

Finance Committee Meeting

May 24, 2012
9:00 a.m.

Committee Members Present: Larry Dill, *Chair*, Clyde Nakaya, Roy Oyama

Absent/Excused:

Board Members Present: Darryl Kaneshiro, *Vice Chair*, Randall Nishimura, Raymond McCormick

Staff Present: David Craddick, Andrea Suzuki, William Eddy, Mary-jane Garasi, Marites Yano, Dustin Moises, Gregg Fujikawa, Val Reyna, Sandi Nadatani-Mendez, Ryan Smith

Guests: Shawn Shimabukuro, Grove Farm, Royce Kawabata, Grove Farm, Jan Tenbruggencate, Consultant, David Hinazumi, Grove Farm

Mr. Nakaya, *Temporary Chair* called the Finance Committee Meeting to order at 9:28 a.m. on behalf of Chair Dill; quorum was achieved.

AGENDA

Mr. Oyama moved for the agenda change of *Item b. Draft Budget of 2013* to be ahead of *Item a. FRC Rates*; seconded by Mr. Nakaya, with no objections; motion was carried.

OLD BUSINESS

b. Draft Budget of 2013

DISCUSSION:

Ms. Yano presented changes to the budget from the last Finance Committee meeting. Ms. Yano added a summary of the changes from Version 5 and Version 6.1 was distributed to the Board. The Tabs have been affected by the change on Tab 2, the Summary regarding the Emergency Reserve Fund. The previous version estimated \$1.2 million to be expended. Since it is close to year end, Ms. Yano changed it to zero, as estimated and was moved to the proposed 2013 budget to \$2.4 million (addition of 1.2 million for 2013 and \$1.2 million for 2013). Tab 6, Engineering Program Assistant was added under Salaries at \$34,000. Tab 7, Engineering was filled with one Inspector position (vacant dollar amount was moved to a regular position). The Civil Engineer III, was vacant and budgeted initially at \$34,482 but changed into a dollar funded position. Tab 5, would be the cost due to changes in the salaries. Tab 10, Vehicle, \$35,000 was added in the previous budgeted from \$60,000 which changed into \$95,000. Tab 11, had two items budgeted at \$2,158.00 which was moved to Tab 12 under contracted CIP Replacement Projects.

Manager Craddick explained that the Civil Engineer III, a dollar funded position, will be eliminated. There is one CE II position and one CE III position. Mr. Fujikawa reported that interviews were done yesterday for the Water Resource and Planning CE III, *not* for the CE III in Engineering. The

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additional position in Tab 7 was Board approved temporarily last year which was to help the Engineering Division carry their load pending the termination of one of the CE III's. Water Resources received a permanent position which was formally moved over.

Manager Craddick referred to Tab 6, Engineering Program Assistant at \$24,000 which is a temporary position for 180 days. If the Board Secretary is filled, then the temporary position is not needed. One candidate applied but did not quality.

Mr. Kaneshiro asked if there is a dollar funded System Support Technician position. Manager Craddick explained when the IT Strategic Plan is done, he is reluctant to have a permanent position. The consultant contract is due by the end of this fiscal year. The final planning is estimated to be done in four to five months. IT would review the plan and do the assessment. The consultant will be asked to add a cost analysis on the review. After the study is done, the plans and recommendations would be received. A briefing on the Strategic Plan status will be done at a Regular Board meeting.

Mr. Kaneshiro inquired about the Engineering Program Assistant, which Manager Craddick indicated the jobs are out for bid. Manager Craddick is making sure the contractors get requests and design drawings back. Mr. Moises reported that four bids are in already which is in the regular budget. Someone could start next week if some money is received from now until the end of the next month.

Ms. Yano explained that the bolded items on the replacement page are new and was not in Version 6 but was changed from Version 5. Manager Craddick explained there is a \$5,000 increase because of the \$34,000 the DOW cancelled and \$35,000 was added to the vehicle. The \$5,000 is extra for the MPET maintenance.

Ms. Yano explained that the Summary page comparison is from Version 5 to Version 6.1. Salaries from 5.574 went down to 5.566. The normal expenditures from \$13,375 to \$12,000 decreased and increased from \$13,375,000 to \$428,000. Equipment increased from \$853.9 to \$888.9. Other miscellaneous capital expenditures from 5.4 to 3.3 were moved to Tab 12, Capital Replacement Program. There was an increase under the Capital Replacement Program from 17.097 to 19.228. Mr. Nakaya determined from Version 5 compared to Version 6.1 that the total expense decreased from \$33 million to \$32 million.

Mr. Nishimura noticed that \$24,000 for the Engineering Program Assistant is temporary to fill in for the lack of the Deputy Secretary. He inquired if the money can be used for the Engineering Program Assistant since it is temporary. The position could be dollar funded or to leave the balance in that position. Mr. Moises indicated the position is for 89 days. Both positions can be used for a number of days until the transition is over.

Manager Craddick stated when the Deputy Secretary is hired and if the contract runs out, the contract cannot be renewed. This fiscal year it was not funded. This will be in the Board packet at the next regular meeting for one month. The amount will drop because \$12,000 is for three months.

Mr. Eddy added there could be an overlap of work between the Engineering Program Assistant and the Deputy Secretary. The contract work is a portion of the Deputy Secretary's work which is 25%. Mr. Nishimura suggested reducing the Deputy Secretary's position by 25%. He would like to avoid having temporary positions that become permanent positions. Manager Craddick added the Engineering

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Program Assistant position is a contract position which does not require dictation skills. He suggested taking 50% from the Deputy Secretary's position by reducing the salary to \$12,000.

Mr. Eddy noted it takes four months for an applicant list to be generated and the Department of Personnel Services (DPS) request that positions be funded. Mr. Nishimura suggested to reduce the Deputy Secretary's position to 33% because it takes four months to get hired. Manager Craddick agreed to cut the position by 25%. More information will be provided on the Deputy Secretary's position at the next meeting.

Mr. Nishimura referred to Tab 6, page 4 and requested to eliminate funding for the Court Reporter (which can be done by current staff) and instructed the Department of Water (DOW) to fund it or transfer the funds from salaries. Manager Craddick recommended to change the Board Secretary's salary to \$44,000 dropping by down by \$10,000. Mr. Nishimura suggested taking the funds out of salaries or out of supplies.

(Raymond McCormick entered meeting at 9:56 a.m.)

(Chair Larry Dill entered meeting at 9:56 a.m.)

Manager Craddick indicated the upgraded vehicle is for the fire hydrant crew. The current size of the truck is a minimum of 3/4-ton, upgraded to a 1-ton truck (See Tab 10, page 12). Mr. Eddy provided a new request for two 4x2's; a flat bed truck and a utility body truck. The other 4x2 extra cab is a replacement for Warren Rita's truck.

(15-minute recess)

Mr. Nakaya called the Finance Committee meeting back in session at 10:24 a.m.

Chair Dill moved to received the revised budget pages from Ms. Yano; seconded by Mr. Oyama; by a unanimous vote; motioned was carried with 3 ayes.

(10-minute recess)

Ms. Yano explained Tab 6, Administration Salaries, page 3 the amount for Secretary is from \$36,000 to \$26,000. The Commission Support Clerk/Board Secretary salary is from \$54,012 to \$40,012. Tabs 4, 5, and 12 are summaries that were affected by this change. The change from the Computer System Tech position went from \$50,012 to \$40,012. The Secretary position went from \$36,000 to \$26,000. Manager Craddick stated the total change is \$24,000 (\$10,000 minused off for the Court Reporter and \$14,000 minused off the temporary position).

Manager Craddick mentioned that the vehicle for Operations (page 15), there is a 4x2 access truck 3/4-ton pickup with a lift gate which is a replacement. Manager Craddick would like to drop it and take \$10,000 of that money and put it on the next page so Operations can get the heavy truck with a utility body, not the medium truck (Section 10 on pages 15 of 16).

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Mr. Oyama moved to accept Manager Craddick's recommendation and to delete the one replacement vehicle which is actually a new item and to upgrade the other vehicle from a medium to a heavy-duty truck. The \$95,000 vehicle would be dropped but raising the \$85,000 vehicle up to \$95,000; seconded by Chair Dill; by a unanimous vote; motion was carried with 3 ayes.

Mr. Oyama moved that the 2013 budget be moved to the full Board and to defer action by the Board until the Regular meeting; seconded by Chair Dill; by a unanimous vote; motion was carried with 3 ayes.

(Mr. Nakaya relinquished his temporary chairmanship to Chair Dill.)

a. FRC Rates

DISCUSSION:

Manager Craddick referred to the summary of the fees, meter sizes, and the updated FRC amount. The fee was determined by using the DOW standards from the last report. Page 141 showed the allocation for source, storage, distribution that totaled \$19,850 minused a credit. The amount was credited because new customers will pay the debt service for more projects which were debt financed. By state law, new customers should not be charged. The amount dropped from \$19,000 to \$18,000 with the source at 19%, storage at 35% and the distribution line at 46% of the charge. It is allocated out by a standard up to a 2-inch meter which was switched over to the American Water Works Association (AWWA) flow factor for a 2-inch meter. This is due to the two 8-inch meters at the airport and harbors that use a fire flow. The meters are abnormally sized to take fire flow. The 2-inch meter is increased by the same flow factor which is used for the private fire lines. Manager Craddick acknowledged that everything from a 2-inch meter and up does not accommodate fire flow. Some of the 6-inch meters and 4-inch meters are used for fire flow. There are not enough of these meters to get statistical numbers on the usage.

Manager Craddick commented that the net effect on the FRC is lower from the 5/8-inch meter up to the 2-inch meter. Some of the numbers are per gallon or per the max per day and is 750 gallons times the dollar-per-gallon rate. The Board will have to review the rules on the per gallon issue. Some meters are going to be based on the per-dollar amount. If customers pay the FRC, they could get a second meter which they are not putting in. They have no intention of ever putting it in because the lateral may cost \$2,000 to install. Some customers have no intention of subdividing their lot either. Currently, this is a generic rate. Manager Craddick stated this issue will be taken up with the Rules committee.

Mr. Nishimura prefers to see the final report before the Board does anything on the FRC. After reviewing the Executive Summary, he thought the FRC was at \$10,600 but it was \$18,000 which is a huge change. Manager Craddick will get another report so that the DOW would renegotiate the contract again.

Chair Dill accepted to wait for an updated report before the next Finance Committee meeting.

Mr. Nakaya moved to adjourn the meeting; seconded by Mr. Oyama; by a unanimous vote, motion was carried.

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