



Impact and Position re: 2015-2016 Proposed Charter Amendment #20

This proposed Charter Amendment seeks to end 85 years of BWS semi-autonomous governance by a single-purpose Board focused solely on water, and transfer a major part of its authority to the City Council.

- ❖ City Council would have direct political control over the BWS Capital Improvement Program, Operating Budget, and other responsibilities.
- ❖ Council members could delete, add, or change projects and budget line-items based on short-term political interests.
- ❖ Decision making would be subject to influence from lobbying by special interests, rather than focusing on long-term, island-wide benefits.
- ❖ Water funds could be diverted to other City programs and services unrelated to water. Currently, water revenues can be applied ONLY to the BWS's water programs and projects. The BWS currently is entirely financially self-sufficient, receiving no tax revenue to maintain water services and systems.
- ❖ The City Council already has a very full plate, overseeing roads, solid waste, wastewater, storm water, and more.

The BWS opposes Proposed Charter Amendment #20.

Water is a serious business, involving our community's public health and safety, sustainability, and economic viability. The BWS was created to keep politics out of water supply management

- ❖ In 1929, the Territorial Government established the BWS as a semi-autonomous agency to minimize politics in decision-making about O'ahu's precious water supply and providing this vital service to the people of O'ahu.
- ❖ Desirability of semi-autonomous governance was reaffirmed by another Charter Commission in 1958, which found that politics and political expedience do not have a place in operations of a water department.
- ❖ Since 2013 when similar governance changes were being proposed, at the request of Council the City Auditor completed a Management and Performance Audit of the BWS, with special attention to *"whether the status and powers of the BWS as a semi-autonomous agency should be maintained."* The auditor concluded: *"while there are areas for BWS improvement, citizens are unlikely to realize a significant benefit with a transfer to city management...A charter amendment to place BWS under the city's direct authority is unlikely to improve BWS's effectiveness or efficiency."*
- ❖ Politics and water supply management are a volatile mix. The water quality problems in Flint, Michigan is perhaps the most recent and tragic demonstration of this.

Responsibility for the BWS's budget is established under State law.

- ❖ State law requires that “The board of water supply shall locate and determine the character and type of all construction and additions, extensions, increases, betterments, and improvements to the waterworks, and shall determine the policy for construction or the making of additions, extensions, increases, betterments and improvements out of any public funds under its jurisdiction.” [HRS 54-19]
- ❖ The policy vehicle for the Board's disbursement of public funds is its budget. This responsibility for these policy decisions is vested with the BWS under State law. [HRS 54-19]

There are important advantages to maintaining semi-autonomous governance: financial strength, stability, and ability to serve.

- ❖ The BWS's budget process focuses on the needs of the water system and is not subject to lobbying by special interests.
- ❖ Credit rating agencies prefer autonomous governance because it “insulates the utility from exposure to political interference.” This reduces costs to BWS's customers.
- ❖ Water-related funds cannot be used for non-water purposes.
- ❖ Supports long-term resource and financial planning which are critical to sustaining water quality and reliability. This is why the BWS is doing a 30-year Water Master Plan.
- ❖ Longer, overlapping Board terms provide necessary stability and foster the ability to build familiarity with the complexity and challenges of water services

There is NO compelling reason to change how water is governed on O'ahu.

- ❖ In 2014, the Hawaii Government Employees Associations voiced its position: “*Changing the existing governance of the BWS is a decision that needs to be made with extreme caution and consideration. The existing model has served the people residing on O'ahu since 1929.*”
- ❖ The BWS is taking broad actions and making significant strides in continuous improvement for the organization, its management and operations.
- ❖ The BWS is nearing completion of a comprehensive assessment of our water system, as part of a long-range Water Master Plan. This plan will lay out a 30-year strategy for repair, renewal and replacement of the BWS's vast water infrastructure.
- ❖ Last year, the BWS also completed a comprehensive Strategic Plan, engaging all departments to develop a roadmap for managing water services over the next 3 years.
- ❖ The BWS has committed to enhance its presence and ties with the community.
 - It established a Stakeholder Advisory Group to increase transparency of management and operations, listen to community perspectives and ideas, and more actively engage constituents in long-range planning.
 - It created a regularly published customer newsletter
 - It has developed multiple publications that explain BWS's services and operations.
- ❖ Last year, the BWS completed a survey and focus groups, to capture a snapshot of customers' satisfaction, values, and perceptions. They found:
 - The BWS is the second most trusted source for information about fresh water in Hawaii. Scientists were most trusted.
 - Over ¾ of respondents have high confidence in the BWS's ability to provide safe and dependable water.