



**WATER FOR LIFE**  
*Safe, dependable, and affordable water now and into the future*

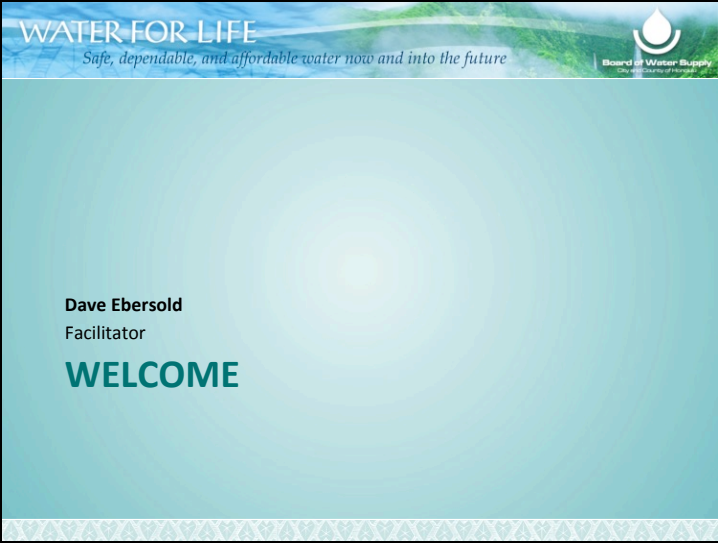
**Board of Water Supply**  
City & County of Honolulu

**Stakeholder Advisory Group**

**Board of Water Supply**  
**City & County of Honolulu**

**Thursday, May 18, 2017**

Slide 2



WATER FOR LIFE  
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Board of Water Supply  
City and County of Denver

**Dave Ebersold**  
Facilitator

**WELCOME**

The slide features a header with a scenic background of water and green hills. The main body is a solid teal color with a subtle circular gradient. A decorative border with a repeating diamond pattern is at the bottom.



**WELCOME NEW STAKEHOLDER**

Matthew Bailey  
President and Chief Operating Officer  
Aqua Hospitality and Aston Hotels and Resorts

Slide 4



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City and County of Denver

**Public Comments on Agenda Items**

**Emergency meeting for imminent  
peril to public health, safety or welfare**

- ◆ Board states in writing the reasons for its findings
- ◆ 2/3 of all Board members must agree with findings
- ◆ Emergency agenda and findings must be filed with Office of Lieutenant Governor, or appropriate County Clerks office, and in board's office
- ◆ Persons requesting notification on a regular basis are contacted by mail or phone as soon as practicable

*Section 92-8 HRS*

### **Emergency meeting for unanticipated event**

*Section 92-8 HRS*

- ◆ Board states in writing the reasons for its findings that unanticipated event has occurred, emergency meeting is required, and Attorney General concurs
- ◆ 2/3 of all Board members must agree with findings
- ◆ Emergency agenda and findings must be filed with Office of Lieutenant Governor, or appropriate County Clerks office, and in board's office
- ◆ Persons requesting notification on a regular basis are contacted by mail or phone as soon as practicable
- ◆ Board limits action to only that which must be taken before next meeting would have been held


### Power Cost Adjustment Factor

IF

- ◆ Electricity prices exceed what was used to calculate the annual Schedule of Rates and Charges,

THEN


- ◆ Quantity Charge may be increased \$0.01 per 1,000 gallons for every \$600,000 overage, or any fraction thereof, in the following fiscal year



**Meeting Objectives**

- ◆ Receive updates regarding the BWS
- ◆ Learn about the existing water rates and structure and how funds are used
- ◆ Advise on community values and objectives for the water rate structure






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**Action**

Review and accept notes from  
Stakeholder Advisory Group Meeting #14  
held on Wednesday, April 19, 2017



The slide features a header with the text "WATER FOR LIFE" and the tagline "Safe, dependable, and affordable water now and into the future". To the right of the tagline is the logo for the Board of Water Supply, which includes a stylized water drop icon and the text "Board of Water Supply" and "City and County of Honolulu". The main body of the slide has a light blue background with a subtle circular pattern. The text "Ellen Kitamura P.E." and "BWS Deputy Manager and Chief Engineer" is positioned above the main title "BWS UPDATES". A decorative border with a repeating diamond pattern is located at the bottom of the slide.

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City and County of Honolulu

**Ellen Kitamura P.E.**  
BWS Deputy Manager and Chief Engineer

**BWS UPDATES**

**BWS Board adopted Debt and Working Capital Management Policies on May 8**



## Hawaii Community Foundation appoints Micah Kane to be Chief Executive Officer



- ◆ Effective July 1
- ◆ Previously served as President and Chief Operating Officer
- ◆ HCF is Hawaii's largest nonprofit investor

On the MOVE →

## Mayor Caldwell appoints Joshua W. Stanbro to be Honolulu's first Chief Resilience Officer



- ◆ Serve as part of Mayor Caldwell's cabinet
- ◆ Lead city and county-wide resilience building efforts
- ◆ Oversee the development and implementation of a comprehensive Resilience Strategy
- ◆ One of five Resilience Officers being funded by the Rockefeller Foundation worldwide

On the MOVE →

## PRIMARY URBAN CENTER WATERSHED MANAGEMENT PLAN

**COMMUNITY MEETING #1**  
*GET INVOLVED!*

The Honolulu Board of Water Supply in coordination with the City's Department of Planning and Permitting is developing the Primary Urban Center Watershed Management Plan. Join us to learn more about this project and share with us water resource issues that are most important to you and your community.

Please join us for one or more of these community meetings:

**Monday, May 22, 2017**  
McKinley High School  
1039 South King Street

**Wednesday, May 24, 2017**  
Farrington High School  
1564 North King Street

**Tuesday, May 30, 2017**  
'Aiea Elementary School  
99-370 Moanaluā Road

**All meetings are from 7 p.m. to 8:30 p.m. at the Cafeteria.**  
An informational presentation will be provided, followed by comments and questions.

**HONOLULU BOARD OF WATER SUPPLY**


**For more information, please contact:**

Barry Usagawa  
Honolulu Board of Water Supply  
Phone: (808) 748-5900  
Email: busagawa@hbws.org

Bruce Tsuchida  
Townscape, Inc.  
Phone: (808) 536-6999  
Email: bruce@townscapeinc.com

For more information, please visit:  
<http://www.honoluluwater.org/water-resources/watershed-management-plan>

**TOWNSCAPE INC.**  
www.townscapeinc.com



## **BWS seeks feedback for preparation of Haiku Stairs EIS**

- ◆ Environmental Impact Statement Preparation Notice (EISPN) Published April 23
- ◆ Draft EIS will explore
  - Removing stairs entirely
  - Providing legal access to and from the stairs and improving it for public use
  - Transferring the stairs to another government agency
  - Taking no action
- ◆ Comments due by Tuesday May 23






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**Mahalo!**                      **Questions & Answers**



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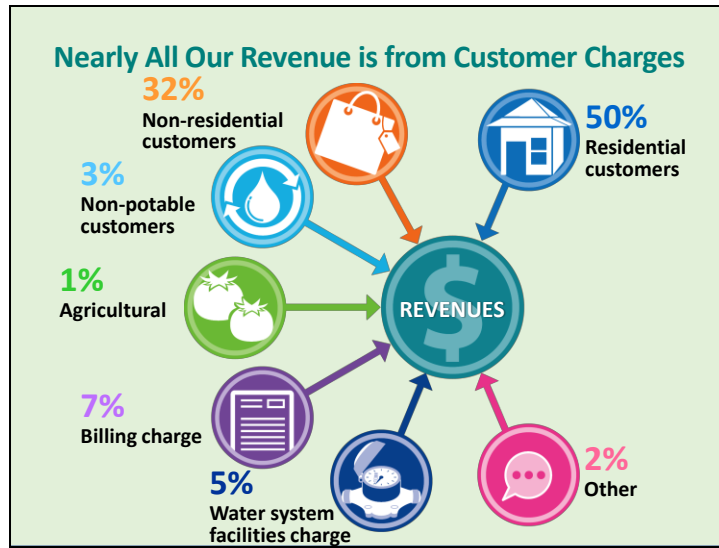


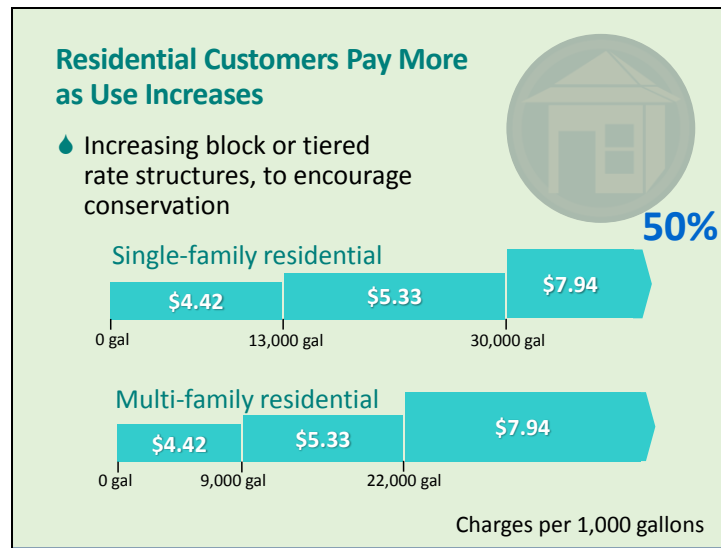
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**Joe Cooper**  
BWS Waterworks Controller

**SOURCES AND USES OF FUNDS**





- Multi-family residential customers pay the same rates, but the blocks differ

### Non-Residential Customers Drive Our Island's Economy

- ◆ All non-residential customers pay the same rate

**32%**

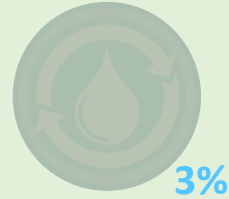
**\$4.96 per 1,000 gallons**



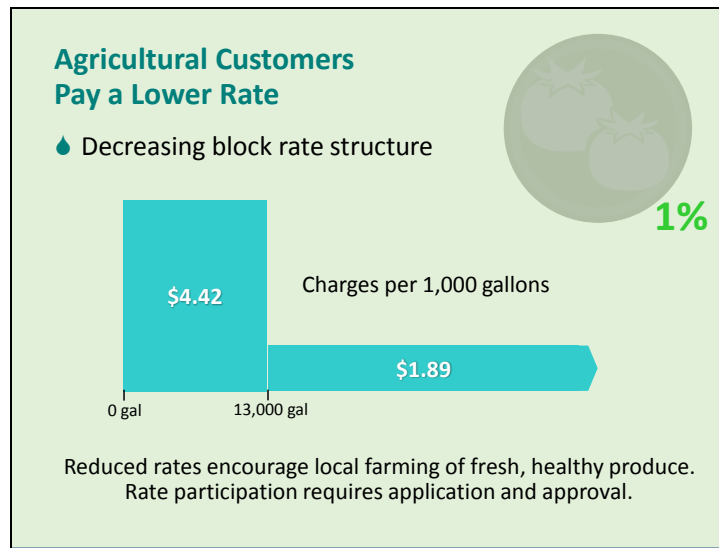
The slide features a light green background. At the top left, the title 'Non-Residential Customers Drive Our Island's Economy' is written in a bold, dark teal font. Below it, a teal diamond icon precedes the text 'All non-residential customers pay the same rate'. To the right, a circular icon of a shopping bag is shown in a light grey tone, with the percentage '32%' in orange text positioned just below it. In the center, a teal rectangular box contains the text '\$4.96 per 1,000 gallons' in white. At the bottom, three rounded rectangular images are displayed side-by-side: a chef in a white uniform working in a kitchen, a baseball field with players on the field, and a modern multi-story apartment building with many balconies.

### Lower Non-potable Rates Benefit All Customers

- ◆ Non-potable rates are historically lower than potable rates
- ◆ Some non-potable customers, including recycled water customers, have negotiated agreements
- ◆ Non-potable water is billed at a flat rate:



**\$2.47 per 1,000 gallons**



## Billing Charge

◆ The charge is a flat fee of \$9.26 per month for all customers, whatever their meter size or level of use


◆ The billing charge covers:

- Customer service and billing staff
- Meter maintenance and repair
- Meter reading
- Processing and mailing bills





**Water System Facilities Charge**



◆ Based on water use capacity

◆ Applies to:

- All new developments and residential properties requiring water from BWS's system
- Additional supplies needed from an existing water service

◆ Excludes developments that have paid for and installed all or part of a water system, e.g. source, transmission, and/or storage

**5%**


Minimum Charges  
Residential \$3,706  
Non-residential \$12,417  
Agricultural \$4,819

- Residential and non-residential charges are based on number of fixture units (Assumed 20 which is the minimum)
- Agricultural customer charges are based on meter size.
- Some developers put in components of a system (rather than complete systems) and receive partial credit
- Revenues collected are only used to fund expansion projects.
- No Water System Facilities Charge for non-potable water.

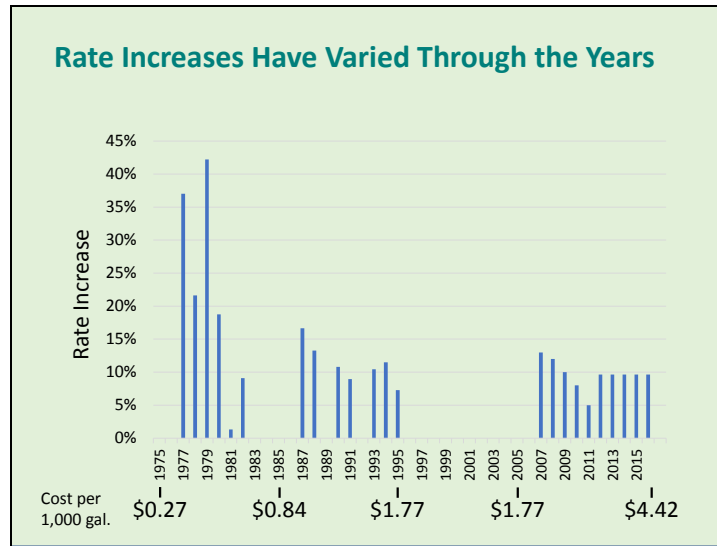
**A Small Percentage of Revenues Comes from “Other” Sources**

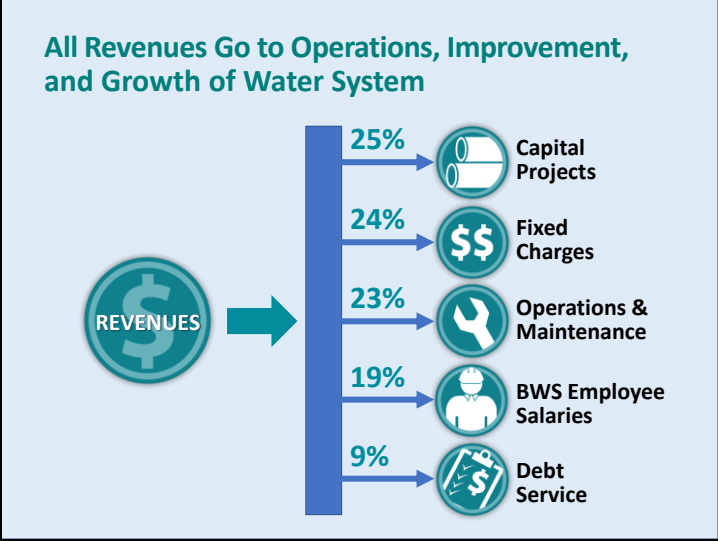
Other sources include:

- ◆ Interest income
- ◆ Rental income
- ◆ ENV cost recovery
- ◆ Miscellaneous charges





**2%**






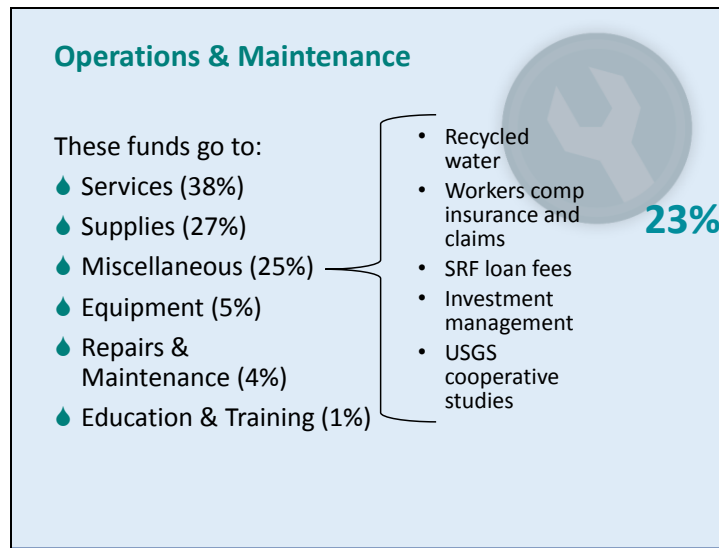
### Fixed Charges

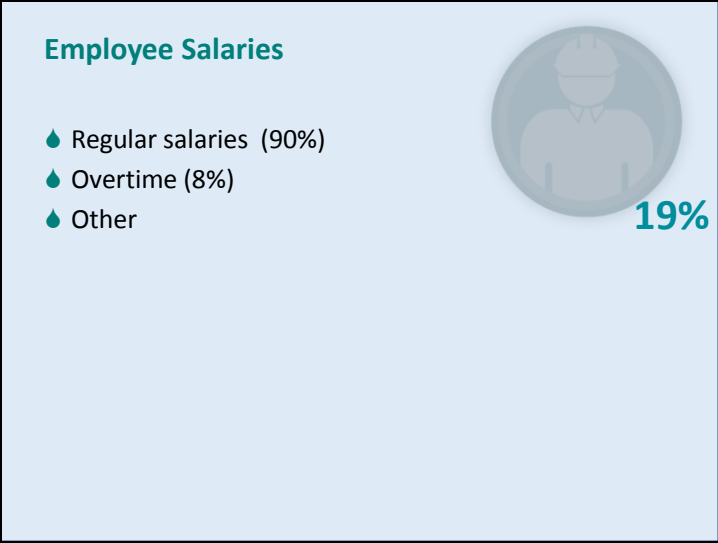
More than 93% goes to:

- Electricity (41%) 
- Retirement contributions and employee benefits (52%) 

24%








- Other includes accrued vacation payouts

**Debt Service**

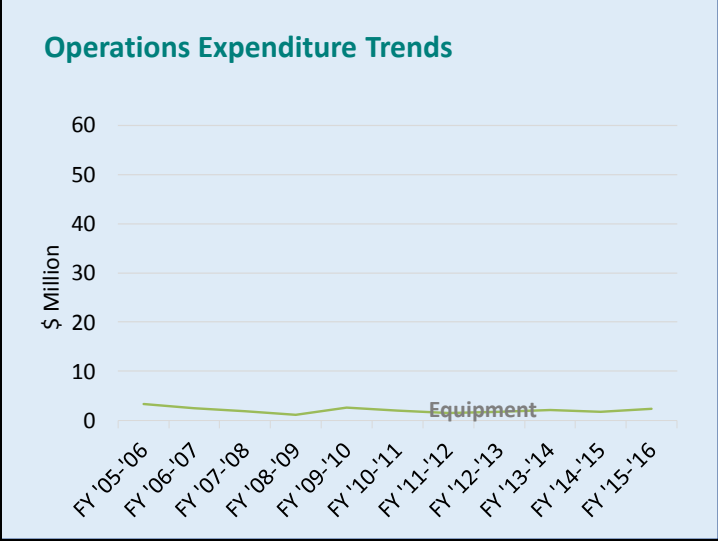
This covers the principle and interest on money borrowed

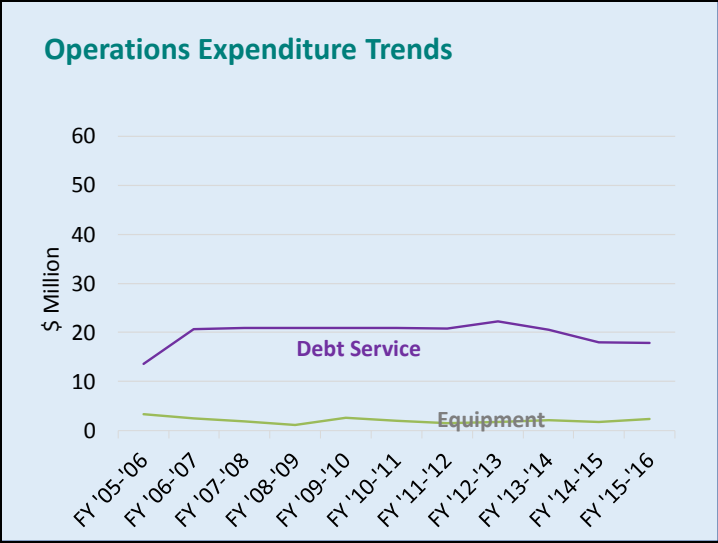
◆ BWS holds:

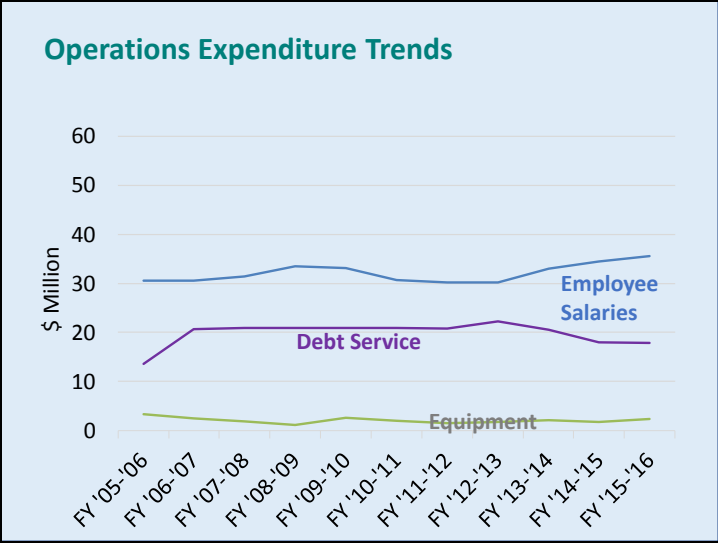
- Bonds payable \$252.9M
- Notes payable \$65.2M

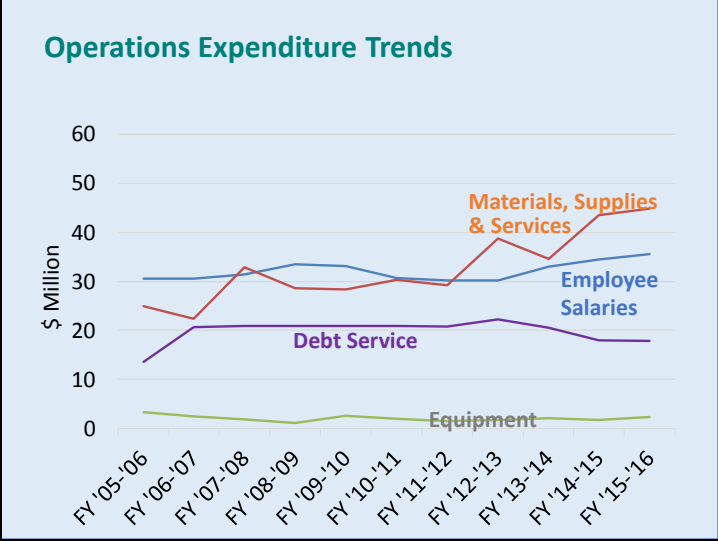
 **9%**

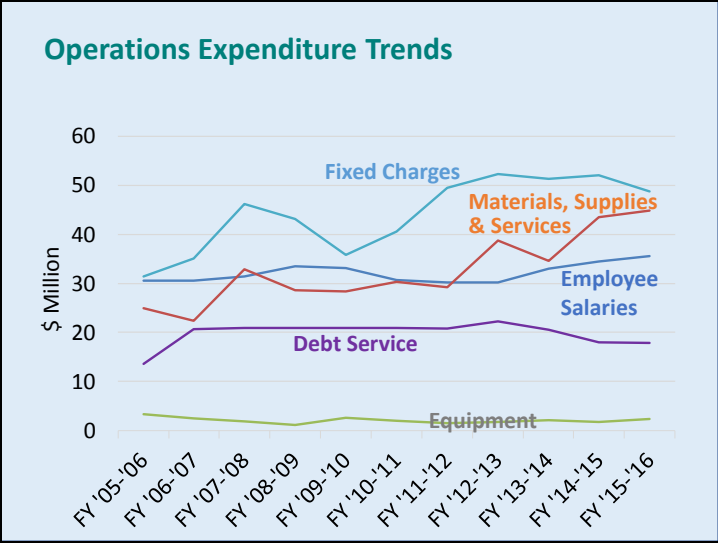


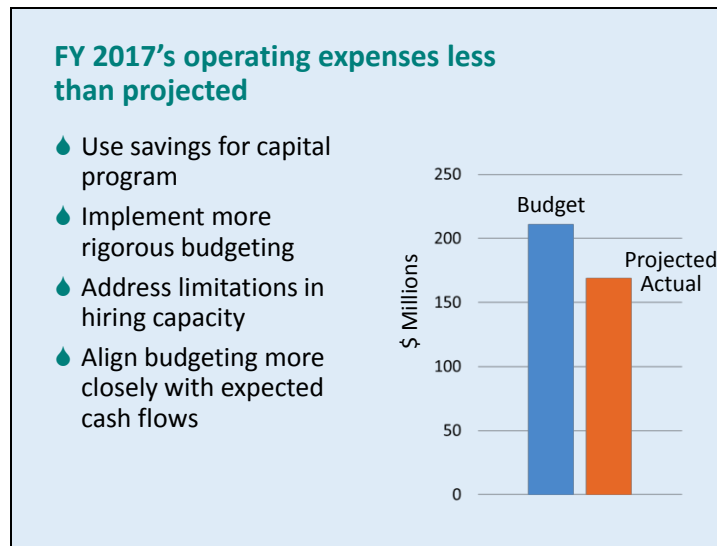


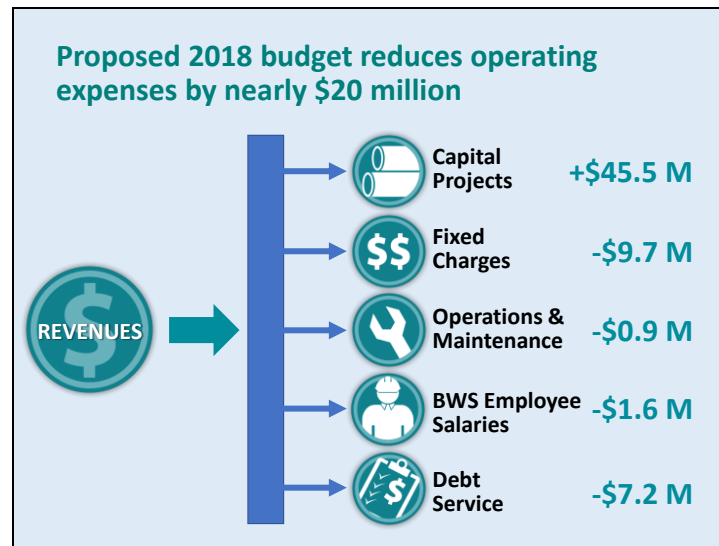










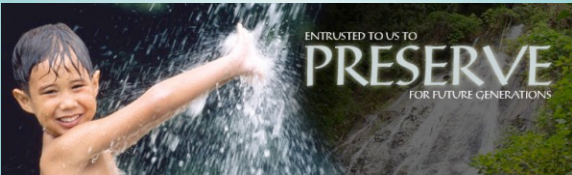


- Debt service reductions of \$7.2 million due to lower retirement of SRF loans
- Employee salary savings of \$1.6 million through partial year funding and offsetting 21 new positions by not budgeting 21 others that were no longer needed.
- O&M savings of about \$1 million by phasing meter replacement and AMR programs.
- Fixed charges savings due lower electricity costs and reductions in State of Hawaii OPEB account
- Increase in capital projects of \$45.5 M from last year's savings and this year's operating budget reductions.

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**Mahalo!**                      **Questions & Answers**



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Facilitator

**COMMUNITY VALUES AND OBJECTIVES  
FOR WATER RATES STRUCTURE**

### **Why Develop and Weight Rate Structure Objectives?**

- ◆ Provides a “common language” to support discussion
- ◆ Illustrates the complimentary and competing aspects of certain objectives
- ◆ Supports clear communication of stakeholder interests and values
- ◆ Supports deeper understanding of other perspectives
- ◆ Facilitates evaluation of various rate alternatives and their impacts

### Possible Rate Objectives

- ◆ Legal
- ◆ Recover Full Cost of Water
- ◆ Credit Strength
- ◆ Fair and Equitable
- ◆ Stable and Predictable
- ◆ Encourage Conservation
- ◆ Understandable
- ◆ Affordable

**Legal**

- ◆ Threshold requirement
- ◆ Rate structure must comply with all applicable laws and regulations

### **Recover Full Cost of Water**

- ◆ Must provide adequate revenues to cover costs, required reserves, and desired working capital
- ◆ Cover the full cost to provide water service, including watershed protection, infrastructure investments, sufficient staff resources, maintenance, planned management, and long-term water supply sustainability

### Credit Strength

- ◆ Generates a reliable revenue stream and supports favorable bond ratings
- ◆ Strikes a balance between cash and loans to meet revenue requirements

### **Fair and Equitable**

- ◆ All customers in a given customer class (e.g. single-family residential) are charged on the same basis
- ◆ Rate differences between customer classes are based on differences in cost of service, service-level requirements, and community values

### **Stable and Predictable**

- ◆ Rates are structured so that increases are relatively consistent, providing opportunity for customers and the utility to forecast costs and revenue, respectively

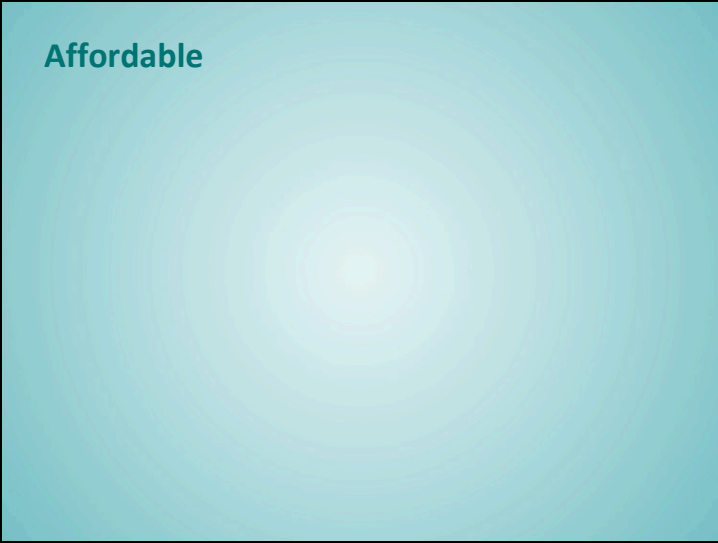


### **Encourage Conservation**

- ◆ Rate structure is effective in encouraging conservation of water and supporting the goal to achieve Low-Range Gallons Per Capita per Day as set in the Water Master Plan.

### **Understandable**

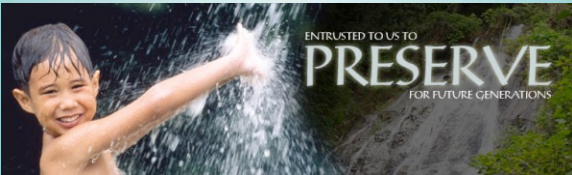
- ◆ Sufficiently straight forward, simplified, and clear that individual customers (person or business) can readily identify, understand, and calculate the individual charges comprising their total bill
- ◆ Provides a linkage between charges and the services they support



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# SUMMARY AND NEXT STEPS

**Other Items**

- ◆ Next Meeting  
Wednesday, June 21, 2017  
4:00 – 6:30 pm

Neal S. Blaisdell Center  
Hawaii Suites

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