Committee Members Present: Larry Dill, Chair, Clyde Nakaya and Hugh Strom answered present at Roll Call.

Staff Present: Kirk Saiki, Marites Yano, Kim Tamaoka, Eddie Doi, Regina Flores, Keith Aoki, Mary-jane Garasi, Deputy County Attorney Andrea Suzuki

At 3:48 p.m., Chair Dill reconvened the Finance Committee meeting that was recessed on December 6, 2013.

OLD BUSINESS

BACKGROUND:
Acting Manager, Mr. Kirk Saiki provided follow up to questions from the December 6th meeting:

Explain what corrections were made to change the FRC value - Leidos correction that dropped from $17,160 to $14,160 was made to the FRC calculation to make “units for service” for the transmission component in Max Day Demand (not source and storage). Originally it was for average day demand.

Why did the percentages for offsets change (Schedule 4) - The value for transmission was changed that adjusted the offset percentages in Schedule 4.

Explain how the change from Average Day Demand to Max Day Demand changed the FRC - The Max Day x the unit cost of $18.22 per gallon (to determine cost of the meter); there was no way to equate max day to fixture units. Board of Water Supply on the Big Island, Maui and Honolulu was contacted by Mr. Doi and Ms. Flores on how FRC was assessed and meter sizing. The Big Island and Maui currently use fixture units to size the meter with a flat rate. This is the same way the Department does it. Honolulu uses fixture units to size the meter and assesses FRC for all meter sizes (residential & commercial). The current rule draft states Max Day Demand x unit cost per gallon.

If Max Day Demand is used to assess the FRC for meters larger than 2”, how is Max Day typically determined? - For meters larger than 2” the Department could: 1) Size meters by fixture units with a flat rate or 2) use fixture unit rates rather than Max Day.
DISCUSSION:
Chair Dill commented that our facilities are built by sizing by Max Day. If customers are charged FRC on Max Day, there could be a problem. A negotiated number could be determined. If customers are charged FRC on peak flow fixture units, it would be greater than Max Day.

Acting Manager, Mr. Saiki commented that the Department uses an associate unit cost for all of the proposed expansion projects based on fixture units. The Leidos report stated there is one for max day flow (dollars per gallon) and one based on dollars for fixture units. Acting Manager, Mr. Saiki asked would the Department want to use a fixed rate with the meter size for a meter cost or have language that says meters will be assessed by fixture units?

One option would be to reinstitute Schedule 3 according to Chair Dill.

Acting Manager, Mr. Saiki mentioned that the benefit of a flat rate is the same system the Department is using now. Instead of going with fixture units, this would be a semi concession to affordable housing. The hold up with the fixture units was the smaller meters. The flat rate was recommended.

In Schedule 3, the 8” meter would not be $29M and based on Leidos methodology it would change to $1.1M. Leidos developed the cost of the meters based on the AWWA table (M-6, comparison of meter capacity). The $29M was the previous manager’s method of determining meter size based on the max flow through the meter. Schedule 2, Meter Sizes for 5/8” to 2” are based on the AWWA standard ratio.

Mr. Strom commented if the Department issued an 8” meter, the customer would be liable for the max flow. He was not sure if there was a formula based on an 8” meter for fixture unit or a flat rate. Maui’s 8” meter cost $1.9M; Big Island’s 8” meter cost $495,000. The average flow of water through an 8” meter is 1,600 gallons per minute.

Acting Manager, Mr. Saiki explained before Leidos corrected the $17,160 calculation, the 8” meter was $1.3M. $1.1M was based on the ratio (meter sizes) given in the AWWA standard capacity x the flow component.

Mr. Strom understood that the homeowner carries the larger burden in collecting the percentage increase.

Mr. Doi commented that the rules show a flat rate for the meters.

Chair Dill added if an applicant came it for a master meter, they would get charged for a 5/8” meter.

Mr. Storm commented if the Department based an 8” meter on peak flow and not on 24 hours usage, he would have a concern on the impact of the system. There is no law to stop the use on the full amount 24/7. Meter sizing is used to meet the peak demand and not for continuous use. There is nothing in the rule from keeping the customer from using the peak demand continuously.
Chair Dill understood that fixture units provide a peak flow that determines the meter size. The peak flow may be instantaneous or short. When the estimated fixtures are used the meter sizing can provide the flow.

If a developer wants individual meters, each home would be a 5/8” meter that can flow 20 gpm per day. If the Department didn’t have the source, it would be based on the consumption.

A hotel unit usage is 350 average gallons per day. In 2009, 335 was the average consumption for a single family dwelling from the R.W. Beck study.

Chair Dill would be reviewing the Water Demand Charts as a default for applicants who come in. The water system standards are conservative because the Department is using 500 for design. If the Department would like to use a lesser amount, it would be subject to the Finance Committee’s approval. A concern for Mr. Doi would be for high volume meters and asked how would this be managed?

Chair Dill requested from staff:
1) More information on the 8” meter.
2) Commission Support Clerk would verify 1) when was the $4,600 developed and discounted and 2) when was $4,600 approved by the Board from the last FRC study in 2004.
3) The Department could write up an FRC calculation schedule by max day for anything larger than 5/8” meter based on the AWWA chart.
4) Provide a recommendation of putting language back in for larger meters for multi-family units and hotels.

At 4:45 p.m., Chair Dill recessed the Finance meeting.

At 5:00 p.m., Chair Dill called the meeting back to order.

ADJOURNMENT
Chair Dill recessed the Finance Committee meeting at 5:00 p.m. and will reconvene on Thursday, December 19, 2013 in the DOW Board Room at 8:30 a.m.; with no objections.