

FINANCE COMMITTEE MEETING

Wednesday, May 20, 2020

Committee Members Present: Finance Committee Chair Lawrence Dill (*exited @ 9:11 a.m.*), Ka`aina Hull and Elesther Calipjo. Also present was Board Advisor Steven Kyono, Gregory Kamm & Troy Tanigawa

Staff Present: Marites Yano, Valentino Reyna, Dustin Moises, Bryan Wienand, Marcelino Soliz, Christine Erorita, Michael Hinazumi, Keith Aoki, DCA Mahealani Krafft, Jas Banwait

Chair Dill reconvened the meeting at 8:05 a.m.; with no objections.

E. NEW BUSINESS

1. Draft Budget for Fiscal Year 2020-2021
 - a. Fiscal Year 2020 - 2021 – Draft Operating Budget
 - b. Fiscal Year 2020 - 2021 – Draft Capital Outlay Budget

Construction Management (CM)

Construction Management Officer Mr. Dustin Moises gave a brief overview of CM. The CIP average budget is \$20M/year for CM projects. Last year completed projects included the Kōloa Well 16 A/B building improvements and Hanapēpē Booster Pump Replacement project. Projects in Hanapēpē Town for the waterline will be completed by December. Kapa`a Well No. 4 drill and test is in construction but a delay in the drainage system that is being worked out with Mr. Godwin Esaki. The contract from Paua Valley Tank was recently executed and construction starts in a few weeks. Kīlauea Maintenance Control Center (MCC) is in procurement for repairs. Kīlauea MCC will be executed this fiscal year and Kukuilono Tank will be procured by July/August; COVID-19 caused the delay. A future project for FY2021 is the Kalaheo A,B,C is in Water Plan 2020 combined into one contact at \$19.2M.

DISCUSSION:

Mr. Hull commented regarding CM & Engineering and that the Board will be reviewing the expenditure of funds. The State & County will be looking construction of projects that stimulate the economy. The Department of Water (DOW) should not sit on funds for CM projects. He expressed that federal roadway projects should not be avoided to ensure a timely completion of projects. In the past, DOW was not able to keep up with roadway project timelines. Mr. Moises indicated that State projects does not factor funds into the fiscal budget. CM has combined private projects with the State, County and the Department's projects. There were staff turnover during the Puupai project and Opaeka Bridge but Department of Transportation projects were serviced timely. At times, the contractor met the pre-construction requirements.

Mr. Hull clarified there were issues with State and County projects have been a lot of delays in the DOW's review and asked if there was adequate staffing. Mr. Moises explained that prior to COVID-19, his staff was directed to get projects out within the due dates and to manage the workload. CIP construction delays were pushed out due to design delays on the Hanapēpē Bridge, Kapa`a Well No. 4, and Paua Valley Tank and one CM contact that could be pushed through. With CM and Engineering in separate divisions, at times getting projects have not been efficient. New projects should be spun up quickly. Mr. Moises was not pointing blame on Mr. Keith Aoki and Mr. Bryan Wienand but stated the facts because CM is last in the que process. Chair Dill heard that sometimes there are difficult items to check off the list before a pre-con meeting with contractors.

Specialty Inspection (Page 102) – will be re-procured for structural as needed for tanks, and Kalāheo A, B, C, for \$50,000.

Kalāheo Water System Project (page 110) – project is ready to be advertised. Design plans are done and Engineering will complete the State Revolving Fund (SRF) conversion process to get a low interest loan to cover the balance above State funding that simplifies the rate study. This will be done in 2-3 months. The Department can be eligible for Federal stimulus monies called “100% Subsidation.” The State legislature funds available is \$10.2M and BAB funds would be used at \$6M (Page 114). Mr. Moises would take out the BAB fund, then with SRF stimulus money, go back to BAB and Water Utility. Engineering already received the legislature funds and are waiting on Department of Health or SRF.

Kīlauea MCC (Page 110) - \$3.755M will be rolled over which may not be encumbered this year by June 30, 2020; this is pushed back for new bidders.

Kukuiolono Tank Demo (Page 110) – there were no bidders earlier this year. Specs were redone and bids will go out ASAP.

Vacancy (Page 190) – Actively recruiting for CE V. Mr. Moises mentioned that the five year rate study will project the future staffing. Chair Dill would not want constituents or the rate payer to find out money was turned away because there was no in-house staff resources or to turn away applications. Mr. Moises agreed to not turn away stimulus money. The possibility to reorganize Engineering would streamline projects. Mr. Wienand encouraged the Board and Department to review the actual money spent the last several year compared to the total salaries & wages budget to trim this total.

CM “As Needed” (Page 101, 102) – Mr. Tanigawa discussed the Puupai Bridge project (FY2017-2018 to 10/2019). He asked what kept the CM contractors to initiate review and to get a pre-con meeting sooner? Mr. Moises explained that there were COK requirements that were pending prior to the pre-con while CM had no staff and turnover. SFM was the “as needed” contract that was allocated to the Kapa‘a Well No. 4 and Kōloa Well No. 16 projects. R.M. Towell’s fund was allocated to the Hanapēpē water line project. Going forward, contractors are starting earlier on requirements to meet their deadlines. Mr. Tanigawa requested getting submittals early and information to the contractor would help move projects along and to improve the process.

Chair Dill exited the meeting at 9:11 a.m.

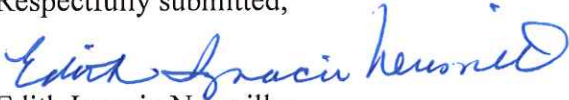
Action Items for Construction Management (CM)

- Timely completion of roadway projects.
- KH requested a robust discussion on Engineering and CM & projects need to move forward.
- Proposed changes on contracts or new positions to be sped up ASAP.
- CM Pre Con checklists – Move projects forward. Get checklists early to contractors. Improve process & avoid delays. Chair Dill will discuss this matter with Dustin later. Dustin will also speak to Engineer Takara Kunioka and work with Keith A. on water notes.
- Travel budget - cut 60% & identify
- Vacancies – CE V- Recruiting; Fill at 50% & hire ASAP (Page 190)
- Tess to add date of vacancy in last column of draft budget. If not filled more than 1 year, cut.
- Chair Dill and Tess will have a follow up meeting regarding the salaries and wages (Page 190-191).

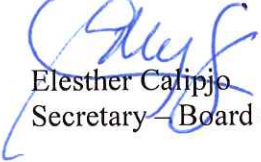
F. ADJOURNMENT

Mr. Hull recessed the Finance Committee meeting at 9:16 p.m. and would be reconvened on May 21, 2020 at 8 am with no objections.

Respectfully submitted,


Edith Ignacio Neumiller
Commission Support Clerk

Approved,


Elesther Calipjo
Secretary - Board of Water