty. They faint at the sight of blood. Okay? So, we have an enormous public policy problem at the State level, at the County level, at the Federal level. Our government at all these levels tells us, that there is no such thing as a free lunch. You poor, you got kids, you no mo' money, you no mo' house, you're not homeless; you're houseless but no free lunch. But the fat cats who take water, who got free lunch for them, they think free water, they've been sucking this water out every day. We got four agencies that are suppose to deal with this - Board of Water Supply, Commission of Water Resource Management, USGS, PUC. You know, you guys, Mr. Miyashiro, if I might pick on you if you don't mind, you just joined the Board. You don't require a passport to go from here to the Kalanimoku Building to see somebody in the Water Commission. You don't need a passport either to talk to somebody at the PUC. When was the last time that this board, let me ask you gentlemen, when was the last time this board and the lady, did you initiate something to have a discussion where you brought all of these people together, including David Tanoue, whom I saw this morning – head of Planning. Planning has a role play in this. When are you people going to get together and discuss this issue? How much longer can you lalau fat cats? And not so fat cats who take water. Let me give you one example, the Mormon Church in Laie is a prolific water user of 3.5mgd. They take that water; they sell it back to their people and don't pay a penny to the tax payers. Talk about fat cats. Free lunch. The United States Military, they have a lot of people employed here, they buy a lot of whatever in supermarkets and so on and so forth. They take 36 million gallons of water a day and do not pay a penny. I got a list here, anybody want to see it? Three hundred different permittees, sucking water out of our aquifers here, groundwater system. Regulated by the Commissioner of Water Resource Management, they do not pay a single penny, not a single penny for this resource. It is the scarcest resource that we humans have on this island. If we plunder that resource, life will not be possible on this island. You don't have to hear the story, like me, to understand and get that, that is a fact. And you know what, the media is partly to blame, because the media does not report this. The media has a social responsibility to bringing the spotlight to the public's attention to these kinds of issues. This is not a small issue, ladies and gentlemen. We have a governor who is silent on this, we have mayor that doesn't understand it and we have bureaucrats. This board is one of my, these guys, Dean, no professional offense, but you know, the Board has become the tail and bureaucracy has become the dog, so the gentleman who preceded me in giving testimony this afternoon, is a gentleman whose view I completely support with a but I support you and this debate has been too long deferred, too long. With respect to the motion before you, here's my conviction and I want to make it very clear. I oppose the motion as stated. Seventy percent is not going to cover your obligations, the Board of Water Supply's job is not only to fix pipes to make sure the water is delivered, the Board of Water Supply's job goes beyond that, you are mandated by State law, mandated under that, you are suppose to produce a County Water Use and Development Plan mandated by the Commission of Water Resource Management 1987 code. Since then, in 1990, this is now 2011 and it's still not done, you're still screwing around with it. In addition to that, you have divided, bureaucratic action, you

have divided Oahu into eight segments, each one is suppose to produce a watershed protection plan and then you are going to amalgamate all of those plans, make it into one county water use and development plan and then you are going to present the whole thing to the Water Commission, that's the way it works. This job has been outstanding since 1999 – you've done one in Koolauloa. Let me tell you about that very briefly, I anticipated that, I spent ten years of my life on the watershed protection plan for Koolauloa. I insisted that there'll be timelines, that there'll be identification of action items and for each action item, there shall be a cost. They did that, eventually. But of implementing one of those eight plans, the one in Koolauloa, is \$30 million over the planning horizon. 2009 dollars if you take inflation, \$30 million is what it is going to cost. So my question, we had a meeting here about this 2-1/2 months ago, I asked the Chair, I asked the Acting Chief Engineer, I asked Barry Usagawa, who is the architect of this plan, where's the money going to come from, \$30 million for one plan. Where's the money going to come from in order to implement this plan? How many times in Hawaii, they put it into someone's office, then get dust on top and nothing happens, so we have plans, and plans and plans and nothing happens. Let's start stopping it with water. So where's the \$20 million going to come from? More importantly, you have eight plans and you take an average and it's going to cost \$30 million for each plan and you multiple 8 x 20 that's \$160 million. Where's the money going to come from? You know what this Board of Water Supply has been doing, for years and years they have been externalizing the of water. You know what externalizing means? Let me explain it to you, externalizing means that you have all of these things that cost in order for you to do this business of delivering water, but you only take some of the costs, some of the other costs you gamble on it, so you know the public, nobody is going to be like me, I'm not better than these guys, but by god, I'm different. I'm standing before you today and I'm saying you cannot externalize cost because when you externalize cost what you are doing is, you are doing two things, I'm Jim, that's me, Dean is the boss, and I'm his Deputy, and Dean is saying, hey you know what, I don't want to touch this hot potato, I'm going to retire in two years, it's going to be Jim's problem, it's called "not on my ship." So, this guy is going to wait and pass it on to me – passing the buck. This matter is far too serious. We need to ask where is the money going to come from so that the Board can fulfill its mandatory responsibility as Water, so they have been undercharging for water for a long time. And I want to end on this note, Mr. Chairman, the time has come to get money from the fat cats because if you do that, then you don't have to charge you and me and my brother, my cousin and my ohana the 70% because if you spread the cost out so everybody pays their fair share, you know, then the burden will not be 70%, all of these guys who are taking water and the Board can't decide this, but the Board got to show leadership, they got to say, Water Commission, Planning Department, PUC, USGS, whoever else they have to come together let's talk story about this. You know, Waiahole, there's 70 mgd that's going to ADC (Agricultural Development Corporation); they don't pay a penny for it. Well, individual permits, all individual permittees don't pay a penny for it. My concluding point is this, the time for free lunches with respect to water is over. We need an independent commission to investigate the Board of Water Supply. I hope I'm not over using my license and the time you've allowed me, Mr. Chairman to make that suggestion, but you know, once in a while, in our society and this is still America, whether we like it or not, once in awhile, there has to be a lady or a man who stands up and says, I ain't going to sit in the back of the bus. And I am standing before you this afternoon and saying I ain't going to stand in the back of the bus anymore, that is irresponsible and you must join with me and saying do the smart thing, don't say, I'm oppose to any kind of water rate increase. That shouldn't be your position. The intelligent, smart position is you say, join with me and say, that you got to spread the cost between all of the people who are taking the water and thereby the cost rate payers who turn on the faucet to drink, to take a shower with, for their toilet, you're going to spread the cost among everybody. We have to do it effortlessly, you got to do it honorably and you got to do it together and we need to do it with good sense and if this means that the Board of Water Supply, members of the Board, and the qualifications that we have for them to sit on this board, has got to change, we need to change

this, it would be unprofessional of me and uncharitable to pick on any member of the board and say you're not qualify. I could do that, but I'm not going to do that this afternoon. What I'm going to say is that this is an opportunity, this is the prizes, dump all of the parts of the small number of people and let a large number of people who are taking a large amount of water, the most precious resource that we have and not let them pay for it. Mr. Chairman, I'm very grateful for you giving me more time then you might give to other people and I thank you very much and I trust that my contribution was at least marginally useful and I would be happy to answer any questions."

Verbal testimony by Kennard Hicks, Farmer, Waianae

"After the two gentlemen, what more can I say. Actually it seems hard to start this thing at 2:00 p.m. I'm pretty sure there are thousands of people would like to show up about their concerns for the increase. I'm not for the increase. Actually, it would bring on a hardship; hardship on the people of Hawaii. You know I think though, the electricity, you see a lot of the old folks will be in the middle, they'll have to turn their electricity off. You know I'm not a great speaker, but, again, when you bring it upon us a hardship, it makes it, just to water your grass now, it's phenomenal. As you drive around, you don't see too many people's yard that are green. Before you'd see the old folks out there cleaning the yard, that's not happening anymore. The sewer fees are phenomenal; you can't even touch it. So, I'm asking you to reconsider and think this out because it means a lot to everybody. Maybe you ought to put in on the ballot next year, in an election year. Maybe then the people should be able to speak to this Board. Because what you dictate here, it changes lives, financially. And I know where a lot of corporations come out and develop and a lot of times like the gentleman was saying, mostly everybody else carries the burden. I think those guys that are in that position to develop, to put up hotels; they should be in a position also to pay the extra cost so that we don't have to carry it. I am a farmer, I live out in Waianae. I've just learned last year that prior to a couple of years ago when a water main breaks, the main water breaks, you guys would come out and assess it and adjust our bill. And you know I think the responsible farmers they really appreciate that because most farmers are real responsible people when it comes to their water, they don't have to pay that bill. But from what I just learned, I think a few months ago, now it's just a one time, if you're main line breaks, it's one time they're going to adjust. And I think about that, because accidents do happen, pressure changes in Hawaii, cause I'm a user, I've seen that there's mains that break along the highway from Ko Olina, and I used to wonder maybe it's the pressure, regulating the pressure that causes it to break. So, I think when you're under the pressure in Waianae, or you turn off the main valve and then you turn it back on, you have that acceleration of the water and it causes a problem on our farm, we're not use to having that acceleration all at once and we have a break. But now, if you do it only once for the farmer, we have to carry that, and a lot of times it's not our fault. So, enclosing, I'm not for the raise, for this hike, I know there's costs, so far I think it's manageable, but to lay out the 70%, I think not. So, please check your heart before you make this decision and everybody else too should be part of the decision making. Thank you very much."

Verbal testimony by Ranceford Ako, Homeowner

"Thank you for letting me speak Mr. Chairman. I really was kind of writing my notes and Mr. Nakano I kind of disagree that you went to all the boards, because I live in the Pearl City area and I never heard that there was to the Pearl City board. As a single resident, my combined bill is water and sewage, each one wants more money from me, as a homeowner. Water billing each month, so, you want to have additional increases. As a retired person I can afford only so

much. My concern is accountability. How much money do you have enough in your account? How much money is spent each year to do all of your repairs? Other than repairing, are you actually laying out your pipes? Where are you buying equipment for repairs? As a homeowner, I want accountability. I can only afford so much. I thank you for this moment to express my concerns, thank you.”

Verbal testimony by Andrea Anixt, Homeowner

“I would like to ask the Board to split the cost amount. I believe what Mr. Anthony said and the previous person was very accurate. I heard also last month, last time the board met, that they were saying they needed to come to understand the water picture and I don't think that we are getting enough feedback to say we understand ... up to this point. We have a hospital in Koolauloa called Kahuku Hospital, and we're also expected to wait 5-7 years now for a kidney dialysis center to be at that hospital because there isn't enough water supposedly being produced in Kahuku and yet they are entertaining a huge development at Laie, Turtle Bay – two hotels with houses these are all in the works right now. We've got this development in Laie, for another 900 houses, 175 housing units. All of these say they have enough water, but don't have enough water for a dialysis center at a hospital. Makes me very suspicious about what's going on here with the water. We've got till 2013 until we know what's going to be happening with the next of these eight water districts that would be for the Koolaupoko district. I've lived for 34 years in Koolauloa and before that I lived in Koolaupoko. We're out in Koolauloa and we're shipping 8.2 million gallons a day (mgd) to Koolaupoko from our water which doesn't have enough water to have a dialysis center at a hospital. Something is wrong with this. Board of Water Supply's estimate person that I was talking to said they use 1,500 gallons per day. But then the average use on this Island is 108; Waianae is 231; they're giving Koolauloa 147. Out of you've got 900 gallons a day per house, when you got a 5 person household which is what Laie has. All these figures aren't adding up. The military doesn't pay for water; Kamehameha School doesn't even pay for water. We have lots and lots of water going to free places and as a homeowner, I object to the fact that we are paying for the water that they are also using. Our bills are bi-monthly, I'm retired, living on a pension, can't afford it, can't have all of these increases. We are also supplying out of Koolauloa .03 mgd on top of the 8.2 to Koolaupoko, we are also shipping water out to the North Shore, they're going to want to put more development in the area here. We have all the bad ones right now Turtle Bay, two hotels with ... houses; Laie looking to build out scenic ... 875 houses and a huge increase to BYU.... Then we have this Striker Brigade, they are on Island waiting to get some permits about depleting uranium in Kahuku training facility in our Kahuku town, Kawela Bay and Turtle Bay, to build there, but they will be tossing 479 tons of things like asbestos, depleting uranium, the ... things into the air, then it goes and blows into the water, then you're wondering about how you're going to keep control of the water quality. I propose basically, that the military also have to have water ... a significant increase, according to their environmental impact of wildfires. On top of all this is washing 1004 vehicles everyday in Kahuku. I think that we need to stop, basically, development until you have a comprehensive approvable water plan for the whole island, if you can't do that, I suggest stopping Koolauloa and Koolaupoko for giving them so much water already. That would be to 2013. 2018 they have less rain than we do, so I'm sure they'll have a water problem coming up to. But, anyway, this proposal that we do, do away with all developments..., do a water study. Any questions?”

DISCUSSION

In response to Board Chairman Chung's questions, Ms. Anixt said she is not affiliated with Kahuku Hospital and was informed by Mr. Barry Usagawa and an employee with Kahuku Hospital that they were waiting for BWS to build a third well for Kahuku and it would take 5-7 years to complete. Chairman Chung said he will follow up with Mr. Usagawa.

Verbal testimony by Emory Bush, Hawaiiana Management Company

"My name is Emory Bush. I am the chairman of the Board at Hawaiiana Management Company. We currently manage 600 Associations totaling over 90,000 units. I am here today to testify on behalf of all 90,000 units, our clients, to ask you not to raise water rates as you proposed during these terrible economic times for the following reasons; the Board of Water Supply raised rates 60% during the last 5 years; and now propose another 70% increase. The question is, what was the 60% used for, 12% a year seems like an astronomical sum to pay for operating expenses. Why wasn't some of that money put into reserve to pay for capital improvements the same way the association do each year. And this 12% per year I might add, was added during a time when there was a very low rate of inflation. Now who would believe, water and sewer have become the very largest expenditure in our association, a condominium association. And we have more condominiums in Hawaii per capita in any State of the Union. Who would every thought water and sewer would surpass insurance, electricity, personnel cost and all others. In addition to water rates, and water in time of the sewer rates, sewer rates have been raised 300% in the last 5 years. With a 4% increase starting last month and continue into infinity with a minimum of 4%. Now.... what I'm talking about, I personally manage a 400 unit building for a long time. During the month of June, the 400 unit building, each owner pays \$76.00 a month for water and sewer, that sounds like a lot. I said why don't I check another area just to be sure that it's not out of sight. So I checked on New York City. The average homeowner in New York City pays \$58.00 a month for their water and sewer rates and that's with a 5% increase in 2011. So, with sewer and water rates going up the way they are to be sure in the very near future, a studio apartment will be paying over \$100 month for water and sewer, sounds outrageous in Hawaii. In summary, is there any end in sight for increases for Government services. If you have to raise rates, could you please reduce the amount and spend it over a period of time. It would greatly help our condominium associations who are having a tough time and there is a high percentage of seniors that live in these condominium associations and they haven't had a social security rate increase or a government retirement increase in the last two years. So, thank you very much for letting me say these few words and I hope that you can see fit not to raise these rates at these astronomical amounts. Thank you."

Verbal testimony by Kelly Barnes, Small Apartment Owner, Aiea

"It is kind of ironic that I'm speaking after Mr. Bush because I'm a small apartment owner, about 30 units in town and sometimes I've gotten into the same situation as him but with its management company. My question to you and thank you for letting me speak, my first question is when was the last time that you've seen a new apartment building built here in the center of town which was made for people who are in the lower rent range. Well you don't. And the reason you don't see these buildings being build, is because they are too expensive to build and instead what you are seeing is the small multi-family buildings, like what I own, I own 4 of them and these buildings are what people are living in. And you drive down Pensacola and make a left going down Pensacola like you're going down to Ala Moana mall have you driven in there and looked at some of these apartment buildings before? They look pretty terrible. And the reason they look terrible is because the owners of these buildings have basically given up. They're no longer spending money to take care They are not up to the rules, they are not doing repairs, they are just collecting the rent and trying to make sure they can make ends meet. When you're collecting the rent, okay, part of that rent goes towards sewer fees and for water rates. Sewer fees have gone out of control, it's almost amazing 80-90% of the bill is for sewer fees now. And just like Mr. Bush said, roughly about 70% of the rent for each of my tenants go towards sewer fees, about \$65.00 a month and it continues to climb. And you kind of ask yourself, when is this going to stop? Why are we building rail and spending all this money on rail if the infrastructure

here is broken. Why isn't the money not being spent to fix the sewers? But instead they are saying, okay, we're just going to layer these costs on to small business owners, like myself, and other small business owners who are not here today, because of the time of the meeting. So, with this said, it's kind of starting not be feasible to own these buildings any longer because the costs are getting too high. And the tenants come to me and every time I have to raise their rent, they ask me why are you raising the rent. And I say I'm sorry, but it's because of this, because of the Board of Water Supply, the sewer fees, they understand, but the tenants are the ones who are really suffering through this and the cost of living in Hawaii just continues to go up. So, that's one item. Another item, I've dealt with Board of Water Supply before, I felt like I was overcharged \$2000 on a bill, I paid the Board of Water Supply over \$100,000 through my company, over the years, so, I expected to get excellent customer service. Well, I got the worse customer service I think I've ever gotten and you go downstairs and you are not allowed to go; there's nowhere to go, there's no customer service. So, I spoke to two people, Brooks Yuen and a Paul Kikuch, who I think is the head of this whole customer service operations. I didn't feel like their reasoning was sound. But it is what it is and so, I ended up just paying the extra \$2000 on a bill, which normally comes in around \$800. So, that bill I paid, \$2800, for one property plus another \$1000 for the other two properties, plus another \$200 for another two, so, you can imagine how much, it was kind of upsetting for me and so, I think Duane, what you need to do please is straighten out your management group first, okay, and get things straight here and get your cost under control before you do a rate increase and I'm asking the City Council and the Mayor of Honolulu they really need to look at the infrastructure problem with the sewers before they move forward on rail, any part on rail. So, thank you very much and thanks for letting me speak."

Verbal testimony by Katherine Kupukaa, Homeowner

"Good afternoon, my name is Katherine Kupukaa and I'm a homeowner and this month it will be four years that I've been unemployed, and so, it has been very difficult for me to pay all these raising of the fees, especially for sewer. And I know of other people who have a difficult time paying their bills. About three weeks ago, a gentlemen asked for prayers at our prayer meeting that he was out of a job and doesn't have money to pay his water bill and I got several final notices and it scares me to death that they are going to cut off my water and so, I'm a very conservative person that I collect rain water to water my plants and I do all those things to conserve water and so, I don't pay a high water bill but it's the sewer that's killing me and I've had to charge all these bills and I always wait till after my charge card account statement is cleared and then I call them up and say can you wait a couple of weeks so I can pay my bill. And that's what I've been doing for several years. I can remember, less than 10 years ago when Rene Mansho was in office and she was my councilmember and I don't know what the bill was at that time, but it's must've been small, but, I called up her office and said what is this extra charge or something that I don't understand, eventually, she wrote to me, I can't remember what it was, I guess there was a change on how they do their fees or something, but, I can remember years ago, people from, I don't know if they were homeowners, you got people from Waianae, they would complain about their water bill, raising their water bill and I can't remember what the water bill was in those days, but, I oppose this increase in the water bill only because how can the public trust the board when they squander money. I mean, you would think that why does it have to take an audit to find out there were 240 something discrepancies, deficiencies, and that was conducted in 2004 and as of May only 146 of the deficiencies have been initiated. So, there is still 142 deficiencies still not addressed, so why are we paying bonuses, hiring lobbyist, I can't really understand how, I don't know whether the public are aware of this, but I'm sure they would come out and cry out to you to say stop it. Thank you for the opportunity to express my concerns."

Verbal testimony by Jane Sugimura, President, Hawaii Council of Associations of Apartment Owners

"Good afternoon Chair Chung and members of the board, my name is Jane Sugimura and I'm President of the Hawaii Council of Associations of Apartment Owners. We have 65 condominiums, coop and community association members and I'm incorporating my testimony with testimony with Mr. Bush of Hawaiiana Management, his company is the management company of many of our associations.

I just want to add something to what he said, for associations the water bill is an accounting expense. One bill goes to the association. The association may have hundred members, and they may have three hundred members or a thousand members that live in that complex. The Board of Water Supply sends a bill to the Association, the Association has to pay it. Then they have to go and collect it from all these association members and right now with the economy the way it is, that is really a challenge. And a 70 percent increase, I can tell you is very burdensome to our association. Typically, in the last few years, because of retirement, the furloughs and job losses, the associations have tried to keep their annual increases below 10 percent. With a 70 percent increase in the water that's not going to happen. And what's happening is that, and I've given in my testimony an example in one of the buildings ... we have a 17% delinquency rate for people who can't pay their maintenance fee. When people cannot pay their maintenance fee then what happens is when people do pay their maintenance fees, have to pay the excess, there's no free ride with the association. So, that means that people who are paying the maintenance fees, the very next year will have to pay more and what happens, let's say if the economy gets better, those people who are marginal, a lot of them are retirees, a lot of them are State employees, County employees who are suffering through furloughs or loss of jobs, and what happens in those cases is that those people then can't pay their maintenance fees and then you get into a situation where you have an association, we have heard of another association in Maui that is filing for bankruptcy, which is something that is unheard of. I'm hearing that on Oahu that's not far off. With the sewer increases, that was just really awful, but that was spread out over several years. This increase that we just heard about a couple of weeks ago, and by the way, I sit on the Aiea neighborhood board and we had a recess in August so that's maybe why this information did come, because Tracy Burgo is very, very good in coming to the meetings and explaining things to us and I heard of this increase through my associates through Hawaiiana Management which is the reason why I'm submitting my testimony and today I hear that there are people on the Island who don't even pay for their water, so I would like to urge this board to do is spread the cost to other people beside the ratepayers and spread out the increase. We understand that the infrastructure has to be repaired and has to be upgraded, but to charge the homeowners 70 percent in one delve swoop this coming July 1 is just too burdensome and I can tell you for the associations that's going to cause a huge problem and for those of you who are unaware or never sat on a board, the annual meetings are in February, March and the last couple years because of the increase in cost, the association has to figure out according to their budget. The whole boards have been thrown off because the homeowners are furious and they come to their annual meetings in drove and say, you guys, we don't want you no more, because you are charging us more money than we can pay and when the board tells the homeowners that's not our fault, the City raises their sewer rates or the electricity, HECO charges with the surcharge, we have to pass it on, we're a non-profit, we are not in the business of making money but the association has to pay these bills. The association gets one bill from the electric company, one bill from the water company, from the Board of Water Supply, one bill from the City for sewer so that's why I'm here today to ask you not to implement the 70 percent, because it will be very burdensome on homeowners, my association that represent over 10,000 unit owners, tenants, residents in the City and County of Oahu. Thank you very much for allowing me to speak."

Verbal testimony by Nathan Kau, BWS Employee

"Actually, I'm kind of glad because our association belongs to them, but it has been going up, our bills have been going up, but there are other things that I have on my mind too and it's the fact that Water Supply can do a better job. Because I work here. You guys sit up here in your offices, you guys are not here We are the ones that go out there and got to listen to, "oh my sewer bill is high", I don't work for sewer, but they still going tell me why in your face. I'm out there, I got to listen to these people. So, since we started using so-called automatic meter reading system, you're only wasting your money. And don't tell me I'm wrong. That money could have gone for the raise. To me, we use only 1/10 of the monies for meter reading, when you had meter readers. I'm saying you guys are wasting your money because I cannot see any justification for homeowners who have radio transmitters in the ground. Why? You don't need that. I can see for a large business where water usage is very, very They have to keep cost down, I can see that, but you know, a phone call, good customer service, we can take care of that. But we are spinning our wheels. People tell me, I've lived here twenty years, you see the water coming out of the meter box? You tell me to save water, what about that? What you going say to that? I feel responsible but what am I going to do. That is not my job to go over there and do it; I've been told that. But that's all I wanted to say, we're wasting money. You want to stop the bleeding, let's stop it over here first. Not go blame everybody else that this cost more, be more efficient. Okay, that's all I have. Thank you."

Verbal testimony by Bill Tam, Deputy Director, State of Hawaii, DLNR, CWRM

"Good afternoon ladies and gentlemen, Board of Water Supply, my name is William Tam, I'm the Deputy Director of the Department of Land and Natural Resources, Commission on Water Resource Management. We share with you the interest in on how we manage our water, we have a very large interest in that. I have four-five key points in my written testimony, and won't go through all of them.

The first thing we need to understand is part of the reason we support, by the way, this rate increase, it is actually critical. Water criticism of a higher increase that will accompanying the recent sewer fees is precisely because it was delayed for so long making the necessary repairs and build up and build up to a point where last December they signed a \$5 billion consent decree that is a result of twenty years of deferred maintenance. We don't think you should get yourself into that position. Secondly, the actual cost here contrary to the number 70 percent, is actually very modest, about \$2.00 per 1,000 gallons over five years. That is less than a cost of a latte, less than a cost of half a gallon of gas, and by comparison if you go out and buy bottle water at a retail basis, those little bottles of water you get is at the rate of \$5,000 per 1,000 gallons. That to my mind is actually not a reasonable beneficial use of water. People should turn on your tap, get plastic container and if you want to go out and do that, it would save themselves a great deal of money and is more convenient than going to Costco or someplace and buying water quality bottled water.

We are concerned that the resources are sometimes not fully understood, oil has many different replacements with solar, wind, there are many resources that you can replace, water is not one of them. As we all know it's critical for power light, it's critical for natural light and so it's not something we want to not have available, it is essential to civilized society. It's what separates us from the third world, where clean water and structure to get rid of waste. Water is actually not currently priced sufficiently ... to encourage conservation. One of the issues the Water Commission is going to be taking up shortly will be to come back and talk with you about how we might all start to share the cost to maintain our ecological services that provides us the water, namely the watersheds. So, that is a matter we hope to come back and talk with you, but I think even that needs to be addressed in addition to this delivery cost. In summary, we support this

water rate increase, we encourage you to do it and I'll gladly answer any questions you may have."

Verbal testimony by Dawn Wasson, Laie Resident

"Good afternoon, my name is Dawn Wasson and I'm a resident of Laie. For many years, in our community the water system did not have a permit to deliver water to the people in the community and they were saying, that is the Mormon Church, saying that they didn't need the permit because all the residents in Laie were tenants of them. My family, Kuleana landowners, we were never tenants of the Mormon Church and we're not tenants of the Mormon Church even up to today. But because of the intervention, people knowledgeable on how this system is worked out were able to get the Mormon entity to get a water use permits and a permit to provide water in our community. I was billed for water, usage of water, they were charging me \$440 a month. They do not tell me that my system is broken or anything like that and yet, they were the water company that are suppose to inform me, water users, but what they did was billed me and I couldn't afford to pay the bill, so what I did was I went to the Church, which I belong to, and got the Bishop to give me money to go and pay the Church entity, Zion Security Corporation, now known as Hawaii Reserve to pay for the water bill. What they did not tell me is that they knew they were over charging me and yet what they did was they came away around another way to get me to pay a month. Now, you are proposing to increase the water rate that also increases the water rates for Hawaiians, like myself, Kuleana landowners in our community.

What the Mormon institute also was trying to do, is whoever was taking water from them and hooked up into their sewer system, that if one of the systems is that if their water was turned off, their sewage would be turned off automatically. And if their sewage was turned off, their water would be turned off automatically. We went to intervene on the behalf of the community, so that could not happen. So, even if their water was turned off, their sewage would still be connected. This is some of the many things that have occurred in our community and so now we have what we call pilikia with the increase of water, by you folks, which will affect us, even if it's a private water system, whatever the price of the water system rates, it is powered by your rates, so it's going to affect me, if you increase your water rates. But, what I learned today, what Dr. Anthony stated, is that there are other takers of water who are not paying for the system. It is just not a go. I mean, there is no way, we should allow this to happen. It's just not right. All of us, water users in all of Hawaii, we all have to pay and yet other people, these entities, private entities, are not being billed for water. Where is the fairness? Where is the justice? And those who make decisions, on behalf of the general public, you have violated your fiduciary responsibilities to the people of Hawaii. And you should become accountable for that. So, I'm here to testify against the proposal. It is too much, too fast, too soon. Mahalo."

Verbal testimony by Ralph Sato

"I want to speak specifically the issues of general economic considerations. My concern is that looking at the economic situation worldwide, there is a lot of pressure right now to privatize public resources around the world, like in, who has had their water supply privatized and then found out they made a grave mistake. I'm not saying you're under any pressure to privatized, but I'm saying eventually it may come here and there will be pressure to privatize it, and that would be a disaster to Hawaii. Because our water resources .. everyone on the Island, so I'm kind of generally speaking favorably for a rate increase which might be steep for most people, it is relatively modest under the general difficult economic circumstances which will get worse in the years ahead. I was just looking at the situation in..... so I think if we all make some sacrifice and

tolerate this increase, I think we would be better off in the future, I'm thinking maybe more than five years ahead."

There being no further testimony, discussion, or questions, Chairman Chung closed the Public Hearing and called to order the Regular Meeting of the Board at 3:09 pm.

94-1081 KEPAKEPA ST. #10
WAIPAHU, HI 96797-4404
THURSDAY, JULY 28, 2011

THE BOARD OF WATER SUPPLY (ATTN: MANAGER)
630 S. BERETANIA STREET
HONOLULU, HI 96843

RE: WATER RATE INCREASES PROPOSAL

DEAR SIR OR MADAM:

I HAVE BEEN HEARING ON THE NEWS THAT BWS IS PROPOSING WATER RATE INCREASES OF 10% OVER THE NEXT 5 YEARS, TOTALLY 50-70%. I CANNOT SUPPORT THAT GREAT INCREASE AMOUNT. THERE SHOULD HAVE BEEN SMALL INCREASES: 1%-2% PER YEAR, IF NEED BE.

ONCE YOUR PROPOSED INCREASE SNOWBALLS, IT WILL SEND OAHU INTO A DEEPER RECESSION, IN MY OPINION; PEOPLE ARE STRUGGLING FINANCIALLY NOW. LOTS OF PEOPLE UNEMPLOYED, HOMELESS, AND LOW INCOME.

A PUBLIC HEARING IS SCHEDULED. I CANNOT ATTEND IT BECAUSE I WILL BE WORKING. (MY DAY STARTS AT 2 A.M. AND ENDS AT 8 P.M., DEPENDING ON TRAFFIC ON H-1.)

WOULD YOU PLEASE KEEP AN EYE IN THE NEWSPAPER FOR ARTICLES BEING WRITTEN AND EDITORIALS; THERE ARE SOME OF THE PUBLIC'S REACTIONS TO WATER RATE INCREASES? WATER BEING WASTED BY SPRINKLERS ISLANDWIDE COULD BE CORRECTED TO MINIMIZE WASTE. SYSTEM CHECKS SHOULD BE DONE PERIODICALLY. THE PUBLIC SHOULD BE ENCOURAGED TO CALL IN WATER PROBLEMS. I DO HEAR PEOPLE CALLING IN ON KSSK, ON OCCASION.

PLEASE INCLUDE THIS LETTER IN YOUR HEARING. THANK YOU VERY MUCH FOR YOUR TIME AND PATIENCE IN THIS MATTER.

SINCERELY,
KAREN BERGGREN
(808)678-2463
Karen_b2055@hotmail.com.

110839

00

August 17, 2011

RECEIVED
WATER SUPPLY

Julian Leo
P.O. Box 1014
Waianae HI 96792

2011 AUG 18 P 12:34

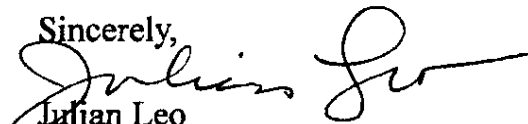
Mr. Dean A Nakano
Acting Manager
Board of Water Supply City & County of Honolulu
630 South Beretania Street
Honolulu HI 96843

RE: Rate Hike

Dear Mr. Nakano,

Raising the water prices will continue to exacerbates consumer users with already sewage fees increases. Many homeowners and renters are leaving the island because of the high cost of living. For a family of six many are paying over one hundred dollars a month for water and sewage fees. Please do not raise the fees for water.

Sincerely,


Julian Leo

110797

CO

cc: Fin

KAREN OSHIRO

From: CITYDART@honolulu.gov
Sent: Tuesday, August 09, 2011 9:36 AM
To: koshiro@co.honolulu.hi.us
Subject: CityDART MAY - MAYOR'S MAIL: New Task for Control Number: 428799

CityDART: MAYOR'S MAIL

Karen K You have been Assigned this Task



Control Number: 428799

Action: Prepare reply for Mayor's signature

From: rrhoden

Source: Renaldi, Mike

Subject: High Water/Sewer Fees

Issue Desc: CSD Dart 427833 - Mike Renaldi called in to complain about the high water/sewer fees, he was very upset and wanted Mayor to consider privatizing BWS. It appears he wanted a call back.

Task Description:

Due Date: 8/24/2011

[Click here to view the assigned Task](#)

View Issue Control Number - 428799

CITY Document and Record Tracking System - Version 1.02

Tuesday, August 09, 2011

**Issue - Created by rrhoden on Tuesday, August 09, 2011 (Mayor)**

Sub System:	MAYOR'S MAIL
Date Received:	8/2/2011
Correspondence Date:	8/2/2011
Category:	REQUEST
Source Agency:	* General Public
Source Person:	Renaldi, Mike
State:	HI
Home Phone:	377-9291
Subject:	High Water/Sewer Fees
Description:	CSD Dart 427833 - Mike Renaldi called in to complain about the high water/sewer fees, he was very upset and wanted Mayor to consider privatizing BWS. It appears he wanted a call back.
Issue Priority:	Normal
	<input checked="" type="checkbox"/> Allow Due Date Extension <input type="checkbox"/> Critical
Due Date:	8/24/2011
Original Due Date:	8/24/2011
Attachments:	Name Mike Renaldi.PDF

Tasks

Closed	Assigned From	Action Requested/Task Description	Due Date
<input type="checkbox"/>	Mayor	Board of Water Supply <u>Prepare reply for Mayor's signature</u>	8/24/2011
8/9/2011 09:36	rrhoden (MAY)	Assigned to Tano, Nancy(ntano BWS)	
8/9/2011 09:36	rrhoden (MAY)	Assigned to Oshiro, Karen K(koshiro BWS)	

Find Issue

View Issue Control Number - 427833

CITY Document and Record Tracking System - Version 1.02

Tuesday, August 09, 2011

Issue

Add New Issue

View

Open Issues
Closed Issues
Search Issues
Overdue Tasks
Search Tasks
SubSys Query

Admin

SubSys Pref
SubSys Admin
SubSys Viewer
SubSys Searcher
SubSys Creator
SubSys DeptAdmin
SubSys Assign
SubSys Labels
SubSys Category
SubSys Code
List Defn
List Admin

Preferences

Default Setting
Create Shortcut
Add to Favorites
Set Home Page

Issue - Created by jlau1 on Tuesday, August 02, 2011 (Customer Services)

Sub System: CSD DEPARTMENTAL REFERRAL FORM

Category: PHONE

Source Agency: * General Public

Source Person: Renaldi, Mike

Home Phone: 377-9291

Subject: High Water/Sewer Fees

Employee ID

Confidentiality:

Complaint Code: 2789

Other (MAY)

Repeat

Complaint: New

Comments: Transferred by the Mayor's office, caller is very upset with the new water and sewer fees being raised and wants the Mayor to consider privatizing BWS. Please call him.

House Number:

Suffix:

Street:

Unit:

City:

Other:

Received in CSD

J1

by:

Juliana Lau/Response to CSD & Source Person Required

Findings:

3

Pending

Date of Action

Received by

8/2/2011 11:00:00 AM

CSD:

☒ Allow Due Date Extension

Due Date: 8/16/2011

Original Due

Date: 8/16/2011

Attachments: NONE

Tasks

Closed

Assigned
From

Action Requested/Task Description

Due Date

☐Customer
Services

Mayor

8/16/2011

Investigate, report and respond

8/2/2011 12:07
jlau1
(CSD)

Assigned to Rhoden, Robin D B(rhoden MAY)

8/2/2011 12:07
jlau1
(CSD)

Assigned to Calpito, Claudine(ccalpito MAY)

Nancy Tano

From: Communications
Sent: Monday, August 22, 2011 9:51 AM
To: Nancy Tano
Cc: Jan T. Kemp; Kurt Tsue
Subject: FW: Anonymous feedback on rate increases

sender information removed

To Whom It May Concern-

I am requesting to keep the originator of this e-mail feedback on the rate increases anonymous.

In doing some due diligence on the rates for the various past years, it is astounding to see how the HBWS is able to get away with increasing their rates and included in this are the rate increases for sewer charges.

The rate increases found are: Board of Water Supply- 2008-2009- 8%
2009-2010- 5%
2010-2011- 9.6%

Sewer- 2008-2009- 18%
2009-2010 18%
2010-2011 4%

These were the figures provided when I had called the 2 departments last week. (The figures may need to be assigned correctly to the corresponding years if they are assigned incorrectly but the % rate increases should be correct.)

You are now looking for a 70% rate increase in 5-7 years. That's absurd!

I think efforts and work should be dedicated to bringing in outside auditors, CPAs, and operation consultants with no Hawaii affiliations to do the audits.

There may be a lot of operational inefficiencies that are either going unnoticed or ignored which need to be addressed and corrected to assist in reducing the overall burden of operational costs. All of these waste in efficiency will lead to rate increases as seen year after year.

The e-mail and phone conversation discussed below with Kurt Tsue of Communications provides further approaches to minimizing some of the waste and inefficiencies that may be occurring.

During this economical strife where many may be out of jobs, or business is reduced and wages have been curtailed, it's shocking to hear that HBWS is looking to increase their rates. Many have taken concessions in their wages, so, why don't HBWS look internally to assist in making up those needed funds by reducing their costs versus passing it onto the consumer.

It's ridiculous how the HBWS has been increasing their rates annually and in some years double digits.

I am voicing my opinion and recommendation to not increase the rates and pass it onto the consumer but look within to reduce costs and the inefficiencies and wastes internally that are driving up costs.

Sincerely,

Anonymous

2011 AUG 12 A 10:19



110816

CO/HR
CC: FIN

The Senate

STATE CAPITOL
HONOLULU, HAWAII 96813

State Senator Pohai Ryan

August 10, 2011

Mr. Randall Y.S. Chung
Chairman
Board of Water Supply
630 S. Beretania St.
Honolulu, HI 96843

Dear Chair Chung,

I have been receiving numerous comments and complaints from constituents regarding the Board of Water Supply's recently proposed rate increase. I share their concern because 9.65% a year, for five consecutive years is quite steep during these economically challenging times when many are taking pay cuts or are simply unemployed while facing an ever increasing cost of living.

While I do understand the importance of maintenance and infrastructure replacement, these rate increases will be a very large burden for many residents and especially so for local businesses who are currently struggling.

I expect you will receive quite a bit of feedback during your August 22nd public hearing. Please take the testimony into consideration fully; understanding that there is a need to balance the economic reality with the requirements of the Board of Water Supply.

I would also urge the Board to put forth a coordinate a detailed plan for the pipeline replacements rather than employing a patchwork strategy.

Mahalo,

Senator Pohai Ryan

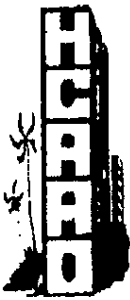
Representing Senate District 25

Hawaii Kai, Waimanalo, Keolu Hills, Lanikai and Kailua

Hawaii State Capitol Room 213

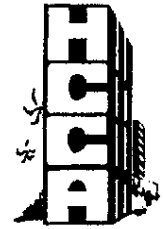
Phone: 587-8388 E-mail: senryan@capitol.hawaii.gov

2011 AUG 15 A 11:00
RECEIVED
COMM/CRD



**Hawaii Council of Associations
of Apartment Owners
DBA: Hawaii Council of Community Associations**

P.O. Box 726, Aiea, HI, 96701
Tel: 485-8282 Fax: 485-8288 HCAAO@hawaii.rr.com



Honolulu Board of Water Supply
Office of the Manager and Chief Engineer
Attn: MCE
630 S. Beretania St.
Honolulu, Hawaii 96813

Re: Resolution 814 Proposed Water Rate Increase (effective 1/1/2012)
Monday, August 22, 2011, 2 p.m.; Board Room, Public Service Bldg.

Chair Chung and Members of the Board:

I am Jane Sugimura, President of the Hawaii Council of Community Associations (HCCA). Our membership includes over 65 condominiums, cooperative housing corporations and community associations in Oahu and we have substantial concerns regarding the proposed rate increases.

We incorporate by reference the testimony of Emery Bush of Hawaiiana Management, Inc.

For our condominium and co-op member associations, the water bill is a common expense that is billed to and paid by the association from monthly maintenance fees collected from unit owners/shareholders. Due to the economic downturn for the last few years in this State and the numerous foreclosures that have been plaguing our member associations, a 70% proposed increase would be a tremendous burden to unit owners/shareholders (many of whom are on fixed incomes) when the normal practice among our member associations in the last few years is to keep annual maintenance fees increases to less than 10%.

The townhouse project in which I am a resident and unit owner has 140 units. Last month 24 units were delinquent in the payment of their maintenance fees. That is a 17% delinquency rate. Since our annual budget is based on the assumption that sufficient funds will be collected from the 140 units to pay all of the bills over the 12-month fiscal year, plus pay for the maintenance repair and replacement contemplated by the association and replenish the association reserves as we are required to do by state statute, when there is a shortfall due to non-payment of maintenance fees, the burden of paying that shortfall falls on the non-defaulting unit owners/shareholders.

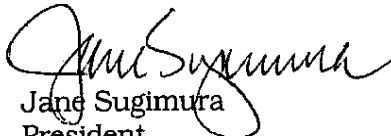
Our water bill (and we are billed every other month so 1 bill = 2 months) was \$6,918.84. A 70% increase would result in a bi-monthly bill of \$11,762.03, which is an increase of \$4,843.19 every 2 months and an annual increase of \$29,059.14 (\$4,843.19 X 6). This would result in an effective water charge per unit of \$504.09 per year. Assuming the delinquency rate remains the same - and we are not aware of any economic trends that would lead to an increase in employment or improvement of the economic situation - that means 17% of the maintenance fees will not be paid and instead will be shifted to the other unit owners/shareholders - many of whom are marginal so that any increase in maintenance fees would put them into a position of defaulting in the payment of maintenance fees.

Finally, living in a condominium or co-op, the association and unit owners have no control over the water usage of their residents and neighbors, respectively, many of whom are renters¹ who do not pay the maintenance fees and have no incentive to conserve or reduce their water usage. Therefore, it is difficult if not impossible to control this expense.

Our members understand and appreciate that water rate increases are required to fix and replace the infrastructure; however, the issue is why the 70% increase must be implemented now when the local economy is so bad. Accordingly, we ask that the Board consider increasing the rates incrementally over several years similar to the rate increases that the City has imposed for the sewer rates.

Thank you for allowing me to testify on this very important issue.

Very truly yours,



Jane Sugimura
President

¹ In most multi-family buildings, 50%-60% of the units are occupied by tenants.

August 22, 2011

TO: Randall Chung, Chair Westley Chun
 Denise De Costa Theresia McMurdo
 Duane Miyashiro Glenn Okimoto
 Adam Wong

RE: Board of Water Supply Water Rate Increase Hearing

My name is Milton Imada. I am a 34-year veteran of the Board of Water Supply (BWS) after serving as the Automotive Division's Facility Supervisor in charge of the day-to-day operations of the facility.

Some BWS employees and I ask you not to approve the 70 percent water rate increase. Doing so will give the management of this agency more moneys to mismanage and squander on filling the pockets of the contract executives with their secret pay, funding the BWS in-house legal office that no other City department has and funding political favors to past regimes. To include funding the State U.H. Medical School's air conditioning facility and the Honouliuli Water Recycling Facility that produces no drinking water.

Improving the water infrastructure by replacing and repairing water mains and maintaining water pumps is the normal nature of the water business and its short and long term planning. Deputy Manager Dean Nakano (Mr. Nakano) is dramatizing this to mislead the public from the real problem that caused the lack of funding, which is years of moneys for the infrastructure directed elsewhere. To approve the 70% water rate increase will not make the Deputy wiser and more thoughtful of the citizens. It will validate his way of using the moneys and it will be business as usual until he uses the same excuse for greater rate increases. You can confirm this by asking previous BWS Managers who ran the BWS in the black before 1998.

BWS Board Chair Randall Chung (Mr. Chung) gave approval for the 2006 to 2010 water rate increase totaling the compounded rate of 57.6 percent. Now, in spite of the moneys saved from years of numerous unfilled civil service positions, the BWS wants a 70 percent water rate increase spreading over the next five years to 2015. Water rate increases from 2006 to 2015 will be a 127.6 percent. Outrageous!

HOW CAN BWS DEPUTY MANAGER DEAN NAKANO IN CLEAR CONSCIENCE ASK FOR ANOTHER RATE INCREASE WHEN HE HASN'T DONE HIS BEST TO TRIM THE FAT OF THE BWS OPERATIONS?

The Hawaiian Electric Company who makes electricity asked for a two percent rate increase. The BWS doesn't make water to justify the 70 percent rate increase. Should the ratepayers in good conscience be punished for management's shortcomings?

To approve the 70 percent water rate increase is to condone and perpetuate the mismanagement and squandering of our hard earned moneys. Why can't Mr. Nakano run the BWS like Kazu Hayashida and other BWS Managers who were able to save a \$100,000,000 surplus reserve prior to 1998?

WILL WATER RATE INCREASES SOLVE THE BWS' PROBLEMS?

We don't believe the BWS infrastructure and the pumping system are the justifications for such a historic water rate increase. Does Mr. Nakano, who is a geologist, have the business management skills needed to run such an immense and specialized agency? Or did Mr. Nakano forget an important rule in business management, which is: top executives and CEOs must learn not to fraternize with the subordinates. Fraternizing with the contract executives fosters bias, prejudice and confuses good judgment when it becomes necessary to phase them out to cut costs. Nevertheless top executives must make the tough decisions to maintain the integrity of the agencies they represent and their reputations. Should drinking and golfing buddies take precedence over the integrity of the BWS? On or about 1998, then BWS Manager Clifford Jamile gave his word to the BWS employees that the contract executives would leave the BWS after they helped the civil service division chiefs improve their respective divisions. Unfortunately, the contract executives are still here burdening the operational budget and stagnating deserved progression in the divisions they try to manage.

Mr. Nakano reminds me of a captain of a ship with a leak. The captain asks for more and more moneys to buy bigger pumps. Not realizing spending more and more on pumps doesn't fix the ship's problem.

Mr. Nakano should consider asking a BWS Manager like George Yuen to be a consultant and learn how to run the BWS in the black. Professionalism should overcome pride for the sake of the citizens and the BWS.

WHO ARE HURT BY WATER RATE INCREASES?

Maybe Mr. Chung, a lawyer, and Mr. Nakano can afford the 57.6 plus 70 percent totaling 127.6 percent water rate increase but us working folks who struggle every day to make ends meet and the institutions, businesses, restaurants, farmers, citizen gardeners, hotels, hospitals, schools, dairies, nurseries, kennels, large families, the zoo and the elderly with fixed income who use a lot of water will suffer. Families will have less money to pay their bills and buy medications and food for their children. I've witnessed senior citizens in front of me at Long's Pharmacy having to choose what medications they can afford from the total amount of medications prescribed by their doctors. The imposing 70 percent water rate increase will cause the deterioration of the health of these valuable senior citizens.

IS THE BWS BOARD A CITIZEN'S FRIEND OR FOE?

The BWS Board must share blame for the lack of physical responsibility to its water rate payers. We are taking this opportunity to ask Mr. Chung to do the honorable thing and step down from being Board Chair. We are asking for a new Board Chair, who isn't a rubber stamp, with successful BWS knowledge and experience to change the BWS back to the honorable, conservative, respected civil service agency it once was. The Board should make some serious changes or the City Council may be encouraged to take the responsibilities of making decisions out of the Board's hands.

Mr. Chung, on his second term since 2004, had many years of opportunity to improve the BWS in the best interest of BWS customers and the civil service employees. Unfortunately his loyalty to the previous two BWS Managers and BWS Deputy Manager, Dean Nakano, and the contract executives no other City Department has, always took precedence. We believe it is Mr. Chung's failure to fulfill his fiduciary responsibilities to the water ratepayers in large part added to the financial and operational problems facing the BWS today.

Why did Mr. Chung support the squandering of ratepayers' moneys of more than \$489,000 since 2006 on lobbyists at the State legislature and the City Council? The BWS is accused of paying lobbyists \$10,000 per month even in years when there were few urgent or pressing issues. We recall under previous BWS Managers like Kazu Hayashida, the BWS never paid more than \$4,500 to one lobbyist who covered both the City Council and the Legislature. Mr. Nakano was quoted as saying "he would recommend against hiring lobbyists next year." If Mr. Nakano

cared at all about the citizens and their moneys he would stop now and not continue until next year. Talk is cheap, sincerity is but a fog isn't it?

On May 23, 2011, Mr. Chung and the majority members of the Board again supported Mr. Nakano by passing the increased July 1, 2011 to June 30, 2012 BWS budget, which we believe is not valid because it doesn't reflect the moneys spent for each contract executive. Does Mr. Nakano assume the Mr. Chung will rubber stamp his 70 percent water rate increase to fund his new budget as Mr. Chung did in 2005? If the BWS Board after 1998 can hire the bonus contract executives then why on May 23, 2011 Mr. Chung refused to phase out the contract executives? Does Mr. Chung support "the old boys network" instead of the water ratepayers?

FINANCIALLY RESPONSIBLE MANAGERS PRIOR TO 1998 AND THE MORALE THEY FOSTERED:

Prior to 1998 BWS Managers George Yuen, Ed Hirata, Kazu Hayashida and Ray Sato successfully managed a civil service BWS with full staffing which never burdened citizens as it does today. Main breaks, maintaining the infrastructure, replacing/repairing water pumps and natural weather disasters were just the nature of the business and allotted for. From 1966 to 1998 I recall the BWS raising rates twice, 4 percent on one occasion and 4.5 percent on another. The financially responsible managers I've mentioned left the BWS with a \$100,000,000 surplus reserve and a sound well managed infrastructure. These managers believed in preventive maintenance, civil service employees, civil service progression (promotions) within each division and section and above all the morale, health and safety of its employees. Leaders of our Armed Forces place the morale of their soldiers first and foremost. Quoting Love's Bakery CEO Mike Walters "Employees of any company are its greatest asset, not the management team. Without the dedication, loyalty and determination of all employees, no company will prevail nor will it achieve its short- and long-term objectives." Why does Mr. Nakano and his contract executives fail to realize the importance of employee morale? Could they be prejudice toward civil service employees? How does the Civil Service rank and file feel when they see a single contract executive or one of their staff occupy an entire office on the third floor of the public service building when they have lesser accommodations?

HAS THE BWS TODAY LEARNED FROM THE HIGHLY CRITICAL 2006 CITY AUDIT OF THE BWS?

From 1999 to date this new BWS contract executive management style squandered the \$100,000,000 surplus reserve moneys on the grossly overpaid contract executives, their bonuses and 21 percent pay raises, extravagant in-house legal office with its contract lawyer that no other City department has, and the pet projects with no financial returns that Dean Nakano continues to fund. All of which were brought to light in the scathing 2006 City Audit of the BWS that has been ignored by today's BWS Deputy Manager and contract executives. The result of which is an infrastructure with a previously unheard number of main breaks, horrible morale, hostile unhealthy working environment, overpaid contract executives, and the greed and wanting for more and more water rate increases.

Mr. Nakano said there was a 40 percent increase in main breaks in the past three years. Before asking citizens for more moneys, Mr. Nakano should fix the many internal concerns. For instance: on May 23, 2011, myself and four others to include a contract executive and HGEA union steward witnessed one person on Mr. Nakano's staff saying "she was aware of plant operations control center workers deliberately raising main pressures breaking mains to provide overtime for their friends." How many more questionable internal problems that may affect the BWS's performance are Mr. Nakano not aware of or ignoring because it is easier to raise water rates? It is human nature for bad morale to foster an uncaring retaliatory attitude.

DOES THE BWS MAINTAIN STRICT COMPLIANCE WITH THE CITY BID PROCESS?

The bid process is another valuable time-tested money saving process when purchasing costly vehicles, equipment, office machines, computers, office and shop tools, parts, etc.

WHY HAVE A BWS HUMAN RESOURCES OFFICE?

Why does Mr. Nakano blindly support the continued employment of the contract executives? Is Mr. Nakano aware employees accuse BWS Human Resources (HR) of being unqualified and lack City supervisory training? Does Mr. Nakano know that HR is using its position and power to demoralize and suppress civil service employees? Does Mr. Nakano know HR is accused of altering position descriptions to exclude interdivision/section promotions for civil service employees, humiliating supervisors by doing their own redundant disciplinary investigation and suspending troubled employees with pay and ignoring established standard office procedures and past practice of opening job opportunities

within the BWS before opening it to the public? Did HR help Finance Contract Executive Paul Kikuchi give his friends BWS civil service positions? Does HR plan to alter position descriptions to exclude civil service progression and fill civil service positions with contract executives and one of Mufi Hannemann's staff that Mr. Nakano put into a Secretary III position? The duties and responsibilities of the BWS HR are redundant in that it duplicates the City and County HR. Therefore to save moneys, the BWS HR should be abolished and taken over by City HR. Additional benefits are fairness, conservative wages and salaries equal to City workers, civil service job openings filled by City standard operating procedures and improved morale for BWS civil service employees.

WHY HAVE A BWS IN-HOUSE LEGAL OFFICE?

Prior to 1998 the Civil Service Division Chiefs were multi-skilled to personally manage the BWS legal affairs within their respective divisions. They worked with the Corporation Counsel and contracted emergency legal needs. Why isn't the overpaid contract executives required to do the same? To further cut costs shouldn't the BWS legal office with its contract executive lawyer also be abolished? No other City department has their own legal office. One well-known BWS Manager prior to 1998 was asked if he would consider in-house counsel. He said, "why buy the cow when all you need is the milk? No respectable manager will burden the customers when the City provides the legal services and we can always contract emergency legalities."

WHY HIRE AND KEEP MUFI HANNEMANN'S STAFF WHEN FUNDS ARE NEEDED ELSEWHERE?

Why did the previous BWS Manager and Mr. Nakano hire Mufi Hannemann's staff on contract and give her the highest Secretary III position that was unfilled for years before Mr. Nakano came to the BWS? Why wasn't the position offered to civil service employees for progression sake? Why did Mr. Nakano renew her contract at a time when moneys are tight? So much so that Mr. Nakano is asking for a 70 percent rate increase.

BWS BROKE THE TRUST OF LAWMAKERS:

Representative Marcus Oshiro said he never thought the BWS would use Senate Bill No. 363, H.D. 1, which became known as Act 40 relating to the failed "Experimental Modernization Projects for the Board

of Water Supply” in the manner in which it has been used. To hire contract executives adding another costly layer of management eventually replacing the financially conservative civil service division chiefs, to include the giving of bonuses and perks of which the moneys should have been allotted for the civil service multi-skill worker program. We believe Representative Oshiro is speaking about broken trust. The BWS Manager, Deputy and the BWS Board continue to break the trust of the citizens of Honolulu and the BWS civil service employees. We are sure the Representative continues to regret seeing the continuing use of ratepayers moneys to fund the contract executives, \$489,000 spend on lobbyists since 2006 and the astonishing water rate increases, etc., that no other BWS Manager and Deputy Manager before 1998 imposed on the citizens.

IS PUNISHING CITIZENS BY RAISING WATER RATES THE ONLY OPTION? WHY DOESN'T MR. NAKANO CONSIDER MAKING MONEY BY OTHER MEANS AT THE SAME TIME HELP THE CITIZENS AND CITY AND STATE EMPLOYEES?

In 1998 during the BWS Employees' Annual Meeting concerning possible privatization, to counter this, then BWS Manager Clifford Jamile said we needed moneys. I suggested the BWS look into the bottled water business. Mr. Jamile said, "It was a good idea and would look into it." About three years ago, I saw BWS employee Barry Usugawa on a BWS television commercial saying "the BWS is looking into the bottled water business." Clifford Jamile said the same thing about nine years ago. Mr. Nakano why did you find it necessary to do a money wasting television commercial to say something the BWS never intended to do since 1998? Could it be that you are trying to pacify the citizens into thinking the BWS is doing good for them? Why is the BWS unable to do what a handful of people can do to form the Aloha and Menehune Water Companies? This is another example of broken trust.

Why not undertake construction of a multi-level parking and business office building on the Beretania BWS parking lot property. The lower levels can offer parking for BWS related vehicles, City, State and Queen's Hospital parking. The higher levels can be leased to Queens Hospital and other businesses. The funding of this facility should be accomplished only by floating bonds and not by raising water rates to prevent diverting moneys to another questionable cause. The leasing of parking spaces and business offices will be very profitable for the BWS as long as the agency exists.

A time proven cost control measure to end waste and gain physical responsibility without raising water rates for years to come is to

reestablish the Management Budget Office answerable only to the BWS Manager and Chief Engineer. A previous MBO Chief may be available to be a consultant.

ONE MAINBREAK A DAY OR A WEEK WAS UNHEARD OF BEFORE 1998:

This was due to the high morale, respect and support given to the civil service employees by the BWS Managers, Deputies and Civil Service Division Chiefs. The harmonious and healthy working environment they created inspired the old timers to have pride in their workmanship and willingly passed down their experience and knowledge from generation to generation. After 1998 this all changed with the introduction of today's self-serving, suppressive style of management created by the contract executives, BWS Manager, Deputy and Board Members who support them. Promises to the employees that the contract executives would leave after helping the Division Chiefs improve their work processes and bonuses of \$25,000 for early retirement were broken. Low morale and hostile working conditions forced an exodus of civil service employees before they could pass down their wisdom.

After retiring when the rank and file felt safe to talk, we asked them why they left after receiving the additional multi-skilled worker (MSW) pay? Many rank and file said "there chicken sh*t! The contract bosses can get six figure pay, bonuses and unreal pay raises instead of bonuses after they get caught on the bonuses and we get scrapes and harassment. I had enough so what I loose some money. Now at least I don't work for them." Others said, "you think I going stick around and get killed by a multi-skilled worker operating a backhoe?"

An overhaul of BWS top management to include the Board Chair thereafter asking the old timers to return on consignment to teach the employees today to include asking previous BWS Managers like George Yuen to return and reinstate the Management and Budget Office with previous Division Chief Alan Fujimoto on consignment may be the solution to the BWS' woes.

STEP DOWN FOR HONOR SAKE:

Again as mentioned earlier, we request that Mr. Chung step down honorably from being Board Chair and give someone with successful BWS experience to have a chance at governing the troubled BWS. Our request is a fair request considering Mr. Chung had many years since 2004 to govern the BWS in a financially conservative and profitable

manner in the best interest of the water ratepayers. Unfortunately he wasn't successful.

IN NEED OF ANOTHER BWS AUDIT:

The BWS Board, Mayor Carlisle or the City Council should conduct an independent audit of the BWS to reveal the areas of financial waste. This time unlike in December of 2006 the City Council should give itself the authority to dismiss the BWS Manager and Deputy for misuse of public trust and funds if the audit is like that of 2006.

It is a shame what the BWS has become. The BWS is out of control and no longer an agency with a standard of excellence and honor its internal and external customers can trust.

THE BWS IS IN DIRE NEED OF AN OVERHAUL -- NOT ANOTHER RATE INCREASE!

Star Advertiser

Cash flows from Board of Water Supply to lobbyists

The agency in charge of pipelines and reservoirs spends money from ratepayers to track legislation

By Derrick DePledge

POSTED: 01:30 a.m. HST, Jul 31, 2011

The Honolulu Board of Water Supply, which wants to raise rates on consumers 70 percent over five years, is among the top spenders on lobbying by Hawaii public agencies.

The board has spent more than \$489,000 since 2006 on lobbyists at the state Legislature and the City Council, according to state and city ethics reports. But the agency said it might stop hiring lobbyists next year as the board tries to contain costs while it prepares to increase rates.

The semiautonomous board tracks a range of water policy, land use and bond-finance legislation. The board has hired lobbyists even in years when there were few urgent or pressing issues at the state Capitol and Honolulu Hale, a luxury that has become difficult to justify.

Dean Nakano, the board's acting manager, said he would recommend against hiring lobbyists next year.

"In my present capacity, I have no inclination of extending it or going forth with another (lobbyist)," he said.

The board has proposed a 70 percent water rate increase over five years to help maintain and replace aging infrastructure, the first rate increase since 2006. While Oahu's water rates are significantly lower than those of many metropolitan areas, the potential rate hike has caused renewed scrutiny of the board's finances.

The Board of Water Supply — which manages

reservoirs and pipelines and delivers more than 150 million gallons of water a day to Oahu consumers — is led by a seven-member board. Five board members are appointed by the mayor and approved by the City Council, and the other two are the director of the state Department of Transportation and the chief engineer of the city's Department of Facility Maintenance.

The board has a manager and a chief engineer with in-house expertise on water policy issues. The board is financed by water rates, not by state or city funding, so it does not have to compete for money every year with other public agencies.

The board has been among the top spenders on lobbying by public agencies, second, since 2006, to the Hawaii Tourism Authority, which has spent more than \$510,000.

Former congressman Charles Djou, who served on the City Council, said it is distressing that a city agency would use ratepayer money to lobby the Council.

"I think this is exhibit No. 1 of waste of money," he said. "And before the Board of Water Supply goes forward trying to foist a massive increase upon the public, they ought to be eliminating this."

Like the Hawaii Tourism Authority, the board has hired lobbyists for their insight into the legislative process and their access to lawmakers. Mike McCartney, president of the HTA, is a former state senator and chairman of the Democratic Party of Hawaii who has friendships with many lawmakers and is a fixture at the state Capitol during session. But the HTA still regularly turns to Jon Okudara, a well-connected lobbyist, to help advance the authority's legislative agenda.

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For the past several years, the Board of Water Supply has hired SPJ Consulting LLC as lobbyists. James Pacopac and Scott Matsuura have represented the board at the Legislature, while Patrick Lee has handled the City Council.

The lobbyists monitor legislation directly related to the board — such as the adoption by the City Council in 2010 of the Koolauloa Watershed Management Plan, or a bill that passed the Legislature in 2009 authorizing the board to issue revenue bonds — along with dozens of other measures that might have impact.

"Most of the time, I would have to say that it's just an awareness. Ninety percent of the time it's purely defensive," Matsuura said of attempting to prevent laws that could overly burden the board with regulation.

While the board manager and chief engineer have expertise on water policy, a lobbyist can detect the behind-the-scenes political pressures that influence which bills move forward. Savvy lobbyists also become part of the fabric at the Capitol and Honolulu Hale, often building social relationships with lawmakers that can benefit their clients over time.

"I do believe that it is essential that you maintain that kind of awareness and those kind of contacts up at the Legislature, because you kind of never know what's about to happen," Matsuura said.

Nakano, the acting board manager, said the board would determine whether in-house staff should handle lobbying.

"Maybe this is something that we can take on ourselves, something that we can do in light of the fact that we have to cut costs where we can," he said. "So we're making a conscious effort to really look at our contracts — the services that we're currently being provided — and take appropriate action."

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City Council should have oversight over Water Board budget

By Charles Djou

POSTED: 01:30 a.m. HST, Jul 27, 2011

The Honolulu Board of Water Supply is out of control. Over the past several years, BWS has had problems with overpaying management, vague workplace rules and lax fiscal standards. Now BWS seeks a rate increase totaling 70 percent over five years.

The time has come for the Honolulu City Council to re-examine the level of oversight it should be exercising over BWS operations. Currently, the mayor appoints and the City Council confirms the members of the board. Unfortunately, the mayor and Council have failed to hold the board accountable or carefully scrutinize its spending habits.

Today, BWS is asking the public to stomach a whopping 70 percent increase in water rates. If any other public body, whether it be the U.S. Congress, the Legislature or the City Council, were to seek a 70 percent increase in taxes, the response by the public at the polls would be swift and clear.

If BWS actually needs a 70 percent increase for repairing and maintaining our water system, the Council needs to call BWS management on the carpet to ask how and why maintenance was neglected for so long and matters were allowed to fall into such a terrible state of disrepair. If the 70 percent is not needed, and BWS is only asking for a financial cushion for prospective future work, the Council needs to ask management why it thinks this rate increase is a good idea to foist upon local families in the middle of a recession. In either case, this is a clear sign of poor management at BWS.

In 2006, The Honolulu Advertiser reported that more than \$500,000 was awarded to BWS executives in bonuses. Later that year the city auditor released a report showing poor fiscal controls and general

neglect of the city's water system by BWS.

Almost all local families, non-profits and small businesses over the past several years have tightened their budgets. People have consistently been asked to do much more with much less. Smaller staffs, more outsourcing and an overall budget squeeze are the norm everywhere in Hawaii. Because BWS writes its own budget with no oversight, it has not gone through the same fiscal tightening almost every Hawaii family and other public agencies have gone through. Before asking the public to take a 70 percent rate hike, BWS needs to show the public that it has looked at reducing the size of its workforce and eliminated all unnecessary expenses, such as public affairs lobbying, just as other public agencies have done.

BWS, however, seems not to care, as it is not accountable to the public and the Council refuses to ask the hard questions.

Over the past several years, BWS has paid tens of thousands of dollars to high-priced lobbyists to court the politicians on the Council and at the Legislature. BWS is deathly afraid of the Council amending the charter to give the Council real authority to scrutinize and disapprove BWS' annual budgets.

Now that BWS is seeking to add to the economic misery in Honolulu with a 70 percent water rate increase, it is my hope that the Council will finally wake up and start asking BWS how it is spending the people's money. The mayor and Council, for example, should be asking if BWS could save resources by leasing out its expensive downtown headquarters and moving its offices to West Oahu — something that has never been examined. Another avenue to consider is whether BWS

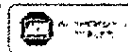
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can find savings by privatizing more of its services.

Finally, BWS should examine if it can reduce the size of its workforce, the way many private companies in Hawaii have done.

Local families and many nonprofit and government agencies in Hawaii have been forced to cut spending in these tough economic times. The time has come for BWS to do the same. The Council should consider amending the City Charter to make BWS accountable to the public by requiring Council approval of BWS' annual budget and of any rate increases proposed by BWS. This is the only way to address BWS' apparent disregard for the public and ultimately make BWS accountable to the people through the elected representatives on the Council.

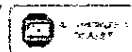
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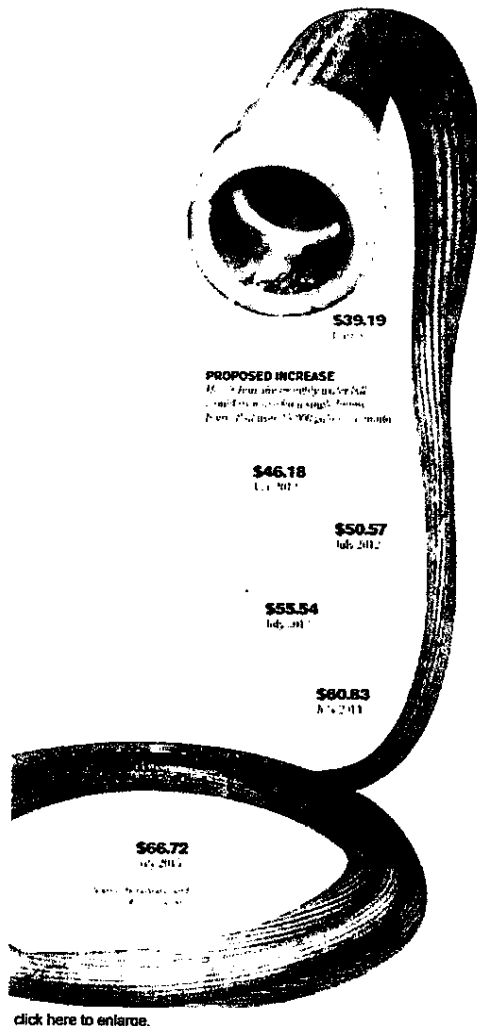
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Rates for water may flow higher

The Board of Water Supply wants a 70 percent increase over 5 years to keep pace with improvements

By Gene Park

POSTED: 01:30 a.m. HST, Jul 21, 2011



click here to enlarge.

The monthly bill for a typical single-family home that uses 13,000 gallons of water would increase by \$27.53, or 70 percent, by mid-2015 if the Honolulu Board of Water Supply gets its way.

On Wednesday, the city's water agency announced its proposal to raise rates by 9.65 percent in each of the next five fiscal years. The first increase would occur in January, when residents would pay an additional 27 cents for every 1,000 gallons of water used.

PROPOSED INCREASE

Here are the proposed water rates per 1,000 gallons:

Now: \$2.79
 January 2012: \$3.06
 July 2012: \$3.35
 July 2013: \$3.68
 July 2014: \$4.03
 July 2015: \$4.42

Source: Honolulu Board of Water Supply

BE HEARD

>> A public hearing on proposed water rates will be held at 2 p.m. Aug. 22 in the Board of Water Supply's board room at 630 S. Beretania St. Public comments are being accepted before that date as well.

"Deferring a rate increase will only result in higher costs down the road," said Kurt Tsue, spokesman for the board. "Our current water rate will not allow us to keep pace with the needed infrastructure improvements. Without a rate increase, our water system and facilities will continue to age,

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resulting in additional water disruptions."

The Board of Water Supply is a semi-autonomous, self-supporting city agency that has to raise its own operating revenue.

Duane Medeiros, who lives with his family in Aiea, said the increase along with the mounting costs of living will hurt his pocketbook further.

"It's hard to really determine who's at fault, but it's just poor management," he said. "They knew (the system) was aging."

The proposed increase will be up for a public hearing next month. The Board of Water Supply's board of directors will then decide on whether to approve the plan.

The board last raised rates in 2006, after approving a similar five-year rate schedule that ended last month. Before the 2006 increase, the last water rate increase had been in 1995.

With the new proposed rates, officials hope to gain an additional \$203 million over five years for capital improvements. The agency has about \$345 million worth of capital improvement projects in its queue, said acting board manager Dean Nakano.

Nakano said there has been a 40 percent increase in water main breaks in the past three years.

Out of almost 2,100 miles of pipeline across the island, about 47 percent are more than 40 years old, the board said.

"We have roughly 21,000 hydrants, 38,000 valves ... all of which need to be repaired and maintained," Nakano said.

Aiea resident Reece Fuse said the financial burden of upgrading infrastructure should not be borne entirely by consumers.

"All I can say is, I better not hear of any more water main breaks or sewage spills four years from now" if the rates increase, Fuse said in an email to the Star Advertiser.

"I am in awe of the Board of Water Supply's audacity to propose such a large rate increase over just 4 years during this tough times," Fuse wrote. "Daily expenses for Hawaii residents keep going up and wages are not. How is one to make ends meet when there seems to be no end to these rising costs?"

The board said its fixed operating costs, which include electricity, fuel and construction materials, have increased over the years while revenue has remained flat.

"Any rate increase we're facing is going to affect all of us. We're all consumers," Nakano said.

The current rate for 13,000 gallons of water per month is \$39.19, including billing charges, a sum that would rise to \$66.72 under the five-year rate schedule, an increase of 70 percent.

The agency's board of directors has the final say on the increase. City Councilwoman Ann Kobayashi said she has talked to the board about the increase.

"They said they're going to be very open and transparent, going to the various neighborhood boards," Kobayashi said. "When you look at it, it doesn't amount to that much. People spend more on bottled water I think."

But Kobayashi said what is more frightening is the water increases coupled with other hikes, including gas, sewage fees and electricity.

She suggested that to curb the water rate increases, the Board of Water Supply move out of its aging Beretania Street location and lease the land for other uses. The parking area could be used for the Queen's Medical Center, she said.

"They don't have to keep going to the ratepayer," Kobayashi said.

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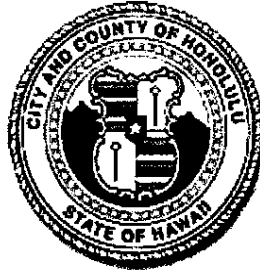
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Star-Bulletin

Vol. 11, Issue 300 - Friday, October 27, 2006



Audit criticizes water agency's urban institute

Office renovations cost \$1.1 million but brought little in return

By Crystal Kua
ckua@starbulletin.com

In December 2000 former Mayor Jeremy Harris wanted to create an urban institute so Asian officials could come to Honolulu for technical expertise on municipal public-works projects.

At about the same time, the Board of Water Supply was considering setting up consulting contracts with countries in the Asia-Pacific region.

By April 2002, just in time for a conference, the two came together to create the Asia-Pacific Urban Institute.

The semiautonomous water agency spent \$1.1 million to renovate an office on the first floor of Kapolei Hale. The expensive renovations included a 60-inch plasma screen TV and "displays relating to the Story of Water," according to a critical audit released yesterday by city Auditor Les Tanaka.

The \$1.1 million investment, the auditor said, brought only \$6,000 from consulting contracts to the water agency, one of the clearest attempts to enhance revenue at the expense of maintaining its water lines. In all, the audit tracked \$78 million of costly business ventures.



Les Tanaka: *He believes the project did not match the Board of Water Supply's aims*

"As we started to look at them, they seem to be kind of nonmoneymaking type of ventures — maybe long term down the road, possibly — but it just didn't seem like a good match for what the Board of Water Supply is basically supposed to be doing," Tanaka said.

Water agency officials have taken exception with the audit, saying some of its information is wrong in several areas.

"We're not defending what the previous administration did or didn't do. What we're doing is looking at the facts of the audit and whether they're accurate and whether their conclusion has merit," water agency spokeswoman Su Shin said. "Do you ding an agency for trying to do new things, for trying innovative things?"

Shin said the agency will be getting reimbursed for the \$1.1 million spent on the urban institute renovation since the Board of Water Supply is not using the space anymore.

The audit covers the 1998-99 fiscal year through the 2004-05 fiscal year, a period when the Board of Water Supply had accumulated a large surplus of cash — with a \$75 million budget carryover — and was looking to reinvent itself to operate more like a private business.

The audit also criticized the \$48 million purchase of the Honouliuli Recycled Water Facility; the \$18 million used to buy and rehabilitate the Ewa Water Shaft; and the \$11 million to fund construction of a water cooling plant for air conditioning at the University of Hawaii medical school.

Tanaka said he could not find any direct corroboration that former Mayor Harris was behind the institute project or any other Board of Water Supply projects.

"But it seemed to be coincidentally close together that we kind of figured that it was probably part of fulfilling the desire of the mayor, too," Tanaka said.

Article URL: <http://starbulletin.com/2006/10/27/news/story09.html>
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Posted on: Friday, October 27, 2006

Water board faulted for execs' bonuses

By Robbie Dingeman
Advertiser Staff Writer

An audit criticizes the Honolulu Board of Water Supply for awarding lucrative bonuses to two top executives before there was much to show for their work.

The audit also found that the water board spent nearly \$75 million on development projects outside its core mission while postponing pipeline maintenance, and undertook a costly restructuring that has yet to deliver discernible benefits and that has left "continuing instability" in the organization.

Further, city auditor Leslie Tanaka noted, the semi-autonomous city agency has been unable to cover its operating costs and just this month began raising rates to customers, with a 13 percent increase.

Clifford Lum, chief engineer for the board, defended the agency yesterday, saying that the auditor relied on some inaccurate information, that the agency is well run and offers water at one of the nation's best rates. There is some change needed to improve every agency, he said.

He also wrote in a lengthy response that the board has proactively managed its organization.

"We specifically challenge the audit report's primary conclusion — that the BWS drained its resources on re-engineering projects at the expense of pipeline maintenance," he said.

As for the rate increase, it had been 11 years since rates were raised, Lum said.

He said a 30 percent increase in such costs as salaries, fuel and construction materials prompted the need for a rate increase, not a reorganization plan that is still continuing.

INCENTIVES PAID

The Advertiser reported in July that the agency gave bonuses of \$63,000 and \$54,000 to the top two executives in 2004. The bonuses were among \$555,763 in incentives given to 49 employees over three years.

The bonuses went to then chief engineer Clifford Jamile and then deputy manager Donna Kiyosaki.

Tanaka said "the previous board of directors awarded bonuses and salary increases to the previous manager and deputy manager before efficiencies were realized."

Lum said he has not issued any additional bonuses since the first ones were reported.

Tanaka also recommended eliminating any bonuses for the deputy manager. Lum said he has already done that.

The Board of Water supply manages, controls and operates the city's waterworks on O'ahu, providing fresh water to more than 902,000 residents and generating an average revenue of more than \$101 million each year for the past seven years.

AUDIT FINDING VS. BOARD'S RESPONSE

The audit of the Honolulu Board of Water Supply criticized the agency for moving away from its traditional core mission with a series of costly business development projects.

The auditor said the projects offered "questionable benefits to ratepayers."

Here are some of the key critiques along with a response from board manager and chief engineer Cliff Lum:

- **Audit:** \$1.4 million to redesign a 5,355-square-foot office space for the Asia-Pacific Urban Institute in Kapolei Hale in an effort to draw consulting work from the Asia-Pacific region. The project generated only \$6,000 in revenues.

Response: Lum thought it was a good concept but "it didn't quite pan out." The Board of Water Supply is being reimbursed for that

Article URL: <http://starbulletin.com/2006/07/28/news/story09.html>
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Star-Bulletin

Vol. 11, Issue 208 - Friday, July 28, 2006

Water officials received bonuses

By Nelson Daranciang
ndaranciang@starbulletin.com

The Honolulu Board of Water Supply paid \$555,763 in incentive bonuses to employees and managers, including former Manager and Chief Engineer Clifford Jamile and outgoing Deputy Donna Kiyosaki.

No bonuses have been paid this year because the pilot program for civil service employees ended last year, and new water supply Manager Clifford Lum deferred bonus payments for executives, "due to the fiscal condition of the Board of Water Supply."

Rising expenses forced the board to raise the rate it charges water users this year after keeping rates the same for the past 11 years.

The board approved bonuses of \$63,000 for Jamile and \$54,000 for Kiyosaki in December 2004 for meeting job performance goals in the previous 18 months. Their annual salaries were \$126,000 for Jamile and \$120,000 for Kiyosaki.

Under the Executive Experimental Modernization Program, Jamile was eligible for an annual bonus of 35 percent of his salary while Kiyosaki was eligible for 30 percent.

Nine other executives, including the agency's chief financial officer, chief operations officer, chief legal counsel, chief human resources officer and chief information officer, received incentive bonuses totaling \$267,504.

Thirty-eight civil service employees received bonuses totaling \$171,259 under the Multi-Skilled Worker Program. Lum said the program, which allows employees to cross-train to do multiple jobs, has been a success as fewer crews are needed to perform repairs, and they get the job done faster.

The agency was able to conduct the Multi-Skilled Worker Program as a pilot project under an agreement with its employees' labor unions, United Public Workers and Hawaii Government Employees Association. The agreement ended last September. Lum said the Board of Water Supply is negotiating a new agreement with the unions to make the program permanent.

Lum believes the program has been successful but that government still needs to do more to attract and retain highly qualified people.

"I think the total compensation is not enough," he said.

The agency is able to pay bonuses to its employees under a state law approved by the Legislature and signed by Gov. Linda Lingle in 2003. The provision applies only to Honolulu BWS.

Honolulu Mayor Mufi Hannemann is opposed to the idea of bonuses and is puzzled how only one agency got

special-interest legislation signed into law, said Bill Brennan, city spokesman.

That is because it was the only agency to reach agreement with UPW and HGEA, said Rep. Marcus Oshiro, who was chairman of the House Labor and Public Employment Committee in 2003.

He said the bill was an outgrowth of civil-service reforms seeking to adopt pay-for-performance models of the private sector. And the Multi-Skilled Worker Program is exactly what the Legislature intended, not to pay bonuses to executives.

"I never imagined that the pay-for-performance principle would be applied to higher-paid administrators," Oshiro said.

He said he was surprised by the amount of those bonuses.

"It's something that we definitely need to look at," Oshiro said.

Article URL: <http://starbulletin.com/2006/07/28/news/story09.html>
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**TESTIMONY
BOARD OF WATER SUPPLY PUBLIC HEARING
AUGUST 22, 2011**

My name is Emory Bush. I am the Chairman of the Board at Hawaiiana Management Company. We manage 600 Associations totaling over 90,000 units.

On behalf of our clients, we are asking you not to raise water rates as you proposed during these difficult economic times for the following reasons:

- A. The Board of Water Supply has raised rates by 60% since 2005 and now proposes another 70% increase for the next five years. Was this 60% increase during the last five years used for operating expenses only. Why didn't the Board use some of this money for reserves and/or capital improvements.
- B. Water and sewer have become the largest expenditure in our Associations' operating budgets. Water and sewer have surpassed insurance, electricity, personnel costs and all others. In addition to water rates, sewer rates have also been raised 300% during the last five years with a 4% increase as part of a multi year increase which went into effect July 1, 2011.
- C. The water and sewer rates for the month of June at a 400 unit building I manage cost each apartment owner \$76. Compare this to a single family average of \$58 a month for water and sewer in New York City which is supposed to be one of the highest rates in the nation. With both sewer and water rates going up every year in Honolulu, a studio apartment could be paying \$100 a month for water and sewer in the near future.

In summary, is there any end in sight for increases for Government services. If you have to raise rates, reduce the amount of increase and spread it out over a period of time. Such a move would greatly help our condominium associations during these tough economic times and especially the seniors who have not had a Social Security or Government retirement increase in two years.

Thank you.



WILLIAM J. AILA, JR.
CHAIRPERSON
WILLIAM D. BALFOUR, JR.
SUMNER ERDMAN
LORETTA J. FUDDY, A.C.S.W., M.P.H.
NEAL S. FUJIWARA
LAWRENCE H. MIIKE, M.D., J.D.

WILLIAM M. TAM
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT
P.O. BOX 621
HONOLULU, HAWAII 96809

Testimony of

WILLIAM M. TAM
Deputy Director

Honolulu Board of Water Supply
Monday, August 22, 2011 (2:00 PM)
Board Room, Public Service Building
630 South Beretania Street,
Honolulu, Hawaii

Item 1: Adoption of Resolution 814. Revisions to the Schedule of Rates and Charges for the Furnishing of Water and Water Service for Fiscal Years (FY) 2012-2106

On behalf of the Hawai'i Commission on Water Resource Management (Commission), we strongly support the proposed revisions to the Honolulu Board of Water Supply water rate schedule and charges.

First, the municipal water infrastructure must be replaced to ensure system reliability. We learned a hard and costly lesson from the deferment of regular maintenance of our City's sewer infrastructure. The proposed rate increase allows the Honolulu Board of Water Supply (BWS) to be proactive and to make the necessary repairs to aging infrastructure now so as to prevent future and costly disruptions in water service.

Presently, we are experiencing water main breaks on a nearly weekly basis. This comes at great cost to the affected households, communities, ratepayers, and the resource itself. Significant quantities of water are wasted every time a pipeline ruptures. The cost of not doing the necessary repairs and upgrades increases over time and is ultimately unacceptable.

Second, the actual dollar rate increase is less than \$2.00 per 1,000 gallons of water for the nominal needs of a single-family residence. We pay much more than that for a cup of Starbucks latte, a movie ticket, or *half* a gallon of gas. Those who choose to drink bottled water are paying the equivalent of \$5,677 for the same amount of water (1,000 gallons). The idea that we would not repair and maintain the water infrastructure that makes us a safe and healthy society is so short sighted and misplaced that it does not deserve serious comment.

Third, we import almost all of our basic needs: oil, food, building, and other materials from outside Hawaii. Oil may be replaced with solar, wind, hydro sources. There are multiple choices in building materials. Many resources have substitutes. Water is not one of them. There is no replacement for clean potable drinking water. The one necessity for all life is water. We can not import it (save in very small quantities). On an island, we must ensure that clean potable water remains available and accessible to **all** to use. It is critical to sustain each one of us and to ensure a stable society. Any argument to the contrary is frivolous.

Fourth, with vital public infrastructure, the most basic rule is very simple: First Things First. Delivering clean potable water is one of the hallmarks of a civilized society. Its absence is one of the largest public health problems in the world. In Honolulu, we are fortunate to have a first-class public water system. The current proposal is to pay less than \$5 a month more to meet the essential needs of each residential household.

Fifth, even with the proposed rate increase, water is still not priced to encourage conservation. Water is not an unlimited resource. The withdrawal of water from our watersheds has significant external effects that are not reflected in either the current or proposed rate structures. The underlying ecological costs to our society in terms of water quantity depletion, environmental degradation, and land use consequences are not currently being adequately addressed or mitigated. We expect to investigate this issue in the near future and will be discussing with you how everyone can begin to share and bear their fair cost to maintain the ecosystem services which collect our rain and maintain our aquifers.

In summary, the Commission **strongly supports** BWS's proactive actions to address infrastructure needs now. These steps are essential. They should not be delayed.

Thank you.

Nancy Tano

From: Nicole [notyouraveragemail@gmail.com]
Sent: Monday, August 22, 2011 1:48 PM
To: Communications
Subject: About 70% increase

The following is being sent for a customer of mine. Please read. I am a small business owner and am struggling to stay in business. Added expenses will only make it more difficult. Please contact her about this if any questions.

Mahalo,
 Nicole

August 22, 2011

To: Board of Water Supply
From: Mary Esther Correa
Re: The Water & Sewer sky-high rate increase

I'm a retired disabled high school teacher. A lot of my friends and neighbors are complaining about this terrible water/sewer impending rate increases during these hard recessional economic times. C.E.O.'s, politicians, the wealthy upscale citizens and the water/sewer supervisors are obnoxious, uncaring people who are proposing this sky-high 70% rate increase. My water/sewer bill was over \$300 for 2 months. This simply is outrageous! These people was to conduct business are usual. They have no clue about the remaining fewer property owners and tax payers who have to bear the increases including electricity and gas etc. WAKE UP!

Several years ago on Kuhina Street in Ewa Beach, we had to endure the horrendous pounding noise of the sewer lines being replaced. I thought it was good that the sewer and water lines were finally being replaced. A few months later thought there goes the pounding again. I went out to inquire about the NOISE -- "Now what?" I asked. They responded, oh the sewer and water lines have to be replaced. Why I asked? They were already replaced a few months ago?? Oh, replied the supervisor. The first time the lines weren't placed deep enough, therefore they have to be dug up to move and be replaces at the right depth.

"Wasteful and thoughtless! Waste of taxpayers monies!", I said!

This increase must STOP for us property owners and taxpayers.

Halt the unsightly Rail and use those monies for the water and sewer line replacement. Common sense, fix our infrastructure first! By the time the final expense of the rail, the cost for water and sewer will have gone up 70%. Who is going to carry the burden?? Who will pay?? Hawaiian citizens are losing their jobs, homes, savings, stocks and soon you can expect a large exodus of homeowners

becoming homeless and joining that increasing population. Who is going to pay?? The few of us that are left, especially the large senior population and struggling small businesses! You can't have "business as usual." Stop and see what's happening to our economy! WAKE UP!

Mahalo,

Mary Esther Correa
91-945 Kuhina Street
Ewa Beach, HI 96706
808-689-4651

--

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Nancy Tano

From: TERRY SCHEIDT [terryrs@hotmail.com]
Sent: Monday, August 22, 2011 1:59 PM
To: Communications
Subject: PROJECTED RATE INCREASE

TO BWS,

NO RATE INCREASES UNTIL BWS REDUCES ALL PAY GRADES
EQUAL TO THE INCREASE IN RATES THEY ARE REQUESTING TO
BE CONTINUED UNTIL BWS DEALS IN REALITY.

FOR 3 YEARS MOST ANYONE HAS RECEIVED A COST OF LIVING
OR RAISE WITH INCREASED COST TO WORKERS TO COVER
FRINGE BENEFITS.

HOW CAN YOU JUSTIFY A 70 PERCENT INCREASE IN RATES
W/O CONSIDERING THE IMPACT ON HONOLULU RATE PAYERS.

EXAMPLE, WWTP FOR THE PAST 6 YEARS IMPLEMENTED RATE
INCREASES:

2005 - 25%
2006 - 10%
2007 - 25%
2008 - 18%
2009 - 18%
2010 - 15%

THIS TOTALS OVER 100 PERCENT IN INCREASE AND NOW YOU
PROPOSE TO DO THE SAME.

I CANNOT SUPPORT ANY RATE INCREASE.

TERRY SCHEIDT-672-3369

“August 22, 2011

ADOPTION OF
RESOLUTION
814, 2011

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

Chairman and Members:

Subject: Adoption of Resolution No. 814, 2011, Revisions to the
Schedule of Rates and Charges for the Furnishing of
Water and Water Service For Fiscal Years (FY) 2012–2016
(effective January 1, 2012 through June 30, 2016)

We recommend adoption of Resolution No. 814, 2011, relating to the
Schedule of Rates and Charges for the Furnishing of Water and Water
Service (the “Schedule”) for Fiscal Years (FY) 2012-2016 (effective
January 1, 2012 through June 30, 2016).

In summary, the proposed Schedule increases the Billing and Quantity
Charges by 9.65 percent effective January 1, 2012, with subsequent
increases of 9.65 percent effective on July 1, 2012, July 1, 2013, July 1,
2014 and July 1, 2015.

All other portions of the Schedule, such as standby charge, on-site
distribution tariff, power cost adjustment and environmental regulations
compliance fee cost adjustment and Water System Facilities Charges will
remain unchanged.

A public hearing to consider the revisions was held on August 22, 2011. A
true and correct copy of the public hearing notice is attached hereto.

We recommend the adoption of Resolution No. 814, 2011, relating to the
Schedule of Rates and Charges for the Furnishing of Water and Water
Service.

Respectfully submitted,

/s/ Dean A. Nakano
DEAN A. NAKANO
Acting Manager

Attachments”

AFFIDAVIT OF PUBLICATION

IN THE MATTER OF NOTICE OF PUBLIC HEARING

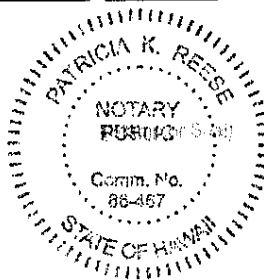
STATE OF HAWAII }
 } SS.
City and County of Honolulu }

Doc. Date: AUG 11 2011 # Pages: 1

Notary Name: Patricia K. Reese First Judicial Circuit

Doc. Description: Affidavit of
Publication

Patricia K. Reese AUG 1
Notary Signature Date



Rose Rosales being duly sworn, deposes and says that she is a clerk, duly authorized to execute this affidavit of Oahu Publications, Inc. publisher of The Honolulu Star-Advertiser and MidWeek, that said newspapers are newspapers of general circulation in the State of Hawaii, and that the attached notice is true notice as was published in the aforementioned newspapers as follows:

Honolulu Star-Advertiser 1 times on:
08/11/2011

Midweek Wed. 0 times on:

 times on:

And that affiant is not a party to or in any way interested in the above entitled matter

Rose Rosales

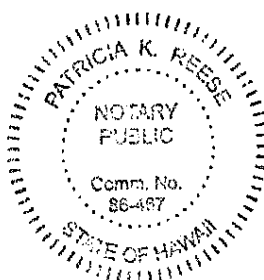
Subscribed to and sworn before me this 11th day

of Aug A.D. 20 11

Patricia K. Reese
Patricia K. Reese, Notary Public of the First Judicial Circuit, State of Hawaii

My commission expires: Oct 07 2014

Ad # 0000336568



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 MONDAY, AUGUST 22, 2011, 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 Schedule of Rates and Charges of the Board of Water Supply for the Fiscal Years (FY) 2012 through 2016. Information to be discussed at this public hearing is available at Room 201 of the Public Service Building, Board of Water Supply, 630 South Beretania Street. All comments on or suggested changes to the proposed FY 2012 - 2016 Schedule of Rates and Charges 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 Alison Kawata or Donna Lee at 748-5100, 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 questions, please call 748-5100.

Any disabled person requiring special assistance who plans to attend the public hearing, may contact Alison Kawata or Donna Lee at 748-5100, no later than August 16, 2011, so that appropriate accommodations can be provided.

BOARD OF WATER SUPPLY CITY AND COUNTY OF HONOLULU

PROPOSED REVISION TO THE SCHEDULE OF RATES AND CHARGES FOR THE FURNISHING OF WATER AND WATER SERVICE

Billing Charge

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

January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
\$6.40	\$7.02	\$7.70	\$8.44	\$9.26

Quantity Charge

In addition to the billing charge, there is a charge for all water drawn for each 1,000 gallons effective as follows:

Single Family Residential (Monthly Per Unit)	January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
Block 1 (Gallons) First 13,000 or any part thereof	\$3.06	\$3.35	\$3.68	\$4.03	\$4.42
Block 2 (Gallons) 13,001 - 30,000 or any part thereof	\$3.68	\$4.04	\$4.43	\$4.86	\$5.33
Block 3 (Gallons) Over 30,000	\$5.49	\$6.02	\$6.61	\$7.24	\$7.94
Multi-Family Residential (Monthly Per Unit)	January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
Block 1 (Gallons) First 8,000 or any part thereof	\$3.06	\$3.35	\$3.68	\$4.03	\$4.42
Block 2 (Gallons) 8,001 - 22,000 or any part thereof	\$3.68	\$4.04	\$4.43	\$4.86	\$5.33
Block 3 (Gallons) Over 22,000	\$5.49	\$6.02	\$6.61	\$7.24	\$7.94
Non-Residential (Monthly Per Unit)	January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
All Usage	\$3.43	\$3.76	\$4.13	\$4.53	\$4.96
Agricultural * (Monthly Per Account)	January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
Block 1 (Gallons) First 13,000 or any part thereof	\$3.06	\$3.35	\$3.68	\$4.03	\$4.42
Block 2 (Gallons) Over 13,000	\$1.31	\$1.43	\$1.57	\$1.72	\$1.89
Non-Potable **	January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
All Usage	\$1.71	\$1.88	\$2.06	\$2.26	\$2.47

* To obtain Agricultural Quantity Charges, a service holder must submit a written application each fiscal year to the Board of Water Supply and furnish satisfactory proof that they are engaged in crop production, stock raising or dairy farming on a commercial basis. Each approved application shall continue in effect entitling the service holder to these charges for the remainder of the fiscal year, until they cease the activities entitling them to these charges, or until new charges are established.
** The Non-Potable Quantity Charge effective from July 1, 1993 shall not supersede existing or individually negotiated non-potable quantity charge agreements.

STANDBY CHARGE: A Standby Charge of \$2,970.00 per month for each million gallon per day (mgd) demand requirement shall apply to private water systems contracting for inter-connection service. Such service shall be provided only for emergency or unscheduled service outages or supply reductions with the intent to protect against interrupted water service supporting normal private system requirements. Water drawn shall be charged at the applicable quantity rate for each thousand gallons or portion thereof. The Manager and Chief Engineer may negotiate alternate charges when appropriate.

ON-SITE DISTRIBUTION TARIFF: Consumers may be assessed an On-Site Distribution Tariff for Department maintenance of property piping if they elect to have the Board provide such service. Maintenance shall be limited to repair and renewal of "after the meter" service appurtenances eligible for coverage.

POWER COST ADJUSTMENT: When total electricity costs to the Board of Water Supply exceeds 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 \$600,000 incremental overage, or any fraction thereof, in the following fiscal year rate.

ENVIRONMENTAL REGULATIONS COMPLIANCE FEE COST ADJUSTMENT: The Quantity Charge may be increased \$0.01 per 1,000 gallons for each \$600,000 or fraction thereof 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.

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 814, 2011

**RESOLUTION ADOPTING REVISIONS TO THE
SCHEDULE OF RATES AND CHARGES
FOR THE FURNISHING OF WATER AND WATER SERVICE
FOR FISCAL YEARS (FY) 2012-2016
(EFFECTIVE JANUARY 1, 2012 THROUGH JUNE 30, 2016)**

WHEREAS, after notice of publication, a public hearing was held by the Board of Water Supply on August 22, 2011, for the purpose of considering proposed revisions to the Schedule of Rates and Charges for the Furnishing of Water and Water Service; and

WHEREAS, the proposed Schedule of Rates and Charges will increase the Billing and Quantity Charges by 9.65 percent effective January 1, 2012, with subsequent increases of 9.65 percent effective on July 1, 2012, July 1, 2013, July 1, 2014 and July 1, 2015; and

WHEREAS, testimonies presented at said hearing and received in writing through August 22, 2011 on the proposed revisions were given due consideration;

NOW, THEREFORE, BE IT RESOLVED by the Board of Water Supply, City and County of Honolulu, that the Schedule of Rates and Charges be revised as attached hereto and that said rates and charges shall be effective from January 1, 2012 through June 30, 2016.

ADOPTED:

RANDALL Y. S. CHUNG
Chairman

Honolulu, Hawaii
August 22, 2011

**PROPOSED REVISION TO THE SCHEDULE OF RATES AND CHARGES
FOR THE FURNISHING OF WATER AND WATER SERVICE**

Billing Charge

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

January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
6.40	\$7.02	\$7.70	\$8.44	\$9.26

Quantity Charge

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Multi-Family Residential (Monthly Per Unit)	January 1, 2012	July 1, 2012	July 1, 2013	July 1, 2014	July 1, 2015
Block 1 (Gallons) First 9,000 or any part thereof	\$3.06	\$3.35	\$3.68	\$4.03	\$4.42
Block 2 (Gallons) 9,001 - 22,000 or any part thereof	\$3.68	\$4.04	\$4.43	\$4.86	\$5.33
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All Usage	\$1.71	\$1.88	\$2.06	\$2.26	\$2.47

* To obtain Agricultural Quantity Charges, a service holder must submit a written application each fiscal year to the Board of Water Supply and furnish satisfactory proof that they are engaged in crop production, stock raising or dairy farming on a commercial basis. Each approved application shall continue in effect entitling the service holder to these charges for the remainder of the fiscal year, until they cease the activities entitling them to these charges, or until new charges are established.

** The Nonpotable Quantity Charge effective from July 1, 1993 shall not supersede existing or individually negotiated nonpotable quantity charge agreements.

STANDBY CHARGE: A Standby Charge will be negotiated by the Manager and Chief Engineer with private water systems contracting for inter-connection service. Such service shall be provided only for emergency or unscheduled service outages or supply reductions with the intent to protect against interrupted water service supporting normal private system requirements. Water drawn shall be charged at the applicable quantity rate for each thousand gallons or portion thereof.

ON-SITE DISTRIBUTION TARIFF: Consumers may be assessed an On-Site Distribution Tariff for Department maintenance of property piping if they elect to have the Board provide such service. Maintenance shall be limited to repair and renewal of "after the meter" service appurtenances eligible for coverage

POWER COST ADJUSTMENT: When total electricity costs to the Board of Water Supply exceeds 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 \$600,000 incremental overage, or any fraction thereof, in the following fiscal year rate.

ENVIRONMENTAL REGULATIONS COMPLIANCE FEE COST ADJUSTMENT: The Quantity Charge may be increased \$0.01 per 1,000 gallons for each \$600,000 or fraction thereof 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.

DISCUSSION

In response to the Board members questions, Acting Manager, Dean Nakano replied:

1. they are presently in the beginning stage of discussions with the Department of Environmental Services (ENV) and the Department of Community Services (DCS) regarding life-line rates;
2. the 2006 rate increase ended June 30, 2011;
3. there was a period of 11 years from 1996 to 2006 of no rate increases; prior to that from 1976 to 1995, water rate increases totaled 208%, averaging 9.95% a year;
4. it would have been presumptuous to include, in the FY2012 budget, any additional revenues before the rate increase was approved; if the proposed rate increase is approved, the Department would prepare a revised list of capital projects, and hold a public hearing to amend the FY12 budget as appropriate;
5. the State's Department of Land and Natural Resources (DLNR), Commission on Water Resource Management (CWRM), has broad oversight statewide, in terms of water resource protection and management. The BWS, like other water use permittees, files an application with the Water Commission for the allocation of water within designated water management areas. Private water systems, which are regulated by the PUC, are also required to get a water use permit from the Water Commission;
6. the 9.65% proposed rate increase resulted from a cost of service study done by an independent firm that looked at the operating and capital program budget projections which would be implemented over the next five years;
7. the Department has looked at other resources to save money. Such as the Multi-Skilled Worker (MSW) program, which has saved the Department over a million dollars in terms of lower overtime costs, staffing requirements and increased efficiency. Other alternate measures to offset rate payer increases have been looked at such as developing the Beretania property. This option will require many steps including looking at alternative locations to relocate the functions and equipment located at this property;
8. besides the estimated replacement of 40 miles of pipeline, the capital program must also take into consideration other core components – booster stations, reservoirs and GAC and their contactors repair and replacement. The Department did consider a more aggressive program to replace more pipelines, but this would require a higher water rate increase;
9. the planning of the Department's proposed five year capital program took into account the necessity to hire additional staff to support the program initiatives and BWS is currently in the process of hiring.

MOTION TO ADOPT

The motion to Adopt Resolution No. 814, 2011, Adopting the Revisions to the Schedule of Rates and Charges for the Furnishing of Water and Water Service for Fiscal Years (FY) 2012-2016 (effective January 1, 2010 through June 30, 2016) failed for lack of a second.

APPROVAL
OF MINUTES

Approval of the Minutes of the Regular Meeting held on July 25, 2011.

MOTION
TO APPROVE

Denise De Costa and Westley Chun motioned and seconded, respectively, to approve the Minutes of the Regular Session Meeting of July 25, 2011. The motion was approved by a majority of the members present.

CORRECTION
TO THE BYLAWS

Board Chairman called for a motion to amend Article III of the Board of Water Supply's ByLaws. By removing the word [appointed], each Board member, including the ex-officios, may vote for a Board Chairman and Vice Chairman in accordance with the Revised Charter of the City and County of Honolulu.

MOTION TO
AMEND

Westley Chun and Denise De Costa motioned and seconded to amend Article III of the Board of Water Supply's ByLaws. Motion was unanimously carried.

ADOPTED TO AMEND ARTICLE III OF THE BOARD OF WATER SUPPLY'S BYLAWS WAS APPROVED AT THE AUGUST 22, 2011 BOARD MEETING			
	AYE	NO	COMMENT
RANDALL Y. S. CHUNG	X		
DENISE M. C. DE COSTA	X		
THERESIA C. MCMURDO			ABSENT
DUANE R. MIYASHIRO	X		
ADAM C. WONG	X		
WESTLEY K. C. CHUN	X		
GLENN M. OKIMOTO			ABSENT

“August 22, 2011

ELECTION OF
VICE CHAIRMAN

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

Chairman and Members:

Subject: Election of the Vice Chairman of the Board of Water Supply
Beginning September 1, 2011

The Bylaws of the Board of Water Supply provides that in addition to the Chairman of the Board, a Vice Chairman shall be elected annually from among and by the appointed members of the Board.

Accordingly, election of a Vice Chairman of the Board commencing September 1, 2011, is now in order.

Respectfully submitted,

/s/ Dean A. Nakano
DEAN A. NAKANO
Acting Manager

NOMINATION
AND MOTION

Westley Chun nominated Denise De Costa for Vice Chair which was seconded by Ms. De Costa. Adam Wong nominated Theresia McMurdo for Vice Chair which was seconded by Randall Chung. The vote was split 3-2 in favor of Ms. De Costa, however, a minimum of four votes is required for a majority.

A new vote was called and by unanimous hand vote, Ms. De Costa was elected Vice Chair commencing September 1, 2011.

DENISE C. DE COSTA WAS ELECTED VICE CHAIRMAN OF THE BOARD OF BOARD OF WATER SUPPLY COMMENCING SEPTEMBER 1, 2011 UNTIL THE NEXT ELECTION			
	AYE	NO	COMMENT
RANDALL Y. S. CHUNG	X		
DENISE M. C. DE COSTA	X		
THERESIA C. MCMURDO			ABSENT
DUANE R. MIYASHIRO	X		
ADAM C. WONG	X		
WESTLEY K. C. CHUN	X		
GLENN M. OKIMOTO			ABSENT

"August 22, 2011

FINANCIAL
UPDATE

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

Chairman and Members:

Subject: Financial Update for the Period Ended July 31, 2011

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

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

Respectfully submitted,

/s/ Dean A. Nakano
DEAN A. NAKANO
Acting Manager

Attachments"

The foregoing was for information only.

DISCUSSION:

Chief Financial Officer, Paul Kikuchi, recapped the July board financials.

Budget vs. Actual
Revenue and Expense Totals
As of July 31, 2011

	YTD Actuals	Adjustment for June made in July	Adjusted YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	11,129,000	1,850,000	12,979,000	13,193,000	(214,000)
Operating Expenses	(5,482,000)		(5,482,000)	(13,294,000)	7,812,000
Net Revenues (expenditures)	<u>5,647,000</u>	<u>1,850,000</u>	<u>7,497,000</u>	<u>(101,000)</u>	<u>7,598,000</u>

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
For the One Months Ending July 31, 2011

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
				REVENUE					
10,617,768.71	100.00	14,943,297.41	100.00	OPERATING REVENUE	10,617,768.71	100.00	14,943,297.41	100.00	28.95-
10,617,768.71	100.00	14,943,297.41	100.00	REVENUE	10,617,768.71	100.00	14,943,297.41	100.00	28.95-
				OPERATING EXPENSES					
2,320,714.27-	21.86	2,373,440.85-	15.88	LABOR COSTS	2,320,714.27-	21.86	2,373,440.85-	15.88	2.22-
401,309.78-	3.78	534,213.20-	3.57	SERVICES	401,309.78-	3.78	534,213.20-	3.57	24.88-
16,387.77-	.15	517.14		SUPPLIES	16,387.77-	.15	517.14		3,268.92-
202.40-		53,450.83-	.36	EDUCATION & TRAINING	202.40-		53,450.83-	.36	99.62-
708,444.01-	6.67	40,928.17-	.27	UTILITIES	708,444.01-	6.67	40,928.17-	.27	1,630.94
31,809.37-	.30	484,572.44-	3.24	REPAIR AND MAINTENANCE	31,809.37-	.30	484,572.44-	3.24	93.44-
780,317.99-	7.35	817,942.81-	5.47	MISC	780,317.99-	7.35	817,942.81-	5.47	4.60-
176,632.05-	1.66	807,635.38-	5.40	RETIREMENT SYSTEM CONTRIBUTIO	176,632.05-	1.66	807,635.38-	5.40	78.13-
162,104.30	1.53	40,832.29	.27	MISC EMPLOYEES' BENEFITS	162,104.30	1.53	40,832.29	.27	297.00
4,273,713.34-	40.25	5,070,834.25-	33.93	OPERATING EXPENSES	4,273,713.34-	40.25	5,070,834.25-	33.93	15.72-
90,501.13-	.85	58,913.36-	.39	NON OPERATING REVENUE AND EXPE	90,501.13-	.85	58,913.36-	.39	53.62
377,290.47	3.55	252,022.17	1.69	CONTRIBUTION IN AID	377,290.47	3.55	252,022.17	1.69	49.71
3,585,327.18-	33.77	3,562,758.68-	23.84	OTHER EXPENSES	3,585,327.18-	33.77	3,562,758.68-	23.84	.63
3,045,517.53	28.68	6,502,813.29	43.52	Change In Net Assets	3,045,517.53	28.68	6,502,813.29	43.52	53.17-

Board Of Water Supply
Balance Sheet
As of July 31, 2011

Description	Amounts			Change	
	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	28,310,664.05	29,617,930.49	29,617,930.49	-1,307,266.44	-1,307,266.44
RESTRICTED ASSETS	1,482,637.77	16,977,096.61	16,977,096.61	-15,494,458.84	-15,494,458.84
INVESTMENTS	173,092,644.14	170,566,345.23	170,566,345.23	2,526,298.91	2,526,298.91
OTHER ASSETS	4,190,173.20	4,069,356.13	4,069,356.13	120,817.07	120,817.07
PROPERTY / PLANT	1,156,812,842.49	1,159,107,874.71	1,159,107,874.71	-2,295,032.22	-2,295,032.22
TOTAL ASSETS	<u>1,363,888,961.65</u>	<u>1,380,338,603.17</u>	<u>1,380,338,603.17</u>	<u>-16,449,641.52</u>	<u>-16,449,641.52</u>
LIABILITIES					
CURRENT LIABILITIES	7,610,078.21	25,036,981.39	25,036,981.39	-17,426,903.18	-17,426,903.18
OTHER LIABILITIES	20,098,955.77	21,583,461.64	21,583,461.64	-1,484,505.87	-1,484,505.87
BONDS PAYABLE, NONCURRENT	319,116,870.59	319,700,620.59	319,700,620.59	-583,750.00	-583,750.00
LIABILITIES	<u>346,825,904.57</u>	<u>366,321,063.62</u>	<u>366,321,063.62</u>	<u>-19,495,159.05</u>	<u>-19,495,159.05</u>
NET ASSETS					
RETAINED EARNINGS	342,410,951.70	336,919,456.95	336,919,456.95	5,491,494.75	5,491,494.75
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66		
RESERVE FOR ENCUMBRANCES	77,068,314.19	82,559,808.94	82,559,808.94	-5,491,494.75	-5,491,494.75
CURRENT YEAR CHANGES TO FU	2,949,959.53	-95,558.00	-95,558.00	3,045,517.53	3,045,517.53
NET ASSETS	<u>1,017,063,057.08</u>	<u>1,014,017,539.55</u>	<u>1,014,017,539.55</u>	<u>3,045,517.53</u>	<u>3,045,517.53</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,363,888,961.65</u>	<u>1,380,338,603.17</u>	<u>1,380,338,603.17</u>	<u>-16,449,641.52</u>	<u>-16,449,641.52</u>

Board Of Water Supply
Budget vs Actual Appropriation Budget - Total BWS Summary

8/10/2011

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CIFIS 12820-3021

AS OF 7/31/2011

OPER UNIT ALL
BUSINESS UNIT ALL

YTD-TO-DATE				FOR THE FISCAL YEAR					
YTD Actuals	YTD Budget	Avail/ (Over)	%	Object Description	Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>11,129</u>	<u>13,193</u>	<u>2,064</u>	<u>15.64</u>	<u>REVENUE</u>	<u>11,129</u>		<u>159,411</u>	<u>148,282</u>	<u>93.02</u>
OPERATING EXPENSES:									
2,471	3,631	1,160	31.95	Personnel Services	2,471		43,732	41,261	94.35
MATERIALS AND SUPPLIES									
258	1,438	1,180	82.06	Services	106	152	13,297	13,039	98.06
56	553	497	89.87	Supplies	16	40	7,269	7,213	99.23
	38	38	100.00	Education & Training			463	463	100.00
	1	1	100.00	Utilities			10	10	100.00
88	517	429	82.98	Repairs & Maint	4	84	6,854	6,766	98.72
(77)	733	810	110.50	Misc	(108)	31	10,028	10,105	100.77
	193	193	100.00	Equipment			2,920	2,920	100.00
1,745	1,882	137	7.28	Debt Service	1,745		22,577	20,832	92.27
FIXED CHARGES:									
6	2,337	2,331	99.74	Utilities	6		28,043	28,037	99.98
275	275			Case Fees	275		3,300	3,025	91.67
532	588	56	9.52	Retirement System Contribution	532		7,055	6,523	92.46
128	1,108	980	88.45	Misc Employees' Benefits	128		13,293	13,165	99.04
<u>5,482</u>	<u>13,294</u>	<u>7,812</u>	<u>58.76</u>	<u>TOTAL OPERATING EXPENDITURES</u>	<u>5,175</u>	<u>307</u>	<u>158,841</u>	<u>153,359</u>	<u>96.55</u>
5,647	(101)	(5,748)		NET REVENUES (EXPENDITURES)	5,954	(307)	570	(5,077)	

ITEM FOR INFORMATION NO. 2

BOARD OF WATER SUPPLY

City and County of Honolulu

RECRUITMENT AND SEPARATION STATUS

As of August 16 2011

Total Filled Positions	517
Total Vacant Positions	157
Total Positions Under Recruitment (Phase 1)	54

Status of Positions Under Recruitment

Pending DHR Classification Action	5
Pending DHR Open List	8
Pending Updated PD	2
Pending IDCE	0
Pending Interview Questions	20
Pending Interviews	18
Anticipated Starts	1

Month	Filled	Separated
April, 2011	5	1
May, 2011	4	13
June, 2011	2	7
July, 2011	4	0
August, 2011	15	2

Legend:

DHR = Department of Human Resources, City and County of Honolulu

IDCE = Intra-Departmental Competitive Examination

PD = Position Description

DISCUSSION: Acting Manager, Dean Nakano, announced several division chief positions have been filled and he is continuing to fill other vacant program administrator positions.

"August 22, 2011

GROUNDWATER
LEVELS

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

Chairman and Members:

Subject: Status Update of Groundwater Levels at Index Stations

One aquifer index well is within a low groundwater status level for the production week that ended on August 6, 2011. Kaimuki is under an alert condition. The weekly production average for the period was 141.70 million gallons per day.

The Board of Water Supply rainfall index for the month of July was 83 percent of normal with a 5-month moving average of 132 percent. As of August 9, 2011, the U.S. Drought Monitor indicates no drought condition for the island of Oahu although varying levels of drought are occurring from Molokai to the Big Island of Hawaii. The National Weather Service outlook through the end of November is projecting below normal rainfall. Aquifer head levels are still maintaining levels that reflect the lower production rates experienced this year.

Respectfully submitted,

/s/ Dean A. Nakano
DEAN A. NAKANO
Acting Manager

Attachments"

The foregoing was for information only.

DISCUSSION:

Acting Manager, Dean Nakano, reported that during this same time last year, there were five index wells in a low groundwater condition – Kaimuki, Moanalua, Pearl City, Punaluu and Kaluanui – currently there is only one in a cautionary condition.

PUMPAGE, HEAD, AND RAINFALL REPORT

Week of 7/31/11 to 8/06/11

STATION	MGD	HEAD	STATION	MGD	HEAD	STATION	MGD	HEAD		MGD	HEAD
METRO			WINDWARD			EWA-WAIAANAE (CONT)			PH (CONT)		
KULIOUOU	0.00		WAIMANALO I	0.00		MAKAHA IV	0.00		PEARL CITY II	1.14	
WAILUPE	0.00		WAIMANALO II	0.14		MAKAHA V	0.15		PEARL CITY III	0.40	
WAIALAE-IKI	0.00		KUOU I	0.85		MAKAHA VI	0.00		WAIU	1.73	
AINA KOA	0.12		KUOU II	0.09		MAKAHA SHAFT	0.07	14.20	NEWTOWN	1.30	
AINA KOA II	0.88		KUOU III	0.68		KAMAILE	0.00		KAONOHI I	0.81	
WAIALAE SHAFT	0.00		LULUKU I	1.10		WAIAANAE I	0.08		WAIMALU I	0.00	
MANOA II	0.00		HAIKU	0.30		WAIAANAE II	0.78		AIEA	0.67	
PALOLO	1.17		IOLEKAA	0.01		WAIAANAE III	0.00		AIEA GULCH 497	0.50	
KAIMUKI HIGH	3.25	22.49	KAHALUU	0.00		MAKAKILO	1.22		AIEA GULCH 550	0.24	
KAIMUKI LOW	2.05		WAIHEE	0.00		HONOULIULI I	1.25		HALAWA 277	1.57	
WILDER	7.65		KAHANA	0.66		HONOULIULI II	7.26		HALAWA 550	0.00	
BERETANIA HIGH	4.23	23.79	PUNALUU I	0.00	17.06	SUBTOTAL:	12.30		KAHUMANU MTR(-)	0.00	
BERETANIA LOW	1.08		PUNALUU II	3.01		IMPORT FROM PH			KAAMILO FLO MTR (-)	0.00	
KALIH I HIGH	2.53	22.81	PUNALUU III	1.09		KAPOLEI LINE BSTR	0.45		KUNIA I	2.48	19.44
KALIH I LOW	1.18		KALUANUI	0.00		HONOULIULI LB FLOW	13.29		KUNIA II	1.92	
KAPALAMA	1.36		MAAKUA	0.00		EWA BEACH FLOW	3.46		KUNIA III	2.74	
KALIH I SHAFT	8.12		HAUULA	0.17		HONOULIULI I (-)	-1.25		HOAEAE	7.49	
MOANALUA	1.36	19.51				HONOULIULI II (-)	-7.26		EWA SHAFT	0.00	
SUBTOTAL:	34.99		KAHUKU	0.39		SUBTOTAL:	8.69		WAIPAHU INTCON. (-)	-1.80	
			OPANA						EWA-WAIAANAE (-)	-8.69	
IMPORT FROM PH			WAIALEE I	0.00		PEARL HARBOR			PH LOCAL USE:	27.29	
HALAWA SHAFT	12.94	17.21	WAIALEE II	0.43		WAIHAWA	1.09		TOTAL SUBURBAN:	60.08	
KAAMILO	1.21		SUNSET BEACH	0.00		WAIHAWA II	1.91				
KALAUAO	7.63	17.59	SUBTOTAL:	8.92		MILILANI I	2.62		KALAUAO SPRINGS	0.86	
PUNANANI	10.65					MILILANI II	0.00		BARBERS POINT (NP)	1.04	
KAONOHI II	0.00		WIND. EXPORT	0.50		MILILANI III	0.86		GLOVER TUNNEL (NP)	0.24	
WAIMALU II	0.00	16.04				MILILANI IV	1.61				
KAHUMANU	1.03		HALEIWA-WAIALUA			WAIPIO HTS.	0.37		HEAD CONDITION		
HECO WAIU	0.37		HALEIWA	0.01		WAIPIO HTS. I	0.17		CAUTION	ALERT	CRITICAL
MANANA	0.94		WAIALUA	3.38		WAIPIO HTS. II	0.41			Kaimuki	
KAHUMANU FLOW MT	0.00		SUBTOTAL:	3.39		WAIPIO HTS. III	0.14				
KAAMILO FLOW MTR	0.00					WAIPAHU	1.80	19.44			
TOTAL IMP/EXP WAI. INT:	1.80		EWA-WAIAANAE			WAIPAHU II	0.61				
IMPORT FRM WIND:	0.50		MAKAHA I	0.47		WAIPAHU III	0.00				
SUBTOTAL:	37.06		MAKAHA II	0.19		WAIPAHU IV	1.81				
			MAKAHA III	0.84		PEARL CITY SHAFT	0.98	15.39			
TOTAL METRO:	72.05					PEARL CITY I	0.42				

CWRM PERMITTED USE FOR BWS POTABLE SOURCES						PUMPAGE	2011	2010	GRAVITY	2011	2010
WATER DISTRICTS	A	B	C	D	E	SUBURB.	60.08	70.63	SUBURB.	9.20	9.58
	PERMITTED USE	2011	DIFF. B-A	YEAR/ DATE	DIFF. D-A	METRO	72.05	71.10	METRO	0.37	0.37
						TOTAL:	132.13	141.73	TOTAL:	9.57	9.95
HONOLULU	45.27	35.36	-9.91						Manoa	0.17	
WINDWARD	25.21	15.57	-9.64			NUUANU #5			Palolo	0.20	
NORTH SHORE	4.08	4.21	0.13			(rainfall)	2.34"	2.44"	Waim. I&II	0.15	
WAIHAWA	4.27	3.00	-1.27						Waim. III&IV	0.19	
WAIAANAE	4.34	4.30	-0.04						Waihee incl.	1.00	
EWA-KUNIA	15.88	9.73	-6.15						Waihee tun.	3.54	
PEARL HARBOR	92.66	69.54	-23.13						Luluku	0.15	
TOTAL:	191.71	141.70	-50.01						Haiku	0.00	
									Kahalu	2.44	
									Waia. C&C	1.40	
									Waia plant.	0.34	

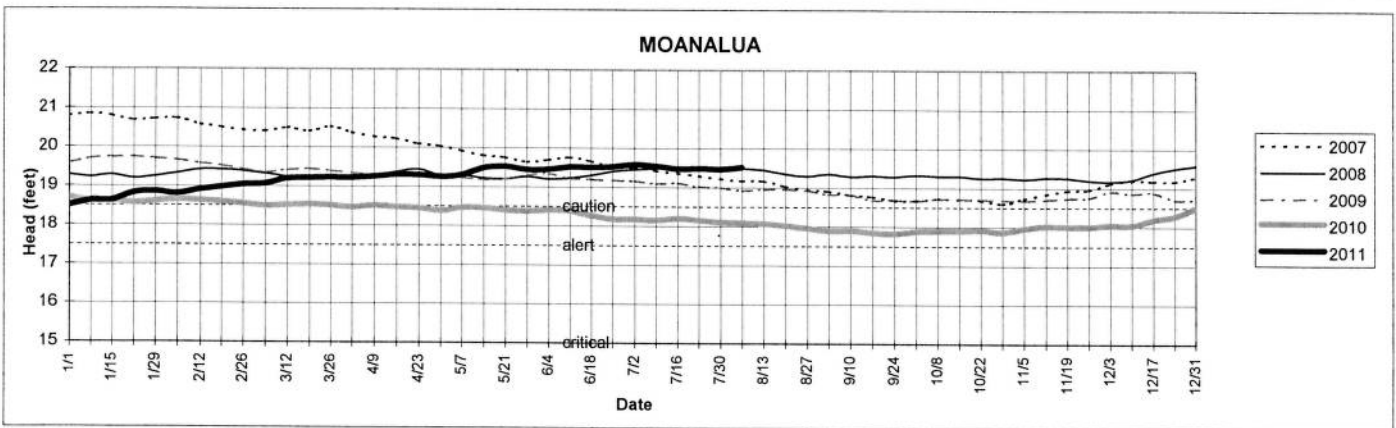
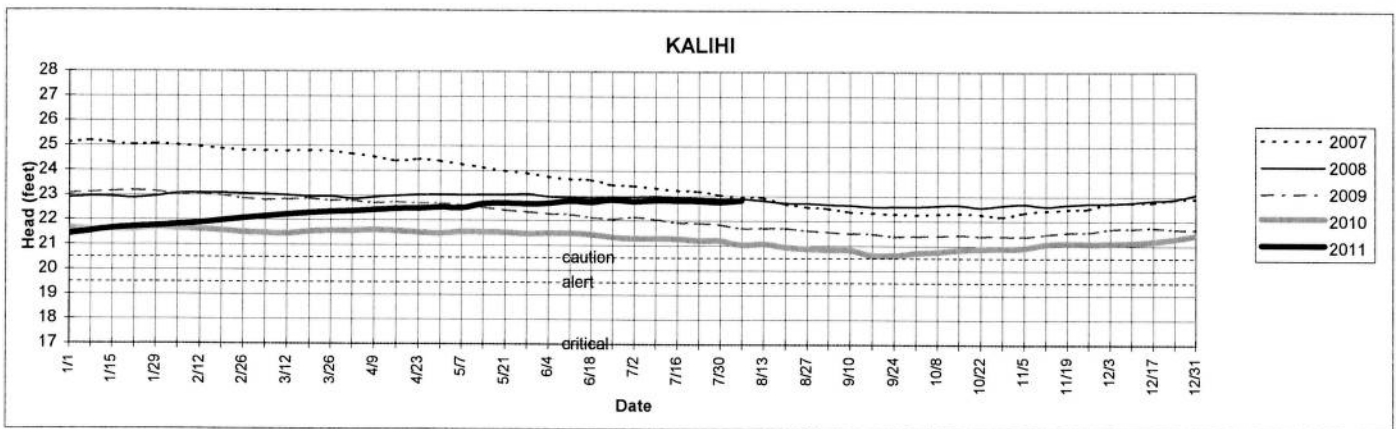
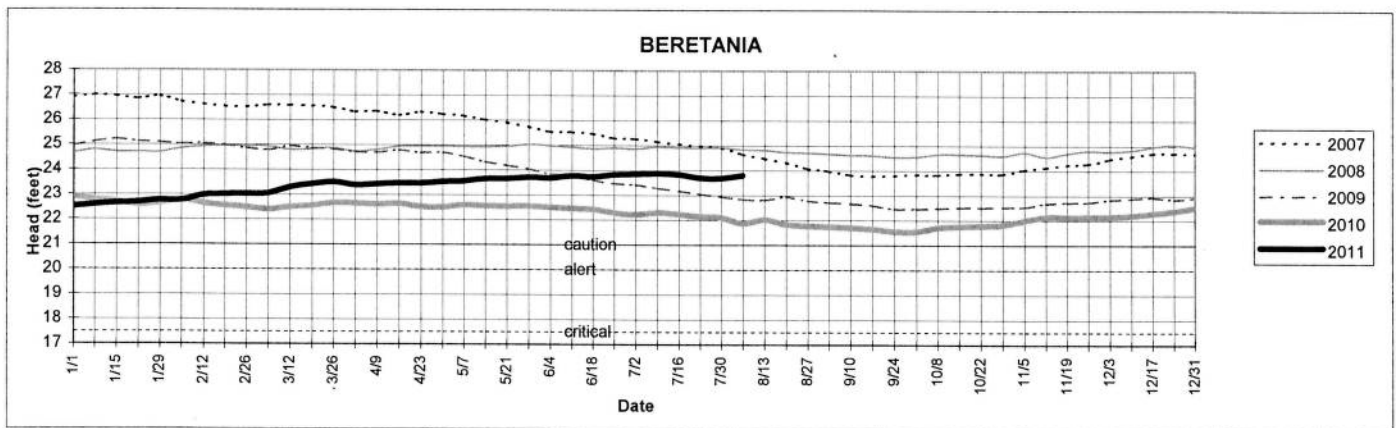
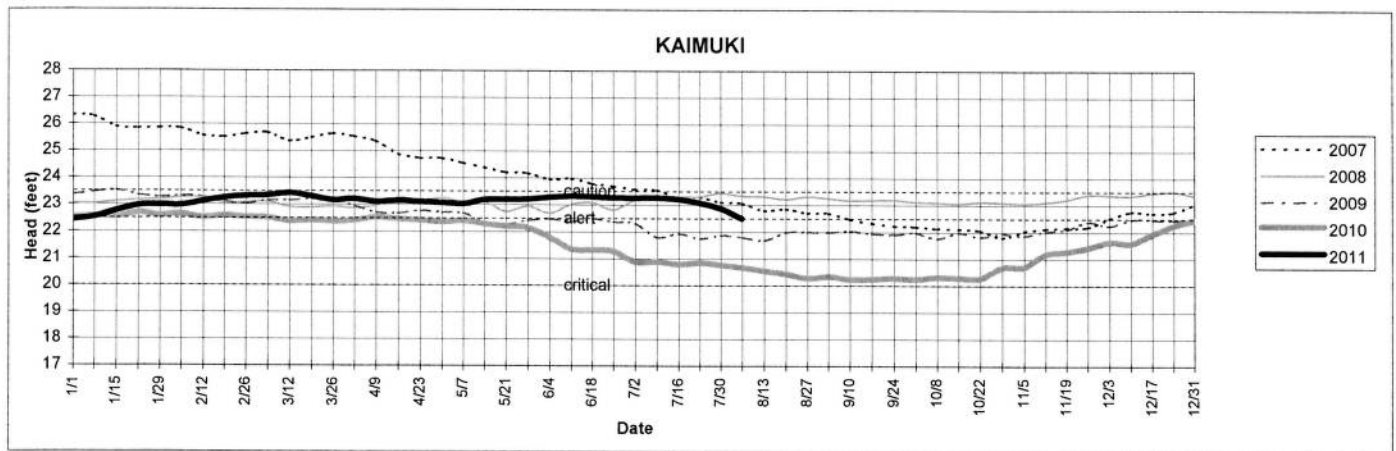
DROUGHT STATUS REPORT
DRAFT IN MGD

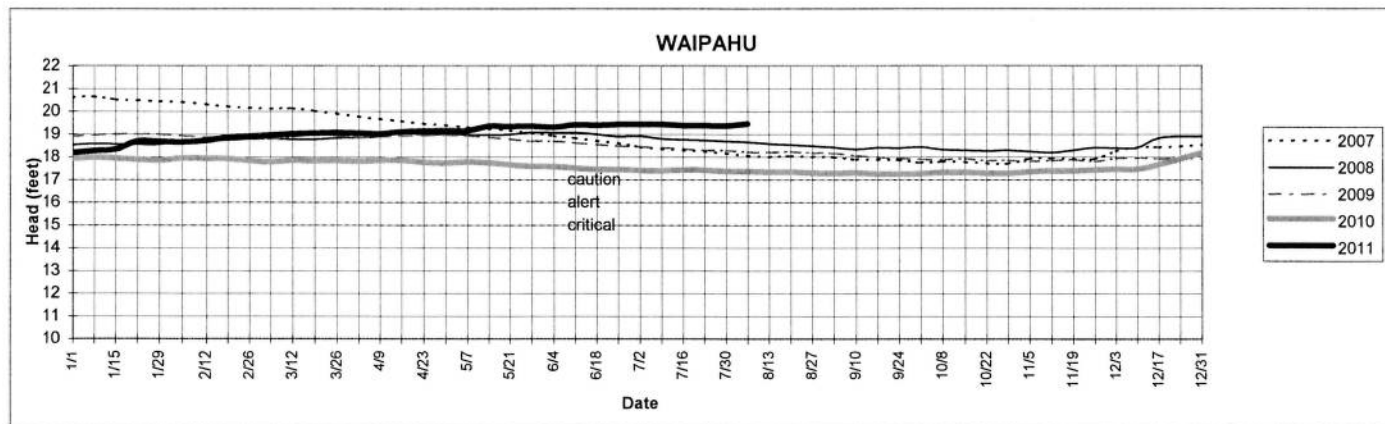
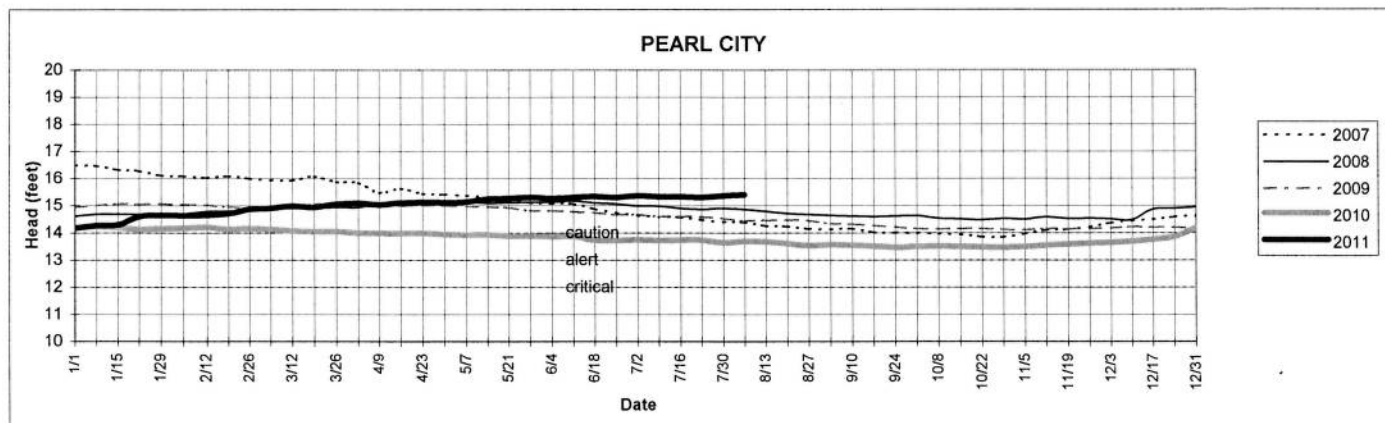
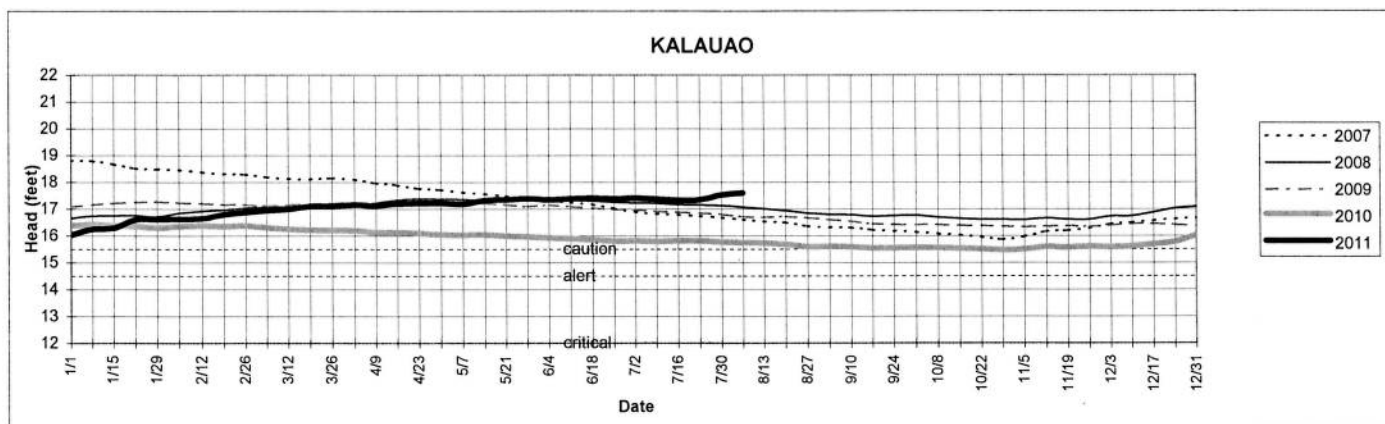
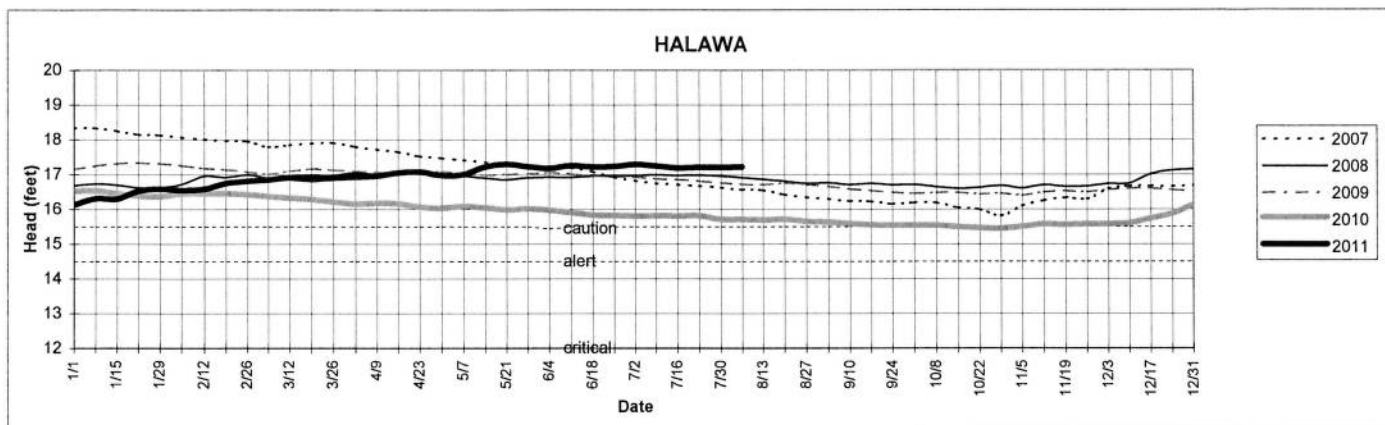
WATER USE DISTRICT	AUTHORIZED USE	2010	7/17-7/23 2011	2010	7/24-7/30 2011	2010	7/31-8/06 2011		
HONOLULU	45.27	39.88	35.99	40.93	36.85	39.59	35.86		
WINDWARD	25.21	19.55	15.00	21.01	14.56	19.35	15.07		
NORTH SHORE	4.08	3.84	4.22	4.49	4.26	4.19	4.21		
WAHIAWA	4.27	3.45	2.98	3.56	3.02	3.31	3.00		
EWA-WAIANAE	20.22	22.19	23.13	22.48	22.02	22.54	22.72		
PEARL HARBOR	92.66	63.50	61.76	64.03	59.81	62.69	60.85		
TOTAL	191.71	152.40	143.07	156.50	140.53	151.67	141.70		

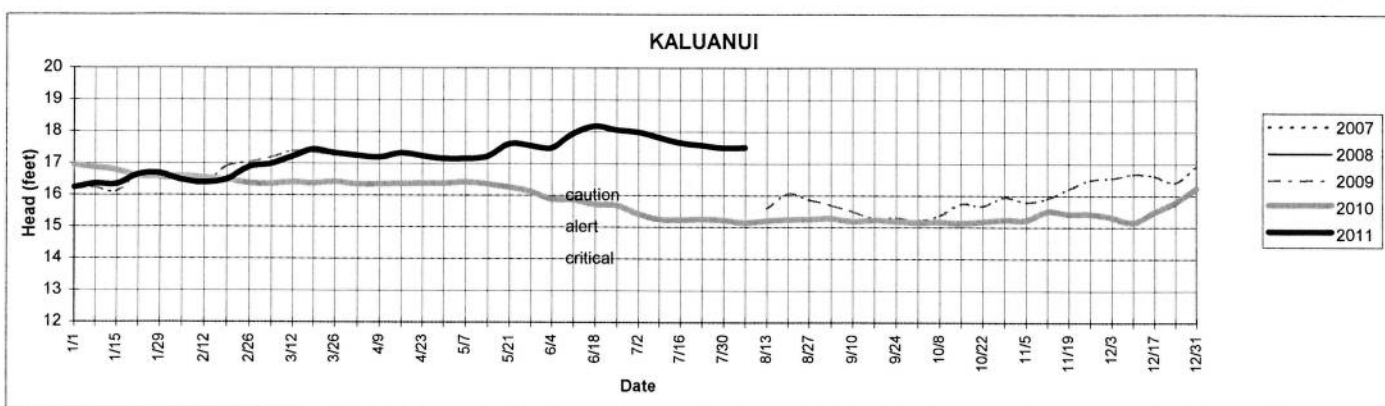
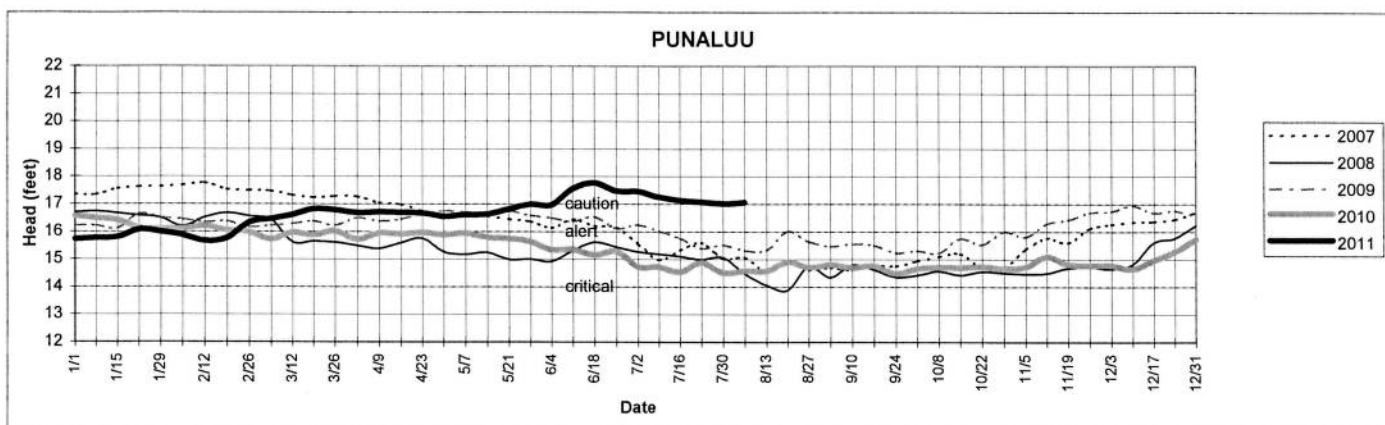
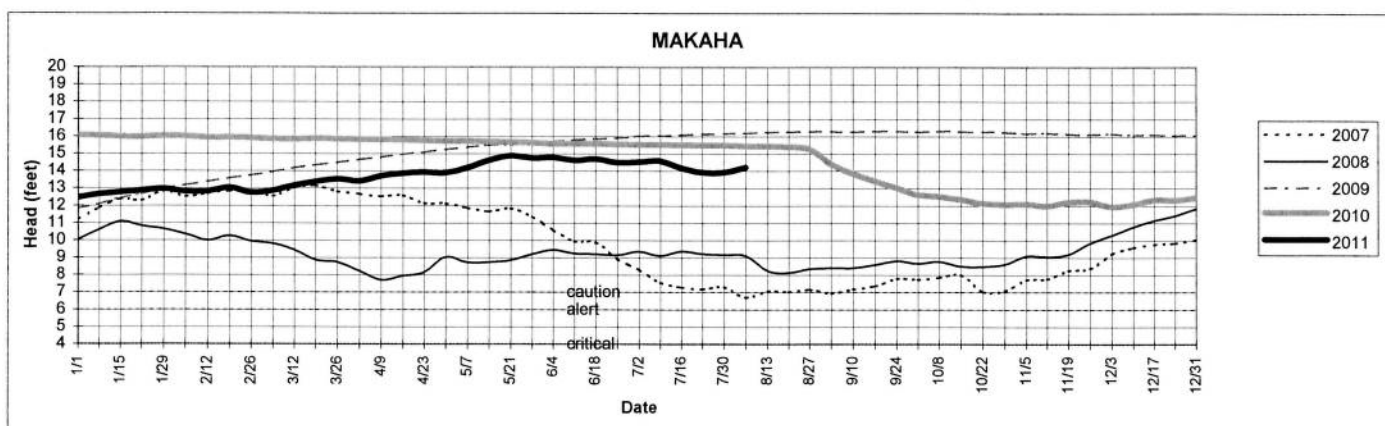
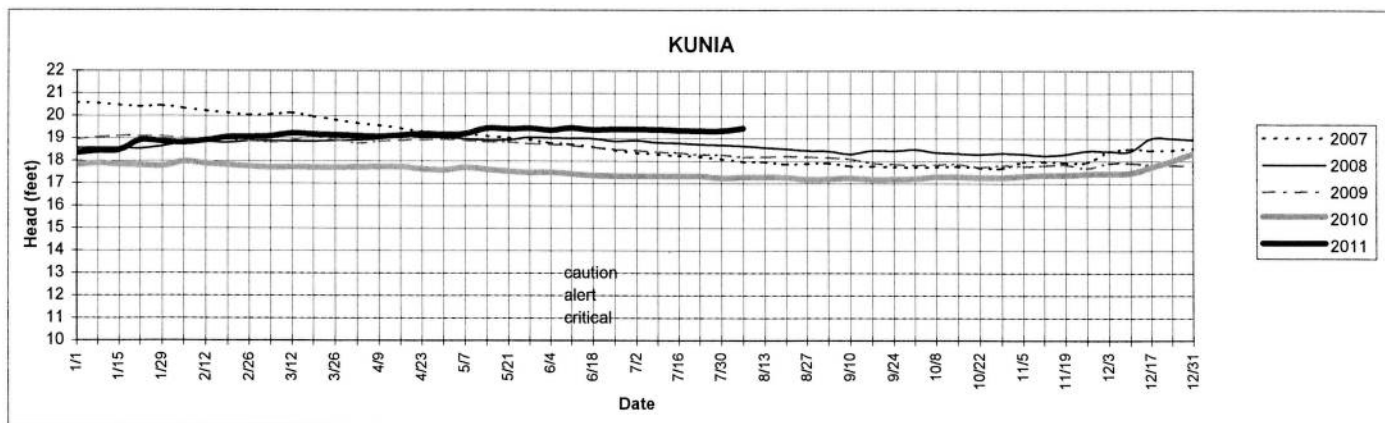
Accounts for in-district pumpage and transfers

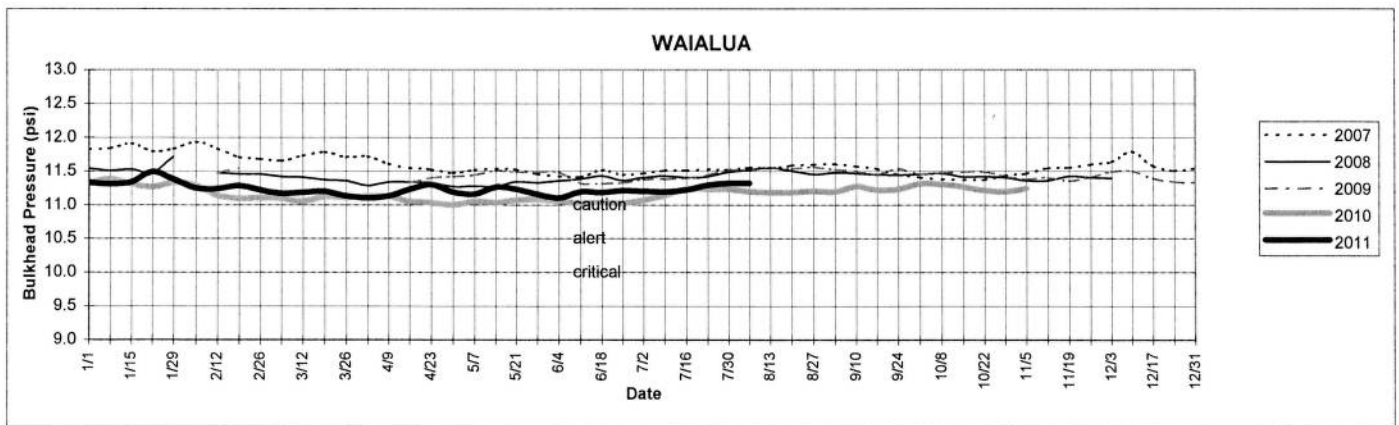
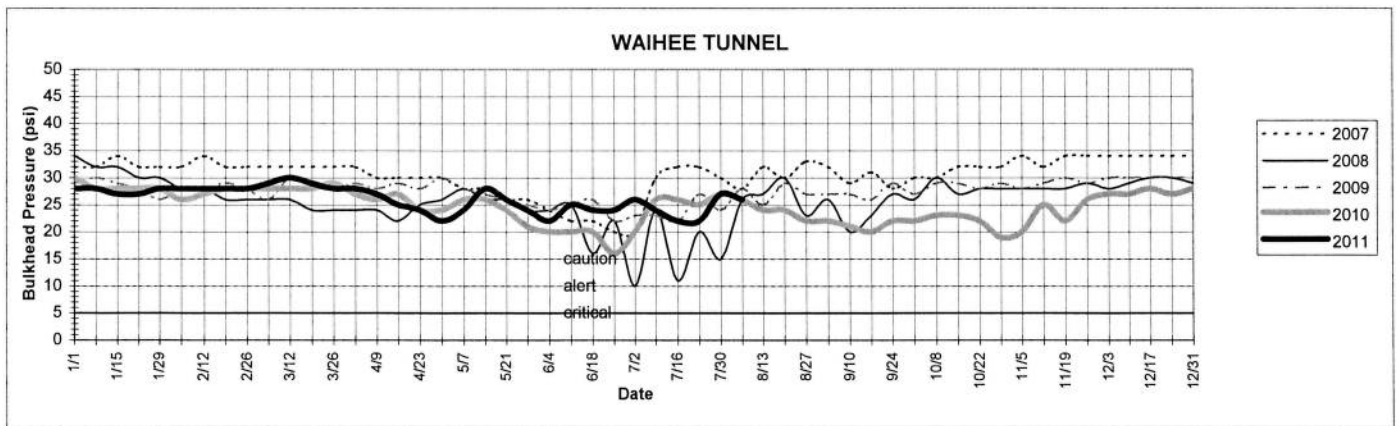
HEAD IN FEET

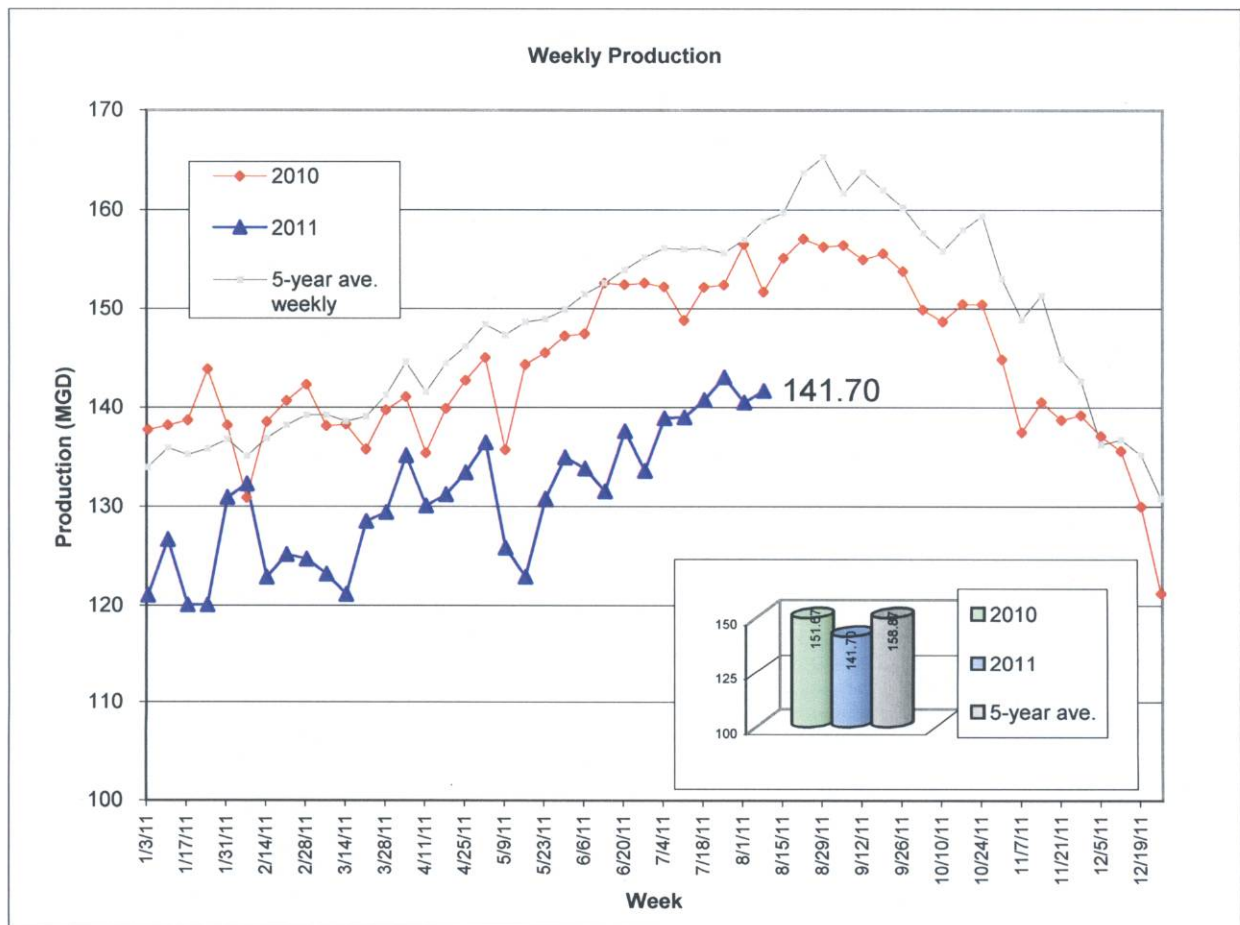
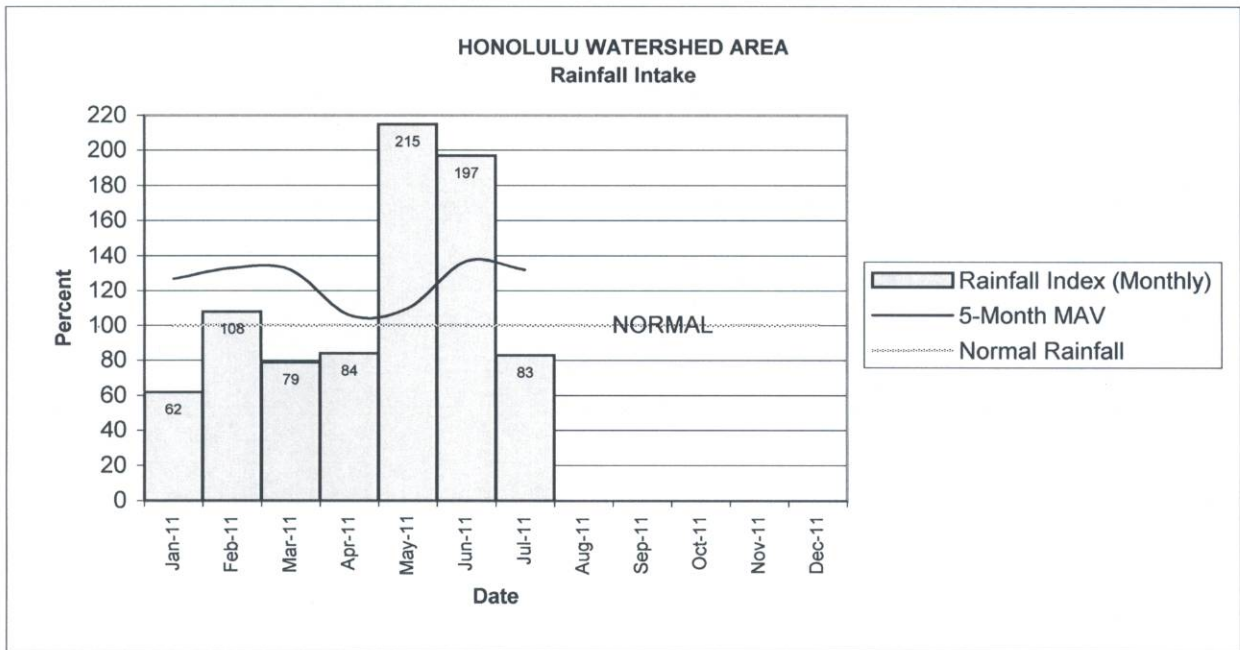
		2010	7/17-7/23 2011	2010	7/24-7/30 2011	2010	7/31-8/06 2011		
HONOLULU									
KAIMUKI		20.84	23.08	20.76	22.88	20.66	22.49		
BERETANIA		22.14	23.69	22.09	23.67	21.87	23.79		
KALIHI		21.20	22.79	21.19	22.75	21.03	22.81		
MOANALUA		18.15	19.48	18.10	19.46	18.08	19.51		
PEARL HARBOR									
HALAWA		15.81	17.20	15.71	17.20	15.71	17.21		
KALAUAO		15.81	17.35	15.76	17.52	15.74	17.59		
PEARL CITY		13.73	15.30	13.63	15.36	13.68	15.39		
WAIPAHAU		17.41	19.37	17.35	19.35	17.35	19.44		
KUNIA		17.31	19.33	17.23	19.33	17.27	19.44		
EWA-WAIANAE									
MAKAHA		15.47	13.91	15.47	13.91	15.42	14.20		
WINDWARD									
PUNALUU		14.88	17.07	14.51	17.01	14.58	17.06		









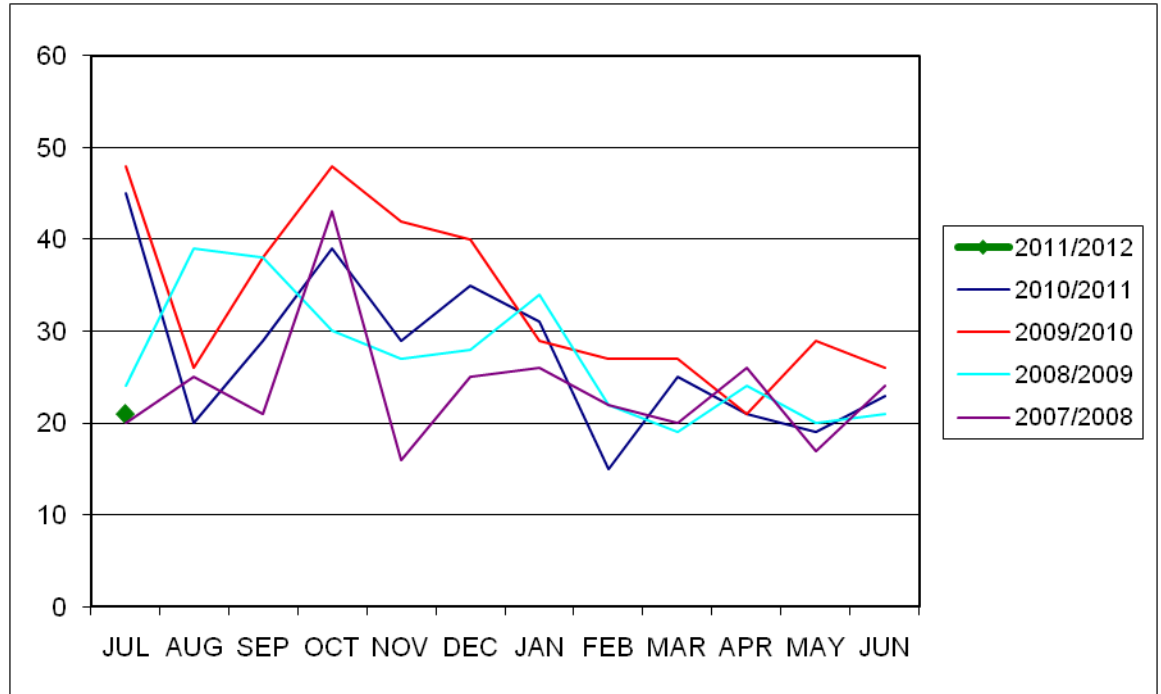


MAIN REPAIR REPORT

JULY 2011

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
2011/2012	21												21
2010/2011	45	20	29	39	29	35	31	15	25	21	19	23	331
2009/2010	48	26	38	48	42	40	29	27	27	21	29	26	401
2008/2009	24	39	38	30	27	28	34	22	19	24	20	21	326
2007/2008	20	25	21	43	16	25	26	22	20	26	17	24	285

<u>Date</u>	<u>Address</u>	<u>Size</u>
7/4	3940 Sierra Dr.	6" C.I.
7/5	1019 Wainiha St.	12" C.I.
7/10	842 N. School St.	8" C.I.
7/11	92-706 Nohona St.	8" C.I.
7/11	2302 Palolo Av.	8" C.I.
7/12	3415 Alani Dr.	8" C.I.
7/13	98-1127 Iliee St.	8" C.I.
7/16	45-161 Neepapa Pl.	4" C.I.
7/16	91-518 Ewa Beach Rd.	12" P.V.C.
7/17	91-170 Ewa Beach Rd.	12" P.V.C.
7/18	915 Hukulani St.	8" C.I.
7/22	3000 Bl. Noela St.	8"
7/22	1108 2nd Av.	6" C.I.
7/23	91-489 Pupu St.	8" C.I.
7/24	555 University Ave.	8" C.I.
7/25	2334 Kuahea St.	8" C.I.
7/26	1711 Kaweloka St.	8" C.I.
7/26	185 Kaukamana Lot	8" P.V.C.
7/29	1440 Queen Emma St.	6" C.I.
7/29	7106 Niumalu Lp.	8" C.I.
7/31	840 Pueo St.	8" C.I.



DISCUSSION

Board Member Chun asked if the Department was able to investigate further into the trend of some of the main breaks as reported, if regulating the systems' water pressure would decrease some of the main breaks. Acting Manager Nakano responded that they want to review the data over a longer period of time; review if any type of road repair or reconstruction activity might have attributed to some of the main breaks and this will require further time and effort by staff to gather and study the findings.

MOTION TO RECESS INTO EXECUTIVE SESSION

Upon unanimously approved motion, the Board Recessed into Executive Session Pursuant to HRS § 92-5 at 3:37 PM to Consult with the Board's Attorney on Questions and Issues Pertaining to the Matters Posted for Discussion at an Executive Session.

OPEN SESSION

The Board reconvened in open session at 4:53 PM.

Chairman Chung announced that no action was taken during Executive Session.

MOTION TO ADJOURN

There being no further business, Chairman Chung at 4:53 P.M. called for a motion to adjourn the Open Session. Westley Chun so moved; seconded by Duane Miyashiro and unanimously carried.

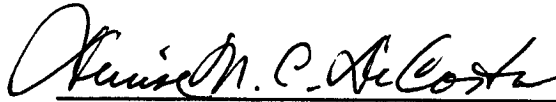
THE MINUTES OF THE REGULAR SESSION BOARD
MEETING ON AUGUST 22, 2011 WERE APPROVED ON
09/29/2011

	AYE	NO	COMMENT
RANDALL Y. S. CHUNG			ABSENT
DENISE M. C. DE COSTA	X		
DUANE R. MIYASHIRO	X		
THERESIA C. MCMURDO			ABSTAINED
ADAM C. WONG	X		
WESTLEY K. C. CHUN	X		
GLENN M. OKIMOTO			ABSTAINED

Respectfully submitted,


NANCY TANO

APPROVED:


DENISE M. C. DE COSTA
Vice-Chairman of the Board

10-10-11
Date