

**BOARD OF WATER SUPPLY of the COUNTY OF KAUA'I**

**COMMITTEE OF THE WHOLE MEETING**

Second Floor, Microbiology Lab Bldg  
Kaua'i County Department of Water  
4398 Pua Loke Street, Lihu'e, Kaua'i, Hawai'i 96766

**THURSDAY, JANUARY 26, 2012**

**8:30 a.m.**

or soon thereafter

**AGENDA**

1. ROLL CALL
2. ACCEPTANCE OF AGENDA
3. OLD BUSINESS
  - a. Manager's Report No. 12-24 – Emergency Operations Reserve Fund Policy
4. ADJOURNMENT

**NOTE: Special Accommodations for persons with disabilities are available upon request five (5) days prior to the meeting date. Please call the Department of Water, County of Kauai, at 245-5408 or drop by at 4398 Pua Loke Street, Lihue, Kauai. Our mailing address is PO Box 1706, Lihue, HI 96766.**

MANAGER'S REPORT No.12-24 – additional material

January 26, 2012

**Re: EMERGENCY OPERATIONS RESERVE FUND**

**Recommendation:**

Your approval is requested for the attached proposed Emergency Fund Policy.

**Background:**

At the last review of this matter a request was made to separate debt service reserves from operational reserves.

The revised Board Policy No. 26 reflects this request. The 2011 audit shows operating expenses at \$17.662 million and depreciation at \$4.164 million. Twenty five percent of the difference of these amounts is about \$3.37 million. This would be the new operation emergency reserve level instead of the previous 25% of revenues or about \$5.25 million.

Although this is a lower amount than previously recommended the previous recommendation included debt reserves also. I believe this amount is sufficient based on **past** history of emergencies and when comparing our policy with other similar sized utilities with similar emergency potential. There could be other scenarios for emergencies but I will leave it to the Board to decide.

**Funding:**

Building to 25 % of audited operating cost less depreciation over 5 years.

Respectfully submitted,

David R. Craddick, P.E., C.E.M.  
Manager and Chief Engineer

**Attachment: Draft Board Policy #26 revised to show operation reserves only.**

DRC/cab  
Mgrpp-Emergency Operations  
Reserve Fund (1-26-12)