

MINUTES

REGULAR MEETING OF THE BOARD OF WATER SUPPLY

July 22, 2019

At 2:00 PM on July 22, 2019 in the Board Room of the Public Service Building at 630 South Beretania Street, Honolulu, Hawaii, Board Chair Andaya called to order the Regular Meeting.

Present: Bryan P. Andaya, Chair
Ray C. Soon
Max J. Sword
Ross S. Sasamura
Jade T. Butay

Also Present: Ernest Lau, Manager and Chief Engineer
Ellen Kitamura, Deputy Manager and Chief Engineer
Barry Usagawa
Dymian Racoma
Henderson Nuuhiwa
Jennifer Elflein
Joe Cooper
Kathleen Pahinui
Kathy Mitchell
Kevin Ihu
Michele Thomas
Mike Fuke
Mike Matsuo
Stuart Wong

Others Present: Moana Yost, Deputy Corporation Counsel
Jeff Lau, Deputy Corporation Counsel
Monica Choi, Deputy Corporation Counsel
Tom Myers, Brown & Caldwell
Christina Jedra, Civil Beat

Absent: Kapua Sproat, Vice Chair
Kay C. Matsui

**APPROVAL OF
MINUTES**

Approval of the Minutes of the Regular Meeting held on June 24, 2019.

DISCUSSION

Board Member Ray Soon requested that the sentence at the bottom of page 10 and top of page 11 be removed.

Upon review and approval of the minutes of the regular meeting held on June 24, 2019, the following sentence will be removed:

Additionally, Mr. Soon commented that perhaps BWS's budget should be managed with the rest of the City's budget because although there are good reasons to be quasi-independent, it comes with a risk.

**MOTION
TO APPROVE
AS AMENDED**

Ray Soon and Max Sword motioned and seconded, respectively, to approve the Minutes of the Regular Meeting of June 24, 2019 as amended. The motion was unanimously carried.

THE MINUTES OF THE REGULAR BOARD MEETING ON JUNE 24, 2019 AS AMENDED WERE APPROVED AT THE JULY 22, 2019 BOARD MEETING			
	AYE	NO	COMMENT
BRYAN P. ANDAYA	X		
KAPUA SPROAT			ABSENT
KAY C. MATSUI			ABSENT
RAY C. SOON	X		
MAX J. SWORD	X		
ROSS S. SASAMURA	X		
JADE T. BUTAY	X		

"July 22, 2019

ADOPTION OF
RESOLUTION
NO. 900, 2019

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

Chair and Members:

Subject: Adoption of Resolution No. 900, 2019, Authorizing Up to
\$50,000,000 Principal Amount of Series 2019 State
Revolving Fund Water System Revenue Loans

The State Revolving Fund (SRF) is a program funded by the U.S. Environmental Protection Agency under the Clean Water and Safe Drinking Water Acts. The Board of Water Supply (BWS) has been participating in this program since 2004.

Resolution 834, authorizing \$50,000,000 of SRF loans, was approved in June 2013. BWS negotiated seven loans with interest rates between 0% and 1% and loan fees of 0.75% and 1% for a total cost of capital of 1% to 2%. The loans at 2% were retired early so that the cost of capital on our current SRF loans is between 1% and 1.5%. That resolution was used to support the following 22 infrastructure improvements: (1) Foster Village Water System Improvements; (2) Kalihi Water System Improvements; (3) Woodlawn Water System Improvements; (4) Wilhelmina Rise Water System Improvements; (5) Ewa Beach Water System Improvements; (6) Wahiawa Reservoir Repair & Renovation; (7) Liliha Water System Improvements; (8) Kapuhulu Water System Improvements; (9) Pensacola Water System Improvements; (10) Kamehameha Highway Heeia; (11) Design for Keanu Line Booster; (12) Kalaunui Renewal and Replacement; (13) Kalihi Pump Station; (14) Diamond Head Line Booster; (15) Kaonohi Booster No. 1; (16) Waihee Line Booster; (17) Punaluu Wells II; (18) Kapiolani Boulevard 12 Inch Main Construction Management; (19) Kalihi Pump Station Renovation; (20) Diamond Head Line Booster-Replace Pumping Units; (21) Punanani Wells Motor Control Replacement; and (22) Honouliuli Water Recycling Facility. In order to continue participating in the SRF program, the Board will need to authorize additional borrowing.

We recommend adoption of Resolution No. 900, 2019, authorizing up to \$50,000,000 aggregate principal amount of the BWS SRF Water System Revenue Loans, Series 2019 (Series 2019 Loans). The Series 2019 Loans provide moneys to pay the costs of improvements to the Water System authorized in the capital budget of the BWS, to make a deposit to an SRF Series Reserve Account if applicable, and to pay costs of issuance of the Series 2019 Loans. The Series 2019 Loans are the fifth series of SRF Loans to be obtained by the BWS from the State Department of Health under and pursuant to the SRF General Resolution.

Resolution No. 900, 2019 further authorizes any Authorized Officer of the BWS, subject to limitations, the power to determine and carry out certain actions in connection with the issuance and execution of the Series 2019 Loans.

Respectfully submitted,

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

Attachments”

DISCUSSION: Joe Cooper, Waterworks Controller, Finance Division, gave the report.

Manager Lau reported that BWS is participating in the Drinking Water State Revolving Fund which is supported by both the US EPA and the State of Hawaii who also contributes toward this fund. It's a very effective program.

Mr. Soon asked if the program was included in our financial package and how much is outstanding on the previous SRF loans. Mr. Cooper replied that it was in our financial package and that BWS had borrowed about \$143 million over the last 15 years. There is currently \$67 million in outstanding SRF debt.

Chair Andaya added that the 2019 loans will be the fifth series of SRF loans to be obtained by the BWS

Mr. Soon asked if the last series occurred in 2013, and Mr. Cooper concurred that the last series was in 2013 for a bundle of loans. In 2016, there was a resolution for the Energy Savings Performance Contract (ESPC) for the installation the photovoltaic cells in the BWS parking lots at the Beretania Complex. For clarification, Mr. Cooper reiterated that the BWS has borrowed a total of \$143 million, and currently have \$67 million outstanding in loans. It is estimated that \$80 million has been paid off.

Mr. Soon inquired on the number of SRF funded projects that have been completed. Mr. Cooper indicated that he did not have this information available at this time and would get back to the Board with the number of projects that have been completed.

Mr. Andaya referred to a list of projects provided to the Board that were partially funded by the SRF loans. Mr. Cooper reported that this is only a list of projects funded by the last resolution. Mr. Lau commented that a list of completed projects using SRF loans will be forthcoming.

Mr. Soon requested that in addition to the list of completed projects, the amount saved utilizing SRF loans versus floating other kinds of bonds would be appreciated. Mr. Cooper indicated that he would include the requested information with the list of completed projects.

**BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU, HAWAII**

**STATE REVOLVING FUND
WATER SYSTEM REVENUE LOAN
SERIES 2019 RESOLUTION NO. 900, 2019**

**AUTHORIZING UP TO
\$50,000,000 PRINCIPAL AMOUNT OF SERIES 2019 LOANS**

ADOPTED JULY 22, 2019

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STATE REVOLVING FUND
WATER SYSTEM REVENUE LOAN
SERIES 2019 RESOLUTION NO. 900, 2019

AUTHORIZING UP TO
\$50,000,000 PRINCIPAL AMOUNT OF SERIES 2019 LOANS

BE IT RESOLVED by the Board of Water Supply of the City and County of Honolulu, Hawaii (the "Board"), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Series 2019 Resolution; Findings and Determination. (1) This State Revolving Fund Water System Revenue Loan Series 2019 Resolution authorizing up to \$50,000,000 principal amount of Series 2019 Loans is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article IX of, the Resolution, as hereinafter defined.

(2) It is hereby found and determined by the Board that it is necessary and desirable that the Board obtain from the Department of Health at this time one or more Loans to be designated as provided herein to provide monies to carry out one or more purposes of the Board.

Section 1.02. Definitions. (1) All terms which are defined in Section 1.01 of the Resolution shall have the same meanings, respectively, in this Series 2019 Resolution as such terms are given in said Section 1.01 of the Resolution.

(2) In addition, as used in this Series 2019 Resolution, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"Resolution" means that certain resolution adopted by the Board on February 23, 2004 entitled "A Resolution Authorizing and Providing for State Revolving Fund Loans to be Obtained from time to time from the State of Hawaii Department of Health by the Board of Water Supply of the City and County of Honolulu, Hawaii, for the Purposes of the Water System of the City and County; Covenanting as to Establishment, Maintenance, Revision and Collection of Charges and Rates for the Use and Services of the Water System and the Collection and Disbursement of Revenues Derived therefrom; Pledging on a Junior and Subordinate Basis the Net Revenues Derived from the Water System to the Payment of the Principal of and Interest on such Loans as the same Fall Due; Creating and Establishing Certain Funds and Accounts; Setting Forth the Limitations or Conditions upon the Obtaining of Additional Loans Payable from such Revenues and Making Other Covenants and Agreements in connection with the Foregoing" as amended and supplemented.

"Series 2019 Loans" mean the Loans authorized by Article II of this Series 2019 Resolution.

“Series 2019 Project” means the Improvements authorized in the capital budget of the Board and identified in one or more Series 2019 SRF Loan Agreements to be financed.

“Series 2019 Resolution” means this State Revolving Fund Water System Revenue Loan Series 2019 Resolution authorizing up to \$50,000,000 principal amount of the Series 2019 Loans.

“SRF Series 2019 Loan Agreements” means one or more interim and final Loan Agreements to be entered into between the Department of Health and the Board pursuant to which the Department of Health is to make one or more loans to the Board and the Board is to obtain one or more of such loans from the Department of Health to finance the Improvements identified therein constituting a part of the Series 2019 Project.

(3) Words of any gender shall be deemed and construed to include correlative words of the other genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(4) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder”, and any similar terms, as used in this Series 2019 Resolution, refer to this Series 2019 Resolution.

Section 1.03. Authority for the Series 2019 Resolution. This Series 2019 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND OBTAINING OF SERIES 2019 LOANS

Section 2.01. Authorization of Series 2019 Loans, Principal Amount, Designation and Title. One or more Loans (collectively, the “Series 2019 Loans”) entitled to the benefit, protection and security of the Resolution is hereby authorized to be obtained from the Department of Health in an aggregate principal amount not to exceed \$50,000,000. The Series 2019 Loans may be initially obtained on different dates; provided that no Series 2019 Loan shall be obtained later than six years from the date of adoption of this Series 2019 Resolution. For purposes of this Series 2019 Resolution, a Series 2019 Loan is obtained when the Board receives money from the Department of Health and the amount of the Series 2019 Loan is the actual amount that the Board receives.

Section 2.02. Purposes. The purposes for which the Series 2019 Loans are being issued are (1) to pay the Costs of Improvements constituting the Series 2019 Project; (2) to make such deposit to the SRF Series Reserve Account in the SRF Revenue Fund as may be necessary in connection with obtaining the Series 2019 Loans; and (3) to pay the costs of obtaining of the Series 2019 Loans.

Section 2.03. Delegation of Authority. (1) There is hereby delegated to any Authorized Officer of the Board, subject to the limitations contained herein and in the Resolution

and the Act, the power with respect to the Series 2019 Loans to determine and carry out the following:

(a) The terms and provisions of each Series 2019 Loan to be obtained from the Department of Health to finance the cost of one or more Improvements; *provided, however*, that all terms and provisions shall be in the best interest of the Board and shall carry out the purposes of the Board;

(b) The principal amount and designation and title of each Series 2019 Loan to be obtained; *provided however*, that the principal amount of all Series 2019 Loans shall not exceed \$50,000,000 or, together with other bonds and loans of the Board, any applicable limit approved by the City Council to be issued or obtained by the Board;

(c) The specific Improvements constituting the Series 2019 Project to be financed from the proceeds of the Series 2019 Loans;

(d) The date or dates, maturity date or dates and principal amount of each maturity of each 2019 Loan;

(e) The interest rate or rates of each Series 2019 Loan, the date from which interest on such Series 2019 Loan shall accrue, the dates on which interest on such Series 2019 Loan shall be payable, if any; *provided, however*, that the true interest cost (as determined by an Authorized Officer of the Board, which determination shall be conclusive) on the Series 2019 Loans shall not exceed eight percent (8%) per annum;

(f) The Paying Agent or Paying Agents for the Series 2019 Loans and the place or places of payments of the principal, Sinking Fund Installments, if any, prepayment price of and interest on the Series 2019 Loans, if other than the Board;

(g) The prepayment prices, if any, and the prepayment terms, if any, for the Series 2019 Loans, *provided, however*, that the prepayment price of Series 2019 Loans at the election or direction of the Board shall not be greater than one hundred three percent (103%) of the principal amount of the Series 2019 Loans to be prepaid, plus accrued interest thereof to the prepayment date;

(h) Any provisions with respect to funds and accounts and subaccounts therein, if applicable, and the Revenues and application thereof, as provided in Article V of the Resolution;

(i) Whether a SRF Series Reserve Account shall be established for the Series 2019 Loans, and if so determined to be established, the amount of the SRF Series Reserve Account Requirement and the method of funding or providing for such SRF Series Reserve Account Requirement, and any provisions with respect to subaccounts therein, if applicable, and the Revenues and application thereof, as provided in Article V of the Resolution;

(j) Directions for the application of the proceeds of each Series 2019 Loan, including the interest on the Series 2019 Loans to be capitalized from the proceeds thereof, if any, and the date or dates to which such capitalized interest shall accrue; and

(k) Any other provisions deemed advisable by an Authorized Officer of the Board, not in conflict with the provisions hereof or of the Resolution.

(2) Such Authorized Officer shall set forth in the Series 2019 Loan Agreements the determinations or other actions taken pursuant to the authority granted herein or in the Resolution and any such Series 2019 Loan Agreements shall be conclusive evidence of the action or determination of such Authorized Officer as to the matters stated therein.

Section 2.04. Authority to Enter into Series 2019 Loan Agreements. Any Authorized Officer of the Board is hereby authorized to execute, and acknowledge and agree to, one or more Series 2019 Loan Agreements in the name and on behalf of the Board in substantially the form as presented at the meeting at which this Series 2019 Resolution is adopted, which form is hereby approved, with such changes, insertions and omissions as may be approved by such Authorized Officers, such execution and acknowledgement and agreement being conclusive evidence of such approval; provided that no Series 2019 Loan Agreement shall be entered into later than four years from the date of adoption of this Series 2019 Resolution

Section 2.05. Execution of Documents. Any Authorized Officer of the Board is hereby authorized to execute and deliver, in the name and on behalf of the Board, any and all documents and instruments, and to do and cause to be done any and all acts and things, such Authorized Officer deems necessary or advisable in connection with obtaining the Series 2019 Loans from the Department of Health and to carry out the transactions contemplated by this Series 2019 Resolution.

ARTICLE III

APPLICATION OF PROCEEDS

Section 3.01. Application of Proceeds. On the date each Series 2019 Loan is obtained, the proceeds of such Series 2019 Loan shall be applied in accordance with the written direction of any Authorized Officer given pursuant to Section 2.03(1)(j) of this Series 2019 Resolution.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Effectiveness. The Series 2019 Resolution shall become effective immediately upon its adoption.

APPROVED

ADOPTED:


BRYAN P. ANDAYA
Chair

Honolulu, Hawaii
July 22, 2019

RESOLUTION NO. 900, 2019, AUTHORIZING UP TO \$50,000,000 PRINCIPAL AMOUNT OF SERIES 2019 STATE REVOLVING FUND WATER SYSTEM REVENUE LOANS ADOPTED ON JULY 22, 2019			
	AYE	NO	COMMENT
BRYAN P. ANDAYA	X		
KAPUA SPROAT			ABSENT
KAY C. MATSUI			ABSENT
RAY C. SOON	X		
MAX J. SWORD	X		
ROSS S. SASAMURA	X		
JADE T. BUTAY	X		

ITEM FOR INFORMATION NO. 1

"July 22, 2019

AMERICAN
WATER WORKS
ASSOCIATION

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

Chair and Members:

Subject: American Water Works Association (AWWA) Public Officials
Certificate Program

Bryan Andaya, Chair, will provide a brief report about the AWWA Public Officials Certificate Program that he participated in at the recent AWWA Annual Conference and Exposition in Denver, Colorado.

Respectfully submitted,

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

The foregoing was for information only.

DISCUSSION: Bryan Andaya, Board Chair, and Manager Ernest Lau gave the report.

Mr. Lau thanked Mr. Andaya for attending the AWWA Public Officials Certificate Program. Mr. Lau recognized Mr. Andaya for being the first Board Member to commit to the AWWA Public Officials Certificate Program. Mr. Lau explained that the program is focused on Public Officials, Board Members, and Commission Members to train and equip them to better serve the community as they make decisions for water utilities across the country.

Mr. Andaya expressed his appreciation for being allowed to participate in the program. Attendance was required for these sessions. He mentioned that his favorite part on the program was the topic on system metrics which covered how to reduce risks and improve the financial decision-making process. Mr. Andaya highly recommended all new Board Members to attend this program.

Mr. Lau encouraged and highly recommended the Board Members to go through this program that is only offered at the AWWA Annual Conference.

ITEM FOR INFORMATION NO. 2

"July 22, 2019

FINANCIAL
UPDATE

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

Chair and Members:

Subject: Financial Update for the Quarter Ended June 30, 2019

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

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

Respectfully submitted,

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

Attachments"

The foregoing was for information only.

DISCUSSION: Joe Cooper, Waterworks Controller, Finance Division, gave the report.

Mr. Andaya referred to the pie chart in Mr. Cooper's report indicating that the largest component of expenditure is materials, supplies and services, whereas in the past, it was fixed charges. Mr. Andaya inquired if this change was due to the policy to ramp up the Capital Improvement Program.

Mr. Lau responded that the pipeline miles per year is the biggest component, which involves installing 21 miles of pipeline in less than 10 years. Additional staff is needed for these large projects. The increase in materials, supplies and services have been driven by some of that cost. Other costs include different studies and services to operate the water system. We are looking at the American Water Infrastructure Act of 2018, a self-certification program, to evaluate the resiliency of our utility.

Deputy Manager Kitamura mentioned that the increased costs also include paving costs. Mr. Lau added that the repaving costs are to repair roadways due to main breaks. In addition, there were source water protection studies and other consulting work.

Mr. Cooper mentioned that the IT Division has issued several contracts for cybersecurity. The Water Quality Division is monitoring the issues at Red Hill which are not related directly to the CIP projects.

Budget vs. Actual
Revenue and Expense Totals
As of June 30, 2019

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	237,178,000	239,236,000	(2,058,000)
Operating Expenses	(167,582,000)	(186,289,000)	18,707,000
Net Revenues (expenditures)	<u>69,596,000</u>	<u>52,947,000</u>	<u>16,649,000</u>

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of June 30, 2019

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
				REVENUE					
19,736,417.48	100.00	18,293,467.62	100.00	OPERATING REVENUE	231,693,869.87	100.00	232,377,847.89	100.00	.29-
19,736,417.48	100.00	18,293,467.62	100.00	REVENUE	231,693,869.87	100.00	232,377,847.89	100.00	.29-
				OPERATING EXPENSES					
3,118,543.57-	15.80	2,484,055.68-	13.58	LABOR COSTS	36,214,535.77-	15.63	35,204,998.26-	15.15	2.87
1,755,687.17-	8.90	5,249,341.86-	28.70	SERVICES	25,475,981.78-	11.00	25,115,329.83-	10.81	1.44
342,415.35-	1.73	229,972.25	1.26	SUPPLIES	4,498,743.27-	1.94	4,351,694.79-	1.87	3.38
10,852.68-	.05	26,322.86-	.14	EDUCATION & TRAINING	117,286.36-	.05	146,353.98-	.06	19.86-
1,880,094.80-	9.53	3,374,646.57-	18.45	UTILITIES	23,754,979.90-	10.25	22,867,251.59-	9.84	3.88
132,430.16-	.67	620,307.75-	3.39	REPAIR AND MAINTENANCE	1,707,835.06-	.74	2,622,137.93-	1.13	34.87-
1,905,807.18-	9.66	652,063.93-	3.56	MISC	20,527,226.25-	8.86	16,772,008.52-	7.22	22.39
1,527,848.09-	7.74	8,044,187.57-	43.97	RETIREMENT SYSTEM CONTRIBUTIO	20,848,990.14-	9.00	28,217,241.91-	12.14	26.11-
140,601.79	.71	1,349,341.71-	7.38	MISC EMPLOYEES' BENEFITS	1,676,265.38-	.72	1,820,795.86-	.78	7.94-
10,533,077.21-	53.37	21,570,295.68-	117.91	OPERATING EXPENSES	134,821,843.91-	58.19	137,117,812.67-	59.01	1.67-
2,833,815.14	14.36	1,794,675.37-	9.81	NON OPERATING REVENUE AND EXPE	6,868,547.06	2.96	9,909,357.41-	4.26	169.31-
1,339,272.26	6.79	6,463,006.52	35.33	CONTRIBUTION IN AID	13,455,894.13	5.81	21,509,465.35	9.26	37.44-
3,792,325.02-	19.21	15,394,127.48-	84.15	OTHER EXPENSES	49,055,985.02-	21.17	60,627,564.64-	26.09	19.09-
9,584,102.65	48.56	14,002,624.39-	76.54	Change In Net Assets	68,140,482.13	29.41	46,232,578.52	19.90	47.39

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
Quarter Ending June 30, 2019

Current Quarter Actual	% Revenue	Last Year Quarter Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
REVENUE									
59,272,624	100.00	53,272,120	100.00	OPERATING REVENUE	231,693,870	100.00	232,377,848	100.00	-0.29
59,272,624	100.00	53,272,120	100.00	REVENUE	231,693,870	100.00	232,377,848	100.00	-0.29
OPERATING EXPENSES									
-9,130,085	15.40	-8,229,539	15.45	LABOR COSTS	-36,214,536	15.63	-35,204,998	15.15	2.87
-7,826,000	13.20	-9,079,909	17.04	SERVICES	-25,475,982	11.00	-25,115,330	10.81	1.44
-1,061,634	1.79	-349,806	0.66	SUPPLIES	-4,498,743	1.94	-4,351,695	1.87	3.38
-38,196	0.06	-42,810	0.08	EDUCATION & TRAINING	-117,286	0.05	-146,354	0.06	-19.86
-6,008,386	10.14	-7,102,605	13.33	UTILITIES	-23,754,980	10.25	-22,867,252	9.84	3.88
-595,676	1.00	-1,046,930	1.97	REPAIR AND MAINTENANCE	-1,707,835	0.74	-2,622,138	1.13	-34.87
-5,221,429	8.81	-2,804,406	5.26	MISC	-20,527,226	8.86	-16,772,009	7.22	22.39
-5,174,435	8.73	-11,892,671	22.32	RETIREMENT SYSTEM CONTRIBUTIO	-20,848,990	9.00	-28,217,242	12.14	-26.11
-291,517	0.49	-1,622,001	3.04	MISC EMPLOYEES' BENEFITS	-1,676,265	0.72	-1,820,796	0.78	-7.94
-35,347,357	59.64	-42,170,678	79.16	OPERATING EXPENSES	-134,821,844	58.19	-137,117,813	59.01	-1.67
5,288,338	-8.92	-2,691,467	5.05	NON OPERATING REVENUE AND EXPE	6,868,547	-2.96	-9,909,357	4.26	-169.31
4,515,051	-7.62	13,278,001	-24.92	CONTRIBUTION IN AID	13,455,894	5.81	21,509,465	9.26	-37.44
-12,351,410	20.84	-24,723,298	46.41	OTHER EXPENSES	-49,055,985	21.17	-60,627,565	26.09	-19.09
21,377,246	36.07	-3,035,321	5.70	Change In Net Assets	68,140,482	29.41	46,232,579	19.90	47.39

Board Of Water Supply
Balance Sheet
As of June 30, 2019

		***** Amounts *****		***** Change *****	
Description	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	61,224,719.73	62,464,533.37	41,582,946.86	-1,239,813.64	19,641,772.87
RESTRICTED ASSETS	24,163,089.71	6,824,216.21	20,362,808.47	17,338,873.50	3,800,281.24
INVESTMENTS	420,562,142.57	424,816,748.31	414,037,548.00	-4,254,605.74	6,524,594.57
OTHER ASSETS	13,574,381.12	13,688,744.89	16,590,675.08	-114,363.77	-3,016,293.96
PROPERTY / PLANT	1,195,232,929.89	1,189,244,289.37	1,158,884,623.16	5,988,640.52	36,348,306.73
DEFERRED OUTFLOWS OF RESOURCES	40,251,769.00	40,251,769.00	40,251,769.00	0.00	0.00
TOTAL ASSETS	<u>1,755,009,032.02</u>	<u>1,737,290,301.15</u>	<u>1,691,710,370.57</u>	<u>17,718,730.87</u>	<u>63,298,661.45</u>
LIABILITIES					
CURRENT LIABILITIES	24,387,732.11	23,165,616.62	33,834,409.77	1,222,115.49	-9,446,677.66
OTHER LIABILITIES	34,347,577.22	34,700,064.49	35,908,085.96	-352,487.27	-1,560,508.74
BONDS PAYABLE, NONCURRENT	278,772,359.40	271,507,359.40	272,606,993.68	7,265,000.00	6,165,365.72
NET PENSION LIABILITY	113,350,294.00	113,350,294.00	113,350,294.00	0.00	0.00
NET OPEB LIABILITY	76,039,779.00	76,039,779.00	76,039,779.00	0.00	0.00
DEFERRED INFLOWS OF RESOURCES	12,695,549.00	12,695,549.00	12,695,549.00	0.00	0.00
LIABILITIES	<u>539,593,290.73</u>	<u>531,458,662.51</u>	<u>544,435,111.41</u>	<u>8,134,628.22</u>	<u>-4,841,820.68</u>
NET ASSETS					
RETAINED EARNINGS	552,641,427.50	552,641,427.50	552,641,427.50	0.00	0.00
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66	0.00	0.00
RESERVE FOR ENCUMBRANCES	304,540,896.86	227,087,800.10	290,796,388.58	77,453,096.76	13,744,508.28
CURRENT YEAR CHANGES TO FU	68,140,482.13	58,556,379.48		9,584,102.65	68,140,482.13
NET ASSETS	<u>1,519,956,638.15</u>	<u>1,432,919,438.74</u>	<u>1,438,071,647.74</u>	<u>87,037,199.41</u>	<u>81,884,990.41</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,059,549,928.88</u>	<u>1,964,378,101.25</u>	<u>1,982,506,759.15</u>	<u>95,171,827.63</u>	<u>77,043,169.73</u>

Budget vs Actual Appropriation Budget - Total BWS Summary

Page -

1

(\$000's)

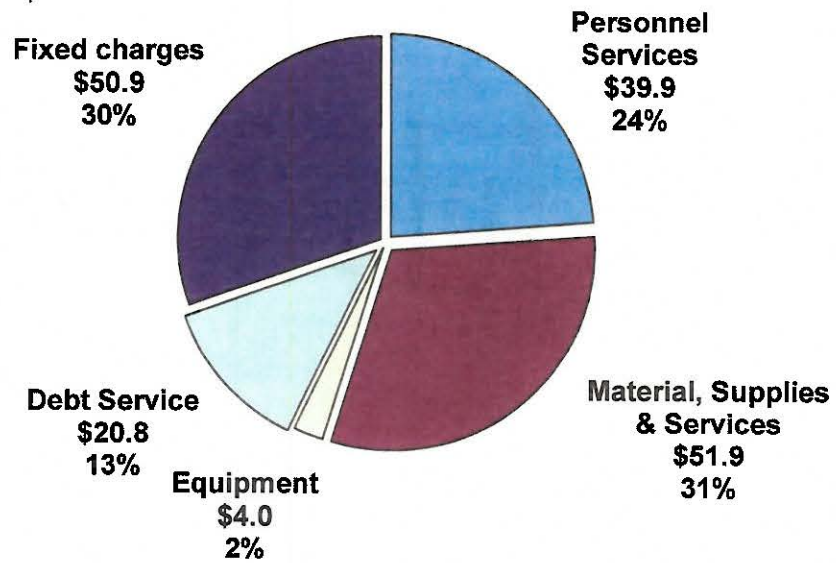
OPER UNIT ALL
BUSINESS UNIT ALL

CIFIS 19820-3021

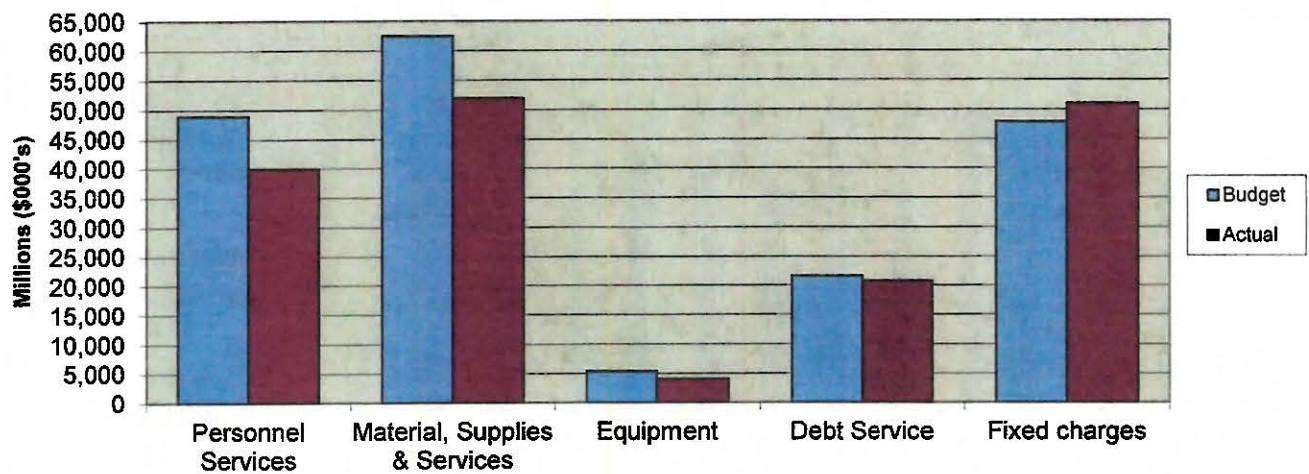
AS OF 6/30/2019

YTD-TO-DATE				Object Description	FOR THE FISCAL YEAR				
YTD Actuals	YTD Budget	Avail/ (Over)	%		Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>237,178</u>	<u>239,236</u>	<u>2,058</u>	<u>.86</u>	REVENUE	<u>237,178</u>	<u>-</u>	<u>239,236</u>	<u>2,058</u>	<u>.86</u>
OPERATING EXPENSES:									
39,909	48,939	9,030	18.45	Personnel Services	39,909		48,939	9,030	18.45
MATERIALS AND SUPPLIES									
27,668	32,571	4,903	15.05	Services	14,484	13,184	32,571	4,903	15.05
9,942	14,224	4,282	30.10	Supplies	8,640	1,302	14,224	4,282	30.10
258	785	527	67.13	Education & Training	227	31	785	527	67.13
				Utilities					
1,925	2,905	980	33.73	Repairs & Maint	1,735	190	2,905	980	33.73
12,125	11,996	(129)	1.08-	Misc	10,764	1,361	11,996	(129)	1.08-
4,015	5,365	1,350	25.16	Equipment	371	3,644	5,365	1,350	25.16
20,815	21,657	842	3.89	Debt Service	20,815		21,657	842	3.89
FIXED CHARGES:									
24,632	23,210	(1,422)	6.13-	Utilities	24,632		23,210	(1,422)	6.13-
3,300	3,300			Case Fees	3,300		3,300		
11,057	10,100	(957)	9.48-	Retirement System Contribution	11,057		10,100	(957)	9.48-
11,936	11,237	(699)	6.22-	Misc Employees' Benefits	11,936		11,237	(699)	6.22-
<u>167,582</u>	<u>186,289</u>	<u>18,707</u>	<u>10.04</u>	TOTAL OPERATING EXPENDITURES	<u>147,870</u>	<u>19,712</u>	<u>186,289</u>	<u>18,707</u>	<u>10.04</u>
<u>69,596</u>	<u>52,947</u>	<u>(16,649)</u>		NET REVENUES (EXPENDITURES)	<u>89,308</u>	<u>(19,712)</u>	<u>52,947</u>	<u>(16,649)</u>	

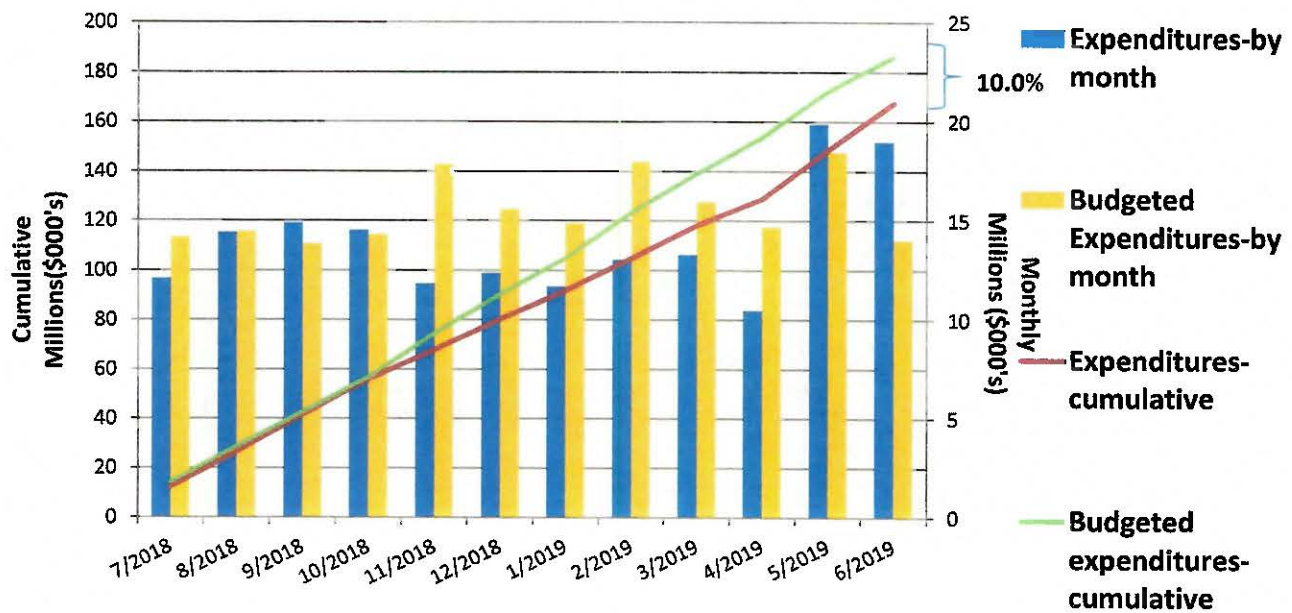
Total Operating Expenditures - \$167.6
As of June 30, 2019
(millions of dollars)



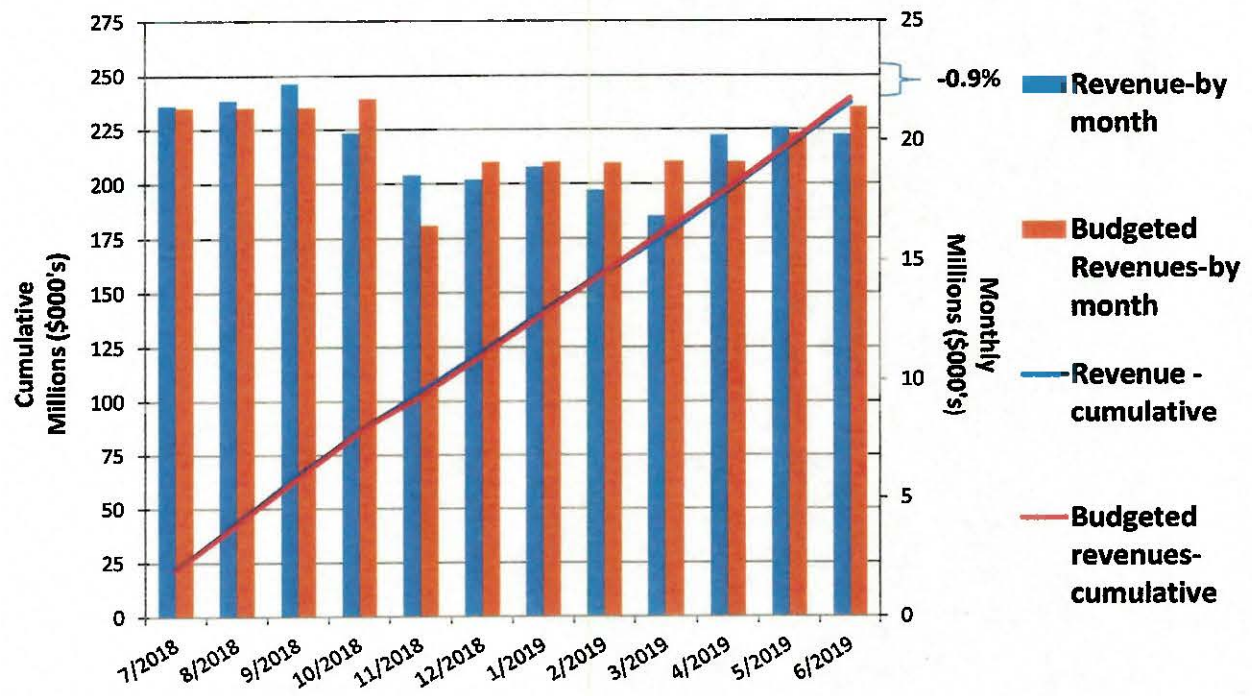
Operating Expenditures by Category (Budget vs. Actual)
As of June 30, 2019



BUDGETED OPERATING EXPENDITURES FY 2019



BUDGETED OPERATING REVENUES FY 2019



WATER FOR LIFE

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



Board of Water Supply
City and County of Honolulu

Financial Performance

July 2018 – June 2019





Budget to Actual July 2018 – June 2019

- Actual Revenue \$237 million vs.
Budgeted Revenue \$239 million
- Operating costs are \$168 million vs.
Budgeted costs of \$186 million
- Actual Net Revenue \$70 million vs.
Budgeted Net Revenue \$53 million



Cost Drivers

Year to Date June 2019

	Actual (millions)	Budget (millions)
• Personnel	\$40	\$49
• Services/Supplies	\$38	\$47
• Repairs & Misc.	\$14	\$15
• Equipment	\$ 4	\$ 5
• Utilities	\$ 25	\$ 23
• Debt Service	\$ 21	\$ 22

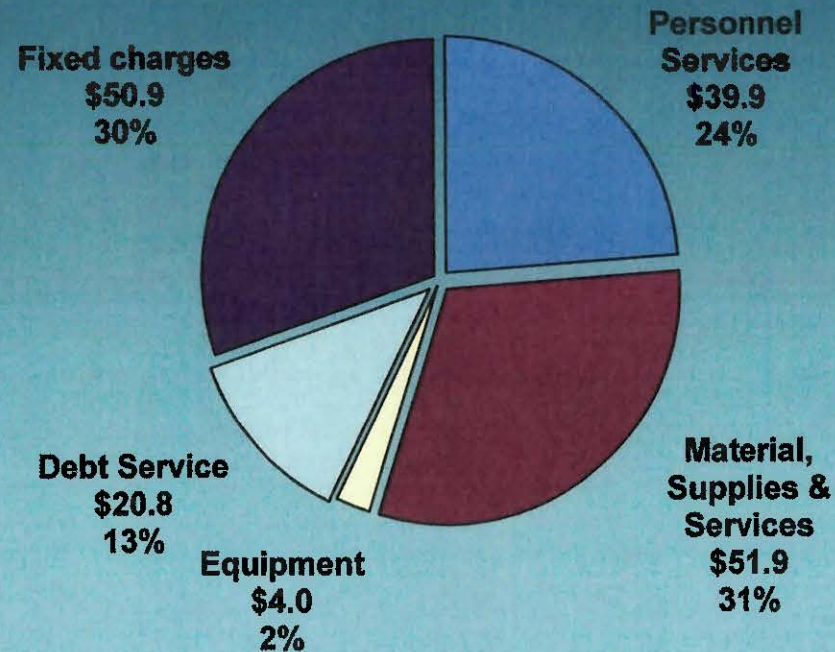
WATER FOR LIFE

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Board of Water Supply
City and County of Honolulu

Total Operating Expenditures - \$167.6
As of June 30, 2019
(millions of dollars)



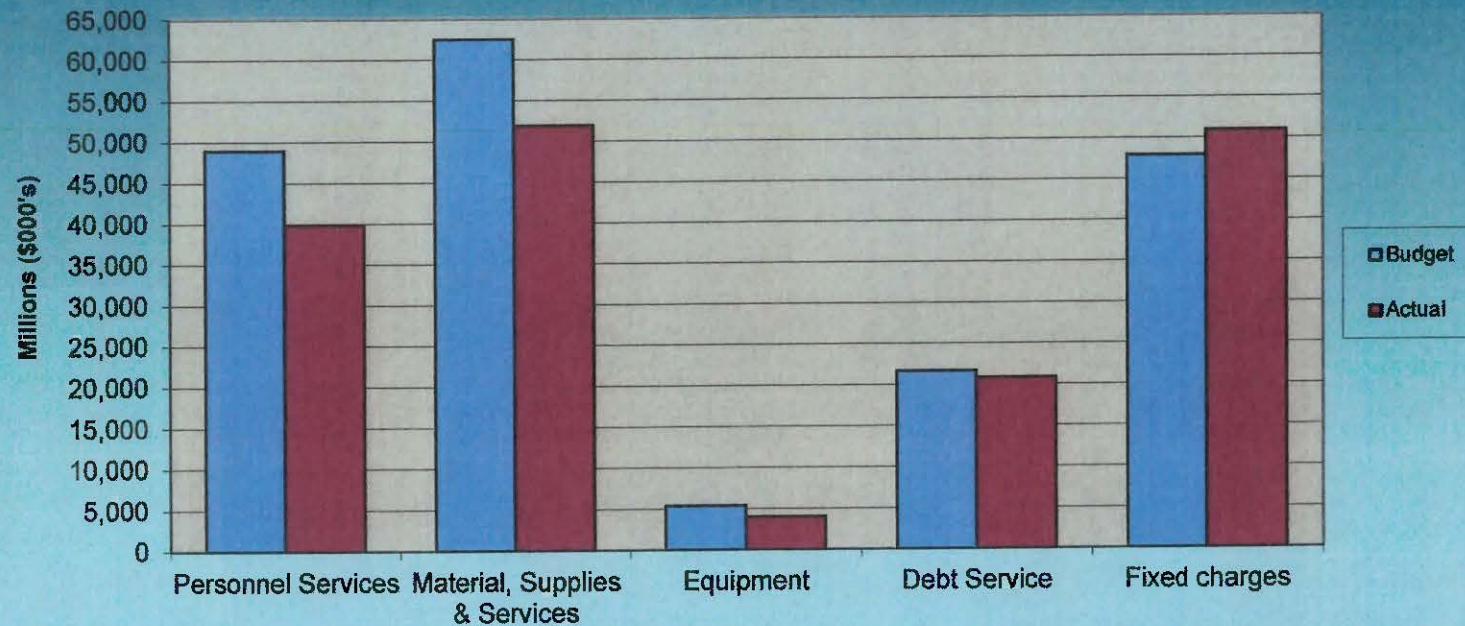
WATER FOR LIFE

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



Board of Water Supply
City and County of Honolulu

Operating Expenditures by Category (Budget vs. Actual)
As of June 30, 2019



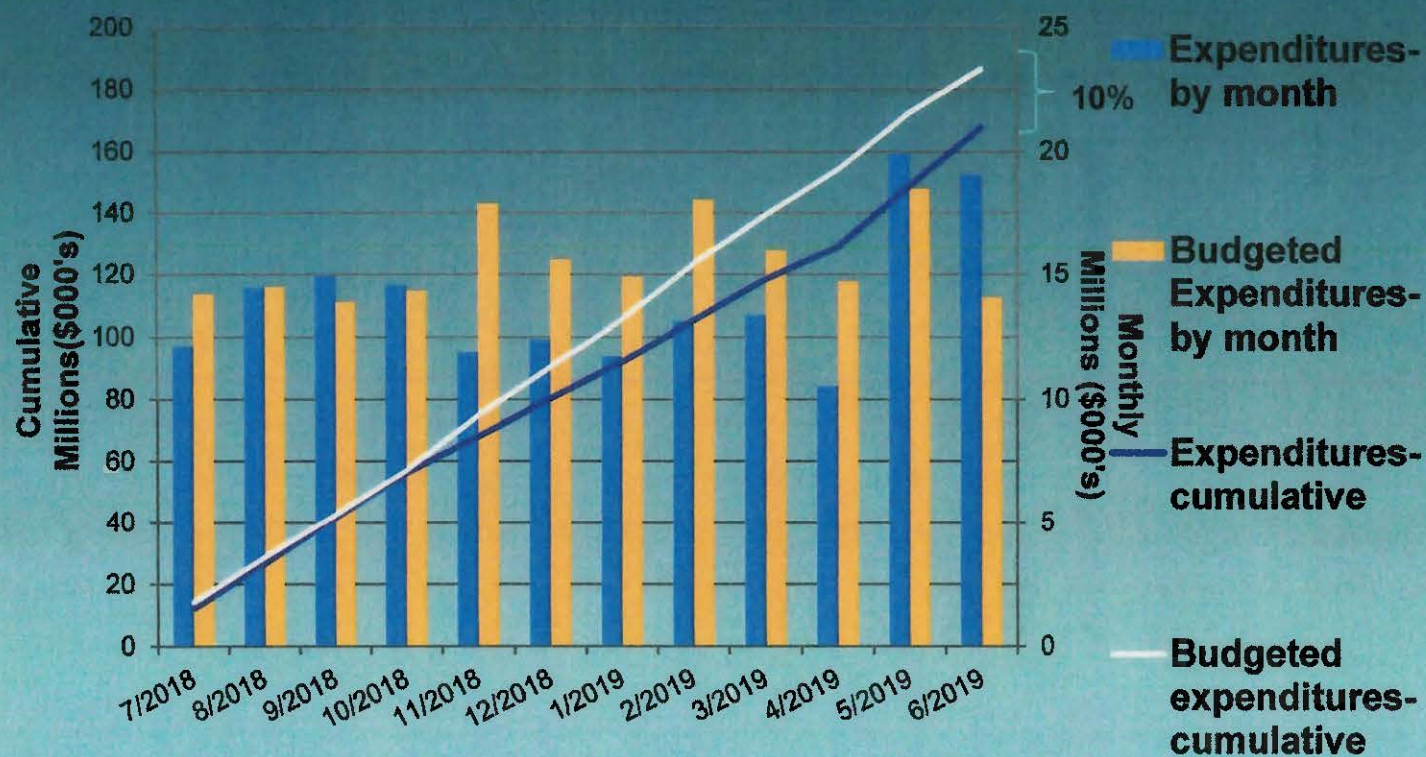
WATER FOR LIFE

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



Board of Water Supply
City and County of Honolulu

BUDGETED OPERATING EXPENDITURES FY 2019



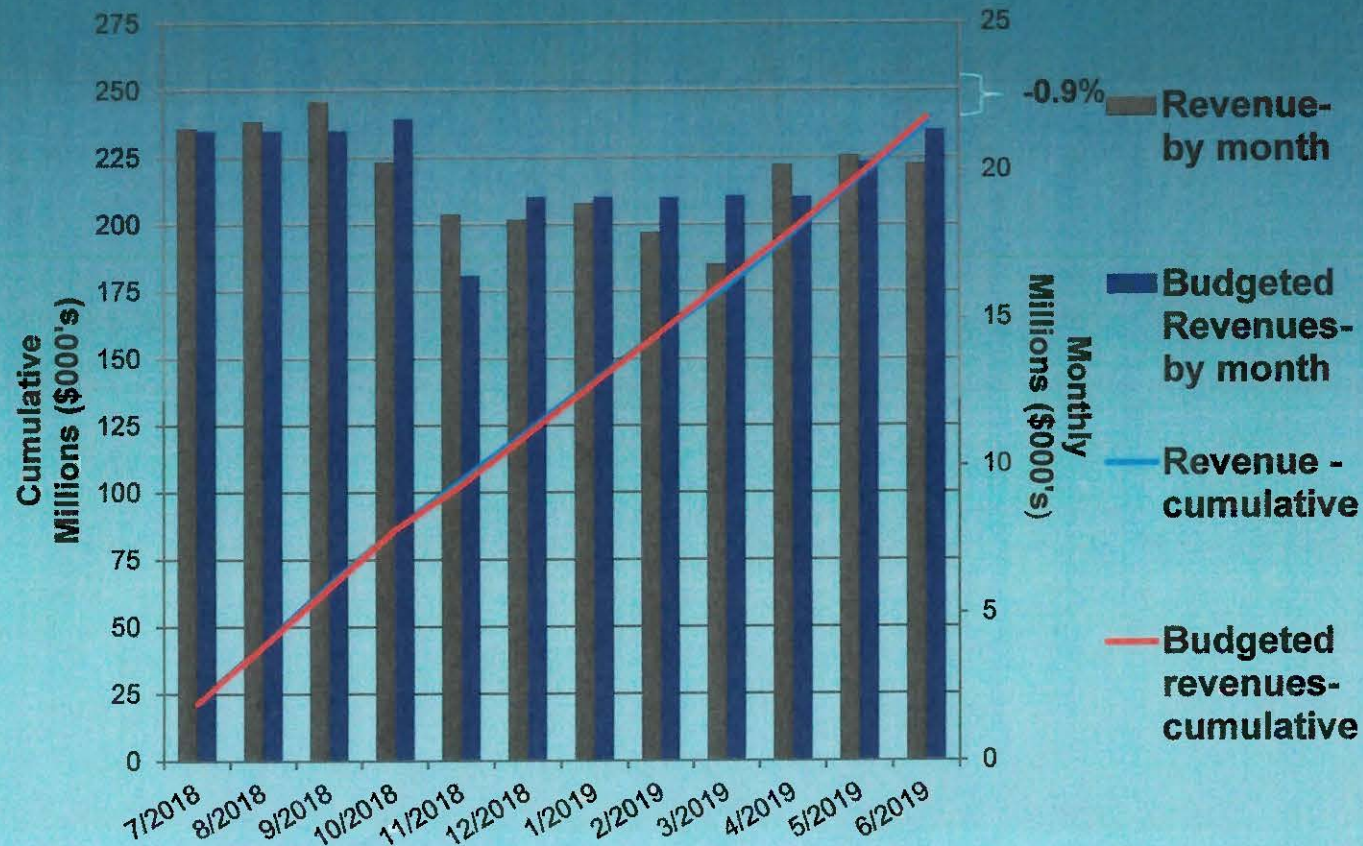
WATER FOR LIFE

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



Board of Water Supply
City and County of Honolulu

BUDGETED OPERATING REVENUES FY 2019



WATER FOR LIFE

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



Board of Water Supply
City and County of Honolulu

Questions
or
Comments



ITEM FOR INFORMATION NO. 3

"July 22, 2019

GROUNDWATER
LEVELS

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

Chair and Members:

Subject: Status Update of Groundwater Levels at All Index Stations

There were no aquifer index wells within low groundwater status for the production month of June 2019. The monthly production average for June 2019 was 144.43 million gallons per day.

The Board of Water Supply rainfall index for the month of June 2019 was 174 percent of normal; with a 5-month moving average of 97 percent. As of July 2, 2019, the Hawaii Drought Monitor shows abnormally dry conditions for southern Oahu from Honolulu to Makaha, with moderate drought conditions on the leeward side of the island, Ewa Beach to Waianae. The wildfire season has started early this year. The Oahu Drought Committee met on June 25, 2019. The National Weather Service is currently observing weak El Nino conditions around the Hawaiian Islands. A weak El Nino is likely to continue through the summer and possibly through fall and winter. Similar to last month's reporting, continuation of El Nino conditions through the summer normally correlates to decreased precipitation on Oahu. However, the Central Pacific Hurricane Center has predicted above-normal tropical cyclone activity during this hurricane season, thereby increasing probabilities for above normal rainfall during the summer months. If the El Nino weakens to neutral, more rainfall is possible during the 2019-2020 wet season. If El Nino continues, drier wet season is more likely. Most monitoring wells are showing slightly decreasing to static trends, resulting from increased pumping through the summer months.

Respectfully submitted,

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

Attachment"

The foregoing was for information only.

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

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JUNE 2019**

POTABLE

STATION	MGD
HONOLULU (1)	
KULIOUOU	0.07
WAILUPE	0.13
AINA KOA	0.28
AINA KOA II	0.44
MANOA II	0.00
PALOLO	1.11
KAIMUKI HIGH	2.89
KAIMUKI LOW	3.75
WILDER	4.55
BERETANIA HIGH	3.36
BERETANIA LOW	6.84
KALIHI HIGH	3.18
KALIHI LOW	2.28
KAPALAMA	0.29
KALIHI SHAFT	8.67
MOANALUA	1.36
HALAWA SHAFT	5.39
KAAMILO	0.87
KALAUAO	6.35
PUNANANI	10.61
KAAHUMANU	0.27
HECO WAIU	2.64
MANANA	0.35
WELLS SUBTOTAL:	65.70
MANOA TUNNEL	0.17
PALOLO TUNNEL	0.23
GRAVITY SUBTOTAL:	0.40
HONO. SUBTOTAL:	66.10

STATION	MGD
WINDWARD (2)	
WAIMANALO II	0.57
WAIMANALO III	0.00
KUOU I	1.47
KUOU II	0.06
KUOU III	0.71
LULUKU	0.96
HAIKU	0.00
IOLEKAA	0.00
KAHALUU	0.79
KAHANA	0.98
PUNALUU I	0.00
PUNALUU II	3.69
PUNALUU III	0.00
KALUANUI	1.22
MAAKUA	0.23
HAUULA	0.26
WELLS SUBTOTAL:	10.95
WAIM. TUNNELS I & II	0.00
WAIM. TUNNELS III&IV	0.19
WAIHEE INCL. WELLS	0.27
WAIHEE TUNNEL	4.95
LULUKU TUNNEL	0.07
HAIKU TUNNEL	1.07
KAHALUU TUNNEL	1.37
GRAVITY SUBTOTAL:	7.92
WIND. SUBTOTAL:	18.87

STATION	MGD
NORTH SHORE (3)	
KAHUKU	0.51
OPANA	0.18
WAIALEE I	0.44
WAIALEE II	0.46
HALEIWA	0.00
WAIALUA	1.70
N.SHORE SUBTOTAL:	3.29

STATION	MGD
MILILANI (4)	
MILILANI I	2.32
MILILANI II	0.00
MILILANI III	0.80
MILILANI IV	1.74
MILILANI SUBTOTAL:	4.87

STATION	MGD
WAIHAWA (5)	
WAIHAWA	1.14
WAIHAWA II	1.96
WAIHAWA SUBTOTAL:	3.10

STATION	MGD
PEARL CITY-HALAWA (6)	
HALAWA 277	0.66
HALAWA 550	0.00
AIEA	1.18
AIEA GULCH 497	0.43
AIEA GULCH 550	0.22
KAONOH I	1.12
WAIMALU I	0.00
NEWTOWN	1.16
WAIU	0.83
PEARL CITY I	0.49
PEARL CITY II	1.13
PEARL CITY III	0.36
PEARL CITY SHAFT	0.92
PEARL CITY-HALAWA SUBTOTAL:	8.51

STATION	MGD
WAIPAHU-EWA (7)	
WAIPIO HTS.	1.63
WAIPIO HTS. I	0.87
WAIPIO HTS. II	0.27
WAIPIO HTS. III	1.11
WAIPAHU	5.27
WAIPAHU II	2.08
WAIPAHU III	1.71
WAIPAHU IV	2.88
KUNIA I	4.29
KUNIA II	2.11
KUNIA III	1.46
HOAEAE	4.99
HONOULIULI I	0.00
HONOULIULI II	6.60
MAKAKILO	0.35
WAIPAHU-EWA SUBTOTAL:	35.63

STATION	MGD
WAIANAE (8)	
MAKAHA I	0.30
MAKAHA II	0.15
MAKAHA III	0.42
MAKAHA V	0.36
MAKAHA VI	0.00
MAKAHA SHAFT	0.00
KAMAILE	0.00
WAIANAE I	0.11
WAIANAE II	0.44
WAIANAE III	0.71
WELLS SUBTOTAL:	2.50
WAI. C&C TUNNEL	1.40
WAI. PLANT. TUNNELS	0.16
GRAVITY SUBTOTAL:	1.56
WAIANAE SUBTOTAL:	4.06

NONPOTABLE

NONPOTABLE	MGD
KALAUAO SPRINGS	0.78
BARBERS POINT WELL	1.27
GLOVER TUNNEL NP	0.40
NONPOTABLE TOTAL:	2.45

RECYCLED WATER (MAY 2019)

RECYCLED WATER	MGD
HONOULIULI WRF R-1	7.30
HONOULIULI WRF RO	1.69
RECYCLED WATER TOTAL:	8.99

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JUNE 2019**

PRODUCTION SUMMARIES

TOTAL WATER	MGD
PUMPAGE	134.55
GRAVITY	9.88
POTABLE TOTAL:	144.43
NONPOTABLE	2.45
RECYCLED WATER	8.99
TOTAL WATER:	155.86

CWRM PERMITTED USE AND BWS ASSESSED YIELDS FOR BWS POTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE/ BWS YLDS	JUN 2019	DIFF. A-B
1	HONOLULU	82.93	65.70	17.23
2	WINDWARD	25.02	13.64	11.38
3	NORTH SHORE	4.70	3.29	1.40
4	MILILANI	7.53	4.87	2.66
5	WAHIAWA	4.27	3.10	1.17
6	PEARL CITY-HALAWA	12.25	8.51	3.74
7	WAIPAHU-EWA	50.63	35.63	15.00
8	WAIANAE	4.34	2.50	1.84
TOTAL:		191.67	137.24	54.42

CWRM PERMITTED USE FOR BWS NONPOTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE	JUN 2019	DIFF. A-B
7	WAIPAHU-EWA (BARBERS POINT WELL)	1.00	1.27	-0.27
TOTAL:		1.00	1.27	-0.27

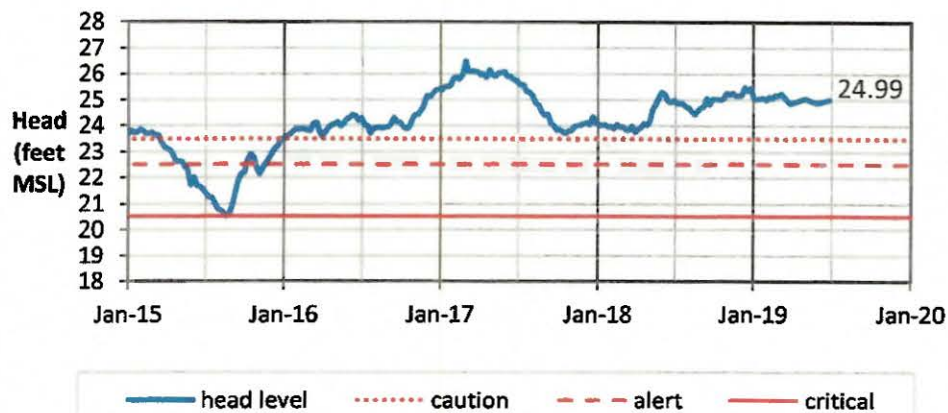
EFFECTIVE WATER DEMAND PER DISTRICT

IMPORT/EXPORT BETWEEN WATER USE DISTRICTS			
FROM	TO		MGD
2	1	WINDWARD EXPORT	1.15
7	8	BARBERS PT LB	6.02

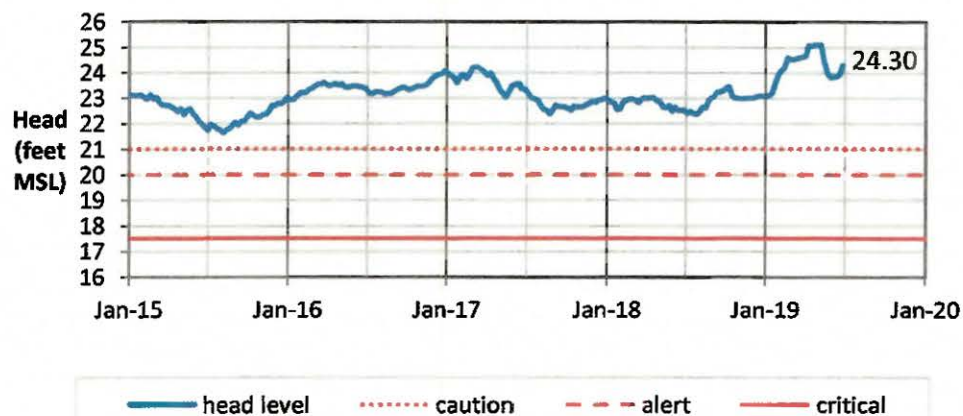
WATER USE DISTRICTS		SUBTOTAL	IMPORT	EXPORT	EFFECTIVE WATER DEMAND
1	HONOLULU	65.70	1.15	-	66.86
2	WINDWARD	13.64	-	1.15	12.49
3	NORTH SHORE	3.29	-	-	3.29
4	MILILANI	4.87	-	-	4.87
5	WAHIAWA	3.10	-	-	3.10
6	PEARL CITY-HALAWA	8.51	-	-	8.51
7	WAIPAHU-EWA	35.63	-	6.02	29.61
8	WAIANAE	2.50	6.02	-	8.52
TOTAL:		137.24	7.18	7.18	137.24

Weekly Head Report

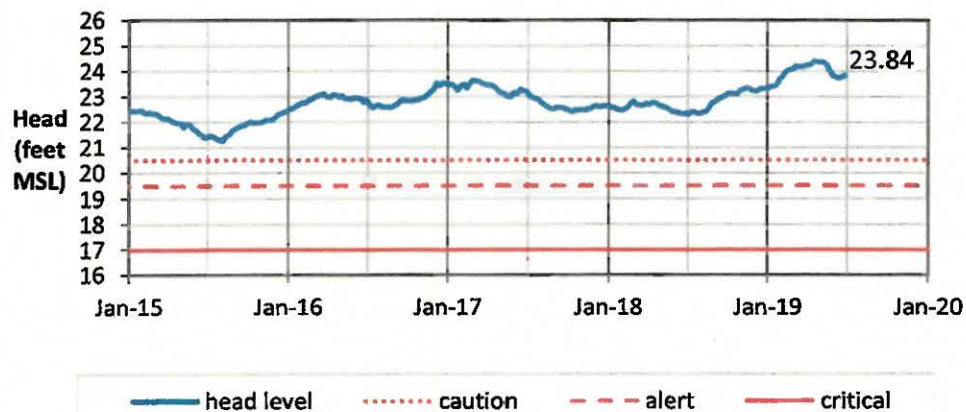
Kaimuki 07/01/19



Beretania 07/03/19

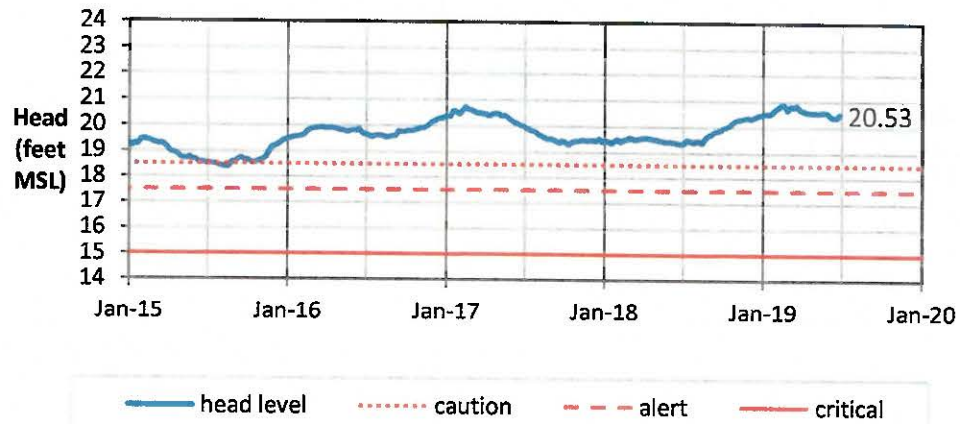


Kalihi 07/03/19

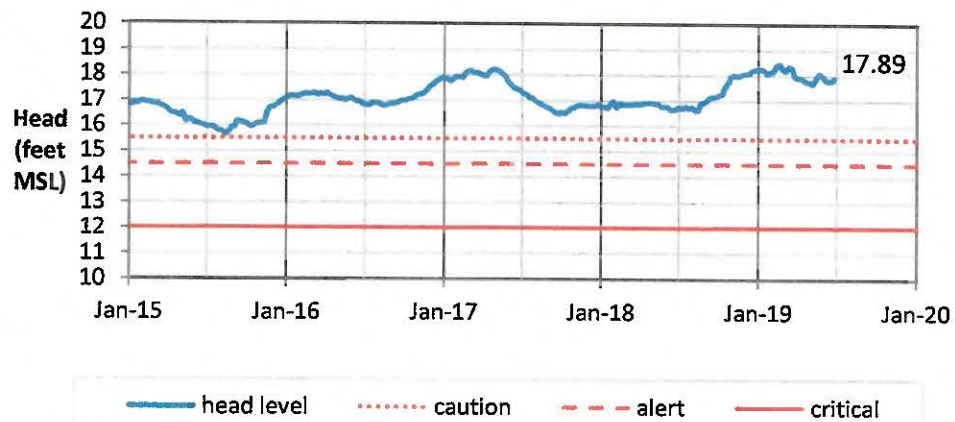


Weekly Head Report

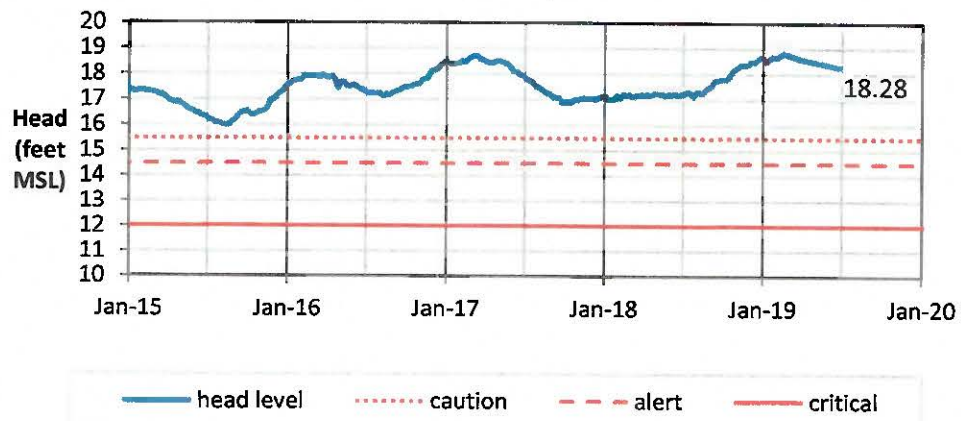
Moanalua 07/03/19



Halawa 07/03/19

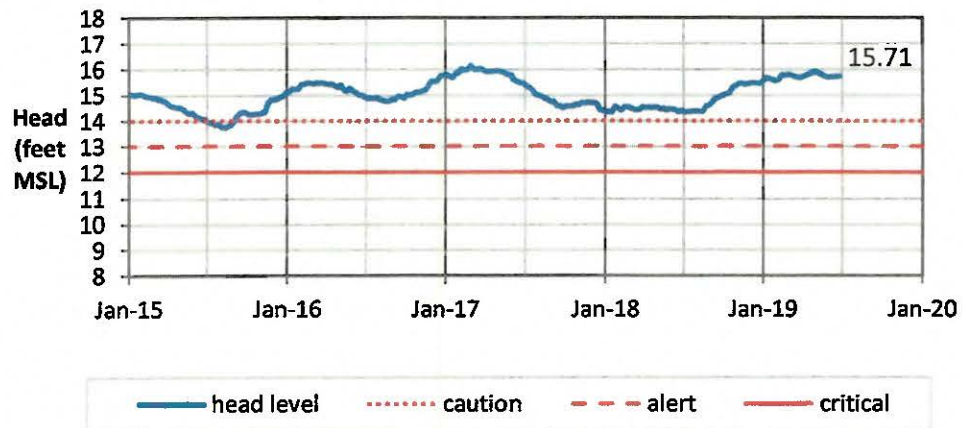


Kalauao 07/03/19

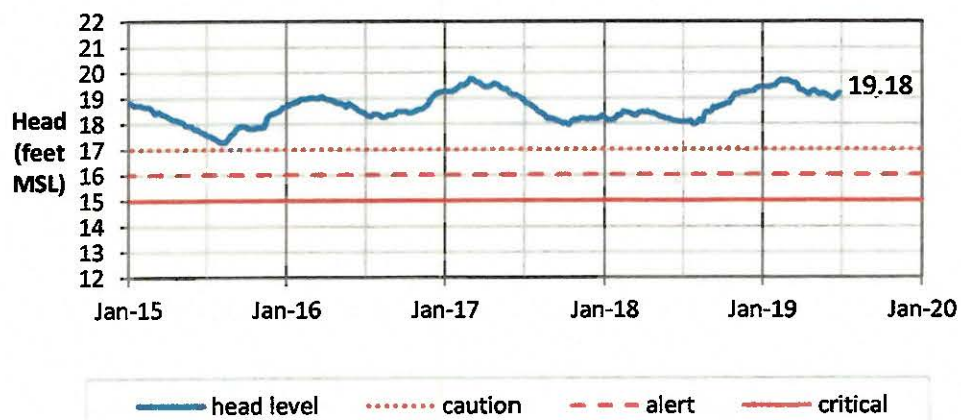


Weekly Head Report

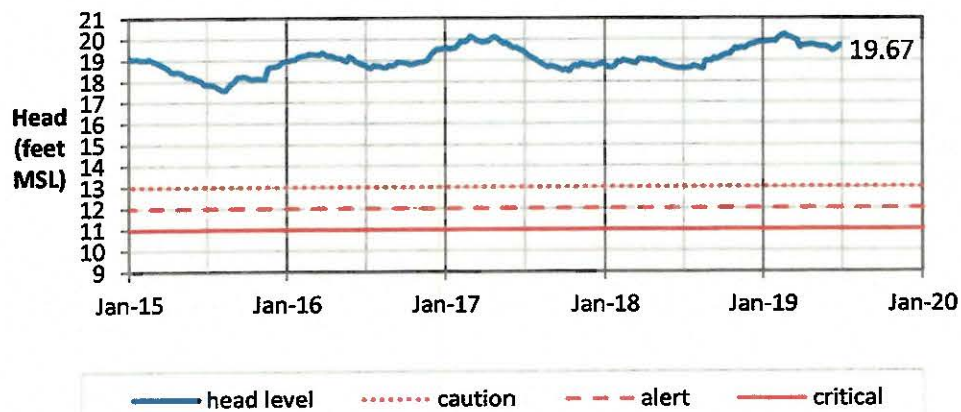
Pearl City 07/03/19



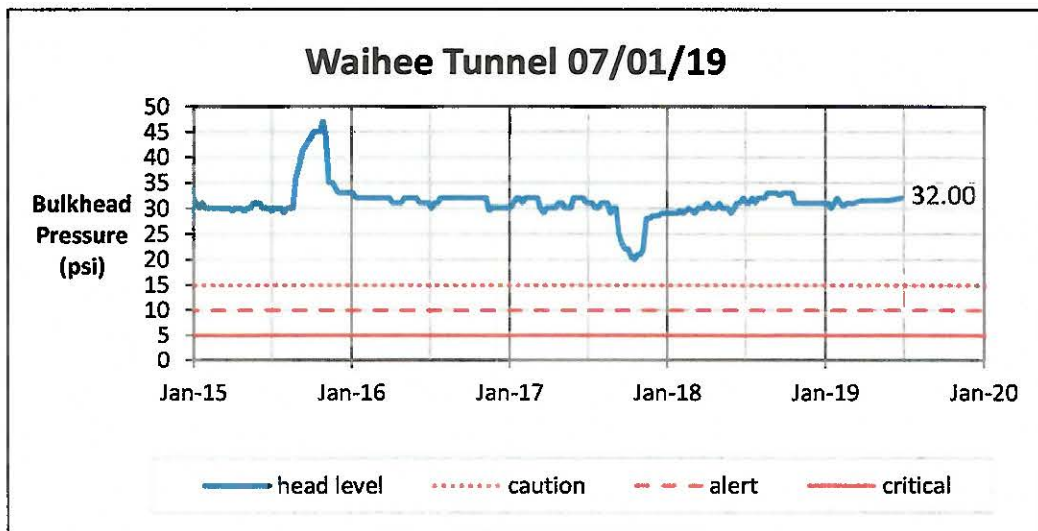
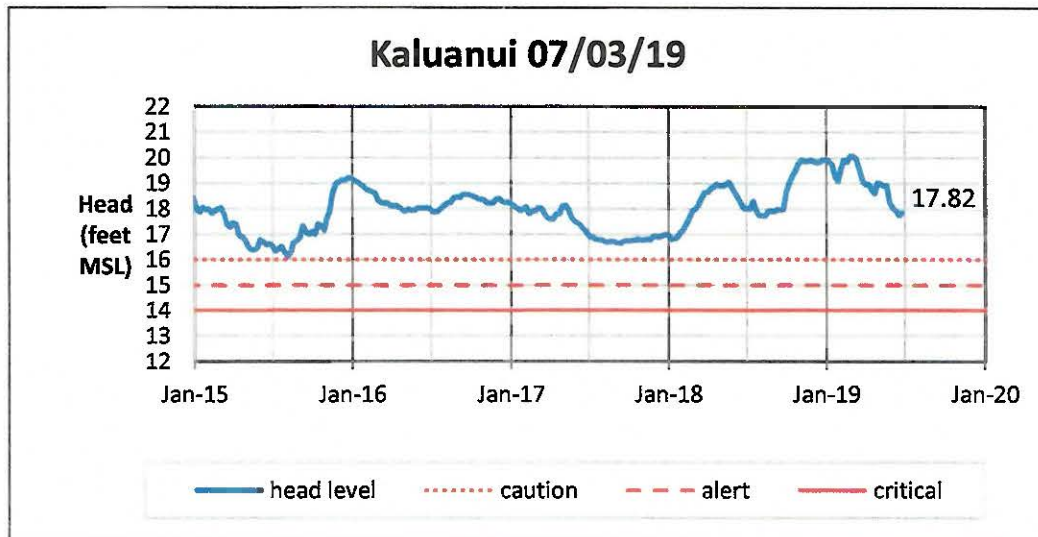
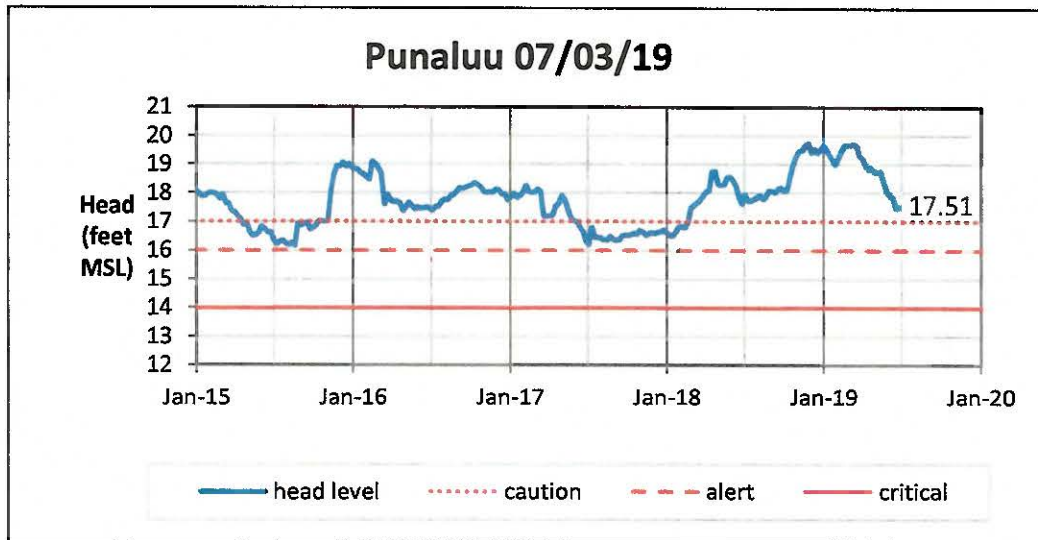
Waipahu 07/03/19



Hoeaee-Kunia 07/03/19

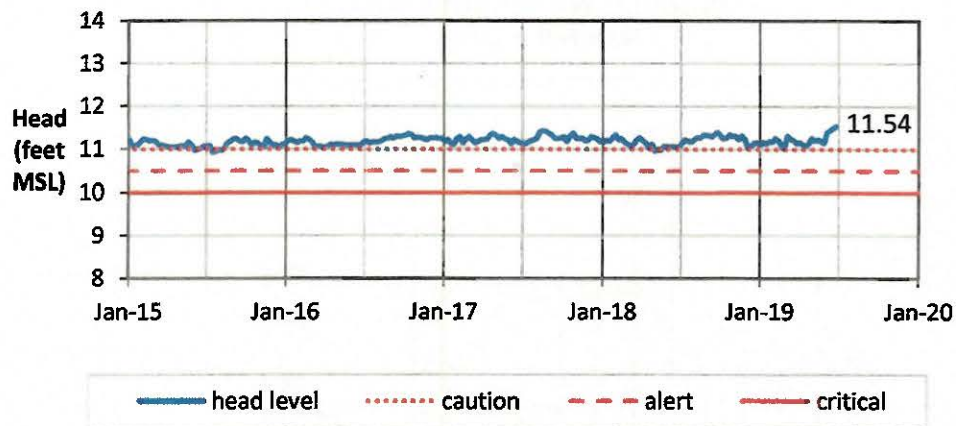


Weekly Head Report

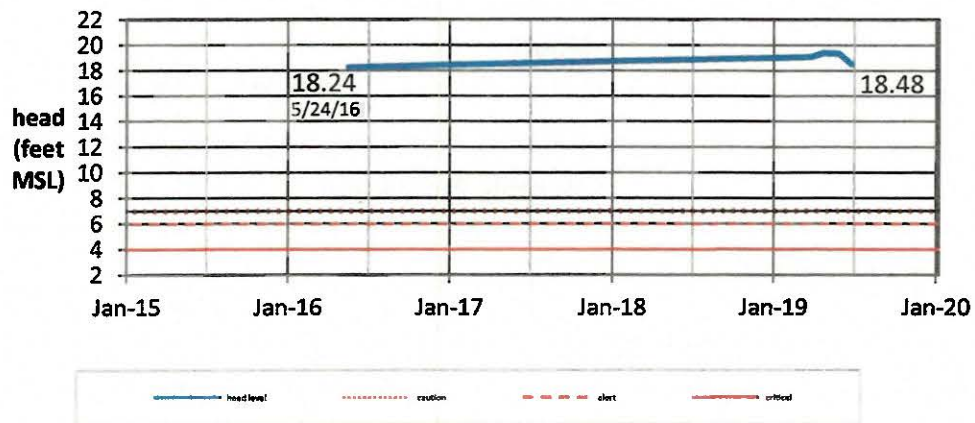


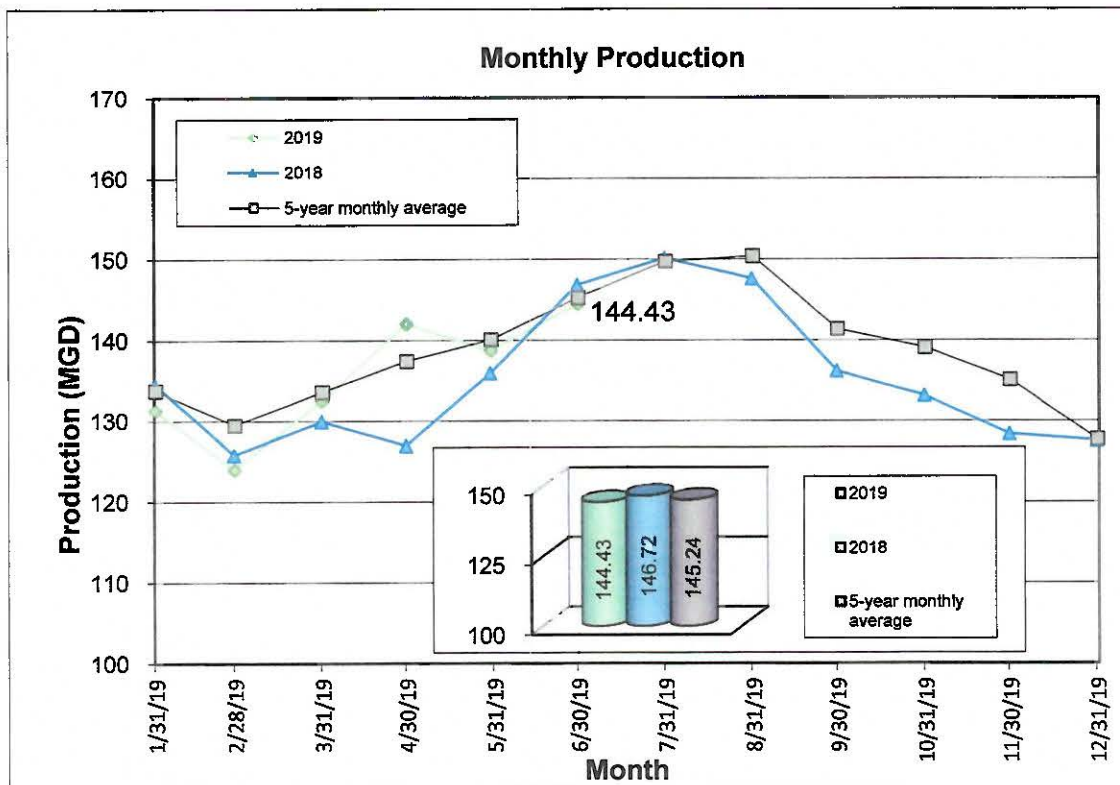
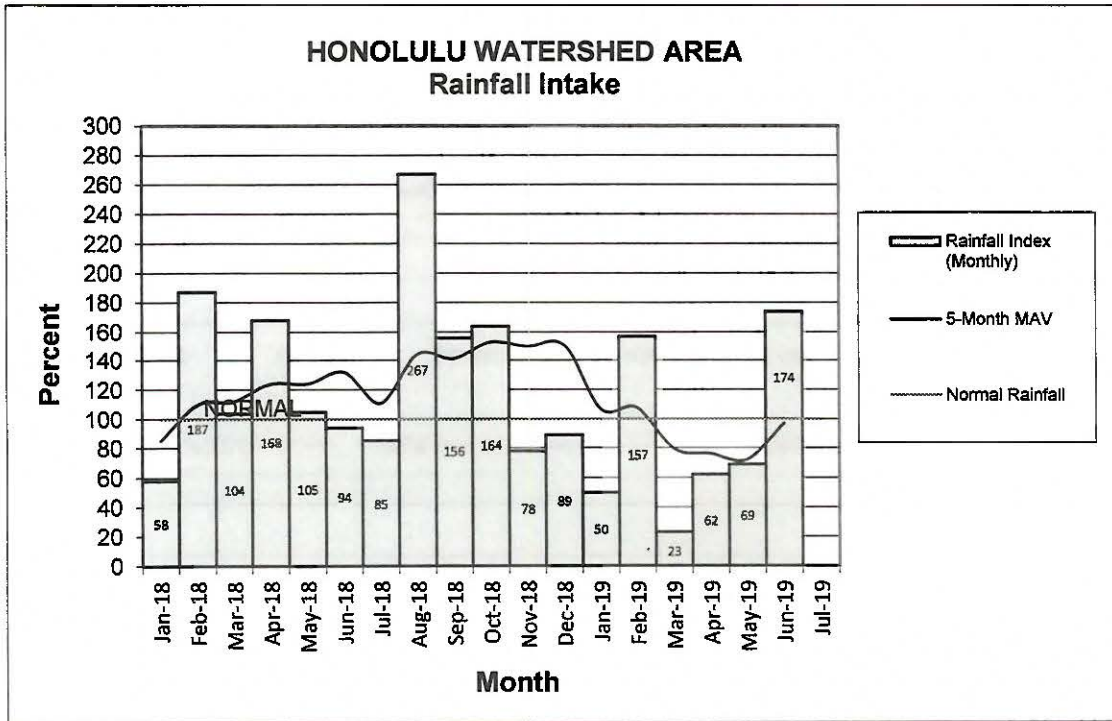
Weekly Head Report

Waialua 07/03/19



Makaha V 07/02/19





ITEM FOR INFORMATION NO. 4

"July 22, 2019

**WATER MAIN
REPAIR REPORT**

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

Chair and Members:

Subject: Water Main Repair Report for June 2019

Michael Fuke, Program Administrator, Field Operations Division, will report on water main repair work for the month of June 2019.

Respectfully submitted,

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

Attachment"

The foregoing was for information only.

DISCUSSION:

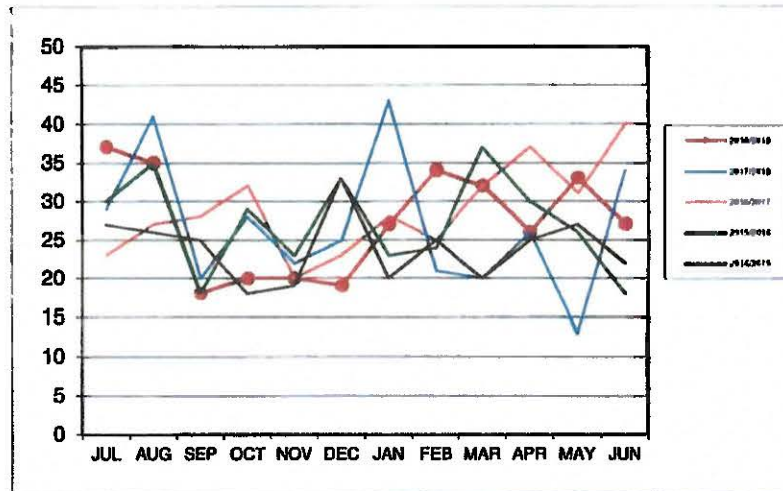
Mike Fuke, Program Administrator, Field Operations Division, gave the report. There were no comments or discussion.

WATER MAIN REPAIR REPORT

for June 2019

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	Total
2018/2019	37	35	18	20	20	19	27	34	32	26	33	27	328
2017/2018	29	41	20	28	22	25	43	21	20	26	13	34	322
2016/2017	23	27	28	32	20	23	28	25	32	37	31	40	346
2015/2016	30	35	18	29	23	33	23	24	37	30	26	18	326
2014/2015	27	26	25	18	19	33	20	25	20	25	27	22	287

Date	Address	Size (In)	Pipe Type
6/3/2019	564 Auwailimu St, Honolulu	12	CI
6/3/2019	45-161 Neepapa Pl, Kaneohe	4	CI
6/4/2019	46-226 Punawai St, Kaneohe	8	CI
6/4/2019	41-1606 Kalanianaʻole Hwy, Waimanalo	20	CC
6/4/2019	136 Boyd Ln, Honolulu	4	CI
6/4/2019	46-226 Punawai St, Kaneohe	8	CI
6/6/2019	2534 Pacific Heights Rd, Honolulu	6	CI
6/7/2019	1517 Paina St, Honolulu	4	CI
6/8/2019	4801 Kahala Ave, Honolulu	8	CI
6/9/2019	92-461 Akaula St, Kapolei	8	CI
6/13/2019	1349 Halekoa Dr, Honolulu	6	CI
6/13/2019	2005 Mauna Pl, Honolulu	6	CI
6/15/2019	98-1438 Akaaka St, Aiea	8	PVC
6/16/2019	1883 Lusitana St, Honolulu	6	CI
6/16/2019	1901 Lusitana St, Honolulu	6	CI
6/17/2019	1579 Lehia St, Honolulu	8	CI
6/17/2019	1608 Hooheke St, Pearl City	8	PVC
6/18/2019	2184 N. King St, Honolulu	6	CI
6/18/2019	94-955 Awaiki St, Waipahu	8	CI
6/18/2019	928 18th Ave, Honolulu	4	GI
6/19/2019	3528 Kaimuki Ave, Honolulu	8	CI
6/21/2019	45-1002 Kamehameha Hwy, Kaneohe	6	CI
6/21/2019	2940 Haawale Pl, Honolulu	4	CI
6/22/2019	85-329 Alohiki St, Waianae	8	CI
6/22/2019	45-910 Kamehameha Hwy, Kaneohe	6	CI
6/25/2019	92-604 Akaula St, Kapolei	8	CI
6/25/2019	2055 Hoolaula St, Pearl City	12	CI



45 miles of pipeline were surveyed by the Leak Detection Team in the month of June.

**MOTION TO
RECESS INTO
EXECUTIVE
SESSION**

Upon unanimously approved motion, the Board recessed into Executive Session Pursuant to [HRS §92-5(a)(4)] at 2:43 PM to Consult with the Board's Attorney and to Consider Issues Pertaining to Matters Posted for Discussion at an Executive Session.

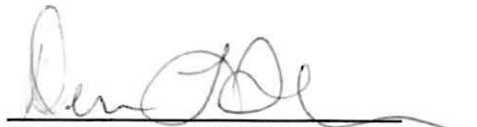
**OPEN
SESSION**

The Board reconvened in Open Session at 3:15 PM.


**MOTION TO
ADJOURN**

There being no further business Chair Andaya at 3:16 PM called for a motion to adjourn the Open Session. Max Sword so moved; seconded by Ray Soon and unanimously carried.

Respectfully submitted,


DEANNA L. THYSSEN

APPROVED:


BRYAN P. ANDAYA
Chair of the Board
AUG 26 2019

Date

THE MINUTES OF THE REGULAR BOARD MEETING ON JULY 22, 2019 WERE APPROVED AT THE AUGUST 26, 2019 BOARD MEETING			
	AYE	NO	COMMENT
BRYAN P. ANDAYA	X		
KAPUA SPROAT	X		
KAY C. MATSUI			ABSENT
RAY C. SOON			ABSENT
MAX J. SWORD			ABSENT
ROSS S. SASAMURA	X		
JADE T. BUTAY	X		