

Finance Committee Meeting

April 26, 2016
9:00 a.m.

Committee Members Present: Chair Larry Dill reconvened the Finance Committee meeting to order at 9:07 a.m. Chair Dill, Clyde Nakaya and Wallace Rezendes, Jr. (*entered meeting at 9:16 a.m.*) were present. Board Chair Laurie Ho was also present.

Staff Present: Kirk Saiki, Marites Yano, Keith Aoki, Eddie Doi, Val Reyna, Dustin Moises, Carl Arume, Ann Parrott, Fay Tateishi, Sandi Nadatani-Mendez, Christine Erorita, Kim Tamaoka

Guest: Hall Parrott, Private Citizen

NEW BUSINESS

Draft Budget for Fiscal Year 2016-2017

- a. Fiscal Year 2016 - 2017 – Draft Operating Budget
- b. Fiscal Year 2016 - 2017 – Draft Capital Outlay Budget

Waterworks Controller, Ms. Yano gave a brief overview to the corrections in the draft Finance packet. The amount of \$4M was added to the Estimated Change in Fund Balance.

- Operating Expense – Accounting/Admin/Other Services was decreased by \$8,400 (page 11).
- Removed, “Compensated Annual Leave and Comp Time” and rolled over actual expenses into “Salaries and Wages.”
- Created new accounts for 520-040 WU – Admin. – Admin. – “Vacation Payout and Compensatory Time Payout”
- New account title for “Vacation and Compensatory Time Payout”; segregated budget for retirement payouts from Compensated Annual Leaves & Compensatory Time.
- Updated vacation payouts from last year.
- A project list for FRC generated projects and operational projects on design and construction will be completed by Friday, April 29th for the next Finance meeting.

At 9:16 a.m., Mr. Rezendes entered the meeting.

Revenues – were based on 1% increase (Page 19).

- Department will work on the accounting which should correlate to revenue projections.

Admin. (Page 20)

- There will be no Project WET grant from the State.
- Performance Audit for \$150K was added back to the budget.
- Mr. Rezendes requested Ms. Yano to include an identifier (i.e., line item no. or account no.) which makes it easier to follow on the budget. Manager Saiki will make a priority for Fiscal to purchase a Great Plains budgeting module which Chair Dill and the Board would support.
- Building Equipment Repairs – Chair Dill would like to see a future presentation for the Board on the Department’s long range plan of the old building (Phase II).
- Capital Outlay – Rehab and Replace/PPE – Delete Air Conditioning – Micro Server Room.
- Capital Outlay – Expansion FF&E – Delete the page.

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Information Technology

Repairs and Maintenance – Other than Water System/Following was added to the budget.

- Project Management Software at \$40,000.
- Beacon Subscription Fee – Orion Cellular Fee is a new request for \$88,600.
- Oracle Cloud Services (new billing system) at \$284,500 - Ms. Yano will provide the comparative difference between the existing system process and what the projected process would be. Include numbers and identify the administrative, physical and customer benefits. The new billing will go live in September.
- Virtual Desktop at \$225,000 – This will provide better security on the server. Ms. Nadatani-Mendez will research offsite backup.
- Develop web based GIS viewer and mapping layers at \$150,000 – will be deleted from the budget. The Department can come back to the Board for more funds, if needed.
- The overlay budget would be presented to the Board from Great Plains.
- IT will check if Great Plains can produce the Detail.

Mr. Rezentes strongly suggested the staff attend an ESRI conference in San Diego regarding IT to learn how the system can do other things.

Water Quality (Page 53)

- Budget decreased to \$30,000.

Engineering (Page 63)

- Engineering's budget is \$1.2M less due to losing an engineer but was able to hire two new engineers and is getting them up to speed on design projects.
- The CE V is dollar funded due to lack of applicants but Engineering is actively recruiting and will come back to the Board at a later time for funding.
- "Encumbered" in the New Request column will be added to Construct Hā'ena 0.2MG Storage Tank line item.
- Engineering will come back to the Board for funding with encumbered projects that are dollar funded.

Construction Management (CM) (Page 72)

- Construction Project Management Officer, Mr. Moises recently selected a Project Manager and Inspector pending offer. A Project Assistant is on continuous recruitment. In the near future, Mr. Moises said if he does not get qualified applicants for a Project Assistant, he may reallocate this position to the Project Manager position.
- Engineering Program Assistant – A new proposed system will support the management software.
- Professional Services - \$290,000 is encumbered; the contract is being executed now.
- Mr. Moises may need \$200,000 if he doesn't hire staff and would have to rely on the as needed Construction Manager.

Water Resources and Planning (Page 87)

- CE VI – selection made and pending negotiations.
- CE III – pending interviews.
- Professional Services increased to \$190,000.
- UH Climate Study asked the Department to participate. The contract for participation is for \$180,000.

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At 10:44 a.m., Mr. Rezentes exited the meeting.

- Added \$50,000 for Water Shed Alliance for fencing to keep animals out of priority watershed areas.
- An FRC study was taken out.

At 11:47 a.m., Mr. Rezentes re-entered the meeting.

Water Use and Development Plan (Page 88) - A public meeting was held recently. Draft sustainable yields were provided and distributed to United States Geographical Survey (USGS) and the Planning Department. The Department would meet with USGS and Planning next to get comments. After the comments and a solid draft are completed, it could be presented to the Board before it goes to the public in two months. The sustainable yield is not negotiable and needs to be complied with.

Billing (Page 92)

- Total reduction amount for operational expenses - \$892,225.
- Billing Processing Fees (Page 95) - Cut \$175,000 in half for next fiscal year; Fiscal could come back to the Board.
- Postage for Water Bills - Cut \$100,000 in half for next fiscal year; Fiscal could come back to Board.
- GASB and GAAP Training – Allow one accountant from Billing to attend (Page 99).
- Added \$50,000 for the new security system in the new building (Page 101).

Accounting (Page 102)

- Professional Services decreased.
- New Water Rate Study (ongoing this year) - \$20,000 rolled over from last year.
- Office Supplies cut \$15,000.
- Audit Services (Page 104) – Double up audit budget this year, then once a year the following year.
- FY 2014-2015 Actual - \$85,000 for Auditor and \$20,000 for Consultant.

At 11:11 a.m., Mr. Rezentes exited the meeting.

- Auditor's services end the next fiscal year.
- Add \$85,000 to Auditors so Department can fund the following year's audit in the current fiscal year. Thereafter the budget will fund one audit per year to be procured at the end of the fiscal year for the following fiscal year.

Fiscal (Page 112)

- Check the total of \$21,970,624 for Water Utility Fund FY 2016-2017 Proposed amount. Amount was okay.
- Depreciation (Page 115) – remains at \$7.3M.
- Depreciation for FY16-17 should be \$8M.

At 11:29 a.m., Chair Dill recessed the meeting.

At 11:29 a.m., Chair Ho exited the meeting.

At 11:35 a.m., Chair Dill reconvened the meeting.

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Operations (Page 129)

- Total Operating Expenses plus Capital Outlay is lower from the current fiscal to the next fiscal year.

At 11:38 a.m., Board Chair Ho re-entered the meeting.

- Design Services for Admin. Building Renovation (Page 130) – Old Building – Added new budget totaling \$125,000.
- Phase II of portable generator shelter design for remote sites – Per Larry Dill, put budget back; decided to put \$75,000 in the budget.
- Pump replacement program – (Page 136) - \$400,000 will be split in half; \$200,000 to remain in Repairs & Maintenance – Water System and transfer \$200,000 into Capital Outlay – Rehab & Replacement (Page 149).

At 11:56 a.m., Board Chair Ho exited the meeting.

- Mr. Reyna will encourage Operation's crew in a Tapping Team (Page 147).
- Chair Dill will provide a sample spreadsheet and to create the management of vehicles, mileage and equipment repairs including dollars allocated for repairs (Page 149).
- Ms. Yano will provide a vehicle auction list and transfer list for the May Board meeting to authorize the vehicles to be disposed by July 2016 (trailer, skid stir, dump truck, and utility truck) (Page 150).

At 12:27 p.m., Chair Dill recessed the Finance Committee meeting with no objections to Friday, April 29, 2016 at 10:00 a.m. in the Board room.

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