

Recessed on June 23, 2011, the Finance Committee reconvened on Monday, June 27, 2011, in the Second Floor, Microbiology Lab Building. The Chairman of the Finance Committee was excused from the meeting; Mr. Ray McCormick convened the meeting of the Finance Committee at 10:06 a.m.

Committee Members Present: Mr. Randall Nishimura and Mr. Ray McCormick

Committee Member Absent and Excused: Mr. Larry Dill

Board Members Present: Mr. Clyde Nakaya, Mr. Michael Dahilig, Mr. Daryl Kaneshiro (*arrived at 9:57 a.m.*), and Mr. Roy Oyama (*arrived at 10:07 a.m.*)

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

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

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

a. Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate Study

Ms. Yano tried to update Option #9 to make it the same as the other options but the update she received did not have the same number as the other one. Asked if it was a different number from the \$44.10, Ms. Yano said it came out as \$46.40 instead of \$44.40. Asked if she was looking at changing it, Ms. Yano said it would not change. The only thing that would change is if they use the same scenario using 10K gallons as the estimated average bill and using \$44.40 as the base amount whereas Option #9 is using \$34.40 because the assumption used for this option is 7.5K gallons. If this one is updated the only section that would change is the purple side; it's the average bill and then the dollar increase. Mr. Nishimura asked if the percentages would not change. Ms. Yano said it would not affect the rate of increase.

Mr. Nishimura verified that the green total is the amount of projected CIP spending on a cash and finance basis; Ms. Yano responded correct. Mr. Nishimura said the white Fund Balance is the ending balance at the end of the fiscal year 2016. The target shown on the bottom line of the white section is the target ending balance and we are supposed to compare that against the total ending balance; Ms. Yano said correct.

Mr. Nishimura questioned if the target included the \$6M emergency reserve fund. Ms. Yano said yes; it is a combination of the emergency reserve and unassigned balance. Mr. Nishimura said if he subtracted out the \$6M you will have \$1M in cash left over but thought the worksheet had showed \$1.2M accumulation. Ms. Yano said line 64 is the emergency reserve fund. Mr. Nishimura said he saw that as a separate line and asked if that was part of the \$5M at the very bottom. Ms. Yano said that was correct.

Mr. Nishimura asked if scenario 9, by itself, would cover the target. Ms. Yano said yes, the way it is presented in the worksheet.

Mr. Nishimura said in all of the assumptions in scenario 10, the cash balances at the end are quite a bit higher than the targets, by up to \$3-4M. Manager Craddick said it is but there are a lot of CIP projects.

Mr. Nishimura asked if the current FRC payback was higher or lower than the 30% across the payback. Ms. Yano said lower. Mr. Nishimura said under scenario 9 you would have a higher FRC charge. Ms. Yano said you can see that on line 53 of the worksheet; option 9 would be all the same.

Mr. Nishimura questioned the difference between 10 and 10b. Ms. Yano said (in option) 10 they used the fixed amount of emergency reserve funds transfer of \$1.2M while in 10b it is the 5% cumulative in each unit. Mr. Nishimura said he thought they were going to cap the emergency fund at \$6M; I see where you end up with \$6.6M versus \$4.8M.

At 10:21 a.m., Mr. Nishimura moved to recess the Finance Committee meeting to Thursday, June 30, 2011, at 9:00 a.m. in the Board Conference Room of the Department of Water; seconded by Mr. McCormick.