

MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, April 23, 2015

The Board of Water Supply, County of Kaua'i, met in regular meeting at the Board Conference Room in Lihu'e on Thursday, April 23, 2015. Vice Chair Clyde Nakaya called the meeting to order at 10:15 a.m. The following Board members were present:

BOARD: Mr. Clyde Nakaya, *Vice Chair*
Ms. Laurie Ho
Mr. Hugh Strom
Mr. Raymond McCormick
Mr. Larry Dill (*entered @ 10:16 a.m.*)
Mr. Sherman Shiraishi, *Chair* (*entered @ 10:19 a.m.*)

EXCUSED: Mr. Michael Dahilig

Quorum was achieved with 4 members present at the time of roll call.

STAFF: Mr. Kirk Saiki
Mr. Dustin Moises
Mr. Keith Aoki
Ms. Kim Tamaoka
Mr. Jeff Mendez
Ms. Sandi Nadatani-Mendez
Mr. Val Reyna
Mr. Carl Arume
Mr. Eddie Doi
Mr. Chris Nakamura
Mr. Virgil Kapanui
Ms. Ann Parrott
Ms. Fay Tateishi
Ms. Christine Erorita
Deputy County Attorney, Andrea Suzuki

GUESTS: Mr. Galen Nakamura, Attorney for Hokulei Village
Mr. Clifford Mukai, CE, Warren S. Unemori Engineering, Inc. (WSUE)
Mr. David Ristau, Vice President Construction, Terramar Retail Centers
Mr. Hall Parrott, Private Citizen

ACCEPTANCE OF AGENDA

Ms. Ho moved to reorder the Agenda to move up New Business Manager's Report Nos. 15-29, 15-30 and 15-31 prior to the Item D Meeting Minutes as ordered by Vice Chair, Clyde Nakaya; seconded by Mr. McCormick; with no objections; motion carried with 4 ayes.

Mr. Dill entered meeting at 10:16 am.

Chair Shiraishi entered meeting at 10:19 am.

H. NEW BUSINESS

1. Manager's Report No. 15-29 – Resolution No. 15-07 Department of Water's 2014 Employee of the Year, Chris "Naka" Nakamura, Water Service Supervisor III (East Side) and Virgil Kapanui, Water Service Supervisor III (West Side)

BACKGROUND:

Manager Saiki read Resolution 15-07 Department of Water's 2014 Employee of the Year, Chris "Naka" Nakamura, Water Service Supervisor III (East Side) and Virgil Kapanui, Water Service Supervisor III (West Side). The Board and staff congratulated Chris Nakamura and Virgil Kapanui. A photo was taken with the Board members.

Mr. Nakaya moved to receive Manager's Report No. 15-29 - Resolution 15-07 Department of Water's 2014 Employee of the Year, Chris "Naka" Nakamura, Water Service Supervisor III (East Side) and Virgil Kapanui, Water Service Supervisor III (West Side); seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 15-30 – Resolution No. 15-08 Department of Water's 2014 Employee of the Year, Kim Tamaoka, Departmental Public Relations Specialist

BACKGROUND:

Manager Saiki read Resolution No. 15-08 Department of Water's 2014 Employee of the Year, Kim Tamaoka, Departmental Public Relations Specialist. The Board and staff congratulated Kim Tamaoka. A photo was taken with the Board members.

Mr. Nakaya moved to receive Manager's Report No. 15-30 - Resolution No. 15-08 Department of Water's 2014 Employee of the Year, Kim Tamaoka, Departmental Public Relations Specialist; seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

3. Manager's Report No. 15-31 – Resolution No. 15-09 Mahalo and Aloha Board Member, Raymond "Ray" McCormick

BACKGROUND:

Chair Shiraishi read Resolution No. 15-09 Mahalo and Aloha Board Member, Raymond "Ray" McCormick. The Board and staff congratulated Mr. McCormick with a photo taken with the Board members. This was Mr. McCormick's last Board meeting because he accepted the Highways Administrator position with O'ahu's Department of Transportation.

Mr. Nakaya moved to receive the Manager's Report No. 15-31 – Resolution No. 15-09 Mahalo and Aloha Board Member, Raymond "Ray" McCormick; seconded by Ms. Ho; with no objections; motion carried with 6 ayes.

DISCUSSION:

Chair Shiraishi thanked the Employees of the Year told them to keep up the good work and good luck to Mr. McCormick on his new endeavors.

Mr. Kapanui thanked the Board and staff and could not do the work by himself; it takes the whole company to work together and looked forward to a better future.

D. MEETING MINUTES

None

E. CORRESPONDENCE/ANNOUNCEMENTS

None

F. BOARD COMMITTEE REPORT

Report of the Finance Committee of the Kaua'i County Board of Water Supply

1. Draft Budget for Fiscal Year 2015-2016
 - a. Fiscal Year 2015 – 2016 Draft Operating Budget
 - b. Fiscal Year 2015 – 2016 Draft Capital Outlay Budget

BACKGROUND:

Finance Chair, Mr. Dill reported that the Finance Committee met March 19th, March 25th, April 1st and April 7th. The Finance Committee finalized both the proposed draft of the Operating budget and draft Capital Outlay budget for FY 2015-2016. The draft budget was before the Board for consideration or approval.

Ms. Ho moved to receive the Report from the Finance Committee of the Kaua'i County Board of Water Supply regarding the Draft Budget for Fiscal Year 2015-2016; Operating Budget and Capital Outlay Budget; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

DISCUSSION:

Chair Shiraishi thanked and acknowledged the hard work of the Finance Committee.

G. OLD BUSINESS

1. Draft Budget for Fiscal Year 2015-2016
 - a. Fiscal Year 2015 – 2016 Draft Operating Budget
 - b. Fiscal Year 2015 – 2016 Draft Capital Outlay Budget

Mr. Dill moved to Receive for the Record the draft report of the Proposed Budget for FY 2015-2016; seconded by Mr. Strom; with no objections; motion carried with 6 ayes.

At 10:40 a.m., Chair Shiraishi called for a recess to review the Draft Report of the Proposed Budget.

At 10:47 a.m., Chair Shiraishi reconvened the Regular Board Meeting.

BACKGROUND:

Manager Saiki reported for Waterworks Controller, Ms. Marites Yano (excused) and presented the summary of the proposed draft budget as follows:

- Estimated Fund Balance is \$19.3M
- Estimated Operating Revenues is \$31.2M.
- Water sales was lower than last year down to \$26.5M
- Operating Expenses are projected at \$27.9M
- New Capital Outlay Funds – Water Utility (WU) is \$5.7M
- Facilities Reserve Charge (FRC) is \$1.15M
- Build America Bond (BAB) is \$13.7M

DISCUSSION:

Admin. Budget - is higher this year by 22%; \$306,000. The budget dropped except for Professional Services, Insurance and Travel & Per Diem.

Insurance and Bonds, (Page 8 of 19) – went from \$360,000 to \$710,000 and increased the budget to \$500,000 to match the deductible from insurance.

Professional Services, Special Counsel, (Page 2 of 19) - went up from \$75,000 to \$100,000.

➤ Manager Saiki will research the reason of the increase.

Performance Audit, (Page 2 of 19) – increased by \$40,000.

Admin. Conferences, (Page 15 of 19) – decreased from \$6,500 to \$5,000.

Professional Services – General (Page 4 of 17) – is the summary of all divisions.

Mr. Dill thanked the Department for getting the WU ... inaudible... and WU deficit ... inaudible ... are fully funded.

IT Budget – includes Maintenance, Support Services and Comm. Equipment and three (3) IT initiatives: Document ... inaudible ..., Project Management, Replacement of Maintenance Prevention Evaluation Technology (MPET) and Geographic Information System (GIS) capacities for workers in the field.

FIS Hosting (Great Plains & Paramount Hosting), (Page 5 of 11) – will not be funded because it used to be hosted in the Cloud but was stopped to continue the service. This is done in-house with cost savings of more than \$20,000 according to Waterworks Info. Tech. Officer, Jeff Mendez.

MPET's cost – last year was \$40,000; this year it is \$36,000.

Development for Capabilities for Asset Based Work Order System, (Page 10 of 11) - \$95,000 for the replacement system and protective costs for next year. \$20,000 will be used the remaining year. The total cost of \$317,005 which would include maintenance for MPET will be used until the end of the fiscal year. Other amounts will be for replacement and to start whatever system IT is chosen for implementation. Once the system is in place, Mr. Mendez said the annual cost was unknown at this time.

Mr. Mendez commented that last year the AMI budget to replace the AMR Transponder system was determined not to be done; last year it was \$1,274,000; this year is zero, (Page 10 of 11).

Water Quality Budget

Professional Services, (Page 1 of 8) - went up from \$85,000 to \$95,000.

Water sample testing services, (Page 2 of 8) – UCMR3 will be required. This year there will be an EPA Phase II Phase V testing requirements of sources for chemical contaminants (which is done every three (3) years). The next two years, the cost will be approximately \$25,000. Testing is done professionally.

There were some cuts with Operating Supplies. – streamlined by \$2K. The bulk of the supplies are from the Microbiologist side – estimated at \$10K

A new requirement when shipping samples is to use regular ice to keep samples at the right temperature.

New Request Column, (Page 3 of 8) - “No (was in Admin. Budget)” – Ms. Ho questioned if this was meant to be moved to Water Quality.

Engineering Budget

Operating Budget – There was an increase of approximately \$300,000 because of a carryover from last year's new accounting system. The Preliminary Engineering Reports (PER) and Environmental Assessment Cost for projects were transferred to the operating budgets this year. PER will be done for each of the projects.

Capital Budget – decreased from the previous year approximately \$800,000. The new capital projects being proposed were determined based on these criteria:

- 1) Whether projects generated potential FRC;
- 2) Operational needs;
- 3) Working within the available budget .

\$1.00 funded items that were originally proposed were due to budget limitations. If funds are available during the year, Engineering will come back to the Board to do more projects.

Professional Services, (Page 1 of 10) – increase to about \$300,000. Civil Engineer, Keith Aoki further explained that in previous years, Professional Services were included in the Capital Budget. The costs were identified as Operating Expenses which are not in the Capital Budget.

Water Utility (WU) Fund - Capital Projects, (Page 1 of 10) – Mr. Nakaya noted that FY 2014-2015 increased from \$253,714 to \$926,001. Mr. Aoki indicated that \$926,001 for FY 2015-2016 was an incorrect amount shown. The correct amount should be \$926,001 for FY 2014-2015 and \$786,927 for FY 2015-2016.

- Mr. Aoki will work with Waterworks Controller, Marites Yano to check discrepancies on the Excel spreadsheet.
- Mr. Dill requested the Department verify all formulas.

New Capital Outlay Summary / WU Fund (Capital Projects – Rehabilitation & Replacement-Design), (Page 13 of 17) – was pointed out by Ms. Ho that \$786,927 is in the correct column for Proposed Budget FY 2015-2016.

Anticipated Notice to Proceed Column (Page 8 of 10) –

Kīlauea 1.0 MG tank – is for additional funding for 2015-2016 at \$15,000.
'Anini waterline – is for additional funding for 2015-2016 at \$10,920.

- Mr. Dill and Mr. Nakaya both agreed the Department needs to provide the Board with additional explanation or narrative to explain if additional funding is required for next year's budget.

Construction Management (CM)

Operating Budget / Training – went up \$375.00.

Professional Services / Construction Management, (Page 2 of 14) – Construction Project Management Officer, Dustin Moises explained this is an As-Needed Construction Management two-year contract. No money was encumbered in this fiscal year's budget but Mr. Moises is budgeting \$290K for FY 15-16.

CM is short staffed and in anticipation of new projects starting by next year the Department may need to utilize this CM contract. "As-Needed CM did not occur this fiscal year but will change next fiscal year if I can't hire competent staff," Mr. Moises stated. Only three (3) out of the four (4) Inspector positions

are filled while none of the Project Engineer/Project Manager positions are filled. Mr. Moises is the only engineer in the CM Division and he has zero staff and currently manages all construction and the Division. Mr. Moises has been much more involved with design review than he is required to be as well, as it is a goal to help the design team get projects out. His goal is to spend down the bond and encumber the last \$13M in construction with appropriate staffing. The Department owes it to our customers to do the projects we raised rates for so even if CM is short staffed, Mr. Moises is willing to work 6-7 days a week if that is what it takes to finally get projects out the door.

Having competent project managers is critical to prevent litigation, the contractor costs could increase if they are delayed on answers and leads to change orders. Being knowledgeable and able to respond back to the contractor quickly is important. As a result, there needs to be adequate project management staff. Construction Management of a project is daily unlike periodic Engineering Design reviews. If Mr. Moises does not get permanent support, he would like to get the As-Needed CM this fiscal year. He commented that it is good that the Department is looking at a Performance Audit which would be a benefit on how the Department manages its projects in both Design and Construction. This could lead to making changes necessary for the entire department, not just project related staff.

Project Management – Money increased (in the IT budget) which is the new Project Management software. After the Project Management software is implemented, it will support design and construction projects. Once the Project Management software is complete in conjunction with the Performance Audit, the Department can look at staffing issues. CM is implementing a pilot inspection process that is being integrated into the Project Management software. One issue is the Inspectors are in the field with Mobile Wi-Fi (MIFI) but don't have the staff to update the Share Point software. CM may need a Construction Clerk to keep the new Project Management software updated daily as it is only as good as the information uploaded in real time.

Mr. Strom asked if anyone has looked into projection management and resources to do a five (5) year financial analysis on staffing.

Mr. Moises provided some background on the Department's reorganization of Divisions in Construction Management, Engineering, Water Resources and Operations in 2012. The Department has a comprehensive 20 year plan in WP 2020. Annual Projections are done internally (there is nothing written like DPW 6 year plan) in the planning of Design to Construction where we reprioritize projects necessary. When a project gets a design contract, it is predicted that within the next 2-3 years, these designs will go into construction. If pre final and final are done this year, construction will be started next fiscal year. Projects that were \$1 funded for 2017 will happened in two years. Although the Department does not have the written plan as Mr. Strom might envision with a narrative, the DOW has projections and are well aware of the Project horizons.

At 11:35 a.m., Mr. Nakaya exited the meeting.

Mr. Moises commented that there has to be a succession plan to train someone to do the projects. The Project Manager position needs to be filled in-house to work on the next projects. In-house staff is always better than an As-Needed CM consultant who comes and goes.

At 11:36 a.m., Mr. Nakaya re-entered the meeting.

Mr. Moises has been working with Human Resources (HR) for the past two years and expects a response back by the end of this week on the CM positions.

Mr. Strom would like to see a data stream to justify additional priority positions to be filled. Mr. Moises pointed out in the CM Project Narrative, (Page 1 of 4), the list of staffing needs has been in the budget the last three (3) years.

Chair Shiraishi commented the Board agrees the Divisions are understaffed. He added the Department needs to stress to HR how the positions affect operations.

Water Resources and Planning

Overall budget - decreased.

Professional Services, (Page 2 of 5) – decreased in the Hydraulic Model Update from \$500,000 to \$300,000.

United States Geographical Survey (USGS) Stream Study, (Page 2 of 5) – was added because the USGS would like to obtain funding partners for FY 2015-2016 at \$50,000.

Mr. Doi explained the USGS Stream Study relates to the mission of the DOW by getting more data when the Department needs existing flows to streams, sources, how it affects service water for the treatment plant. The USGS would benefit from understanding available or existing streams or baseline stream flow.

Manager Saiki said this would be the first step to developing minimum stream flow standards. If surface water treatment is increased, some of the wells could affect ground water; then it affects location and sustainable yields for sources. USGS is starting small before they do an island wide study to obtain minimum stream flows.

Training and Development (Page 5 of 5) – increased for the new CE to be trained in Hydraulic Modeling.

Fiscal Budget

Manager Saiki reported the budget did not change much from this fiscal year to next fiscal year.

New Billing System, Implementation of a New Customer Information System (CIS for Billing & Collection), (Page 9 of 9) – This is a new request for FY 2015-2016 for \$1,000,000.

Project Management / New Billing Software (Page 2 of 9) – Accountant, Ms. Fay Tateishi explained that \$1M is for implementation of the billing system for FY 2015-2016; \$100,000 is contingency; and \$100,000 is for support if there are any problems. One part is Capital and the other part is for Services.

Mr. Strom said there should be an explanation on the separation of line items. The Department could come back to the Board if there is a contingency. Mr. Dill agreed to take out the contingency amount.

- The Department will delete the \$100,000 Contingency. Ms. Tateishi agreed the contingency (\$100,000) should not be listed as a line item because there is no contract yet.

Operations Budget

Operating Expenses / Capital Budget (Page 1 of 20) – is \$565,000 lower for this fiscal year (6.5% lower).

Capital Outlay – had the most reduction at \$250,000.

Operating Expenses – is \$50,000 lower.

Professional Services – increased to \$160,000 more than the current fiscal year which is related to electro mechanical design services to assist with the Engineering Division due to the lack of staff. The Kilauea Maintenance Control Center (MCC) needed to be prioritized to get done.

Reduce electrical consumption – \$90,000 was added for a Variable Frequency Drive (VFD) installation pilot project to explore the reduction of speed of pumps and motors by a 5% savings. There are plans to install one (1) or two (2) VFD and a supplier has been contacted.

Mr. Strom made several suggestions if an electrical engineer could do a study instead of a supplier or to consider Harmonics or line conditioning to save money.

Manager Saiki added the Department will explore engineering costs and not just a supplier. This depends if the demand charges could be lowered.

Pump Replacement Program, (Page 9 of 20) – went from \$125,000 to \$425,000. Mr. Dill questioned if the \$425,000 was derived for pumps that need replacement or was it part of a contingency fund for pumps to be replaced if they fail?

Mr. Reyna pointed out that when the budget for FY 2014-2015 for \$125,000 was approved, three (3) well sites pumps failed. The average well refurbishment expenses were between \$100,000 - \$125,000. The projection is to refurbish well pumps three (3) to four (4) times a year for preventive measures and to include emergency failures.

Easement 5-1-5:23, (Page 8 of 20) – Mr. Reyna explained that at the Wailapa booster pump station, the owner of the property didn't want to donate the easement, therefore they are requiring the DOW to pay \$1,000 once a year.

At 12:09 a.m., Ms. Ho exited the meeting.

At 12:10 a.m., Ms. Ho re-entered the meeting.

Operating Expense Summary / Professional Services – General – (Page 4 of 17) – FY 2014-2015 budget is \$1.5M, the prior FY 2013-2014 was \$889,116 but FY 2015-2016 is up to \$2.4M. Mr. Nakaya mentioned if this was analyzed on the 9 month actual, it comes to \$270,000.

Operating Supplies – (Page 4 of 17) – was budgeted \$1.4 in FY 2014-2015, spent \$483,117 as of 3/31/15 and budgeted for FY 2015-2016 at \$996,830. At times, operating supplies are bought at the end of the year.

Mr. Dill moved to *defer* the Draft Budget for FY 2015-2016 with budget changes to be addressed and reviewed by the Department at the May Board meeting for further deliberation; seconded by Mr. Strom; with no objections, motion carried with 6 ayes.

2. Manager's Report No. 15 – 28 – Discussion and Possible Action Request for the Board Chair to sign documents related to separate ownership of the lots created by Subdivision application S-2013-18 including a deed restriction that limits the development of the subdivision to not more than 10 dwelling units, Kalaheo, Kaua'i *Update (1)*

BACKGROUND:

Mr. Aoki explained the Board conditionally approved Manager's Report No. 15-28 (*Update 1*) from the March 19th Board meeting subject to review and approval of the Conveyance (Quit Claim Deed) document from Mr. Hoffman to the Department. Deputy County Attorney, Andrea Suzuki reviewed the Quit Claim Deed which is acceptable with a few revisions. The Quit Claim Deed's final subdivision map was recorded.

Mr. Dill moved to approve *Manager's Report No. 15 – 28* and to authorize the Board Chair to sign the Quit Claim Deed related to separate ownership of the lots created by Subdivision application S-2013-18 including a deed restriction that limits the development of the subdivision to not more than 10 dwelling units, Kalaheo, Kaua'i *Update (1)*; seconded by Ms. Ho; with no objections; motion carried with 6 ayes.

H. NEW BUSINESS

4. *Manager's Report No. 15-32* – Discussion and Possible Action for additional funding for design services for Contract No. 520, Job No. 10-01, WP2020 #ANI-01, Pipeline Replacement from Kilauea to Anini

BACKGROUND:

Mr. Aoki recommended the Board approve the transfer of funds in the amount of \$50,000 from Account No. 30-20-00-605-140 Bond Fund (Kōloa Well F Land Acquisition) to Account No. 30-20-00-604-101 Bond Fund for additional design services for Job No. 10-01, WP2020 #ANI-01, Pipeline Replacement from Kilauea to 'Anini, Contract No. 520 with Fukunaga and Associates, Inc.

An existing waterline is across 'Anini Road because of the condition of the bridges. The Department of Public Works did not want the Department to replace the pipeline. After the consultant spoke to the County, the County agreed to the pipeline replacement if the DOW fixed the bridges. There is need for additional design services. The County will be replacing another bridge to redesign a pipe on the beam.

Mr. McCormick mentioned the state allows attachments.

Mr. Dill moved to approve *Manager's Report No. 15-32* – Discussion and Possible Action for additional funding for design services for Contract No. 520, Job No. 10-01, WP2020 #ANI-01, Pipeline Replacement from Kilauea to 'Anini; seconded by Mr. McCormick; with no objections, motion carried with 6 ayes.

5. *Manager's Report No. 15-33* – Discussion and Approval to enter negotiation discussions with Grove Farm Company, Inc. or affiliates regarding Water Plan 2020 Project No. PLH-35b Kapaia Cane Haul Road 18-inch Main for the Puhī/Līhu'e/Hanamā'ulu Water System

BACKGROUND:

Manager Saiki requested the Board allow the Department to enter into negotiation discussions with Grove Farm Company, Inc. or affiliates regarding Water Plan 2020 Project No. PLH-35b Kapaia Cane Haul Road 18-inch Main for the Puhī/Līhu'e/Hanamā'ulu Water System on how to pay for the rest of the project.

The water line is part of the existing agreement on the Surface Water Treatment Plant (SWTP) regarding the cane haul road route; 2/3 cost split is by the Board and 1/3 is by Grove Farm. The DOW was not part of the design when Grove Farm designed the Cane Haul Road and the procurement process with the engineer.

DISCUSSION:

Mr. Nakaya questioned the \$90,000 on the project (refer to Budget Page 14 of 17). Manager Saiki was unsure on what was going to happen with the agreement or if there was a possibility DOW would be directed to pay a portion of the design cost based on the Water Purchase Agreement. Mr. Aoki added the \$90,000 is 2/3 cost of the design but the agreement stated that DOW would not pay for the design cost which would go away. The \$90,000 was never spent last year. Construction has not been determined yet but the initial cost estimate was \$3M. Mr. Aoki commented the cost could be \$3.5M for the total cost.

Mr. Dill mentioned that Grove Farm may have obligations with the purchaser of Koheea Loa which could be why Grove Farm is proceeding on its own schedule depending on what the Department does.

Mr. Strom said the existing agreement is silent and Deputy County Attorney, Andrea Suzuki should look at the cost sharing. Mr. Aoki clarified that Deputy County Attorney, Andrea Suzuki mentioned a separate agreement would need to be made on the cost sharing.

Chair Shiraishi questioned Option 2: Do not negotiate an agreement. This would not allow DOW to cost share the waterline as called out in the Water Purchase Agreement, there would be consequences if DOW would be required to pay 2/3; the Deputy County Attorney would need to examine this.

Mr. Dill wanted to know if the signed agreement committed the DOW to cost sharing. Manager Saiki explained that DOW was not involved with the consultant in designing the 18 inch line and that DOW cannot participate in paying. If DOW agrees not to build, then DOW would probably get sued for lack of performance.

The negotiation was brought up by the County Attorney. Mr. Moises referred to Item V., Page 5 of the agreement which states: "... the pipeline improvement shall be borne 66.67% by Board of Water Supply..." but does not state Grove Farm's time line and that both parties need to mutually agree on the cost.

Ms. Ho moved to *defer* to the May Board meeting Manager's Report No.15-33 – Discussion and Approval to enter negotiation discussions with Grove Farm Company, Inc. or affiliates regarding Water Plan 2020 Project No. PLH-35b Kapaia Cane Haul Road 18-inch Main for the Puhī/Līhu'e/Hanamā'ulu Water System; seconded by Mr. McCormick; with no objections, motion carried with 4 ayes, 2 recused (CN & HS).

(Note: More discussions continued on Manager's Report No. 15-33 at the end of the meeting which is being inserted here):

Chair Shiraishi inquired if Grove Farm puts in the 18-inch main, is the Department obligated to put in the 2/3 cost share. Deputy County Attorney, Andrea Suzuki commented the Board would have to agree on the cost sharing. When the Department spends money on a project, a procurement process is done. Since the Department would be controlling the majority of the fund process, the Department and the Board should go through the procurement process to ensure the fairest bid comes in and to make sure the Department has authority over the change orders.

Manager Saiki agreed the Department is contractually responsible for the 2/3 cost of the design but the Department was not a part of selecting the design consultant nor negotiating the design costs, therefore, per the contract, the Department should not be obligated to pay a part of the design costs. The Department would like to negotiate with Grove Farm on the cost for bidding and constructing the project.

Mr. Dill added the Department may save money to procure privately by participating in the cost vs. procuring it publicly.

Deputy County Attorney, Andrea Suzuki clarified the Department needs to mutually agree on the cost sharing. She also mentioned that Grove Farm agreed to cover all design.

Updated Motion at the end of the meeting:

Mr. Dill moved to approve Manager's Report No. 15-33 authorizing the Manager and staff to negotiate an agreement with Grove Farm on the 18 inch waterline; seconded by Mr. Strom; with no objections, motion carried with 6 ayes.

6. Manager's Report No. 15-34 -- Discussion and Possible Action on the Conveyance of Water Facility from Hokulei Village, LLC, for the Hokulei Village Onsite Improvements for Phase I, TMK: (4) 3-3-003:046 (por.), Lihue, Kauai, Hawai'i

BACKGROUND:

The Department recommended the Conveyance of Water Facility document be approved; whereby Hokulei Village, LLC transfers to the Board of Water Supply, County of Kauai, all of its right, title and interest. Mr. Moises commented the associated cost for the facilities to be conveyed is \$854,150.00. (Refer to the Manager's Update for the offsite Conveyance.)

DISCUSSION:

Mr. Dill questioned the location of Grant of Easement (GOE) for the offsite conveyance on Nuhou Street for the facilities. Mr. Moises explained the offsite plans had a 12 inch waterline running onsite. During the design, the Department allowed the owner of the meters to be onsite in front of the building and had to convey the meters to the Department to Nuhou Road.

Mr. Dill inquired about the DOW offsite facilities on the public side of the meter. Mr. Moises explained that on the offsite plans, there were waterlines on the onsite property boundary. Mr. Galen Nakamura, Attorney was requested to split the plans up for future reference; the 12 inch waterline onsite plans would be shown.

Another comment from Mr. Dill was that it would have been better to require this project be master metered which Manager Saiki agreed. Based on the previous administration no policy was developed.

- Mr. Dill recommended the Department draft a policy regarding master meters for the Board to consider.

Mr. Dill moved to approve Manager's Report No. 15-34 – Discussion and Possible Action on the Conveyance of Water Facility from Hokulei Village, LLC, for the Hokulei Village Onsite Improvements for Phase I, TMK: (4) 3-3-003:046 (por.), Lihue, Kauai, Hawai'i; seconded by Ms. Ho; with no objections, motions carried with 6 ayes.

7. Manager's Report No. 15-35 – Discussion and Possible Action on the Grant of Easement for Offsite Roadway Improvements for Hokulei Village: Phase I and Phase II, Lihue, Kaua'i, Affecting the Following Landowner:
 - a. Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.)

BACKGROUND:

The Department recommended the Board approve the Grant of Easement document; whereby, the above landowners, grant to the Board of Water Supply, County of Kaua'i, easement "W-1" on, over and under that certain parcel of land located TMK: 3-3-003:046 (por.) as specified above in Lihue, Kaua'i, Hawai'i.

Mr. Dill moved to approve Manager's Report No. 15-35 – Discussion and Possible Action on the Grant of Easement for Offsite Roadway Improvements for Hokulei Village: Phase I and Phase II, Lihue, Kaua'i, Affecting the Following Landowner: a) Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.); seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

8. Manager's Report No. 15-36 – Discussion and Possible Action on the Grant of Easement for Hokulei Village Onsite Improvements for Phase I, Lihue, Kaua'i, Affecting the Following Landowner:
 - a. Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.)

BACKGROUND:

The Department recommended the Board approve the Grant of Easement document; whereby, the above landowners, grant to the Board of Water Supply, County of Kaua'i, easements "Phase I" and "W-2" on, over and under that certain parcel of land located TMK: 3-3-003:046 (por.) as specified above in Lihue, Kaua'i, Hawai'i.

DISCUSSION:

Mr. Moises referred to Paragraph No. 1, Page 3 of 7 of the GOE relating to the onsite improvements. Because the owners were allowed to install the waterlines on their property and if there are leaks of the pipeline which was conveyed to the Department, the Department would not be liable for any damages. The Department could cold patch but would not be required to put in the Americans with Disabilities Act access (ADA) and they would have to come back to fix the remainder of the damage. This was added in to protect the Department.

Mr. Strom inquired why does the Department have to put an easement in control of the pipes vs. the right of access to read the meter and have the landlord be responsible. Manager Saiki commented the individual stores own the land they are on (not the development). The development will be subdivided by one developer. Mr. Moises added the future is to require a master meter.

Also another comment from Mr. Strom was if a line blows up, the developer could come back to the Department due to workmanship. It would be better to have a master meter for the owner to have right of access because this is on a public site. Mr. Moises commented the cleanest way is to not have the Right of Entry.

Mr. Doi clarified the developer for Phase II is required to do a master meter based on the previous administration's decision.

Mr. Dill requested in the policy, the Department would not have facilities within privately owned property.

- Mr. Doi commented the rules could be explored and if the master meter is not allowed, the Department could entertain a policy as Mr. Dill recommended.

For the schools, the Department could check private hydrants on a site and sort out the details. Domestic meters could be checked on private properties.

Mr. Strom expressed opposition to the GOE because nothing is signed. The Department signed the construction plans which were understood in the agreement with both parties as Mr. Dill and Mr. Doi concurred. The Department honored the past administration and based on previous discussions, the attorney agreed to cover the Department (which was not the standard language).

Mr. Moises recommended not to approve the Conveyance of Facilities if the Board is not going to approve the GOE. The Department should not own anything if it does not have any access to the property.

Mr. Strom proposed to have the Department revisit the agreement with the developer to get the GOE access, to be able to read the meters and the location of the meters on Phase I. This would minimize the Department's liability.

Mr. Doi commented that previously the attorneys and developers met to revert back to the master meter.

At 12:26 p.m., Chair Shiraishi suspended the rules and requested that Attorney, Galen Nakamura be called back into the meeting to address Mr. Strom's concerns.

Chair Shiraishi continued the meeting with the Staff Reports.

I. STAFF REPORTS **MONTHLY**

1. Discussion and Receipt of the Kaua'i County Water Department's Statement of Revenues and Expenditures
 - a. March Monthly Summary Budget

BACKGROUND:

Ms. Ann Parrott reported the Revenue shortfall is not an issue because they are falling within the grants and it is stable. The Facilities Reserve Charge (FRC) is down and the rest of the budget is under budget.

DISCUSSION:

Chair Shiraishi referred to the Revenue in the proposed budget FY 2015-2016 which is less than the current fiscal year. The Billed Revenue Comparative Chart showed an increase of prior years.

- Ms. Yano will be asked to check on Chair Shiraishi's inquiry regarding Revenue in the proposed budget FY 2015-2016 which will be less than the current fiscal year; but in the Billed Revenue Comparative Chart it showed an increase of prior years.

Mr. Nakaya moved to receive the Kaua'i County Water Department's Statement of Revenues and Expenditures; a) March Monthly Summary Budget; seconded by Mr. Dill; with no objections; motion carried with 6 ayes.

2. Discussion and Receipt of the Report by the Public Relations Specialist on Public Relations Activities

BACKGROUND:

Ms. Tamaoka highlighted the Fix a Leak Week – March 16 - March 20th and gave away 200 household free leak detection kits. Project Wet grant workshops will begin in June.

Chair Shiraishi acknowledged Ms. Tamaoka's good work as Employee of the Year.

Mr. Nakaya moved to receive the Report by the Public Relations Specialist on Public Relations Activities; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

3. Discussion and Receipt of the Chief of Operation's Summary Report on Operational Activities

BACKGROUND:

Mr. Reyna called attention to the Billed and Unbilled Water percentages. In March, the Non-Billed Water Calculations jumped to 16.17%. The Department's Standard of Operating Procedures (SOP)

requires The Department check on until unbilled water at 15%. Some of the reasons for the 16.17% were from several brush fires in Anahola and a fire in Po'ipū/Kōloa. The level transmitter/Supervisory Control & Data Acquisition (SCADA) failed and lost 400,000 gallons due to overflow from the Ornellas Tank in Kapahi because the Air Release Valve (ARV) was defective. As a result, some customers in Kapahi did not have water and the crew had to flush out the line. Other reasons for the high percentage of unbilled water were from unknown leaks and illegal connections.

DISCUSSION:

➤ Mr. Dill requested Mr. Reyna to provide a graph for Unbilled Water showing percentage for each month.

Mr. Dill moved to approve the Chief of Operation's Summary Report on Operational Activities; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

b. Discussion and Receipt of the Manager and Chief Engineer's Monthly Update Regarding Activities of Note of the DOW

BACKGROUND:

Manager Saiki highlighted the following:

1. Personnel Matters – *Update*
 - Automotive Mechanic I – An offer will be made soon.
 - Customer Service Rep. -- Offer was made but candidate declined.
 - CE V – Offer was made.
 - Chief of Water Resources & Planning – Interviews are being scheduled.
 - Deputy Manager – Posted position.

Legislative Update – Recently Manager Saiki and Mr. Doi went to the Legislature to discuss the Department's Capital Improvement Projects (CIP) money. As of April 22nd the Hanapēpē/Eleele \$4.45M is still in HB500.

DISCUSSION:

Mr. Strom mentioned \$3.5M is available for the Moloa'a Farm Bill water system with a potable component to develop a new well for a private system. Manager Saiki has already spoken to the State Representatives about the funding which the DOW could get.

Conveyance of Water Facilities:

Hokulei Village, LLC, Offsite, TMK: 3-3-003:046 (por.), \$119,320.00 - The Board discussed deferring this conveyance on the approval of this portion on the Manager's Update until the concerns on Manager's Reports Nos. 15-34, 15-35 and 15-36 were addressed.

Hokulei Village, LLC (Tank Demo) \$10,000 – has a water facility which does not have an easement and cannot be conveyed because it is in the Nuhou Street Right of Way.

➤ Correction the location of Hokulei Village, LLC: should be Lihu'e (not Kapa'a).

Mr. Strom moved to receive with the exception of the Conveyance of the Water Facility, Hokulei Village, LLC; \$119,320.00 to be deleted and to correct location as Lihu'e (not Kapa'a); seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

Note: The Board ended up accepting the Manager's Update in full, so Hokulei was not deleted (it was deferred until the end of the meeting then accepted).

Updated Motion at the end of the meeting:

Mr. Dill moved to receive the Conveyance of the Water Facilities as reported in the Manager's Update; seconded by Mr. Nakaya; with no objections; motion carried with 6 ayes.

a. Report of the BAB pay down as of March 2015

Mr. Strom moved to receive the BAB pay down as of March 2015; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes.

QUARTERLY *(January – March 2015)*

1: Discussion and Receipt of the DOW's Quarterly Project Status Update

a. Construction Management Division Status

BACKGROUND:

Mr. Moises provided the following highlights:

- The new building slab went in yesterday.
- Maka Ridge is closed out.
- New Section: "Upcoming Water Plan 2020 Construction Projects" – active in design review.
- Upcoming Water Plan 2020 CM Design /Request for Proposal (RFP) Reviews.
- Final Design Review include:
 - Weke, Anac, & Hee Roads 6" & 8" Main Replacement (bid in May).
 - Kolo Road Main Replacement (Kīlauea School) (procured was last Monday, opens May 14th).
 - 8" Main Replacement along Halewili Road (bid in June).
- Eight (8) projects will be active the next 12 months; most projects are BAB funds.
- Kōlo Road is not BAB but will be using a \$1.3 state grant. Need to encumber the funds early June. A Special Board meeting will be requested for Chair Shiraiishi to sign the contract.

DISCUSSION:

Mr. Dill advised that if the contract can be signed as long as it is within budget which could be on the May Board agenda.

Mr. Nakaya moved to receive the Quarterly Project Status Update for Construction Management Division; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

b. Engineering division Design Status

BACKGROUND:

Mr. Aoki provided the following highlights:

- Design projects are being completed for construction.
- Interviewed the CE V who accepted the initial offer. Pending status of the candidate's move to Kaua'i in a few months.
- Per HR, currently there is only one (1) CE V applicant on the list; will wait for more candidates to apply.

Mr. Nakaya moved to receive the Quarterly Project Status Update for the Engineering Division; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

c. Water Resources & Planning Division Status

Mr. Nakaya moved to receive the Quarterly Project Status Update for the Water Resources & Planning Division; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

H. NEW BUSINESS (continued)

6. Manager's Report No. 15-34 – Discussion and Possible Action on the Conveyance of Water Facility from Hokulei Village, LLC, for the Hokulei Village Onsite Improvements for Phase I, TMK: (4) 3-3-003:046 (por.), Lihue, Kauai, Hawai'i
7. Manager's Report No. 15-35 – Discussion and Possible Action on the Grant of Easement for Offsite Roadway Improvements for Hokulei Village: Phase I and Phase II, Lihue, Kaua'i, Affecting the Following Landowner:
 - a. Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.)
8. Manager's Report No. 15-36 – Discussion and Possible Action on the Grant of Easement for Hokulei Village Onsite Improvements for Phase I, Lihue, Kaua'i, Affecting the Following Landowner:
 - a. Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.)

At 1:26 p.m., Mr. Galen Nakamura re-entered the meeting.

*Mr. Galen Nakamura, Attorney for Hokulei Village and
Mr. Clifford Mukai, Civil Engineer, WSUE addressed Mr. Strom's concerns.*

Chair Shiraishi requested Mr. Nakamura to address the issues of water facilities on private property.

Mr. Strom suggested the developer look to granting the access in Phase I onsite for the purposes of reading and maintaining the revenue meters and the assets to remain with the developer onsite. The assets in the ground of the development site are to remain in ownership by the DOW.

Mr. Nakamura explained the water infrastructure to be dedicated and conveyance of facilities are meant to be owned and maintained up to and including the meter by the DOW by the current documents. Previous discussions were held with the previous manager (Mr. David Craddick) who wanted the system to be owned by the Department and not privately.

Mr. Mukai commented the system was initially designed in accordance similar with what Mr. Strom envisioned. Various options were considered but was re-directed to re-design the onsite improvements so that contiguous extension of the county system through Kolopa Street would come into the project, loop around the project of the main driveway of the project and go back out Nuhou Street. The individual water service meters and backflow preventers and the RPDA's for fire service would be between the contiguous extension of the county's system and respective major buildings. Since the change in administration, there were meetings to explain what was upheld, it was the understanding that in May 2014 the plans represented was approved by the Department.

Mr. Mukai clarified that Phase II has service stubs out for fire protection on both corners of Hokulei Village West and the northwest corner abutting Nuhou Street.

Mr. Strom questioned if the developer is opposed to the project as a private system, there may be an isolation valve. No isolation valve was clarified by Mr. Moises at the property line which is the offsite and onsite. The main is 8 inch & 12 inch at the property line and a valve would have to be cut in.

Mr. Shiraishi asked if the developer is willing to consider these waterworks facilities as private instead of conveying to the county.

Mr. Nakamura requested a recess and informed the Board that the project needs water.

At 1:38 p.m., Mr. Dill moved to go into an Executive Session before making a decision and to consult with the Deputy County Attorney; seconded by Mr. Nakaya; with no objections, motion carried with 6 ayes (SS, LH, HS, RM, CN, LD)

Deputy County Attorney, Andrea Suzuki read the following Executive Session language:

J. EXECUTIVE SESSION

Pursuant to H.R.S. §92-7(a), the Board finds it necessary to hold an executive session on the agenda items on Hokulei Village because the executive session was not anticipated in advance. Any such executive session shall be held pursuant to H.R.S. §92-4 and shall be limited to those items described in H.R.S. §92-5(a).

At 2:04 p.m., Chair Shiraishi called the Regular Board meeting back to order.

Mr. Dill moved to approve Manager's Report No. 15-34 – Discussion and Possible Action on the Conveyance of Water Facility from Hokulei Village, LLC, for the Hokulei Village Onsite Improvements for Phase I, TMK: (4) 3-3-003:046 (por.), Lihue, Kauai, Hawai'i; Manager's Report No. 15-35 – Discussion and Possible Action on the Grant of Easement for Offsite Roadway Improvements for Hokulei Village: Phase I and Phase II, Lihue, Kaua'i, Affecting the Following Landowner: a) Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.) and Manager's Report No. 15-36 – Discussion and Possible Action on the Grant of Easement for Hokulei Village Onsite Improvements for Phase I, Lihue, Kaua'i, Affecting the Following Landowner: a) Hokulei Village, LLC affecting TMK(s): (4) 3-3-003:046 (por.); seconded by Ms. Ho; with no objections, motion carried with 6 ayes.

At 2:07 p.m., Mr. Strom recused himself from the Executive Session and exited the meeting.

At 2:07 p.m., Mr. Dill moved to go into Executive Session; seconded by Mr. Nakaya; with no objections; motion carried with 5 ayes. (LH, RM, CN, LD, SS) (HS/Recused)

Deputy County Attorney, Andrea Suzuki read the following Executive Session language:

J. EXECUTIVE SESSION cont'd:

1. Pursuant to Hawaii Revised Statutes Sections 92-4 and 92-5(a)(3), the purpose of this executive session is for the Board to deliberate concerning the authority of persons designated by the Board to conduct negotiations for the acquisition of public property as it relates to land necessary for existing Board of Water infrastructure

At 2:13 p.m., Mr. Strom re-entered the Regular Board meeting.

At 2:13 p.m., Chair Shiraishi called the Regular Board meeting back to order.

K. TOPICS FOR NEXT WATER BOARD MEETING (May 2015)

1. Draft Budget for Fiscal Year 2015-2016
 - a. Fiscal Year 2015 – 2016 Draft Operating Budget
 - b. Fiscal Year 2015 – 2016 Draft Capital Outlay Budget

2. Discussion and Possible Action and Approval on the Use and Occupancy Agreement (UOA) No. 237 with the Memorandum of Agreement (MOA) from the State and to Request for Use and Occupancy for Water Line Transmittal for Document Execution regarding the 8" Main Replacement on Kaunualii Highway at Halewili Road, Project No. 50C-02-87 for TMK: (4) 2-2-02: Rd at Wahiawa, Kōloa, Kaua'i, Hawai'i
3. Discussion and Possible Action on Board Policy 17, Payment of Communication Devices
4. Discussion and Possible Action relating to providing water service outside of the water zone

L. TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Manager's Report No. 11-28 – Discussion and Possible Action regarding Part 5 of the Rules, Facilities Reserve Charge – Proposed New Rule, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
2. Manager's Report No. 14-24 – Discussion and Possible Action regarding Part 4 Section I of the Rules, General Use Rates Proposed Amendments, SBRRB Results (awaiting Part 4 Section VII, Facilities Reserve Charge to be submitted together)
3. Discussion and Possible Action of Proposed Delegation of a Meter Restriction Board Policy No. 30

M. UPCOMING EVENTS

1. AWWA Annual Conference, Anaheim, CA (June 7-10, 2015)
2. DOW Make a Splash Water Festival (September 24, 2015)
3. HWWA Hawaii Section, Honolulu, HI (October 14-16, 2015)

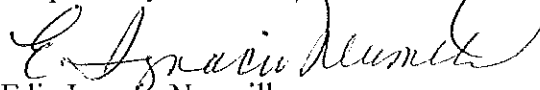
N. NEXT WATER BOARD MEETING

1. Thursday, May 21, 2015, 10:00 a.m.
2. Thursday, June 18, 2015, 10:00 a.m.
3. Thursday, July 23, 2015, 10:00 a.m.
4. Thursday, August 20, 2015, 10:00 a.m.

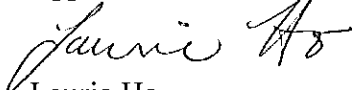
O. ADJOURNMENT

Mr. McCormick moved to adjourn the Regular Meeting at 2:26 p.m.; seconded by Mr. Dill; with no objections, motion carried with 6 ayes.

Respectfully submitted,


Edie Ignacio Neumiller
Commission Support Clerk

Approved,


Laurie Ho
Secretary – Board of Water Supply