

FINANCE COMMITTEE MEETING

Tuesday, April 15, 2021

Committee Members Present: Finance Committee Chair Lawrence Dill and Lester Calipjo.
Board Members Present: Gregory Kamm and Troy Tanigawa.

Staff Present: Michael Hinazumi, Carl Arume, Michael Hinazumi, Marcelino Soliz, Valentino Reyna, Marites Yano, Jonell Kaohelaulii, Jaspreet Banwait, Mary-jane Akuna, Deputy County Attorney, Mahealani M. Krafft

There were no members from the public that joined the meeting.

Finance Chair Dill called the meeting to order at 1:00 p.m. and quorum was established.

E. NEW BUSINESS

1. Draft Budget for Fiscal Year 2021-2022
 - a. Fiscal Year 2021 - 2022 – Draft Operating Budget
 - b. Fiscal Year 2021 - 2022 – Draft Capital Outlay Budget

BACKGROUND

Waterworks Controller Ms. Yano provided a brief overview of the budget.

There are three (3) parts to the DOW's budget. The operating, the new capital outlay budget, and the rollover of the DOW's purchase orders as of June 30, 2021. The rollovers are not included in this packet and will be presented to the board after the DOW has closed their financials after the end of the fiscal year.

The Department maintains five (5) sources of funding.

1. The Water Utility Fund
2. The Facilities Reserve Charge (FRC)
3. The Build America Bond (BAB)
4. The State Appropriation (Grant) Fund
5. The State Revolving Fund (SRF)

The State Appropriation and State Revolving Funds are new to maintain the DOW's funds received from the State.

The Water Utility fund is the general operating account for the Department. This funding is the source for Operating the DOW as well as partial funding for some of the Department's Capital Outlay projects. The FRC, BAB, Grant and SRF are all funding sources for the Department's Capital Outlay projects, or Capital Improvement Projects (CIP).

Page 6 of 354 illustrates the comparative water usage from 2016 through the estimated remainder of 2021 and the projected consumption for fiscal year (FY) 2022. The consumption has been slowly declining. From 2016 through 2019, averaged 3.9% to 3.8% water usage. In FY 2020, the decline was sharper than the previous years during the beginning on the pandemic. For FY 2021,

the department experienced a 7% decline. The Department based the projections on the remainder four (4) months on the actual usage logged for the past eight (8) months.

It becomes more challenging to project FY 2022 because the trend is no longer applicable because of the pandemic. Ms. Yano estimated the water consumption as of June 30, 2021 an added 1% to determine the 3.38 billion consumption for the next FY.

After projecting the consumption for the next FY, the department can now project their revenues.

Page 7 of 354 pie chart illustrates the Department's projected resources for the upcoming fiscal year. The DOW estimates \$25.2M in revenue. Out of this \$25.2M, only a portion is available for operational expenditures. \$9M is reserved for reserve funds and a portion for unexpended purchase orders that will be rolled over. Fire hydrants at \$2.2 is a non-cash revenue that has an equivalent expenditure. Other water revenue includes broken hydrants. The DOW is anticipating a \$14M grant from the state for projects. Grants & Other includes FEMA and BAB.

Once we projected, we allocate the projected resources on page 9 of 354.

Page 179 of 354 – we updated what we submitted to the Board during the last Board meeting. The Department met with the Engineering, Operations, Information Technology, and they provided a 5-year CIP plan with Mr. Knoff's coordination. Overall, the fund balance projects are revised on page 187 of 354.

Board member Calipjo inquired on the percentage decline in residential usage in comparison to commercial usage. With the island's plan to reopen, he is curious to see what the percentage of the affects were. Tess responded that it was 24% commercial.

Tess responded that she would get back to Board member Calipjo during the next scheduled Finance Committee meeting. The DOW's consumption may increase in the next FY but would rather be conservative when projecting the revenue.

Board member Troy Tanigawa entered the meeting at 1:10 p.m.

Page 188 or 354. Tess explained that the actuals for FY2020-2021 for \$19,125,126 are based from eight (8) months of revenue. She recommended for Chair Dill to use the \$16,917,747 to calculate the projected revenues because it does not include the \$14M in state grants.

Page 189 of 354. The Department projects about \$29M in operating expenses.

Page 190 of 354. The Department is paying \$2.9M in interest expense annually and the debt principal is about 5.2M. The total debt service per year is \$8M.

The Water Utility – Non-Budgetary Operating Expense is just an FYI and are non-cash expenditures but shows up in the financial statements. The Department will be requesting the Board's approval in calculating the new depreciation for next fiscal year.

Page 191 of 354. This is the detailed Operating Expenses followed by the new itemized Capital Outlay.

Board Chair Greg Kamm entered the meeting at 1:15 p.m.

The total Capital Outlay appropriation is \$46.5M. The highlighted amounts represent the updated amounts based on the Department's 5-year Capital projects. In total, the DOW's anticipated FRC project expansion revenue is \$860K while expansion revenue is projected at \$400K.

Page 199 of 354. The Build America Bond expansion fund is projected at \$7M. The highlighted projects have been revised based on the Department's 5-year anticipated Capital projects.

Page 200 of 354. The grant funds were added to the budget worksheets. The Department has budgeted \$17.3M in grant funds. \$14.3M grant funds approved budgeted with SRF funding.

DISCUSSION:

Action items for Budget Background:

Ms. Yano will get back to Board member Calipjo during the next scheduled Finance Committee meeting on his question regarding the DOW's percentage comparison of residential and commercial water usage during this pandemic.

Ms. Yano confirmed that Fiscal and Operations FY 2020-2021 actuals have been updated as of February 28, 2021. All other divisions were updated as of January 3, 2021.

Administration

Manager Mark Knoff provided a brief overview on Administration's budget. The proposed FY 2021-2022 budget is less than last fiscal year. The biggest changes that the committee will find is that in the Professional Services budget, he has removed the performance audit. With Manager Knoff's recommended changes he is making in the past four (4) months and upcoming eight (8) months, the board may want to let this sit and see how the changes have taken shape. In replacement of that \$300K, he has replaced with an expenditure of \$75K to develop a safety program. Right now, the Department does safety programs in piecemeal across each division. The \$75K would be to hire a consultant to put it into a more tangible program. As the Department is continuing to transition out of the old Admin building, there is many documents that needs to be scanned to be a part of the records. \$150K is for scanning and document set-up. The intent is to use services instead of utilizing DOW's personnel.

DISCUSSION:

Professional Services, GL 540-010 (Page 202) – Chair Dill inquired on the line item for special counsel, arbitration, and litigation costs. Should it be combined? Is there an overlap?

Ms. Yano explained that the \$10,000 Arbitration is for the County Attorney's discretion without prior approval from the Board.

Deputy County Attorney, Ms. Krafft explained that the \$25K in special counsel and the \$10K for arbitration are dealt differently and should be kept separate. She is unsure of the litigation cost line item for \$20K. Chair Dill requested that we remove the litigation cost line item for \$20K and keep everything else and if there are more funds needed throughout the year, the Department can come back to the Board. With no objections, Ms. Yano will remove that line item.

Chair Dill inquired on the \$150,000 document scanning line item. Is that a quote or estimated amount? Manager Knoff responded that the amount is an estimate based on the number of documents he had seen in the old admin building as well as in the mezzanine. Chair Dill requests that Manager Knoff keeps the board abreast as the project of scanning progresses.

Rentals and Leases, GL 545-000 (Page 207)

Chair Dill inquired on the Lease Agreement with Grove Farm in the amount of \$30,900.00 Is the Department not paying for this?

Ms. Yano responded that the Department did not complete the agreement and confirmed that the DOW has not paid for it.

Ms. Akuna also added that this agreement was originally drafted in 1963 which expired in 2013. In previous successors before Manager Knoff, there has been no discussions to move forward with a revised agreement. Chair Dill inquired if there are any plans to move forward on this?

Manager Knoff confirmed that this is on his list to discuss with Grove Farm in addition with three (3) other issues he is planning to discuss which revolves around the surface water treatment plant.

Ms. Akuna clarified that the calculation of \$30,900 is based from Grove Farm's proposed rate at \$2500 per month. Manager Knoff would have to review the usage in that area to determine the agreed upon amount. He is keen to tying the rate to the consumer price index and is comfortable with leaving the amount and line item in there.

Chair Dill suggested that the Department come to the Board if funding is needed for workers compensation claims.

Manager Knoff clarified that the Department can use the reserve fund since it is a non-recurring one-time payment and not budgeted.

Since the worker's compensation line item of \$150,000 is a qualified expenditure under the reserve fund, Chair Dill is comfortable with removing this item. With no objections, Ms. Yano will remove the \$150,000.00.

Vacant Positions (Page 190) – Chair Dill requested to add a column to show the vacancy dates.

Operating Expense Summary details on Page 29 will be presented by each division head.

Travel and Per Diem, GL 572-010 (Page 214)

Chair Dill inquired if the \$55,000 for seminar and workshops that require travel are for all employees. Does this expense show in other budget worksheets?

Manager Knoff confirmed that Chair Dill is correct. Last year we were asked to consolidate into one budget.

Action Items for Admin.

- Professional Services, GL 540-010 (Page 202)
Chair Dill requested that we remove the litigation cost line item for \$20K and keep everything else and if there are more funds needed throughout the year, the Department can come back to the Board. With no objections, Ms. Yano will remove that line item.

- Rentals and Leases, GL 545-000 (Page 207)
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Chair Dill called for a recess at 1:45 p.m. recess and reconvened at 1:52 p.m.

Water Quality

DISCUSSION:

Operating Supplies, GL 563-000 (Page 240)

Chair Dill inquired if there is anything preventing the DOW from purchasing the laptops this fiscal year.

Mr. Banwait responded that he would not recommend buying the laptops and keeping them here if the lab will not be using them right away, but instead after they have done a complete build out of the compliance monitoring tool. With no objections, Water Quality will be budgeting \$3,000 for laptops for FY 2021-2022.

Professional Services, GL 540-010 (Page 202) – Chair Dill inquired on the line item for special counsel, arbitration, and litigation costs. Should it be combined? Is there an overlap?

Action Items for Water Quality (WQ)

- Operating Supplies, GL 563-000 (Page 240)
Budget \$3,000 for laptops for FY 2021-2022 since it will not be purchased for during this current fiscal year.

Information Technology (IT)

DISCUSSION:

Professional Services, GL 540-010 (Page 221)

Board Member Calipjo inquired if the line item for Network Security Maintenance for \$25,000 is a new line item.

Mr. Banwait responded that it is a new line item. Previously the DOW has not been monitoring or keeping up with the firewall. Rules were outdated and a huge security threat. This line up is to keep up with the support and to make sure the network is up to date though the next fiscal year.

Repairs and Maintenance, GL 561-000 (Page 226)

Chair Dill inquired on the line item for CC&B in the amount of \$250,000. Why isn't it showing up every other year?

Mr. Banwait responded that it been budgeted in I.T.'s budget, but as of last budget cycle it was moved out and place into Fiscal's budget. One thing he and Tess agreed upon was that all software expenditures were moved into I.T.'s budget. This will allow I.T. to have a better grasp on accounting for each of them, to avoid duplication, negotiate better rates for software as well as to provide support for each software purchased.

Rehabilitation and Replacement, GL 604-999 (Page 231)

Chair Dill inquired on what WS stood for.

Mr. Banwait responded that WS stands for workstations. There will be funds moving over from the current unspent budget to purchase new servers. This \$90K will be used for workstations. There are 43 machines that are end of life and due for replacement which has been causing an issue and the goal is to replace them and bring them up to compliance.

Misc. Capital, GL 605-999, (Page 232)

Mr. Banwait explained that the \$30,000 is for the development of a new website. The website is a challenge to navigate, and the DOW has plans to update the site to make it easier for the consumer to navigate and to alleviate a lot of the questions.

Action Items for Information Technology

- None

Engineering

DISCUSSION:

Ms. Yano explained that the Department combined the Engineering's budget with Water Resources, Design and Construction Management. One page is their operating expenses followed by the new Capital Outlay budget.

Mr. Hinazumi explained that there is an increase in cost in professional services in construction. The plan is to do a lot of construction work.

The department's head of construction management, Mr. Dustin Moises will be leaving the Department at the end of the month.

Engineering has no major changes in the proposed budget.

Professional Services, GL 540-010, (Page 249)

Chair Dill inquired on the line items and to understand what projects were completed. For instance, the Kukuioolono Tank site exchange, site assessment is budgeted again so its under the assumption it was not completed? Same with the environmental assessment with Kapaa Well No. 4, the DOW is budgeting the \$100K.

Mr. Hinazumi responded that Chair Dill is correct they are still in process. With Kapaa Well No. 4, there was a site and drainage issue. The PER (Preliminary Engineering Report) for the Wailua Homesteads Well has been completed and have moved to construction.

The baseyard masterplan phase 1 project is on hold.

The Limahuli Stream and Manoa Stream Water Line Repairs had some emergency design changes.

Training and Development, GL 571-010, (Page 251)

Chair Dill inquired on the training costs for \$500. Does this budgeted item not include travel and per diem?

Manager Knoff clarified that all travel and per diem are under the Administration's budget.

Capital Outlay –R & R Misc. Capital Purchases, GL 604-999, (Page 254)

Chair Dill inquired on what the \$8K line item is for?

Mr. Hinazumi responded that the permitting fee are for building permit, land use applications, planning applications. It has been pulled out of another sheet into one line item.

Capital Outlay – R & R Capital Purchases, GL 604-000, (Page 255)

Chair Dill inquired if the UH Experiment Station Tank new? Of all the projects, if there is anything new for funding, he wants to make sure it has been presented to the Board and the Board has agreed that this is a project that the Department should be pursuing.

Mr. Hinazumi responded that it is a new project in line for design in 2021. The rest of the projects are in various stages of design or completion of design. The experiment station tank has been moving forward for quite some time and to have land resolutions.

Capital Outlay –Capital Purchases, GL 604-000, (Page 256)

Ms. Yano explained that the highlighted \$700K was originally budgeted at \$550K.

Mr. Hinazumi confirmed that the 5-year CIP list was given to the board during the latter part of 2017 when Board member Dahilig asked for a prioritization of projects.

Repairs and Maintenance, GL 561-000, (Page 260)

Chair Dill inquired if the project management software has been fully implemented or working on the implementation?

Mr. Hinazumi responded that it has been implemented and updated and moved to the I.T. budget.

R&R/Misc. Capital Purchases, GL 604-999, (Page 266)

Chair Dill inquired on the permit fees for \$10K. Mr. Hinazumi will check on this and get back to Chair Dill. Manager Knoff explained that the budget for permitting fees is split between each division, but under one line item in the summary detail of Engineering's budget on page 246.

Capital Outlay Expansion CM, GL 605-000, (Page 275)

Chair Dill inquired on the status on the AMI meter replacement project for \$10M. How will the Department keep their meter readers busy?

Ms. Yano clarified that the \$10M is for our meter replacement to be done in phases. The Department has already installed a few since the meters in place are nearing the end of life. The AMI will be read using cellular transmitted data. The meter readers are still busy doing a lot of the field activity work such as meter profiling and transfers.

Manager Knoff also added that the potential is there, and Department plans to go for a profile project which means it can be done over several number of years. The basic cost based on the total project is about \$16.5M. The department is looking to do this over 3-4 years. Maui is looking at a similar program that is a performance-based contract.

Professional Services, GL 540-010, (Page 277)

Chair Dill inquired on the WP2040 and the Hydraulic Model and the plans to get these projects completed?

Mr. Hinazumi responded that they have interviews set up for the Water Resources and Planning section head and now that he can refocus back to Engineering, he is working on the scope of work for the long-range plan update for a consultant selection or solicitation. They are hoping that this would happen in FY 2022.

Chair Dill inquired on what is the "as needed services" plan review for \$150K for this FY?

Mr. Hinazumi responded that they could not bring in consultants to train and assist with plan reviews as needed because of covid. He believes the Department can do most of the reviews on their own.

Repairs and Maintenance Other than Water System, GL 561-000, (Page 278)

Chair Dill inquired on what is XC2 and Innovyze?

Mr. Hinazumi responded that XC2 is their backflow prevention program. It maintains and monitors backflow prevention devices and automatically sends out renewal notices every year to ensure that backflows are tested and in compliance with water safety requirements.

Innovyze is the hydraulic monitoring software. The Department has a young engineer on board, and he is slowly getting the hang of the new system.

Books, publications, subscriptions, and memberships, GL 561-000, (Page 280)

Chair Dill inquired on why the actuals are zero. Are these line items valuable to the Department?

Mr. Hinazumi explained that they are valuable to the Department and something happened, and he is part of the American Planning Association and checked that his membership is up-to-date and paid. There are three (3) active licenses right now for SkillPath, Inc. It may have been paid with another program's budget possibly on page 281 GL 571-010 Training and Development.

Registration Expenses, GL 573-010, (Page 283)

Mr. Hinazumi explained that in 2021, American Backflow Association, American Planning Association and the ESRI conferences waived all registration fees and moved to a virtual platform. As of March 2021, they are reimplementing fees.

Action Items for Engineering

➤ None

Operations

DISCUSSION:

Mr. Reyna wanted to point out that the biggest increase in Operation's budget beginning on page 326 are capital purchases.

Professional Services, GL 540-010, (Page 327)

Mr. Reyna explained that there are two (2) new line items added. He clarified to Chair Dill that the \$250K is for the sodium hypochlorite housing.

Repairs and Maintenance – Water System, GL 560-000, (Page 333)

Chair Dill inquired on the actuals totaling \$249,276 during FY 2019-2020.

Mr. Reyna responded that the DOW had not expended the budget during the prior fiscal year, so it was carried over.

Repairs and Maintenance – Other than Water System, GL 561-000, (Page 334)

Mr. Reyna clarified that the \$300K for the demolition of the old building is a duplication. With no objections, the Department is to remove this line item.

Chair Dill inquired on the cyberlock line item for \$1200. Should this be in I.T.?

Mr. Reyna responded that Operations has done this on their own and can turn it in to I.T. however Operations manages all the cyberlocks and all the remote sites which is where most of the expenditures come from. With no objections from Manager Knoff, this line item will remain in Operations.

T&D/Operating Supplies, GL 563-000, (Page 338)

Chair Dill stated that over the years, the department has been consistently over budget.

Mr. Reyna responded that often, the expenditures came from either vehicle parts as well as the meter parts.

Mr. Yano added that the Department allocates the Inventory Supplies budget, GL560,000 (Page 340) to T&D/Operating Supplies, GL 563-000, (Page 338) at the end of each fiscal year depending on the function. This includes allocations to PandP/Operating Supplies/Invty. Stock, GL 560,010 (Page 339). Actuals include what was pulled out from inventory stock. The adjustment is done to reflect with each function at the end of each fiscal year.

Although Chair Dill understands, the way it is shown on the report is misleading. To help him understand, Chair Dill requested budget documentation showing the amount budgeted for each fiscal year plus the inventory to show a representation of the actual expenses. A separate spreadsheet is fine during the next meeting. Prior to zeroing the budget line item out and showing the amount transferred.

T&D/Operating Supplies/Invty. Stock, GL 563-010, (Page 340)

Mr. Reyna explained that Operations still has funding to do their own meter replacement as needed while the contract for AMI is on-going.

Manager Knoff also added that in the out-years, Chair should see these numbers switch out a bit while doing specific zones at a time per year. If there are meter failures, the Department will be installing meters in conjunction with the on-going meter replacement. Once this happens, there will be lull for quite a few years because all the meters will be installed in four (4) years. As the Department gets closer to life cycle, there will be a better understanding of how much is needed per year.

Capital Outlay – R&R/Misc. Capital Purchases, GL 604-999, (Page 346)

Chair Dill requested for Mr. Reyna to indicate the year that the capital items were acquired.

Mr. Reyna explained that the Skid Sprayer is brittle and no longer usable.

Manager Knoff added that he requested information on all DOW's fleet such as the year, acquire, what its used for and who is it assigned to.

Capital Outlay – Expansion/Misc. Capital Purchases, GL 605-999, (Page 347)

Mr. Reyna explained that these items are for new capital purchases. The Light Duty 4x4 Pickup Truck with Hydraulic Liftgate is for the Plant Superintendent. Currently his vehicle is a Rav4 almost ten (10) years old. Operations will repurpose this vehicle and assign it to Admin personnel.

To clarify, the RAV4 will be used by Operations as a spare when vehicles are in repair or maintenance. This can also be used by other divisions as needed.

Manager Knoff added that by doing this vehicle assessment, he is looking at the disposition of each one as it is being switched in the inventory with the idea of having one in and one out. The Department does keep a pool of vehicles so that when attending a conference, instead of taking their personal vehicle or mail runs. Part of this exercise is to get a right number of back-up vehicles and what needs to be auctioned off or traded in.

Chair Dill inquired if this analysis that Manager Knoff has worked on can be shared with the Finance Committee?

Manager Knoff responded that he is working on a format for this analysis and had Operations, Engineering and IT put together five (5) year capital and equipment plans and required them to list the vehicle type and who it was for, whether it was a replacement, disposition of existing vehicle and its plan. This analysis will be shared with the committee.

Chair Dill is concerned when the term “spare” vehicle is used, he is reluctant to expand the fleet. In Operations such as these, it is often available for a vehicle to be used to run an errand for a day and must be examined and justified very closely.

Mr. Reyna explained that the Department has a pool of vehicles that is used right now. Vehicles previously assigned and now vacated positions are issued to other people that need. For example, in the field, each crew would have to go out with their tools and equipment. They need to be sent out there with a DOW vehicle and not a personal vehicle. Operations reassign vehicles that are not currently in use.

Chair Dill was looking for more of a planned pool of vehicles to offset the vehicles being added. Each vehicle added needs to be justified.

Manager Knoff responded that when they did the analysis, there was about three (3) pool of vehicles. Chair Dill inquired if they were pool vehicles or was previously assigned to a position that is now currently vacant.

Manager Knoff responded that he does not know. For example, he knows that the Nissan Leaf is a pool vehicle, and it is used by anyone in Admin. Operations is probably using the Deputy’s vehicle as a pool vehicle that they can assign, but when the position is filled it will be used by the Deputy and no longer available to use in the pool.

Mr. Reyna clarified that the Deputy’s Rav 4 is used as part of Operations pool vehicle, not Admin.

Chair Dill requested for more justification to have the Rav 4 kept as just Operations pool vehicle. It would be nice to understand the Departments vehicles and their use if they are not assigned to a position.

Capital Outlay – R&R, GL 604-000, (Page 348)

Chair inquired on the “Demolish Admin Bldg/Add Temp Parking Lot” for \$400K in another budget item?

Mr. Reyna responded yes. Val confirmed that all these items will be done in FY 2021-2022. Ms. Yano added that she takes responsibility for this oversight. She did not pick up the \$300K that was included in the five-year CIP worksheet. She will remove the \$300K from Design’s professional services budget.

Capital Outlay – R&R, GL 605-000, (Page 349)

Chair Dill inquired on the details of the new budgeted item for a “Satellite Operations Facility.” Manager Knoff responded that there is an opportunity that has come up on the County’s design of a facility to pre-position supplies that will save rate payers and taxpayers on how the County does its Operations. This is a design-build project, and the Department is aware that most of the work has already been done.

Chair Dill requested that the Department add “design build” to the notes of the Satellite Operations Facility line item for \$300K.

Page 349 Satellite Operations Facility – preposition supplies and the County. Rate payers and taxpayers. Per Larry to add “design build.”

Page 353 – Add 100% for the Deputy Manager Engineer and the Secretary position.

Action Items for Operations

- Repairs and Maintenance – Other than Water System, GL 561-000, (Page 334)
Remove duplication of \$300K line item for the demolition of the old building.
- Repairs and Maintenance – Other than Water System, GL 561-000, (Page 334)
Line item for \$0 for MPET/MMIS should state “moved to” IT budget instead of “moved from” IT budget.
- Operating Supplies, GL 563-000, (Page 336)
Mr. Reyna confirmed that the Department is done with chlorine gas and therefore can remove the line-item description to just state “Sodium Hypochlorite” for \$95,200.
- T&D/Operating Supplies, GL 563-000, (Page 338)
Chair Dill requests for documentation for budgeting purposes that shows the amount budgeted for each fiscal year plus the inventory to show a representation of the actual expenses. A separate spreadsheet is fine during the next meeting. Prior to zeroing the budget line item out and showing the amount transferred.
- Capital Outlay – R&R/Misc. Capital Purchases, GL 604-999, (Page 346)
Years will be provided for each item.
- Capital Outlay – Expansion/Misc. Capital Purchases, GL 605-999, (Page 347)
The fleet management analysis will be shared with the Finance Committee members.
- Capital Outlay – R&R, GL 604-000, (Page 348)
“Demolish Admin Bldg/Add Temp Parking Lot” for \$400K is duplicate in professional services. Ms. Yano will remove the \$300K indicated in Design’s budget worksheet.
- Capital Outlay – R&R, GL 605-000, (Page 349)

Chair Dill requested that the Department add “design build” to the notes of the Satellite Operations Facility line item for \$300K.

Salaries and Wages

Manager Knoff noted a change on the Deputy Manager-Engineer position. It should be funded at 100% for next fiscal year. Beginning June, Manager Knoff will request funding from the board for this position. He has gone through the process of hiring a Deputy Manager-Engineer and the Chair is aware of the process.

In addition, the Department is looking to hire a Secretary at 100%.

Ms. Yano explained that there are some interviews going on so this worksheet will be updated.

Mr. Reyna also added that the Account Clerk for Operations should be a Senior Account Clerk. The Department presented a five-year plan to hire for these new positions and the Department is at year 4 and plan to move forward with the Repair Shop Supervisor before the Mechanic Helper and Automotive Stores Clerk. Both the Mechanic Helper and Automotive Stores Clerk positions are funded at \$1 showing 0% to hold the position.

Chair Dill stated that the 0% is for budgeting purposes and the \$1 shows that the Department does not have board approval to hire this year. If the Department fills the Repair Shop Supervisor in July and need funding for the Mechanic Helper and Automotive Stores Clerk positions, Chair Dill asked if the intent is to come back to the Board?

Ms. Yano clarified that if there are savings in Operations, they will be able to fund these positions.

Chair Dill responded that if its dollar funded, the intent is that the budget shows that the Department will not fill those positions this year. He asked if the Department intends to fill these dollar positions within the year, the Department will go back to the Board.

Manager Knoff responded yes.

Action Items for Salaries and Wages

- Fund Deputy Manager-Engineer 100%
- Fund Secretary 100%

Fiscal (Accounting)

DISCUSSION:

Interest Expense, GL 582-000, (Page 313)

The Department’s interest expense is very predictable, and Chair Dill inquired on why the Department was off by \$1M during FY 2019-2020 actuals versus what was budgeted?

Ms. Yano explained that some of the interest expense that the Department paid for were capitalized under each project. Ms. Yano will provide the unadjusted numbers for budgeting purposes for the next meeting.

Loan Proceeds, GL 602-000, (Page 317)

Ms. Yano explained that she showed \$10M in the Engineering worksheet for SRF loan proceeds so will remove this line item of \$4.9M.

Transfers to Other Funds, GL 590-000, (Page 319)

Ms. Yano explained that this next fiscal year, the Department will be transferring \$2M from FRC to Water Utility. The Water Utility Fund has been paying for the debt service payments.

Action Items for Fiscal (Accounting)

- Interest Expense, GL 582-000, (Page 313)
Ms. Yano will provide the unadjusted numbers for budgeting purposes for the next meeting.
- Loan Proceeds, GL 602-000, (Page 317)
Ms. Yano will remove this line item of \$4.9M
- Transfers to Other Funds, GL 590-000, (Page 319)
Ms. Yano will indicate \$2M in the line item to transfer to the Water Utility fund.

Fiscal (Billing)

Ms. Yano highlighted the \$825K budgeted in capital outlay expenditures. She explained that this is for the Department to procure a new billing software.

DISCUSSION:

Billing Costs, GL 541-020, (Page 287)

Ms. Yano explained that the \$53,400 line item for the Beacon Subscription fee is for \$0.89 cents per meter per month. This is to service fee for the provider to be able to use the cellular transmitters to read the data. Manager Knoff also added that this is cellular connection for each meter and sends data in 15-minute increments. The power of using this technology is being able to get real time data.

Capital Outlay – R&R/Misc. Capital Purchases, GL 604-999, (Page 293)

Chair Dill inquired if the capital purchases such as the lobby assessment will be done this year.

Ms. Yano explained that she cannot commit to starting this assessment until the middle of the year because Fiscal is finishing up their business central switch to the cloud and training their staff on learning the new software. The Fiscal team hopes to go live during the week of July 12. Fiscal is also in the middle of training staff on the AMI beacon software. These initiatives are taking a lot of staff time.

Chair Dill asked if Manager Knoff would consider transferring the lobby assessment to be managed by the construction team.

Action Items for Fiscal (Billing)

- Capital Outlay – R&R/Misc. Capital Purchases, GL 604-999, (Page 293)

Manager Knoff would consider transferring the lobby assessment to be managed by the construction team.

Fiscal (Accounting)

DISCUSSION:

None in question.

Action Items for Fiscal (Accounting)

➤ *None*

Chair Dill mentioned that the Finance meeting scheduled for Friday, April 16 will be cancelled and reconvene on Tuesday April 20th at 8:00 am.

F. ADJOURNMENT

Chair Dill adjourned the meeting at 4:04 p.m. and to reconvene on April 20, 2021 at 8 am with no objections, motion was carried.

Respectfully submitted,



Mary-jane Akuna
Private Secretary

Approved,



Julie Simonton (May 26, 2021 11:24 HST)

Julie Simonton
Secretary – Board of Water

FCM 04-15-21 Minutes - Final

Final Audit Report

2021-05-26

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