

County of Maui Water  
Supply

BOARD OF WATER SUPPLY

County of Maui

Budget Workshop

Monday, October 16, 2006

9:00 a.m.

Planning Department Conference Room

First Floor, Kalana Pakui Building

250 South High Street

Wailuku, HI 96793

I. Call to Order

Chair Michael Victorino called the October 16, 2006 Board of  
Water Supply's Budget Workshop

to order at 9:06 a.m.

II. Attendance

Board Members Present:

Staff Present:

Michael Howden

George Tengan, Director

Lee Aldridge

Edward Kushi, Jr.,

Deputy Corporation Counsel

Kui Lester

Eric Yamashige, Deputy Director

Marion Haller

Helene Kau, Assistant Fiscal Officer

Vice Chair Kenneth Okamura

Ellen Kraftsow, Planning

Program Manager

Chair Michael Victorino

Alva Nakamura, Engineering

Program Manager

Jacky Takakura,

Administrative Officer

Wendy Taomoto, Staff Engineer

Gaye Hayashida, Commission

Support Clerk

Excused:

Also Present:

Carl Holmberg

Lloyd Ginoza, Budget Director

Ginny Parsons

### III. Announcements

A. None.

### IV. Testimony from the Public

A. None.

### V. Budget Items

Presentations:

Lloyd Ginoza, Budget Director, on the County's Budget:

The budget as required by the county charter now includes the Department of Water Supply.

The county charter states that all fiscal affairs of the county during the fiscal year shall

be controlled by the budget ordinance and a capital program ordinance for that fiscal year.

1. Prior to March 15th the mayor proposes a budget to the county council for the next fiscal

year.

2. A public hearing on the budget is required to be held between april 1st and April 30th.

3. After the public hearing is done, the council calls a meeting to discuss and deliberate

the budget.

4. The council must approve the budget with any amendments and corrections before May 31st.

If this is not done then the mayor's proposed budget becomes the budget for the ensuing year.

The budget needs to be a balanced budget where the estimated revenues of the county must

equal the appropriations of the operating expenses as well as the capital improvements. Bond

proceeds are treated as revenues in the government's view.

The council may include provisos within the budget which may restrict the expenditure of

direct the administration on how to use it. The administration must abide by these provisos.

The capital program lists all proposed projects for the budget year and a five-year plan for

projects proposed after the ensuing year. This is basically a six year capital program. This

is approved separately from the budget ordinance.

The budget ordinance lists all the departmental expenditures by summary totals. In addition,

there are appendices and one of which are grants or sources outside of the county funds that

the Water Department may receive. Appendix B, "Rates, Fees and Assessments", gives the

authority to the Water Supply and other departments to charge fees to the public. If the

fee is not included in this appendix then the public cannot be charged.

The budget starts with a flat budget concept. It begins with the department's prior year

appropriations then non-recurring expenses are adjusted or removed. Any changes to the

appropriations require submitting justifications to the mayor for his review and approval.

The departments are responsible to complete and update the salary worksheets providing for

fairly accurate salary expenses. The departments may ask for expansion positions along with

added operational costs and any equipment requests outside of the flat budget.

The worksheets for the capital improvement projects are still being worked on because they

want to carry forward the prior year's six-year plan and eliminate projects that were

approved for 2007. They already should have a five-year plan and they are asking the

departments to review those projects and add one more year of projects to come up with a

six-year plan.

The Budget Office hopes to get the completed worksheets by November 30th in order to

summarize the budget requests and start the budget deliberations with the mayor in December

and conclude in December. For the period of January through March 15, it would be a matter

of evaluating the estimated revenues and looking at the available resources to fund the

requests from the departments. Then the budget is finalized on March 15th.

The County's budget is a performance budget. The departments must look at their goals and

objectives, then evaluate all the services that they want to accomplish for the ensuing year.

Within the budget are the performance measures where different goals are stated and different

measurements are used to help the departments determine whether their goals and objectives

have been met.

The detailed operating budget that is submitted to the councils shows the salaries by individual

positions and there is also a worksheet that identifies all the expenditures for the operations

and the equipment. These are then combined into one number and put into the ordinance as one

number.

The idea of program budgeting allows the administration the flexibility of using the funds

for either salaries or operations or equipment. If you have savings in salaries you are able

to use those savings in operations without going back to council for approval, giving

flexibility to the administration to run the departments.

The general fund is an all encompassing fund for which the main revenues are from property

taxes and the services generated are the police, fire and other normal community type of expenses.

Water supply, solid waste, wastewater, and golf are called special revenue. These are

commercial type of accounts that generate revenue by itself. Any savings would not go back

into the general fund but would accrue and become available for expenditure in the following

year. These funds should be self-sufficient by generating revenues through operations or by

bond funding or capital improvements. Though, general fund monies may be allocated to those

funds having difficulties in being self-sustaining.

In looking at the budget for Water Supply you must look at the level of service to be provided

and the resources that are required to provide those services including manpower operations

and also at capital improvements. Also the departments must look at increasing efficiencies

to save money thereby keeping rates down.

The challenges for special funds are the revenues. If it is not enough, the choices would be

to increase rates, decrease service to reduce costs, and also fund capital improvements by

bonds. How much future debt service would be required to fund the debt? If you have a major

20-year capital improvement project that needs to be done, instead of funding it by current

rate payers, you could fund it through rate payers who will benefit from those projects over

the 20 years.

Jacky Takakura, Administrative Officer - Overview of the Department of Water Supply:

A copy of this slide presentation is attached and made a part of these minutes.

Helene Kau, Assistant Fiscal Officer - Overview of the Department of Water Supply's Fiscal Year

2008 Proposed Budget:

A copy of this slide presentation is attached and made a part of these minutes.

Ellen Kraftsow, Planning Program Manager - DWS FY08 Proposed Capital Budget:

A copy of this slide presentation is attached and made a part of these minutes.

Helene Kau, Assistant Fiscal Officer, reviewed the Water Revenue Fund as well as the operating

and maintenance expenditures of the Department of Water Supply's proposed FY2008 Budget. A

copy was previously distributed to the Board.

Ms. Kau will provide the Board with a summary of variances in expenditures for 2005 versus

2008. The Chair asked to include the number of meters in '05 versus '08.

Ellen Kraftsow, Planning Program Manager, reviewed the Capital Improvement Program portion

of the FY2008 Budget.

On behalf of the Board, Chair Victorino thanked the Director and the department's staff for

doing a good job in preparing and presenting the FY2008 budget

and also fro having the Budget

Director Lloyd Ginoza present.

Vice Chair Okamura stated that he wants to go back and review the material again because he

doesn't feel he understands enough to make a comfortable decision.

Member Howden stated that he is in favor of the budget but would like to have language

expressing concerns about the vulnerabilities of the Department. So therefore, he would like

more time.

Director Tengan stated that the intent of presenting the budget at this time was to allow the

Board more time to review it as compared to previous years and recommends that the Board defer

action at this time.

The Chair stated that this will be deferred until November 1st then at that time the Board

will make their recommendations.

#### VI. Adjournment

The Board of Water Supply's Budget Workshop was adjourned at 1:55 p.m.

and submitted by:

Prepared

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Gaye Hayashida



Commission

Support Clerk

Approved on: \_\_\_\_\_

*"By Water All Things Find Life"*

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