

**BOARD OF WATER SUPPLY
KA 'OIHANA WAI
CITY AND COUNTY OF HONOLULU**

630 SOUTH BERETANIA STREET • HONOLULU, HAWAII 96843
Phone: (808) 748-5000 • www.boardofwatersupply.com

RICK BLANGIARDI
MAYOR
MEIA

ERNEST Y. W. LAU, P.E.
MANAGER AND CHIEF ENGINEER
MANAKIA A ME KAHU WILIKI

ERWIN KAWATA
DEPUTY MANAGER
HOPE MANAKIA



NĀ'ĀLEHU ANTHONY, Chair
KAPUA SPROAT, Vice Chair
BRYAN P. ANDAYA
JONATHAN KANESHIRO
EDWIN H. SNIFFEN, Ex-Officio
GENE C. ALBANO, P.E., Ex-Officio

February 20, 2024

NOTICE

The Board of Water Supply, City and County of Honolulu, Regular Meeting will be held on Monday, February 26, 2024, at 2:00 p.m. in the Boardroom, Public Service Building, 630 South Beretania Street, Honolulu, HI 96843.

Limited seating will be available for in-person testifiers in the Boardroom. The public may also view the livestream of the meeting from the lobby of the Board of Water Supply, Public Service Building, 630 S. Beretania St., Honolulu, HI 96843.

TESTIMONY

Testimony may be submitted as follows:

- **Written testimony** should include the submitter's address, email address, and phone number. Testimony should be received by Monday, February 26, 2024, at noon. Submit written testimony by:
 - Email to board@hbws.org
 - Online at boardofwatersupply.com/testimony
 - Mail to Board of Water Supply, 630 S. Beretania St., Honolulu, HI 96843
 - Fax to (808) 748-5079
- **Oral testimony** will be accepted remotely and in person during the meeting. Pre-registration is encouraged to facilitate as much remote and in-person testimony as reasonably possible during the time allotted. Testifiers should also consider submitting a written version of their oral testimony.
 - To testify remotely by phone or video using the Zoom videoconferencing platform, please submit your request by:
 - Email to board@hbws.org
 - Online at boardofwatersupply.com/testimonyZoom registration instructions, as well as participant guidelines, will be sent to the contact information provided. Once confirmed as registered, testifiers will receive an email containing the links and instructions to join the Zoom session. Submit your request to testify remotely by Friday, February 23, 2024, at noon.
 - To testify in person at the Board of Water Supply, Public Service Building, 630 S. Beretania St., Honolulu, HI 96843, please pre-register by submitting your request by Monday, February 26, 2024:
 - Email to board@hbws.org
 - Online at boardofwatersupply.com/testimonyIn-person testifiers should check-in with building security and then with testimony staff located in the lobby. Testifiers will be escorted to and from the Board Room. On-site registration will be available for walk-in requests.

Testimony is limited to two (2) minutes and shall be presented by the registered speaker only. Testimony submitted in writing or orally, electronically or in person, for use in the meeting process is public information. All testimony will be included as part of the approved meeting minutes at boardofwatersupply.com/boardmeetings.

MATERIALS AVAILABLE FOR INSPECTION

Meeting materials ("board packet" under HRS §92-7.5) are accessible at www.boardofwatersupply.com/boardmeetings.

VIEWING THE MEETING

The meeting will be viewable via live streaming on the BWS website: www.boardofwatersupply.com/live. Video will appear on screen. You may have to click the arrow on video to start it. You may have to unmute audio as muted audio tends to be the default setting.

SPECIAL REQUESTS AND ACCOMMODATIONS

If you require special assistance, an auxiliary aid or service, and/or an accommodation due to a disability to participate in this meeting (i.e., sign language interpreter, interpreter for language other than English, or wheelchair accessibility), please call Joy at (808) 748-5172 or email your request to board@hbws.org **at least three business days prior to the meeting date**. If a response is received after the requested three business days before the meeting date deadline, we will try to obtain the auxiliary aid/service or accommodation, but we cannot guarantee that the request will be filled.

Upon request, this notice is available in alternate formats such as large print, Braille, or electronic copy.

The agenda for the February 26, 2024, Regular Meeting of the Board of Water Supply is as follows:

ITEMS REQUIRING BOARD ACTION

1. Approval of the Minutes of the Regular Meeting Held on January 22, 2024
2. Introduction of Resolution No. 979, 2024, Providing for Acquisition of Water Pipeline Easement by Eminent Domain Over an Un-Named Private Roadway Off Booth Road Situate at Pauoa Valley, Honolulu, O'ahu, Hawai'i Tax Map Key 2-2-056:070
3. Introduction of Resolution No. 980, 2024, Providing for Acquisition of Drainage and Flowage Easement By Eminent Domain Over a Portion of Land Situate at Makau, Ko'olauloa, O'ahu, Hawai'i Tax Map Key 5-3-007:016
4. Adoption of Resolution No. 981, 2024, Authorizing Up to \$85,000,000 Principal Amount of Series 2024 Bonds
5. Adoption of Resolution No. 982, 2024, Amending Water System Revenue Bonds, Bond Resolution No. 717, 2001

ITEMS FOR INFORMATION

1. Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination
2. Financial Update for the Quarter Ended December 31, 2023
3. Capital Improvement Program Quarterly Update
4. Financial Statements and Supplementary Information with Independent Auditors' Report, Fiscal Year Ended June 30, 2023
5. Status Update of Groundwater Levels at All Index Stations
6. Water Main Repair Report for January 2024

MINUTES

To watch the recording of this meeting, please click on the following link:
<https://vimeo.com/bwshonolulu/feb-26-2024>. Closed captioning is available.

THE REGULAR MEETING OF THE BOARD OF WATER SUPPLY

February 26, 2024

At 2:00 PM on February 26, 2024, in the Public Service Building Board Room at 630 South Beretania Street, Honolulu, Hawaii, Board Chair Nā'ālehu Anthony called to order the Regular Meeting.

Present: Nā'ālehu Anthony, Chair
Kapua Sproat, Vice Chair via Zoom
Bryan P. Andaya, Board Member via Zoom
Jonathan Kaneshiro, Board Member

Also Present: Ernest Lau, Manager and Chief Engineer
Erwin Kawata, Deputy Manager
Jadine Urasaki, Acting Program Administrator,
Capital Projects Division
Jewel Pharms, Assistant Program Administrator,
Customer Care Division
Kathleen Elliott-Pahinui, Information Officer,
Communications Office
Raelynn Nakabayashi, Executive Assistant I,
Executive Support Office
Jason Nikaido, Program Administrator,
Field Operations Division
Kaliko Lum Kee, Acting Waterworks Controller,
Finance Division
Michele Thomas, Executive Assistant I,
Human Resources Office
via Vimeo
Henderson Nuuhiwa, Program Administrator,
Information Technology Division
Michael Matsuo, Land Administrator, Land Division
Roland Fenstermacher,
Water Quality Laboratory Director,
Water Quality Division
Barry Usagawa, Program Administrator,
Water Resources Division
Kevin Ihu, Program Administrator,
Water System Operations Division
via Vimeo
Kathy Mitchell, Administrative Services Officer
via Vimeo
Kimberly Kuwaye, Manager Secretary

Joy Cruz-Achiu, Board Secretary
Steven Norstrom, Information Specialist II,
Communications Office
Stella Bernardo, Information Specialist II,
Communications Office via Zoom
Michele Harman, Community Relations Specialist I,
Communications Office via Zoom
Wayne Maria, Information Specialist II,
Communications Office

Others Present: Jeff Lau, Deputy Corporation Counsel
via Zoom
Moana Yost, Deputy Corporation Counsel
via Zoom
Rozelle Agag, Deputy Corporation Counsel
via Zoom
Donn Nakamura, Accuity LLP
Matthew Oda, Accuity LLP

Absent: Gene C. Albano, Ex-Officio
Edwin H. Sniffen, Ex-Officio

Chair Nā'ālehu Anthony opened the Board meeting with an 'olelo no'eau:

Aloha mai kākou e nā hoa makamaka mai ka lā hiki a ka lā kau. Welina nui me ke aloha! Mahalo nui no kēia 'ākoakoa 'ana o kākou no ka pono o ka lāhui, no ka pono o ka 'āina, a no ka pono o ka wai nō ho'i. **O keia ka Mahina 'Olelo Hawai'i no Laila eia ka olelo noe'au no kela-** i ka 'ōlelo ke ola, i ka 'ōlelo ka make. "In the language is life; in the language is death."

'A'ohe loa'a i ka noho wale.

Chair Anthony translated the 'olelo no'eau: Thank you all for coming together today for the people, the land, and the water. Here is a short Hawaiian Proverb that helps us remember the importance of fresh water. This is Hawaiian language so here is a proverb about language in honor of that, "in the language is life, in the language is death."

Chair Anthony welcomed everyone to the February 26, 2024, Regular Meeting of the Board of Water Supply (BWS). He stated that the Board of Water Supply is dedicated to providing safe, dependable, and affordable supply of water now and into the future.

Before continuing the meeting, Chair Anthony stated that a recording would play to share reminders for public participation and virtual meeting regulations required by law.

The recording played: Goals for this meeting under Hawaii Revised Statutes, Section 92-7.5 are accessible at www.boardofwatersupply.com/boardmeeting. The public may attend this meeting in person at the Public Service building located at 630 South Beretania Street. The public may also view a live stream of today's meeting on our website at www.boardofwatersupply.com/live. We have been accepting written or oral testimony for today's meeting. Instructions and an online submittal form are available at boardofwatersupply.com/testimony. The deadline to submit advance written testimony has passed. Testimony received by noon today has been distributed to the board members. We will continue to accept written testimony today through our online form. Oral testimony in person or remotely will be accepted during today's meeting. To facilitate as much in-person and remote testimony as reasonably possible during the time allotted, preregistration and submittal of a written version of testimony at boardofwatersupply.com/testimony is strongly encouraged. To testify in person, please register using our online form or come to the public service building at 630 South Beretania Street. We have a representative in the lobby to provide intake and further instructions. To request to testify remotely, please complete the online form at boardofwatersupply.com/testimony. Requestors will receive an email containing links and instructions to join the Zoom session. Testifiers will have two minutes to state their position. A timekeeper will alert testifiers when there is one minute remaining. Once the two minutes are up, please summarize to allow time for questions from the Board. Then make room for the next testifier. Board members attending any board meeting remotely must be visible to the public to be considered, present, and meet quorum guidelines. Board members participating remotely must also disclose their location and anyone present at their location during roll call. Meeting participants who are calling or video conferencing in, please mute your microphone when you're not speaking. If you have a question, comment, or wish to enter or second a motion on an action item, please unmute your microphone and identify yourself before continuing to speak. If you encounter technical issues during today's meeting, please use the Zoom chat to send a direct message to our support team. Their names are listed in the message to all participants. To open the chat window, please click the text Bubble icon on the Zoom Toolbar.

Chair Anthony requested a roll call for the Regular Meeting. He asked those participating remotely to give the appropriate disclosures up responding.

Vice Chair Kapua Sproat joined via Zoom, responded aye, and disclosed that she was alone at her location; Board Member Bryan Andaya joined via Zoom, responded aye, and disclosed that he was alone at his location; and Board Member Jonathan Kaneshiro responded aye and was present in the Board room. Chair Anthony was present in the Boardroom. Board Members Edwin Sniffen and Gene Albano were absent.

Chair Anthony introduced those in the Boardroom, Manager Ernest Lau, Deputy Manager Erwin Kawata, Board Secretary Joy L. Cruz-Achiu, Manager Secretary Kimberly Kuwaye, and Information Specialist II Steven Norstrom and Wayne Maria. Deputy Jeff Lau and Deputy Moana Yost joined via Zoom from the City and County Corporation Counsel.

REGULAR MEETING

APPROVAL OF MINUTES

Approval of the Minutes of the Regular Meeting Held on January 22, 2024.

MOTION TO APPROVE

Jonathan Kaneshiro and Bryan Andaya motioned and seconded, respectively, to approve the Minutes of the Regular Meeting Held on January 22, 2024.

In lieu of a roll call vote, Chair Anthony requested a voice vote on the motion and requested that Board Members in favor of the motion say "Aye." The Board members present responded with a verbal "Aye." Chair Anthony then inquired if any Board Members would like to object or vote "Nay" on the motion. There were no objections or "Nay" votes. Vice Chair Anthony announced that the motion was unanimously carried.

THE MINUTES OF THE REGULAR MEETING HELD ON JANUARY 22, 2024, WERE APPROVED AT THE FEBRUARY 26, 2024, BOARD MEETING			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

“February 26, 2024

INTRODUCTION OF
RESOLUTION NO.
979, 2024,
PROVIDING FOR
ACQUISITION OF
WATER PIPELINE
EASEMENT BY
EMINENT DOMAIN
OVER AN
UN-NAMED
PRIVATE
ROADWAY OFF
BOOTH ROAD
SITUATE AT
PAUOA VALLEY,
HONOLULU,
O’AHU, HAWAI’I
TAX MAP KEY
2-2-056:070

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

Chair and Members:

Subject: Introduction of Resolution No. 979, 2024, Providing for Acquisition of Water Pipeline Easement by Eminent Domain Over an Un-Named Private Roadway Off Booth Road Situate at Pauoa Valley, Honolulu, O’ahu, Hawai’i Tax Map Key 2-2-056:070

We recommend introduction of the attached Resolution No. 979, 2024, authorizing proceedings in eminent domain for the acquisition of an easement for water pipeline purposes in Pauoa Valley.

The easement is over, under and across an existing Roadway Lot. Brittany K. Tilton, Thomas T. Shigeta and Karen P. Shigeta, Albert Y.Y. Yuen and Minnie M. Yuen, Brandon T. Hiroshige, Karyn K. Harada, and Frank Mew Duck Lum and Robert G. Weismantel and Joslyn Mew Linn Weismantel all have an undivided interest in the Roadway Lot.

This resolution, upon publication and subsequent adoption, will enable the Corporation Counsel to initiate eminent domain proceedings on behalf of the Board.

Respectfully Submitted,

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

Attachment”

DISCUSSION: Michael Matsuo, Land Administrator, Land Division, gave the report.

Vice Chair Kapua Sproat inquired if, other than certified letters and visiting them personally, the BWS apprised the residents that it could be costly to them or that they may have to retain legal counsel to represent them if the BWS were to move forward with eminent domain.

Mr. Michael Matsuo responded that the BWS did not inform the residents that the process involves court proceedings if the BWS moves forward with acquiring the unnamed roadway through eminent domain. He stated that the BWS will attempt another certified letter with a return receipt and hand-delivery to the residents, providing additional information.

Manager Ernest Lau mentioned that the residents would have another opportunity to sign and avoid court proceedings with the next BWS attempt.

Vice Chair Sproat also suggested having a notary available for door-to-door service.

Mr. Matsuo replied that he would look into having a mobile notary available. He stated that he has concerns since, in previous attempts, the BWS did not receive responses from everyone, and one resident refused to speak to the BWS. The BWS will reach out to the residents using the recommendations provided and remain hopeful that the remaining residents will sign the grant of easement.

Vice Chair Sproat stated that she would vote in favor of the BWS moving forward but would appreciate it if the BWS staff would make one final effort to reach out to the residents.

Board Member Bryan Andaya echoed Vice Chair Sproat's comments. He asked if the residents would be compensated.

Mr. Matsuo explained that roadways usually have no value. Thus, the BWS is not offering any compensation to the residents other than the symbolic \$1.00.

Chair Nā'ālehu Anthony inquired what mechanism was used that allowed the BWS to construct the waterline in the road.

Mr. Matsuo shared that typically, the BWS will acquire consent to entry from the owner(s) to perform due diligence and construction. Once construction is completed, the BWS would approach the owner(s) to grant the BWS an easement.

Chair Anthony asked if the easement would allow the BWS to service the pipeline.

Mr. Matsuo explained that since the road is private without the easement, the BWS would have no legal right to repair the pipeline or other equipment without an easement.

Manager Lau shared that the BWS is using eminent domain as a last resort to improve and benefit the community. He also shared that a fire hydrant was installed with the pipeline.

Chair Anthony inquired if the private, un-named roadway is part of a vast property owned by one family and divided over the years.

Mr. Matsuo stated that the property was submitted under the condominium property regime. He explained that individual condominium units were built instead of subdividing the property, requiring a roadway to provide access.

Chair Anthony asked if there were circumstances where the BWS would bring water service up to the edge of the private road and tell the residents they would be responsible for the pipeline past the edge. He further asked if the installation of the fire hydrant triggered something more.

Ms. Jadine Urasaki responded that the BWS is responsible for what is legally accessible.

Mr. Matsuo stated that the water pipeline already exists on the private road, so the BWS has replaced it due to breaks despite not having an easement of the private road.

Manager Lau added that the BWS was granted consent(s) of entry to perform the necessary work.

Mr. Matsuo added that the residents signed the consent of entry, which indicated that the BWS needed an easement; therefore, the residents knew that the BWS would be working on the private road.

Board Member Jonathan Kaneshiro inquired if the consent(s) of entry was accompanied by a grant of easement document, which indicated residents would need it to be notarized.

Mr. Matsu responded no.

Board Member Kaneshiro asked if the BWS is acquiring an easement or ownership of the private road fee.

Mr. Matsuo replied that the BWS would be acquiring an easement over the private road, not ownership of the private road.

**MOTION
TO APPROVE**

Jonathan Kaneshiro and Kapua Sproat motioned and seconded, respectively, to approve for Introduction of Resolution No. 979, 2024, Providing for Acquisition of Water Pipeline Easement by Eminent Domain Over an Un-Named Prive Roadway Off Booth Road Situate at Pauoa Valley, Honolulu, Hawai'i Tax Map Key 2-2-056:070.

Ms. Cruz-Achui conducted a roll call vote: Vice Chair Kapua Sproat, aye; Board Member Bryan Andaya, aye; Board Member Jonathan Kaneshiro; aye; and Chair Nā'ālehu Anthony, aye. Board Members Edwin Sniffen and Gene Albano were absent.

Ms. Cruz-Achui announced that the motion passed with four ayes.

INTRODUCTION OF RESOLUTION NO. 979, 2024,
 PROVIDING ACQUISITION OF WATER PIPELINE
 EASEMENT BY EMINENT DOMAIN OVER AN UN-NAMED
 PRIVATE ROADWAY OFF BOOTH ROAD SITUATE PAUOA
 VALLEY, HONOLULU, O'AHU, HAWAII TAX MAP KEY 2-2-
 056:070 WAS APPROVED ON FEBRUARY 26, 2024

	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 979, 2024

PROVIDING FOR ACQUISITION OF
WATER PIPELINE EASEMENT BY EMINENT DOMAIN
OVER AN UN-NAMED PRIVATE ROADWAY
OFF BOOTH ROAD SITUATE AT
PAUOA VALLEY, HONOLULU, O'AHU, HAWAII
TAX MAP KEY: 2-2-056:070

BE IT RESOLVED by the Board of Water Supply, City and County of Honolulu:

I.

That for public use and purposes, to wit, the installation, maintenance, operation, replacement and removal of an 8-inch waterline and appurtenances to replace an existing waterline that has experienced breaks and to improve water service and fire protection for the subject un-named road ("Roadway Lot"), more particularly described in Exhibit "A" and shown on Exhibit "B", both attached hereto and made a part hereof, and by this reference incorporated herein, proceedings in eminent domain as provided by the law be instituted for the acquisition of an easement for water pipeline purposes, over, under and across the entire width of the Roadway Lot, together with the right of ingress to and egress from the Roadway Lot, and that the Corporation Counsel of the City and County of Honolulu, be and is hereby authorized and empowered to institute said proceedings.

The acquisition of the foregoing easement by eminent domain is necessary for the aforesaid public use and purposes.

II.

That in the process of said proceedings in eminent domain the said Corporation Counsel be and is hereby authorized and empowered to negotiate terms of a settlement subject to the approval of the Board of Water Supply and/or the Court before which such proceedings are commenced.

INTRODUCED BY:



NĀ'ĀLEHU ANTHONY
Chair

Date of Introduction: February 26, 2024
Honolulu, Hawai'i

INTRODUCTION OF RESOLUTION NO. 979, 2024, PROVIDING ACQUISITION OF WATER PIPELINE EASEMENT BY EMINENT DOMAIN OVER AN UN-NAMED PRIVATE ROADWAY OFF BOOTH ROAD SITUATE PAUOA VALLEY, HONOLULU, O'AHU, HAWAI'I TAX MAP KEY 2-2- 056:070 WAS APPROVED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

EXHIBIT "A"

That certain Roadway Lot, being portions of Land Commission Award 7712, Royal Patent 4484, Apana 6, Part 4 to M. Kekuanao'a for V. Kamamalu, Land Commission Award 1671, Apana 1 to Moanalua and Land Commission Award 7775, Apana 2 to Kahuaina, situate at Pauoa Valley, Honolulu, O'ahu, Hawai'i, and more particularly described as follows:

Beginning at the Northwest corner of this parcel of land, the North corner of Lot 46, Booth Tract Extension, File Plan 473 and on the Southeasterly side of Booth Road, the coordinates of said point of beginning referred to a City and County Street Survey Monument at the intersection of Pauoa Road and Kawaena Place being 158.76 feet North and 423.82 feet West and running by azimuths measured clockwise from true South:

1. **241° 43' 00" 43.06 feet along the Southeasterly side of Booth Road;**

 Thence on a curve to the left with a radius of 20.00 feet, the chord azimuth and distance being:
2. **18° 19' 00" 27.57 feet;**
3. **334° 35' 00" 36.06 feet along the remainder of L. C. Award 7712, R. P.4484, Apana 6, Part 4 to M. Kekuanaoa for V. Kamamalu and L. C. Award 1671, Apana 1 to Moanalua.**
4. **342° 46' 00" 118.46 feet along the remainder of L. C. Award 1671, Apana 1 to Moanalua;**

 Thence along the remainder of L. C. Award 1671, Apana 1 to Moanalua on a curve to the left with a radius of 35.00 feet, the chord azimuth and distance being:
5. **309° 55' 50" 37.96 feet;**

 Thence along the remainder of L. C. Award 1671, Apana 1 to Moanalua on a curve to the right with a radius of 35.00 feet, the chord azimuth and distance being:

6. 307' 06' 35" 35.02 feet;

Thence along the remainders of L. C. Aw. 1671, Apana 1 to Moanalua and L. C. Award 7775, Apana 2 to Kahuaia on a curve to the right with a radius of 35.00 feet, the chord azimuth and distance being:

7. 14' 37' 45" 42.63 feet;

Thence along the remainder of L. C. Award 7775, Apana 2 to Kahuaia on a curve to the right with a radius of 35.00 feet, the chord azimuth and distance being:

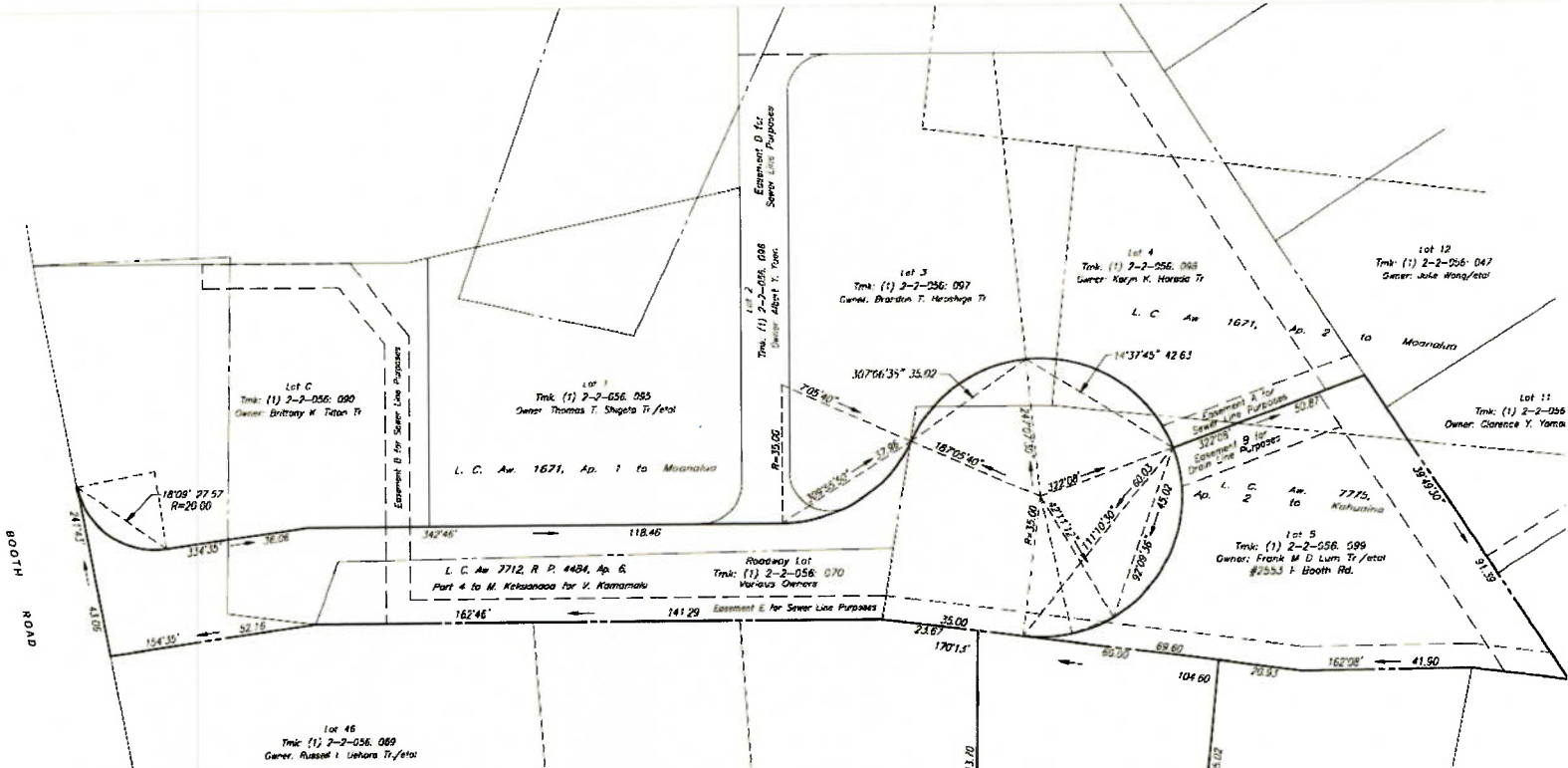
8. 111' 10' 30" 60.03 feet;

9. 170' 13' 00" 35.00 feet along Lots 39 and 40, Booth Tract Extension, File Plan 473;

10. 162' 46' 00" 141.29 feet along Lots 40, 41 and 46, Booth Tract Extension, File Plan 473;

11. 154' 35' 00" 52.16 feet along Lot 46, Booth Tract Extension, File Plan 473 to the point of beginning and containing an area of 9,055 square feet.

END EXHIBIT "A"



BOOTH ROAD

EXHIBIT "B"



ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

Michael Matsuo
February 26, 2024
boardofwatersupply.com

ACQUISITION OF WATER PIPELINE EASEMENT
FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

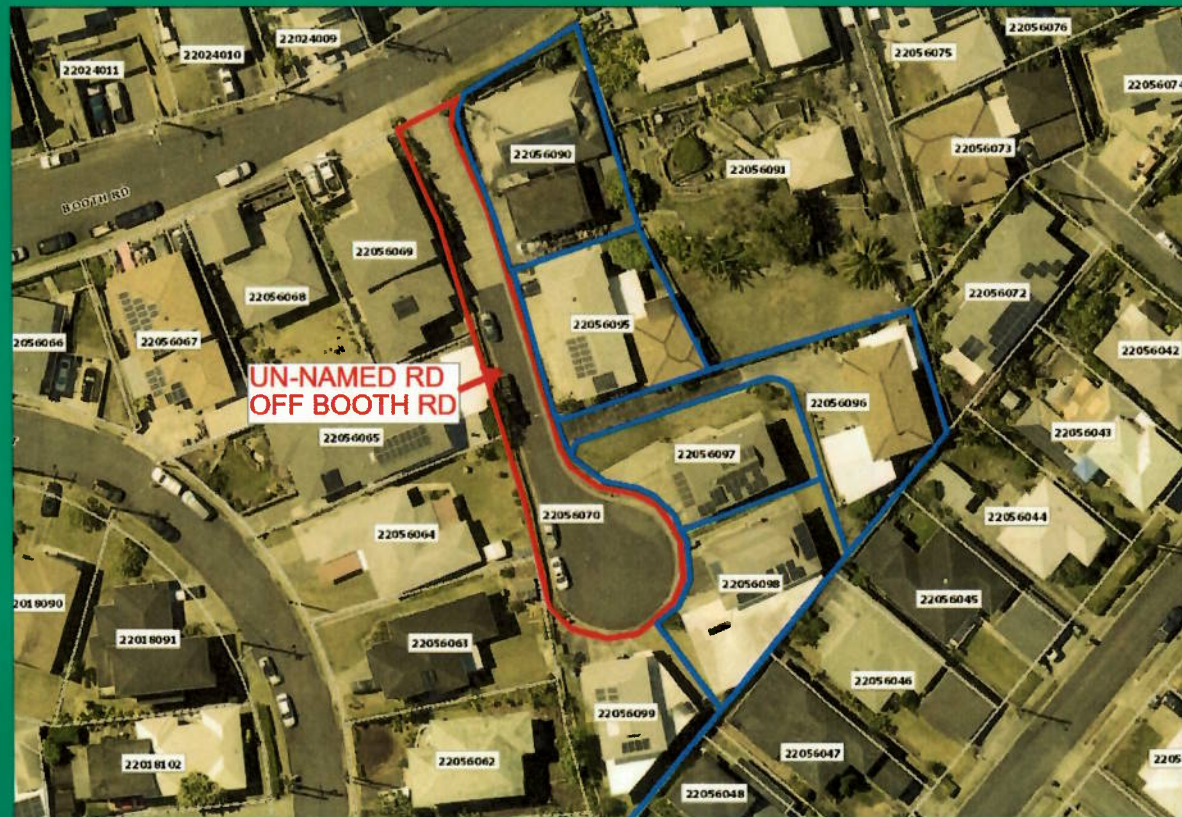
WE ARE RECOMMENDING THE BOARD INTRODUCE A RESOLUTION
THAT DOES THE FOLLOWING:

- MAKES KNOWN THAT THE BOARD OF WATER SUPPLY INTENDS TO ACQUIRE AN EASEMENT BY EMINENT DOMAIN; AND
- AUTHORIZES AND EMPOWERS THE CORPORATION COUNSEL OF THE CITY AND COUNTY OF HONOLULU TO INITIATE PROCEEDINGS IN EMINENT DOMAIN



ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

THE EASEMENT IS FOR
WATER PIPELINE
PURPOSES OVER,
UNDER AND THROUGH
AN UN-NAMED ROAD
OFF BOOTH ROAD IN
PAUOA VALLEY AND
IDENTIFIED AS TAX MAP
KEY 2-2-056:070.



PROPERTIES OUTLINED IN BLUE HAVE INTERESTS IN UN-NAMED ROAD



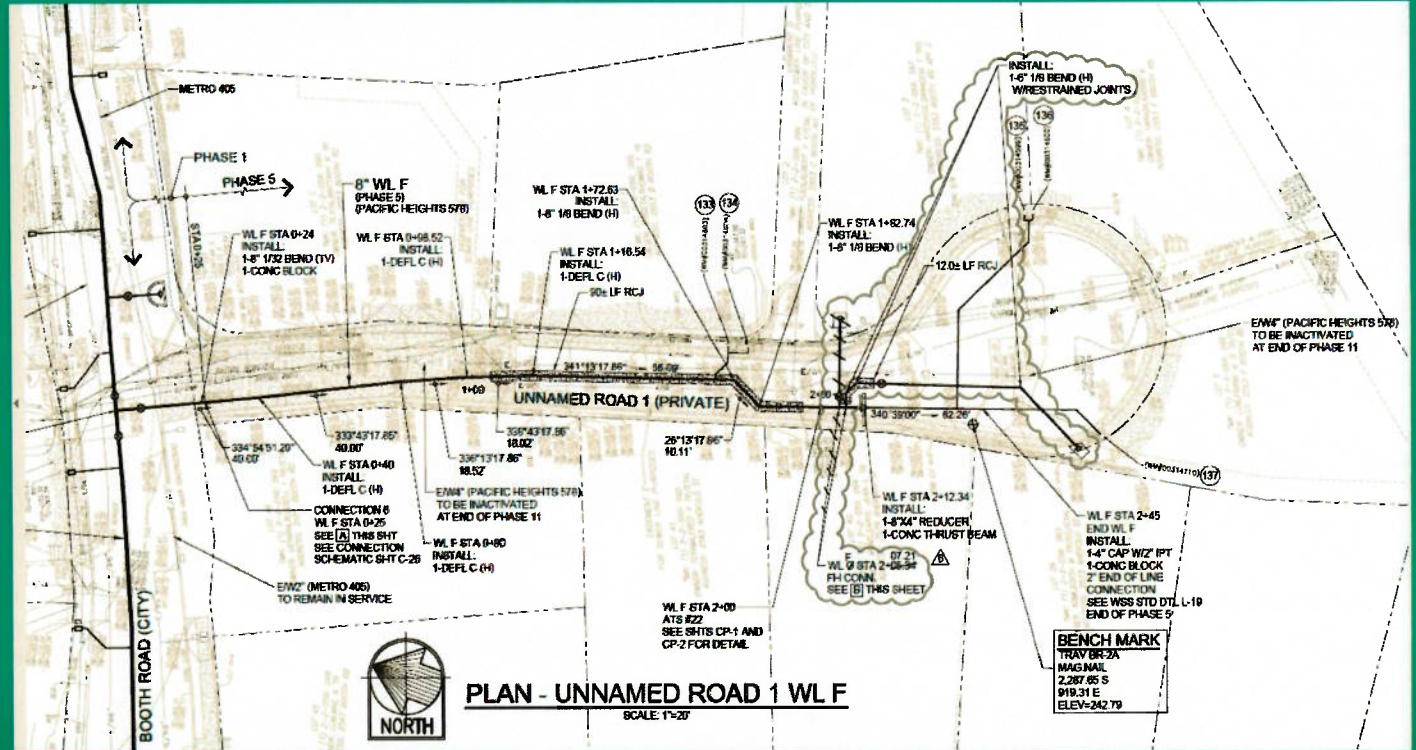
ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

- SECTION 7-105 (e) OF THE REVISED CHARTER OF THE CITY AND COUNTY OF HONOLULU, AUTHORIZES THE BOARD OF WATER SUPPLY TO ACQUIRE REAL PROPERTY AND REAL PROPERTY INTERESTS (I.E. EASEMENTS) IN THE NAME OF THE CITY BY VARIOUS MEANS, INCLUDING EMINENT DOMAIN.
- EMINENT DOMAIN PROCEEDINGS ARE BEING CONTEMPLATED BECAUSE WE HAVE BEEN UNABLE TO NEGOTIATE A GRANT FOR THE WATER PIPELINE EASEMENT WITH THE OWNERS WHO HAVE AN INTEREST IN THE UN-NAMED ROAD.
- THE RESOLUTION WILL ALLOW THE CORPORATION COUNSEL TO NEGOTIATE THE TERMS OF SETTLEMENT WITH THESE OWNERS SUBJECT TO THE APPROVAL OF THE BOARD AND THE COURT



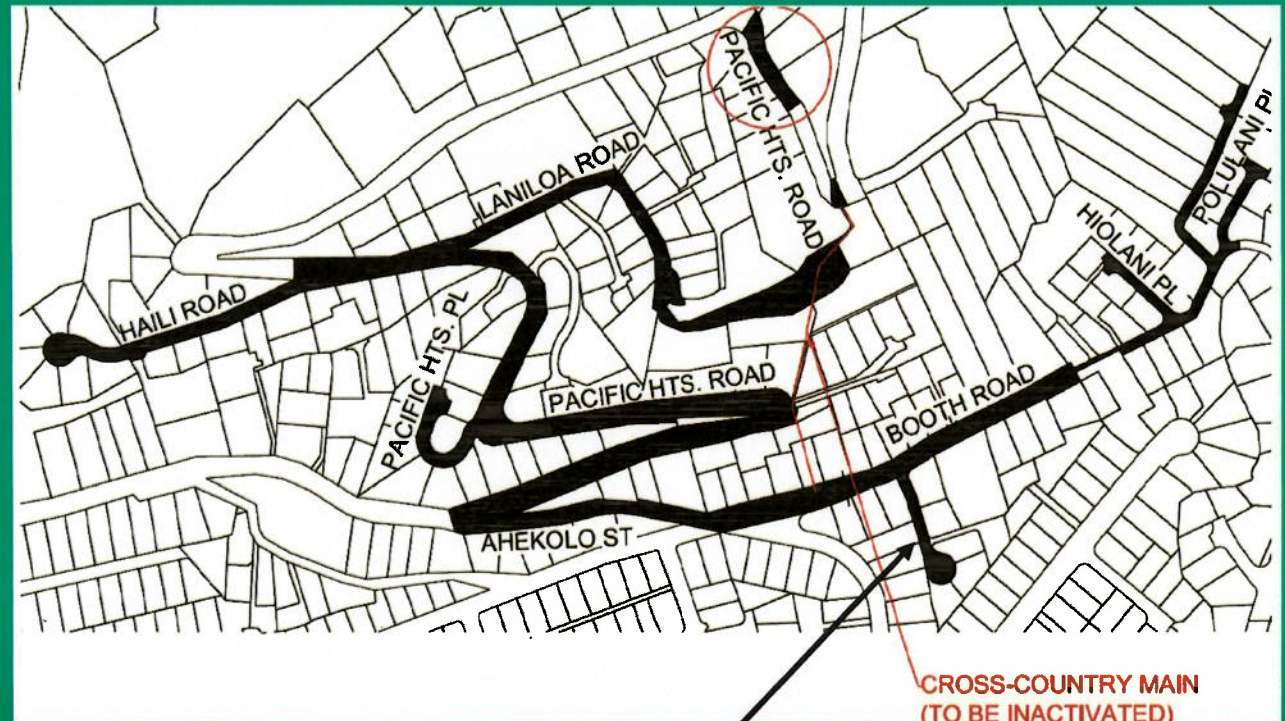
ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

- THE EASEMENT IS REQUIRED FOR A NEW 8-INCH WATERLINE THAT WAS INSTALLED ALONG THE UN-NAMED ROAD
- THE NEW 8-INCH WATERLINE IS PART OF THE RECENTLY COMPLETED PACIFIC HEIGHTS WATER SYSTEM IMPROVEMENT PROJECT



ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

- THE PACIFIC HEIGHTS WATER SYSTEM IMPROVEMENT PROJECT INVOLVED CONSTRUCTING 12-INCH, 8-INCH, 6-INCH AND 4-INCH MAINS AND FIRE HYDRANTS ON VARIOUS ROADS IN PACIFIC HEIGHTS
- ONE OF THOSE ROADS WAS THE UN-NAMED ROAD OFF BOOTH ROAD

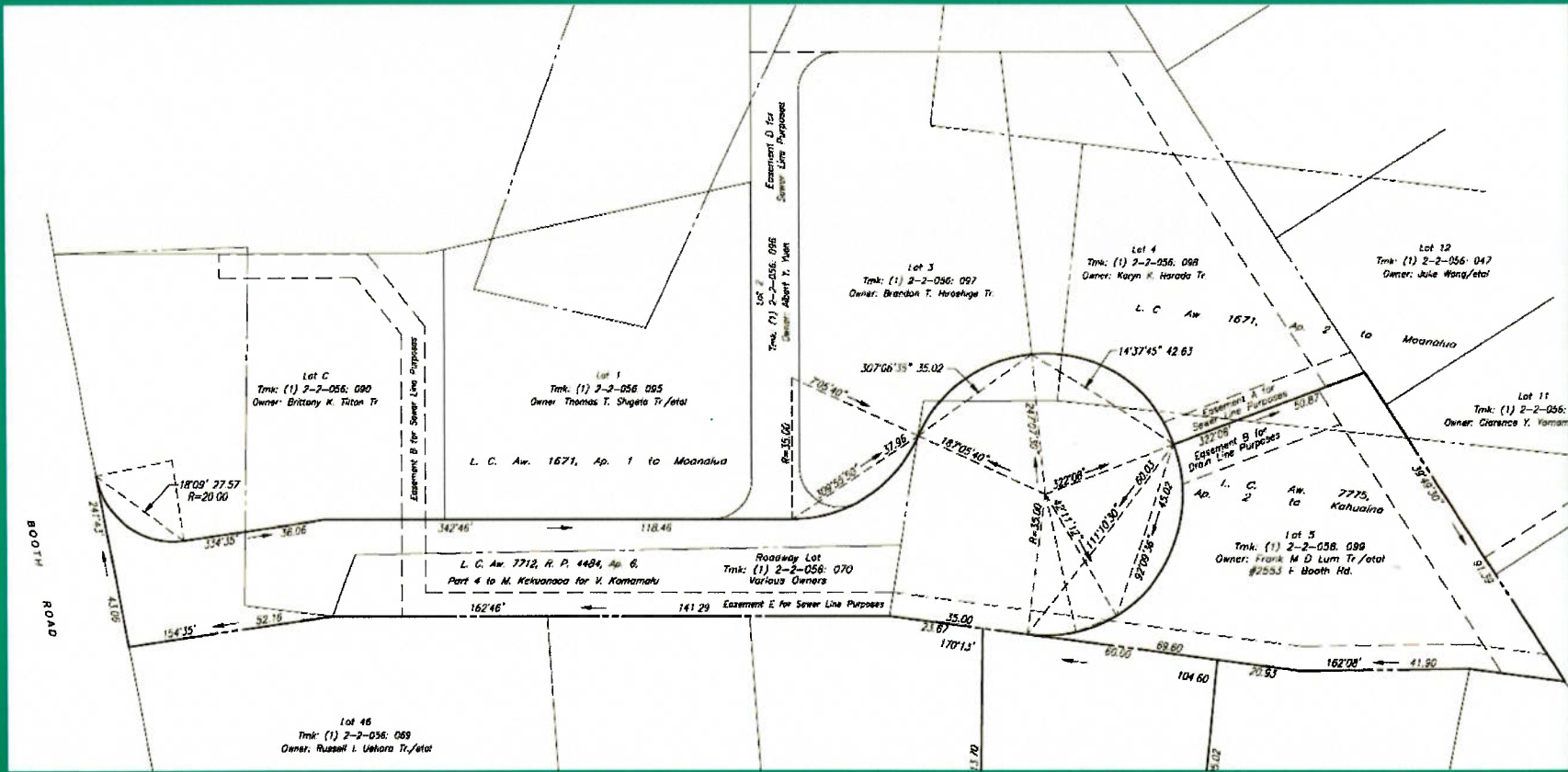


UN-NAMED ROAD
OFF BOOTH ROAD

CROSS-COUNTRY MAIN
(TO BE INACTIVATED)



ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN



BECAUSE THE UN-NAMED ROAD IS PRIVATELY OWNED, BWS NEEDS TO ACQUIRE AN EASEMENT SO IT CAN LEGALLY ACCESS THE NEW 8-INCH WATER PIPELINE



ACQUISITION OF WATER PIPELINE EASEMENT
FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

THE SEVEN (7) OWNERS OF PROPERTIES WITH AN INTEREST IN THE
UN-NAMED ROAD ARE:

- BRITTANY K. TILTON, TRUSTEE UNDER REVOCABLE TRUST OF BRITTANY K. TILTON, 2553 BOOTH ROAD, TAX MAP KEY 2-2-056:090 (AS TO AN UNDIVIDED 1/6TH INTEREST)
- THOMAS T. SHIGETA AND KAREN P. SHIGETA, TRUSTEES OF THE THOMAS T. SHIGETA REVOCABLE TRUST, 2553-B BOOTH ROAD, TAX MAP KEY 2-2-056:095 (AS TO AN UNDIVIDED 1/6TH INTEREST)
- ALBERT Y.Y. AND MINNIE M. YUEN, 2553-C BOOTH ROAD, TAX MAP KEY 2-2-056:096 (AS TO AN UNDIVIDED 1/6TH INTEREST)



ACQUISITION OF WATER PIPELINE EASEMENT
FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

THE SEVEN (7) OWNERS OF PROPERTIES WITH AN INTEREST IN THE
UN-NAMED ROAD ARE (CONT.):

- BRANDON T. HIROSHIGE, TRUSTEE OF BRANDON T. HIROSHIGE TRUST, 2553-D BOOTH ROAD, TAX MAP KEY 2-2-056:097 (AS TO AN UNDIVIDED 1/6TH INTEREST)
- KARYN K. HARADA, 2553-E BOOTH ROAD, TAX MAP KEY 2-2-056:098 (AS TO AN UNDIVIDED 1/6TH INTEREST)
- FRANK MEW DUCK LUM, TRUSTEE OF FRANK MEW DUCK LUM TRUST, AND ROBERT G. WEISMANTEL AND JOSLYN MEW LINN WEISMANTEL, TRUSTEES OF THE ROBERT GREGORY WEISMANTEL AND JOSLYN MEW LIN WEISMANTEL JOINT TRUST, 2553-F BOOTH ROAD, TAX MAP KEY 2-2-056:099 (AS TO AN UNDIVIDED 1/6TH INTEREST)



ACQUISITION OF WATER PIPELINE EASEMENT
FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

CHRONOLOGY OF EVENTS TO ACQUIRE WATER PIPELINE EASEMENT FROM
OWNERS OF PROPERTIES WITH INTEREST IN THE UN-NAMED ROAD:

DATE	ACTION
2/9/15	SENT LETTERS TO OWNERS REQUESTING CONSENT OF ENTRY (COE) TO CONDUCT GEOTECHNICAL SURVEY FOR WATER PIPELINE REPLACEMENT; COE'S INCLUDED LANGUAGE THAT ONCE NEW WATERLINE WAS INSTALLED, OWNERS WOULD GRANT WATER PIPELINE EASEMENT TO BWS; ALL OWNERS SIGNED COE'S
8/16/22	WITH THE COMPLETION OF THE 8-INCH WATERLINE CONSTRUCTION, SENT LETTERS TO OWNERS BY CERTIFIED MAIL WITH RETURN RECEIPT REQUESTING THEY SIGN GRANT OF WATER PIPELINE EASEMENT



ACQUISITION OF WATER PIPELINE EASEMENT
FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

CHRONOLOGY OF EVENTS TO ACQUIRE WATER PIPELINE EASEMENT FROM OWNERS WITH INTEREST IN THE UN-NAMED ROAD (CONT.):

DATE	ACTION
2/27/23	RECEIVED SIGNED GRANT FROM THOMAS AND KAREN SHIGETA
5/9/23	VISITED OWNERS WHO DID NOT SIGN GRANTS; NONE WERE AT HOME SO LEFT GRANTS WHERE THEY COULD EASILY BE SEEN.
7/8/23	MADE 2ND VISIT TO OWNERS; THREE WERE NOT HOME & FOURTH WAS SICK; SPOKE WITH MR. SHIGETA, WHO RECOMMENDED VISITING OTHERS ON WEEKDAYS AFTER 5:00 P.M., MR. SHIGETA CLAIMED SOME OF THE OTHERS ARE RELUCTANT TO SIGN GRANT BECAUSE OF NOTARY REQUIREMENT.



ACQUISITION OF WATER PIPELINE EASEMENT
FOR UN-NAMED ROAD OF BOOTH ROAD BY EMINENT DOMAIN

CHRONOLOGY OF EVENTS TO ACQUIRE WATER PIPELINE EASEMENT FROM
OWNERS WITH INTEREST IN THE UN-NAMED ROAD (CONT.):

DATE	ACTION
7/11/23	MADE 3RD VISIT TO OWNERS; MR. HIROSHIGE SAID HE WOULD SIGN GRANT; HE RECOMMENDED COMING ON A SUNDAY TO SEE MS. HARADA
7/23/23	MADE 4TH VISIT TO OWNERS; MS. HARADA AND MS. TILTON WERE NOT HOME; MET MR. YUEN WHO SAID HIS GRANDDAUGHTER HANDLES HIS AFFAIRS; SHE REFUSED TO SEE US; MR. YUEN WILL ASK HER TO CALL BWS
7/28/23	RECEIVED SIGNED GRANT FROM KARYN HARADA
12/31/23	SINCE RECEIVED SIGNED GRANTS FROM ONLY 2 OF THE 7 OWNERS, NO RESPONSE FROM TILTON AND UNWILLINGNESS OF YUEN TO CONTACT US, WILL ACQUIRE EASEMENT VIA EMINENT DOMAIN



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

ACQUISITION BY EMINENT DOMAIN PROCESS:

- INTRODUCTION OF A RESOLUTION AUTHORIZING THE ACQUISITION OF THE EASEMENT BY EMINENT DOMAIN STARTS THE PROCESS.
- LETTERS ARE SENT TO OWNERS TO NOTIFY THEM OF THE INTRODUCED RESOLUTION AND BWS' INTENTION TO ACQUIRE THE EASEMENT BY EMINENT DOMAIN.
- IF NONE OF THE OWNERS OR OTHERS WITH AN INTEREST IN THE UN-NAMED ROAD INTERVENES, THE BOARD WILL ADOPT THE RESOLUTION AT A SUBSEQUENT MEETING.
- A LEGAL NOTICE NEEDS TO BE PUBLISHED ONCE IN A LOCAL NEWSPAPER AT LEAST THREE (3) DAYS BEFORE THE RESOLUTION IS ADOPTED.



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR UN-NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

ACQUISITION BY EMINENT DOMAIN PROCESS (CONT.):

- ONCE THE RESOLUTION IS ADOPTED BY THE BOARD, A MEMORANDUM WITH RELEVANT INFORMATION IS PREPARED AND SUBMITTED TO THE DEPARTMENT OF CORPORATION COUNSEL (COR).
- COR TAKES THE NECESSARY ACTIONS, INCLUDING PREPARING THE COMPLAINT AND SUMMONS, FOR THE MATTER TO BE BROUGHT BEFORE CIRCUIT COURT
- COR REPRESENTS BWS IN CIRCUIT COURT ON THE ACQUISITION OF THE WATER PIPELINE EASEMENT BY EMINENT DOMAIN
- IF CIRCUIT COURT RULES IN FAVOR OF BWS, A FINAL ORDER OF CONDEMNATION IS ISSUED AND SENT TO BWS
- BOARD IS NOTIFIED OF FINAL ORDER OF CONDEMNATION





Mahalo!

BOARD OF WATER SUPPLY

ACQUISITION OF WATER PIPELINE EASEMENT FOR UN-
NAMED ROAD OFF BOOTH ROAD BY EMINENT DOMAIN

Michael Matsuo

(808) 748-5951, mmatsuo@hbws.org

boardofwatersupply.com for more information

February 26, 2024

Providing safe, dependable, and affordable
drinking water, now and into the future.

"February 26, 2024

INTRODUCTION OF
RESOLUTION NO.
980, 2024,
PROVIDING FOR
ACQUISITION OF
DRAINAGE AND
FLOWAGE
EASEMENT
DOMAIN OVER A
PORTION OF LAND
SITUATE AT
MAKAU,
KO'OLAULOA
O'AHU, HAWAI'I
TAX MAP KEY
5-3-007:016

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

Chair and Members:

Subject: Introduction of Resolution No. 980, 2024, Providing
for Acquisition of Drainage and Flowage Easement By
Eminent Domain Over a Portion of Land Situate at Makau,
Ko'olauloa, O'ahu, Hawai'i Tax Map Key 5-3-007:016

We recommend introduction of the attached Resolution No. 980, 2024,
authorizing proceedings in eminent domain for the acquisition of an
easement for drainage and flowage purposes in Punalu'u.

The easement is over, under and across a portion of the subject real
property, which is jointly owned by Karen K. Lindsey, Tracy H. Keolanui
and Debbi-Jaye L.G. Keolanui, and Meryl Mapuana Martin.

This resolution, upon publication and subsequent adoption, will enable
the Corporation Counsel to initiate eminent domain proceedings on behalf
of the Board.

Respectfully Submitted,

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

Attachment"

DISCUSSION:

Michael Matsuo, Land Administrator, Land Division, gave the report.

Board Member Andaya commented that since the BWS initially informed
the landowners that the BWS may use "alternate means" to acquire the
easement, he requested that the BWS communicate clearly to
landowners that the BWS intends to acquire the easement through
eminent domain.

Vice Chair Sproat inquired if the landowners lived on the property.

Mr. Matsuo stated that one lives in Texas, one on Hawai'i Island, and the
other two on O'ahu but not on the property.

Vice Chair Sproat suggested posting a notice or a copy of the letter on
the landowner's property; in the event a tenant is living on the property,
the tenant can convey the message to the landowner(s). She echoed
Board Member Andaya's request that the BWS explain the process
thoroughly. If the BWS does not receive a response from the
landowners, the BWS will be forced to pursue eminent domain, which will

mean instituting legal action. Vice Chair Sproat stated that posting a notice is recognized as an "action to notify" in a court of law.

Manager Lau appreciated the suggestions and recommendations. He stated that the BWS takes eminent domain very seriously and does not like to exercise it; however, the BWS must be able to move forward with its projects.

Vice Chair Sproat asked if the BWS had the landowner's current contact information or asked the tenants to forward the information.

Mr. Matsuo shared that he has tried to contact one of the former landowners for updated contact information for the others and has searched the internet but has not been successful. He stated he would continue to try to obtain better contact information for the current landowners.

Manager Lau stated that the BWS would try to contact the landowners again.

Board Member Kaneshiro inquired if the BWS explored alternative roadway designs to avoid eminent domain.

Ms. Urasaki replied that other design options were not looked into.

Manager Lau commented that it could be costly for the BWS.

Mr. Matsuo commented that to fit the new drainage and swale within the existing easement would require decreasing the width of the road; however, this is not recommended.

Manager Lau stated that the road is currently 12 feet wide.

Mr. Matsuo explained that the swale is currently two ft. within a four-foot shoulder area; therefore, adding this to the existing easement would result in decreasing the width of the road to eight feet.

Manager Lau commented that a narrower road might make getting equipment to the well site difficult in the future.

Chair Anthony inquired if the acquisition was to help with drainage and flowage during heavy rain.

Mr. Matsuo said that Chair Anthony was correct. The gravel roadway degrades due to heavy rains, and the gravel and runoff travel down and onto Ko'olau Road.

Vice Chair Sproat inquired if the owner(s) of the property on the opposite side of the existing road is different. If so, Vice Chair Sproat suggested that if this owner is receptive to the BWS acquiring the easement through their property, the BWS would not have to decrease the size of the road;

it would just move it over. Although, realized that it would require additional work and cost.

Mr. Matsuo commented that he would try to identify the property owner on the opposite of the road. However, the cost to move the road would be more than \$4,000, which the BWS would pay the landowners.

Manager Lau stated that the BWS would aggressively attempt to reach out to the landowners before proceeding with eminent domain to avoid landowners having to go through a costly legal proceeding.

For clarification, Mr. Matsuo stated that the appraised value of \$4,183 would be divided among the four landowners, two of whom are married.

**MOTION
TO APPROVE**

Jonathan Kaneshiro and Bryan Andaya motioned and seconded, respectively, to approve the Introduction of Resolution No. 980, 2024, Providing for Acquisition of Drainage and Flowage Easement By Eminent Domain Over a Portion of Land Situate at Mauk, Ko'olauloa, O'ahu, Hawai'i Tax Map Key 5-3-007:016.

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Kapua Sproat, aye; Board Member Bryan Andaya, aye; Board Member Jonathan Kaneshiro; aye; and Chair Nā'ālehu Anthony, aye. Board Members Edwin Sniffen and Gene Albano were absent.

Ms. Cruz-Achiu announced that the motion passed with four ayes.

INTRODUCTION OF RESOLUTION NO. 980, 2024, PROVIDING FOR ACQUISITION OF DRAINAGE AND FLOWAGE EASEMENT BY EMINENT DOMAIN OVER A PORTION OF LAND SITUATE AT MAKUA, KO'OLAULOA, O'AHU, HAWAII TAX MAP KEY 5-3-007:016 WAS APPROVED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

BOARD OF WATER SUPPLY
CITY AND COUNTY OF HONOLULU

RESOLUTION NO. 980, 2024

PROVIDING FOR ACQUISITION OF
DRAINAGE AND FLOWAGE EASEMENT
BY EMINENT DOMAIN OVER A PORTION OF LAND
SITUATE AT MAKAU, KO'OLAULOA, O'AHU, HAWAII
TAX MAP KEY: 5-3-007:016

BE IT RESOLVED by the Board of Water Supply, City and County of Honolulu:

I.

That for public use and purposes, to wit, the installation, maintenance, operation, replacement and removal of a 2-foot wide V-shaped drainage ditch or swale to capture runoff from the Board of Water Supply Punalu'u Wells III site and access road and prevent gravel and other debris from flowing to the old 40-foot Railroad Right-of-Way known as Ko'olau Road during heavy rains, proceedings in eminent domain as provided by the law be instituted for the acquisition of Easement F-1 as described in Exhibit "A" attached hereto and made a part hereof, and by this reference incorporated herein, for drainage and flowage purposes from the Board of Water Supply Punalu'u Wells III site and access road, shown as Water System Facilities Site and Easement 6 on Exhibit "B," respectively, attached hereto and made a part hereof, and by this reference incorporated herein, over, under and across Easement F-1, over a portion of Land Commission Award 8164-E, Apana 1 to Kamali'i, including the right of ingress to and egress from Easement F-1 over Easement 6, and that the Corporation Counsel of the City and County of Honolulu, be and is hereby authorized and empowered to institute said proceedings.

The acquisition of the foregoing easement by eminent domain is necessary for the aforesaid public use and purposes.

II.

That in the process of said proceedings in eminent domain, said Corporation Counsel be and is hereby authorized and empowered to negotiate terms of a settlement subject to the approval of the Board of Water Supply and/or the Court before which such proceedings are commenced.

INTRODUCED BY:



NA'ĀLEHU ANTHONY
Chair

Date of Introduction: February 26, 2024
Honolulu, Hawai'i

INTRODUCTION OF RESOLUTION NO. 980, 2024, PROVIDING FOR ACQUISITION OF DRAINAGE AND FLOWAGE EASEMENT BY EMINENT DOMAIN OVER A PORTION OF LAND SITUATE AT MAKUA, KO'OLAULOA, O'AHU, HAWAI'I TAX MAP KEY 5-3-007:016 WAS APPROVED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NA'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

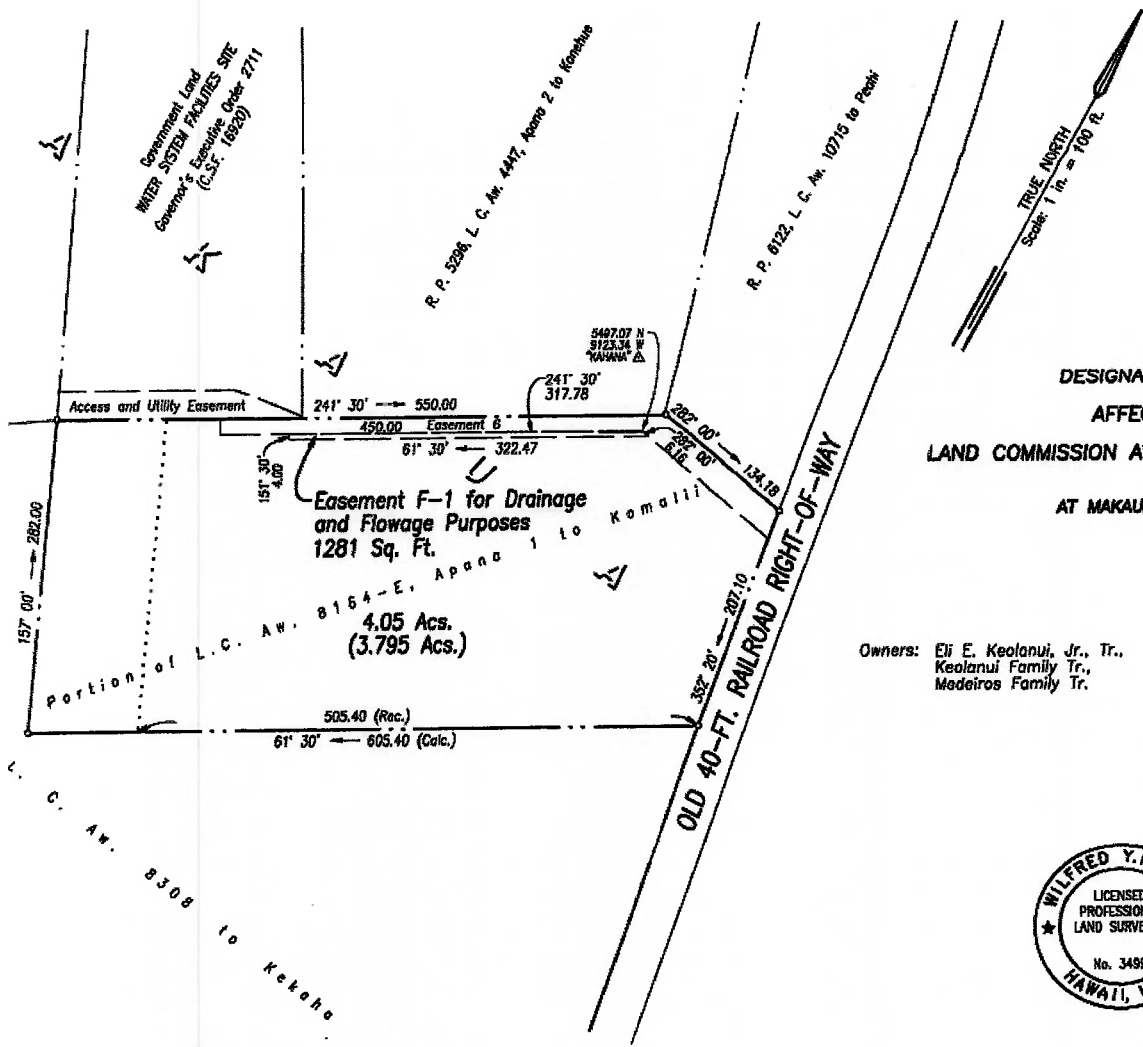
EXHIBIT "A"

All of the certain parcel of land situate at Makau, Ko'olauloa, O'ahu, Hawai'i, being Easement F-1, for drainage and flowage purposes, area of 1,281 square feet, more or less and affecting Land Commission Award 8164-E, Apana 1 to Kamali'i, and more particularly described as follows:

Beginning at the Northeast corner of this parcel of land, being also the end of Course 2 of Easement 6, the coordinates of said point of beginning referred to Government Survey Triangulation Station "KAHANA" being 5,497.07 feet North and 9,123.34 feet West, and running by azimuths measured clockwise from true South:

1. 282° 00' 6.16 feet along the remainder of Land Commission Award 8164-E, Apana 1 to Kamali'i;
2. 61° 30' 322.47 feet along same;
3. 151° 30' 4.00 feet along same;
4. 241° 30' 317.78 feet along same to the point of beginning and containing an area of 1,281 square feet.

EXHIBIT "B"



MAP SHOWING
 DESIGNATION OF EASEMENT F-1
 AFFECTING A PORTION OF
 LAND COMMISSION AWARD 8164-E, APANA 1 TO KAMALII
 AT MAKAAU, KOOLAULOA, OAHU, HAWAII

Owners: Eli E. Keolanui, Jr., Tr.,
 Keolanui Family Tr.,
 Medeiros Family Tr.

CONTROLPOINT SURVEYING, INC.



By: *Wilfred Y.K. Chin*
 Licensed Professional Land Surveyor
 Certificate Number 3499
 License Expires 4/20



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

Michael Matsuo
February 26, 2024
boardofwatersupply.com

ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT
FOR PUNALU‘U WELLS III BY EMINENT DOMAIN

WE ARE RECOMMENDING THE BOARD INTRODUCE A RESOLUTION
THAT DOES THE FOLLOWING:

- MAKES KNOWN THAT THE BOARD OF WATER SUPPLY INTENDS TO ACQUIRE AN EASEMENT BY EMINENT DOMAIN; AND
- AUTHORIZES AND EMPOWERS THE CORPORATION COUNSEL OF THE CITY AND COUNTY OF HONOLULU TO INITIATE PROCEEDINGS IN EMINENT DOMAIN



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

THE EASEMENT IS FOR
DRAINAGE &
FLOWAGE PURPOSES
OVER, UNDER AND
THROUGH THE
PROPERTY LOCATED AT
53-320 PUNALU'U
VALLEY ROAD AND
IDENTIFIED AS TAX MAP
KEY 5-3-007:016.



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU‘U WELLS III BY EMINENT DOMAIN

- SECTION 7-105 (e) OF THE REVISED CHARTER OF THE CITY AND COUNTY OF HONOLULU, AUTHORIZES THE BOARD OF WATER SUPPLY TO ACQUIRE REAL PROPERTY AND REAL PROPERTY INTERESTS (I.E. EASEMENTS) IN THE NAME OF THE CITY BY VARIOUS MEANS, INCLUDING EMINENT DOMAIN.
- EMINENT DOMAIN PROCEEDINGS ARE BEING CONTEMPLATED BECAUSE WE HAVE BEEN UNABLE TO NEGOTIATE A GRANT FOR THE DRAINAGE & FLOWAGE EASEMENT WITH THE CURRENT OWNERS.
- THE RESOLUTION WILL ALLOW THE CORPORATION COUNSEL TO NEGOTIATE THE TERMS OF SETTLEMENT WITH THE CURRENT OWNERS SUBJECT TO THE APPROVAL OF THE BOARD AND THE COURT

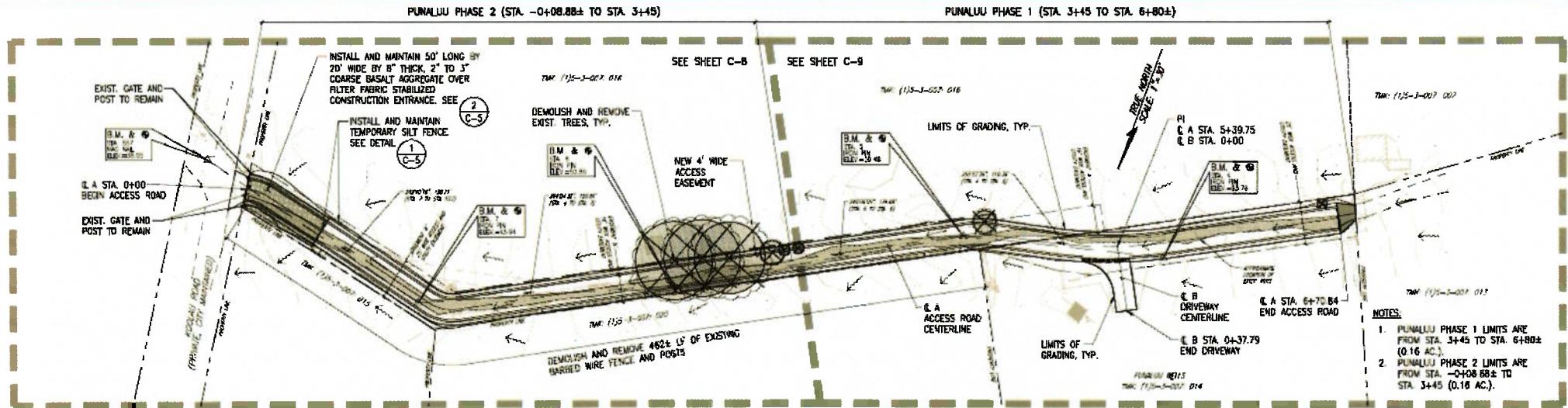


ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

- THE EASEMENT IS REQUIRED FOR THE ACCESS ROAD REPAIR & DRAINAGE IMPROVEMENTS PROJECT FOR PUNALU'U WELLS III
- THE EXISTING UN-PAVED GRAVEL ACCESS ROAD IS LOCATED IN EASEMENT 6 WHICH WAS GRANTED TO BWS IN 1976 FOR ROAD AND PIPELINE PURPOSES OVER 53-320 PUNALU'U VALLEY ROAD
- THE PROJECT IS BEING IMPLEMENTED TO PREVENT GRAVEL, DEBRIS AND RUNOFF FROM THE WELL SITE AND ACCESS ROAD FROM RUNNING TOWARD KO'OLAU ROAD DURING HEAVY RAINS



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

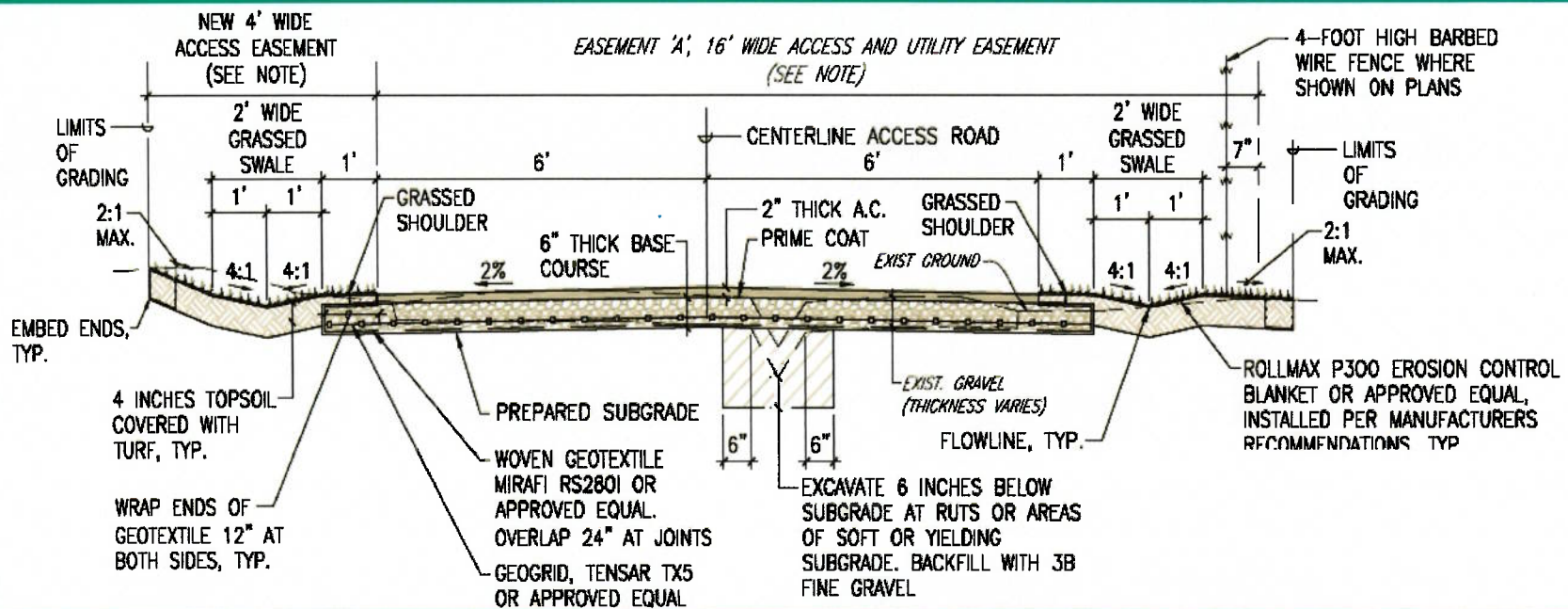


- NOTES:**
1. PUNALU'U PHASE 1 LIMITS ARE FROM STA. 3+45 TO STA. 6+80± (0.16 AC.).
 2. PUNALU'U PHASE 2 LIMITS ARE FROM STA. -0+08.88± TO STA. 3+45 (0.16 AC.).

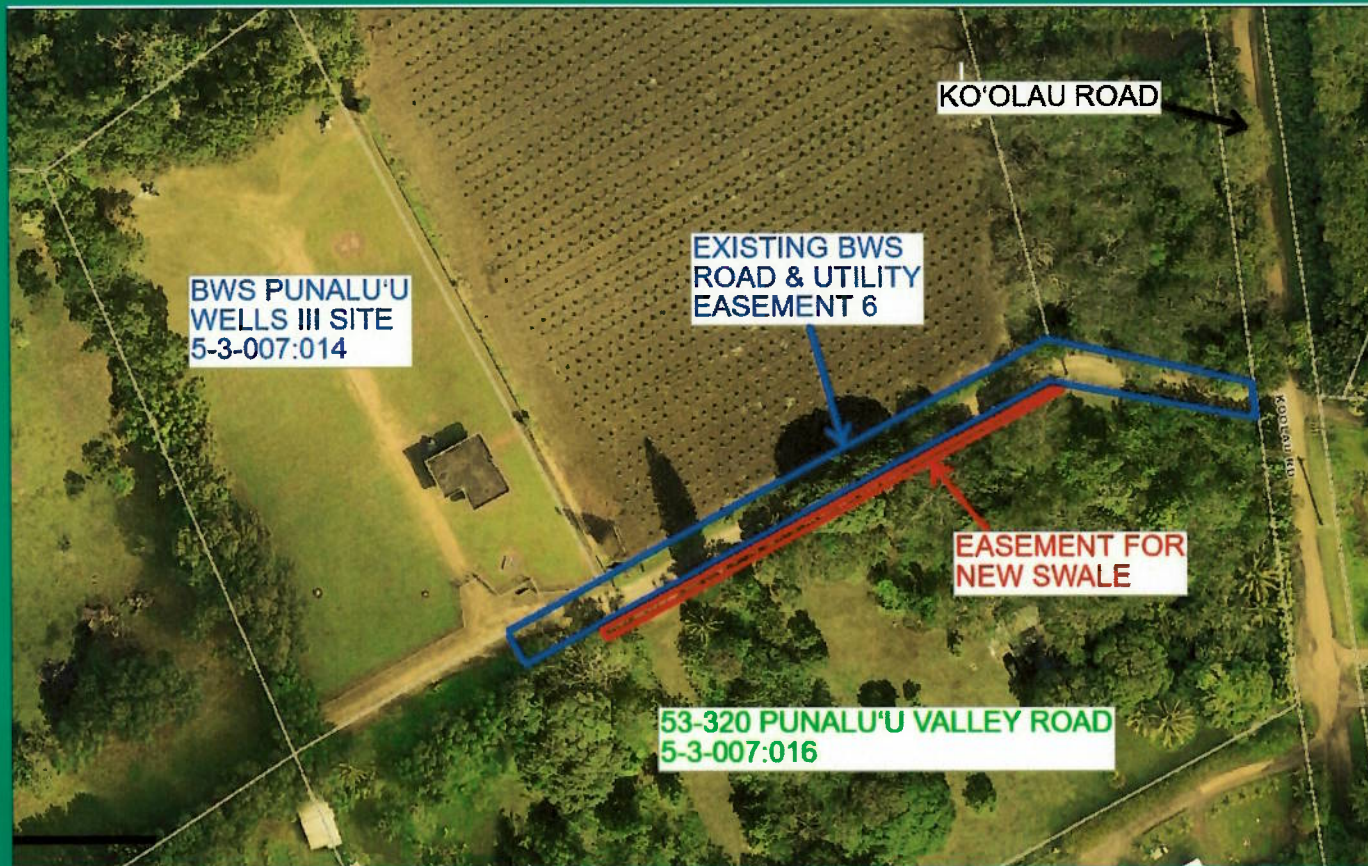
THE PROJECT INVOLVES GRADING AND REPAIRING DAMAGED PORTIONS OF THE ROAD BED, PAVING THE ACCESS ROAD WITH ASPHALT AND CONSTRUCTING GRASS-LINED V-SHAPED DRAINAGE SWALES ON BOTH SIDES OF THE ACCESS ROAD



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN



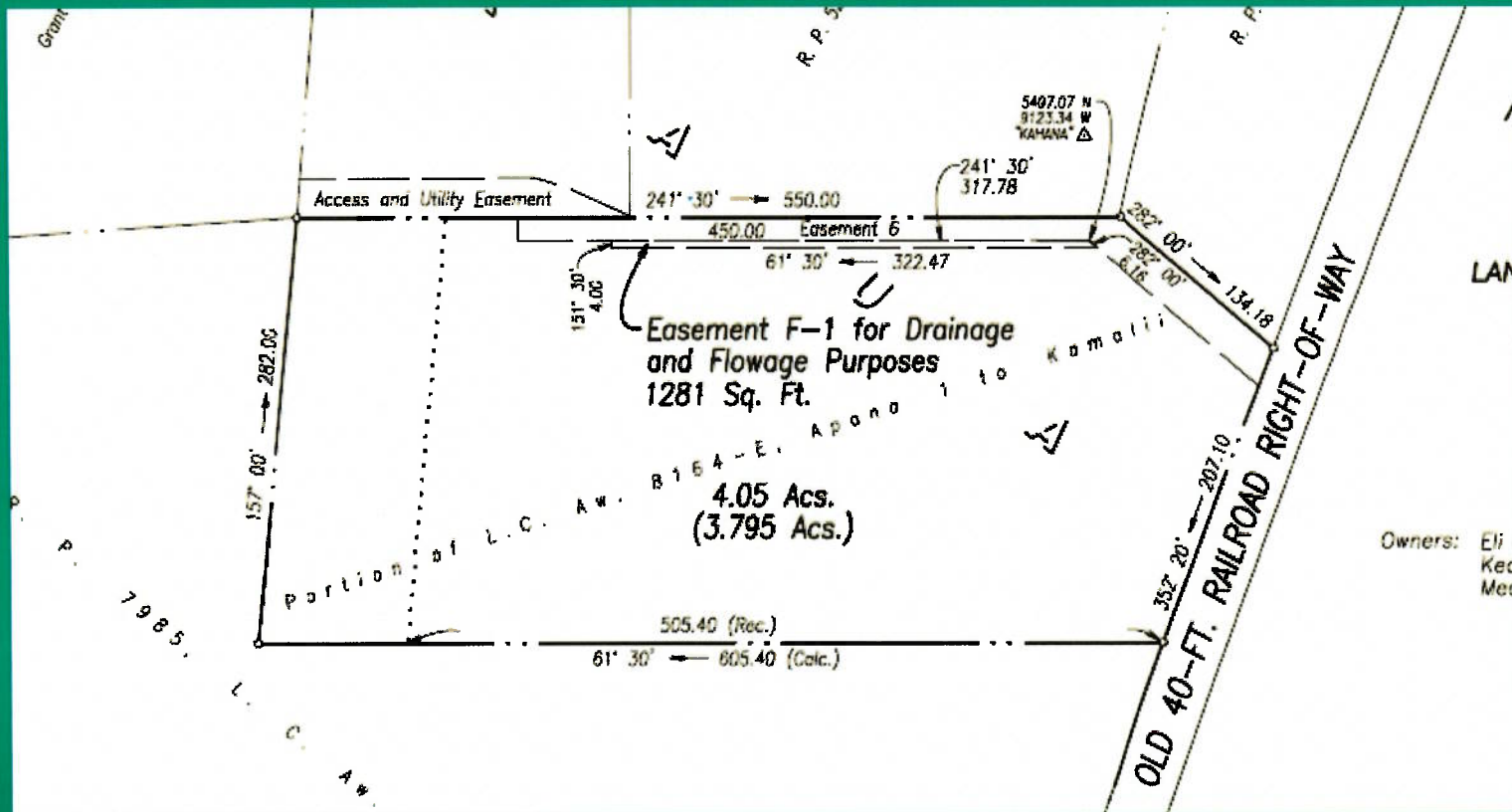
ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN



BECAUSE ONE OF THE NEW SWALES WILL BE LOCATED ON 53-320 PUNALU'U VALLEY ROAD, AN EASEMENT FOR DRAINAGE & FLOWAGE PURPOSES IS REQUIRED



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN



NEW DRAINAGE & FLOWAGE EASEMENT F-1
WILL HAVE AN AREA OF 1,281 SQUARE FEET



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

THE FOUR (4) OWNERS OF 53-320 PUNALU'U VALLEY ROAD ARE:

- KAREN K. LINDSEY, SUCCESSOR TRUSTEE OF ELI ELIAS KEOLANUI, JR. REVOCABLE LIVING TRUST (AS TO AN UNDIVIDED 1/3RD INTEREST)
- TRACY H. KEOLANUI AND DEBBI-JAYE L.G. KEOLANUI, TRUSTEES OF THE TRACY H. KEOLANUI AND DEBBI-JAYE L.G. KEOLANUI JOINT REVOCABLE TRUST (AS TO AN UNDIVIDED 1/3RD INTEREST)
- MERYL MAPUANA MARTIN, SUCCESSOR TRUSTEE OF MEDEIROS FAMILY TRUST (AS TO AN UNDIVIDED 1/3RD INTEREST)



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT
FOR PUNALU'U WELLS III BY EMINENT DOMAIN

CHRONOLOGY OF EVENTS TO ACQUIRE DRAINAGE & FLOWAGE EASEMENT
FROM OWNERS OF 53-320 PUNALU'U VALLEY ROAD:

DATE	ACTION
4/21/20	SENT LETTERS BY CERTIFIED MAIL WITH RETURN RECEIPT TO OWNERS REQUESTING THEY GRANT A DRAINAGE & FLOWAGE EASEMENT TO BWS; INCLUDED WITH THESE LETTERS WERE THE GRANT DOCUMENT FOR OWNERS' SIGNATURE
9/16/20	OWNERS INDICATED THEY WANTED TO BE COMPENSATED FOR THE DRAINAGE & FLOWAGE EASEMENT
4/5/21	CONTRACTED ACM CONSULTANTS TO PREPARE APPRAISAL



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT
FOR PUNALU'U WELLS III BY EMINENT DOMAIN

CHRONOLOGY OF EVENTS TO ACQUIRE DRAINAGE & FLOWAGE EASEMENT
FROM OWNERS OF 53-320 PUNALU'U VALLEY ROAD (CONT.):

DATE	ACTION
5/28/21	ACM CONSULTANTS APPRAISED THE VALUE OF THE DRAINAGE & FLOWAGE EASEMENT AT \$4,183
7/13/21	SENT LETTERS TO OWNERS VIA CERTIFIED MAIL WITH RETURN RECEIPT WITH OUR OFFER OF \$4,183 FOR THE EASEMENT
OCT 2021	SPOKE WITH ONE OF OWNERS; SHE INDICATED ONE OF THE OTHER OWNERS IS SUFFERING FROM A MEDICAL CONDITION SO THEY HAVE NOT COLLECTIVELY DISCUSSED THE OFFER
12/20/22	SPOKE TO ONE OF OWNERS AGAIN; NO DECISION ON OUR OFFER HAS BEEN MADE YET; INFORMED HER WE MAY ACQUIRE EASEMENT THROUGH EMINENT DOMAIN IF NECESSARY



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT
FOR PUNALU‘U WELLS III BY EMINENT DOMAIN

CHRONOLOGY OF EVENTS TO ACQUIRE DRAINAGE & FLOWAGE EASEMENT
FROM OWNERS OF 53-320 PUNALU‘U VALLEY ROAD (CONT.):

DATE	ACTION
2/23/23	MISTAKENLY THOUGHT OWNERS ACCEPTED OUR OFFER; BEGAN PROCESS OF SUBDIVIDING/CREATING EASEMENT
7/28/23	DISCOVERED OWNERS DID NOT ACCEPT OUR OFFER AND THAT THE OWNER WE WERE SPEAKING TO CONVEYED HER INTEREST IN THE PROPERTY TO ONE OF THE OTHER OWNERS
9/29/23	SENT LETTERS TO OWNERS VIA CERTIFIED MAIL WITH RETURN RECEIPT AGAIN WITH OUR \$4,183 OFFER AND GAVE THEM DEADLINE OF 10/31/23 TO RESPOND OR WE WOULD ACQUIRE EASEMENT THROUGH ALTERNATE MEANS
10/31/23	BECAUSE NONE OF THE OWNERS RESPONDED TO OUR OFFER, WILL ACQUIRE EASEMENT BY EMINENT DOMAIN



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

ACQUISITION BY EMINENT DOMAIN PROCESS:

- INTRODUCTION OF A RESOLUTION AUTHORIZING THE ACQUISITION OF THE EASEMENT BY EMINENT DOMAIN STARTS THE PROCESS.
- LETTERS ARE SENT TO OWNERS TO NOTIFY THEM OF THE INTRODUCED RESOLUTION AND BWS' INTENTION TO ACQUIRE THE EASEMENT BY EMINENT DOMAIN.
- IF NONE OF THE OWNERS OR OTHERS WITH AN INTEREST IN THE PROPERTY INTERVENES, THE BOARD WILL ADOPT THE RESOLUTION AT A SUBSEQUENT MEETING.
- A LEGAL NOTICE NEEDS TO BE PUBLISHED ONCE IN A LOCAL NEWSPAPER AT LEAST THREE (3) DAYS BEFORE THE RESOLUTION IS ADOPTED.



ACQUISITION OF DRAINAGE & FLOWAGE EASEMENT FOR PUNALU'U WELLS III BY EMINENT DOMAIN

ACQUISITION BY EMINENT DOMAIN PROCESS (CONT.):

- ONCE THE RESOLUTION IS ADOPTED BY THE BOARD, A MEMORANDUM WITH RELEVANT INFORMATION IS SUBMITTED TO THE DEPARTMENT OF CORPORATION COUNSEL (COR).
- COR TAKES THE NECESSARY ACTIONS, INCLUDING PREPARING THE COMPLAINT AND SUMMONS, FOR THE MATTER TO BE BROUGHT BEFORE CIRCUIT COURT
- COR REPRESENTS BWS IN CIRCUIT COURT ON THE ACQUISITION OF THE DRAINAGE & FLOWAGE EASEMENT BY EMINENT DOMAIN
- IF CIRCUIT COURT RULES IN FAVOR OF BWS, A FINAL ORDER OF CONDEMNATION IS ISSUED AND SENT TO BWS
- BOARD IS NOTIFIED OF FINAL ORDER OF CONDEMNATION





Mahalo!

BOARD OF WATER SUPPLY

Acquisition of Drainage & Flowage Easement for
Punalu'u Wells III by Eminent Domain

Michael Matsuo

(808) 748-5951, mmatsuo@hbws.org

boardofwatersupply.com for more information

February 26, 2024

Providing safe, dependable, and affordable
drinking water, now and into the future.

“February 26, 2024

ADOPTION OF
RESOLUTION NO.
981, 2024,
AUTHORIZING UP
TO \$85,000,000
PRINCIPAL
AMOUNT OF
SERIES 2024
BONDS

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

Chair and Members:

Subject: Adoption of Resolution No. 981, 2024, Authorizing Up to \$85,000,000 Principal Amount of Series 2024 Bonds

We recommend the adoption and approval of Resolution No. 981, 2024, which authorizes and approves the issuance by the Board of Water Supply (Board) at one time, of not to exceed \$85,000,000 principal amount of revenue bonds. The purposes for which the Series 2024 Bonds are being issued are: (1) to pay the cost of improvements authorized in the capital budget of the Board; (2) to pay the cost of issuance of the Series 2024 Bonds; and (3) to fund a trust fund to provide for the refunding and redemption of all or a portion of the Board’s Water System Revenue Bonds, Series 2014A, the Board’s Water System Revenue Bonds, Series 2014B and/or the Board’s Water System Revenue Bonds, Series 2020B. The bonds shall be on terms and conditions as the Board determined to be necessary and advisable.

Respectfully Submitted,

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

Attachment”

DISCUSSION:

Kaliko Lum Kee, Acting Waterworks Controller, Finance Division, gave the report.

Chair Anthony asked how the \$85 million (M) would be divided and used.

Mr. Kaliko Lum Kee replied that the \$85M is not to exceed or up to the amount. He shared that the new money is \$49M par value, and \$24.6M is refunding the 2014A and 2014B Series Bond, a total of \$73.6M. Resolution No. 981, 2024, Series 2024 Bonds, would allow up to \$85M with a cushion. Mr. Lum Kee mentioned that the Series 2024 Bonds would be a cost savings for BWS customers, with savings from the BWS debt service.

Chair Anthony inquired about the current interest rates.

Mr. Lum Kee shared that the latest total true interest cost (TIC) is 4.19%. The cash flow savings from refunding is approximately \$1M.

Manager Lau added that the interest costs are savings to BWS customers.

Board Member Kaneshiro asked about the 2014 and 2020 Series Bonds.

Mr. Lum Kee replied that the 2014A and 2014B Series Bonds target the current refunding revenue bonds to pay for the Capital Improvement Program (CIP).

Manager Lau stated that the BWS would check on previous interest rates. He explained that refunding at a lower rate is the same as refinancing a mortgage to get a lower rate, explaining that the BWS sells revenue bonds to help fund its CIP.

Mr. Lum Kee shared that after the BWS presented to S&P Global Rating and Fitch Ratings, they indicated they would affirm our AAA rating.

Manager Lau shared that maintaining a AAA rating is essential when the BWS enters the market with revenue bonds, as the rates are more competitive. He appreciates the leadership of the Board.

Chair Anthony thanked the BWS for everyone's hard work. The BWS is the only agency maintaining a AAA rating.

**MOTION
TO APPROVE**

Jonathan Kaneshiro and Kapua Sproat motioned and seconded, respectively, to approve the Adoption of Resolution No. 981, 2024, Authorizing Up to \$85,000,000 Principal Amount of Series 2024 Bonds.

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Kapua Sproat, aye; Board Member Bryan Andaya, aye; Board Member Jonathan Kaneshiro; aye; and Chair Nā'ālehu Anthony, aye. Board Members Edwin Sniffen and Gene Albano were absent.

Ms. Cruz-Achiu announced that the motion passed with four ayes.

ADOPTION OF RESOLUTION NO. 981, 2024, AUTHORIZING UP TO \$85,000,000 PRINCIPAL AMOUNT OF SERIES 2024 BONDS WAS ADOPTED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

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

**WATER SYSTEM REVENUE BOND
SERIES 2024 RESOLUTION NO. 981, 2024**

**AUTHORIZING UP TO
\$85,000,000 PRINCIPAL AMOUNT OF SERIES 2024 BONDS**

ADOPTED FEBRUARY 26, 2024

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WATER SYSTEM REVENUE BOND
SERIES 2024 RESOLUTION

AUTHORIZING UP TO

\$85,000,000 PRINCIPAL AMOUNT OF SERIES 2024 BONDS

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

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. *Series 2024 Resolution.* (1) This Water System Revenue Bond Series 2024 Resolution, authorizing up to \$85,000,000 principal amount of Series 2024 Bonds, is supplemental to, and constitutes a Series Resolution within the meaning of and is adopted in accordance with Article X of, the Resolution, as hereinafter defined.

(2) It is hereby found and determined that it is necessary and required that the Board authorize and issue at this time a Series of Bonds to be designated as herein provided 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 Resolution as such terms are given in said Section 1.01 of the Resolution.

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

“*Authorized Officer*” means the Manager, the Waterworks Controller, the Assistant Waterworks Controller or other officer designated by resolution of the Board.

“*Resolution*” means that certain resolution adopted by the Board on April 26, 2001, entitled “A Resolution Authorizing and Providing for the Issuance of Revenue Bonds of the Board of Water Supply of the City and County of Honolulu, Hawaii, for the Purposes of the Water System of Said City and County; Covenanteeing as to the Establishment, Maintenance, Revision and Collection of Charges and Rates for the Use and Services of Said Water System and the Collection and Disbursement of the Revenues Derived Therefrom; Pledging the Net Revenues Derived from Said Water System to the Payment of the Principal of and Interest on Said Bonds as the Same Fall Due; Creating and Establishing Certain Funds and Accounts;

Setting Forth the Limitations or Conditions Upon the Issuance by the Board of Additional Bonds Payable from the Aforesaid Revenues; and Making Other Covenants and Agreements in Connection with the Foregoing,” as amended and supplemented.

“*Series 2024 Bonds*” means the Bonds authorized by Article II of this Series 2024 Resolution.

“*Series 2024 Resolution*” means this Water System Revenue Bond Series 2024 Resolution authorizing up to \$85,000,000 principal amount of the Series 2024 Bonds.

“*Taxable Bonds*” means any Series 2024 Bonds which are not intended by the Board to be Tax-exempt Bonds.

“*Tax Certificate*” means the Tax Certificate executed by an Authorized Officer of the Board in connection with the issuance of the Series 2024 Bonds that are Tax-exempt Bonds.

(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 2024 Resolution, refer to the Series 2024 Resolution.

Section 1.03. *Authority for the Series 2024 Resolution.* This Series 2024 Resolution is adopted pursuant to the provisions of the Act and the Resolution.

ARTICLE II

AUTHORIZATION, TERMS AND ISSUANCE OF SERIES 2024 BONDS

Section 2.01. *Authorization of Series 2024 Bonds, Principal Amount, Designation and Series.* One or more Series of Bonds entitled to the benefit, protection and security of the Resolution are hereby authorized to be issued in an aggregate principal amount not to exceed \$85,000,000. Each such Series of Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title “Water System Revenue Bonds, Series _____,” (having inserted in such blank the year of issuance and any appropriate letter designation), pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Series 2024 Resolution.

Section 2.02. *Purposes.* The purposes for which the Series 2024 Bonds are being issued are (1) to pay the Costs of Improvements authorized in the capital budget of the Board; (2) to pay the costs of issuance of the Series 2024 Bonds; and (3) to fund a trust fund to provide for the refunding and redemption of all or a portion of the Board’s Water System

Revenue Bonds, Series 2014A, the Board's Water System Revenue Bonds, Series 2014B and/or the Board's Water System Revenue Bonds, Series 2020B (the "Outstanding Bonds").

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 2024 Bonds to determine and carry out the following:

(a) The sale of the Series 2024 Bonds at public or private sale and, if at private sale, the underwriter or underwriters; provided, however, that in the case of a private sale the purchase price paid by the purchasers thereof shall not be less than ninety percent (90%) of the principal amount of the Series 2024 Bonds so sold;

(b) The principal amount of Series 2024 Bonds to be issued; *provided, however,* that the principal amount of Series 2024 Bonds shall not exceed \$85,000,000;

(c) The specific Improvements to be financed from the proceeds of the Series 2024 Bonds;

(d) The Series designation of each Series of the Series 2024 Bonds, the date or dates, maturity date or dates and principal amount of each maturity of the Series 2024 Bonds or the method for calculating such dates and amounts, the amount and date of each Sinking Fund Installment, if any, or the method for calculating the Sinking Fund Installments and which Series 2024 Bonds are Serial Bonds or Term Bonds, if any, and the Record Date or Record Dates of the Series 2024 Bonds for which the Record Date or Record Dates is other than the fifteenth (15th) day (whether or not a Business Day) of the month next preceding an interest payment date for such Bonds;

(e) The interest rate or rates, if any, of the Series 2024 Bonds or the manner of determining such rate or rates, the date from which interest on the Series 2024 Bonds shall accrue, the dates on which interest on the Series 2024 Bonds shall be payable, if any, and if any Series 2024 Bonds are Variable Rate Bonds, the Maximum Interest Rate and the Minimum Interest Rate for such Bonds, and the provisions, if any, as to the calculation or change of variable interest rates; provided, however, that the true interest cost (as determined by an Authorized Officer of the Board, which determination shall be conclusive) on the Series 2024 Bonds shall not exceed eight percent (8%) per annum in the case of Tax-exempt Bonds or ten percent (10%) per annum in the case of Taxable Bonds;

(f) The Series 2024 Bonds which are Capital Appreciation Bonds, if any, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;

(g) The Series 2024 Bonds which are Deferred Income Bonds, if any, the Valuation Dates for such Bonds, the Appreciated Value on each such Valuation Date and the Interest Commencement Date for such Bonds;

(h) If any Series 2024 Bonds are Capital Appreciation Bonds or Deferred Income Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Series 2024 Bonds;

(i) If any Series 2024 Bonds are Option Bonds, (1) provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof; and (2) provisions regarding the appointment of a Remarketing Agent;

(j) The denomination or denominations of and the manner of numbering the Series 2024 Bonds;

(k) The Series 2024 Bonds which are Book Entry Bonds, if any, and the Depository therefor;

(l) The Paying Agent or Paying Agents for the Series 2024 Bonds and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Series 2024 Bonds;

(m) The Redemption Price or Redemption Prices, if any, and, subject to Article V of the Resolution, the redemption terms, if any, for the Series 2024 Bonds; provided, however, that the Redemption Price of Series 2024 Bonds 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 2024 Bonds to be redeemed, plus accrued interest thereon to the date of redemption; provided that the Redemption Price for any redemption of Taxable Bonds may be such higher price as may be appropriate for the sale of such Taxable Bonds;

(n) The form of the Series 2024 Bonds and the form of the Paying Agent's certificate of authentication thereon;

(o) Whether the Series 2024 Bonds shall be entitled to the benefit of the Common Reserve Account, and if so entitled, the amount of the Common Reserve Account Requirement and the method of funding or providing for such Common Reserve Account Requirement, the terms and provisions and credit quality of any Support Facility to be deposited therein, and any provisions with respect to subaccounts therein, if applicable;

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

(q) If the Series 2024 Bonds shall not be entitled to the benefit of the Common Reserve Account, whether a Series Reserve Account will be established for any of the Series 2024 Bonds, and if so determined to be established, the amount of the Series Reserve Account Requirement and the method of funding or providing for such Series Reserve Account Requirement, the terms and provisions and credit quality of any

Support Facility to be deposited therein, and any provisions with respect to subaccounts therein, if applicable;

(r) Which Outstanding Bonds shall be refunded from proceeds of the Series 2024 Bonds and other available moneys, and directions for the application of the proceeds of the Series 2024 Bonds, including directions with respect to the refunding of such Outstanding Bonds;

(s) Whether a Support Facility shall be obtained or an Interest Rate Exchange Agreement shall be entered into with respect to the Series 2024 Bonds, and if any Series 2024 Bonds are Option Bonds, (i) the appointment of a Support Facility Provider which shall supply a Support Facility with respect to such Series 2024 Bonds; and (ii) provisions for the establishment of separate accounts in which amounts drawn under a Support Facility for the Series 2024 Bonds are to be deposited;

(t) Directions for the application of the proceeds of the Series 2024 Bonds, including the interest on any Series 2024 Bonds to be capitalized from the proceeds thereof, if any, and the date or dates to which such capitalized interest shall accrue;

(u) [reserved];

(v) Which Series 2024 Bonds are to be issued as Tax-exempt Bonds and which, if any, are to be issued as Taxable Bonds; and

(w) 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 execute one or more Series Certificates evidencing determinations or other actions taken pursuant to the authority granted herein or in the Resolution and any such Series Certificate shall be conclusive evidence of the action or determination of such Authorized Officer as to the matters stated therein.

(3) All Series 2024 Bonds of like Series, maturity and tenor issued pursuant to this Series 2024 Resolution shall be identical in all respects, except as to denominations and numbers.

Section 2.04. Authority to Enter into Agreements. (1) In the event any of the Series 2024 Bonds are sold at private sale as provided in clause (a) of subsection (1) of Section 2.03, any Authorized Officer of the Board is hereby authorized to execute one or more Bond Purchase Contracts in the name and on behalf of the Board in substantially the form as presented to and on file with the Board, which form is hereby approved, with such changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

(2) The form of the Continuing Disclosure Certificate, as presented to and on file with the Board, is hereby approved. Any Authorized Officer of the Board is hereby authorized to execute one or more Continuing Disclosure Certificates substantially in such form, with such

changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

(3) The form of the Escrow Agreement by and between the Board and a financial institution as trustee thereunder, as presented to and on file with the Board, is hereby approved. Any Authorized Officer of the Board is hereby authorized to select a qualified financial institution to serve as trustee and to execute the Escrow Agreement in the name and on behalf of the Board substantially in such form, with such changes, insertions and omissions as may be approved by such Authorized Officer, such execution being conclusive evidence of such approval.

Section 2.05. *Official Statements.* (1) The form of Preliminary Official Statement, as presented to and on file with the Board, is hereby approved. The distribution in connection with the offering and sale of the Series 2024 Bonds of one or more Preliminary Official Statements in such form, with such changes, insertions and omissions as an Authorized Officer of the Board deems advisable, is hereby authorized.

(2) Any Authorized Officer of the Board is hereby authorized to execute and deliver, in the name and on behalf of the Board, one or more final Official Statements in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as such Authorized Officer deems advisable, and to permit the distribution of said Official Statement or Official Statements in connection with the offering and sale of the Series 2024 Bonds.

Section 2.06. *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, said Authorized Officer deems necessary or advisable in connection with the offering, sale and issuance of the Series 2024 Bonds and to carry out the transactions contemplated by this Series 2024 Resolution.

ARTICLE III

EXECUTION AND AUTHENTICATION OF THE SERIES 2024 BONDS

Section 3.01. *Execution and Authentication of Series 2024 Bonds.* (1) Pursuant to the provisions of Sections 4.02 and 4.03 of the Resolution, the Chair or Vice-Chair of the Board is hereby authorized and directed to execute by his or her manual or facsimile signature the Series 2024 Bonds in the name of the Board; the program administrator, Finance Division, as the Waterworks Controller, is hereby authorized and directed to countersign by his or her manual or facsimile signature the Series 2024 Bonds, and the seal of the Board shall be affixed or a facsimile of such seal shall be imprinted on the Series 2024 Bonds.

(2) If a Paying Agent for the Series 2024 Bonds is appointed as provided in clause (1) of subsection (1) of Section 2.03, such Paying Agent is hereby authorized to authenticate by

manual signature the Series 2024 Bonds, and deliver the same to or upon the order of the Board, in such amounts and at such times as such Paying Agent shall be directed in writing by an Authorized Officer.

ARTICLE IV

APPLICATION OF PROCEEDS

Section 4.01. *Application of Proceeds and Deposit of Moneys.* On the date of delivery of the Series 2024 Bonds, the proceeds of the sale of the Series 2024 Bonds shall be applied in accordance with the written direction of any Authorized Officer given pursuant to Section 2.03(l)(r) of this Series 2024 Resolution.

ARTICLE V

SPECIAL COVENANTS

Section 5.01. *Tax Status.* The interest on the Series 2024 Bonds that are Tax-exempt Bonds is intended to be excluded from gross income for purposes of federal income taxation. In order to maintain such exclusion, the Board affirms that the tax covenants made in Section 8.13 of the Resolution shall apply to the Series 2024 Bonds that are Tax-exempt Bonds. In furtherance of the foregoing, the Board shall comply with the provisions of the Tax Certificate executed by any Authorized Officer of the Board in connection with the applicable Series 2024 Bonds that are Tax-exempt Bonds.

Section 5.02. *Survival of Covenant.* The obligation of the Board to comply with the provisions of the Tax Certificate with respect to any required payments to the Department of the Treasury of the United States of America shall remain in full force and effect so long as the Board shall be required by the Code to make such payments, notwithstanding that the Series 2024 Bonds that are Tax-Exempt Bonds are no longer Outstanding.


ARTICLE VI

MISCELLANEOUS

Section 6.01. *Effectiveness.* The Series 2024 Resolution shall become effective immediately upon its adoption.

WATER SYSTEM REVENUE BOND
SERIES 2024 RESOLUTION NO. 981, 2024

INTRODUCED BY:

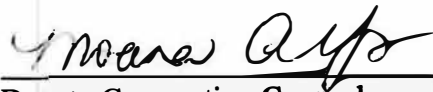


NĀ'ĀLEHU ANTHONY, Chair

Date of Introduction: February 26, 2024

ADOPTION OF RESOLUTION NO. 981, 2024, AUTHORIZING UP TO \$85,000,000 PRINCIPAL AMOUNT OF SERIES 2024 BONDS WAS ADOPTED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

The above and foregoing resolution is hereby
approved as to form and legality this
February 26, 2024.



Deputy Corporation Counsel
City and County of Honolulu
Moana A. Yost

"February 26, 2024

ADOPTION OF
RESOLUTION NO.
982, 2024,
AMENDING
WATER SYSTEM
REVENUE BONDS,
BOND
RESOLUTION
NO. 717, 2001

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

Chair and Members:

Subject: Adoption of Resolution No. 982, 2024, Amending Water System Revenue Bonds, Bond Resolution No. 717, 2001

We recommend adoption of Resolution No. 982, 2024 amending Water System Revenue Bonds, Bond Resolution No. 717, 2021 adopted on April 26, 2001, which authorizes and provides for the issuance of revenue bonds of the Board of Water Supply. Resolution No. 717 set forth covenants for the establishment, maintenance, revision and collection of charges and rates and the collection and disbursement of revenues; created and established certain funds and accounts; and set forth the limitations or conditions upon the issuance of additional bonds.

It is necessary and desirable that Section 1.01 of the Resolution be amended to: (a) provide for certain flexibility in terms of the treatment of certain revenues received and (b) provide certain flexibility in the choice of rating agencies and their thresholds for investments. The resolution amendments include changing the definition of Revenues to include the proceeds from legal settlements, and adding Kroll to the definition of Rating Agencies. The amendments will become effective upon the Board's receipt of consent of the Holders of not less than a majority of the Bonds then Outstanding.

Respectfully Submitted,

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

Attachment"

DISCUSSION:

Kaliko Lum Kee, Acting Waterworks Controller, Finance Division, gave the report.

Chair Anthony asked if the BWS changed the definition of revenues to include proceeds from legal settlement and adding "Kroll" as one of the rating agencies.

Mr. Lum Kee responded that the intent is not to deviate from the BWS's current rating agencies but for more flexibility.

Manager Lau commented that the additional language acknowledges that future revenues may come from legal settlements for bondholders.

**MOTION
TO APPROVE**

Jonathan Kaneshiro and Bryan Andaya motioned and seconded, respectively, to approve the Adoption of Resolution No. 982, 2024, Amending Water System Revenue Bonds Resolution No. 717, 2001.

Ms. Cruz-Achiu conducted a roll call vote: Vice Chair Kapua Sproat, aye; Board Member Bryan Andaya, aye; Board Member Jonathan Kaneshiro; aye; and Chair Nā'ālehu Anthony, aye. Board Members Edwin Sniffen and Gene Albano were absent.

Ms. Cruz-Achiu announced that the motion passed with four ayes.

ADOPTION OF RESOLUTION NO. 982, 2024, AMENDING WATER SYSTEM REVENUE BONDS RESOLUTION NO. 717, 2024 WAS ADOPTED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

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

**RESOLUTION No. 982, 2024 AMENDING
BOND RESOLUTION No. 717, 2001**

**AMENDMENT TO WATER SYSTEM REVENUE BONDS
BOND RESOLUTION NO. 717, 2001**

ADOPTED FEBRUARY 26, 2024

RESOLUTION NO. 982, 2024 AMENDING
BOND RESOLUTION NO. 717, 2001

**AMENDMENT TO WATER SYSTEM REVENUE BONDS
BOND RESOLUTION NO. 717, 2001**

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

ARTICLE I

**RESOLUTION AMENDING WATER SYSTEM REVENUE BONDS BOND
RESOLUTION NO. 717, 2001; FINDINGS AND DETERMINATIONS; AND
DEFINITIONS**

Section 1.01. *Amendment to the Water System Revenue Bond Resolution; Findings and Determinations.* (1) This resolution amends Resolution No. 717, 2001 duly adopted by the Board on April 26, 2001, as previously amended by Resolution No. 768, 2006 adopted by the Board on May 15, 2006, Resolution No. 819, 2012 adopted by the Board on February 27, 2012, and Resolution No. 909, 2020 adopted by the Board on February 24, 2020 (the "Resolution").

(2) It is hereby found and determined by the Board as follows: (i) that it is necessary and desirable that Section 1.01 of the Resolution be amended to: (A) provide for certain flexibility in terms of the treatment of certain revenues received, and (B) provide certain flexibility in the choice of rating agencies and their thresholds for investments; (ii) the amendments will become effective upon the Board's receipt of consent of the Holders of not less than a majority of the Bonds then Outstanding; and (iii) the amendments provided herein are necessary and desirable and are in the best interests of the Board and the users of the Water System.

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 Resolution as such terms are given in said Section 1.01 of the Resolution, as except as otherwise provided herein.

ARTICLE II

AMENDMENT TO THE RESOLUTION

Section 2.01. *Amendment of Section 1.01.*

(a) The following definitions in Section 1.01 of the Resolution are hereby amended to read in its entirety as follows:

"Revenues" means the moneys collected, including any moneys collected from the City and County or any department thereof, except the Board, derived by the Board from the rates, rentals, fees and charges prescribed for the use and services of, and the facilities and commodities furnished by, the Water System, including, without limiting the generality of the foregoing, (i) all income, receipts, profits, and other moneys derived from the sale of water and from the furnishing or supplying of the services, facilities and commodities through the Water System; (ii) all income from investments of moneys held under the Resolution including investment income on the Improvement Fund but not including any earnings on the Rebate Account, the Subordinate Obligation Fund and the Reimbursable Obligation Fund; (iii) all payments made by Counterparties pursuant to Interest Rate Exchange Agreements; ~~and~~ (iv) moneys and Investment Securities transferred from the Rate Stabilization Account to the Operating Fund within 90 days

following the end of a Fiscal Year; and (v) all income derived from the proceeds of legal settlements. “Revenues” shall not include, (i) deposits subject to refund until such deposits have become the property of the Board; (ii) contributions in-aid-of construction and assessment, impact and other similar fees imposed and collected by the Board which are targeted to pay the Costs of specific Improvements; (iii) income, fees, charges, receipts, profits or other moneys derived by the Board from its ownership or operation of any separate utility system; or (iv) any gifts, grants, donations or other moneys received by the Board from any state or federal agency or other person if such gifts, grants, donations or other moneys are the subject of any limitation or reservation: (a) imposed by the donor or grantor; (b) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds; (v) amounts retained in the Operating Fund for working capital and operating reserves pursuant to the Resolution; or (vi) moneys and Investment Securities transferred from the Operating Fund to the Rate Stabilization Account within 90 days following the end of a Fiscal Year.

“*Investment Securities*” means any of the following, if and to the extent that the same are legal for the investment of funds of the Board:

(i) Government Obligations;

(ii) Investment Agreements;

(iii) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation (“FHLMCs”); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association (“FNMA”); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association (“GNMA”); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities.

(iv) direct obligations of any state or territory of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, in one of the ~~two~~ three highest Rating Categories by any two of Fitch, Moody’s, Kroll and S&P, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, in one of the two highest Rating Categories by any two of Fitch, Moody’s, Kroll and S&P;

(v) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, any two of the following: “F-1” by Fitch, “P-1” by Moody’s and “A-1” by S&P **and “K1” by Kroll**;

(vi) federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which is rated, at the time of purchase, any two of the following: “F-1” by Fitch, “P-1” by Moody’s, **“K1” by Kroll** and “A-1” by S&P;

(vii) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (“FDIC”);

(viii) investments in money-market funds rated in the highest Rating Category of any two of Fitch, Moody’s, Kroll and S&P;

(ix) repurchase agreements collateralized by Government Obligations, GNMMAs, FNMMAs or FHLMMCs with any registered broker/dealer subject to the Securities Investors’ Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated in one of the two highest Rating Categories by any two of Fitch, Moody’s, Kroll and S&P, provided:

(a) a master repurchase agreement or specific written repurchase agreement governs the transaction; and

(b) the securities are held free and clear of any lien by the Depository or an independent third party acting solely as agent (“Agent”) for the Depository, and such third party is (i) a Federal Reserve Bank, or (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million, and the Depository shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Depository; and

(c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of the Depository; and

(d) the repurchase agreement has a term of three years or less, and the Depository or the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

(e) the fair market value of the securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 100%.

(x) investments in any mutual fund whose portfolio is limited to Government Obligations and the investments described in clause (ii) of this definition of Investment Securities; and

(xi) student loan resource securities including student loan auction rate securities, student loan asset-backed notes, student loan program revenue notes and bonds, and securities issued pursuant to Rule 144A of the Securities Act of 1933, including any private placement issues, issued with either bond insurance or over collateralization guaranteed by the United States Department of Education, provided all insurers are rated in one of the three highest Rating Categories by Fitch, Moody's, **Kroll** or S&P.

"Rating Agency" means any nationally recognized credit rating agency which has rated all or any Series of Bonds at the request of the Director of Budget and Fiscal Services, and may include Fitch, Moody's, **Kroll** and S&P.

(b) The following definitions in Section 1.01 of the Resolution are hereby added as follows:

"Kroll" means Kroll Bond Rating Agency, LLC, its successors and their assigns and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Kroll" shall be deemed to refer to any other nationally recognized rating agency, if any, designated by the Board.

ARTICLE III

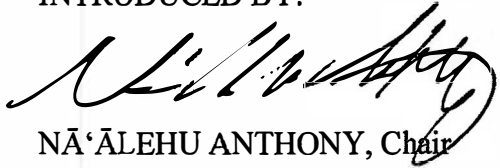
EFFECTIVENESS OF THIS AMENDMENT TO RESOLUTION; AND EFFECTIVENESS OF OTHER PROVISIONS

Section 3.01. *Effectiveness of this Amendment to Resolution; Effectiveness of Other Provisions.* (1) The resolution amending the Resolution shall become effective upon the Board's receipt of consent of the Holders of not less than a majority of the Bonds then Outstanding.

(2) Except as amended hereby, all of the other provisions of the Resolution shall continue to be effective as the Resolution was originally adopted.

RESOLUTION NO. 982, 2024 AMENDING
BOND RESOLUTION NO. 717, 2001

INTRODUCED BY:

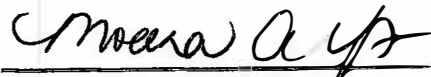


NĀ'ĀLEHU ANTHONY, Chair

Date of Introduction: February 26, 2024

ADOPTION OF RESOLUTION NO. 982, 2024, AMENDING WATER SYSTEM REVENUE BONDS RESOLUTION NO. 717, 2024 WAS ADOPTED ON FEBRUARY 26, 2024			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA	X		
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO			ABSENT

The above and foregoing resolution is
hereby approved as to form and legality
this February 26, 2024.



Deputy Corporation Counsel
City and County of Honolulu
Moana A. Yost

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**ARTICLE I RESOLUTION AMENDING WATER SYSTEM REVENUE BONDS
BOND RESOLUTION NO. 717, 2001; FINDINGS AND
DETERMINATIONS; AND DEFINITIONS..... 2**

Section 1.01. *Amendment to the Water System Revenue Bond Resolution;
Findings and Determinations..... 2*

Section 1.02. *Definitions.. 2*

ARTICLE II AMENDMENT TO THE RESOLUTION..... 2

Section 2.01. *Amendment of Section 1.01..... 2*

**ARTICLE III EFFECTIVENESS OF THIS AMENDMENT TO RESOLUTION;
AND EFFECTIVENESS OF OTHER PROVISIONS 5**

Section 3.01. *Effectiveness of this Amendment to Resolution; Effectiveness
of Other Provisions..... 5*

An extra section break has been inserted above this paragraph. Do not delete this section break if you plan to add text after the Table of Contents/Authorities. Deleting this break will cause Table of Contents/Authorities headers and footers to appear on any pages following the Table of Contents/Authorities.

ITEM FOR INFORMATION NO. 1

“February 26, 2024

UPDATE ON
THE BOARD OF
WATER SUPPLY'S
RESPONSE TO
THE POTENTIAL
IMPACTS OF
RED HILL FUEL
CONTAMINATION

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

Chair and Members:

Subject: Update on the Board of Water Supply's Response to the
Potential Impacts of the Red Hill Fuel Contamination

Joyce Lin, Civil Engineer IV, Office of the Manager and Chief Engineer,
will give an Update on the Board of Water Supply's Response to the
Potential Impacts of the Red Hill Fuel Contamination.

Respectfully Submitted,

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

Attachment”

The foregoing was for information only.

DISCUSSION:

Joyce Lin, Civil Engineer IV, Office of the Manager and Chief Engineer,
gave the report.

Manager Lau shared that before the Community Representation Initiative (CRI) meeting, the BWS met with Honorable Brendan Owens, Assistant Secretary of Defense for Energy, Installations, and Environment; Mr. Ron Tickle, Deputy Assistant Secretary of Defense for Real Property; Vice Admiral Scott Gray, Commander of the Navy Installations Command; and Ms. Martha Guzman, Environmental Protection Agency Region 9 Administrator, which was focused on the Total Petroleum Hydrocarbons (TPH) detected in the Joint Base Pearl Harbor Hickam (JBPHH) water system. The CRI meeting with the Navy, Environmental Protection Agency (EPA), and the Department of Health (DOH) was informative and had great discussion.

Chair Anthony commented that many community members are inquiring about the increase of TPH detected in the JBPHH water system. He asked Manager Lau to share his understanding of the situation.

Manager Lau shared that three different semi-independent investigations are coinciding. One investigation is led by the Department of Defense (DOD) Swarm Team, a group of about 20 members, to determine where the TPH is coming from. In a discussion with Admiral Gray, it was said chlorine may be influencing the TPH detection; however, Manager Lau has not seen any data or any information that would provide evidence. He requested that the EPA and DOH keep him informed of any updates

on the progress of the investigation. The request is to learn about the experiences after the exposure to fuel contamination and to understand the Navy's water system so the BWS can avoid going through the same issues.

Vice Chair Sproat commends the leadership and staff at the BWS for choosing to shut down Halawa Shaft before risking the BWS water system to be exposed to contamination. She expressed her concern about the wash water and the use of a pressure washer and simple green in the tanks since the tanks are proven to leak. What further issues will the cleaning products cause or create within the vadose zone?

Manager Lau shared that in a document he read, the regulators questioned the Navy regarding the closure process requiring the cleaning of 14 tanks. The tanks have not been completely defueled and must be done before the cleaning begins. The Navy's cleaning process stated in the document notes that each tank would be ventilated to prepare workers to enter, then pressure washed with a mixture of water and simple green. Manager Lau also pointed out on numerous occasions that the repercussions of releasing the wash water from the tanks into the environment could loosen any fuel already in the vadose zone and into the groundwater. The wash water must be treated and let into the environment.

Vice Chair Sproat commented that using a pressure washer with simple green may be disastrous since the tanks are known to leak due to their condition.

Manager Lau said he would share Vice Chair Sproat's concerns with the Navy. He also mentioned that he read in the "document" that 500,000 gallons of water would be needed to clean 14 tanks.

Chair Anthony echoed Vice Chair Kapua's concerns. He mentioned the spike of Total Petroleum Hydrocarbons (TPH) in Well 16 when it rained heavily, which seems to have come from past spills stuck in the vadose and loosened.

Manager Lau stated that in the Red Hill Monitoring Well Two, located below tank five, TPH levels maintain 1000 parts per billion (ppb) or more and never get close to zero. Therefore, the BWS suspects there are deposits of fuel nearby that continue to contaminate the water in that area.

Chair Anthony requested that the regulators be transparent during the process so everyone can understand and learn better.

Manager Lau said he would press the EPA and the DOH to join a future BWS Board meeting. The question that needs to be discussed and answered is whether there is a safe level of TPH in drinking water.

Chair Anthony commented that if the regulators do not know the answer, they should say they do not.

Vice Chair Sproat inquired 1) if the Navy will report the amount of wash water removed during cleanup since the amount of water that will be used for cleanup was stated; 2) will the Navy report if any of the tanks are damaged during the pressure wash cleanup; and 3) will the tanks be done at once or one at a time.

Manager Lau responded to question three. The document noted that the cleanup of the tanks would be done two at a time; however, before workers can enter the tanks, the tanks must be ventilated. At the CRI meeting, the discussion mentioned that only two tanks would be ventilated to control the amount of vapors released into the environment and traveling to neighboring communities.

Vice Chair Sproat asked if the Navy will be monitoring the air quality.

Manager Lau replied that the DOH will require air monitoring to ensure the safety of surrounding communities.

There was in-person testimony:

Susan Pcola-Davis	<i>Shared her December 2023 to January 2024 findings of petroleum hydrocarbons, diesel, and petroleum hydrocarbons oil at various locations, including schools on the Navy water system. 18-page attachment provided.</i>
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Manager Lau appreciated the information shared on page 18, which provided the data collected from Waiiawa Shaft and Halawa Shaft.

Chair Anthony referred to page seven and said that he saw some detections as low as 106.2 and as high as 226.9. He asked what the trend line indicates.

Ms. Susan Pcola-Davis replied that the trend line indicates that detections are not getting lower.

Chair Anthony inquired if the same chart was organized by a specific address by date.

Ms. Pcola-Davis responded that the addresses are in alphabetic order. The other chart(s) are by date.

Chair Anthony asked Ms. Pcola-Davis if she had copied and pasted her information from the Navy's website.

Ms. Pcola-Davis confirmed.

Manager Lau also referred to page seven and inquired if the addresses were listed from one side of the water system to the other or if the addresses were randomly picked.

Ms. Pcola-Davis stated that the addresses are in alphabetical order. After carefully looking at the chart on page seven, she noticed that it wasn't in alphabetical order.

Chair Anthony and Vice Chair Sproat pointed out that the first two addresses were out of order; however, the remaining addresses were alphabetical.

Chair Anthony asked Manager Lau to confirm if the regulators set the environmental action level (EAL) to 266 parts per billion (ppb).

Manager Lau confirmed that the EAL set by the regulators is 266 ppb. He also mentioned that the regulators have yet to set a drinking water standard, or what is also known as maximum contaminant level (MCL).

Chair Anthony inquired about what would happen if the EAL exceeded the 266 ppb and how the analytes affect the EAL.

Manager Lau commented that the EAL exceedance would trigger an action. In the long-term monitoring (LTM), there wasn't a health-based standard, just the EAL of 266 ppb. He commented that the water currently meets the drinking water standard; however, nothing that identifies the standards for the mixture TPH. Manager Lau mentioned that the Navy may be discussing what is regulated on an individual constituent or chemical basis.

Chair Anthony commented that the BWS are not the operators of the water system and not the regulator; therefore, the BWS and the community wait to see more data to better understand what is happening with the water.

Board Member Kaneshiro referred to page 13 and noticed four different samples. He asked Ms. Pcola-Davis if the samples were taken from various locations and why she thought there was a deviation in the concentration.

Ms. Pcola-Davis replied that she doesn't know if the samples came from one location but believe the Navy is flushing the system as they receive complaints. However, flushing hasn't been confirmed.

Vice Chair Sproat thanked Ms. Pcola-Davis for sharing her work but commented that the BWS are not the regulators and asked how she shares her information with the community.

Ms. Pcola-Davis replied that she testifies and shares her research at BWS Board meetings because she feels safe. However, depending on the circumstances, she shares her information at CRI and Fuel Tank Advisory Committee (FTAC) meetings but does not distribute any materials.

There was remote testimony:

<p>Jamie Simic *followed after Susan Pcola-Davis.</p>	<p><i>Expanded on Ms. Pcola-Davis's testimony and shared her findings, and the effects of past spills and leaks.</i></p>
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Manager Lau thanked Ms. Jamie Simic for following the Red Hill issue since 2014; he remembers Mr. Steve Linder for the EPA. He mentioned that since the facility will be closing, he sent a letter to the Secretary of Defense to share the life history of Red Hill Bulk Fuel Storage Tanks.

Ms. Jamie Simic agreed with Manager Lau and believes that more than jet fuel has been stored in the tanks. She stated that she does not want anyone else to experience what she and her family went through.

There was in-person testimony:

<p>Susan Gorman-Chang</p>	<p><i>Expressed her disappointment in the EPA and DOH for not taking every opportunity to engage with the public while dealing with the Red Hill catastrophe. She believes the EPA and DOH are enabling the Navy to say that the water is safe with the numbers that have been set. Written testimony was also provided.</i></p>
<p>Healani Sonoda-Pale</p>	<p><i>Expressed her concerns with the continued reports of water contamination related to health issues, the lack of transparency, and the BWS rate hikes related to the Red Hill contamination. Written testimony was submitted, but had typos, therefore, will re-submit corrected copy.</i></p>

Chair Anthony stated that the BWS also has an issue with the EALs that have been recently set in comparison to the past and the value set for TPH without knowing which specific analytes or compounds are safe or not safe. TPH should not be in drinking water; therefore, it should be said if regulators are unsure.

Ms. Healani Sonoda-Pale stated that Mr. Roger Brewer, a toxicologist at DOH, set the EAL based on “risk” standards, not on health standards, which can be found on the DOH website.

Chair Anthony agreed with Ms. Sonoda-Pale. He commented that no available data determines the risk standards except taste and odor. If the community is getting sick from drinking water, the standards should be set higher, and the community should move forward with caution.

Ms. Sonoda-Pale asked the BWS to keep the pressure on the regulators and the Navy. Please do not re-open the Halawa wells.

Chair Anthony stated that the BWS water system provides clean drinking water islandwide through an integrated water system that can move water from one end to another unless jeopardized by contamination; therefore, the BWS must stay vigilant and persistent.

Manager Lau expressed his appreciation for Ms. Sonoda-Pale mana’o. He stated that the BWS would look at the water rates when the Navy reimburses the BWS. Manager Lau commended the efforts and mana’o of the community, who stood alongside the BWS against the Navy to shut down the Red Hill Bulk Storage Facility. “Together, we can move mountains.”

There was in-person testimony:

Lacey Quintero	<i>Echoed the disappointment in the EPA and DOH, and expressed her concerns with the ventilation process and cleaning process of the tanks, EALs, and LTM.</i>
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There was remote testimony:

Tara Roja	<i>Expressed concerns with the DOD lease and the lack of actions. She asked if the BWS would be in attendance at the DLNR and CWRM meeting to testify when the DOD's lease is up in 2029. Written testimony was also provided.</i>
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At 4:21 PM, Chair Anthony called the meeting to a recess.

At 4:29 PM, Chair Anthony call the meeting back to order.



FEBRUARY 2024 RED HILL UPDATES

February 26, 2024
boardofwatersupply.com

RECENT EVENTS

Construction started at BWS Monitoring Well at Site H

Red Hill Remediation Roundtable -2/8

Community Representation Initiative (CRI) Meeting #5 -2/15

Met with:

- **The Honorable Brendan Owens**
Assistant Secretary of Defense for Energy, Installations, and Environment
- **Mr. Ron Tickle**
Deputy Assistant Secretary of Defense for Real Property
- **Vice Admiral Scott Gray**
Commander of the Navy Installations Command
- **Ms. Martha Guzman**
Environmental Protection Agency Region 9 Administrator



DEFUELING the Red Hill Bulk Fuel Storage Facility



NEXT 60 DAYS

FEBRUARY 2024

MARCH 2024

TRANSITION

KEY EVENTS

FEBRUARY:

- 2 FEB - GOVERNOR'S WATER COMMITTEE
- 8 FEB - RH REMEDIATION ROUNDTABLE
- 8 FEB - SALT LAKE NB AND EWA BEACH NB
- 13 FEB - AJEA NB
- 15 FEB - CRI MEETING
- 20 FEB - NANAKULI NB
- 22 FEB - DISF MEETING
- 26 FEB - WAHIAWA NB
- 27 FEB - PEARL CITY NB

MARCH:

- 7 MAR - FUEL TANK ADVISORY COMMITTEE
- 19 MAR - DLNR COMMISSION ON WATER RESOURCE MANAGEMENT MEETING
- 21 MAR - (TENTATIVE) CRI MEETING
- 28 MAR - JTF-RH STANDS DOWN



RESIDUAL FUEL TRACKER

29,273

GALLONS REMOVED

JTF-RH IS RESPONSIBLE FOR REMOVING APPROXIMATELY 60,000 GALLONS OF RESIDUAL FUEL

*AMOUNT IS APPROXIMATE

VISIT THE NAVY CLOSURE TASK FORCE-RED HILL WEBSITE BY SCANNING OR CLICKING THE QR CODE BELOW



REMOVAL OF RESIDUAL FUEL
CLICK ON THUMBNAIL TO VIEW VIDEO



DASHBOARD LEGEND

CRI: COMMUNITY REPRESENTATION INITIATIVE
DLNR: DEPARTMENT OF LAND AND NATURAL RESOURCES
DISF: DEFUELING INFORMATION SHARING FORUM
NB: NEIGHBORHOOD BOARD

JOINT TASK FORCE - RED HILL
RESIDUAL FUEL TRACKER
AS OF FEBRUARY 12, 2024
SUBJECT TO REVISION



Google Play

App Store



CLOSURE of Red Hill Bulk Fuel Storage Facility

Department of Defense Announced Closing Red Hill **WILL NOT** Impact Operational Readiness



Joint Task Force –Red Hill and Navy Task Force Red Hill Open House 2/7/2024

Navy Closure Task Force –Red Hill

- Rear Admiral Stephen Barnett

Report on beneficial reuse of fuel tanks is being compiled to be presented to Congress at the end of February 2024.

Latest Integrated Master Schedule indicates pipeline deconstruction and defueling to complete tentative end of November 2027

Tentative Facility Closure: July 2028



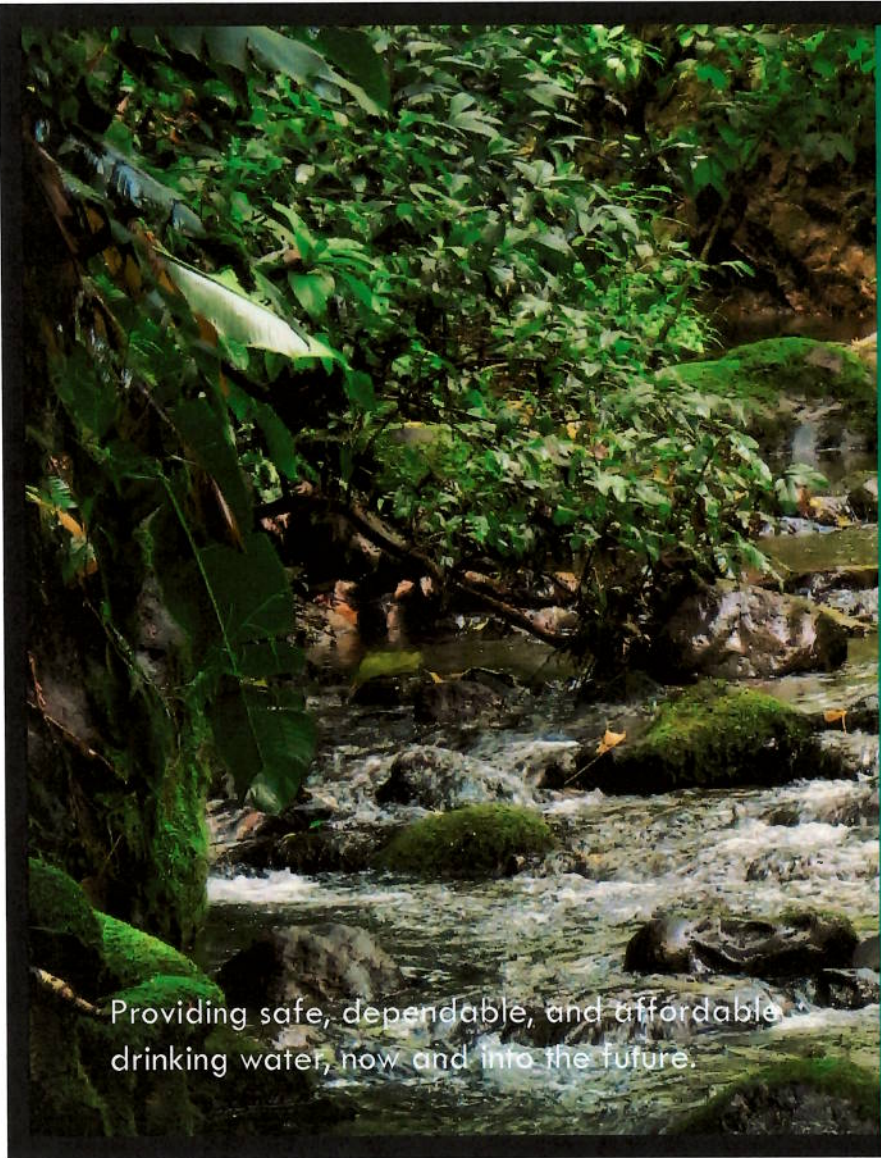
UPCOMING EVENTS

Fuel Tank Advisory Committee Meeting

- 3/7/2024

Closure updates





Providing safe, dependable, and affordable drinking water, now and into the future.



MAHALO!

February 2024 Red Hill Updates



JBP HH UN-SAFE WATERS

All data presented is directly extracted from the JBP HH Long Term Monitoring Data Base

This data represents December 2023 – January 30, 2024

Last date uploaded

Susan A. Pcola-Davis

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BWS PRESENTATION FEBRUARY 26, 2024

Research By: SUSAN A. PCOLA-DAVIS

As I have done previously, I used the Navy's Safe Water Site to extract their data to put it in a visually acceptable format.

This time I set my parameters at **DECEMBER 2023 – JANUARY 2024** detections of Petroleum Hydrocarbons (as diesel) and Petroleum Hydrocarbons (as oil).

Diesel + Oil = Total Petroleum Hydrocarbons (TPH).

This presentation will demonstrate the **ALL TPH** during this time interval. These are **NOT** low levels of petroleum hydrocarbons. They do represent patterns. In this 1-month period there were 45 detections.

On page 6 you will see clusters around dates.

- January 14 - 15
- January 8 - 12
- January 24 - 25

On page 7 you will see the 45 detections by their addresses. The bold red print indicates the number of detections between 150.7 - 226.9. These detections will play a different role at this meeting.

On page 9, Areas of concern are sensitive locations.

On page 10, a 1-month snapshot between January – February 2024 shows detections of Diesel only or detections of Diesel + Oil!

Page 11 is my spreadsheet that I used to produce the graph.

On page 12 a 1-month snapshot between January – February 2024 shows the locations and detections of Diesel only or detections of Diesel + Oil between 158.5 - 176.5.

Page 13 is my spreadsheet that I used to produce the graph.

The statistics start on page 14.

This is about predictability. On page 15, the statistics show that if nothing is done differently, we can predict that there will continue to be detections from at least 100 and at a highest, right now, of 225.9.

The mean, median and mode indicate the expected detection range between 154 – 129.7.

On page 16, the histogram shows the frequency of detection using the ranges under the columns. The importance of this figure is, again, if nothing changes you can expect a range of 134.2 - 190.2.

Page 17 is a legend to try to show you how I use colors.

Lastly on page 18, we see Waiawa shaft

DECEMBER 2023 – JANUARY 2024

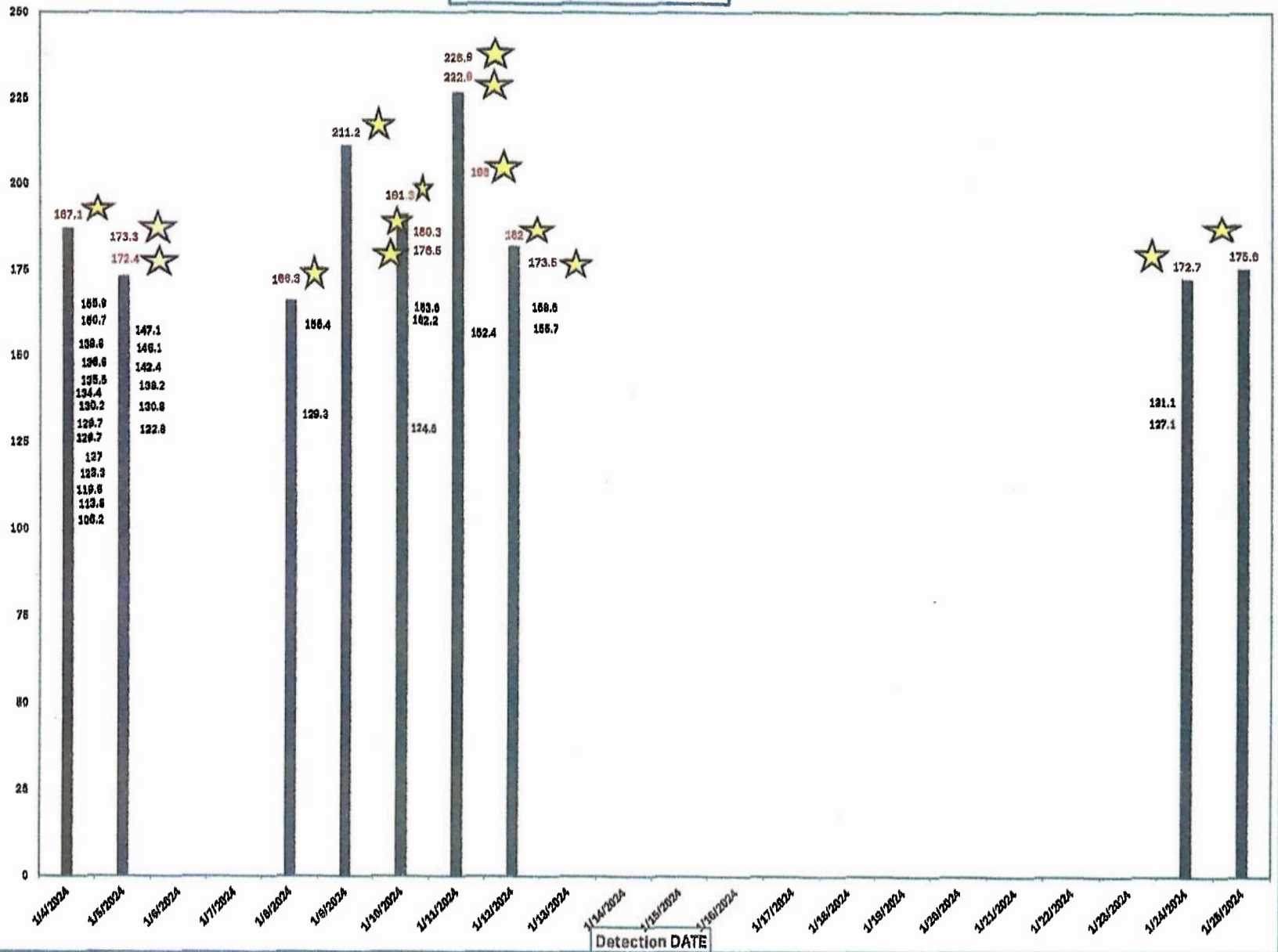
TPH DIESEL+ OIL = TOTAL

- 1. DETECTIONS BY DATE**
- 2. DETECTIONS BY LOCATION**

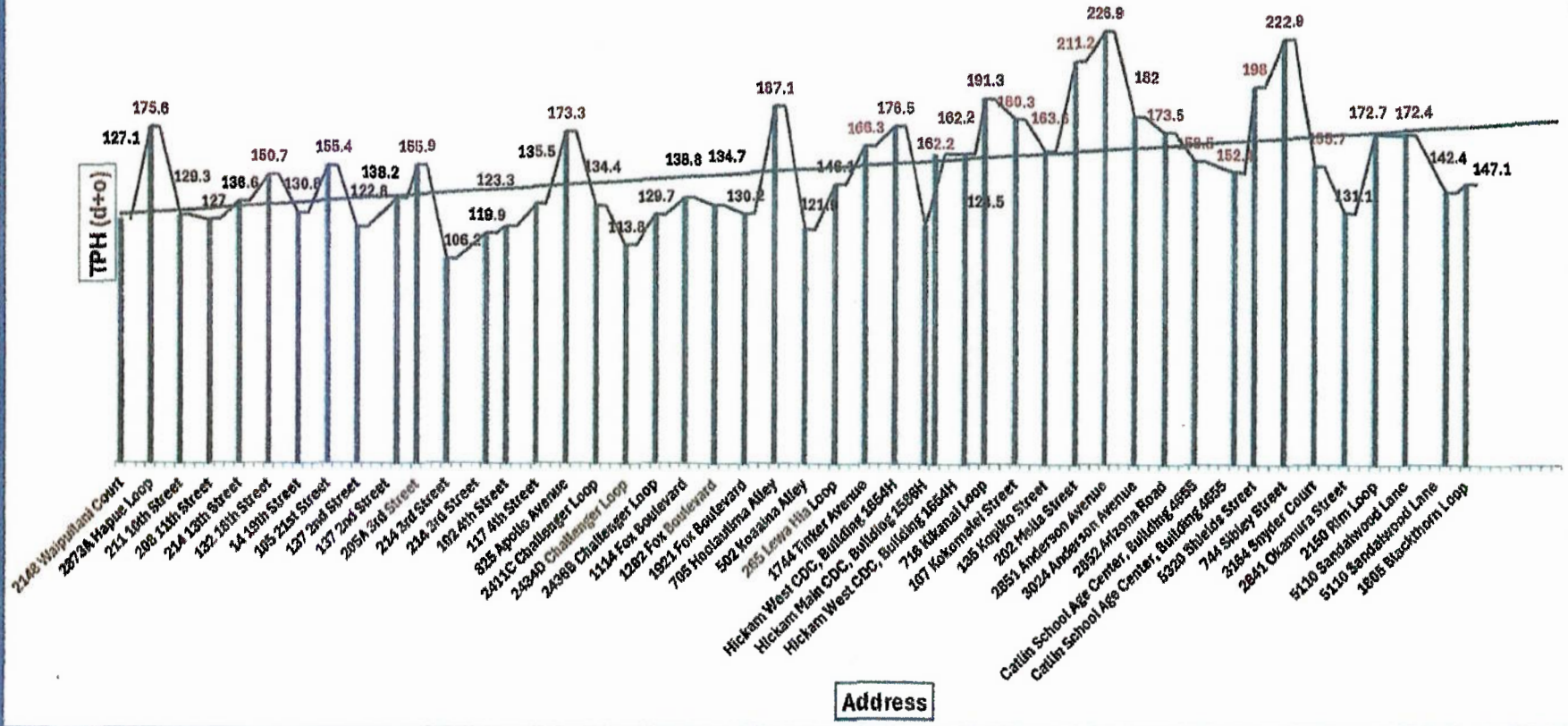


DECEMBER 2023 - JANUARY 2024
TPH (d+o) Detections
by DATE

TPH (d+o)



December 2023 - January 2024
 TPH (d+o) Detections
 by ADDRESS

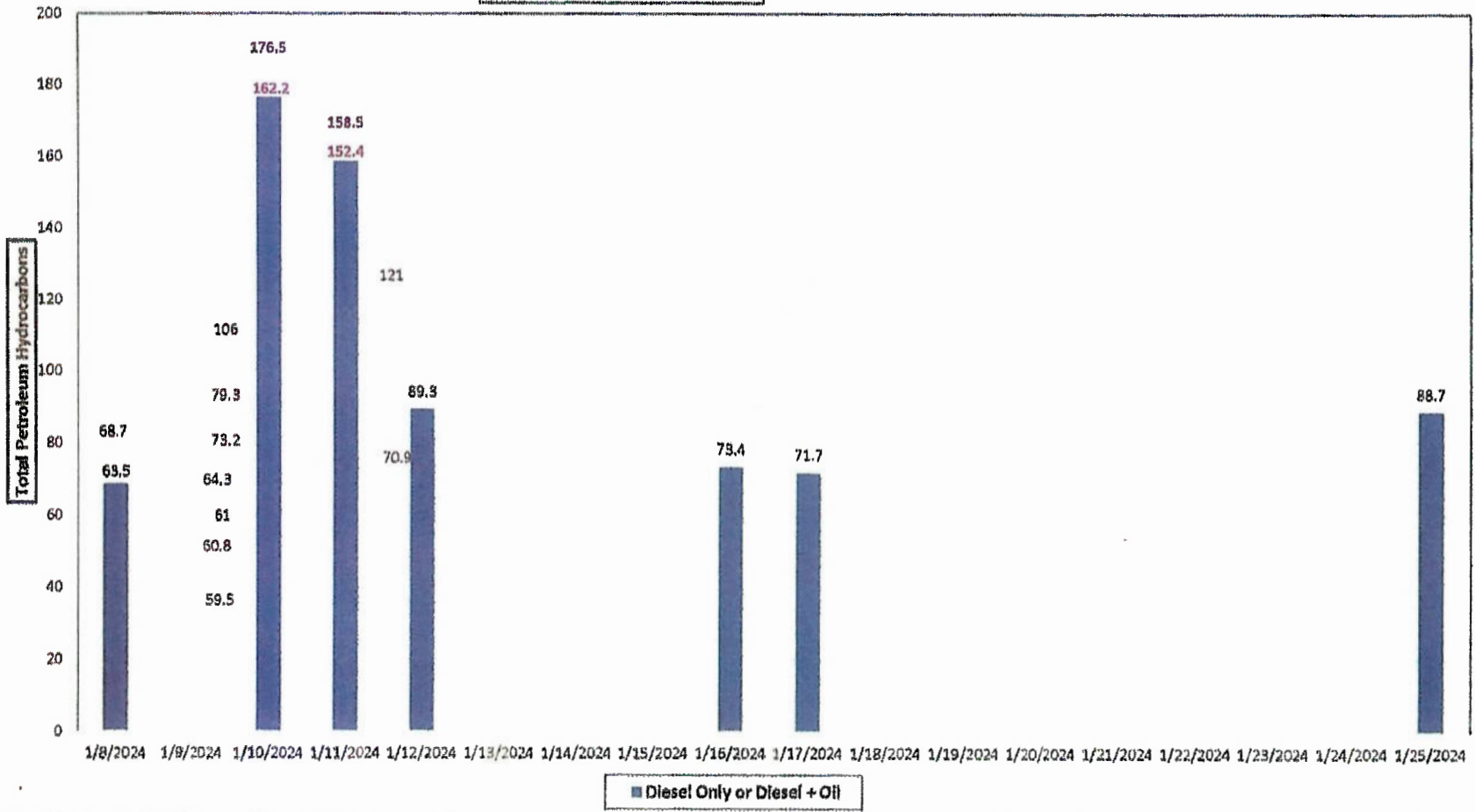


AREAS OF CONCERN

ALL Areas of Concern

LOCATION	WHY?
A2: Ford Island	Ford Island Child Development Center
A3: Iriquois Point	Iroquois Point Elementary
	Iroquois Point Pre-School
C1: Subase	Pier Side Child Development Center
D1: Hale Moku, Hokuani	Center Drive Child Development Center
	Kids Cove
	Pearl Harbor Kai Elementary
D2: Hale Moku, Officer Field, Onizuka	Hickam Harbor Child Development Center
D3: Earhart	Assets School
	Pearl Harbor Church oc Christ
	Chester Nimitz Elementary
	Holy Family Catholic Academy
	Mokulele Elementary
	School Age Center
	Hickam Main Child Development Center
	Hickam West Child Development Center
	Makai recreation Center
F1: Navy Exchange/Commissary/Food Court, Small Stores, Kiosks	Moanalua Pre-School
	Pearl Harbor Elementary
H1: AMR#1	AMR Child Development Center
	AMR Youth Activities
	AMR Private Organization
I1: Red Hill	Red Hill Elementary

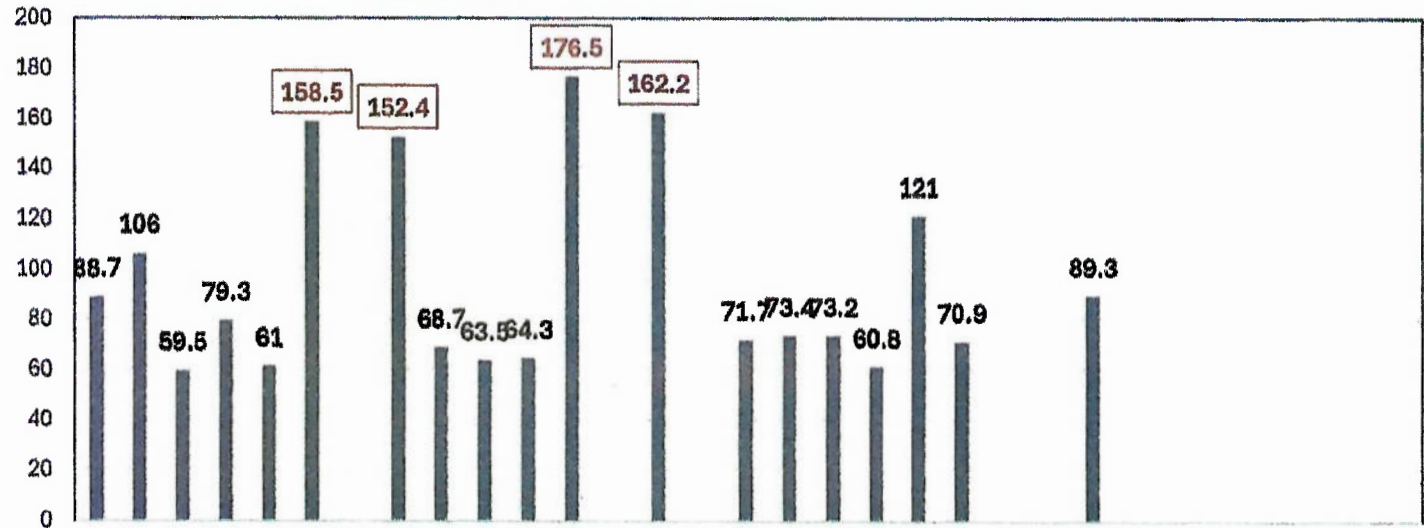
**January-February 2024
Diesel Only or Diesel + Oil
by Date (Child Locations)**



Location	School, Church, CDC	Sort by Sampling Date	Client Sample ID	Analyte Name	Reported Results	Diesel Only or Diesel + Oil
D2-BLDG641H	Hickam Elementary, P1, Building 641H	1/8/2024	D2-TW-0015498-23337-N-4	Petroleum Hydrocarbons (as Diesel)	68.7	68.7
D2-BLDG641H	Hickam Elementary, P1, Building 641H	1/8/2024	D2-TW-0015498-23337-N-5	Petroleum Hydrocarbons (as Diesel)	63.5	63.5
D3-BLDG1859H	Makal Recreation Center, Building 1859H	1/10/2024	D3-TW-0015186-23342-N-1	Petroleum Hydrocarbons (as Diesel)	73.2	73.2
D3-BLDG1859H	Makal Recreation Center, Building 1859H	1/10/2024	D3-TW-0015186-23342-N-2	Petroleum Hydrocarbons (as Diesel)	60.8	60.8
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-1	Petroleum Hydrocarbons (as Diesel)	113	176.5
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-1	Petroleum Hydrocarbons (as Oil)	63.5	
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-2	Petroleum Hydrocarbons (as Diesel)	102	162.2
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-2	Petroleum Hydrocarbons (as Oil)	60.2	
D3-BLDG1586H	Hickam Main CDC, Building 1586H	1/10/2024	D3-TW-0015143-23342-N-2	Petroleum Hydrocarbons (as Diesel)	64.3	64.3
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-2	Petroleum Hydrocarbons (as Diesel)	106	106
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-3	Petroleum Hydrocarbons (as Diesel)	59.5	59.5
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-4	Petroleum Hydrocarbons (as Diesel)	79.3	79.3
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-5	Petroleum Hydrocarbons (as Diesel)	61	61
F2-BLDG1928	Peltier CDC, Building 1928	1/11/2024	F2-TW-0014145-23335-N-1	Petroleum Hydrocarbons (as Diesel)	121	121
F2-BLDG1928	Peltier CDC, Building 1928	1/11/2024	F2-TW-0014145-23335-N-2	Petroleum Hydrocarbons (as Diesel)	70.9	70.9
F2-BLDG4655	Catlin School Age Center, Building 4655	1/11/2024	F2-TW-0014156-23335-N-1	Petroleum Hydrocarbons (as Diesel)	106	158.5
F2-BLDG4655	Catlin School Age Center, Building 4655	1/11/2024	F2-TW-0014156-23335-N-2	Petroleum Hydrocarbons (as Diesel)	99.9	
F2-BLDG4655	Catlin School Age Center, Building 4655	1/11/2024	F2-TW-0014156-23335-N-3	Petroleum Hydrocarbons (as Oil)	52.5	152.4
A3-IROQ5111	Iroquois Point Pre-School, 5111 Iroquois Ave	1/16/2024	A3-TW-0012569-23337-N-1	Petroleum Hydrocarbons (as Diesel)	73.4	73.4
A3-CORM5553	Iroquois Point Elementary, 5553 Cormorant A	1/17/2024	A3-TW-0012582-23337-N-3	Petroleum Hydrocarbons (as Diesel)	71.7	71.7
H1-BLDG1875	AMR Private/Organizational Club, Building 18	1/25/2024	H1-TW-0017689-23327-A-2	Petroleum Hydrocarbons (as Diesel)	88.7	88.7
SHFTWAIA-CP-PT	Shaft	1/12/2024	SHAFT-HW-0016021-23330-N	Petroleum Hydrocarbons (as Diesel)	89.3	89.3

January - February 2024
 Diesel Only or Diesel + Oil
 By Child Location

Total Petroleum Hydrocarbons



Diesel only or Diesel + Oil

Location	Sort by School, Church, CDC	Sampling Date	Client Sample ID	Analyte Name	Reported Results	Diesel Only or Diesel + Oil
H1-BLDG1875	AMR Private/Organizational Club, Building	1/25/2024	H1-TW-0017689-23327-A-2	Petroleum Hydrocarbons (as Diesel)	88.7	88.7
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-2	Petroleum Hydrocarbons (as Diesel)	106	106
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-3	Petroleum Hydrocarbons (as Diesel)	59.5	59.5
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-4	Petroleum Hydrocarbons (as Diesel)	79.3	79.3
D3-BLDG0001	Assets School, Building 1, 1 Ohana Nui Way	1/10/2024	D3-TW-0017506-23342-N-5	Petroleum Hydrocarbons (as Diesel)	61	61
F2-BLDG4655	Catlin School Age Center, Building 4655	1/11/2024	F2-TW-0014156-23335-N-1	Petroleum Hydrocarbons (as Diesel)	106	160.6
F2-BLDG4655	Catlin School Age Center, Building 4655	1/11/2024	F2-TW-0014156-23335-N-2	Petroleum Hydrocarbons (as Diesel)	99.9	
F2-BLDG4655	Catlin School Age Center, Building 4655	1/11/2024	F2-TW-0014156-23335-N-3	Petroleum Hydrocarbons (as Oil)	52.5	162.4
D2-BLDG641H	Hickam Elementary, P1, Building 641H	1/8/2024	D2-TW-0015498-23337-N-4	Petroleum Hydrocarbons (as Diesel)	68.7	68.7
D2-BLDG641H	Hickam Elementary, P1, Building 641H	1/8/2024	D2-TW-0015498-23337-N-5	Petroleum Hydrocarbons (as Diesel)	63.5	63.5
D3-BLDG1586H	Hickam Main CDC, Building 1586H	1/10/2024	D3-TW-0015143-23342-N-2	Petroleum Hydrocarbons (as Diesel)	64.3	64.3
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-3	Petroleum Hydrocarbons (as Diesel)	113	176.5
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-1	Petroleum Hydrocarbons (as Oil)	63.5	
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-2	Petroleum Hydrocarbons (as Diesel)	102	162.2
D3-BLDG1654H	Hickam West CDC, Building 1654H	1/10/2024	D3-TW-0015153-23342-N-2	Petroleum Hydrocarbons (as Oil)	60.2	
A3-CORM5553	Iroquois Point Elementary, 5553 Cormoran	1/17/2024	A3-TW-0012582-23337-N-3	Petroleum Hydrocarbons (as Diesel)	71.7	71.7
A3-IROQ5111	Iroquois Point Pre-School, 5111 Iroquois Av	1/16/2024	A3-TW-0012569-23337-N-1	Petroleum Hydrocarbons (as Diesel)	73.4	73.4
D3-BLDG1859H	Makal Recreation Center, Building 1859H	1/10/2024	D3-TW-0015186-23342-N-1	Petroleum Hydrocarbons (as Diesel)	73.2	73.2
D3-BLDG1859H	Makal Recreation Center, Building 1859H	1/10/2024	D3-TW-0015186-23342-N-2	Petroleum Hydrocarbons (as Diesel)	60.8	60.8
F2-BLDG1928	Peltier CDC, Building 1928	1/11/2024	F2-TW-0014145-23335-N-1	Petroleum Hydrocarbons (as Diesel)	121	121
F2-BLDG1928	Peltier CDC, Building 1928	1/11/2024	F2-TW-0014145-23335-N-2	Petroleum Hydrocarbons (as Diesel)	70.9	70.9
SHFTWAIA-CP-PT Shaft		1/12/2024	SHAFT-HW-0016021-23330-N	Petroleum Hydrocarbons (as Diesel)	89.3	89.3

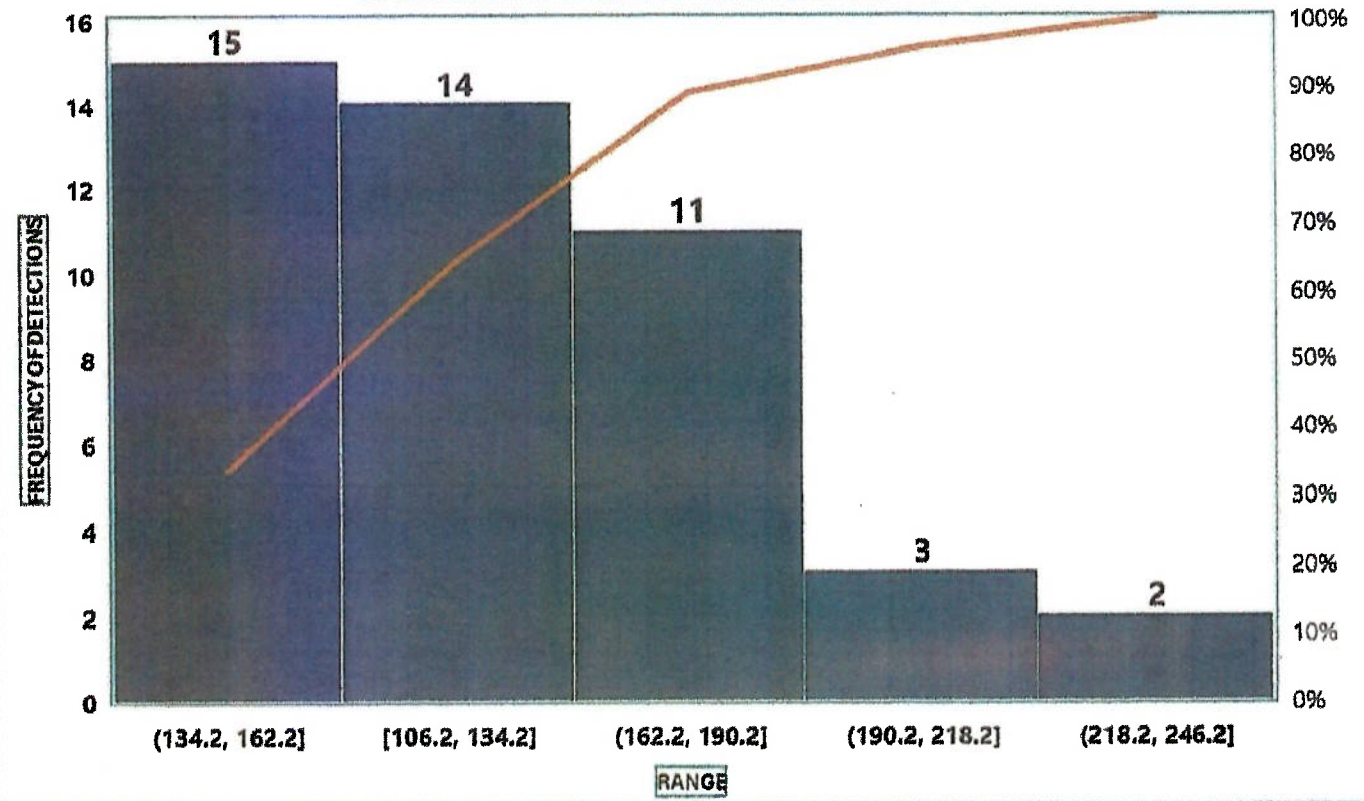
STATISTICS

DECEMBER 2023 - JANUARY 2024

106.2 152.4
113.8 155.4
119.9 155.7
122.8 155.9
123.3 158.5
124.5 162.2
127.0 163.6
127.1 166.3
129.3 172.4
129.7 172.7
129.7 173.3
130.2 173.5
130.8 175.6
131.1 176.5
134.4 180.3
135.5 182.0
136.6 187.1
138.2 ~~191.3~~
138.8 ~~193.0~~
142.4 ~~211.2~~
146.1 ~~222.9~~
147.1 ~~226.9~~
150.7

Mean	154.0
Median	147.1
Mode	129.7
Low	106.2
High	154.0
Range (190-230)	5
Total Detections	45.0

December 2023 - January 2024
TPH (d+o)



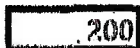
ZONE	LOCATION
A1	PEARL CITY PENNINSULA
A2	FORD ISLAND
A3	IROQUOIS POINT
B1	MCGREW HALAWA
C1	SUBASE
C2	HALE ALII MARINE BARRACKS HOSPITAL POINT
C3	SHIPYARD HOSPITAL POINT
D1	HALE MOKU HOKULANI
D2	HICKAM HALE NA KOA OFFICER FIELD ONIZUKA
D3	EARHART
D4	HAWAII AIR GUARD
E1	MAKALAPA
F1	NEX MOANALOA TERRACE
F2	CATLIN PARK MALOELAP DORIS MILLER HALSEY RADFORD
G1	CAMP SMITH
H1	AMR1
H2	AMR2
H3	AMR3
I1	RED HILL



Total Petroleum Hydrocabons Diesel + Oil



Child Affected Location Containing TPH Diesel + Oil
Child Affected Area Containing TPH Diesel Only



200 Detection over 200

Walawa Shaft: Detection TPH and testing results for PFAS as of 2/13/2024

Location	Address	Sampling Date	Client Sample ID	Analyte Name	Screening Level	Reported Results	Units	Screening
SHFTWAIA-CP-PT	Shaft	2/9/2023	SHAFT-HW-0016021-22315-N	Petroleum Hydrocarbons (as Diesel)	NA	60.6	UG/L	Detection
SHFTWAIA-CP-PT	Shaft	2/9/2023	SHAFT-HW-0016021-22315-N	Petroleum Hydrocarbons (as Gasoline)	NA	ND	UG/L	Not Detected
SHFTWAIA-CP-PT	Shaft	2/9/2023	SHAFT-HW-0016021-22315-N	Petroleum Hydrocarbons (as Oil)	NA	ND	UG/L	Not Detected
SHFTWAIA-CP-PT	Shaft	2/9/2023	SHAFT-HW-0016021-22315-N	Petroleum Hydrocarbons (Total)	266	61	UG/L	Detection
SHFTWAIA-CP-PT	Shaft	1/12/2024	SHAFT-HW-0016021-23330-N	Petroleum Hydrocarbons (as Diesel)	NA	89.3	UG/L	Detection
SHFTWAIA-CP-PT	Shaft	1/12/2024	SHAFT-HW-0016021-23330-N	Petroleum Hydrocarbons (as Gasoline)	NA	ND	UG/L	Not Detected
SHFTWAIA-CP-PT	Shaft	1/12/2024	SHAFT-HW-0016021-23330-N	Petroleum Hydrocarbons (as Oil)	NA	ND	UG/L	Not Detected
SHFTWAIA-CP-PT	Shaft	1/12/2024	SHAFT-HW-0016021-23330-N	Petroleum Hydrocarbons (Total)	266	89	UG/L	Detection

Board of Water Supply
Meeting: February 26, 2024
Susan Gorman-Chang

Agenda Item Info #1: Update to the Board of Water Supply's Response to Potential Impacts of the Red Hill Fuel Contamination

Aloha Board of Water Supply Commissioners,

Mahalo for allowing me to provide testimony on the Red Hill fuel contamination and other contaminants that pose an existential threat to our wai and thus our life here on Oahu.

The Navy has threatens not only their Navy-controlled water system, but our entire aquifer here on Oahu which is where Board of Water Supply, and thus most residents, obtain our water necessary for our very survival.

The Navy falls back on the DOH "EAL" levels and the DOH seems to have a blind eye to all of the health impacts affected families are experiencing at or below this EAL level. An analogy may be as if a patient, in severe pain, clutching their chest and having problems breathing goes in to see their physician and the physician looks at a statistic that says the patient's height and weight equal a "healthy" Body Mass Index so there must be nothing wrong with them, obviously ignoring the signs of a heart attack. That is what I see the Department of Health doing as they and the EPA receive evidence of numerous health impacts being experienced by men, women and children and the DOH simply looks at their EAL statistic of 266 ppm and says these folks must be fine and there is nothing wrong with them.

The Navy is enabled by the Department of Health (DOH) "Environmental Action Levels" (EALs). The name itself tells us it is for use in considering the environment, NOT human health. According to the Evaluation of Environmental Hazards at Sites with Contaminated Soil and Groundwater Volume 1: User's Guide Hawai'i Edition prepared by the Hawai'i Department of Health Environmental Management Division:

*"The Environmental Action Levels (EALs) presented in this document and the accompanying text are specifically **not intended to serve as: 1) a stand-alone decision making tool, 2) guidance for the preparation of a baseline environmental risk assessment, 3) a rule to determine if a waste is hazardous under the state or federal regulations, or 4) a rule to determine when the release of hazardous substances must be reported to the HDOH.**"*

*"It is cautioned, however, that **reference to the action levels presented in this document** without adequate review of the accompanying narrative **could result in misinterpretation and misuse of the information.**"*

"The EALs are used to rapidly screen soil, soil vapor, and groundwater data collected for a site and identify potential environmental hazards. Under most circumstances, and within the limitations described, the presence of a chemical in soil, soil vapor, or groundwater at concentrations below the corresponding Tier 1 EAL can be assumed to not pose a significant threat to human health and the environment. This allows sites or portions of sites with minimal or no

contamination to be quickly cleared for potential environmental concerns, a task which could easily take months or even years using a traditional, environmental risk assessment approach.

Please note that before the statement "Tier 1 EAL can be assumed to not post a significant threat to human health" it states, "Under most circumstances and within the limitations described."

The document goes on to state, "Exceeding the Tier 1 EAL for a specific chemical does not necessarily indicate that the contamination poses significant environmental concerns, only that additional evaluation is warranted." However, what about multiple kinds of contaminants? Are multiple contaminant exposures considered together? Isn't a little bit of several different toxins, all "below the exceedance level" still poisonous to human beings? Why are we looking at these toxins individually and not cumulatively in regards to human health?

During the last CRI meeting, Corrine from the EPA stated that the EPA is NOT considering individual contaminants cumulatively or all together in their analysis of their impacts to human beings. This is absurd and dangerous.

In conclusion, I would like to recommend that the EPA and the Hawaii DOH:

- 1) Stop using the EALs as a measure of safety of the water. The current EAL are artificial thresholds below which the water is deemed to have no health impacts to humans, pets and food and this is simply not true. It has indeed resulted in, "***in misinterpretation and misuse of the information.***"
- 2) Enact a policy that states there is NO level of TPH, Jet Fuel, Gasoline, Diesel, anti-freeze and any other chemicals leaked by any of our military forces into our water that can be considered safe for human consumption, similar to the policy in place for lead.
- 3) If # 2 above is not possible, please change the EAL to the level that the Board of Water suggested at 100 ppm which is the level at which a human being can smell and taste at least some of the contaminants. We can all admit no one wants to drink such water nor give it to their children. We must not normalize smelling, tasting and consuming contaminants and chemicals in our drinking water!
- 4) When analyzing health impacts, add up ALL of the contaminants in our water and consider their cumulative impacts on human health and adjust your practices and policies accordingly.

Stella Bernardo

From: contactus=notify2.boardofwatersupply.com@mg.boardofwatersupply.com on behalf of contactus@notify2.boardofwatersupply.com
Sent: Monday, February 26, 2024 1:08 PM
To: Stella Bernardo; Board of Water Supply Board of Directors
Subject: Board Meeting Testimony Submittal or Request - February 26, 2024 - Tara Rojas

CAUTION: This email originated from outside of the organization. Do not follow guidance, click links, or open attachments unless you recognize the sender and know the content is safe.

BWS TESTIMONY SUBMITTAL / REQUEST TO TESTIFY FORM

Form Submitted on: 2/26/2024 1:07:41 PM
Meeting Date: February 26, 2024
I wish to provide: Written testimony + request to give remote oral testimony by Zoom videoconference

TESTIFIER INFORMATION

Full Name: Tara Rojas
Email: tarahawaiiikai@gmail.com
Phone (optional): (808) 265-0989

TESTIMONY DETAILS

Agenda Item: Info 1. Update on the Board of Water Supply's Response to the Potential Impacts of the Red Hill Fuel Contamination
Your Position on Matter: I wish to comment
Representing: Self

I wish to provide

Written testimony + request to give remote oral testimony by Zoom videoconference

Written Testimony (if entered on the online form; otherwise see attached)

The whole of Hawai'i is perpetuated by a false narrative which does not care for the locals, much less Kanaka Maoli, nor the Ecosystem. Animals are dying and people are getting sick when the Navy is claiming that the water is safe. Families that we know live in that area and I am concerned for their health and for the community. Being born and raised in the island with ancestral connections that go back generation, we are taught to respect and care for the environment. We are limited in resources living on an island that's overpopulated and we need to better maintain the resources we currently have. This isn't a problem that will just go away, so please stop trying to just ignore it. People of Hawai'i are still currently being ignored - by the time we are updated with life-saving information the situation has already negatively impacted us and our health. Even with all the health problems, the air quality and resource issues, the community as a whole is still being kept in the dark as to what is being done. We are all very concerned about the long-term effects on health, both people and environment.

ACKNOWLEDGEMENTS

Terms and Agreement Check Box

I UNDERSTAND and ACCEPT that all public meeting transcripts and testimony are public documents. Therefore, any testimony that is submitted orally or in writing, electronically or in person, for use in the meeting process is public information.

www.boardofwatersupply.com/boardmeetings

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KA LĀHUI HAWAI'I

February 26, 2024

Ka 'Oihana Wai
630 South Beretania Street
Honolulu, Hawai'i 96843

Regarding Agenda "Items for Information" 1. Update on the Board of Water Supply's Response to the Potential Impact of the Red Hill Fuel Contamination

Ano 'ai Chair Anthony, Vice Chair Sproat, and Member of the Board,

Ka Lāhui Hawai'i is concerned with the continued reports of water contamination, related health issues, and the lack of access to clean water coming from families (both military and non-military) on the Navy Water Distribution lines. At the last Red Hill Community Representation Initiative (CRI) meeting, the Environmental Protection Agency shared that there has been uptick in fuel (TPH) detection in the drinking water around Pearl Harbor since June of 2023 but because the detections are still below the Department of Health's (DOH's) Environmental Action Levels (EAL's) of 266 - no action is being taken. Yet families are still getting sick and whatsmore as new families are moving into homes that were directly affected by the 2021 Red Hill spill they are not being informed of possible issues with their drinking water. In a memo July 19th, 2018, the Board of Water Supply (BWS) urged "the DOH to reconsider and reinstate the 100 ppb and 160 ppb EAL values" that were in place in the early part of 2017 but to no avail. The Red Hill CRI has met with representatives from the DOH and asked that EAL's be reduced to zero. We hope that the Board of Water Supply will continue to pressure the DOH to reinstate safer EAL values especially since families are still getting sick and there are still detections of TPH. The US Navy is using these high EAL's set by the DOH to do nothing and to say the water is "safe". They are still not reporting all findings, they are still not providing clean water to families on the their water distribution system, and they still won't change the water pipes and the hot water heaters what probably have residual fuel from the 2021 spill.

Ka Lāhui Hawai'i is also concerned with the Water Rate increase for residents that was set to begin this month. The US Navy and the Department of Defense negligence caused three of O'ahu's wells to be shut down and nearly 100,000 families to get poisoned. We appreciate BWS filing claims against the U.S. Navy under the Federal Tort Claims Act to recover costs associated with the Red Hill drinking water contamination crisis, but we would like to know if these claims are settled and BWS does get reimbursed for Red Hill related costs - would residents get reimbursed for the rate hikes we are experiencing now?

Mahalo for your continued work to keep our water clean.

Me ke aloha,

M. Healani Sonoda-Pale

PO BOX 240454 Honolulu, HI 96824

ITEM FOR INFORMATION NO. 2

"February 26, 2024

FINANCIAL
UPDATE FOR
THE QUARTER
ENDED
DECEMBER 2023

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
December 31, 2023

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
- 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

Attachment"

The foregoing was for information only.

DISCUSSION:

Kaliko Lum Kee, Acting Waterworks Controller, Finance Division, gave the report.

Board Member Bryan Andaya asked if the utility variances were due to the adjustments in the rate or usage.

Mr. Lum Kee believes the variances are due to usage but would double check and get back to Board Member Andaya.

Board Member Kaneshiro inquired about the variances.

Mr. Lum Kee replied that the variances are due to the operating expenditures: vacancies, professional services, salaries and wages, and contractual services.

Board Member Kaneshiro asked about the vacancies.

Manager Lau stated that filling positions in specific categories is a challenge.

Board Member Kaneshiro asked why pumping revenues are higher.

Manager Lau stated that during drier weather, people use more water. And although the National Weather Service predicted a drier winter, there was more rain than anticipated.

Chair Anthony recognized the BWS for working hard to control costs during unpredictable times. He mentioned that he would like to understand debt services better.

Manager Lau agreed to discuss the long-term debt service requirement. He briefly explained that the BWS uses a combination of cash and debt services to fund the 30-year Capital Program.

Board Member Andaya appreciates this report, which shows that the BWS is spending less than budgeted. However, his concern is the challenges of being understaffed and unable to commit to building infrastructure and finding new water sources. He suggested investing in surpluses for recruitment and retention.

Chair Anthony agreed that meeting the charter without sufficient staffing is difficult.

Board Member Kaneshiro requested that at the following financial to see how the rate increases affected the working capital.

Manager Lau stated that the working capital is mainly for emergencies, such as when revenue affects the BWS's ability to serve water.

Mr. Lum Kee agreed to add that information to the next quarterly financial update.

Board Of Water Supply
Statement of Revenues, Expenses And Change In Net Assets
As of December 31, 2023

Current Month Actual	% Revenue	Last Year Actual	% Revenue	Description	Year to Date Actual	% Revenue	Last Year to Date Actual	% Revenue	% Change
				REVENUE					
20,239,424.84	100.00	20,491,909.58	100.00	OPERATING REVENUE	133,342,015.03	100.00	130,721,143.38	100.00	2.00
20,239,424.84	100.00	20,491,909.58	100.00	REVENUE	133,342,015.03	100.00	130,721,143.38	100.00	2.00
				OPERATING EXPENSES					
3,405,051.23-	16.82	3,222,790.79-	15.73	LABOR COSTS	20,337,488.69-	15.25	19,779,755.57-	15.13	2.82
3,277,458.87-	16.19	3,160,256.09-	15.42	SERVICES	17,859,673.04-	13.39	18,642,236.34-	14.26	4.20-
956,907.69-	4.73	600,877.43-	2.93	SUPPLIES	3,213,970.32-	2.41	3,114,409.11-	2.38	3.20
28,078.59-	.14	6,200.53-	.03	EDUCATION & TRAINING	25,569.44-	.02	27,088.62-	.02	5.61-
2,511,875.64-	12.41	3,002,187.59-	14.65	UTILITIES	13,403,793.98-	10.05	15,019,890.72-	11.49	10.76-
167,155.66-	.83	405,044.59-	1.98	REPAIR AND MAINTENANCE	2,846,157.07-	2.13	1,126,210.83-	.86	152.72
1,336,505.22-	6.60	1,637,276.12-	7.99	MISC	8,229,590.74-	6.17	9,840,631.19-	7.53	16.37-
2,127,113.03-	10.51	2,030,598.35-	9.91	RETIREMENT SYSTEM CONTRIBUTIO	12,913,746.56-	9.68	12,372,963.09-	9.47	4.37
64,211.12-	.32	126,123.17-	.62	MISC EMPLOYEES' BENEFITS	17,560.53	.01	15,600.29-	.01	212.57-
13,874,357.05-	68.55	14,191,354.66-	69.25	OPERATING EXPENSES	78,812,429.31-	59.11	79,938,785.76-	61.15	1.41-
4,748,712.25	23.46	3,458,573.27	16.88	NON OPERATING REVENUE AND EXPE	8,058,310.61	6.04	10,615,310.22-	8.12	175.91-
636,698.29	3.15	1,339,627.25	6.54	CONTRIBUTION IN AID	9,472,999.60	7.10	7,432,283.33	5.69	27.46
70,015.71-	.35	7,581.94-	.04	LEASE	423,724.83-	.32	15,705.15-	.01	2,598.00
5,984,338.43-	29.57	4,224,456.29-	20.62	OTHER EXPENSES	27,749,291.09-	20.81	25,911,599.03-	19.82	7.09
5,696,124.19	28.14	6,866,717.21	33.51	Change In Net Assets	43,887,880.01	32.91	21,672,026.55	16.58	102.51

Board Of Water Supply
Balance Sheet
As of December 31, 2023

Description	***** Amounts *****			***** Change *****	
	Current	Last Month End	Last Year End	This Month	This Year
ASSETS					
CURRENT ASSETS	59,946,293.52	68,579,595.13	58,503,045.89	(8,633,301.61)	1,443,247.63
RESTRICTED ASSETS	25,359,273.78	15,663,302.48	37,407,767.36	9,695,971.30	(12,048,493.58)
INVESTMENTS	685,411,939.53	671,090,734.19	668,032,334.36	14,321,205.34	17,379,605.17
OTHER ASSETS	14,404,388.62	14,531,355.29	15,897,897.88	(126,966.67)	(1,493,509.26)
PROPERTY / PLANT	1,383,788,682.12	1,381,896,702.12	1,366,608,662.06	1,891,980.00	17,180,020.06
DEFERRED OUTFLOWS OF RESOURCE	8,621,791.00	8,621,791.00	8,621,791.00	-	-
DEFERRED OUTFLOWS OF RESOURCE	36,629,171.00	36,629,171.00	36,629,171.00	-	-
ASSETS	<u>2,214,161,539.57</u>	<u>2,197,012,651.21</u>	<u>2,191,700,669.55</u>	<u>17,148,888.36</u>	<u>22,460,870.02</u>
LIABILITIES					
CURRENT LIABILITIES	26,851,522.83	23,738,058.70	63,377,444.53	3,113,464.13	(36,525,921.70)
OTHER LIABILITIES	101,249,878.81	91,403,407.14	73,651,214.50	9,846,471.67	27,598,664.31
BONDS PAYABLE, NONCURRENT	491,647,659.35	493,064,321.04	503,608,226.69	(1,416,661.69)	(11,960,567.34)
LEASE LIABILITY	4,526,857.20	4,617,367.14	5,066,042.46	(90,509.94)	(539,185.26)
NET PENSION LIABILITY	121,159,264.00	121,159,264.00	121,159,264.00	-	-
NET OPEB LIABILITY	54,855,850.00	54,855,850.00	54,855,850.00	-	-
DEFERRED INFLOWS OF RESOURCES	25,027,168.00	25,027,168.00	25,027,168.00	-	-
LIABILITIES	<u>825,318,200.19</u>	<u>813,865,436.02</u>	<u>846,745,210.18</u>	<u>11,452,764.17</u>	<u>(21,427,009.99)</u>
NET ASSETS					
RETAINED EARNINGS	214,376,611.63	243,757,268.78	224,662,337.79	-	-
FUND BALANCE	594,633,831.66	594,633,831.66	594,633,831.66	-	-
RESERVE FOR ENCUMBRANCES	535,945,016.08	506,564,358.93	525,659,289.92	-	-
CURRENT YEAR CHANGES TO FU	43,887,880.01	38,191,755.82		5,696,124.19	43,887,880.01
NET ASSETS	<u>1,388,843,339.38</u>	<u>1,383,147,215.19</u>	<u>1,344,955,459.37</u>	<u>5,696,124.19</u>	<u>43,887,880.01</u>
TOTAL LIABILITIES AND NET ASSETS	<u>2,214,161,539.57</u>	<u>2,197,012,651.21</u>	<u>2,191,700,669.55</u>	<u>17,148,888.36</u>	<u>22,460,870.02</u>

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

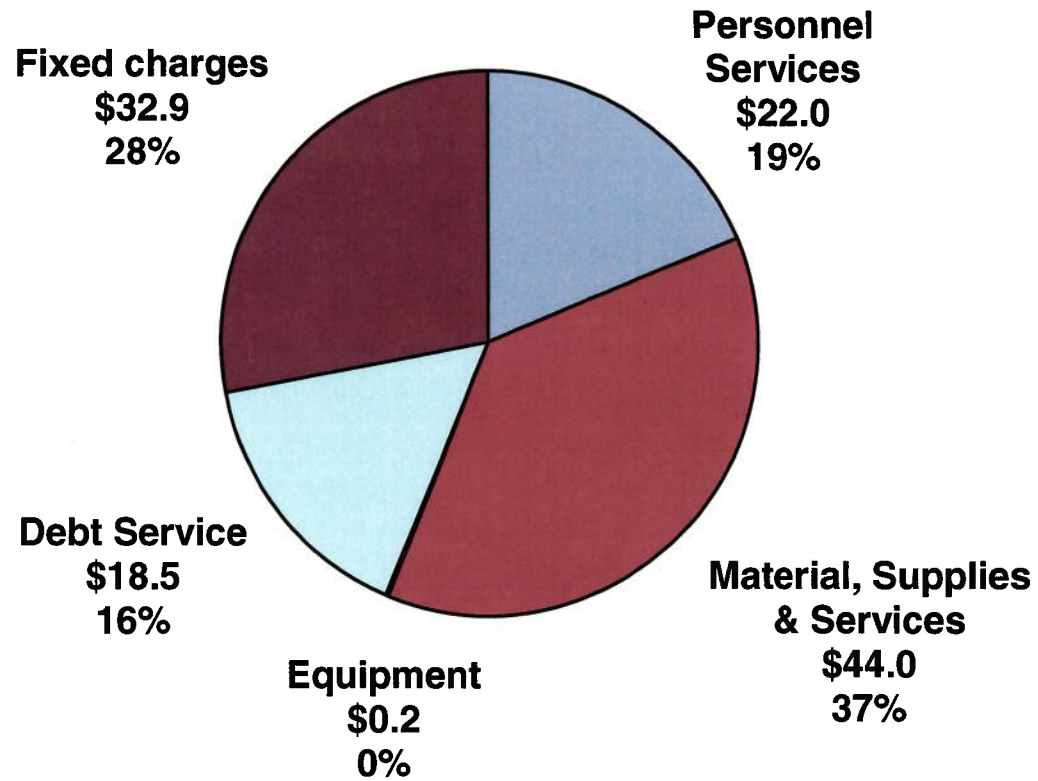
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 BUSINESS UNIT ALL

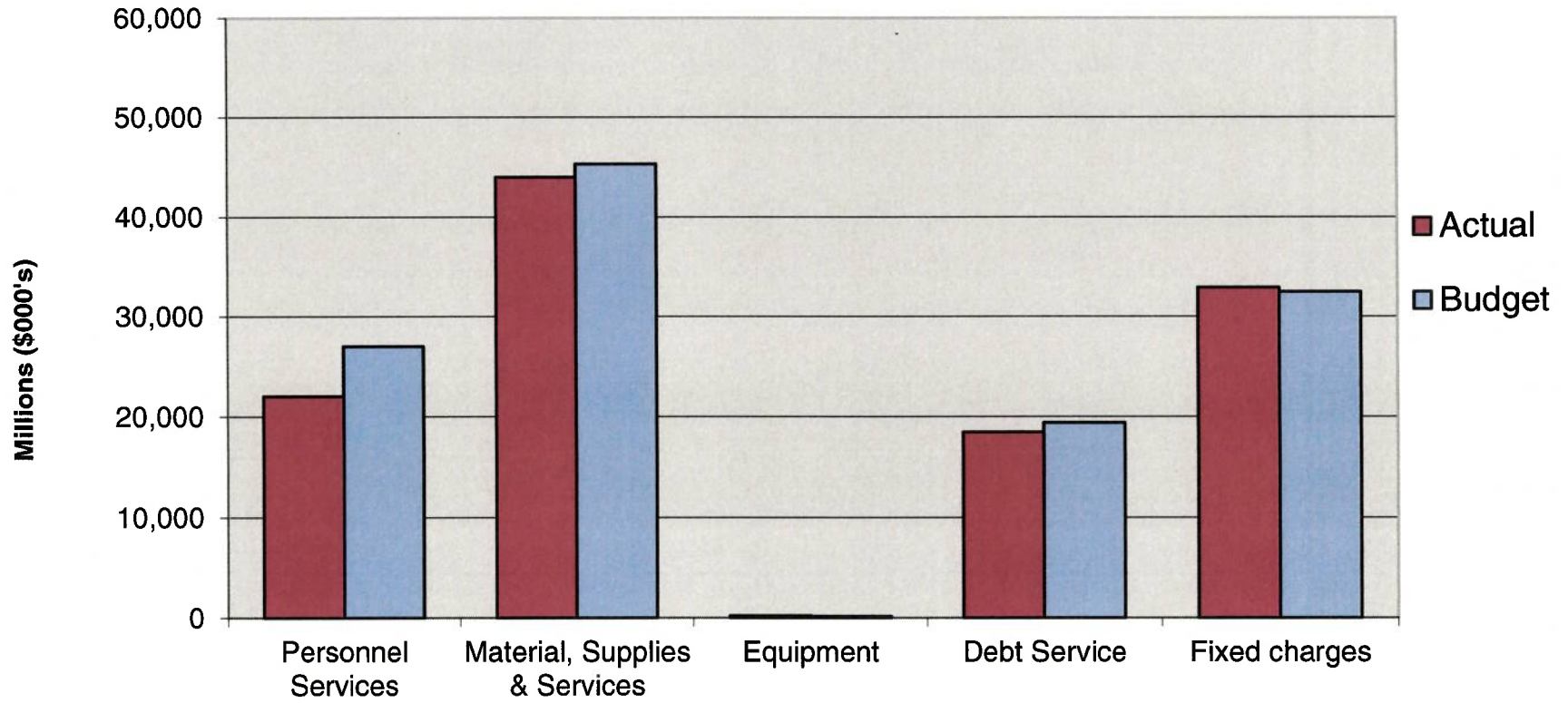
CIFIS 24820-3021
 AS OF 12/31/2023

YTD-TO-DATE				FOR THE FISCAL YEAR					
YTD Actuals	YTD Budget	Avail/ (Over)	%	Object Description	Revenues/ Expend	Open Encumb	Annual Budget	Avail/ (Over)	%
<u>140,430</u>	<u>132,685</u>	<u>(7,745)</u>	<u>5.84-</u>	<u>REVENUE</u>	<u>140,430</u>		<u>263,060</u>	<u>122,630</u>	<u>46.62</u>
				OPERATING EXPENSES:					
22,012	26,968	4,956	18.38	Personnel Services	22,012		53,925	31,913	59.18
				MATERIALS AND SUPPLIES					
21,422	26,233	4,811	18.34	Services	9,863	11,559	45,791	24,369	53.22
8,100	8,888	788	8.87	Supplies	5,841	2,259	17,214	9,114	52.95
97	187	90	48.13	Education & Training	80	17	415	318	76.63
				Utilities					
3,771	1,842	(1,929)	104.72-	Repairs & Maint	1,707	2,064	3,200	(571)	17.84-
10,596	8,169	(2,427)	29.71-	Misc	4,631	5,965	15,919	5,323	33.44
235	144	(91)	63.19-	Equipment	15	220	2,563	2,328	90.83
18,460	19,413	953	4.91	Debt Service	18,460		38,222	19,762	51.70
				FIXED CHARGES:					
15,838	16,373	535	3.27	Utilities	15,838		32,750	16,912	51.64
1,650	1,650			Case Fees	1,650		3,300	1,650	50.00
8,432	8,006	(426)	5.32-	Retirement System Contribution	8,432		15,500	7,068	45.60
6,979	6,441	(538)	8.35-	Misc Employees' Benefits	6,519	460	12,888	5,909	45.85
<u>117,592</u>	<u>124,314</u>	<u>6,722</u>	<u>5.41</u>	<u>TOTAL OPERATING EXPENDITURES</u>	<u>95,048</u>	<u>22,544</u>	<u>241,687</u>	<u>124,095</u>	<u>51.35</u>
<u>22,838</u>	<u>8,371</u>	<u>(14,467)</u>		<u>NET REVENUES (EXPENDITURES)</u>	<u>45,382</u>	<u>(22,544)</u>	<u>21,373</u>	<u>(1,465)</u>	

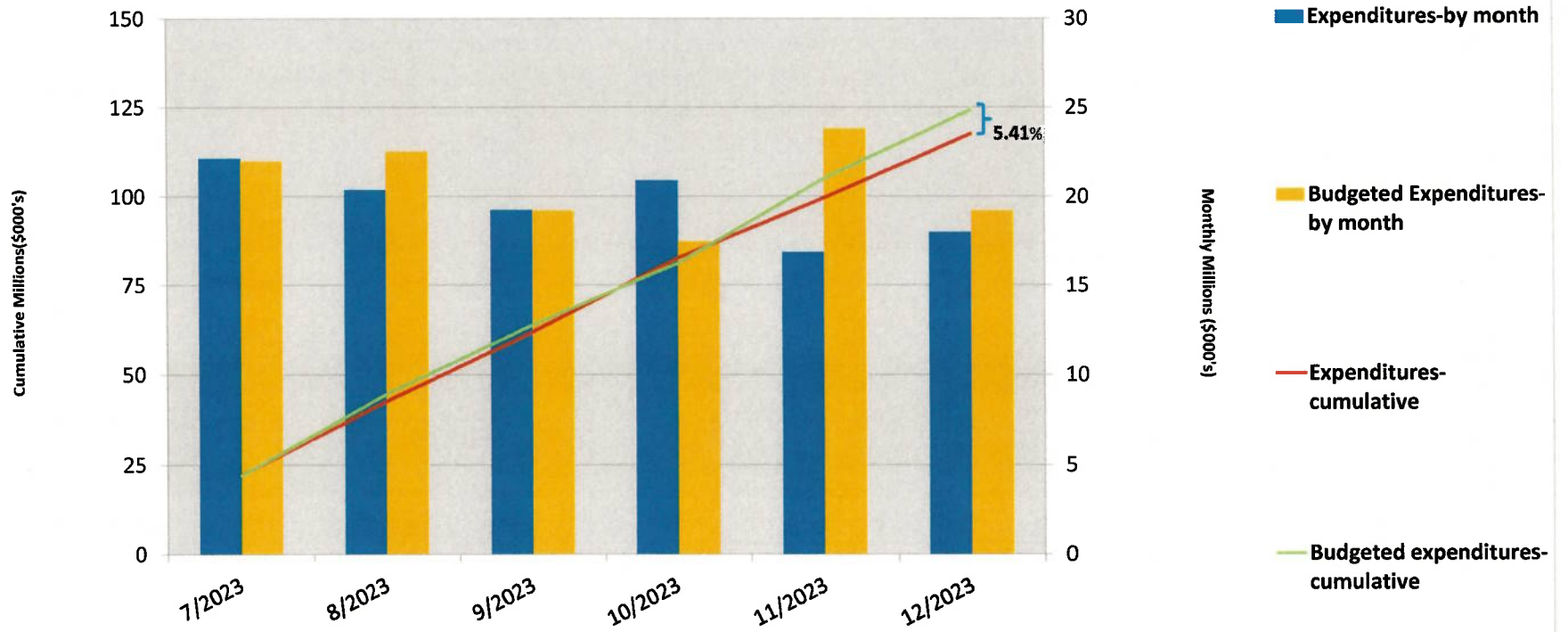
Total Operating Expenditures - \$117.6
As of December 31, 2023
(millions of dollars)



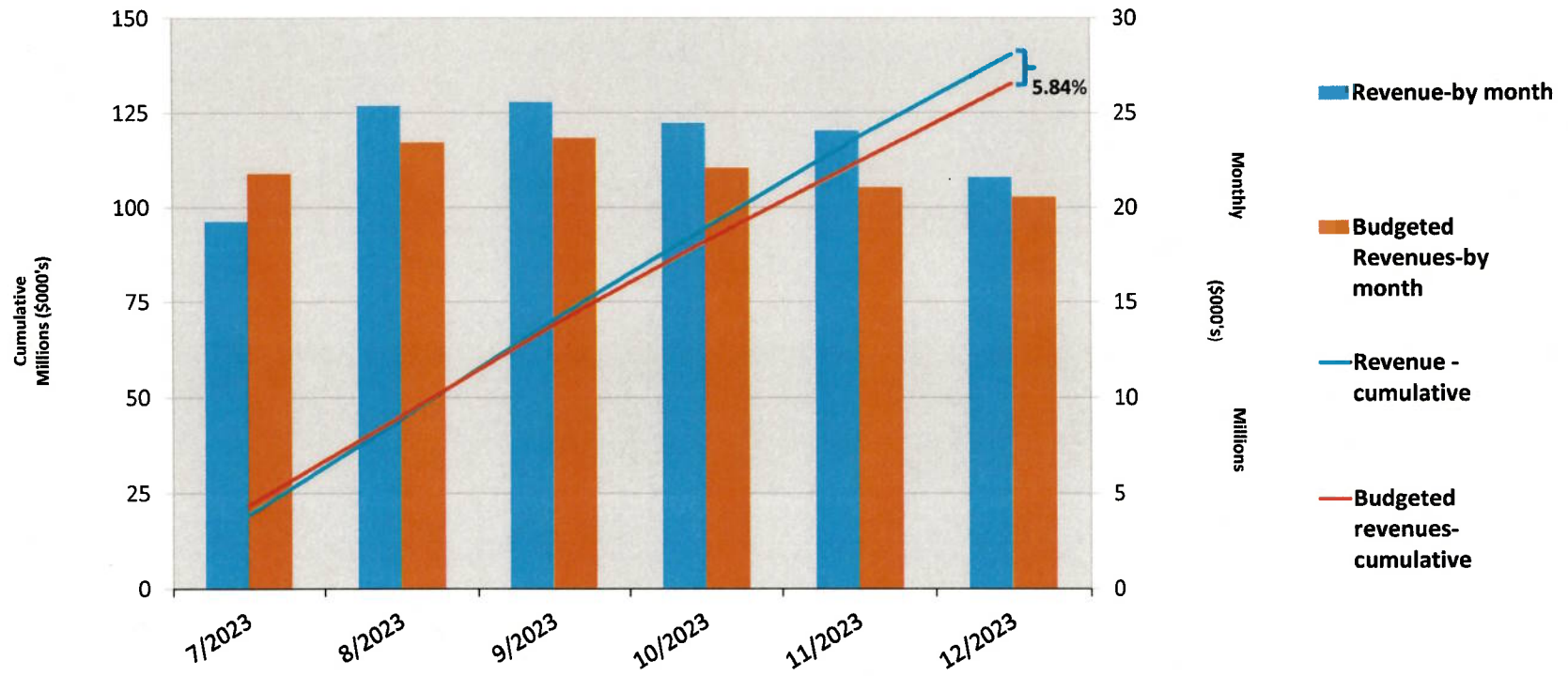
**Operating Expenditures by Category (Budget vs. Actual)
As of December 31, 2023**



BUDGETED OPERATING EXPENDITURES FY 2024

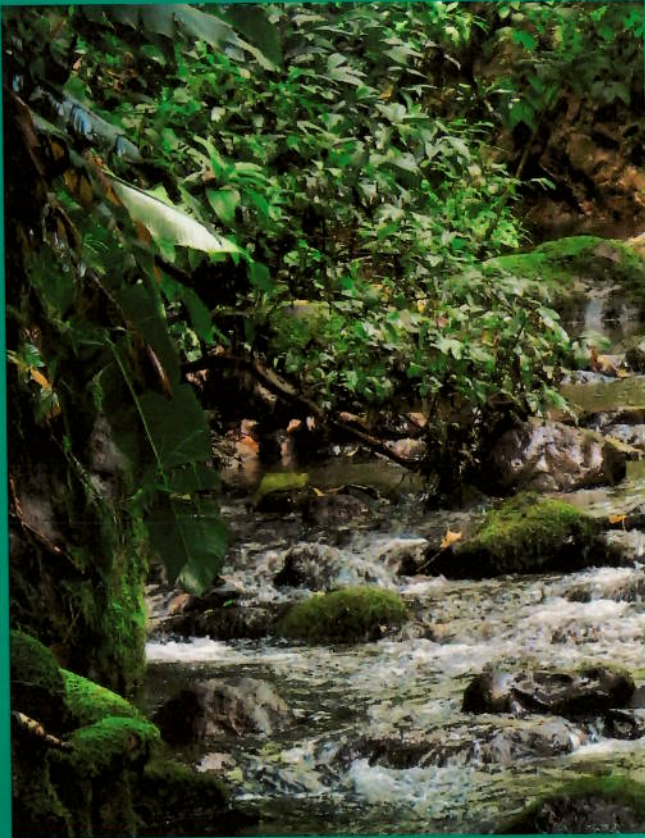


BUDGETED OPERATING REVENUES FY 2024



Budget vs. Actual
Revenue and Expense Totals
As of December 31, 2023

	YTD Actuals	YTD Budget	Favorable/ (Unfavorable) Variance
Revenues	140,430	132,685	7,745
Operating Expenses	(117,592)	(124,314)	6,722
Net Revenues (expenditures)	<u>22,838</u>	<u>8,371</u>	<u>14,467</u>



FINANCIAL PERFORMANCE JULY 2023–DEC 2023

Kaliko Lum Kee
February 26, 2024
boardofwatersupply.com



BUDGET TO ACTUAL JULY 2023 – DEC 2023

- Actual Revenue \$140.4 million vs.
- Budgeted Revenue \$132.7 million

- Operating costs are \$117.6 million vs.
- Budgeted costs of \$124.3 million

- Actual Net Revenue \$22.8 million vs.
- Budgeted Net Expenditures \$8.4 million



COST DRIVERS

Year to Date Dec 2023

	Actual (millions)	Budget (millions)
• Personnel	\$22.0	\$26.9
• Material, Supplies & Services	\$43.9	\$45.3
• Equipment	\$ 0.2	\$ 0.1
• Debt Service	\$18.5	\$19.4
• Utilities	\$15.8	\$16.3



OPERATING BUDGET VS ACTUAL

FY2024 2ND QUARTER - YEAR TO DATE: JUL 23 – DEC 23

BUDGETED EXPENDITURES ARE \$124.3M VS. ACTUAL EXPENDITURES OF \$117.6M
OF THE \$6.7M VARIANCE...

Field Operations - \$2.8M Under Budget

- Salaries and Wages (\$1.8M Under)
- Other Contractual (\$1.1M Under)

Information Technology - \$2M Under Budget

- Other Contractual Services (\$1.2M Under)
- Software and Licenses (\$843K Under)

Capital Projects - \$2M Under Budget

- Professional Services (\$1.2M Under)
- Salaries and Wages (\$603K Under)

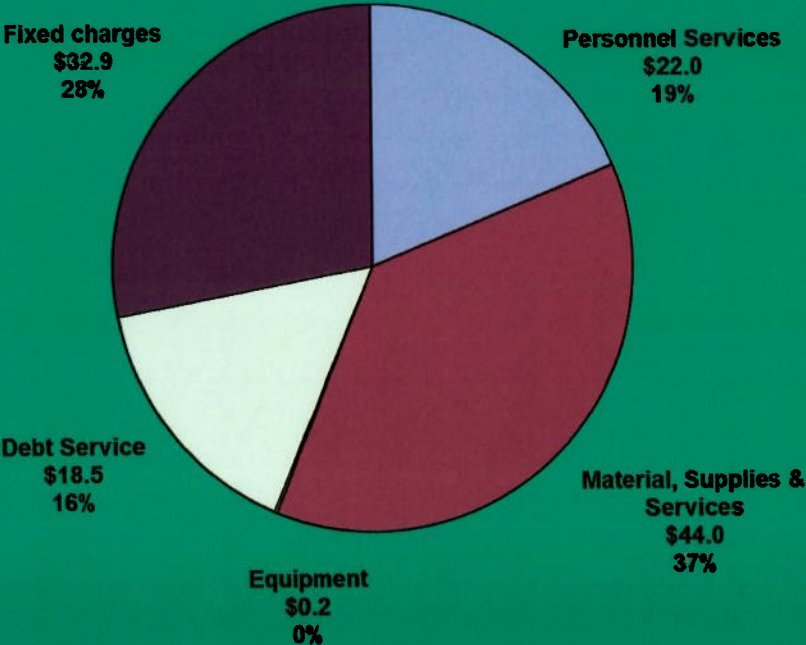
Customer Care - \$720K Under Budget

- Salaries and Wages (\$321K Under)
- Collection Fees (\$220K Under)

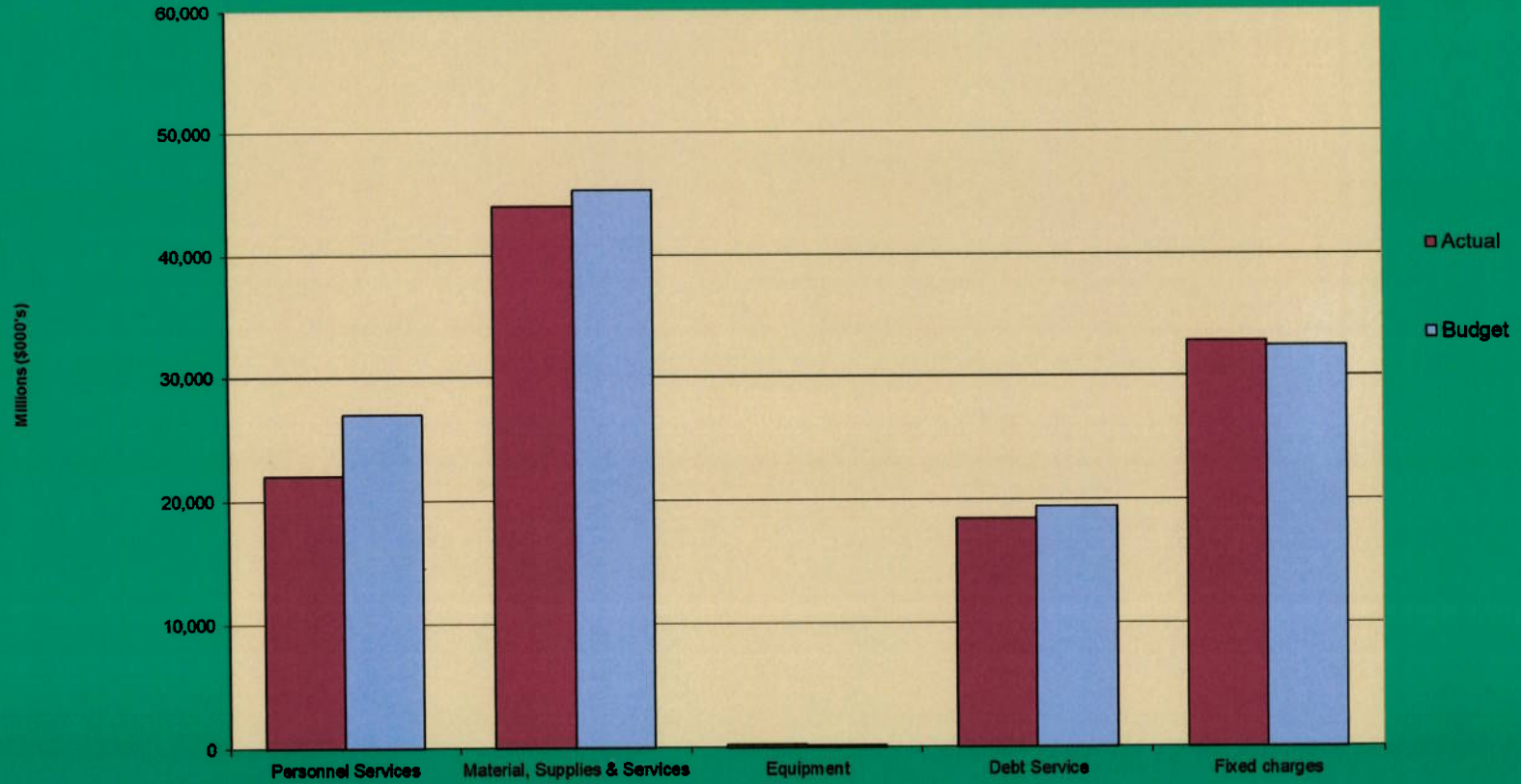
...Variances May Be Due to Posting Timing Differences



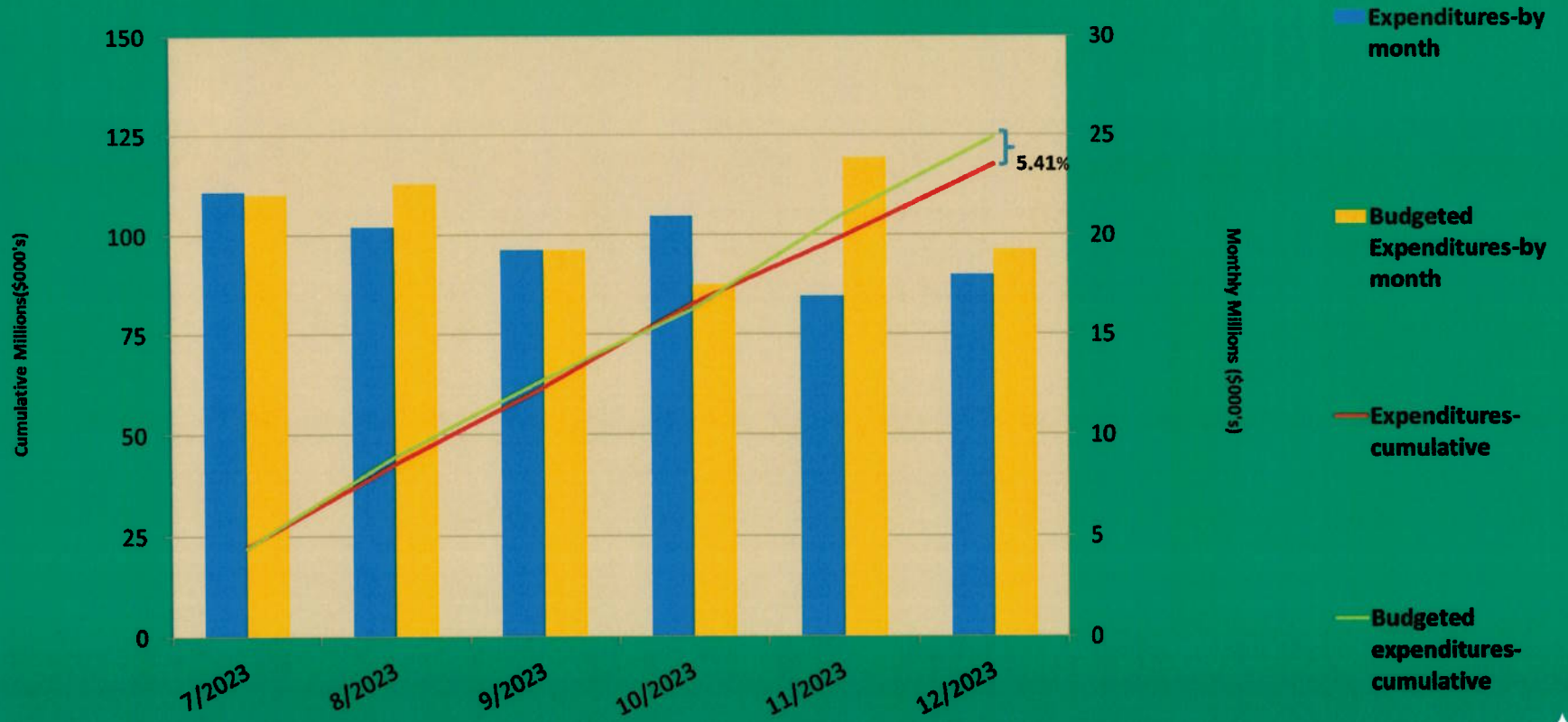
Total Operating Expenditures - \$117.6
As of December 31, 2023
(millions of dollars)



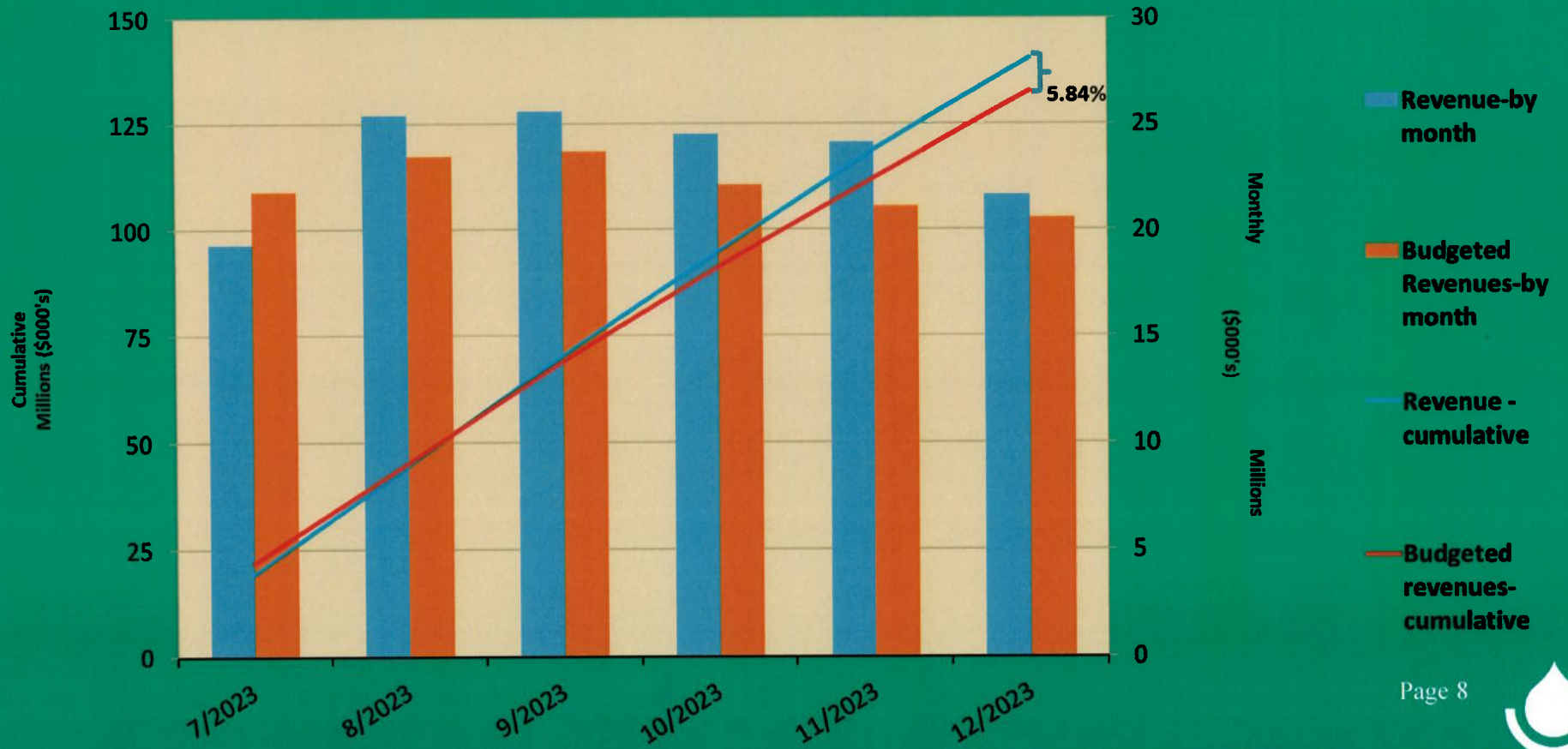
Operating Expenditures by Category (Budget vs. Actual)
As of December 31, 2023



BUDGETED OPERATING EXPENDITURES FY 2024



BUDGETED OPERATING REVENUES FY 2024





Mahalo!

BOARD OF WATER SUPPLY

WWW.BOARDOFWATERSUPPLY.COM

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ITEM FOR INFORMATION NO. 3

"February 26, 2024

CAPITAL
IMPROVEMENT
PROGRAM
QUARTERLY
UPDATE

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

Chair and Members:

Subject: Capital Improvement Program Quarterly Update

Jadine Urasaki, Acting Program Administrator, Capital Projects Division,
will provide an update on the Capital Improvement Program.

Respectfully Submitted,

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

Attachment"

The foregoing was for information only.

DISCUSSION:

Jadine Urasaki, Acting Program Administrator, gave the report. There were no comments or discussion.

Chair Anthony referred back to the first slide of the presentation and the number of ongoing projects, which is associated with Board Member Andaya's concern. He asked how many BWS staff members track all the construction projects.

Ms. Urasaki stated there are four branch heads: 1) the Design and Plans Support Branch, 2) the Review Branch, 3) the Mechanical and Electrical Branch, and 4) the Construction Branch.

Manager Lau shared that the BWS continues to be challenged with 16 engineer vacancies in the Capital Projects Division, with hopes that two of those positions will be filled soon.

Manager Lau also shared that Ms. Urasaki would be leaving the BWS. He praised and thanked her for helping discipline and structure the Capital Program Division.

Ms. Urasaki thanked the Board for supporting the BWS through its challenges.

Chair Anthony and Board Members all thanked Ms. Urasaki for her service.

Quarterly Capital Improvement Program Status Report
All Divisions
as of December 31, 2023

Quarter Awarded	JUL - SEP		OCT - DEC		JAN - MAR		APR - JUN		Awarded to Date	Total Budgeted
Design Contracts Awarded (#/\$)	0		1	\$ 300,000.00					\$ 300,000.00	\$ 13,160,000.00
Construction Contracts Awarded (#/\$)	4	\$ 6,193,388.00	5	\$ 64,798,367.00					\$ 70,991,755.00	\$ 165,940,000.00
Land Purchases (#/\$)										\$ -
Project Totals	4	\$6,193,388.00	6	\$65,098,367.00	0	\$0.00	0	\$0.00	\$71,291,755.00	\$179,100,000.00

Quarter Completed	JUL - SEP		OCT - DEC		JAN - MAR		APR - JUN		Totals
Design Contracts Completed (#/\$)	1	\$ 89,840.00	0						\$ 89,840.00
Construction Contracts Completed (#/\$)	7	\$ 4,596,105.15	1	\$ 168,398.00					\$ 4,764,503.15
Totals	8	\$4,685,945.15	1	\$168,398.00	0	\$0.00	0	\$0.00	\$4,854,343.15

Ongoing Projects	
Ongoing Design Projects (#)	240
Ongoing Design Projects (\$)	\$105,078,440.09
Ongoing Construction Projects (#)	133
Ongoing Construction Projects (\$)	\$351,245,138.02



Quarterly Capital Improvement Program Status Report
All Divisions

DESIGN AND CONSTRUCTION PROJECTS AWARDED - SECOND QUARTER FY 2024

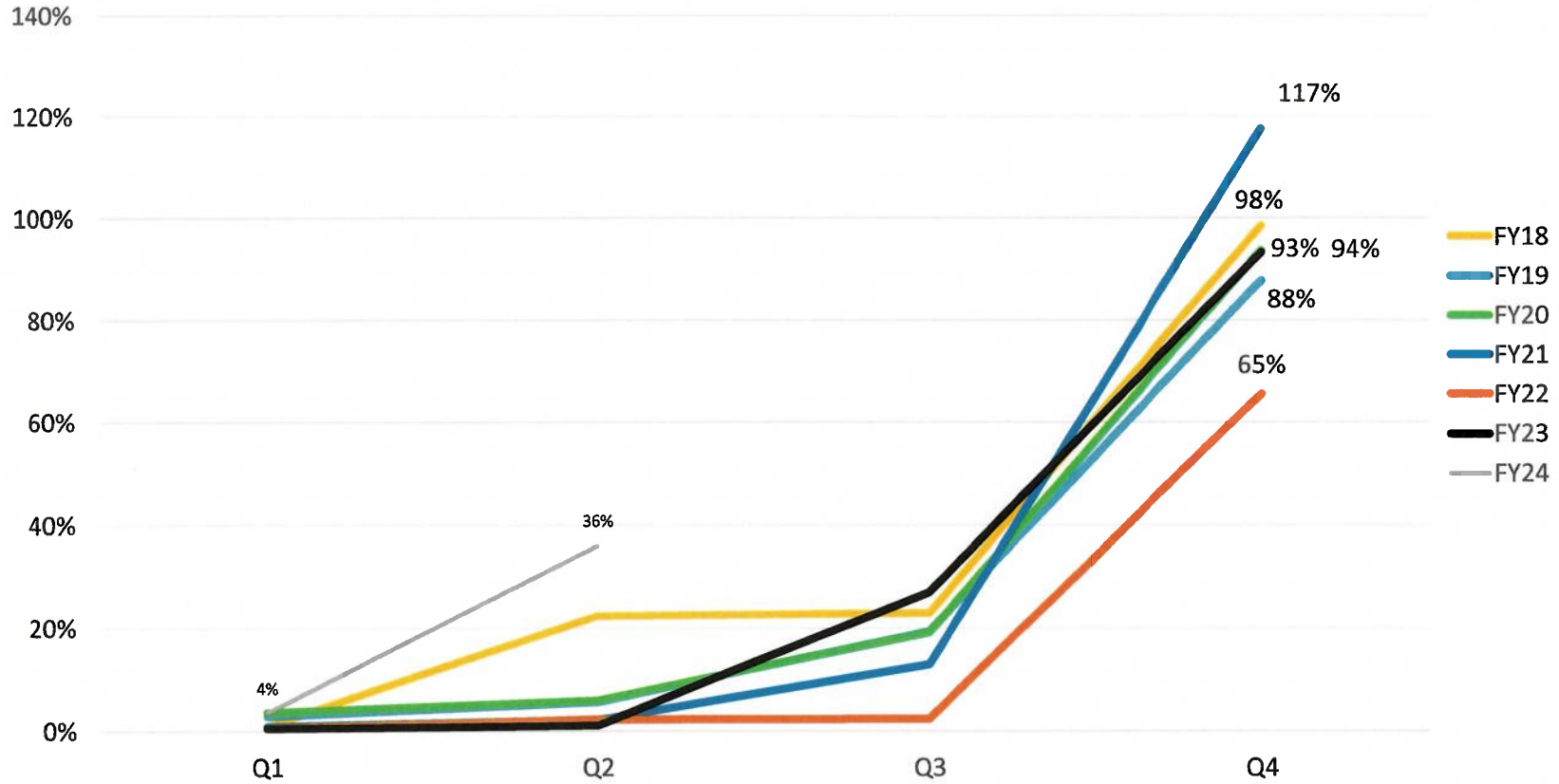
Item #	Project Title	Expend Type	Budget Amount	Awarded
005	Kunia Booster Pump 2 Replacement	CONST	\$138,547.00	\$ 138,547.00
005	Kalihi Uka Booster Unit 1 Replacement	CONST	\$226,320.00	\$ 226,320.00
013	Halupa Street Water System Improvements	CONST	\$4,230,000.00	\$ 4,230,000.00
028	Beretania SCADA Alarms	CONST	\$203,500.00	\$ 203,500.00
029	Pump Station Instrumentation & Controls and SCADA Upgrade	P&E	\$300,000.00	\$ 300,000.00
040	Kalaeloa Sea Water Desalination Facility	CONST	\$60,000,000.00	\$ 60,000,000.00
2nd Quarter totals			\$65,098,367.00	\$65,098,367.00

DESIGN AND CONSTRUCTION PROJECTS COMPLETED - SECOND QUARTER FY 2024

Job #	Project Title	Completion Date	Contract Amount
22-026B	Kailua Heights Iwi Kupuna Reinterment	10/3/2023	\$ 168,398.00
2nd Quarter totals			\$168,398.00



Cumulative % Budget Execution by Quarter



ITEM FOR INFORMATION NO. 4

“February 26, 2024

FINANCIAL
STATEMENTS AND
SUPPLEMENTARY
INFORMATION
WITH
INDEPENDENT
AUDITORS’
REPORT,

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

Chair and Members:

Subject: Financial Statements and Supplementary Information
With Independent Auditors’ Report, Fiscal Year Ended
June 30, 2023

Our auditors, Accuity LLP, have completed the audit of the financial statements and federal awards of the Board of Water Supply and issued an unmodified opinion. They have indicated that there were no material weaknesses or significant deficiencies on internal control over the financial statements.

Attached are copies of the financial statements of the Board of Water Supply and the reports thereon by Accuity LLP, covering the results of their examination of the accounts and financial status of the Board of Water Supply for the year ended June 30, 2023, as required under Article VII, Section 7-108 of the Revised Charter, are also attached.

Donn Nakamura and Matthew Oda from Accuity LLP will present the required communications and highlights from the auditors’ report.

Respectfully Submitted,

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

Attachment”

The foregoing was for information only.

DISCUSSION: Donn Nakamura and Matthew Oda, Accuity LLP, gave the report. There were no comments or discussion.



ACCUITY

Board of Water Supply

City and County of Honolulu

June 30, 2023 Audit Results
Presentation to the Board

February 26, 2024

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Scope of Services

- Provide an opinion on the fair presentation of the Board of Water Supply's ("BWS") financial statements.
- Consider the BWS's internal control over financial reporting in relation to our audit of the financial statements.
- Perform tests of the BWS's compliance with certain provisions of laws, regulations, contracts and grant agreements in relation to the financial statements.
- Provide an opinion on BWS's compliance with requirements related to major federal programs in accordance with the Office of Management and Budget's ("OMB") Compliance Supplement and consider internal control over compliance.

Financial Statement Highlights

- Net position increased by \$46.0 million in fiscal year 2023 compared to the \$30.8 million increase in fiscal year 2022. In fiscal 2023, the decrease in the fair value of investments decreased by \$23.1 million, contributions in aid of construction increased \$3.1 million, while operating revenues decreased by \$3.6 million, and operating expenses increased by \$7.6 million.
- Unrestricted current assets at June 30, 2023 of \$280.2 million exceeded total current liabilities by \$175.5 million.
- Net capital assets increased by approximately \$31.7 million primarily due to current year construction activity, offset by current year depreciation expense.
- Net pension liability was \$121.2 million as of June 30, 2023, an increase of \$14.4 million from the prior year-end.
- Net OPEB liability was \$30.9 million as of June 30, 2023, a decrease of \$11.9 million from the prior year-end.
- Refundable advances increased by \$25.3 million due to ARPA Fiscal Recovery funds received in the current year but unspent as of fiscal year-end.
- Notes payable increased by \$12.2 million due to new SRF loans in the current year.

Required Communications



Matter to be communicated

Auditors' responsibility under Generally Accepted Auditing Standards. The auditors' level of responsibility assumed for internal controls, whether the financial statements are free of material misstatement, and the detection of fraud should be communicated.

Overview of the planned scope of the audit. The overview of the planned scope and timing of the audit should be communicated to those charged with governance.

Significant risks of material misstatement as part of our audit planning.

Our response

Our primary responsibility as the BWS's independent auditors is to evaluate and report on the fairness of the BWS's financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Based upon the results of our audit, which was performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, we issued an unmodified opinion on the BWS's financial statements.

This was communicated in our Contract No. C22590001 dated February 7, 2022.

We identified the following significant risks of material misstatement during the planning phase of our audit:

- Improper revenue recognition due to fraud.
- Management override of controls.
- Improper classification of capital assets.

There were no additional, or changes to, significant risks identified during the audit.

Required Communications



Matter to be communicated

Significant accounting policies, including critical accounting policies, and the auditors' judgment about the quality of accounting principles. The entity's initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus should be communicated to those charged with governance.

Management judgments and accounting estimates. Those charged with governance should be informed about the process used by management in formulating sensitive accounting estimates and about the auditors' conclusions regarding the reasonableness of those estimates.

Our response

The significant accounting policies used by BWS are disclosed in Note 2 to the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was adopted effective July 1, 2022. BWS does not have any such agreements as of June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was adopted effective July 1, 2022. The adoption resulted in the recording of subscription assets, and subscription liabilities, related to IT arrangements at July 1, 2022, but did not result in the restatement of beginning net position.

The more difficult and subjective judgments and estimates were:

- Allowance for uncollectible receivables.
- Depreciation and useful lives of capital assets.
- Calculation of net pension benefits, net other postemployment benefits, and workers' compensation liabilities.

Management's estimates were evaluated and appeared to be reasonable.

Required Communications

Matter to be communicated

Significant unusual transactions. Those charged with governance should be informed about the auditors' view on the policies and practices that management used to account for significant unusual transactions and the auditors' understanding of the business purpose for the significant unusual transactions.

Audit adjustments. All significant financial statement adjustments arising from the audit or proposed during the audit and any uncorrected misstatements that were determined to be immaterial by management, individually and in the aggregate, should be communicated to those charged with governance.

Potential effect on the financial statements of any significant risks and exposures. Those charged with governance should be aware of major risks and exposures facing the BWS and how they are disclosed.

Matters that are difficult or contentious for which the auditors consulted outside the engagement team and that are, in the auditors' professional judgment, significant and relevant to those charged with governance regarding their responsibility to oversee the financial reporting process.

Our response

No significant unusual transactions were noted during our audit.

Summaries of the adjusting and reclassifying journal entries arising from our audit were attached to the management representation letter.

No uncorrected misstatements above our de minimis were noted.

Risk and exposure related to the Red Hill Bulk Fuel Storage Facility are disclosed in the audited financial statements.

No such matters noted during our audit.

Required Communications

Matter to be communicated

Material uncertainties related to events and conditions, specifically going concern issues. Any doubt regarding the BWS's ability to continue as a going concern and any other material uncertainties should be communicated.

Other information in documents containing audited financial statements. Those charged with governance should be informed of the auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.

Disagreements with management. Disagreements with management, whether or not satisfactorily resolved, about matters that could be significant to the BWS's financial statements or the auditors' report should be communicated.

Consultation with other accountants. When the auditors are aware that management has consulted with other accountants about significant accounting or auditing matters, the auditors' view about the consultation subject should be communicated to those charged with governance.

Major issues discussed with management prior to retention. Any major accounting, auditing or reporting issues that were discussed with management in connection with our retention.

Our response

No issues related to BWS's ability to continue as a going concern or other material uncertainties were noted.

The BWS's audited financial statements will be included in the online submission of the single audit with the Federal Audit Clearinghouse.

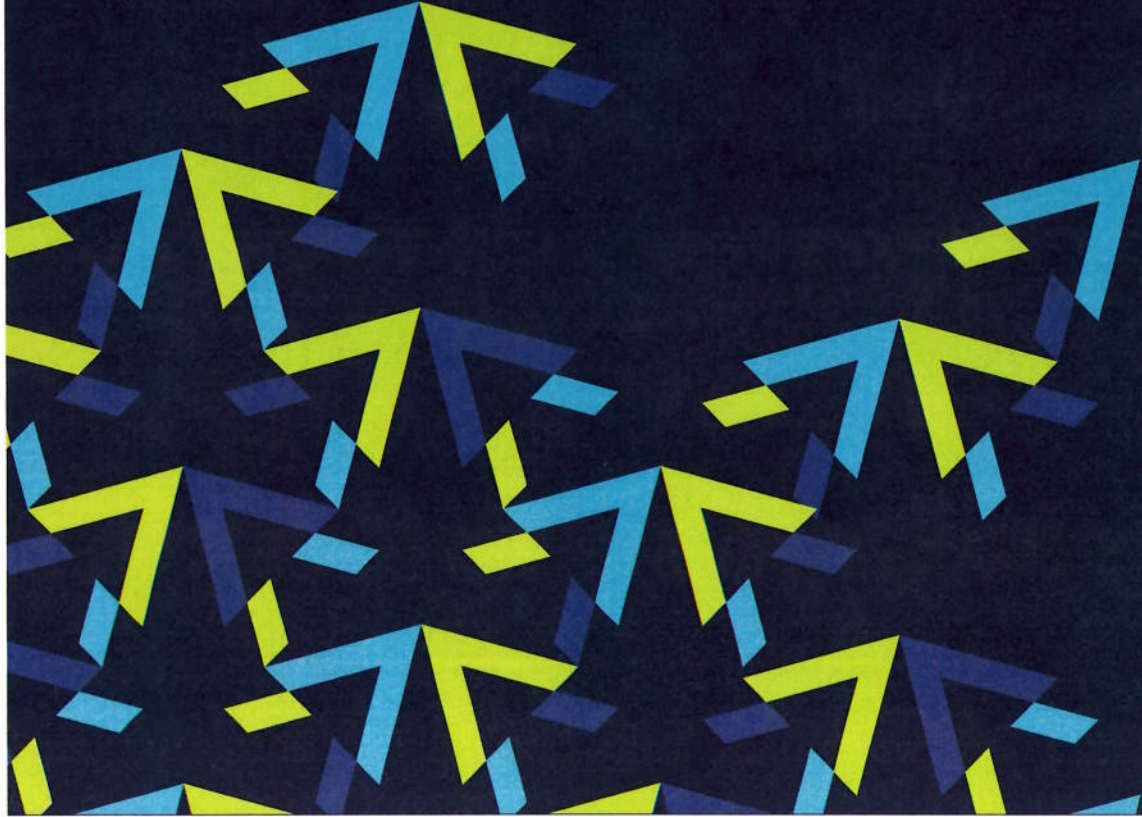
There were no disagreements with management.

We know of no such consultations made by management.

There were no major issues discussed with management prior to our retention.

Required Communications

Matter to be communicated	Our response
<p>Difficulties encountered in performing the audit. Serious difficulties encountered in dealing with management that related to the performance of the audit are required to be brought to the attention of those charged with governance.</p>	<p>There were none.</p>
<p>Internal control deficiencies. Those charged with governance should be informed of any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.</p>	<p>There were no material weaknesses or significant deficiencies reported.</p>
<p>Fraud or illegal acts. Fraud or illegal acts involving senior management or those responsible for internal controls or causing a material misstatement of the financial statements where the auditors determine there is evidence that such fraud may exist should be communicated. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.</p>	<p>We are not aware of any fraud or illegal acts.</p>
<p>Independence. The auditors should communicate all relationships between the Firm and the BWS that, in our professional judgment, may reasonably be thought to bear on our independence.</p>	<p>We confirm that, in our professional judgment, we are independent accountants within the meaning of the Code of Professional Conduct of the American Institute of Certified Public Accountants and <i>Government Auditing Standards</i>.</p>
<p>Representations requested from management. Those charged with governance should be informed of the representations that the auditors are requesting from management.</p>	<p>Management representation letter is available upon request.</p>



ACCUITY

FIRST HAWAIIAN CENTER

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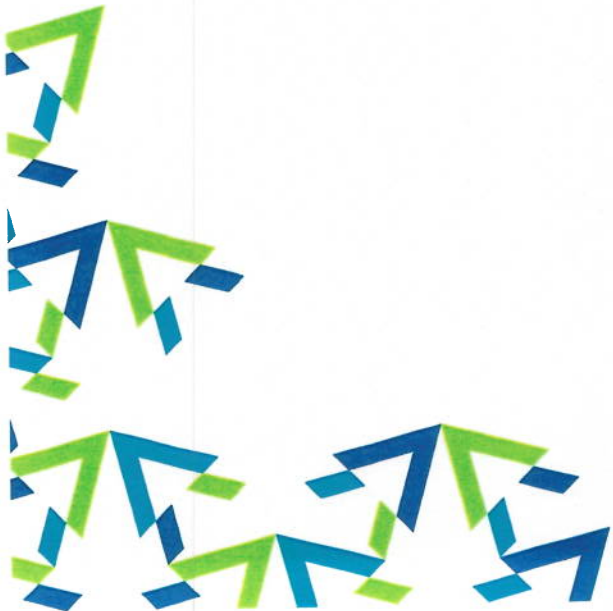
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**Board of Water Supply
City and County of Honolulu**

Financial Statements and Supplementary Information

June 30, 2023



**Board of Water Supply
City and County of Honolulu
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June 30, 2023**

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Board of Water Supply

City and County of Honolulu

Introduction (Unaudited)

Year Ended June 30, 2023

The Board of Water Supply of the City and County of Honolulu (“BWS”) is pleased to present its Annual Financial Report for fiscal year 2023. This introduction provides a brief overview of the mission, organization, and operations of the BWS. The following management’s discussion and analysis is intended to provide the reader with an easily understandable analysis of the BWS’s financial performance and all aspects of its financial position. Financial statements presenting the financial position, results of operations, and cash flows of the BWS in conformity with accounting principles generally accepted in the United States of America, accompanied by the independent auditors’ report, follows the management’s discussion and analysis.

History of the Board of Water Supply

The BWS was created in 1929 by the Territorial Legislature in response to public outcry for a truly effective water management system that was not influenced by politics. The 1929 Legislature passed Act 96 to create and define the powers and duties of the Honolulu Board of Water Supply. Although it remained as a department of the City and County of Honolulu (the “City”), the BWS was designed to be a semi-autonomous and self-supporting agency with the authority to charge for water usage to support its capital improvement and operating expenses and set long-term plans for Oahu’s water future.

Powers, Duties and Functions

The BWS manages Oahu’s municipal water resources and distribution system, providing residents with a safe, dependable and affordable drinking water supply. The BWS is the largest municipal water utility in the state of Hawaii. In fiscal year 2023, the BWS delivered potable and non-potable water to approximately one million customers on Oahu. The BWS carefully and proactively manages and invests in its intricate system, consisting of 94 active potable water sources, 172 reservoirs, and over 2,100 miles of pipeline.

The BWS is a financially self-sufficient, semi-autonomous agency of the City. Its operations and projects are financed with revenues generated by water transmission and distribution fees. It receives no tax money from the City. The BWS also pursues federal and state grants to help subsidize BWS projects.

The BWS is governed by a Board of Directors (“Board”), consisting of seven members. Five members are appointed by the Mayor and are confirmed by the Honolulu City Council. The remaining two serve in their capacities as the Director of the State Department of Transportation, and the Director and Chief Engineer of the City’s Department of Facility Maintenance. The Board appoints the BWS Manager and Chief Engineer to administer the BWS.

The BWS consists of the following ten divisions: Capital Projects Division, Customer Care Division, Field Operations Division, Finance Division, Information Technology Division, Land Division, Office of the Manager and Chief Engineer, Water Quality Division, Water Resources Division, and Water System Operations Division. There are also three staff offices in the Office of the Manager and Chief Engineer: Executive Support Office, Human Resources Office, and the Communications Office.

Vision

‘Ka Wai Ola – Water for Life’ – The vision of the BWS captures the critical need for water, which is the basis for life. With this vision comes the responsibility of the BWS’s stewardship of, and duty to manage, our natural water resources and watersheds for present and future generations.

**Board of Water Supply
City and County of Honolulu
Introduction (Unaudited)
Year Ended June 30, 2023**

Mission

The BWS mission is to provide a safe, dependable and affordable water supply now and into the future, focusing in three strategic areas: resource, operational and financial sustainability.

- **Resource Sustainability (Safe)** – Protect and manage Oahu’s water resources and watersheds now and into the future through adaptive and integrated strategies.
- **Operational Sustainability (Dependable)** – Manage and continuously refine an effective organization that can evolve and adapt its human and physical resources to provide dependable services.
- **Financial Sustainability (Affordable)** – Implement sound fiscal strategies to support our mission.

Accomplishments

BWS employees work diligently to provide safe, dependable and affordable water service to customers by concentrating their efforts to achieve the BWS’s strategic goals:

- **Resource Sustainability (Safe)**
 - Conducted 18,323 chemical tests, 21,329 microbiological tests, and collected 24,912 samples from BWS sources, distribution systems and treatment facilities to ensure all water served is safe to drink; tests performed during fiscal year 2023 include regulatory compliance testing, groundwater quality testing, and response to customer inquiries about water quality.
 - Responded, and continue to respond, to the Navy’s Red Hill Underground Bulk Fuel Storage Facility crisis that resulted in the closure of Hālawā Shaft, one of O’ahu’s largest pumping stations, and two additional wells in the ‘Aiea/Hālawā area; awarding of a design contract for exploratory wells in Waikele Gulch and construction contracts for exploratory wells in Mānoa and in ‘Aiea as possible replacement sources for the Hālawā Shaft due to the Red Hill fuel contamination.
 - In June 2023, BWS completed its annual production and delivery of the Consumer Confidence Report (“CCR”), also known as the Water Quality Report, to all BWS customers. The report provides information on the quality of the water delivered from the BWS system and was mailed to all customers on record and is also available at www.boardofwatersupply.com. The BWS also placed ads in Honolulu newspapers, including various ethnic language publications, to inform community members of the distribution.
 - Issued \$173,633 in rebates and achieved an estimated freshwater savings of more than 11 million gallons per year through the BWS water conservation rebate program for efficient toilets, clothes washing machines, rain barrels, and weather-based irrigation controllers.
 - The BWS sponsored its 45th annual Water Conservation Week Poster Contest and the 15th annual Water Conservation Week Poetry Contest with 653 posters and 134 poems from 27 Oahu schools, focused on the theme “How Do you Save Water?” All winning entries will be featured in the 2024 Water Conservation Calendar scheduled for distribution in December 2023.

Board of Water Supply
City and County of Honolulu
Introduction (Unaudited)
Year Ended June 30, 2023

- **Operational Sustainability (Dependable)**

- Responded to 353 main breaks, or about 17 breaks per 100 miles of pipeline, and conducted leak detection surveys for 285 points of interest, which resulted in the Leak Detection Team finding and repairing 428 leaks before major property damages or system interruptions occurred.
- BWS staff helped protect O’ahu’s water resources and prevent damage to BWS infrastructure by handling 7,404 One Call underground pipeline location requests and providing in-field support for 609 water line leaks and breaks. In fiscal year 2023, 15,062 meter investigations were conducted to ensure accurate and timely billing and assisted 3,735 customers with concerns about bills reflecting high water consumption. BWS staff assisted 100,452 customers: 72,336 (72%) by phone; 14,780 (15%) via web requests; 11,826 (11%) via ePortal service orders, and 1,510 (2%) in-person.

- **Financial Sustainability (Affordable)**

- The BWS Series 2023 water revenue bonds are rated AAA by S&P Global and AAA by Fitch Ratings. This allows the board to access capital financing at reasonable rates.
- As of June 30, 2023, made appropriations of nearly \$91 million in construction contracts and more than \$9 million in professional service contracts for projects to maintain and improve water system facilities, including well and booster stations, reservoirs and corporation yards, and for the systematic replacement of aging and deteriorated water mains and improvements for fire protection.
- Initiated design work for future construction of more than 14 miles of water main replacements in the Hale’iwa, Kaimukī, Kāne’ohe, Kapahulu, Liliha, Makiki, Nu’uanu, Sunset Beach, and Wahiawā areas.
- Initiated design work for more than three miles of water main replacements in the Ka’a’awa, Kāhala, Kapolei, Moanalua and Wailupe Valley areas. Awarded contracts for the construction of over 6.2 miles of water main in Diamond Head, Kalama Valley, Moanalua, Nu’uanu, Pālolo Valley, and Waikīkī.
- Awarded design and construction contracts for renovations and improvements of the following BWS facilities: ‘Ālewa Heights Booster No. 2, Barbers Point 215 Reservoir No. 1, Diamond Head 180 Reservoir, ‘Ewa Shaft Tunnel, Hālawā 550 Reservoir, Hālawā Xeriscape Garden, Hale’iwa Wells, Honouliuli Wells, Honouliuli Wells II, Ka’ahumanu Wells, Kailua Heights Booster, Kalihi Corporation Yard, Kapālama Wells, Kunia Wells I, Kunia Wells II, Luluku Wells, Makakilo Booster No. 1, Makakilo Wells, Mānana Wells, Mililani 1150 Reservoir No 1, Mililani 685 Reservoir, Mililani 994 Reservoir Nos. 1 and 2, Mililani Wells III, Mililani Wells IV, Niu Valley Booster No. 1, ‘Ōpana Wells, Pearl City Booster No. 3, Punalu’u Wells III, Punanani Wells, Pūpūkea 600 Reservoir, Wahiawā 994 Reservoir, Wai’alae Iki 1300 Reservoir, Waihe’e 265 Reservoir, Waimānalo 364 Reservoir Nos. 1 and 2, Waipahu Wells III, Waipi’o Acres 808 Reservoir, and Waipi’o Heights Wells I.
- BWS processes payments through various methods: automatic bill payment (35.5%), lockbox (26%), online customer portal (20.5%), BWS Cashiers (12%), Call Center (2%), automated pay-by-phone (2.5%), Satellite City Hall locations (1%), and charitable organizations (0.5%).



Report of Independent Auditors

To the Board of Directors
Board of Water Supply
City and County of Honolulu

Opinion

We have audited the accompanying financial statements of the Board of Water Supply (“BWS”), a component unit of the City and County of Honolulu (the “City”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BWS’s basic financial statements as listed in the index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the BWS as of June 30, 2023, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the BWS, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the activities of the BWS, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Principle

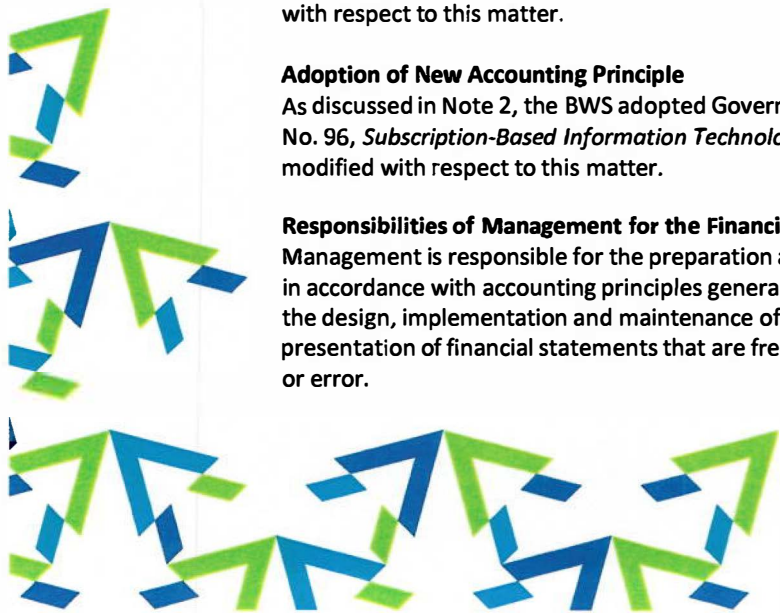
As discussed in Note 2, the BWS adopted Governmental Accounting Standards Board (“GASB”) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. Our opinion is not modified with respect to this matter.


Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate that raise substantial doubt about the BWS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

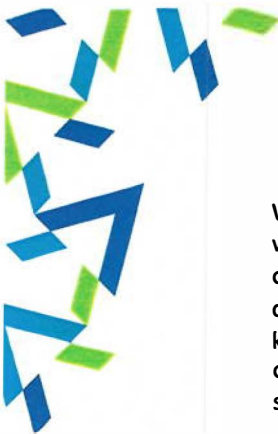
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BWS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the BWS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 13 and the schedules of proportionate share of the net pension liability, pension contributions, changes in the net OPEB liability and related ratios, and OPEB contributions on pages 49 through 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.



We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the BWS's basic financial statements. The schedules of bonds payable and net revenue requirement are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of bonds payable and net revenue requirement are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of bonds payable and net revenue requirement are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introduction but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023 on our consideration of the BWS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the BWS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the BWS's internal control over financial reporting and compliance.

Accuity LLP

Honolulu, Hawaii
November 15, 2023



Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2023

This section presents management's discussion and analysis ("MD&A") of the financial condition and activities for the Board of Water Supply of the City and County of Honolulu ("BWS") for the year ended June 30, 2023. This information should be read in conjunction with the BWS's basic financial statements.

Financial Highlights

The BWS implemented the last of five rate increases on July 2022 to meet cost of delivering water to customers and to support the continuation of the capital improvements needed to meet the mission of the Board of Water Supply. In fiscal year 2023, water rates increased by approximately 4%, which equates to \$3.74 of the monthly water charges for an average single-family residential customer effective July 1, 2022.

The BWS maintains a relatively strong financial performance with a manageable capital program. Meanwhile, management continues to carefully evaluate the BWS's finances to ensure optimum performance. In addition to meeting all debt covenants, outstanding debt and cash reserves were kept at levels appropriate for maintaining favorable bond ratings. Key financial highlights are listed below:

- Net position increased \$46.0 million in fiscal year 2023 compared to the \$30.8 million increase in fiscal year 2022.
- Total assets were \$2.1 billion as of June 30, 2023 and \$2.0 billion as of June 30, 2022, which exceeded liabilities by \$1.3 billion as of June 30, 2023 and 2022.
- The BWS's unrestricted current assets at June 30, 2023 were 7.7 times its related current liabilities compared to 5.9 times at June 30, 2022.
- The BWS's debt-to-equity ratio was 40.7% and 40.8% at June 30, 2023 and 2022, respectively, indicating the continuance of capacity to issue additional debt.

Overview of the Financial Statements

The BWS is a semi-autonomous agency of the City. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred.

The MD&A represents management's analysis and comments on the BWS's financial condition and performance. Summary financial data, key financial and operational indicators used in the BWS's annual report, budget, bond resolutions, and other management tools were used for this analysis.

The basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The statement of net position presents the resources and obligations of the BWS as of the end of the reporting period. The statement of revenues, expenses, and changes in net position presents the changes in net position for the fiscal year then ended, and the resultant ending net position balance. The statement of cash flows presents changes in cash and cash equivalents (short-term investments with original maturities of three months or less from the date of acquisition), resulting from operating, investing, capital and related financing activities, and non-capital financing activities.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2023**

Results of Operations

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
(Amounts in thousands)**

	2023	2022	2023 – 2022	
			Increase (Decrease)	% Change
Operating revenues	\$ 244,712	\$ 248,264	\$ (3,552)	(1.4)%
Operating expenses				
Administrative and general	68,375	63,969	4,406	6.9 %
Depreciation	53,381	49,776	3,605	7.2 %
Power and pumping	44,761	39,465	5,296	13.4 %
Other operating expenses	48,445	54,169	(5,724)	(10.6)%
Total operating expenses	<u>214,962</u>	<u>207,379</u>	<u>7,583</u>	3.7 %
Operating income	<u>29,750</u>	<u>40,885</u>	<u>(11,135)</u>	(27.2)%
Nonoperating revenues (expenses)				
Interest income	11,029	7,860	3,169	40.3 %
Interest expense	(13,579)	(10,925)	(2,654)	24.3 %
Others, net	(3,868)	(26,517)	22,649	(85.4)%
Total nonoperating expenses	<u>(6,418)</u>	<u>(29,582)</u>	<u>23,164</u>	(78.3)%
Contributions in aid of construction	<u>22,652</u>	<u>19,508</u>	<u>3,144</u>	16.1 %
Change in net position	<u>\$ 45,984</u>	<u>\$ 30,811</u>	<u>\$ 15,173</u>	49.2 %

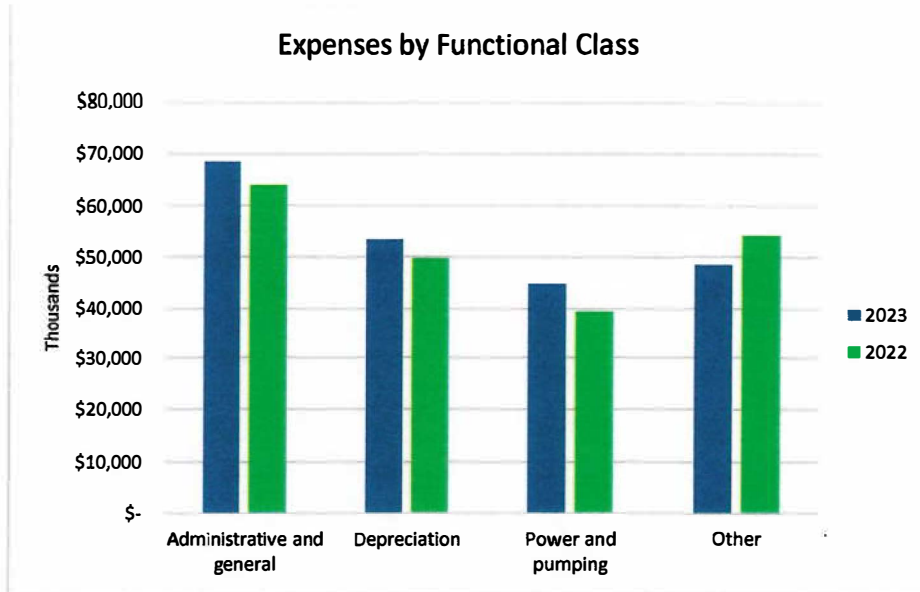
Operating revenues for the year ended June 30, 2023 totaled \$244.7 million compared to \$248.3 million for the year ended June 30, 2022; a decrease of \$3.6 million or 1.4% from the year ended June 30, 2022. This was due to the decrease in water consumption for the multi-family residential class by \$1.5 million, and non-residential class by \$1.1 million in fiscal year 2023.

Total operating expenses increased by \$7.6 million in fiscal year 2023. Factors contributing to this change are explained below:

- Administrative and general increased by \$4.4 million in fiscal year 2023. The increase is due to an increase in payroll related costs, software license and maintenance, other contract service, and equipment under \$5,000.
- Power and pumping increased by \$5.3 million in fiscal year 2023, at the total of \$44.8 million compared to \$39.5 million in fiscal year 2022. This increase was due to an increase in utility costs.
- Other operating expenses decreased by \$5.7 million during fiscal year 2023 mainly due to the decrease in transmission maintenance costs and customers' accounting and collection. The decrease was offset by a small increase in water reclamation.

For the year ended June 30, 2023, net non-operating revenues (expenses) increased by \$23.2 million. This was the result of a decrease in net realized and unrealized loss on investments by \$23.1 million and an increase in interest income by \$3.2 million, which was offset by a decrease in federal grant revenue.

**Board of Water Supply
City and County of Honolulu
Management’s Discussion and Analysis (Unaudited)
June 30, 2023**



Contributions in aid of construction result from Water System Facilities Charges (“WSFC”) that are levied against all new developments and residential properties requiring water from the BWS’s systems, except those developments that have paid for and installed a complete water system, including sources, transmission, and daily storage facilities. In addition, contributions of capital assets from governmental agencies, developers and customers are recorded as contributions in aid of construction at their cost. The BWS realized contributions in aid of construction of \$22.7 million in fiscal year 2023 compared to \$19.5 million in fiscal year 2022. The increase was primarily due to increases of \$3.3 million in contributions by the government, one-time SRF debt forgiveness of \$1.0 million, and decreases of \$1.2 million in WSFC collections. During the year ended June 30, 2023, the major developments were Ho’opili Development Phase 4 Backbone Roadway Improvements, University of Hawaii – West Oahu Off-Site Water Improvements, and HART City Center Utilities and Roadway.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2023**

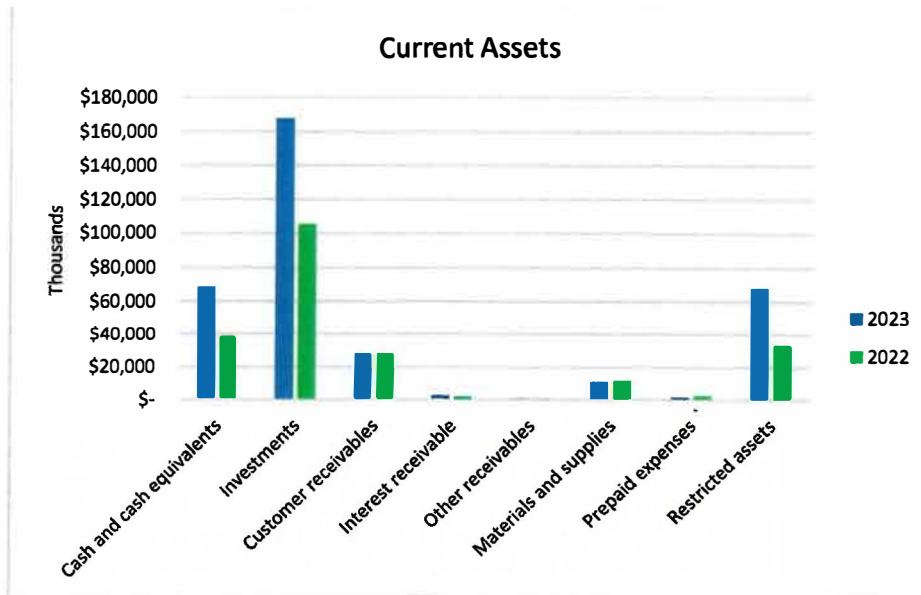
Financial Condition

**Condensed Statements of Net Position
(Amounts in thousands)**

			2023 – 2022	
	2023	2022	Increase (Decrease)	% Change
Current assets	\$ 348,588	\$ 223,138	\$ 125,450	56.2 %
Noncurrent assets				
Capital assets, net	1,366,641	1,334,941	31,700	2.4 %
Investments	224,594	285,596	(61,002)	(21.4)%
Restricted and other assets	196,113	201,259	(5,146)	(2.6)%
Total assets	<u>2,135,936</u>	<u>2,044,934</u>	<u>91,002</u>	4.5 %
Deferred outflows of resources	45,215	44,773	442	1.0 %
Total assets and deferred outflows of resources	<u>\$ 2,181,151</u>	<u>\$ 2,089,707</u>	<u>\$ 91,444</u>	4.4 %
Current liabilities	\$ 104,656	\$ 65,991	\$ 38,665	58.6 %
Noncurrent liabilities				
Bonds payable, noncurrent	393,665	391,396	2,269	0.6 %
Notes payable, noncurrent	129,810	118,582	11,228	9.5 %
Net pension liability	121,159	106,764	14,395	13.5 %
Net OPEB liability	30,887	42,752	(11,865)	(27.8)%
Other liabilities	17,458	16,602	856	5.2 %
Total liabilities	<u>797,635</u>	<u>742,087</u>	<u>55,548</u>	7.5 %
Deferred inflows of resources	38,561	48,648	(10,087)	(20.7)%
Net position				
Net investment in capital assets	1,033,479	1,021,085	12,394	1.2 %
Restricted for capital activity and debt service	15,741	24,790	(9,049)	(36.5)%
Unrestricted	295,735	253,097	42,638	16.8 %
Total net position	<u>1,344,955</u>	<u>1,298,972</u>	<u>45,983</u>	3.5 %
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,181,151</u>	<u>\$ 2,089,707</u>	<u>\$ 91,444</u>	4.4 %

The BWS's current assets were 3.3 and 3.4 times its related current liabilities as of June 30, 2023 and 2022, respectively. Current cash and cash equivalents increased by \$30.8 million, and current liabilities also increased by \$38.7 million for the year ended June 30, 2023.

**Board of Water Supply
City and County of Honolulu
Management’s Discussion and Analysis (Unaudited)
June 30, 2023**



Noncurrent restricted and other assets decreased by \$5.1 million in fiscal year 2023. The decrease is primarily due to the decrease in investments during fiscal year 2023.

Bonds payable increased by \$4.0 million as of June 30, 2023. The increase is attributed to the issuance of Series 2023 Bonds that resulted in the receipt of net bond proceeds of \$19.3 million during fiscal year 2023, offset by scheduled debt service payments in fiscal year 2023.

Notes payable increased by \$12.2 million as of June 30, 2023. The increase is due to the receipt of loan proceeds for new projects utilizing financing from the state revolving fund loan program totaling \$20.7 million.

The net pension liability increased by \$14.4 million as of June 30, 2023, which was mainly due to an increase in the BWS’s proportionate share of the collective net pension liability and unfavorable net difference between projected and actual investment earnings.

The net OPEB liability decreased by \$11.9 million as of June 30, 2023, which was mainly due to a decrease in the OPEB expense and favorable net difference between expected and actual experience and favorable change in assumptions.

Capital Assets and Long-Term Debt

During fiscal years 2023 and 2022, the BWS placed into service \$71.7 million and \$80.6 million, respectively, to its utility plant in service. Major assets added during fiscal year 2023 were Kamehameha Heights water system improvements of \$10.1 million; Emergency Generators at Kalihi Yard and Shaft, Hālawā Shaft, and Kunia Wells I of \$8.9 million; Ala Aolani 12-Inch Water Main of \$6.7 million; Anoi Road Water System Improvements of \$6.4 million; and Lualualei Line Booster Station Improvements of \$5.7 million.

The BWS issues long-term bonds to finance part of its capital improvement program. The BWS has maintained a low debt to equity ratio at 40.7% and 40.8% as of June 30, 2023 and 2022, respectively.

**Board of Water Supply
City and County of Honolulu
Management's Discussion and Analysis (Unaudited)
June 30, 2023**

Outstanding Series 2020 through 2023 bonds have been assigned underlying ratings of AAA from S&P Global, and either AA+ or AAA from Fitch. Outstanding Series 2014 bonds have been assigned underlying ratings of AA+ from Fitch and Aa2 from Moody's.

Rate Covenant

The BWS is required under its bond indenture, among other things, to fix, charge and collect such rates and other charges in each fiscal year to meet the net revenue requirement for such fiscal year. The net revenue requirement is the greater of (1) the sum of the aggregate debt service and all deposits required by bond resolution to be made, or (2) 1.20 times the aggregate debt service. The BWS met the net revenue requirements for the year ended June 30, 2023.

Novel Coronavirus (COVID-19)

The unprecedented outbreak of COVID-19 caused economic and operational uncertainties for government and the private sectors beginning in 2020. In 2023, the BWS did not see a significant overall impact to revenues. Annual residential revenues decreased by \$1.1M or 0.6%. Annual non-residential revenues decreased by \$1.1M or 1.3%.

Total revenue decreased by \$3.6M or 1.4%. The average delinquency rate is 11.53% and 10.95% for fiscal years 2023 and 2022, respectively.

To assist with the costs incurred by COVID-19, the BWS received federal COVID-19 funding of approximately \$902,000 and \$13,000 in fiscal years 2021 and 2020, respectively. BWS did not receive federal COVID-19 funding in fiscal years 2022 and 2023.

Red Hill Bulk Fuel Storage Facility

The U.S. Navy's Red Hill Bulk Fuel Storage Facility ("RHBFSF") consists of 20 steel-lined underground storage tanks that were built from 1940 to 1943. Each tank is 100 feet in diameter and 250 feet tall. The RHBFSF can store up to 250 million gallons of fuel. The tanks are located 100 feet above the groundwater aquifer that the Navy uses to provide water to Pearl Harbor and the Board of Water Supply also uses to provide drinking water to its metropolitan Honolulu water system, spanning from Moanalua Valley to Hawaii Kai. Following the 27,000 gallon leak of jet fuel in January 2014, the Navy entered into an Administrative Order of Consent with the U.S. Environmental Protection Agency and Hawaii State Department of Health to conduct various studies to improve tank inspection, repair and maintenance practices, understand the condition of the tanks, identify upgrade alternatives, assess the risk of future leaks, determine the area's groundwater flow direction, and investigate and remediate releases.

The Navy's RHBFSF experienced additional leaks in 2021. On December 2, 2021, the BWS shut down the Hālawa Shaft pumping station to prevent any fuel contamination of the BWS Honolulu water system. The Hālawa Shaft delivers 20% of the water delivered to the metropolitan Honolulu water system. On December 8, 2021, the BWS also shut down its 'Aiea Well and Hālawa Well to prevent such contamination.

The BWS is pumping at higher rates from other well stations that also serve metropolitan Honolulu to make up for the production loss from shutting down the Hālawa Shaft, 'Aiea Well, and Hālawa Well. This condition is being monitored closely as extended pumping at higher rates can cause water salinity levels to rise and affect both the aquifer and the water pumped. Presently, the situation with the BWS wells serving urban Honolulu is stable.

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June 30, 2023**

However, extended closure of these three sources could result in mandatory water conservation measures and moratoriums on new water use to prevent the effects of over-pumping other well stations.

On March 7, 2022, Lloyd Austin, Secretary of Defense, announced that the Navy would permanently close the RHBFSF. Defueling the tanks began in October 2023. The Navy continues to work to determine the nature and extent of the contamination in the aquifer affecting its Red Hill Shaft water source. This finding is critical to determining the long-term impact of the contamination on the aquifer and to existing water sources in the area.

On August 4, 2022, polycyclic aromatic hydrocarbons (PAHs), chemicals indicating petroleum contamination, were detected in BWS ground water monitoring well DH-43 located in Moanalua Valley. The individual PAH levels are very low and not expected to pose a significant threat to human health or the environment. Further study is warranted and BWS will increase the testing of its wells to monitor for any changes in levels and occurrence. The closure of the BWS sources was done to prevent any petroleum contamination in the aquifer from reaching those sources and ultimately entering the BWS urban Honolulu water system.

The BWS is tracking the costs of its actions in response to this incident. The BWS cannot predict the ultimate costs of these actions or whether and to what extent it will be reimbursed by the Navy. The BWS's 2018 Long Range Financial Plan developed a scenario for handling a major water source contamination event. The related financial impact on the BWS's financial statements cannot be reasonably determined at this time.

Requests for Information

This financial report is designed to provide a general overview of the BWS's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Water Supply, City and County of Honolulu, 630 S. Beretania Street, Honolulu, Hawaii 96843.

**Board of Water Supply
City and County of Honolulu
Statement of Net Position
June 30, 2023**

Assets

Current assets

Cash and cash equivalents	\$ 69,101,296
Investments	167,355,923
Interest receivable	2,335,713
Customer receivables	
Billed, less allowance for uncollectible accounts of approximately \$4,210,000	16,678,949
Unbilled	11,196,741
Other receivables, less allowance for uncollectible accounts of approximately \$511,000	949,040
Materials and supplies	11,074,300
Prepaid expenses	1,487,627
Restricted assets	
Cash and cash equivalents	<u>68,408,289</u>
Total current assets	<u>348,587,878</u>

Noncurrent assets

Capital assets	
Infrastructure	1,704,420,117
Building and improvements	207,114,752
Equipment and machinery	<u>410,634,864</u>
	2,322,169,733
Less: Accumulated depreciation and amortization	<u>(1,258,001,603)</u>
	1,064,168,130
Land	32,370,754
Construction work in progress	<u>270,101,624</u>
Net capital assets	1,366,640,508
Investments	224,594,153
Restricted assets	
Cash and cash equivalents	20,618,192
Investments	172,514,643
Other assets	<u>2,980,703</u>
Total noncurrent assets	<u>1,787,348,199</u>
Total assets	2,135,936,077

Deferred Outflows of Resources

Deferred loss on refunding of debt and other	12,921,861
Deferred outflows of resources related to pensions	23,671,394
Deferred outflows of resources related to OPEB	<u>8,621,792</u>
Total deferred outflows of resources	<u>45,215,047</u>
Total assets and deferred outflows of resources	<u>\$2,181,151,124</u>

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Net Position
June 30, 2023**

Liabilities

Current liabilities

Payable from current assets

Accounts payable	\$ 19,700,689
Contracts payable, including retainages	9,031,539
Accrued vacation, current portion	3,144,186
Accrued workers' compensation, current portion	1,019,317
Other	<u>3,351,506</u>
Total payable from current assets	36,247,237

Payable from restricted assets

Contracts payable, including retainages	13,074,436
Accrued interest payable	6,725,780
Bonds payable, current portion	14,845,000
Notes payable, current portion	8,463,073
Refundable advances	<u>25,300,000</u>
Total payable from restricted assets	<u>68,408,289</u>

 Total current liabilities 104,655,526

Noncurrent liabilities

Bonds payable, noncurrent portion	393,664,819
Notes payable, noncurrent portion	129,809,722
Net pension liability	121,159,266
Net OPEB liability	30,887,069
Accrued vacation, noncurrent portion	4,703,928
Accrued workers' compensation	2,440,947
Customer advances	1,436,541
Claims liabilities	3,255,206
Other	<u>5,621,481</u>

 Total noncurrent liabilities 692,978,979

 Total liabilities 797,634,505

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	12,069,391
Deferred inflows of resources related to OPEB	23,968,781
Deferred inflows of resources related to leases	<u>2,522,990</u>
Total deferred inflows of resources	38,561,162

Net Position

Net investment in capital assets	1,033,480,114
Restricted for capital activity and debt service	15,740,549
Unrestricted	<u>295,734,794</u>
Total net position	<u>1,344,955,457</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$2,181,151,124</u>

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023**

Operating revenues	
Water sales	\$ 242,482,076
Other, principally contract and service fees	<u>2,230,241</u>
Total operating revenues	<u>244,712,317</u>
Operating expenses	
Administrative and general	68,374,907
Depreciation	53,380,554
Power and pumping	44,760,828
Transmission and distribution	24,265,197
Maintenance	10,671,934
Water reclamation	6,075,576
Customers' accounting and collection	3,931,620
Central administrative services expense fees	3,300,000
Source of supply	<u>201,151</u>
Total operating expenses	<u>214,961,767</u>
Operating income	29,750,550
Nonoperating revenues (expenses)	
Interest income	11,028,764
Interest expense, net of amortization of bond premiums of approximately \$2,228,000	(13,579,252)
Bond issuance costs	(341,610)
Loss from disposal of capital assets	(353,379)
Net decrease in the fair value of investments	(3,547,028)
Federal grant revenue	30,927
Other	<u>342,596</u>
Total nonoperating expenses, net	(6,418,982)
Contributions in aid of construction	<u>22,651,942</u>
Change in net position	45,983,510
Net position	
Beginning of year	<u>1,298,971,947</u>
End of year	<u>\$1,344,955,457</u>

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Cash Flows
Year Ended June 30, 2023**

Cash flows from operating activities	
Cash received from customers	\$ 244,889,425
Payments to suppliers for goods and services	(103,151,820)
Payments to employees for services	(61,308,875)
Other	(2,471,959)
Net cash provided by operating activities	<u>77,956,771</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(62,306,132)
Customer payments for capital projects	6,395,601
Federal grants received	25,330,927
Net proceeds from bond issuance	18,999,999
Principal paid on bonds	(13,145,000)
Interest paid on bonds	(11,331,131)
Proceeds from notes payable	20,744,003
Interest paid on notes payable	(1,751,118)
Principal paid on notes payable	(7,553,867)
Lease receipts	162,410
Lease and subscription payments	(127,393)
Net cash used in capital and related financing activities	<u>(24,581,701)</u>
Cash flows from investing activities	
Purchase of investments	(179,644,335)
Proceeds from maturity of investments	194,569,002
Interest on investments	10,554,899
Net cash provided by investing activities	<u>25,479,566</u>
Net increase in cash and cash equivalents	78,854,636
Cash and cash equivalents	
Beginning of year	<u>79,273,141</u>
End of year	<u>\$ 158,127,777</u>
Reconciliation of cash and cash equivalents to the statement of net position	
Unrestricted	\$ 69,101,296
Restricted	89,026,481
	<u>\$ 158,127,777</u>

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Statement of Cash Flows
Year Ended June 30, 2023**

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 29,750,550
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	53,380,554
Provision for doubtful accounts	557,116
Changes in operating assets, deferred outflows of resources, operating liabilities, and deferred inflows of resources	
Customer receivables	60,125
Other receivables	(68,319)
Materials and supplies	617,155
Prepaid expenses and other	1,091,458
Deferred outflows of resources related to pensions	(3,440,266)
Deferred outflows of resources related to OPEB	1,382,651
Accounts and contracts payable	2,767,827
Accrued vacation	(10,353)
Accrued workers' compensation	(1,013,600)
Other liabilities	664,078
Net pension liability	14,395,412
Net OPEB liability	(11,865,066)
Deferred inflows of resources related to pensions	(11,855,785)
Deferred inflows of resources related to OPEB	1,543,234
Net cash provided by operating activities	<u>\$ 77,956,771</u>

Supplemental schedule of noncash investing, capital, and related financing activities	
Changes in fair value of investments	\$ (3,547,028)
Forgiveness of principal due on notes payable	1,000,000
Contributions of capital assets from government agencies, developers and customers that are recorded as contributions in aid of construction	14,873,960
Capital asset additions included in contracts and accounts payable at year-end	22,105,936
Subscription asset additions included in equipment and machinery at year-end	1,768,996
Bond issuance costs deducted from bond proceeds	341,610
Amortization of bond premium, net, and other costs	2,228,256
Amortization of deferred loss on refunding	1,615,232

The accompanying notes are an integral part of these financial statements.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2023**

1. Operations

The Revised Charter of the City and County of Honolulu provides for the operation of the Board of Water Supply ("BWS") as a semi-autonomous body of the City and County of Honolulu (the "City") government. The BWS has full and complete authority to manage, control and operate the City's water system and related properties.

Article VII of the Revised Charter of the City and County of Honolulu states that the BWS's seven-member Board of Directors has the authority to establish and adjust water rates and charges so that the revenues derived shall be sufficient to make the BWS self-supporting. The Board of Directors is required to follow certain procedures that include holding public hearings before implementing changes in the water rate schedules.

2. Summary of Significant Accounting Policies

Financial Statement Presentation

The BWS is a component unit of the City (the "primary government"). The accompanying financial statements present only the financial position and activities of the BWS and do not purport to, and do not present the financial position of the City, the changes in its financial position, or its cash flows.

Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation allowances for receivables, accrued workers' compensation, and pensions and postretirement benefits. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the BWS considers all cash on hand, demand deposits, and short-term investments (including restricted assets) with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

Investments

Investments are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The cost of securities sold is generally determined by the weighted average method.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2023**

Receivables

Receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the BWS's best estimate of the amount of probable credit losses in the BWS's existing receivables. The BWS determines the allowance based on past collection experience and the length of time individual receivables are past due. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Materials and Supplies

Materials and supplies are stated at weighted average cost (which approximates the first-in, first-out method). The cost of materials and supplies are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets are comprised of cash and cash equivalents and investments maintained in accordance with bond resolutions and other agreements for the purpose of funding certain debt service payments, construction, improvements, and renewal and replacements of the water system. When both restricted and unrestricted assets are available for use, it is the BWS's policy to use restricted assets first, then unrestricted assets as they are needed. Restricted assets comprise the following:

- The debt service account accumulates transfers from the operating account throughout the fiscal year to make principal and interest payments on the outstanding water system revenue bonds and other notes payable.
- The renewal and replacement account and the reserve release fund provide funding for improvements, reconstruction, emergency or extraordinary repairs, and renewals or replacements of the water system.
- The improvement account holds the proceeds of the series bond issuance pursuant to the series resolution or series certificates. These proceeds are only applied to costs specified in the applicable series resolution or series certificates.
- The extramural account holds reimbursements received from any governmental agency or private entity, pursuant to negotiated agreements, contracts and/or grants.

Capital Assets

Capital assets include those assets in excess of \$5,000 for buildings, infrastructure, and equipment and machinery with a useful life of more than one year. Capital assets are stated at cost and include contributions by governmental agencies, private subdividers, and customers at their cost or estimated cost of new construction.

Major replacements, renewals and betterments are capitalized. The BWS also capitalizes certain indirect costs to construction work based upon actual construction direct labor. Maintenance, repairs and replacements that do not improve or extend the lives of the assets are charged to expense.

Assets are depreciated over the individual assets' estimated useful lives using the straight-line method. Depreciation on both purchased and contributed assets is charged against operations.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2023**

The estimated useful lives of capital assets are as follows:

Source of supply plant	20 to 100 years
Pumping plant	20 to 50 years
Water treatment plant	20 to 30 years
Transmission and distribution plant	13-1/3 to 50 years
General plant	5 to 50 years

Gains or losses resulting from the sale, retirement or disposal of capital assets in service are credited or charged to nonoperating revenues (expenses).

Leases – Lessee

The BWS has a policy to recognize a lease liability and a right-to-use lease asset (“ROU asset”) in the statement of net position. The BWS recognizes lease liabilities with an initial, individual value of \$5,000 or more and a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease liability.

At the commencement of a lease, the BWS initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

ROU assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the ROU asset into service. ROU assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset, unless the lease contains a purchase option that the BWS has determined reasonably certain of being exercised. In this case, the ROU asset is amortized over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the BWS determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) lease payments.

- The BWS uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the BWS generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease as well as any periods covered by the BWS’s option to extend the lease if it is reasonably certain, based on all relevant factors, that the BWS will exercise that option. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the BWS is reasonably certain to exercise.

The BWS monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any ROU asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The BWS’s ROU assets and lease liabilities are recorded in equipment and machinery and other noncurrent liabilities, respectively, in the statement of net position.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2023**

Leases – Lessor

The BWS is a lessor for leases of special purpose utility facilities, office and commercial space. The BWS recognizes lease receivables and deferred inflows of resources in the financial statements with an initial, individual value of \$5,000 or more and a lease term greater than one year. Variable payments based on future performance of the lessee or usage of the underlying asset are not included in the measurement of the lease receivable.

At the commencement of a lease, the BWS initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the BWS determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts.

- The BWS uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the lease as well as any periods covered by the lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lease.

The BWS monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. The BWS's lease receivables are recorded in other assets in the statement of net position.

Subscription-Based Information Technology Arrangements ("SBITA")

The BWS has a policy to recognize a subscription liability and a right-to-use subscription asset ("subscription asset") in the statement of net position. The BWS recognizes subscription liabilities with an initial, individual value of \$5,000 or more and a term greater than one year.

At the commencement of an arrangement, the BWS initially measures the subscription liability at the present value of payments expected to be made during the term. Subsequently, the subscription liability is reduced by the principal portion of payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, less any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subscription assets are amortized using the straight-line method over the shorter of the term or the useful life of the underlying asset unless the agreement contains a purchase option that the BWS has determined reasonably certain of being exercised. In this case, the asset is amortized over the useful life of the underlying asset.

**Board of Water Supply
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Notes to Financial Statements
June 30, 2023**

Key estimates and judgments related to SBITAs include how the BWS determines (1) the discount rate it uses to discount the expected payments to present value, (2) the term, and (3) payments.

- The BWS uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the lessor is not provided, the BWS generally uses its estimated incremental borrowing rate as the discount rate for the arrangement.
- The term includes the noncancellable period of the arrangement as well as any periods covered by the BWS's option to extend the lease if it is reasonably certain, based on all relevant factors, that the BWS will exercise that option. Payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the BWS is reasonably certain to exercise.

The BWS monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. The BWS's subscription assets and liabilities are recorded in equipment and machinery and other noncurrent liabilities, respectively, in the statement of net position.

Bond Issue Prepaid Insurance Costs, Original Issue Discounts or Premiums, and Deferred Loss on Refunding of Debt

Bond issue costs are expensed when incurred, except for prepaid insurance, which are amortized over the life of the respective issue on a straight-line basis. Bond issue prepaid insurance costs are presented as other assets in the statement of net position.

Original issue discounts or premiums are amortized using the effective interest method over the terms of the respective issues. Original issue discounts or premiums are offset against or added to bonds payable in the statement of net position.

Deferred loss on refunding of debt is amortized using the straight-line method over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. The deferred loss on refunding of debt is presented as deferred outflows of resources in the statement of net position.

Accrued Vacation and Compensatory Pay

Vacation is earned at the rate of one and three-quarters working days for each month of service. Vacation days may be accumulated to a maximum of 90 days as of the end of the calendar year and are convertible to pay upon termination. The BWS accrues a liability for compensated absences and additional amounts for certain salary-related payments including payroll taxes and fringe benefits.

As of June 30, 2023, accumulated sick leave aggregated approximately \$19,839,000. Sick leave accumulates at the rate of one and three-quarters working days for each month of service without limit, but can be taken only in the event of illness and is not convertible to pay upon termination of employment. However, an employee who retires or leaves government service in good standing with 60 or more unused sick days is entitled to additional service credit in the State of Hawaii's Employees' Retirement System.

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2023**

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is classified in the following three components: net investment in capital assets, restricted for capital activity and debt service, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction or improvement of those assets. Debt related to unspent proceeds or other restricted cash and investments at year-end is not included in the calculation of net investment in capital assets. Restricted for capital activity and debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations or enabling legislation. Unrestricted consists of the remaining balance not included in the above categories.

Operating Revenues and Expenses

The BWS distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the BWS's principal ongoing water operations. The principal operating revenues are derived from charges for water usage, while operating expenses include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue Recognition

Charges for water sales are based on usage. The BWS's policy is to bill customers on a cyclical monthly basis. The accrual for unbilled water revenues and related receivables reflected in the accompanying financial statements is based on estimated usage from the latest meter reading date to the end of the fiscal year.

Contributions in Aid of Construction

Contributions in aid of construction represent cash or capital assets received by the BWS to aid in the construction of infrastructure assets. It also includes the forgiveness of principal due on state revolving fund loans that were used to finance the costs of infrastructure needed to maintain the water system. Contributions in aid of construction are recognized when they are accepted by the BWS and when all applicable eligibility requirements have been met.

Water System Facilities Charge

A water system facilities charge is levied against all new developments and residential properties requiring water from the BWS's systems, except those developments that have paid for and installed a complete water system, including source, transmission and daily storage facilities. The amounts collected are initially recorded as customer advances and are recognized as contributions in aid of construction when water service is made available to the customer. The use of these funds is designated for the construction of water facilities.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Employees' Retirement System of the State of Hawaii (the "ERS") and additions to/deductions from the ERS's fiduciary net position have been determined using the accrual basis of accounting, which is the same basis as they are reported by the ERS. For this purpose, employer and member contributions are recognized in the period in which the contributions are legally due, and benefit payments (including

**Board of Water Supply
City and County of Honolulu
Notes to Financial Statements
June 30, 2023**

refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Hawaii Employer-Union Health Benefits Trust Fund (“EUTF”) and additions to/deductions from the EUTF’s fiduciary net position have been determined on the same basis as they are reported by the EUTF. For this purpose, the EUTF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for investments in commingled and money market funds, which are reported at net asset value (“NAV”). The NAV is based on the fair value of the underlying assets held by the respective fund less its liabilities.

Deferred Compensation Plan

All full-time employees are eligible to participate in the City and County of Honolulu’s Public Employees’ Deferred Compensation Plan (the “Plan”), adopted pursuant to Internal Revenue Code Section 457. The Plan permits eligible employees to defer a portion of their salary until future years. The deferred compensation amounts are not available to employees until termination, retirement, death or unforeseeable emergency.

A trust fund was established to protect plan assets from claims of general creditors and from diversion to any uses other than paying benefits to participants and beneficiaries. Accordingly, the BWS has excluded the Plan’s assets and liabilities from the financial statements because the BWS and the City do not have significant administrative involvement in the Plan nor perform the investment function for the Plan.

Risk Management

The BWS is exposed to various risks of loss from: (1) torts, (2) theft of, damage to, and destruction of assets, (3) employee injuries and illnesses, (4) natural disasters, and (5) employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters.

The ranges of insurance limits and deductibles are as follows:

Policy	Limit (in millions)	Deductibles
Property	\$60	\$ 100,000
Public entity liability	15	1,000,000
Excess workers’ compensation	25	600,000
Employment practices	5	100,000
Storage tank liability	5	10,000
Pollution legal liability	5	250,000
Crime	5	25,000
Cyber liability	3	100,000

There have been no significant reductions in insurance coverages from the prior fiscal year.

**Board of Water Supply
City and County of Honolulu
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June 30, 2023**

New Accounting Pronouncements

GASB Statement No. 94

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APAs”). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. BWS did not have any such arrangements as of June 30, 2023.

GASB Statement No. 96

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for SBITA for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

The adoption of Statement No. 96 resulted in the recording of SBITA assets and liabilities related to various arrangements at July 1, 2022, in accordance with the provisions of this Statement. SBITA liabilities and assets of approximately \$572,000 were reported as of July 1, 2022. The adoption of Statement No. 96 did not result in a restatement of beginning net position. Refer to Note 12 for more information on the BWS’s SBITAs.

GASB Statement No. 99

The GASB issued Statement No. 99, *Omnibus 2022*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this Statement are effective upon issuance, while other requirements are effective for periods beginning after June 15, 2022 and periods beginning after June 15, 2023. The BWS adopted the relevant provisions of the Statement effective in fiscal year 2023 with no material effect to its financial statements. The provisions adopted clarifies key terms relevant to previously issued Statements. Management has not determined the effect this Statement will have on the BWS’s financial statements for requirements effective beginning after June 15, 2023.

GASB Statement No. 100

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This Statement is effective for fiscal years beginning after June 15, 2023.

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Management has not yet determined the effect this Statement will have on the BWS's financial statements.

GASB Statement No. 101

The GASB issued Statement No. 101, *Compensated Absences*. This statement aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for fiscal years beginning after December 15, 2023. Management has not yet determined the effect this Statement will have on the BWS's financial statements.

3. Cash and Investments

Cash deposited with the City is maintained by the Department of Budget and Fiscal Services of the City. The City maintains a cash and investment pool that is used by all of the City's Funds and the BWS. The Hawaii Revised Statutes ("HRS") provide for the City's Director of Finance to deposit the cash with any national or state bank or federally insured financial institution authorized to do business in the State of Hawaii, provided that all deposits are fully insured or collateralized. The City's demand deposits are fully insured or collateralized with securities held by the City or its agents in the City's name.

The HRS authorizes the BWS to invest, with certain restrictions, in obligations of the State of Hawaii or the United States of America, in federally insured savings accounts, time certificates of deposit, and bank repurchase agreements with federally insured financial institutions authorized to do business in the State of Hawaii. The BWS's portfolio is managed by various investment managers. These investments consist of U.S. Treasury obligations and U.S. government agencies securities.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the term of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses, the BWS invests operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Excluding cash deposited with the City, all cash, money market mutual funds, and investment securities as of June 30, 2023 were held in trust by two financial institutions in the State of Hawaii.

All investment securities are registered in the name of the BWS and are not exposed to custodial credit risk. Money market mutual funds are not considered investment securities for purposes of custodial credit risk classification and are not exposed to custodial credit risk. Cash held in trust with these financial institutions are uncollateralized, however, amounts in excess of depository insurance are covered by commercial insurance obtained by each financial institution designed to insure against losses resulting from errors and omissions or fraud.

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Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. As of June 30, 2023, all investment securities and money market mutual funds were rated Aaa and Aaa-mf, respectively, by Moody's Investors Services. The BWS's concentration of credit risk related to investments in debt securities has been mitigated by limiting such investments to only debt obligations of the U.S. government and U.S. government agencies.

The historical cost and estimated fair value of investments at June 30, 2023 consisted of the following:

	Cost	Fair Value
U.S. Treasury obligations	\$ 482,631,176	\$ 461,532,907
U.S. government agencies	<u>107,052,282</u>	<u>102,931,812</u>
	<u>\$ 589,683,458</u>	<u>\$ 564,464,719</u>

As of June 30, 2023, the credit exposure as a percentage of total investments was as follows:

	Percent of Total	Fair Value
U.S. Treasury obligations	82 %	\$ 461,532,907
U.S. government agencies		
Federal National Mortgage Association	4 %	24,840,535
Federal Home Loan Mortgage Corporation	2 %	12,367,237
Federal Home Loan Bank	10 %	57,858,408
Federal Farm Credit Bank	<u>2 %</u>	<u>7,865,632</u>
	<u>100 %</u>	<u>\$ 564,464,719</u>

The fair value of investments by contractual maturity at June 30, 2023 is shown below:

	<u>Investment Maturities (In Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>
U.S. Treasury obligations	\$ 461,532,907	\$ 225,465,322	\$ 236,067,585
U.S. government agencies	<u>102,931,812</u>	<u>35,650,445</u>	<u>67,281,367</u>
	<u>\$ 564,464,719</u>	<u>\$ 261,115,767</u>	<u>\$ 303,348,952</u>

4. Restricted Assets

At June 30, 2023, the BWS's restricted assets were comprised of cash, cash equivalents, and investments and were held for the following purposes:

Construction, renewals and replacements	\$ 219,100,285
Debt service	<u>42,440,839</u>
	<u>\$ 261,541,124</u>

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5. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- **Level 1** – Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in markets that are not active.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- **Level 3** – Inputs that are unobservable for an asset or liability.

Following is a description of the valuation techniques used by the BWS to measure fair value:

- **U.S. Treasury obligations** – Valued using quoted prices in active markets for identical assets.
- **U.S. government agencies obligations** – Valued using quoted prices for identical or similar assets in markets that are not active.

The following table sets forth by level, within the fair value hierarchy, assets measured at fair value on a recurring basis as of June 30, 2023:

	Assets at Fair Value			
	Total	Level 1	Level 2	Level 3
U.S. Treasury obligations	\$ 461,532,907	\$ 461,532,907	\$ -	\$ -
U.S. government agencies	<u>102,931,812</u>	-	<u>102,931,812</u>	-
	<u>\$ 564,464,719</u>	<u>\$ 461,532,907</u>	<u>\$ 102,931,812</u>	<u>\$ -</u>

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6. Capital Assets

Capital assets activity during the year ended June 30, 2023 was as follows:

	Balance July 1, 2022 (As Restated)	Additions	Transfers	Retirements	Balance June 30, 2023
Depreciable assets					
Infrastructure	\$ 1,656,768,159	\$ 30,880,819	\$ 18,171,020	\$ (1,399,881)	\$ 1,704,420,117
Building and improvements	203,251,118	3,846,756	44,519	(27,641)	207,114,752
Equipment and machinery	392,700,801	14,387,408	4,325,851	(4,045,223)	407,368,837
Leased equipment and machinery	924,991	-	-	-	924,991
Subscription assets	572,040	1,768,996	-	-	2,341,036
Total depreciable assets	2,254,217,109	50,883,979	22,541,390	(5,472,745)	2,322,169,733
Less: accumulated depreciation	(1,209,524,734)	(52,996,062)	669,340	4,520,182	(1,257,331,274)
Less: accumulated amortization	(285,837)	(384,492)	-	-	(670,329)
Total depreciable assets, net	1,044,406,538	(2,496,575)	23,210,730	(952,563)	1,064,168,130
Land	32,370,754	-	-	-	32,370,754
Construction work in progress	258,735,549	34,576,805	(23,210,730)	-	270,101,624
Capital assets, net	<u>\$ 1,335,512,841</u>	<u>\$ 32,080,230</u>	<u>\$ -</u>	<u>\$ (952,563)</u>	<u>\$ 1,366,640,508</u>

Depreciation charges allocated to various functions for the year ended June 30, 2023 totaled approximately \$2,425,000.

7. Bonds Payable

At June 30, 2023, bonds payable consisted of the following:

Water System Revenue Bonds, Series 2014A, annual principal due commencing from July 1, 2023, ranging from \$930,000 to \$4,470,000 through July 1, 2031, with interest ranging from 3.0% to 5.0%.	\$ 23,015,000
Water System Revenue Bonds, Series 2014B, annual principal due ranging from \$1,540,000 to \$1,845,000 through July 1, 2028, with interest ranging from 2.92% to 3.59%.	10,240,000
Water System Revenue Bonds, Series 2020A, annual principal due ranging from \$1,035,000 to \$3,165,000 through July 1, 2049, with interest ranging from 2.50% to 5.0%.	56,985,000
Water System Revenue Bonds, Series 2020B, annual principal due ranging from \$580,000 to \$5,370,000 through July 1, 2033, with interest ranging from 1.66% to 2.38%.	45,560,000
Water System Revenue Bonds, Series 2021A, annual principal due ranging from \$855,000 to \$2,955,000 through July 1, 2050, with interest ranging from 3.0% to 5.0%.	49,165,000
Water System Revenue Bonds, Series 2021B, annual principal due ranging from \$60,000 to \$8,155,000 through July 1, 2031, with interest ranging from 0.36% to 2.07%.	43,455,000
Subtotal	<u>228,420,000</u>

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Subtotal carried forward	228,420,000
Water System Revenue Bonds, Series 2022A, annual principal due ranging from \$1,385,000 to \$4,290,000 through July 1, 2051, with interest ranging from 3.0% to 5.0%.	82,700,000
Water System Revenue Bonds, Series 2022B, annual principal due ranging from \$55,000 to \$8,770,000 through July 1, 2036, with interest ranging from 1.90% to 3.14%.	52,020,000
Water System Revenue Bonds, Series 2023, annual principal due ranging from \$565,000 to \$885,000 through July 1, 2048, with interest of 5.0%.	<u>17,425,000</u>
	380,565,000
Add: Unamortized premium	<u>27,944,819</u>
	408,509,819
Less: Current portion	<u>14,845,000</u>
Noncurrent portion	<u>\$ 393,664,819</u>

The BWS has pledged future revenues, net of specified operating and maintenance expenses, for the security and payment of the water system revenue bonds outstanding. Proceeds from the bonds were used to finance the construction of various components of the water system or to refund the principal amounts of previously issued water system revenue bonds. As of June 30, 2023, the total principal and interest remaining to be paid on the bonds totaled \$551,099,000. Aggregate debt service for the current year and revenues, net of specified operating and maintenance expenses, were approximately \$27,244,000 and \$94,160,000, respectively.

The BWS's outstanding revenue bonds contain a provision that, in the event of a default, the holders of not less than 25% of the bonds may declare the principal and interest due immediately. An event of default includes, but is not limited to, the following situations: failure to pay the principal and interest due, failure to punctually perform any of the covenants, agreements or conditions of the resolution, and bankruptcy. The BWS has covenanted and agreed to maintain the water system in good repair; to fix rates and charges sufficient to meet the Net Revenue Requirement, as defined in the bond indenture; not to dispose of the properties comprising the water system; to maintain and keep proper books; and other actions consistent with conducting the business of the water system in an efficient and economical manner.

In March 2023, the BWS issued \$17,425,000 in Water System Revenue Bonds, Series 2023, to fund the costs of certain improvements, betterments and extensions of the Water System.

As of June 30, 2023, the total amount of debt defeased for financial reporting purposes that remains outstanding was \$52,285,000.

Water system revenue bonds are subject to redemption on and after specific dates prior to maturity at the option of the BWS. The redemption amount equals the outstanding principal amount plus accrued interest without premium on the date of redemption.

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Debt service requirements on bonds payable at June 30, 2023 are as follows:

	Principal	Interest	Total
Years ending June 30,			
2024	\$ 14,845,000	\$ 12,573,000	\$ 27,418,000
2025	15,370,000	12,235,000	27,605,000
2026	17,375,000	11,637,000	29,012,000
2027	17,955,000	11,059,000	29,014,000
2028–2032	97,500,000	47,554,000	145,054,000
2033–2037	80,465,000	33,419,000	113,884,000
2038–2042	39,535,000	22,856,000	62,391,000
2043–2047	47,750,000	14,627,000	62,377,000
2048–2053	49,770,000	4,574,000	54,344,000
	<u>\$ 380,565,000</u>	<u>\$ 170,534,000</u>	<u>\$ 551,099,000</u>

8. Notes Payable

At June 30, 2023, notes payable from direct borrowings consisted of the following:

Notes payable to Department of Health

Note payable in semi-annual installments of approximately \$146,900, including interest and loan fees at 1.5% per annum, due May 2034.	\$ 2,790,528
Note payable in semi-annual installments of approximately \$145,900, including interest and loan fees at 1.5% per annum, due May 2034.	2,771,888
Note payable in semi-annual installments of approximately \$144,000, including interest and loan fees at 1.5% per annum, due November 2034.	2,843,151
Non-interest bearing note payable in semi-annual installments of approximately \$202,000, including loan fees at 1.0% per annum, due November 2034.	4,093,582
Non-interest bearing note payable in semi-annual installments of approximately \$764,900, including loan fees at 1.0% per annum, due April 2034.	14,892,821
Non-interest bearing note payable in semi-annual installments of approximately \$258,700, including loan fees at 1.0% per annum, due December 2037.	6,967,725
Non-interest bearing note payable in semi-annual installments of approximately \$865,600, including loan fees at 1.0% per annum, due February 2039.	25,538,725
Note payable in semi-annual installments of approximately \$148,300, including interest and loan fees at 1.5% per annum, due October 2036.	3,609,545
Note payable in semi-annual installments of approximately \$231,800, including interest and loan fees at 1.25% per annum, due October 2038.	6,509,775
Note payable in semi-annual installments of approximately \$418,500, including interest and loan fees at 1.75% per annum, due October 2039.	11,933,243
Note payable in semi-annual installments of approximately \$175,700, including interest and loan fees at 0.25% per annum, due April 2040.	<u>6,187,030</u>
Subtotal	<u>88,138,013</u>

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Subtotal carried forward	88,138,013
Note payable in semi-annual installments of approximately \$119,500, including interest and loan fees at 2.15% per annum, due March 2039.	3,324,565
Note payable in semi-annual installments of approximately \$364,500, including interest and loan fees at 1.75% per annum, due October 2040.	10,940,610
Note payable in semi-annual installments of approximately \$193,400, including interest and loan fees at 2.15% per annum, due January 2040.	5,489,510
Note payable in semi-annual installments of approximately \$349,300, including interest and loan fees at 1.75% per annum, due October 2041.	<u>10,995,479</u>
	118,888,177
Note payable to other lenders	
Note payable in semi-annual installments of approximately \$577,100, including interest and loan fees at 1.75% per annum, due October 2042.	19,000,000
Note payable in monthly installments of approximately \$15,700, including interest at 5.0%, due September 2025.	<u>384,618</u>
	138,272,795
Less: Current maturities	<u>8,463,073</u>
Noncurrent portion	<u>\$ 129,809,722</u>

The notes payable to the Department of Health are state revolving fund loans and are secured by the net revenue of the BWS, subject to and subordinate to the pledge of the net revenue securing the outstanding water system revenue bonds described in Note 7. Proceeds from the loans were used to finance the construction of various components of the water system. As of June 30, 2023, the total principal, interest and loan fees remaining to be paid on the loans totaled \$155,258,000. Aggregate debt service for the current year and revenues, net of specified operating and maintenance expenses, were approximately \$27,244,000 and \$94,160,000, respectively. The BWS's outstanding state revolving fund loans contain a provision that, in the event of default, the outstanding amounts become due immediately with the consent of the majority of the holders of the BWS's revenue bonds. An event of default includes, but is not limited to, the following situations: failure to pay the principal and interest due; failure to punctually perform any of the covenants, agreements or conditions of the resolution; and bankruptcy. The BWS has covenanted and agreed to maintain the water system in good repair; to fix rates and charges sufficient to meet the Net Revenue Requirement, as defined in the bond indenture; not to dispose of the properties comprising the water system; to maintain and keep proper books; and other actions consistent with conducting the business of the water system in an efficient and economical manner.

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Debt service requirements on notes payable from direct borrowings at June 30, 2023 are as follows:

Years ending June 30,	Principal	Interest	Loan Fee	Total
2024	\$ 8,463,000	\$ 445,000	\$ 1,491,000	\$ 10,399,000
2025	8,552,000	420,000	1,402,000	10,374,000
2026	8,502,000	387,000	1,312,000	10,201,000
2027	8,555,000	361,000	1,221,000	10,137,000
2028	8,648,000	335,000	1,129,000	10,112,000
2029–2033	44,680,000	1,284,000	4,230,000	50,194,000
2034–2038	36,846,000	617,000	1,933,000	39,396,000
2039–2043	14,027,000	88,000	330,000	14,445,000
	<u>\$ 138,273,000</u>	<u>\$ 3,937,000</u>	<u>\$ 13,048,000</u>	<u>\$ 155,258,000</u>

9. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2023 are as follows:

	Balance July 1, 2022 (As Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion
Bonds payable	\$ 376,285,000	\$ 17,425,000	\$ (13,145,000)	\$ 380,565,000	\$ 14,845,000
Add: Unamortized premium	<u>28,256,465</u>	<u>1,916,610</u>	<u>(2,228,256)</u>	<u>27,944,819</u>	-
Total bonds payable	404,541,465	19,341,610	(15,373,256)	408,509,819	14,845,000
Notes payable	126,082,659	20,744,052	(8,553,916)	138,272,795	8,463,073
Accrued vacation	7,858,467	3,133,833	(3,144,186)	7,848,114	3,144,186
Accrued workers' compensation	4,473,864	108,000	(1,121,600)	3,460,264	1,019,317
Customer advances	1,818,922	6,759,744	(7,142,125)	1,436,541	-
Net pension liability	106,763,854	64,569,340	(50,173,928)	121,159,266	-
Net OPEB liability	42,752,135	16,078,729	(27,943,795)	30,887,069	-
Claims liability	3,054,319	1,540,763	(1,339,876)	3,255,206	-
Lease liability	647,841	173,244	(282,890)	538,195	-
Subscription liability	572,040	1,700,041	(235,374)	2,036,707	-
Other	<u>2,902,142</u>	<u>622,112</u>	<u>(477,675)</u>	<u>3,046,579</u>	-
	<u>\$ 701,467,708</u>	<u>\$ 134,771,468</u>	<u>\$ (115,788,621)</u>	<u>\$ 720,450,555</u>	<u>\$ 27,471,576</u>

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10. Net Position

The BWS's net position consisted of the following as of June 30, 2023:

Net investment in capital assets	
Capital assets, net	\$1,366,640,508
Deferred loss on refunding of debt	12,921,861
Less: Water system revenue bonds payable	(408,509,819)
Less: Notes payable	(138,272,795)
Unspent debt proceeds	<u>200,700,359</u>
	1,033,480,114
Restricted for capital activity and debt service	
Restricted cash and cash equivalents	89,026,481
Restricted investments	172,514,643
Less: Unspent debt proceeds	(200,700,359)
Less: Accrued interest payable	(6,725,780)
Less: Contracts payable	(13,074,436)
Less: Refundable advances	<u>(25,300,000)</u>
	15,740,549
Unrestricted	<u>295,734,794</u>
	<u>\$1,344,955,457</u>

11. Leases

The BWS leases certain properties to other users, primarily utility and telecommunications companies, under multi-year license agreements with terms ranging from five to thirty years through December 2041. At June 30, 2023, lease receivables of approximately \$2,660,000 were reported in other assets. For the year ended June 30, 2023, lease revenue and interest revenue of approximately \$154,000 and \$114,000, respectively, were reported in other nonoperating revenues.

The BWS leases space for its deep seawater cooling project on Oahu under a lease that extends through September 2025. The BWS also has leases conveying the right to use various office and information technology equipment under contracts that extend through August 2027.

12. Subscription-Based Information Technology Arrangements

The BWS has agreements conveying the right to use various information technology systems under contracts that extend through April 2028.

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The future principal and interest requirements for the subscription liability at June 30, 2023 are as follows:

	Principal	Interest	Total
Years ending June 30,			
2024	\$ 649,000	\$ 74,000	\$ 723,000
2025	669,000	45,000	714,000
2026	383,000	21,000	404,000
2027	168,000	10,000	178,000
2028	168,000	3,000	171,000
	<u>\$ 2,037,000</u>	<u>\$ 153,000</u>	<u>\$ 2,190,000</u>

13. Related Party Transactions

The BWS has an agreement with the City’s Department of Environmental Services to provide certain services relating to the billing and collection of sewer service charges. For the year ended June 30, 2023, fees related to these services totaled approximately \$3,786,000, which are netted against operating expenses on the statement of revenues, expenses, and changes in net position.

The BWS has an agreement with the City to pay a central administrative services expense (“CASE”) fee for treasury, personnel, purchasing and other services that the City provides to the BWS on an on-going basis. The BWS’s Charter allows for CASE fees to the extent that they represent reasonable charges for services necessary for the BWS to perform its duties. CASE fees totaled \$3,300,000 for the year ended June 30, 2023.

As of June 30, 2023, amounts due from the City for water charges totaled approximately \$1,101,000, and are included in customer receivables in the statement of net position.

The BWS has entered into several agreements with the City for joint capital projects. As of June 30, 2023, the unexpended advanced funds totaled approximately \$956,000.

14. Retirement Benefits

Pension Plan

Plan Description

The Employees’ Retirement System (“ERS”) is a cost-sharing, multiple-employer public employee retirement system established as a defined benefit pension plan to administer a pension benefits program for all eligible employees of the state and counties of Hawaii. Benefit terms, eligibility, and contribution requirements are governed by Chapter 88 of the HRS and can be amended through legislation. The ERS issues publicly available annual financial reports that can be obtained at the ERS website:

<http://ers.ehawaii.gov/resources/financials>.

Benefits Provided

The ERS Pension Trust is comprised of three pension classes for membership purposes and considered to be a single plan for accounting purposes since all assets of the ERS may legally be used to pay the benefits of any of the ERS members or beneficiaries. The ERS provides retirement, disability and death benefits

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with three membership classes known as the noncontributory, contributory and hybrid retirement classes. The three classes provide a monthly retirement allowance equal to the benefit multiplier (generally 1.25% or 2.25%) multiplied by the average final compensation multiplied by years of credited service. Average final compensation for members hired prior to July 1, 2012 is an average of the highest salaries during any three years of credited service, excluding any salary paid in lieu of vacation for members hired January 1, 1971 or later and the average of the highest salaries during any five years of credited service including any salary paid in lieu of vacation for members hired prior to January 1, 1971. For members hired after June 30, 2012, average final compensation is an average of the highest salaries during any five years of credited service excluding any salary paid in lieu of vacation.

Each retiree's original retirement allowance is increased on each July 1 beginning the calendar year after retirement. Retirees first hired as members prior to July 1, 2012 receive a 2.5% increase each year of their original retirement allowance without a ceiling. Retirees first hired as members after June 30, 2012 receive a 1.5% increase each year of their original retirement allowance without a ceiling. The annual increase is not compounded.

The following summarizes the provisions relevant to the largest employee groups of the respective membership class. Retirement benefits for certain groups, such as police officers, firefighters, some investigators, sewer workers, judges, and elected officials, vary from general employees.

Noncontributory Class

- **Retirement Benefits** – General employees' retirement benefits are determined as 1.25% of average final compensation multiplied by the years of credited service. Employees with ten years of credited service are eligible to retire at age 62. Employees with thirty years of credited service are eligible to retire at age 55.
- **Disability Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 12.5% of average final compensation.
- **Death Benefits** – For service-connected deaths, the surviving spouse/reciprocal beneficiary receives a monthly benefit of 30% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. Additional benefits are payable to surviving dependent children up to age 18. If there is no spouse/reciprocal beneficiary or surviving dependent children, no benefit is payable.

Ordinary death benefits are available to employees who were active at the time of death with at least ten years of credited service. The surviving spouse/reciprocal beneficiary (until remarriage/re-entry into a new reciprocal beneficiary relationship) and surviving dependent children (up to age 18) receive a benefit equal to a percentage of the member's accrued maximum allowance unreduced for age or, if the member was eligible for retirement at the time of death, the surviving spouse/reciprocal beneficiary receives 100% joint and survivor lifetime pension and the surviving dependent children receive a percentage of the member's accrued maximum allowance unreduced for age.

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Contributory Class for Members Hired Prior to July 1, 2012

- **Retirement Benefits** – General employees’ retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 55.
- **Disability Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a one-time payment of the member’s contributions and accrued interest plus a lifetime pension of 50% of their average final compensation. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined as 1.75% of average final compensation multiplied by the years of credited service but are payable immediately, without an actuarial reduction, and at a minimum of 30% of average final compensation.
- **Death Benefits** – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member’s contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least one year of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest plus a percentage of the salary earned in the twelve months preceding death, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Contributory Class for Members Hired After June 30, 2012

- **Retirement Benefits** – General employees’ retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 60.
- **Disability and Death Benefits** – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 50% of their average final compensation plus refund of contributions and accrued interest. Ten years of credited service are required for ordinary disability.

Death benefits for contributory members hired after June 30, 2012 are generally the same as those for contributory members hired June 30, 2012 and prior.

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Hybrid Class for Members Hired Prior to July 1, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 2% of average final compensation multiplied by the years of credited service. General employees with five years of credited service are eligible to retire at age 62. General employees with thirty years of credited service are eligible to retire at age 55.
- Disability Benefits – Members are eligible for service-related disability benefits regardless of length of service and receive a lifetime pension of 35% of their average final compensation plus refund of their contributions and accrued interest. Ten years of credited service are required for ordinary disability. Ordinary disability benefits are determined in the same manner as retirement benefits but are payable immediately, without an actuarial reduction, and at a minimum of 25% of average final compensation.
- Death Benefits – For service-connected deaths, the designated surviving spouse/reciprocal beneficiary receives a lump sum payment of the member’s contributions and accrued interest plus a monthly benefit of 50% of the average final compensation until remarriage or re-entry into a new reciprocal beneficiary relationship. If there is no surviving spouse/reciprocal beneficiary, surviving dependent children (up to age 18) or dependent parents are eligible for the monthly benefit. If there is no spouse/reciprocal beneficiary or surviving dependent children/parents, the ordinary death benefit is payable to the designated beneficiary.

Ordinary death benefits are available to employees who were active at time of death with at least five years of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest plus a percentage multiplied by 150%, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

Hybrid Class for Members Hired After June 30, 2012

- Retirement Benefits – General employees’ retirement benefits are determined as 1.75% of average final compensation multiplied by the years of credited service. General employees with ten years of credited service are eligible to retire at age 65. Employees with thirty years of credited service are eligible to retire at age 60. Sewer workers, water safety officers, and emergency medical technicians may retire with 25 years of credited service at age 55.
- Disability and Death Benefits – Provisions for disability and death benefits generally remain the same except for ordinary death benefits. Ordinary death benefits are available to employees who were active at time of death with at least ten years of service. Ordinary death benefits consist of a lump sum payment of the member’s contributions and accrued interest, or 50% joint and survivor lifetime pension if the member was not eligible for retirement at the time of death but was credited with at least ten years of service and designated one beneficiary, or 100% joint and survivor lifetime pension if the member was eligible for retirement at the time of death and designated one beneficiary.

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Contributions

The employer contribution rate is a fixed percentage of compensation. The employer contribution rate for general employees was 24% for the year ended June 30, 2023. For the year ended June 30, 2022, contributions to the pension plan from the BWS totaled approximately \$11,377,000.

The employer is required to make all contributions for noncontributory members. For contributory class employees hired prior to July 1, 2012, general employees are required to contribute 7.8% of their salary. For contributing class employees hired after June 30, 2012, general employees are required to contribute 9.8% of their salary. Hybrid class members hired prior to July 1, 2012 are required to contribute 6.0% of their salary. Hybrid class members hired after June 30, 2012 are required to contribute 8.0% of their salary.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the BWS reported a liability of approximately \$121,159,000, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The BWS's proportion of the net pension liability was based on the actual employer contributions to the pension plan relative to the contributions of all participating employers. At June 30, 2022, the BWS's proportionate share was 0.93%.

For the year ended June 30, 2023, the BWS recognized pension expense of approximately \$10,476,000. At June 30, 2023, the BWS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,174,225	\$ 1,753,990
Changes of assumptions	177,776	1,536,787
Net difference between projected and actual earnings on pension plan investments	-	5,243,950
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,942,828	3,534,664
Employer contributions subsequent to the measurement date	11,376,565	-
	<u>\$ 23,671,394</u>	<u>\$ 12,069,391</u>

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At June 30, 2023, the BWS reported approximately \$11,377,000 of deferred outflows of resources related to pensions resulting from BWS contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2023 will be recognized in pension expense as follows:

Years ending June 30,	Net Deferred Inflows
2024	\$ (522,915)
2025	(100,082)
2026	(2,358,251)
2027	3,160,309
2028	46,377
	<u>\$ 225,438</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Investment rate of return, including inflation	7.00 %
Salary increases, including inflation	
General employees	3.75% to 6.75%

Mortality rates used in the actuarial valuation as of June 30, 2022 were based on the following:

- **Active members** – Scale MP2021 mortality table for active employees based on the occupation of the member.
- **Healthy retirees** – The 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.
- **Disabled retirees** – Base table for healthy retirees’ occupation, set forward three years, generational projection using the UMP projection table from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

The actuarial assumptions used in the actuarial valuation as of June 30, 2022 were based on the results of an experience study as of June 30, 2021, with most of the assumptions based on the period from July 1, 2016 through June 30, 2021.

The long-term expected rate of return on pension plan investments was determined using a “top down approach” of the Client-Constrained Simulation-based Optimization Model (a statistical technique known as “re-sampling with replacement” that directly keys in on specific plan-level risk factors as stipulated by the ERS Board) in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These

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ranges are combined to produce the long-term expected rate of return by weighting the expected nominal real rates of return (real returns + inflation) by the target asset allocation percentage. The rate of returns, based on ERS's investment consultant as of June 30, 2022, are summarized in the following table:

Strategic Allocation (Risk-Based Classes)	Target Allocation	Expected Long-Term Geometric Average Strategic Range*
Broad growth	63.00 %	8.00 %
Diversifying strategies	37.00 %	5.10 %
	<u>100.00 %</u>	

*Uses an expected inflation of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability at June 30, 2022 was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the BWS's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the BWS's proportionate share of the net pension liability calculated as of the year ended June 30, 2023 using the discount rate of 7.00%, as well as what the BWS's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	<u>\$ 162,352,824</u>	<u>\$ 121,159,266</u>	<u>\$ 87,058,860</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report. ERS's complete financial statements are available at <https://ers.ehawaii.gov/resources/financials>.

Payable to the Pension Plan

At June 30, 2023, the amounts payable to the ERS totaled approximately \$1,880,000, which consists of excess pension costs required by the HRS for fiscal year 2023.

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Postemployment Benefits Other Than Pensions (“OPEB”)

Plan Description

Chapter 87A of the HRS established the EUTF, an agent multiple-employer defined benefit plan, which provides a single delivery system of health and other benefits for state and county workers, retirees and their eligible dependents. The EUTF issues a stand-alone financial report that is available to the public on its website at <https://eutf.hawaii.gov/reports>. The report may also be obtained by writing to the EUTF at P.O. Box 2121, Honolulu, Hawaii 96805-2121.

Benefits Provided

Chapter 87A of the HRS grants the authority to establish and amend the benefit terms to the board of trustees of the EUTF. The EUTF currently provides medical, prescription drug, dental, vision, chiropractic, supplemental medical and prescription drug, and group life insurance benefits for retirees and their dependents. The following table provides a summary of the number of employees covered by the benefit terms as of July 1, 2022:

Inactive employees or beneficiaries currently receiving benefits	594
Inactive employees entitled but not yet receiving benefits	49
Active employees	551
	<u>1,194</u>

Contributions

The BWS’s contribution levels are established by Chapter 87A of the HRS. For the year ended June 30, 2023, the BWS was required to contribute a minimum amount equal to 100% of the annual required contribution (“ARC”), as determined by an actuary retained by the board of trustees of the EUTF. The ARC represents a level of funding that is sufficient to cover (1) the normal cost, which is the cost of the other postemployment benefits attributable to the current year of service; and (2) an amortization payment, which is a catch-up payment for past service costs to fund the unfunded actuarial accrued liability over the next thirty years. For the year ended June 30, 2023, contributions to the OPEB plan from the BWS totaled \$8,180,000, which resulted in an average contribution rate of approximately 20% of covered-employee payroll.

For employees hired before July 1, 1996, the BWS pays the entire base monthly contribution for employees retiring with ten or more years of credited service, and 50% of the base monthly contribution for employees retiring with fewer than ten years of credited service. A retiree can elect a family plan to cover dependents. The BWS’s contribution is based on the plan selected by the retiree (single, two-party, or family plans).

For employees hired after June 30, 1996, but before July 1, 2001, and who retire with fewer than ten years of service, the BWS makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the BWS pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the BWS pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the BWS pays 100% of the base monthly contribution. The BWS’s contribution is based on the plan selected by the retiree (single, two-party, or family plans).

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For employees hired on or after July 1, 2001, and who retire with fewer than ten years of service, the BWS makes no contributions. For those retiring with at least ten years but fewer than 15 years of service, the BWS pays 50% of the base monthly contribution. For those retiring with at least 15 years but fewer than 25 years of service, the BWS pays 75% of the base monthly contribution. For those employees retiring with at least 25 years of service, the BWS pays 100% of the base monthly contribution. Only single plan coverage is provided for retirees in this category. Retirees can elect family coverage, but must pay the difference.

Net OPEB Liability

The BWS's net OPEB liability as of June 30, 2023 was measured as of July 1, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.75% to 6.75% including inflation
Investment rate of return	7.00%
Healthcare cost trend rates	
PPO*	Initial rate of 6.4% declining to a rate of 4.25% after 22 years
HMO*	Initial rate of 6.4% declining to a rate of 4.25% after 22 years
Part B and base monthly contribution	Initial rate of 5.0% declining to a rate of 4.25% after 22 years
Dental	4.00%
Vision	2.50%
Life insurance	0.00%

*Blended rates for medical and prescription drugs.

Mortality rates used in the actuarial valuation as of July 1, 2022 were based on the following:

- **Active members** – Scale MP2021 mortality table for active employees based on the occupation of the member.
- **Healthy retirees** – The 2022 Public Retirees of Hawaii mortality tables. The rates are projected on a fully generational basis by the long-term rates of scale UMP from the year 2022 and with multiplier and setbacks based on plan and group experience.
- **Disabled retirees** – Base table for healthy retirees' occupation, set forward three years, generational projection using the UMP projection table from the year 2022. Minimum mortality rate of 3.5% for males and 2.5% for females.

The actuarial assumptions used in the actuarial valuation as of June 30, 2022 were based on the results of an experience study as of June 30, 2021, with most of the assumptions based on the period from July 1, 2016 through June 30, 2021.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of July 1, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	27.50 %	6.62 %
Private equity	12.50 %	11.72 %
Real assets	10.00 %	6.59 %
Trend following	10.00 %	4.53 %
Private credit	8.00 %	6.38 %
U.S. microcap	6.00 %	8.28 %
Long Treasuries	6.00 %	2.32 %
Global options	5.00 %	4.45 %
TIPS	5.00 %	1.35 %
Reinsurance	5.00 %	4.81 %
Alternative risk premia	5.00 %	3.74 %
Total investments	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2023 was 7.00%. The projection of cash flows used to determine the discount rate assumed that BWS contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Changes in the Net OPEB Liability

The following schedules present the changes in the net OPEB liability for the year ended June 30, 2023:

	Increase (Decrease)		
	Total OPEB Liability	Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at July 1, 2022	\$ 161,441,785	\$ 118,689,650	\$ 42,752,135
Changes for the fiscal year			
Service cost	2,607,754	-	2,607,754
Interest on the total OPEB liability	11,172,814	-	11,172,814
Difference between expected and actual experience	(14,141,673)	-	(14,141,673)
Changes of assumptions	(4,884,122)	-	(4,884,122)
Contributions – employer	-	8,918,000	(8,918,000)
Net investment income	-	(2,258,563)	2,258,563
Benefit payments	(6,268,080)	(6,268,080)	-
Administrative expense	-	(10,108)	10,108
Other	-	(29,490)	29,490
Net changes	<u>(11,513,307)</u>	<u>351,759</u>	<u>(11,865,066)</u>
Balance at June 30, 2023	\$ 149,928,478	\$ 119,041,409	\$ 30,887,069

The healthcare trend assumption was updated in the July 1, 2022 actuarial valuation to reflect the 2022 ERS actuarial experience study, which resulted in a decrease to the total OPEB liability as of June 30, 2023.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the BWS, as well as what the BWS's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability	<u>\$ 52,025,866</u>	<u>\$ 30,887,069</u>	<u>\$ 14,062,611</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the BWS, as well as what the BWS's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	<u>\$ 13,481,451</u>	<u>\$ 30,887,069</u>	<u>\$ 53,006,836</u>

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the BWS recognized OPEB expense of approximately \$759,000. At June 30, 2023, the BWS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 19,313,721
Changes of assumptions	441,792	4,394,185
Net difference between projected and actual earnings on OPEB plan investments	-	260,875
Employer contributions subsequent to the measurement date	<u>8,180,000</u>	<u>-</u>
	<u>\$ 8,621,792</u>	<u>\$ 23,968,781</u>

At June 30, 2023, the BWS reported \$8,180,000 as deferred outflows of resources related to OPEB resulting from BWS contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 will be recognized in OPEB expense as follows:

	Net Deferred Inflows
Years ending June 30,	
2024	\$ (6,139,539)
2025	(6,734,167)
2026	(6,761,848)
2027	(1,683,875)
2028	<u>(2,207,560)</u>
	<u>\$ (23,526,989)</u>

15. Commitments and Contingencies

Contract Commitments

Commitments, primarily for capital improvements, approximated \$503,271,000 as of June 30, 2023. Such amounts are to be funded by operating revenues, contributed capital, cash and investments on hand.

Workers' Compensation Self-Insurance Liability

The BWS is self-insured for workers' compensation and disability claims up to \$600,000 and in excess of \$25,000,000. The BWS has obtained excess insurance coverage for claims that are not self-insured. The BWS provides reserves for claims not covered by insurance that in the opinion of management will result in probable judgment against the BWS.

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The liability for losses and loss adjustment expenses is comprised of case reserves and incurred but not reported loss reserves ("IBNR"). Case or outstanding loss reserves represent estimates of ultimate costs to settle reported claims.

Determination of a reserve account for workers' compensation is a significant estimate. It is reasonably possible that one or more future events could result in a material change in the estimated claims loss in the near term.

Safe Drinking Water

The BWS is subject to the requirements of the Safe Drinking Water Act (the "Act"), which is administered by the State Department of Health on behalf of the U.S. Environmental Protection Agency. Management believes that the BWS is in full compliance with the requirements of the Act and is not aware of any matters under the Act that may materially affect the BWS's customer service area.

Other Legal Matters

The BWS is party to various legal proceedings arising in the normal course of business. The outcome of individual matters is not predictable. However, management believes that the ultimate resolution of all such matters, after considering insurance coverage, will not have a material adverse effect on the BWS's financial position, results of operations, or liquidity.

16. Red Hill Bulk Fuel Storage Facility

The Navy reported a fuel spill from its Red Hill Bulk Fuel Storage Facility ("RHBFSF") in late November 2021. On December 2, 2021, following the Navy's determination that its Red Hill Shaft water source was contaminated with petroleum from that leak, the BWS immediately shut down the Hālawa Shaft pumping station. On December 8, 2021, the BWS took further precautionary measures and shut down its 'Aiea Well and Hālawa Well. On March 7, 2022, the Secretary of Defense directed the Navy to permanently close the RHBFSF. As one step in the closure process, the Navy began draining the fuel from the RHBFSF on October 16, 2023.

The BWS remains vigilant in protecting its current water sources as well as developing new water sources. The related financial impact on the BWS's financial statements cannot be reasonably determined at this time.

**Required Supplementary Information
(Unaudited)**

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Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years**

Measurement Period Ended	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.93 %	\$ 121,159,266	\$ 39,674,737	305 %	62.80 %
June 30, 2021	0.87 %	106,763,854	41,699,341	256 %	64.25 %
June 30, 2020	0.87 %	132,989,070	39,537,387	336 %	53.18 %
June 30, 2019	0.81 %	114,807,821	38,390,927	299 %	54.87 %
June 30, 2018	0.90 %	120,348,341	36,816,067	327 %	55.48 %
June 30, 2017	0.88 %	113,350,294	35,912,898	316 %	54.80 %
June 30, 2016	0.87 %	116,342,916	34,536,085	337 %	51.28 %
June 30, 2015	0.93 %	81,526,553	33,412,761	244 %	62.42 %
June 30, 2014	0.91 %	73,141,824	32,202,276	227 %	63.92 %
June 30, 2013	0.79 %	69,992,291	29,761,149	235 %	57.96 %

See accompanying note to the required supplementary information.

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Schedule of Pension Contributions
Last Ten Fiscal Years**

Year Ended	Statutorily Required Contribution	Contributions in Relation to Statutorily Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2023	\$ 11,376,565	\$ 11,376,565	\$ -	\$ 39,568,266	28.8 %
June 30, 2022	10,978,412	10,978,412	-	39,674,737	27.7 %
June 30, 2021	10,642,688	10,642,688	-	41,699,341	25.5 %
June 30, 2020	9,411,347	9,411,347	-	39,537,387	23.8 %
June 30, 2019	7,387,857	7,387,857	-	38,390,927	19.2 %
June 30, 2018	7,561,614	7,561,614	-	36,816,067	20.5 %
June 30, 2017	6,885,401	6,885,401	-	35,912,898	19.2 %
June 30, 2016	6,647,884	6,647,884	-	34,536,085	19.2 %
June 30, 2015	6,686,641	6,686,641	-	33,412,761	20.0 %
June 30, 2014	5,931,238	5,931,238	-	32,202,276	18.4 %

See accompanying note to the required supplementary information.

Board of Water Supply

City and County of Honolulu

Note to Required Supplementary Information Required by GASB Statement No. 68

Year Ended June 30, 2023

1. Changes of Assumptions

There were no changes of assumptions or other inputs that significantly affected the measurement of the total pension liability since the measurement period ended June 30, 2019.

Amounts reported in the schedule of the proportionate share of the net pension liability as of the measurement period ended June 30, 2022 (fiscal year ended June 30, 2023) were significantly impacted by the following changes in actuarial assumptions:

- The assumed salary increase schedules include an ultimate component for general wage inflation that may add on additional increases for individual merit and then an additional component for step rates based on service.
- Mortality rates generally decreased due to the continued improvements in using a fully generational approach and Scale MP2021.
- The rates of turnover were lowered to reflect recent experience.

Amounts reported in the schedule of the proportionate share of the net pension liability as of the measurement period ended June 30, 2022 were significantly impacted by the following changes of actuarial assumptions:

- Mortality assumptions were modified to assume longer life expectancies as well as to reflect continuous mortality improvement.

Prior to the measurement period ended June 30, 2022 (year ended June 30, 2023), there were no other factors, including the use of different assumptions, that significantly affect trends reported in these schedules.

**Board of Water Supply
City and County of Honolulu
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Ten Fiscal Years***

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 2,607,754	\$ 2,597,273	\$ 2,663,788	\$ 2,598,017	\$ 2,480,098	\$ 2,404,087
Interest on the total OPEB liability	11,172,814	11,002,680	11,182,364	10,592,452	10,129,142	9,685,512
Difference between expected and actual experience	(14,141,673)	(5,031,426)	(9,526,120)	(28,736)	(2,312,485)	-
Changes of assumptions	(4,884,122)	-	(822,863)	1,247,028	2,183,447	-
Benefit payments	<u>(6,268,080)</u>	<u>(6,018,504)</u>	<u>(6,043,131)</u>	<u>(5,985,550)</u>	<u>(5,855,338)</u>	<u>(5,724,727)</u>
Net change in total OPEB liability	(11,513,307)	2,550,023	(2,545,962)	8,423,211	6,624,864	6,364,872
Total OPEB liability						
Beginning of year	<u>161,441,785</u>	<u>158,891,762</u>	<u>161,437,724</u>	<u>153,014,513</u>	<u>146,389,649</u>	<u>140,024,777</u>
End of year	<u>\$ 149,928,478</u>	<u>\$ 161,441,785</u>	<u>\$ 158,891,762</u>	<u>\$ 161,437,724</u>	<u>\$ 153,014,513</u>	<u>\$ 146,389,649</u>
Plan fiduciary net position						
Contributions – employer	\$ 8,918,000	\$ 8,452,000	\$ 8,165,000	\$ 7,945,000	\$ 8,855,338	\$ 11,724,727
Net investment income	(2,258,563)	24,898,909	1,666,459	3,430,974	5,235,037	6,029,726
Benefit payments	(6,268,080)	(6,018,504)	(6,043,131)	(5,985,550)	(5,855,338)	(5,724,727)
Administrative expense	(10,108)	(12,847)	(13,407)	(25,068)	(15,933)	(13,794)
Other	<u>(29,490)</u>	<u>(13,821)</u>	<u>(13,477)</u>	<u>2,370,283</u>	<u>-</u>	<u>78,200</u>
Net change in plan fiduciary net position	351,759	27,305,737	3,761,444	7,735,639	8,219,104	12,094,132
Plan fiduciary net position						
Beginning of year	<u>118,689,650</u>	<u>91,383,913</u>	<u>87,622,469</u>	<u>79,886,830</u>	<u>71,667,726</u>	<u>59,573,594</u>
End of year	<u>\$ 119,041,409</u>	<u>\$ 118,689,650</u>	<u>\$ 91,383,913</u>	<u>\$ 87,622,469</u>	<u>\$ 79,886,830</u>	<u>\$ 71,667,726</u>
Net OPEB liability	<u>\$ 30,887,069</u>	<u>\$ 42,752,135</u>	<u>\$ 67,507,849</u>	<u>\$ 73,815,255</u>	<u>\$ 73,127,683</u>	<u>\$ 74,721,923</u>
Plan fiduciary net position as a percentage of the total OPEB liability	79.40 %	73.52 %	57.51 %	54.28 %	52.21 %	48.96 %
Covered-employee payroll	\$ 41,719,615	\$ 43,914,484	\$ 41,038,526	\$ 39,801,114	\$ 38,254,167	\$ 36,968,407
Net OPEB liability as a percentage of covered-employee payroll	74.03 %	97.35 %	164.50 %	185.46 %	191.16 %	202.12 %

* This schedule is intended to present information for ten years for each respective fiscal year. Additional years will be built prospectively as information becomes available.

See accompanying note to the required supplementary information.

**Board of Water Supply
City and County of Honolulu
Schedule of OPEB Contributions
Last Ten Fiscal Years**

Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
June 30, 2023	\$ 8,180,000	\$ 8,180,000	\$ -	\$ 41,993,204	19.5 %
June 30, 2022	8,918,000	8,918,000	-	41,719,615	21.4 %
June 30, 2021	8,452,000	8,452,000	-	43,914,484	19.2 %
June 30, 2020	8,165,000	8,165,000	-	41,038,526	19.9 %
June 30, 2019	7,945,000	7,945,000	-	39,801,114	20.0 %
June 30, 2018	8,467,000	8,855,338	(388,338)	38,254,167	23.1 %
June 30, 2017	8,181,000	11,724,727	(3,543,727)	36,968,407	31.7 %
June 30, 2016	8,826,000	11,728,539	(2,902,539)	35,467,175	33.1 %
June 30, 2015	8,528,000	10,750,399	(2,222,399)	34,329,374	31.3 %
June 30, 2014	8,977,000	11,982,667	(3,005,667)	32,993,059	36.3 %

See accompanying note to the required supplementary information.

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

**Note to Required Supplementary Information Required by GASB Statement No. 75
Year Ended June 30, 2023**

1. Significant Methods and Assumptions

The actuarially determined annual required contributions ("ARC") for the year ended June 30, 2023 was developed in the July 1, 2020 valuation. The following summarizes the significant methods and assumptions used to determine the actuarially determined contribution for the year ended June 30, 2023:

Actuarial valuation date	July 1, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level percent, closed
Equivalent single amortization period	15.0 as of June 30, 2023
Asset valuation method	Smoothed
Inflation	2.50%
Investment rate of return	7.00%
Payroll growth	3.50%
Salary increases	3.50% to 7.00% including inflation
Demographic assumptions	Based on the experience study covering the five-year period ending June 30, 2018 as conducted for the Hawaii Employees' Retirement System ("ERS")
Mortality	System-specific mortality tables utilizing scale BB to project generational mortality improvement
Participation rates	98% healthcare participation assumption for retirees that receive 100% of the Base Monthly Contribution. Healthcare participation rates of 25%, 65% and 90% for retirees that receive 0%, 50% or 75% of the base monthly contribution, respectively. 100% for life insurance and 98% for Medicare Part B.
Healthcare cost trend rates	
PPO	Initial rate of 7.5%, declining to an ultimate rate of 4.70% after 13 years
HMO	Initial rate of 7.5%, declining to an ultimate rate of 4.70% after 13 years
Part B	Initial rate of 5%, declining to an ultimate rate of 4.70% after 10 years
Dental	Initial rate of 5% for the first year, followed by 4% for all future years
Vision	Initial rate of 0% for the first year, followed by 2.5% for all future years
Life insurance	0.00%

The actuarial valuation as of July 1, 2009, which was used to develop the ARC for fiscal year 2011, included a reduction to the discount rate used from the prior valuation. The discount rate changed from a blended discount rate of 7% – 8% to 7%. This resulted in an overall increase to the actuarially determined OPEB liability and the ARC.

There were no other factors that significantly affected trends in the amounts reported in the schedule of changes in the net OPEB liability and related ratios or the schedule of OPEB contributions.

Supplementary Information

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Water System Revenue Bonds					
Series 2014A (Non-AMT)					
Tax-Exempt Serial Bonds					
Insured Serial Bonds	5.000 %	12/9/2014	7/1/2023	(2)	\$ 5,585,000
Insured Serial Bonds	3.000 %	12/9/2014	7/1/2024	(2)	410,000
Insured Serial Bonds	5.000 %	12/9/2014	7/1/2024	(2)	5,455,000
Insured Serial Bonds	5.000 %	12/9/2014	7/1/2025	7/1/2024	6,165,000
Insured Serial Bonds	3.000 %	12/9/2014	7/1/2028	(2)	930,000
Insured Serial Bonds	3.250 %	12/9/2014	7/1/2031	(2)	4,470,000
					<u>23,015,000</u>
Water System Revenue Bonds					
Series 2014B (AMT)					
Taxable Serial Bonds					
Insured Serial Bonds	2.915 %	12/9/2014	7/1/2023	(2)	1,585,000
Insured Serial Bonds	3.135 %	12/9/2014	7/1/2024	(2)	1,625,000
Insured Serial Bonds	3.285 %	12/9/2014	7/1/2025	(2)	1,670,000
Insured Serial Bonds	3.385 %	12/9/2014	7/1/2026	(2)	1,730,000
Insured Serial Bonds	3.485 %	12/9/2014	7/1/2027	(2)	1,785,000
Insured Serial Bonds	3.585 %	12/9/2014	7/1/2028	(2)	1,845,000
					<u>10,240,000</u>
Water System Revenue Bonds					
Series 2020A (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2023	(2)	1,145,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2024	(2)	1,200,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2025	(2)	1,265,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2026	(2)	1,330,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2027	(2)	1,395,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2028	(2)	1,470,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2029	(2)	1,545,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2030	(2)	1,620,000

- (1) Call dates indicated are optional.
(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2031	7/1/2030	1,705,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2032	7/1/2030	1,790,000
Insured Serial Bonds	5.000 %	3/25/2020	7/1/2033	7/1/2030	1,885,000
Insured Serial Bonds	2.500 %	3/25/2020	7/1/2034	(2)	1,955,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2035	7/1/2030	2,020,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2036	7/1/2030	2,105,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2037	7/1/2030	2,190,000
Insured Serial Bonds	2.625 %	3/25/2020	7/1/2038	(2)	2,265,000
Insured Serial Bonds	4.000 %	3/25/2020	7/1/2039	7/1/2030	2,340,000
Insured Serial Bonds	2.750 %	3/25/2020	7/1/2040	(2)	2,420,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2041	7/1/2030	2,490,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2042	7/1/2030	2,565,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2043	7/1/2030	2,645,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2044	7/1/2030	2,725,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2045	7/1/2030	2,805,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2046	7/1/2030	2,895,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2047	7/1/2030	2,980,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2048	7/1/2030	3,070,000
Insured Serial Bonds	3.000 %	3/25/2020	7/1/2049	7/1/2030	3,165,000
					<u>56,985,000</u>

Water System Revenue Bonds

Series 2020B

Taxable Serial Bonds

Insured Serial Bonds	1.661 %	3/25/2020	7/1/2023	(2)	600,000
Insured Serial Bonds	1.720 %	3/25/2020	7/1/2024	(2)	610,000
Insured Serial Bonds	1.770 %	3/25/2020	7/1/2025	(2)	4,535,000
Insured Serial Bonds	1.933 %	3/25/2020	7/1/2026	(2)	4,620,000
Insured Serial Bonds	1.983 %	3/25/2020	7/1/2027	(2)	4,715,000
Insured Serial Bonds	2.027 %	3/25/2020	7/1/2028	(2)	4,815,000
Insured Serial Bonds	2.077 %	3/25/2020	7/1/2029	(2)	4,910,000
Insured Serial Bonds	2.127 %	3/25/2020	7/1/2030	(2)	5,015,000

(1) Call dates indicated are optional.

(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Insured Serial Bonds	2.227 %	3/25/2020	7/1/2031	(2)	5,125,000
Insured Serial Bonds	2.327 %	3/25/2020	7/1/2032	(2)	5,245,000
Insured Serial Bonds	2.377 %	3/25/2020	7/1/2033	(2)	5,370,000
					45,560,000
Water System Revenue Bonds					
Series 2021A (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2023	(2)	900,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2024	(2)	945,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2025	(2)	995,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2026	(2)	1,045,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2027	(2)	1,100,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2028	(2)	1,155,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2029	(2)	1,215,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2030	(2)	1,275,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2031	(2)	1,340,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2032	7/1/2031	1,410,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2033	7/1/2031	1,480,000
Insured Serial Bonds	3.000 %	3/25/2021	7/1/2034	7/1/2031	1,540,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2035	7/1/2031	1,595,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2036	7/1/2031	1,660,000
Insured Serial Bonds	3.000 %	3/25/2021	7/1/2037	7/1/2031	1,720,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2038	7/1/2031	1,785,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2039	7/1/2031	1,855,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2040	7/1/2031	1,930,000
Insured Serial Bonds	3.000 %	3/25/2021	7/1/2041	7/1/2031	2,000,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2042	7/1/2031	2,070,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2043	7/1/2031	2,155,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2044	7/1/2031	2,245,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2045	7/1/2031	2,335,000
Insured Serial Bonds	4.000 %	3/25/2021	7/1/2046	7/1/2031	2,430,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2047	7/1/2031	2,545,000

- (1) Call dates indicated are optional.
(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2048	7/1/2031	2,675,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2049	7/1/2031	2,810,000
Insured Serial Bonds	5.000 %	3/25/2021	7/1/2050	7/1/2031	2,955,000
					<u>49,165,000</u>

**Water System Revenue Bonds
Series 2021B**

Taxable Serial Bonds

Insured Serial Bonds	0.360 %	3/25/2021	7/1/2023	(2)	3,430,000
Insured Serial Bonds	0.520 %	3/25/2021	7/1/2024	(2)	3,445,000
Insured Serial Bonds	0.950 %	3/25/2021	7/1/2025	(2)	990,000
Insured Serial Bonds	1.160 %	3/25/2021	7/1/2026	(2)	1,000,000
Insured Serial Bonds	1.450 %	3/25/2021	7/1/2027	(2)	7,700,000
Insured Serial Bonds	1.600 %	3/25/2021	7/1/2028	(2)	6,890,000
Insured Serial Bonds	1.820 %	3/25/2021	7/1/2029	(2)	7,965,000
Insured Serial Bonds	1.970 %	3/25/2021	7/1/2030	(2)	8,155,000
Insured Serial Bonds	2.070 %	3/25/2021	7/1/2031	(2)	3,880,000
					<u>43,455,000</u>

**Water System Revenue Bonds
Series 2022A (Tax Exempt)**

Insured Serial Bonds	5.000 %	3/23/2022	7/1/2023	(2)	1,385,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2024	(2)	1,460,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2025	(2)	1,530,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2026	(2)	1,610,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2027	(2)	1,695,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2028	(2)	1,780,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2029	(2)	1,870,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2030	(2)	1,965,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2031	(2)	2,070,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2032	(2)	2,175,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2033	7/1/2032	2,285,000

(1) Call dates indicated are optional.

(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2034	7/1/2032	2,405,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2035	7/1/2032	2,515,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2036	7/1/2032	2,615,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2037	7/1/2032	2,735,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2038	7/1/2032	2,865,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2039	7/1/2032	2,980,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2040	7/1/2032	3,100,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2041	7/1/2032	3,230,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2042	7/1/2032	3,360,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2043	7/1/2032	3,495,000
Insured Serial Bonds	4.000 %	3/23/2022	7/1/2044	7/1/2032	3,640,000
Insured Serial Bonds	5.000 %	3/23/2022	7/1/2048	7/1/2032	4,290,000
					<u>57,055,000</u>
Water System Revenue Bonds					
Series 2022A (2047 Term Bond)					
2047 Term Bond	4.000 %	3/23/2022	7/1/2045	7/1/2032	3,790,000
2047 Term Bond	4.000 %	3/23/2022	7/1/2046	7/1/2032	3,940,000
2047 Term Bond	4.000 %	3/23/2022	7/1/2047	7/1/2032	4,105,000
					<u>11,835,000</u>
Water System Revenue Bonds					
Series 2022A (2051 Term Bond)					
2051 Term Bond	3.000 %	3/23/2022	7/1/2049	(2)	4,465,000
2051 Term Bond	3.000 %	3/23/2022	7/1/2050	(2)	4,600,000
2051 Term Bond	3.000 %	3/23/2022	7/1/2051	(2)	4,745,000
					<u>13,810,000</u>

(1) Call dates indicated are optional.

(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Water System Revenue Bonds					
Series 2022B					
Taxable Serial Bonds					
Insured Serial Bonds	1.897 %	3/23/2022	7/1/2023	(2)	215,000
Insured Serial Bonds	2.144 %	3/23/2022	7/1/2024	(2)	220,000
Insured Serial Bonds	2.174 %	3/23/2022	7/1/2025	(2)	225,000
Insured Serial Bonds	2.274 %	3/23/2022	7/1/2026	(2)	6,620,000
Insured Serial Bonds	2.377 %	3/23/2022	7/1/2027	(2)	55,000
Insured Serial Bonds	2.477 %	3/23/2022	7/1/2028	(2)	55,000
Insured Serial Bonds	2.489 %	3/23/2022	7/1/2029	(2)	1,955,000
Insured Serial Bonds	2.539 %	3/23/2022	7/1/2030	(2)	1,995,000
Insured Serial Bonds	2.589 %	3/23/2022	7/1/2031	(2)	2,040,000
Insured Serial Bonds	2.639 %	3/23/2022	7/1/2032	(2)	6,510,000
Insured Serial Bonds	2.789 %	3/23/2022	7/1/2033	(2)	6,690,000
Insured Serial Bonds	2.939 %	3/23/2022	7/1/2034	(2)	8,255,000
Insured Serial Bonds	3.039 %	3/23/2022	7/1/2035	(2)	8,415,000
Insured Serial Bonds	3.139 %	3/23/2022	7/1/2036	(2)	8,770,000
					<u>52,020,000</u>
Water System Revenue Bonds					
Series 2023 (Tax Exempt)					
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2034	7/1/2033	565,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2035	7/1/2033	590,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2036	7/1/2033	620,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2037	7/1/2033	655,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2038	7/1/2033	690,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2039	7/1/2033	725,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2040	7/1/2033	760,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2041	7/1/2033	800,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2042	7/1/2033	840,000
Insured Serial Bonds	5.000 %	3/23/2023	7/1/2043	7/1/2033	885,000
					<u>7,130,000</u>

- (1) Call dates indicated are optional.
(2) Noncallable.

(continued)

See report of independent auditors.

**Board of Water Supply
City and County of Honolulu
Schedule of Bonds Payable
June 30, 2023**

	Interest Rate	Bond Dated	Maturing Serially From	Call Dates (1)	Outstanding June 30, 2023
Water System Revenue Bonds Series 2023 (2048 Term Bond)					
2048 Term Bond	5.000 %	3/23/2023	7/1/2044	7/1/2033	930,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2045	7/1/2033	975,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2046	7/1/2033	1,025,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2047	7/1/2033	1,080,000
2048 Term Bond	5.000 %	3/23/2023	7/1/2048	7/1/2033	1,135,000
					<u>5,145,000</u>
Water System Revenue Bonds Series 2023 (2052 Term Bond)					
2052 Term Bond	5.000 %	3/23/2023	7/1/2044	7/1/2033	1,190,000
2052 Term Bond	5.000 %	3/23/2023	7/1/2045	7/1/2033	1,255,000
2052 Term Bond	5.000 %	3/23/2023	7/1/2046	7/1/2033	1,320,000
2052 Term Bond	5.000 %	3/23/2023	7/1/2047	7/1/2033	1,385,000
					<u>5,150,000</u>
					<u>\$ 380,565,000</u>

- (1) Call dates indicated are optional.
(2) Noncallable.

(concluded)

See report of independent auditors.

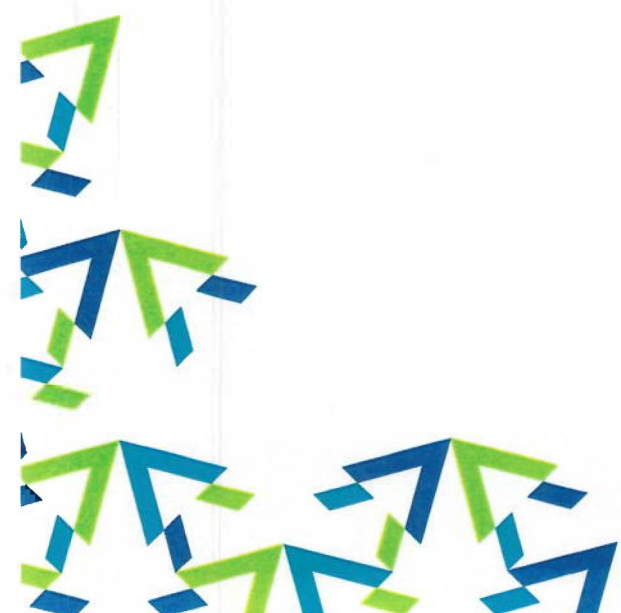
**Board of Water Supply
City and County of Honolulu
Schedule of Net Revenue Requirement
Year Ended June 30, 2023**

Revenues		
Water sales		\$ 242,482,076
Interest		11,028,764
Other		<u>2,230,241</u>
Total revenues		<u>255,741,081</u>
Deductions		
Operating expenses		214,961,767
Less: Depreciation expense		<u>(53,380,554)</u>
Total deductions		<u>161,581,213</u>
Net revenues		<u>\$ 94,159,868</u>
Net revenue requirement		
Greater of		
1) Aggregate debt service		\$ 27,244,240
Required deposits		<u>-</u>
		<u>\$ 27,244,240</u>
2) Aggregate debt service		\$ 27,244,240
Minimum required debt service ratio		<u>x 1.20</u>
Net revenue requirement		<u>\$ 32,693,088</u>
Net revenue to aggregate debt service ratio		<u>3.46</u>

See report of independent auditors.



Board of Water Supply
City and County of Honolulu
Single Audit of Federal Financial Assistance Programs
Year Ended June 30, 2023



**Board of Water Supply
City and County of Honolulu
Index
Year Ended June 30, 2023**

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Report of Independent Auditors on Compliance for Each Major Program, Internal Control Over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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Single Audit Reports



**Report of Independent Auditors on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Board of Water Supply
City and County of Honolulu

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Board of Water Supply ("BWS"), a component unit of the City and County of Honolulu, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BWS's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the BWS's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BWS's internal control. Accordingly, we do not express an opinion on the effectiveness of the BWS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the BWS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accuity LLP

Honolulu, Hawaii
November 15, 2023



**Report of Independent Auditors on Compliance
for Each Major Program, Internal Control Over
Compliance, and the Schedule of Expenditures of
Federal Awards Required by the Uniform Guidance**

To the Board of Directors
Board of Water Supply
City and County of Honolulu

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Board of Water Supply's ("BWS") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the BWS's major federal programs for the year ended June 30, 2023. The BWS's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the BWS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

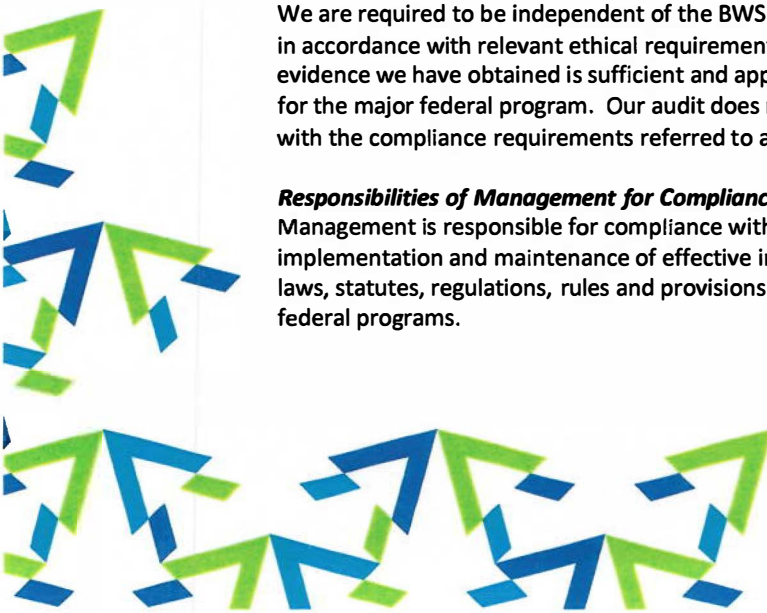
We are required to be independent of the BWS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the BWS's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the BWS's federal programs.

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the BWS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the BWS's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the BWS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the BWS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the BWS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not



identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of BWS as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the BWS's basic financial statements. We issued our report thereon dated November 15, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Accuity LLP

Honolulu, Hawaii
November 15, 2023



Schedule of Expenditures of Federal Awards

**Board of Water Supply
City and County of Honolulu
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

Federal Program or Pass-through Entity	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of the Interior			
Partners for Fish and Wildlife	15.631		\$ <u>30,927</u>
Total U.S. Department of the Interior			30,927
U.S. Environmental Protection Agency			
Pass-through from the State of Hawaii, Department of Health			
Drinking Water State Revolving Fund Cluster			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	ASO LOG #22-145	<u>20,000,000</u>
Total U.S. Environmental Protection Agency			<u>20,000,000</u>
Total expenditures of federal awards			<u>\$ 20,030,927</u>

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

**Board of Water Supply
City and County of Honolulu
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Board of Water Supply ("BWS") under programs of the federal government for the year ended June 30, 2023 and is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of BWS, it is not intended to and does not present the financial position, changes in net position, or cash flows of the BWS.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures under the Capitalization Grants for Drinking Water State Revolving Funds program are reported when incurred and when reimbursed by federal loan proceeds received from the pass-through entity during the audit period. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The BWS has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

**Board of Water Supply
City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unmodified	
Internal control over financial reporting		
• Material weakness(es) identified?	___ yes	X no
• Significant deficiency(ies) identified?	___ yes	X nonereported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major programs		
• Material weakness(es) identified?	___ yes	X no
• Significant deficiency(ies) identified?	___ yes	X none reported
Type of auditors’ report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___ yes	X no

Identification of major programs

Assistance Listing

Number	Name of Federal Program or Cluster
66.468	Drinking Water State Revolving Fund Cluster

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	X yes ___ no

**Board of Water Supply
City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section II – Financial Statement Findings

None noted.

**Board of Water Supply
City and County of Honolulu
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs

None noted.

**Board of Water Supply
City and County of Honolulu
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

There were no prior year findings or questioned costs.

ITEM FOR INFORMATION NO. 5

“February 26, 2024

**STATUS
UPDATE OF
GROUNDWATER
LEVELS AT
ALL INDEX
STATIONS**

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

Seven aquifer index stations were in low groundwater condition for the production month of January 2024. Kaimukī, Moanalua, Pearl City, Waipahu, Punalu‘u, Kaluanui and Waialua are in Caution Status. The monthly production average for January 2024 was 125.80 million gallons per day.

The Board of Water Supply rainfall index for the month of January 2024 was 52 percent of normal, with a 5-month moving average of 79 percent. As of February 6, 2024, the Hawai‘i Drought Monitor shows no drought conditions across O‘ahu. The National Weather Service is forecasting below-normal precipitation through June 2024.

Most monitoring wells exhibited stable to slightly increasing head levels for the month of January 2024, primarily reflecting the seasonal lower production. Average monthly production for January 2024 was lower than January 2023 and similar to the 5-year monthly average. Increased conservation messaging is recommended into mid-2024.

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.

Chair Anthony mentioned that he saw some locations nearing alert status and asked Mr. Barry Usagawa if he had any concerns about rainfall and pumping.

Mr. Barry Usagawa responded that those locations near the red line are coming out of alert status and hope for more recovery with rainfall. He shared that the BWS will continue conservation messaging to keep water

demands down and mentioned the increase of a \$40 toilet rebate to \$100 for anyone who chooses to switch to a high-efficiency toilet.

There was remote testimony:

<p>Tara Rojas</p> <p>*Testimony was given at the same time with testimony on Item for Information No. 1: Update on the BWS Response to the Potential Impacts of the Red Hill Fuel Contamination</p>	<p><i>Expressed her concern about the Honouliuli ahupua'a water limits, seems that there is not enough coordination between the State and City. There is too many water entertainment/activities.</i></p>
--	---

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JANUARY 2024**

POTABLE

STATION	MGD
HONOLULU (1)	
KULIOUOU	0.03
WAILUPE	0.11
AINA KOA	0.00
AINA KOA II	0.52
MANOA II	0.92
PALOLO	1.08
KAIMUKI HIGH	2.24
KAIMUKI LOW	0.33
WILDER	7.50
BERETANIA HIGH	1.00
BERETANIA LOW	2.08
KALIHI HIGH	3.86
KALIHI LOW	2.64
KAPALAMA	0.00
KALIHI SHAFT	7.92
MOANALUA	2.61
HALAWA SHAFT	0.00
KAAMILO	0.96
KALAUAO	8.82
PUNANANI	9.12
KAHUMANU	0.27
HECO WAIU	2.70
MANANA	0.21
WAIALAE IKI	0.51
WELLS SUBTOTAL:	55.40
MANOA TUNNEL	0.17
PALOLO TUNNEL	0.00
GRAVITY SUBTTL:	0.17
HONOLULU SUBTTL:	55.57

STATION	MGD
WINDWARD (2)	
WAIMANALO II	0.74
WAIMANALO III	0.00
KUOU I	0.06
KUOU II	0.75
KUOU III	0.67
LULUKU	0.82
HAIKU	0.33
IOLEKAA	0.00
KAHALUU	0.53
KAHANA	0.59
PUNALUU I	0.00
PUNALUU II	1.05
PUNALUU III	0.00
KALUANUI	1.74
MAAKUA	0.34
HAUULA	0.25
WELLS SUBTOTAL:	7.89
WAIM. TUNNELS I & II	0.00
WAIM. TUNNELS III&IV	0.19
WAIHEE INCL. WELLS	0.30
WAIHEE TUNNEL	4.68
LULUKU TUNNEL	0.20
HAIKU TUNNEL	0.34
KAHALUU TUNNEL	1.69
GRAVITY SUBTOTAL:	7.40
WIND. SUBTOTAL:	15.28

STATION	MGD
NORTH SHORE (3)	
KAHUKU	0.41
OPANA	0.98
WAIALEE I	0.33
WAIALEE II	0.69
HALEIWA	0.00
WAIALUA	1.46
N.SHORE SUBTOTAL:	3.87

STATION	MGD
MILILANI (4)	
MILILANI I	1.49
MILILANI II	0.00
MILILANI III	0.61
MILILANI IV	1.77
MILILANI SUBTOTAL:	3.88

STATION	MGD
WAHIAWA (5)	
WAHIAWA	1.68
WAHIAWA II	1.01
WAHIAWA SUBTOTAL:	2.69

STATION	MGD
PEARL CITY-HALAWA (6)	
HALAWA 277	0.00
HALAWA 550	0.00
AIEA	0.00
AIEA GULCH 497	0.00
AIEA GULCH 550	0.20
KAONOHI I	1.31
WAIMALU I	0.00
NEWTOWN	1.73
WAIU	1.69
PEARL CITY I	0.79
PEARL CITY II	1.03
PEARL CITY III	0.19
PEARL CITY SHAFT	0.92
PEARL CITY-HALAWA SUBTOTAL:	7.86

STATION	MGD
WAIPAHU-EWA (7)	
WAIPAHU HTS.	1.73
WAIPAHU HTS. I	0.00
WAIPAHU HTS. II	0.29
WAIPAHU HTS. III	1.14
WAIPAHU	6.63
WAIPAHU II	1.85
WAIPAHU III	1.46
WAIPAHU IV	2.40
KUNIA I	3.80
KUNIA II	1.52
KUNIA III	1.32
HOAEAE	5.14
HONOULIULI I	0.00
HONOULIULI II	5.49
MAKAKILO	0.07
WAIPAHU-EWA SUBTOTAL:	32.84

STATION	MGD
WAIANAE (8)	
MAKAHA I	0.49
MAKAHA II	0.00
MAKAHA III	0.14
MAKAHA V	0.31
MAKAHA VI	0.00
MAKAHA SHAFT	0.00
KAMAILE	0.05
WAIANAE I	0.27
WAIANAE II	0.30
WAIANAE III	0.69
WELLS SUBTOTAL:	2.26
WAI. C&C TUNNEL	1.40
WAI. PLANT. TUNNELS	0.14
GRAVITY SUBTOTAL:	1.54
WAIANAE SUBTOTAL:	3.81

NONPOTABLE

NONPOTABLE	MGD
KALAUAO SPRINGS	0.46
BARBERS POINT WELL	0.85
GLOVER TUNNEL NP	0.30
NONPOTABLE TOTAL:	1.61

RECYCLED WATER (DECEMBER 2023)

RECYCLED WATER	MGD
HONOULIULI WRF R-1	3.80
HONOULIULI WRF RO	1.54
RECYCLED TOTAL:	5.34

**PRODUCTION, HEAD AND RAINFALL REPORT
MONTH OF JANUARY 2024**

PRODUCTION SUMMARIES

TOTAL WATER	MGD
PUMPAGE	116.69
GRAVITY	9.11
POTABLE TOTAL:	125.80
NONPOTABLE	1.61
RECYCLED WATER	5.34
TOTAL WATER:	132.76

CWRM PERMITTED USE AND BWS ASSESSED YIELDS FOR BWS POTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE/ BWS YLDS	JAN 2024	DIFF. A-B
1	HONOLULU	83.32	55.40	27.92
2	WINDWARD	25.02	15.28	9.74
3	NORTH SHORE	4.70	3.87	0.83
4	MILILANI	7.53	3.88	3.65
5	WAHIAWA	4.27	2.69	1.58
6	PEARL CITY-HALAWA	12.25	7.86	4.39
7	WAIPAHAU-EWA	50.63	32.84	17.79
8	WAIANAIE	4.34	3.81	0.53
TOTAL:		192.06	125.63	66.42

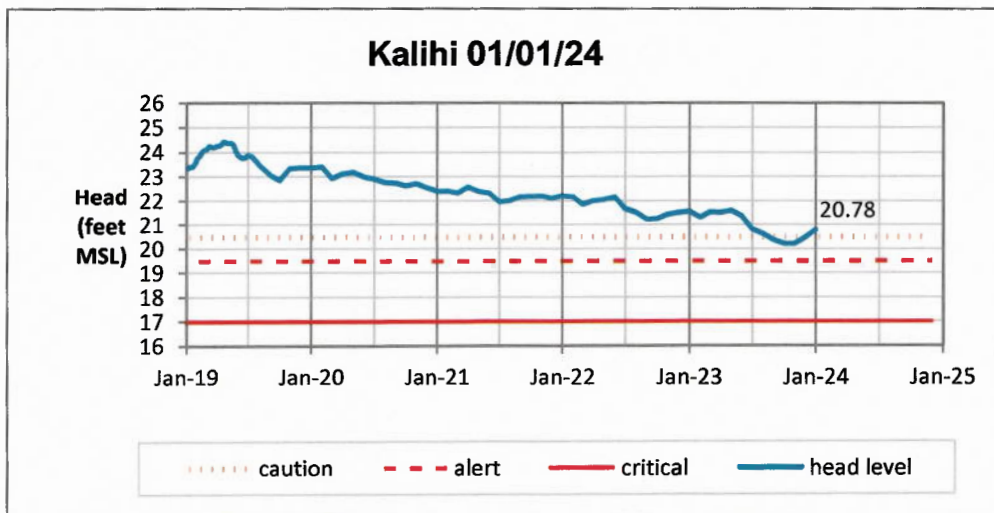
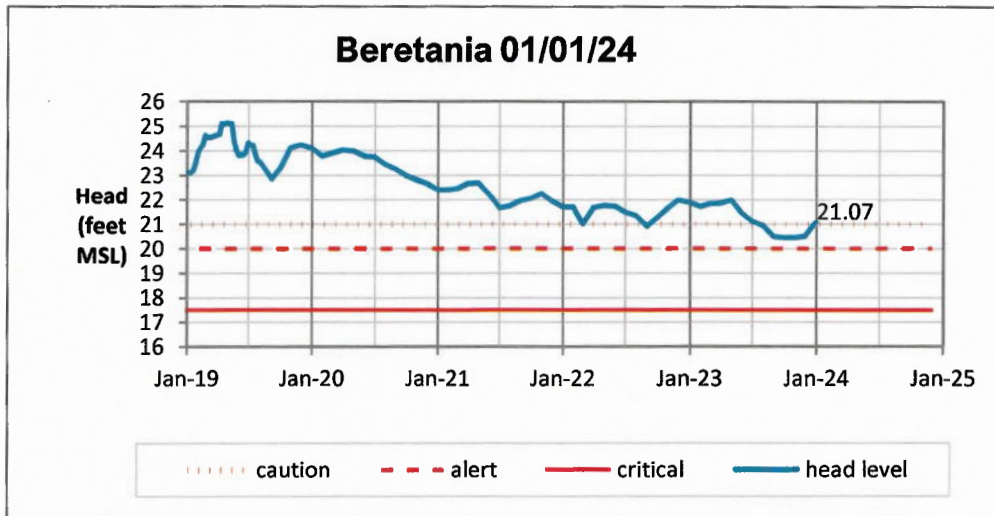
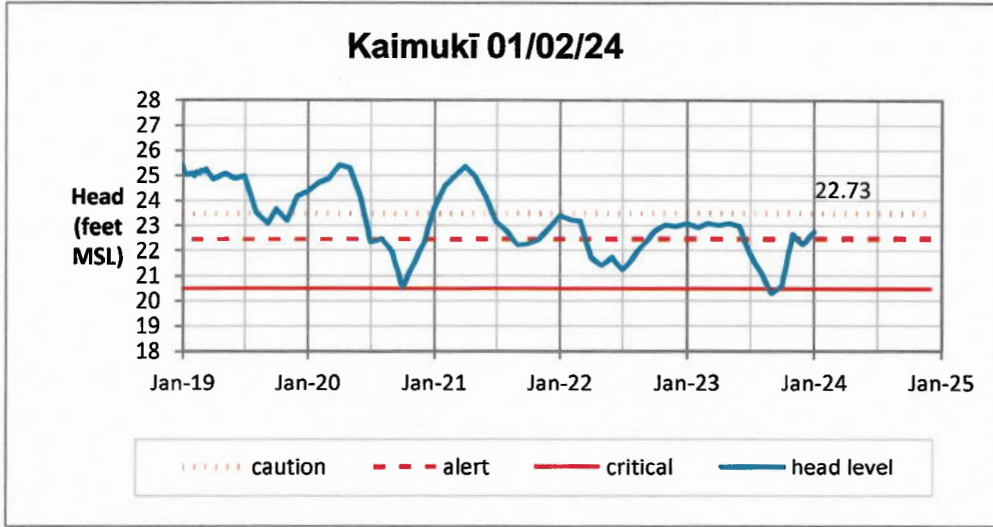
CWRM PERMITTED USE FOR BWS NONPOTABLE SOURCES				
WATER USE DISTRICTS		A	B	C
		PERMITTED USE	JAN 2024	DIFF. A-B
7	WAIPAHAU-EWA (BARBERS POINT WELL)	1.00	0.85	0.15
TOTAL:		1.00	0.85	0.15

EFFECTIVE WATER DEMAND PER DISTRICT

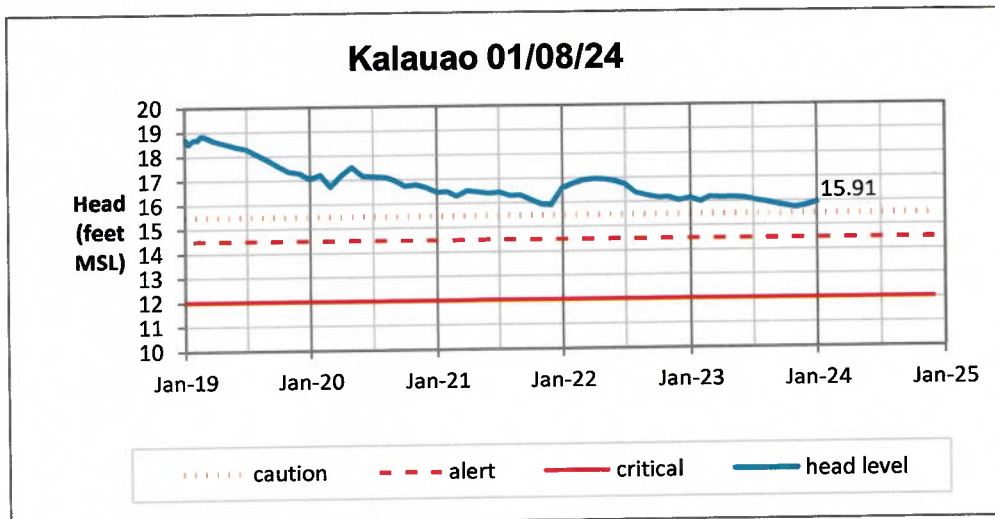
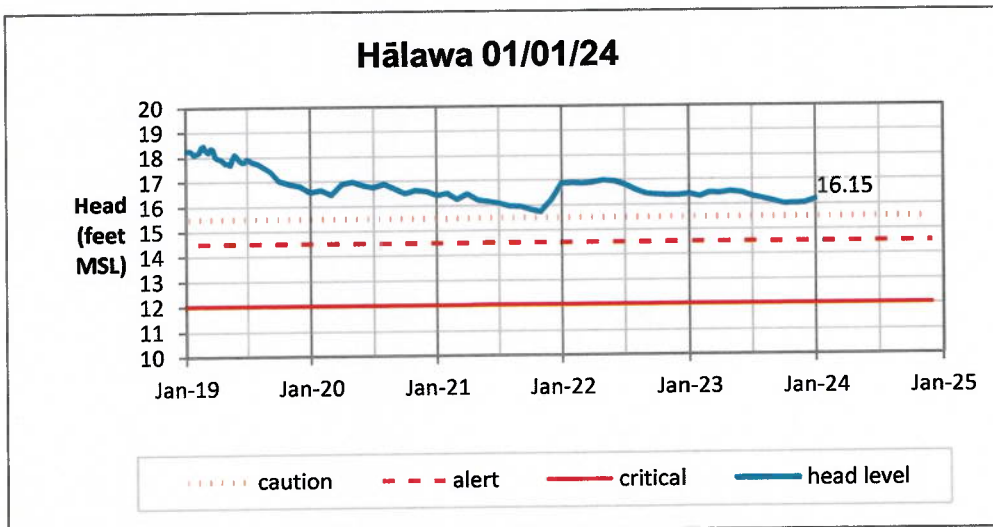
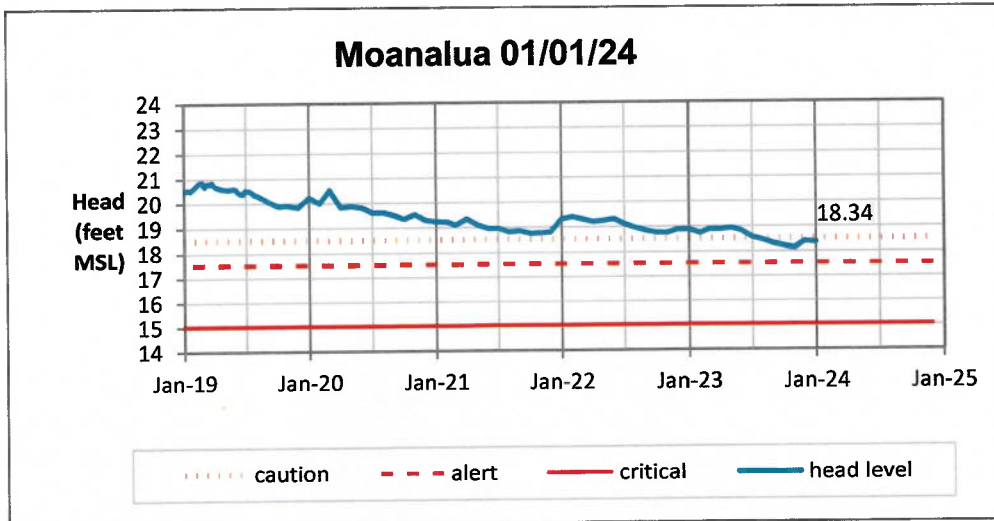
IMPORT/EXPORT BETWEEN WATER USE DISTRICTS			
FROM	TO		MGD
2	1	WINDWARD EXPORT	0.14
7	8	BARBERS PT LB	4.50

WATER USE DISTRICTS		SUBTOTAL	IMPORT	EXPORT	EFFECTIVE WATER DEMAND
1	HONOLULU	55.57	0.14	-	55.71
2	WINDWARD	15.28	-	0.14	15.14
3	NORTH SHORE	3.87	-	-	3.87
4	MILILANI	3.88	-	-	3.88
5	WAHIAWA	2.69	-	-	2.69
6	PEARL CITY-HALAWA	7.86	-	-	7.86
7	WAIPAHAU-EWA	32.84	-	4.50	28.34
8	WAIANAIE	3.81	4.50	-	8.30
TOTAL:		125.80	4.64	4.64	125.80

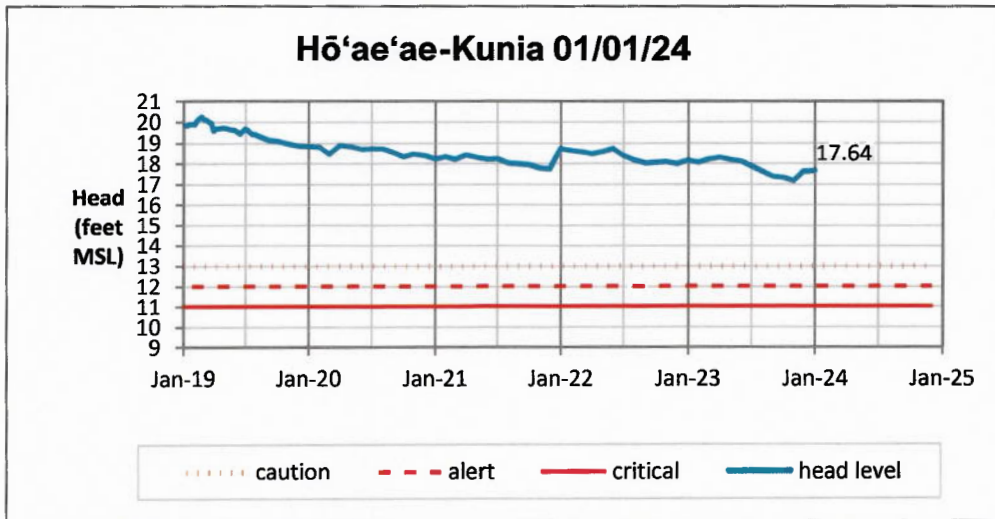
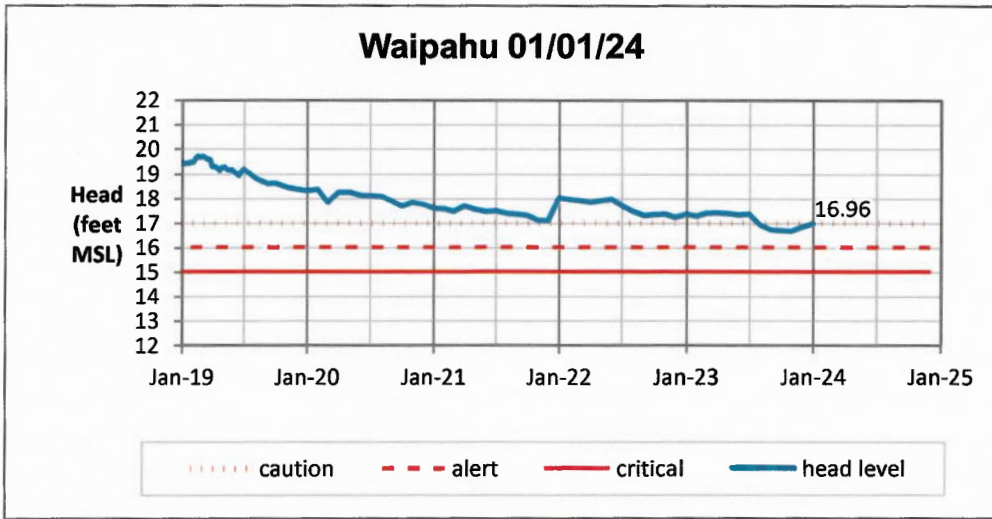
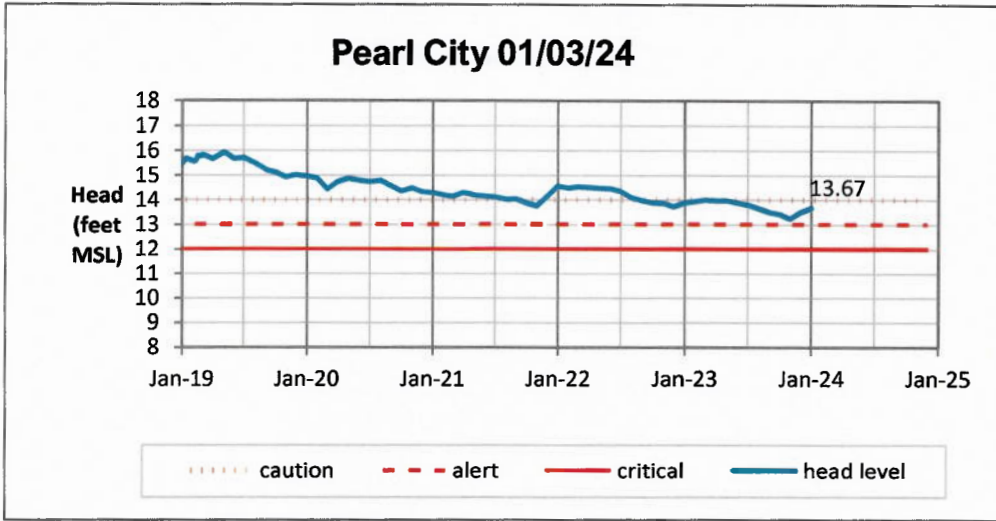
Head Report



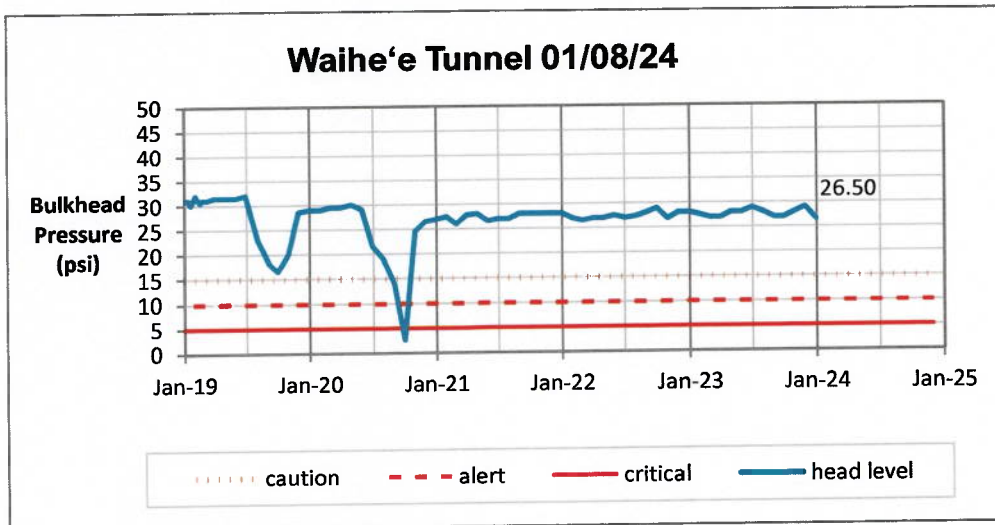
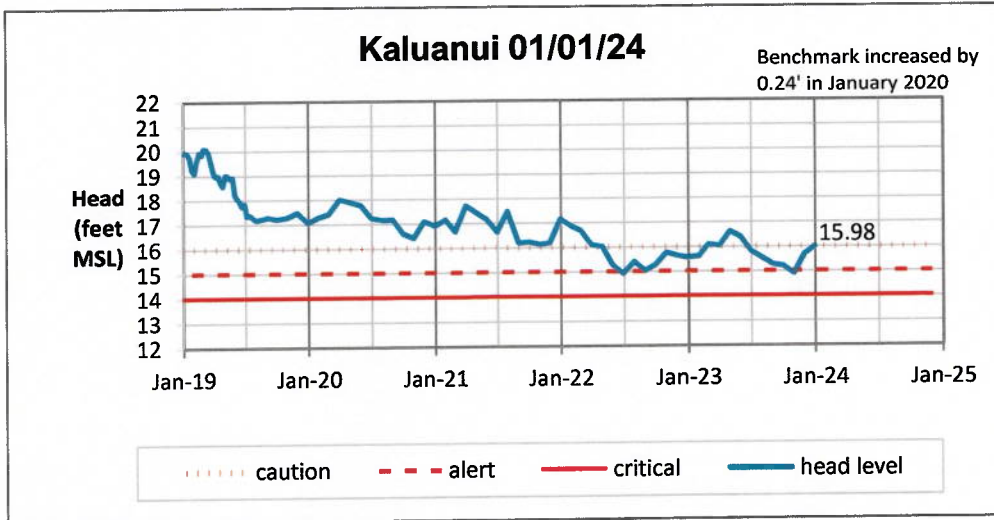
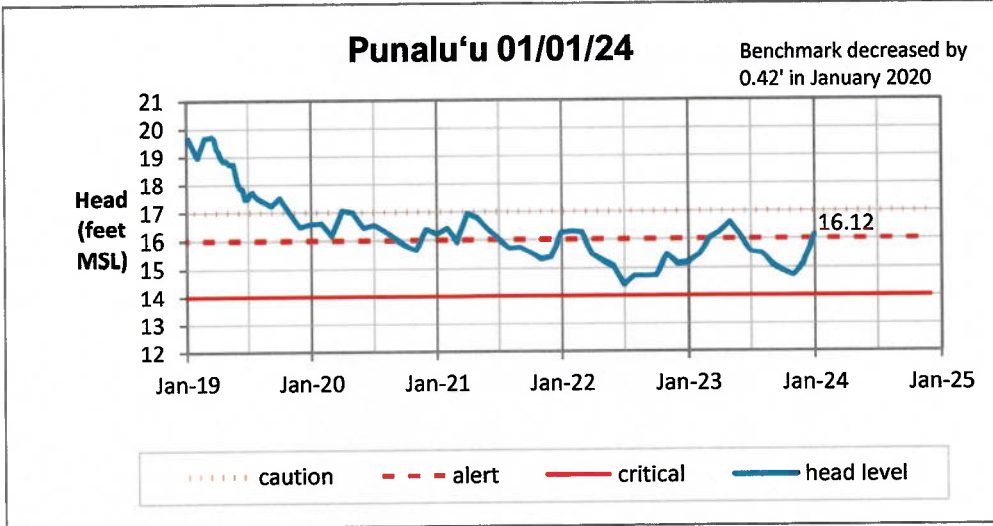
Head Report



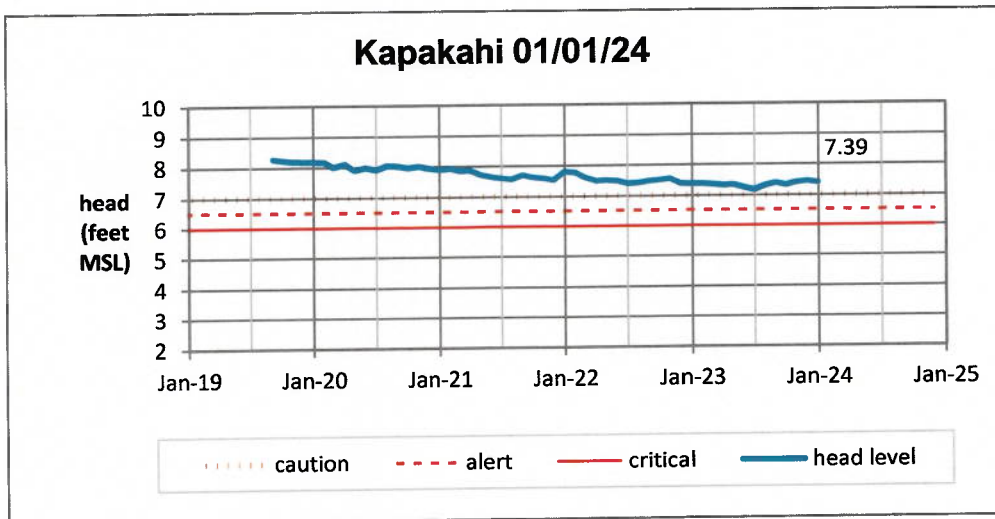
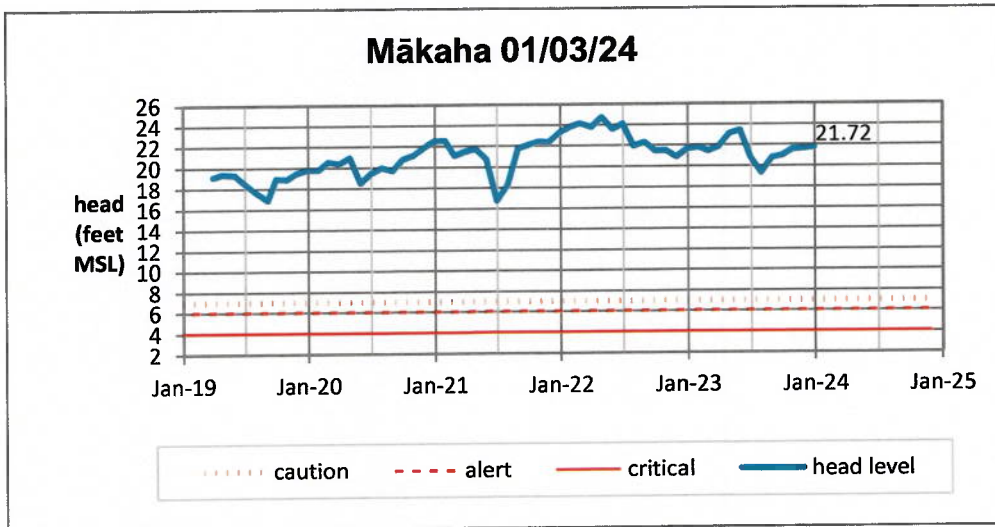
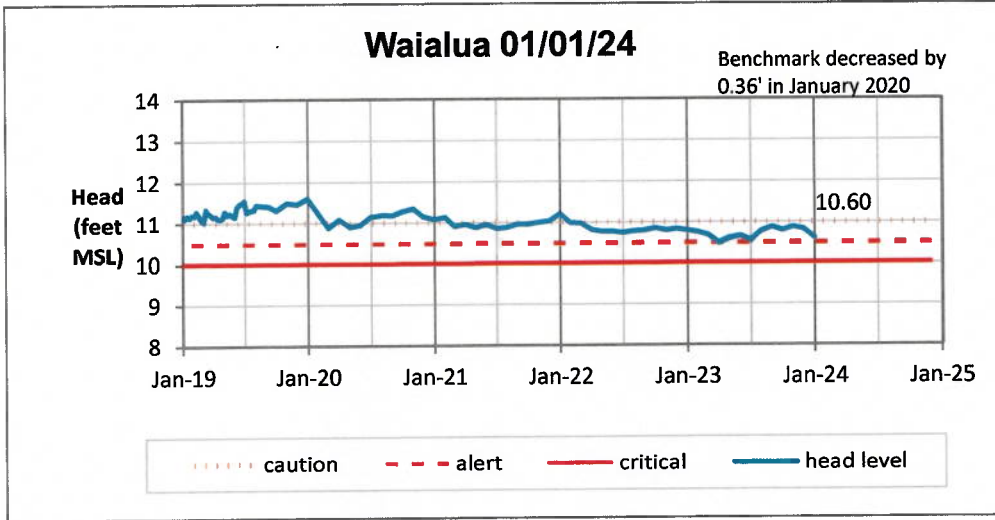
Head Report



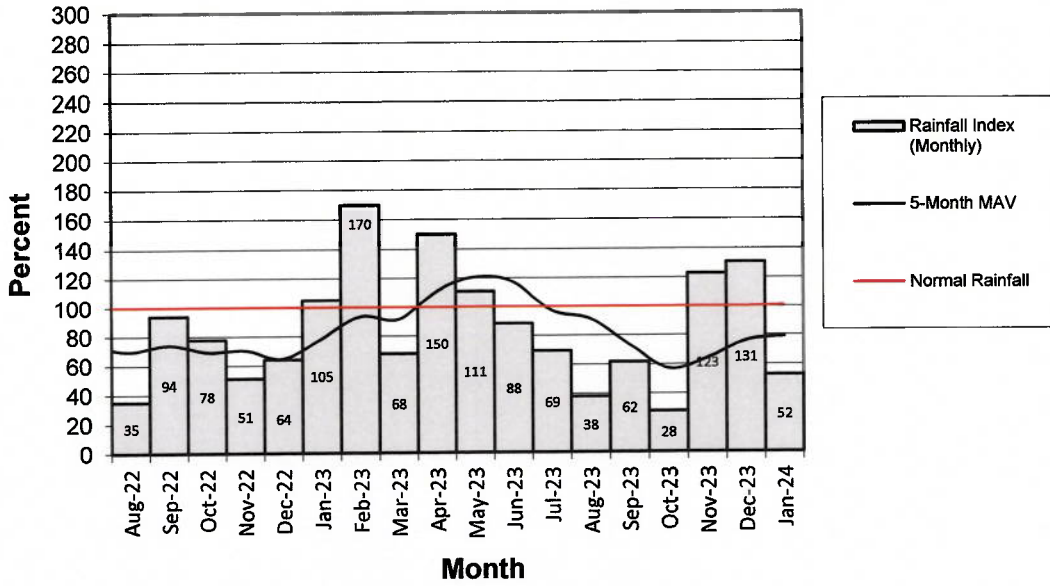
Head Report



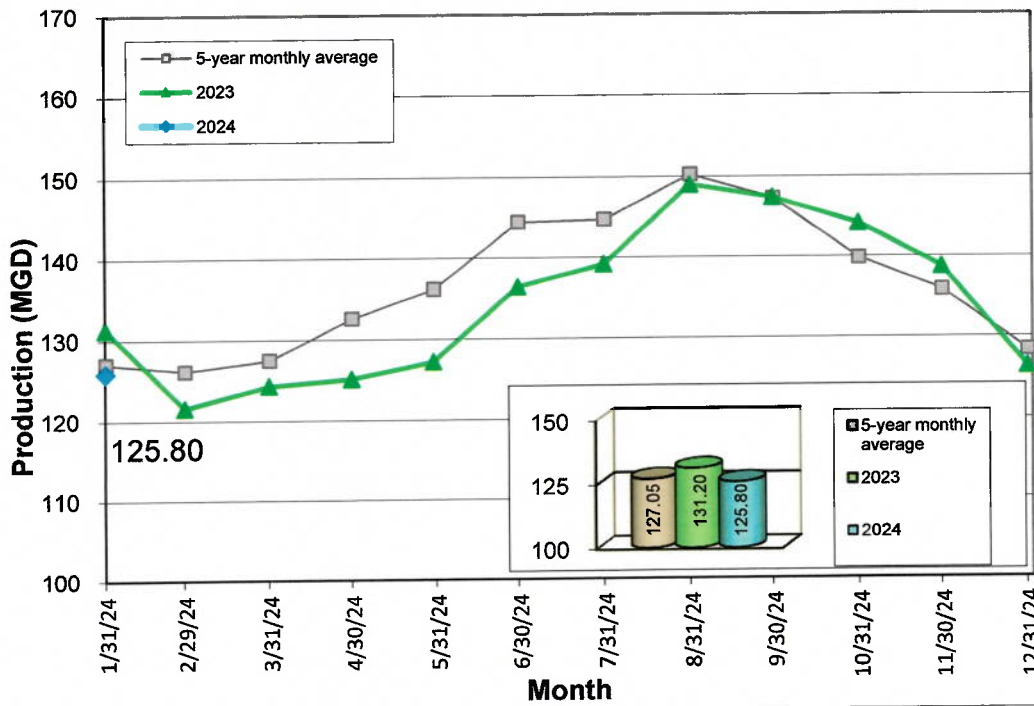
Head Report



HONOLULU WATERSHED AREA Rainfall Intake



Monthly Production



ITEM FOR INFORMATION NO. 6

“February 26, 2024

WATER MAIN
REPAIR
REPORT FOR
JANUARY 2024

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

Chair and Members:

Subject: Water Main Repair Report for January 2024

Jason Nikaido, Program Administrator, Field Operations Division, will report on water main repair work for the month of January 2024.

Respectfully submitted,

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

Attachment”

The foregoing was for information only.

DISCUSSION:

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

At 5:01 PM, Board Member Bryan Andaya exited Zoom and left the Board Meeting. Per Ms. Moana Yost, Deputy Corporation Counsel, the Board meeting would be okay to continue since no further action items were on the agenda.

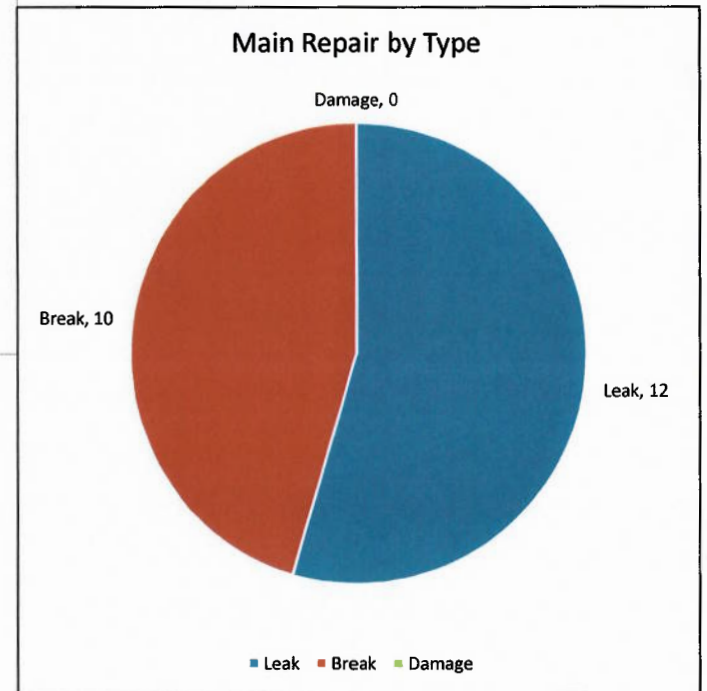
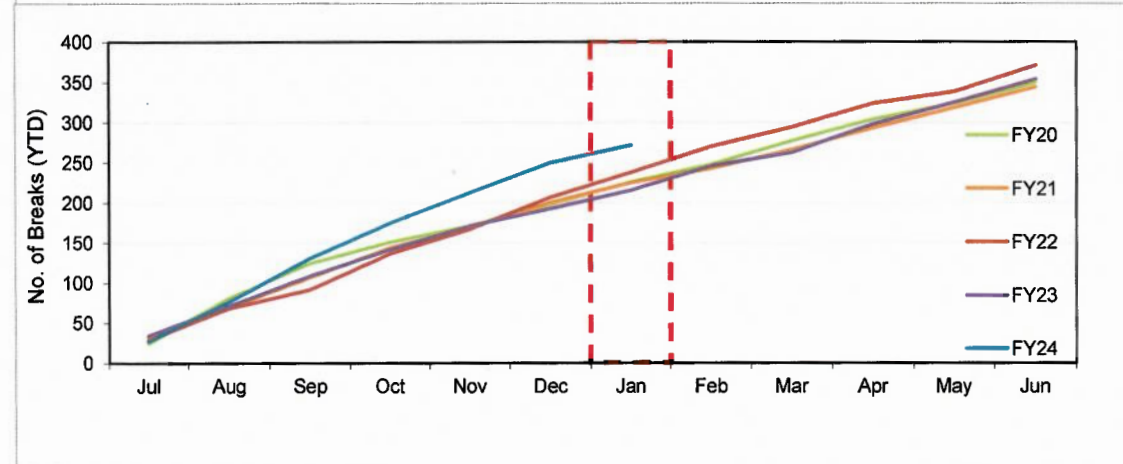
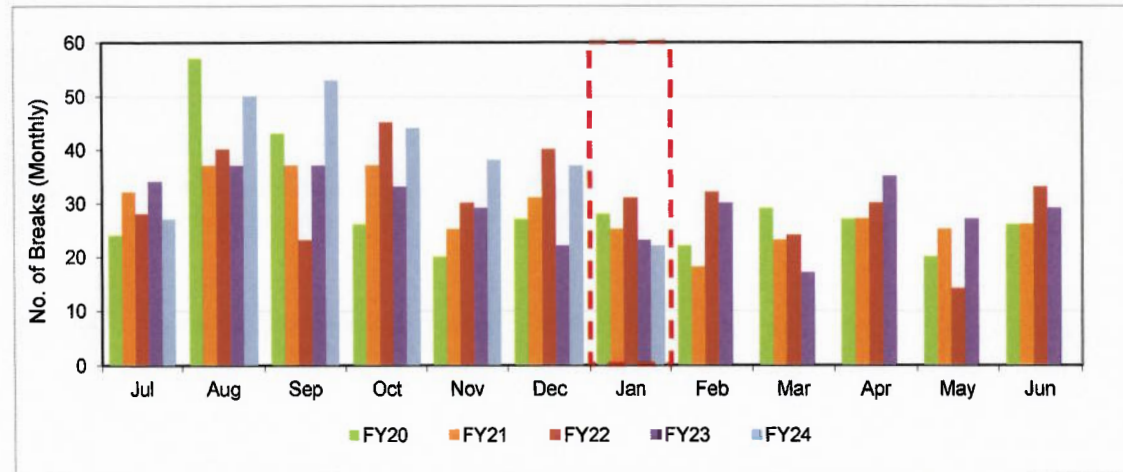
WATER MAIN REPAIR REPORT for January 2024

Monthly Main Breaks

FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2024	27	50	53	44	38	37	22						271
2023	34	37	37	33	29	22	23	30	17	35	27	29	353
2022	28	40	23	45	30	40	31	32	24	30	14	33	370
2021	32	37	37	37	25	31	25	18	23	27	25	26	343
2020	24	57	43	26	20	27	28	22	29	27	20	26	349

Main Repair by Type

Type	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Leak	--	--	--	--	--	24	12						36
Break	--	--	--	--	--	13	10						23
Damage	--	--	--	--	--	0	0						0
Total	---	---	---	---	---	37	22	0	0	0	0	0	59



Date	Address	Size (In)	Pipe Type	Date	Address	Size (In)	Pipe Type
1/2/2024	91-1338 Imelda St, Ewa Beach	8	DI				
1/2/2024	98-107 Kalike Pl, Aiea	6	CI				
1/3/2024	62-594 Kamehameha Hwy, Haleiwa	16	CI				
1/3/2024	2803 Lowrey Ave, Honolulu	8	PVC				
1/4/2024	98-130 Kalike Pl, Aiea	6	CI				
1/8/2024	59-469 Pupukea Rd, Haleiwa	12	CI				
1/10/2024	691 Kealahou St, Honolulu	12	CI				
1/10/2024	817 Papalalo Pl, Honolulu	8	DI				
1/11/2024	851 Auloa Rd, Kailua	12	CI				
1/12/2024	1858 Hoomalolo St, Pearly City	8	CI				
1/14/2024	2218 Apaakuma St, Pearl City	8	CI				
1/14/2024	99-729 Puluniu Lp, Aiea	8	CI				
1/15/2024	1152 Koko Head Ave, Honolulu	8	CI				
1/15/2024	1347 15th Ave, Honolulu	8	DI				
1/18/2024	70 Puiwa Rd, Honolulu	12	PVC				
1/19/2024	2238 Waiomao Rd, Honolulu	8	CI				
1/21/2024	1325 Waimano Home Rd, Pearl City	8	PVC				
1/23/2024	1210 Dillingham Blvd, Honolulu	12	CI				
1/24/2024	45-552 Alokahi St, Kaneohe	8	CI				
1/24/2024	958 Akepo Ln, Honolulu	4	CI				
1/30/2024	1437 Dillingham Blvd, Honolulu	8	CI				
1/31/2024	99-067 Ieie Pl, Aiea	6	CI				

LEAK DETECTION for January 2024

POIs Investigated

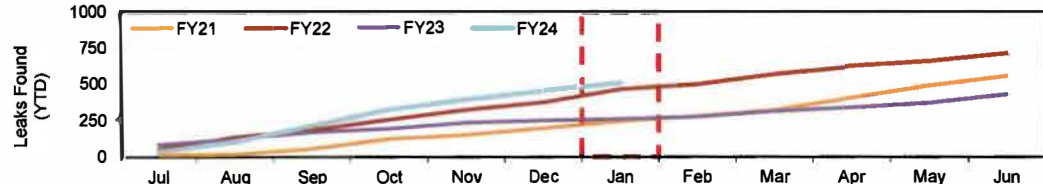
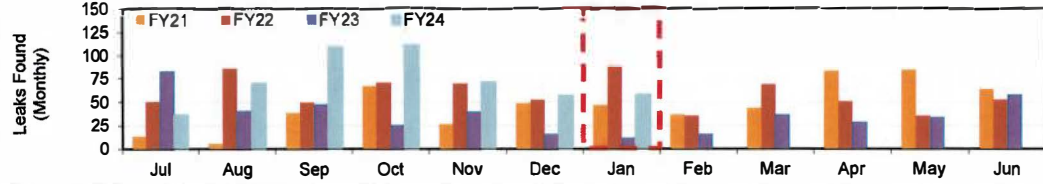
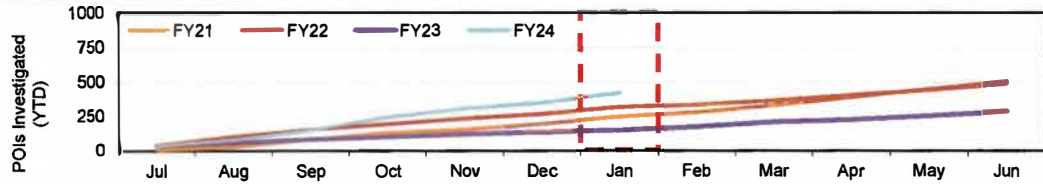
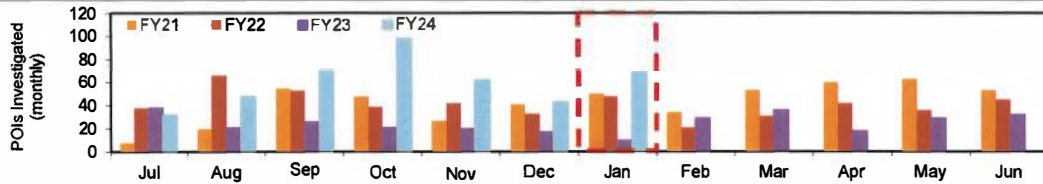
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2024	31	47	70	97	61	42	68						416
2023	37	20	25	20	19	16	9	28	35	17	28	31	285
2022	37	65	52	38	41	32	47	20	30	41	35	44	482
2021	7	19	54	47	26	40	49	33	52	59	62	52	500

Leaks Found

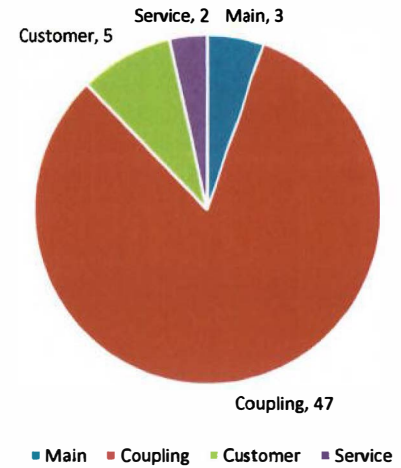
FY	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
2024	36	69	109	111	70	56	57						508
2023	82	40	47	25	39	15	11	15	36	28	33	57	428
2022	50	85	49	70	69	52	88	35	68	50	35	52	703
2021	13	5	38	66	26	48	46	36	43	82	83	63	549

Satellite Leak by Type

Type	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	TOTAL
Main	6	14	13	6	5	4	3						51
Coupling	17	35	74	71	48	46	47						338
Customer	9	13	14	23	12	1	5						77
Service	4	7	8	11	5	5	2						42
Total	36	69	109	111	70	56	57	0	0	0	0	0	508



Satellite Leak by Type



MOTION TO
ADJOURN

There being no further business, Chair Anthony, at 5:10 PM, called for a motion to adjourn the Regular Session. Jonathan Kaneshiro so moved, seconded by Kapua Sproat, and unanimously carried.

The minutes of the Regular Meeting held on February 26, 2024, are respectfully submitted,


JOY CRUZ-ACHIU

THE MINUTES OF THE REGULAR MEETING HELD ON DECEMBER 18, 2023, WERE APPROVED AT THE JANUARY 22, 2024, BOARD MEETING			
	AYE	NO	COMMENT
NĀ'ĀLEHU ANTHONY	X		
KAPUA SPROAT	X		
BRYAN P. ANDAYA			ABSENT
JONATHAN KANESHIRO	X		
EDWIN H. SNIFFEN			ABSENT
GENE C. ALBANO	X		

APPROVED:



NĀ'ĀLEHU ANTHONY
Chair of the Board

MAR 25 2024
Date