

Slide 1



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

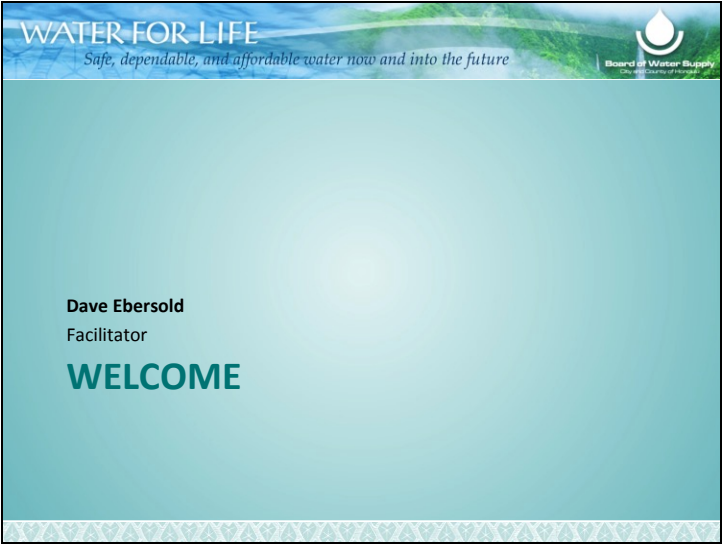
Board of Water Supply
City & County of Honolulu

Stakeholder Advisory Group

Board of Water Supply
City & County of Honolulu

Wednesday, August 9, 2017

Slide 2



The slide features a header with a scenic background of a river and mountains. The text 'WATER FOR LIFE' is prominently displayed in white, with the tagline 'Safe, dependable, and affordable water now and into the future' below it. The Board of Water Supply logo is in the top right corner. The main body of the slide is a solid teal color with a faint circular pattern. The name 'Dave Ebersold' and title 'Facilitator' are listed on the left, followed by the word 'WELCOME' in large, bold, teal letters. A decorative border is at the bottom.

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

Board of Water Supply
City of Orange, CA

Dave Ebersold
Facilitator


WELCOME



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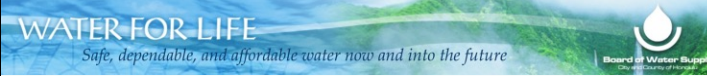
Public Comments on Agenda Items



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

Meeting Objectives

- ◆ Receive updates regarding the BWS
- ◆ Review and provide input on initial financial modeling results
- ◆ Provide input on 30-year Capital Improvement Program, especially pipeline replacement and revenue requirement



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Action

Review and accept notes from
Stakeholder Advisory Group Meeting #17
on Tuesday, July 11, 2017

The slide features a decorative border at the bottom with a repeating geometric pattern.



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Ernest Lau, P.E.
BWS Manager and Chief Engineer

BWS UPDATES



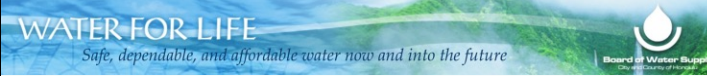
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Mahalo! **Questions & Answers**



ENTRUSTED TO US TO
PRESERVE
FOR FUTURE GENERATIONS

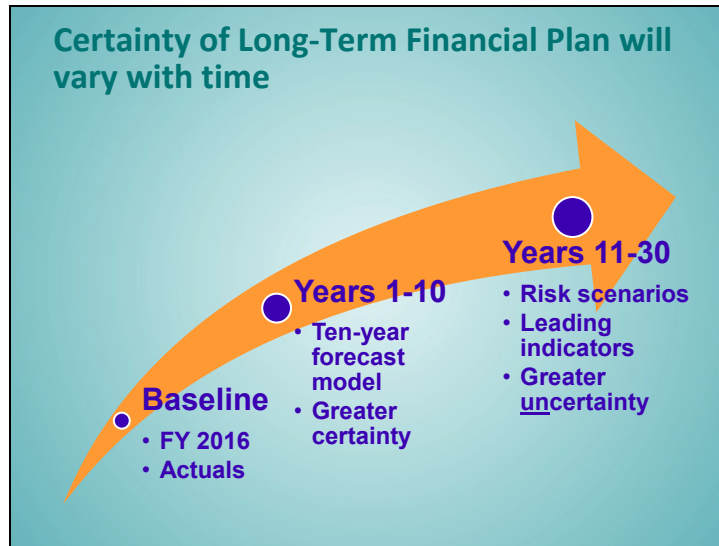


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David Ebersold
Facilitator

**PREVIEW INITIAL RESULTS OF
FINANCIAL MODELING OF PIPELINE
REPLACEMENT SCENARIOS**

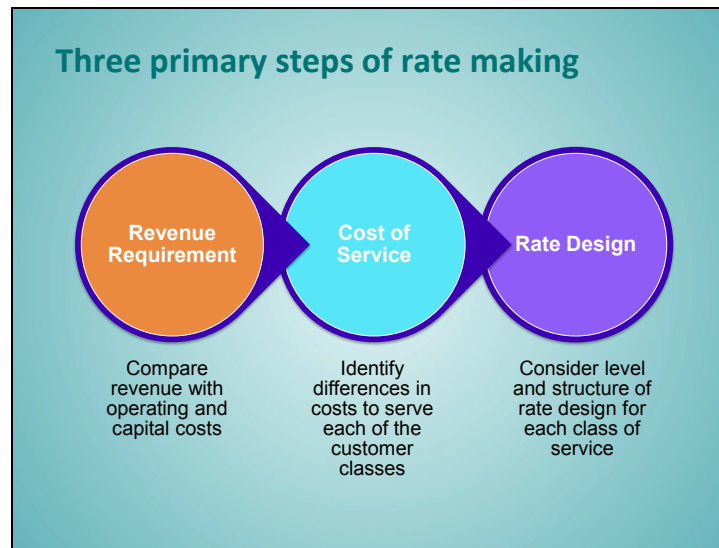
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Fiscal year is July 1 to June 30.

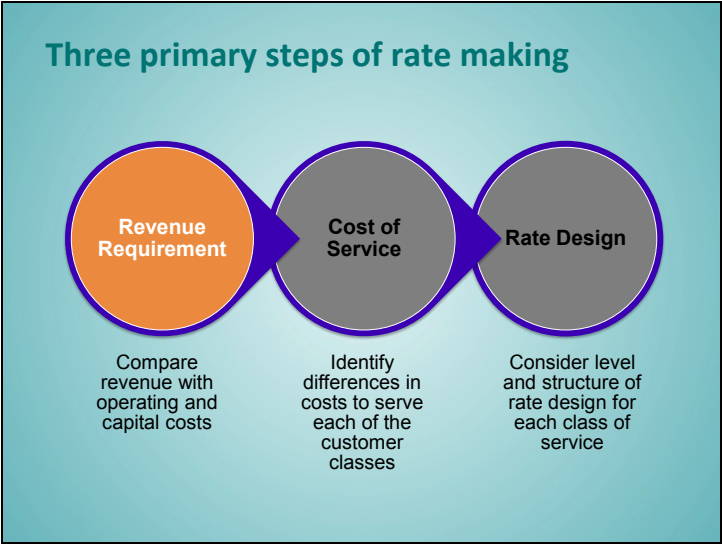
Nearly all revenue to fund BWS functions is from customer charges

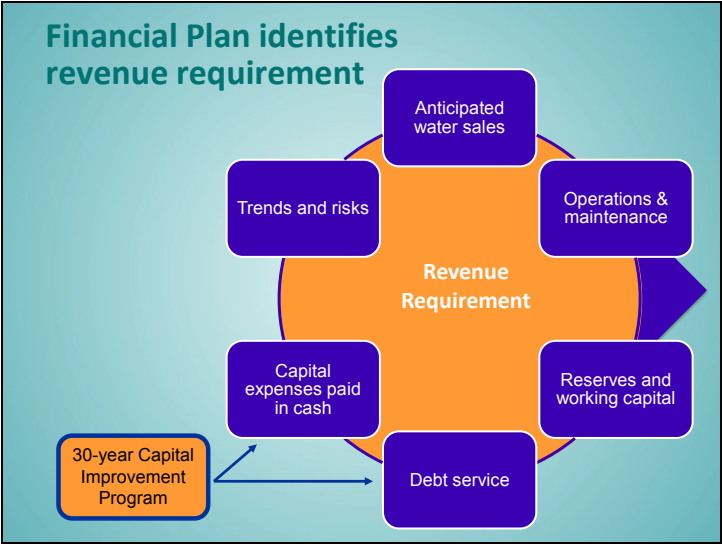
The image contains six icons arranged horizontally, each with a label below it. The icons are: 1. A water drop on a surface with ripples, labeled 'SUSTAIN'. 2. A hand holding a water drop, labeled 'CAPTURE'. 3. A water drop being poured from a tap, labeled 'TREAT'. 4. A water drop being poured from a funnel, labeled 'MOVE'. 5. A water drop in a container, labeled 'STORE'. 6. A water tap with a drop falling, labeled 'DELIVER'.



Using a “pie” analogy to describe the three primary steps of rate making:

- The revenue requirement is the size of the pie.
- Cost of service is the cost of the ingredients.
- Rate design is the size of each person’s slice of the pie.





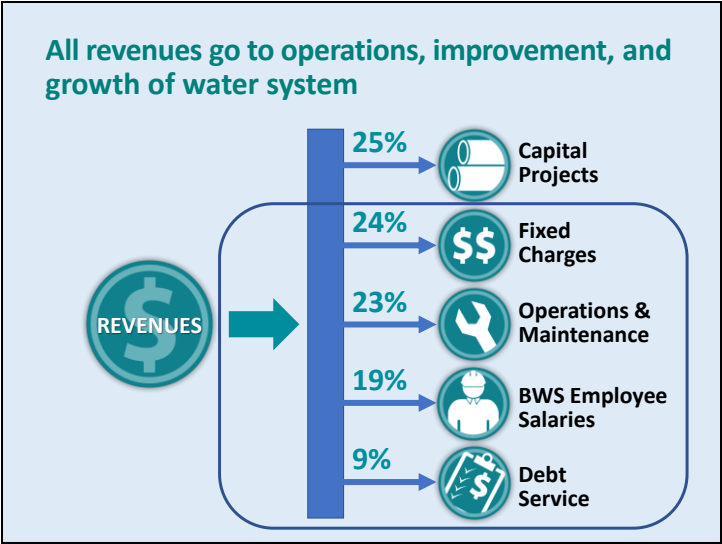
Anticipated water sales

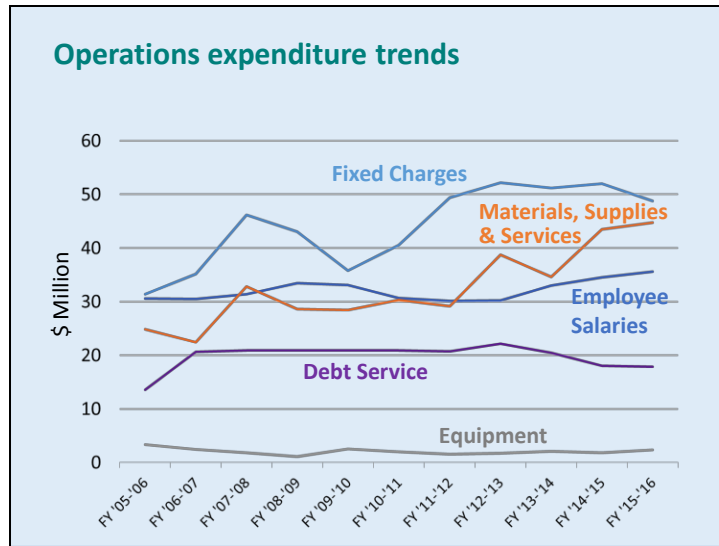


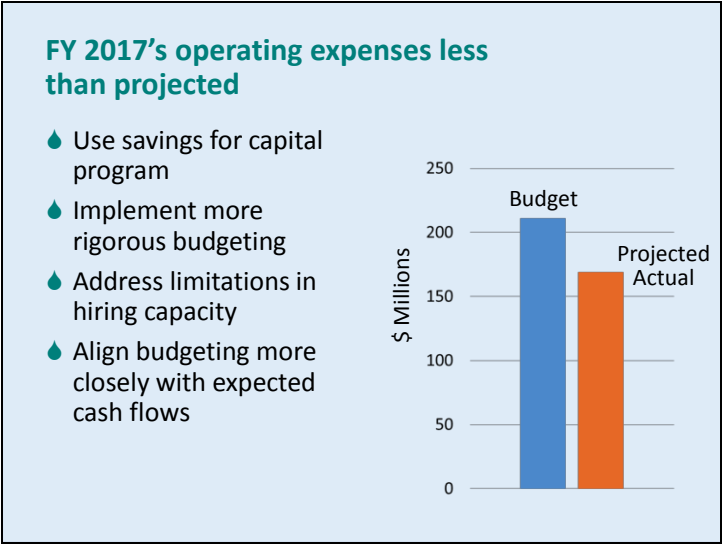
- ◆ From demand forecast in Water Master Plan
- ◆ Decreases with increasing conservation
- ◆ Impacted by economic cycles
- ◆ Financial model uses increase of 0.1% per year

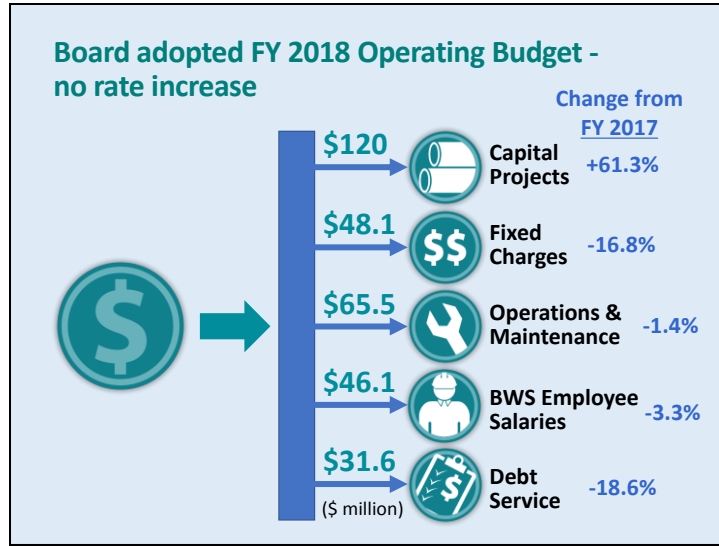
Operations & maintenance expenses











Operations &
maintenance
expenses



- ◆ FY 2016 – Actuals
- ◆ FY 2017 – Preliminary actuals
- ◆ FY 2018 – 4% increase over 2017 actual
- ◆ Future escalation 4% annually



Reserves and Working Capital



- ◆ Updated Financial Policies
- ◆ Target 180 days cash on hand in 10 years
- ◆ Never less than 60 days cash



Trends and Risks

- ◆ Conservation
- ◆ Climate change
- ◆ Economic cycles
- ◆ Extraordinary circumstances

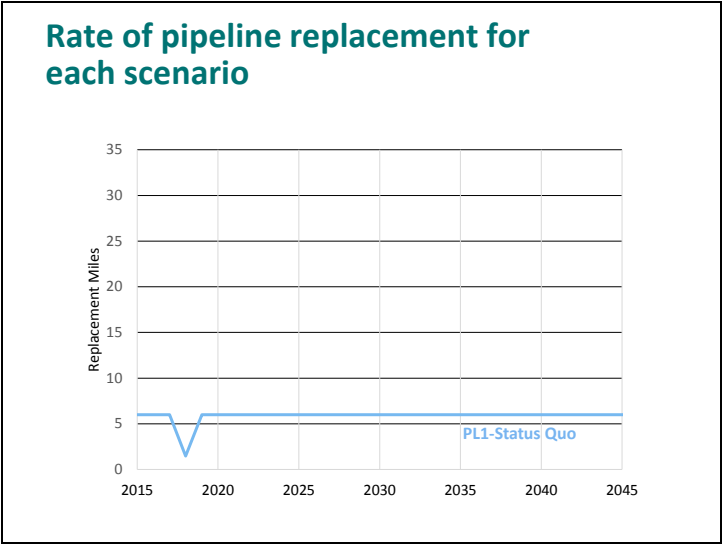


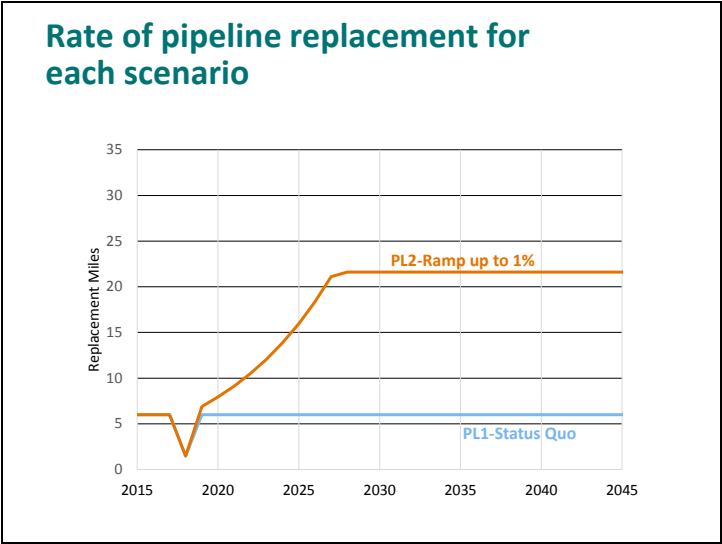
- Short-term risks are incorporated into the 180-day working capital policy.
- Long-term risks are those outside of the 5-year rate setting period.

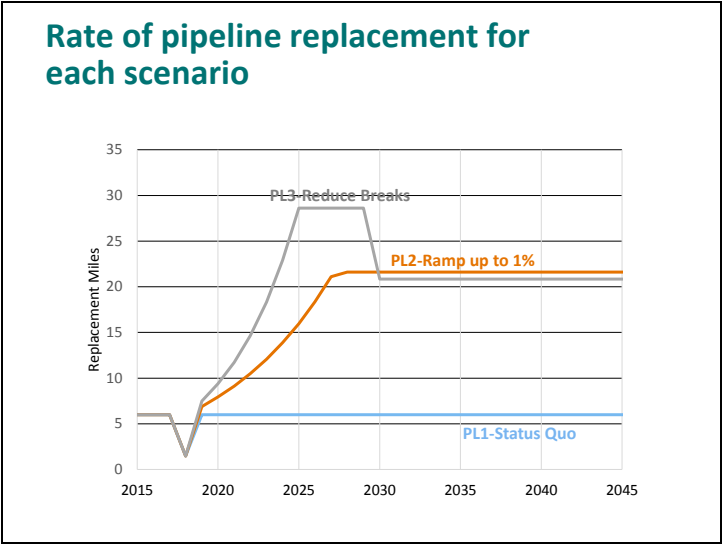
30-year Capital Improvement Program (CIP)

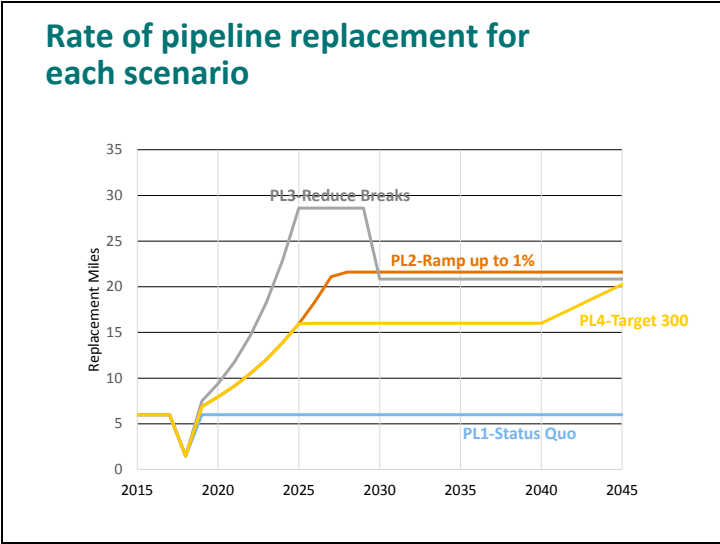


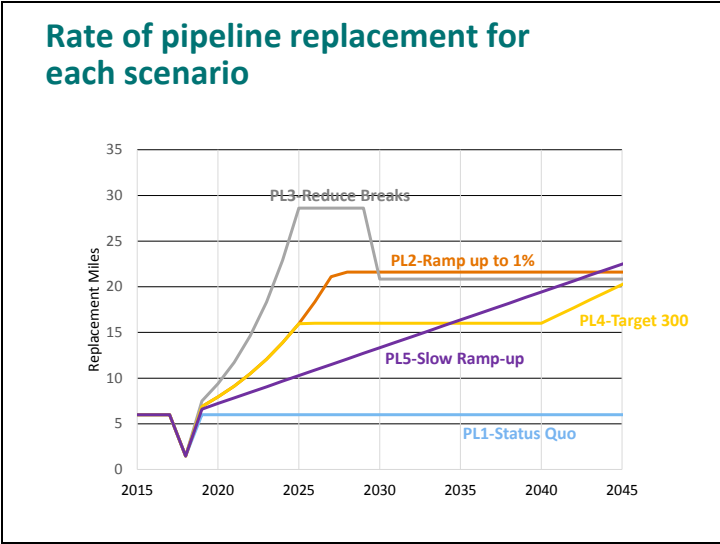
- ◆ Multiple scenarios
- ◆ All scenarios include:
 - High priority non-pipeline projects
 - Growth-related projects
- ◆ Only rates of pipeline replacement vary

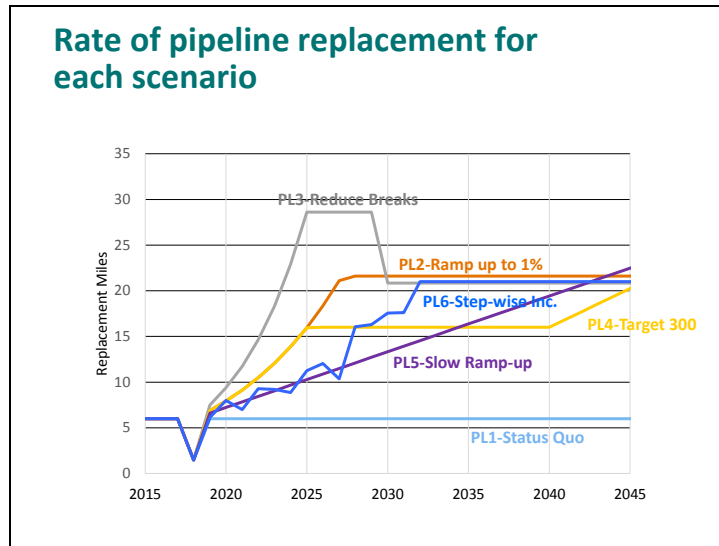


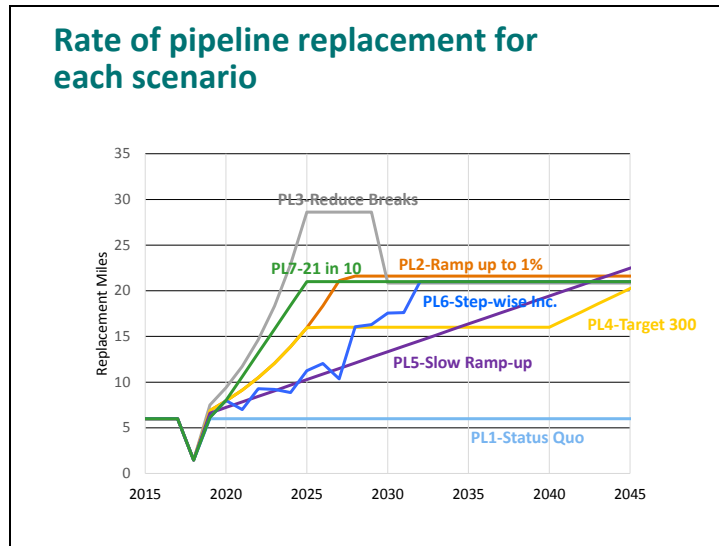


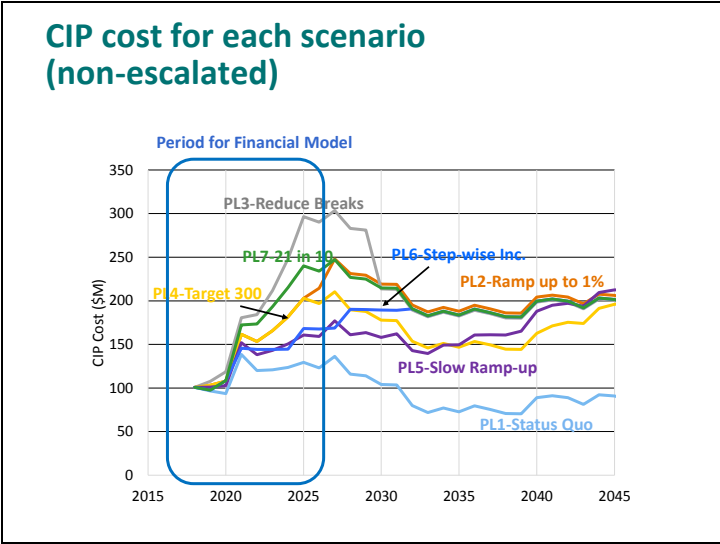


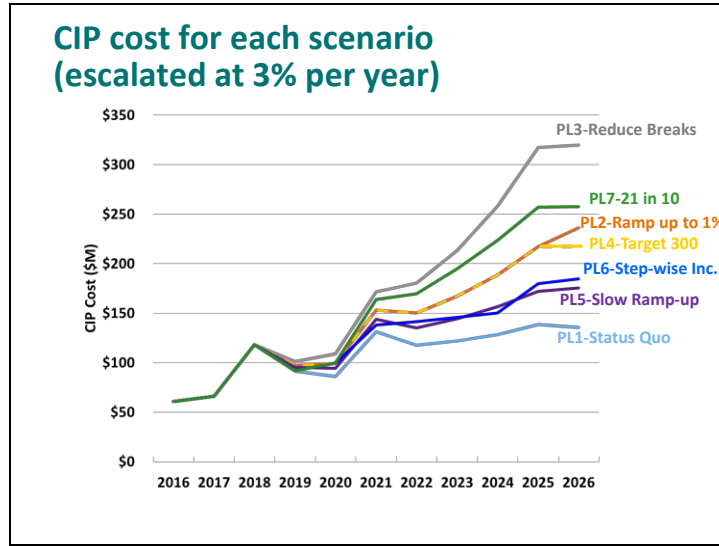


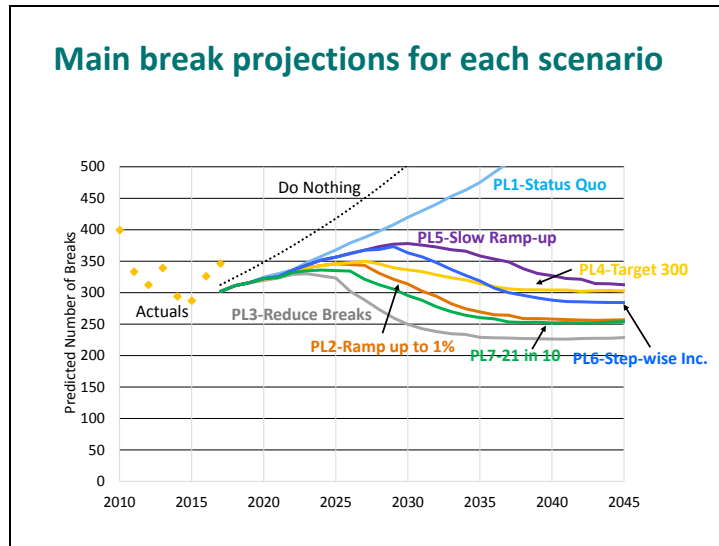


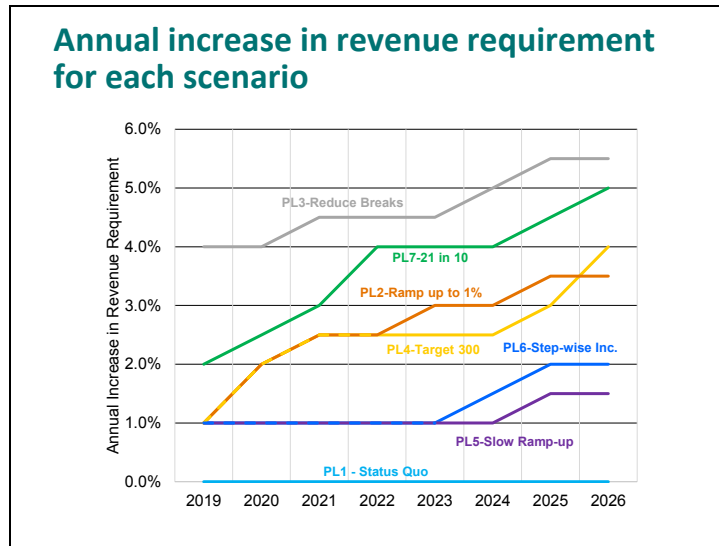


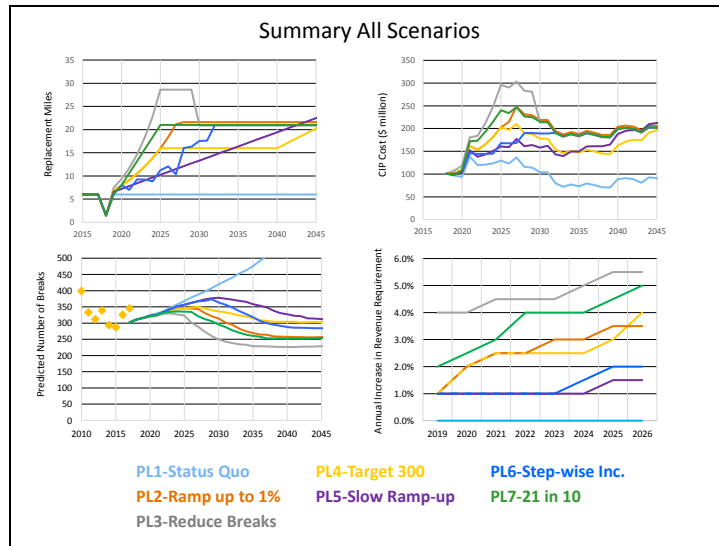


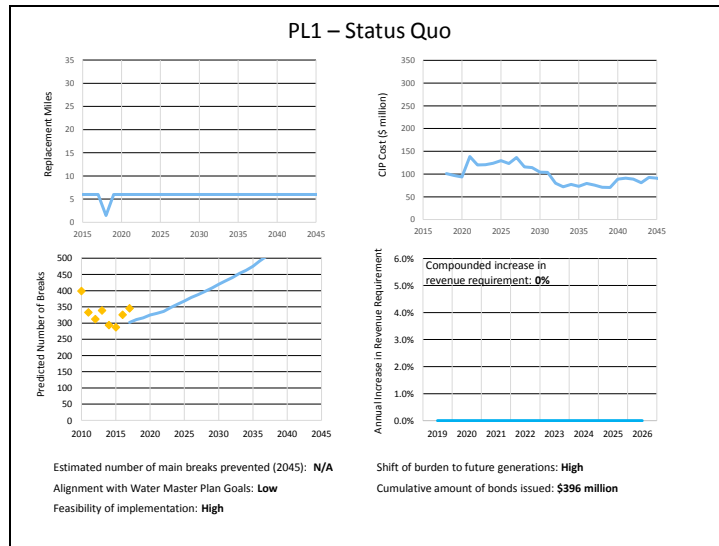


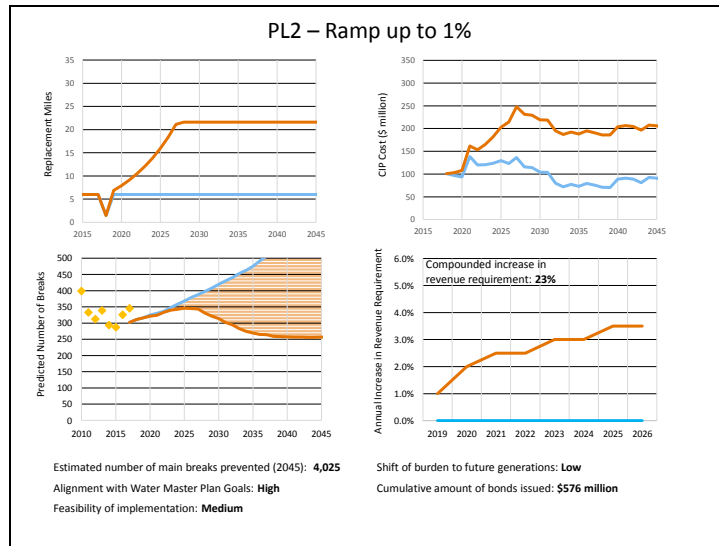


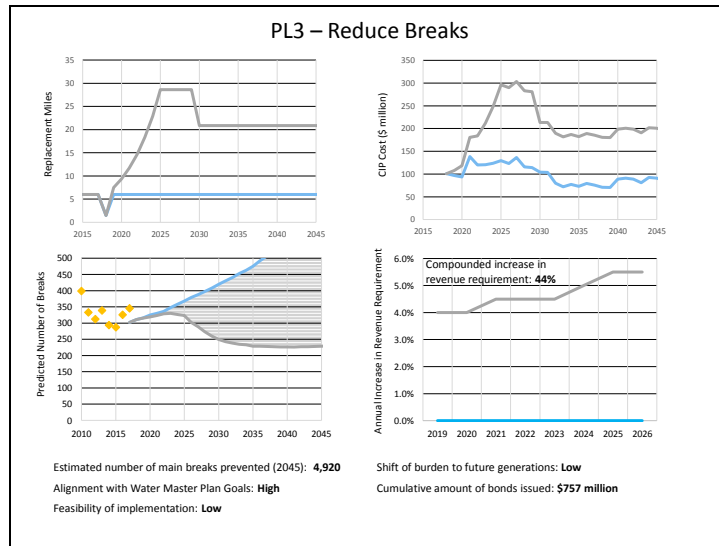


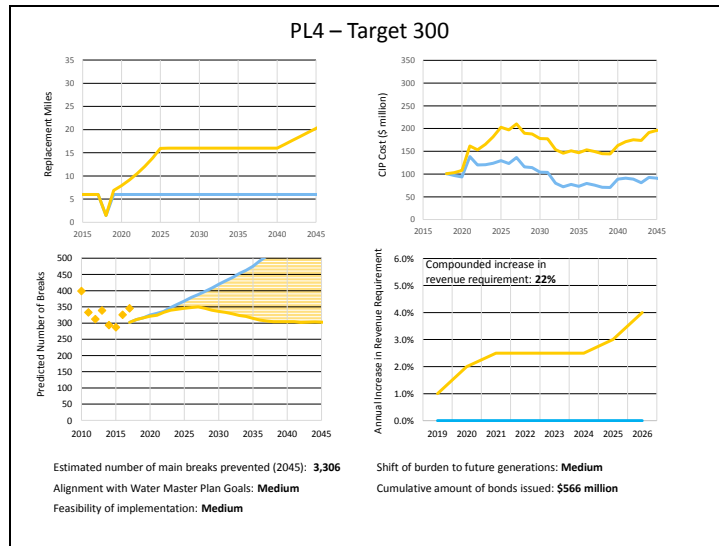


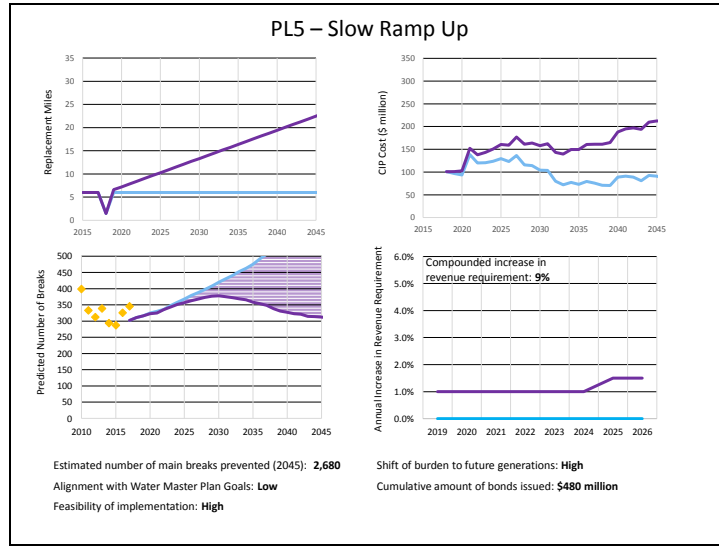


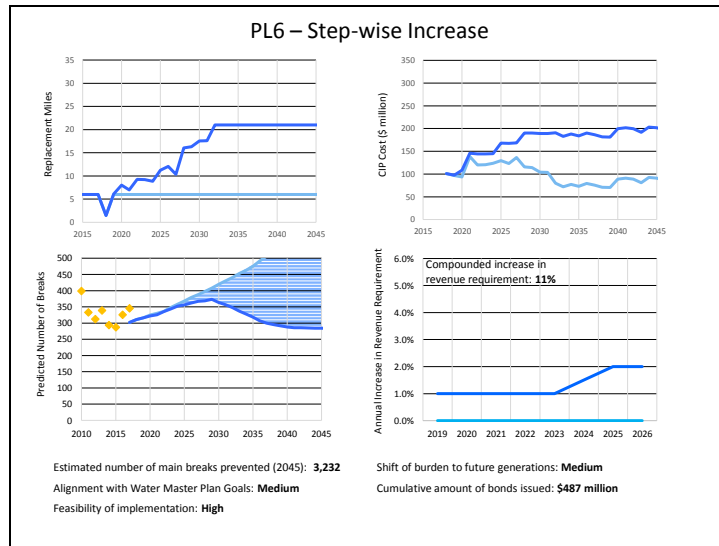


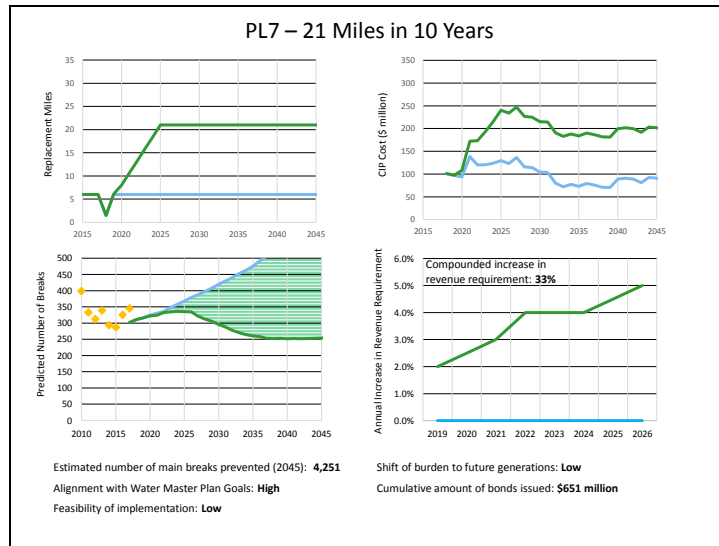












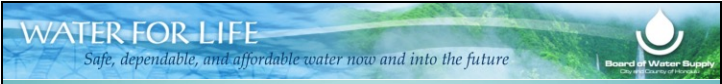
Summary All Scenarios							
	PL1-Status Quo	PL2-Ramp up to 1%	PL3-Reduce Breaks	PL4-Target 300	PL5-Slow Ramp-up	PL6-Step-wise Inc.	PL7-21 in 10
Increased Revenue Reqmts	0%	23%	44%	22%	9%	11%	33%
Bonds Issued	\$396M	\$576M	\$757M	\$566M	\$480M	\$487M	\$651M
Breaks Prevented	N/A	4,025	4,920	3,306	2,680	3,232	4,251
Alignment with WMP Goals	Low	High	High	Medium	Low	Medium	High
Ease of Implement	High	Medium	Low	Medium	High	High	Low
Shift Burden to Future Generations	High	Low	Low	Medium	High	Medium	Low

For your consideration – Part 1

- ◆ What overall impressions do you have?
- ◆ Should BWS increase its current rate of pipeline replacement?
- ◆ If so, what scenario would you recommend, and why?
- ◆ What scenario(s) would you recommend against, and why?

For your consideration – Part 2

- ◆ How strong would you expect support for your recommendation to be, and from whom?
- ◆ How strong would you expect opposition to your recommendation to be, and from whom?
- ◆ What points should be made to the public to build support for your recommendation?




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Facilitator

SUMMARY AND NEXT STEPS



Other items

- ◆ Next Meeting
Tuesday, September 12, 2017
4:00 – 6:30 pm

HECO Training Rooms
Honolulu Club
Ward Avenue

The graphic is set against a teal background. At the top, a banner features the text "WATER FOR LIFE" in white, with the tagline "Safe, dependable, and affordable water now and into the future" below it. To the right of the banner is the logo for the Board of Water Supply, City and County of Honolulu. The central image shows a young boy splashing water, with the text "ENTRUSTED TO US TO PRESERVE FOR FUTURE GENERATIONS" overlaid on the right side. Below the image, the word "Mahalo!" is written in a bold, teal font. The bottom of the graphic has a decorative border with a repeating geometric pattern.

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