

FINANCE COMMITTEE MEETING

Monday, April 1, 2019

Committee Members Present: Finance Committee Chair Lawrence Dill, Ka`aina Hull and Lester Calipjo. Also present was Vice Chair Laurie Ho (*entered meeting @ 3:03 pm*)

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

Guest(s): Hall Parrott, Private Citizen

Chair Dill called the meeting to order at 2:40 p.m. and quorum was established. Chair Dill welcomed new Finance Committee members Mr. Ka`aina Hull and Mr. Lester Calipjo. Chair Dill shared that the Department of Water (DOW) is a semi-autonomous agency through the County of Kaua'i and funds its operations through the Department's rates and charges that come from the rate payers. It is the duty to be good stewards on funding supplied by the rate payers to provide water service. The rate study will also be discussed for next year which will be a big charge and to the constituents to make sure the Department is serving them well.

Four Finance meetings are scheduled April 1, 5, 10, & 15, 2019 to review six divisions. The fourth meeting may be for follow up.

ACCEPTANCE OF AGENDA

Chair approved the Agenda with no objections.

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

DISCUSSION:

Waterworks Controller Mrs. Yano provided a background overview of the Draft Budget which consists of the Operating Budget and the New Capital Outlay. The Rollover of Outstanding Purchase Orders will be presented after June 30, 2019. Three sources are maintained separately that finances the budget: 1) Water Utility Fund (WUF), Facilities Reserve Charge (FRC) and the Build America Bond (BAB). The WUF finances the operating budget and some capital outlay budget. FRC collections is for expansion projects and a recoupment to repay some of the expansion project costs. A list of approved projects by the Board were are submitted to borrow funds from the BAB.

The available resources are listed on the WUF pie chart (page 6) that comes from the remaining estimated fund balance and used audited fund balance by June 30, 2018. Water sales were projected and is the main source of revenue for the DOW on 21,000 accounts (87% of projected revenues). Some funds come from the State of Hawai'i and miscellaneous revenues which is reflected in the WUF chart.

The WUF Allocation of Resources pie chart (page 8) includes: Operating Expenses, Debt Service Principal, Capital Outlays – Furniture, Fixtures & Equipment (FFE); Information Technology (IT), Capital Outlays – Capital Improvement Projects (CIP), and Reserve Transfers. Board Policy Nos. 26 & 27, 25% is set aside on projected operating expenses for Emergency Reserve Fund and 50% of the annual Debt Service requirement for the Debt Service Reserve Fund. Every year the balances of the operating expenses are maintained. Ms. Yano explained that the \$5M on the pie chart is the payment on the debt. The reserve is separate from the payment of the principal.

Mrs. Yano and indicated that Fiscal is working with the water rate consultants and the DOW is anticipating a 5 % increase in the water rates (page 4). The water rate study will be presented to the Finance Committee then to the full Board the next four months. Manager Wienand referred to consumption the last five years and that this past year consumption decreased significantly. There is no solid answer for an approximate 9% decrease, a \$2M revenue shortfall this year and in the future. The Department has ideas what is causing the decrease. The 5% increase is conservative but could be adjusted by a percent. The Department is overdue for a water rate study because the last study was done July 2014. Incremental increases based on inflation are usually 3% per year. Now the Department is going into year five with no increases that puts the Department at a 15% inflation shortfall. The Department may recommend to the Finance Committee 5% or slightly above that baseline. The water rate study is anticipated to be implemented by August 1, 2019. Chair Dill commented that a proposed increase needs to be done no later than the July Board meeting.

Mr. Hull inquired if the budget is adopted based on a rate increase, does that default make the increase automatic, then come back to ask the Board for a rate increase? Chair Dill added that the revenue projections in the budget, it is assumed that the rate increase would happen August 1, 2019 at 5%. If the rate increase does not pass close to what the Department is projecting and the Department would have to revisit the budget.

Revenue calculations discussion (page 29) – Calculations were used from the 2017-2018 water consumption (2017 @ 4,025,295; 2018 @ 4,014,583 & as of February 2019 @ 3,656,397. From March 2019 to June 2019, the estimate water consumption was 9% lower from the 2018 actuals. Chair Dill found that the projected months were lower than the previous eight months. He suggested to take the average of the previous four or eight months in 2019 for an average of 300,000. Manager Wienand said Chair Dill's suggestion could be done but did not want to over project because of the 9% decrease is unexplainable. Chair Dill noticed the first eight months was 70% and the bottom four months was 30% which is the equivalent of the 1/3, 2/3 split. Mrs. Yano explained how she arrived at 70% from eight months out of twelve months. The estimate of \$25.8M would be from water sales based on a 1% growth [inaudible]. Chair Dill mentioned that the 2018 numbers are already down and are further reduced to 9%. Manager Wienand said the numbers in FY2018 and FY2019 were close. From previous years, the numbers were consistent and FY2019 is substantially lower. For March, April, May, June 8.9% is maintained; the 8.9% is kept for next year before the 5% and growth of 1%.

Mr. Calipjo questioned the projected consumption for FY2017, FY2018, FY2019 and asked what was the big drop in consumption on an approx. \$700M projected loss. Manager Wienand said it is not only conservation or from irrigation systems. The Department will be reviewing the meter testing program with the 5/8 inch meters which are more than 90% of our 21,000 accounts. The 5/8 inch meters should still be performing 99.9% accuracy but may be getting less accurate. Most of the systems are the same age as the water meters. Mrs. Yano mentioned there was the big flood from April to July 2018, the hurricane warnings and rain events. Chair Dill noticed that the June number 293,499 were equal to the lowest numbers for FY2017-2018. Numbers for March, April and May were even less and he did not see justification for those estimated numbers for going that low for those months. Chair Dill took the total numbers in FY2019 and divided it by 12=304,700. Mrs. Yano averaged the last four months (November, December, January, and February) that equaled and average of 300,360 [number was inaudible] with a difference of \$180,000. The annual total will be used for next year's fiscal projection; 3,656,397 will be used to project FY2020.

Mr. Hull said in May 2018, there was a progressive decline and if a decline continues to occur, the reason is still unknown at this time. Chair Dill mentioned that December, January and February 2019 was not that different from December, January, February of 2018. Manager Wienand said the assumption is important because the Department is using the same budget projection for the rate study. Whatever is changed will get multiplied for four to five years. Chair Dill sees this as a concern in the budget because if projections are low, it may artificially boost the rates.

Projected Revenues

Pg. 9 - Proposed 5 new positions – Finance Committee will present to the Board approvals of these positions. Equipment and salaries are also in the budget. Chair Dill clarified that approval of the budget does not mean the approval of the positions; they have to go to the full Board for approval. Mr. Moises explained that three positions are Construction Management that were approved by the Board at the March 22nd meeting.

p. 12 – Chair Dill noticed there is a new asset management system in the Replacement budget and asked if it is a new system? What is it replacing? Manager Wienand explained there is a program the Department uses as an asset management called Four Winds that was identified in the IT Strategic Plan to be replaced with a more robust system.

Operation's new vehicles to be discussed in the Operations Divisions report.

Surface Water Treatment Plant delivery agreement with Grove Farm to be explained later.

p.14 – Fund Balance Projections – Chair Dill noted the beginning balance of \$7.3M and the estimated ending balance is approximately \$2.9M. The average operating expense is \$30.3M and the average monthly operating expense is over \$2.5M. The ending balance is over one month worth of operating expense. His concern is that the ending balance is at that level. Mrs. Yano mentioned that the Emergency Reserve Fund is 25% of the projected operating expense; \$5.9M is being maintained as the estimated beginning fund balance but will go up to \$6.8M. Chair Dill explained that the purpose of the Water Utility (WU) Emergency Reserve is now kept for a proper working Fund Balance. The Fund Balance should be kept for three to four months to ensure the Department does not dip into the Emergency Reserve Fund Balance which could be for a hurricane. It can also be used in the WU General Fund if the Department can't pay its bills; but not recommended. The Department needs to be conservative in maintaining a proper balance in the WU General Fund.

p. 15 – Operating Expenses – Year to Date is the end of February 2019.

Other Operating Expenses – FY 2017 is \$16.1M; FY2018 is \$16.9 and jumps in FY2019 to \$22.2M and in FY2020 stays at \$22.4M. Chair Dill said to look at other operating expenses and to cut them back to keep a healthy balance in the WU Fund.

➤ Mrs. Yano will provide a recommendation on what is a healthy Fund Balance to keep in the WU Fund.

Mrs. Yano said some policies are different for organizations; some have a working capital reserve fund balance with no Emergency Reserve Fund. Adding a working capital reserve fund would restrict a lot of the Department's cash. There is over \$10M in the reserve in the bank account. Chair Dill agreed this was a good point but would not establish separate for a working capital reserve but to make sure the amount is maintained. He explained the way to maintain a working capital reserve is to look at the Emergency Reserve Fund. Mrs. Yano would revisit the Emergency Reserve Fund to possibly make it a hybrid. Manager Wienand mentioned this topic came up and the Department is trying to get a contract with a consultant on fiscal policies which is not finalized. The Department has been looking at what the purpose of the Emergency Fund is as it relates to WU.

Revenue Summary

p. 16 - Manager Wienand commented that the FEMA grants are projected revenue at \$828,535 on projects this year (75% reimbursement from FEMA).

p. 17 – Professional Services General – Chair Dill pointed out for FY2017-2018 was \$3.7 (spent \$939,740), in FY2018-2019 was \$3.9 (spent \$790,987) consistently every year. He asked why is the Department budgeting so much and consistently spending much less in the Actual Expenses? Each division will have to explain this in their budget.

Insurance – The expense is \$1.2M but spending is less. Mrs. Yano explained that \$1M is maintained for the deductible. Manager Wienand added this is a policy call that the Board can address on the \$1M deductible or keep it on the side. Chair Dill said this is conservative and can be revisited later.

Interest Expense – is on the debt service, unless money is borrowed, this interest would go up but has been going down yearly according to Mrs. Yano. The annual position of the debt is fixed unless more money is borrowed. The amount going into the debt payment is higher and interest is going down and to pay off more on the debt.

p. 19 - Operating Expense Detail of the Operating Expense (by Division) – Lists Salaries and Wages / Retirement which is current for the employees.

p. 21 – Professional Services General by Divisions – will be in each Divisions presentation. Mrs. Yano commented that this is the overall projected revenues that are allocated. Manager Wienand said one of the reasons on the increase of projected vs. actuals is because some are expected to be spent less than a year and spent more than a year depending on the length of negotiations on a contract or a contract stop issue; right now the full contract amount is budgeted. In his opinion, it is normal for a budget to be higher than what is actually spent. For each division, it would be difficult to put a percentage on it and execute those contracts that were estimated up front. By looking at the different percentages to keep the total down and when contracts are executed, the Department may have to come back to the Board one by one throughout the year for additional funds. Chair Dill mentioned that the numbers are so far off every year that he wants the Department to do a better realistic budget or sign contracts.

p. 22 – County Service Charge – Chair Dill inquired if the Department is getting its monies worth on the County's Service Charge?

p. 23 – Correction 10-22-10-573-010 WU – Should be Construction – Water Resources & Planning (not Admin. – Meeting Expense).

p. 25 – New Capital Outlay Summary (Furniture/Fixtures/Equipment/IT) – Details will be discussed in the division's presentations.

Miscellaneous Purchases:

1) Capital Purchases / Replacement

2) Expansion / New Purchases

\$2,478,000 is the total Proposed Budget for FY2019-2020. The FF&E will be spent the next fiscal year. Manager Wienand said comparing the first budget for FF&E shows the historic performance.

Limahuli Stream & Mānoa Stream Water Line Repairs – is in the budget but was not able to encumber a contract in time according to Mr. Aoki. This project may be done next the fiscal year.

Mānoa Stream water line repair - Mr. Hull asked if State monies were given on the damages during the flood events? Mr. Aoki said the Department of Transportation (DOT) was trying to assist but for unforeseen circumstances they were not able to; the DOW would have had to pay for it.

p. 26 – Expansion – Mr. Hull referred to the Expansion for Design / Wainiha Well #4 (located by the Wainiha Tank). Manager Wienand said this is a CIP project for which we're pursuing State funds for the additional source. There is no redundant well in that system. Mr. Hull also asked if there was adequate source for property rights because Wainiha does not have projected growth? Manager Wienand explained if there were any issues on the existing well, the Department would not be able to get water in that service zone. The Hā'ena Well would have water that could be moved, but by itself it is not adequate. Chief of Water Resources and Planning Mr. Doi commented there is storage from a well with source. Manager Wienand added there are two wells in Wainiha and Hā'ena. Wainiha is a better performing well, but if it went down on mechanical issues, the Hā'ena Well would not be sufficient for the entire service zone in Hā'ena and Wainiha. This project would add source in Wainiha for the service zone by pumping to the

tanks. This project is not expansion to provide for housing. Mr. Doi added the well would bring the system up to standard with a standby pump. Currently the tank is operating with a large and small pump. Chair Dill asked based on the standard, does it add more capacity to the system for additional development? Mr. Doi said it depends if the well is good but agreed that this project would make the system more robust but not for more development. Manager Wienand explained that when a project is labeled expansion, it's important to distinguish if the intent is to come up to water system standards versus pure expansion for growth.

Chair Dill asked if all the projects listed will be encumbered this fiscal year? Mr. Moises [inaudible] commented CM's NTP is based on design. Mrs. Yano will correct the right column "Anticipated NTPs" for Paua Valley Tank Repair that should be August/September 2019 NTP (not PP #1) and Kīlauea 1 & 2 MCC should be December 2020 NTP (not PP #5) which will both be encumbered. Hanapēpē & Eleele 6" Main NTP is May; Wainiha Well #4 NTP August/September. The Kukuioolono Tank demo for \$100,000 is in BAB.

Mr. Hull reconfirmed that the U.H. Experimental Station is the Board's authorization for the Manager to negotiate an agreement with U.H. Mr. Aoki added that \$150,000 could be taken from the Facilities Reserve Charge (FRC) budget if there is an agreement with U.H. Experimental Station. [inaudible] This can be worked out with U.H. and the Department can come back to the Board. Mr. Aoki said if the Department gets an agreement with U.H., the soil testing needs to be done before the site is obtained. Chair Dill preferred to leave the \$150,000 in the budget if it can be done in FY2020.

Mr. Hull exited the meeting at 3:45 p.m.

Mr. Hall Parrott provided his testimony.

Mr. Parrott commented on Agent Orange that was tested on the U.H. site that it is a real touchy issue. He has seen the site and it is well suited for the DOW's project. What appeared to be casual conversations on the subject, the DOW does not know if this could be mediated or to kill it. Mr. Parrott suggested to approach this slowly and quietly.

Mr. Hull re-entered the meeting at 3:45 pm.

Kilauea MCC project/engineer's estimate of \$2.576M – The Department was to construct this year and looked at the WU reserves that had a \$2.9M projected ending balance. Without rate increases and adjusting the budget, Manager Wienand indicated this remains a high priority project. He will be looking at financing options in the budget for the following fiscal year. This project was going to be included but it would draw the WU fund too low. The Kīlauea Tank is expected to be ready by the end of this calendar year which is BAB funded. Chair Dill commented that in this fiscal year, \$3.755M for Kīlauea MCC was not ready in time. Manager Wienand said it is ready for construction but CM has a full plate. Once an existing CM project is completed, it could be started. From this fiscal year, it would draw the WU reserve too close and the estimate shown includes a contingency.

Chair Dill asked Mr. Aoki if all the design projects will be started in FY2020? Mr. Aoki said Engineering is working out a site location with Mr. Robinson. It may not be a good site if mango trees are on the site. If the site is okay with Mr. Robinson, this project will be started in FY2020.

If the drill and test results are okay, the design can be started for Kapa'a Homesteads Well No. 4. Manager Wienand mentioned the \$450,000 represents a contract amount for Kapa'a Well No. 4 if the Department were to get a Professional Services contract. Per the previous discussion on budgeting, the DOW could budget this as a percentage or encumber the full amount.

p. 27 – Hanapēpē Bridge – Mr. Moises is waiting for a bill from the State for \$315,000 for next fiscal year. There is an agreement for a manifold line on the permanent bridge. Chair Dill will follow up on the bill.

Puu Pane Well 3 Tank - \$500,000 represents the replacement of a 100,000G tank being replaced with a 1MG tank (same as the Kīlauea Tank).

Revenues

p. 28 – WU Water Use Sales – \$27,253,451 is based on projected meter consumption.

Mrs. Yano mentioned the Public Fire Protection budget increased from \$2.133M to \$2.136M based on the number of fire hydrants.

Water Revenue is the same at \$250,000.

Federal Grants (FEMA) - a new line item at \$828,535 which was an initial submission to FEMA for 75% reimbursement from the April flood projects.

Cash Receipts - \$611,874 is a BAB subsidy

Investment Income – \$200,000 increased

p. 29 – Revenues/Water Sales Projections FY 2018-2019 – Take the average of four months in 2019 to equal \$300,000 (November, December January February) to be used for the new projection of revenues. Department will investigate the 9% decrease in consumption.

p. 30 – Fire Hydrant calculations are based on the current rates. Mrs. Yano mentioned if the new water rate study is approved, the rates may go up (non-cash revenue). The County is billed for all of the fire hydrants but the Department does not receive a payment. To offset the non-cash revenue, an invoice is created for the DOW stating that the value of the services (Payroll and Human Resources) that the County provides the Department is worth \$2,136,510.00.

p. 31 – BAB table

Admin.

Total budget is similar from previous years.

p. 32 – Summary of Capital Purchases FY2018-2019 Budget for \$90,000 / Capital Expansion/FFE. Refer to (page 51) which is purchase vehicles for the Manager and Deputy Manager. If the trucks are not delivered this year, the funds are encumbered then it will be rolled over for next year's budget. Chair Dill asked how much is the rollover? Will it be in the budget next year? Were projections made in the past? Mrs. Yano waits until the end of the fiscal year and rollover is not a projection.

Correct: 10-01-00-604-999 Rehab and Replacement/PPE – should be FFE
 10-01-00-605-999 Expansion PPE – should be FFE (for vehicles; see p. 51)

➤ **ACTION ITEM: estimate the projected amount of rollover expected (Tess)**

p. 33 – Professional Services/General – Chair Dill noticed the Actuals for FY2018-2019 are all blank and are all zeros? Mrs. Yano said before the budget is submitted, the details are not listed but the totals are listed at the top of the column at \$33,064. Legislative Liaison and Special Counsel have a contract encumbered.

No monies have been spent on the Performance Audit which needs to go back to the Board. The Committee of the Whole may have to decide if the money will be encumbered next year; it will be rolled over. Chair Dill requested the Department to bring back the Performance Audit.

DCA Krafft commented that Special Counsel is for the Kapaia project. The Department has not incurred contested cases but in 2018 the Department had its first contested case. The Department received an

informal notice that indicated the contested case was pulled; no formal notice has been received to date or a withdrawal of the petition. Mr. Hull was asking because there are some activities and petitions with the Commission on Resource Management (CWRM). He wanted to know if there may be contentious future on Department projects and DCA answered potentially. Before Mr. Hull came to the Board of Water, he understood that the Department was going to use the Boards and Commissions Hearings Officer for the contested case. Mr. Hull suggested the Department reach out to the Boards and Commissions on anticipated future contentious issues because Boards and Commissions is going through their budget hearings. He has been updating Ellen Ching, Boards and Commissions Administrator, who has a budget of approximately \$150,000 - \$250,000 for a Hearings Officer dedicated for the Planning Department's vacation rental contested cases. If the Planning Department and the DOW has money for a Hearings Officer for potential argument of a petitioner that may will be a bias with the DOW by having procured the Hearings Officer over a case. Mr. Hull would be territorial if the DOW would be requesting more money for a Hearings Officer because the \$250,000 would be for the Planning Department's rental illegal issues.

p.38 – Postage – Mr. Dill ask why is the budget \$12,770.08 so exact?

p. 39 – Rentals and Leases - Mr. Dill asked if the agreements with Grove Farm for Kōloa Wells 16 A, B, & E are flat rates and predictable? Why doesn't the numbers match the budget better? Manager Wienand indicated the Kōloa Well lease have not been executed yet which has been an on-going discussion with Grove Farm. The Department will need to do a retroactive lease agreement with Grove Farm to pay them back.

License Fee Agreement McBryde Trust – This was a three party land exchange with the Kukuiolono Tank project land exchange. Once the agreement is finished and the existing tank is demolished, the \$19,999.80 per year will go away.

p. 40 – Insurance – This budget will stay as unless the Board addresses this.

p. 41 – Utility Services – Water's budget was removed.

p. 42 – Repairs and Maintenance was transferred to Operations (A/C, Elevator, Kaua'i Fire Protection and Building Equipment Repairs).

p. 43 – The Department needs to be consistent with the County regarding P.O. License Dues.

p. 44 – Books, Publications, Subscriptions, and Memberships
Annual P.E. Dues for the DOW – would cover license for P.E.'s for the DOW

➤ **ACTION ITEM: MCE to confirm payment of license dues is consistent with County-wide practice**

p. 46 – Project WET should be referred to as a “workshop” not “conference” - Manager Wienand mentioned that Jonell Kaohelaulii and Jason Fujinaka attend conferences and travel throughout the State to help get educators get certification in Project WET.

Annual Wahine Forum Conference - new in the budget.

AWWA Conferences – new conference expositions in the budget. The Manager confirmed that employees who attend conferences are required to submit a report.

p. 48 – Travel – 2 staff will attend American Planning Association conference (APA). Mr. Hull asked if there are left over monies that were previously budgeted? Mr. Hinazumi said this item will be under the Water Resources & Planning budget. Mr. Hull added that having a DOW representative will bridge the

link between infrastructure management, projected growth and social equities. There should be a separate line for staff to attend the APA conference.

p. 49 – Meeting Expense – Board Meeting/Attendees (Staff) for Board Meeting lunches for staff who regularly attend Board meetings which was brought back by former Acting Manager Steve Kyono.

Water Resources & Planning (WRP)

p. 112 – WR&P makes sure there is adequate infrastructure for existing and future development. This is done through water tracking and long range planning. WR&P handles all requests for developments from individuals, zoning or land use permits. The long range plan will go out for solicitation with a consultant selected by year end.

p. 114 – Program Measures / Status:

#9 – UH “Projecting future Rainfall and Evapotranspiration for Kaua’i” – *On-going & midway through the contact*

#8 Kaua’i Water Use & Development Plan Update – WR&P will come back to the Board for an amendment time extension and an increase in funding on issues outside of the scope – *1 year to 1-1/2 years completion (based on different factors (i.e., west side community plan and various issues with agencies)*. Other counties were supposed to do an update and Mr. Doi was not aware of a solid deadline but should be updated every 10 years.

➤ **ACTION ITEM: Provide when the last update of water use and development plan occurred and what are the timing requirements.**

#7 USGS Groundwater Monitoring Program – *On-going permanently*

#6 USGS Stream Flow Study – *On-going*

#5 Hydraulic Model Update Project – *On-going (maintenance license needs to be procured)*. All nine systems are in place that uses a hydraulic model. Mr. Doi said the previous software was converted. Mr. Hinazumi explained how the hydraulic model is part of the long-range plan update. The consultants will be assisting WR&P by projecting where future development will be based on the Kaua’i General Plan as well as the source, storage capacity and transmission. Based on the intent, the consultant may recreate the hydraulic model system that will blend into the Geographic Information System (GIS) system along with the Planning Department and County GIS. Within the long-range plan, Mr. Hull asked if it looks at each specific regions, zoning rights and the amount homes that can be built in the regions under existing zoning and deficiencies in source, storage and transmission? There are gaps and zoning rights to build in either source, storage or transmission. Manager Wienand commented that the Department may call it long-range water plan vs. Water Plan 2040. Mr. Hull mentioned that the general horizon for the next General Plan is the next 15 to 20 year. Mr. Dill said it would be good to coordinate to be on the same basis.

Mr. Hull also asked if WR&P is doing a water analysis on the long-range plan on how to deal with infrastructure assets in the sea level exposure area? Mr. Hinazumi said this will in the public outreach discussions that are similar to roads in the Department of Transportation and Planning Department level. Mr. Dill added that infrastructure should follow land use by finding out what the land use plans are. Mr. Hull commented that the conversations between the infrastructure agencies, Planning agencies and the private sector because Planning Department is presenting the West Kaua’i update using the sea level exposure modeling which came out of the Hawai’i Island Climate Change to demarcate a line to start taking away property rights. The community is saying if the area is exposed, they don’t want to send more development rights. Kekaha has an infrastructure with a highway water/seawall water and protecting the infrastructure on why it is okay to develop in that area but DOT would not move the highway.

p. 116 – Kaua’i Watershed Alliance (KWA) – Manager Wienand added that the last two years, the Department provided \$200,000 funds for KWA for their The Nature Conservancy partner. KWA requested an additional \$50,000 to increase the budget this year to \$250,000 for their work. KWA provided the Department their justification on their budget shortfalls on fencing and removing invasive species in the

watershed. The Department will provide the KWA past funding request amounts from 2006. The Department will request KWA to present the KWA's reason for their request on the additional funds from \$200,000 to \$220,000 by the April or May Board meeting. This allows time to make budget revisions.

Water Plan 2040 – Mr. Dill noted that was in the budget for FY2018-2019. Mr. Doi said Water Plan 2040 will be in FY 2019-2020. Mr. Hinazumi added this accounts for the \$1M budgetary versus actual shortfall. p. 119 – Training and Development/ ESRI User Conference – Mr. Hinazumi said this was moved to Per Diem, Travel & Meeting Expenses. Mr. Dill asked when WR&P attends a meeting on O'ahu, would it be the same as budgeting for a conference? Mr. Hinazumi agreed but Mr. Dill said the purpose is not the same and would that they could be budgeted in separate areas for education purposes.

- **ACTION ITEM: ensure the budget proposal is consistent throughout the Divisions with the following: conducting the business of the Department (meetings) is separate from the education of the Department (attending seminars, workshops, and conferences)**

p. 121 – Meeting Expense would be transferred back to p. 119 Training and Development.

All the divisions should be prepared to go through “punch list” items (items the Committee has requested changes on) at the third Finance Committee meeting on April 10th.

F. RECESS

Chair Dill recessed the Finance Committee meeting at 4:38 p.m. and to reconvene on Friday, April 5th at 1:30 pm; with no objections.

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