

Finance Committee Meeting

June 5, 2017
3:00 p.m.

Committee Members Present: Chair Larry Dill reconvened the Finance Committee meeting at 3:10 p.m. Present: Thomas Canute; Beth Tokioka was excused. Also present were Chair Sherman Shiraishi and Laurie Ho.

Staff Present: Kirk Saiki, Marites Yano, Sandi Nadatani-Mendez, Keith Aoki, Val Reyna, Eddie Doi, Carl Arume, Kim Tamaoka, MJ Akuna, Deputy County Attorney Mahealani Krafft

Guest: Hall Parrott, Private Citizen

AGENDA

Chair Dill accepted the Agenda of the Finance Committee Meeting which reconvened from the May 24, 2017; with no objections.

E. OLD BUSINESS

1. Draft Budget for Fiscal Year 2017-2018
 - a. Fiscal Year 2017 - 2018 – Draft Operating Budget
 - b. Fiscal Year 2017 - 2018 – Draft Capital Outlay Budget

F. NEW BUSINESS

1. Discussion and Possible Action on the Department of Water's proposals for new positions in the Draft Budget for Fiscal Year 2017-2018

DISCUSSION:

Chair Dill requested the Department to go through the Action Items from the May 24th Finance Committee meeting. The proposed draft budget will be presented to the full Board for adoption at the June 23rd Board meeting.

Chair Dill will not be at the June 23rd Board meeting has confidence with the Finance members Mr. Canute and Ms. Tokioka. Chair Dill shared that on May 28th he became a grandfather for the first time.

The Waterworks Controller provided the summary of the changes from the May 24th Finance Committee meeting.

Miscellaneous Revenues (Page 2)

The credit (\$497,813.00) was added back that the Department will receive from the Department of Water Supply, County of Maui (DWS) for Customer Care & Billing (CC&B).

IT (Page 51)

Two items affect Miscellaneous Revenues:

- 1) Professional Services – initial amount \$295,000 from the May 24th Finance presentation.
- 2) Oracle Cloud Services (Page 55) – \$284,500

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Miscellaneous Revenues (Page 2) - was presented as a credit under the Operating Expenses but was taken out of Miscellaneous Revenues. If the Salaries & Wages were presented at 50%, the Department would not be able to award the contract in the full budgeted amount. Salaries & Wages would be returned under Miscellaneous Revenues, then shown in Operating Expenses in full. Instead of crediting Miscellaneous Revenues, the Operating Expense account can be credited.

Salaries & Wages (Page 8 & 9) – IT and Fiscal’s OT was reduced by \$20,000 each. The total negative decrease is reduced to \$26,610.00. Per Chair Dill, OT was to be reduced to 50% for IT and Fiscal.

Action Items

- Recommendation is to reduce Fiscal’s OT for Billing to \$40K (instead of \$60K) & Accounting to \$50K (instead of \$70K).

Fiscal Accounting & Billing

The Finance Committee agreed at the May 24th meeting for two (2) positions at 50% funding each. The second position at 50% is \$18,405.93 (Page 8). Last year’s total budget was \$458,705 initial presentation and is now budgeted at \$516,268.

The Bill Collection budget at the last Finance meeting was \$497,862. The new budget amount is \$18,405.93 for the second position.

Action Items:

- New Positions (Page 8) – Fiscal to provide a full justification on two (2) new positions to the Board at the June Board meeting during the budget presentation.
(Pending: Department to work with DHR to create the position number, posting, interviews, with the target to hire in January.)

Admin. - Insurance (Page 29)

The County of Kaua’i (COK) had a concern regarding the insurance deductible. The insurance was previously budgeted at \$500,000 for general liability. The Department is proposing to change the deductible from \$500,000 to \$1M. Currently there is \$5.9M in the operating reserve based on 25% of operating expenses, reducing the interest expense paid for debts. Ms. Yano said this could be done through a Board Resolution. Manager Saiki commented the funds have to be spent before dipping into it.

Chair Dill said this is a good policy but asked does the non-active funds in the reserve satisfy the need of \$1M to address any deductible? Ms. Yano answered the Board has the authority to use the reserve funds.

Board Chair Shiraishi commented if a claim is brought against the Department, the claim would be routed to the County Attorney’s office. The County Attorney would make recommendations to the Department on a potential liability and the amount. This could be planned at that time, rather than putting the \$1M in the budget and never using it.

Chair Dill’s concern is when expenses are shown annually. He did not want the expenses to translate as rate increases which would artificially inflate expenses.

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Action Items:

- Leave the \$1M deductible in the operating budget for now. Department will get back to the Board with a recommendation on how to handle the deductible early for next year's budget.

Contingency (Page 37)

All Contingency items were zeroed out of the budget.

Admin/Meeting Expense (Page 39)

Legislative Meetings - \$500 was deleted.

CC&B Upgrade Consultant Work (Page 51)

Previously budgeted for \$450,000; currently budgeted for \$640,000.

Admin/Repairs & Maintenance (Page 55)

Oracle Cloud Services - Maui offset was deleted.

Admin/Professional Services (Page 112)

Water Plan 2040 – reduced to \$1,040,000.

Bill/Collection/Books, Publications & Memberships (Page 125)

GFOA – was originally budgeted at \$500; reduced to \$350 (matched Accounting's budget).

Fiscal Accounting & Billing

New Positions

Chair Dill recommended for Fiscal to include a full justification new positions during the budget presentation.

IT's position was part of last year's position and dollar funded.

Action Item:

- New Positions (Page 8) – Fiscal to provide a full justification on two (2) new positions to the Board at the June Board meeting during the budget presentation.
(Pending: Department to work with DHR to create the position number, posting, interviews, with the target to hire in January.)

Admin/Professional Services – General (Page 131)

Rate Study - \$20,000 was added to the budget because the Rate Study is not complete. The amount is addition to the Rate Study amendment. The Rate Study was extended to the close of the fiscal year and the discounted Facilities Reserve Charge (FRC) FRC for the Affordable Housing.

Operations/Professional Services – General (Page 161)

Medical Practitioner, \$50,000 (Page 161) – Mr. Reyna requested to dollar fund, then later come back to the Board for the appropriate funds.

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Action Item:

- Dollar fund; Operations can come back to the Board for funding.
(Pending: Work with DHR, Deputy County Attorney & the Union to address and review legal procurement.)

Revenue Summary (Page 5)

Water Sales - Ms. Yano will update Revenues; it may change to an additional \$141,000.

DISCUSSION:


The Finance Committee, Board Chair Shiraishi and Ms. Ho agreed the Summary of Revenues would be sufficient to discuss with the full Board. Board members will receive the full budget packet if there are questions on the details.

Chair Dill thanked Ms. Yano and the Department for their hard work on the draft budget. An updated proposed budget for fiscal year 2017-2018 will be presented on June 23rd.


G. ADJOURNMENT

Chair Dill adjourned the Finance Committee meeting at 3:49 p.m. with no objections.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Beth Tokioka
Secretary – Board of Water Supply