

Recessed on June 23, 2011, the Committee of the Whole reconvened on Monday, June 27, 2011, in the Second Floor, Microbiology Lab Building. The Chairman of the Committee of the Whole was delayed in arriving at the meeting. In accordance with the Office of Boards and Commissions the senior member of the Board would act as Chairman Pro Tem; Mr. Randall Nishimura then convened the meeting of the Committee of the Whole at 9:25 am.

On roll call, the following answered present:

Committee Members Present: Mr. Clyde Nakaya, Mr. Randall Nishimura, Mr. Ray McCormick, Mr. Michael Dahilig

Absent and/or Excused: Mr. Larry Dill, Mr. Daryl Kaneshiro, Mr. Roy Oyama

Staff Present: Mr. David Craddick, Mr. Gregg Fujikawa, Ms. Marites Yano, Mr. Dustin Moises, Mr. William Eddy, Mr. Keith Aoki, Ms. Joy Buccat, Ms. Sandi Nadatani-Mendez, Deputy County Attorney Andrea Suzuki (*arrived at 9:45 a.m.*)

Guests: Ms. Paula Morikami, Office of Boards & Commissions

Quorum was achieved with four (4) members present.

OLD BUSINESS (*continued from June 23, 2011*)

a. **Manager's Report No. 11-64** – Proposed Budget 2012

Manager Craddick explained the Budget Adjustment sheet distributed at the start of the meeting indicated the section, the page number and the dollar figure where changes were made. When you minus something it adds something else so in operations, we suggested cutting out the treatment plants which is a minus and the chemicals would be a plus. Other testing at \$44K is a plus, operating the plant is a plus and water purchase, which is raw water purchase, would also be a plus. We have not subtracted out what our budget number is because you have to notify your intent to buy the plant out within ninety (90) days. A buy-out of the treatment plan would be subject to final Board decision and would have to be placed on the agenda for further discussion. The figure at the bottom of the page would have to be added to the CIP if we buy that plant out. The 4 months of operation is still included in here under the existing contract; that is why we don't minus out that \$2.1 M in the budget.

Chair Pro Tem Nishimura asked what the number would be if they did not include the purchase of the water plant. Manager Craddick said to take out all the figures he just said were pluses and put \$2.190M back in, which is the water purchase for the treatment plant. Ms. Yano said it is minus \$956K.

Chair Pro Tem Nishimura said he has \$1.4M plus \$150K and asked if line 55 is a plus or a minus. Manager Craddick said it is a minus. In the budget we have \$2.190M but the difference between that and this is how much we would have to pay waiting for the buyout to take place so the existing contract would have to remain in place for that period of time. We divided the \$2.19M by 12 and then multiplied it times 8 in order to get the \$1.4M and used the assumption

we are running the plant at 3M gallons a day, which we probably wouldn't be doing but used for budgeting purposes. Basically you take out the first one, two, three, four, five items, wipe them all out and add \$2.190M back in.

Chair Pro Tem Nishimura asked if you subtract the \$2.19M from the \$3.9M would that be the remaining changes? Manager Craddick responded yes; the big one there is the additions to the revenues for the State Allotment Waimea Main. Chair Pro Tem Nishimura made note of the \$1.7M at the very top, Water Utilities Fund (\$320K) FRC payback for Debt service and the State Allotment Waimea Main (1.4M), and asked if that is not part of the \$24.9M right now? Manager Craddick said no. Chair Pro Tem Nishimura said we are not including the capital, which is the \$12 million we have set aside; we are just looking at the resources and the expenditures so the encumbrances are in there. Ms. Yano said yes. Mr. Nakaya said they are not taking into consideration the capital which they need to net out.

Chair Pro Tem Nishimura said they would be a lot closer. Ms. Yano said it is \$28.4M less \$667K which Chair Pro Tem Nishimura said you would then come up \$26.1M. Manager Craddick said the budget encumbrances, Contract 540, arrived last week Friday and that item was \$30K total. The drop here is the drop between what we budgeted and what it actually cost so that \$12K is a real savings. Chair Pro Tem Nishimura felt they were a lot closer to balancing out on the Operating side based on just those numbers. He asked if everybody was comfortable with that saying they could argue about the treatment plant at another time. While it cannot be included in the numbers there is also a possibly of half-a-year rate increases to make up some of this.

Manager Craddick said one item at the bottom is \$280K, which is a 5% reduction in salaries across the board. While HGEA has said they are willing to reduce salaries by 5%, the agreement is subject to UPW doing the same thing. If UPW doesn't agree, the 5% would come back so we budgeted as though there is not going to be any decrease. Chair Pro Tem Nishimura commented that if they add that back in they are close to \$300K again.

Mr. Nakaya said their aim was to try to balance the budget. Compared to the initial proposal which was negative by almost \$3.8M the second proposal brings it down to about \$400K and he is personally okay with the second proposed budget and the subject of the water treatment outlay; it was closer to zero than that \$3.5M.

Chair Pro Tem Nishimura suggested they could dollar fund the line items which would enable the department to go forward with some of the projects if there were real savings or additional revenues.

Manager Craddick asked if he was referring to where they reduced the electric by \$300K because that has an associated \$800K additional capital item if they are going to try to put the electrical equipment on the pumps. Asked how many pumps already have capacitors, Manager Craddick said this was not capacitors, the pumps that have capacitors are some of the bigger horsepower pumps; this goes on right before the power disconnect. Mr. Craddick said fuel and electrical will continue to go up but if the past 6 months were any indication, he thought there was some cushion in those 2 accounts; one increased 33% and the other increased about 6%.

Deputy Attorney Suzuki entered the meeting at 9:45 a.m.

Chair Pro Tem Nishimura called a recess at 9:45 a.m. to allow Staff to run new budget figures based on the earlier discussion. Asked if the treatment plant should be left in the budget, Chair Pro Tem Nishimura said it could be brought up as a separate agenda item.

Chair Pro Tem Nishimura called the meeting back to order at 9:54 a.m.

Chair Pro Tem Nishimura asked Ms. Yano if the adjustments they made included taking out the \$320K which was the projected surplus. Ms. Yano said the projected surplus would be about \$400K.

Chair Pro Tem Nishimura said that if the members of the Committee were satisfied with being roughly \$400K in the black, he would like to hear a motion to refer the budget to the full Board for the meeting on Thursday, June 30 pending receipt of the revised budget.

Mr. McCormick moved to refer the revised budget to the full Board, seconded by Mr. Nakaya; by a unanimous vote the motion was carried.

Chair Pro Tem Nishimura adjourned the Committee of the Whole at 9:56 a.m.

Respectfully submitted,



Barbara Davis
Boards & Commissions Support Clerk

Approved,



Randall Nishimura
Secretary – Board of Water