

# City and County of Honolulu

## Wastewater System Revenue Bonds

Investor Presentation

March 25, 2015

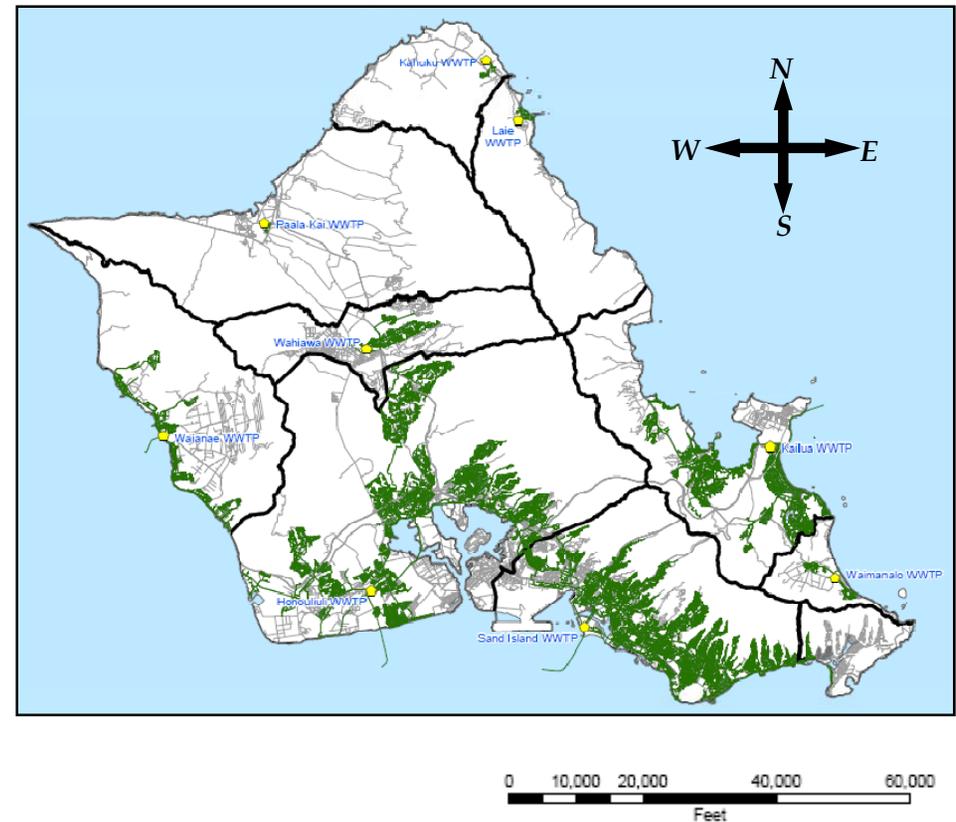
*Timothy Houghton, Deputy Director, City and County of  
Honolulu, Department of Environmental Services*



## Wastewater System Facilities

### The Department serves nine wastewater basins on the island of Oahu

- ✓ Service Area: Nearly 600 sq. miles
- ✓ Population Served: Approximately 780,000 (82% of the City and County)\*
- ✓ Customer Accounts: Approximately 145,700 (94% of which are residential)
- ✓ Major Facilities:
  - 9 wastewater treatment plants
  - 70 pump stations
  - Approximately 2,100 miles of collection lines
  - Average flow of 105 MGD (FY14)



Source: City and County of Honolulu, Department of Environmental Services. As of June 30, 2014.

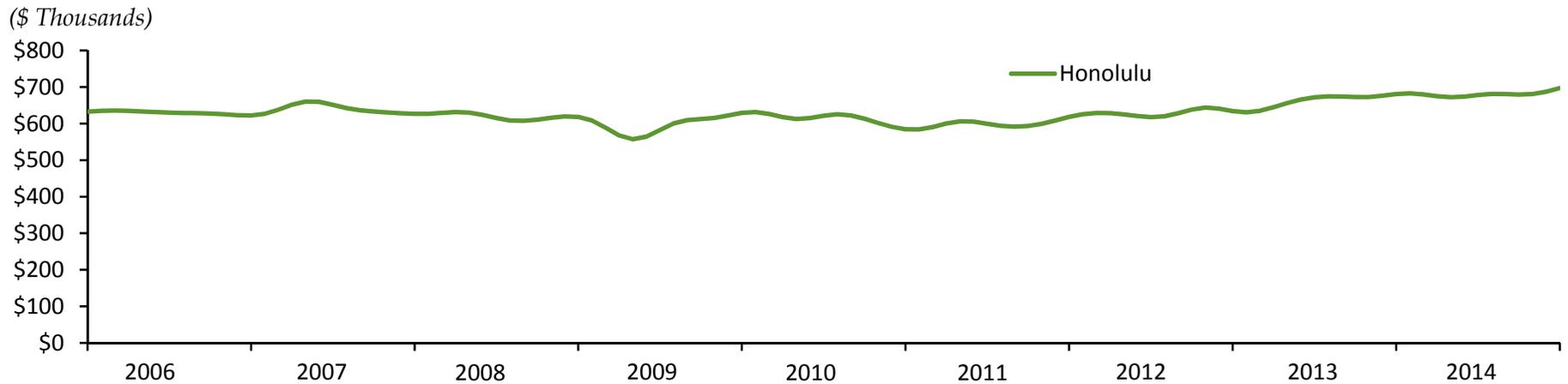
\* As of 2010 census.



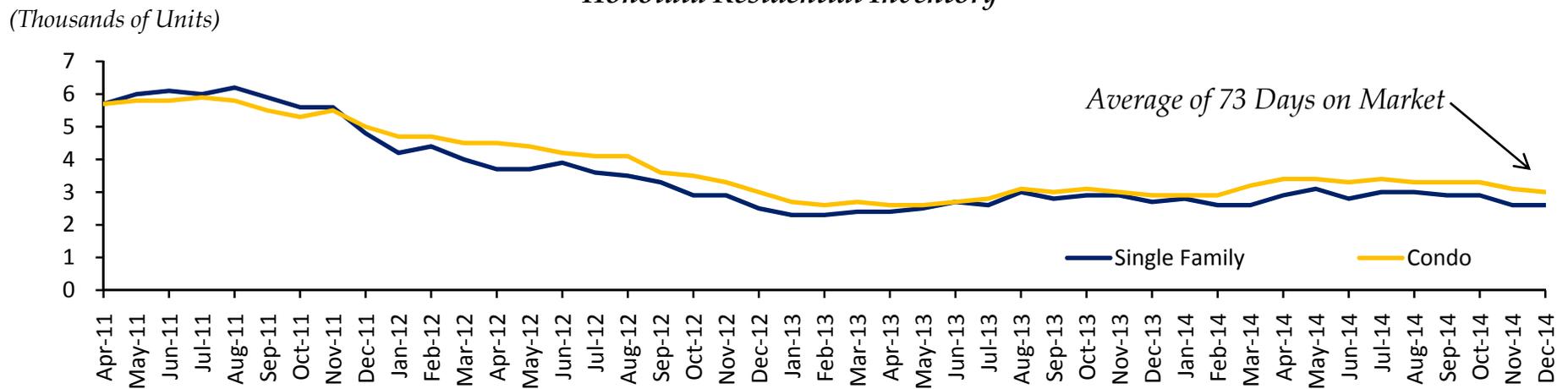
# Real Estate Market

## Honolulu's Real Estate Market is Stable and Provides Support to the Overall Economy

### Median Single Family Home Prices



### Honolulu Residential Inventory



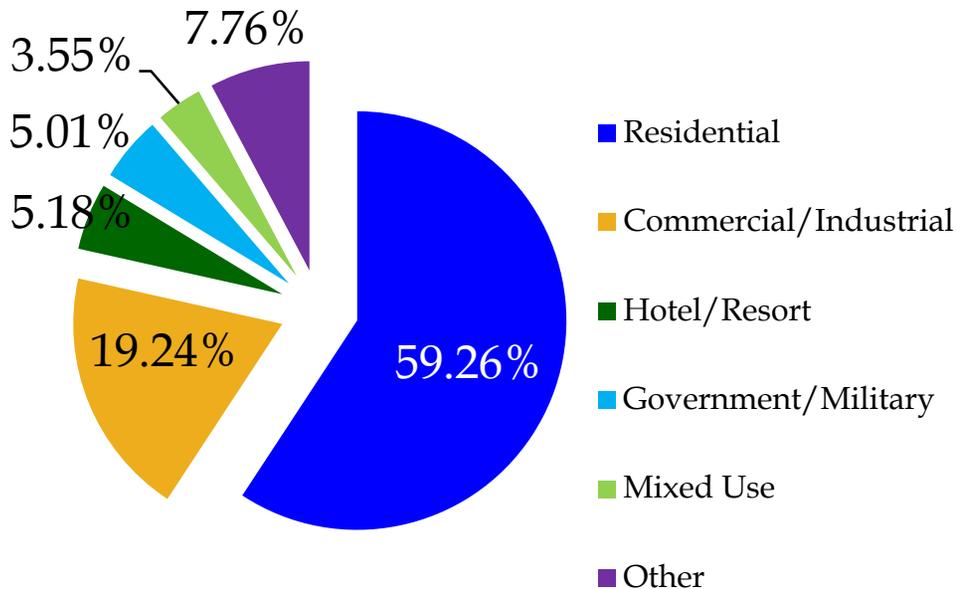
(1) Source: Honolulu Board of Realtors.



## Diversity of Customer Base

The Department's customer base is diverse, with the ten largest users accounting for only 6.3% of Sewer Service Charge revenues

Sewer Service Charge Revenue  
By Customer Type



Ten Largest Wastewater Customers\*  
(FY 2014 Sewer Service Charge Revenue)

| Customer                         | Amount              | % of Total   |
|----------------------------------|---------------------|--------------|
| <b>State of Hawaii (Airport)</b> | \$ 5,016,369        | 1.31%        |
| Ala Moana Center                 | 4,486,135           | 1.17%        |
| University of Hawaii             | 4,250,574           | 1.11%        |
| Hilton Hotels Corporation        | 3,601,514           | 0.94%        |
| Sheraton Waikiki Hotel           | 1,459,850           | 0.38%        |
| United Laundry Services          | 1,440,665           | 0.37%        |
| Royal Hawaiian Shopping Center   | 1,090,177           | 0.28%        |
| DEG LLC                          | 1,047,941           | 0.27%        |
| Queens Medical Center            | 1,029,053           | 0.27%        |
| Victoria Ward                    | 914,927             | 0.24%        |
| <b>Total</b>                     | <b>\$24,337,207</b> | <b>6.33%</b> |

*The Department's largest customers have been relatively stable over time*

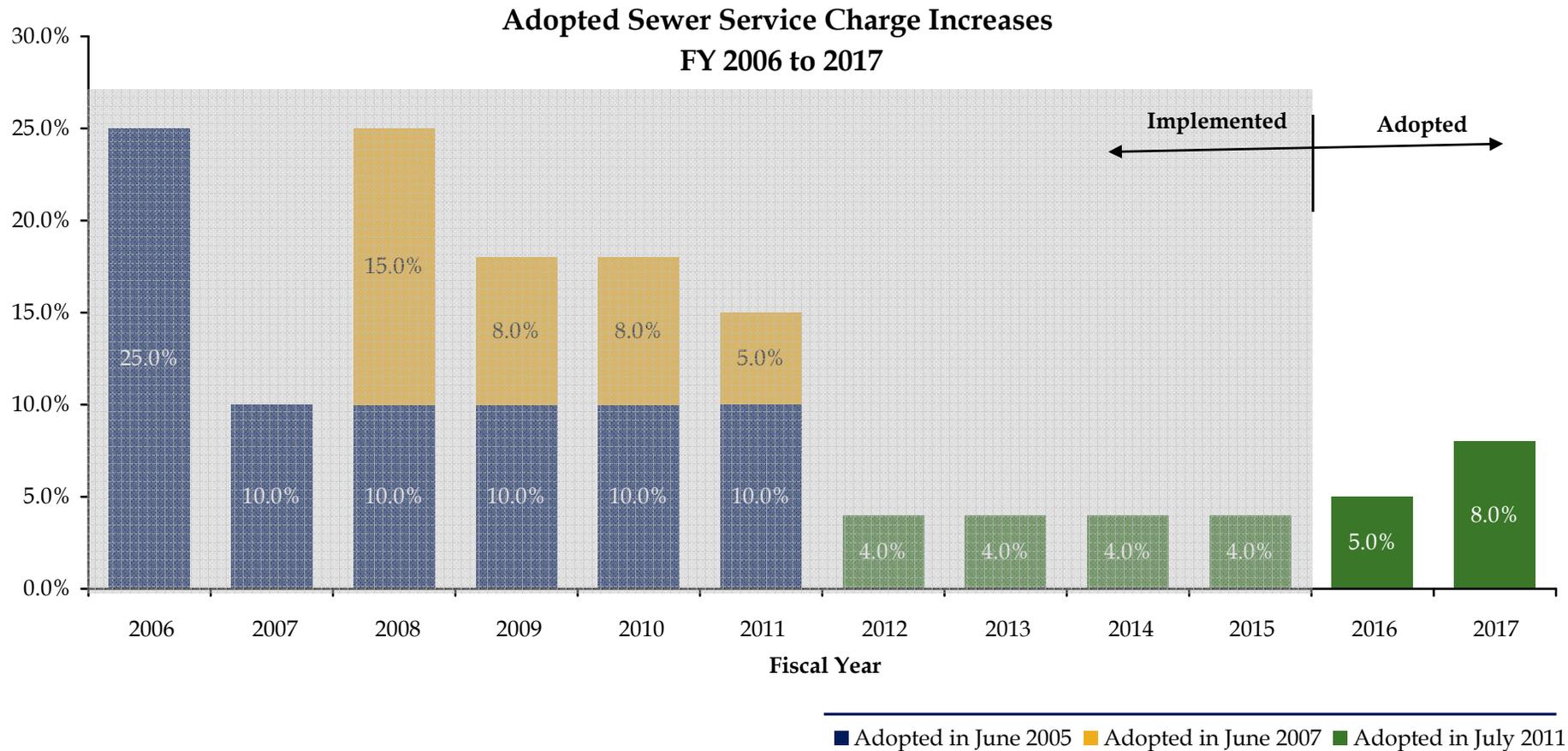
Source: City and County of Honolulu, Department of Environmental Services.

\* Government users are highlighted in bold.



## Historical Sewer Service Charges

The City has demonstrated its strong commitment to the Wastewater System by repeatedly passing and implementing multi-year rate increases



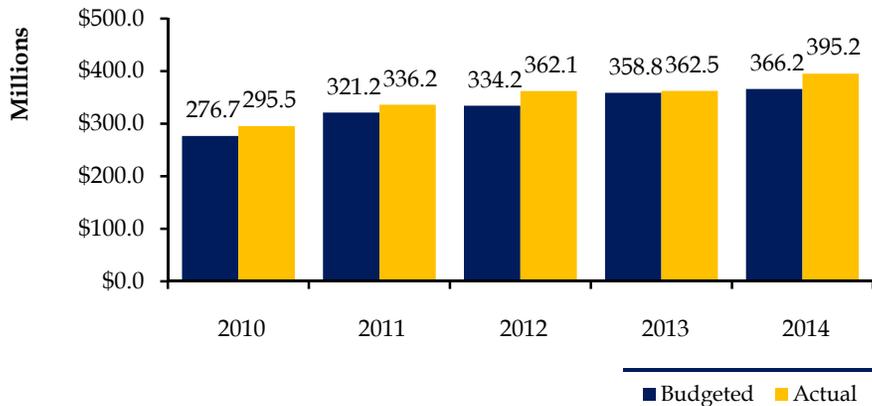
*The City has adjusted rates as needed to meet funding requirements for its 20-year Capital Improvement Program - including those projects mandated in the Consent Decree with the United States EPA*

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

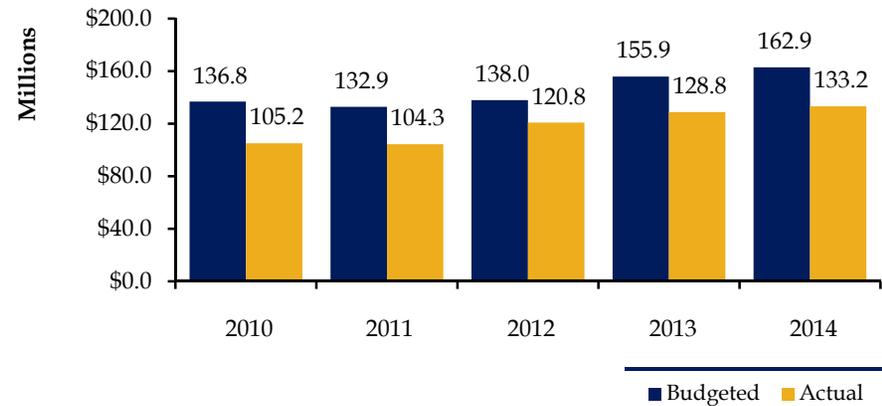


# Conservative Financial Management

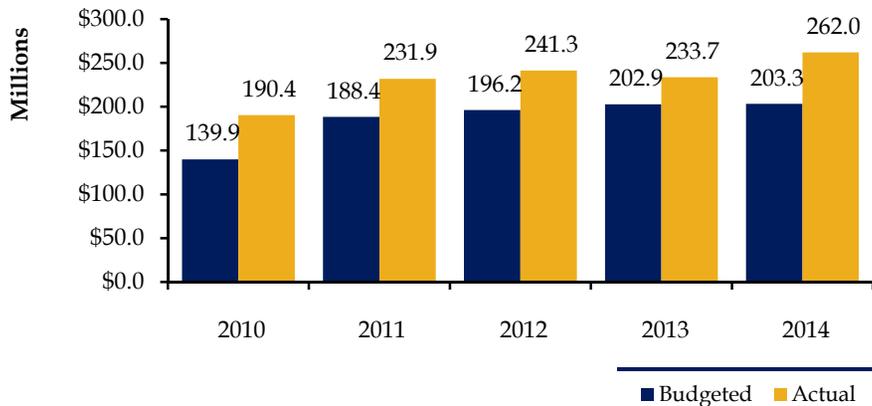
## Gross Revenues



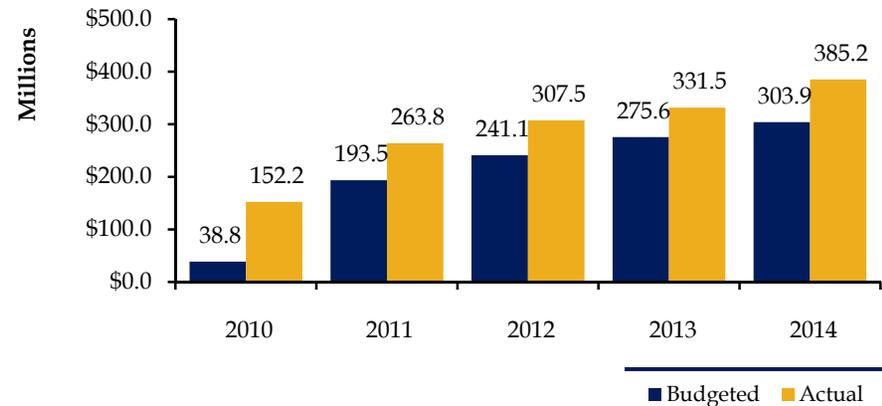
## Operating Expenses



## Net Revenues



## Unrestricted Reserves



Source: City and County of Honolulu, Department of Environmental Services.  
 \* Includes Sewer Service Charges, Interest Earnings and Other Revenues.



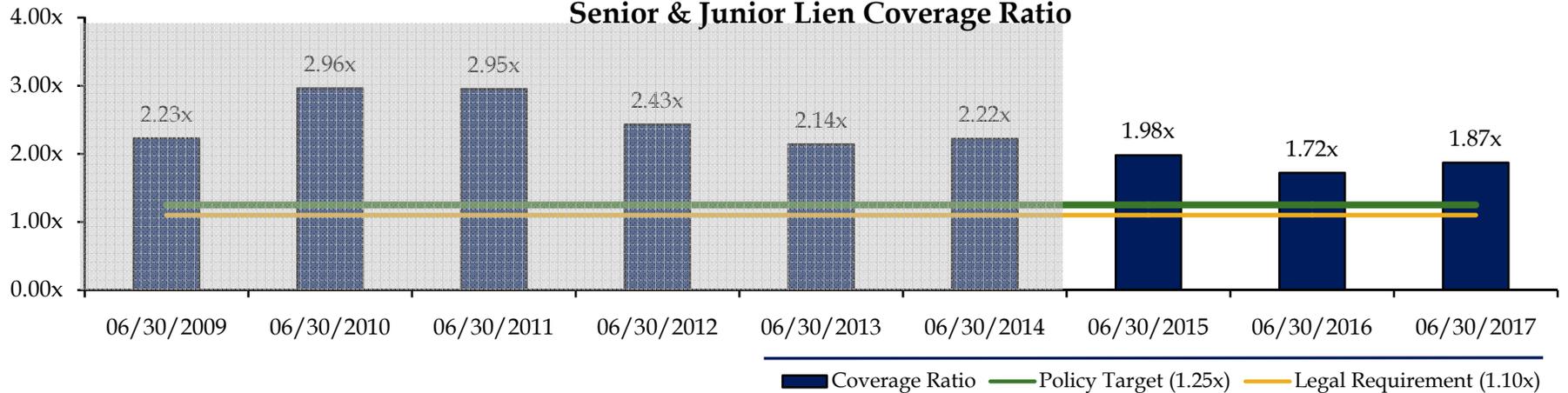
# Debt Service Coverage

Historical and projected Debt Service Coverage Ratios are robust

### Senior Lien Coverage Ratio



### Senior & Junior Lien Coverage Ratio



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

Source: City and County of Honolulu, Wastewater System Revenue Bonds.

Note: Shaded values represent historical ratios. Values for FY 2015 to FY 2017 reflect projected ratios. Projected revenues include BABs/RZEDBs subsidies.



## Overview of Total City Debt (as of 12/16/14)

| Obligation Type                               | Rating     | Outstanding Principal |
|---|------------|-----------------------|
| General Obligation Bonds                      | Aa1/NR/AA+ | \$2,620,475,000       |
| Wastewater System Revenue Bonds (Senior Lien) | Aa2/NR/AA  | \$1,251,325,000       |
| Wastewater System Revenue Bonds (Junior Lien) | Aa3/NR/AA- | \$381,351,296         |
| Water System Revenue Bonds                    | Aa2/NR/AA+ | \$239,150,000         |

*The City sold \$888.6M in G.O. bonds including \$383.6M in new money and refunded \$505M in existing bonds on March 17, 2015*

*The City expects to sell new money Wastewater System Revenue Bonds in Calendar Year 2015*



# Website and Contact Information

## Department of Environmental Services



<http://www.honolulu.gov/env/>

## Department of Budget & Fiscal Services



<http://www.honolulu.gov/budget>

## Board of Water Supply



<http://www.hbws.org/cssweb>

## Contact Information

Wastewater System Revenue Bonds  
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