

# FINANCE COMMITTEE MEETING

Wednesday, April 10, 2019

Committee Members Present: Finance Committee Chair Lawrence Dill, Ka`aina Hull and Lester Calipjo. Also present was Chair Thomas Canute and Vice Chair Laurie Ho

Staff Present: Bryan Wienand, Marites Yano, Dustin Moises, Sandi Nadatani-Mendez, Valentino Reyna, Eddie Doi, Michael Hinazumi, Mary-jane Akuna, DCA Mahealani Krafft

Guest(s): Hall Parrott, Private Citizen

Chair Dill reconvened the meeting at 1:35 p.m. and quorum was established.

## **E. NEW BUSINESS**

1. Draft Budget for Fiscal Year 2019-2020
  - a. Fiscal Year 2019 - 2020 – Draft Operating Budget
  - b. Fiscal Year 2019 - 2020 – Draft Capital Outlay Budget

### Discussions from the Action Items from April 1<sup>st</sup> and 5<sup>th</sup>, 2019

Revenue/Water Sales Projections FY 2018-2019 - Manager Wienand addressed Action Items from April 1<sup>st</sup> under the General comments regarding the rate study's schedule which will be presented at the May Board meeting. A rate study workshop may be presented to the Board in late May or early June. At the last Finance Committee meeting on April 5<sup>th</sup>, a discussion on the implementation of a 5% rate increase would be implemented by August 1, 2019 but pushed the increase up to October 1, 2019 to be more conservative to update revenue projections. This date was to ensure that Billing could test the system on the new rate structure before full implementation.

“Received for the Record” was the updated budget sheets from Waterworks Controller Mrs. Yano.

Revenue Estimates (Page 29) – The last four months (November 2018, December 2018, January 2019, February 2019) on an average water consumption was applied to the succeeding 2019 months, March, April, May, June arriving at an estimate of 3,776,937M gallons of water. The new calculations were compared to the budget packet calculations from the April 1<sup>st</sup> Finance Meeting packet on Page 29. Mr. Calipjo noted that the revenue projection sales of \$27,929,720.49 is higher from \$27,253,450.96. Chair Dill asked why is there an increase if the Department is implementing the rate increase later? Mrs. Yano commented that the \$27.9M is only based on water consumption. There are three factors to be used in estimating in water sales. Chair Dill commented that before the revenue projection was \$27.253M, but delaying the rate increase means less revenue, why is the projected water sales increasing? Mrs. Yano commented that when the estimated water sales were changed the last four months, the estimated consumption increased for the whole year; 3,776,937M increase is the basis of 5% projected water rate increase. The following note will be updated to read: “Add: March to June, 2019 actuals”; delete: ~~9% average decline~~ (Page 29). Since the basis for 5% went up, [inaudible] Chair Dill noted that the combination of updating the projection on the meter consumption and deferring the rate increase is \$27.9M. The net impact is \$676,269.50.

Mr. Calipjo asked if this projection is for next year and if the previous year will be the same as this year? Mrs. Yano explained that in 2020, the latest actual consumption is from July 2018 - February 2019. The rest of the following four months will average 303,000M consumption for this year. In prior years, the usage projection increased, but actual water usage has been declining and the Department is reluctant to estimate an increase in actual consumption. Mr. Calipjo mentioned the projection would be higher than the previous year. Mrs. Yano said the actual consumption from the prior year was lower. Based on monthly the consumption it has been consistently declining. In the previous presentation, the declining percentages in

comparison from the last four months actual. By being more aggressive, it was discussed to use the last four months average consumption for the upcoming four months.

Mr. Hull had an issue approving a budget that is based on a rate increase without seeing the water rate study and what is on the water rate study. He asked if it is indicative of inflation, cost, construction and maintenance? Would the study say the rate needs to be moved up? Mrs. Yano provided background information on the water rate study that started in 2014 and what held up the water rate study was the reprioritizing the Capital Improvement Projects (CIP). An initial workshop presentation was given to the Board by the consultants which included a mini survey on the priority of the Board. Survey questions included "What is the most significant items that the Board wanted to see in the water rate study?" The number one item was that the Board didn't want a significant rate increase impact on the customers which the Department tried working with the consultants. The water rate study has been brought back to the Board based on several transitions on the Board level to be presented in May. The staff has given a good recommendation which will address the needs of the Department and rate payers. Mr. Hull mentioned the interactions with the consultant and the Department or consultant with the Board that without a draft attached to the budget proposal, it asks the Board to take a possible blind leap of faith. He finds it hard to discuss this issue with an anticipated water rate increase. Mr. Hull suggested to have lined up for the Finance Committee a proposed water rate study prior to the budget discussion that would be beneficial. Mrs. Yano commented that if the estimated rate increase line item on the estimate is removed from the proposed budget, it will not hurt the bottom line in the proposed budget. Chair Dill said that would satisfy Mr. Hull's request if it can be done. Manager Wienand took responsibility on this line item and what the Department anticipated was to present a realistic budget. Mr. Hull commented that if the rate increase is established and adopted by the Board, the Department would have to come back to amend the budget. Manager Wienand commented that this is a revenue projection. Chair Dill said there is an adequate fund balance if the rate increase revenue is not included, then the budget would not have to be amended. Mr. Hull would be more comfortable with Chair Dill's suggestion. Chair Dill said to take out the revenue rate increase on the proposed budget to be conservative. Previously there was 5% rate increase of \$1.18M but Mrs. Yano indicated \$999,870 moved from August to October. Fund balances will also be discussed.

Proposed New Positions (Page 9) - Chair Dill mentioned 5 new positions (3 are Construction Management (CM), 1 in IT and 1 in Fiscal) but asked why are there new positions in Operations (Utility Worker, Meter Mechanic, Water Service Investigator, Equipment Operation II and Maintenance Water Crew)? Manager Wienand explained those positions were approved by the Board in November 2018 without funding. The funding is now showed in the next fiscal year. Based on the Action Item sheet, according to Chair Dill, it says 5 new positions and 3 positions in CM were approved by the Board. Chief of Operations Mr. Reyna added "except Operations" which was not indicated on the Action Item list.

Mrs. Yano referred to Page 9 that discussed the new positions for the proposed draft budget. After the draft was proposed, CM Division got approved from the Board for 3 new positions effective July 1, 2019. There was 1 position left for IT and for a new position in Fiscal. After discussions with the Manager, Fiscal has rescinded the request of the 1 position for the Assistant Waterworks Controller in Fiscal. Chair Dill requested to see the presentation stated as: "There have been X number of positions approved by the Board included in the budget effective July 1<sup>st</sup>. Beyond those positions, the Department is also requesting ... list the positions." He mentioned there are 10 newly created positions which Mrs. Yano said was approved at the April 2018 Board meeting but the next paragraph states there are 5 new positions, but 3 are also approved by the Board which was confusing for Chair Dill. Mrs. Yano clarified that when the report was prepared the 3 positions proposed for CM were not approved at the time by the Board which she will update.

"Received for the Record" was the IT memo that was distributed to the Board. Manager Wienand said the remaining discussion will be the one (1) new IT position and the Fiscal position Assistant Waterworks Controller which was withdrawn. This would be presented to the Board in May.

#### Action Items:

- Show:

- X number of position approved by the Board and included in the budget effective July 1, 2019
- List Additional Positions

Operations New Vehicles (Page 188) – Chair Dill mentioned the equipment that were already approved by the Board will be effective in the budget July 1<sup>st</sup>.

SWTP – Water Treatment Delivery Agreement with Grove Farm – R&R (Page 189) – This is a new request for \$1,600,000 is a conservative number. The Department continues to review this item from Grove Farm’s proposal to replace items at the SWTP. By the May Board meeting, a firm amount may be established and resolved with Grove Farm. If the \$1.6M is left in the budget, without the Board’s discussion or seeing the agreement between the Department and Grove Farm, Chair Dill suggested an option to remove this line item in the budget but to leave it in the balance to be tapped with the Board’s approval through a Manager’s Report at a Board meeting. Mr. Hull has no objections in keeping this item in the Finance Committee’s budget but if it was with the full Board with no documentation, he probably would not approve the budget with this line item. Manager Wienand agreed to remove the line item and added that compared to previous years, there was a much lower ending projected balance for the Water Utility Fund (WUF) this upcoming year. The Department wanted to include all major costs for a balance budget for transparency but sees how this can complicate the budget approval process. Manager Wienand hopes that this item will be approved by the May Board meeting. Mr. Hull appreciated being on notice that this item is coming up for the Department.

Chair Dill said for the proposed budget presentation in May, the Finance Committee can tell the Board that this is an anticipated cost that the agreement is still being negotiated. The Finance Committee suggested to take this line item out of the budget to confirm with the Board if this can be proactively approved along with the budget together in which Manager Wienand agreed.

Action Item:

- Dollar fund the SWTP; present an update in a Manager’s report at the May Regular Board meeting (Page 9).

Fund Balance Projections (Page 14) – Chair Dill mentioned a balance of \$6.7M on the Emergency Reserve Fund. He did not remember when the Emergency Reserve Fund was established with the Board and created by the Department to use for this purpose. He asked was this part of the intent to use this reserve? Mrs. Yano said no and it might come back to the Board to revisit the language of the Emergency Reserve Fund. To create another working capital reserve will restrict the Department’s cash. Chair Dill said to ensure the estimated ending balance has sufficient money to provide the coverage for working capital and not to make a separate working capital reserve. It could be met by one of the purposes of the Emergency Reserve Fund but Chair Dill was not involved with the thought processes in establishing the Emergency Reserve Fund. Mrs. Yano agreed with Chair Dill that this is not the purpose of Emergency Reserve Fund it is based on the fund is currently described. The latest estimate is \$3.95M; less than \$1M but went up \$1.6M because of the SWTP at Grove Farm. The balance would go down by taking off the \$1.6M and the balance will go up to \$4.6M. Chair Dill asked what was Mrs. Yano’s recommendation on what the minimum working capital should be? She said the standard is 3 months (25%) of operating expenses. Chair Dill also asked if the net depreciation and interest is from the operating expenses? Mrs. Yano responded that those are non-cash expenditures and agreed with Chair Dill that those would be the same as the Emergency Reserve Fund \$1.7M.

Action Items:

- Revisit the language of the Emergency Reserve Fund
  - Ensure the ending estimated fund balance is sufficient to provide the coverage for working capital.

Projected Revenues / New Positions (Page 27 & 28) – The new positions included approved reallocations. Chair Dill counted 15 new positions and asked which new positions have not been approved by the Board. The Assistant Waterworks Controller was removed which is not approved along with the IT Specialist III.

The rest of the new positions are vacant. The fifth column indicates the percentage to be filled. Mrs. Yano explained the 0% for the Automotive Mechanic I is \$1 funded; to be hired in FY 2020-2021. Chair Dill asked if there are no plans to hire the Automotive Mechanic I this fiscal year, why do we need the position? Manager Wienand explained that at the November 2018 Board meeting, the positions were a one to two year plan with some positions to be filled in the first year with Operations vision which was presented as one packet. Seven out of the 10 positions have funding for the upcoming fiscal year budget. Three positions (Auto Mechanic and Fleet crew) are planned for the base yard master plan which does not have funding this fiscal year. Manager Wienand offered to remove them from the budget which does not show funding but would anticipate that the following fiscal year there will be funding. Chair Dill requested to leave the positions in the proposed budget since the Board approved the positions. Position #2358 Civil Engineer V is 0% funded that has return rights and will not be filled. Position #2457 Plant Electrician is \$1 funded for recruitment through inter-personal communication according to Mr. Reyna nobody is interested in this position at this time. This is a journeyman electrician license position and the salary is not competitive. The plan is to have an Electrician Helper qualify in the future. If Mr. Reyna finds a person interested in this position, he will come back to the Board for funding. Chair Dill asked how is the plant electrician needs taken care of now? Mr. Reyna explained that the Waterworks Electronic Technician and Plant Electrician are covering for the Plant Electrician needs. The person who was promoted to the Electronic Technician position "As Needed" is assisting the Plant Electrician. This position is not posted because there is no public interest. Chair Dill is reluctant is showing this position as listed on the budget with no posting and zero funding. Mr. Reyna requested for one month funding and to post the position which Chair Dill agreed.

Action Item:

- Operations / Plant Electrician - \$1.00 funded / Post with 1 month funding.

**IT Position**

Chair Dill was okay with keeping the IT Specialist III in the budget. Mr. Hull asked if the overtime (OT) could be reduced and recalls the lack of staff created OT for Mrs. Nadatani-Mendez. Manager Wienand referred to the IT Memo handout and that within the next 6 to 12 months of the new position being added, the annual budget would be decreased to \$20,000/year, but it is contingent on hiring and filling the new position for OT to decrease. For this budget, it is too early to reduce the OT. This also depends on filling the positions and how long it takes to train. Mr. Hull added that without the position and the reduction of OT, if it is budgeted, a budget transfer could be done from the Salaries if needed. Manager Wienand indicated that probation is 6 months before a decrease in OT is shown. The position could possibly be filled by July 1<sup>st</sup>. Chair Dill mentioned the budget with the OT and the new position would be double budgets. Mr. Hull commented when the budget is discussed with the full Board, provide some reduction in OT and why this position was needed. If there are emergencies, there are other areas to do budget transfers.

Action Item:

- Information Specialist III / Keep but reduce Overtime – justify OT / contingency 6 - 12 months after training when position is filled. Present to full Board.
  - Suggestion to do a budget transfer from Salaries to IT

Revenue Summary / Insurance (Page 17) – Mrs. Yano commented that the insurance budget would be discussed after the Board Policy was done by May.

Professional Services (Page 21) – Numbers are always off on Actuals vs Budget numbers. Manager Wienand said the Department included this issue in the scope of the work with a consultant in the upcoming financial Board Policy analysis. Either a multi-year budgeting or address the issue of encumbering contract, without spending the full amount.

Action Items:

Professional Services –

- Insurance – Prepare a Board Policy by the May Board meeting to address on the \$1M deductible.
  - Numbers are always off on Actuals vs. Budget numbers (Page 21).

- Include in the scope of work with consultant on a Board policy analysis (Page 27 and 109)

Operating Expense Detail (Page 23) – Corrected WU – Cost – to “WRP” (not Admin. Meeting Expense).

New Capital Outlay (Page 27) – Columns were updated.

Hanapēpē River Bridge (Page 27) – Preliminary budget was \$315,000. The preliminary agreement amount was executed with Department of Transportation (DOT) May 2018; the agreement amount for the betterment cost was estimated at \$154,000 (updated amount). This information was the first time Chief of Construction Management Mr. Moises was aware of the amount and is concerned this was reduced from \$315,000 to \$174,670 and if the bid comes out to \$178,000. He was not comfortable with the estimate for construction. Chair Dill asked if the estimate was based on an engineer’s estimate and not an actual change order contract proposal? This is the reason why Mr. Moises was questioning the estimate. Last May he left the estimate at \$315,000 [inaudible]; it has been one year and is still waiting for a bid. Mr. Moises will have to do a Manager’s Report and if DOT sends the Department a bill, there may be a delay because he will have to go to the Board for more money because \$174,000 is too low. He indicated he has not seen a bid since the agreement was executed on the engineer’s estimate. Chair Dill asked where did the engineer’s estimate come from? Manager Wienand clarified that when the final estimates came from Central Federal Lands, it was a preliminary cost estimate needed for the budget. From Central Federal Lands, this was estimated at \$300,000; the Department added a contingency amount but by the time the details were worked out, they updated the betterment cost. The Department finalized the agreement at \$154,670 with an addition of \$20,000 contingency for the budget; \$315,000 seemed excessive. The amount can be updated with more contingency because Mr. Moises made a good point but would delay DOT. The intention was \$315,000 excessive once the revised betterment cost was \$154,000. Mr. Moises asked what the engineer’s estimate was for the [inaudible] vs. the permanent bid? Chair Dill said [inaudible] is higher. Mr. Moises [inaudible] suggested to shave \$125,000. For expediency, once DOT sends the bill, he suggested to come in at \$225,000 which Chair Dill agreed. Mrs. Yano will make the proposed budget change to \$225,000 (from \$174,670).

Action Items:

Professional Services –

- Hanapēpē Bridge - Reduce to \$225,000

Admin.

Training & Development (Pages 44, 46, & 49) – Mrs. Yano mentioned based on Water Resources & Planning’s presentation on training budget, some of the items were reclassified. There was no change on the overall total budget on Pages 44, 46, & 49.

Capital Outlay – Rehab and Replace/PPE (Page 51) - Title was changed from PPE to Miscellaneous Capital Purchases.

Special Counsel (Page 33) – \$25,000.00 will be kept as is for the Performance Audit. Manager Wienand added that a Performance Audit may be presented to the full Board for action and discussion this fiscal year. Chair Dill mentioned Mrs. Yano’s note regarding a Hearings Officer may be used for future contested cases.

Lease Agreement with Grove Farm/Kōloa Wells 16A, B, & E (Page 39) – There were no dollar changes.

P.E. License Dues (Page 44) – Manager Wienand was informed by Boards & Commissions Administrator Ellen Ching indicated that County practice is to pay fees for the Prosecuting Attorney and County Attorneys but they do not currently reimburse for any Professional Engineer’s licensing expenses. Nothing is currently in place with the County. The budget amount of \$2,000.00 could be removed from the budget while Manager Wienand gets an approval from the County and its practice regarding professional fees. Chair Dill would like the policy to be consistent.

Action Item:

p. 44 - PE license dues

- Remove \$2,000.00 from budget. (Manager to bring back to the full Board after working with County.)

Training & Development (Page 46, 47 & 48) – Some of the training was moved to Page 49, Admin. Meeting & Expenses with no cost adjustment.

Water Resources & Planning (WR&P) (Page 114, Item 1.) – Chair Dill noted that the last Kaua'i Water Use & Development Plan Updated on June 27, 1990. Chief of WR&P Mr. Doi said this would be the first update in progress which will include an amendment to the budget on the scope. Completion is estimated to be within a year and a half. Chair Dill asked if there was a statutory requirement for off net lands to be updated? Mr. Doi said no but the plan review mentioned that updates are done as necessary with no time frame or deadline. The plan started when the State Water Plan began to complete their plans mandated in the 1990's. Mr. Doi recommended the plan to be updated when there are major changes or in the General Plan Update. In 2008, there were changes in finalizing the ag water in the plans identified in 1990. Chair Dill said there have been no changes in 20 years but it still warrants an update of the plan. He suggested there would be an updated of the plan if there are major changes or no longer than some cycle or a number of years.

*At 2:54 p.m., Mr. Calipjo exited the meeting.*

*At 2:56 p.m., Mr. Calipjo re-entered the meeting.*

Mr. Hull added for Land Use Plans, updates are every 10 years with each plan having a 20 year horizon. If there is a 20 year horizon on the plan, every 10 years the plan should be updated. The Planning Department are in the same position as WR&P with a last update in the 1970's & 1980's. Mr. Doi agreed that updates should be every 10 years which Chair Dill said to line up with the General Plan and recommend for WR&P to report back to the Finance Committee. Chair Dill inquired if other neighbor islands are updating their plans? Mr. Doi noted that County of Hawai'i has done their first update since 1990. Honolulu has updated portions of their plan. Chair Dill clarified if the Department can recommend a Board Policy or an internal policy regarding updates of the plan. Mr. Doi suggested an internal policy for 10 years.

#### Action Item

##### Ongoing Program Measures / Status

- Provide the Board with a recommendation on if there should be an internal or Board policy and if there is a policy, what period of time should it cover? 20yrs? How often should it be updated? Every 10 years?

Water Resources & Planning (WR&P) (Page 114, Item 2.) – This is in line with the chart of accounts.

Kaua'i Watershed Alliance (Page 116) – Manager Wienand said there will be a Manager's Report at the April 26<sup>th</sup> Board meeting with a recommendation and presentation from The Nature Conservancy for the full Board on the budget increase. The proposed amount of \$220,000 will remain as is which will be updated after the April Board meeting with the full Board.

Communication Services / Contingency (Page 55) – Updated as unanticipated costs for a cell phone/new position.

Communication Services / Contingency (Page 56) – Updated as unanticipated costs.

Purchase of a Replacement Asset Management System (Page 64) – Refer to the IT Memo handout which covers the Asset Management System which was previously budgeted for \$705,000. An updated quote and discussions with the consultants, Manager Wienand reduced the line item to \$230,000 with an annual cost for year 2 for licensing at \$50,000/yr. moving forward with the lump sum cost implement of the software with licenses application and implementation is about \$230,000 for the first year. This budget items will be updated.

SharePoint Upgrades (Page 64) – Budgeted for \$295,000 to be included in the budget as documented in the IT Memo handout (part of the IT Strategic Plan). The notes reflect the \$295,000 is for a 5 year cost. Manager Wienand said the cost will be all up front but could be spread out over several years. Chair Dill indicated that generally \$295,000 will cover the SharePoint cost.

Upgrade of SCADA & Replacement of Servers (Page 64) – Decreased from \$500,000 to \$270,000. Ms. Sandi Nadatani-Mendez explained when the revised plan was reviewed, it was narrowed down because the Department didn't need the \$500,000. This covers replacement of service and the upgrade of Wonder Ware Software. Mrs. Yano will update the notes.

#### Action Items:

Information Technology / Capital purchases:

- New asset management software line item - Reduced to from \$705,000 to \$230,000
- SharePoint - Include \$295,000.
- SCADA upgrades & replacement of servers - Change \$500,000 to \$270,000.
- Correct/update notes.

IT Staffing / New Position IT Specialist (Page 12) – In the IT Memo, there was a discussion on the background and justification from the Friday, April 5<sup>th</sup> Finance meeting. Included was the existing IT Table of Organization (TO) and proposed TO for the addition of one new position. The new position would be approved with the final draft to be presented at the May Board meeting. The TO showed the next 5 years to be presented at the May Board meeting and the IT Strategic Plan which includes over the next 5 years an additional two positions. No funding is requested at this time.

Chair Dill referred to the exiting TO of the IT Support Tech. Manager Wienand indicated the current TO has 3 positions and the Waterworks Technology Officer would remain the same and each of the 5 positions would report to the Waterworks Technology Officer. Chair Dill noticed in the future TO, there are three IT Specialist III and the Computer System Support Tech, and existing position. Previously the budget was from \$1,225,000 to \$995,000 (\$180,000 net decrease) that will go down to \$815,000.

#### Benchmark Findings

Mrs. Nadatani-Mendez provided a breakdown in the IT Memo on the number of employees support the Water Department in the County of Maui (Page 11). The Big Island has 5 employees and in the processing of hiring an Analyst. They have 160 employees. Based on their IT Manager, they are short staffed. Honolulu BWS has a total of 576 employees; IT is broken up by branches and only specialize in Applications Systems and Development with 13 employees, Technical Engineering Projects has 12 employees who are in charge of the GIS and Hydraulic Modeling, Operations Support has 18 employees which includes System Support, Infrastructure Support and Help Desk. The County of Maui does not have a dedicated IT support because they fall under the County of Maui with 2,075 employees, 38 Information Systems Analyst, 1 Chief, 1 Buyer and 1 Service Assistant. Mrs. Nadatani- Mendez will find out how many employees are in the Water Department.

Mrs. Nadatani-Mendez explained that Gartner is an international firm focusing only on Information Technology and staffing. Gartner reports that IT staff has a percent of total staff range is recommended from 3% to 6%. The number of IT Staff is currently 3 employees or 3% the low end of the staff range.

#### IT Staffing:

- Proposed Table of Organization (TO) with addition of 1 new position will presented at the May Board meeting.
- Proposed TO the next 5 years, per the IT Strategic Plan, will be presented at the May Board meeting included 2 additional positions.
- Provide bench marking details and benchmarking comparison with other water companies in Hawai'i
  - Find out how many employees support the Water Department in the County of Maui.

800 Mhz Radios (Page 65) – The original budget shows zero in the line item because it was taken care of this fiscal year.

Engineering (Page 87) – In the New Request column, the note “New Request” was changed to “Yes.”

UH Experimental Station Tank – land acquisition (Page 88) – \$150,000 was removed.

CK 1750 Replacement (Page 105) – Deleted line item

Truck (2) (Page 105) – Deleted line item

Hanapēpē River Bridge (Page 109) – Budget change from \$315,000 to \$225,000

R&R/Capital Projects – CM (Page 110) - Mr. Moises mentioned a previous Action Item on Notice To Proceed (NTP) which were characters instead of dates. The Kīlauea 466 Tank NTP should be 4/2020. Paua Valley Tank Repair NTP is 8/2019 (not 6/2019). Mr. Moises took out of the NTP listed as zero.

### **Operations**

Water Treatment Delivery Agreement (Page 167) - \$1,600,000 will be removed and was changed to \$1.

AMI Meter Pilot tests (Page 181) – Chief of Operations Mr. Reyna has not heard on a quote update and this contract may not be executed within the next two months.

#### **Action Item**

AMI Meter Pilot tests (1000 units @ \$250 each) –

- Keep for next year’s budget.

Expansion/Equipment (Page 188) – For the remote side maintenance schedule (vegetation, paint structures of the facilities & repair). Chair Dill requested to put these on a maintenance schedule.

### **Fiscal**

Assistant Waterworks Controller (Page 125) – Removed from budget.

Professional Services/Fiscal Policy Development (Page 138) – A committee was formed to select a consultant and the fiscal policy will be completed before June 30, 2019. This line item will be left in the budget if it is done this year or remove. Chair Dill said the budget will have \$1.2M this year (not next year). The policy will be presented this month to the Board according to Manager Wienand. Chair Dill commented that it would be net zero and if it comes to the Board after July 1<sup>st</sup>, during the year, a Manager’s Report can be done to establish the policy and fund, then fund it as a line item from the reserve.

Estimated Fund Balance had changes on the IT budget. Mrs. Yano will make the changes to the Fund Balance which is almost the same: 1) Revenue projections will be reduced by \$999,000 reducing the IT budget by \$180,000, and 2) CM budget increased from \$174,000 to \$225,000. Manager Wienand corrected the IT budget decrease to \$410,000 total. Changes were already made on the Fiscal handout for SCADA \$500,000 to \$217,000 for SCADA. The estimated ending balance will be \$3M.

#### **Action Items:**

Remove all line items and requests related to proposed Assistant Waterworks Controller position (Pages 9, 125, 147)

Professional Services – Fiscal Policy Development (Page 138)

- Consulting Services – is being worked on. Leave in budget.

Targeting by June 30, 2019 if the contracted is executed in time, \$150,000.

Mrs. Yano will be resubmitting an updated proposed budget packet on April 15<sup>th</sup>.

Mr. Hull will be excused for the April 15<sup>th</sup> Finance Committee meeting.

### **F. RECESS**

Chair Dill recessed the Finance Committee meeting at 3:30 p.m. and to reconvene on Monday, April 15<sup>th</sup> at 2:30 pm; with no objections.

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