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COUNTY OF KAUAI
BOARD OF WATER SUPPLY
COMMITTEE OF THE WHOLE MEETING

Thursday, January 26, 2012

8:47 - 8:59 a.m.

Second Floor, Microbiology Lab Building

Kauai County Department of Water

4398 Pua Loke Street

Lihue, Kauai, Hawaii 96766

REPORTED BY:

TERRI R. HANSON, CSR 482

Registered Professional Reporter

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APPEARANCES

BOARD MEMBERS:

Larry Dill

(Entered meeting page 7, 8:53 a.m.)

Daryl Kaneshiro, Chair

Raymond McCormick

Randall Nishimura

Clyde Nakaya

STAFF:

David Craddick

William Eddy

Marites Yano

Gregg Fujikawa

Val Reyna

Aaron Zambo

Keith Aoki

Faith Shiramizu

Edward Doi

GUESTS:

Mauna Kea Trask, Deputy County Attorney

JoAnn Yukimura, County Council Member

1 COMMITTEE OF THE WHOLE MEETING

2 CHAIRMAN KANESHIRO: Members of the Board,
3 I want to take up the committee of the whole report
4 first this morning which was scheduled for 8:30 a.m.
5 The Committee of the Whole Meeting is now called to
6 order. At this time can I have a roll call, please.

7 MR. CRADDICK: Clyde Nakaya.

8 MR. NAKAYA: Here.

9 MR. CRADDICK: Randy Nishimura.

10 MR. NISHIMURA: Here.

11 MR. CRADDICK: Ray McCormick.

12 MR. McCORMICK: Here.

13 MR. CRADDICK: Daryl Kaneshiro.

14 CHAIRMAN KANESHIRO: Here. With that, we
15 note for the record we do have a quorum. Mr. Oyama and
16 also Mr. Dahilig and Mr. Dill are excused at this time.

17 Can I have acceptance of the agenda on the
18 committee of the whole agenda, please. Motion to
19 accept.

20 MR. NAKAYA: So moved.

21 CHAIRMAN KANESHIRO: Can I have a second?

22 MR. NISHIMURA: Second.

23 CHAIRMAN KANESHIRO: All in favor aye.

24 Motion carried.

25 There's one item on this, it's the old

1 business, sole business is the Manager's Report No.
2 12-24, emergency operations reserve fund policy. And
3 we've had several discussions on this in our committee
4 meetings, and I believe the manager had some additional
5 material that he wanted to submit to the committee. So
6 if you look at your passouts you'll see that on
7 January 26 the manager, Mr. Craddick, has some
8 additional material and maybe want to comment on those
9 additions.

10 MR. CRADDICK: What happened at the last
11 meeting, the board said they wanted to see what it would
12 look like if we separated the debt reserve away from the
13 emergency fund. And so what I've done here is I've got
14 25 percent of just the operating -- this is the audited
15 operating expense less depreciation. So 25 percent of
16 that amount comes to 3.37 million instead of the 5-point
17 some million that we were looking at before.

18 And although this amount is a lower amount than
19 previously recommended, the previously recommended did
20 include debt service. And I do believe that this amount
21 was sufficient based on the past history of emergencies
22 when comparing our policy to other similar-sized
23 utilities.

24 Now, I do need to say one thing. You won't get
25 the debt portion of it, but the debt portion of it is

1 when you add that to this, the sum of the two become
2 substantially more than we are looking at with just one.
3 So you may want to wait until you actually get that debt
4 reserve recommendation into committee and look at both
5 of these together before you go too far.

6 But if you want to, you know, this will work
7 for the emergency reserve if you want to just read that.

8 MR. NISHIMURA: So you're looking at
9 reducing it to 25 percent of the operating expenses
10 opposed to 25 percent of the revenues that was
11 previously recommended?

12 MR. CRADDICK: It's not only -- not just
13 the operating revenues, but it's 25 percent of the
14 operating costs out of our audit. So not including
15 depreciation. So the amount goes down to -- from 5
16 million down to 3.37 million, and so it's a relatively
17 low number. But the other one, when you use a normal
18 debt, it is high.

19 MR. NISHIMURA: Okay. That was my concern
20 is if you add the two together, we may be well over the
21 5 million that we had talked about previously.

22 I would recommend to the committee chair that
23 we look at the two policies side by side so that we have
24 a better idea as to the bottom-line impact.

25 And then also what I would ask the department

1 to do is that with the BAB bond that we not make
2 commitments on any of the -- I'm trying to remember the
3 name they called that, but it was like a discount to the
4 bond.

5 MR. CRADDICK: Oh, the subsidy. The
6 federal subsidy.

7 MR. NISHIMURA: Subsidy, federal subsidy.
8 That we not encumber any of that money for any projects
9 until we can establish these two. And if necessary that
10 possibly we use some of those funds to fund the reserve
11 for the debt service portion because I think that would
12 enable us to quickly create a reserve fund that would at
13 least, if nothing else, take care of the debt service
14 side of the house.

15 MR. CRADDICK: That's it. So if you want
16 to wait for that debt reserve, you have to get into the
17 regular board meeting to get referred to committee.

18 CHAIRMAN KANESHIRO: Back to committee. So
19 just defer this item. We can defer this item, and then
20 when we get into the regular board meeting for that.

21 Is there any other comments or anyone want to
22 speak on the Manager's Report No. 12-24? Any other
23 further discussions on this matter?

24 If not, I would like to have a motion to keep
25 this in committee and bring this up at the next board

1 meeting for our committee of the whole.

2 MR. NISHIMURA: So move, Mr. Chair.

3 CHAIRMAN KANESHIRO: Do I have a second on
4 that?

5 MR. McCORMICK: Second.

6 CHAIRMAN KANESHIRO: Moved and seconded.

7 All in favor.

8 MR. CRADDICK: We don't have to approve
9 committee minutes or anything like that?

10 CHAIRMAN KANESHIRO: Not in this. Not in
11 our committee. We usually do it in the board meeting,
12 right? Isn't that correct?

13 MR. CRADDICK: Not the committee minutes.
14 But I kind of get the feeling that there's even a
15 requirement to approve the minutes in committee.

16 CHAIRMAN KANESHIRO: Is that a requirement?
17 I'm not certain at this time to approve the minutes.

18 (Larry Dill entered meeting.)

19 MR. TRASK: If I may have a moment.

20 MR. NISHIMURA: Mr. Chair, ask for a
21 two-minute recess.

22 CHAIRMAN KANESHIRO: Two-minute recess at
23 this time.

24 (A break was had.)

25 CHAIRMAN KANESHIRO: Committee of the Whole

1 is now called back to order. Let the record reflect
2 that we do have Mr. Larry Dill here present.

3 And I believe we have on the floor a motion to
4 adjourn the meeting with a second. And we did have some
5 clarification in regards to the minutes.

6 And with that being noted, we can move ahead
7 and adjourn the meeting.

8 So all in favor say aye.

9 Any -- none?

10 With that, the Committee of the Whole is now
11 adjourned.

12 (Concluded at approximately 8:59 a.m.,
13 January 26, 2012.)

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1 STATE OF HAWAII)
) ss.
2 COUNTY OF KAUAI)

3 I, TERRI R. HANSON, RPR, CSR 482, do hereby
4 certify:

5 That on Thursday, January 26, 2012, at 8:47 a.m.
6 that the foregoing COMMITTEE OF THE WHOLE MEETING,
County of Kauai, Board of Water Supply, was held;

7 That the foregoing proceedings were taken down by
8 me in machine shorthand and were thereafter reduced to
9 typewritten form under my supervision; that the
foregoing represents to the best of my ability, a true
and correct transcript of the proceedings had in the
foregoing matter.

10 I certify that I am not an attorney for any of
11 the parties hereto, nor in any way concerned with the
12 cause.

13 DATED this 10th day of February, 2012, in Kapaa,
Hawaii.

14
15 _____
16 TERRI R. HANSON, CSR 482
Registered Professional Reporter

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