

MINUTES

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

May 23, 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) the Adoption of the Operating and Capital Program Budget for the Fiscal Year 2011-2012 and Appropriating Funds Therefor.

Present: Randall Y. S. Chung, Chair
Denise M. C. De Costa
Anthony R. Guerrero, Jr.
Theresa C. McMurdo
Adam C. Wong
Westley K. C. Chun
Glenn M. Okimoto

Also Present: Dean Nakano, Acting Manager
Brendan Bailey
Darwin Ching
Marc Chun
George Gusman III
Daryl Hiromoto
Erwin Kawata
Paul Kikuchi
Tracy Kitaoka
Jan Kemp
Keoni Mattos
Scott Muroaka
Leanne Nakamura
Neal Poepoe
Al Porras
Jonathan Suzuki
Jason Takaki
Ann Tello
Karen Tom
Kurt Tsue
Alexander Ubiadas
Barry Usagawa
Susan Uyesugi
Stuart Wong
Connie Yonashiro
Wayne Yoshimura

Others Present: Lynn Wakatsuki, Deputy, Corporation Counsel
Milton Imada

A Notice of Public Hearing appeared in the May 12, 2011 Star-Advertiser newspaper.

Before officially opening the Public Hearing, Chairman Chung announced that this Public Hearing is to consider the Board of Water Supply's proposed 2011-2012 Operating and Capital Program Budget for the fiscal year beginning July 1, 2011. He also stated that the Board is dedicated to the provision of a safe, adequate and reliable supply of water to their customers.

On May 17, 2011 a public budget workshop was held which outlined the department's goals and objectives and the proposed operating and capital budget for fiscal year 2011-2012.

Acting Manager, Dean Nakano, gave a brief statement that the budget focused on the Board of Water Supply's core functions; in coordination with the needs and plans of each division that was developed in line with their preliminary conditional assessment.

The Public Hearing was officially opened by Chairman Chung at 2:05 p.m.

Chairman Chung announced that individuals would be limited to three minutes to present their testimony.

Mr. Milton Imada, BWS retiree, provided verbal as well as written testimony. The following is Mr. Imada's verbal testimony:

'Honorable Chair and Members of this Board, my name is Milton Imada, I had 34 years of service with the Board of Water Supply before I retired under the Automotive Division.

I stand on my testimony in which I would like to emphasize the importance of replacing the contract executives with civil service employees who earned the right to be promoted. In doing so, it would help to improve the lowest employee morale in the Board of Water Supply's history. The contract executives are in large part responsible for a 48% rise in water rates since 1998. Compared to the 8.5% increase from 1929 to 1998. Recently, the six o'clock news showed the pay of top City and State officials, a judge makes \$135,000 annually. Do you know how much the contract executives make? If not, we suggest finding out for the sake of the budget. Could there be other hidden expenses? I can still remember a time when before leaving the Board of Water Supply, Kazu Hayashida was faced with the probability of raising the water rates 5%. At the last minute, he told his division chiefs, 'I am not going to financially burden our already struggling rate payers. You Chiefs look within your division to find ways of improving your operations without hurting civil service employees or sacrificing positions.' Later Kazu told the Chiefs, with streamlining operations, we may be safe for years to come. Employees believe to achieve this today, the Board of Water Supply must go back to the operational philosophy and organization of 1998; with civil service division chiefs

promoting to EM-7 and EM-8 through progression up the chain of command, to include reestablishing the Management Budget Office (MBO) under the Board of Water Supply's manager. Does any contract executive, department heads, Board of Water Supply manager or his deputy know why civil service employees, to include field operations and plant operations employees, refused department head positions and for exodus the Board of Water Supply before they planned to? The truth is to avoid the decisions of the contract executives and the manager. In addition to flipping the EMP's into civil service positions, would devastate morale and create dissention and heaven knows what else. Let's not forget the Post Office, Schools and Xerox incidents. Finally, we ask the board to revisit the 2006 City audit of the Board of Water Supply for the benefit of the new board members; we believe, we learn from our past to avoid making the same mistakes. The audit can be sent to you individually or as a group upon request from the City Auditor's office. We ask this Board to execute your fiduciary duties in the best interest of our citizens and employees. Thank you.'

Attached are the written testimony provided by Mr. Milton Imada and Mr. Allan Fujimoto.

In response to Chairman Chung's inquiring on Mr. Imada's testimony, Chief Financial Officer, Paul Kikuchi, stated the last time rates were increased was 1995, prior to the adopted rates and charges of 2006.

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 2:09 p.m.

May 23, 2011

TO: Randall Chung, Chair Westley Chun
 Denise De Costa Anthony Guerrero, Jr.
 Theresia McMurdo Glenn Okimoto
 Adam Wong

RE: Board of Water Supply Budget Hearing

My name is Milton Imada, and I worked as a Board of Water Supply (BWS) Automotive Division repair facility supervisor, responsible for the day-to-day operations of the facility, when I retired in 2001 after 34 years of service.

When I left BWS in 2001, it was – in large part – due to my concern about the negative direction the BWS was moving, influenced strongly by political pressure placed on the department by a former city administration. A direction that would change BWS from being the most respected City agency that was running consistently in the black and totally dedicated to providing high quality, reliable drinking water to our ratepayers at reasonable cost, to one that ran \$10 million in the red for years.

I offer testimony today on the budget before you, and urge that you consider the following recommendations, which are the concerns of many current and former employees of the Board of Water Supply:

1. Executive Contract Hires: We urge that you eliminate funding for all executive contract hires, or reduce funding for a planned phase-out of these contract hires within the next 180 days. As some of you may know, the executive hires were brought in to the department some years ago, supposedly to train the mid-and management-level civil service employees to improve their skills. They were not, and should not be considered as permanent employees of this public agency, and the board must demonstrate that it recognizes the temporary nature of these contract hires and begin the phase-out immediately. We firmly believe that there are civil service employees in all, if not most, of the operating divisions who are qualified for promotion to manage those divisions. In 1998, before the Experimental Modernization Program began, our civil service managers ably managed this department and were able to keep

our budget under control without the need for unreasonable rate increases.

2. Personal Services Contracts: While city ordinances and policies allow for temporary personal services contracts, we are concerned at the large number of personal services contract hires currently staffing what should be civil service positions. We urge this board to ensure that your 2011-2012 budget for personnel includes a proviso that the civil service positions will be filled in a proper and legitimate civil service process. We also advise against allowing the acting manager to convert contract hires to civil service – such actions would be highly irregular and unacceptable to those who apply for civil service hire and deserve a fair chance to be considered for these positions.
3. Management & Budget Review: We strongly urge this Board to restore the Management and Budget Office, formerly attached to the Office of the Manager and Chief Engineer, including funding the four staff positions required. Perhaps the administration can utilize some of the non-urgent vacant positions and revise the PD's to accommodate this urgent need. MBO was responsible for making sure that all of our budget requests were reasonable and feasible, and provided support to the manager in major decisions regarding new undertakings. While we have heard that the current Chief Financial Officer – an executive hire – says that he already performs that activity, we believe this would not be appropriate because he would be evaluating his own decision-making on many major expenditures or undertakings being considered. The MBO must be a close advisor to the Manager and Chief Engineer, able to review the budgets of all divisions.
4. Cost-savings vs. Rate-increase: While we realize that the Board may have to consider increasing water rates to protect our water system, it is important that the members of this Board take steps to address all areas where savings can be achieved. For example, if the department is required to have certain services provided by the City, why is the department duplicating that work by hiring people to do the same thing on this side of Beretania Street? Are we paying two sides for the same kind of work? What exactly are we receiving, either from the City or from the duplicated services provided here in this building? Just because the Board has the power to raise water rates, doesn't mean you should do so without making sure we have eliminated duplication of payments.

5. Identify Liabilities and Take Action to Correct Them: There are many liabilities that this department has undertaken that have nothing to do with improving water service to our customers. We already know about the Honouliuli water recycling plant, where we had to bail out the Harris administration years ago. Now we are paying for the capital costs of the ocean cooling system for the UH Medical School, which is again, not of benefit to the water system or rate payers. Are there other liabilities out there that we have not yet been informed of?
6. Special Expendable Funds Transfer: We are concerned about the transfer of \$12 million from the Special Expendable Fund to the general fund. We advise that this transfer be tied directly to the purpose for which these funds have been set aside. It seems puzzling as to why it is being handled this way.

I, and my friends and former colleagues from the Board of Water Supply, truly want the department to become strong again as it once was before this experimental modernization program began. We urge you to take our recommendations under serious consideration and amend this budget to address those concerns.

Thank you for considering this testimony.

Attachments --

Star-Bulletin Article, July 28, 2006, Water Officials Received Bonuses
Star-Bulletin Article, October 27, 2006, Audit Criticizes Water
Agency's Urban Institute
Honolulu Advertiser, October 27, 2006, Water Board Faulted For
Execs' Bonuses
VHS Audio Tape on City Council Committee on Public Works
and Energy Meeting of 11/02/06 at 9:00 a.m., Communication
CC-217, Audit of Selected Management Issues at the Honolulu
Board of Water Supply



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.

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BOARD OF WATER SUPPLY BONUS PAY

The Board of Water Supply approved \$555,763 in incentives for 49 employees, including 11 managers, listed here.

TOP MANAGEMENT

NAME/TITLE	ANNUAL SALARY	BONUS
Clifford Jamile <i>Former manager and chief engineer</i>	\$126,000	\$63,000
Donna Kiyosaki* <i>Deputy manager</i>	\$120,000	\$54,000

MANAGEMENT

NAME, TITLE	INCENTIVE BONUS PERIOD	INCENTIVE BONUS PAID
Gouveia, Jan* <i>Chief legal counsel and chief compliance officer</i>	12/03 to 5/05	\$30,000
Hayashi, Steve <i>Chief operations officer</i>	9/04 to 9/05	\$22,000
Hong, Peggy <i>Chief human resources officer</i>	7/03 to 12/05	\$45,000
Matayoshi, Kathy <i>Chief of staff</i>	8/03 to 7/05	\$37,000
McKee, Brian* <i>Chief information officer</i>	8/03 to 7/05	\$46,004
Murata, Douglas <i>Chief strategic development officer</i>	6/03 to 8/05	\$30,000
Rosen, Bruce <i>Chief financial officer</i>	3/04 to 11/04	\$12,500
Shin, Su* <i>Chief communications officer</i>	11/04 to 11/05	\$20,000
Torigoe, Juli <i>Chief financial officer</i>	11/04 to 11/05	\$25,000
38 other civil service employees		\$171,259
TOTAL BONUS PAY		\$555,763

*Still employed by the Board of Water Supply

Source: The Board of Water Supply

The Honolulu Advertiser

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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

The audit covers the period from 1998 until this year. Lum became manager and chief engineer in January.

Another area cited by the audit is the number of water main breaks in recent years.

But Lum said statistics show a recent decrease in the number of water main breaks. "We average about 400 breaks a year; it used to be average 500," Lum said.

A number of employees have complained that the board tinkered with a well-organized team to bring in new and highly paid consultants without making them accountable.

And the audit found that the reorganization was costly and failed to deliver. The auditor said consultant costs totaled \$10 million over five years and benefits remain uncertain. And the lack of a final organizational chart "shows continuing instability."

The audit also found that the board's limited budget for pipeline maintenance has focused attention only to the pipes in the most critical condition.

DATA DISPUTED

Coupled with a high number of water main breaks, Tanaka raised concerns "that resources for maintenance and repair of existing drinking water infrastructure may have been compromised by these organization changes."

Lum said some of the data in the audit was inaccurate and led the auditor to incorrect conclusions. He said the audit understates the amount budgeted for pipeline projects by more than \$139 million from fiscal year 1999 to 2005.

He said the board also focuses on other fundamental components of the water system and spends money on wells, reservoirs, pumping stations as well as pipelines.

Tanaka recommended that the board establish policies for evaluating the manager and chief engineer and put in place systems to assure accountability.

Tanaka noted in the report that the problems with the agency "shows that change cannot occur solely on the basis of one manager's vision, but particularly for a semi-autonomous municipal entity like the BWS, must be reinforced with accountability through documented systems of evaluation, monitoring and reporting that will institutionalize desired changes, preserve the strengths of the organization and protect ratepayers' interests."

Lum said some of the recommendations already were in place before the agency got the audit.

He also said he thinks the agency was wise to try new policies — from the bonuses to the reorganization and business ventures — to adapt to a changing workplace.

"I don't think it's wasteful," he said.

Reach Robbie Dingeman at rdingeman@honoluluadvertiser.com.

...

entire amount now because other city agencies — including the city auditor — are now using that office space.

- **Audit:** \$48 million to purchase the Honouliuli Recycled Water Facility, which turns treated sewage from the city municipal wastewater plant into water used for irrigation and industrial uses.

Response: Lum said that plant now produces an average of 8 million gallons a day of water that is sold for irrigation of golf courses and for industrial uses, water that could otherwise be tapped from Honolulu's dwindling supply of fresh water.

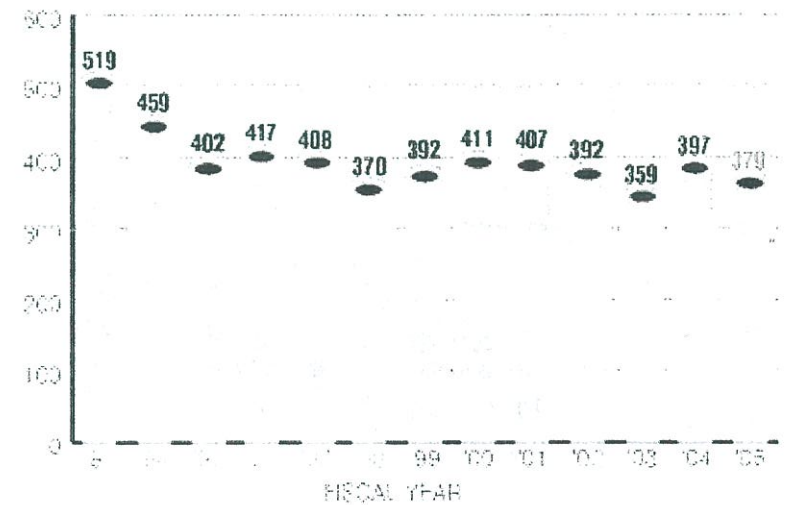
- **Audit:** \$13.5 million to purchase the 'Ewa shaft from Campbell Estate, plus \$4.5 million more to rehabilitate the contaminated shaft. The audit said the board is absorbing future liabilities, and paid \$18 million when it could have condemned the property outright.

Response: Lum said the board was able to develop the 'Ewa shaft as a source of 12 million gallons a day of water for that price. "That was an absolute steal," he said.

- **Audit:** \$11 million to build a district cooling plant to provide air-conditioning at the John A.

WATER MAIN BREAKS PER YEAR ON O'AHU

A report from the city auditor noted an increasing number of water main breaks in recent years and tied them to decreased water pipeline maintenance. But statistics from the Board of Water Supply show a downward trend in water main breaks over the long term.



Source: Honolulu Board of Water Supply

The Honolulu Advertiser

Burns School of Medicine, plus \$2.3 million over the next 20 years to fully own equipment within the plant.

Response: Lum said innovative projects like this continue to reduce the demand for fresh water.

Source: Office of the City Auditor; Honolulu Board of Water Supply

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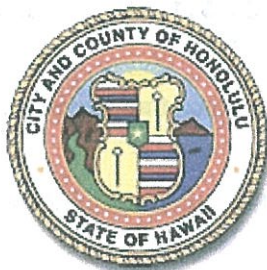
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Star Bulletin

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.

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2011 MAY 23 A 10:46

**Written Testimony of
Allan Fujimoto
Before the
Board of the Honolulu Board of Water Supply**

May 23, 2011

Chairman Chung and members of the Honolulu Board of Water Supply. My name is Allan Fujimoto and I am testifying in support of reinstatement of the Management and Budget Office of the Board of Water Supply. I headed the Management and Budget Office as an Executive Assistant II from March 1989 to December 2000. Prior to that, I headed the Budget Analysis Division of the City and County of Honolulu.

The Management and Budget Office (MBO) was created in the early 1970s primarily because it was recognized that the Office of Manager and Chief Engineer needed staff that would: (1) prepare and monitor the implementation of the departmental budget; and (2) provide management support to the Manager and Chief Engineer. In carrying out its functions, MBO reviewed requests to: (1) fill positions; (2) reallocate positions; (3) create new positions; (4) reorganize organizational units; (5) purchase unbudgeted equipment; (6) authorize change orders for RFIP and CIP projects; (7) approve the departmental organization chart annually; (8) authorize personal use of vehicles; and (9) amend the operating, CIP or RFIP budgets. The MBO also played a key role in major projects/undertakings such as: (1) the Customer Accounting System project; (2) the Automated Meter Reading (AMR) project; and (3) the issuance of revenue bonds. It also was in charge of water rate studies and coordinated the receipt of FEMA funds after disasters. Most importantly, the budgets that it prepared ensured that departmental staffing/operations were adequately funded, pipeline and other facility replacement requirements were met, and that the department operated in a cost effective manner that benefited its ratepayers. MBO did all of these functions on behalf of the Manager and Chief Engineer thereby allowing that position to focus on core strategic water issues.

An office such as the MBO should be restored to ensure that the BWS will again be able to operate like it did in the 1990s when I felt that the BWS was -- if not the best, certainly one of the best -- places to work. BWS employees worked hard but were appreciated and knew that they were doing the best for our ratepayers. MBO played a key role in that by ensuring that their budgets provided adequate resources so that they could do their jobs well and cost-effectively. MBO was also tasked to evaluate any new major new undertakings to ensure that they would be worth doing.

The most important reasons for the restoration of the MBO however can probably be found in the 2006 audit of the BWS by the City Auditor. A passage of particular import can be found on page three of the Audit's Executive Summary which states in part: "BWS's reengineering experience shows that change cannot occur solely on the basis of one manager's vision, but particularly for a semi-autonomous municipal entity like the BWS, must be reinforced with accountability through documented systems of evaluation, monitoring and reporting that will institutionalize desired changes, preserve the strengths of the organization and protect ratepayers' interests." A restored MBO, that is supported by the Manager and Chief Engineer, would be able to provide the "documented systems of evaluation, monitoring and reporting" mentioned in the audit.

The need for a restored MBO can also be found in the three major Findings of the 2006 audit of the BWS by the City Auditor. The first finding states: "Human resource reengineering was costly and failed to deliver anticipated efficiencies." The second finding states: "Costly business development projects were implemented with questionable benefits to ratepayers." The third finding states: "BWS' limited budgets for pipeline maintenance have been sufficient only for addressing infrastructure in the most critical condition." A restored MBO, that is supported by the Manager and Chief Engineer, would not have recommended that the BWS embark on the human resource reengineering or the business development initiatives. It also would have worked to ensure that adequate budgets were provided for pipeline maintenance.

Restoration of MBO would again mean that the accounting and budget functions would be separate as they are in the City and County of Honolulu's Department of Budget and Fiscal Services, which has an Accounting Division and two budget divisions, one that is responsible for the Operating Budget and one that is responsible for the CIP Budget. Similarly, the State of Hawaii's accounting function is carried out by the Department of Accounting and General Services while its budgeting function is carried out by the Department of Budget and Finance. Similarly, at the Federal level, there is a General Accountability Office and a Office of Management and Budget. At all these levels of government, the accounting and budgeting functions are separated to ensure that they are carried out as effectively as possible. If, however, an entity is very small, this would not be necessary. I once went to a national water conference where I met the Chief Engineer of a very small water department. He had a total staff of four including himself so his administrative staff person handled all of the office functions including accounting and budgeting. For an entity of the size like the BWS on the other hand, separation of the accounting and budgeting functions is best and will be accomplished by the restoration of the Management and Budget Office.

Restoration of MBO would also provide needed leadership stability as its head would be a civil service employee who would in all likelihood be in the position for much longer than the contract EMP CFOs have been. During the time when the MBO was previously in existence from the early 1970s to 2000, there were only two

heads of that office. In most situations, leadership stability and continuity is desirable and an entity like the MBO is probably no exception to this rule.

A restored MBO would have many tasks on its plate once it had been suitably staffed. The first would be to review the audit that was performed by the City Auditor in 2006 to determine if, indeed, the BWS has adequately and appropriately addressed all concerns and is now heading in the right direction. The second would be to examine the BWS's current staffing and organizational structure to determine if it will enable the BWS to meet its future challenges. This examination would also focus on the status of the EMP positions. The third would be to examine the BWS's financial situation to ensure that it will be able to meet its short and long term needs, especially for staffing and for pipeline replacements.

A handwritten signature in cursive script that reads "Allan Fujimoto".

Allan Fujimoto
1246 Puualoha St.
Kailua, HI 96734
Ph. 261-0308

"May 23, 2011

ADOPTION OF
RESOLUTION
NO. 812, 2011

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

Chairman and Members:

Subject: Adoption of Resolution No. 812, 2011 Adopting the
Operating and Capital Program Budget for the Fiscal
Year 2011-2012 and Appropriating Funds Therefor

We recommend adoption of the proposed Operating and Capital Program Budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

A public hearing to consider the proposed budget, as required by the City Charter, was held on May 23, 2011. A true and correct copy of the public notice hearing is attached hereto.

We further recommend adoption of the attached Resolution No. 812, 2011, appropriating funds for the Operating and Capital Program Budget for fiscal year 2011-2012 as follows:

1. The sum of \$158,841,736 from the Operating Fund for Operating Budget expenditures.
2. The sum of \$36,386,000 from the Operating Fund, \$260,000 from the Special Expendable Fund, and \$16,700,000 from the State Revolving Fund for Capital Program Budget expenditures.

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

City and County of Honolulu

}
} SS.
}

Doc. Date: JUN - 8 2011 # Pages: 1

Notary Name: Patricia K. Reese First Judicial Circuit

Doc. Description: Affidavit of
Publication



Notary Signature

JUN - 8 2011

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:

05/12/2011

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
Rose Rosales

Subscribed to and sworn before me this 8th day

of June A.D. 20 11

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

My commission expires: Oct 07 2014

Ad # 0000307746

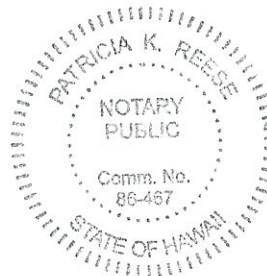
NOTICE OF PUBLIC HEARING

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, MAY 23, 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 FY 2011 - 2012 Operating and Capital Program Budget of the Board of Water Supply for the fiscal year July 1, 2011 to June 30, 2012.

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 2011 - 2012 Operating and Capital Program Budget of the Board of Water Supply should be filed in writing before the date of the public hearing or presented in person at the time of the hearing. Persons wishing to speak are requested to register by 1:00 p.m. with Alison Kawata, 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 Ms. Alison Kawata at 748-5100, no later than May 18, 2011, so that appropriate accommodations can be provided.

(SA307746 5/12/11)

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU



LN: _____

MOTION TO
ADOPT
BUDGET WITH
PROVISOS

Board Member Denise De Costa motioned to adopt the budget with provisos. First proviso to restrict the funding for six months of the executive hires for the upcoming fiscal year; secondly, to reinstate the Office of Management and Budget (MBO).

Motion to adopt the budget with provisos was seconded by Westley Chun.

Board Member Westley Chun added two more provisos; 1) in regards to CASE (Centralized Administrative Services Expenses), should freeze any hiring in the areas covered by CASE; and 2) any budgeted personnel service funds unspent, should be moved to the CIP budget.

MOTION TO
RECESS INTO
EXECUTIVE
SESSION

It was recommended by the Board's Attorney to recess into Executive Session to Consult with the Board's Attorney on Questions and Issues Pertaining to the Board's Powers, Duties, Privileges, Immunities and Liabilities Relating to Personnel Matters.
[HRS § 92-5(a)(2)]

At 2:16 P.M., upon unanimously approved motion, the Board recessed into Executive Session Pursuant to [HRS§92-5(a)(2)]

OPEN
SESSION

The Board reconvened in open session at 3:00 P.M.

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

WITHDRAW
MOTION TO
AMEND
BUDGET

Denise De Costa withdrew her motion to amend the budget. Westley Chun withdrew his second.

MOTION TO
APPROVE
BUDGET

Denise De Costa motioned and seconded by Adam Wong, respectively, to approve Resolution No. 812, 2011 as presented. The motion was unanimously carried.

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 812, 2011

RESOLUTION ADOPTING THE OPERATING AND CAPITAL PROGRAM BUDGET FOR
FISCAL YEAR 2011-2012 AND APPROPRIATING FUNDS THEREFOR

BE IT RESOLVED by the Board of Water Supply, City and County of Honolulu, State of Hawaii, that in accordance with the provisions of Article VII of the Revised Charter of the City and County of Honolulu, the sum of ONE HUNDRED FIFTY-EIGHT MILLION EIGHT HUNDRED FORTY-ONE THOUSAND SEVEN HUNDRED THIRTY-SIX DOLLARS (\$158,841,736) be and the same is hereby appropriated out of all monies placed to the credit of the Operating Fund for expenditures of the Board of Water Supply Operating Budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012 as follows:

OPERATING BUDGET

OPERATING FUND.....\$158,841,736

BE IT FURTHER RESOLVED that the said Operating Fund appropriation may be increased to the extent that any State or Federal environmental law, regulation, and/or electric power cost, causes the Board of Water Supply to exceed the cost thresholds as specified in the Schedule of Rates and Charges for the Furnishing of Water and Water Service; and

BE IT FURTHER RESOLVED that the sum of THIRTY SIX MILLION THREE HUNDRED EIGHTY-SIX THOUSAND DOLLARS (\$36,386,000) be and the same is hereby appropriated out of all monies placed to the credit of the Operating Fund, the sum of TWO HUNDRED SIXTY THOUSAND DOLLARS (\$260,000) be and the same is hereby appropriated out of all monies placed to the credit of the Special Expendable

Fund, and the sum of SIXTEEN MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$16,700,000) be and the same is hereby appropriated out of all monies placed to the credit of the State Revolving Fund, for expenditures of the Board of Water Supply Capital Program Budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012, as follows:

CAPITAL PROGRAM BUDGET

OPERATING FUND.....	\$36,386,000
STATE REVOLVING FUND.....	\$16,700,000
SPECIAL EXPENDABLE FUND.....	\$ 260,000
IMPROVEMENT FUND	\$ 0
EXTRAMURAL FUND	\$ 0

BE IT FURTHER RESOLVED that the Manager and Chief Engineer, at his discretion, shall have the authority to adjust the method of funding the Capital Program Budget and that the Manager and Chief Engineer may increase or decrease the amount appropriated out of the Operating Fund, Improvement Fund, State Revolving Fund, Special Expendable Fund, and Extramural Fund in the Capital Program Budget, provided that the total consolidated appropriation of the Capital Program Budget remains the same; and

BE IT FURTHER RESOLVED that the sum of TWELVE MILLION DOLLARS (\$12,000,000) is hereby authorized to be transferred from the Special Expendable Fund to the Operating Fund to defray a portion of the debt service expenditures; and that said amount be and the same is hereby appropriated out of all monies placed to the credit of the Special Expendable Fund for such debt service expenditures of the Board of Water

Supply Operating Budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012 as follows:

OPERATING BUDGET

SPECIAL EXPENDABLE FUND.....\$12,000,000

BE IT FINALLY RESOLVED that revenue bonds of the Board of Water Supply, City and County of Honolulu, general obligation bonds of the City and County of Honolulu, commercial paper or other alternative forms of financing deemed appropriate by the Board of Water Supply, are authorized for issuance to yield the amount that may be necessary to finance projects from the Improvement Fund and such additional amounts as may be deemed necessary to pay the expenses of issuance of such bonds or other financing; provided that the Board of Water Supply shall by resolution, and the Council of the City and County of Honolulu for general obligation bonds shall by ordinance, determine the form, date, amount, denomination, and maturity of the bonds herein authorized.

ADOPTED:

/s/ Randall Y. S. Chung
RANDALL Y. S. CHUNG
Chairman

Honolulu, Hawaii
May 23, 2011

RESOLUTION NO. 812, 2011 WAS ADOPTED AT THE MAY 23, 2011 BOARD MEETING			
	AYE	NO	COMMENT
RANDALL Y. S. CHUNG	X		
DENISE M. C. DE COSTA	X		
ANTHONY R. GUERRERO, JR.	X		
THERESIA C. MCMURDO	X		
ADAM C. WONG	X		
WESTLEY K. C. CHUN	X		
GLENN M. OKIMOTO	X		

APPROVAL
OF MINUTES

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

MOTION
TO APPROVE

Anthony Guerrero and Theresia McMurdo motioned and seconded,
respectively, to approve the Minutes of the Regular Session Meeting
of April 25, 2011. The motion for approval was unanimously carried.

"May 23, 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 April 30, 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.

Budget vs. Actual
Revenue and Expense Totals
As of April 30, 2011

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	129,991,000	135,266,000	(5,275,000)
Operating Expenses	(96,567,000)	(125,953,000)	29,386,000
Net Revenues (expenditures)	<u>33,424,000</u>	<u>9,313,000</u>	<u>24,111,000</u>

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
For the Ten Months Ending April 30, 2011

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
				REVENUE					
11,355,335.51	100.00	11,814,356.54	100.00	OPERATING REVENUE	126,472,695.37	100.00	127,284,611.65	100.00	.64-
11,355,335.51	100.00	11,814,356.54	100.00	REVENUE	126,472,695.37	100.00	127,284,611.65	100.00	.64-
				OPERATING EXPENSES					
2,480,658.80-	21.85	2,538,648.58-	21.49	LABOR COSTS	23,878,226.29-	18.88	25,844,534.82-	20.30	7.61-
913,103.55-	8.04	724,356.00-	6.13	SERVICES	8,305,527.89-	6.57	8,076,211.64-	6.35	2.84
40,577.90-	.36	195,971.60-	1.66	SUPPLIES	1,855,524.35-	1.47	2,068,923.76-	1.63	10.31-
10,181.96-	.09	1,183.38-	.01	EDUCATION & TRAINING	57,495.22-	.05	83,239.07-	.07	30.93-
1,392,659.78-	12.26	1,080,550.39-	9.15	UTILITIES	16,961,348.20-	13.41	14,550,466.50-	11.43	16.57
525,178.52-	4.62	407,984.29-	3.45	REPAIR AND MAINTENANCE	2,193,195.04-	1.73	3,062,590.79-	2.41	28.39-
1,122,780.13-	9.89	620,337.50-	5.25	MISC	12,197,624.83-	9.64	11,439,727.17-	8.99	6.63
3,500,000.24-	30.82	1,231,721.35-	10.43	RETIREMENT SYSTEM CONTRIBUTIO	15,175,185.27-	12.00	12,998,362.10-	10.21	16.75
19,949.10	.18	698.81-	.01	MISC EMPLOYEES' BENEFITS	286,722.61-	.23	132,347.80-	.10	116.64
9,965,191.78-	87.76	6,801,451.90-	57.57	OPERATING EXPENSES	80,910,849.70-	63.97	78,256,403.65-	61.48	3.39
2,374,086.00-	20.91	134,808.92-	1.14	NON OPERATING REVENUE AND EXPE	7,786,906.36-	6.16	4,682,841.79-	3.68	66.29
1,151,965.77	10.14	600,976.42	5.09	CONTRIBUTION IN AID	21,844,260.61	17.27	14,099,338.70	11.08	54.93
4,429,711.64-	39.01	3,481,976.22-	29.47	OTHER EXPENSES	39,220,412.28-	31.01	38,561,739.79-	30.30	1.71
4,261,688.14-	37.53	1,997,095.92	16.90	Change In Net Assets	20,398,787.64	16.13	19,882,965.12	15.62	2.59

Board Of Water Supply
Balance Sheet
As of April 30, 2011

Description	Amounts			Change	
	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	30,382,177.49	28,533,258.34	27,312,344.23	1,848,919.15	3,069,833.26
RESTRICTED ASSETS	2,877,365.73	2,638,820.46	15,688,225.22	238,545.27	-12,810,859.49
INVESTMENTS	178,888,922.68	178,039,824.75	164,564,855.54	849,097.93	14,324,067.14
OTHER ASSETS	2,442,318.39	2,668,001.04	4,865,245.84	-225,682.65	-2,422,927.45
PROPERTY / PLANT	1,163,126,869.22	1,167,326,607.61	1,158,272,860.97	-4,199,738.39	4,854,008.25
TOTAL ASSETS	<u>1,377,717,653.51</u>	<u>1,379,206,512.20</u>	<u>1,370,703,531.80</u>	<u>-1,488,858.69</u>	<u>7,014,121.71</u>
LIABILITIES					
CURRENT LIABILITIES	18,105,948.79	15,154,262.71	25,107,428.03	2,951,686.08	-7,001,479.24
OTHER LIABILITIES	21,058,554.12	21,095,481.59	24,538,737.49	-36,927.47	-3,480,183.37
BONDS PAYABLE, NONCURRENT	321,014,017.13	321,155,946.29	323,917,020.45	-141,929.16	-2,903,003.32
LIABILITIES	<u>360,178,520.04</u>	<u>357,405,690.59</u>	<u>373,563,185.97</u>	<u>2,772,829.45</u>	<u>-13,384,665.93</u>
NET ASSETS					
RETAINED EARNINGS	349,805,306.53	347,602,520.68	287,900,588.78	2,202,785.85	61,904,717.75
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66		
RESERVE FOR ENCUMBRANCES	52,701,207.64	54,903,993.49	114,605,925.39	-2,202,785.85	-61,904,717.75
CURRENT YEAR CHANGES TO FU	20,398,787.64	24,660,475.78		-4,261,688.14	20,398,787.64
NET ASSETS	<u>1,017,539,133.47</u>	<u>1,021,800,821.61</u>	<u>997,140,345.83</u>	<u>-4,261,688.14</u>	<u>20,398,787.64</u>
TOTAL LIABILITIES AND NET ASSETS	<u>1,377,717,653.51</u>	<u>1,379,206,512.20</u>	<u>1,370,703,531.80</u>	<u>-1,488,858.69</u>	<u>7,014,121.71</u>

Budget vs Actual Appropriation Budget - Total BWS Summary

Page -

1

(\$000's)

CIFIS 11820-3021

AS OF 4/30/2011

OPER UNIT ALL

BUSINESS UNIT ALL

YTD-TO-DATE				Object Description	FOR THE FISCAL YEAR				
YTD Actuals	YTD Budget	Avail/ (Over)	%		Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>129,991</u>	<u>135,266</u>	<u>5,275</u>	<u>3.90</u>	<u>REVENUE</u>	<u>129,991</u>		<u>162,512</u>	<u>32,521</u>	<u>20.01</u>
				OPERATING EXPENSES:					
25,616	36,092	10,476	29.03	Personnel Services	25,616		43,549	17,933	41.18
				MATERIALS AND SUPPLIES					
8,004	11,211	3,207	28.61	Services	5,529	2,475	13,653	5,649	41.38
3,818	4,694	876	18.66	Supplies	3,296	522	5,779	1,961	33.93
67	351	284	80.91	Education & Training	67		433	366	84.53
	11	11	100.00	Utilities			13	13	100.00
1,965	5,669	3,704	65.34	Repairs & Maint	1,413	552	7,179	5,214	72.63
6,744	7,686	942	12.26	Misc	6,587	157	10,296	3,552	34.50
431	2,106	1,675	79.53	Equipment	89	342	2,704	2,273	84.06
17,431	20,148	2,717	13.49	Debt Service	17,431		24,178	6,747	27.91
				FIXED CHARGES:					
17,561	19,683	2,122	10.78	Utilities	17,561		23,619	6,058	25.65
2,750	2,750			Case Fees	2,750		3,300	550	16.67
5,577	6,345	768	12.10	Retirement System Contribution	5,577		7,614	2,037	26.75
6,603	9,207	2,604	28.28	Misc Employees' Benefits	6,603		13,548	6,945	51.26
<u>96,567</u>	<u>125,953</u>	<u>29,386</u>	<u>23.33</u>	<u>TOTAL OPERATING EXPENDITURES</u>	<u>92,519</u>	<u>4,048</u>	<u>155,865</u>	<u>59,298</u>	<u>38.04</u>
<u>33,424</u>	<u>9,313</u>	<u>(24,111)</u>		<u>NET REVENUES (EXPENDITURES)</u>	<u>37,472</u>	<u>(4,048)</u>	<u>6,647</u>	<u>(26,777)</u>	

DISCUSSION: Chief Financial Officer, Paul Kikuchi, recapped the current financial statements and reported revenues are down possibly due to current weather events and reminded everyone to be more fiscally responsible in expenditures in the coming months.

"May 23, 2011

GROUNDWATER
LEVELS

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

Chairman and Members:

Subject: Status Update of Groundwater Levels at Index Stations

Two index wells remain within low groundwater status levels for the production week that ended on May 7, 2011. Kaimuki and Punaluu are both under a caution condition. The weekly production average for the period was 125.83 million gallons per day.

The April Board of Water Supply rainfall index was 84 percent of normal with a 5-month moving average of 106 percent. The recent rainfall events are beneficial in two ways: in keeping production levels low, thereby relieving pumpage stresses upon the island aquifers; and by delaying the onset of summer aquifer head recession. The Climate Prediction Center forecast indicates a probability of average rainfall through summer 2011.

Respectfully submitted,

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

Attachments"

The foregoing was for information only.

DISCUSSION Westley Chun reminded Acting Manager, Dean Nakano, that it was requested that the main break report be included as a separate agenda item for each month's reporting.

Board Member Theresia McMurdo requested that historical data be included on the report also.

PUMPAGE, HEAD, AND RAINFALL REPORT

Week of 5/1/11 to 5/7/11

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	1.06	
WAILUPE	0.00		WAIMANALO II	0.03		MAKAHA V	0.03		PEARL CITY III	0.33	
WAIALAE-IKI	0.00		KUOU I	0.73		MAKAHA VI	0.00		WAIU	0.65	
AINA KOA	0.22		KUOU II	0.08		MAKAHA SHAFT	0.04	14.19	NEWTOWN	1.02	
AINA KOA II	0.36		KUOU III	0.59		KAMAILE	0.00		KAONOHI I	0.83	
WAIALAE SHAFT	0.00		LULUKU I	0.98		WAIAANAE I	0.00		WAIMALU I	0.00	
MANOA II	0.00		HAIKU	0.30		WAIAANAE II	0.68		AIEA	0.62	
PALOLO	1.00		IOLEKAA	0.01		WAIAANAE III	0.22		AIEA GULCH 497	0.25	
KAIMUKI HIGH	3.20	23.03	KAHALUU	0.61		MAKAKILO	0.30		AIEA GULCH 550	0.15	
KAIMUKI LOW	0.45		WAIHEE	0.00		HONOULIULI I	1.25		HALAWA 277	1.46	
WILDER	7.12		KAHANA	0.62		HONOULIULI II	7.40		HALAWA 550	0.00	
BERETANIA HIGH	4.35	23.55	PUNALUU I	0.00	16.61	SUBTOTAL:	10.17		KAAHUMANU MTR(-)	0.00	
BERETANIA LOW	1.12		PUNALUU II	2.17		IMPORT FROM PH			KAAMILO FLO MTR (-)	0.00	
KALIH I HIGH	1.75	22.49	PUNALUU III	1.05		KAPOLEI LINE BSTR	5.04		KUNIA I	0.00	19.20
KALIH I LOW	1.07		KALUANUI	0.00		HONOULIULI LB FLOW	5.34		KUNIA II	1.71	
KAPALAMA	1.29		MAAKUA	0.07		EWA BEACH FLOW	1.39		KUNIA III	2.72	
KALIH I SHAFT	7.54		HAUULA	0.16		HONOULIULI I (-)	-1.25		HOAEAE	6.45	
MOANALUA	1.29	19.30				HONOULIULI II (-)	-7.40		EWA SHAFT	0.00	
SUBTOTAL:	30.77		KAHUKU	0.35		SUBTOTAL:	3.13		WAIPAHU INTCON. (-)	-1.85	
			OPANA						EWA-WAIAANAE (-)	-3.13	
IMPORT FROM PH			WAIALEE I	0.00		PEARL HARBOR			PH LOCAL USE:	28.20	
HALAWA SHAFT	8.55	17.00	WAIALEE II	0.37		WAIHAWA	1.19		TOTAL SUBURBAN:	51.64	
KAAMILO	1.21		SUNSET BEACH	0.00		WAIHAWA II	1.58				
KALAUAO	9.45	17.18	SUBTOTAL:	8.11		MILILANI I	2.25		KALAUAO SPRINGS	0.69	
PUNANANI	10.81					MILILANI II	0.00		BARBERS POINT (NP)	0.71	
KAONOHI II	0.00		WIND. EXPORT	0.50		MILILANI III	0.72		GLOVER TUNNEL (NP)	0.28	
WAIMALU II	0.00	15.78				MILILANI IV	1.45				
KAAHUMANU	0.93		HALEIWA-WAIALUA			WAIPIO HTS.	0.29		HEAD CONDITION		
HECO WAIU	0.34		HALEIWA	0.00		WAIPIO HTS. I	0.41		CAUTION	ALERT	CRITICAL
MANANA	0.95		WAIALUA	2.54		WAIPIO HTS. II	0.18		Kaimuki		
KAAHUMANU FLOW MT	0.00		SUBTOTAL:	2.54		WAIPIO HTS. III	1.18		Punaluu		
KAAMILO FLOW MTR	0.00					WAIPAHU	1.85	19.14			
TOTAL IMP/EXP WAI. INT:	1.85		EWA-WAIAANAE			WAIPAHU II	0.85				
IMPORT FRM WIND:	0.50		MAKAHA I	0.07		WAIPAHU III	0.00				
SUBTOTAL:	34.58		MAKAHA II	0.03		WAIPAHU IV	2.68				
			MAKAHA III	0.17		PEARL CITY SHAFT	0.96	15.14			
TOTAL METRO:	65.36					PEARL CITY I	0.34				

CWRM PERMITTED USE FOR BWS POTABLE SOURCES						PUMPAGE	2011	2010	GRAVITY	2011	2010
	A	B	C	D	E	SUBURB.	51.64	59.41	SUBURB.	8.46	9.91
WATER DISTRICTS	PERMITTED USE	2011	DIFF. B-A	YEAR/ DATE	DIFF. D-A	METRO	65.36	65.97	METRO	0.37	0.37
HONOLULU	45.27	31.14	-14.12			TOTAL:	117.00	125.38	TOTAL:	8.83	10.28
WINDWARD	25.21	14.00	-11.21			NUUANU #5			Manoa	0.17	
NORTH SHORE	4.08	3.26	-0.82			(rainfall)	1.64"	1.23"	Palolo	0.20	
WAIHAWA	4.27	2.77	-1.50						Waim. I&II	0.15	
WAIAANAE	4.34	3.08	-1.26						Waim. III&IV	0.19	
EWA-KUNIA	15.88	8.95	-6.94						Waihee incl.	1.01	
PEARL HARBOR	92.66	62.64	-30.02						Waihee tun.	3.07	
TOTAL:	191.71	125.83	-65.88						Luluku	0.21	
									Haiku	0.00	
									Kahaluu	1.99	
									Waia. C&C	1.40	
									Waia plant.	0.45	

DROUGHT STATUS REPORT
DRAFT IN MGD

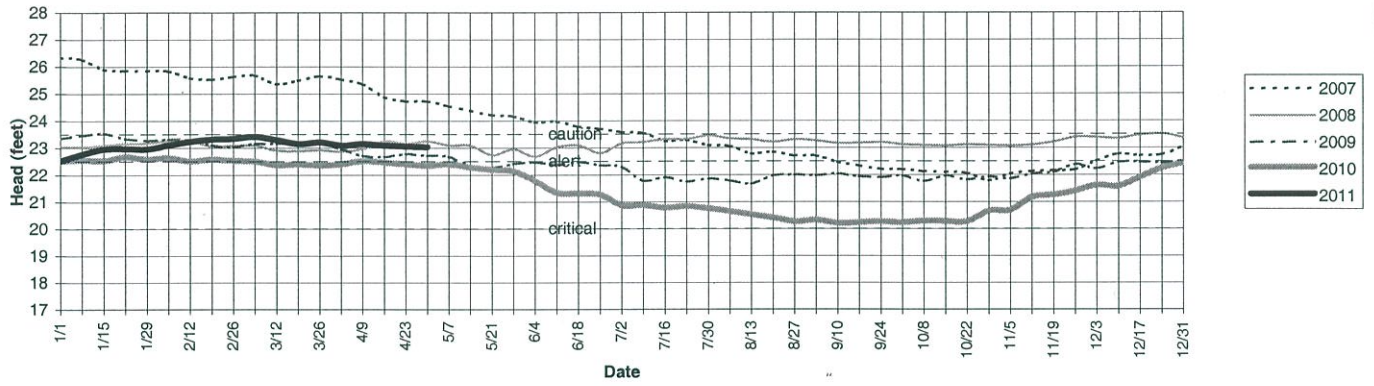
WATER USE DISTRICT	AUTHORIZED USE	2010	4/24-4/30 2011	2010	5/01-5/07 2011				
HONOLULU	45.27	37.15	33.55	35.29	31.64				
WINDWARD	25.21	17.22	14.55	16.86	13.50				
NORTH SHORE	4.08	3.34	3.66	3.10	3.26				
WAHIAWA	4.27	3.34	3.24	3.03	2.77				
EWA-WAIANAE	20.22	21.85	18.45	18.57	15.15				
PEARL HARBOR	92.66	62.13	62.97	58.80	59.51				
TOTAL	191.71	145.03	136.43	135.66	125.83				

Accounts for in-district pumpage and transfers

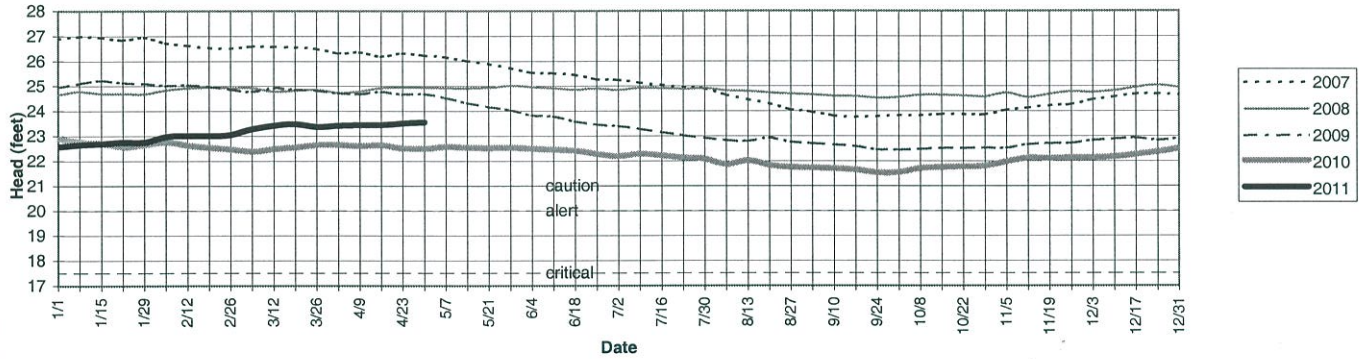
HEAD IN FEET

		2010	4/24-4/30 2011	2010	5/01-5/07 2011				
HONOLULU									
KAIMUKI		22.35	23.06	22.40	23.03				
BERETANIA		22.50	23.52	22.58	23.55				
KALIHI		21.46	22.52	21.53	22.49				
MOANALUA		18.38	19.25	18.46	19.30				
PEARL HARBOR									
HALAWA		16.03	16.97	16.08	17.00				
KALAUAO		16.04	17.22	16.02	17.18				
PEARL CITY		13.94	15.11	13.91	15.14				
WAIPAHAU		17.72	19.14	17.78	19.14				
KUNIA		17.59	19.17	17.70	19.20				
EWA-WAIANAE									
MAKAHA		15.71	13.89	15.71	14.19				
WINDWARD									
PUNALUU		15.86	16.55	15.94	16.61				

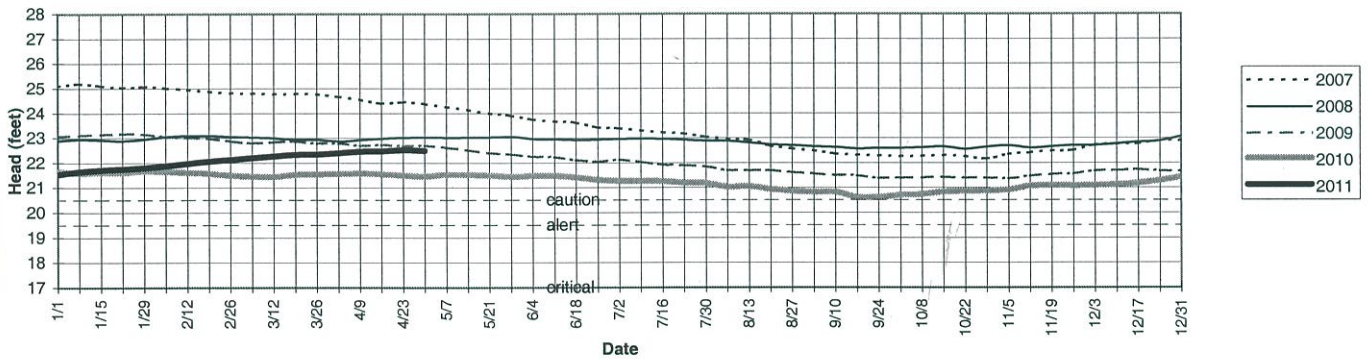
KAIMUKI



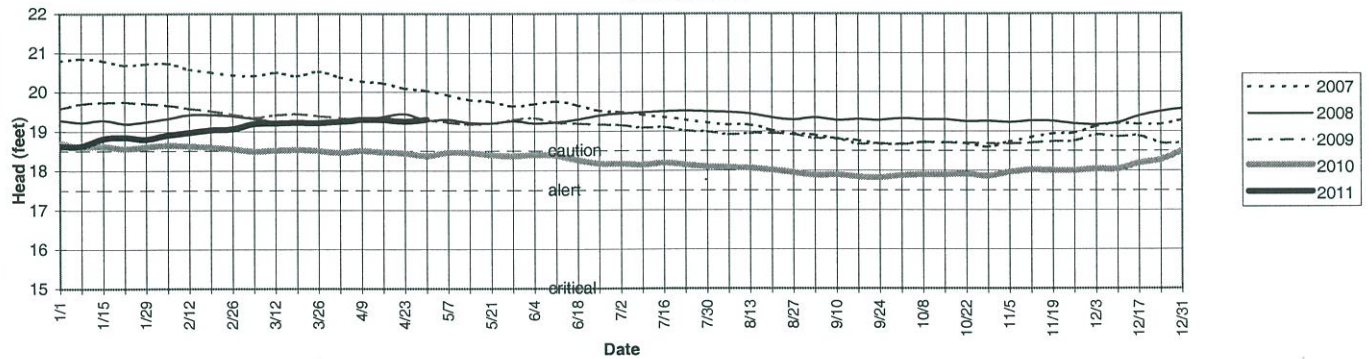
BERETANIA



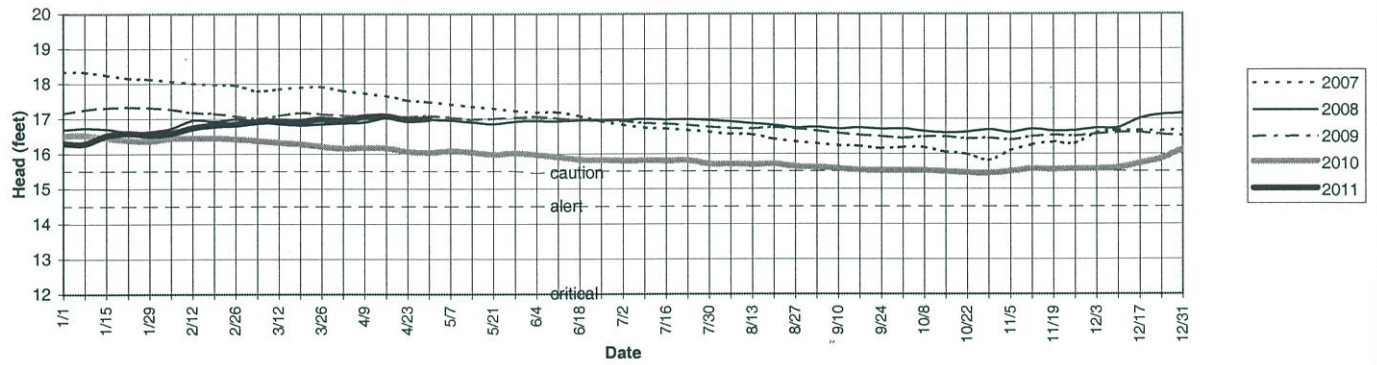
KALIHI



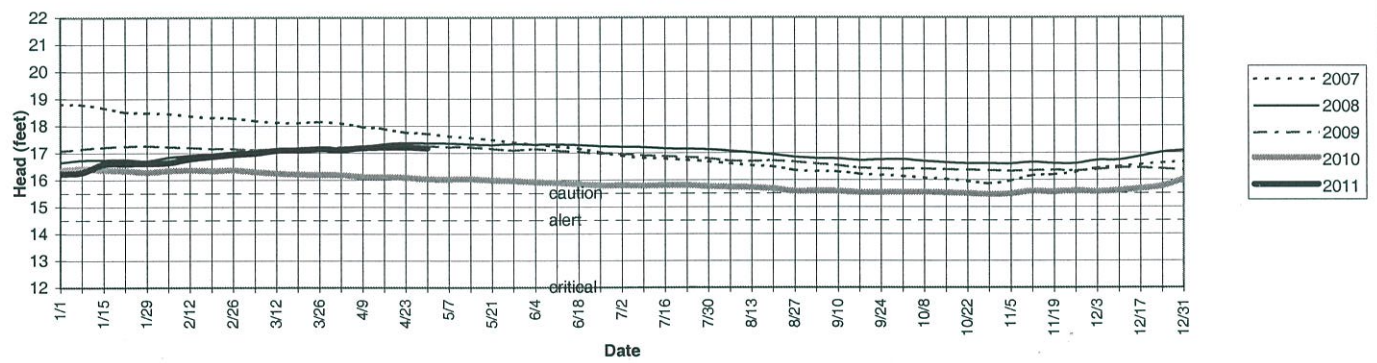
MOANALUA



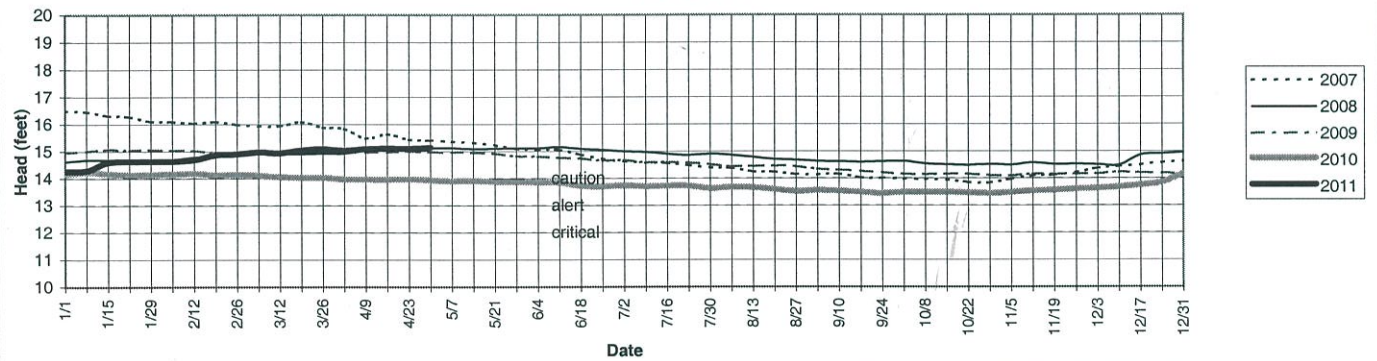
HALAWA



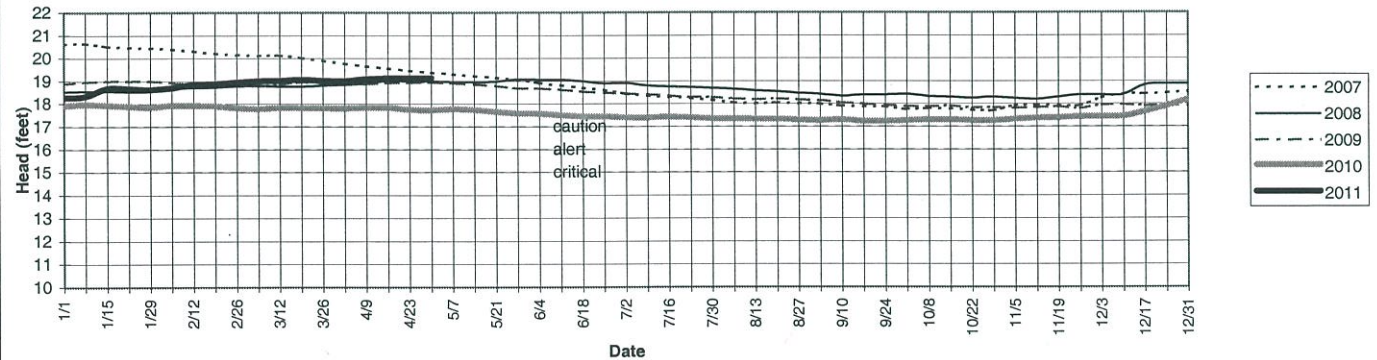
KALAUAO

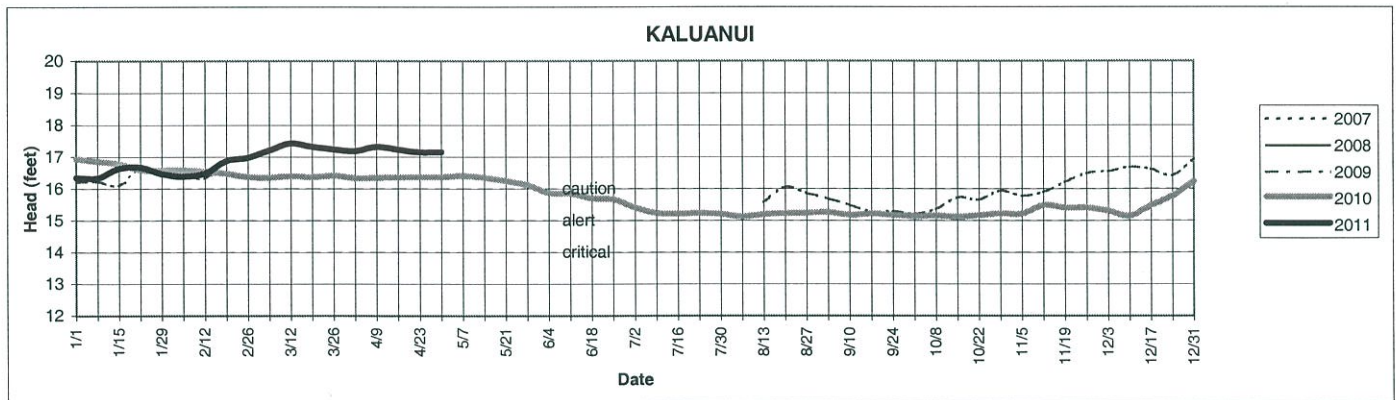
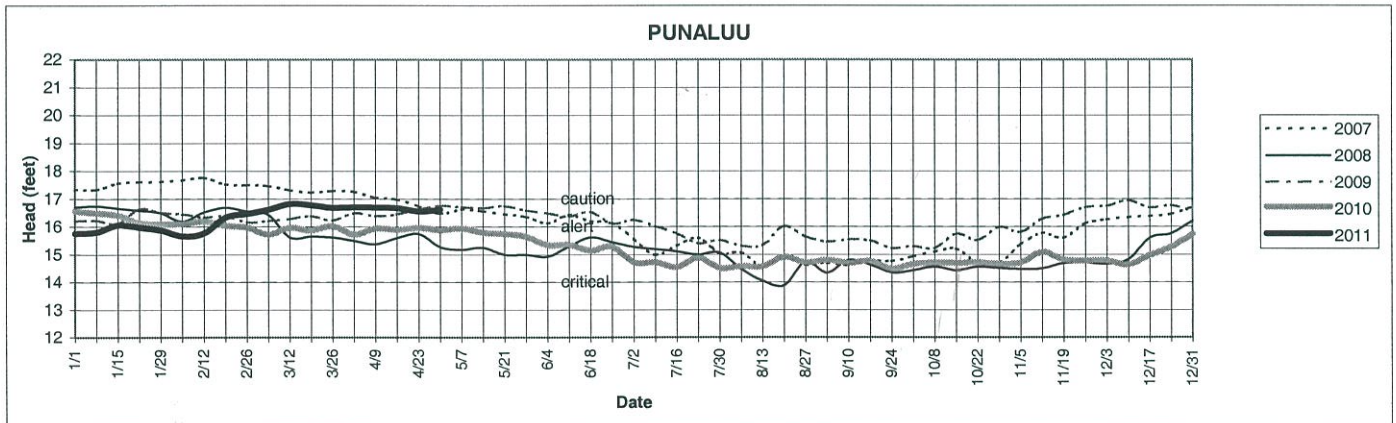
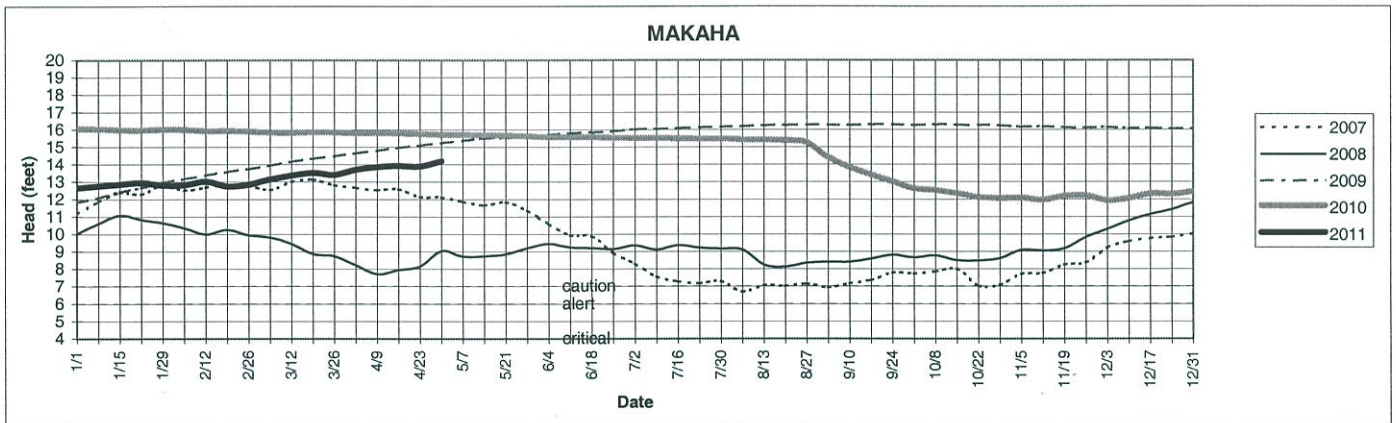
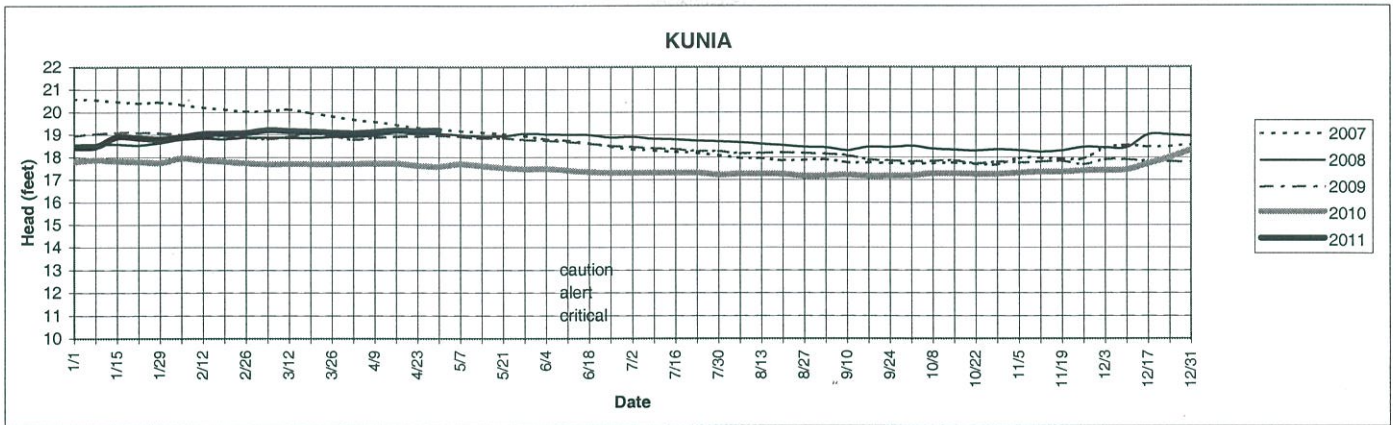


PEARL CITY

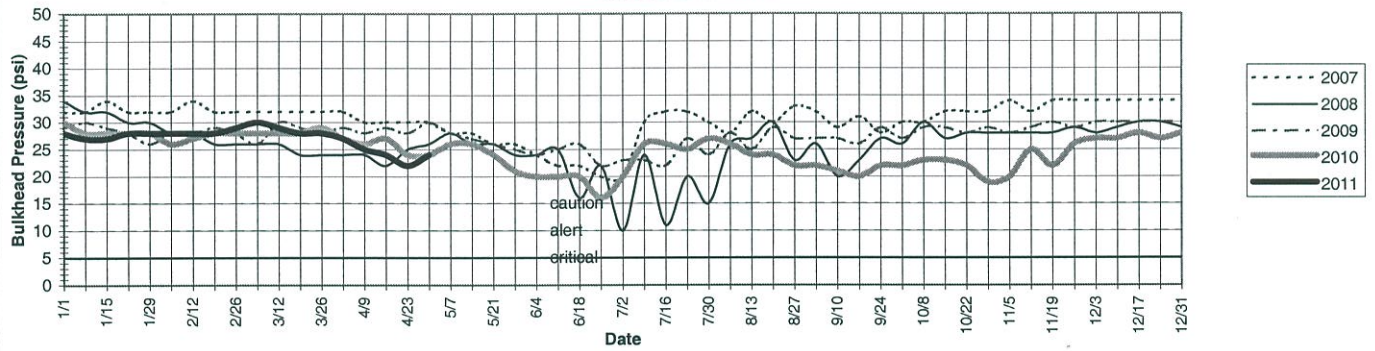


WAIPAHU

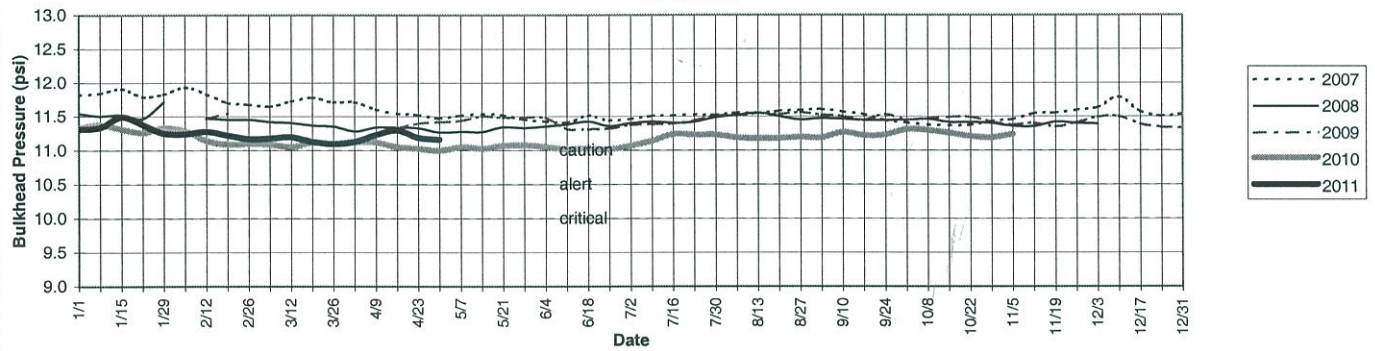


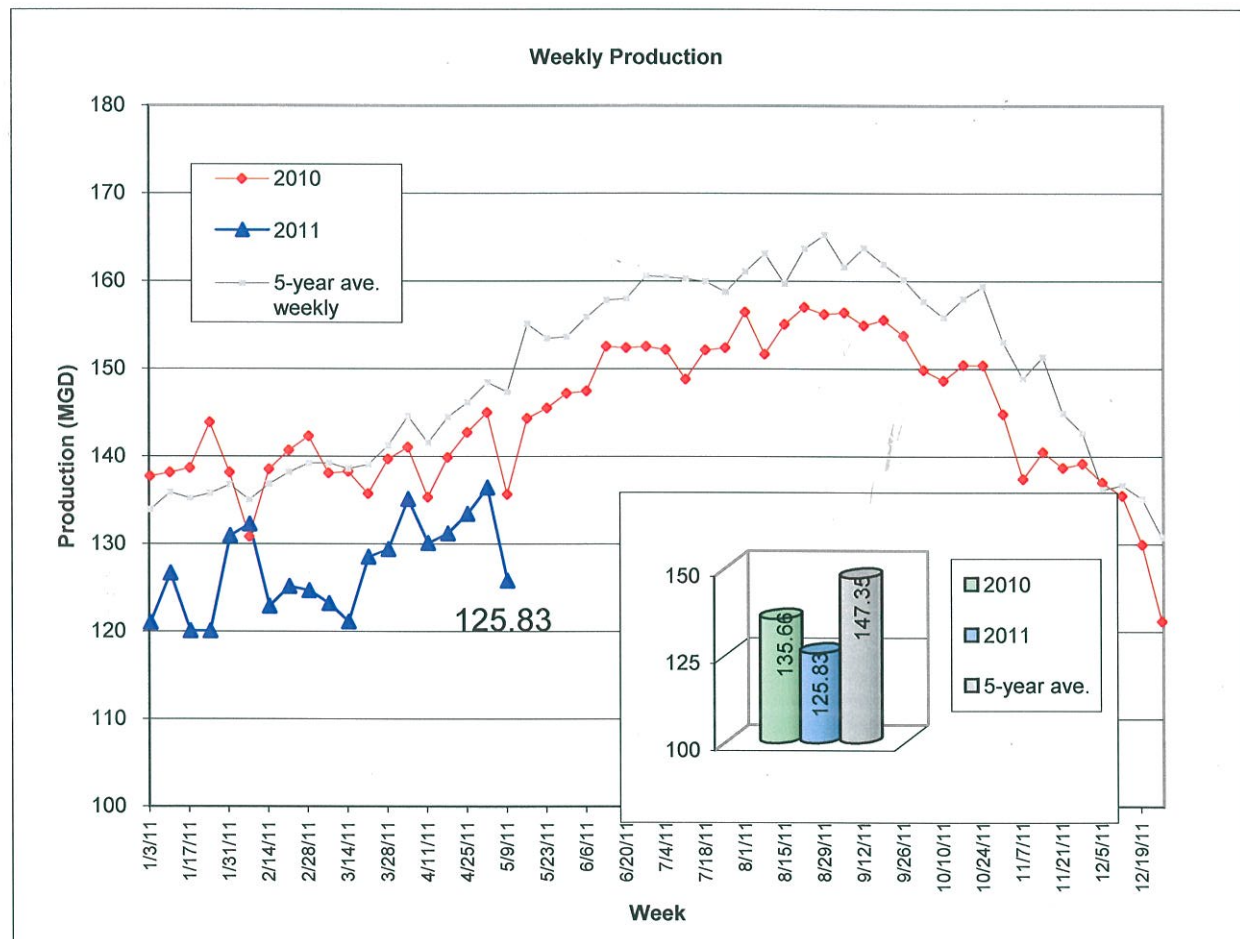
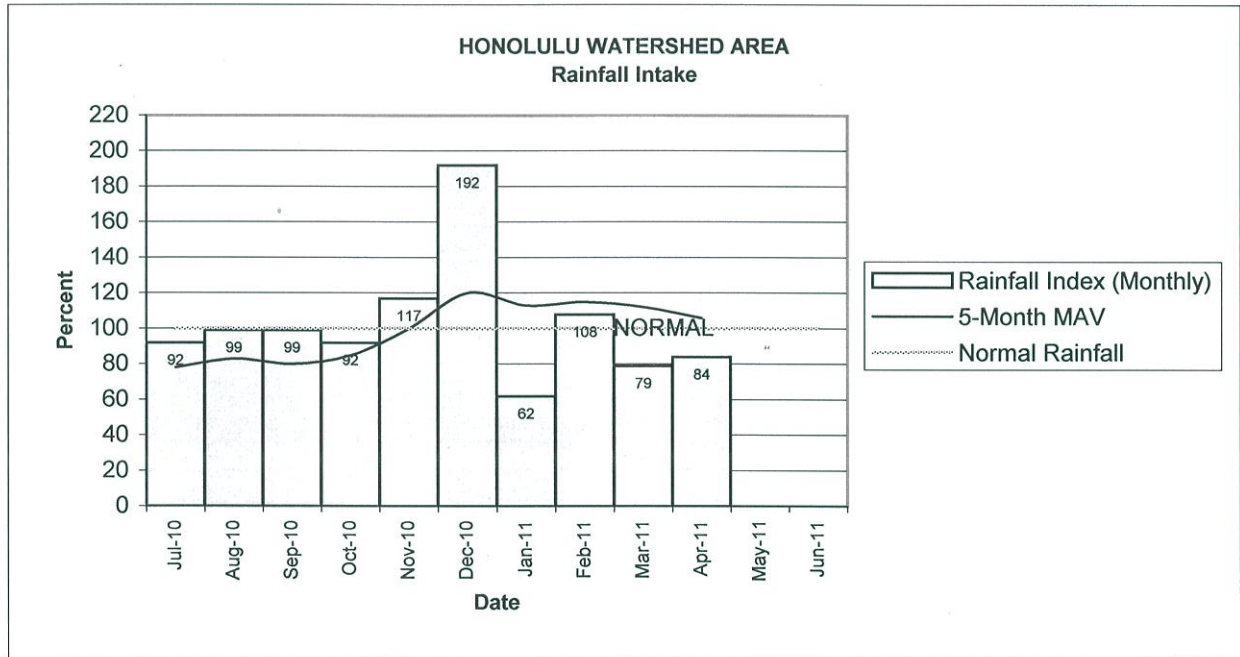


WAIHEE TUNNEL



WAIALUA





Mr. Nakano reported for the month of April, there were 16 main breaks and will include this as a separate agenda item at future meetings.

**MOTION TO
RECESS INTO
EXECUTIVE
SESSION**

Upon unanimously approved motion, the Board recessed into Executive Session Pursuant to HRS § 92-5 at 3:15 P.M. 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 4:07 P.M. and announced that the Department of Human Resources, City and County of Honolulu, will conduct the announcement, recruiting and hiring process and procedures for a Manager and Chief Engineer.

**MOTION TO
ADJOURN**

There being no further business, Chairman Chung at 4:08 P.M. called for a motion to adjourn the Open Session. Westley Chun so moved; seconded by Glenn Okimoto and unanimously carried.

Respectfully submitted,



NANCY TANO

THE MINUTES OF THE MAY 23, 2011 BOARD MEETING WERE APPROVED ON 06/22/2011			
	AYE	NO	COMMENT
RANDALL Y. S. CHUNG	X		
DENISE M. C. DE COSTA			ABSENT
THERESIA C. MCMURDO	X		
ANTHONY R. GUERRERO, JR.	X		
ADAM C. WONG	X		
WESTLEY K. C. CHUN	X		
GLENN M. OKIMOTO	X		

APPROVED:



RANDALL Y. S. CHUNG
Chairman of the Board

JUN 22 2011

Date