

# City and County of Honolulu

## Wastewater System Revenue Bonds

Investor Presentation

May 16, 2012

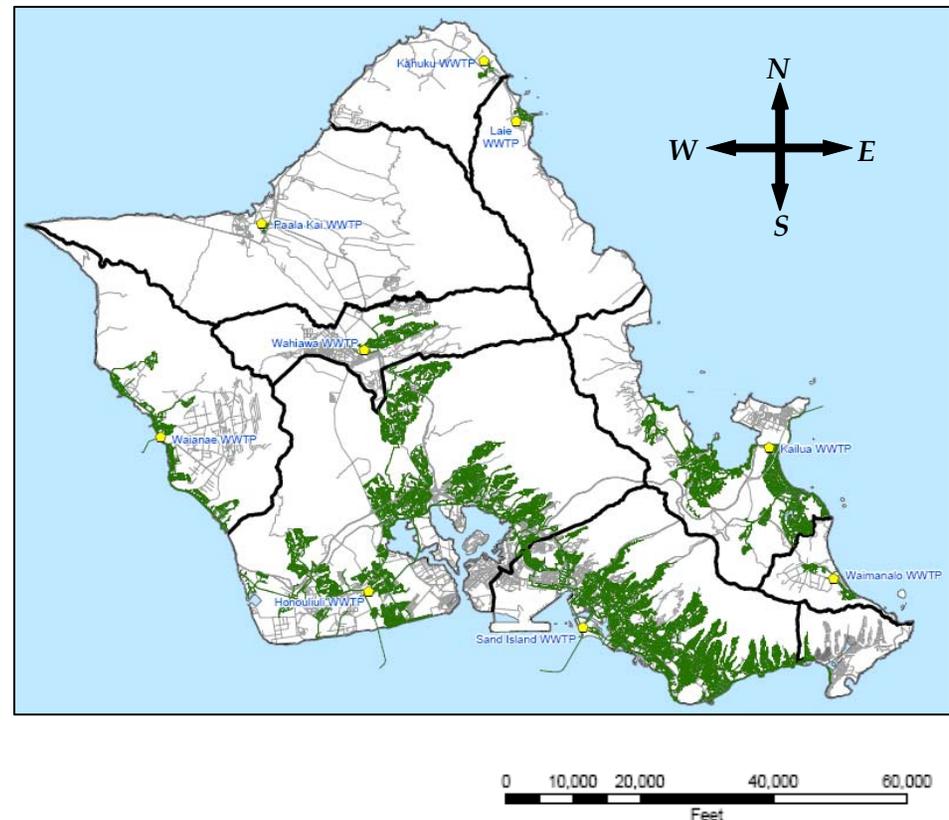
*Timothy Houghton, Executive Assistant, City and County of Honolulu,  
Department of Environmental Services*



## Wastewater System Facilities

### The Department Serves Nine Wastewater Basins on the Island of Oahu

- ✓ Service Area: Nearly 600 sq. miles
- ✓ Population: Approximately 640,000 (73% of the City and County)
- ✓ Customer Accounts: Approximately 144,100 (136,600 of which are residential)
- ✓ Major Facilities:
  - 9 wastewater treatment plants (combined FY 2011 average flow of 105 MGD)
  - 70 pump stations
  - Approximately 2,100 miles of collection lines

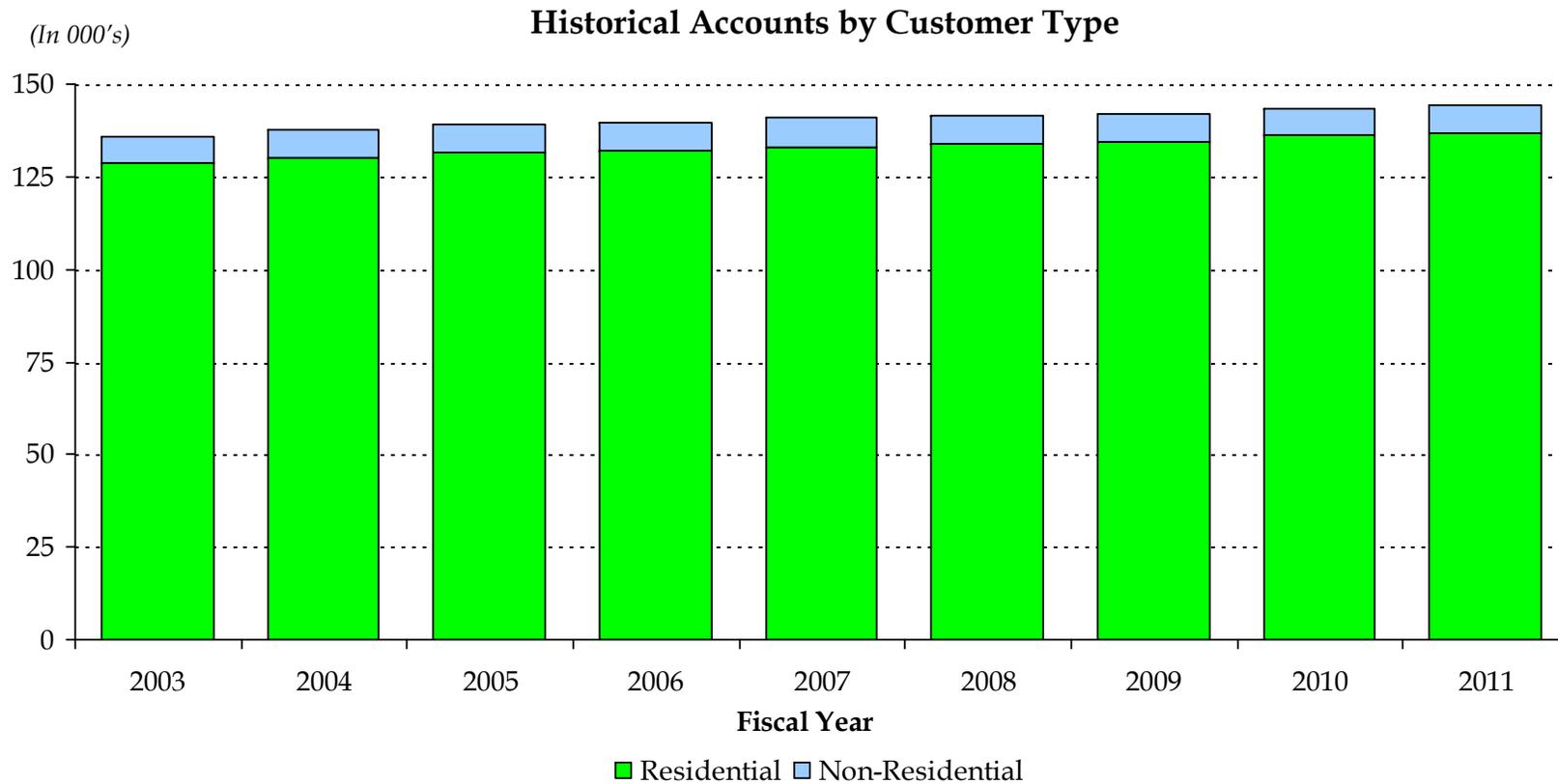


*Each of the Department's 10 treatment facilities has adequate capacity to meet projected flows.*



## Historical Customer Base

The Department's Customer Base is Predominately Residential and Stable



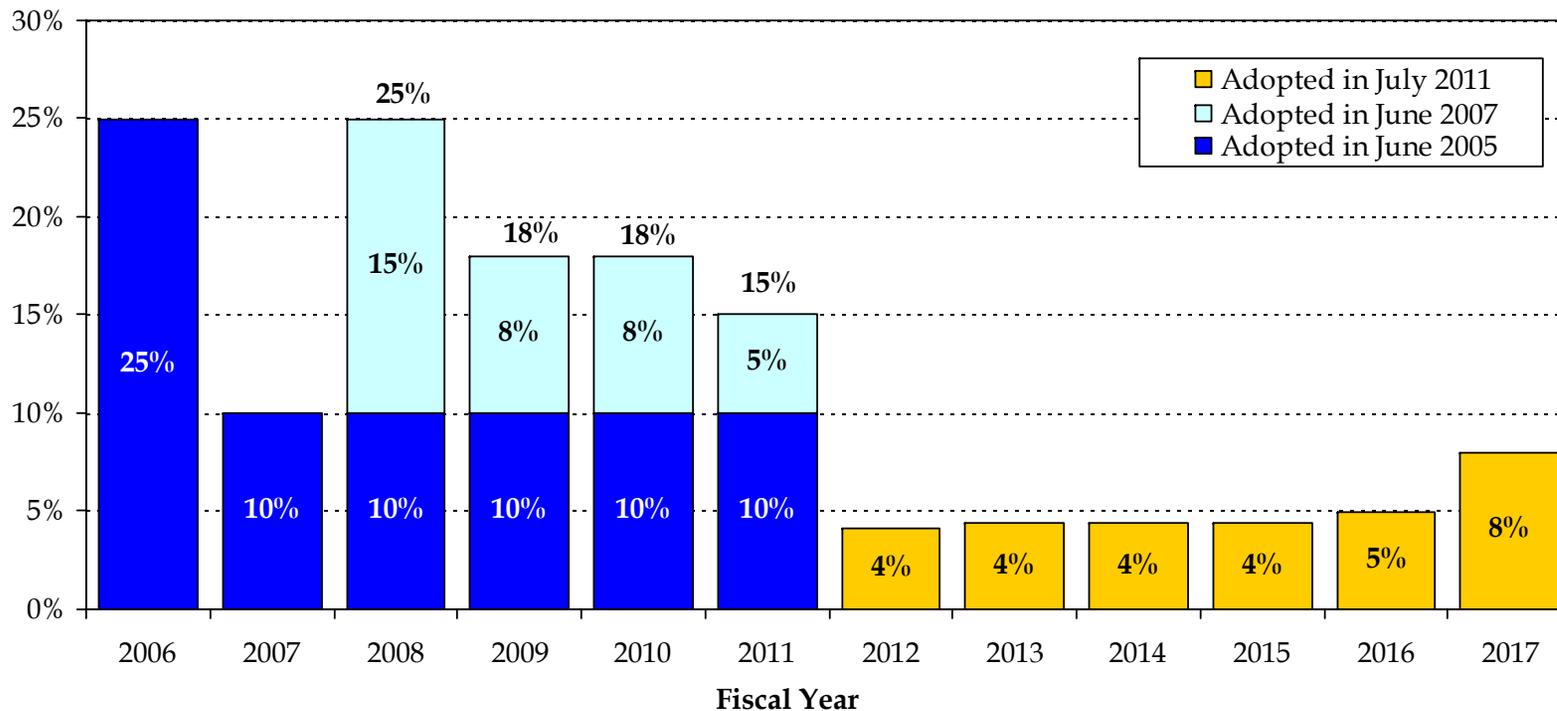
*Growth in Equivalent Single-Family Dwelling Units is projected at 0.5% per annum through 2035, and it is not a significant driver of projected revenues or capital needs*



## Historical Sewer Service Charges

The City has Demonstrated its Strong Commitment to the Wastewater System by Repeatedly Passing and Implementing Multi-Year Rate Increases

Adopted Sewer Service Charge Increases



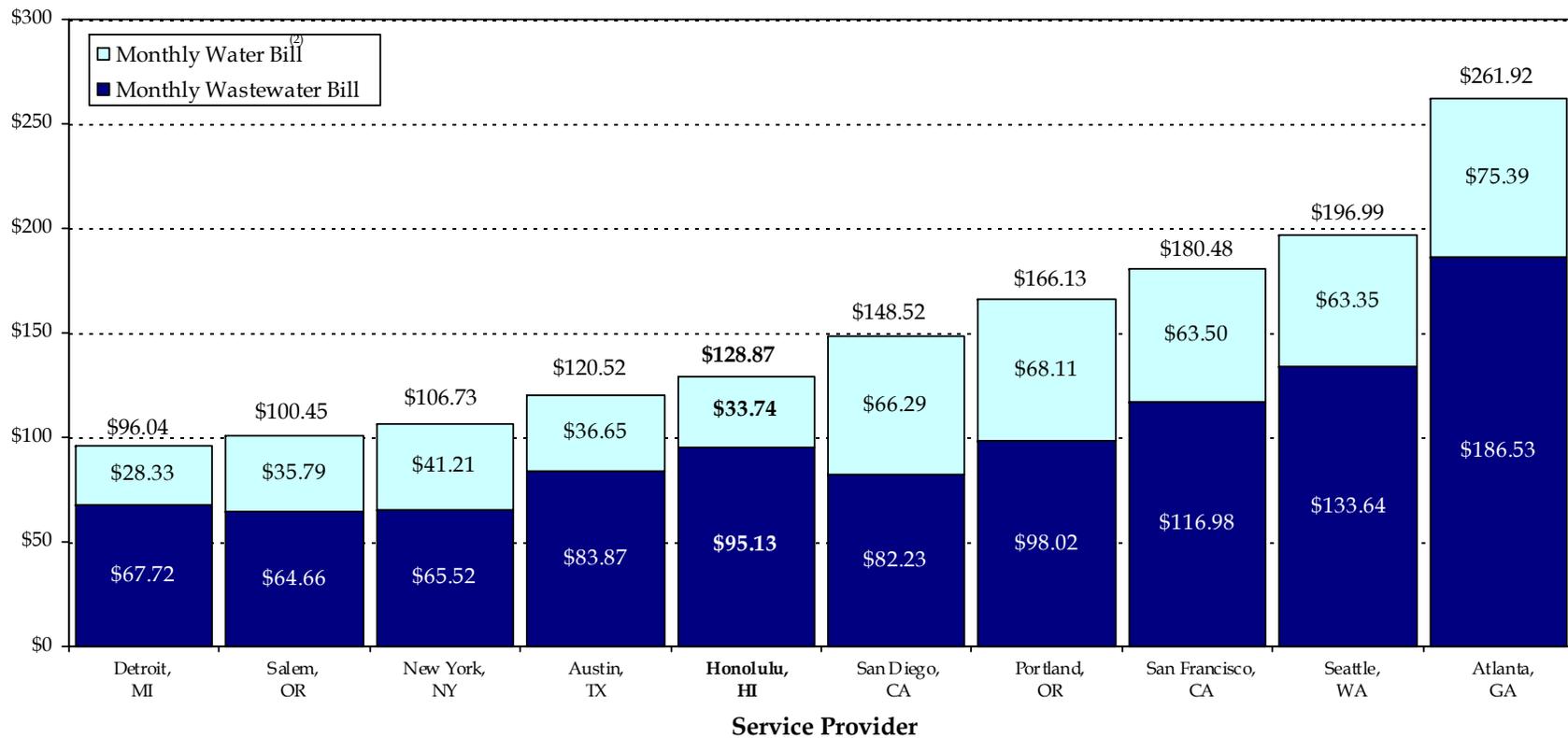
*The City has adjusted rates as needed to meet funding requirements for its 20-year Capital Improvement Program - including those projects mandated in its 2010 Consent Decree with the United States EPA*



## Comparative Utility Rates

### Honolulu's Water & Wastewater Rates Compare Favorably to Other Metropolitan Utilities

Average Monthly Residential Bill<sup>(1)</sup>



(1) Monthly bill figures are current for calendar year 2011 or FYE 2012.

(2) Comparison of residential wastewater bills is based on minimum meter size and average billable flows of 10,000 gallons per month or 13 hundred cubic feet (HCF).

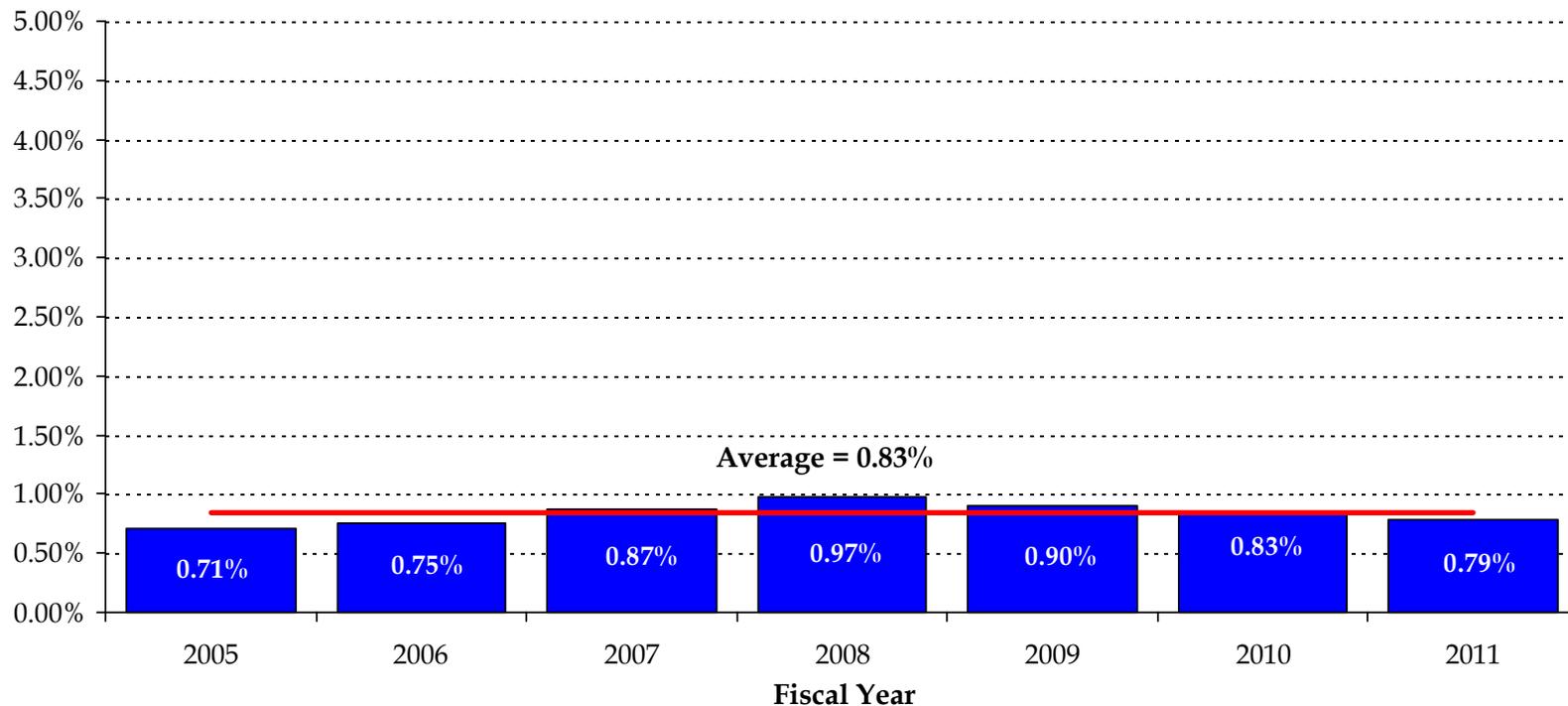
Source: Respective utility websites.



## System Delinquency Rates

### The Wastewater System's Delinquency Rates Have Been Consistently Low

Delinquencies as a Percentage of Total Revenues\*



*Should bills not be paid, the authority exists, and has been exercised, to terminate City water service for nonpayment.*

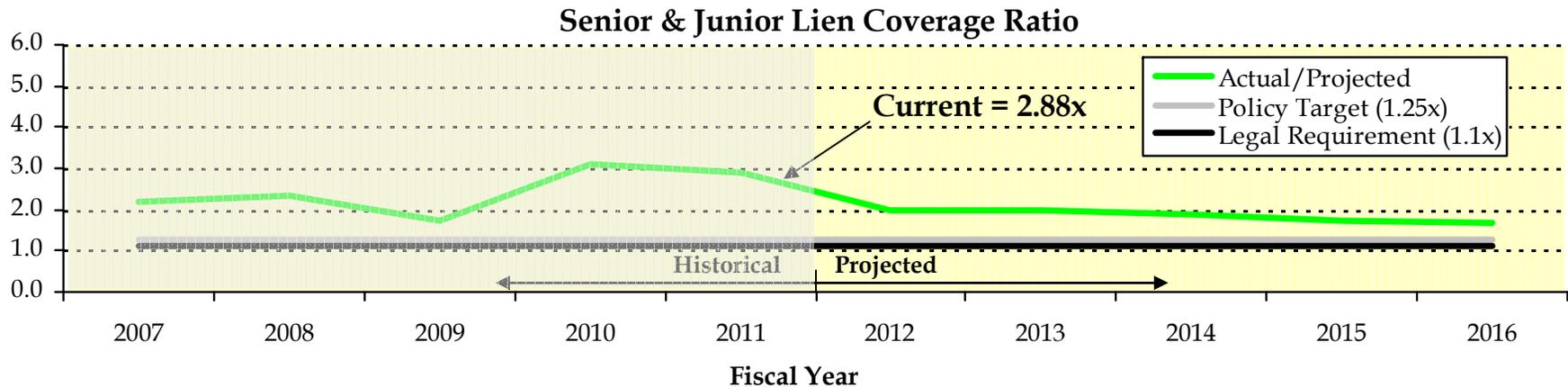
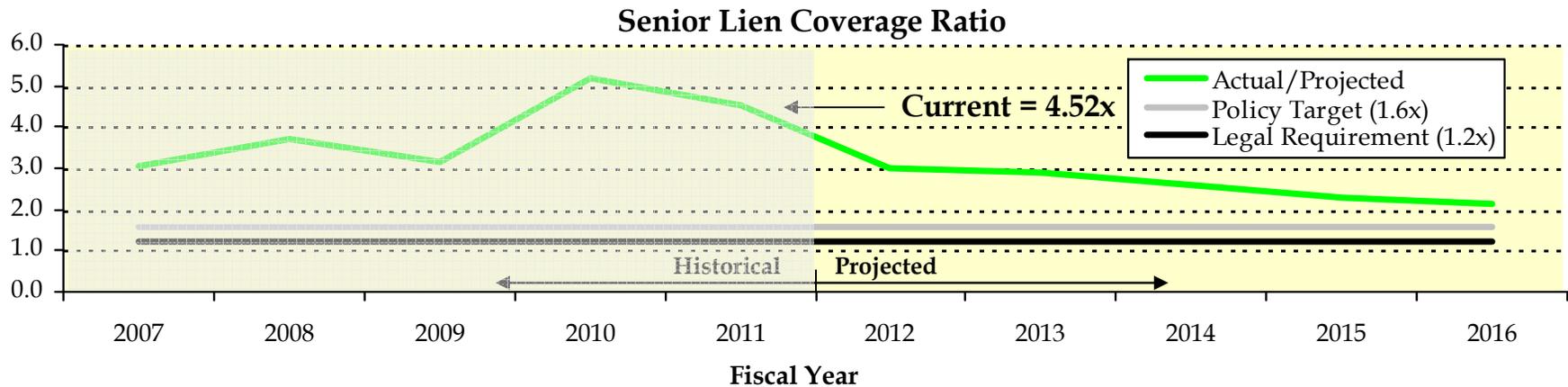
\* Includes accounts that are greater than 60 days past due.

Source: City and County of Honolulu, Department of Environmental Services.



# Debt Service Coverage

## Historical and Projected Debt Service Coverage Ratios are Robust



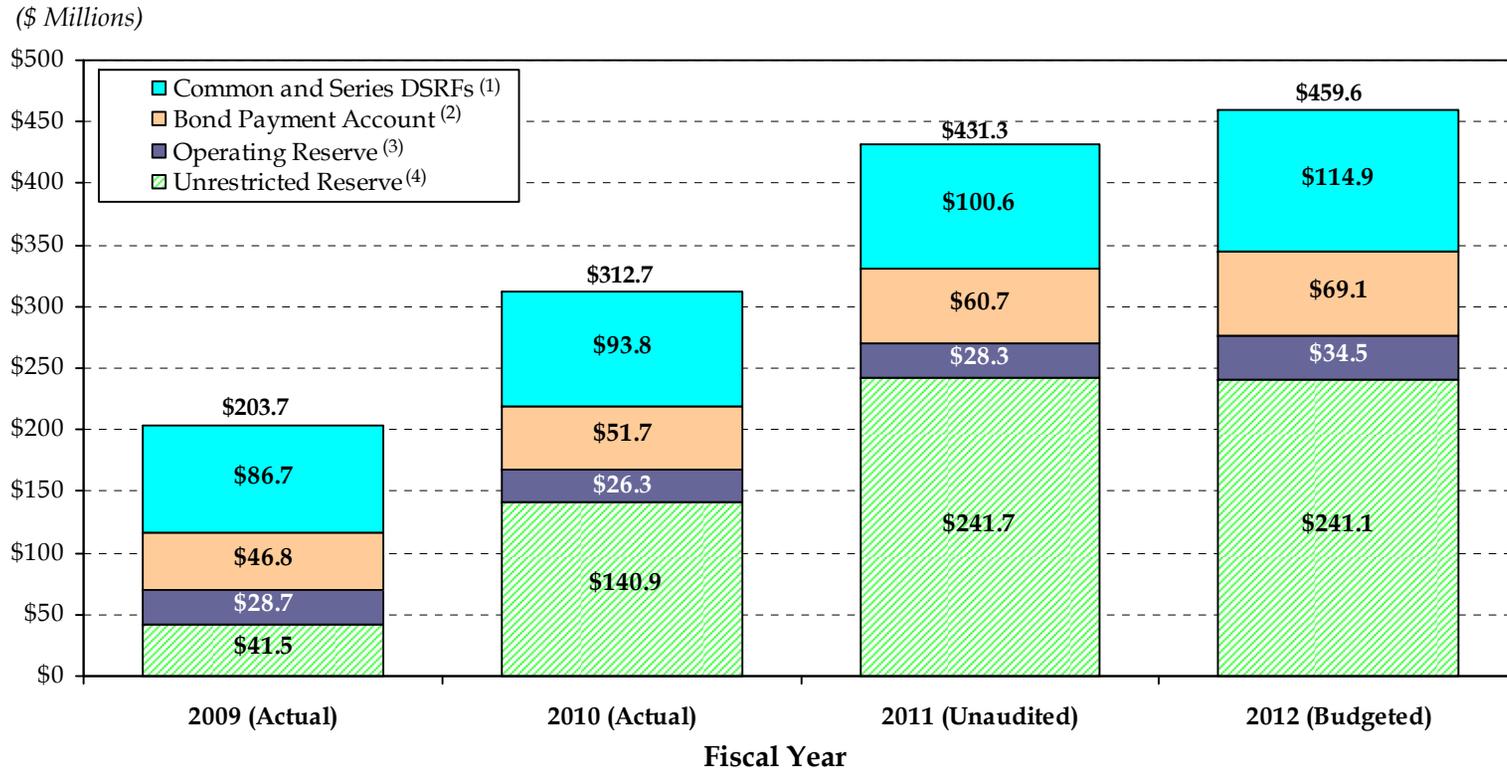
**System Facility Charges (connection fees) are not pledged and are not included in coverage calculations.**

Note: Projected revenues include BABs/RZEDBs subsidies.  
 Source: City and County of Honolulu, Wastewater System Revenue Bonds, Senior Series 2011A Official Statement (page 23).



# System Reserves

## Strong Financial Margins have Allowed the Department to Build Liquidity



*The Department has increased the use of net income for capital projects going forward*

(1) The amount shown represents cash deposits in the common and series debt service reserve funds.  
 (2) Equal to 50 percent of following fiscal year's debt service obligation (due July 1).  
 (3) Equal to 3 months of current year operating expenses (as required by policy).  
 (4) Equal to ending cash balance less operating and bond reserves. Includes federal BABs/RZEDBs subsidy in the rate stabilization fund.  
 Source: City and County of Honolulu, Department of Environmental Services.



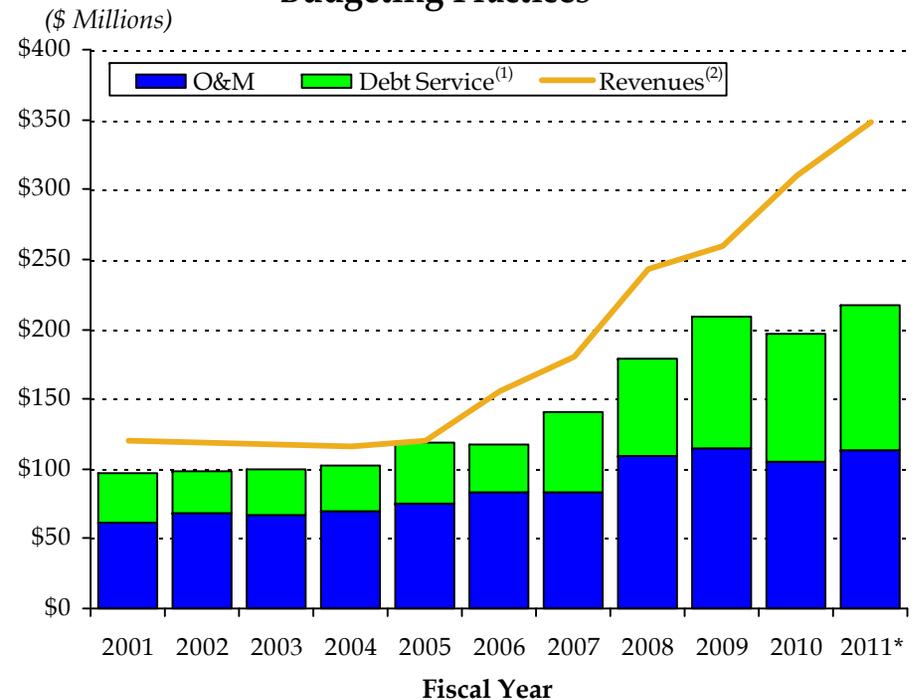
# Conservative Financial Management

## Conservative Financial Management Has Produced Predictable and Strong Financial Results

### Debt Management

- ✓ 100% conventional fixed rate bonds
- ✓ All DSRFs are cash funded
- ✓ No derivatives exposure
- ✓ Pro-active use of low-cost SRF funding (subordinate to revenue bonds)
- ✓ Build America Bonds subsidy collected in the fiscal year prior to expenditure

### Budgeting Practices



\* Unaudited.

(1) Includes Revenue Bonds, SRF Loans and Reimbursable G.O. Bonds.

(2) Excludes Wastewater System Facility Charge revenues.

Source: City and County of Honolulu, Department of Environmental Services.



## Outstanding Debt

### Wastewater System Outstanding Principal

	Outstanding Principal
Senior Lien Revenue Bonds	\$1,170,430,000
Junior Lien Revenue Bonds	\$422,684,910
State Revolving Fund Loans	[\$200,391,918]
Reimbursable City G.O. Bonds	[\$1,275,799]

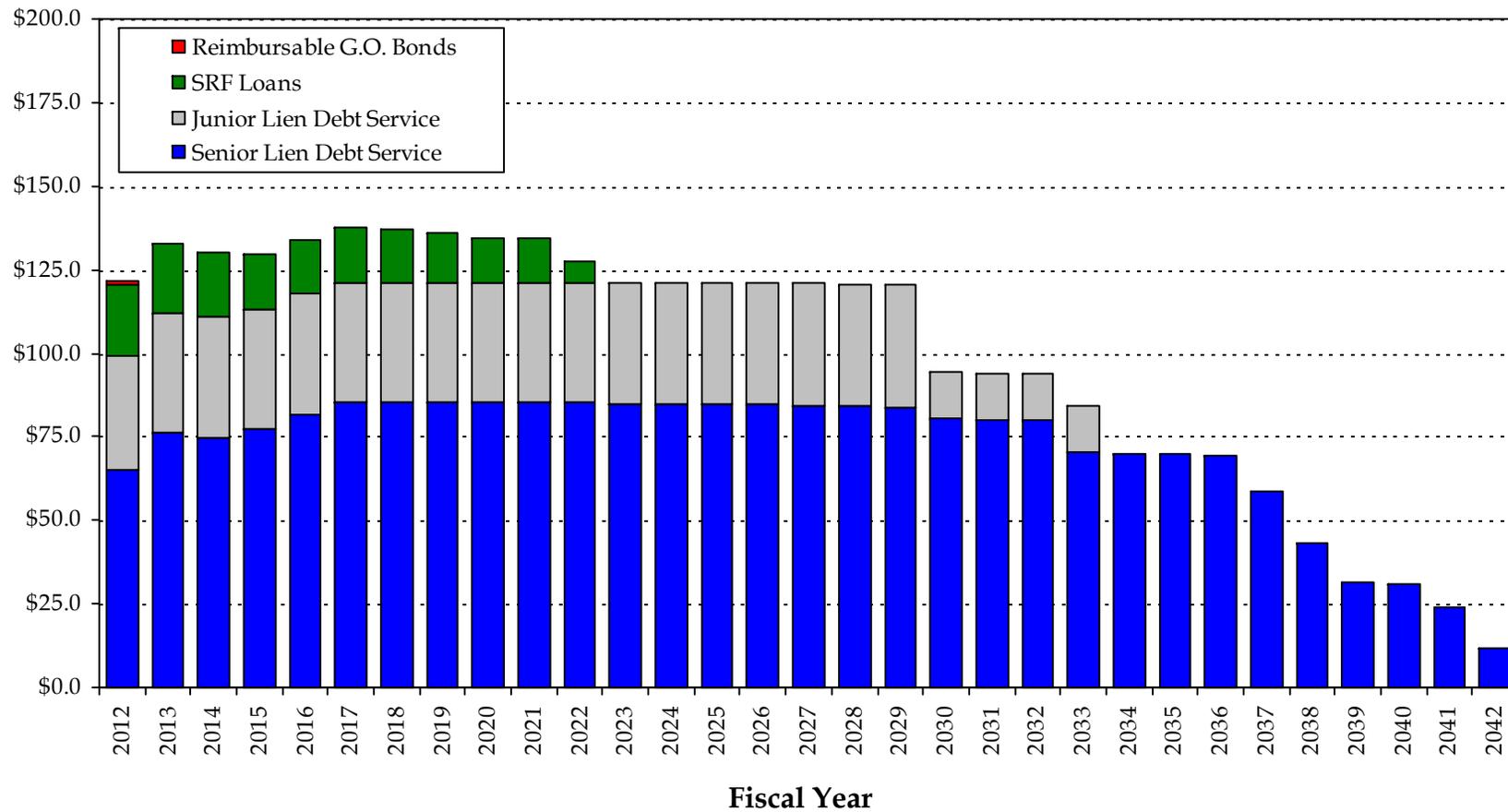
*The City expects to sell approximate \$\_\_\_ million of senior lien Wastewater System Revenue Bonds in \_\_\_\_\_ 2012.*



# Outstanding Debt

## Wastewater System Debt Service Profile

(\$ in millions)



Note: Debt service shown is gross of BABs subsidy.



## Department's Website

For Additional Information About the Wastewater System...

**Honolulu.gov**  
Official website of the City and County of Honolulu

Government | Agencies and Departments | Online Services | Business | R

You are here: Main / Environmental Services / WWM / Wastewater Management

**ENV**  
SOLID WASTE Opalo.org | WASTEWATER | STORM WATER | ENV OVERVIEW

**Wastewater Systems**

Each day, ENV collects between 105-110 million gallons daily (mgd) of wastewater from the toilets, sinks and drains from homes and workplaces on Oahu. Through a system of 2,100 miles of pipeline, assisted by gravity and 70 pump stations, the wastewater is delivered to nine wastewater treatment plants, which are spread over the island and either owned or operated by the City and County of Honolulu.

In those plants, the wastewater is screened to remove debris, settled to remove organic solids, and treated to different levels - primary to tertiary - depending on the sophistication of the plant. After the wastewater is processed, the remainder is called effluent. ENV keeps close tabs on effluent through monitoring, discharging it back into the environment by ways of the ocean, reservoir or underground injection wells. In some cases, it is recycled and reused for irrigation and industrial purposes.

There are nearly 900 employees in ENV's divisions of [Collection System Maintenance](#), [Treatment & Disposal](#) and [Environmental Quality](#) who protect public health and the environment through responsible management of wastewater.

[2010 WW Global Consent Decree](#)

[Major Sewer Construction Projects](#)

[Customer Service](#)

[Treatment & Disposal](#)

- [Treatment Processes](#)
- [Wastewater Plants](#)
- [Wastewater Treatment Video](#)

[Collection System Maintenance](#)

- [Cesspools](#)

[Environmental Quality](#)

- [New Technologies](#)
- [Partner Agencies](#)
- [Dept. of Planning & Permitting](#)
- [Board of Water Supply](#)
- [Dept. of Design & Construction](#)

Twitter

Downtown to Waikiki Traffic Management Information: <http://www.driveskamai.org>

<http://www.envhonolulu.org/>