

Committee Meetings

October 21, 2010

Board Present: Randall Nishimura, Ian Costa, Dee Crowell, Donald Fujimoto, Leland Kahawai.
Absent and excused: Raymond McCormick, Roy Oyama

Staff Present: David Craddick, William Eddy, Gregg Fujikawa, Keith Fujimoto, Dustin Moises, Marites Yano, Aaron Zambo, DOW Deputy County Attorney Andrea Suzuki and Board's Deputy County Attorney Amy Esaki.

FINANCE COMMITTEE MEETING:

Finance Committee Vice Chair Leland Kahawai called the meeting to order at about 10:09 a.m. Chair Nishimura recused himself from voting on this item.

Re: Claims Payable (as of September 30, 2010)

WATER UTILITY FUND:.....	\$ 968,476.19
BOND FUND:.....	\$ 0.00
FRC FUND:	\$ 51,628.25
BOND BAB:	\$ 969,740.33
TOTAL:.....	<u>\$1,989,844.77</u>

Mr. Costa moved that the claims be approved for payment, seconded by Mr. Crowell; by a unanimous vote; motion was carried.

The Finance Committee was duly adjourned at about 10:10 a.m. and went into recess.

The Committee meetings were reconvened at about 10:12 a.m.

RULES COMMITTEE MEETING:

Rules Committee Chair Ian Costa called the meeting to order at about 10:12 a.m.

Re: Manager's Report No. 11-23 – Request Approval of Payment of Claims and Disbursement of Funds Policy 15 A

RECOMMENDATION:

Board action was requested to rescind Board Policy No.15 – Payment of Claims and Disbursement of Funds and approve Board Policy No.15 A – Payment of Claim and Disbursement of Funds.

FUNDING: N/A

Committee Meetings October 21, 2010

BACKGROUND:

The policy change requested would give the Manager and Chief Engineer the authority to sign on behalf of the Board all claim warrant vouchers provided procedures are in accordance with Board Policy No. 15 A.

The current Board Policy regarding disbursement of monies for claims upon the Board of Water Supply with checks issued by the County Finance Director is routinely approved by the Board after Board Finance Committee recommendation to the Board and a Board vote authorizing the Chair to sign the claims. This process is redundant and ministerial at the point the Board is asked to approve the claims. In other words there is no ability to stop legitimate invoices at this point and there is not sufficient time spent to find fraudulent claims. The process is redundant as the Manager has already signed the invoices and relevant staff has approved the invoices. A synopsis of relevant HRS section and current policies were enclosed.

Haw. Rev. Stat ("H.R.S.") 54-25 Disbursement of Fund, the County Treasurer shall disburse all moneys of the board only upon warrants issued by the county auditor or other county authorized signatory on vouchers signed by the chairperson or the acting chairperson of the board, except as provided herein. The Board may delegate through rules and policies adopted pursuant to Chapter 91, its powers and duties regarding the disbursement of funds to the manager and chief engineer.

The Board has changed its rules to allow this delegation to occur subject to following approved policies. Current relevant policies are listed below.

Board Policy No. 3 – allows expenditures for Operation and Maintenance and capital waterworks materials (inventory) purposes when the budgeted amount is not exceeded. Purchases for non-waterworks material less than \$5k are also allowed. (This Policy is added for completeness and is not relevant to the request being made and nothing will be changed with this policy.)

Board Policy No. 15 - Payment of Claims, claims against the Department shall be paid monthly upon signature of the Chairman following a review of the claims by the Finance Committee; the claims shall be first signed by the Manager. (This is the Policy which is relevant to this request.)

Board Policy 22 – Budget and Contract Award process. (This Policy is added for completeness and is not relevant to the request being made and nothing will be changed with this policy.)

Procedural processes that are suggested to be affected by Policy No. 15A, if approved by the Board, were enclosed.

Approval of this request will allow the Finance Committee and Board to focus on financial issues that that are not ministerial in duty. The Board could require a personal Bond for the Manager which would be paid by the Board which could protect the Board from fraudulent acts.

DISCUSSION

Mr. Nishimura asked what the Board's considers to be a budgeted item. His primary concern, because millions of dollars are involved, is that items are not moved from one category to another without prior Board knowledge; this was Mr. Nishimura's only reluctance with this policy.

Committee Meetings
October 21, 2010

However, Manager Craddick stated that this concern is already addressed in Board Policy No. 22, Item 2.d.

Discussion ensued on portions of related Board Policy No. 22 – Budget and Contract Award Process and Board Policy No. 3 – Expenditure of Water Utility Funds.

Mr. D. Fujimoto noted that when we approve the budget, it is for a specific amount for each project, therefore moving funds would need approval. Manager Craddick noted that we are following the policies as written. Mr. Crowell noted that even though the BAB has a prioritized list, projects may jump around. Mr. D. Fujimoto also noted that the only issue that might come up is if we start a project, we are going to make sure that we have the funding to complete it. Manager Craddick reported that once the bond runs out we can't use that as a certification source for any funds more than we have in the bond fund. Mr. D. Fujimoto stated that, at that point, the difference would come from the revenue side, either a separate bond SRF or other financing from within the department. Manager Craddick stated we cannot start a project that we cannot certify funds for all the way through, though it could have two sources of funding.

Mr. Nishimura suggested that some of the language of the proposed Policy No. 15 A be amended, i.e., that item 1.f should have the words “not approved” deleted, to read: “There shall be no redirection of funds ~~not approved~~ in the budget”. Also, Item 1.b, “The payment of claims are for those operating expenditures resulting from emergencies in which public health or safety is involved and a report is made at the earliest time to the Board” be deleted as this would fall under emergency claims.

Upon query from Mr. Kahawai, Mr. Nishimura confirmed that any requests for redirection of funds would have to come to the Board, as the Board is responsible for the budget.

Mr. Nishimura confirmed that the requirements of Board Policy No. 22 – Budget and Contract Award Process, and Board Policy No. 3 - Expenditure of Water Utility Funds would remain in place; Board Policy No. 15 A would replace Board Policy No. 15.

Mr. Nishimura moved that Board Policy No. 15 A be approved with the following modifications: Eliminate item 1.b - “The payment of claims are for those operating expenditures resulting from emergencies in which public health or safety is involved and a report is made at the earliest time to the Board”,
and

Revise item 1.f to read “There shall be no redirection of funds ~~not approved~~ in the budget”, the remainder of the requirements to be left in place, and the policy shall be renumbered accordingly with the revisions and sent to the full Board for approval, seconded by Mr. Crowell; with no further discussion; by a unanimous vote; motion was carried.

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

i. Attached Proposed Draft Bill No. 2380

Committee Meetings
October 21, 2010

RECOMMENDATION

It was recommended that the Board amend the Part III Standards for Subdivision Water Systems noted in the attached rule change.

BACKGROUND

The rule currently allows the Manager to make changes and various Managers have exempted various subdivisions. The Manager would prefer to have regulation established by rule rather than by the current thought or even changing thoughts of the Manager.

The goal of these changes is twofold:

1. To allow subdivisions for governmental purposes to move forward provided water is not needed for the lot. There is always the portion of land that will stay in the hands of the current owner or some other owner. This non-government piece will have whatever rights it had prior to the subdivision. The action may result in a higher cost per sq foot to meet DOW water requirements. In the end it is a decision of the land owner to require or not the government to put in infrastructure improvements before a particular piece of land is subdivided for either purchase or through donation to the government.
2. Allow subdividers with existing land locked lots or boundary changes that do not affect water demand to relocate them to more convenient locations. In this case we limit the changes to lots that are buildable. In other words if they are in a gulch or in a stream or other such non-buildable site we would not allow the change.

Manager Craddick believes this has been referred to the Planning Commission.

Mr. Crowell moved to defer this item to the next Board Meeting, seconded by Mr. Nishimura.

Mr. Nishimura moved to receive the proposed Draft Bill 2380 for the record, seconded by Mr. Crowell; by a unanimous vote; motion was carried.

There being no further business, the Rules Committee was adjourned at about 10:30 a.m.

COMMITTEE OF THE WHOLE MEETING:

Chair Nishimura called the meeting to order at about 10:30 a.m., and confirmed that with five Board Members present, quorum was achieved.

Re: Manager's Report No. 11-16 – Request Board approval for Grant Funding from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Wellhead Protection Program for the County of Kaua'i

Manager Craddick noted that we will end up sending this to the Council for approval, and they may or may not approve it. Manager Craddick stated that we need a plan to protect the water sources we have. Manager Craddick thought we should study what needs protection and as an Agency we should look to the future.

Committee Meetings
October 21, 2010

Mr. Crowell asked if the funding would pay for the study and Manager Craddick indicated that part is for the study and part is for the ordinance for the Council. Then there is the expectation that we will continue on with the program into the future, and this could involve other staff positions. With this funding we could add a staff position, or hire it out.

Chair Nishimura asked if this was reflected in the organizational chart, but Manager Craddick noted that there was no change to the planning section in the organizational chart.

Upon query from Chair Nishimura if the \$200,000 would fund a position for this, Mr. Fujikawa thought the Board needed to look at the end result of this program. Protecting water sources is good but how we go about doing it is in question. Contribution zones are created around the wells and describe an area that may affect people's use of their land, e.g., a gas station owner may not be allowed to use his land for this purpose because of the potential contaminants. The EPA does not require this at the present time. This will affect a lot of land owners; this is not only a water issue, but also a land issue. Mr. Fujikawa confirmed that this is voluntary program, there is no mandate. Mr. D. Fujimoto noted that this could turn into an ordinance that could dictate land use.

Manager Craddick stated that there is a source protection component to the Water Use and Development Plan. The funding could cover identifying the sources, what the potential inflow area and its contaminants are, and make sure that more of the contamination does not continue on. The ordinance might mean it would affect land uses, but we as an agency probably need to go ahead and identify our sources and get them set aside now, because as the community grows new sources are needed. You never know until you drill the well if you are going to get water or not.

Mr. Crowell noted that there was a federal source water assessment program about seven or eight years ago, and if this is how far they have come during that time period, it could be a minefield. When it affects land use, it is a big issue and we need to tread slowly.

Upon query from Chair Nishimura if we can use these funds to provide information for our water use and development plan, Mr. Fujikawa felt that the grant monies would come with conditions from the Department of Health and in accordance with DOH guidelines. Chair Nishimura felt more information was needed to see if we can use these funds for our plan. Mr. Crowell wondered if anyone else in the country is doing this, and Mr. D. Fujimoto asked if there was a timetable.

Mr. Crowell moved to defer this item to the next Board Meeting with the intention that more information be provided to see if this can fund our plan, seconded by Mr. Kahawai; with no further discussion; by a unanimous vote; motion was carried.

Re: *Manager's Report No. 11-17 – Request Board Approval of the Proposed Revised Organizational Chart to organize for future operations.*

RECOMMENDATION:

Board approval was requested for the Proposed Revised Organizational Chart. For additional discussion, referral to the Committee of the Whole may also be appropriate.

Committee Meetings October 21, 2010

BACKGROUND

In order to better plan for the future, the Department of Water has proposed reorganizational revisions to the Organizational Chart.

The changes include:

1. Controller EM-5 to Chief Financial Officer EM-7. Changes to the responsibility include Human Resource and Safety supervisory responsibility and meter repair.
2. Deletion of Chief of Operations EM-5 and making it into two jobs Chief of Distribution EM-5 and Chief of plant Operations EM-5.
3. Changing the EM-7 from 2020 Plan implementer to in charge of both engineering sections. No change in pay level.
4. Change to the Human Resources Officer SR-24 to Human Resources and Safety Officer, SR-26.
5. Private Secretary to oversee Secretary. Secretary to oversee Senior Clerk and Clerk/Typist.

DISCUSSION

Discussion ensued on the differences between the current chart and the proposed chart, starting on Page One – Basic Structure, of the charts, particularly the placement of the MicroLab and which division it falls under as it has moved around on the chart over the years. Mr. Costa noted that the MicroLab does not appear on the proposed chart, and Mr. Kahawai requested that the proposed Page One reflect this addition. Mr. D. Fujimoto agreed that it needs to be shown on the proposed chart, as it does appear on the current chart, even if the division comprises only one or two people. That way the labeling is consistent and easier to follow. Discussion ensued on the differences in engineering and special projects.

Mr. D. Fujimoto commended Manager Craddick for the revised first page, by placing Customers at the top of the organizational chart, as we serve the public.

In comparing Page Two – Administration, of the charts, Mr. D. Fujimoto asked where the HR Department was, and Manager Craddick noted that it had been moved to Page 3, Fiscal, under the Chief Financial Officer. Additional responsibilities had been added to the EM-5 Controller position to make it the EM-7 CFO position by including meter readers, HR, etc. Chair Nishimura asked what happened to the position 9105 which was listed on the current Page Two but not listed on the proposed Page Two.

Mr. Crowell moved to defer this item to the next Board Meeting, continuing on with Page Two – Administration, seconded by Mr. Costa; with no further discussion; by a unanimous vote; motion was carried.

There being no further business, the Committee meetings were duly adjourned at 11:03 a.m.

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